

APPROPRIATIONS LIMIT CALCULATION

Article XIII B of the California State Constitution, commonly referred to as the Gann Initiative or Gann Appropriations Limit, was adopted by California voters in 1980 and placed limits on the amount of proceeds of taxes that State and local agencies can appropriate and spend each year.

The limit is different for every agency and changes each year. The annual limit is based on the amount of tax proceeds that were authorized to be spent in fiscal year 1978-79, modified for changes in inflation and population. Inflationary adjustments are based on increases in the California per capita income or the increase in non-residential assessed valuation due to new construction. An adjustment is also made based on changes in Manhattan Beach's population or County population.

For fiscal year 2018-2019, the estimated tax proceeds appropriated by the Manhattan Beach City Council are under the Limit. The adjusted Appropriation Limit for fiscal year 2018-2019 is \$79,412,267. This amount is the maximum amount of tax proceeds the City is able to appropriate and spend in fiscal year 2018-2019. The appropriations subject to the Limit are \$51,452,791, leaving the City with an appropriations capacity of \$27,959,476.

Section 7910 of the State Government Code requires a governing body to annually adopt, by resolution, an Appropriations Limit for the upcoming fiscal year.

SPENDING LIMIT CALCULATION - FISCAL YEAR 2018-2019

Appropriations subject to limit

Fiscal year 2018-2019 Revenues (all funds)	\$125,285,419
Less: Non tax proceeds	73,832,628
Plus: User fees in excess of costs	-
Total appropriations subject to limit	<u>\$51,452,791</u>

Appropriation limit

Fiscal year 2017-2018 adjusted appropriation limit	\$76,212,327
A. Population adjustment (Based on change in City/County population)	1.005100
B. Change in per capita income	1.036700
Total Annual Adjustment = (A multiplied by B)	<u>1.0419872</u>
Increase in appropriation limit	\$3,199,940
Fiscal year 2018-2019 appropriation limit	<u>\$79,412,267</u>

Appropriations subject to limit	<u>\$51,452,791</u>
Remaining appropriation capacity	\$27,959,476

Available capacity as a percent of appropriation limit **35.21%**
