



## REPORT TO CITY COUNCIL

**To:** Honorable Mayor and Members of the City Council

**From:** Jason Simpson, City Manager

**Prepared by:** Shannon Buckley, Assistant City Manager

**Date:** July 11, 2023

**Subject:** Adoption of the Fiscal Year 2023-24 Gann Limit

### **Recommendation**

Adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ESTABLISHING THE APPROPRIATIONS GANN LIMIT FOR FY 2023-24 AND SELECTING THE POPULATION AND INFLATION FACTOR ACCORDINGLY.

### **Background**

On June 13, 2023 Council adopted a resolution establishing the appropriations Gann Limit for FY 2023-24. The schedule attached to the resolution was incorrect.

### **Discussion**

Under Government Section 7910, the City Council is required, on an annual basis, to adopt by resolution the "Gann" Appropriations Limit. The Appropriations Limit restricts the revenue that can be appropriated in any fiscal year. The Limit is adjusted each year based on the change in the population and either the change in non-residential assessed valuation or the change in California per capita income. The Limit for the FY2023-24 is based on California's per capita income.

Using population and per capita personal income data provided by the State Department of Finance, the City's Appropriations Limit for FY2023-24 has been computed to be \$128,984,827. Appropriations subject to the Limit in the proposed FY2023-24 budget total \$46,864,189, which is \$82,120,638 less than the computed Limit. Additional appropriations to the budget are funded by non-tax sources such as service charges, restricted revenues from other agencies, grants, or beginning fund balances would be unaffected by the Appropriations Limit. However, any supplemental appropriations funded through increased tax sources could not exceed the \$82,120,638 variance indicated above. Further, any overall actual receipts from tax sources greater than \$82,120,638 from the budget estimates will result in proceeds from taxes above the City's Appropriations Limit, requiring refunds of the excess within the next two fiscal years or voter approval to increase the City's Appropriations Limit.

**Fiscal Impact**

The Proposed FY2023-24 Gann Limit will set the maximum revenue appropriation at \$128,984,827.

**Attachments**

Attachment 1 - Resolution Gann Limit FY 23-24  
Exhibit A - Appropriations Limit Calculation