



# AGENDA STAFF REPORT

Control: 26001339

**MEETING DATE:** 06/23/2026

**LEGAL ENTITY TAKING ACTION:** Board of Supervisors and Orange County Flood Control District

**BOARD OF SUPERVISORS DISTRICT(S):** All Districts

**SUBMITTING AGENCY/DEPARTMENT:** Auditor-Controller

**DEPARTMENT CONTACT PERSON(S):** Andrew Hamilton, 714-834-2457  
Salvador Lopez, 714-834-2470

**SUBJECT:** Establishment of FY 2026-27 Gann Appropriations Limit

CEO CONCUR	COUNTY COUNSEL REVIEW	CLERK OF THE BOARD
Concur	Approve resolution to form	CONSENT CALENDAR 3 Votes Board Majority

<b>Budgeted:</b> N/A	<b>Current Year Cost:</b> N/A	<b>Annual Cost:</b> N/A
<b>Staffing Impact:</b> No		<b>Sole Source:</b> No
<b>Current Fiscal Year Revenue:</b> N/A	<b>Funding Source:</b> N/A	<b>County Audit in Last 3 years:</b> No
<b>Levine Act Review Completed?</b> N/A		

**Prior Board Action:** 5/19/2026 #2, 6/24/2025 #4

**RECOMMENDED ACTION(S):**

1. Acting in the capacity of the Orange County Board of Supervisors, adopt the attached resolution establishing the appropriations limit, cost of living factor and population factor for FY 2026-27 for County Funds.
2. Acting in the capacity of the Orange County Flood Control District Board, adopt the attached resolution establishing the appropriations limit, cost of living factor and population factor for FY 2026-27 for the Orange County Flood Control District.

**SUMMARY:**

Establishment of the annual appropriations limit for FY 2026-27 for County Funds and the Orange County Flood Control District is required by Article 13B of the California Constitution.

**BACKGROUND INFORMATION:**

Proposition 4, approved by voters in November 1979, added Article 13B to the California Constitution. Article 13B places a limit on appropriations of revenue identified as proceeds of taxes. This limit is commonly referred to as the Gann Limit. The Gann Limit, as originally approved by voters, set the 1978-

79 expenditure level as the base spending limit. This limit is adjusted annually for population growth and inflation (using the lower of the percentage growth of the U.S. Consumer Price Index or California's per capita personal income).

Proposition 111, passed by voters on June 5, 1990, amended Article 13B to allow local agencies to choose between two different cost of living increase factors to calculate the appropriations limit: (1) the percentage change in California per capita personal income from the preceding year; or (2) the percentage change in the local assessment roll from the preceding year resulting from the addition of local nonresidential new construction.

Government Code Section 7901, in accordance with Proposition 111 guidelines, provides three different population increase factors for counties to use in computing the appropriations limit: (1) the change in countywide population; (2) the countywide change in population combined with the change in population within all counties having borders contiguous to the county; and (3) the change in population within the incorporated portion of the county. Special districts such as the Orange County Flood Control District continue to use only the countywide population increase.

Government Code Section 7903 requires county governments to include specified state subventions (grants/funding) within their appropriations limit, starting from FY 2021-22. The California Department of Finance provides the total amount of these subventions (grants/funding) to be included in the appropriations limit for each fiscal year.

Government Code Section 7910 requires the Board of Supervisors (Board) to establish, by resolution, the appropriations limit for the following fiscal year for entities under its authority. Attachments A and B display the computation of the appropriations limit for FY 2026-27 for the two entities for which the Board must establish limits, the County Funds and the Orange County Flood Control District. The County Funds include the County General Fund, Library Fund, Orange County Fire Authority, OC Parks Fund and the County Service Areas.

The Auditor-Controller has received from the California Department of Finance the population and cost of living factors allowed by Proposition 111 and has also received from the County Assessor the nonresidential new construction assessed valuation data for Roll Year 2025-26 to compute the FY 2026-27 appropriations limit. The detailed calculations for the County Funds and the Orange County Flood Control District appropriations limit for FY 2026-27, as provided under Proposition 111 and its enabling legislation, are shown on Attachments A (County Funds) and B (Flood Control District).

The selected factors in the calculations are as follows:

- For the County Funds Appropriations Limit
  - The cost of living factor for California per capita personal income and
  - The change in contiguous County population
- For the Orange County Flood Control District Appropriations Limit
  - The cost of living factor for California per capita personal income and
  - The change in County population

The appropriations of tax proceeds in the FY 2026-27 Recommended Budget for both the County Funds and Orange County Flood Control District entities are less than their appropriations limits for FY 2026-27.

Following is an estimate of appropriations subject to the Gann Limits for FY 2026-27.

**COUNTY FUNDS**

FY 2026-27 Gann Appropriations Limit	\$18,220,560,105
FY 2026-27 Estimated Appropriations Subject to Limitation*	<u>\$ 2,225,507,811</u>
Estimated Amount below Limit	\$15,995,052,294

**FLOOD CONTROL DISTRICT**

FY 2026-27 Gann Appropriations Limit	\$2,121,608,306
FY 2026-27 Estimated Appropriations Subject to Limitation*	<u>\$ 198,474,394</u>
Estimated Amount below Limit	\$1,923,133,912

\* Only appropriations financed by tax proceeds as defined by Article 13B of the Constitution, and state subventions (grants/funding) specified per Government Code Section 7903.

**Prior Board Actions:**

On May 19, 2026, the Board set the Gann Annual Appropriations Limit Hearing. The purpose of the hearing was to direct the Auditor-Controller to provide notice that the FY 2026-27 appropriations limits would be considered at the Board meeting of June 23, 2026, and the documentation used in the determination of the appropriations limit would be available for review commencing June 2, 2026.

On June 24, 2025, the Board approved the FY 2025-26 appropriations limit for the County Funds and the Orange County Flood Control District entities.

**FINANCIAL IMPACT:**

This is a non-financial Agenda Staff Report.

**STAFFING IMPACT:**

N/A

**REVIEWING AGENCIES/DEPARTMENTS:**

N/A

**ATTACHMENTS:**

Attachment A - County Funds' Computation of Appropriations Limits FY 2026-27

Attachment B - Flood Control District's Computation of Appropriations Limit FY 2026-27

Attachment C - Resolution - County Funds

Attachment D - Resolution - Orange County Flood Control District

Attachment E - California Constitution Article 13B Government Spending Limitation

Attachment F - California Government Code Sections 7901, 7903 and 7910 Expenditure Limitation