


Livermore Area Recreation and Park District

Staff Report

TO: Chair Furst and Board of Directors

FROM: Mathew Fuzie, General Manager 

PREPARED BY: Jeffrey Schneider, Administrative Services Manager
Julie Dreher, Financial Analyst

DATE: June 26, 2019

SUBJECT: Resolution Establishing the Fiscal Year 2019–20 Annual Appropriations Limit

RECOMMENDATION: That the Board of Directors approve Resolution No. ____, establishing the FY 19-20 Annual Appropriations Limit at \$23,055,595.

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 11, 2019, and was also published in the Valley Times newspaper.

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

The FY 19-20 Appropriations Limit is \$23,055,595. This is an increase of \$1,020,000 over FY 18-19 Appropriations Limit of \$22,035,595. The approved, Preliminary FY 19-20 budget includes \$12,600,400 in tax proceeds, which is \$10,455,195 less than the appropriation limit of \$23,055,595.

Staff recommends approval.

Attachments:

- A - Appropriations Limit Calculation Worksheet
- B - Department of Finance Price and Population Information
- C - Audit Report on FY 2019-2020 Appropriations Limit

Livermore Area Recreation and Park District

Fiscal Year 2019/20 Appropriations Limit Calculator

	Year	<u>1/1/2018</u>	<u>1/1/2019</u>	<u>% Change</u>
Total County Population		<u>1,653,678</u>	<u>1,666,095</u>	<u>0.75%</u>

	FY 2018/19	FY 2019/20
Per Capita Income (CA)	1.0367	1.0385
Population (County)	<u>1.0084</u>	<u>1.0075</u>
Ratio of Change	<u>1.0454</u>	<u>1.0463</u>

FY 18/19 Appropriation Limit \$22,035,595

x

1.0463

New Appropriation Limit

\$23,055,595 FY 19/20 Limit

\$1,020,000 Annual Increase

May 2019

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, 2019, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2019-20. 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 2019-20 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, 2019.**

Please Note: The prior year's city population estimates may be revised.

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

KEELY BOSLER
Director
By:

Vivek Viswanathan
Chief Deputy 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 2019-20 appropriation limit is:

Per Capita Personal Income	
Fiscal Year (FY)	Percentage change over prior year
2019-20	3.85

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2019-20 appropriation limit.

2019-20:

Per Capita Cost of Living Change = 3.85 percent
Population Change = 0.47 percent

Per Capita Cost of Living converted to a ratio: $\frac{3.85 + 100}{100} = 1.0385$

Population converted to a ratio: $\frac{0.47 + 100}{100} = 1.0047$

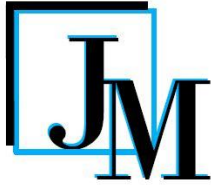
Calculation of factor for FY 2019-20: $1.0385 \times 1.0047 = 1.0434$

Fiscal Year 2019-20

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2018 to January 1, 2019 and Total Population, January 1, 2019

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total Population</u>
	2018-2019	1-1-18	1-1-19	1-1-2019
Alameda				
Alameda	0.43	77,573	77,909	79,316
Albany	0.92	19,216	19,393	19,393
Berkeley	0.78	122,369	123,328	123,328
Dublin	4.50	60,147	62,854	64,577
Emeryville	0.12	11,871	11,885	11,885
Fremont	0.55	231,252	232,532	232,532
Hayward	0.47	158,693	159,433	159,433
Livermore	0.75	90,359	91,039	91,039
Newark	3.25	47,178	48,712	48,712
Oakland	0.35	431,373	432,897	432,897
Piedmont	0.46	11,368	11,420	11,420
Pleasanton	1.27	79,483	80,492	80,492
San Leandro	0.30	89,552	89,825	89,825
Union City	1.16	74,058	74,916	74,916
Unincorporated	0.18	149,186	149,460	149,536
County Total	0.75	1,653,678	1,666,095	1,669,301

*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

Accounting, Auditing, Consulting, and Tax

**INDEPENDENT ACCOUNTANT'S
AGREED UPON PROCEDURES REPORT ON
COMPLIANCE WITH THE PROPOSITION 111
2019-2020 APPROPRIATIONS LIMIT CALCULATION**

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

We have performed the procedures enumerated below, which were agreed to by the governing board of Livermore Area Recreation and Park District (District) solely to assist the District in evaluating the 2019-2020 annual calculation of the appropriations limit in order to meet the requirements of Section 1.5 of Article XIII B of the California Constitution. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility 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.

The procedures you requested us to perform and our findings were as follows:

- A. We obtained the Appropriations Limitation Worksheet and determined that the 2019-2020 Appropriations Limit of \$23,055,595 and annual adjustment factors were calculated correctly.
- B. We recomputed the 2019-2020 Current Appropriations Limit by multiplying the Prior Year Appropriations Limit by the annual adjustment factors.
- C. For the Appropriations Limitation Worksheet, we agreed the Per Capita Income and County Population Factors to the letter dated May 2019 from the California Department of Finance.

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
June 17, 2019