



**ORANGE COUNTY  
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OF EDUCATION**

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**ORANGE COUNTY  
BOARD OF EDUCATION**

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August 9, 2012

TO: Directors/Managers of Business

FROM: Laurie Weiss, Business Services Specialist  
Business Services

SUBJECT: **SCHOOL DISTRICT APPROPRIATIONS (GANN) LIMITS**

According to Government Code Section 7906(f): Each school district shall report to the Superintendent of Public Instruction and to the Director of Finance at least annually its appropriation limit, its appropriations subject to limitation, the amount of its state aid apportionments and subventions included within the proceeds of taxes of the school district, and amounts excluded from its appropriations limit, at a time and in a manner prescribed by the Superintendent of Public Instruction and approved by the Director of Finance.

Additionally, Education Code Section 42132 specifies that **on or before September 15** the governing board of each school district shall adopt a resolution identifying their estimated appropriations limit for the current year and their actual appropriations limit for the preceding year. Notwithstanding Section 7910 of the Government Code, the documentation supporting the adoption resolution shall be made available to the public on the date of the meeting. Enclosed are sample resolutions to assist districts with compliance of the Education Code.

Government Code Section 7910(a) requires that fifteen days prior to the meeting documentation used in the determination of the appropriations limit and other necessary determinations shall be available to the public. The determinations made pursuant to this section are legislative acts.

The Form GANN is included to the SACS software to assist LEAs in meeting their constitutional and statutory obligations under the Gann Initiative to calculate appropriations limits and appropriations subject to limitation. Districts must include their completed Form GANN with their officially exported Unaudited Actuals submission.

Although the Form GANN contains preloaded or extracted data, some data must be manually entered on the form. Specifically, Line 19, Medicare, is not extracted and must be manually entered on the form. The adjustment columns are available to make

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any necessary corrections to prior year Gann data or to extracted data. All adjustments must be explained in the bottom section of Form GANN, and documentation supporting the adjustments kept in your files along with a copy of this year's Form GANN. A fatal internal form check added to the software will prompt users to enter an explanation if data exists in the Adjustments column. Users will be able to close the form without fixing the condition, but the explanation must be provided to complete an official export.

The flexibility provisions enacted by SBX3 4 (Chapter 12, Statutes of 2009), as amended by SB 70 (Chapter 7, Statutes of 2011) affected the calculation as it relates to the data imported as part of state aid programs (indicated with \*\* on Form GANN). Funding for these programs must be accounted for as Unrestricted, Resource 0000, All Other State Revenue, Object 8590 beginning in 2009-10 and are no longer distinguishable in the SACS software general ledger data. Local educational agencies (LEAs) must manually enter the data into the adjustments columns in Section C, lines 26-31, 33, and 35. It should be noted that Community Day School Additional Funding amounts on lines 28 and 29 (Resource 2430, Object 8311, and Resource 2430, Object 8319) will not be extracted and will require a combined key entry into the Adjustments column along with unrestricted Community Day School funding (Resource 0000, Object 8590).

It is important to note that an amount on Section D, Line 10 on the Form GANN indicates an increase to the appropriations limit per Government Code Section 7902.1. The District must report the increase of its appropriations limit to the Director of Finance within 45 days.

Please send a copy of the board adopted resolution to: **Laurie Weiss, Business Services, A-1155A, Orange County Department of Education.** If you have any questions or concerns regarding this request, please call me at (714) 966-4489.

cc: Darren Dang, Director  
Assistant Superintendents, Business

**RESOLUTION FOR ADOPTING THE “GANN” LIMIT**

*(Normal, no increase to Limit pursuant to G.C. 7902.1*

WHEREAS, in November of 1979, the California electorate did adopt Proposition 4, commonly called the Gann Amendment, which added Article XIII-B to the California Constitution; and,

WHEREAS, the provisions of that Article establish maximum appropriation limitations, commonly called “Gann Limits,” for public agencies, including school districts; and,

WHEREAS, the District must establish a revised Gann limit for the 2011-12 fiscal year and a projected Gann Limit for the 2012–13 fiscal year in accordance with the provisions of Article XIII-B and applicable statutory law;

NOW, THEREFORE, BE IT RESOLVED that this Board does provide public notice that the attached calculations and documentation of the Gann limits for the 2011–12 and 2012–13 fiscal years are made in accord with applicable constitutional and statutory law;

AND BE IT FURTHER RESOLVED that this Board does hereby declare that the appropriations in the Budget for the 2011–12 and 2012–13 fiscal years do not exceed the limitations imposed by Proposition 4;

AND BE IT FURTHER RESOLVED that the Superintendent provides copies of this resolution along with the appropriate attachments to interested citizens of this district.

(Note – Use this resolution only if there is an amount greater than zero in Section D, Line 10 of the Form GANN)

**RESOLUTION FOR ADOPTING THE “GANN” LIMIT**

*(With Increase to Limit pursuant to G.C. 7902.1*

WHEREAS, in November of 1979, the California electorate did adopt Proposition 4, commonly called the Gann Amendment, which added Article XIII-B to the California Constitution; and,

WHEREAS, the provisions of that Article establish maximum appropriation limitations, commonly called “Gann Limits,” for public agencies, including school districts; and,

WHEREAS, the District must establish a revised Gann limit for the 2011–12 fiscal year and a projected Gann Limit for the 2012–13 fiscal year in accordance with the provisions of Article XIII-B and applicable statutory law; and,

WHEREAS, Government Code Section 7902.1 provides that school districts may increase their Gann Limits under specified circumstances;

NOW, THEREFORE, BE IT RESOLVED that this Board does provide public notice that the attached calculations and documentation of the Gann limits for the 2011-12 and 2012-13 fiscal years are made in accord with applicable constitutional and statutory law;

AND BE IT FURTHER RESOLVED that this board does provide public notice that the attached calculations and documentation of the Gann Limits for the 2011–12 and 2012–13 fiscal years include an increase of \$ \_\_\_\_\_ to the 2011–12 Gann Limit pursuant to the provisions of Government Code Section 7902.1;

AND BE IT FURTHER RESOLVED that the Superintendent notifies the Director of the State Department of Finance of the increase to the 2011–12 Gann Limit;

AND BE IT FURTHER RESOLVED that this Board does hereby declare that the appropriations in the Budget for the 2011–12 and 2012–13 fiscal years do not exceed the limitations imposed by Proposition 4;

AND BE IT FURTHER RESOLVED that the Superintendent provides copies of this resolution along with the appropriate attachments to interested citizens of this district.

XXXXXXXX XX, 2012

Ana J. Matosantos, Director  
State Department of Finance  
Attention: School Gann Limits  
State Capitol, Room 1145  
Sacramento, CA 95814

**RE: Increase of 2011-12 Appropriations Limit Pursuant to Government Code  
Section 7902.1**

This is to inform you that, pursuant to Government Code Section 7902.1, the governing board of the \_\_\_\_\_ School District in Orange County adopted a resolution on XXXXXXXX XX, 2012 increasing its 2011-12 appropriations limit by \$\_\_\_\_\_. This increase to the appropriations limit is permanent and will be reflected in future fiscal year calculations.

If you have any questions, please contact \_\_\_\_\_ at \_\_\_\_\_.

\_\_\_\_\_  
*(Superintendent's Signature)*

\_\_\_\_\_  
*(Superintendent Name)*

\_\_\_\_\_  
*(District Name/County Name)*

cc:

**CALIFORNIA CODES**  
**EDUCATION CODE**  
**SECTION 42132**

**42132.** On or before September 15 of each year, the governing board of each school district shall adopt a resolution to identify, pursuant to Division 9 (commencing with Section 7900) of Title 1 of the Government Code, the estimated appropriations limit for the district for the current fiscal year and the actual appropriations limit for the district for the preceding fiscal year. That resolution shall be adopted at a regular or special meeting of the governing board. Notwithstanding Section 7910 of the Government Code, documentation used in the identification of the appropriations limits shall be made available to the public on the date of the meeting.

**CALIFORNIA CODES**  
**GOVERNMENT CODE**  
**SECTION 7902, 7902.1, 7906, 7910**

**7902.** (a) For the 1980-81 fiscal year, the appropriations limit of the state and of each local jurisdiction shall be determined as follows:

(1) Multiply the total amount of appropriations subject to limitation of each such entity for the 1978-79 fiscal year by the lesser of the change in cost of living for the 1979 calendar year or the change in California per capita personal income for the 1978 calendar year, and multiply this product by the change in population of each such entity for the 1978 calendar year.

(2) Multiply the product determined pursuant to paragraph (1) by the lesser of the change in cost of living for the 1980 calendar year or the change in California per capita personal income for the 1979 calendar year, and multiply this product by the change in population of each entity for the 1979 calendar year. The resulting product, as adjusted for other changes required or permitted by Article XIII B of the California Constitution, shall be the appropriations limit of each entity for fiscal year 1980-81.

(b) For the 1981-82 fiscal year and each year thereafter, the appropriations limit of the state and of each local jurisdiction shall equal the appropriations limit for the prior fiscal year multiplied by the product of the change in cost of living, as defined in paragraph (2) of subdivision (e) of Section 8 of Article XIII B of the California Constitution, and the change in population of the local jurisdiction for the calendar year preceding the beginning of the fiscal year for which the appropriations limit is to be determined, and adjusted for other changes required or permitted by Article XIII B of the California Constitution.

(c) For the purposes of this division, if a local agency's fiscal year begins on January 1, the agency shall base its appropriations limit on its appropriations subject to limitation for the 1979 calendar year. For that agency, the 1981 calendar year shall be the first year for which the appropriations limit shall apply. For purposes of the computations required by this section, that agency shall use the change in population, cost-of-living, and per capita personal income factors that it would have used had its fiscal year begun on the previous July 1.

**7902.1.** (a) If, beginning with the 1980-81 fiscal year or any fiscal year thereafter, the proceeds of taxes of a school district, community college district, or county superintendent of schools, exceed its appropriations limit determined pursuant to Section 7902 for that fiscal year, the governing body of the school district or community college district, or the county

superintendent of schools, may increase its appropriations limit to an amount equal to its proceeds of taxes.

(b) In the event that the governing body of a district or the county superintendent of schools increases its appropriations limit pursuant to this section, it shall notify the Director of Finance of the change within 45 days.

(c) Any increase in a local jurisdiction's appropriations limit pursuant to this section shall, in the fiscal year in which the change is made, reduce the appropriations limit of the state by an equal amount.

**7906. For school districts:**

(a) "ADA" means a school district's second principal apportionment units of average daily attendance as determined pursuant to Section 42238.5 of the Education Code, including average daily attendance in summer school, regional occupational centers and programs, and apprenticeship programs, and excluding average daily attendance in adult education programs. All other units of average daily attendance including, but not limited to, special day classes for special education pupils, shall be included.

(1) For purposes of this subdivision, the average daily attendance of summer school programs shall be determined pursuant to subparagraph (F) of paragraph (1) of subdivision (a) of Section 14022.5 of the Education Code.

(2) For purposes of this subdivision, the average daily attendance of apprenticeship programs shall be determined pursuant to subparagraph (D) of paragraph (1) of subdivision (a) of Section 14022.5 of the Education Code.

(3) For the 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, and 2014-15 fiscal years, the average daily attendance of public school districts, including county superintendents of schools, serving kindergarten and grades 1 to 12, inclusive, or any part thereof, shall include the same amount of average daily attendance for classes for supplemental instruction and regional occupational centers and programs that was used for purposes of this section for the 2007-08 fiscal year.

(b) "Foundation program level" means:

(1) For the 1978-79 fiscal year, one thousand two hundred forty-one dollars (\$1,241) for elementary school districts, one thousand three hundred twenty-two dollars (\$1,322) for unified school districts, and one thousand four hundred twenty-seven dollars (\$1,427) for high school districts.

(2) For the 1979-80 fiscal year to the 1986-87 fiscal year, inclusive, the levels specified in paragraph (1) increased by the lesser of the change in cost of living or California per capita personal income for the preceding calendar year.

(3) For the 1986-87 fiscal year, the levels specified in paragraph (2) increased by one hundred eighty dollars (\$180) for elementary school districts, one hundred ninety-one dollars (\$191) for unified school districts, and two hundred seven dollars (\$207) for high school districts.

(4) For the 1987-88 fiscal year, the levels specified in paragraph (3) increased by the lesser of the change in cost of living or California per capita personal income for the preceding calendar year.

(5) For the 1988-89 fiscal year and each fiscal year thereafter, the foundation program level shall be the appropriations limit of the school district for the current fiscal year, plus amounts paid for any nonreimbursed court or federal mandates imposed on or after November 6, 1979, less the sum of the following:

(A) Interest earned on the proceeds of taxes during the current fiscal year.

(B) The 50 percent of miscellaneous funds received during the current fiscal year that are from the proceeds of taxes.

(C) Locally voted taxes received during the current fiscal year, such as parcel taxes or square foot taxes, unless for voter-approved bonded debt.

(D) Any other local proceeds of taxes received during the current fiscal year, other than local taxes which count towards the revenue limit, such as excess bond revenues transferred to a district's general fund pursuant to Section 15234 of the Education Code.

(c) "Proceeds of taxes" shall be deemed to include subventions received from the state only if those subventions are for one of the following two purposes:

(1) Basic aid subventions of one hundred twenty dollars (\$120) per ADA.

(2) Additional apportionments that, when added to the district's local revenues as defined in Section 42238 of the Education Code, do not exceed the foundation program level for that district. In no case shall subventions received from the state for reimbursement of state mandates in accordance with the provisions of Section 6 of Article XIII B of the California Constitution or of Section 17561 or for reimbursement of court or federal mandates imposed on or after November 6, 1979, be considered "proceeds of taxes" for purposes of this section.

(d) Proceeds of taxes for a fiscal year shall not include any proceeds of taxes within the district's beginning balance or reserve, unless those funds were not appropriated in a prior fiscal year.

Funds that were appropriated to a reserve or other fund referenced in Section 5 of Article XIII B of the California Constitution shall be deemed to be appropriated for the purpose of this paragraph.

(e) The remainder of the state apportionments, including special purpose apportionments and categorical aid subventions shall not be considered proceeds of taxes for a school district.

(f) Each school district shall report to the Superintendent of Public Instruction and to the Director of Finance at least annually its appropriations limit, its appropriations subject to limitation, the amount of its state aid apportionments and subventions included within the proceeds of taxes of the school district, and amounts excluded from its appropriations limit, at a time and in a manner prescribed by the Superintendent of Public Instruction and approved by the Director of Finance.

(g) For the 1988-89 fiscal year and each fiscal year thereafter, nothing in paragraph (2) of subdivision (c) shall be so construed as to require that the amount determined pursuant to subdivision (b) be multiplied by the amount determined pursuant to subdivision (a) for purposes of determining the amount of state aid included in school district "proceeds of taxes" for purposes of this section.

**7910.** (a) Each year the governing body of each local jurisdiction shall, by resolution, establish its appropriations limit and make other necessary determinations for the following fiscal year pursuant to Article XIII B of the California Constitution at a regularly scheduled meeting or noticed special meeting. Fifteen days prior to the meeting documentation used in the determination of the appropriations limit and other necessary determinations shall be available to the public. The determinations made pursuant to this section are legislative acts.

(b) A judicial action or proceeding to attack, review, set aside, void, or annul the action of the governing body taken pursuant to this section shall be commenced within 45 days of the effective date of the resolution.

(c) A court in which an action described in subdivision (b) is pending, including any court reviewing the action on appeal from the decision of a lower court, shall give the action preference over all other civil actions, in the manner of setting the action for hearing or trial and in hearing the action, to the end that the action shall be quickly heard and determined.