

**Annual Report for FY 2016/17 of the Local Sales Tax Oversight Committee  
Moraga, California  
Submitted January 9, 2018**

**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 2016/17 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 2016/17 the balance of COP funds was \$149. The balance of these funds will be completely expended during FY 2017/18 on the 2017 Pavement Management Program. As the COP funds will be expended, only the unleveraged Measure K portion of funds will be available for use in the Pavement Management Program.

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 2016/17 includes Major Fund 711 – Pavement Management Program. The table on the following page shows those Fund 711 Pavement Management Program revenues and expenditures, as well as fund balances.

<b>Fiscal Year 2016/2017</b>				
<b>Pavement Management Program</b>				
<b>Funding Sources</b>	<b>Measure K</b>	<b>COP Proceeds</b>	<b>Other Sources</b>	<b>Totals</b>
Measure K Receipts	\$1,709,325			\$1,709,325
COP Proceeds 2017		\$1,300,000		\$1,300,000
CalRecycle Grant			\$83,742	
Garbage Vehicle Impact Fee			\$179,074	\$179,074
Interest Income			\$7,100	\$7,100
<b>Totals</b>	<b>\$1,709,325</b>	<b>\$1,300,000</b>	<b>\$269,916</b>	<b>\$3,279,241</b>
<b>Expenditures - Pavement Management Program</b>				
Construction	\$730,394	\$1,300,000	\$83,742	\$2,114,136
Construction Management	\$123,827			\$123,827
Project Management/Staff Time			\$42,869	\$42,869
Design Services	\$80,152			\$80,152
Miscellaneous			\$1,335	\$1,335
<i>Subtotal - Pavement Management Program</i>	\$934,373	\$1,300,000	\$127,945	\$2,362,318
<b>Expenditures - Others</b>				
CIP 15-102, Moraga Rd. Resurfacing	\$56,041			\$56,041
CIP 16-103 Rheem Blvd Landslide	\$121			\$121
COP Principal Payments	\$285,000			\$285,000
COP Interest Payments	\$313,196			\$313,196
<b>Totals</b>	<b>\$1,588,731</b>	<b>\$1,300,000</b>	<b>\$127,945</b>	<b>\$3,016,676</b>
<b>Net Change in Program Balance, FY 2016-17</b>	<b>\$120,594</b>	<b>\$0</b>	<b>\$141,971</b>	<b>\$262,564</b>
Beginning Fund Balance , July 1, 2016	\$1,259,420	\$0	\$394,284	\$1,653,704
<b>Ending Fund Balance , June 30, 2017</b>	<b>\$1,380,014</b>	<b>\$0</b>	<b>\$536,255</b>	<b>\$1,916,268</b>

### **FY 2016/2017 Measure K Expenditure Review**

The Committee sampled \$2,134,794.99 (90%) of the \$2,362,317.99 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, revenue receipts and other

related documents. We also discussed various expenses with the Public Works Director, Administrative Services Director, and Accountant 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:

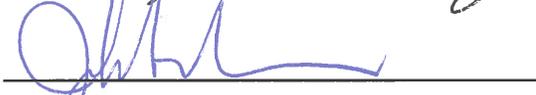
- Funds from Measure K were appropriately tracked, reported and monitored.
- Expenditures were found to be consistent with and in support of Measure K goals and objectives, and the conditions set forth by the Town Council based on a review of sampled expenses which amounted to 90% of the Pavement Management Program expenditures.
- A Certificate of Completion for the 2017 Pavement Overlay Project completed by Bay Cities Paving and Grading, Inc. was approved by the Town Council on September 27, 2017.
- 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 2016/2017 of the Local Sales Tax Oversight Committee is respectfully submitted:

**The Members of the Local Sales Tax Oversight Committee:**

Mr. Larry Rosenberg, Chairperson 

Mr. John Anderson 

Mr. William Faoro 

Mr. Bob Foxall 

Mr. Rob Lucacher 

Ms. Svetlana Kuzmichenko 

(Seventh Committee Position Vacant)