

Council Meeting
June 10, 2008

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the City Council:

SUBJECT: Finance - Approval of Fiscal Year 2008-09 Appropriations Limit and Selection of the Annual Adjustment Factors for the Same Fiscal Year.

RECOMMENDATION

Recommendation of the Finance Director that the City Council adopt the attached Resolution approving the City's appropriations limit for fiscal year 2008-09 in the amount of **\$872,287,085**; and selection of the 2008-09 **percentage change in Non-Residential Assessed Valuations** as the cost of living factor, together with **the increase in the County's population**, as the annual adjustment factors for the same fiscal year.

BACKGROUND

In November 1979, the voters of the State of California approved Proposition 4, commonly known as the Gann Initiative. The Proposition created Article XIII B of the State Constitution, placing limits on the amount of revenue which can be spent by all entities of government. The limit applies only to revenues considered as proceeds of taxes. Proposition 4 became effective for the 1980-81 fiscal year, but the formula for calculating the limits was based on the 1978-79 "base year" revenues.

In order to deal with an increasing number of complaints about the restrictions of Proposition 4, and to increase the accountability of local government in adopting their limits, the voters approved, in June 1990, Proposition 111, which amended Proposition 4 and its implementing legislation.

ANALYSIS:

Under Proposition 111, each City has the option to choose not only its own population growth factor but also the population growth factor within its county.

Moreover, the cost of living factor may either be the change in the California per capita personal income or the percentage change in the jurisdiction's assessed valuation, which is attributable to non-residential new construction. Both of these selections require a recorded vote of the City's governing body.

Analysis of available data indicated that selection of the **percentage change of Non-Residential Assessed Valuations**, together with the **increase in the population of the County of Los Angeles**, would give the most beneficial result for the City. Using these growth factors, the appropriations limit for fiscal year 2008-09 would be **\$872,287,085**. This calculated limit is **641%**, or **\$736,151,563**, more than the projected appropriations subject to limitations of **\$136,135,522**, as shown on Worksheet #4.

The legislation requires that 15 days prior to adoption of the resolution, the documentation used in the determination of the appropriations limit should be made available to the public. The data supporting the attached resolution has been on file in the City Clerk's office since **May 26, 2008** and a public notice was posted in the Daily Breeze on **May 26, 2008**.

Respectfully submitted,

Eric E. Tsao
Finance Director

By 
Helen Eng
Administrative Analyst

CONCUR:



Eric E. Tsao
Finance Director


LeRoy J. Jackson
City Manager

Attachments:

- A. Resolution
- B. Letter from the State Department of Finance dated May 2008.
- C. Worksheets 1-7b for Fiscal Year 2008-09

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
TORRANCE APPROVING THE 2008-09 APPROPRIATIONS LIMIT AND
SELECTION OF THE ANNUAL ADJUSTMENT FACTORS FOR THE
SAME FISCAL YEAR**

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

WHEREAS, in June 1990, the voters of the State of California approved Proposition 111, permitting entities of government to select alternative growth factors by a recorded vote of its governing body; and

WHEREAS, the City of Torrance has complied with all the provisions of Article XIII B, as amended by Proposition 111, in determining the appropriations limit for fiscal year 2008-09; and

WHEREAS, all calculations for fiscal year 2008-09 were necessary to arrive at an accurate limit; and

WHEREAS, all calculations necessary to arrive at the appropriations limit are attached as Worksheets 1 through 7B for fiscal year 2008-09;

NOW, THEREFORE, the City Council of the City of Torrance does hereby resolve that:

- (1) It selects the following growth factors for fiscal year 2008-09:

Population Factor (County)	Inflation Factor (Increase in Non-Residential Assessed Valuations)
0.86%	7.64%

- (2) It accepts the appropriations limit for fiscal year 2008-09 in the amount of \$872,287,085.

Introduced, approved, and adopted this 10th day of June, 2008.

Mayor of the City of Torrance

ATTEST:

Sue Herbers, City Clerk

APPROVED AS TO FORM:

JOHN L. FELLOWS III, CITY ATTORNEY

By _____



May 2008

Dear Fiscal Officer:

Subject: Price and Population Information

Appropriations Limit

The California Revenue and Taxation Code, Section 2227, mandates the Department of Finance (Finance) to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2008, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2008-09. Enclosure I provide the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2008-09 appropriations limit. Enclosure II provides city and unincorporated county population percentage changes, and Enclosure IIA provides county and incorporated areas population percentage changes. The population percentage change data excludes federal and state institutionalized populations and military populations.

Population Percent Change for Special Districts

Some special districts must establish an annual appropriations limit. Consult the Revenue and Taxation Code, Section 2228 for further information regarding the appropriation limit. You can access the Code from the following website: "<http://www.leginfo.ca.gov/calaw.html>" check: "Revenue and Taxation Code" and enter 2228 for the search term to learn more about the various population change factors available to special districts to calculate their appropriations limit. Article XIII B, Section 9, of the State Constitution exempts certain special districts from the appropriations limit calculation mandate. Consult the following website: "http://www.leginfo.ca.gov/const/article_13B" for additional information. Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this issue should be referred to their respective county for clarification, or to their legal representation, or to the law itself. No State agency reviews the local appropriations limits.

Population Certification

The population certification program applies only to cities and counties. Revenue and Taxation Code Section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2008.**

Please Note: Prior year's city population estimates may be revised.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

MICHAEL C. GENEST
Director
By:

ANA J. MATOSANTOS
Chief Deputy Director

Enclosure

May 2008

Enclosure I

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost-of-living factor to compute their appropriation limit by a vote of their governing body. The cost-of-living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the 2008-2009 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2008-2009	4.29

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2008-2009 appropriation limit.

2008-2009:

Per Capita Cost of Living Change = 4.29 percent
Population Change = 1.31 percent

Per Capita Cost of Living converted to a ratio: $\frac{4.29 + 100}{100} = 1.0429$

Population converted to a ratio: $\frac{1.31 + 100}{100} = 1.0131$

Calculation of factor for FY 2008-2009:

$$1.0429 \times 1.0131 = 1.0566$$

Enclosure II
Annual Percent Change in Population Minus Exclusions
January 1, 2007 to January 1, 2008 and Total Population, January 1, 2008

County City	Percent Change 2007-2008	--- Population Minus Exclusions ---		Total Population
		1-1-07	1-1-08	1-1-2008
Los Angeles				
Agoura Hills	0.56	23,208	23,337	23,337
Alhambra	0.30	88,993	89,259	89,259
Arcadia	0.44	56,241	56,491	56,491
Artesia	0.34	17,492	17,552	17,552
Avalon	0.83	3,503	3,532	3,532
Azusa	0.75	48,379	48,743	48,743
Baldwin Park	0.56	80,831	81,281	81,281
Bell	-0.01	38,764	38,762	38,762
Bellflower	0.40	76,803	77,110	77,110
Bell Gardens	0.58	46,496	46,766	46,766
Beverly Hills	0.28	35,882	35,983	35,983
Bradbury	1.72	932	948	948
Burbank	0.66	107,318	108,029	108,029
Calabasas	0.87	23,521	23,725	23,725
Carson	0.14	97,820	97,960	97,960
Cerritos	0.26	54,728	54,870	54,870
Claremont	0.75	36,963	37,242	37,242
Commerce	0.88	13,418	13,536	13,536
Compton	0.35	98,893	99,242	99,242
Covina	0.22	49,441	49,552	49,552
Cudahy	0.59	25,728	25,879	25,879
Culver City	0.32	40,564	40,694	40,694
Diamond Bar	0.82	59,870	60,360	60,360
Downey	0.37	112,957	113,379	113,379
Duarte	-0.17	22,991	22,953	22,953
El Monte	0.38	125,581	126,053	126,053
El Segundo	0.12	16,981	17,002	17,002
Gardena	0.29	61,603	61,781	61,781
Glendale	0.56	206,007	207,157	207,157
Glendora	0.19	52,265	52,362	52,362
Hawaiian Gardens	0.44	15,830	15,900	15,900
Hawthorne	1.62	88,583	90,014	90,014
Hermosa Beach	0.77	19,377	19,527	19,527
Hidden Hills	-0.54	2,027	2,016	2,016
Huntington Park	0.31	64,547	64,747	64,747
Industry	-0.37	801	798	798
Inglewood	0.28	118,550	118,878	118,878
Irwindale	4.68	1,647	1,724	1,724
La Canada Flintridge	0.20	21,233	21,276	21,276

(*) Exclusions include residents on federal military installations and group quarters' residents in state mental institutions, and state and federal correctional institutions.

Enclosure II
Annual Percent Change in Population Minus Exclusions
January 1, 2007 to January 1, 2008 and Total Population, January 1, 2008

County City	Percent Change	--- Population Minus Exclusions ---		Total Population
	2007-2008	1-1-07	1-1-08	1-1-2008
La Habra Heights	0.51	6,109	6,140	6,140
Lakewood	0.38	83,171	83,486	83,486
La Mirada	0.19	49,998	50,092	50,092
Lancaster	1.10	138,692	140,219	145,243
La Puente	0.37	43,095	43,256	43,256
La Verne	2.35	33,264	34,046	34,046
Lawndale	0.47	33,382	33,540	33,540
Lomita	0.22	21,009	21,056	21,056
Long Beach	0.50	490,136	492,578	492,642
Los Angeles	1.24	3,991,768	4,041,183	4,045,873
Lynwood	0.52	72,771	73,147	73,147
Malibu	0.21	13,671	13,700	13,700
Manhattan Beach	0.32	36,388	36,505	36,505
Maywood	0.62	29,787	29,971	29,971
Monrovia	0.61	39,089	39,327	39,327
Montebello	0.54	65,318	65,668	65,668
Monterey Park	0.27	64,258	64,434	64,434
Norwalk	0.24	108,609	108,871	109,695
Palmdale	2.24	144,650	147,897	147,897
Palos Verdes Estates	0.30	14,004	14,046	14,046
Paramount	0.36	57,761	57,969	57,969
Pasadena	1.14	146,452	148,126	148,126
Pico Rivera	0.02	66,852	66,867	66,867
Pomona	1.24	160,929	162,927	163,405
Rancho Palos Verdes	0.26	42,852	42,964	42,964
Redondo Beach	0.56	67,114	67,488	67,488
Rolling Hills	0.41	1,959	1,967	1,967
Rolling Hills Estates	1.65	8,052	8,185	8,185
Rosemead	0.55	57,107	57,422	57,422
San Dimas	0.17	36,810	36,874	36,874
San Fernando	0.90	25,004	25,230	25,230
San Gabriel	0.72	42,455	42,762	42,762
San Marino	0.19	13,430	13,455	13,455
Santa Clarita	0.50	176,168	177,045	177,045
Santa Fe Springs	0.23	17,750	17,790	17,790
Santa Monica	0.90	90,627	91,439	91,439
Sierra Madre	1.26	10,978	11,116	11,116
Signal Hill	2.12	11,165	11,402	11,402
South El Monte	0.25	22,335	22,391	22,391
South Gate	1.14	101,659	102,816	102,816
South Pasadena	0.44	25,678	25,792	25,792

(*) Exclusions include residents on federal military installations and group quarters' residents in state mental institutions, and state and federal correctional institutions.

Enclosure II
Annual Percent Change in Population Minus Exclusions
January 1, 2007 to January 1, 2008 and Total Population, January 1, 2008

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total Population</u>
	2007-2008	1-1-07	1-1-08	1-1-2008
Temple City	0.50	35,504	35,683	35,683
Torrance	0.84 ✓	147,730	148,965	148,965 ✓
Vernon	0.00	95	95	95
Walnut	0.57	32,117	32,299	32,299
West Covina	0.31	112,321	112,666	112,666
West Hollywood	0.33	37,440	37,563	37,563
Westlake Village	0.25	8,845	8,867	8,867
Whittier	0.27	86,708	86,945	86,945
Unincorporated	0.68	1,084,032	1,091,436	1,092,078
County Total	0.86 ✓	10,263,866	10,352,128	10,363,850 ✓

(*) Exclusions include residents on federal military installations and group quarters' residents in state mental institutions, and state and federal correctional institutions.



RICK AUERBACH
ASSESSOR

COUNTY OF LOS ANGELES
OFFICE OF THE ASSESSOR
500 W. TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012-2770
<http://assessor.co.la.ca.us/>

CITY OF TORRANCE
08 APR 28 PM 12: 04
FINANCE DEPT.

April 24, 2008

Ms. Helen Eng
Administrative Analyst
City of Torrance
3031 Torrance Boulevard
Torrance, California 90503

Dear Ms. Eng:

Your agency, the City of Torrance, in order to effect an adjustment of its Gann Limit, has requested that the Assessor's Office supply the percentage change in total assessed valuation for the city over that of the preceding year, due to nonresidential new construction.

For the City of Torrance, the 2007-2008 net change in nonresidential new construction, applicable to the 2008-2009 budget, is 7.64%.

If we can be of further service, please call Ventura Cuenca at (213) 974-9221.

Very truly yours,

Dan Kinoshita
Senior Information Systems Analyst
Research and Development

DK:mf

**CITY OF TORRANCE
APPROPRIATIONS LIMIT
USERS' FEES VERSUS COSTS**

**WORKSHEET #1
BUDGET BASIS
FISCAL YEAR 2008-09**

	PUBLIC SAFETY	PUBLIC WORKS	COMMUNITY ENRICHMENT	GENERAL GOVERNMENT	INDIRECT CHGS-ENT	TOTAL
A. COSTS REASONABLY BORNE	26,470,867	5,025,653	7,448,707	10,187,582	\$3,928,799	53,061,608
B. FEES:						
INDIRECT CHARGES-ENT.					3,928,799	3,928,799
CONSTRUCTION RELATED FEES	1,338,296	328,188		1,500		1,667,984
ENGINEERING FEES		121,293				121,293
POLICE DEPT SERVICES	733,893					733,893
FIRE INSPECTION FEES	1,086,690					1,086,690
OTHER CHARGES		125,696	266,523	21,200		413,419
LIBRARY FINES AND FEES			181,000			181,000
FEE REVENUE	3,158,879	575,177	447,523	22,700	3,928,799	8,133,078
C. AMOUNT FEE EXCEEDS COST (ie, amount of tax proceeds)	0	0	0	0	0	0
D. AMOUNT OF FEE REVENUE LESS THAN COSTS	\$3,158,879	\$575,177	\$447,523	\$22,700	\$3,928,799	\$8,133,078

E. USE THE RESULTS TO COMPLETE WORKSHEET #2

Public Safety	
Police	14,152,909
Fire	9,852,510
Bldg & Safety	2,465,448
	26,470,867
Public Works	
Community Development	2,462,755
Public Works	2,562,898
Street	-
	5,025,653
Community Enrichment	
Library	7,448,707
	7,448,707
General Government	
City Clerk	636,139
City Manager	2,199,281
City Council	617,155
City Treasurer	119,837
City Atty	1,491,197
Human Resources	1,597,474
Finance	3,526,499
	10,187,582

CITY OF TORRANCE
CALCULATION OF PROCEEDS OF TAXES

**WORKSHEET #2
BUDGET BASIS
FISCAL YEAR 2008-09**

Funds included:---- GENERAL FUND

REVENUES	PROCEEDS OF TAXES	NON-PROCEEDS OF TAXES	TOTAL	
TAXES				
Property Tax	\$49,519,100		\$49,519,100	reference 1
Sales & Use Tax	34,031,868		\$34,031,868	2
Utility Users' Tax	37,172,922		\$37,172,922	3
Business License Tax	7,832,000		\$7,832,000	4
Construction Tax	825,130		\$825,130	5
Transient Occupancy Tax	7,892,629		\$7,892,629	6
Real Property Transfer Tax	600,000		\$600,000	7
Oil Severance Tax	30,000		\$30,000	8
Aircraft Assessment Tax	200,000		\$200,000	9
Total Taxes	\$ 138,103,649	0	\$ 138,103,649	page 1
LICENSES AND PERMITS				
Animal Fees		1,700	1,700	9a
Construction Permits		1,967,393	1,967,393	10
Other License Fees/Permits		170,417	170,417	11
Licenses and Permits		2,139,510	2,139,510	page 1
REVENUE FROM OTHER AGENCIES				
State Motor Vehicle License	759,625		759,625	12
Trailer Coach In Lieu			0	
State Gasoline Tax		840,000	840,000	13
State Homeowners' Property Tax Relief	250,000		250,000	14
State Cigarette Tax			0	
Other State Revenue	0	0	0	15
Other County Grants		0	0	16
Revenue from Other Agencies	1,009,625	840,000	1,849,625	page 1&2
FINES AND FORFEITURES				
General Court Fines		878,000	878,000	17
Traffic Fines		487,726	487,726	18
Fines and Forfeitures		1,365,726	1,365,726	page 2
USE OF MONEY AND PROPERTY (EXCLUDING INVESTMENT EARNINGS)				
Rents and Royalties		901,174	901,174	19
Franchise Payments		4,708,580	4,708,580	20
PERS Interest Amortization		0	0	
Extraordinary Income			0	
Use of Money and Property		\$5,609,754	\$5,609,754	page 2
USER FEES (From Worksheet#1)	\$0	\$8,133,078	\$8,133,078	
OTHER MISCELLANEOUS				
Contribution from Other Funds (from Worksheet #2A)	950,000	1,600,000	2,550,000	22 page 3
Other Revenue		515,300	515,300	23 page 3
Operating Transfer In		10,029,833	10,029,833	24 page 3
Other Miscellaneous	950,000	12,145,133	13,095,133	
SUB-TOTAL (For Worksheet #3)	140,063,274	30,233,201	170,296,475	
Interest Earnings (from Worksheet #3)	1,976,249	541,751	2,518,000	
TOTAL REVENUE (Use for Worksheet #4)	\$142,039,523	\$30,774,952	\$172,814,475	= total revenues (p. 3) + indirect cost reimb.
RESERVE WITHDRAWALS		\$639,967	\$639,967	25 (op.budget summary sheet)

**CITY OF TORRANCE
CALCULATION OF PROCEEDS OF TAXES
CONTRIBUTIONS FROM OTHER FUNDS**

**WORKSHEET #2A
BUDGET BASIS
FISCAL YEAR 2008-09**

	PROCEEDS OF TAXES	NON-PROCEEDS OF TAXES	TOTAL
CONTRIBUTIONS FROM OTHER FUND AIRPORT FUND:			
PROPERTY TAX IN-LIEU TRANSFER	\$250,000	\$0	\$250,000
LEASED LAND RENTAL TRANSFER	0	1,600,000	1,600,000
SUB-TOTAL	250,000	1,600,000	1,850,000
WATER FUND			
WATER IN-LIEU TAX	700,000	0	700,000
TOTAL (COPY ONTO WORKSHEET #2)	\$950,000	\$1,600,000	\$2,550,000

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CITY OF TORRANCE
INTEREST EARNINGS PRODUCED BY TAXES

WORKSHEET #3
BUDGET BASIS
FISCAL YEAR 2008-09

	AMOUNT	SOURCE
A. NON-INTEREST TAX PROCEEDS	\$140,063,274	(WORKSHEET #2)
B. MINUS EXCLUSIONS	<u>5,904,001</u>	(WORKSHEET #7)
C. NET INVESTED TAXES	134,159,273	(A-B)
D. TOTAL NON-INTEREST REVENUES PLUS RESERVE WITHDRAWALS	170,936,442	(WORKSHEET #2)
E. TAX PROCEEDS AS PERCENT OF BUDGET	78.4849%	(C/D)
F. INTEREST EARNINGS	2,518,000	08-09 RECOMMENDED BUDGE
G. AMOUNT OF INTEREST EARNED FROM TAXES	<u>1,976,249</u>	(E*F)
H. AMOUNT OF INTEREST EARNED FROM NON-TAXES	<u>\$541,751</u>	(F-G)
I. TAKE THE RESULT OF STEPS #G AND #H COPY ON TO WORKSHEET #2		

CITY OF TORRANCE
 APPROPRIATIONS SUBJECT TO LIMITATION

WORKSHEET #4
 BUDGET BASIS
 FISCAL YEAR 2008-09

	AMOUNT	SOURCE
A. PROCEEDS OF TAXES	\$142,039,523	(WORKSHEET #2)
B. EXCLUSIONS	<u>5,904,001</u>	(WORKSHEET #7)
C. APPROPRIATIONS SUBJECT TO LIMITATION	\$136,135,522	(A-B)
D. CURRENT YEAR'S LIMIT	872,287,085	(WORKSHEET #6)
E. OVER/(UNDER) LIMIT	<u>(\$736,151,563)</u>	(C-D)

**CITY OF TORRANCE OR COUNTY OF LOS ANGELES
POPULATION INCREASES**

**WORKSHEET #5
BUDGET BASIS
FISCAL YEAR 2008-09**

TO COMPUTE LIMIT TO:	CITY POPULATION	PERCENT	COUNTY POPULATION	PERCENT
2007-08				
01/01/05	146,532	0.78%	10,226,506	1.18%
01/01/06	147,108	0.39%	10,245,572	0.78%
01/01/07	148,558	0.85%	10,331,939	0.72%
01/01/08	148,965 (1)	0.84%	10,363,850 (1)	0.86%

(1) BASED FROM THE DEPARTMENT OF FINANCE PRICE AND POPULATION DATA FOR LOCAL JURISDICTIONS DATED MAY 2008

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**CITY OF TORRANCE
INFLATION FACTOR
CHANGE IN PER CAPITA PERSONAL INCOME AND CHANGE IN NON-RESIDENTIAL ASSESSED VALUATION**

**WORKSHEET # 5A
BUDGET BASIS
FISCAL YEAR 2008-09**

<u>TO COMPUTE LIMIT TO:</u>	CHANGE IN CALIF. PER CAPITA PERSONAL INCOME (1)	CHANGE IN NON RESIDENTIAL ASSESSED VALUATION (2)
2006-2007	3.96%	0.11%
2007-2008	4.42%	8.01%
2008-2009	4.29%	7.64%

(1) BASED FROM THE DEPARTMENT OF FINANCE PRICE AND POPULATION
DATA FOR LOCAL JURISDICTIONS DATED MAY 2008

(2) SOURCED FROM LA COUNTY ASSESSORS OFFICE LETTER DATED APRIL 24, 2008

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**CITY OF TORRANCE
CURRENT YEAR'S APPROPRIATIONS LIMIT**

**WORKSHEET #6
BUDGET BASIS
FISCAL YEAR 2008-09**

	AMOUNT	SOURCE
A. LAST YEAR'S LIMIT	<u>\$803,464,679</u>	
B. ADJUSTMENT FACTORS		
1. Population % change	0.86%	(Worksheet #5)
2. Percent change in non-residential assessed valuation	7.64%	(Worksheet #5A)
Total Adjustment (In Ratios)	1.0857	=(B1+1)* (B2+1) OR = F/A
Total Adjustment (In %)	8.5657%	= C/A
C. ANNUAL ADJUSTMENTS\$	68,822,406	(B*A)
D. OTHER ADJUSTMENTS:		
Lost Responsibility(-)	0	
Transfer to private (-)	0	
Transfer to fees (-)	0	
Assumed Responsibility (+)	0	
Sub-total, Annual Adjustment	0	
E. TOTAL ADJUSTMENTS	<u>68,822,406</u>	(C+D)
F. THIS YEAR'S LIMIT	<u>\$872,287,085</u>	(A+E)
To Worksheet #4		

G. COMPARISON OF GANN LIMIT TO EXPENDITURES/APPROPRIATIONS
SUBJECT TO LIMIT, FY'S 2004-05 TO 2008-09

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
GANN LIMIT	666,249,175	706,757,125	737,610,212	803,464,679	872,287,085
Expenditures/ Appropriation Subject to Limit	<u>111,684,684</u>	<u>119,456,631</u>	<u>124,305,043</u>	<u>131,490,812</u>	<u>136,135,522</u>
Amount Over (Under) Limit	<u>554,564,491</u>	<u>587,300,494</u>	<u>613,305,169</u>	<u>671,973,867</u>	<u>736,151,563</u>

**CITY OF TORRANCE
EXCLUDED APPROPRIATIONS**

**WORKSHEET #7
BUDGET BASIS
FISCAL YEAR 2008-09**

CATEGORY	AMOUNT	
FEDERAL MANDATES		
INCREASE IN FICA TAXES	\$2,629,867	(From WS #7a)
FLSA ADJUSTMENT 2006-07	388,578	(From WS #7a)
SUB-TOTAL	3,018,445	
QUALIFIED DEBT SERVICE		
1998 COP FIRE/POLICE FACILITY	536,794	
2004A COP TORRANCE PUBLIC FINANCING	1,091,299	
2004B COP TORRANCE PUBLIC FINANCING	1,232,963	
Administrative Fees	24,500	
SUB-TOTAL	2,885,556	
PAYBACK TO PARKS & RECREATION	0	
PAYBACK TO DRAINAGE IMPRVEMENT FD	0	
PAYBACK TO SEWER REVOLVING FD	0	
SUB-TOTAL	0	
TOTAL EXCLUDABLE (Copy to Worksheet #3 & #4)	\$5,904,001	

CITY OF TORRANCE
EXCLUDED APPROPRIATIONS - FEDERAL MANDATES

WORKSHEET # 7A
BUDGET BASIS
FISCAL YEAR 2008-09

1) INCREASE IN FICA TAXES

2007-08 FICA	\$3,477,800 (1)	
1978-79 EXPENDITURES FOR FICA	<u>764,508 (3)</u>	
 DOLLAR INCREASE IN FICA TAXES		 \$2,713,292
 DEDUCT: INCREASE IN FICA TAXES DUE TO INCREASE IN PERSONNEL		
2006-07 NUMBER OF EMPLOYEES (From Worksheet #7b)	1,735	
1978-79 NUMBER OF EMPLOYEES	<u>1,564 (3)</u>	
	171	
 1978-79 FICA EXPENSE	 764,508	
DIVIDED BY:		
1978-79 NUMBER OF EMPLOYEES	1,564	
 AVERAGE 1978-79 FICA TAX PER EMPLOYEE PER YEAR	 488.8159	
 MULTIPLY BY INCREASE IN NUMBER OF EMPLOYEES	 171	
 INCREASE IN FICA TAXES DUE TO INCREASE IN PERSONNEL	 83,425	 (83,425)
 NET INCREASE IN FICA TAXES (To Worksheet #7)		 \$2,629,867

2) FLSA - 2006-07

CITYWIDE BUDGETED FLSA FOR FISCAL YEAR 2006-07 (To Worksheet #7)		\$388,578 (2)
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(1) FROM 2008-2009 PROPOSED BUDGET DATED MAY 6, 2008 NET OF WAGE RESERVES OF \$2,990,307.

(2) FROM 2008-2009 PAYROLL BASE BUDGET (COMPENSATION DETAIL REPORT) DATED 5/5/08, p. 219

(3) 1978-79 DATA ARE CONSTANT

GANN09 - 7A

CITY OF TORRANCE
EXCLUDED APPROPRIATION
FEDERAL MANDATES (INCREASE IN FICA TAXES)
NUMBER OF EMPLOYEES

WORKSHEET #7B
BUDGET BASIS
FISCAL YEAR 2008-09

	# OF EMPLOYEES (EXCL. WiN)	WiN EMPLOY. PROGRAM	TOTAL NUMBER OF EMPLOYEES
JUNE 2007	1,724	30	1,754
JULY 2007	1,772	27	1,799
AUGUST 2007	1,765	9	1,774
SEPTEMBER 2007	1,690	7	1,697
OCTOBER 2007	1,736	5	1,741
NOVEMBER 2007	1,736	5	1,741
DECEMBER 2007	1,735	6	1,741
JANUARY 2008	1,564	7	1,571
FEBRUARY 2008	1,731	7	1,738
MARCH 2008	1,748	8	1,756
APRIL 2008	1,744	8	1,752
MAY 2008	1,744	8	1,752
Total	20,689	127	20,816
Divided by 12 Months	12	12	12
Average per Month	1,724 (1)	11	1,735 (2)

(1) MONTHLY EMPLOYEE COUNT SHEET (FROM PAYROLL)

(2) USE IN WORKSHEET#7A (INCREASE IN FICA TAXES)

**NOTICE OF INTENTION TO ADOPT
THE ANNUAL APPROPRIATIONS
LIMIT FOR FISCAL YEAR 2008-09
PURSUANT TO THE
REQUIREMENTS OF ARTICLE XIII B
OF THE CALIFORNIA
CONSTITUTION, AS MODIFIED BY
PROPOSITION 111**

Notice is hereby given that on June 10, 2008, the City Council of the City of Torrance, meeting in regular session in the Council Chambers at 3031 Torrance Boulevard, will adopt the annual appropriations limit for fiscal year 2008-09 as provided in Article XIII B of the California Constitution, as modified by Proposition 111. The documentation used in making the determination of the said appropriations limit is on file for public review at the Office of the City Clerk at 3031 Torrance Boulevard, Torrance, California.

Sue Herbers
City Clerk

Published: May 26, 2008