



Folsom City Council Staff Report

MEETING DATE:	8/27/2024
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 11238 – A Resolution Electing the Population and Inflation Factors and Establishing the Fiscal Year 2024-25 Appropriations Limit
FROM:	Finance Department

RECOMMENDATION / CITY COUNCIL ACTION

It is recommended that the City Council adopt Resolution No. 11238 – A Resolution Electing the Population and Inflation Factors and Establishing the FY 2024-25 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 2024-25 Operating Budget and Capital Improvement Plan (CIP) was adopted by the City Council on June 25, 2024.

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 2024-25 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 2024-25 is \$139,413,598 and the FY 2024-25 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 (3.62%) and the percentage change in population (2.41%). The California Department of Finance has estimated the total population for the City of Folsom as of January 1, 2024 as 88,023, and after deducting prison population the estimated population is 83,443. The formula for calculating the limits was based on the Fiscal Year 1978-79 “base year” revenues. For Fiscal Year 2024-25 the budgeted revenues subject to limitation total \$91,059,496 which is \$48,354,102 less than the maximum allowed.

ATTACHMENTS

1. Resolution No. 11238 – A Resolution Electing the Population and Inflation Factors and Establishing the FY 2024-25 Appropriations Limit
2. Gann Appropriations Limit for FY 2024-25

Submitted,



Stacey Tamagni, Finance Director/CFO

ATTACHMENT 1

**Resolution No. 11238 – A Resolution Electing the Population and
Inflation Factors and Establishing the FY 2024-25 Appropriations
Limit**

RESOLUTION NO. 11238

A RESOLUTION ELECTING THE POPULATION AND INFLATION FACTORS AND ESTABLISHING THE FISCAL YEAR 2024-25 APPROPRIATIONS LIMIT

WHEREAS, Section 3.02.030 of the Folsom Municipal Code states “An Annual Budget shall be prepared by the City Manager, with the assistance of the Finance Director . . .”; and

WHEREAS, the City Council is required by Government code 7910 to establish its appropriations limit by resolution and approve the appropriate inflation and population factors used in the calculation of the limit; and

WHEREAS, on the 25th day of June 2024, the City Council approved the Fiscal Year 2024-25 Operating Budget and Capital Improvement Plan; and

WHEREAS, the Budget sets forth the “Proposition 4 Appropriations Limitation Schedule”, computed using the City population growth factor of 2.41% and the California Per Capita personal income change factor of 3.62% as determined by the State of California, Department of Finance, for the Fiscal Year 2024-25 for the City of Folsom; and

WHEREAS, the documentation used in the determination of the appropriations limit has been available to the public in the City Clerk’s Office for fifteen days prior to the meeting; and

WHEREAS, the City of Folsom’s appropriations limit for the Fiscal Year 2024-25 shall be \$139,413,598.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Folsom that the Gann Appropriations Limit is approved.

PASSED AND ADOPTED this 27th day of August 2024, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSTAIN: Councilmember(s):
ABSENT: Councilmember(s):

Michael D. Kozlowski, MAYOR

ATTEST;

Christa Freemantle, CITY CLERK

ATTACHMENT 2

Gann Appropriations Limit for FY 2024-25

RESOURCES

APPROPRIATIONS

PROCEEDS OF TAXES

Property Taxes	\$ 44,658,430
Sales Taxes	29,075,767
Special Taxes	4,677,000
State Subventions	10,819,022
Franchise Taxes	817,000
Business Licenses	779,525

SUBJECT TO LIMITATIONS:

TOTAL PROCEEDS OF TAXES	\$ 90,826,744	\$ 90,826,744
Interest Income	232,752	232,752

TOTAL SUBJECT TO LIMITATIONS	\$ 91,059,496	\$ 91,059,496
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NON-PROCEEDS OF TAXES

NOT SUBJECT TO LIMITATIONS:

\$ 26,009,551	General Fund not financed with proceeds of taxes
11,936,049	Special Revenue Funds
7,114,733	Capital Project Funds
54,116,756	Enterprise Funds
23,924,211	Internal Service Funds
21,371,666	Trust Funds
-	Miscellaneous General Funds

TOTAL NON-PROCEEDS OF ALL TAXES	144,472,966	144,472,966
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TOTAL ALL RESOURCES	\$ 235,532,462	\$ 235,532,462
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Maximum allowable appropriation subject to limitations 2024-2025 fiscal year	\$139,413,598
Less: Total appropriation subject to limitation for 2024-2025 fiscal year	(91,059,496)

BALANCE UNDER ARTICLE XIIB LIMIT:	\$ 48,354,102
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