

City of Placerville
Notes to Proposition IV Limit Calculation
For Fiscal Year Ended June 30, 2025

Note 1: Summary of Significant Policies

A. Background

In November 1979, the voters of California passed Proposition IV, which added Article XIII B to the State Constitution. This article specifies that appropriations made by governmental entities may increase annually by a factor comprised of the change in population, combined with either the change in U.S. Consumer Price Index or California per capita personal income.

B. Accounting Basis

The City of Placerville prepares the annual budget using the accrual method of accounting. This method is in conformance with generally accepted accounting principles, and accordingly, the calculation included in this report has been prepared on the budgetary basis used by the City.

C. Proceeds/Non-Proceeds of Tax

The revenue for each governmental type fund has been allocated between proceeds and non-proceeds of tax based on the guidelines established by the Office of the State Controller. Please refer to Exhibit A for the City of Placerville's revenue allocation.

Note 2: Interest Allocation

Interest earned in the General Fund is required to be allocated between proceeds and non-proceeds of taxes. The following calculation was performed to make this allocation:

	Total General Fund (Excluding Interest)	<u>Proceeds</u>	<u>Non- Proceeds</u>
Total Revenue Amount	<u>\$11,093,792</u>	<u>\$9,027,196</u>	<u>\$2,066,596</u>
Percent	100.00%	81.37%	18.63%
Interest Allocated	<u>\$55,424</u>	<u>\$45,099</u>	<u>\$10,325</u>

Note 3: Enterprise Fund Activities

Each enterprise fund activity must be analyzed to determine if “excess revenues” exist which may be construed to be proceeds of tax. This analysis was performed the Water and Sewer Enterprise Funds. It was determined that the costs of providing these services equal or exceed the revenues generated. Accordingly, no excess revenues exist as of June 30, 2025.

Note 4: Population and Price Indexes

The State of California Department of Finance provides to each agency subject to the provisions of Article XIIB, the population information for the applicable city or County, as well as per capita income information. These factors are used in the City of Placerville’s 2024/2025 Appropriations Limit calculation as illustrated on Exhibit B.