

DATE SUBMITTED 6/28/2024  
SUBMITTED BY ADMIN SERVICES  
DIRECTOR  
DATE ACTION REQUIRED 7/03/2024

COUNCIL ACTION (X)  
PUBLIC HEARING REQUIRED ( )  
RESOLUTION (X)  
ORDINANCE 1<sup>ST</sup> READING ( )  
ORDINANCE 2<sup>ND</sup> READING ( )  
CITY CLERK'S INITIALS ( )

**IMPERIAL CITY COUNCIL  
AGENDA ITEM**

SUBJECT: **GANN SPENDING LIMIT FOR FISCAL YEAR 2024-2025**

- 1. CERTIFY THE CITY IS IN COMPLIANCE WITH THE GANN SPENDING LIMIT FOR FY 2024-2025 BY APPROVING RESOLUTION #2024-48.

DEPARTMENT INVOLVED: FINANCE DEPARTMENT

BACKGROUND/SUMMARY:

As required by Proposition 4 which was passed in 1979, now under Article XIIIB of the California Constitution, the City of Imperial (like all California Cities) has had to determine compliance with Proposition 4 by multiplying the "base" spending limit established for each City back in the year 1979 using the two factors provided by the California Department of Finance: (1) population change, and (2) inflation rate change, annually.

Known broadly as the Gann Spending Limit, named after Paul Gann, a political activist who joined forces with Howard Jarvis to bring about the well-known Proposition 13, which places a limit on property taxes at 1% of assessed value, with no more than a 2% growth rate on assessed values (with certain exceptions).

The purpose of the Gann Spending Limit is to annually, as part of the budget adoption process, update the prior-year Spending Limit by multiplying that limit by the new-year compounding impact of the new population change (2.59%) by the new inflation rate change (3.62%).

For FY 2024-2025, here is the calculation of the Gann Spending Limit (adding 100% to each factor to allow multiplication of the percentages against last year's limit):

$$\$21,528,421 \times 1.0259 \times 1.0362 = \$22,884,712$$

The other test to the Gann Spending Limit is to calculate the appropriations "subject to" the spending limit. This is an odd calculation, but it basically calls for determining the "revenues" derived primarily from "tax" proceeds (generally in the General Fund), and uses this figure to establish the "appropriations" that are subject to the limit.

In Imperial, this figure totals \$8,921,700, which is well below the \$22,884,712 spending limit.

FISCAL IMPACT: None. Resolution #2024-48 establishes the spending limit for FY 2025 at \$22,884,712, which is well under the \$8,921,700 appropriations "subject to" the spending limit.

ADMIN SERVICES SIGN INITIALS DP

<p>STAFF RECOMMENDATION: Staff recommends that the City Council adopt Resolution #2024-28 establishing the spending limit at \$22,884,712 for FY 2024-2025, and recognize that the City's appropriations subject to the limit are "below" the spending limit.</p>	<p>DEPT. INITIALS <u>DA</u></p>
<p>CITY MANAGER'S RECOMMENDATION: <i>approve</i></p>	<p>CITY MANAGER'S INITIALS <u>DTM</u></p>
<p>MOTION:</p> <p>SECONDED: APPROVED ( ) REJECTED ( )  AYES: DISAPPROVED ( ) DEFERRED ( )  NAYES:  ABSENT: REFERRED TO:</p>	

**CITY OF IMPERIAL**  
**Appropriations Limit Schedule**  
**For the Year Ending June 30, 2025**

GANN Limit - 2023-24	<u>Amount</u>	<u>Source</u>
A. Apportions Limit FY 2022 - 23	21,528,421	Prior year appropriations adopted by City
B. Calculation Factors:		
1) Population Increase %	1.0259	California Department of Finance
2) Inflation Increase %	1.0362	California Department of Finance
3) Total Adjustment %	<u>1.063</u>	(B1 x B2)
C. Annual Adjustment Increase	1,356,291	[(B3-1)] x A
D. Other Adjustments:		
1) Loss responsibility (-)	0	N/A
2) Transfer to Private (-)	0	N/A
3) Transer to fees (-)	0	N/A
4) Assumed responsibility (+)	0	N/A
E. Total Adjustments	<u>1,356,291</u>	(C + D)
F. Appropriations Limit FY 2023-24	22,884,712	(A + E)

<http://www.dof.ca.gov/>

search for appropriation limit

Search should result in a letter dated in May of current year from governor

Subject on Letter: Price Factor and Population information

**Purpose of Limited Procedures Review**

Under Article XIII B of the California Constitution (the Gann Spending Limit Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceed of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to a limited procedures review in connection with the annual audit.

**Method of Calculation**

Multiply the population and inflation factors against last year's spending limit

**RESOLUTION NO. 2024-48**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL, CALIFORNIA ADOPTING AN APPROPRIATIONS LIMIT FOR FISCAL YEAR ENDING JUNE 30, 2025**

**BE IT AND IT IS HEREBY RESOLVED** by the City Council of the City of Imperial as follows:

**WHEREAS**, the Gann Initiative, hereby referred to as Article XIIB of the Constitution of the State of California was passed by the people; and

**WHEREAS**, Article XIIB mandated and appropriations limit on various units of government, including the City of Imperial; and

**WHEREAS**, that limit has been calculated by the Administrative Services Department of the City of Imperial using current guidelines by State Department of Finance; and

**WHEREAS**, the City Council of the City of Imperial desires to formally adopt that appropriations limit for the City.

**NOW, THEREFORE**, the City Council of the City of Imperial, in accordance with Article XIIB of the Constitution of the State of California hereby adopts an appropriation limit for the City of Imperial for Fiscal Year 2024-2025 at **\$22,884,712**, which is an increase of **\$1,356,291** over Fiscal Year 2023-2024 limit of **\$21,528,421**, using the California Department of Finance data, which reflects a **2.59%** population increase and a **3.62%** inflation increase for the new fiscal year.

The appropriations subject to the limit for FY 2023-2024 total **\$8,921,700**, which are well below the FY 2024-2025 appropriations limit of **\$22,884,712** as computed in **Attachment 1**.

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Imperial on the 3<sup>rd</sup> day of July, 2024.

\_\_\_\_\_  
ROBERT AMPARANO,  
Mayor

ATTEST:

\_\_\_\_\_  
KRISTINA SHIELDS,  
City Clerk

**CERTIFICATION**

I, Kristina Shields, City Clerk of the City of Imperial, California, hereby certify that the foregoing Resolution No. 2024-48 was duly adopted at a meeting of the City Council of said City at its meeting held on the 3<sup>rd</sup> day of July 2024, by the following vote, to wit:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of Imperial, California, 3<sup>rd</sup> day of July, 2024.

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KRISTINA SHIELDS,  
City Clerk