STAFF REPORT
CITY *of* YORBA LINDA

DATE: **JUNE 21, 2022**

TO: **HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

FROM: **DIANNA HONEYWELL, FINANCE DIRECTOR / CITY TREASURER**

SUBJECT: **RESOLUTION NO. 2022-5804 – FISCAL YEAR 2022/23 APPROPRIATIONS (GANN) LIMIT**

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. 2022-5804 establishing the appropriations limit for fiscal year 2022/23.

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. Resolution 2022-5804 addresses this requirement.

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.

The factors used for the fiscal year 2022/23 calculation were the change in the County's population of (-0.23%) and the California per capita personal income growth factor of (7.55%). The City's fiscal year 2022/23 appropriations limit and budgeted tax receipts are shown as part of the attached Resolution. For fiscal year 2022/23, the limit is calculated at $79.5 million with budgeted tax receipts of $41.7 million. The $37.8 million difference is the City's margin for allowable growth in tax receipts.

FISCAL IMPACT

There is no fiscal impact associated with this report.

ATTACHMENTS

1. Resolution No. 2022-5804 – Fiscal Year 2022/23 Appropriations (GANN) Limit.