

C. DAVID EYSTER
DISTRICT ATTORNEY

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PUBLIC INFORMATION

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**OFFICE OF THE
DISTRICT ATTORNEY
COUNTY OF MENDOCINO**

April 4, 2016

**DISTRICT ATTORNEY'S RESPONSE TO THE MENDOCINO COUNTY GRAND JURY
RE: PROPOSITION 172 FUNDS: A NEED FOR TRANSPARENCY
GJ REPORT DATED FEBRUARY 3, 2016**

As requested by the Mendocino County Grand Jury, Mendocino County District Attorney David Eyster respectfully submits the following response to the Grand Jury report entitled, *Proposition 172 Funds: A Need For Transparency*, dated February 3, 2016.

The following information is provided as background and is excerpted from California Attorney General opinion #03-804, released in 2004:

"In 1978, California voters adopted Proposition 13 (Cal. Const., art. XIII A), which sharply reduced the amount of property tax revenues available to support local governments and schools. (See *County of Los Angeles v. Sasaki* (1994) 23 Cal.App.4th 1442, 1451-1453; 70 Ops.Cal.Atty.Gen. 87, 87-88 (1987).) Since then, the Legislature has taken a number of steps to provide additional funding for cities, counties, special districts, and schools. In 1993, the Legislature proposed, and the voters adopted, Proposition 172, a constitutional amendment known as the Local Public Safety Protection and Improvement Act of 1993, imposing a 0.50 percent sales tax to be used exclusively for local public safety services. (Cal. Const., art. XIII, § 35.)"

"Under the statutes implementing Proposition 172 (Gov. Code, §§ 30051-30056), the sales tax revenues in question are deposited in the Local Public Safety Fund of the State Treasury (§§ 30051-30053). The Controller allocates the revenues to the counties in proportion to each county's share of the total statewide taxable sales. (§ 30052.) The counties, in turn, maintain a Public Safety Augmentation Fund for receipt of the revenues, and after retaining a portion of the monies, each county distributes the remainder to the cities within its boundaries according to a statutory formula. (§§ 30054-30055.)"

"Both the Constitution (Cal. Const., art. XIII, § 35, subds. (a)(3), (d)(2)) and the implementing statutes (§§ 30052, 30054, 30055) restrict the use of Proposition 172 funds to public safety services. "Moneys in the Local Public Safety Fund shall be allocated for use exclusively for public safety services of local agencies." (Cal. Const., art. XIII, § 35, subd. (d)(2).) "Public safety services" includes, but is not limited to, sheriffs, police, fire protection,

county district attorneys, county corrections, and ocean lifeguards. 'Public safety services' does not include courts." (§ 30052, subd. (b)(1).)"

Grand Jury Findings (Fx):

F1. The current method of budgeting the distribution of Proposition 172 funds to County government public safety is not transparent, either to the public or the County agencies eligible to receive these funds.

District Attorney's Response:

Hallelujah! The District Attorney agrees with this finding of the Grand Jury.

However, the Grand Jury should have additionally made a finding (and recommendation) requiring the Auditor-Controller to present forensic audits demonstrating that Mendocino County has been in full compliance with the mandates of Proposition 172 from 1994 to the present.

F2. This lack of transparency violates the spirit of the original proposition and could be easily rectified by a simple alteration to the format of the County budget.

District Attorney's Response:

The District Attorney agrees with this finding of the Grand Jury. The District Attorney nevertheless believes the focus and titling of this Grand Jury report should have been: *"Proposition 172 Funds: A Need For Transparency And Compliance With The Law."*

It remains an open question whether the long-standing problems relating to the lack of transparency and the local lack of accounting for Proposition 172 monies can, as the grand jury suggests, be "easily rectified by a simple alteration to the format of the County budget." This statement overlooks the need for catching up on long overdue fiscal year audits from the beginning of Mendocino County's receipt of these tax monies to the present.

F3. The Auditor-Controller has been able to demonstrate the appropriate distribution of Proposition 172 Funds to municipalities within the County. However, the Auditor-Controller has been unable to demonstrate that the remaining Proposition 172 revenues have been entirely distributed to County public safety agencies as required. [Underlining added.]

District Attorney's Response:

The District Attorney agrees with this finding of the Grand Jury.

In addition to the Auditor-Controller having been “unable” to demonstrate to the Grand Jury that the remaining Proposition 172 revenues have been entirely distributed to County public safety agencies as required, the Office of the Auditor-Controller, in the face of a written demand to provide “an accounting of the Public Safety Tax Revenue for the current and most recent fiscal years, and a copy of the maintenance of effort calculations,” has through institutional or other delay been unresponsive to this obvious need for transparency. (See Attachment A attached hereto.) Instead, the Office of Auditor-Controller responded with admittedly having done only “limited research” and a further admission that an annual maintenance of effort calculations had not been performed since fiscal year 2003/2004. Additional time was requested to further research the matter so as to be able to provide the requested information. (See Attachment B attached hereto.) However, a month later, the information was still not forthcoming. (See Attachment C attached hereto.) Worse, now almost five years later, the Office of Auditor-Controller still has yet to provide an audit or otherwise provide adequate documentation regarding the proper public safety tax disbursements, as well as explain how the required annual maintenance of effort has been calculated.

Again, it remains an open question whether the manner in which the Proposition 172 monies have been received, accounted for, and allocated since 1994 -- all under the supervision of the Office of Auditor-Controller -- actually violates the law itself, not just the spirit of the law as mentioned by the Grand Jury, by commingling and allowing the allocation of Proposition 172 monies outside of its Public Safety-only mandates.¹

F4. The failure to update the MOE calculation annually as required, has placed the County in a position of non-compliance with State requirements.

District Attorney's Response:

The District Attorney agrees with this finding of the Grand Jury. It is noted that non-compliance with state requirements in these situations is normally remedied by state-imposed financial sanctions.

¹ The document that exposed problems with the handling of this purpose-specific revenue, as cited to by the Grand Jury on page 4 of its report, is a 2009 email from Auditor-Controller Meredith Ford to former District Attorney Meredith Lintott. This “conversation” was uncovered by the current District Attorney while researching why the Auditor-Controller was not performing annual audits of the County’s Proposition 172 monies. The email is literally a “smoking gun,” one that indicates that the Auditor-Controller had been intentionally commingling the Proposition 172 sales tax monies in the General Fund and then allocating those funds equally to all county offices – not just the mandated public safety offices -- in order, in the words of the former Auditor-Controller, to “spread the pain” being experienced by the non-public safety departments due to the declining economy and, in turn, declining revenues. (See Exhibit D attached hereto.) The words written by the former Auditor-Controller in this email are contrary to the spirit and black letter law of the proposition, yet the current Auditor-Controller has yet to expressly repudiate this practice and make amends by providing annual audits.

Grand Jury Recommendations (Rx):

R1. The CEO and the Auditor-Controller adopt a method of budgeting Proposition 172 funds to County government public safety in a manner that is transparent to the public and to affected agencies, and employ this method for FY2016-2017 and subsequent budget cycles. (F1-F3)

District Attorney's Response:

The District Attorney agrees with this finding of the Grand Jury.

As just one example of another county's sales and use tax transparency, Santa Barbara County's Auditor-Controller, a man who is also a certified public accountant, publishes an annual report that accounts for prior fiscal year sales and use taxes received and disbursed by Santa Barbara County, an annual report that also includes "County & City Public Safety – Prop 172" monies. (See Attachment E attached hereto.) If such a report is possible in Santa Barbara County, it would seem it should also be possible in Mendocino County.

R2. The new budgeting method clearly demonstrates the full distribution of Proposition 172 funds to County public safety agencies. (F1-F3)

District Attorney's Response:

The District Attorney agrees with this finding of the Grand Jury. There also needs to be, however, a recommendation that an audit be performed that "clearly demonstrates the full distribution of Proposition 172 funds to County public safety agencies" from the year of first receipt to the present, and then moving forward.

R3. The Auditor-Controller resume performing the MOE calculation annually and report on its completion to the Board of Supervisors annually as well. (F4)

District Attorney's Response:

The District Attorney agrees with this finding of the Grand Jury.

More recently, the District Attorney has made inquiry as to the identity of the employee or official inside or outside of the Auditor-Controller's Office who did any previous and current MOE calculations. There appears to be discrepancies in how the MOE have or are being calculated. While the current Auditor-Controller denies personal involvement in these calculations, he has not been forthcoming as to who previously did the calculations and who is doing them now so questions may be posed to that person.

It is not clear, however, whether the Grand Jury determined whether the Auditor-Controller has been aware of the state-wide guidelines developed as a roadmap for local officials to understand and calculate the annual maintenance of effort mandates of Assembly Bill 2788.

There are indeed written guidelines available for helping auditors understand how to calculate and report on the Proposition 172 maintenance of effort mandates each year. The guidelines, as revised in 1997, were developed with input from the Office of Willie L. Brown, Jr., then Speaker of the Assembly, the California State Association of Counties, the League of California Cities, the California Department of Finance, and by a subcommittee of the County Accounting Standards and Procedures Committee which is chaired by the State Controller's Office. In turn, the MOE guidelines were reviewed and approved by the County Accounting Standards and Procedures Committee. The purpose of these written guidelines was to provide guidance relative to AB 2788.

During the 1994 Legislative Session, AB 2788 was enacted. It required then -- and still requires now -- that a "Maintenance of Effort" threshold be met in order to utilize Proposition 172 Funds (Public Safety Sales Tax). Due to a perception in law enforcement and legislative communities at that time that these public safety funds were supplanting local revenues that would have otherwise accrued to the public safety functions, AB 2788 was passed. It requires a minimum commitment of local resources to be allocated to public safety services. The bill establishes the 1992-1993 approved budget as the base year, with a number of exclusions. To receive full allocation of Proposition 172 revenues, the minimum funding level for public safety functions in the 1994-1995 and subsequent years must equal the 1992-1993 base year as adjusted by annual increases in the Proposition 172 sales tax allocated to the entity. In no event is an entity's minimum funding level of public safety activities allowed to fall below the 1992-1993 base year.

Put another way, the Mendocino County Auditor-Controller should be required by the Board of Supervisors to publicly report as soon as possible what the 1992-1993 base year allocation was for each Mendocino County public safety entity; then, for each following year, report what the amount of Proposition 172 sales tax received was, including what the percentage increase of that funding was from the prior year; and then report for each following year the Proposition 172 funding received by each public safety entity as adjusted by the required and cumulative percentage increases. It is emphasized herein that the Proposition 172 sales tax monies were not intended to help local Boards of Supervisors save money for spending on needs away from public safety entities. The Proposition 172 sales tax monies were intended to supplement (meaning to help by increasing) what Mendocino County must already spend to adequately fund its public safety entities and functions.

Attached to this response as another example is a large packet of materials that the Los Angeles County Auditor-Controller distributes annually to their county-wide public safety entities to ensure that the mandated MOE is being met by those public safety entities receiving Proposition 172 monies. What all of us in Mendocino County, and specifically the Office of Auditor-Controller, should be concerned about is that AB 2788 provides for sanctions that may result in the loss of public safety sales tax funding to the extent that the maintenance of effort has not been maintained. (See Exhibit F attached hereto.)

Has the MOE been properly maintained? We still don't know. It is not unreasonable for the Board of Supervisors to direct the Auditor-Controller to immediately produce a comprehensive and understandable audit that can be independently verified and validated (IV&V) so that each of us can put long-term lingering doubts about Mendocino County's Proposition 172 compliance behind us.

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District Attorney's Response
Proposition 172 Funds: A Need For Transparency
April 4, 2016

Finally, no one is asking the Auditor-Controller to reinvent the wheel; rather, just follow the law, the calculation formulas, and account for the monies received and disbursed like the vast majority of other counties have been doing for over twenty years.

C. David Eyster

C. David Eyster
Mendocino County District Attorney

CDE:nc

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Attachment A

THOMAS D. ALLMAN

Sheriff-Coroner



DAVID EYSTER

District Attorney



County of Mendocino

April 7, 2011

Meredith Ford
County of Mendocino
Auditor-Controller
Ukiah, California 95482

Dear Meredith,

Pursuant to Proposition 172, Article VIII, Section 35, of the California Constitution established a one-half cent Public Safety Sales Tax, commencing in 1994. In so doing, the Constitution states that *"The protection of the public safety is the first responsibility of local government and local officials have an obligation to give priority to the provision of adequate public safety services."*

As you know, the sales taxes collected under Proposition 172 provide our County with over \$5 million in annual revenue. While many counties provide those taxes directly to each qualified department as a revenue line item, our County does not. Instead, the taxes are recorded as non-departmental revenue to the General Fund, and the County is supposed to make annual "maintenance of effort" calculations to demonstrate that the tax is being used for its intended purpose.

In light of the foregoing, we request an accounting of the Public Safety Sales Tax Revenue for the current and most recent fiscal years, and a copy of the required maintenance of effort calculations. Your assistance is greatly appreciated.

Sincerely,

Tom Allman, Sheriff-Coroner

David Eyster, District Attorney

Attachment B

RECEIVED

APR 19 2011

MEMORANDUM


MENDOCINO COUNTY
DISTRICT ATTORNEY

COUNTY OF MENDOCINO

AUDITOR-CONTROLLER

DATE: April 18, 2011

TO: David Eyster, Mendocino County District Attorney
Tom Allman, Mendocino County Sheriff-Coroner

FROM: Lloyd Weer
Assistant Auditor-Controller 

SUBJECT: Proposition 172 funding

The purpose of this memorandum is to respond to your letter inquiry dated April 7, 2011 regarding the accounting of the Public Safety Sales Tax Revenue in Mendocino County.

Attached you will find Mendocino County's Public Safety Augmentation ½ Cent Sales Tax Apportionment for the current and most recent fiscal years. As you can see the revenues have been decreasing since 2007/08 and are currently totaling \$5,449,961 for 2009/10.

Meredith is out of the office for an extended period. However, I have been able to review her files and do some limited research on this subject. It appears the last time we were asked to calculate the annual maintenance of effort was in 2003/04. At that time the County was \$10,615,674 above the required maintenance of effort.

\$24,514,056 2003/04 County's Base Appropriations for Public Safety Departments
\$13,898,382 2003/04 Calculated Base for Prop 172 PSAF Allocation
\$10,615,674 Amount in excess of Maintenance of Effort Requirement for 2003/04

The Calculated Base for Prop 172 PSAF allocation can be increased each year by the amount of increase in the Public Safety Sales Tax. Unfortunately, as stated above these revenues have been decreasing in recent years. Conversely, the County's Appropriations for Public Safety Departments has grown over this same period (to a high of some 30 million in 08/09) and only started decreasing during the last couple years.

It appears to me that the County would still be well over the required maintenance of effort if I were to perform the calculations using the 7 years of data since 2003/04. Given the situation here in the Auditor's Office (Meredith being gone) I need some additional time to catch up on. Meredith may already have these calculations somewhere in her office.

Public Safety Augmentation 1/2 Cent Sales Tax

Apportionment:

2010-11 Receipts

Period Covered	Date	Co Gen Amount	TR No./REC	Cities Amount
8/16-9/15/10	9/28/10	419,033.06	56002	7,195.16
9/16-10/15/10	10/28/10	413,246.49	57116	7,098.80
10/16-11/15/10	11/24/10	497,240.46	58508	8,538.02
11/16-12/15/10	12/28/10	407,373.47	59928	6,994.95
12/16-1/15/11	1/28/11	365,985.15	61269	6,284.29
1/16-2/15/11	2/28/11	602,166.38	62435	10,339.72
2/16-3/15/11	3/28/11	529,915.65	63760	9,099.11
3/16-4/15/11				
4/16-5/15/11				
5/16-6/15/11				
6/16-7/15/11				
7/16-8/15/11				
		<u>3,234,960.66</u>		<u>55,550.05</u>

2009-10 Receipts

Period Covered	Date	Co Gen Amount	TR No./REC	Cities Amount
8/16-9/15/09	9/28/09	408,505.62	40451	7,014.38
9/16-10/15/09	10/28/09	404,739.42	41740	6,949.72
10/16-11/15/09	11/30/09	467,028.26	43230	8,019.28
11/16-12/15/09	12/28/09	394,034.08	44794	6,765.90
12/16-1/15/10	1/27/10	474,639.75	45927	8,149.98
1/16-2/15/10	2/26/10	579,619.42	47436	9,952.57
2/16-3/15/10	3/29/10	444,270.09	48574	7,628.49
3/16-4/15/10	4/28/10	373,036.40	49876	6,405.36
4/16-5/15/10	5/27/10	523,275.63	51172	8,985.09
5/16-6/15/10	06/28/10	419,919.21	52498	7,210.38
6/16-7/15/10	7/28/10	531,902.31	53546	9,133.22
7/16-8/15/10	08/27/10	428,990.52	54872	7,366.14
		<u>5,449,960.71</u>		<u>93,580.51</u>

2008-09 Receipts

Period Covered	Date	Co Gen Amount	TR No./REC	Cities Amount
8/16-9/15/08	9/26/08	480,737.13	22336	8,254.67
9/16-10/15/08	10/27/08	465,790.43	23778	7,998.02
10/16-11/15/08	11/26/08	552,528.87	25654	9,487.40
11/16-12/15/08	12/29/08	495,609.26	27215	8,510.03
12/16-1/15/09	1/28/09	406,796.51	28951	6,985.04
1/16-2/15/09	2/27/09	585,317.30	30392	10,050.40
2/16-3/15/09	3/30/09	398,924.29	31796	6,849.87
3/16-4/15/09	4/28/09	350,105.01	33232	6,011.61
4/16-5/15/09	5/28/09	503,070.63	34714	8,638.15
5/16-6/15/09	6/29/09	386,169.99	36116	6,630.87
6/16-7/15/09	7/28/09	489,075.32	37547	8,397.84
7/16-8/15/09	8/27/09	397,644.05	39052	6,827.90
		<u>5,511,768.79</u>		<u>94,641.80</u>

2007-08 Receipts

Period Covered	Date	Co Gen Amount	TR No./REC	Cities Amount
8/16-9/15/07	9/27/07	481,289.43	4388	8,264.15
9/16-10/15/07	10/26/07	491,214.26	5840	8,434.57
10/16-11/15/07	11/27/07	569,621.70	7470	9,780.90
11/16-12/15/07	12/27/07	476,113.28	9362	8,175.28
12/16/06-1/15/07	1/28/08	484,815.00	10707	8,324.69
1/16-2/15/08	2/27/08	666,247.92	12071	11,440.05
2/16-3/15/08	3/27/08	426,385.60	13729	7,321.41
3/16-4/15/08	4/25/08	426,186.89	15202	7,318.00
4/16-5/15/08	5/27/08	581,543.45	16594	9,985.61
5/16-6/15/08	6/27/08	472,210.55	18111	8,108.26
6/16-7/15/08	7/25/08	581,448.42	19366	9,983.97
7/16-8/15/08	8/27/08	494,979.53	21052	8,499.23
		<u>6,152,056.03</u>		<u>105,636.12</u>

Attachment C

THOMAS D. ALLMAN
Sheriff-Coroner



C. DAVID EYSTER
District Attorney



County of Mendocino

May 26, 2011

Lloyd Weer
Assistant Auditor-Controller
County of Mendocino
501 Low Gap Road
Ukiah, California 95482

Dear Lloyd,

We are in receipt of your memo dated April 18, 2011, wherein you replied to us regarding the accounting of funds from the Public Safety Sales Tax Revenue (Proposition 172) in Mendocino County.

At that time you informed us that Auditor-Controller Meredith Ford is out of the office for an extended period of time, and you were only able to provide limited preliminary information. You also stated you needed additional time to further research the details

To reiterate, Proposition 172, Article VIII, Section 35, of the California Constitution established a one-half cent Public Safety Sales Tax, commencing in 1994. In so doing, the Constitution states that "*The protection of the public safety is the first responsibility of local government and local officials have an obligation to give priority to the provision of adequate public safety services.*"

At your request, we have shown patience, but considering the most recent actions of the Board of Supervisors, it is important that this information be available to both of us as soon as possible. We cordially request you meet with us at 9:00 a.m. on June 8, 2011, at 589A Low Gap Road, Ukiah with the accounting information that was previously requested. If this date or time does not work for you, please suggest a different date or time.

Please call either of our offices to arrange for a meeting.

Sincerely,

Tom Allman, Sheriff-Coroner

C. David Eyster, District Attorney

TDA CDE/ee

589A Low Gap Road
Ukiah, California 95482-3734

707-463-4411
Fax 707-468-3404

Attachment D

Kathryn Cavness - Re: Fwd: Budget Cuts Have District Attorneys On Edge

From: Meredith Ford
To: Meredith Lintott
Date: 5/26/2009 9:49 AM
Subject: Re: Fwd: Budget Cuts Have District Attorneys On Edge
CC: Elizabeth Norman; Kathryn Cavness

Our Public Safety Sales Tax (Prop 172) funds go into BU 1000 (Non-departmental revenue), along with all other discretionary revenues not allocable to one specific department. They aren't spread to the public safety departments, but what this does is spread the pain to all net county cost consuming departments equally.
~Meredith I

>>> Meredith Lintott 5/21/2009 10:47 AM >>>
Dear Meredith I,

Are we in the same boat as the DAs in the article?

Thank you,
Meredith II

Attachment E



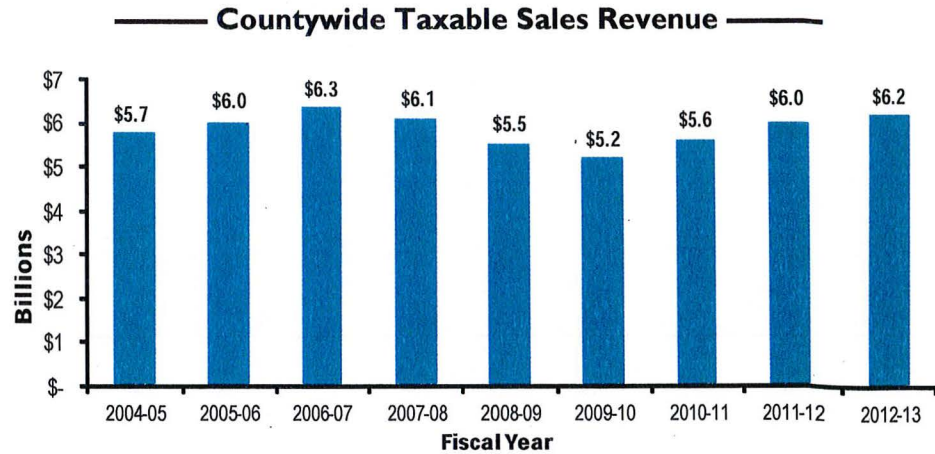
SALES & USE TAX HIGHLIGHTS

COUNTY OF SANTA BARBARA, FISCAL YEAR ENDED JUNE 30, 2013

February 24, 2014

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For the fiscal year (FY) ended June 30, 2013, there were approximately \$6.2 billion in taxable sales within the County of Santa Barbara that generated \$497.8 million of sales tax revenue for State and local governments. **Countywide taxable sales increased 3.4% compared to the prior fiscal year amount of \$6 billion.**

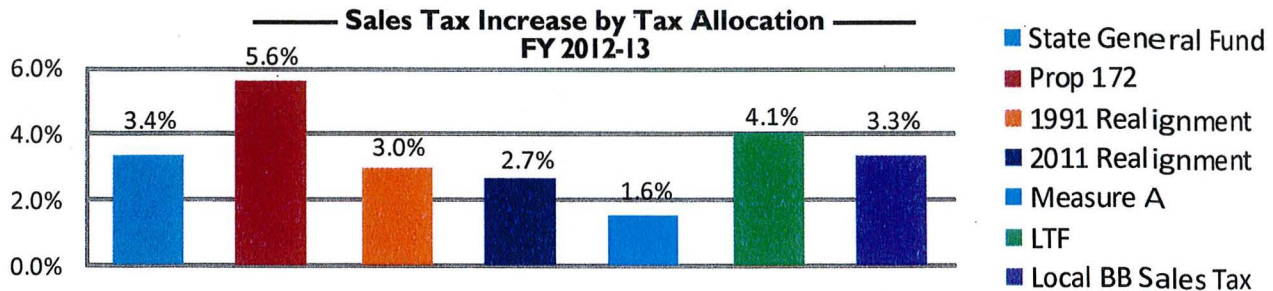
The components of the sales tax rate have changed in the last few years. In 2011, 1.0625% of the sales tax rate was allocated to the Local Revenue Fund 2011 (also known as 2011 Realignment). As of January 1st 2013, the sales tax rate increased one quarter of one percent (0.25%) to allocate revenue to a new Education Protection Account. As a result of these changes, the State General Fund is now allocated 3.9375% of the tax rate.

The following chart illustrates sales tax revenue generated in FY 2012-13 (\$ in millions):

Sales & Use Tax	Rate (%)	State	County	Cities & Other Entities	Total
State of California - General Fund	3.9375	\$ 244.0	\$ -	\$ -	\$ 244.0
State of California - Economic Recovery Fund: "Triple Flip"	0.25	15.5	-	-	15.5
Education Protection Account	0.25	15.5	-	-	15.5
County & City Public Safety - Prop 172	0.50	-	31.1	0.8	31.9
County Health & Welfare - 1991 Realignment	0.50	-	26.7	4.2	30.9
County Local Revenue Fund - 2011 Realignment	1.0625	-	59.7	6.0	65.7
County & City Road - Measure A	0.50	-	6.0	26.6	32.6
Countywide Transportation - LTF	0.25	-	0.5	14.8	15.3
County & City General Operations - Local Bradley Burns Sales Tax	0.75	-	6.9	39.5	46.4
Total Tax Revenue	8.00%	\$ 275.0	\$ 130.9	\$ 91.9	\$ 497.8

Sales Tax Highlights

Local sales tax revenue allocations grew moderately in FY 2012-13. Sales tax revenue allocated to Prop 172 had a 5.6% increase, followed by LTF with a 4.1% increase in revenue. The Local Bradley Burns (BB) Sales Tax had an increase of 3.3% which was about the same as the 3.4% increase in revenue allocated to State General Fund.



County Generated Revenues

Taxes generated from retail sales represent the second largest general revenue source for the County, the largest being property tax revenues. During FY 2012-13, property taxes generated \$224.2 million in revenue, while sales taxes generated \$130.9 million.

County Sales Tax Revenues
(Millions)

	FY 2011-12	FY 2012-13
2011 Realignment	\$ 46.0	\$ 59.7
Public Safety - Prop 172	29.4	31.1
1991 Realignment	25.4	26.7
General Operations	7.9	6.9
County Roads - Measure A	6.2	6.0
Transportation - LTF	0.7	0.5
Total	\$ 115.6	\$ 130.9

County Property Tax Revenue
(Millions)

	FY 2011-12	FY 2012-13
General Fund	\$ 171.7	\$ 174.6
Special Revenue Funds	41.6	49.6
Total	\$ 213.3	\$ 224.2

State 3.94%: California General Fund

For FY 2012-13, Santa Barbara County generated an estimated \$244 million for the State's General Fund.

Revenues		Expenditures		
Personal Income Tax	62.9%	Education K - 12	41.4%	<ul style="list-style-type: none"> K-12 Education continues to be the State's top funding priority: 41 cents of every State General Fund dollar is spent on K-12 education. Combined with higher education funding, the State spends almost 52 cents of every State General Fund dollar on education. Education, health & human services, and state corrections expenditures constitute 90.7% of all State General Fund expenditures.
Sales & Use Tax	21.5%	Health & Human Services	29.2%	
Corporation Tax	8.9%	Higher Education	10.3%	
Other	4.0%	Corrections & Rehabilitation	9.7%	
Insurance Tax	2.2%	General Government	3.3%	
Liquor Tax	0.4%	Legislative, Judicial, Executive	2.3%	
Tobacco Tax	0.1%	Natural Resources	2.1%	
Total	100.0%	Other	1.7%	
		Total	100%	

State 0.25%: Economic Recovery Fund

The State balanced its FY 2003-04 budget by acquiring voter approval to receive up to \$15 billion through the sale of "Economic Recovery" bonds. The State issued \$14.1 billion in bonds, and received \$924 million in bond premiums, resulting in \$15 billion in cash receipts. The bonds require a dedicated State revenue source to guarantee bond repayment; in order to have an identifiable dedicated revenue source, the State developed and initiated the revenue "swapping" procedure that is referred to as the "Triple Flip."

Economic Recovery Bonds (Billions)

Fiscal Year	Issued	Principal Payment	Balance
2003-2008	\$ 14.1	\$ 4.1	\$ 10.0
2008-2013	-	4.8	5.2
Total	\$ 14.1	\$ 8.9	

The "Triple Flip" Facts

- Reduced the Local BB Sales and Use Tax rate from 1% to 0.75% (effective on and after July 1, 2004).
- Replaced local sales tax revenues on a dollar-for-dollar basis with local property tax revenues from the County Educational Revenue Augmentation Fund, frequently referred to as "ERAF."
- The estimated debt bonds repayment date is on or before June 30, 2024.

Education 0.25%: Education Protection Account

In 2012, California voters approved to increase the sales tax rate one quarter of one percent (0.25%) for four years from January 1, 2013 through December 31, 2016. The new tax revenue is guaranteed in the California Constitution to go directly to an Education Protection Account. All moneys in the Education Protection Account are appropriated for the support of school districts, county offices of education, charter schools, and community college districts. Santa Barbara County generated an estimated \$15.5 million for the Education Protection Account in FY 2012-13.

Proposition 172: 0.5% for Public Safety

During the FY 1993-94 State budget process, the State Legislature and the Governor found it necessary to shift local property tax revenues from local agencies to K-12 schools and community colleges in order to balance the State Budget. The voters partially offset these losses by approving Proposition 172, a 0.5% sales tax to fund local public safety services.

State Allocation Method:

Proposition 172 revenues are allocated to county governments throughout the State, based on a taxable sales factor. The factor is based upon the actual sales in the county (cities plus unincorporated areas) divided by the total State sales from the prior year. Each year, the State releases the updated allocation factor for each county and it performs a retroactive adjustment for all county allocations/payments made in September through December of the current FY.

In FY 2012-13, Prop 172 revenue increased 6% and generated \$31.95 million countywide. Prop 172 revenue is estimated to increase 5% in FY 2013-14.

In FY 2012-13, Prop. 172 revenues were allocated as follows:

- \$31.13 million to the County public safety departments.
- \$0.82 million to the city public safety agencies.

Public Safety Revenue Estimate & Ten Year Trend				
Fiscal Year	Revenue Factor	(millions)	Growth	
2013-14 Est.	1.1172%	\$32.55	5.0%	
2012-13	1.1158%	31.95	6.0%	
2011-12	1.1129%	30.24	9.5%	
2010-11	1.1191%	27.63	5.9%	
2009-10	1.1074%	26.08	-1.4%	
2008-09	1.0825%	26.44	-14.1%	
2007-08	1.0974%	30.77	-0.4%	
2006-07	1.0830%	30.88	-1.9%	
2005-06	1.1097%	31.48	5.2%	
2004-05	1.1419%	29.93	6.7%	
2003-04	1.1527%	28.05	8.5%	
Total		\$326.00		

1991 Realignment: 0.5% for Health & Welfare Programs

To decrease the FY 1991-92 State budget deficit, the legislature made a number of structural changes. Among the most significant was the shift of responsibility from the State to the counties for health, mental health and various social services programs, accompanied by a dedicated revenue stream to pay for the funding changes; this shift is known as "Realignment-1991." The State increased the sales tax and vehicle license fee (VLF) and devoted these revenues to fund the increased financial obligations to the counties.

State Allocation Method:

The allocation mechanism is complex and formula driven. The following is an overly simplified explanation of the allocation: Realignment formulas are designed to at least maintain the funding levels from FY 1991-92; funding levels are then adjusted annually, and the funding is distributed proportionately based on the population and poverty calculations performed by the State Department of Finance. In addition, the revenues received in one year (plus any growth in revenues for that FY) become the base level of funding for the following FY.

In FY 2012-13, while a 0.5% sales tax in Santa Barbara County generated \$31.0 million in taxes for the State pool, the County received \$26.7 million under the allocation formulas.

	2010-2011		2011-2012		2012-2013	
1991 Realignment Programs	Amount	% Change from PY	Amount	% Change from PY	Amount	% Change from PY
Mental Health/CalWORKs	\$ 6,866,201	0.0%	\$ 9,562,468	39.3%	\$ 9,911,778	3.7%
Social Services	9,576,327	18.1%	13,135,429	37.2%	13,797,092	5.0%
Health Services	2,695,565	0.0%	2,695,565	0.0%	3,000,583	11.3%
Total	\$ 19,138,093	8.3%	\$ 25,393,462	32.7%	\$ 26,709,453	5.2%

The funding for the Mental Health program ended in FY 2010-11. Beginning in FY 2011-12 the Sales Tax and VLF allocated to the 1991 Realignment Mental Health program were reallocated to fund the California Work Opportunity and Responsibility to Kids (CalWORKs) as part of the Realignment-2011.

2011 Realignment: 1.0625% Local Revenue Fund 2011

As part of the 2011-12 budget plan, the Legislature enacted another realignment of State program responsibilities and revenues to local governments. The realignment plan provides local governments funding for various criminal justice, mental health, and social services programs beginning in FY 2011-12, and ongoing funding for these programs annually thereafter. The Legislature approved the diversion of 1.0625 cents of the State's sales tax rate to counties.

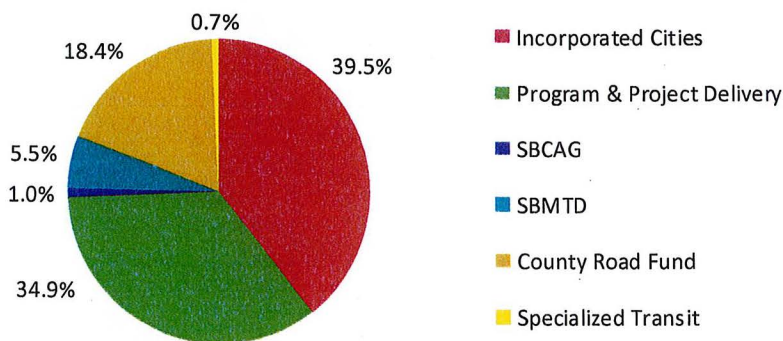
The 2011 Realignment revenue provides funding for three major programs. Support Services provides funding for protective services for the child welfare system, seniors and dependent adults, as well as behavioral health to fund alcohol and drug programs. The Mental Health program provides replacement funding for the 1991 Realignment mental health programs. Law Enforcement Services provides funding for trial court security, community corrections, juvenile justice, district attorney and public defender, as well as funding for enhancing law enforcement activities.

	2011-2012	2012-2013	% Change from PY
2011 Realignment Programs	Amount	Amount	
Support Services	\$ 15,617,267	\$ 24,809,182	58.9%
Mental Health	10,128,720	10,474,112	3.4%
Law Enforcement Services – County	19,607,470	23,817,774	21.5%
Law Enforcement Services – Cities	607,813	642,548	5.7%
Total	\$ 45,961,270	\$ 59,743,616	30.0%

Measure A: 0.5% for County Roads

On November 7, 1989, the voters of the County of Santa Barbara approved Measure D, the Santa Barbara Roads Improvement Program. As a result of the passage of Measure D, effective April 1, 1990, the local sales tax rate was increased 0.5% countywide. Measure D generated \$459 million for local and regional transportation projects during the twenty years it was in effect. The transportation sales tax was set to expire in March 2010. In 2008, the voters of the County of Santa Barbara passed Measure A, which extended the Santa Barbara Roads Improvement Program for an additional 30 years. Measure A sales tax revenue increased 3.9% in FY 2012-13 to \$32.69 million.

Measure A Sales Tax Revenue By Entity



"Measure D generated \$459 million for local and regional transportation projects during the 20 years it was in effect."

Measure A Revenue Trend

Fiscal Year	Revenue (in millions)	Growth
2013-14 Est.	\$ 34.00	4.0%
2012-13	32.69	3.9%
2011-12	31.77	10.1%
2010-11	28.85	6.7%
Total	\$ 127.31	

Measure D Revenue Trend

2009-10	\$ 27.05	-9.2%
2008-09	29.78	-8.7%
2007-08	32.63	-0.4%
2006-07	32.77	5.6%
2005-06	31.01	5.2%
2005-10	<u>\$ 153.24</u>	
2000-05	136.20	4.5%
1995-00	103.77	7.3%
1990-95	66.17	3.6%
Total	\$ 459.38	

LTF: 0.25% for County Transportation

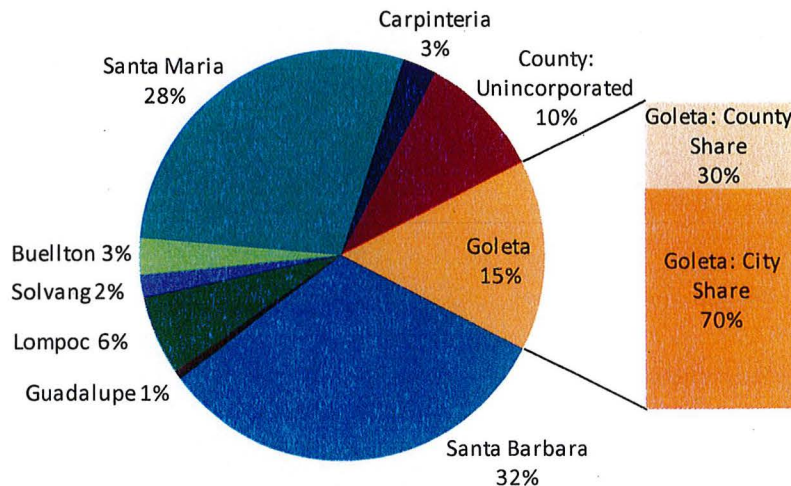
The Transportation Development Act (TDA) went into effect in 1972, and provided for two major sources of funding for local transportation providers. One of those revenue sources became the 0.25% statewide sales tax for the Local Transportation Fund (LTF). This tax made funding available to transportation providers such as cities, counties, and other entities that provide transit services for a community. Within Santa Barbara County, Santa Barbara County Association of Governments (SBCAG) allocates the LTF funds towards transit, transportation planning, pedestrian & bicycle families, and for street & roads purposes. LTF sales tax revenue increased by 4.2% in FY 2012-13.

Entities	2010-2011		2011-2012		2012-2013	
	Amount	% Change from PY	Amount	% Change from PY	Amount	% Change from PY
County	\$495,007	-7.0%	\$673,685	36.1%	\$479,001	-28.9%
Cities	6,428,369	11.8%	6,622,866	3.0%	7,221,723	9.0%
SBCAG	254,185	-25.1%	287,957	13.3%	299,843	4.1%
Easy Lift	302,624	2.5%	343,158	13.4%	352,117	2.6%
SBMTD	5,749,853	2.5%	6,520,017	13.4%	6,690,231	2.6%
SMOOTH	194,368	3.4%	220,190	13.3%	241,108	9.5%
Total	\$13,424,406	5.6%	\$14,667,873	9.3%	\$15,284,023	4.2%

Local 0.75% Tax to Support General Operations

In order to support the general operations of the local government (cities and counties), the Local 0.75% Sales Tax (frequently referred to as the "Bradley-Burns Tax") was enacted to return a percentage of each taxable sale to the jurisdiction in which the sale took place. FY 2012-13 countywide taxable sales generated \$46.5 million of Local 0.75% Sales Tax revenue for local jurisdictions; this represents an increase of 3.4% from the prior year.

Local 0.75% Sales Tax Revenue By Location



Countywide retail sales tax increased 3.4% over the prior year. The increase is primarily due to increases in sales tax from the following categories: General Consumer Goods, Restaurant & Hotels, and Autos & Transportation.

The County receives sales tax revenue from the City of Goleta (City). The sales tax revenue generated in the City was split 50/50 between the City and County for the last 10 years under a revenue neutrality agreement required by the city incorporation provisions that ended June 30, 2012. Beginning in FY 2012-13 the revenue split is 70/30, with 70% allocated to the City and the remaining 30% allocated to the County in perpetuity.

Local 0.75% Sales Tax Revenue by Jurisdiction Three -Year Trend

Jurisdiction	2010-2011		2011-2012		2012-2013	
	Amount	% Change from PY	Amount	% Change from PY	Amount	% Change from PY
City of Santa Barbara	\$13,386,565	5.8%	\$14,519,017	8.5%	\$15,008,939	3.4%
City of Santa Maria	11,840,218	7.8%	12,963,245	9.5%	\$13,323,484	2.8%
Goleta: City Share	2,944,459	12.7%	3,148,237	6.9%	\$4,589,904	45.8%
Goleta: County Share	2,944,459	12.7%	3,148,237	6.9%	\$1,967,102	-37.5%
County: Unincorporated	4,902,132	14.5%	4,772,822	-2.6%	\$4,965,908	4.0%
City of Lompoc	2,566,583	7.7%	2,841,923	10.7%	\$2,888,351	1.6%
City of Buellton	1,163,408	5.9%	1,263,181	8.6%	\$1,324,136	4.8%
City of Carpinteria	1,176,067	-10.4%	1,285,155	9.3%	\$1,242,218	-3.3%
City of Solvang	751,460	10.2%	820,256	9.2%	\$844,374	2.9%
City of Guadalupe	173,492	-5.0%	201,751	16.3%	\$320,681	58.9%
Countywide Total	\$41,848,843	7.9%	\$44,963,824	7.4%	\$46,475,097	3.4%

Business Groups

Retail activity can also be summarized by business groups. Each sales tax generating entity is categorized by the State Board of Equalization. Each category is then placed in one of the following eight groups. The following table represents the Local 0.75% Sales Tax allocations of all the businesses operating and their growth in each group from FY 2011-12 to FY 2012-13.

Countywide Business Groups Comparison

Business Group	2011-12	2012-13	Growth
General Consumer Goods	\$10,577,516	\$11,324,774	7.1%
Business and Industry	9,036,993	8,823,212	-2.4%
Restaurants and Hotels	5,910,847	6,358,041	7.6%
Autos and Transportation	5,787,831	6,305,631	8.9%
Fuel and Service Stations	5,511,070	5,448,101	-1.1%
Food and Drugs	3,582,050	3,767,680	5.2%
Building and Construction	3,718,300	3,671,946	-1.2%
Other Allocations	808,214	757,688	-6.3%
TOTALS	\$44,932,821	\$46,457,073	3.4%

Business Groups Highlights

General Consumer Goods

- Sales tax revenue generated from General Consumer Goods increased 7.1% to \$11.3 million during FY 2012-13.

Restaurants and Hotels

- Restaurants and Hotels generated \$6.4 million in sales tax revenue which was an increase of 7.6% from the prior year.

Autos and Transportation

- Car dealerships continue to grow at 8.9% during FY 2012-13 and generated \$6.3 million.

Building and Construction

- Building and Construction sales tax revenues decreased slightly by 1.2% in FY 2012-13.

Food and Drugs

- As would be expected for these types of consumer staples, the Food and Drug category had a 5.2% growth from the prior year.

Top Retailers Countywide

In FY 2012-13 the top 25 retailers generated \$9.2 million in Local 0.75% Sales Tax revenues, which represents 20% of the countywide total.

Since taxpayer sales information is confidential, we can only disclose business activity in ways that do not reveal the actual sales results of the taxpayer. The following list identifies the top twenty-five taxable sale businesses within the county for the FY ended June 30, 2013.

Top 25 Sales Tax Producers Countywide

Businesses (Alphabetical Order)	Locations
AUDI, BMW, PORSCHE, SB AUTO GROUP	3
BEST BUY STORE LP	2
CHANNEL AUTO SERVICES L.P.	6
CHEVRON STATION #1407	6
CONSOLIDATED ELECTRICAL DSTR INC.	5
COSTCO WHOLESALE CORPORATION	2
CVS/PHARMACY	12
FTD.COM INC	1
HOME MOTORS	1
HOMER T. HAYWARD LUMBER CO.	4
J.B. DEWAR, INC.	3
MACY'S WEST STORES, INC.	3
MOLLER INVESTMENT GROUP INC	3
NORDSTROM INC.	1
PORTER & HOWARD INC.	1
RALPHS GROCERY COMPANY	5
ROSS DRESS FOR LESS	4
SEARS-ROEBUCK AND CO.	5
TARGET STORES	1
TESORO WEST COAST COMPANY LLC	5
THE HOME DEPOT	3
THE VONS COMPANIES, INC.	11
TOYOTA OF SANTA BARBARA	1
WAL-MART STORES	3
WORLD OIL MARKETING COMPANY	4

Local Sales Tax: County Audit Results

Misallocation of the Local Sales Tax Revenue

The State Board of Equalization (BOE) allocates the Local 0.75% Sales Tax to jurisdictions (cities and counties) in which the sales took place to support the general operations of the local governments. The BOE requires that each retailer collecting sales tax register with the BOE and identify the jurisdiction in which the retailer is located. Retailers often register using an incorrect jurisdiction which results in misallocated revenue. The Auditor Controller's Office (Auditor) receives and reviews BOE data to perform its own audits. The Auditor uses a system developed in-house, the Sales Tax Claims and Reporting System, to identify misallocated revenue that is generated from businesses located in the County unincorporated area that are incorrectly reporting their sales tax as being generated in a city. When misallocated revenue is identified, the Auditor submits a claim to the BOE and requests that the appropriate corrections be made to transfer the misallocated revenue to the County, as permitted under statute.

Revenue Shifted to Date

The table below illustrates the number of claims submitted and approved by the BOE over the past fourteen years. Included in the table is also the claim estimate (misallocated revenue) and the revenue reallocated to the County (actual transfers) based on the approved claims. The table also includes an estimate of the total revenue reallocated to date.

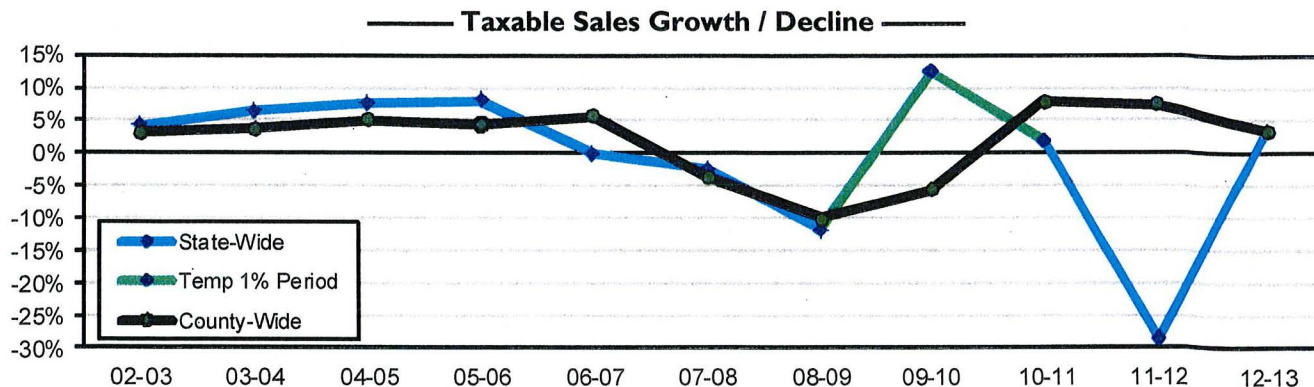
Fiscal Year(s)	Claims Submitted	Claims Approved	Claim Estimate	Revenue Reallocated	Estimated Revenue to Date ¹
1998 – 2008	728	681	\$ 1,253,248	\$ 926,638	\$6,068,800
2009-10	50	44	91,814	47,438	321,680
2010-11	58	56	41,952	26,097	174,920
2011-12	168	149	101,114	94,288	258,000
2012-13	62	37 ²	57,785	61,800	126,400
Totals	1,066	967	\$1,545,913	\$1,156,261	\$6,949,800

¹ This amount reflects the estimated revenue to date based on the retailers included in the claim. The estimated revenue to date for each retailer is based on the number of business locations within the same jurisdiction.

² The BOE continues to review the claims submitted in FY 12-13, this amount reflects the claims approved to date.

Taxable Sales Growth / Decline Trend and Forecast

The County taxable sales growth generally mirrors statewide taxable sales growth. However, the County taxable sales growth is less volatile and generally lags statewide changes. In FY 2012-13, the County taxable sales grew 3.4% which was about the same as the Statewide growth of 3.3%. The large State increase and subsequent large decrease, seen in FY 2009-10 and FY 2011-12 respectively, were the result of a temporary 1% sales tax rate increase and expiration. Based on current data, **we expect taxable sales to continue to grow moderately at 4% for FY 2013-14.**



Attachment F



JOHN NAIMO
AUDITOR-CONTROLLER

COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8533 FAX: (213) 229-0688

ADDRESS ALL CORRESPONDENCE TO:
PROPERTY TAX
APPORTIONMENT DIVISION
500 W. TEMPLE ST., ROOM 484
LOS ANGELES, CA 90012-3554

September 24, 2015

CITIES WITHIN COUNTY OF LOS ANGELES
ALLOCATED PROPOSITION 172 REVENUE

Attention: Finance Director/Treasurer

PUBLIC SAFETY AUGMENTATION FUND (PSAF) 2015-2016 MAINTENANCE OF EFFORT (MOE) CERTIFICATION

Attached is the PSaf 2015-2016 MOE Certification Form ([click here](#)), calculation Form A ([click here](#)) and Form B ([click here](#)) and Guidelines ([click here](#)).

Also attached is the PSaf MOE Base Amount for Fiscal Year 2015-2016 report (attachment B) ([click here](#)) identifying your city's 2015-2016 base amount. Please enter your city's base amount on line 2.1 on Form A. We computed the 2015-2016 base amount in accordance with the legislative provisions and guidelines which require adjusting your 2014-2015 certification amount by the difference between the 2013-2014 and 2014-2015 amounts received.

Please complete your city's PSaf 2015-2016 MOE Certification Form and return to our office **no later than Friday, October 30, 2015** to:

County of Los Angeles, Auditor-Controller
Property Tax Apportionment Division
Attention: Henry Xing
500 West Temple Street, Room 484
Los Angeles, CA 90012-3554

Cities Within County of Los Angeles
September 24, 2015
Page 2

Should you have any questions regarding the PSAF 2015-2016 MOE Certification, please contact Henry Xing at (213) 974-2710 or email at hxing@auditor.lacounty.gov.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'YK', is positioned above the typed name.

Young Kwon, Acting Chief
Property Tax Apportionment Division

YK:GK:hx

H:\Monitoring\PSAF\PSAF\Maintenance-of-Effort (MOE)\2015-2016\2015-2016 MOE Form

Attachments

**AUDITOR-CONTROLLER
AB2788 (Chapter 886/94)
MAINTENANCE-OF-EFFORT CERTIFICATION FORM**

City of

Fiscal Year of Certification: 2015-2016

AB2788 Maintenance-of-Effort (MOE) Calculation:

Total Public Safety Adopted Budget
(Amount of Line 3.1 from FORM A):

Less: Public Safety MOE Base
(Amount of Line 2.1 from FORM A):

Difference:
Over/(Under) AB2788 MOE Requirements

Certification Statement:

I hereby certify that the City of is ☐ over / ☐ under
(please check one) the AB2788 Maintenance-of-Effort requirements concerning the
use of Proposition 172 revenues in the amount of . Forms A
and B are submitted in support of this calculation. Detailed records concerning this
calculation are available upon request and will be retained.

Signature of City Official: _____

Name:

Title:

Date Signed:

FORM A: AB2788 MOE CALCULATION WORKSHEET

Step #1: Define Public Safety Services

A city or county should establish their definition of public safety services that is consistent with Government Code Section 30052. Please list all departments included in this definition below (departments should be consistent with the 2014-2015 filing):

Step #2: Base Year and Base Amount for Local Agency

The Office of the Auditor-Controller has determined to use the AB2788 base amount for the 2015-2016 Certification. Please refer to the Base Amount Schedule for the city or county's 2015-2016 base amount.

Line 2.1: Base Amount for Local Agency

--

Step #3: AB2788 Public Safety Budget for Certification Year (2015-2016)

The city or county should determine the AB2788 Public Safety Budget for the certification year. Please complete Form B to provide the following:

Line 3.1: Total AB2788 Public Safety Budget
(Total Adjusted AB2788 Budget for Certification Year detailed in Form B)

	\$0.00
--	--------

Step #4: AB2788 Maintenance-of-Effort (MOE) Calculation

Please complete the Auditor-Controller AB2788 Certification form using the above information. The calculation would be as follows:

$$\text{Amount of Line 3.1} - \text{Amount of Line 2.1} = \text{Amount Over / (Under)} \\ \text{AB2788 MOE Requirement}$$

FORM B: AB2788 Maintenance-of-Effort (MOE) Certification Year Calculation
Certification Yr: 2015-2016

Please complete the following Form to calculate the AB2788 MOE certification amount. Describe all AB2788 adjustments in the space provided below.

Public Safety Department:								Total
Cert. Yr. Adopted Budget								\$0.00
AB2788 Adjustments:	(1)							0.00
	(2)							0.00
	(3)							0.00
	(4)							0.00
	(5)							0.00
	(6)							0.00
	(7)							0.00
	(8)							0.00
	(9)							0.00
Subtotal (from other pgs)		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Adjusted AB2788 Amount:		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

AB2788 MOE Adjustments:

(1)

(2)

(3)

(4)

(5)

(6)

(7)

(8)

(9)

Completed By: _____ Phone: _____ Date: _____

City of

FORM B: AB2788 Maintenance-of-Effort (MOE) Certification Year Calculation
Certification Yr: 2015-2016

Describe all AB2788 adjustments in the space provided below. Forward the Subtotal to Form B, Page 1.

Public Safety Department:							Total
AB2788 Adjustments:	(10)						0.00
	(11)						0.00
	(12)						0.00
	(13)						0.00
	(14)						0.00
	(15)						0.00
	(16)						0.00
	(17)						0.00
	(18)						0.00
	(19)						0.00
	(20)						0.00
Subtotal		0.00	0.00	0.00	0.00	0.00	0.00

AB2788 MOE Adjustments:

(10)

(11)

(12)

(13)

(14)

(15)

(16)

(17)

(18)

(19)

(20)

AUDITOR-CONTROLLER, TAX DIVISION
PUBLIC SAFETY AUGMENTATION FUND - MAINTENANCE OF EFFORT (MOE)
PSAF MOE BASE AMOUNT FOR FISCAL YEAR 2015-2016

ATTACHMENT B

ACCT.#	CITIES / COUNTY	(a) 2014-2015 BASE	(b) 2014-2015 ACTUAL	(c) 2013-2014 ACTUAL	(d) 2014-2015 ADJUSTMENT (d)=(b)-(c)	(e) 2015-2016 BASE (e)=(a)+(d)	
1	100.01 CITY of ALHAMBRA	19,207,608.15	715,849.35	700,282.42	15,566.93	19,223,175.08	1
2	104.01 CITY of ARCADIA	14,009,555.50	471,839.70	461,579.02	10,260.68	14,019,816.18	2
3	108.01 CITY of AVALON	537,805.56	33,858.32	33,122.04	736.28	538,541.84	3
4	112.01 CITY of AZUSA	6,973,680.86	295,430.72	289,006.25	6,424.47	6,980,105.33	4
5	114.01 CITY of BALDWIN PARK	6,489,711.69	297,151.41	290,689.53	6,461.88	6,496,173.57	5
6	116.01 CITY of BELL	4,245,675.79	42,604.79	41,678.31	926.48	4,246,602.27	6
7	119.01 CITY of BELL GARDEN	6,279,491.85	108,224.01	105,870.59	2,353.42	6,281,845.27	7
8	120.01 CITY of BEVERLY HILLS	27,720,855.81	360,569.38	352,728.40	7,840.98	27,728,696.79	8
9	122.01 CITY of BRADBURY	56,443.24	9,473.84	9,267.82	206.02	56,649.26	9
10	124.01 CITY of BURBANK	34,888,683.43	1,083,434.90	1,059,874.46	23,560.44	34,912,243.87	10
11	128.01 CITY of CLAREMONT	4,182,370.03	329,450.37	322,286.11	7,164.26	4,189,534.29	11
12	132.01 CITY of COMPTON	21,201,310.00	297,418.27	290,950.59	6,467.68	21,207,777.68	12
13	136.01 CITY of COVINA	11,677,000.17	406,372.25	397,535.26	8,836.99	11,685,837.16	13
14	140.01 CITY of CULVER CITY	22,890,212.78	403,207.35	394,439.13	8,768.22	22,898,981.00	14
15	143.01 CITY of DOWNEY	21,083,837.11	617,098.30	603,678.82	13,419.48	21,097,256.59	15
16	144.01 CITY of EL MONTE	16,279,619.65	417,476.96	408,398.48	9,078.48	16,288,698.13	16
17	145.01 CITY of DUARTE	2,464,602.40	111,312.18	108,891.59	2,420.59	2,467,022.99	17
18	148.01 CITY of EL SEGUNDO	13,791,116.94	28,526.18	27,905.85	620.33	13,791,737.27	18
19	152.01 CITY of GARDENA	16,209,181.58	336,356.00	329,041.58	7,314.42	16,216,496.00	19
20	156.01 CITY of GLENDALE	43,162,244.58	1,734,745.62	1,697,021.68	37,723.94	43,199,968.52	20
21	160.01 CITY of GLENDORA	6,856,766.88	424,442.57	415,212.62	9,229.95	6,865,996.83	21
22	163.01 CITY of HAWAIIAN GARDENS	1,354,093.93	15,931.02	15,584.57	346.45	1,354,440.38	22
23	164.01 CITY of HAWTHORNE	5,425,658.00	352,169.12	344,510.81	7,658.31	5,433,316.31	23
24	168.01 CITY of HERMOSA BEACH	5,782,656.04	207,343.96	202,835.03	4,508.93	5,787,164.97	24
25	170.01 CITY of HIDDEN HILLS	123,731.36	20,512.26	20,066.19	446.07	124,177.43	25
26	172.01 CITY of HUNTINGTON PARK	6,238,804.35	166,709.25	163,083.99	3,625.26	6,242,429.61	26
27	174.01 CITY of INDUSTRY	3,282,144.00	7,578.71	7,413.91	164.80	3,282,308.80	27
28	176.01 CITY of INGLEWOOD	31,518,752.11	886,327.90	867,053.75	19,274.15	31,538,026.26	28
29	177.01 CITY of IRWINDALE	2,520,612.86	11,697.73	11,443.36	254.37	2,520,867.23	29
30	179.01 CITY of LAKEWOOD	3,918,015.49	115,481.80	112,970.53	2,511.27	3,920,526.76	30
31	180.01 CITY of LA VERNE	6,861,746.27	349,447.23	341,848.12	7,599.11	6,869,345.38	31
32	184.01 CITY of LONG BEACH	156,082,249.04	4,878,806.07	4,772,711.10	106,094.97	156,188,344.01	32
33	188.01 CITY of LOS ANGELES	1,358,564,721.40	40,213,507.44	39,339,020.97	874,486.47	1,359,439,207.87	33
34	200.01 CITY of LYNNWOOD	7,180,568.92	150,977.96	147,694.79	3,283.17	7,183,852.09	34
35	204.01 CITY of MANHATTAN BEACH	10,477,593.17	366,169.26	358,206.49	7,962.77	10,485,555.94	35
36	208.01 CITY of MAYWOOD	1,626,664.19	71,259.21	69,709.59	1,549.62	1,628,213.81	36
37	212.01 CITY of MONROVIA	9,459,724.79	411,312.80	402,368.35	8,944.45	9,468,669.24	37
38	216.01 CITY of MONTEBELLO	17,586,610.53	276,026.03	270,023.55	6,002.48	17,592,613.01	38
39	220.01 CITY of MONTEREY PARK	11,025,955.65	654,773.02	640,534.24	14,238.78	11,040,194.43	39
40	224.01 CITY of PALOS VERDES EST	4,959,053.33	152,151.84	148,843.13	3,308.71	4,962,362.04	40
41	228.01 CITY of PASADENA	45,143,549.50	1,498,122.83	1,465,544.52	32,578.31	45,176,127.81	41
42	232.01 CITY of POMONA	35,331,505.14	1,530,416.58	1,497,135.99	33,280.59	35,364,785.73	42
43	234.01 CITY of RANCHO P. V.	2,470,000.45	74,861.92	73,233.97	1,627.95	2,471,628.40	43
44	236.01 CITY of REDONDO BEACH	17,788,642.32	695,517.60	680,392.80	15,124.80	17,803,767.12	44
45	238.01 CITY of ROLLING HILLS	142,488.61	872.11	853.15	18.96	142,507.57	45
46	240.01 CITY of SAN FERNANDO	6,119,330.85	196,733.76	192,455.56	4,278.20	6,123,609.05	46
47	241.01 CITY of SAN DIMAS	3,688,880.39	265,296.34	259,527.18	5,769.16	3,694,649.55	47
48	244.01 CITY of SAN GABRIEL	7,485,313.39	193,379.56	189,174.32	4,205.24	7,489,518.63	48
49	248.01 CITY of SAN MARINO	4,160,550.18	144,902.77	141,751.70	3,151.07	4,163,701.25	49
50	250.01 CITY of SANTA FE SPRINGS	13,344,536.98	171,595.76	167,864.21	3,731.55	13,348,268.53	50
51	252.01 CITY of SANTA MONICA	38,922,594.78	987,547.91	966,072.61	21,475.30	38,944,070.08	51
52	256.01 CITY of SIERRA MADRE	1,543,830.65	120,930.80	118,301.02	2,629.78	1,546,460.43	52
53	260.01 CITY of SIGNAL HILL	3,113,103.16	2,514.32	2,459.65	54.67	3,113,157.83	53
54	268.01 CITY of SOUTH PASADENA	5,956,724.34	270,858.74	264,968.60	5,890.14	5,962,614.48	54
55	272.01 CITY of TORRANCE	49,647,933.42	1,507,021.07	1,474,249.27	32,771.80	49,680,705.22	55
56	276.01 CITY of VERNON	13,563,070.30	1,648.31	1,612.46	35.85	13,563,106.15	56
57	278.01 CITY of WALNUT	2,006,026.90	163,955.11	160,389.74	3,565.37	2,009,592.27	57
58	280.01 CITY of WEST COVINA	18,853,583.65	691,931.46	676,884.64	15,048.82	18,868,630.47	58
59	284.01 CITY of WHITTIER	10,431,403.63	323,887.14	316,843.85	7,043.29	10,438,446.92	59
	CITIES TOTAL	2,223,910,198.07	66,675,019.17	65,225,098.26	1,449,920.91	2,225,360,118.98	
60	001.05 COUNTY OF LOS ANGELES	1,204,788,630.26	691,619,652.05	676,579,630.26	15,040,021.79	1,219,828,652.05	60
	GRAND TOTAL	3,428,698,828.33	758,294,671.22	741,804,728.52	16,489,942.70	3,445,188,771.03	

**PUBLIC SAFETY SERVICES
MAINTENANCE OF EFFORT REQUIREMENT
UNIFORM GUIDELINES
FOR
CALIFORNIA COUNTIES
AND CITIES**

**Prepared by
COUNTY ACCOUNTING STANDARDS AND PROCEDURES COMMITTEE**

Revised: October 1997

FOREWORD

These guidelines were developed, with input from the Office of Willie L. Brown, Jr., Speaker of the Assembly, California State Association of Counties, League of California Cities, California Department of Finance, and by a subcommittee of the County Accounting Standards and Procedures Committee which is chaired by the State Controller's Office. In turn, these guidelines were reviewed and approved by the County Accounting Standards and Procedures Committee. In preparation of these guidelines, every effort has been made to offer the most current, correct and clearly expressed information possible. The purpose of the guidelines is to provide guidance on matters relative to the 1994 Legislative Session Assembly Bill 2788.

You may have questions/issues/interpretations that either we have not anticipated or adequately addressed as part of these guidelines. If so, you may wish to seek the advice of your County Counsel or City Attorney.

The State Association of County Auditors and the County Accounting Standards and Procedures Committee wish to thank all those who participated in the completion of these guidelines.

The County and City participants were:

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Siskiyou County
San Francisco County
Los Angeles County
Mono County
Sacramento County
League of California Cities
California State Association of Counties
California State Association of Counties

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INTRODUCTION

During the 1994 legislative session, AB 2788 was enacted into statute. It requires that a "Maintenance of Effort" threshold be met in order to utilize Proposition 172 Funds (Public Safety Sales Tax). This ½ cent sales tax was authorized in 1994 as a result of the 1993-94 state budget. Proposition 172/SB509 designated the ½ cent sales tax be deposited to newly created state and local public safety trust funds and allocated to local agencies to fund public safety activities such as police, sheriff, fire, district attorney, county corrections and ocean lifeguards. Specifically, court operations were excluded.

Due to general perception in the law enforcement and legislative communities that these public safety funds were supplanting local revenues that would have otherwise accrued to the public safety functions, AB 2788 was passed. It requires that a minimum commitment of local resources be allocated to public safety services. The bill establishes the 1992-93 approved budget as the base year, with a number of exclusions, which are explained in these guidelines. To receive full allocation of Proposition 172 revenues, the minimum funding level for public safety functions in the 1994-95 and subsequent years must equal the 1992-93 base year as adjusted by annual increases (or decreases) in the Proposition 172 sales tax allocated to the entity. In no event shall an entity's minimum funding level of public safety activities fall below the 1992-93 base year.

For those local agencies that do not meet their maintenance of effort requirement, AB 2788 provides sanctions (with exceptions) that result in the loss of public safety sales tax to the extent that the maintenance of effort is not met.

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DEFINITIONS AND INTERPRETATIONS

The following definitions and interpretations have been made using information obtained directly from Assembly Bill 2788 and discussions with various persons associated with the bill as it progressed through the legislative process, including staff from the office of the bill's author.

Public Safety Services

Government Code Section 30052(b)(1) defines **public safety services** to include, but not be limited to sheriffs, police, fire protection, county district attorneys, and county corrections. Additionally, AB 1519 added ocean lifeguards to the definition. **Public safety services** do not include courts. Likewise, marshal and sheriff court services are not considered public safety services.

The county, city and county or city governing body determines which public safety services departments in their jurisdiction will be defined as public safety services for purposes of the MOE calculations. This decision once made for the MOE requirement cannot be changed except as provided for in the Errors and Omissions section below.

The definition is important as it determines the base year and subsequent years' calculation of the "amount of funding" for public safety services, and therefore whether or not a city or county has met its maintenance of effort (MOE) requirement.

Adopted Budget

For counties the **adopted budget** means the budget submitted to the State in November of each new fiscal year pursuant to Government Code Section 29093. The adopted budget is used to determine the amount of combined public safety services funding within a local jurisdiction each fiscal year.

For cities the **adopted budget** means the budget adopted by the governing body at the end of the city's normal budget cycle, but not later than November 1.

The adopted budget is not what is commonly referred to as the "adjusted budget", i.e., the budget at the end of the fiscal year that includes all approved budget adjustments.

Base Year

Base year means, for each county, city and county, or city, the Local Financial Resources less exclusions in the 1992-93 fiscal year.

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Local Financial Resources

Local financial resources means local general fund appropriations for public safety related operational expenses (using the jurisdiction's definition of public safety services) and allocations from the Public Safety Augmentation Fund (using the accrual basis of accounting), less the exclusions listed below. An exclusion category only applies if it is related to a department(s) defined as public safety services by the governing body of the county, city and county, or city.

For each exclusion category, only those amounts that were appropriated for public safety services in the respective fiscal year's **adopted budget** are excludable. This is true whether the fiscal year is the base year or a subsequent year.

Appropriations funded by the following budgeted revenues must be excluded. Unless revenues or appropriations are specifically listed below, they are not excludable.

1. Budgeted grant funds from any source. Standards and Training for Corrections and POST grants have been defined as grants under this exclusion, Title IV-A and Title IV-E have not.
2. Revenues budgeted by a county or city and county for the child support-related activities of the district attorney performed pursuant to Part D Subchapter 4 of the Social Security Act (42 U.S.C.301 et seq.).
3. Revenues budgeted by a county, city and county, or city, including any charter city for asset forfeitures.
4. Revenues budgeted including revenues from capital leases by a county, city and county, or city including any charter city, for capital outlay expenditures which include any debt service payments or fixed asset purchases.
5. Revenues budgeted for providing public safety services under contract to another jurisdiction.
6. Revenues budgeted in the current fiscal year as a result of a change of organization or reorganization that became effective pursuant to the Cortese-Knox Local Government Reorganization Act of 1985 (Part I (commencing with Section 56000) of Division 3 of Title 5) subsequent to the base year.
7. Revenues budgeted by a county or city and county pursuant to Chapter 3 (commencing with Section 15200) of Part 6 of Division 3 of Title 2, or any other reimbursement by the state for homicide trial costs, including, but not limited to, Chapter 1649 of the Statutes of 1990 and its successors.

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8. Revenues budgeted from any source by a county, city and county, or city, including any charter city to respond to a state of emergency declared by the Governor pursuant to the California Emergency Services Act (Chapter 3 (commencing with Section 8550) of Division 1 of Title 2).
9. Appropriations by a county, city and county, or city including any charter city, for one-time expenditures related to public safety services. One-time expenditures means material non-recurring expenditures.

Other appropriation or appropriation-related adjustments:

10. Appropriations by an entity that's both a city and county during the base year to fund retirement costs that are not attributable to any change in benefit levels.
11. Budgeted appropriations should be adjusted upwards for cost savings (e.g., actuarial savings, reduced costs for pension obligations due to the issuance of pension bonds, etc.) in appropriations for retirement and workers' compensation costs that do not result in a change in benefit levels. This exclusion applies to decrease in these costs for 1994-95 and subsequent years' adopted budgets.

Base Amount for that Local Agency

The **Base Amount for That Local Agency** means an amount, equal to the amount of the adopted budget for all combined public safety services (as defined by the jurisdiction) within a local agency's respective jurisdiction for the **base year** that is adjusted as shown below.

For 1994-95 Fiscal Year Only

For the 1994-95 fiscal year only, that amount shall be increased or decreased in accordance with the positive or negative difference between: (i) the amount estimated to be allocated for the 1994-95 fiscal year to that local agency from the Public Safety Augmentation Fund, and (ii) the corresponding amount allocated to that local agency for the 1993-94 fiscal year.

The amount to be allocated to the local agency from the Public Safety Augmentation Fund for the 1994-95 fiscal year shall be estimated based on the allocations to that agency determined over the first six months of that fiscal year. The first six months estimate is to be calculated by taking into consideration both the accrued allocations of sales tax for the first six months and the historical pattern of sales tax receipts. The six months estimate thus determined is to be used to estimate the 1994-95 annual sales tax receipts for purposes of determining the Maintenance of Effort (MOE) requirement.

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For the 1995-96 Fiscal Year

For the 1995-96 fiscal year only, that amount shall be increased or decreased in accordance with the difference between: (i) the actual amount allocated to the local agency from the PSAF for 1994-95 and (ii) the estimated allocation for 1994-95.

For 1996-97 Fiscal Year and Thereafter

For the 1996-97 fiscal year and each fiscal year thereafter, that amount shall be increased or decreased in accordance with the positive or negative difference between: (i) the amount allocated to the local agency from the Public Safety Augmentation Fund in the immediately preceding fiscal year, and (ii) the corresponding amount allocated to the local agency in the next preceding fiscal year. In no event shall the base amount for a local agency be less than the amount of funding for all combined public safety services, as defined, within the jurisdiction of that local agency for the 1992-93 base year.

The reconciliation amount payable to cities pursuant to Government Code Section 30055 shall apply to the fiscal year in which the installment has been recorded by the local agency.

Non Compliance Penalty

AB 2788 requires that the amount of revenues allocated to a city or county from the Public Safety Augmentation Funds (PSAF) in any fiscal year be reduced within that fiscal year if the amount of funding for combined public safety services is less than the 1992-93 base amount for that local agency as adjusted. The reduction shall be the difference between the amount funded and the adjusted base requirement only, not the entire Proposition 172 allocation for that year.

A PSAF reduction from a county shall be allocated to the cities in the county in accordance with each city's proportionate share of the total fiscal year PSAF allocations received by the cities. Amounts reduced from a city shall be allocated to the county.

A PSAF reduction of one entity and increases to others due to the penalty clause does not affect the maintenance of effort calculations for subsequent fiscal years.

Local agencies should be aware that the growth/reduction in revenue from the PSAF will increase/decrease the base amount in the next fiscal year.

In the event that a local agency receives more PSAF monies than estimated in any fiscal year, the local agency may want to give consideration to designating the amount in excess of the MOE requirement to provide funds to finance the MOE requirement during the next fiscal year when estimated PSAF revenues may not be realized.

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Errors and Omissions

The public safety services included by a city or county or a city and county in the base year shall be the same in subsequent years unless there was a material error or omission in the base year.

Any adjustments to the scope or amount of public safety services due to material errors or omissions in the base year shall be made in a consistent manner to both the base year and the year being calculated. However, such adjustments shall not affect any prior year distributions.

The retroactive prohibition in this section will discourage adjustments. If an agency met its MOE in prior years, it would not be affected by this provision. If it did not, it would not be appropriate to allow the agency to adjust its base year and thereby require an adjustment for all agencies which shared in the distribution of the agency's MOE deficiency. These agencies will have spent the deficiency money.

Also, it would not be reasonable to require county auditors to recalculate all prior years' distributions and make adjustments in the current period.

The provision that says once a change is made it is permanent will preclude agencies from manipulating the MOE calculation by continually changing the mix of public safety services.

This section will allow for a correction for a material error, but not retroactive correction.

Maintenance of Effort (MOE) Calculations

For the methodologies used to determine the MOE requirement, please refer to the Certification Form and Calculation Worksheet in the [Appendix](#).

Consistent provisions should be applied to both the Base Year and the Certification Year calculations. For example, if an agency includes OMB Circular A-87 expenditures in the Certification Year, then a similar inclusion applicable to the 1992-93 Base Year should be applied.

Detailed MOE calculations for defined public safety services should be provided to those departments or the public upon request. Assistance from the Auditor-Controller/City Director of Finance (as appropriate) should be provided to all requesting public safety departments to assure complete understanding of the MOE calculations and the accounting of Proposition 172 revenues as related to the department's appropriations and expenditures. Recording Proposition 172 revenues at the departmental level while optional is encouraged.

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OTHER PROVISIONS

Jurisdictional Exemption

The MOE requirement does not apply to the following jurisdictions:

1. With respect to a specific fiscal year, any county, city and county, or city whose legislative body has entered into a binding agreement or Memorandum of Understanding with its local public safety entities, that relates to their specific share of the PSAF, prior to adoption of the budget for that fiscal year. The parties to the MOU will be those departments that the governing body defines as public safety.

Cities, a city and county, and counties should calculate the MOE requirement in accordance with the guidelines every year, even in years when they adopt an MOU. An MOU will take precedence in years when adopted by the governing body. The calculated MOE would be used in years when there was no MOU.

2. Any city that did not lose property tax revenue under Section 97.035 of the Revenue & Taxation Code.

Audit Authority

Officials of a county, city and county, or city including any charter city, shall when asked, provide the County Auditor the information needed to carry out the requirements of this legislation. The auditor may, but is not required to, audit the information provided.

Charter Cities

This legislation is applicable to all cities, including charter cities.

Legislative Intent

It is the intent that all funds deposited in the PSAF be used for local public safety services. It is not the intent that local governmental entities use the base year level of funding established as a basis to reduce local public safety budgets.

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SCHEDULE OF MOE CALCULATIONS

	<u>ESTIMATED</u>		<u>ACTUAL</u>						
	<u>92-93</u>	<u>93-94</u>	<u>94-95</u>	<u>94-95</u>	<u>95-96</u>	<u>96-97</u>	<u>97-98</u>	<u>98-99</u>	<u>99-00 and forward</u>
GENERAL FUND APPROPRIATIONS FOR PUBLIC SAFETY SERVICES	800	750	750	750	750	750	750	750	750
PROPOSITION 172-PSAF ALLOCATIONS	N/A	50	75	80	100	125	125	25(F)	25
FUNDING AVAILABLE	800	800	825	830	850	875	875	775	775
MINIMUM PUBLIC SAFETY SERVICES BUDGET REQUIRED BY MOE			825		830	850	875	875	800
AMOUNT IN EXCESS (DEFICIT) OF MOE REQUIREMENT (G)			0		20	25	0	-100	-25

MAINTENANCE OF EFFORT (MOE) CALCULATION - ADJUSTING BASE AMOUNT

BASE YEAR	<u>ESTIMATED</u>							
	<u>92-93</u>	<u>93-94</u>	<u>94-95</u>	<u>95-96</u>	<u>96-97</u>	<u>97-98</u>	<u>98-99</u>	<u>99-00</u>
BASE AMOUNT (A)	800		800	825	830	850	875	875
CALCULATION OF BASE AMOUNT ADJUSTMENT	N/A		(75-50)(B)	(80-75)(C)	(100-80)(D)	(125-100)(D)	(125-125)(D)	(25-125)(D)
ADJUSTMENT TO BASE AMOUNT	N/A		25	5	20	25	0	-100
ADJUSTED BASE AMOUNT (MOE REQUIREMENT)	800		825	830	850	875	875	800(E)
LOCAL FINANCIAL RESOURCES (ADOPTED BUDGET)	800		825	830	850	875	775	775
REDUCTION IN PSAF ALLOCATION	N/A		0	0	0	0	-100(F)	-25

NOTE:

- A - Base is equal to the adopted budget for public safety services in 1992-93 (after exclusions) adjusted as provided in AB2788.
- B - Adjustment to Base amount for 94/95 fiscal year only - difference between 94/95 estimated PSAF allocations and actual 93/94 PSAF allocations.
- C - Adjustment to Base amount for 95/96 fiscal year only - difference between PSAF actual and estimated allocation for 94/95.
- D - Adjustment to Base amount for 96/97 and subsequent fiscal years - difference between actual PSAF allocation for the two preceding years.
- E - Even though the calculation for the adjusted base amount would indicate \$775, there can be no adjustment below the 92/93 base year which in this example is \$800.
- F - To prevent reduction of PSAF allocation to local agency as indicated, additional General Fund Appropriations in the amount of \$100 would be necessary. However, since the PSAF allocation of \$25 is less than the \$100 reduction, the PSAF funding reduction is limited to the amount of the allocation. The amount of the funding reduction would be redistributed as follows: If the deficiency is in a County, the redistribution is to cities. If the deficiency is in a city, the redistribution is to the County.
- G - The local agency may want to consider designating the Amount in Excess of MOE Requirement to provide funds to finance the MOE requirement during years when there is a decrease in PSAF revenues.

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**AUDITOR-CONTROLLER
AB2788 (Chapter 886/94)
MAINTENANCE-OF-EFFORT CERTIFICATION FORM**

-- SAMPLE --

City of A B C

Fiscal Year of Certification: 2015-2016

AB2788 Maintenance-of-Effort (MOE) Calculation:

Total Public Safety Adopted Budget (Amount of Line 3.1 from FORM A):	<u>\$19,347,900</u>
Less: Public Safety MOE Base (Amount of Line 2.1 from FORM A):	<u>\$18,514,672</u>
Difference: Over/(Under) AB2788 MOE Requirements	<u>\$ 833,228</u>

Certification Statement:

I hereby certify that the City of A B C is ☒ **over** / ☐ **under**
(please check one) the AB2788 Maintenance-of-Effort requirements concerning the
use of Proposition 172 revenues in the amount of \$ 833,228.
Forms A and B are submitted in support of this calculation. Detailed records
concerning this calculation are available upon request and will be retained.

Signature of City Official: _____

Name: _____

Title: _____

Date Signed: _____

FORM A: AB2788 MOE CALCULATION WORKSHEET

-- SAMPLE --

Step #1: Define Public Safety Services

A city or county should establish their definition of public safety services that is consistent with Government Code Section 30052. Please list all departments included in this definition below (departments should be consistent with the 2014-2015 filing):

Police	
Fire	

Step #2: Base Year and Base Amount for Local Agency

The Office of the Auditor-Controller has determined to use the AB2788 base amount for the 2015-2016 Certification. Please refer to the Base Amount Schedule for the city or county's 2015-2016 base amount.

Line 2.1: Base Amount for Local Agency \$ 18,514,672

Step #3: AB2788 Public Safety Budget for Certification Year (2015-2016)

The city or county should determine the AB2788 Public Safety Budget for the certification year. Please complete Form B to provide the following:

Line 3.1: Total AB2788 Public Safety Budget \$ 19,347,900
(Total Adjusted AB2788 Budget for Certification Year detailed in Form B)

Step #4: AB2788 Maintenance-of-Effort (MOE) Calculation

Please complete the Auditor-Controller AB2788 Certification form using the above information. The calculation would be as follows:

Amount of Line 3.1 - Amount of Line 2.1 = Amount Over / (Under)
AB2788 MOE Requirement

FORM B: AB2788 Maintenance-of-Effort (MOE) Certification Year Calculation
Certification Yr: 2015-2016

Page 1 of 1

-- SAMPLE --

Please complete the following Form to calculate the AB2788 MOE certification amount. Describe all AB2788 adjustments in the space provided below.

Public Safety Department:		Police	Fire	Community	Emerg. Svcs.		Total
Cert. Yr. Adopted Budget		\$12,173,690	\$7,354,710	\$0	\$0		\$19,528,400
AB2788 Adjustments:	(1)	(193,930)	0				(193,930)
	(2)	125,320	60,000				185,320
	(3)	0	(161,890)				(161,890)
	(4)	0	(10,000)				(10,000)
	(5)	0	0				0
	(6)	0	0				0
	(7)	0	0				0
	(8)	0	0				0
	(9)	0	0				0
Subtotal (from other pgs)		0	0				0
Adjusted AB2788 Amount:		\$12,105,080	\$7,242,820	\$0	\$0		\$19,347,900

AB2788 MOE Adjustments:

- (1) All of 2110-7XXX
- (2) Retirement Savings
- (3) Rentals
- (4) Equipment 2181 - 7170: All items
- (5)
- (6)
- (7)
- (8)
- (9)

Completed By: _____

Phone: () - _____

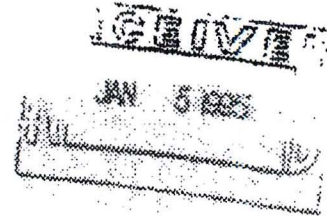
Date: _____

City of ABC

- SACRAMENTO OFFICE
STATE CAPITOL
SACRAMENTO, CALIFORNIA 95834
(916) 443-8077
- DISTRICT OFFICE
425 GOLDEN GATE AVENUE
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(415) 397-0784
- DISTRICT OFFICE
300 SOUTH SPRING STREET
SUITE 1800
LOS ANGELES, CALIFORNIA 90013
(213) 620-4334

Assembly California Legislature

WILLIE LEWIS BROWN, JR.
ASSEMBLYMAN, THIRTEENTH DISTRICT
SPEAKER OF THE ASSEMBLY



December 23, 1994

Mr. David Elledge
County Auditor/County of Siskiyou
311 4th Street
Yreka, CA 96097

Dear Mr. Elledge:

The California Constitution imposes a tax at a rate of 1/2 of 1% on the gross receipts from the sale in this state of, or the storage, use or other consumption in this state of, tangible personal property. The revenue from the tax is allocated to counties, as specified, for allocation to the county and the cities therein to use exclusively for public safety services. Assembly Bill 2788 (Chapter 886, Statutes of 1994) requires, commencing with the 1994-95 fiscal year, that the amount of these revenues allocated be reduced if the amount of funding for combined public safety services is less than the amount of funding in the 1992-93 fiscal year, as adjusted.

In order to properly implement the intent of this legislation, it appears necessary to further define some of the bill's language, accounting terms, the amounts used to adjust "local financial resources", and base year amount of funding for all combined public safety services. The purpose of this letter is to provide such additional definition.

Budget Adopted By That Jurisdiction

The bill requires that "... the amount of funding within a local jurisdiction for combined public safety services for each fiscal year shall be determined in accordance with the budget adopted by that jurisdiction for that fiscal year." The bill did not define "budget adopted." However, it was our intent that the "budget adopted" would not be what is commonly referred to as the "adjusted budget", i.e., the budget at the end of the fiscal year that includes all mid-year budget adjustments.


California State Auditor

It is understood that there are various practices among counties in adopting a budget for a fiscal year that need to be considered in determining "the budget adopted" to ensure compliance with the bill's intent. Also, cities are not required by law to adopt a budget in the manner counties do even though most adopt a budget or spending plan. The legislation does not cover the circumstances where a city does not adopt a budget.

It was our intent that for counties the "budget adopted" be the budget submitted to the State Controller by law in November of the fiscal year. For cities, the intent was to use the city's adopted budget or spending plan, as of November 1st of the new fiscal year, as the "budget adopted" for purpose of calculating the MOE requirement.

Adjustments from "local financing resources"

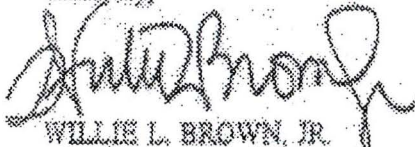
AB 2788 provides for various adjustments from "local financial resources" which is defined as local general fund appropriations for operational expenses and allocations from the Public Safety Augmentation Fund. It was intended that the term "local financial resources" be synonymous with "budget adopted" discussed previously, as the budget adopted relates to public safety services.

AB 2788 lists several categories of adjustments to "local financial resources" in the base year and subsequent years. However, it uses accounting terms (i.e. expended, received, derived) that if applied literally could result in MOE calculations that do not meet the intent of this legislation. For example, revenues received during the fiscal year but not included in the adopted budget, could be subtracted from the base year adopted budget to reduce the MOE requirement below the legislative intent.

It was the intent of this legislation to achieve consistency in year-to-year measurement of amounts spent on public safety services. In turn, the intent was to reduce the amount of the base and subsequent years' "adopted budgets" for public safety services by only the amount appropriated and included in the adopted budget in each fiscal year, relative to the several adjustments specified in this legislation.

By this letter, it is my sincere hope to assist the various city and county Auditor/Controllers in their efforts to implement this legislation.

Sincerely,



WILLIE L. BROWN, JR.
Speaker of the Assembly