

**Annual Report for FY 2015/16 of the Local Sales Tax Oversight Committee
Moraga, California
Submitted January 30, 2017**

Background

At the general election of November 6, 2012, the voters of the Town of Moraga approved Measure K, a local one-cent Transaction and Use Tax (i.e. sales tax). On December 12, 2012, the Town Council certified the election results, confirming passage of Measure K and, as called for in Measure K, established the Measure K Local Sales Tax Oversight Committee. Although Measure K tax revenue are legally general purpose funds, the Town Council committed to dedicate Measure K funds primarily to street improvements and repairs.

On November 10, 2015, the Local Sales Tax Oversight Committee recommended that the Town Council consider a resolution classifying the use of Measure K funds and reporting it as a Major Fund beginning in Fiscal Year 2015/16 in order to establish greater clarity and transparency over the use of Measure K funds. On December 9, 2015, the Town Council approved Resolution #98-2015, to approve that all Measure K revenue be reported as a separate major fund in the Town's annual Comprehensive Annual Financial Report beginning in Fiscal Year 2015/16.

Introduction

The Local Sales Tax Oversight Committee (the Committee) is charged with the responsibility to report to the Town Council on the revenue and expenditures of the Local Sales Tax (also referred to as "Transaction and Use Tax"). The Committee consists of seven members, all residents of the Town of Moraga, appointed by the Town Council. Generally, terms are limited to three consecutive two-year terms for a total of six consecutive years. The Committee shall sunset in 2033. The Committee's specific duties are as follows:

- Annually, review revenue receipts and expenditures of the Transactions and Use Tax.
- Annually, review status and performance of the programs and services, funded wholly or partially, with proceeds from the Transactions and Use Tax.
- Annually, prepare an independent report to the Town Council regarding the revenue and expenditures of the Transactions and Use Tax.

The Committee's function is strictly that of oversight. It is not within the purview of the Committee to direct staff, recommend any particular contracts or define the scope of a repair project. These responsibilities remain under the authority of the Town Council, Town Manager and Town professional staff.

Summary of FY 2015/16 Measure K Revenues and Expenditures

To leverage the Measure K revenue stream, in 2013 the Town of Moraga issued \$7.7 million in 2013 Certificates of Participation (COP) for the purposes of financing improvements to the Town’s infrastructure. It is the Town’s intention to fund the debt service of the COP with funds from Measure K. As of Fiscal Year End 2015/16 the balance of COP funds was \$1,300,093. The remainder of these funds will be almost completely spent on the 2016 Pavement Management Program, leaving minimal 2013 COP funds available.

The Town of Moraga road improvements and repairs are managed and accounted for under the Town’s “Pavement Management Program.” The Town of Moraga Comprehensive Annual Financial Report for Fiscal Year 2015/16 now includes Major Fund 711 – Pavement Management Program. The table below shows those Fund 711 Pavement Management Program revenues and expenditures, as well as fund balances.

Fiscal Year 2015-2016				
Fund 711 Pavement Management Program				
Funding Sources	Measure K	COP Proceeds	Other Sources	Totals
Sales Tax Measure K Receipts	\$1,629,440			\$1,629,440
Interest Income			\$4,376	\$4,376
2013 COP Proceeds		\$1,371,524		\$1,371,524
Gas Tax			\$50,000	\$50,000
Garbage Vehicle Impact Fee			\$174,704	\$174,704
Totals	\$1,629,440	\$1,371,524	\$229,080	\$3,230,044
Expenditures - Pavement Management Program				
Construction	\$440,760	\$1,371,524		\$1,812,284
Construction Management	\$232,505			\$232,505
Project Management/Staff Time			\$61,363	\$61,363
Design Services	\$213,195			\$213,195
Legal				\$0
Miscellaneous			\$1,541	\$1,541
<i>Subtotal Pavement Management Program</i>				\$2,320,888
Expenditures - Other				
CIP 16-103 Rheem Blvd Landslide	\$14,291			\$14,291
2013 COP Principal Payments	\$275,000			\$275,000
2013 COP Interest Payments	\$321,443			\$321,443
2013 COP Maintenance	\$1,000			\$1,000
Totals	\$1,498,194	\$1,371,524	\$62,903	\$2,932,622
Net Change in Program Balance, FY 2015-16	\$131,246	\$0	\$166,177	\$297,422
Beginning Fund Balance, July 1, 2015	\$1,128,175	\$0	\$228,107	\$1,356,282
Ending Fund Balance, June 30, 2016	\$1,259,420	\$0	\$394,284	\$1,653,704

FY 2015/2016 Measure K Expenditure Review

The Committee sampled \$1,952,912.10 (84%) of the \$2,320,887.89 in total Pavement Repair Project expenses (inclusive of all funding sources). For sampled expenses we reviewed the underlying documentation such as invoices, staff time charges and other related documents. We also discussed various expenses with the Public Works Director when further clarification and or explanation were needed. Based on this review, the Committee believes the sampled expenses were consistent with, and in support of, Measure K's objectives and the associated goals of the Town Council.

Conclusions

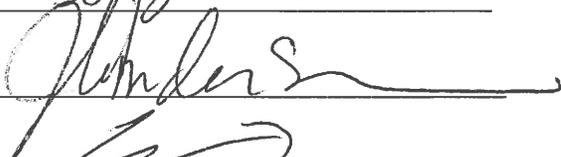
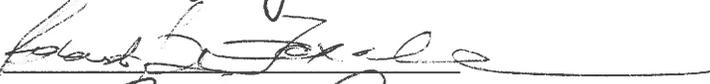
The Committee has concluded:

- Funds from Measure K were appropriately tracked, reported and monitored.
- Expenditures were found to be consistent with and in support of Measure K goals and objectives, and the conditions set forth by the Town Council based on a review of sampled expenses which amounted to 84% of the Pavement Management Program expenditures.
- A Certificate of Completion for the 2015 Pavement Reconstruction Project completed by Bay Cities Paving and Grading, Inc. was approved by the Town Council on June 22, 2016.
- The Pavement Management Program, which is largely funded by Measure K funds, proceeded in a manner consistent with commitments made to voters of Moraga.

This report has been researched, assembled and presented in a manner the Committee believes is consistent with the stated objectives of the Town of Moraga Transaction and Use Tax Ordinance (aka Measure K), Ordinance No. 238 dated December 12, 2012.

In accordance with those directives, the Annual Report for FY 2015/2016 of the Local Sales Tax Oversight Committee is respectfully submitted:

The Members of the Local Sales Tax Oversight Committee:

Mr. Larry Rosenberg, Chairperson 
Mr. Steve Balassi, Vice Chair 
Mr. John Anderson 
Mr. William Faoro 
Mr. Dennis Fay 
Mr. Bob Foxall 
Ms. Angela Seitz 