



## Staff Report

**TO:** City Council  
**FROM:** Jennifer Ustation, Interim Finance Director  
**DATE:** June 1, 2021  
**SUBJECT:** Approval of Gann Limit for Fiscal Year 2021-2022

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### **Background and Analysis:**

In November 1979, Proposition 4 (Gann Initiative) was adopted by the State of California. Proposition 4 created Article XIII B of the State Constitution placing limits on the amount of revenue which can be spent by all entities of government. Proposition 4 was modified by Proposition 111 in June 1990. Proposition 111 provided new adjustment formulas for the calculation of the annual appropriations limit.

The appropriations limit is based on actual appropriations during the 1978-79 Fiscal Year and is increased each year using the growth of population and inflation. Not all revenues are restricted by the appropriations limit, only those that are referred to as "proceeds of taxes."

The limit is calculated by taking the prior year's limit and applying growth factors as appropriate. The growth factors are determined by 1) the change in population in either the City or the County, and 2) the change in per capita income or non-residential new construction.

These growth factors increased the appropriations limit from \$95,703,509 for FY2021 to \$103,059,285 for FY2022.

As Identified in Attachment A, the revenues subject to the appropriation limit for FY2022 total \$21,424,656. The City is well below the Gann limit for the upcoming fiscal year.

### **Fiscal Impact:**

City staff estimates the cost to prepare this staff report to be \$245.

### **Recommended Action:**

Waive the full reading and adopt by title only a "Resolution of the City Council of the City of Beaumont, approving the Appropriation Limit for the 2021-22 Fiscal Year."

**Attachments:**

- A. Appropriation Limit Calculation for the Fiscal Year ending June 30, 2022.
- B. Resolution of the City Council approving the FY 2021-22 Appropriation Limit.