



City of Long Beach
Working Together to Serve

Memorandum

9-7-10

37.14

Date: August 25, 2010
To: Larry Herrera, City Clerk
From: Lori Ann Farrell, Director of Financial Management *LAFF*
Subject: **Fiscal Year 2011 Appropriations Limit**

Section 7910 of the California Government Code and Section 3.04.090 of the Long Beach Municipal Code provide that each year the City Council shall, by resolution, establish the appropriations limit for the City of Long Beach for the subsequent fiscal year.

The calculation of the City's appropriations limit is based on (1) the guidelines established in the Gann Initiative, approved by voters in November 1979 as an amendment to the California State Constitution; and (2) Proposition 111 and Senate Bill 88 allowing as factors the choice between population change, either at the city or county level, and the option of using either the change in California per capita personal income or the change in the local assessment roll due to the addition of local nonresidential new construction.

The factors used in calculating the appropriations limit for Fiscal Year 2011 (FY 11) are the percentage change in per capita personal income and the percentage change in the population for Long Beach. This information was provided by the California Department of Finance, and can be found as Exhibit A to this letter.

As in the current fiscal year, the Gann Appropriations limit for FY 09 has been adjusted to reflect various allowable exclusions, which include the transfer of financial responsibility for the collection of property taxes, City capital outlay expenditures and improvements totaling in excess of \$100,000, debt service payments on capital assets, lease-revenue bonds, and increased costs due to Federal and State mandates. The City's appropriated tax base is decreased by the total amount of these exclusions, which has the effect of broadening the difference between the allowable limit and the appropriated tax base.

Documentation used in calculating the appropriations limit and other supporting documents are attached and should be made available for public review in your office beginning August 26, 2010 until the FY 11 budget is adopted by the City Council.

Inquiries regarding this matter may be referred to Julissa José-Murray, Administrative Analyst, at extension 8-6869.

cc: Patrick H. West, City Manager
Suzanne Frick, Assistant City Manager
Reginald I. Harrison, Deputy City Manager
Laura Doud, City Auditor

Attachments

DW:JJM:ag

"EXHIBIT A"

CITY OF LONG BEACH

**I. DETERMINATION OF FISCAL YEAR 2010-2011
APPROPRIATIONS LIMIT
Based On Budgeted Revenues**

2009-2010 Appropriations Limit:	\$577,264,865
Adjustment Factor (See Below):	0.982202
2010-2011 Appropriations Limit:	\$566,990,635

II. DETERMINATION OF APPROPRIATIONS FACTOR

Price Factor:	0.974600
Change in Per Capita Income	
Department of Finance estimate pursuant	
to Revenue Tax Code, Sec. 2227 and 2228,	
California =	-2.54%
Ratio = $(-2.54+100)/100 =$	0.9746
Population Change:	1.007800
Department of Finance estimate pursuant	
to Revenue Tax Code, Sec. 2227 and 2228,	
California =	0.78%
Ratio = $(.78+100)/100 =$	1.0078
Adjustment Factor:	0.982202
0.9746 x 1.007800	
Factors were converted to ratios	
per State guidelines.	