

Town of Moraga
Audit and Finance Committee

ACTION MINUTES

Tuesday, February 1, 2022
5:30 P.M.

TELECONFERENCED MEETING LOCATION ONLY

COVID-19 NOTICE

THIS MEETING WAS CONDUCTED PURSUANT TO THE PROVISIONS OF GOVERNMENT CODE SECTION 54953 (AS AMENDED BY AB 361) WHICH AUTHORIZES TELECONFERENCED MEETINGS UNDER THE BROWN ACT DURING CERTAIN PROCLAIMED STATES OF EMERGENCY. THE GOVERNOR OF CALIFORNIA PROCLAIMED A STATE OF EMERGENCY RELATED TO COVID-19 ON MARCH 4, 2020. THIS TELECONFERENCED MEETING WAS NECESSARY SO THAT THE TOWN COULD CONDUCT ESSENTIAL BUSINESS AND IS PERMITTED UNDER GOVERNMENT CODE 54953 IN ORDER TO PROTECT PUBLIC HEALTH AND SAFETY OF ATTENDEES.

Consistent with Government Code Section 54953, this meeting was held via teleconference only, and was not physically open to the public. Town Councilmembers and staff teleconferenced into the meeting by audio and/or video. The meeting was conducted via Zoom Webinar

1. CALL TO ORDER

The meeting was called to order at **5:31 PM**.

2. ROLL CALL

Committee Members Present: Bob Kennedy (Town Treasurer), Stephen Huxley, (AFC Member), Tim Freeman (AFC Member), Mike McCluer, (Councilmember), and Renata Sos (Mayor),

Staff Present: Cynthia Battenberg (Town Manager), Annie To (Administrative Services Director), Jon King (Chief of Police), Breyana Brandt (Parks and Recreation Director)

3. PUBLIC COMMENTS

No public comments received.

4. APPROVAL OF ACTION MINUTES – AFC Meeting of Wednesday, November 3, 2021

ACTION: It was M/S (McCluer/Freeman) to approve the meeting minutes.

VOTE: 4-0-1 (Abstain: Sos)

5. REVIEW AND ACCEPT THE FISCAL YEAR 2021/22 MID-YEAR REVENUE AND EXPENDITURE REPORT FOR FISCAL YEAR 2021/22 BUDGET

The Town Council adopted the Fiscal Year (FY) 2021/22 Operating and Capital Improvement Budgets on June 23, 2021 per Resolution 36-2021. This report is an update on the financial condition of the Town at mid-point of the fiscal year and recommends budget adjustments to reflect projected resources and expenditures more accurately. The report presented is on a cash basis, meaning only revenues received and expenditures paid by December 31, 2021, were reported and included.

The adopted FY 2021/22 Operating and Capital Improvement Budget projected a General Fund surplus of \$75,424 and an Unassigned Fund Balance of \$5.04 million as of June 30, 2021, which equates to a 50% General Fund Reserve, which meets the Town's General Fund Reserve policy of 50%.

Annie To, Administrative Services Director, presented an analysis of the revenues and expenditures for the first half of FY 2021/22 for the purpose of identifying major variances between actual transactions and estimated budget amounts. Staff applied its best and most prudent professional judgment to confirm the revenue and expenditure projections for the rest of the fiscal year. The General Fund Mid-Year Budget Adjustments report included the FY 2020/21 Comprehensive Audited Financial Report (CAFR) Actuals, FY 2021/22 Adopted Budget, Council Approved Budget Amendments and Proposed Mid-Year Adjustments.

Below are highlights of the presented report:

General Fund Revenue adjustment of \$161,370:

Property Taxes and Assessments increased by \$150,000 in General Fund due to projected increases in real estate valuation.

Parks and Recreation decreased revenue appropriation by \$28,630 in General Fund. The lease agreement with Wedgewood Weddings for private event rental operation of the Hacienda commenced on November 1, 2021. The lease agreement results in a decrease in projected revenue in account 101-850 Hacienda Events and Rentals as the Town is no longer collecting rental revenue for the Hacienda property. The decrease in rental revenue is offset by the new lease revenue that is now generated for the property through monthly rent payments remitted by Wedgewood. The impact in Fiscal Year 2021/22 is a reduction of \$28,630 in revenue. The lease commenced mid-year which resulted in the one-time transfer of rental revenue to Wedgewood for the 26 private events scheduled in 2022 which will be executed by Wedgewood. The revenue transferred to Wedgewood for 2022 events was collected in previous fiscal years 2019/20 and 2020/21.

Transfers In increased by \$40,000 for a one-time payment from Fund 102-ARPA to the General Fund for FY 2020/21 and FY 2021/22 for vacation and administrative leave payouts due to the pandemic.

General Fund expenditure adjustments included an increase in expenditure appropriation by \$61,100 which included Police increased expenditure appropriation of \$60,000 and Parks and Recreation increased expenditure appropriation of \$1,100.

Other Fund Adjustments included:

Fund 100 (Palos Colorados Fund) increased revenue appropriation by \$2,250,000 to reflect receipt of payment from Palos Colorados developer.

Fund 102 (American Rescue Plan Act (ARPA)) reflected receipt of half of the Town's initial ARPA revenue projection of \$3.6 million. The final ARPA revenue to be received by the Town is \$4.2 million. On July 13, 2021, the Town received \$2,127,036 from the Department of Treasury for ARPA funds. Increase of revenue appropriation by \$453,406 due to difference between the FY 2021/22 budgeted amount of \$1,673,630 versus the actual amount of \$2,127,036.

Fund 205 Gas Tax increased expenditure appropriation by \$331,068 for the 2021 Pavement Resurfacing Project CIP 21-401.

Fund 702 – 2013 Certificates of Participation (COP) increased expenditure appropriation by \$2,800 for principal payment of the 2013 COP as the principal amount was under budgeted by \$2,800.

Fund 720 – Public Safety Development Impact Fees increased expenditure appropriation by \$126,000.

The Town's General Fund Proposed Budget Adjustments for FY 2021/22 would result in an increase to the projected year-end fund balance from \$4,977,471 to \$5,077,741 or \$100,270. Overall, the General Fund Reserve was projected to increase slightly from 50.0% to 50.7%.

PUBLIC COMMENTS OPENED

There were no public comments.

The committee accepted the Review of Fiscal Year 2021/22 Mid-Year Budget and recommended forwarding the reports to the Town Council for their February 9, 2022 Town Council Meeting.

6. ESTABLISH NEXT MEETING OF AFC

The next committee meeting was not scheduled.

7. ADJOURN

The meeting was adjourned at 6:32 PM.