



Town of Moraga	Agenda Item
Discussion and Action Items	6.B

Local Sales Tax Oversight Committee Moraga, California Annual Report for FY 2020/21

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 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 sequestering Measure K funds and expenditures and reporting them 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 Comprehensive Annual Financial Report beginning in Fiscal Year 2015/16.

The table incorporated within this report is the product of the creation of that separate major fund.

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 currently with two vacancies, 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 2020/21 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 accelerated 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 evidenced in the financial table incorporated as a part of this report, the funds provided by the COP have now been spent. Going forward, only the unleveraged Measure K portion of funds will be available for use as part of the Pavement Management program.

The Town of Moraga's 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 2020/21 includes Major Fund 213 Measure K. The table on the following page shows Fund 213 Measure K – Pavement Management Program revenues and expenditures, as well as fund balances.

Fiscal Year 2020/2021 Pavement Management Program				
Funding Sources	Measure K	COP Proceeds	Other Sources	Totals
Measure K Receipts	\$2,440,328			\$2,440,328
Gas Tax, Prop SB1		\$314,154	\$314,154	
Garbage Vehicle Impact Fee		\$813,411	\$813,411	
Contra Costa Transportation Authority		\$350,000	\$350,000	
Measure J		\$143,000	\$143,000	
Claim Reimbursement		\$34,100	\$34,100	
2013 CIP Proceeds	\$599,050			\$599,050
Totals	\$2,440,328	\$599,050	\$1,654,665	\$4,094,993
 Expenditures - Pavement Management Program				
Construction	\$1,443,604			\$1,443,604
Construction Management		\$111,812	\$111,812	
Project Management/Staff Time		\$83,284	\$83,284	
Design Services		\$32,960	\$32,960	
Miscellaneous				
<i>Subtotal - Pavement Management Program</i>	\$1,443,604	\$228,056	\$1,671,660	
 Expenditures - Others				
COP Principal Payment	\$330,000			\$330,000
COP Interest Payment	\$268,050			\$268,050
LAIF Interest Payment	\$3,446			\$3,446
<i>Subtotal - Other</i>	\$3,446	\$598,050	\$601,496	
Totals	\$1,447,050	\$598,050	\$228,056	\$2,273,156
 Net Change in Program Balance, FY 2020-21				
Beginning Fund Balance, July 1, 2020	\$993,278	\$1,000	\$1,426,609	\$2,420,887
Ending Fund Balance, June 30, 2021	\$993,278	\$1,000	\$2,479,749	\$3,474,027

FY 2020/2021 Measure K Expenditure Review

The Committee sampled \$1,458,266 (87.2%) of the \$1,671,660 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 was 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:

- As noted earlier, Measure K funds are now sequestered in "Major Fund 213" of the professionally audited Town of Moraga Comprehensive Annual 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.
- 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 87.2% of the total Pavement Management Program expenditures.
- 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 (a.k.a. Measure K), Ordinance No. 238 dated December 12, 2012.

In accordance with those directives, the Annual Report for FY 2020/2021 of the Local Sales Tax Oversight Committee is respectfully submitted:

The Members of the Local Sales Tax Oversight Committee:

Larry Rosenberg, Chairperson

Laszlo Bonnyay

William Faoro

Nate Levine

Ursula Schilling

