

NOTICE ON FY2023/24 GANN LIMIT CALCULATION



*** Meeting has been rescheduled to June 21, 2023 ***

At its regularly scheduled meeting on June 7, 2023, the Menifee City Council will consider establishing the fiscal year 2023/24 appropriation limit (Gann Limit). Below is the documentation used in the determination of the appropriations limit and other necessary determinations.

The appropriations limitation imposed by the state, otherwise known as the Gann Limit, creates a restriction on the amount of revenue that can be appropriated (revenue that can be legally spent) in any fiscal year. The basis for calculating the limit began in fiscal year 1978/79 and is increased based on population growth and inflation. Menifee's Gann Limit Calculation began the first full year of operation (FY2009/10). The appropriation limit applies only to those revenues defined as proceeds of taxes.

POPULATION GROWTH FACTORS:

1. Population growth of Menifee, **OR**
2. Population growth within Riverside County,

AND

INFLATION GROWTH FACTORS:

3. Growth in California per capita income, **OR**
4. Growth in non-residential assessed valuation due to new construction in the city.

The factors used to calculate the fiscal year 2023/24 Limit were:

1. **Population growth of Menifee.**

AND

3. **Growth in California per capita income.**

Using the prior year's Appropriation Limit, the formula used to calculate the Gann Limit is outlined below:

Fiscal Year 2022/23 Expenditure Limit: **\$56,937,856**

1. % Population growth within Menifee = **3.20%**
(Based on 2022 Population of 106,627 per State of California Department of Finance Fiscal Year 2022-23 Annual Percent Change in Population Minus Exclusions and 2023 Population of 110,034 per State of California Department of Finance Fiscal Year 2023-24 Annual Percent Change in Population Minus Exclusions*, See Attachment 1)*

3. Growth in California per capita income = **1.0444** Net Increase Factor (See Attachment 1)

Combined Adjustment Factor of 1.078 = (1.0444 x 1.0320)

Fiscal Year 2023/24 Appropriation Limit = Combined Adjustment Factor, 1.078 * 2022/23 Limit, \$56,937,856 = \$61,365,981

1. Gann Limit History (City of Menifee)

Fiscal Year	Appropriation Limit
FY 09/10	\$26,049,674
FY 10/11	\$25,794,220
FY 11/12	\$27,187,310
FY 12/13	\$28,728,556
FY 13/14	\$30,745,565
FY 14/15	\$31,197,525
FY 15/16	\$33,047,538
FY 16/17	\$35,509,580
FY 17/18	\$37,707,623
FY 18/19	\$40,117,140
FY 19/20	\$42,889,234
FY 20/21	\$45,595,545
FY 21/22	\$49,493,964
FY 22/23	\$56,937,856
FY 23/24 Proposed	\$61,365,981

2. State of California, Price and Population Information, May 2023 (Attachment 1)

The agenda packet will be published on <https://www.cityofmenifee.us/88/Agendas-Minutes-and-Videos> at least 72 hours prior to the June 7, 2023 City Council meeting.



Gavin Newsom ■ Governor
1021 O Street, Suite 3110 ■ Sacramento CA 95814 ■ www.dof.ca.gov

Dear Fiscal Officer:

Subject: Price Factor and Population Information

Appropriations Limit

California Revenue and Taxation Code section 2227 requires the Department of Finance (Finance) to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2023, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2023-24. Attachment A provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2023-24 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

Population Percent Change for Special Districts

Some special districts must establish an annual appropriations limit. California Revenue and Taxation Code section 2228 provides additional information regarding the appropriations limit. Article XIII B, section 9(C) of the California Constitution exempts certain special districts from the appropriations limit calculation mandate. The code section and the California Constitution can be accessed at the following website: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

Population Certification

The population certification program applies only to cities and counties. California Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2023.**

Please Note: The prior year's city population estimates may be revised. The per capita personal income change is based on historical data.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

JOE SPEPHENSHAW
Director
By:

Erika Li
Chief Deputy Director

Attachment

May 2023

Attachment A

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2023-24 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2023-24	4.44

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2023-24 appropriation limit.

2023-24:

Per Capita Cost of Living Change = 4.44 percent
 Population Change = -0.35 percent

Per Capita Cost of Living converted to a ratio: $\frac{4.44 + 100}{100} = 1.0444$

Population converted to a ratio: $\frac{-0.35 + 100}{100} = 0.9965$

Calculation of factor for FY 2023-24: $1.0444 \times 0.9965 = 1.0407$

Fiscal Year 2023-24

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2022 to January 1, 2023 and Total Population, January 1, 2023

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total</u>
	2022-2023	1-1-22	1-1-23	1-1-2023
Riverside				
Banning	1.28	30,856	31,250	31,250
Beaumont	4.12	54,349	56,590	56,590
Blythe	-0.43	12,662	12,607	17,265
Calimesa	0.11	10,950	10,962	10,962
Canyon Lake	-0.49	11,003	10,949	10,949
Cathedral City	-0.37	51,590	51,400	51,433
Coachella	1.26	41,935	42,462	42,462
Corona	-0.09	157,139	157,005	157,005
Desert Hot Springs	0.68	32,389	32,608	32,608
Eastvale	-0.66	69,978	69,514	69,514
Hemet	0.84	89,170	89,918	89,918
Indian Wells	-0.23	4,785	4,774	4,774
Indio	1.17	89,789	90,837	90,837
Jurupa Valley	-0.16	105,154	104,983	104,983
Lake Elsinore	-0.02	71,844	71,828	71,973
La Quinta	1.11	37,562	37,979	37,979
Menifee	2.44	107,411	110,034	110,034
Moreno Valley	-0.01	208,302	208,289	208,289
Murrieta	-0.54	110,592	109,998	109,998
Norco	-0.52	22,345	22,228	25,037
Palm Desert	-0.02	50,626	50,615	50,615
Palm Springs	-0.17	44,165	44,092	44,092
Perris	0.60	78,474	78,948	78,948
Rancho Mirage	0.94	16,854	17,012	17,012
Riverside	-0.36	314,759	313,617	313,676
San Jacinto	-0.37	54,303	54,103	54,103
Temecula	-0.52	109,468	108,899	108,899
Wildomar	-0.28	36,438	36,336	36,336
Unincorporated	0.83	398,128	401,433	401,693
County Total	0.34	2,423,020	2,431,270	2,439,234

*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

Fiscal Year 2022-23

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022

<u>County</u> <u>City</u>	<u>Percent Change</u> <u>2021-2022</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total</u>
		<u>1-1-21</u>	<u>1-1-22</u>	<u>Population</u> <u>1-1-2022</u>
Riverside				
Banning	0.81	30,629	30,877	30,877
Beaumont	0.69	54,313	54,690	54,690
Blythe	-0.74	12,845	12,750	17,505
Calimesa	3.37	10,544	10,899	10,899
Canyon Lake	-0.82	11,147	11,056	11,056
Cathedral City	-0.10	51,859	51,809	51,840
Coachella	-0.05	42,178	42,158	42,158
Corona	-0.08	156,901	156,778	156,778
Desert Hot Springs	0.07	32,546	32,569	32,569
Eastvale	-0.73	70,444	69,929	69,929
Hemet	-0.20	89,823	89,646	89,646
Indian Wells	-0.19	4,771	4,762	4,762
Indio	0.31	88,862	89,137	89,137
Jurupa Valley	-0.03	105,415	105,384	105,384
Lake Elsinore	1.02	70,746	71,470	71,615
La Quinta	-0.23	37,949	37,860	37,860
Menifee	2.90	103,617	106,627	106,627
Moreno Valley	-0.09	209,603	209,407	209,407
Murrieta	-0.44	111,671	111,183	111,183
Norco	-1.24	22,499	22,219	24,909
Palm Desert	-0.17	50,976	50,889	50,889
Palm Springs	-0.39	44,570	44,397	44,397
Perris	-0.55	79,327	78,890	78,890
Rancho Mirage	0.92	16,650	16,804	16,804
Riverside	1.62	312,730	317,788	317,847
San Jacinto	0.17	54,503	54,593	54,593
Temecula	-0.42	110,394	109,925	109,925
Wildomar	-0.80	36,928	36,632	36,632
Unincorporated	0.87	393,021	396,441	396,717
County Total	0.42	2,417,461	2,427,569	2,435,525

*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.