

MEMORANDUM

August 24, 2015

TO: Board of Directors

FROM: Sandeep Karkal, Manager-Engineer
Laura Creamer, Finance Officer

SUBJECT: 2015-16 Appropriations Limit

It is necessary to determine the District's appropriations limit for 2015-16 based on growth factors provided by the State Department of Finance.

Price Factor

Proposition 111, adopted in 1990, specifies that each entity of local government select its cost of living factor by a vote of its governing body. The District may select either (a) the percentage change in the California per capita personal income (CPCPI), or (b) the percentage change in the local assessment roll due to the addition of non-residential new construction.

The CPCPI percentage change over the prior year is 3.82% according to the State Department of Finance. Information obtained from the County Auditor-Controller's office shows the change in assessment due to new non-residential construction amounts to 0.26%. We have used the percentage change in the local assessment roll due to the addition of new non-residential new construction for setting our 2015-16 appropriations limit.

Change in Population

Senate Bill 88, implementing Proposition 111, provides that a special district shall select its change in population annually by a recorded vote of the governing body. The Board may choose to use the change in population within its jurisdiction or within the county in which it is located. If a special district is wholly within a county, the county population shall be used unless the district requests a special census from the Department of Finance.

2015-16 Appropriations Limit

It is recommended that the 2015-16 appropriations limit be set at \$5,995,198 using the change in assessment due to non-residential construction percentage change and the annual percentage change in population for Marin County.

Attached is a worksheet with the adjustment factors to obtain the 2015-16 limit.

Attachments

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**Novato Sanitary District
 APPROPRIATIONS LIMIT**

2015-16

APPROPRIATION LIMIT ADJUSTMENT FACTORS

Under law (Proposition 111), the District's appropriations limit may increase annually by a factor comprised of the change in population combined with either the change in California per capita personal income or the change in the local assessment roll due to local non-residential construction:

May use Per Capita Change: 3.82%

or

Change due to non-residential construction (1): 0.26% Use for 2015-16 Calculation

Population Change for Marin County: 0.73

Per Capita converted to a ratio: 1.0026

Population converted to a ratio: 1.0073

Calculation of Factor for FY 2015-16:

Price factor (1.0026) x Population factor (1.0073)= 1.00992

The change factor is applied to last year's appropriation limit to obtain this year's limit:

Appropriation Limit prior FY	2014-15	5,936,316
Change Factor for this FY	2015-16	<u>1.00991898</u>

APPROPRIATION LIMIT FOR 2015-16 \$ 5,995,198

(1) The following information was provided by the County Auditor-Controller's Office:

Change in AV due to Construction Growth from 3-01-14 to 3-1-15	<u>1,575,089</u>	=	0.26%
Increase in total AV (+exemptions) from 2013-14 to 2014-15	615,252,029		

APPROPRIATIONS LIMIT WORKSHEET

Comparison of Limit to Tax Revenue

Year Ended June 30	APPROPRIATIONS SUBJECT TO LIMITATION				Amount Under Limit
	Approp Limit	Increase over PY	Tax Revenue	Increase over PY	
2002	3,951,700	8.60%	1,252,939	0.11%	2,698,761
2003	4,186,081	5.93%	1,344,630	7.32%	2,841,451
2004	4,355,831	4.06%	1,392,792	3.58%	2,963,039
2005	4,611,180	5.86%	1,279,567	-8.13%	3,331,613
2006	4,872,715	5.67%	1,763,422	37.81%	3,109,293
2007	5,103,161	4.73%	1,796,003	1.85%	3,307,158
2008	5,380,409	5.43%	1,995,120	11.09%	3,385,289
(2) '2009	5,663,413	5.26%	2,527,507	26.68%	3,135,906
2010	5,744,684	1.44%	1,874,691	-25.83%	3,869,993
2011	5,792,485	0.83%	1,774,216	-5.36%	4,018,269
2012	5,841,350	0.84%	1,795,489	1.20%	4,045,861
2013	5,899,391	0.99%	1,795,781	0.02%	4,103,610
2014	5,925,116	0.44%	1,941,241	8.10%	3,983,875
2015	5,936,316	0.19%	1,999,816	3.02%	3,936,500
(1) 2016	5,995,198	0.99%	1,900,000	-4.99%	4,095,198
15-Year Average		3.42%		3.76%	

(1) As Provided in Proposition 111, the change in assessment roll due to local non-residential construction factor was used to calculate appropriations limit.

(2) Property Taxes of approximately, \$600k were miscoded at year end to sewer service charges thus the significant jump in property taxes on this spreadsheet.