

Local Sales Tax Oversight Committee Moraga, California Annual Report for FY 2021/22

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, 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 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 2021/22 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.

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 Annual Comprehensive Financial Report for Fiscal Year 2021/22 includes Major Pavement Management Program funds. The table on the following page shows the Pavement Management Program fund revenues, expenditures, and fund balances.

Fiscal Year 2021/2022	Pavement Management Program		
Measure K			
Funding Sources	Measure K	Other Funds	Totals
Measure K Receipts	\$2,663,964		\$2,663,964
Garbage Vehicle Impact Fee		\$854,306	\$854,306
LAIF Interest	\$4,284		\$4,284
Totals	\$2,668,248	\$854,306	\$3,522,554
Expenditures - Pavement Management Program			
Construction			
Construction Management			
Project Management/Staff Time			
Design Services		\$459,517	\$459,517
Miscellaneous		\$54,000	\$54,000
Subtotal - Pavement Management Program		\$513,517	\$513,517
Expenditures - Others			
Transfer to 2013 COP	\$599,050		\$599,050
Subtotal - Other	\$599,050		\$599,050
Totals	\$599,050	\$513,517	\$1,112,567
Net Change in Program Balance, FY 2021-22	\$2,069,198	\$340,789	\$2,409,987
Beginning Fund Balance, July 1, 2021	\$993,278	\$2,479,749	\$3,473,027
Ending Fund Balance, June 30, 2022	\$3,062,476	\$2,820,538	\$5,883,014

FY 2021/2022 Measure K Expenditure Review

The Committee sampled \$428,599 (83.5%) of the \$513,517 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.

Measure K Funds Use

The Committee has utilized the Annual Report as an opportunity to review the intent of the Measure K Funding and identify further benefits that may be derived from the funds.

Measure K is Moraga's local, one-cent general-purpose sales tax measure that is part of the general fund. The 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 pavement management program without rescinding or adopting any previously written policies. 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.

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.
- 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 83.5% 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 2021/2022 of the Local Sales Tax Oversight Committee is respectfully submitted:

The Members of the Local Sales Tax Oversight Committee:


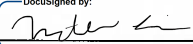
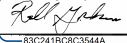

Mr. Larry Rosenberg, Chairperson

Mr. William Faoro

Nate Levine

Rachel Graham

Spencer Schilling


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