

*“We are a welcoming, active and business-friendly rural foothill community built on California's rich gold rush history.”*



**City Manager's Report**  
**June 24, 2025 City Council Meeting**  
**Prepared by: Natalie Tornincasa, Assistant Finance Director**  
**Item #: 11.3**

**Subject:** Consider establishing the appropriation limit (Gann) for Fiscal Year 2024/2025 and determining compliance with Government Code Section 7910.

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**Recommendation:**

Adopt a resolution establishing the appropriation limit (Gann) for Fiscal Year 2024/2025 and determining compliance with Government Code Section 7910.

**Purpose:**

To establish the annual appropriation limit as subscribed by Government Code Section 7910 and determine whether or not the City's General Fund revenues fall within the established appropriations limit.

**Strategic Plan Strategies:**

Fiscal Stability /Sustainability: 6. Meet financial commitments and reporting requirements.

**Background:**

In November 1979, the voters of California passed Proposition IV which specified that government appropriations may increase annually by a factor comprised of the change in population combined with either the Consumer Price Index (CPI) or the change in per capita personal income. The Proposition was intended to provide citizen control of government spending and taxation.

The adoption of the Gann Limit is an annual requirement. The City of Placerville's Gann Limit is currently calculated to be \$31,131,694. The General Fund tax proceeds subject to the Gann Limit are \$9,072,295. Like past years, the City of Placerville is well within the appropriations limit for Fiscal Year 2024/2025.

**Analysis:**

The Gann Limit calculation begins with the General Fund revenues for Fiscal Year 2023/2024 (please see Exhibit A). Of the total revenues, revenue "proceeds" and "non-proceeds" are summarized in separate columns. Revenue proceeds are those revenue sources that are subject to the Gann Limit including most tax measures and intergovernmental revenue. Non-proceed revenues include most local fees, fines, and permits and are not subject to the Gann Limit.

Total General Fund revenues for Fiscal Year 2023/2024 are \$11,149,216. Of the \$11,149,216 amount, \$9,072,295 is calculated to be proceed revenues or revenues subject to the Gann Limit and \$2,076,921 is calculated to be non-proceed revenue not subject to the Gann Limit. Interest income has been allocated based on the weighted average of each category.

The Council adopted Gann Limit for Fiscal Year 2023/2024 was \$30,008,088. Each year, the City is required to adjust Placerville's Gann Limit by both the prior year per capita personal income increment and the prior year change in population (please see Note 4). This information is received from the State Department of Finance (please see the attached letter). The Fiscal Year 2024/2025 Gann Limit was adjusted by per capita personal income increment factor of 1.0362 and a population change factor of 1.0012. The Fiscal Year 2024/2025 Gann Limit is calculated to be \$31,131,694. The General Fund proceed revenues subject to the Gann Limit is \$9,072,295 leaving \$22,059,399 of unused appropriation limit. As you can see, Placerville is well within the Gann Limit.

This calculation was made available for public viewing at least fifteen days prior to tonight's meeting. Staff respectfully requests the Council's approval of the Fiscal Year 2024/2025 Gann Limit calculation

**Cost:**

There is no cost associated with tonight's recommendation.

**Environmental:**

Tonight's action is not directly applicable.

**Budget Impact:**

There is no budget impact associated with tonight's recommendation. The adopted Fiscal Year 2024/2025 General Fund Budget revenues are well within the Gann Limit.



**M. Cleve Morris, City Manager**



**Dave Warren, Assistant City Manager/  
Director of Finance**

**Attachments:**

- A. Appropriation Limit Calculation
- B. Notes to Proposition IV Limit Calculation
- C. Letter from the State Department of Finance
- D. Resolution