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# Town releases its 2020 audited financial report

*By Nick Marnell*

Further distancing itself from the fiscal emergency it declared in 2017, the town of Moraga unveiled its 2020 Comprehensive Annual Financial Report in November, which showed the town not only adhering to its general fund balance policy of 50% of expenditures but also exceeding that figure by more than $400,000.

The 2020 report also comes a long way from the 2017 financial audit that uncovered significant deficiencies in town internal controls, including a lack of supervision over outside debt management, investment in an unauthorized money market fund and numerous basic bookkeeping errors.

"During our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses," wrote Maze and Associates, the Pleasant Hill firm that audited the 2020 CAFR as well as the 2017 financial statements.

Moraga reports an unassigned general fund reserve balance of $5 million, covering more than six months of annual operating expenses and exceeding budget by more than $120,000.

Town revenue increased 5.3% over 2019 thanks to higher than budgeted property tax and sales tax receipts, and significant growth in garbage vehicle franchise fees. Those three sources represent 82% of Moraga's 2020 revenue.

Expenses rose 12.1%. "The increase was due to higher health insurance premiums, benefits, pension costs and filled vacancies," said Norm Veloso, administrative services director. Pension costs of $919,000 account for more than 10% of total town expenditures, and pension costs are projected to increase again in 2021.

Capital assets, including land, buildings, storm drains and equipment, totaled $64.5 million as of June 30, a $7 million increase from the end of last fiscal year, mainly due to reimbursements for previous capital projects.

According to the town's statement of net position, net pension liability - the difference between the amount Moraga owes its pensioners and the amount of assets on hand to pay the bill - is the town's No. 1 long-term liability. The liability rose to $7 million, up from $6.1 million in 2019, largely because of investment losses and incorrect cost assumptions by the California Public Employees' Retirement System, the town pension administrator.

Other long-term debt includes $6.7 million for the Town Hall project and for 2013 infrastructure improvements.

In a refreshing bit of financial writing, the pandemic was not cited as the reason for any operational shortfall. In fact, neither the word coronavirus nor the acronym COVID appeared once in the entire 118-page CAFR.

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