



Folsom City Council Staff Report

MEETING DATE:	10/28/2025
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 11484 – A Resolution Electing the Population and Inflation Factors and Establishing the Fiscal Year 2025-26 Gann Appropriations Limit
FROM:	Finance Department

RECOMMENDATION / CITY COUNCIL ACTION

It is recommended that the City Council adopt Resolution No. 11484 – A Resolution Electing the Population and Inflation Factors and Establishing the FY 2025-26 Gann Appropriations Limit.

BACKGROUND / ISSUE

The Gann Spending Limitation Initiative (Article XIII B of the State Constitution) adopted as Proposition 4 in June 1979 (and subsequently modified by Proposition 111 in June 1990), requires the City to annually adopt a resolution setting an appropriations limit for the upcoming fiscal year. The Gann Spending Limitation was intended to provide citizen control of government spending and taxation.

The City Manager’s Fiscal Year 2025-26 Operating Budget and Capital Improvement Plan (CIP) was adopted by the City Council on June 24, 2025.

POLICY / RULE

California Government Code, Section 7910 (a) “each year the governing body of each local jurisdiction shall, by resolution, establish its appropriations limit and make other necessary determinations for the following fiscal year pursuant to Article XIII B of the California Constitution at a regularly scheduled meeting or noticed special meeting...”

California Constitution, Article XIII B, Sec. 1. “The total annual appropriations subject to limitation of the State and of each local government shall not exceed the appropriations limit of the entity of government for the prior year adjusted for the change in the cost of living and the change in population, except as otherwise provided in this article.

Folsom Municipal Code, Section 3.02.030, Budget

“An Annual Budget shall be prepared by the City Manager, with the assistance of the Finance Director. . . . (G) The City Council shall adopt the annual budget by Resolution by fund and program by affirmative vote of at least three members, on or before the last working day of the last month of the current fiscal year. If the City Council fails to adopt the budget by the last working day of the current fiscal year, the budget as presented by the City Manager shall be deemed adopted.”

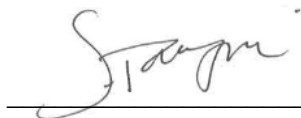
ANALYSIS

Information from the California Department of Finance regarding population and per capita personal income has now been received and the calculation for the Gann Spending Limitation is attached. The establishment of the 2025-26 Appropriations Limit (“Gann Limit”) is necessary to comply with Article XIII B of the State Constitution. The Gann Limit limits the amount of revenue classified as proceeds of taxes that can be appropriated in any fiscal year by a government entity. Certain exclusions are allowed including transfers, capital outlay and payments for debt service. The maximum allowable appropriation of revenues subject to limitations for Fiscal Year 2025-26 is \$153,867,492 and the FY 2025-26 Budget, with the exclusions referenced above, is within this limit. This maximum amount increases or decreases each year depending on the percentage change in the per capita personal income (6.44%) and the percentage change in population (3.69%). The California Department of Finance has estimated the total population for the City of Folsom as of January 1, 2025 as 92,577, and after deducting prison population the estimated population is 87,532. The formula for calculating the limits was based on the Fiscal Year 1978-79 “base year” revenues. For Fiscal Year 2025-26 the budgeted revenues subject to limitation total \$93,809,547 which is \$60,057,946 less than the maximum allowed.

ATTACHMENTS

1. Resolution No. 11484 – A Resolution Electing the Population and Inflation Factors and Establishing the FY 2025-26 Gann Appropriations Limit
2. Gann Appropriations Limit for FY 2025-26

Submitted,



Stacey Tamagni, Finance Director/CFO