

Town of Moraga



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018



TOWN OF MORAGA
329 RHEEM BOULEVARD
MORAGA, CA 94556
WWW.MORAGA.CA.US

Town of Moraga, California

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2018



Prepared by the Administrative Services Department
Norman Veloso, Administrative Services Director
Yuliya Elbo, Accountant

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Town of Moraga

December 5, 2018

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, 2018. The overall goal of this report is to provide a full and transparent understanding of the Town's financial activities and 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

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 17,500.

The Town is predominantly residential in nature with two clusters of community-serving retail and commercial spaces. The Town is home to Saint Mary's College, a prestigious private Catholic university with a combined enrollment of over 4,200 undergraduate and graduate students. In 2018, St. Mary's College of California is ranked #8 in Regional Universities West by U.S. News and World Report. The Town's only high school, Campolindo, is ranked #158 in the nation and earned a gold medal award from U.S. News and World Report in its 2018 list of the nation's best public high schools. Overall, Town residents enjoy award winning elementary and middle schools as well and are able to enjoy open space while having access to diverse employment opportunities throughout the San Francisco Bay Area.

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TRANSMITTAL LETTER

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, resulted in 59% of the 6,216 voters favoring incorporation. The Town operates under a Council-Manager form of government and is governed by a Town Council of five community members 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 to be filled alternating between two and three seats each election cycle. The Mayor's position is filled by one of the members of the Council who is annually selected to serve in that position by the Council.

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

Demographic Information

Size: 9.54 square miles
2018 Population: 17,630 (US Census)
Population: 47.1% (Male) 52.9% (Female)
Median Resident Age: 42.0 years
Estimated Median Household Income: \$140,239 (2016) (\$98,080 in 2000)
Owner Occupied Household: 95%
Median Home Value: \$1,378,500
Median Rent per Month: \$3,950

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TRANSMITTAL LETTER

Financial Policies and Practices

Minimal Government Philosophy

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.”

Through this approach, the Town Council ensures that quality essential services are provided to Moraga’s residents and businesses in a thoughtful and fiscally sound manner.

Budgetary Policy and Control

The Town’s annual budget serves as the foundation for planning and controlling the Town’s finances. The annual budget development process begins in January with the Town Council goal-setting meeting. Relative to the established Town Council goals, Town staff evaluates existing programs, services and staffing levels; analyzes revenue sources; and prepares a balanced budget based on priorities that fit within the constraints of projected revenue assumptions. The Audit and Finance Committee reviews the budget proposal before submission to the Town Council. The Town Council deliberates on the proposed budget in May/June and adopts a balanced budget before July 1 of each year. 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 administratively adjust the budget if changes do not result in a significant policy impact, or the adjustment does not affect budgeted year-end fund balances. Further, the Town Manager’s contract signing authority is limited to \$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, including unspent capital project budgets, are reported as assigned fund balances at year end.

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 as well as to ensure that these objectives are consistently 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.

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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, 2018.

Fund Balance and Reserve Policy

By resolution, the Town's policy is to achieve and maintain an unassigned fund balance in the General Purpose Fund of 50% of operating expenditures. For the year ended June 30, 2018 the General Purpose Fund unassigned fund balance is \$3,375,320 or 44.06% of the total fund balance, an increase from the prior year fund balance of \$2,309,276 or 32.09% of the prior year's total fund balance. This increase is primarily the result of reimbursement of funds loaned from the General Fund that were used to temporarily fund the Rheem Blvd. sinkhole and the Canyon Road Bridge closure.

Economic Condition and Outlook

On May 9 2018, the Town Council voted unanimously to rescind the Fiscal Emergency declared in June 2017 due to two emergency infrastructure projects that cost the Town over \$6.26 million and reduced the General Purpose Fund Reserve below 50%.

The Town Council action to rescind was based upon many factors, including the stronger than expected audit and budget year-end report for FY 2016-17 and the \$2.5 million Emergency Relief reimbursement for the Rheem sinkhole which was received in FY 2017-18. Although Moraga still faces the challenge of funding its infrastructure needs, the Town has moved from emergency to recovery. The Town's track record of fiscal prudence and discipline has enabled the Town to maintain a balanced operating budget and to slowly restore the reserves to a healthy level.

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 downturns 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 well-off community, it has a stable assessed valuation of property. The Town has not historically benefitted from dramatic increases in 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.

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TRANSMITTAL LETTER

Chart 1. Historical Property Tax Revenues.



The Town receives only 5.32% 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.¹

The Town receives the lowest proportional share of property tax dollars paid of any municipality in Contra Costa County. Moraga residents negotiated the proportional share with the County as part of the Town's incorporation process. In order to increase the Town's proportional share of property tax, the other agencies receiving revenue would need to agree to reduce their proportional shares and the state legislature would ultimately need to approve the changes.

Chart 2. Distribution of Property Tax Dollars.



¹ 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 August 2018 Update indicates that median home sales price in Moraga increased by 8.5% from \$1,278,750 in August 2017 to \$1,387,500 in August 2018. Overall, this increase is likely a positive sign for the Town's future property tax revenue receipts.

In general, Moraga has a low inventory of homes listed for sale. Many families initially moved into Moraga for the highly regarded school districts when their children were young. Even after their grown children moved away, many empty nesters have decided to remain in Town. 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 as compared to other communities.

Proposition 13 not only reduced and retained then-current property values at 1976 levels but set post-Proposition 13 home sales at the initial purchase price. Most importantly, Proposition 13 limited the annual inflation and/or increase in home value to no more than 2% annually. As home sale prices have significantly increased with the market over the past 40 plus years, Proposition 13 kept the assessed values for homes that have *not* changed ownership at comparatively low levels. Market rate home value is reflected immediately after a home is purchased and the home is reassessed based on the new 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. This results in corresponding increases 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 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. As a direct result of the November 2012 passage of a one-cent local add-on sales tax increase (i.e., Measure K), sales tax proceeds have increased significantly as a percentage of total revenue for the Town.

General sales tax revenue was adversely affected during the recent recession – while this revenue peaked in FY 2007-08, it dropped suddenly and 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, the five-year outlook for sales tax is stable and trends somewhat positively in future years with projected annual changes of between -0.7% to +1.5%.

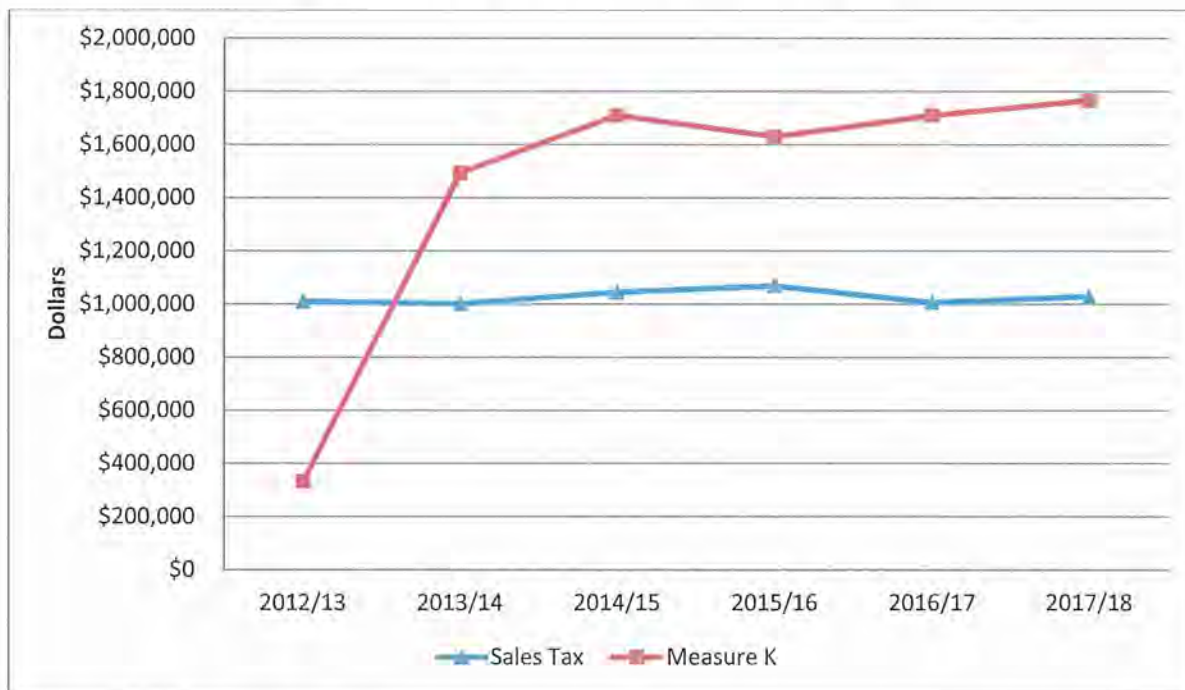
The most significant change in the Town's sales tax revenue was the passage of the Measure K 1% Local Add-On Sales Tax. The Town's voter approved Measure K – a locally controlled one-cent local transaction and use (add-on sales) tax passed on November 6, 2012 with a 70.5% approval rate. This general sales tax became effective on April 1, 2013 and will sunset in 20 years.

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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 due to stronger economy; this year receipts totaled just over \$1.7 million. MuniServices projections for Measure K revenue indicate a positive trend, with projected annual changes of between +2.6% to 4.8%, over the next five years.

Chart 4. Historical Sales Tax Revenues²



The Measure K sales tax measure was approved for general purposes and although the Town may legally use the revenue for a variety of purposes, the Town Council has directed those funds only be used to repair the Town's streets and related infrastructure in accordance with Resolution 98-2015.

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, overall, serves as a strategic tool to better manage the Town's limited financial resources. The plan has multiple components including:

² 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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- (1) a Five-Year Financial Plan makes 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 the provision of 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 and when compared to other jurisdictions. The Town's personnel costs constitute 63% of the Town's General Fund expenses. 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, with employees contributing 4% of the required employer contribution rate; providing high deductible medical plans; and contracting out services where possible to keep staffing levels at a minimum. And unlike many other municipalities, the Town also does not provide other post-retirement health benefits to its employees.

Infrastructure Rehabilitation and Maintenance. Inadequate 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 took action to leverage a portion of the additional sales tax proceeds in the form of the \$7.72 million 2013 Certificates of Participation that funded a three-year intensive street rehabilitation program. The on-going annual street rehabilitation program funded from the proceeds of Measure K helps improve the overall condition Town's streets.

As evidenced by the two recent infrastructure related emergencies, the Town continues to be challenged in identifying adequate resources to repair and maintain its other assets, including storm drains, parks, and other community facilities. In calendar years 2016 and 2017 the Town Council adopted goals to identify new funding sources to address the deferred infrastructure maintenance needs. Unfortunately, in 2018, the proposed storm water fee ballot measure failed. The revenue generated from the failed ballot measure was intended to address deteriorating storm drain pipes, infrastructure, and sinkholes; protect drinking water sources from pollutants; and, prevent local flooding due to insufficient capacity or condition. Currently, a storm drain funding feasibility project is underway. If the Town Council decides to pursue this project and it is ultimately successful, dedicated funding for the storm drain system needs to be secured.

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Five Year Financial Plan

To address the long-term sustainability of the Town's financial resources, in 2011, the Council 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 Purpose Fund Reserve

For the fiscal year ended June 30, 2018, the Town had a reduction in fund balance of \$795,303. This net change reduced the Town's fund balance and resulted in a General Purpose Fund ending fund balance of \$3,591,039 down from \$4,386,342 from the prior fiscal year.

Unassigned Fund Balance increased in FY 2017-18 to \$3,375,320 from \$2,309,276 of the prior FY 2016-17. The FY 2017-18 Unassigned Fund Balance of \$3,375,320 is equivalent to 44.06% of the total operating expenditures and is available for use.

When necessary, the Town has approved the use of reserves for one-time expenditures to improve existing assets and accomplish high priority Town Council projects. Most recently, as noted above, reserves have been used to address the two major infrastructure failures, the sinkhole at Rheem Boulevard and Center Street, and the temporary replacement of Canyon Road Bridge. The Rheem Boulevard sinkhole loan has been reimbursed, however, the \$2.0 million General Fund reimbursement remains outstanding.

Town Mission, Council Goal and Major Initiatives

Town Mission

- Providing a safe environment
- Preserving our natural landscape
- Creating a greater sense of community
- Supporting quality education, traffic congestion relief and leisure opportunities within Lamorinda
- Honoring our tradition of minimal service government

Town Council Goals and Major Initiatives

The Town undertook a number of significant Council initiated goals in FY 2017-18 that will have a beneficial impact on the fiscal health and quality of life for the Town's citizens. The Town's 2017 accomplishments follow:

In FY 2017-18 the Town accomplished many of its priority goals.

- Rescinded the Fiscal Emergency declared in June 2017 and made progress restoring the General Fund Reserves to the target level of 50% of General Fund expenditures

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- Stabilized the management team
- Repaired the Rheem sinkhole and secured reimbursement funding for \$2.5 million, approximately 90% of costs (2017 and 2018 Goal)
- Updated the Town's plans, codes and guidelines to strengthen hillside and ridgeline regulations (2017 and 2018 Goal)
- Invested annually approximately \$1.7 million in the Town's streets and roads (2017 and 2018 Goal)
- Approved a lease for a restaurant, La Finestra at the Hacienda, to increase public access and decrease costs (2017 and 2018 Goal)
- Managed a Proposition 218 property-based stormwater fee initiative to provide dedicated funding for high-priority capital projects, operations and maintenance of the storm drain system and implementation of clean water mandates (2017 and 2018 Goal)
- Adopted a new Commercial Planned Development (PD-C) zoning district to encourage revitalization of Moraga's existing commercial centers (2017 and 2018 Goal)
- Opened the temporary Canyon Road bridge and obtained approval for reimbursement of \$2.9 million, or 89% of the Town's cost (2018 Goal)
- Implemented the 2017-2019 MOU with employee bargaining groups which shifted 1% of the Employer paid CalPERS contribution to employees on July 1, 2017 and an additional 1% on July 1, 2018.
- Installed video surveillance systems throughout the town to enhance public safety, with funding assistance from the Moraga Community Foundation.
- Joined Marin Clean Energy offering reduced rates for clean energy to the community.
- Opened West Commons Park enhancing passive park space in the community.
- Completed the All-Access Playground in the Moraga Commons Park in partnership with the Rotary Club of Moraga.
- Entered into a Memorandum of Understanding for the Rheem Theatre establishing a path for the preservation of this important community asset. (2017 and 2018 Goal)
- Adopted an ordinance to regulate the development of Accessory Dwelling Units consistent with changes in State law.
- Secured \$600,000 in WW Urban Creeks grant funding from the East Bay Regional Park District for the Laguna Creek Restoration Project.
- Adopted a firearms safe storage policy and partnered with the community on public outreach efforts.
- Received a \$140,000 Priority Development Area grant from Bay Area Metro to complete the Moraga Center Specific Plan Implementation Plan. (2017 and 2018 Goal)

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TRANSMITTAL LETTER

2018 Goals – A Year of Opportunity and Recovery

1. Work aggressively to obtain reimbursement from Federal Highway Administration's Emergency Relief Program for the Town's sinkhole repair and Canyon Road bridge emergency demolition and temporary bridge costs and restore Town's General Fund Reserves.
2. Maintain and improve fiscal discipline by adopting a balanced budget, continuing high quality fiscal reporting, building-up General Fund Reserves, and positioning the Town for Long-Term Fiscal Sustainability and Operational Efficiency.
3. Town Council approval and implementation of Hillside and Ridgeline Steering Committee Recommendations to protect ridgelines and open space hillside areas from development consistent with MOSO and General Plan Policies.
4. Work to develop dedicated funding source to pay for necessary capital improvements and long-term maintenance and operation of the Town's storm drain system.
5. Continue to implement annual Measure K neighborhood Streets and Roads Repair Program for Moraga.
6. Develop economically feasible recommendations for use of the Hacienda property as a quality restaurant, and for other public uses.
7. Support ongoing community efforts to preserve the Rheem Theatre.
8. Support new retail and revitalization efforts in the Rheem and Moraga Shopping Centers.
9. Make measurable progress on Moraga Center Specific Plan Implementation Process.
10. Outreach and partner with Moraga School District (MSD) Board on matters of common interest.
11. Pursue a fair resolution of the Town's claims, and if necessary, litigation against any third parties with legal responsibility for damage to Canyon Road Bridge.
12. Work to improve alignment of the Town's three-step planned development process, development regulations and needs, and design guidelines with the residents' sentiments and expectations.
13. Improve interconnectedness and public awareness of Moraga's trail system and develop electronic and paper maps of the Town's trail system.
14. Maintain and improve public safety by enabling the provision of high-quality police and emergency response services.

Certificate of Achievement

TOWN OF MORAGA
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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, 2017. The Town first received a GFOA award for the fiscal year ended June 30, 2013. 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 generally accepted accounting principles, applicable legal requirements, and standards established by GFOA.

A Certificate of Achievement is valid for a period of one year only. Town staff believes that the current Comprehensive Annual Financial Report (CAFR) 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

The preparation of this Comprehensive Annual Financial Report was made possible by the year-round and dedicated efforts of the Administrative Services Department staff, particularly Yuliya Elbo, Accountant, working in conjunction with Maze & Associates, the Town's independent auditors. Special thanks are extended to the Audit and Finance Committee for their contributions to this 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,



Cynthia Battenberg
Town Manager



Norm Veloso
Administrative Services Director

LIST OF OFFICIALS, ADVISORY COMMITTEE AND ADMINISTRATION

Elected Officials

Dave Trotter, Mayor
Teresa Onoda, Vice Mayor
Roger Wykle, Councilmember
Kymberleigh Korpus, Councilmember
Renata Sos, Councilmember

Audit and Finance Committee

Bradley Ward, Town Treasurer
Tim Freeman, Committee Member
Robert Kennedy, Committee Member
Dave Trotter, Mayor
Roger Wykle, Councilmember

Town Manager

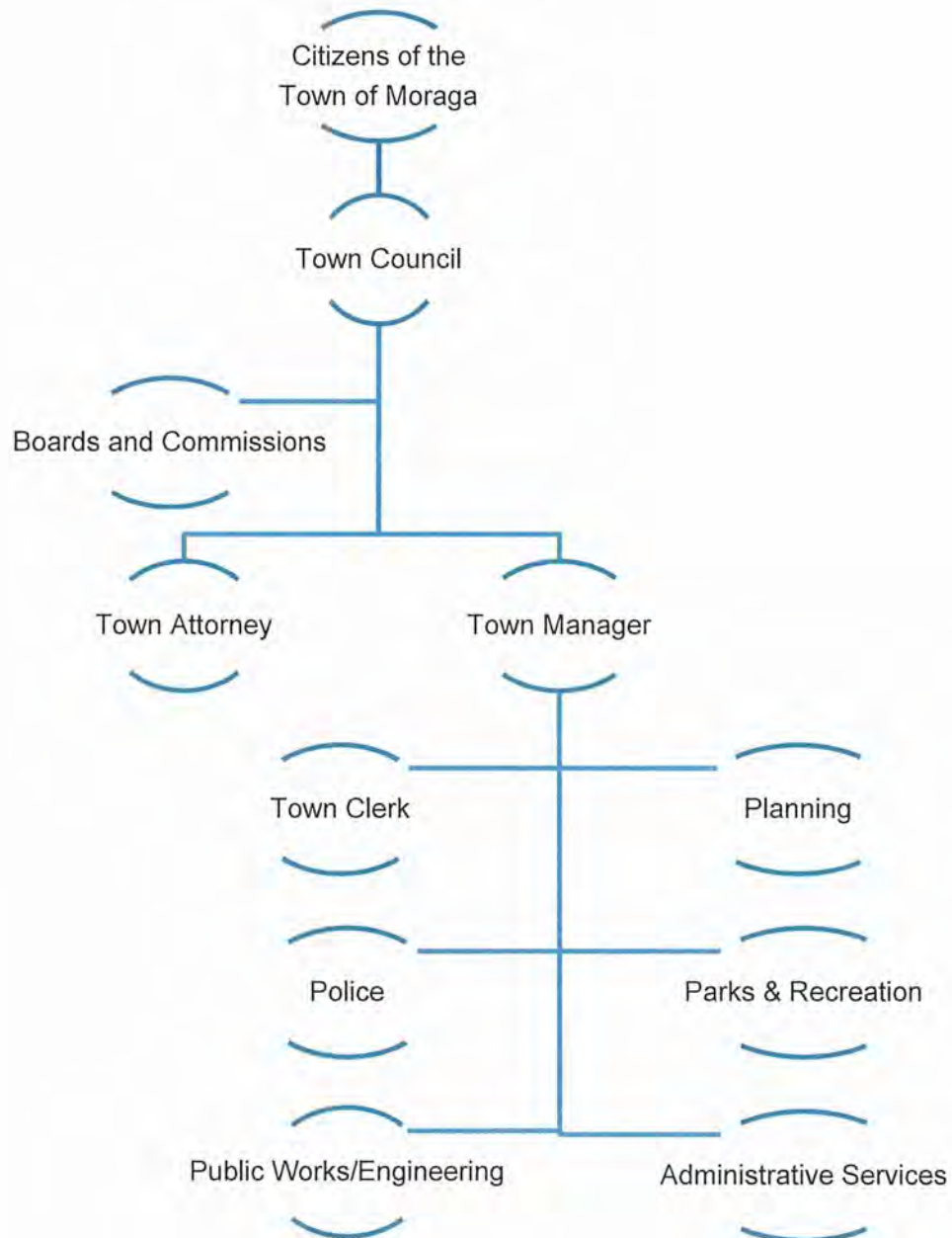
Cynthia Battenberg

Department Directors

Norm Veloso, Administrative Services Director
Derek Farmer, Planning Director
Breyana Brandt, Parks and Recreation Director
Edric Kwan, Public Works Director/Town Engineer
Marty McInturf, Town Clerk
Jon King, Chief of Police

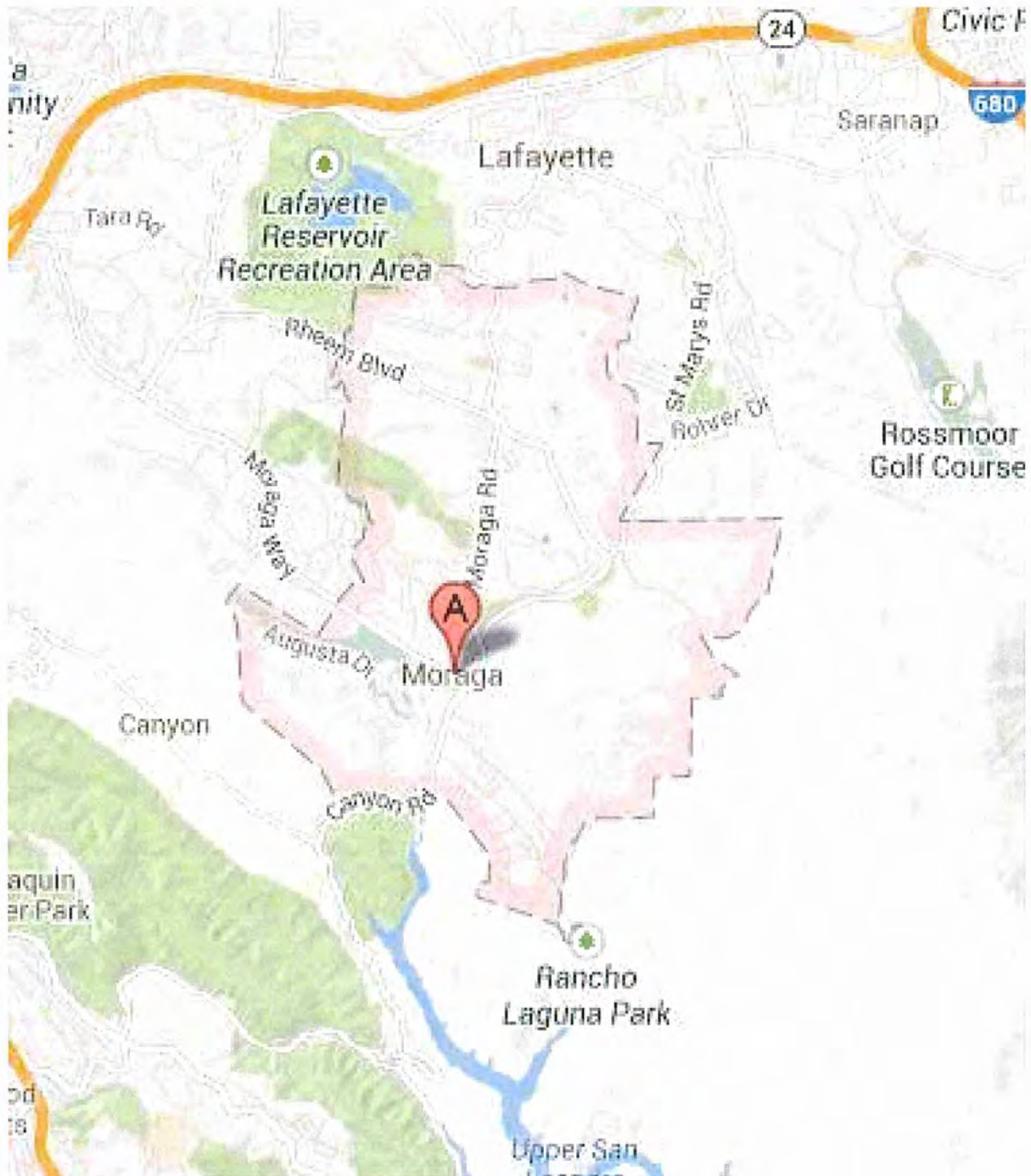
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ORGANIZATION CHART



Town of Moraga
Comprehensive Annual Financial Report
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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, 2017

Christopher P. Morrill

Executive Director/CEO

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), California, as of and for the year ended June 30, 2018, 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, 2018, and the respective changes in financial position and the respective budgetary comparisons listed in the table of contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other Required Supplementary Information as listed in the Table of Contents 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 November 20, 2018, 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

November 20, 2018

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TOWN OF MORAGA
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Town of Moraga ("Town") management offers readers this overview of the Town's financial performance for the fiscal year ended June 30, 2018. The accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures in this report, are the responsibility of the Town. 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 are designed to:

- Highlight information readers may need to assess the Town's financial position,
- Make comparisons of current year to prior year financial activity,
- Explain any significant deviation 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 and the Town's ability to address future challenges.

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 and 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, 2018 are noted as follows:

1. The Town's assets exceeded liabilities (total net position) by \$53,726,204 (*Statement of Net Position*, page 18). This compares to the net position of \$47,588,576 in the prior year ended June 30, 2017, an increase of \$6,137,628 (12.90%). This increase is mainly associated with additions to Net Investments in Capital Assets in the form of Construction in Progress, similar to prior year.
2. The Town's General Purpose fund has a balance of \$3,591,039 (*General Fund Combining Balance Sheet*, page 68), which represents 46.88% of actual General Fund expenditures (\$7,660,013) (*Statement of Revenues, Expenditures and Changes in Fund Balances*, page 26). \$212,668 of this fund balance is assigned to the Canyon Road Bridge Reopening project (Comparing to 2,077,066 as of June 30, 2017), leaving \$3,375,320 or 44.06% available for other uses. The One-Time Developer Fee Fund, determined through a settlement agreement, has a fund balance of \$1,912,602 all classified as committed based on and subject to Town Council action on its use (*General Fund Combining Balance Sheet*, page 68).
3. The net change in fund balances for all funds (Total Governmental Funds, page 27) is a decrease of \$1,567,912. While the Town received federal reimbursement in the amount of \$2,497,090 for CIP 16-702, Rheem Sinkhole, restoring portion of the General Fund balance, significant expenditures were associated with another Emergency infrastructure project (CIP 17-701, Canyon Rd. Bridge). General Purpose fund and One-Time Developer Fund in total contributed \$2,552,000 toward this project; additional \$234,288 toward this project were allocated from Gas Tax Fund 205. Other significant expenditures were associated with ADA Compliance Program (\$114,523), Storm Drain study (\$90,705), and All Access Playground project (\$243,040).

TOWN OF MORAGA
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MANAGEMENT'S DISCUSSION AND ANALYSIS

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4. The Town's actual General Fund expenditures of \$7,660,013 (*Statement of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual*, page 29) increased by 6.45% from the prior year ended June 30, 2017, mainly due to costs associated with the stormwater fee measure, Canyon Road litigation, Hillside and Ridgeline regulations and other conceptual capital projects.
 5. From a budget perspective, the Town's operating expenses for the year were fully covered with revenues received. The Town's General Fund actual revenue totaled \$7,998,461. Operating expenditures totaled \$7,660,013. Revenues came in over budget by \$338,448 mainly as the result of slightly higher than budgeted receipt of Property and Sales taxes and due to salary savings from staff vacancies during the year. (*Statement of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual*, page 29).

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report consists of the following parts:

-
1. Introductory section, which includes the Transmittal Letter and general information;
 2. Management's Discussion and Analysis;
 3. Basic Financial Statements, including the Government-Wide and the Fund financial statements, along with the Notes to these financial statements;
 4. Supplementary Information including schedules of changes in Net Pension liability and Schedule of Contributions; and
 5. Statistical information and other schedules.
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OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Basic Financial Statements are comprised of three components: (1) Government-wide 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. These statements 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 taxes, 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 report all assets, liabilities and deferred inflows/outflows of resources 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 recognized within the reporting period or soon after (60 days).

The *Statement of 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 one indicator of whether its financial health is improving or declining. However, 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, facilities 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) 2017-18. The following table provides a summary of the Town's net position at June 30, 2018 compared to the prior year.

Table 1. Statement of Net Position as of June 30, 2017 and 2018

	FY 2016-17	FY 2017-18	% Change
Assets			
Current Assets	\$ 13,500,057	\$ 11,579,949	-14.22%
Noncurrent Assets	48,624,478	56,555,192	16.31%
Total Assets	<u>62,124,535</u>	<u>68,135,141</u>	<u>9.68%</u>
Deferred Outflow of Resources			
Related to pensions	1,253,642	1,723,164	37.45%
Total Deferred Outflow	<u>1,253,642</u>	<u>1,723,164</u>	<u>37.45%</u>
Liabilities			
Current liabilities	1,229,032	1,502,312	22.24%
Noncurrent liabilities	13,097,026	13,551,909	3.47%
Total Liabilities	<u>14,326,058</u>	<u>15,054,221</u>	<u>5.08%</u>
Deferred Inflow of Resources			
Related to pensions	1,463,543	1,077,880	-26.35%
Total Deferred Inflow	<u>1,463,543</u>	<u>1,077,880</u>	<u>-26.35%</u>
Net Position			
Invested in capital	41,118,856	49,000,379	19.17%
Restricted	4,209,026	4,582,338	8.87%
Unrestricted	2,260,694	143,487	-93.65%
Total Net Position	<u><u>47,588,576</u></u>	<u><u>53,726,204</u></u>	<u><u>12.90%</u></u>

Pension reporting changes required by GASB No. 68 & 71 were first implemented in FY 2014-15. As of June 30, 2018, the portion of non-current liability related to pensions is \$6,156,875, compared to \$5,226,347 at the end of FY 2016-17.

For the year ended June 30, 2018, total assets exceeded liabilities by \$53,726,204. This compares to a net position of \$47,588,576 in the prior year ended June 30, 2017, an increase of \$6,137,628 (12.9%). This increase is attributed to noncurrent assets and primarily is the result of completion of over \$2 million of CIP projects, including 2017-18 Pavement Management Program, Moraga Rd. ADA sidewalk improvements, Moraga Commons All Access Playground, and transfer of these completed projects to fixed assets.

Of the Town's net position, 91.2% is invested in capital assets (\$49,000,379) (e.g., land, buildings, machinery and equipment) and is reported net of related debt. Since these capital assets are used to provide services to the community, they may not be readily used to liquidate liabilities. An additional 4.7% of the net position (\$2,524,880) is restricted for capital projects and special revenue projects.

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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 for the year ended June 30, 2018. 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 *Statement of Activities* demonstrates 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 2017-18 with that of prior year.

Table 2. Statement of Activities as of June 30, 2017 and 2018

Program Revenues:	FY 2016-17	FY 2017-18	% Change
Charges for Services	\$1,841,676	\$2,057,234	11.7%
Operating Grants and Contributions	1,173,070	5,457,409	365.2%
Capital Grants and Contributions	2,978,412	503,124	-83.1%
<i>Total Program Revenues</i>	<i>5,993,158</i>	<i>8,017,767</i>	<i>33.8%</i>
General Revenues:			
Property Taxes	3,888,623	4,130,507	6.2%
Sales Taxes	2,715,945	2,795,331	2.9%
Franchise Fees	1,023,529	1,079,525	5.5%
Interest	66,161	88,195	33.3%
Other			
<i>Total General Revenues</i>	<i>7,694,258</i>	<i>8,093,558</i>	<i>5.2%</i>
Total Revenues	13,687,416	16,111,325	17.7%
Program Expenses:			
General Administration	2,032,953	2,297,903	13.0%
Planning	841,860	615,531	-26.9%
Public Safety	2,976,211	2,902,846	-2.5%
Public Works	2,481,231	2,459,023	-0.9%
Parks and Recreation	1,517,572	1,360,153	-10.4%
Interest on Long Term Debt	349,969	338,241	-3.4%
Total Expenses	10,199,796	9,973,697	-2.2%
Change in Net Position	3,487,620	6,137,628	76.0%
Net Position, Beginning of the Year	44,100,956	47,588,576	7.9%
Net Position, End of the Year	\$47,588,576	\$53,726,204	12.9%

TOWN OF MORAGA
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Total General revenue increase of \$748,546 is mainly attributed to slightly higher than budgeted receipt of Property and Sales taxes, and growth in garbage vehicle franchise fee revenue, when decrease in expenditures is associated with the salary savings from staff vacancies during the year.

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 categorized into four major fund groups – General Fund, Capital Projects Fund, Debt Service 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 includes 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 Colorados funds).

In addition to General Fund, Town of Moraga recognizes the following funds as Major Funds:

- **Pavement Management Program Fund** – established to account for all capital activities related to the rehabilitation of the Town's roads, and includes Measure K activity.
- **Construction in Progress Fund** – established to capture all capital project expenditures and corresponding revenues, except those accounted for in the Pavement Management Program Fund.
- **Other Capital Projects Fund** - includes Community Facilities/Open Space Fund, Asset Replacement Fund, various grant funds and development impact fee funds.
- **Debt Service Funds** - include the 2010 Certificates of Participation (Town Hall Improvements) Fund and 2013 Certificates of Participation (Infrastructure Improvements) Fund.
- **Other Governmental Funds** - include the COP/SLESF (Citizens Option For Public Safety/Supplemental Law Enforcement Services Fund), Gas Tax, Measure J, Park Dedication, Lighting Assessment District, Traffic Safety, NPDES (Clean Water Act – National Pollutant Discharge Elimination System), Asset Forfeiture, Public Safety Sales Tax (Proposition 172), and Street Lighting funds.

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 restrictions for 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, 2018, the Town's governmental fund types included combined ending fund balances of \$10,086,128. Of that total 43.9% (\$4,427,999) is classified as restricted (i.e., Certificates of Participation, debt service, grants, or restricted by legislative action at the local, state or federal level); and 25.86% (\$2,608,530) is committed (i.e., constrained by formal action of the Town Council). 2.11% (\$212,668) is classified as assigned as of June 30, 2018.

TOWN OF MORAGA
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MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town's unassigned General Purpose Fund fund balance is 3,375,320 of the total combined fund balance. This amount represents 44.06% % of the actual General Fund expenditures (\$7,660,013) for the year ended June 30, 2018.

The detailed *Statement of Revenues, Expenditures and Changes in Fund Balances* (Basic Financial Statements, page 26) presents changes to fund balances resulting from the FY 2017-18 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

Fund Balance	General Fund	Pavement Management Program	Construction in Progress	Other Capital Projects Fund	Debt Service	Other Gov't Funds	Total Gov't Funds
Beginning Fund Balance	7,001,356	1,916,268	-994,115	1,593,971	443,664	1,692,896	11,654,040
Ending Fund Balance	5,503,641	668,000	-531,802	1,944,915	443,916	2,057,458	10,086,128
Net Change	(\$1,497,715)	(\$1,248,268)	\$462,313	\$350,944	\$252	\$364,562	(\$1,567,912)

Beginning FY 2016-17 the Construction in Process fund was categorized as a Major Fund. Revenue in the Other Capital Projects Fund and Pavement Management Fund is committed to capital projects over multiple years. Increase in Other Capital Projects Fund is mainly due to receipts of Development Impact fees during the Years for Chase Bank and Moraga Town center Homes developments. The pace of development activity affects the level of development fees. Consequently, this source of funding is subject to considerable variation and dependent upon the progress of development projects. These funds are restricted for future construction and implementation of improvements related to the Town Capital Improvement Program.

STRENGTHS AND RISKS

General Purpose Fund Reserve

The General Purpose 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 Purpose Fund balance equal to 50% of the General Purpose Fund operating expenditures. At the year ended June 30, 2018, the unassigned fund balance was \$3,375,320 which represents 44.06% of the actual General Purpose Fund expenditures (\$7,660,013) for the year ended June 30, 2018 (*Statement of Revenues, Expenditures and Changes in Fund Balances*, page 26). This change is the result of the reimbursement request receipt for the Rheem Blvd. Sinkhole repair project. The assigned balance in the amount of 212,668 is for the Canyon Bridge Emergency project, for which the Town's staff is expecting to receive major portion of the Federal reimbursement in FY 2018-19.

The Town emergencies – Rheem Blvd Sinkhole in March 2016 and Canyon Bridge Emergency in April 2017 emphasized the need for the Town to remain attentive to the use of resources and maintain adequate funds to sustain the period between payments for project expenditures and receipts of emergency reimbursement funds. This is necessary to gradually restore and maintain an unassigned General Purpose Fund reserve at 50% of Operating Budget per Town Council Policy (Resolutions 45-2009 and 5-2015).

TOWN OF MORAGA
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MANAGEMENT'S DISCUSSION AND ANALYSIS

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 FY 2017-18, the 6.2% increase is attributed to an increase in property assessed valuations and Real Estate Transfer Taxes that are dependent upon real estate sales activity.

Table 4. History of Property Tax Revenues

	FY 2015-16	FY 2016-17	% Change 15-16 to 16-17	FY 2017-18	% Change 16-17 to 17-18
Property Tax	\$3,673,444	\$3,888,623	5.9%	\$4,130,508	6.2%

Sales Taxes

Sales taxes are the second largest revenue source for the Town. The Town receives two types of sales tax: Bradley-Burns Uniform Local Sales and Use Tax, and a Local Transactions and Use Tax (add-on or locally controlled Measure K). The Bradley-Burns Uniform Local Sales and Use Tax is generated from the sales transactions located within the Town, and also includes 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 overall have remained relatively flat.

The Town's additional one-cent local transactions and use (add-on sales) tax, locally controlled Measure K, was approved by voters on November 6, 2012 with a 70.5% 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, permitting the Town to use the revenue for a variety of objectives. However, the Town Council approved Resolution #98-2015 which dedicated this locally controlled funding source to specifically address street and related infrastructure repairs and maintenance. To complete the initial needed repairs, the Town Council issued 2013 Certificates of Participation for Infrastructure Improvements, leveraging a portion of the additional sales tax revenue for an intensive road rehabilitation program. FY 2017-18 experienced the fourth year of Measure K sales tax revenue with receipts reaching \$1,766,158 (or 3.3% increase from the prior year).

Table 5. History of Sales Tax Revenues

	FY 2015-16	FY 2016-17	% Change 15-16 to 16-17	FY 2017-18	% Change 16-17 to 17-18
Sales and use tax	\$867,823	\$1,006,620	16.0%	\$1,029,173	2.2%
Sales and use tax in lieu	201,338		-100.0%		
1% Local Add-on ("Measure K")	1,629,441	1,709,325	4.9%	1,766,158	3.3%
Total Sales Tax Revenue	\$2,698,602	\$2,715,945	0.6%	\$2,795,331	2.9%

Franchise Fees

Franchise fees are the Town's 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, beginning March 1, 2014, a Garbage Vehicle Impact Fee is collected from users and remitted to the Town. These revenues are being transferred to the Pavement Management fund for street rehabilitation.

TOWN OF MORAGA
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 6. History of Franchise Fee Revenues

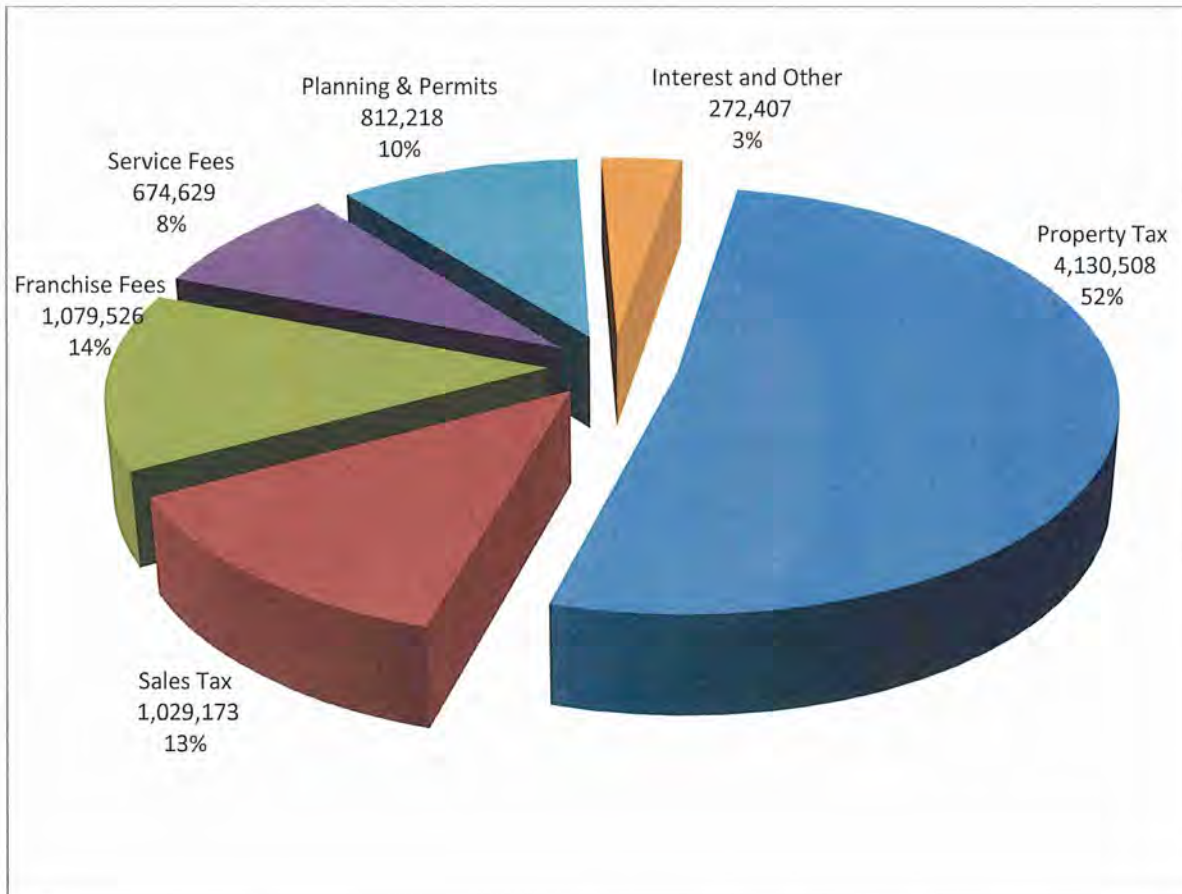
	FY 2015-16	FY 2016-17	% Change 15-16 to 16-17	FY 2017-18	% Change 16-17 to 17-18
CCCSWA	\$324,025	\$322,724	-0.4%	\$319,957	-0.9%
CCCSWA – Garbage Vehicle Impact Fee	174,704	179,074	2.5%	243,406	30.9%
PG&E	181,453	189,472	4.4%	207,815	9.7%
Comcast	326,953	332,259	1.6%	317,348	-4.5%
Total Franchise Fee Revenue	\$1,007,135	\$1,023,529	1.6%	\$1,079,526	5.5%

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.

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 26).

Chart 1. FY 2017-18 General Fund Revenues (Total \$7,998,461)



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MANAGEMENT'S DISCUSSION AND ANALYSIS

While the Town proactively addresses issues that it has some measure of control over, external factors exist over which the Town has little or no control. While the Town relies heavily on property tax for ongoing operations, it receives a much lower portion of property tax as 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. Proposition 13 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 set under Prop. 13 was 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. Based on these conditions the Town's proportion of the property tax was set at 5.32%¹.

Other government entities also have an influence on the financial health of the Town. In recent years, 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 own set of fiscal challenges and program reductions have pushed down service responsibilities from the State level to the county and municipal levels.

Expenditures

As noted previously, the Town government was founded on a "minimal government" model. In this tradition, the Town strives to keep its operating expenses low and the number of employees at a minimum. Contractors, consultants and volunteers play a critical role in the day-to-day operations, as well as special projects, of the Town government.

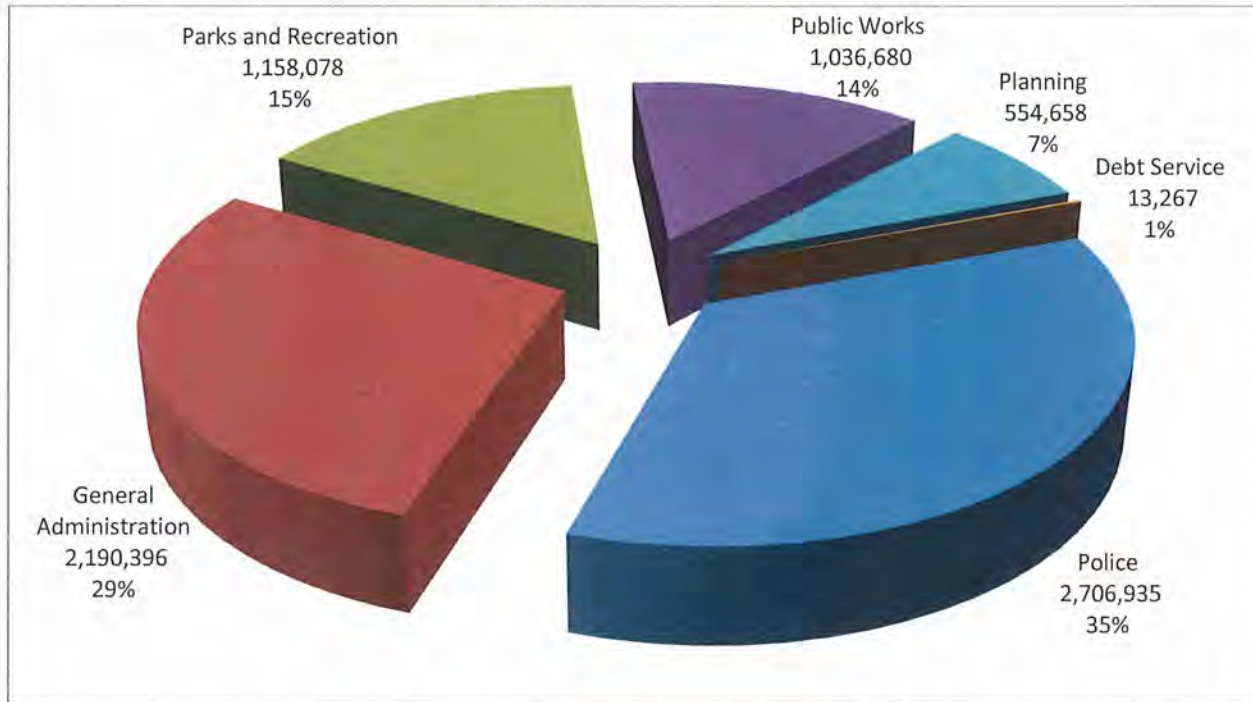
The following chart illustrates the relative distribution of the Town's General Fund expenditures (using figures from the *Statement of Revenues, Expenditures, and Changes in Fund Balances* on page 26). Expenditures under General Administration include the Town Council, Town Manager, Town Clerk, and Administrative Services departments. General Administration also includes the Town's contracted services for legal and information technology.

¹ The Town of Moraga is Comprised of nine (9) Tax rate Areas (TRAs) and the actual rate varies slightly from one TRA to another. The 5.3% represents the rate in TRA 15-002.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Chart 2. FY 2017-18 General Fund Expenditures (\$7,660,013)



Additionally, the Town contracts with Contra Costa County for a variety of services including animal services, police dispatch, forensics, jail and booking services, Cal-ID, and ARIES maintenance. These contracted services are part of the Police Department expenditures. Expenditures for signal and street light maintenance services provided by the Contra Costa County are part of the Public Works Department. The following table shows the historical costs of these services.

Table 7. Cost of Services Provided by Contra Costa County

Service Type	FY 2015-16	FY 2016-17	% Change 15-16 to 16-17	FY 2017-18	% Change 16-17 to 17-18
Animal Services	\$90,895	\$94,515	4.0%	\$98,087	3.8%
Police Dispatch ²	147,450	158,193	7.3%	157,924	-0.2%
Cal-ID	17,843	19,663	10.2%	17,115	-13.0%
ARIES Maintenance (computer system)	8,770	7,611	-13.2%	8,770	15.2%
Forensic Services	16,051	2,671	-83.4%	8,558	220.4%
Signal/Street Light Maintenance	20,056	32,672	77.9%	50,245	40.9%
Total Expenditures	\$301,065	\$318,325	5.7%	\$340,699	7.0%

² In FYs 2012-13 and 2013-14 the Town applied a total credit of \$139,300.59 (\$69,650.30 each year) to contract Police Dispatch costs. Beginning Fiscal Year 2015-16 expenses reflect the full cost of services for the year.

TOWN OF MORAGA
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town expended \$9,731,814 (33.53% increase) in all governmental funds on capital improvement projects (Basic Financial Statements, page 26). Major capital projects during FY 2017-18 included:

- CIP 08-106 Pavement Management Program (\$2,657,464)
- CIP 16-103 Rheem Blvd, Landslide (\$657,994);
- CIP 16-702 Rheem Blvd Sinkhole (\$1,855,704);
- CIP 17-701 Canyon Road Bridge Emergency (\$2,786,389);
- CIP 17-311 All Access Playground (\$508,040).

Capital Assets

The Town's investment in capital assets as of June 30, 2018 totaled \$56,555,192 as compared to \$48,624,478 in FY 2016-17 (Basic Financial Statements, Note 5, page 45). This investment in capital assets includes land, buildings and improvements, roadways, storm drains, parks and recreation, and equipment and furniture.

Capital projects completed during the year included the 2016 Full Depth Reclamation Project (Total Cost \$2,609,183); All Access playground (Total Cost \$553,168); PG&E Underground Utilities (Total Cost \$1,989,267); 2016-17 ADA Compliance Program – Moraga Rd. Crosswalk (Total cost \$114,522), and Municipal Code Update (Total Cost \$80,196). These project costs, previously not depreciated, are now categorized as depreciable assets.

There was no retirement of assets in FY2017-18.

Debt

The Town's debt totals \$7,554,962 as of June 30, 2018, compared to \$7,949,280 in the prior year (Basic Financial Statements, Note 6, page 46). The remaining debt is attributed to the \$1,525,000 Certificates of Participation issued in 2010 for the Town Hall Improvement Project and the \$7,720,000 Certificates of Participation issued in 2013 for Infrastructure Improvements, including streets and related infrastructure.

Table 8. Long Term Liabilities

Governmental Activities	Original Issue Amount	Balance June 30, 2017	Retirements	Balance June 30, 2018	Current Portion Payable in FY 2017-18
2010 Certificates of Participation	\$1,525,000	\$1,130,000	\$70,000	\$1,060,000	\$70,000
Energy Efficiency Loan	198,935	16,321	16,321	0	0
2013 Certificate of Participation	7,720,000	6,595,000	295,000	6,300,000	305,000
Add: Unamortized Bond Premium	259,947	207,959	12,997	194,962	12,997
Total Debt	\$9,703,882	\$7,949,280	\$394,318	\$7,554,962	\$387,997

TOWN OF MORAGA
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2018. Readers are encouraged to examine the Basic Financial Statements, Notes and Supplemental Information contained in this report for additional detail.

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 94566

<p style="text-align: center;">TOWN OF MORAGA Basic Financial Statements For the Year Ended June 30, 2018</p>
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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, 2018

	Governmental Activities
<hr/>	
ASSETS	
Current assets:	
Cash and investments (Note 3)	\$7,927,655
Restricted cash and investments (Note 3)	443,916
Accounts receivable	3,205,327
Prepaid expenses	3,051
Total current assets	<hr/> 11,579,949 <hr/>
Noncurrent assets:	
Capital assets (Note 5)	
Capital assets, not being depreciated	24,817,463
Capital assets, being depreciated, net of accumulated depreciation	31,737,729
Total capital assets, net	<hr/> 56,555,192 <hr/>
Total non current assets	<hr/> 56,555,192 <hr/>
Total Assets	<hr/> 68,135,141 <hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions (Note 7)	<hr/> 1,723,164 <hr/>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	1,057,694
Unearned revenue	15,850
Certificates of participation - due within one year (Note 6)	375,000
Accrued compensated absences - due within one year (Note 1G)	53,768
Total current liabilities	<hr/> 1,502,312 <hr/>
Noncurrent liabilities:	
Certificates of participation - due in more than one year (Note 6)	7,179,962
Net pension liability (Note 7)	6,156,875
Accrued compensated absences - due in more than one year (Note 1G)	215,072
Total noncurrent liabilities	<hr/> 13,551,909 <hr/>
Total Liabilities	<hr/> 15,054,221 <hr/>
DEFERRED INFLOWS OF RESOURCES	
Related to pensions (Note 7)	<hr/> 1,077,880 <hr/>
Total Deferred Inflows of Resources	<hr/> 1,077,880 <hr/>
NET POSITION (Note 8)	
Net investment in capital assets	<hr/> 49,000,379 <hr/>
Restricted for:	
Capital projects	2,524,880
Special revenue projects:	
Streets and roads	1,636,547
Public safety	118,334
Other projects	302,577
Unrestricted	<hr/> 143,487 <hr/>
Total Net Position	<hr/> \$53,726,204 <hr/>

See accompanying notes to financial statements

TOWN OF MORAGA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General administration	\$2,297,903	\$221,143		\$193,663	(\$1,883,097)
Planning	615,531	812,217	\$376,970		573,656
Public safety	2,902,846	71,631	250,212	16,210	(2,564,793)
Public works	2,459,023	570,987	4,597,667	216,915	2,926,546
Parks and recreation	1,360,153	381,256	232,560	76,336	(670,001)
Interest on long-term debt	338,241				(338,241)
Total	<u>9,973,697</u>	<u>2,057,234</u>	<u>5,457,409</u>	<u>503,124</u>	<u>(1,955,930)</u>
Total	<u>\$9,973,697</u>	<u>\$2,057,234</u>	<u>\$5,457,409</u>	<u>\$503,124</u>	<u>(1,955,930)</u>
General revenues:					
Taxes:					
Property tax					4,130,507
Sales tax					2,795,331
Franchise tax					1,079,525
Interest					<u>88,195</u>
Total general revenues					<u>8,093,558</u>
Change in Net Position					6,137,628
Net Position - Beginning					<u>47,588,576</u>
Net Position - Ending					<u>\$53,726,204</u>

See accompanying notes to financial statements

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<p style="text-align: center;">TOWN OF MORAGA Basic Financial Statements For the Year Ended June 30, 2018</p>
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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 2018. 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.

PAVEMENT MANAGEMENT PROGRAM

The Pavement Management Program Fund was established to account for all capital activities related to the rehabilitation of the Town's streets.

CONSTRUCTION IN PROGRESS

The Construction In Progress Fund is a fund used to capture all capital project expenditures and corresponding revenues, except for those accounted for in the Street Pavement Program fund.

OTHER CAPITAL PROJECTS FUND

The Other Capital Projects Fund is used to account for funds expended on various capital improvement projects, other than those under the Pavement Management Program Fund.

DEBT SERVICE FUND

The Debt Service Fund was established to account for the proceeds from the issuance of long-term debt, as well as annual debt service payments.

TOWN OF MORAGA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General Fund	Pavement Management Program	Construction In Progress	Other Capital Projects Fund
ASSETS				
Cash and investments (Note 3)	\$3,505,353	\$388,858		\$2,008,516
Restricted cash and investments (Note 3)				
Accounts receivable	447,762	322,534	\$2,304,995	21,899
Prepaid expenses	3,051			
Due from other funds (Note 4)	1,827,229			
Total Assets	<u>\$5,783,395</u>	<u>\$711,392</u>	<u>\$2,304,995</u>	<u>\$2,030,415</u>
LIABILITIES				
Accounts payable and accrued expenses	\$279,754	\$43,392	\$633,525	\$85,500
Unearned revenue			15,850	
Due to other funds (Note 4)			1,767,145	
Total Liabilities	<u>279,754</u>	<u>43,392</u>	<u>2,416,520</u>	<u>85,500</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue			420,277	
FUND BALANCES (Note 8)				
Nonspendable	3,051			
Restricted				1,916,987
Committed	1,912,602	668,000		27,928
Assigned	212,668			
Unassigned	3,375,320		(531,802)	
Total Fund Balances	<u>5,503,641</u>	<u>668,000</u>	<u>(531,802)</u>	<u>1,944,915</u>
Total Liabilities and Fund Balances	<u>\$5,783,395</u>	<u>\$711,392</u>	<u>\$2,304,995</u>	<u>\$2,030,415</u>

See accompanying notes to financial statements

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	\$2,024,928	\$7,927,655
\$443,916		443,916
	108,137	3,205,327
		3,051
		1,827,229
<u>\$443,916</u>	<u>\$2,133,065</u>	<u>\$13,407,178</u>
	\$15,523	\$1,057,694
		15,850
	60,084	1,827,229
	75,607	2,900,773
		420,277
		3,051
\$443,916	2,067,096	4,427,999
		2,608,530
		212,668
	(9,638)	2,833,880
<u>443,916</u>	<u>2,057,458</u>	<u>10,086,128</u>
<u>\$443,916</u>	<u>\$2,133,065</u>	<u>\$13,407,178</u>

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TOWN OF MORAGA
Reconciliation of the
GOVERNMENTAL FUNDS - BALANCE SHEET
with the
STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances - governmental funds	\$10,086,128
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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.	56,555,192
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LONG-TERM ASSETS, LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The assets, deferred outflows of resources, liabilities and deferred inflows of resources below are not due and payable in the current period and therefore are not reported in the Funds:

Deferred outflows of resources related to pensions	1,723,164
Compensated absences	(268,840)
Net pension liability	(6,156,875)
Certificates of participation	(7,554,962)
Deferred inflows related to unavailable revenue	420,277
Deferred inflows of resources related to pensions	(1,077,880)

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$53,726,204</u></u>
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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, 2018

	General Fund	Pavement Management Program	Construction In Progress	Other Capital Projects Fund
REVENUES				
Property taxes and assessments	\$2,227,166			
Property tax - in lieu	1,712,049			
Sales and use tax	1,029,173			
Sales tax - public safety				
Sales tax - 1% local add-on (Measure K)		\$1,766,158		
Franchise fees	1,079,526			
Real property transfer fees	191,293			
Motor vehicle license fees	9,365			
Planning and permits	812,218			
Interest	51,266	8,265		\$10,504
Property rentals	95,851			
Parks and recreation	381,257			
Police services	71,631			
Public works services	221,741			
Intergovernmental			\$4,564,721	
Fines, forfeitures and penalties				
Other revenues	115,925			503,123
Total Revenues	7,998,461	1,774,423	4,564,721	513,627
EXPENDITURES				
Current operations:				
General administration	2,190,396			
Planning	554,658			
Public safety	2,706,935			
Public works	1,036,680			
Parks and recreation	1,158,078			
Debt service:				
Principal	12,973			
Interest	293			
Capital outlay		2,657,464	7,074,350	
Total Expenditures	7,660,013	2,657,464	7,074,350	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	338,448	(883,041)	(2,509,629)	513,627
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 4)	1,237,810	234,406	3,442,480	
Transfers out (Note 4)	(3,073,973)	(599,633)	(470,538)	(162,683)
Total Other Financing Sources (Uses)	(1,836,163)	(365,227)	2,971,942	(162,683)
NET CHANGE IN FUND BALANCES	(1,497,715)	(1,248,268)	462,313	350,944
BEGINNING FUND BALANCES	7,001,356	1,916,268	(994,115)	1,593,971
ENDING FUND BALANCES	\$5,503,641	\$668,000	(\$531,802)	\$1,944,915

See accompanying notes to financial statements

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	\$954,575	\$3,181,741
		1,712,049
		1,029,173
	69,107	69,107
		1,766,158
		1,079,526
		191,293
		9,365
		812,218
\$2,194	15,965	88,194
		95,851
	232,560	613,817
		71,631
		221,741
	597,713	5,162,434
	41,688	41,688
		619,048
<u>2,194</u>	<u>1,911,608</u>	<u>16,765,034</u>
1,000		2,191,396
		554,658
		2,706,935
	220,826	1,257,506
		1,158,078
365,000	3,348	381,321
350,869	76	351,238
		9,731,814
<u>716,869</u>	<u>224,250</u>	<u>18,332,946</u>
<u>(714,675)</u>	<u>1,687,358</u>	<u>(1,567,912)</u>
715,851	43,152	5,673,699
(924)	(1,365,948)	(5,673,699)
<u>714,927</u>	<u>(1,322,796)</u>	
252	364,562	(1,567,912)
<u>443,664</u>	<u>1,692,896</u>	<u>11,654,040</u>
<u>\$443,916</u>	<u>\$2,057,458</u>	<u>\$10,086,128</u>

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, 2018

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	(\$1,567,912)
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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	9,437,327
Depreciation expense is deducted from fund balance	(1,506,613)

Long-Term Debt Proceeds and Payments:

Amortization of bond premium is an expenditure in the governmental funds, but the amortization 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.	381,321

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	109,560
Change in deferred inflows related to unavailable revenue	(653,709)
Net pension liability and deferred outflows/inflows of resources related to pensions	(75,343)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$6,137,628
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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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Adjusted		
REVENUES				
Property taxes and assessments	\$2,237,175	\$2,237,175	\$2,227,166	(\$10,009)
Property tax - in lieu	1,648,130	1,712,048	1,712,049	1
Sales and use tax	923,500	998,109	1,029,173	31,064
Franchise fees	1,020,977	1,070,310	1,079,526	9,216
Real property transfer fees	168,000	168,000	191,293	23,293
Motor vehicle license fees			9,365	9,365
Planning and permits	441,000	647,450	812,218	164,768
Interest	18,000	45,000	51,266	6,266
Property rentals	95,000	95,000	95,851	851
Parks and recreation	400,300	387,300	381,257	(6,043)
Police services	56,407	57,407	71,631	14,224
Public works services	226,500	211,500	221,741	10,241
Other revenues	165,000	145,200	115,925	(29,275)
Total Revenues	7,399,989	7,774,499	7,998,461	223,962
EXPENDITURES:				
Current operations:				
General government	2,049,423	2,165,392	2,190,396	(25,004)
Planning	790,707	790,707	554,658	236,049
Public safety	2,886,883	2,896,883	2,706,935	189,948
Public works	1,190,470	1,172,220	1,036,680	135,540
Parks and recreation	1,249,228	1,267,228	1,158,078	109,150
Debt service:				
Principal	12,973	12,973	12,973	
Interest	293	293	293	
Total Expenditures	8,179,977	8,305,696	7,660,013	645,683
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(779,988)	(531,197)	338,448	869,645
OTHER FINANCING SOURCES (USES)				
Transfers in	911,744	1,039,534	1,237,810	198,276
Transfers out	(399,420)	(5,478,532)	(3,073,973)	2,404,559
Total Other Financing Sources (Uses)	512,324	(4,438,998)	(1,836,163)	2,602,835
NET CHANGE IN FUND BALANCE	(\$267,664)	(\$4,970,195)	(1,497,715)	\$3,472,480
BEGINNING FUND BALANCE			7,001,356	
ENDING FUND BALANCE			\$5,503,641	

See accompanying notes to financial statements

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<p>TOWN OF MORAGA Basic Financial Statements For the Year Ended June 30, 2018</p>
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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, 2018

	<u>Agency Fund</u>
ASSETS	
Cash and investments (Note 3)	\$867,816
Accounts receivable	<u>95</u>
Total Assets	<u><u>\$867,911</u></u>
LIABILITIES	
Accounts payable	\$82,335
Deposits payable	697,642
Due to others	<u>87,934</u>
Total Liabilities	<u><u>\$867,911</u></u>

See accompanying notes to financial statements

TOWN OF MORAGA
Basic Financial Statements
For the Year Ended June 30, 2018

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, 2018

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 **Pavement Management Program Fund** was established to account for all capital activities related to the rehabilitation of the Town's streets.

The **Construction In Progress Fund** is a fund used to capture all capital project expenditures and corresponding revenues, except for those accounted for in the Street Pavement Program fund.

The **Other Capital Projects Fund** is used to account for funds expended on various capital improvement projects, other than those under the Pavement Management Program Fund.

The **Debt Service Fund** was established to account for the proceeds from the issuance of long-term debt, as well as annual debt service payments.

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, 2018

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, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets

Contributed capital assets are valued at their estimated fair market value on the date contributed. Donated capital assets, donated works of art and similar items, and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. All other capital assets are valued at historical cost or estimated historical cost is not available.

Infrastructure, improvements and equipment purchased or acquired with an original cost of \$100,000, \$50,000, and \$5,000 or more, respectively, are capitalized. 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. Unsecured 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 liability for these compensated absences in the government-wide statements has been estimated by management to be 20% current and 80% non-current liabilities. 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, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The activities of the compensated absences for the year ended June 30, 2018 were as follows:

Beginning balance	\$378,400
Additions	222,844
Payments	<u>(332,404)</u>
Ending Balance	<u>\$268,840</u>
Current Portion	<u>\$53,768</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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or balance sheet reports 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 reports 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.

TOWN OF MORAGA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

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. General Fund and Special Revenue Funds are budgeted on an annual basis. Capital Projects Funds and Debt Service Funds are budgeted on project basis.
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, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING

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, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Classification

Cash and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$7,927,655
Restricted cash and investments	443,916
Fiduciary Funds:	
Cash and investments	867,816
Total cash and investments	<u>\$9,239,387</u>

Cash and investments as of June 30, 2018 consist of the following:

Cash on hand and in banks	\$4,029,126
Investments with fiscal agents	441,576
California Local Agency Investment Fund	4,768,685
Total cash and investments	<u>\$9,239,387</u>

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
Basic Financial Statements
For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CASH AND INVESTMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
Bank Savings Accounts and Demand Deposits (collateralized or insured)	N/A	N/A	25%	10%
Certificate of Deposit (collateralized or insured)	2 years	N/A	25%	10%
U.S. Treasury Securities	5 years	N/A	None	None
Federal Agency Obligations	5 years	N/A	50%	20%
Local Agency Investment Fund (LAIF)	N/A	N/A	None	None
Banker's Acceptances	180 days	N/A	20%	10%
Commercial Paper (rated P1)	270 days	P-1, A-1	20%	10%
Negotiable Certificates of Deposit	2 years	N/A	25%	10%
Medium-Term Corporate Notes	5 years	Aa, AA	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.

TOWN OF MORAGA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CASH AND INVESTMENTS (Continued)

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	Total
<i>Cash and Investments in City Treasury:</i>		
California Local Agency Investment Fund	\$4,768,685	\$4,768,685
<i>Held by Fiscal Agents:</i>		
Money Market Fund	441,576	441,576
Total Investments	<u>\$5,210,261</u>	5,210,261
<i>Cash deposits in banks and petty cash</i>		<u>4,029,126</u>
Total Cash and Investments		<u>\$9,239,387</u>

F. Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Town's investments with the California Local Agency Investment Fund (LAIF) and Money Market Fund are classified as exempt in the fair value hierarchy, as they are valued at amortized cost, which is exempt from being classified under GASB 72.

G. 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 Town of Moraga's actual Moody's rating as of June 30, 2018 for each investment type:

Investment Type	Not rated	Total
<i>Not rated:</i>		
Money Market Fund	\$441,576	\$441,576
California Local Agency Investment Fund	4,768,685	4,768,685
Total Investments	<u>\$5,210,261</u>	5,210,261
<i>Cash deposits in banks and petty cash</i>		<u>4,029,126</u>
Total Cash and Investments		<u>\$9,239,387</u>

TOWN OF MORAGA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CASH AND INVESTMENTS (Continued)

H. 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, 2018, the Town only had investments in LAIF and money market funds.

I. 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, 2018, these investments matured in an average of 193 days.

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
Basic Financial Statements
For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – INTERFUND ACTIVITIES (Continued)

Transfers between Town funds during fiscal year 2017-18 were as follows:

Transfer From	Transfer To	Description	Amount Transferred
Major Governmental Funds			
General Fund			
Fund 100 - Developer Fees	Fund 700 - Construction In Progress	Capital Projects - Labor and Materials	\$937,663
	Fund 134- Art in Public Spaces	Pass Through to CIP: Labor and Materials	18
Fund 101 - General Purpose	Fund 701 - COP 329 Rheem Renovations	COP 2010 Interest/Principal	116,218
	Fund 711 - Pavement Management Program	Pass Through - Garbage Vehicle Impact Fees	234,406
	Fund 700 - Construction In Progress	Capital Projects - Labor and Materials	1,785,668
Capital Projects Fund			
Fund 700 - Construction in Progress	Fund 100 - Developer Fees	Refund, FY16-17 CIP17-701 Labor and Material	235,269
	Fund 101 - General Purpose	Refund, FY16-17 CIP17-701 Labor and Material	235,269
Fund 711 - Pavement Management Program	Fund 702 - 2013 COP Infrastructure Improvements	COP 2013 Interest/Principal	599,633
Fund 720 - Public Safety Impact Fees	Fund 700 - Construction In Progress	Capital Projects - Labor and Materials	11,440
Fund 740 - Community Facil/Open Space	Fund 101 - General Purpose	Open Space	1,000
Fund 770 - Storm Drain Impact Fees	Fund 700 - Construction In Progress	Capital Projects - Labor and Materials	90,705
Fund 790- Parks Development Impact Fees	Fund 700 - Construction In Progress	Capital Projects - Labor and Materials	35,000
Fund 799- LFFA	Fund 700 - Construction In Progress	Capital Projects - Labor and Materials	2,651
Fund 750 - Asset Replacement	Fund 101 - General Purpose	Non-Capitalized Asset Replacement	1,308
	Fund 700 - Construction In Progress	Capital Projects - Labor and Materials	17,488
Fund 780 - General Government Facilities Impact Fees	Fund 700 - Construction In Progress	Capital Projects - Labor and Materials	3,091
Debt Service Fund			
Fund 701 - COP 329 Rheem Renovations	Fund 700 - Construction In Progress	Capital Projects - Labor and Materials	924
Other Governmental Funds			
Fund 103 - COPS/AVA	Fund 101 - General Purpose	Police Services	105,000
	Fund 700 - Construction In Progress	Capital Projects - Labor and Materials	30,000
Fund 109 - Public Safety Sales Tax	Fund 101 - General Purpose	Police Services	69,107
Fund 134- Arts in Public Spaces	Fund 700 - Construction In Progress	Capital Projects - Labor and Materials	18
Fund 140 - Street Lighting	Fund 500- Lighting Assessment District	LAD General Benefit	24,984
	Fund 500- Lighting Assessment District	Traffic Signal Maintenance	18,150
	Fund 700 - Construction In Progress	Capital Projects - Labor and Materials	39,199
Fund 205 - Gasoline Tax	Fund 101 - General Purpose	Transportation and Street-related programs	362,689
Fund 210 - Transportation Measure J (part of Transportation Measure J Fund)	Fund 101 - General Purpose	Transportation	14,456
	Fund 700 - Construction In Progress	Capital Projects - Labor and Materials	291,240
Fund 211 - Measure J, Program 28-C (part of Transportation Measure J Fund)	Fund 700 - Construction In Progress	Capital Projects - Labor and Materials	1,313
Fund 230 - Traffic Safety	Fund 101 - General Purpose	Crossing Guard Services	19,208
	Fund 700 - Construction In Progress	Capital Projects - Labor and Materials	3,723
Fund 250 - Park Dedication Fee	Fund 700 - Construction In Progress	Capital Projects - Labor and Materials	181,873
Fund 500 - Lighting Assessment District	Fund 101 - General Purpose	LAD Labor	330
	Fund 700 - Construction In Progress	Capital Projects - Labor and Materials	495
Fund 510 - National Pollution Discharge Elimination System (NPDES)	Fund 101 - General Purpose	Storm Drain Maintenance	194,174
	Fund 700 - Construction In Progress	Capital Projects - Labor and Materials	9,989
Total Interfund Transfers			<u>\$5,673,699</u>

TOWN OF MORAGA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – INTERFUND ACTIVITIES (Continued)

B. Due To (From) Other Funds

The Town provides short-term interfund loan to cover cash flows which are expected to be repaid within the next year. As of June 30, 2018, the Construction in Progress Fund and Non-major Governmental Funds owed \$1,767,145 and \$60,084 respectively to the General Fund.

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, 2018:

	Balance June 30, 2017	Additions	Transfers	Balance June 30, 2018
Governmental Activities				
Capital assets not being depreciated:				
Land and easements	\$10,680,212			\$10,680,212
Construction in progress	8,083,400	\$9,437,327	(\$3,383,476)	14,137,251
Total capital assets, not being depreciated	18,763,612	9,437,327	(3,383,476)	24,817,463
Depreciable capital assets:				
Building and improvements	7,351,176		53,082	7,404,258
Roadway and related	39,993,497		2,723,706	42,717,203
Storm drains	4,327,992			4,327,992
Parks and recreation	3,183,107		553,168	3,736,275
Equipment and furniture	1,548,859		53,520	1,602,379
Total capital assets, being depreciated	56,404,631		3,383,476	59,788,107
Accumulated depreciation:				
Building and improvements	(1,767,636)	(146,770)		(1,914,406)
Roadway and related	(19,581,912)	(1,063,442)		(20,645,354)
Storm drains	(2,439,885)	(66,383)		(2,506,268)
Parks and recreation	(1,416,972)	(129,630)		(1,546,602)
Equipment and furniture	(1,337,360)	(100,388)		(1,437,748)
Total accumulated depreciation	(26,543,765)	(1,506,613)		(28,050,378)
Depreciable capital assets, net	29,860,866	(1,506,613)	3,383,476	31,737,729
Governmental capital assets, net	\$48,624,478	\$7,930,714		\$56,555,192

TOWN OF MORAGA
Basic Financial Statements
For the Year Ended June 30, 2018

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:

Governmental Activities:	
General Administration	\$161,897
Planning	13,752
Public Safety:	
Police	38,505
Public Works	1,146,327
Parks and Recreation	146,132
Total Governmental Activities	<u>\$1,506,613</u>

NOTE 6 – LONG-TERM DEBT

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 Amount	Balance June 30, 2017	Retirements	Balance June 30, 2018	Current Portion
2010 Certificates of Participation	\$1,525,000	\$1,130,000	(\$70,000)	\$1,060,000	\$70,000
Energy Efficiency Loan	198,935	16,321	(16,321)		
2013 Certificates of Participation	7,720,000	6,595,000	(295,000)	6,300,000	305,000
Add: Unamortized Bond Premium	259,947	207,959	(12,997)	194,962	
Total Governmental Activity		<u>\$7,949,280</u>	<u>(\$394,318)</u>	<u>\$7,554,962</u>	<u>\$375,000</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.

TOWN OF MORAGA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LONG TERM DEBT (Continued)

C. 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. The last loan repayment was made in June 2018.

D. 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.

E. Debt Service Requirements

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

Year ending June 30	Principal	Interest
2019	\$375,000	\$336,268
2020	390,000	321,168
2021	405,000	305,568
2022	425,000	289,268
2023	435,000	272,268
2024-2028	2,525,000	1,032,819
2029-2032	2,235,000	378,007
2033	570,000	28,500
Total	7,360,000	\$2,963,866
Premium, net of amortization	194,962	
	<u>\$7,554,962</u>	

TOWN OF MORAGA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – PENSION PLAN

A. General Information

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the Town’s Safety and Miscellaneous (all other) Employee Pension Rate Plans. The Town’s Miscellaneous and Safety Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees’ Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors four rate plans (two miscellaneous and two safety). Benefit provisions under the Plans are established by State statute and Town resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. The Town does not provide any post-retirement health benefits (OPEB).

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On of after January 1, 2013
Hire date		
Benefit formula	2.0% @ Age 55	2.0% @ Age 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	52
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	8.418%	6.533%

TOWN OF MORAGA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – PENSION PLAN (Continued)

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ Age 50	2.7% @ Age 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	52
Monthly benefits, as a % of eligible compensation	2.000% to 2.700%	2.000% to 2.700%
Required employee contribution rates	9%	11.50%
Required employer contribution rates	14.971%	11.990%

Beginning in fiscal year 2017, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The Town's required contribution for the unfunded liability was \$245,760 in fiscal year 2018.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for the Plan were as follows.

	Miscellaneous	Safety	Total
Contributions - employer	\$128,925	\$145,286	\$274,211

TOWN OF MORAGA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

As of June 30, 2018, the Town reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous:	\$3,403,085
Safety	2,753,790
Total Net Pension Liability	<u>\$6,156,875</u>

The Town's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Town's proportionate share of the net pension liability for the Plan as of June 30, 2016 and 2017 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2016	0.08264%	0.04548%
Proportion - June 30, 2017	0.08633%	0.04609%
Change - Increase (Decrease)	(0.00369%)	(0.00061%)

TOWN OF MORAGA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – PENSION PLAN (Continued)

For the year ended June 30, 2018, the Town recognized pension expense of \$75,343. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$128,925	
Differences between actual and expected experience	4,944	(\$70,828)
Changes in assumptions	613,399	(46,772)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	42,690	(581,514)
Net differences between projected and actual earnings on plan investments	138,725	
Total	<u>\$928,683</u>	<u>(\$699,114)</u>

Safety	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$145,286	
Differences between actual and expected experience	32,426	(\$8,454)
Changes in assumptions	470,252	(36,079)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	43,984	(334,233)
Net differences between projected and actual earnings on plan investments	102,533	
Total	<u>\$794,481</u>	<u>(\$378,766)</u>

TOWN OF MORAGA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – PENSION PLAN (Continued)

\$274,211 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2019	(\$331,683)
2020	523,934
2021	321,180
2022	(142,358)

Actuarial Assumptions – For the measurement period ended June 30, 2017, the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2016 total pension liability were based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.5%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds (1)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on the CalPERS website.

Change of Assumptions – GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In 2017, the discount rate was reduced from 7.65% to 7.15%. All other assumptions for June 30, 2017 measurement date were the same as those used for June 30, 2016 measurement date.

TOWN OF MORAGA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – PENSION PLAN (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	0.90%
Total	100%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

TOWN OF MORAGA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – PENSION PLAN (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate –
The following presents the Town's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$5,425,023	\$4,307,308
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$3,403,085	\$2,753,790
1% Increase	8.15%	8.15%
Net Pension Liability	\$1,728,480	\$1,483,866

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. *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.

D. *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. During fiscal year 2018, the Town and its employees contributed \$4,841 to the plan.

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.

TOWN OF MORAGA Basic Financial Statements For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – NET POSITION AND FUND BALANCES
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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, 2018 the breakout of this calculation is reflected as follows:

Total Capital Assets at June 30, 2018:		\$56,555,192
Related Debts at June 30, 2018:		
Certificates of Participation (COP)	7,554,962	
Less: Portion of unspent proceeds attributed to the acquisition construction or improvement of capital assets	<u>(149)</u>	
Net Related Debt		<u>7,554,813</u>
Net Investment in Capital Assets		<u><u>\$49,000,379</u></u>

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. Nonspendable amounts subject to restrictions are included along with spendable resources.

TOWN OF MORAGA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

Committed fund balances are established, modified and rescinded by resolution of the Town Council. 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 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.

Detailed classifications of the Town's Fund Balances, as of June 30, 2018, are below:

	General Fund	Pavement Management Program	Construction In Progress	Other Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total
Nonspendable:							
Prepaid items	\$3,051						\$3,051
Total Nonspendable	3,051						3,051
Restricted for:							
Streets and roads						\$1,636,547	1,636,547
Public safety						138,196	138,196
Future projects						245,108	245,108
Capital projects				\$1,916,987	\$17,431	47,245	1,981,663
Debt service					426,485		426,485
Total Restricted				1,916,987	443,916	2,067,096	4,427,999
Committed to:							
Future projects (Palos Developer Fees)	1,912,602						1,912,602
Capital projects		\$668,000		22,004			690,004
Asset replacements				5,924			5,924
Total Committed	1,912,602	668,000		27,928			2,608,530
Assigned							
Capital projects *	212,668						212,668
Total Unassigned	212,668						212,668
Unassigned							
Fund balance deficits			(\$531,802)			(9,638)	(541,440)
Residual fund balance	3,375,320						3,375,320
Total Unassigned	3,375,320		(531,802)			(9,638)	2,833,880
Total fund balances	\$5,503,641	\$668,000	(\$531,802)	\$1,944,915	\$443,916	\$2,057,458	\$10,086,128

* Fund balance assigned to Capital Projects CIP 16-602 (TC Resolution 68-2016) and CIP 17-7011 (TC Resolution 57-2017)

TOWN OF MORAGA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

C. General Purpose Fund Reserve Policy

In fiscal year 2015, the Town adopted resolution 5-2015 which establishes a Town Council policy of achieving and maintaining a fifty percent (50%) General Purpose Fund Reserve relative to General Purpose Fund operating expenditures of the most recent fiscal year end. The resolution merges the existing Infrastructure Preservation and Improvement (IPI) (Fund 705) and Asset Replacement (Fund 750) funds into one fund, called the Asset Replacement Fund (Fund 750). The resolution also commits any net surplus or revenues above the amount needed to satisfy the General Purpose Fund Reserve policy of 50% to the newly merged Asset Replacement Fund (Fund 750).

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 Coverage	Deductible (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	2,500,000	5,000
Government crime	1,000,000	2,500
Liability	29,000,000	10,000
Employment liability	2,000,000	50,000
Workers' compensation	50,000,000	0
Vehicle physical damage		
All other police vehicles	0-2,000	250,000
Police department vehicles	0-3,000	250,000

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.

TOWN OF MORAGA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – PAVEMENT MANAGEMENT PROGRAM (FUND 711)

At the general election of November 6, 2012 the voters of the Town of Moraga approved Measure K, a one-cent general purpose sales tax measure. In 2013, Certificates of Participation (2013 COPs) were issued for the purposes of financing improvements to the Town's infrastructure including streets and storm drains, as discussed in Note 6. It is the Town's intention to fund the debt service of the 2013 COPs with revenues generated by Measure K.

The combination of the 2013 COPs financing, Measure K sales tax that exceeded debt service of 2013 COPs, and other available funds or grants, has enabled the Town to expedite its road repair program, Pavement Management Program. As of June 30, 2017, the third year of the three-year Program had been completed. Under the Program, the Town focused on preventative maintenance during the first year; overlays during the second year; and reconstruction treatments during the third year.

The following is the sources and uses of the Program during fiscal year 2018:

SOURCES

Sales Tax from Measure K	\$1,766,158
COP 2013, Drawdown	-
Rubberised Pavement Grant	-
Garbage Vehicle Impact Fee	234,406
Interest Income	8,265
	<hr/>
Total Sources	2,008,829

USES

Construction	2,307,915
Construction Management	92,515
Project Management	46,900
Design Services	205,184
Miscellaneous Expenses	4,950
	<hr/>
Total Uses	2,657,464

OTHER FINANCING SOURCES (USES)

Principal payment on the bonds	(304,633)
Interest payment on the bonds	(295,000)
	<hr/>
Total Other Financing Sources (Uses)	(599,633)

NET CHANGE IN PROGRAM BALANCE (1,248,268)

BEGINNING PROGRAM BALANCE 1,916,268

ENDING PROGRAM BALANCE \$668,000

TOWN OF MORAGA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 11 – 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.

NOTE 12 – 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.

The Town experienced two major infrastructure failures that have had a significant short-term impact on Town finances.

On March 13, 2016 a large sinkhole developed at the Rheem Boulevard and Center Street intersection as a result of heavy storms. The sinkhole location impacted a number of utility lines and a traffic signal that ruptured a gas line. The extent of damage and impact to traffic flow prompted the Town Council to declare a local emergency on March 16, 2016. The Town applied for emergency funds to undertake the extensive and costly repairs, and was ultimately awarded Federal Highway Administration emergency funding. The emergency funds are provided to the Town on a reimbursement basis, with 100% reimbursement rate for Emergency opening phase of the projects and 88.53% reimbursement rate for Construction phase. The sinkhole was repaired, and intersection opened to normal traffic flow in November 2017. The total project cost amounted to \$2.85 million. At June 30, 2018, the city received the larger portion of reimbursement in the amount of \$2.5 million, which allowed to fully release assigned funds from funds 100, One Time Developer Fee fund, and fund 101, General Purpose Fund. Reimbursement receipt positively impacted unassigned fund balance in General fund increasing fund reserve to 44.06%. The Town expects to receive final reimbursement by June 30, 2019.

TOWN OF MORAGA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTES TO FINANCIAL STATEMENTS

NOTE 12 – COMMITMENT AND CONTINGENT LIABILITIES (Continued)

On April 18, 2017, Canyon Road Bridge was closed when landslide movement was found to have damaged the bridge support structure. As a result, the bridge was deemed unsafe for use. As the bridge is a major artery into and out of Town and is also used for vital emergency response access to the Canyon community, the Town again declared a local emergency on April 27, 2017. The Town applied for emergency funds to open a temporary bridge and was awarded Federal Highway Administration emergency funding in the amount of 2.9 million. The emergency funds are provided to the Town on a reimbursement basis, with 100% reimbursement rate for Emergency opening phase of the projects and 88.53% reimbursement rate for Construction phase, similar to the Sinkhole Emergency project. The land surrounding the bridge location has been secured, a temporary one-lane bridge (meeting FHWA reimbursement requirements) was installed in and the bridge was reopened in November 2017. The total project cost is estimated to be \$3.3 million. At June 30, 2018 the town allocated 1.0 Million from fund 100, One Time Developer Fee, and \$1.85 million from fund 101, the General Purpose Fund reserve. At June 30, 2018 the General Purpose Fund fund balance recognized \$212,668 as an assigned fund balance for Canyon Road Bridge emergency repair project. The Town is in the process of finalizing reimbursement authorizations with Caltrans and is expecting to receive the first payment by the end of fiscal year 2018-19.

A. Encumbrances

The Town utilized an encumbrance system during fiscal year 2018 to assist in controlling expenditures. Under this system, governmental funds are encumbered when purchase orders, contracts or other commitments are signed or approved. The following are encumbrances at June 30, 2018, that will be carried over to fiscal year 2019:

General Fund	\$424,062
Pavement Management Program Fund	173,470
Other Capital Projects Fund	704,753
Non-major Government Funds	513,835
	<hr/>
Total	\$1,816,120
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REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

Town of Moraga Cost-Sharing Multiple-Employer Defined Pension Plan

Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measure Date as of June 30	2014	2015	2016	2017
Plan's Proportion of the Net Pension Liability (Asset)	0.05809%	0.04235%	0.06040%	0.06208%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$3,614,505	\$3,840,323	\$5,226,347	\$6,156,875
Plan's Covered Payroll (B)	\$3,183,341	\$3,044,571	\$3,214,375	\$3,467,455
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	113.54%	126.14%	162.59%	177.56%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	82.31%	82.25%	77.29%	76%

Notes to Schedule:

- (A) Historical information is required only for measurement periods for which GASB 68 is applicable.
- (B) Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan.

*Fiscal year 2015 was the first year of implementation of GASB 68 and 71.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Moraga Miscellaneous and Safety Rate Plans, a Cost-Sharing Multiple-Employer Defined Pension Plan
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

For the Year Ended June 30	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	\$413,526	\$314,989	\$308,628	\$274,211
Contributions in relation to the actuarially determined contributions	<u>413,526</u>	<u>314,989</u>	<u>308,628</u>	<u>274,211</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$3,044,571	\$3,214,375	\$3,467,455	\$3,357,567
Contributions as a percentage of covered payroll	13.58%	9.80%	8.90%	8.17%

* Fiscal year 2015 was the first year of implementation of GASB 68 and 71.

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SUPPLEMENTAL INFORMATION

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<p style="text-align: center;">TOWN OF MORAGA Supplemental Information For the Year Ended June 30, 2018</p>
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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 335 Rheem Boulevard property, and various capital improvement projects.

TOWN OF MORAGA
GENERAL FUND
COMBINING BALANCE SHEETS
JUNE 30, 2018

	<u>General Purpose</u>	<u>Developer Fees</u>	<u>Total</u>
ASSETS			
Cash and investments	\$1,592,751	\$1,912,602	\$3,505,353
Accounts receivable	447,762		447,762
Prepaid expenses	3,051		3,051
Due from other funds	1,827,229		1,827,229
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$3,870,793</u>	<u>\$1,912,602</u>	<u>\$5,783,395</u>
LIABILITIES			
Accounts payable and accrued expenses	<u>\$279,754</u>	<u> </u>	<u>\$279,754</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>279,754</u>	<u> </u>	<u>279,754</u>
FUND BALANCES			
Nonspendable	3,051		3,051
Committed		\$1,912,602	1,912,602
Assigned	212,668		212,668
Unassigned	3,375,320		3,375,320
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>3,591,039</u>	<u>1,912,602</u>	<u>5,503,641</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$3,870,793</u>	<u>\$1,912,602</u>	<u>\$5,783,395</u>

TOWN OF MORAGA
GENERAL FUND
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Purpose</u>	<u>Developer Fees</u>	<u>Total</u>
REVENUES			
Property taxes and assessments	\$2,227,166		\$2,227,166
Property tax - in lieu	1,712,049		1,712,049
Sales and use tax	1,029,173		1,029,173
Franchise fees	1,079,526		1,079,526
Real property transfer fees	191,293		191,293
Motor vehicle license fees	9,365		9,365
Planning and permits	812,218		812,218
Interest	51,266		51,266
Property rentals	95,851		95,851
Parks and recreation	381,257		381,257
Police services	71,631		71,631
Public works services	221,741		221,741
Other revenues	115,925		115,925
Total Revenues	<u>7,998,461</u>		<u>7,998,461</u>
EXPENDITURES			
Current operations:			
General administration	2,190,396		2,190,396
Planning	554,658		554,658
Public safety	2,706,935		2,706,935
Public works	1,036,680		1,036,680
Parks and recreation	1,158,078		1,158,078
Debt service:			
Principal	12,973		12,973
Interest	293		293
Total Expenditures	<u>7,660,013</u>		<u>7,660,013</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>338,448</u>		<u>338,448</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,002,541	\$235,269	1,237,810
Transfers out	<u>(2,136,292)</u>	<u>(937,681)</u>	<u>(3,073,973)</u>
Total Other Financing Sources (Uses)	<u>(1,133,751)</u>	<u>(702,412)</u>	<u>(1,836,163)</u>
NET CHANGE IN FUND BALANCES	(795,303)	(702,412)	(1,497,715)
BEGINNING FUND BALANCES	<u>4,386,342</u>	<u>2,615,014</u>	<u>7,001,356</u>
ENDING FUND BALANCES	<u><u>\$3,591,039</u></u>	<u><u>\$1,912,602</u></u>	<u><u>\$5,503,641</u></u>

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<p>TOWN OF MORAGA Supplemental Information For the Year Ended June 30, 2018</p>
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PAVEMENT MANAGEMENT PROGRAM CAPITAL PROJECTS FUND

The Pavement Management Program Fund was established to account for all capital activities related to the rehabilitation of the Town's streets.

TOWN OF MORAGA
PAVEMENT MANAGEMENT PROGRAM FUND
COMBINING BALANCE SHEET
JUNE 30, 2018

	Pavement Management Program	Total
ASSETS		
Cash and investments	\$388,858	\$388,858
Accounts receivable	<u>322,534</u>	<u>322,534</u>
Total Assets	<u>\$711,392</u>	<u>\$711,392</u>
LIABILITIES		
Accounts payable and accrued expenses	<u>\$43,392</u>	<u>\$43,392</u>
Total Liabilities	<u>43,392</u>	<u>43,392</u>
FUND BALANCES		
Committed	<u>668,000</u>	<u>668,000</u>
Total Fund Balances	<u>668,000</u>	<u>668,000</u>
Total Liabilities and Fund Balances	<u>\$711,392</u>	<u>\$711,392</u>

TOWN OF MORAGA
PAVEMENT MANAGEMENT PROGRAM FUND
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Pavement Management Program	Total
REVENUES		
Sales tax - 1% local add-on (Measure K)	\$1,766,158	\$1,766,158
Interest	8,265	8,265
Total Revenues	<u>1,774,423</u>	<u>1,774,423</u>
EXPENDITURES		
Capital outlay	<u>2,657,464</u>	<u>2,657,464</u>
Total Expenditures	<u>2,657,464</u>	<u>2,657,464</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(883,041)</u>	<u>(883,041)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	234,406	234,406
Transfers out	<u>(599,633)</u>	<u>(599,633)</u>
Total Other Financing Sources (Uses)	<u>(365,227)</u>	<u>(365,227)</u>
NET CHANGE IN FUND BALANCES	(1,248,268)	(1,248,268)
BEGINNING FUND BALANCES	<u>1,916,268</u>	<u>1,916,268</u>
ENDING FUND BALANCES	<u><u>\$668,000</u></u>	<u><u>\$668,000</u></u>

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<p>TOWN OF MORAGA Supplemental Information For the Year Ended June 30, 2018</p>
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CONSTRUCTION IN PROGRESS FUND

The Construction In Progress Fund is a fund used to capture all capital project expenditures and corresponding revenues, except for those accounted for in the Street Pavement Program fund.

TOWN OF MORAGA
CONSTRUCTION IN PROGRESS FUND
COMBINING BALANCE SHEET
JUNE 30, 2018

	<u>Construction in Progress</u>	<u>Total</u>
ASSETS		
Accounts receivable	<u>\$2,304,995</u>	<u>\$2,304,995</u>
Total Assets	<u><u>\$2,304,995</u></u>	<u><u>\$2,304,995</u></u>
LIABILITIES		
Accounts payable and accrued expenses	\$633,525	\$633,525
Unearned revenue	15,850	15,850
Due to other funds	<u>1,767,145</u>	<u>1,767,145</u>
Total Liabilities	<u>2,416,520</u>	<u>2,416,520</u>
DEFERRED INFLOWS		
Unavailable revenue	<u>420,277</u>	<u>420,277</u>
FUND BALANCES		
Unassigned	<u>(531,802)</u>	<u>(531,802)</u>
Total Fund Balances	<u>(531,802)</u>	<u>(531,802)</u>
Total Liabilities and Fund Balances	<u><u>\$2,304,995</u></u>	<u><u>\$2,304,995</u></u>

TOWN OF MORAGA
CONSTRUCTION IN PROGRESS FUND
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Construction in Progress	Total
REVENUES		
Intergovernmental	<u>\$4,564,721</u>	<u>\$4,564,721</u>
Total Revenues	<u>4,564,721</u>	<u>4,564,721</u>
EXPENDITURES		
Capital outlay	<u>7,074,350</u>	<u>7,074,350</u>
Total Expenditures	<u>7,074,350</u>	<u>7,074,350</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,509,629)</u>	<u>(2,509,629)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	3,442,480	3,442,480
Transfers out	<u>(470,538)</u>	<u>(470,538)</u>
Total Other Financing Sources (Uses)	<u>2,971,942</u>	<u>2,971,942</u>
NET CHANGE IN FUND BALANCES	462,313	462,313
BEGINNING FUND BALANCES	<u>(994,115)</u>	<u>(994,115)</u>
ENDING FUND BALANCES	<u><u>(\$531,802)</u></u>	<u><u>(\$531,802)</u></u>

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TOWN OF MORAGA
Supplemental Information
For the Year Ended June 30, 2018

OTHER CAPITAL PROJECTS FUND

The Other Capital Projects Fund is used to account for funds expended on various capital improvement projects, other than those under the Pavement Management Program. 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 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.

Development Impact Fee Funds:

Public Safety Impact Fees, Local Transportation Impact Fees, Storm Drain Impact Fees, General Government Facilities Impact Fees, and Park 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
OTHER CAPITAL PROJECTS FUND
COMBINING BALANCE SHEETS
JUNE 30, 2018

	Community Facilities/ Open Space	Asset Replacement	Comcast Grant Unrestricted	Comcast PEG Restricted
ASSETS				
Cash and investments	\$6,550	\$5,924	\$15,454	\$297,342
Accounts receivable				18,810
Total Assets	<u>\$6,550</u>	<u>\$5,924</u>	<u>\$15,454</u>	<u>\$316,152</u>
LIABILITIES				
Accounts payable and accrued expenses				
Total Liabilities				
FUND BALANCE				
Restricted				\$316,152
Committed	<u>\$6,550</u>	<u>\$5,924</u>	<u>\$15,454</u>	
Total Fund Balances	<u>6,550</u>	<u>5,924</u>	<u>15,454</u>	<u>316,152</u>
Total Liabilities and Fund Balances	<u>\$6,550</u>	<u>\$5,924</u>	<u>\$15,454</u>	<u>\$316,152</u>

Public Safety Impact Fees	Local Transportation Impact Fees	Storm Drain Impact Fees	General Government Facilities Impact Fees	Park Development Impact Fees	LFFA	Total Capital Projects Fund
\$115,682	\$30,886	\$476,718	\$490,776	\$81,151	\$488,033	\$2,008,516
216	53	965	835	191	829	21,899
<u>\$115,898</u>	<u>\$30,939</u>	<u>\$477,683</u>	<u>\$491,611</u>	<u>\$81,342</u>	<u>\$488,862</u>	<u>\$2,030,415</u>
\$165		\$1,755	\$705		\$82,875	\$85,500
165		1,755	705		82,875	85,500
115,733	\$30,939	475,928	490,906	\$81,342	405,987	1,916,987
						27,928
<u>115,733</u>	<u>30,939</u>	<u>475,928</u>	<u>490,906</u>	<u>81,342</u>	<u>405,987</u>	<u>1,944,915</u>
<u>\$115,898</u>	<u>\$30,939</u>	<u>\$477,683</u>	<u>\$491,611</u>	<u>\$81,342</u>	<u>\$488,862</u>	<u>\$2,030,415</u>

TOWN OF MORAGA
OTHER CAPITAL PROJECTS FUND
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Community Facilities/ Open Space</u>	<u>Asset Replacement</u>	<u>Comcast Grant Unrestricted</u>	<u>Comcast PEG Restricted</u>
REVENUES				
Intergovernmental				
Interest				
Other revenue				\$36,428
Total Revenues				36,428
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				36,428
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(\$1,000)	(\$18,796)		
Total Other Financing Sources (Uses)	(1,000)	(18,796)		
NET CHANGE IN FUND BALANCES	(1,000)	(18,796)		36,428
BEGINNING FUND BALANCES	7,550	24,720	\$15,454	279,724
ENDING FUND BALANCES	<u>\$6,550</u>	<u>\$5,924</u>	<u>\$15,454</u>	<u>\$316,152</u>

Public Safety Impact Fees	Local Transportation Impact Fees	Storm Drain Impact Fees	General Government Facilities Impact Fees	Park Development Impact Fees	LFFA	Total Capital Projects Funds
\$836	\$222	\$3,212	\$3,076	\$445	\$2,713	\$10,504
16,210		180,486	96,511	76,336	97,152	503,123
17,046	222	183,698	99,587	76,781	99,865	513,627
17,046	222	183,698	99,587	76,781	99,865	513,627
(11,440)		(90,705)	(3,091)	(35,000)	(2,651)	(162,683)
(11,440)		(90,705)	(3,091)	(35,000)	(2,651)	(162,683)
5,606	222	92,993	96,496	41,781	97,214	350,944
110,127	30,717	382,935	394,410	39,561	308,773	1,593,971
<u>\$115,733</u>	<u>\$30,939</u>	<u>\$475,928</u>	<u>\$490,906</u>	<u>\$81,342</u>	<u>\$405,987</u>	<u>\$1,944,915</u>

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<p>TOWN OF MORAGA Supplemental Information For the Year Ended June 30, 2018</p>
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DEBT SERVICE FUND

The Debt Service Fund was established to account for the proceeds from the issuance of long-term debt, as well as annual debt service payments.

TOWN OF MORAGA
DEBT SERVICE FUND
COMBINING BALANCE SHEETS
JUNE 30, 2018

	<u>COP 329 Rheem Renovations</u>	<u>2013 COP Infrastructure Improvements</u>	<u>Total</u>
ASSETS			
Cash and investments	<u>\$120,563</u>	<u>\$323,353</u>	<u>\$443,916</u>
Total Assets	<u>\$120,563</u>	<u>\$323,353</u>	<u>\$443,916</u>
FUND BALANCES			
Nonspendable	<u>\$120,563</u>	<u>\$323,353</u>	<u>\$443,916</u>
Total Fund Balances	<u>120,563</u>	<u>323,353</u>	<u>443,916</u>
Total Liabilities and Fund Balances	<u>\$120,563</u>	<u>\$323,353</u>	<u>\$443,916</u>

TOWN OF MORAGA
DEBT SERVICE FUND
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>COP 329 Rheem Renovations</u>	<u>2013 COP Infrastructure Improvements</u>	<u>Total</u>
REVENUES			
Interest	<u>\$596</u>	<u>\$1,598</u>	<u>\$2,194</u>
Total Revenues	<u>596</u>	<u>1,598</u>	<u>2,194</u>
EXPENDITURES			
Current operations:			
General administration	1,000		1,000
Debt service:			
Principal	70,000	295,000	365,000
Interest	<u>46,219</u>	<u>304,650</u>	<u>350,869</u>
Total Expenditures	<u>117,219</u>	<u>599,650</u>	<u>716,869</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(116,623)</u>	<u>(598,052)</u>	<u>(714,675)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	116,218	599,633	715,851
Transfers out	<u>(924)</u>		<u>(924)</u>
Total Other Financing Sources (Uses)	<u>115,294</u>	<u>599,633</u>	<u>714,927</u>
NET CHANGE IN FUND BALANCES	<u>(1,329)</u>	<u>1,581</u>	<u>252</u>
BEGINNING FUND BALANCES	<u>121,892</u>	<u>321,772</u>	<u>443,664</u>
ENDING FUND BALANCES	<u><u>\$120,563</u></u>	<u><u>\$323,353</u></u>	<u><u>\$443,916</u></u>

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TOWN OF MORAGA
Supplemental Information
For the Year Ended June 30, 2018

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.

Art in Public Spaces – This fund accounts for money allocated by Town Council and received through donations or grants or otherwise obtained to fund expenditures that may include, but are not limited to, the following uses: costs associated with the purchase, commissioning, lease, transportation, installation, insurance, maintenance, repair, removal or restoration of artwork, and any costs to administer the Art in Public Spaces program or purchase objects necessary for the proper presentation of the artwork.

TOWN OF MORAGA
OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2018

	Gasoline Tax	Transportation Measure J	Park Dedication	Lighting Assessment District
ASSETS				
Cash and investments	\$102,535	\$738,743	\$244,383	\$317,557
Accounts receivable	254	1,755	725	496
Total Assets	<u>\$102,789</u>	<u>\$740,498</u>	<u>\$245,108</u>	<u>\$318,053</u>
LIABILITIES				
Accounts payable and accrued expenses				\$15,523
Due to other fund				
Total Liabilities				<u>15,523</u>
FUND BALANCE				
Restricted	\$102,789	\$740,498	\$245,108	302,530
Unassigned				
Total Fund Balances	<u>102,789</u>	<u>740,498</u>	<u>245,108</u>	<u>302,530</u>
Total Liabilities and Fund Balances	<u>\$102,789</u>	<u>\$740,498</u>	<u>\$245,108</u>	<u>\$318,053</u>

<u>COPS/AVA</u>	<u>Traffic Safety</u>	<u>NPDES</u>	<u>Asset Forfeiture</u>	<u>Public Safety Sales Tax</u>	<u>Street Lighting</u>	<u>Art in Public Spaces</u>	<u>Total Nonmajor Governmental Funds</u>
\$112,402	\$9,344		\$10,207		\$489,757		\$2,024,928
284	5,942	\$79,646	17	\$18,045	973		108,137
<u>\$112,686</u>	<u>\$15,286</u>	<u>\$79,646</u>	<u>\$10,224</u>	<u>\$18,045</u>	<u>\$490,730</u>		<u>\$2,133,065</u>
							\$15,523
		\$32,401		\$27,683			60,084
		32,401		27,683			75,607
\$112,686	\$15,286	47,245	\$10,224		\$490,730		2,067,096
				(9,638)			(9,638)
112,686	15,286	47,245	10,224	(9,638)	490,730		2,057,458
<u>\$112,686</u>	<u>\$15,286</u>	<u>\$79,646</u>	<u>\$10,224</u>	<u>\$18,045</u>	<u>\$490,730</u>		<u>\$2,133,065</u>

TOWN OF MORAGA
OTHER GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Gasoline Tax	Transportation Measure J	Park Dedication	Lighting Assessment District
REVENUES				
Taxes and assessment	\$341,178			\$195,072
Sales tax - public safety				
Intergovernmental	81,327	\$376,970		
Interest	766	6,668	\$1,905	1,952
Fines, forfeitures and penalties				
Parks and recreation			232,560	
Total Revenues	<u>423,271</u>	<u>383,638</u>	<u>234,465</u>	<u>197,024</u>
EXPENDITURES				
Current operations:				
Public works				220,826
Debt service:				
Principal				3,348
Interest				76
Total Expenditures				<u>224,250</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>423,271</u>	<u>383,638</u>	<u>234,465</u>	<u>(27,226)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				43,134
Transfers (out)	<u>(362,689)</u>	<u>(307,009)</u>	<u>(181,873)</u>	<u>(825)</u>
Total Other Financing Sources (Uses)	<u>(362,689)</u>	<u>(307,009)</u>	<u>(181,873)</u>	<u>42,309</u>
NET CHANGE IN FUND BALANCES	60,582	76,629	52,592	15,083
BEGINNING FUND BALANCES	<u>42,207</u>	<u>663,869</u>	<u>192,516</u>	<u>287,447</u>
ENDING FUND BALANCES	<u><u>\$102,789</u></u>	<u><u>\$740,498</u></u>	<u><u>\$245,108</u></u>	<u><u>\$302,530</u></u>

<u>COPS/AVA</u>	<u>Traffic Safety</u>	<u>NPDES</u>	<u>Asset Forfeiture</u>	<u>Public Safety Sales Tax</u>	<u>Street Lighting</u>	<u>Art in Public Spaces</u>	<u>Total Other Governmental Funds</u>
		\$264,151		\$69,107	\$154,174		\$954,575
\$139,416							69,107
990	\$83	44	\$73		3,484		597,713
	41,688						15,965
							41,688
							232,560
<u>140,406</u>	<u>41,771</u>	<u>264,195</u>	<u>73</u>	<u>69,107</u>	<u>157,658</u>		<u>1,911,608</u>
							220,826
							3,348
							76
							224,250
<u>140,406</u>	<u>41,771</u>	<u>264,195</u>	<u>73</u>	<u>69,107</u>	<u>157,658</u>		<u>1,687,358</u>
(135,000)	(22,931)	(204,163)		(69,107)	(82,333)	\$18 (18)	43,152
(135,000)	(22,931)	(204,163)		(69,107)	(82,333)		(1,365,948)
5,406	18,840	60,032	73		75,325		(1,322,796)
107,280	(3,554)	(12,787)	10,151	(9,638)	415,405		364,562
<u>\$112,686</u>	<u>\$15,286</u>	<u>\$47,245</u>	<u>\$10,224</u>	<u>(\$9,638)</u>	<u>\$490,730</u>		<u>1,692,896</u>
							\$2,057,458

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, 2018

	Gasoline Tax			Transportation Measure J		
	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES						
Taxes and assessment	\$351,589	\$341,178	(\$10,411)			
Sales tax - public safety						
Intergovernmental	114,064	81,327	(32,737)	\$358,200	\$376,970	\$18,770
Interest		766	766	1,630	6,668	5,038
Fines, forfeitures and penalties						
Parks and recreation						
Total Revenues	<u>465,653</u>	<u>423,271</u>	<u>(42,382)</u>	<u>359,830</u>	<u>383,638</u>	<u>23,808</u>
EXPENDITURES						
Current operations:						
Public works						
Debt Service:						
Principal						
Interest						
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>465,653</u>	<u>423,271</u>	<u>(42,382)</u>	<u>359,830</u>	<u>383,638</u>	<u>23,808</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	<u>(500,505)</u>	<u>(362,689)</u>	<u>137,816</u>	<u>(732,952)</u>	<u>(307,009)</u>	<u>425,943</u>
Total Other Financing Sources (Uses)	<u>(500,505)</u>	<u>(362,689)</u>	<u>137,816</u>	<u>(732,952)</u>	<u>(307,009)</u>	<u>425,943</u>
NET CHANGE IN FUND BALANCES	<u>(\$34,852)</u>	<u>60,582</u>	<u>\$95,434</u>	<u>(\$373,122)</u>	<u>76,629</u>	<u>\$449,751</u>
BEGINNING FUND BALANCES		<u>42,207</u>			<u>663,869</u>	
ENDING FUND BALANCES		<u>\$102,789</u>			<u>\$740,498</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)
			\$194,991	\$195,072	\$81			
	\$1,905	\$1,905	800	1,952	1,152	\$100,000 400	\$139,416 990	\$39,416 590
	232,560	232,560						
	234,465	234,465	195,791	197,024	1,233	100,400	140,406	40,006
			205,350	220,826	(15,476)			
				3,348 76	(3,348) (76)			
			205,350	224,250	(18,900)			
	234,465	234,465	(9,559)	(27,226)	(17,667)	100,400	140,406	40,006
(\$181,672)	(181,873)	(201)	43,134 (132,694)	43,134 (825)	131,869	(135,000)	(135,000)	
(181,672)	(181,873)	(201)	(89,560)	42,309	131,869	(135,000)	(135,000)	
(\$181,672)	52,592	\$234,264	(\$99,119)	15,083	\$114,202	(\$34,600)	5,406	\$40,006
	192,516			287,447			107,280	
	\$245,108			\$302,530			\$112,686	

(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, 2018

	Traffic Safety			NPDES		
	Final	Actual	Variance with	Fiscal	Actual	Variance with
	Budget	Amounts	Final Budget	Budget	Amounts	Final Budget
			Positive			Positive
			(Negative)			(Negative)
REVENUES						
Taxes and assessment				\$235,000	\$264,151	\$29,151
Sales tax - public safety						
Intergovernmental						
Interest	\$75	\$83	\$8	75	44	(31)
Fines, forfeitures and penalties	37,600	41,688	4,088			
Parks and recreation						
Total Revenues	37,675	41,771	4,096	235,075	264,195	29,120
EXPENDITURES						
Current operations:						
Public works						
Debt Service:						
Principal						
Interest						
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	37,675	41,771	4,096	235,075	264,195	29,120
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(31,487)	(22,931)	8,556	(258,886)	(204,163)	54,723
Total Other Financing Sources (Uses)	(31,487)	(22,931)	8,556	(258,886)	(204,163)	54,723
NET CHANGE IN FUND BALANCES	\$6,188	18,840	\$12,652	(\$23,811)	60,032	\$83,843
BEGINNING FUND BALANCES		(3,554)			(12,787)	
ENDING FUND BALANCES		\$15,286			\$47,245	

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)
						\$153,074	\$154,174	\$1,100
\$25	\$73	\$48	\$62,900	\$69,107	\$6,207	450	3,484	3,034
25	73	48	62,915	69,107	6,192	153,524	157,658	4,134
25	73	48	62,915	69,107	6,192	153,524	157,658	4,134
			(48,000)	(69,107)	(21,107)	(82,333)	(82,333)	
			(48,000)	(69,107)	(21,107)	(82,333)	(82,333)	
<u>\$25</u>	73	<u>\$48</u>	<u>\$14,915</u>		<u>(\$14,915)</u>	<u>\$71,191</u>	75,325	<u>\$4,134</u>
	<u>10,151</u>			<u>(9,638)</u>			<u>415,405</u>	
	<u>\$10,224</u>			<u>(\$9,638)</u>			<u>\$490,730</u>	

(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, 2018

	Arts In Public Spaces		
	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes and assessment			
Sales tax - public safety			
Intergovernmental			
Interest			
Fines, forfeitures and penalties			
Parks and recreation			
Total Revenues			
EXPENDITURES			
Current operations:			
Public works			
Debt Service:			
Principal			
Interest			
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
OTHER FINANCING SOURCES (USES)			
Transfers in	\$18	\$18	
Transfers (out)	(18)	(18)	
Total Other Financing Sources (Uses)			
NET CHANGE IN FUND BALANCES			
BEGINNING FUND BALANCES			
ENDING FUND BALANCES			

<p>TOWN OF MORAGA Supplemental Information For the Year Ended June 30, 2018</p>
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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, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
ASSETS				
Cash and investments	\$999,651	\$867,816	\$999,651	\$867,816
Accounts receivable	<u>82</u>	<u>95</u>	<u>82</u>	<u>95</u>
Total Assets	<u><u>\$999,733</u></u>	<u><u>\$867,911</u></u>	<u><u>\$999,733</u></u>	<u><u>\$867,911</u></u>
LIABILITIES				
Accounts payable	\$82,511	\$82,335	\$82,511	\$82,335
Deposits payable	846,483	697,642	846,483	697,642
Due to others	<u>70,739</u>	<u>87,934</u>	<u>70,739</u>	<u>87,934</u>
Total Liabilities	<u><u>\$999,733</u></u>	<u><u>\$867,911</u></u>	<u><u>\$999,733</u></u>	<u><u>\$867,911</u></u>

<p style="text-align: center;">TOWN OF MORAGA STATISTICAL SECTION</p>

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. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin

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

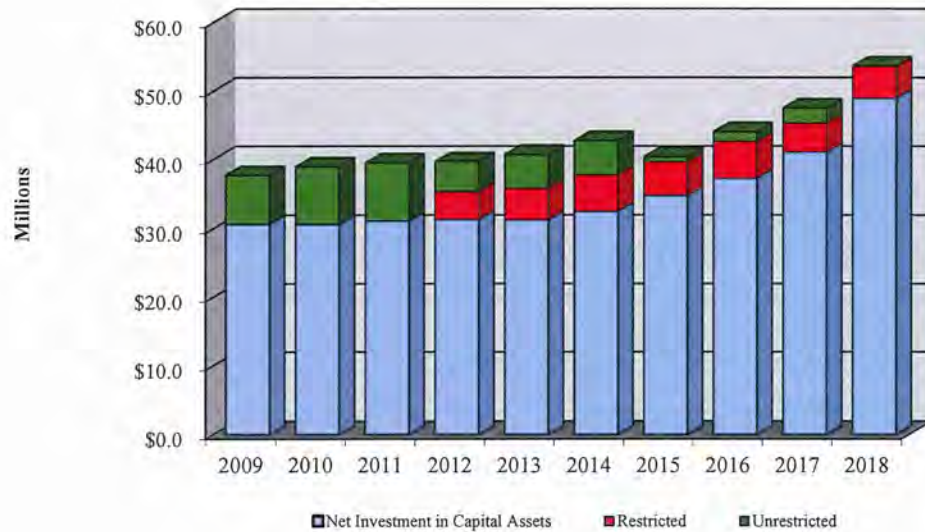
Operating Information

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Net investment										
in capital assets	\$30,658,278	\$30,636,715	\$31,117,713	\$31,326,914	\$31,262,841	\$32,510,879	\$34,803,223	\$37,271,687	\$41,118,856	\$49,000,379
Restricted				4,020,379	4,574,470	5,231,652	4,834,164	5,358,218	4,209,026	4,582,338
Unrestricted	7,099,523	8,353,521	8,448,856	4,394,197	4,943,695	5,059,030	792,542	1,471,051	2,260,694	143,487
Total governmental activities										
net position	<u>\$37,757,801</u>	<u>\$38,990,236</u>	<u>\$39,566,569</u>	<u>\$39,741,490</u>	(a) <u>\$40,781,006</u>	<u>\$42,801,561</u>	(b),(c) <u>\$40,429,929</u>	<u>\$44,100,956</u>	(d) <u>\$47,588,576</u>	<u>\$53,726,204</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.

(d) In fiscal year 2015, the Town reduced the beginning balance of net position by \$4,446,616 as a result of the implementation of GASB Statements 68 and 71. Financial data shown for proceeding years were not adjusted for the presentation.

Source: Town of Moraga: Basic Financial Statements

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

	Fiscal Year Ended June 30			
	2009	2010	2011	2012
Expenses				
Governmental activities:				
General administration	\$1,439,693	\$1,364,119	\$1,208,943	\$1,310,021
Planning	673,332	547,238	462,025	443,788
Public safety	2,232,131	2,007,108	2,150,458	2,280,426
Public works	2,432,465	2,704,268	2,310,181	3,154,962
Parks and recreation	589,678	606,949	809,048	632,177
Interest and long-term debt		3,453	63,176	58,394
Total Governmental activities expenses	7,367,299	7,233,135	7,003,831	7,879,768
Total Primary Government Expenses	\$7,367,299	\$7,233,135	\$7,003,831	\$7,879,768
Program Revenues				
Governmental activities:				
Charges for services:				
General administration	\$4,122	\$8,569	\$20	\$72,735
Planning	330,784	230,970	233,432	289,690
Public safety	129,263	110,398	121,097	123,787
Public works	486,270	407,342	316,124	160,832
Parks and recreation	200,241	210,303	216,358	411,117
Operating Grants and Contributions	379,519	110,000	100,000	109,016
Capital Grants and Contributions	958,016	1,729,067	593,824	1,096,496
Total Governmental activities program revenues	2,488,215	2,806,649	1,580,855	2,263,673
Net Revenues / (Expenses)				
Governmental activities	<u>(4,879,084)</u>	<u>(4,426,486)</u>	<u>(5,422,976)</u>	<u>(5,616,095)</u>
Total Primary Government Net Expense	<u>(\$4,879,084)</u>	<u>(\$4,426,486)</u>	<u>(\$5,422,976)</u>	<u>(\$5,616,095)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property tax	\$2,894,886	\$2,936,896	\$2,978,396	\$3,065,030
Sales tax	944,820	976,416	967,688	1,018,561
Franchise tax	693,239	710,239	735,390	738,185
Motor vehicle in-lieu	56,154	48,468	48,982	43,316
Gas tax	272,452	277,534	417,903	467,217
Transfer tax				
Sale of property				
Interfund transfer				
Assessment	383,682	396,643	488,980	431,447
Developer Fees				
Interest and use of property	345,365	263,151	249,441	27,260
Other	230,818	195,572	112,529	
Total Governmental activities	5,821,416	5,804,919	5,999,309	5,791,016
Change in Net Position				
Governmental activities	<u>942,332</u>	<u>1,378,433</u>	<u>576,333</u>	<u>174,921</u>
Total Primary Government Change in Net Position	<u>\$942,332</u>	<u>\$1,378,433</u>	<u>\$576,333</u>	<u>\$174,921</u>

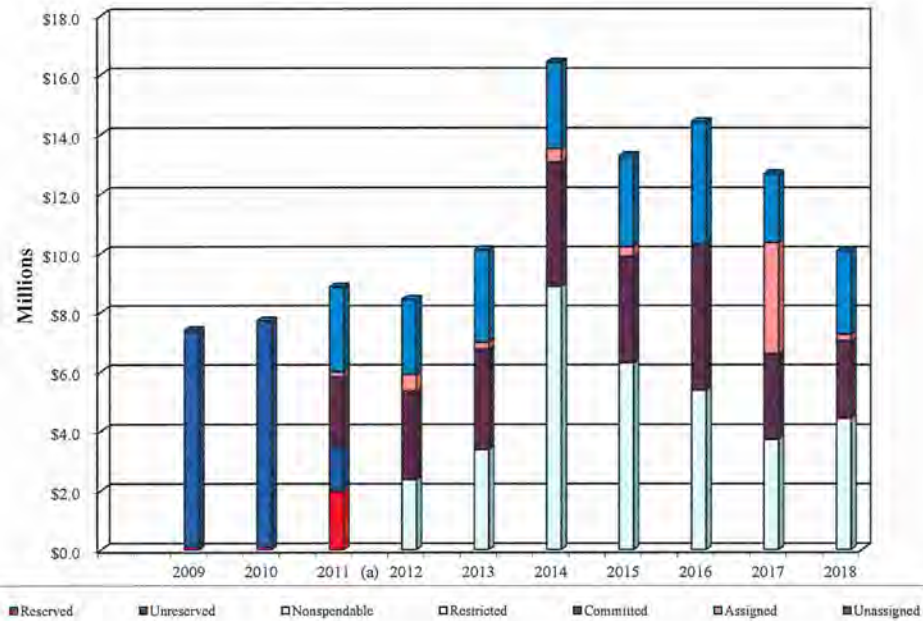
- (a) The Town implemented the provisions of GASB Statement 63 in 2013, which replaced the term "net assets" with the term "net position."
- (b) Starting fiscal year 2012-13, gas tax and assessments are classified as program revenues.
- (c) In fiscal year 2013, the Town restated its net pension asset, 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						
2013	(a)	2014	2015	2016	2017	2018
\$1,528,140	(c)	\$1,601,401	\$1,546,125	\$2,026,707	\$2,032,953	\$2,297,903
\$445,705		666,363	720,899	705,286	841,860	615,531
2,288,770		2,551,912	2,546,827	3,329,382	2,976,211	2,902,846
2,342,094		1,962,949	2,056,010	2,273,923	2,481,231	2,459,023
679,215		1,568,294	1,339,255	1,545,628	1,517,572	1,360,153
56,669		250,457	368,686	360,963	349,969	338,241
7,340,593		8,601,376	10,241,889	10,241,889	10,199,796	9,973,697
\$7,340,593		\$8,601,376	\$10,241,889	\$10,241,889	\$10,199,796	\$9,973,697
\$38,637		\$103,967	\$199,703	\$243,025	\$274,488	\$221,143
383,754		477,559	528,548	535,714	476,409	812,217
132,932		113,396	92,100	83,766	69,027	71,631
294,212		228,063	452,795	253,065	584,804	570,987
398,321		366,240	357,278	287,884	436,948	381,256
1,365,249	(b)	1,586,631	1,386,015	3,569,566	1,173,070	5,457,409
430,697		1,306,480	422,684	1,050,101	2,978,412	503,124
3,043,802		4,182,336	6,023,121	6,023,121	5,993,158	8,017,767
(4,296,791)		(4,419,040)	(5,138,679)	(4,118,768)	(4,206,638)	(1,955,930)
(\$4,296,791)		(\$4,419,040)	(\$5,138,679)	(\$4,118,768)	(\$4,206,638)	(\$1,955,930)
\$3,070,278		\$3,204,386	\$3,467,233	\$3,673,444	\$3,888,623	\$4,130,507
1,342,747		2,494,796	2,755,146	2,698,602	2,715,945	2,795,331
749,227		823,301	955,183	1,007,135	1,023,529	1,079,525
7,011	(b)					
(b)						
22,544		25,954	36,101	66,919	66,161	88,195
144,500				343,695		
5,336,307		6,548,437	7,213,663	7,789,795	7,694,258	8,093,558
1,039,516	(c)	2,129,397	2,074,984	3,671,027	3,487,620	6,137,628
\$1,039,516		\$2,129,397	\$2,074,984	\$3,671,027	\$3,487,620	\$6,137,628

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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,									
	2009	2010	2011 (a)	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$85,132									
Unreserved	4,626,093	\$5,100,186								
Nonspendable			\$767	\$421	\$629	\$672	\$646	\$327		\$3,051
Committed			2,390,737	2,140,737 (b)	2,165,737	2,007,900	1,971,271	3,193,822	\$928,948	1,912,602
Assigned			164,070	484,100	243,113	451,311	319,488		3,763,132	212,668
Unassigned			2,879,061	2,523,411	3,125,652	2,879,905	3,071,555	4,116,870	2,309,276	3,375,320
Total General Fund	<u>\$4,711,225</u>	<u>\$5,100,186</u>	<u>\$5,434,635</u>	<u>\$5,148,669</u>	<u>\$5,535,131</u>	<u>\$5,339,788</u>	<u>\$5,362,960</u>	<u>\$7,311,019</u>	<u>\$7,001,356</u>	<u>\$5,503,641</u>
All Other Governmental Funds										
Reserved		\$85,513	\$1,975,000							
Unreserved, reported in:										
Special revenue funds	\$534,963	659,352	1,068,931							
Capital project funds	2,144,583	1,857,112	376,266							
Restricted				\$2,360,273	\$3,356,540	\$8,865,991	\$6,277,032	\$5,364,954	\$3,708,786	\$4,427,999
Committed				839,669	1,217,930	2,208,849	1,649,665	1,742,264	1,963,992	695,928
Assigned				86,375						
Unassigned									(1,020,094)	(541,440)
Total All Other Governmental Funds	<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>	<u>\$7,926,697</u>	<u>\$7,107,218</u>	<u>\$4,652,684</u>	<u>\$4,582,487</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 Colorado's 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)

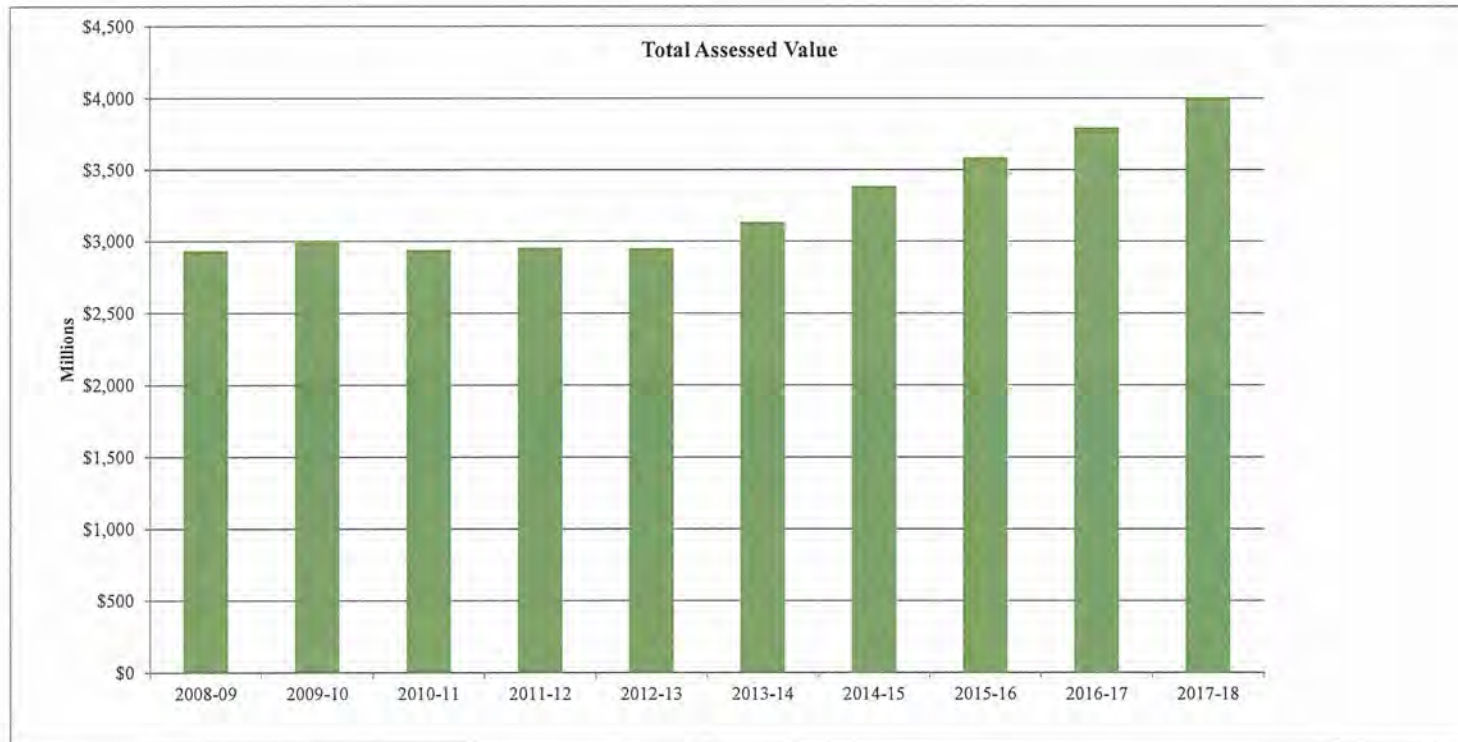
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues				
Property taxes and assessments	\$2,256,159	\$2,266,864	\$2,498,730	\$2,611,524
Property taxes - in lieu (motor vehicle)	1,247,444	1,270,581	1,248,672	1,255,380
Sales taxes	709,285	773,866	747,228	783,239
Sales & use tax - in lieu	235,718	202,550	220,460	235,322
Sales tax - 1% local add-on				
Franchise fees	693,055	710,240	735,390	738,185
Real property transfer fees	47,504	73,628	83,629	96,790
Motor vehicle license fees	56,154	48,468	48,982	43,316
Planning and permits	360,099	232,319	234,144	289,690
Parks and recreation	245,653	245,910	271,557	283,341
Police services	95,737	62,880	78,428	70,290
Public works services	295,805	185,757	145,808	135,533
Intergovernmental	1,397,503	2,032,453	998,079	1,162,785
Fines, forfeitures and penalties	93,850	79,027	59,540	51,271
Interest	125,426	37,185	38,288	27,256
Property rentals	219,939	225,966	211,153	165,333
Other revenues	230,300	54,388	40,002	150,217
Total Revenues	<u>8,309,631</u>	<u>8,502,080</u>	<u>7,660,090</u>	<u>8,099,472</u>
Expenditures				
Current operations:				
General administration	1,345,160	1,253,101	1,090,454	1,202,641
Planning	662,845	530,386	444,159	430,203
Police	2,195,268	1,977,944	2,020,235	2,235,142
Public works	1,748,668	1,907,504	1,721,121	1,645,765
Parks and recreation	523,141	563,889	565,521	554,465
Debt service:				
Principal	82,690	86,800	30,000	505,000
Interest		3,453	63,176	58,394
Capital outlay	1,222,742	2,830,386	1,524,855	1,048,899
Total Expenditures	<u>7,780,514</u>	<u>9,153,463</u>	<u>7,459,521</u>	<u>7,680,509</u>
Revenues over (under) expenditures	<u>529,117</u>	<u>(651,383)</u>	<u>200,569</u>	<u>418,963</u>
Other Financing Sources (Uses)				
Transfers in	1,135,706	434,286	1,489,178	1,839,348
Transfers (out)	(1,135,706)	(434,286)	(1,489,178)	(1,839,348)
Proceeds from loan / debt issuance		2,004,562		29,133
Fund balance transfer				
Gain on sale of property				
Total Other Financing Sources (Uses)	<u>0</u>	<u>2,004,562</u>	<u>0</u>	<u>29,133</u>
Net Change in Fund Balance	<u>\$529,117</u>	<u>\$1,353,179</u>	<u>\$200,569</u>	<u>\$448,096</u>
Debt service as a percentage of noncapital expenditures	1.3%	1.4%	1.6%	9.3%

Source: Town of Moraga: Basic Financial Statements

Fiscal Year Ended June 30

2013	2014	2015	2016	2017	2018
\$2,628,727	\$2,805,223	\$2,862,344	\$2,916,958	\$3,001,995	\$3,181,741
1,266,002	1,342,531	1,448,086	1,533,346	1,622,029	1,712,049
803,298	807,904	855,442	930,860	1,072,512	1,098,280
263,557	255,268	253,333	201,338		
333,008	1,492,885	1,709,913	1,629,441	1,709,325	1,766,158
749,227	823,301	955,183	1,007,135	1,023,530	1,079,526
116,309	137,329	149,620	157,140	155,746	191,293
7,011		6,772	6,644	7,398	9,365
383,754	477,559	528,548	535,714	476,409	812,218
398,320	362,751	367,478	561,284	457,350	613,817
80,287	81,506	72,379	83,766	69,026	71,631
115,651	219,098	255,857	333,965	231,808	221,741
763,735	1,715,536	848,208	745,120	1,990,524	5,162,434
49,895	31,102	35,500	32,408	47,615	41,688
22,542	25,959	36,100	66,920	66,146	88,194
29,403	29,060	41,285	89,867	92,653	95,851
224,883	123,761	226,738	3,081,010	589,364	619,048
<u>8,235,609</u>	<u>10,730,773</u>	<u>10,652,786</u>	<u>13,912,916</u>	<u>12,613,430</u>	<u>16,765,034</u>
1,379,011	1,475,191	1,440,996	1,610,798	1,676,824	2,191,396
434,138	628,706	720,128	550,689	686,417	554,658
2,247,128	2,450,233	2,493,681	2,537,267	2,564,426	2,706,935
1,549,792	1,085,423	1,079,345	1,067,553	1,213,060	1,257,506
582,074	1,125,559	1,146,108	1,187,549	1,220,187	1,158,078
60,000	366,452	344,926	355,375	365,842	381,321
56,669	263,454	381,683	373,960	362,966	351,238
986,244	4,901,833	6,170,890	5,101,145	7,287,905	9,731,814
<u>7,295,056</u>	<u>12,296,851</u>	<u>13,777,757</u>	<u>12,784,336</u>	<u>15,377,627</u>	<u>18,332,946</u>
<u>940,553</u>	<u>(1,566,078)</u>	<u>(3,124,971)</u>	<u>1,128,580</u>	<u>(2,764,197)</u>	<u>(1,567,912)</u>
1,973,365	6,515,328	7,410,024	5,365,999	5,114,321	5,673,699
(1,973,365)	(6,515,328)	(7,410,024)	(5,365,999)	(5,114,321)	(5,673,699)
	7,979,947				
<u>0</u>	<u>7,979,947</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$940,553</u>	<u>\$6,413,869</u>	<u>(\$3,124,971)</u>	<u>\$1,128,580</u>	<u>(\$2,764,197)</u>	<u>(\$1,567,912)</u>
1.9%	8.0%	9.3%	9.2%	7.9%	8.2%

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



Fiscal Year	Local Secured Property	State Unitary Tax	Unsecured Property	Total Assessed Value	Percent Change	Total Direct Tax Rate (a)	Est Actual Taxable Value (b)
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%	1.079300%	5,345,750,006
2013-14	3,109,299,576	116,479	21,586,880	3,131,002,935	6.1%	1.091100%	6,552,318,608
2014-15	3,359,937,900	123,791	20,244,706	3,380,306,397	8.0%	1.097500%	6,552,318,608
2015-16	3,561,281,463	123,791	19,911,343	3,581,316,597	5.9%	1.087400%	7,899,958,887
2016-17	3,770,467,002	123,791	20,181,060	3,790,771,853	5.8%	1.077900%	9,010,566,135
2017-18	3,982,656,428	123,791	20,247,588	4,003,027,807	5.6%	110.270000%	7,046,621,918

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

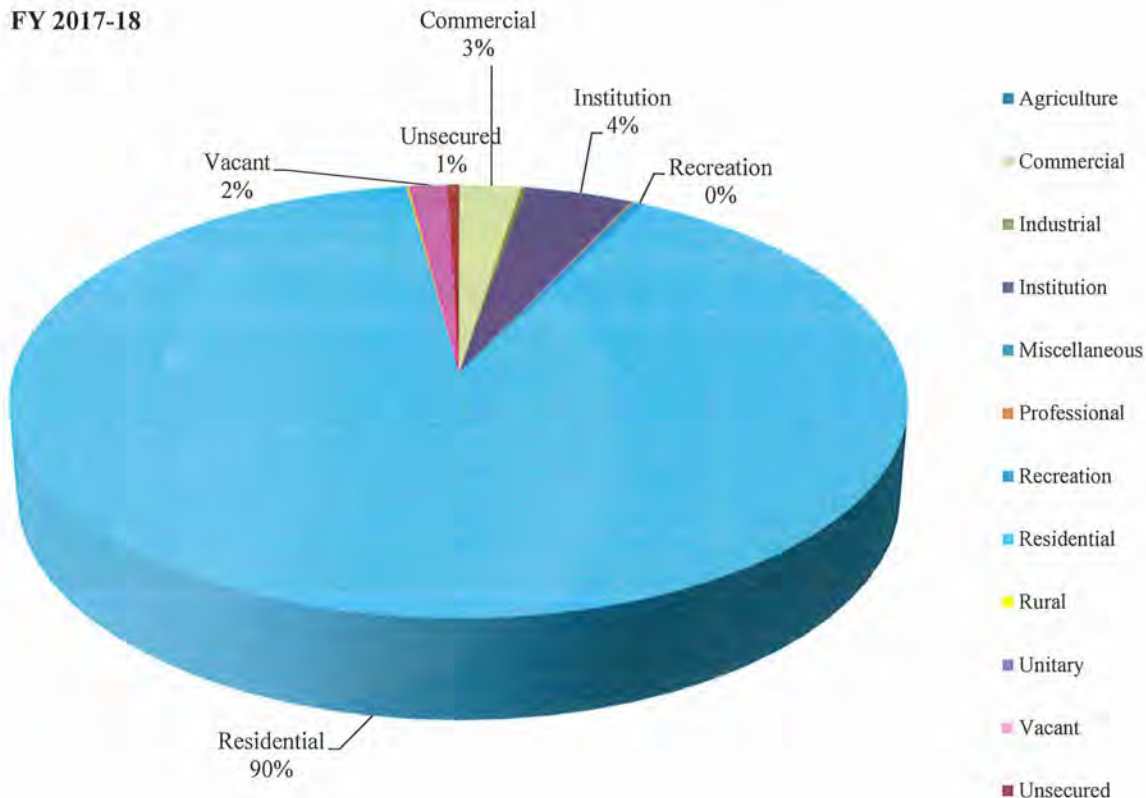
(b) Estimated actual taxable value is derived from a series of calculations comparing median assessed values from 1940 to current median sales prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

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

Sources: California Municipal Statistics (2008-09 through 2011-12)
Contra Costa County Assessor data, MuniServices, LLC (2012-13 through 2017-18)

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

FY 2017-18



Use Code	2013-14	2014-15	2015-16	2016-17	2017-18
Agriculture	\$770,981	\$775,085	\$791,024	\$804,142	\$820,849
Commercial	95,650,441	97,325,035	101,893,597	104,795,692	105,160,237
Industrial	8,265,752	8,300,379	10,267,743	8,643,428	8,800,562
Institution	214,305,204	143,503,641	234,248,426	240,107,445	182,977,401
Miscellaneous	450,476	768,870	784,230	796,602	812,532
Professional	3,325,726	3,313,765	3,761,444	3,818,802	4,237,495
Recreation	21,677,212	21,768,661	16,725,492	17,647,225	17,938,305
Residential	2,940,360,209	3,189,436,494	3,376,268,618	3,568,968,130	3,770,046,544
Rural	2,096,956	3,284,442	3,350,060	3,401,144	3,300,255
Unitary	116,479	123,791	123,791	123,791	123,791
Vacant	41,360,919	42,401,862	55,391,943	69,413,408	65,179,598
Net Secured Value	3,328,380,355	3,511,002,025	3,803,606,368	4,018,519,809	4,159,397,569
Unsecured	21,586,880	20,244,706	19,911,343	20,181,060	20,247,588
Exemptions	218,964,300	150,816,543	242,201,114	247,929,016	176,617,350
Net Assessed Value	\$3,131,002,935	\$3,380,430,188	\$3,581,316,597	\$3,790,771,853	\$4,003,027,807

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
Last Five Fiscal Year

	2013-14	2014-15	2015-16	2016-17	2016-17
Basic City and County Levy (1%)					
TOWN OF MORAGA	0.052732	0.052732	0.052732	0.052732	0.052732
COUNTY OF CONTRA COSTA	0.947268	0.947268	0.947268	0.947268	0.947268
Total 1% Basic Levy	1.000000	1.000000	1.000000	1.000000	1.000000
Override Assessments					
BART	0.007500	0.004500	0.002600	0.008000	0.008400
EAST BAY REG PK BD	0.007800	0.008500	0.006700	0.003200	0.002100
ACALANES UNION	0.036100	0.035000	0.033200	0.032300	0.032500
MORAGA ELEM BOND	0.026400	0.024300	0.022900	0.022400	0.048300
COMMUNITY COLLEGE	0.013300	0.025200	0.022000	0.012000	0.011400
Total Override Rate	0.091100	0.097500	0.087400	0.077900	0.102700
TOTAL TAX RATE	1.091100	1.097500	1.087400	1.077900	1.102700

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.

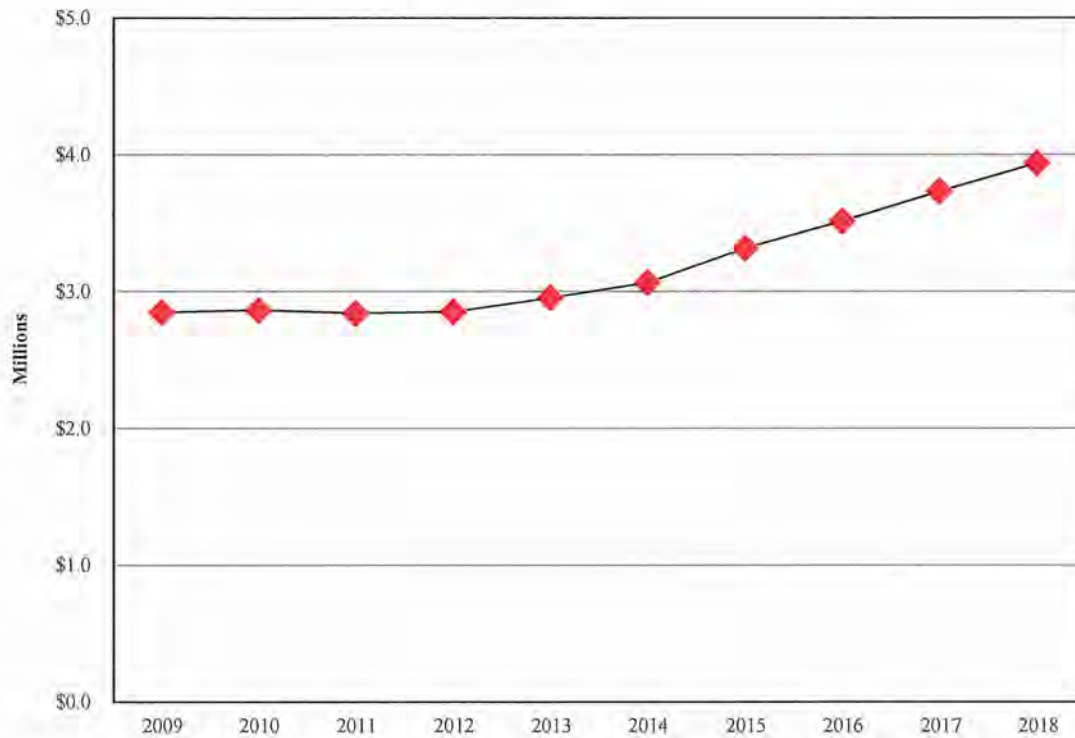
Source: Contra Costa County Auditor-Controller data, MuniServices, LLC

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

Taxpayer	2017-18		2008-09	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Pwrp-Moraga Lp	\$38,163,237	0.95%		
Summerhill Camino Ricardo LLC	25,635,692	0.64%		
Russell J Bruzzone Inc	22,808,108	0.57%	\$20,873,415	0.68%
Summerhill RI LLC	19,201,035	0.48%		
Asc Moraga LLC	12,732,486	0.32%		
Vanguard Apartments LLC	11,513,074	0.29%	3,539,665	0.12%
Moraga Country Club H O Assoc	11,415,503	0.29%	8,443,605	0.28%
St Marys College	9,756,707	0.24%	140,629,108	4.60%
Gage George Tre	9,054,183	0.23%	3,342,804	0.11%
Bigbury Company N V	8,320,966	0.21%	7,352,168	0.24%
Gkhb Royale Investments Lp	7,814,959	0.20%	7,181,081	0.24%
Markets Angelos	7,700,000	0.19%	7,522,500	0.25%
Vio At Moraga LLC	6,554,988	0.16%		
Signature At Moraga LLC	6,253,709	0.16%		
Moraga Cc Holdings LLC	5,807,634	0.15%		
Sabrina Holding LLC	5,490,000	0.14%		
Jaber Philip J Tre	5,449,864	0.14%		
Kn Productions Inc	5,356,763	0.13%	4,733,074	0.15%
Moraga Builders Corp	5,292,780	0.13%	4,676,570	0.15%
Logos Property Investment W	5,106,909	0.13%		
348 Park LLC	4,191,609	0.10%		
Vrionis Michael G & Maria S	4,103,972	0.10%	3,626,146	0.12%
Bruner Barbara M Tre	4,085,092	0.10%		
Moraga Creekside LLC	3,903,378	0.10%		
348 Rheem Boulevard LLC	3,863,352	0.10%		
Pk I Rheem Valley Lp			22,962,636	0.75%
Oakmont Of Moraga LLC			10,119,827	0.33%
Presbytery Of San Francisco			10,000,000	0.33%
Jhc America Group			4,972,361	0.16%
Puri Mahesh K & Minoo			4,620,936	0.15%
Beeri Giora			3,781,374	0.12%
Ct Operating Partnership Lp			3,302,095	0.11%
Jaber George H Tre			3,222,955	0.11%
Aaaaa Rent A Space Moraga Ltd.			3,145,101	0.10%
Cedercreutz Mons			3,075,300	0.10%
Miller George R & Kathleen C			3,060,000	0.10%
Doyle Patrick K Tre			2,997,910	0.10%
Isaksson Rolf T & Barbara Tre			2,833,500	0.09%
Ansari Mohammadali Jaber			2,762,500	0.09%
Total Top 25 Taxpayers	\$249,576,000	6.23%	\$292,776,631	9.59%
Total Taxable Value	\$4,003,027,807	100.00%	\$3,054,381,653	100.00%

Source: 2017-18 Contra Costa County Assessor data, MuniServices, LLC

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



Fiscal Year	Property Tax Levied and Collected	(a)	Percent of Total Tax Collections to Tax Levy	(b)
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%	
2015	3,317,612		100%	
2016	3,516,304		100%	
2017	3,732,878		100%	
2018	3,939,215		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.

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 January 1, 2018**

	<u>Rate</u>
State General Fund	6.25%
Town of Moraga share	1.00% (b)
Contra Costa Transportation Authority	0.50%
Bay Area Rapid Transit	0.50%
Town of Moraga Local Transaction and Use Tax (a)	<u>1.00%</u>
Total	9.25%

- (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.

Source: State of California Board of Equalization

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

2017-18		2008-09	
Taxpayer	Business Type	Taxpayer	Business Type
AVIS MARIE BENSUSEN	MISCELLANEOUS OTHER	7-ELEVEN FOOD STORES	FOOD MARKETS
BANK OF AMERICA	BUSINESS SERVICES	BARNES & NOBLE BOOKSTORES	MISCELLANEOUS RETAIL
BAY CITY IRON WORKS	MISCELLANEOUS OTHER	BLUE CAT	LIGHT INDUSTRY
CAMPOLINDO HIGH SCHOOL	HEALTH & GOVERNMENT	BURGER KING RESTAURANTS	RESTAURANTS
CATHERINE RAY LE BLANC	MISCELLANEOUS RETAIL	CHEVRON SERVICE STATIONS	SERVICE STATIONS
CITY INTERIORS	MISCELLANEOUS RETAIL	CVS PHARMACY	DRUG STORES
FUDGE ALLEY	RESTAURANTS	HOMEGOODS	FURNITURE/APPLIANCE
G.J. ENTERPRISES	HEAVY INDUSTRY	JACK IN THE BOX RESTAURANTS	RESTAURANTS
GARDELLE	MISCELLANEOUS RETAIL	LA PENNE PIZZA PUB & PASTA	RESTAURANTS
M.C.C.INTERIORS	FURNITURE/APPLIANCE	MC CAULOU DEPARTMENT STORE	DEPARTMENT STORES
MARIANNE ARNERICH	MISCELLANEOUS OTHER	MORAGA AUTO CARE & SERVICE	AUTO PARTS/REPAIR
MARION SYSTEMS CORPORATION	BUSINESS SERVICES	MORAGA COUNTRY CLUB	RESTAURANTS
MC CAULOU DEPARTMENT STORE	DEPARTMENT STORES	MORAGA HARDWARE & LUMBER	BLDG.MATLS-RETAIL
MORI INTERIORS	MISCELLANEOUS RETAIL	MORAGA SERVICE CENTER	SERVICE STATIONS
NORCAL AQUATIC SERVICES	RECREATION PRODUCTS	MORAGA WINES & SPIRITS	LIQUOR STORES
NORLEEN SOUND SERVICE	LIGHT INDUSTRY	NATIONS GIANT HAMBURGERS	RESTAURANTS
PACIFIC CONCESSIONS	RESTAURANTS	ORCHARD SUPPLY HARDWARE	BLDG.MATLS-RETAIL
PAUL ANTHONY KRATTER	MISCELLANEOUS RETAIL	RISTORANTE AMOROMA	RESTAURANTS
PRECISION TECHNICAL COATING	CHEMICAL PRODUCTS	SAFEWAY STORES	FOOD MARKETS
RACHELLE BACONDESIGN	HEAVY INDUSTRY	SHELL SERVICE STATIONS	SERVICE STATIONS
ROUND TABLE PIZZA	RESTAURANTS	SODEXHO MARRIOTT MANAGEMENT	RESTAURANTS
SAINT MARY'S COLLEGE BOOKSTORE	MISCELLANEOUS RETAIL	TJ MAXX	APPAREL STORES
TERRA GRAPHICS	MISCELLANEOUS OTHER	TUESDAY MORNING	MISCELLANEOUS RETAIL
UNION BANK	BUSINESS SERVICES	UNION 76 SERVICE STATIONS	SERVICE STATIONS
WELLS FARGO BANK	BUSINESS SERVICES	VALERO SERVICE STATIONS	SERVICE STATIONS

Note:

(1) Taxpayers listed in alphabetical order.

Source: State Board of Equalization data,
MuniServices, LLC

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



Fiscal Year	Sales & Use Tax (a)	Sales Tax In-Lieu (a)	Transactions & Use Tax (b)	All Sales Tax Total	Percent Change
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%
2015	791,900	253,333	1,709,913	2,755,146	10.4%
2016	867,823	201,338	1,629,441	2,698,602	-2.1%
2017	1,006,620	0	1,709,325	2,715,945	0.6%
2018	1,029,173	0	1,766,158	2,795,331	0.6%

(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, Governmental Funds Statement of Revenues
Expenditures and Changes in Fund Balance

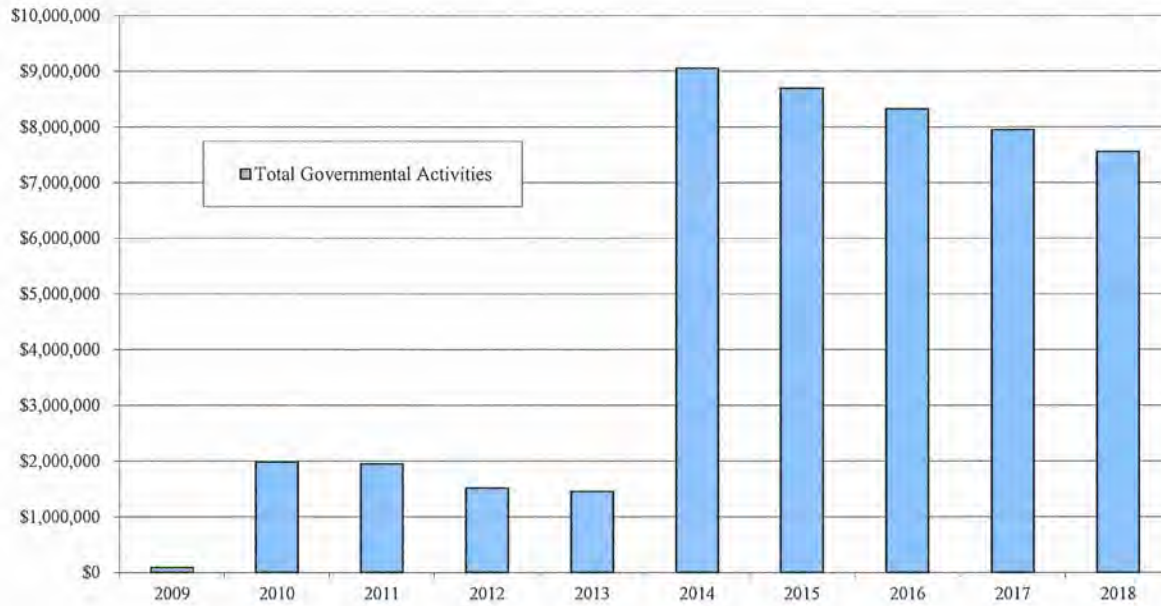
**TOWN OF MORAGA
TAXABLE RETAIL SALES
(Dollars in Thousands)**

<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
2013 (a)	219	81,136	319	90,353
2014 (a)	214	83,425	306	92,997
2015 (a)	211	80,531	335	90,281
2016 (a)	210	78,532	340	88,058

(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			Percentage of Personal Income (a)	Per Capita (a)
	Certificates of Participation	Notes and Loans Payable	Total Governmental Activities		
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
2015	8,648,952	47,537	8,696,489	0.91%	528.15
2016	8,295,956	32,162	8,328,118	0.82%	504.34
2017	7,932,959	16,321	7,949,280	0.78%	476.69
2018	7,554,962	0	7,554,962	0.74%	444.64

(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, 2018

2017-18 Assessed Valuation

\$4,028,904,816

	Total Debt Outstanding	Percent Applicable To Town of Moraga (a)	Amount Applicable To Town of Moraga
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			
Overlapping Tax and Assessment Debt:			
Bay Area Rapid Transit District	\$837,820,000	0.579%	\$4,850,978
Contra Costa Community College District	403,600,000	2.096%	8,459,456
Acalanes Union High School District	188,725,894	12.011%	22,667,867
Moraga School District	14,885,000	97.673%	14,538,626
Orinda Union School District	5,875,000	0.208%	12,220
East Bay Regional Park District	<u>187,800,000</u>	0.906%	<u>1,701,468</u>
Total Gross Overlapping Tax and Assessment Debt	\$1,638,705,894		\$52,230,615
Direct and Overlapping General Fund Debt			
Contra Costa County General Fund Obligation Bonds	\$291,777,297	2.088%	\$6,092,310
Contra Costa County Pension Obligation Bonds	155,880,000	2.088%	3,254,774
Contra Costa Community College District Certificates of Participation	330,000	2.096%	6,917
Orinda Union School District Certificates of Participation	2,865,000	0.208%	5,959
Moraga-Orinda Fire Protection District Certificates of Participation	3,629,000	37.650%	1,366,319
Moraga-Orinda Fire District Pension Obligation Bonds	14,105,000	37.650%	5,310,533
Town of Moraga Certificates of Participation - Direct Debt	7,360,000	100.000%	7,360,000
Town of Moraga Certificates of Participation - Unamortized Bond Premium	194,962	100.000%	194,962
Town of Moraga Energy Efficiency Loan - Direct Debt	<u>0</u>	100.000%	<u>0</u>
Total Gross Direct and Overlapping General Fund Debt	\$476,141,259		\$23,591,773
Less: Contra Costa County Obligations supported by revenue bonds			<u>2,400,980</u>
Total Net Direct and Overlapping General Fund Debt			\$21,190,793
Direct Debt Total			\$7,554,962
Gross Overlapping Debt Total			\$68,267,426
Net Overlapping Debt Total			\$65,866,446
Gross Combined Debt Total			\$75,822,388 (b)
Net Combined Debt Total			\$73,421,408

(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	1.30%
Total Direct Debt	0.19%
Total Gross Combined Debt	1.88%
Total Net Combined Debt	1.82%

**TOWN OF MORAGA
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2018**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	<u>\$4,003,027,807</u>
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	<u>\$150,113,543</u>
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AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$0 (b)
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Amount of debt subject to limit	<u>0</u>
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LEGAL BONDED DEBT MARGIN	<u><u>\$150,113,543</u></u>
--------------------------	-----------------------------

- (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 Five Fiscal Years**

Fiscal Year	Population (a)	Personal Income	Per Capita Personal Income (b)	Median Age	Public School Enrollment (c)	County Unemployment Rate (%) (d)	City Unemployment Rate (%) (d)	County Population
2012-13	16,348	\$951,566,401	\$58,207	43.6	1,845	7.4	4.4	1,087,008
2013-14	16,466	960,312,927	58,321	44.4	1,852	4.7	4.0	1,102,871
2014-15	16,513	1,016,816,873	61,577	44.7	1,886	5.0	3.5	1,123,429
2015-16	16,676	1,076,279,379	64,541	44.1	1,898	4.4	4.3	1,139,513
2016-17	16,991	1,166,384,745	68,647	43.4	1,832	3.1	3.3	1,149,363

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

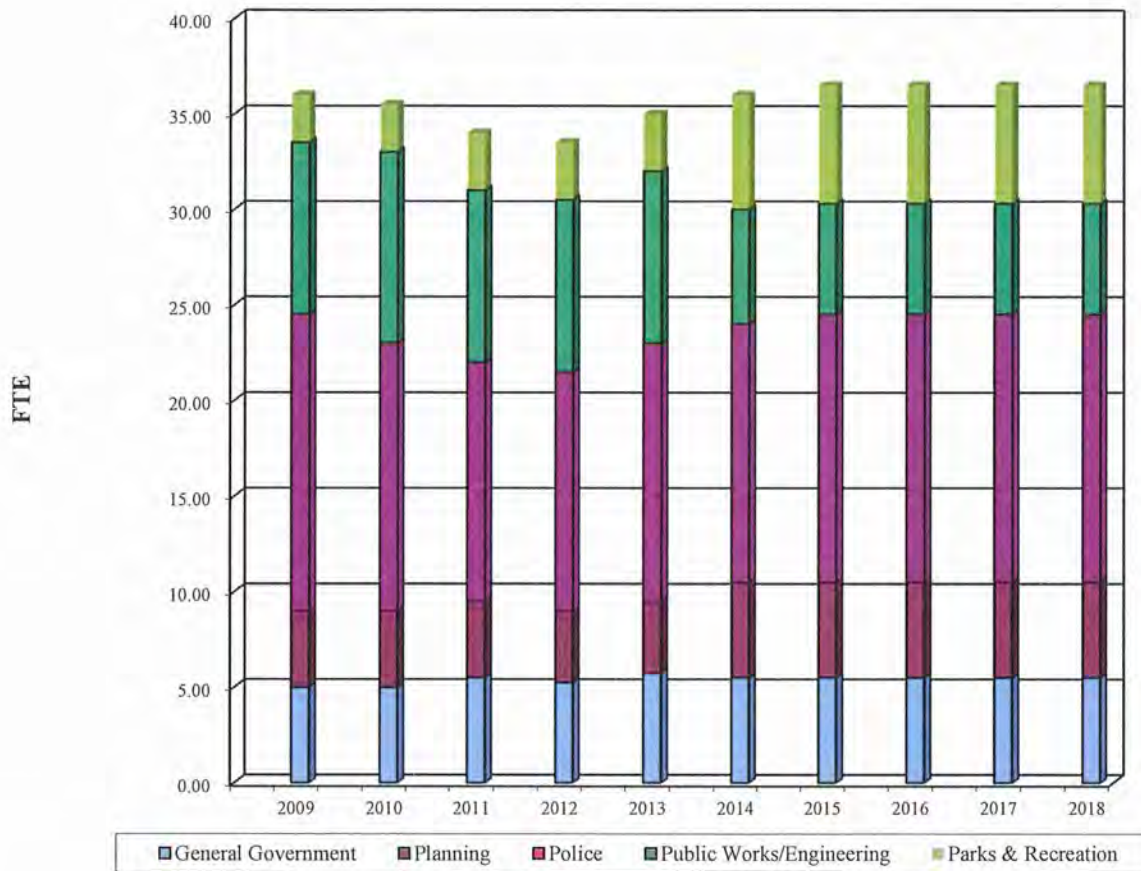
TOWN OF MORAGA
PRINCIPAL EMPLOYERS (CONTRA COSTA COUNTY)
Current Year (a)

Employer Name	Location	Industry	Employer Size
Bart	Richmond	Transit Lines	1000 - 4999
Bay Alarm Radio Monitoring Inc	Walnut Creek	Burglar Alarm Systems (whls)	1000 - 4999
Bio-Rad Laboratories Inc	Hercules	Physicians & Surgeons Equip & Supls-Mfrs	1000 - 4999
Broadspectrum Americas	Richmond	Oil Refiners (mfrs)	500-999
Chevron Corp	San Ramon	Oil Refiners (mfrs)	10000+
Chevron Global Downstream LLC	San Ramon	Petroleum Products (whls)	1000 - 4999
Chevron Richmond Refinery	Richmond	Oil Refiners (mfrs)	1000 - 4999
Chevron Technology Ventures	San Ramon	Technology Assistance Programs	1000 - 4999
Contra Costa Regional Med Ctr	Martinez	Hospitals	1000 - 4999
Job Connections	Danville	Personnel Consultants	1000 - 4999
John Muir Medical Ctr	Walnut Creek	Hospitals	1000 - 4999
John Muir Medical Ctr	Concord	Hospitals	1000 - 4999
John Muir Medical Ctr-Concord	Concord	Medical Centers	1000 - 4999
Kaiser Permanente Antioch Med	Antioch	Hospitals	1000 - 4999
Kaiser Permanente Walnut Creek	Walnut Creek	Hospitals	1000 - 4999
La Raza Market	Richmond	Grocers-Retail	1000 - 4999
Martinez Medical Offices	Martinez	Clinics	1000 - 4999
Martinez VA Outpatient Clinic	Martinez	Surgical Centers	500-999
Robert Half Intl	San Ramon	Employment Agencies & Opportunities	500-999
Santa Fe Pacific Pipe Lines	Richmond	Pipe Line Companies	500-999
Shell Oil Products	Martinez	Oil & Gas Producers	500-999
St Mary's College OF Ca	Moraga	Schools-Universities & Colleges Academic	1000 - 4999
Sutter Delta Medical Ctr	Antioch	Hospitals	500-999
US Veterans Medical Ctr	Martinez	Outpatient Services	500-999
Uss Posco Industries	Pittsburg	Steel Mills (mfrs)	1000 - 4999

Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2019 1st 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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	5.00	5.00	5.50	5.25	5.75	5.50	5.50	5.50	5.50	5.50
Planning	4.00	4.00	4.00	3.75	3.75	5.00	5.00	5.00	5.00	5.00
Police	15.50	14.00	12.50	12.50	13.50	13.50	14.00	14.00	14.00	14.00
Public Works/Engineering	9.00	10.00	9.00	9.00	9.00	6.00	5.80	5.80	5.80	5.80
Parks & Recreation	2.50	2.50	3.00	3.00	3.00	6.00	6.20	6.20	6.20	6.20
Total FTE	36.00	35.50	34.00	33.50	35.00	36.00	36.50	36.50	36.50	36.50

Source: Town of Moraga Adopted Budget Documents

**TOWN OF MORAGA
OPERATING INDICATORS BY FUNCTION**

FUNCTION	(a)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police											
Crime by type:	(b)										
Homicide		0	0	0	0	0	0	0	0	0	0
Forcible Rape		2	4	0	5	1	4	1	1	1	1
Robbery		1	2	3	1	0	0	0	2	2	3
Assault		18	22	27	17	40	30	19	20	14	11
Burglary		47	34	39	34	29	39	33	41	24	30
Larceny		148	140	173	122	112	90	104	136	95	88
Auto Theft		11	5	10	17	11	21	12	24	24	10
Total crime by type		227	207	252	196	193	184	169	224	160	143
Public Works											
Potholes repaired (square miles)						140	140	140	140	140	140
Street Sweeping (miles)						104	104	108	104	104	112
Volume of material removed (cubic yards)						80	65	80	75	75	80
Storm Drains:											
Catch basins cleaned						20	15	16	18	15	18
Volume of material removed (cubic yards)						12	10	8	10	10	11
Community Facilities											
Parks and recreation class offerings	(c)					194	162	176	165	165	119
Parks and recreation class participants	(c)					2,262	2,046	2,214	1,843	1,713	1,135

(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)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety											
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
Public Works											
Streets (miles of)						56	56	56	56	56	56
Street lights						974	976	976	1,054	1,054	1,054
Traffic signals	(c)					9.5	9.5	9.5	9.5	9.5	9.5
Storm drains pipes (miles of)						30	30	45	45	45	45
Storm drainage inlets						1,824	1,824	2,350	2,350	2,350	2,350
High Visibility Crosswalks							2	2	2	2	2
Community Facilities											
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