

**Annual Report for FY 2014/15 of the Local Sales Tax Oversight Committee  
Moraga, California  
Approved January 28, 2016**

**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.

**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 2014/15 Measure K Revenues and Expenditures**

To leverage the Measure K revenue stream, in 2013 the Town of Moraga issued \$7.7 million in 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 funds with funds from Measure K. The Town of Moraga road improvements and repairs are managed and accounted for under the Town's "Pavement Management Program." The table below shows the Pavement Management Program sources of funds and expenditures for Fiscal Year 2014/15.

<b>Fiscal Year 2014/2015 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	\$1,709,913.40			\$1,709,913.40
COP Proceeds 2014		\$2,744,750.14		\$2,744,750.14
Gas Tax			\$206,847.00	\$206,847.00
Garbage Vehicle Impact Fee			\$169,333.00	\$169,333.00
Interest Income			\$2,194.00	\$2,194.00
Utility Refund (one-time)			\$56,647.00	\$56,647.00
<b>Totals</b>	<b>\$1,709,913.40</b>	<b>\$2,744,750.14</b>	<b>\$435,021.00</b>	<b>\$4,889,684.54</b>
<b>Expenditures</b>				
Construction	\$841,348.86	\$2,744,750.14		\$3,586,099.00
Construction Management	\$309,689.00			\$309,689.00
Project Management/Staff Time			\$82,213.00	\$82,213.00
Design Services	\$161,397.00		\$172,931.00	\$334,328.00
Legal			\$1,309.00	\$1,309.00
Miscellaneous			\$7,041.00	\$7,041.00
COP Principal Payments	\$326,850.00			\$326,850.00
COP Interest Payments	\$270,000.00			\$270,000.00
<b>Totals</b>	<b>\$1,909,284.86</b>	<b>\$2,744,750.14</b>	<b>\$263,494.00</b>	<b>\$4,917,529.00</b>
<b>Annual Funding Carryover FY 2014/15</b>	(\$199,371.46)	\$0.00	\$171,527.00	(\$27,844.46)
<b>Funding Carryover from FY 2014/15 to FY 2015/16 *</b>	<b>\$1,128,174.54</b>	<b>\$0.00</b>	<b>\$228,107.00</b>	<b>\$1,356,281.54</b>
* Funding Carryover from FY 2013/14 to FY 2014/15 = \$1,384,126 (Measure K \$1,327,546 + Other Sources \$56,580).				

### **FY 2014/2015 Measure K Expenditure Review**

The Committee sampled \$4,893,501.85 (99.1%) of the \$4,917,529.96 in total Pavement Repair Project expenses (inclusive of all funding sources).<sup>1</sup> For sampled expenses we reviewed the underlying documentation such as invoices, staff time charges and other related documents. We also discussed various expenses with the Public Works Director 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.

<sup>1</sup> The Committee relied on the Town's FY 2014/15 externally audited financial statements for general assurances as to the reasonable accuracy and completeness of financial information provided for our review, and the adequacy of the internal financial reporting controls.

**Conclusions**

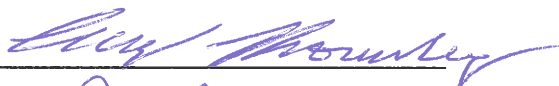
The Committee has concluded:


- 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 99% of the Pavement Management Program expenditures.
- A Certificate of Completion for the pavement improvements completed by Bay Cities Paving and Grading, Inc. was filed with the County on March 6, 2015.
- The Pavement Management Program, which is largely funded by Measure K funds, proceeded in a manner consistent with commitments made to voters of Moraga.

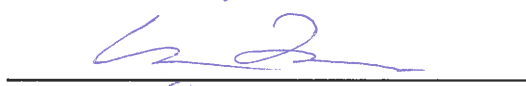
This report has been researched, assembled and presented in a manner the Committee believes is consistent with the stated objectives of the Town of Moraga Transaction and Use Tax Ordinance (aka Measure K), Ordinance No. 238 dated December 12, 2012.

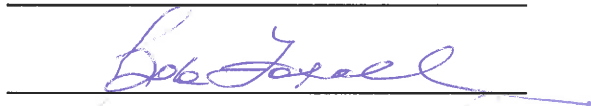
In accordance with those directives, the Annual Report for FY 2014/2015 of the Local Sales Tax Oversight Committee is respectfully submitted:


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


Mr. Larry Rosenberg, Chairperson 

Mr. Steve Balassi, Vice Chair 

Mr. William Faoro 

Mr. Bob Foxall 

Mr. Benny Lee 

Ms. Angela Seitz 

Mr. Dennis Fay 