

RESOLUTION NO. 2015-05

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA
RECEIVING AND FILING THE CITY OF MARINA AUDITOR REPORT ON THE
APPROPRIATION LIMIT AS OF JUNE 30, 2014

WHEREAS, annually, the City is required to calculate and adopt the appropriation limit, and;

WHEREAS, Article 13B of the California Constitution states that a local government's annual appropriations shall not exceed the appropriations limit of the prior year, adjusted for the change in the cost of living and the change in population. Cost of living and population changes for all local governments are determined by the California Department of Finance, and;

WHEREAS, the appropriations limit creates a restriction on the amount of revenue that can be appropriated in any fiscal year. Only revenues that are "proceeds of taxes" are subject to the limitation as defined by the law. Interestingly, this includes State subventions, which are "money received by a local agency from the State, the use of which unrestricted by the statute providing the subvention (Government Code Section 7903)," and;

WHEREAS, Government Code Section 7910 requires a local government to establish its appropriations limit by resolution each year, for the following fiscal year, at a regularly scheduled or noticed special meeting. Council approved the FY2014-15 appropriation limit at its meeting on June 17, 2014, and;

WHEREAS, the independent auditors, Mann, Urrutia, Nelson CPAs, issued a report dated December 8, 2014, on the appropriation limit as of June 30, 2014, and determined no exception or negative finding.

NOW, THEREFORE IT BE RESOLVED, that the City Council of the City of Marina:

1. Receiving and filing City of Marina auditor report on the appropriation limit as of June 30, 2014 (**EXHIBIT A**).

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on the 21st day of January 2015, by the following vote:

AYES: COUNCIL MEMBERS: Amadeo, Brown, Morton, O'Connell, Delgado

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: None

ABSTAIN: COUNCIL MEMBERS: None

Bruce C. Delgado, Mayor

ATTEST:

Anita Sharp, Deputy City Clerk

**CITY OF MARINA
APPROPRIATIONS LIMIT CALCULATION
AS OF JUNE 30, 2014**



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the City Council of
City of Marina
Marina, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit Calculation of the City of Marina, CA, (the City) for the year ended June 30, 2014. These procedures, which were agreed to by the City and the League of California Cities (as presented in the publication entitled Agreed-upon Procedures Applied to Appropriations Limitation Prescribed by Article XIII-B of the California Constitution), and were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. City of Marina's management is responsible for the Appropriations Limit Calculation.

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 those parties specified in the report. 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.

Our procedures and findings are as follows:

1. We obtained the completed internal calculations and compared the limit and annual adjustment factors included in those calculations to the limit and annual adjustment factors that were adopted by a resolution of the City Council. We compared the population and inflation options included in the aforementioned calculations to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were noted as a result of our procedures.

2. For the Appropriations Limit Calculation, we added June 30, 2013's appropriations limit to the annual permitted adjustments and agreed the resulting amount to the June 30, 2014 appropriations limit.

Finding: No exceptions were noted as a result of our procedures.

3. We compared current year information presented in the appropriations limit calculation to supporting worksheets.

Finding: No exceptions were noted as a result of our procedures.

4. We compared the June 30, 2013 appropriations limit presented in the appropriations limit calculation to the prior year appropriations limit adopted by the City Council during the prior year.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, conduct an audit, 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. No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by Article XIII B of the California Constitution.

This report is intended solely for the information and use of the specified users listed above and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script, appearing to read "Marc V. Straka". The signature is written in dark ink and is positioned above the typed name and date.

Sacramento, California
December 8, 2014

CITY OF MARINA
APPROPRIATIONS LIMIT CALCULATION
JUNE 30, 2014

	Amount	Source
A. Prior year's appropriations limit (at June 30, 2013)	\$ <u>18,742,175</u>	
B. Adjustment factors for the current fiscal year:		
1. Population change	1.0081	* State Finance
2. Inflation (per capita personal income change)	<u>1.0512</u>	* State Finance
Total adjustment	<u>1.0597</u>	* [(B1 x B2)-1]
C. Annual adjustment	1,119,184	A x B
D. Other Adjustments		
Lost responsibility (-)	-	
Transfer to fees (-)	-	
Assumed responsibility (+)	<u>-</u>	
	<u>-</u>	
E. Total adjustments	<u>1,119,184</u>	C+D
F. Current year's appropriations limit (at June 30, 2014)	\$ <u><u>19,861,359</u></u>	A+E

* Rounded to the nearest ten thousandth

December 18, 2014

Item No: **8j(3)**

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of January 21, 2015

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2015-,
RECEIVING AND FILING CITY OF MARINA AUDITOR REPORT ON
THE APPROPRIATION LIMIT AS OF JUNE 30, 2014**

REQUEST:

It is requested that the City Council consider adopting resolution no. 2015- receiving and filing City of Marina auditor report on the appropriation limit as of June 30, 2014.

BACKGROUND:

Article 13B of the California Constitution states that a local government's annual appropriations shall not exceed the appropriations limit of the prior year, adjusted for the change in the cost of living and the change in population. Cost of living and population changes for all local governments are determined by the California Department of Finance.

The appropriations limit creates a restriction on the amount of revenue that can be appropriated in any fiscal year. Only revenues that are "proceeds of taxes" are subject to the limitation as defined by the law. Interestingly, this includes State subventions, which are "money received by a local agency from the State, the use of which unrestricted by the statute providing the subvention (Government Code Section 7903)."

Government Code Section 7910 requires a local government to establish its appropriations limit by resolution each year, for the following fiscal year, at a regularly scheduled or noticed special meeting. Council approved the FY2014-15 appropriation limit at its meeting on June 17, 2014 (resolution no. 2014-63).

ANALYSIS:

The independent auditors, Mann, Urrutia, Nelson CPAs, issued a report dated December 8, 2014 the appropriation limit as of June 30, 2014. Their procedures determined no exception or negative finding. **(EXHIBIT A)**.

FISCAL IMPACT:

None

CONCLUSION:

This request is submitted for City Council consideration and possible action.

Respectfully submitted,

Lauren Lai, CPA
Finance Director
City of Marina

REVIEWED/CONCUR:

Layne P. Long
City Manager
City of Marina