

ROSS VALLEY SANITARY DISTRICT

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STAFF REPORT

For the Meeting of July 19, 2023

July 14, 2023

To: Board of Directors

From: Felicia Newhouse, Assistant General Manager
Corey Spray, Finance Supervisor

Subject: **Adopt Resolution No. 23-1646 Determining the Annual Appropriation Limit for the Budget Fiscal Year 2024**

Summary

Annually, District staff prepare and present an Appropriation Limit calculation as required by the State of California. The District's budgeted appropriations are well within the statutorily determined threshold.

Discussion

As directed per the State of California's Article XIII B Appropriations Limit (also known as the "Gann Limit"), governmental agencies are to assess their adopted budget appropriations against a calculated spending limit. The budgeted appropriations are any funds used from proceeds of taxes, including property taxes. The spending limit is a rolling balance starting from 1979 that fluctuates year-over-year based on growth factors from both the local population and cost of living. For Fiscal Year 2024, the District's total budgeted proceeds of taxes is \$9.9M.

The Appropriations Limit calculation allows for certain exclusions that would not be subject to its calculated spending limit. The only such exclusions available to the District are qualifying capital outlays over \$100,000. The District's total allowable exclusions that are not subject to the Appropriations Limit is \$10.42M making the total proceeds of taxes subject to the Limit being \$(0.57M).

Regarding the spending limit applicable to the District, the District's limit is calculated using a rolling balance adjusted for growth factors from changes in population and cost of living. For the District's specific analysis, however, its starting year is Fiscal Year 2009 due to significant adjustments that were needed for the calculation as previously discussed and approved in prior Board meetings. For the current Fiscal Year, compounded growth factors of 3.3% from the prior fiscal year's Appropriations Limit amounts to a current Fiscal Year Appropriations Limit of \$7.5M.

Using all of the factors applicable to the District, the District calculated both its proceeds of taxes subject to the Appropriations Limit as well as the Appropriations Limit itself as directed by the State of California. The difference between the calculated limit versus the current appropriations subject to the limit is approximately \$(8.1M) or 108% below the limit.

The Fiscal Year 2024 Appropriations Limit Summary (Attachment "A") summarizes the analysis performed for inclusion of the proposed Resolution. The summary and detailed worksheets were posted and available for public review fifteen (15) days prior to the Board meeting as required by State law.

Recommendation

Adopt Resolution 23-1646 to adopt the FY 2024 Budget Appropriation Limit.

Attachments:

- A. FY 2024 Budget Appropriation Limit Summary
- B. Draft Resolution No. 23-1646

Ross Valley Sanitary District

Appropriations Limit Calculation Summary

Fiscal Year FY23-24 Adopted Budget

Prior Year Appropriation Limit \$ 7,280,187

Allowed Compounded Percentage Increase from Prior Year [1]

County Per Capita Personal Income	1.0444
County Population Growth From January 2023 to 2024 State Dept of Finance	0.9894
Compounded Percentage as an Adjustment Factor	3.3329%
Annual Adjustment Amount to Appropriation Limit	242,644

Current Year Appropriation Limit 7,508,332

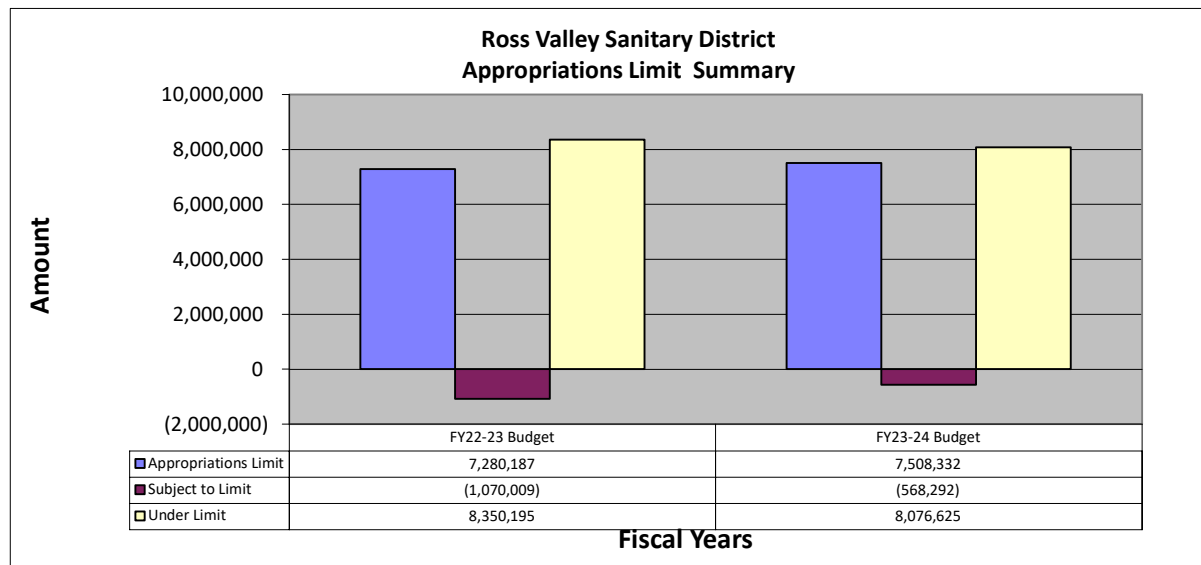
Current Year Adopted Budget Appropriations From Proceeds of Taxes

Proceeds of Taxes From Adopted Budget [2]	9,851,708
Less Allowable Exclusion of Certain Appropriations [3]	<u>(10,420,000)</u>

Current Year Appropriations Subject to Appropriation Limit (568,292)

Current Year Appropriations Under the Appropriation Limit \$ (8,076,625)

Percentage Under the Limit -108%



(1) From State Department of Finance, as required by State Law. See worksheet #5 & #6

(2) Proceeds of Taxes are certain revenues as defined by State Law and League of California Cities Article XIIIIB Appropriations Limit Uniform Guidelines - March 1991. Summary of worksheet #1.1 for above calculations of Appropriations Limit and Appropriations Subject to Limit, with adjustments.

	From Non Proceeds of Taxes	From Proceeds of Taxes	Total Appropriations
District Operations, Debt Service, Capital Improvements & Other Costs	29,091,392	9,851,708	38,943,100
(3) Summary of Exclusions funded by Proceeds of Taxes allowed under State Law. See worksheet #3		Exclusions	
Court Order Costs		-	
Federal Mandates		-	
Qualified Capital Outlay Over \$100,000		10,420,000	
Qualified Debt Service		-	
Total Exclusions		<u>10,420,000</u>	

**ROSS VALLEY SANITARY DISTRICT
RESOLUTION NO 23-1646**

**A RESOLUTION OF THE BOARD OF DIRECTORS ESTABLISHING AN
APPROPRIATIONS LIMIT FOR FISCAL YEAR 2023-24**

WHEREAS, the people of California on November 6, 1979, added Article XIII-B to the State Constitution placing various limitations on the appropriations of the State and local governments; and

WHEREAS, the State Legislature adopted Chapters 1205 and 1342 of the 1980 Statutes which implemented Article XIII-B; and

WHEREAS, the people of California on June 5, 1990 amended Article XIII-B effective July 1, 1990; and

WHEREAS, Government Code 7900, et seq., provides the process in which to calculate the appropriations limit including a provision to make such documentation available to the public and a requirement to adopt a resolution setting the annual appropriation limit; and

WHEREAS, the Ross Valley Sanitary District has complied with the provisions of Article XIII-B in determining the appropriation limits each fiscal year; and

WHEREAS, the Ross Valley Sanitary District has determined that the District's appropriations limit for Fiscal Year 2023-24 is \$7,508,332; and

WHEREAS, the Ross Valley Sanitary District has calculated the amount of appropriations that are subject to the limit to be \$(568,292) for Fiscal Year 2023-24.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Ross Valley Sanitary District that the sum of \$7,508,332 is hereby established as the appropriations limit for Fiscal Year 2023-24.

PASSED, APPROVED, AND ADOPTED at a regular meeting by the Board of Directors of Ross Valley Sanitary District held on the 19th of July 2023 following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Thomas Gaffney
President of the Board

Michael Boorstein
Secretary of the Board