



FISCAL YEAR 2021-22 ANNUAL APPROPRIATIONS LIMIT

Finance Department

City Council
June 8, 2021

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1

BACKGROUND

- November 1979 – Gann Initiative adopted
- Appropriation limit applies to revenues defined as proceeds from taxes
 - Some exclusions such as debt service

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.

— CALIFORNIA CONSTITUTIONAL ARTICLE XIII B §1



2

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2

DISCUSSION

- Two variables provided annually by the State:
 - Change in the cost of living
 - Change in population, excluding federal and state institutionalized populations and military populations
- The State provides example calculation methodology



3

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3

HISTORICAL REVIEW

- Staff noted an inconsistency in prior year calculations
- Calculations updated for consistency
- Update had an immaterial impact on the resulting appropriations limit
- Staff confirmed that the City did not exceed the revised Appropriations Limit in any year as compared to the updated limits.



4

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4

FY 2021-22 APPROPRIATIONS LIMIT

Calculated Limit	\$380,236,555
Estimated proceeds from taxes	\$308,865,867
Debt Service Exclusion	(34,199,356)
Amount subject to Limit	\$274,766,512
Difference	\$105,470,043
	27.7%



RECOMMENDATIONS

That the City Council provide the public, in accordance with Section 7910 of the Government Code, an opportunity to review the information used to develop the Appropriations Limit of \$380,236,555 for Fiscal Year 2021/22.

