

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Auditor-Controller *SPK*

BOARD AGENDA # *B-1

Urgent Routine

AGENDA DATE November 5, 2013

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Approval of Total Appropriations/Budgetary Limit for Annual Appropriations of Tax Revenues for Fiscal Year 2013-2014 in Accordance with the Provisions of Proposition 4 and Proposition 111

STAFF RECOMMENDATIONS:

Approve a General Operating Limit of \$321,612,872 Using the Population and Inflation Methodology per Attachment "A".

FISCAL IMPACT:

There is no fiscal impact associated with this agenda item. The appropriations subject to the limit are based on revenue classified as "Proceeds of Tax" per Attachment "B". The 2013-2014 revenues classified as "Proceeds of Tax" total \$132,183,458. Stanislaus County's appropriations limitation of \$321,612,872 exceeds revenues classified as "Proceeds of Tax" by \$189,429,414 for Fiscal Year 2013-2014. The calculation for the appropriations limitation includes applicable Lighting Districts governed by the Board of Supervisors.

BOARD ACTION AS FOLLOWS:

No. 2013-569

On motion of Supervisor O'Brien, Seconded by Supervisor Withrow

and approved by the following vote,

Ayes: Supervisors: O'Brien, Withrow, Monteith, De Martini and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:

Christine Ferraro

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

DISCUSSION:

Proposition 4 was passed by the voters on November 6, 1979. This legislation restricts government spending by establishing limits on the annual appropriations of tax revenues of local governmental entities. On June 5, 1990, Proposition 111 was passed, which modifies the manner in which the Proposition 4 appropriations limit is calculated. As a result of Proposition 111, the base year of the calculation has been changed from the 1978-1979 Fiscal Year to the 1986-1987 Fiscal Year and allows the county to use more advantageous population and cost of living factors.

The appropriations subject to the limit are based on revenues classified as "Proceeds of Tax." The 2013-2014 revenues classified as "Proceeds of Tax" total \$132,183,458. Revenues from the Federal Government are exempt from the appropriations limit. Guidelines for calculating the appropriations limitation are promulgated by the State Controller's Office. The documentation used in computing the 2013-2014 appropriations limit is available in the Auditor-Controller's Office for public inspection.

POLICY ISSUES:

Government Code Section 7910 requires the Board of Supervisors to adopt by resolution the County's appropriations limit for the ensuing fiscal year at a regularly scheduled meeting.

Adoption of this resolution will support the Board of Supervisors' priority of Efficient Delivery of Public Services.

STAFFING IMPACT:

There are no staffing impacts associated with this agenda item.

CONTACT PERSON:

Mike Firpo, Manager IV

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**COUNTY OF STANISLAUS
APPROPRIATIONS LIMIT WORKSHEET
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Fiscal Year 2012-13 Appropriations Limitation per BOS Agenda Item No. 2012-593 \$ 303,259,830

Adjustment pursuant to Article XIII B, Section 3(a): Transfer of financial responsibility to provide services as a result of jurisdictional change (annexation) to other governmental entities:

Less tax proceeds shift from County to Cities
County General Fund
County Fire Service Fund

(99,099)
(1,466)

Subtotal adjusted Appropriations Limitation \$ 303,159,265

Add: Adjustment pursuant to Article XIII B, Section 1: Appropriations made by local governments may increase annually by a factor comprised of the change in population and change in the U.S. Consumer Price index of California per capita income, whichever is less.

Price Factor and County specific Population Change data provided by the CA Department of Finance (see Note 1 below)

| | <u>Price Factor</u> | | <u>Population Change</u> | | <u>Ratio of Change</u> | |
|--|-------------------------|---|------------------------------|---|----------------------------|-------------------|
| Percentage change over prior year | 5.12 | | 0.92 | | | |
| Converted to a ratio: | (5.12+100)/100 | | (0.92+100)/100 | | | |
| Calculation Factor for FY 2013-2014 | 1.0512 | x | 1.0092 | = | 1.0609 | |
| <i>Multiply adjusted Appropriations Limitation Subtotal by the Calculation Factor</i> | | | | | | x <u>1.060871</u> |

Fiscal Year 2013-14 Appropriations Limitation \$ 321,612,872

Less: Adjusted Estimated "Proceeds of Tax" Revenue fiscal year 2013-14 (Attachment B) 132,183,458

2013-14 Appropriations Limitation in excess of Estimated Tax Revenue \$ 189,429,414

Note 1:
Appropriations limit adjusted per Article XIII B, amended by Proposition 111 to change the price and population factors that may be used. The 2013-2014 appropriations limit for each local jurisdiction shall be the 1986-87 appropriations limit adjusted from that year forward by the new growth factors stated in the proposition. Refer to Department of Finance Price and Population Information Notice dated May, 2013.
http://www.dof.ca.gov/budgeting/documents/Price-Population_2013.pdf

**"Proceeds of Tax" Calculation
FY 2013-2014**

2013 -2014 FINAL ADOPTED BUDGET as of September 10, 2013

| Governmental Fund Revenue | Final Adopted Budget | "Proceeds of Tax" Revenue | NonTax Revenue |
|--|-------------------------|--------------------------------------|--------------------|
| General Fund | 235,249,701 | 120,482,935 | 114,766,766 |
| Special Revenue | 618,567,857 | 10,935,759 | 607,632,098 |
| Capital Projects | <u>1,096,000</u> | <u>-</u> | <u>1,096,000</u> |
| Total Revenue | 854,913,558 | 131,418,694 | 723,494,864 |
| Less General Fund Interest | (3,801,002) | - | (3,801,002) |
| Less Special Revenue Interest | (1,079,214) | - | (1,079,214) |
| Less Capital Projects Interest | <u>(66,000)</u> | <u>-</u> | <u>(66,000)</u> |
| Total Revenue from use of Money | (4,946,216) | - | (4,946,216) |
| Total Revenue net of Rev from use of money | <u>849,967,342</u> | <u>131,418,694</u> | <u>718,548,648</u> |
| <u>Re-allocate Interest based on Tax vs NonTax</u> | | | |
| Percentage of Total Revenue net of interest | 100.00% | 15.46% | 84.54% |
| £ Allocation of Interest | 4,946,216 | 764,764 | 4,181,452 |
| Total Revenue net of Interest | 849,967,342 | 131,418,694 | 718,548,648 |
| Adjusted estimated Revenue | <u>854,913,558</u> | <u>132,183,458</u> | <u>722,730,100</u> |

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Use in Attachment A comparison to
Appropriations Limitation calculation

£ Interest computed on total budget percentage ratio excluding interest;
Use percentage to distribute interest between proceeds and non-proceeds