

# Folsom City Council Staff Report

<b>MEETING DATE:</b>	7/11/2023
<b>AGENDA SECTION:</b>	Consent Calendar
<b>SUBJECT:</b>	Resolution No. 11072 – A Resolution Electing the Population and Inflation Factors and Establishing the Fiscal Year 2023-24 Appropriations Limit
<b>FROM:</b>	Finance Department

## **RECOMMENDATION / CITY COUNCIL ACTION**

It is recommended that the City Council adopt Resolution No. 11072 – A Resolution Electing the Population and Inflation Factors and Establishing the FY 2023-24 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 2023-24 Operating Budget and Capital Improvement Plan (CIP) was adopted by the City Council on May 23, 2023.

## **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 2023-24 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 2023-24 is \$131,376,952 and the FY 2023-24 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 (4.44%) and the percentage change in population (2.10%). The California Department of Finance has estimated the total population for the City of Folsom as of January 1, 2023 as 85,498, and after deducting prison population the estimated population is 81,278. The formula for calculating the limits was based on the Fiscal Year 1978-79 “base year” revenues. For Fiscal Year 2023-24 the budgeted revenues subject to limitation total \$85,457,331 which is \$45,919,621 less than the maximum allowed.

ATTACHMENTS

1. Resolution No. 11072 – A Resolution Electing the Population and Inflation Factors and Establishing the FY 2023-24 Appropriations Limit
2. Gann Appropriations Limit for FY 2023-24

Submitted,



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Stacey Tamagni, Finance Director/CFO

# **ATTACHMENT 1**

**RESOLUTION NO. 11072**

**A RESOLUTION ELECTING THE POPULATION AND INFLATION FACTORS AND ESTABLISHING THE FISCAL YEAR 2023-24 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 23rd day of May 2023, the City Council approved the City Manager’s Fiscal Year 2023-24 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 2.10% and the California Per Capita personal income change factor of 4.44% as determined by the State of California, Department of Finance, for the Fiscal Year 2023-24 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 2023-24 shall be \$131,376,952.

**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 11th day of July 2023, by the following roll-call vote:

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

\_\_\_\_\_  
Rosario Rodriguez, MAYOR

ATTEST:

\_\_\_\_\_  
Christa Freemantle, CITY CLERK

## **ATTACHMENT 2**

## RESOURCES

### PROCEEDS OF TAXES

Property Taxes	\$ 40,094,946
Sales Taxes	29,257,969
Special Taxes	4,462,500
State Subventions	9,866,746
Franchise Taxes	817,000
Business Licenses	761,825

### TOTAL PROCEEDS OF TAXES

\$ 85,260,986

### Interest Income

196,345

### TOTAL SUBJECT TO LIMITATIONS

\$ 85,457,331

### NON-PROCEEDS OF TAXES

### TOTAL NON-PROCEEDS OF ALL TAXES

149,688,521

### TOTAL ALL RESOURCES

\$ 235,145,852

## APPROPRIATIONS

### SUBJECT TO LIMITATIONS:

\$ 23,102,802

15,196,930

12,342,707

57,879,757

21,988,471

19,177,854

-

149,688,521

\$ 235,145,852

### NOT SUBJECT TO LIMITATIONS:

General Fund not financed  
with proceeds of taxes  
Special Revenue Funds  
Capital Project Funds  
Enterprise Funds  
Internal Service Funds  
Trust Funds  
Miscellaneous General Funds

Maximum allowable appropriation subject to limitations 2023-2024 fiscal year  
Less: Total appropriation subject to limitation for 2023-2024 fiscal year

\$131,376,952  
(85,457,331)

BALANCE UNDER ARTICLE XIIB LIMIT:

\$ 45,919,621