

TO: James L. App, City Manager  
FROM: Mike Compton, Director of Administrative Services  
SUBJECT: Budget Appropriation - Property Tax Administration  
DATE: February 2, 1999

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**Needs:** For the City Council to adopt a resolution approving a budget appropriation for property tax administration.

- Facts:**
1. In fiscal year 1991, the State legislature, in an effort to balance the State budget, reduced funding to counties for various state mandated programs such as courts and social services; i.e. welfare.
  2. In order to offset this reduced funding, the State legislature provided counties with the authority, SB 2557, to implement new fees for services which were previously provided as a standard obligation of counties; i.e. booking prisoners into county jail and the collection and distribution of property taxes.
  3. Since the implementation of the property tax administration fee by the County of San Luis Obispo, the City has simply reduced property tax revenues by the amount of the fee.

**Analysis**

**and**

**Conclusion:** In order to more fully disclose and account for City revenues and expenditures, the County property tax administration fee should be recorded as an expenditure for services rendered rather than the current practice of under reporting revenues collected from property taxes.

This proposed change is a change in accounting practice and methodology only. There is no negative budgetary impact. It results in greater conformance to 'generally accepted accounting principles'.

**Fiscal**

**Impact:** None. The increase in recorded expenditures would be offset by an identical increase in recorded revenues.

**Options:**

- a. That the Council adopt a resolution approving a budget appropriation for property tax administration services and an increase the revenue estimate for property tax collections;  
or
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 98-

A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF EL PASO DE ROBLES  
APPROVING A BUDGET APPROPRIATION FOR  
PROPERTY TAX ADMINISTRATION FEES

WHEREAS, the County has adopted and implemented a property tax administration fee ; and

WHEREAS, this property tax administration fee has been recorded as a reduction in property tax revenue collections rather than an expenditure ; and

WHEREAS, recording the property tax administration fee as an expenditure would be provide a higher degree of "full disclosure" and conformance with 'generally accepted accounting practices'; and

WHEREAS, this change in accounting practice has no negative net impact upon the City's General Fund budget.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of El Paso de Robles that a budget appropriation is hereby authorized in the amount of \$194,400 from General Fund unappropriated reserves to budget account 100-140-5224-125.

BE IT FURTHER RESOLVED by the City Council of the City of El Paso de Robles that the budgetary estimate for propety tax collections, budget account 100-000-4101-000, shall be increased by \$194,400.

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles this 2nd day of February, 1999 by the following vote:

AYES:  
NOES:  
ABSENT:

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Duane J. Picanco, Mayor

ATTEST:

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Madelyn Paasch, City Clerk