

# **Local Sales Tax Oversight Committee Moraga, California Annual Report for FY 2023/24**

## **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 revenues are legally general-purpose funds, the Town Council committed to dedicating Measure K funds primarily to street improvements and repairs.

## **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 five 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 the status of the programs and services, funded wholly or partially, with proceeds from the Transactions and Use Tax.
- Annually prepare an independent report for the Town Council regarding the revenue and expenditure of the Transactions and Use Tax.

The Committee’s function is strictly oversight. It is not within the committee’s purview 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 2023/24 Measure K Revenues and Expenditures**

In Fiscal Year 2023/24, the Town received annual Measure K Receipts (Sales Tax Revenue) and had expenditures for two Street Projects: the 2021 Pavement Rehabilitation Project (CIP 21-401) and the 2022 Pavement Rehabilitation Project (CIP 22-402).

With the passage of Measure K, the Town issued Certificates of Participation (COP) in 2013 to finance improvements to the Town’s infrastructure, including streets and storm

drains. Measure K funds have been and continue to be used to fund debt service payments. The Town refinanced \$4.5 million of the outstanding COPs in December 2024, which reduced the debt service payment in Fiscal Year 2023-24. Measure K funds will continue to fund debt service payments, which are scheduled to end in 2033, in alignment with the sunset of the Measure K sales tax. Additional information on debt service and outstanding balances can be found in the Town's Annual Comprehensive Financial Report.

**Table 1** on Page 3 shows the annual Measure K revenues and expenditures.

### **FY 2023/2024 Measure K Expenditure Review and Funds Use**

The Committee sampled \$759,735 (100%) of the \$759,735 total Measure K expenses. This consisted of reviewing the underlying documentation, such as invoices, staff time charges, revenue receipts, and other related documents. The committee also discussed various expenses with the Public Works Director / Town Engineer, Senior Engineer, and Administrative Services Director, when further clarification and/or explanation was needed.

Measure K funds are intended to be used to fix local streets and roads, enhance quality and safety, and maintain Town services.

We are not aware of specific restrictions on the use of Measure K Funds, and the Council may allocate funds for uses other than the specific street management program without rescinding or adopting any previously written policies.

All Measure K funds reviewed in this reporting period were used for the Street Management Program and not for other General Fund purposes or Town services. 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. We, the Local Sales Tax Oversight Committee, have been monitoring the spending and continually assigning a clean bill of health with regard to Measure K Funds.

Table 1			
Fiscal Year 2023/2024	Measure K		
Beginning Audited Fund Balance (July 1, 2023)	\$197,602		
Funding Sources - Street Management Program	Measure K	Other Funds <sup>1</sup>	Totals
Measure K Receipts	\$2,652,050	\$0	\$2,652,050
Garbage Vehicle Impact Fee	-	\$0	\$0
Gas Tax	-	\$0	\$0
LAIF Interest	\$83,516	\$0	\$83,516
Available Previously Committed Measure K Funds <sup>2</sup>	\$810,821	-	\$759,686
Total	\$3,495,252	\$0	\$3,495,252
Expenditures - Street Management Program			
2021 Pavement Rehabilitation – CIP 21-401	Measure K	Other Funds <sup>1</sup>	Totals
Construction	-		
Construction Management	-		
Project Management/Staff Time	\$378		
Design Services	-		
Total	\$378	\$0	\$378
2022 Pavement Rehabilitation – CIP 22-401	Measure K	Other Funds <sup>1</sup>	Totals
Construction	\$557,207		
Construction Management	\$39,958		
Project Management/Staff Time	\$40,015		
Design Services	\$122,178		
Total	\$759,358.00	\$0	\$759,358
Other Expenditures	Measure K	Other Funds <sup>1</sup>	Totals
Debt Service Transfer to 2013 COP	\$177,164		
Total	\$177,164		
Total Expenditures	\$936,900	\$0	\$936,900
Measure K Net Change in Fund Balance, FY 2023-24 (Beginning + Funding - Expenditures)	\$2,755,954		
Available Committed Measure K Funds (FY 24/25)	\$51,135		
Ending Audited Fund Balance, June 30, 2024	\$2,755,954		

#### Notes

1. No other funding sources were used for CIP 21-401 & CIP 22-401 expenditures in FY 23/24
2. Measure K funds were previously committed for CIP Paving Projects. Funding was committed over multiple years.

### Conclusions

The Committee has concluded:

- As noted earlier, Measure K funds are now sequestered in “Major Fund 213” of the professionally audited Town of Moraga Annual Comprehensive Report. Consequently, the accuracy of the financial documents provided us for our review of Measure K monies received and spent have been validated within that framework.
- All Measure K funds reviewed in this reporting period were used for Street Management Program and not for other General Fund purpose needs or Town services.
- Following our review of those documents, the 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 our review of sampled expenses amounting to 100% of the total Measure K Street Management Program expenditures.
- The Street 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 (a.k.a. Measure K), Ordinance No. 238, dated December 12, 2012.

In accordance with those directives, the Annual Report for FY 2023/2024 of the Local Sales Tax Oversight Committee is respectfully submitted:

#### Members of the Local Sales Tax Oversight Committee:

Scott Parker, Chairperson

Signed by:

Robert Parker, POB

90829867638A487...

Tim Staines, Vice Chairperson

Signed by:

Tim Staines, Vice Chairperson

2200F6999B4456...

Spencer Schilling

Signed by:

Spencer Schilling

47DE806A228E47F...

Rachel Graham

DocuSigned by:

Rachel Graham

83C241BC8C3544A...

Gian Panetta

Signed by:

Gian Panetta

7657373FB1434B1...