



Board Agenda Item 24

DATE: June 20, 2023
TO: Board of Supervisors
SUBMITTED BY: Oscar J. Garcia, CPA, Auditor-Controller/Treasurer-Tax Collector
SUBJECT: Fiscal Year 2023-24 Appropriation Limits

RECOMMENDED ACTION(S):

Sitting as the Fresno County Board of Supervisors:

- **Approve resolution establishing the appropriations limit for the County of Fresno for Fiscal Year 2023-24 at \$796,389,882 which includes the appropriations limits for County Service Area Nos. 1, 2, 5, 7, 14, 19, 23, 30, 33, 43, and 44.**

Sitting as the Board of Directors of Waterworks Districts Nos. 37, 38, 40, 41, and 42:

- **Approve resolution establishing the appropriations limits for Fresno County Waterworks Districts Nos. 37, 38, 40, and 41 for Fiscal Year 2023-24, at \$21,502, \$80,293, \$138,490, \$600,553, and \$154,574, respectively.**

ALTERNATIVE ACTION(S):

No other viable options exist.

FISCAL IMPACT:

There is no direct fiscal impact associated with these actions. Spending by the County and the identified Fresno County Waterworks Districts may not exceed the limits established by the recommended resolutions.

DISCUSSION:

California voters passed Proposition 4 in November 1979. This legislation, which added Article XIII B to the State Constitution, restricts government spending by establishing limits on the annual appropriations of tax revenues of local governmental entities. The restriction is called an “appropriations limit”. The appropriations limit must be established each year for the following fiscal year based on the previous year’s limit, adjusted for the change in the cost of living and the change in population.

On June 5, 1990, California voters passed Proposition 111, which modified the manner in which the Proposition 4 appropriations limit is calculated. As a result of Proposition 111, the base year for the calculation has been changed from the Fiscal Year 1978-79 to the Fiscal Year 1986-87. This change also allowed the County to use the population and Consumer Price Index factors in establishing its annual appropriations limit.

Some of the County Service Areas, including County Service Areas Nos. 1, 2, 5, 7, 14, 19, 23, 30, 33, 43, and 44, are required by law to have appropriations limits. The County is allowed to include those within its own appropriations limit. The appropriations limit established by the recommended action therefore includes the appropriations limits for those County Service Areas, as specified in the resolution.

County Waterworks Districts Nos. 37, 38, 40, 41, and 42 are also required by law to have appropriations limits. Those are presented in a separate resolution because your Board must sit as the board of directors for those districts to adopt that resolution.

In years prior to FY 2021-22, Auditor-Controller/Treasurer-Tax Collector presented an amount of appropriations subject to limit (also called "proceeds of taxes") in the resolution to establish the limit. That was not required under Proposition 4, and those amounts were provided as a courtesy to the Board. But because the County's current practice is to adopt a Recommended Budget based on the current fiscal year adjusted appropriations and current fiscal year estimated revenues, estimates are not yet available for Fiscal Year 2023-24. As a result, the recommended resolutions do not include an amount of appropriations subject to limit (also called "proceeds of taxes").

For the County Waterworks Districts, the Fiscal Year 2023-24 proceeds of taxes appropriations are also not presented at this time because information is not yet available to provide a reasonable estimate.

ATTACHMENTS INCLUDED AND/OR ON FILE:

- On file with Clerk - GANN Limit
- On file with Clerk - County Resolution
- On file with Clerk - Waterworks District Resolution

CAO ANALYST:

Greg Reinke