



Meeting Date: January 14, 2026

TOWN OF MORAGA

STAFF REPORT

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**To: Honorable Mayor & Councilmembers**  
**From: Katie Bruner, Administrative Services Director**  
**Subject: Allocation of FY 2024-25 General Purpose Fund Unassigned Fund Balance**

**RECOMMENDATION**

Adopt a resolution allocating the FY 2024-25 General Purpose Fund unassigned fund balance.

**BACKGROUND**

Pursuant to the Town’s General Fund Reserve Policy, the Town is required to maintain a reserve equal to 50% of the General Purpose Fund’s adopted total budget appropriation. This policy also allows for year-end net revenues/expenditure savings that exceed the 50% reserve target to be allocated to one-time uses upon recommendation of the Town Manager and approval of the Town Council. Please refer to Attachment B (Resolution 12-2025) for a copy of this policy.

FY 2024-25 concluded on June 30, 2025. Since this time, Town staff have worked with the Town’s outside financial auditor to prepare the Annual Comprehensive Financial Report (ACFR) which details the financial operations and net position of the Town. As part of this process, the year-end balance for General Purpose Fund, including any “unassigned” balance, has been identified.

The Audit and Finance Committee (AFC) reviewed and supported the recommendations for the allocation of the FY 2024-25 unassigned fund balance on December 2, 2025.

**DISCUSSION**

*FY 2024-25 General Purpose Fund Year-End Fund Balance:*

The Town’s auditor confirmed a total year-end General Purpose fund balance of \$7,527,773 as of June 30, 2025. Of this total, \$6,824,996 is the Town’s General Fund reserve, and \$367,873 is designated as “unassigned fund balance.”

As contained in the ACFR, operating revenues and “transfers in” totaled \$12,568,667, while operating expenditures and “transfers out” totaled \$13,380,660 resulting in a decrease in General Fund balance of \$811,993 from FY 2023-24. This decrease in fund balance included the following two General Fund transfers which were authorized by Town Council on

March 12, 2025:

- \$1,000,000 General Fund transfer to the Asset Replacement Fund.
- \$500,000 General Fund transfer to the Town’s Section 115 Pension Trust.

Please refer to Attachment C for the FY 2024-25 General Fund Combining Balance Sheet, and Attachment D for an overview of the FY 2024-25 General Fund Combining Schedules of Revenues, Expenditures, and Changes in Fund Balance. Both attachments are from the Town’s FY 2024-25 ACFR, which was accepted by Town Council on December 10, 2025.

*Proposed Allocation of FY 2024-25 General Fund Unassigned Fund Balance:*

Staff recommends allocating the \$367,873 Unassigned Fund Balance as follows:

1. Revenue Study -- \$125,000

The Town’s Ten-year General Fund Financial Forecast, which was presented to Town Council March 12, 2025, projected a future structural deficit. While the adopted FY 2025-26 and FY 2026-27 budget reflect both years remaining balanced, future recurring revenues beyond 2027 are projected to not keep up with recurring expenditures.

In keeping with the direction to remain financially sustainable, as articulated in Town Council’s Five Broad Goals and Top Ten Priorities (Priority #2 in particular), staff recommends hiring a consultant to prepare a revenue study to identify options for both capital improvement projects and operating revenue streams to avoid future structural deficits. In particular, this study will review the Town’s landscaping and lighting district, Palos Colorados Developer Fund, potential Transient Occupancy Tax, grant funding, and other revenue opportunities.

2. Asset Replacement -- \$107,873

The Town’s Asset Replacement Fund is used to both fund maintenance and improvement projects to Town facilities, and replace capital equipment, including vehicles and technology equipment. To facilitate Town Council’s goal of maintaining the Town’s infrastructure, facilities, and assets, staff recommends transferring the remaining unassigned fund balance to the Asset Replacement Fund.

3. Economic Development Consultant -- \$75,000

To help facilitate Town Council’s goal and top priority to encourage commercial landowners and businesses to develop their underutilized properties such as the Rheem Shopping Center, Moraga Center, and other commercial corridors, staff recommends hiring an economic development and land use consultant. Part of this effort will include an analysis and identification of in-fill and mixed-use development opportunities, techniques, design options, and infrastructure funding options.

4. Organizational Assessment Study -- \$60,000

Staff recommends hiring a consultant to conduct an organizational assessment of the Town's organizational structure, staffing levels, and services, in support of Town Council's goal to ensure that the Town remains financially viable and sustainable, and to support Town Council's priority to attract, retain, and develop productive Town employees. This review will identify gaps in services and develop recommendations for improved operating efficiencies, effectiveness, resource allocation, and service delivery models.

### **FISCAL IMPACT**

The General Fund Unassigned Fund Balance is \$367,873 as of June 30, 2025. Staff is recommending appropriating \$260,000 for three one-time uses (revenue study, economic development consultant, and an organizational assessment study) in the General Fund. The remaining \$107,873 is recommended to be transferred to the Asset Replacement Fund.

The Town's General Fund Reserve has a balance of \$6,824,996, which is equal to 50% of the total FY 2026-27 adopted General Fund budget appropriation.

### **CEQA COMPLIANCE**

Allocating of the FY 2024-25 General Purpose Fund Unassigned Fund Balance is not subject to review under the California Environmental Quality Act (California Public Resources Code §§ 21000, et seq., "CEQA") and CEQA Guidelines (Title 14 California Code of Regulations §§ 15000, et seq.), because it constitutes an organizational or administrative activity that will not result in direct or indirect physical changes in the environment.

### **ALTERNATIVES**

1. Adopt the resolution with modifications, or
2. Do not adopt the resolution and provide direction to staff.

### **NEXT STEPS**

Upon adoption of the resolution, staff will transfer funds to the Asset Replacement Fund and will bring forward proposed contracts for a revenue study, economic development consultant, and organization assessment to Town Council for approval.

### **ATTACHMENTS**

[Attachment A - Draft Resolution - Allocation of FY 24-25 GF Unassigned Fund Balance.docx](#)

[Attachment B - Resolution 12-2025 - General Fund Reserve Policy Update.pdf](#)

[Attachment C - FY2024-25 General Fund Combining Balance Sheet.pdf](#)

[Attachment D - FY2024-25 General Fund Combining Schedule of Revenues & Expenditures.pdf](#)