

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Scott C. Stiles

From: Patricia Song

Dept: City Manager

Dept: Finance

Subject: ADOPTION OF A RESOLUTION
SETTING THE FISCAL YEAR 2019-20
APPROPRIATIONS LIMIT

Date: June 25, 2019

OBJECTIVE

The purpose of this memorandum is for City Council to review and adopt the attached Appropriations Limit Resolution setting the appropriations limit for Fiscal Year 2019-20.

BACKGROUND

In November 1979, the citizens of California passed Proposition 4 (Gann Initiative amending Article XIII B), which placed limitations on the finances of state and local governments. It also provided a method of calculating and adopting the limitations. The League of California Cities has developed guidelines from the legislation and Article XIII B for consistent statewide implementation. The City is utilizing these guidelines in the calculation process.

DISCUSSION

The Fiscal Year 2019-20 appropriations limit is \$155,114,700. The recommended budget appropriations subject to the Gann Limit is \$107,352,300. The appropriations under the limit of \$47,762,400 is the amount additional appropriations can be made. Generally, appropriations from the General Fund are subject to the annual limitation. However, due to the estimated growth in PCI (Per Capita Income) and available future revenue, it is not anticipated that the appropriations limit will significantly impact budget appropriations in the near future.

Section 7900 et seq. of the Government Code requires local governments to adopt a resolution setting the limitations at a regularly scheduled meeting or noticed special meeting. There is no requirement in the State Code for a public hearing prior to adoption of the resolution.

FINANCIAL IMPACT

Not applicable

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RECOMMENDATION

It is recommended that the City Council:

- Adopt the Appropriations Limit Resolution setting the appropriations limit for Fiscal Year 2019-20 at \$155,114,700.

Patria Song
Finance Director

Attachments: Resolution
EXHIBIT "A"

GARDEN GROVE CITY COUNCIL

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE
ADOPTING AN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2019-20
IMPLEMENTING ARTICLE XIII B OF THE STATE CONSTITUTION PURSUANT
TO SECTION 7900 ET SEQ. OF THE GOVERNMENT CODE

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

WHEREAS, the State Legislature adopted Chapters 1205 and 1342 of the 1980 statutes which implemented Article XIII B;

WHEREAS, Section 7902 of the Government Code provides the process which to calculate the appropriations limit for Fiscal Year 2019-20 and subsequent years pursuant to Article XIII B;

WHEREAS, Section 7910 of the Government Code requires cities to adopt a Resolution setting the annual appropriation limitation at a regularly scheduled meeting or a noticed special meeting;

NOW, THEREFORE, BE IT RESOLVED that the appropriations limit for Fiscal Year 2019-20 pursuant to Section 7902 of the Government Code shall be \$155,114,700.

EXHIBIT "A"**(000's)****IMPLEMENTATION OF ARTICLE XIII B (GANN LIMITATION)
DETERMINATION OF BASE YEAR (FY 78-79) AND FORTY ONE
YEAR (BUDGET FY 19-20) APPROPRIATIONS SUBJECT TO LIMIT****FY 19/20 Calculation of Gann Limit & Amount (Over)/Under Limit**

Summary

FY 18/19	Appropriations Limit		148,932.3
	Population Growth factor	1.0029	
	CPI factor	1.0385	
	Economic Ratio * Population Ratio		1.0415
FY 19/20	Appropriations Limit		\$155,114.7
FY 19/20	Taxes Subject to Gann Limit		<u>107,352.3</u>
FY 19/20	Amounts (Over) or Under Limit		<u>\$ 47,762.4</u>

EXHIBIT "A"

IMPLEMENTATION OF ARTICLE XIII B (GANN LIMITATION)
 DETERMINATION OF BASE YEAR (FY 78-79) AND FORTY ONE
 YEAR (BUDGET FY 19-20) APPROPRIATIONS SUBJECT TO LIMIT
 Calculation of Gann Limit & Amount (Over)/Under Limit

(000's)

FY 19/20

(000's)

FY 19/20 Total Budgeted Revenue		298,759.2
Less Exclusions:		
Cable (12)	90.0	
Special Assessment (13)	5,870.6	
Sucessor Agency (18)	31,741.4	
Housing (20)	35,338.6	
ISF (21)	18,165.6	
Sewer & Refuse (17)	14,155.9	
Total Exclusion	105,362.1	
Net Budgeted Revenue		193,397.1
Less Proceeds of Taxes:		
Property Tax - General (1050)	17,619.0	
Property Transfer Tax (1022)	500.0	
TOT (1015)	26,477.0	
Sales Tax (1010)	41,668.0	
Business Tax (1057)	2,500.0	
VLF (1055/1054)	18,422.0	
Allocation of Interest for Proceeds of Tax	166.3	
Total Proceeds of taxes	107,352.3	
Non-Proceeds of Taxes		<u>86,044.8</u>
Allocation of Interests:		
Total Interest (1017)	300.0	
	<u>Total Proceeds of taxes</u>	<u>Total Non-proceeds of taxes</u>
	107,186.0	86,211.1
Percentage	55%	45%
Interest Allocated	166.3	133.7