



STAFF REPORT

CITY of YORBA LINDA

FINANCE DEPARTMENT

DATE: MARCH 15, 2022

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: DIANNA HONEYWELL, FINANCE DIRECTOR / CITY TREASURER

SUBJECT: RESOLUTION NO. 2022-5794 AND 2022-5795 – REVISED FISCAL YEAR 2020/21 AND 2021/22 APPROPRIATIONS (GANN) LIMIT

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. 2022-5794 and 2022-5795 establishing the revised appropriations limit for both fiscal years 2020/21 and 2021/22.

BACKGROUND

Pursuant to Article XIIIB of the State Constitution and Section 7910 of the State Government Code, all government entities must adopt an annual appropriations limit. Previously, Staff submitted Resolution No. 2020-5680 and 2021-5754 for Council approvals to meet this requirement. However, the City's auditors noted some revisions for FY2020/21 appropriations limit which will also affect the FY2021/22 appropriations limit.

DISCUSSION

The appropriations limit was originally based on actual appropriations for fiscal year 1978/79, and it is recalculated each year based on growth in population (using either the growth in the City or County population) and the rate of inflation (using either the growth in per capita income or new non-residential construction). The growth factors utilized in the calculation are provided by the State Department of Finance and the County of Orange. It is in the City's best interest to choose between the population and rate of inflation factors based on which factor in each category will generate the largest increase to the appropriations limit.

FY 2020/21 APPROPRIATIONS LIMIT REVISIONS

The factors used in previous calculations for fiscal year 2020/21 were the change in the City's population of 0.26% and the California per capita personal income growth factor of 3.73%. However, it was noted by the City's auditors that the factor for population change should have been 0.28% instead of 0.26%. As a result, the appropriations limit will increase by \$14,088 to \$70,640.481.

RESOLUTION NO. 2022-5794 AND 2022-5795 – REVISED FISCAL YEAR 2020/21 AND 2021/22 APPROPRIATIONS (GANN) LIMIT

Page | 2

FY2021/22 APPROPRIATIONS LIMIT REVISIONS

The factors used in previous calculations for fiscal year 2021/22 were the change in the City's population of -0.46% and the California per capita personal income growth factor of 5.73%. However, the correct factor for the change in the City's population is -0.84% instead of the -0.46%. With the revised beginning balance of FY2020/21 appropriations limit and the new factors, the FY2021/22 appropriations limit will decrease by \$268,988 to \$74,060,800.

FISCAL IMPACT

There is no fiscal impact associated with this report.

ATTACHMENTS

1. Resolution No. 2022-5794 – Revised Fiscal Year 2020/21 Appropriations (GANN) Limit.
 2. Resolution No. 2022-5795 – Revised Fiscal Year 2021/22 Appropriations (GANN) Limit.
-