



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
June 21, 2022

TOPIC: Adopt a Resolution Establishing the Appropriations Limit for 2022-23

AGENDA TITLE:

Adopt a Resolution Establishing the Appropriations Limit of the City of Santa Ana for Fiscal Year (FY) 2022-23

RECOMMENDED ACTION

Adopt a resolution establishing the appropriations limit of the City of Santa Ana for FY 2022-23, as required by state law.

DISCUSSION

The State of California Constitution imposes a limit ("the GANN Limit") on tax proceeds to be appropriated for expenditures by a local government in any given fiscal year and requires the cities establish this limit by resolution. Adoption of the subject resolution is necessary for compliance with the California constitution for the fiscal year ending June 30, 2023.

Furthermore, Section 13-90 of the Santa Ana Municipal Code requires the creation of a Reserve Fund for Excess Proceeds of Taxes (Reserve Fund), as a separate accounting of taxes received in a fiscal year prior to the period of expenditure. The City appropriates the expenditure of tax revenue in the same fiscal year of receipt, and therefore creation of the Reserve Fund is not necessary for the fiscal year 2022-23. In fiscal year 2020-21, the Proceeds of Taxes were \$284,153,895 and the actual General Fund expenditures were \$324,860,806.

Using the formula provided by the state, staff calculated the spending limitation from "Proceeds of Taxes" as \$1,321,523,319 (Exhibit 1) for fiscal year 2022-23, which is the FY21-22 limit increased by 7.30%. The funds constrained by the appropriations limit include the General Fund, the Capital Outlay Fund, and Special Revenue Funds.

Exhibit 1 identifies the factors used to determine the allowable inflationary increase from the prior year. Exhibit 2 categorizes FY 2022-23 anticipated revenues from "Proceeds of Taxes" and "Non-Proceeds of Taxes". Exhibit 3 computes the FY 2022-23 appropriations subject to this limitation, and identifies the difference between the limit and the budgeted appropriation. As demonstrated in Exhibit 3, the City's anticipated fiscal year 2022-23

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appropriations subject to limitation is \$313,200,291, which is \$1,008,323,028 less than the allowable GANN Limit.

ENVIRONMENTAL IMPACT

There is no environmental impact associated with this action.

FISCAL IMPACT

There is no fiscal impact associated with this action.

EXHIBIT

1. Computation of Appropriation Limit
2. Schedule to Categorize Anticipated Revenues
3. Appropriation Subject to Limitation
4. Resolution

Submitted By: Kathryn Downs, FMSA Executive Director

Approved By: Kristine Ridge, City Manager