

**Annual Report for FY 2013/14 of the Local Sales Tax Oversight Committee
Moraga, California
February 12, 2015**

Background

On July 25, 2012, the Moraga Town Council approved Ordinance No. 238 which placed a local one-cent Transaction and Use Tax (i.e., sales tax) ballot measure on the November 6, 2012 General Election ballot. The measure was placed on the ballot as “Measure K”.

In November 2012, the voters of Moraga passed Measure K with 70.5% in support of the measure. On December 12, 2012, the Town Council certified the election results, confirming passage of Measure K and, as called for in Measure K, and established the Measure K Local Sales Tax Oversight Committee.

Introduction

The Local Sales Tax Oversight 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 shall consist of seven members, all residents of the Town of Moraga, appointed by the Town Council. Generally, terms will be 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 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 should be noted that it is not within the purview of the Committee to direct staff, recommend any particular contracts or define the scope of a repair Program. These responsibilities remain under the authority of the Town Manager, Town Council and professional staff.

The Committee makes no assertions or conclusions as to the accuracy, appropriateness or compliance with laws, statutes or ordinances as to any pavement program expenses paid with the “Other” (non-Measure K) funding sources. This is outside the Oversight Committee’s responsibility and authority under the Measure K Ordinance.

**Town of Moraga - Pavement Repair Project Fiscal Year 2013/2014
Revenues & Expenditures Detail**

SOURCES OF FUNDS	Measure K Sales Tax	2013 COP Proceeds	Other Funds	Total
Measure K Sales Tax for FY ending 6/30/14	1,492,885			1,492,885
2013 Certificates of Participation Proceeds		2,120,376		2,120,376
Fund 205 Gas Tax			241,462	241,462
Fund 210 Measure J			200,000	200,000
Fund 220 Prop 42 Traffic Cong. Relief			-	-
Fund 710 Prop 1B			52	52
CalRecycle Grant			125,999	125,999
Garbage Vehicle Impact Fee			55,667	55,667
Interest Earnings			914	914
Total Sources	1,492,885	2,120,376	624,094	4,237,355
EXPENDITURES				
Pavement Repair Project FY 2013/14				-
- Construction	-	1,841,349	266,662	2,108,011
- Construction Management		144,210	16,203	160,413
- Project Management			69,952	69,952
- Design Services		129,901	213,148	343,049
- Legal		3,381	1,152	4,533
- Misc. Expenses		1,534	397	1,931
Repayment of 2013 COPs in FY 2013/14				-
- Principal (due 4/1/14)	295,000			295,000
- Interest (due 4/1/14)	203,347			203,347
Carryover to next fiscal year (2014/15)	994,538	-	56,580	1,051,118
Total Expenditures (Uses)	1,492,885	2,120,376	624,094	4,237,355

The Town of Moraga leveraged the new revenue stream of Measure K to issue \$7.72 million in Certificates of Participation (COP) in August 2013. The proceeds from this issuance will be used to fund the Pavement Repair Program over the next three years. Of the \$7.72 million, \$2.12 million was used to pay FY 2013/14 Program costs.

FY 2013-2014 Measure K Expenditure Review

Per Moraga's Transaction and Use Tax, Municipal Ordinance No. 238, the Oversight Committee reviewed Measure K and COP expenditures for Fiscal Year (FY) 2013/2014 ending June 30, 2014. The review period was changed from the Committee's first issued report last year covering the period through November 2013. This change was made so as to align the review with the same period covered by the Town's independent auditor's audited financial statements. In so doing, the Committee was able to rely on the independent auditor's attestations of the general reasonableness and accuracy of the Town's financial activities and internal controls. However,

because the independent auditor does not directly audit all aspects of Measure K funds, the Committee also used unaudited expenditure information provided by the Administrative Services Director.

The Committee has reviewed \$2.4 million of the \$2.7 million in Pavement Repair Program expenditures. Sampled expenditures were reviewed along with underlying documents such as contractor invoices and other supporting documentation. Based on the expenditures reviewed, the sampled expenditures are consistent with, and in support of, the stated objectives of Ordinance No. 238.

Conclusions

The Committee has concluded:

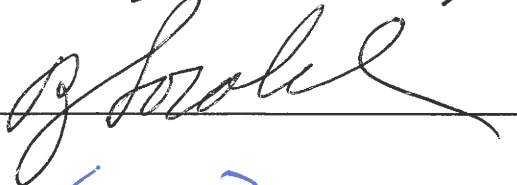
- The revenue from Measure K is being appropriately and routinely tracked, reported and monitored.
- Based on a sampling of expensed invoices totaling \$2.4 million for the Fiscal Year of July 1, 2013 through June 30, 2014 expenditures are consistent with, and in support of, the stated objectives of Measure K.
- Staff costs incurred to directly oversee the Pavement Repair Program are eligible expenses under Measure K.
- FY 2013/2014 program phase goals and objectives have been accomplished on time and under budget and a Certificate of Completion for the pavement improvements completed by VSS International, Inc. was filed with the County on November 14, 2013.
- The Pavement Repair Program is proceeding in a manner consistent with the commitments made to the 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 2013/14 of the Local Sales Tax Oversight Committee is respectfully submitted:

The Members of the Local Sales Tax Oversight Committee


Mr. Larry Rosenberg, Chairperson 

Mr. Dick Socolich, Vice Chair 

Mr. William Faoro 

Mr. Bob Foxall 

Mr. Benny Lee 

Ms. Angela Seitz 

Mr. Danny Yang 