

Livermore Area Recreation and Park District

Staff Report

TO: Chair Faltings and Finance Committee

FROM: Mathew Fuzie, General Manager

PREPARED BY: Jeffrey Schneider, Administrative Services Manager
Julie Dreher, Finance Officer

DATE: June 15, 2020

SUBJECT: Resolution Establishing the Fiscal Year 2020–21 Annual Appropriations Limit

RECOMMENDATION: That the Finance Committee recommend that the Board of Directors approve a resolution establishing the FY 20-21 Annual Appropriations Limit at \$24,004,056.

BACKGROUND: On November 6, 1979, California voters approved Proposition 4, commonly known as the Gann Spending Limitation Initiative, establishing Article XIII B of the California Constitution. This proposition mandates an appropriations (spending) limit on the amount of tax proceeds that State and most local government jurisdictions may appropriate within a fiscal year. Charges for services, fees, grants, loans, donations and other non-tax proceeds are excluded. The Appropriations Limit for any year is the Appropriations Limit from the previous fiscal year adjusted for inflation and population growth as provided by State Department of Finance. Notice of Board of Directors meeting to review and approve the new Appropriations Limit is required to be posted publicly at least 15 days prior to Board meeting. Said notice was posted on the LARPD website on June 5, 2020.

Attached is the Department of Finance Price and Population Information (Attachment A) used to calculate the limit. Our auditor, James Marta & Company, reviewed the annual adjustment factors stating our Appropriations Limit was calculated correctly (Attachment B). They recomputed our calculations and agreed with the Per Capita Income and County Population factors.

The FY 20-21 Appropriations Limit is \$24,004,056. This is an increase of \$948,461 over FY 19-20 Appropriations Limit of \$23,055,595. The approved, Preliminary FY 20-21 budget includes \$12,754,762 in tax proceeds, which is \$11,249,294 less than the appropriation limit of \$24,004,056.

Staff recommends approval.

Attachments:

- A - Department of Finance Price and Population Information
- B - Audit Report on FY 2020-2021 Appropriations Limit and Appropriations Calculation



May 2020

Dear Fiscal Officer:

Subject: Price Factor and Population Information

Appropriations Limit

California Revenue and Taxation Code section 2227 requires the Department of Finance to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2020, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2020-21. Attachment A provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2020-21 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

Population Percent Change for Special Districts

Some special districts must establish an annual appropriations limit. California Revenue and Taxation Code section 2228 provides additional information regarding the appropriations limit. Article XIII B, section 9(C) of the California Constitution exempts certain special districts from the appropriations limit calculation mandate. The code section and the California Constitution can be accessed at the following website: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

Population Certification

The population certification program applies only to cities and counties. California Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2020.**

Please Note: The prior year's city population estimates may be revised. The per capita personal income change is based on historical data. Given the stay-at-home orders due to COVID-19, growth in the coming years may be substantially lower than recent trends.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

/s/ Keely Martin Bosler

KEELY MARTIN BOSLER
Director

Attachment

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2020-21 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2020-21	3.73

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2020-21 appropriation limit.

2020-21:

Per Capita Cost of Living Change = 3.73 percent
Population Change = 0.22 percent

Per Capita Cost of Living converted to a ratio: $\frac{3.73 + 100}{100} = 1.0373$

Population converted to a ratio: $\frac{0.22 + 100}{100} = 1.0022$

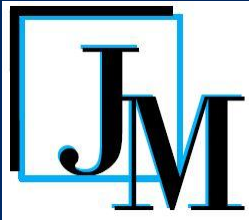
Calculation of factor for FY 2020-21: $1.0373 \times 1.0022 = 1.0396$

Fiscal Year 2020-21

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2019 to January 1, 2020 and Total Population, January 1, 2019

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total Population</u>
	2019-2020	1-1-19	1-1-20	1-1-2020
Alameda				
Alameda	-0.38	80,211	79,905	81,312
Albany	-0.13	18,961	18,937	18,937
Berkeley	0.18	122,358	122,580	122,580
Dublin	2.82	62,409	64,172	65,716
Emeryville	2.13	12,041	12,298	12,298
Fremont	0.35	233,404	234,220	234,220
Hayward	0.07	160,197	160,311	160,311
Livermore	0.46	91,436	91,861	91,861
Newark	1.67	48,164	48,966	48,966
Oakland	0.68	430,753	433,697	433,697
Piedmont	-0.13	11,468	11,453	11,453
Pleasanton	0.09	79,392	79,464	79,464
San Leandro	-0.41	88,296	87,930	87,930
Union City	-0.03	73,661	73,637	73,637
Unincorporated	-0.31	148,826	148,369	148,452
County Total	0.37	1,661,577	1,667,800	1,670,834

*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.



James Marta & Company LLP
Certified Public Accountants

LIVERMORE AREA RECREATION AND PARK DISTRICT

Special Purpose Report

Appropriations Limit Calculation Fiscal Year 2020-21

SUBMITTED BY:

James Marta & Company LLP
Certified Public Accountants

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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

Report on Appropriations Limit Calculation

Board of Directors
Livermore Area Recreation and Park District
Livermore, California

We have performed the procedures enumerated below solely to assist the Livermore Area Recreation and Park District in the calculation of the appropriations limit for the Fiscal Year 2020-21 in order to meet the requirements of Section 1.5 of Article XIII B of the California Constitution. This engagement was conducted at the request of management of the Livermore Area Recreation and Park District. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Results

1. We agreed the prior year appropriations limit of \$23,055,595 used in the accompanying worksheets to the Fiscal Year 2019-20 appropriations limit calculation.
2. We recalculated the population percentage change factor of 1.0037 used in the accompanying worksheets based on the Annual Percent Change in Population Minus Exclusions for Alameda County.
3. We recalculated the growth factor of 1.0411 used in the accompanying worksheets.
4. We recalculated the Fiscal Year 2020-21 appropriations limit of \$24,004,056 in the accompanying worksheets.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion, on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and the Board of Livermore Area Recreation and Park District and is not intended to be and should not be used by anyone other than the specified party.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
June 9, 2020

Livermore Area Recreation & Park District

Fiscal Year 2020/21 Appropriations Limit Calculator

	Year	1/1/2019	1/1/2020	% Change
Total County Population		1,661,577	1,667,800	0.37%

	FY 2019/20		FY 2020/21
Per Capita Income (CA)	1.0385		1.0373
Population (County)	1.0075		1.0037
Ratio of Change	1.0463		1.0411
FY 19/20 Appropriation Limit	\$23,055,595	x	1.0411
New Appropriation Limit			\$24,004,056
Annual Increase			\$948,461