



CITY OF FAIRFIELD BUDGET AND FORECAST PROPOSITION 4 (GANN LIMIT) ANALYSIS

Section 7910 of the California Government Code and Article XIII B of the California Constitution (referred to as the "Gann Limit") restrict the amount of revenue that cities can appropriate in any fiscal year. Annually, the City must adopt a resolution to approve the appropriations limit based on actual appropriations in FY 78-79, adjusted by a.) the greater of growth in California per capita income or the percentage change in the local assessment roll from the preceding year due to the addition of new nonresidential construction in the City, and b.) the greater of the growth in City or County population.

Section 37200 requires that the Gann limit and the total appropriations subject to the limitation be published in the annual budget. The City's limitation is calculated annually and was adopted by City Council resolution as part of its annual operating budget. Below is the calculation:

1. California Per Capita Personal Income Change converted to a ratio:	1.0573
(The % change resulting from new non nonresidential construction was not available)	
2. Population Change converted to a ratio	
(Greater of the Change in City (%) and County (%) Population	1.0039
Calculation of factor to be used	1.0573 x 1.0039 = 1.0614
FY20-21 Appropriations Limit	\$ 260,333,000
FY21-22 Appropriations Limit	\$ 276,317,000
FY21-22 Revenues subject to Appropriations Limit (See GF Summary)	\$ 98,914,748
Unused Appropriations Limit	\$ 177,402,252

The following represents a trend analysis of the appropriations limit versus the net proceeds of taxes for the last five fiscal years, shows that the City will remain under its appropriations limit well into the future.

	2017/18	2018/19	2019/20	2020/21	2021/22
Appropriations Limit	\$228,547,000	\$238,969,000	\$248,552,000	\$260,333,000	\$276,317,000
Net Proceeds from Taxes	87,533,691	92,089,879	92,835,821	89,404,731	98,914,748
Difference	\$141,013,309	\$146,879,121	\$155,716,179	\$170,928,269	\$177,402,252
% of Limit	38%	39%	37%	34%	36%

Any overall actual receipts from tax sources greater than the variance would result in taxes in excess of the appropriations limit and would require refunds of the excess in the next two years or voter approval of an increase in the appropriations limit.