



ALAMEDA COUNTY  
AUDITOR-CONTROLLER AGENCY  
PATRICK O'CONNELL  
AUDITOR-CONTROLLER/CLERK-RECORDER

Agenda \_\_\_ November 20, 2012

November 10, 2012

Honorable Board of Supervisors  
Administration Building  
1221 Oak Street  
Oakland, CA 94612

**SUBJECT: APPROPRIATION LIMITATION**

Dear Board Members:

RECOMMENDATION:

1. That the Board of Supervisors receive and file this letter regarding Propositions 4 and 111 appropriation limits and appropriations subject to limitation in order to satisfy the intent of the fifteen-day waiting period; and,
2. That the Board of Supervisors schedule a hearing on December 18, 2012 at 11:00 a.m. for the adoption of the appropriation limits and appropriations subject to limitation contained in this letter.

SUMMARY:

California voters, in November of 1979 passed Proposition 4, which added Article XIII B to the State Constitution. This article established limits on the appropriation of proceeds of taxes. In June of 1990, the voters passed Proposition 111, which amended the criteria for calculating the County's appropriation limits.

The most significant impact that Proposition 111 has on Proposition 4, is that it establishes new cost-of-living and population factors, for use by local government in calculating appropriation limits. These new factors are to be applied to the established 1986-87 fiscal year appropriation limit and adjusted annually.

The purpose of this letter is to transmit to your Board the calculations utilized in determining the 2012-13 appropriation limit. These calculations are for those countywide and less-than-countywide funds, as well as the special districts under the Board of Supervisor's control.

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DISCUSSION/FINDINGS:

The significant issues concerning the calculations can be summarized as follows for the countywide and less-than-countywide funds:

- The 1986-87 base year appropriation subject to limitation is \$221,058,407.
- The 2012-13 appropriations limit is \$1,846,043,000.
- The estimated 2011-12 budgeted proceeds of taxes is \$584,057,000.
- The actual proceeds for 2011-12 did not exceed the appropriation limits.

Appropriation subject to limitation and appropriation limits have also been calculated for special districts under the Board of Supervisors' control. These calculations, together with calculations for the countywide and less-than-countywide funds, are available upon request.

Chapter 1205/80 (SB 1325-Marks) requires that the governing body of each local jurisdiction shall, by resolution, establish its appropriation limit for the following fiscal year at a regular scheduled meeting or note a special meeting. This statute provides that a fifteen-day waiting period must be observed prior to the adoption of the appropriation limit and appropriation subject to limitation. The purpose of this waiting period is to provide the public with information that has been used in developing these calculations.

Sincerely,



PATRICK O'CONNELL  
Auditor-Controller  
Alameda County

POC:hc

c: Susan Muranishi, County Administrator  
Donna Ziegler, County Counsel

ALAMEDA COUNTY  
COUNTY FUNDS  
APPROPRIATIONS LIMITATION  
(Amounts expressed in thousands)

<u>Proceeds of Taxes</u> <u>(In Thousands)</u>	<u>2012-13</u> <u>BUDGET</u>	<u>2011-12</u> <u>ACTUAL</u>
Property Taxes	\$ 335,005	\$ 341,165
Motor Vehicle In-lieu Tax	151,000	150,105
Sales and Use Tax	45,710	46,307
Homeowners Exemption	3,380	3,469
Other Taxes	47,679	73,979
S/B 90	468	2,760
Fees In Excess Of Cost	-0-	-0-
Interest Earnings	<u>815</u>	<u>881</u>
Tax Proceeds - Gross	584,057	618,666
Appropriations Limitation	<u>1,846,043</u>	<u>1,760,024</u>
Over/(Under) Limitation	<u>\$(1,261,986)</u>	<u>\$(1,141,358)</u>

II. Appropriation Adjustments

- Debt Service/Court Order      Pending further judicial and legislative interpretations, no debt service, or court orders, have been identified as adjustments to the Appropriation subject to Limitation.
- Federal Mandates                Increased Social Security costs over the base year of 1978-79, as well as the cost of the federally mandated single audit, are excluded from the proceeds subject to the limitation.

- Capital Acquisitions                      Appropriation for capital outlay with a useful life of 10 years or more and a value of \$100,000 or more, are excludable from the appropriations limit.

III. Appropriations Subject to Limitation 1986-87

County Funds - \$221,058,407

IV. Adjustments to 1999-00 Appropriations Limitation

a. Transfers

Transfer to private entities      Pending further judicial and legislative interpretations, no transfers of service to private entities.

Transfers to the State              As a result of the Brown-Presley Trial Court Funding Act, the County transferred \$29,164,206 of its 1998-99 limit to the State.

b. Allowable Growth Factors

	<u>PER CAPITA GROWTH</u>	X	<u>POPULATION GROWTH</u>	<u>ANNUAL FACTOR</u>	<u>CUMULATIVE FACTOR</u>
-2009-10	.62		1.27	1.0189	7.9503
-2010-11	(.25)		1.10	.9853	7.8336
-2010-12	2.51		.79	1.0332	8.0937
-2012-13	3.77		1.00	1.0480	8.4828

V. Appropriations Limit

a. 2012-13

1986-87 Limit x Adjustment - \$221,058,407 X 8.4828 = \$1,875,207,000.

Notes

Special Districts appropriations limits (CSA 1965-1, CSA 1965-2, CSA 1965-3) were combined with the County appropriations limit to save calculations wherever legally possible.

Details of calculations are available in the Auditor-Controller's Office.

SPECIAL DISTRICTS APPROPRIATION LIMITATION

	<u>2012-13</u> <u>BUDGET</u>	<u>2011-12</u> <u>ACTUAL</u>
<u>Alameda County Fire District</u>		
Property Taxes	\$ 26,862,941	\$29,126,951
Other Taxes	900,000	1,084,581
Homeowner Prop. Tax Relief	277,800	283,547
Interest Earnings	<u>24,098</u>	<u>31,419</u>
Tax Proceeds – Subject To Limitation	\$ 28,064,839	\$30,526,498
Appropriations Limitation	<u>59,657,671</u>	<u>56,921,076</u>
(Under) Limitation	<u>\$(31,592,832)</u>	<u>\$(26,394,578)</u>

Appropriations Limit

2012-13

1986-87 Limit x Adjustments - \$7,032,731 x 8.4828 = 59,657,671

SPECIAL DISTRICTS APPROPRIATION LIMITATION

	<u>2012-13</u> <u>BUDGET</u>	<u>2011-12</u> <u>ACTUAL</u>
<u>Flood Control - Except Zone 7</u>		
Property Taxes	\$22,891,702	\$ 23,981,221
Other Taxes	1,537,100	3,188,920
Homeowner Prop. Tax Relief	255,027	251,546
Interest Earnings	<u>225,501</u>	<u>295,143</u>
Tax Proceeds – Subject To Limitation	24,909,330	27,716,830
Appropriations Limitation	<u>147,639,033</u>	<u>140,866,590</u>
(Under) Limitation	<u>\$ (122,729,703)</u>	<u>\$ (113,149,760)</u>

Appropriations Limit

2012-13

1986-87 Limit x Adjustments -  $\$17,404,394 \times 8.4828 = 147,639,033$

SPECIAL DISTRICTS APPROPRIATION LIMITATION

	<u>2012-13</u> <u>BUDGET</u>	<u>2011-12</u> <u>ACTUAL</u>
<u>Flood Control - Zone 7</u>		
Property Taxes	\$ 5,873,311	\$ 5,781,160
Homeowner Prop. Tax Relief	54,000	52,452
Interest Earnings	<u>23,324</u>	<u>95,367</u>
Tax Proceeds – Subject To Limitation	5,950,635	5,928,979
Appropriations Limitation	<u>21,716,384</u>	<u>20,720,218</u>
(Under) Limitation	<u>\$(15,765,749)</u>	<u>\$(14,791,239)</u>

Appropriations Limit

2012-13

1986-87 Limit x Adjustments - \$2,560,031 x 8.4828 = 21,716,384

appropriation limitation