



**RESOLUTION NO. 1295-2016
A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF RIO DELL
ADOPTING GANN APPROPRIATIONS LIMIT
FOR THE YEAR 2016-2017**

WHEREAS, the voters of the State of California in November 1979 approved Proposition 4, commonly known as the Gann Initiative; and

WHEREAS, the Proposition created Article XIII B of the California State Constitution placing limits on the amount of revenue which can be spent by all entities of the government within the State; and

WHEREAS, these limits require a municipality to determine an appropriations limit each year in accordance with a formula set forth by state law; and

NOW, THEREFORE BE IT RESOLVED, the City Council of the City of Rio Dell hereby adopts the Gann Appropriations limit of \$1,170,066 for year 2016-2017.

I HEREBY CERTIFY that the foregoing Resolution was duly introduced, passed and adopted at a regular meeting of the City Council of the City of Rio Dell, held on the 17th day of May, 2016 by the following vote:

Ayes: Wilson, Johnson, Marks and Thompson
Noes: None
Abstain: None
Absent: Garnes


Frank Wilson, Mayor

ATTEST:


Karen Dunham, City Clerk

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**CITY OF RIO DELL
STAFF REPORT
CITY COUNCIL AGENDA
May 17, 2016**

TO: Mayor and Members of the City Council

THROUGH: Kyle Knopp, City Manager

FROM: Brooke Woodcox, Finance Director

DATE: May 17, 2016

SUBJECT: **Gann Appropriations Limit for the 2016-2017 Fiscal Year**

Recommendation

Adopt Resolution 1295-2016 adopting the Gann Appropriation Limit for FY 2016/17

Background and Discussion

The Gann Appropriations Limit (Gann Limit) constrains spending of state and local tax resources. For fiscal year 2016/17 the City's Gann Limit is \$1,170,066. Budgeted amounts for tax revenues are \$412,410, which puts the City well under the allowable appropriated amount.

The Gann Appropriations Limit (Gann Limit) was adopted by California voters in 1979 and is designed to limit growth in government spending. By nature of the calculation the Gann Limit controls appropriations to ensure that government spending is not faster than the growth in population and inflation.

The Gann Limit is different for all agencies and is adjusted every year based on the Consumer Price Index (CPI) and the percentage change in population. The

prior year's Gann Limit is multiplied by the product of the CPI and percentage change to determine the City's new limit (shown below).

$$\text{Gann Limit} = \text{Prior year's Gann Limit} \times (\text{CPI} \times \text{percentage change in population})$$

**GANN Appropriations Limit Calculation
FY 2016-2017**

Prior Years Appropriations Limit	\$ 1,109,769
 Adjustment Factors for the current year	
2016/17 Inflation*	1.0537
2015/16 Population Change*	100.06%
Total Adjustment	1.0543
2016/17 Appropriations Limit	\$ 1,170,066

* Provided by Demographic Research Unit, Department of Finance, State of California

GENERAL FUND TAX PROCEEDS

GF	Tax - Documentary Real Property	2,800
GF	Tax - Home Owner's Property	1,400
GF	Tax - In Lieu Retail Sales - County	16,000
GF	Tax - Measure U Sales Tax	170,000
GF	Tax - Prior Years - Supplemental	-
GF	Tax - Property Current Secured	102,000
GF	Tax - Property Current Unsecur	3,600
GF	Tax - Property Prior Secured	-
GF	Tax - Property Prior Unsecured	100
GF	Tax - Public Safety .5% sales	3,300
GF	Tax - Retail Sales	100,500
GF	Tax - Supplemental Roll	2,200
GF	Tax - Timber Yield	10
GF	Tax - Transient Occupancy Tax	10,500
	TOTAL GENERAL FUND TAX PROCEEDS	412,410

*Tax revenues received from the state that are **restricted** for use (such as the gas tax) are counted in the State's Gann Appropriations Limit calculation, and therefore not included in the calculation at the local level.*

If a government agency is expected to exceed their Gann Limit the State must be notified and the overage is added into the State's tax resource spending in order that the Gann Limit is not exceeded on a state-wide level.