

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 6/25/07		Item Number: <u>A-2</u>	
AGENDA ITEM: Adoption of a Resolution Approving and Adopting the Annual Appropriations Limit for Fiscal Year 2007-08.			
Contact Person/Dept.: Mary V. Noller, Budget & Finance		Phone Number: (310) 253-6012	
Fiscal Impact: Yes ☐ No ☒		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Master Notification List 06/20/07);			
Department Approval: Marlee Chang (06/20/07)		City Attorney Approval: Carol Schwab (by H. Iker) (06/18/07)	
City Controller Approval: Marlee Chang (06/20/07)		City Manager Approval: Jerry B. Fulwood (06/20/07)	
<u>RECOMMENDATION:</u> Staff recommends the City Council adopt the Resolution approving and adopting the Annual Appropriations Limit for Fiscal Year 2007-08. <u>BACKGROUND:</u> The Appropriations Limit, otherwise known as the Gann Limit or Proposition 4, approved by the voters on November 6, 1979, added Article XIII B to the State Constitution. Article XIII B places an appropriations limit on State and local governments and requires them to establish their appropriations limit by resolution each year at a regularly scheduled meeting or a noticed special meeting. As adopted in 1979, Article XIIIB provided that Fiscal Year 1978-79 would be considered the “base year” used to calculate the appropriations limit. Article XIIIB was amended by the voters in 1990 with Proposition 111, which provided Fiscal Year 1986-1987 would become the “base year.” <u>FISCAL ANALYSIS:</u> As mentioned, the base year for calculating the appropriations limit is Fiscal Year 1986-87. Each subsequent year, the total annual appropriations subject to the limit may not exceed the appropriations limit for the prior year adjusted for changes in the cost-of-living and city or county population.			

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This year, during preparation of the Appropriations Limit, staff and the City's auditors noticed an error. Accordingly, the error has been corrected and this year's Appropriations Limit has been calculated using the corrected figure. (Note: This error did not result in any conflict with the requirements of Article XIII B.) Based on the proposed 2007-08 budget and the revised 2006-07 Appropriations Limit from our auditors Lance Soll Lunghard, the Budget & Finance Office has calculated the City's 2007-08 Appropriations Limit to be \$75,727,832. The City's 2007-08 appropriations that are applicable to this limit are expected to be \$45,979,118, well beneath the ceiling set by the Appropriations Limit required by the State Constitution.

ATTACHMENTS:

1. Proposed Resolution
2. Exhibit A – Analysis of Effect of Appropriations Limit on Estimated Revenue
3. Exhibit B – Appropriations Limit
4. Schedule I – Analysis of Estimated Revenues
5. Original 2006-07 Appropriations Limit
6. Revised 2006-07 Appropriations Limit Calculation from Auditors Lance Soll Lunghard

MOTION:

That the City Council:

Adopt the Resolution approving and adopting the Annual Appropriations Limit for Fiscal Year 2007-08.