



CITY OF SALINAS

COUNCIL STAFF REPORT

DATE: NOVEMBER 12, 2024

DEPARTMENT: FINANCE

FROM: SELINA ANDREWS, FINANCE DIRECTOR

TITLE: FISCAL YEAR 2024-25 APPROPRIATIONS
LIMIT (GANN LIMIT) REVISION

RECOMMENDED MOTION:

A motion to approve a resolution revising the fiscal year 2024-25 appropriations limit (GANN Limit).

EXECUTIVE SUMMARY:

The City's independent financial auditors, Pun and Associates, LLP, discovered a minor error in appropriations limit for fiscal year ending June 30, 2024, calculation due to the rounding of decimal points. In order for future calculations to be accurate, the appropriations limit previously adopted by City Council on June 11, 2024 (resolution 22980) needs to be adjusted as this number effects subsequent calculations. The revision adjusts the figure from \$324,459,809 to \$324,452,179, a difference of \$7,630.

BACKGROUND:

Article XIII B of the California Constitution (enacted with the passage of Proposition 4 in 1979, with modifications under Proposition 111 passed in June 1990, and implemented by California Government Code sections 7900, and following) provides the basis for the appropriation limitation. This legislation required the governing body of each local jurisdiction in California to establish a Tax Appropriations Limit (also referred to as the GANN Limit) on or before June 30 of each year for the following fiscal year. The Tax Appropriations Limit is based on actual appropriations during the State of California Fiscal Year 1978-79 and adjusted each year using population and inflation adjustment factors.

On June 5, 1990, California voters approved Proposition 111, amending Article XIII B. Proposition 111 allows local jurisdictions to choose among measures of inflation and population growth to compute the adjustment factor. The measures for inflation (price factors) include growth in California per capita income or growth in the City's gross assessed valuation due to new non-residential construction; while measures for population growth include population growth within the county or city.

The appropriations limit is calculated each fiscal year and is generally included as part of the annual operating and capital budgets. It is calculated by adjusting the base year limit for changes in the cost-of-living and population. In brief, the City’s appropriations growth rate is limited to changes in population and either the change in California per capita income or the change in the local assessment roll due to new, non-residential construction.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

Revising the appropriations limit meets the Council Goal of Operational Efficiencies.

DEPARTMENTAL COORDINATION:

This staff report was coordinated by the Finance Department.

FISCAL AND SUSTAINABILITY IMPACT:

There is no direct fiscal impact associated with revising the appropriations limit.

Fund	Appropriation	Appropriation Name	Total Appropriation	Amount for recommendation	FY 24-25 Operating Budget Page	Last Budget Action (Date, Resolution)
n/a	n/a	n/a	n/a	n/a	n/a	n/a

ATTACHMENTS:

Resolution