

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: Honorable City Council

FROM: Johnny Ea, Finance Director 

DATE: June 7, 2006 (Council Meeting of June 21, 2006)

SUBJECT: Consider Resolution Establishing the Appropriation Limitation for Fiscal Year 2006–2007 for the City of Moorpark at \$19,700,584.

BACKGROUND

Proposition 4 was approved by the voters of California in 1979 adding Article XIII B to the State Constitution. The Proposition places a limit on the growth of General Fund appropriations by government entities.

DISCUSSION

Proposition 4 (the "Gann Limitations") was adopted by California voters in November 1979 and added Article XIII B to the State Constitution. The Proposition limited the growth in appropriations of state and local governments to the increase in the jurisdiction's population and the increase in the State price index. For FY 2005-2006 the limitation was \$18,904,696.

The information provided by the State Department of Finance, as required by the Government Code, indicated a 3.96% change in cost index and a 0.24% change in population. Accordingly, the City of Moorpark's limitation for Fiscal Year 2006-2007 is \$19,700,584. General Fund appropriations which are subject to this limitation (some appropriations are exempt) for FY 2006-2007 are estimated to be \$9,225,745 which is well below this amount.

Honorable City Council
June 21, 2006
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STAFF RECOMMENDATION

Adopt Resolution No. 2006-_____.

Attached: Resolution No. 2006-_____
 Appropriation Limit Calculation

RESOLUTION NO. 2006-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA, ESTABLISHING THE CITY'S APPROPRIATION LIMITATION FOR FISCAL YEAR 2006-2007

WHEREAS, Article XIII B of the State Constitution limits annual appropriations for certain General Fund revenues for state and local governments; and

WHEREAS, Government Code Section 7910 requires that a city establish its annual appropriations limitation by resolution at a public meeting of the legislative body; and

WHEREAS, the Fiscal Year 2006-2007 appropriations limitation has been calculated in accordance with the State Constitution and applicable sections of the Government Code by adjusting its Fiscal Year 2005-2006 appropriations limit of \$18,904,696 by a cost index change of 3.96% and a population change of 0.24% as determined by the California Department of Finance.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOORPARK DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The appropriations limitation for the City of Moorpark during Fiscal Year 2006-2007 is hereby determined to be \$19,700,584.

SECTION 2. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original Resolutions.

PASSED AND ADOPTED this 21st day of June, 2006.

Patrick Hunter, Mayor

ATTEST:

Deborah S. Traffenstedt, City Clerk

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CITY OF MOORPARK
Appropriation Limit Calculation

Article XIIB of the California State Constitution, commonly referred to as the Gann Initiative or Gann Appropriations Limit, was adopted by California voters in 1979 and placed limits on the amount of proceeds of taxes that State and local agencies can appropriate and spend each fiscal year.

The limit is different for every agency and changes each year. The annual limit is based on the amount of tax proceeds that were authorized to be spent in FY 1978-79, modified for changes in inflation and population. Inflationary adjustments are based on increases in the California per capita income or the increase in non-residential assessed valuation due to new construction. An adjustment is also made based on changes in Moorpark's population or County population.

For FY 2006-07, the estimated tax proceeds appropriated by the Moorpark City Council are under the Limit. The adjusted Appropriation Limit for FY 2006-07 is \$19,700,584. This is the maximum amount of tax proceeds the City is able to appropriate and spend in FY 2006-07. The appropriations subject to the limit are \$9,225,745, leaving the City with an appropriations capacity under the Limit of \$10,474,839.

Section 7910 of the State Government Code requires a governing body to annually adopt, by resolution, an Appropriations Limit for the upcoming fiscal year.

HISTORY OF LIMIT CALCULATION						
Fiscal Year	Price		Population		Growth Factor	Appropriation Limit
	Basis	Factor	Basis	Factor		
1995-96	Per Capita Income	4.72	County	2.15	1.0697	\$9,656,132
1996-97	Per Capita Income	5.21	County	.95	1.0621	\$10,255,730
1997-98	Per Capita Income	4.67	City	2.58	1.0737	\$11,011,629
1998-99	Per Capita Income	4.15	City	2.72	1.0698	\$11,780,241
1999-00	Per Capita Income	4.53	City	0.64	1.0520	\$12,392,814
2000-01	Per Capita Income	4.91	City	0.07	1.0498	\$13,010,402
2001-02	Per Capita Income	7.82	City	1.37	1.0930	\$14,219,997
2002-03	Per Capita Income	-1.27	City	4.19	1.0287	\$14,627,654
2003-04	Non-Res. Constr.	9.23	City	4.21	1.1383	\$16,650,451
2004-05	Per Capita Income	3.28	County	1.73	1.0507	\$17,494,629
2005-06	Per Capita Income	5.26	City	2.66	1.0806	\$18,904,696
2006-07	Per Capita Income	3.96	City	0.24	1.0421	\$19,700,584