

RESOLUTION NO. 2016- 39

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YREKA  
SETTING FORTH THE APPROPRIATIONS LIMIT FOR THE  
CITY OF YREKA FOR FISCAL YEAR 2016-2017

WHEREAS, Article XIII B of the Constitution of the State of California as implemented by SB 1352 of 1980 and amended by Proposition 111 of 1990 specifies that the total annual appropriations limit of the City shall be adjusted for the change in population and the change in cost of living; and

WHEREAS, the California State Department of Finance has provided the population estimate for the City of Yreka as of January 1, 2016; to be 7,832 and

WHEREAS, the California State Department of Finance has provided the annual percentage change population estimate for the City of Yreka, a decrease of 0.08%, and the change in the California per capita personal income, an increase of 5.37%.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Yreka that it does determine that the appropriations limit for Fiscal Year Ending June 30, 2017 is \$16,297,366. Appropriations subject to the Gann Limit are \$5,870,933.

Passed and adopted this 4th day of August 2016, by the following vote:

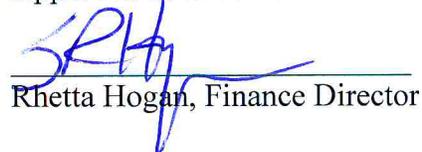
AYES: Baird, Freeman, Mercier, & Simmen

NAYS: None

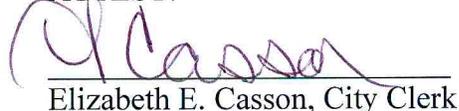
ABSENT: None

  
John Mercier, Mayor

Approved as to content:

  
Rhett Hogan, Finance Director

ATTEST:

  
Elizabeth E. Casson, City Clerk



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,CITY OF YREKA  
CITY COUNCIL AGENDA MEMORANDUM

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To: Yreka City Council  
Prepared by: Rhetta Hogan  
Agenda title: Adopt A Resolution Setting Forth the Appropriations Limit for the City of Yreka for Fiscal Year 2016-2017  
Meeting date: August 4, 2016

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Discussion:

Article XIII B of the California Constitution (Article 4) and related implementing legislation provide for an annual "appropriations limit" for each entity of local government and require the governing body of each local jurisdiction to establish its appropriation limit by resolution each year.

**The appropriation limit does not apply to the entire City budget but only to the appropriation of "proceeds of taxes" in the City's "general government" type funds.** From 1980-81 to 1989-90, each year's appropriation limit was based on the previous year's limit, multiplied by the percentage change in population and the percentage change in the United States Consumer Price Index or the change in California per capita income, whichever was less. Proposition 111, which was approved by the voters in June 1990, amended the factors used in the calculation of each year's limit. The factors to be used now are:

**Population Factor** - At the City's option, either the annual change in City or County population.

**Price Factor** - At the City's option, either the change in California per capita income or increase in non-residential assessed valuation due to new construction.

The formula to be used in calculating the growth rate is:

$$\frac{\% \text{ change in population} + 100.00}{100}$$

*times either*

$$\frac{\% \text{ change in per capita income} + 100.00}{100.00}$$

*or*

$$\frac{\text{Change in non-residential assessments} + 100.00}{100.00}$$

The resultant rate times the previous appropriation limit equals the new appropriation limit. Both the California per capita personal income price factor and the population percentage change factors are provided by the State Department of Finance (DOF) to local jurisdictions each year. Population percentage change factors estimate changes in the City's population between January of the previous fiscal year and January of the current fiscal year. These numbers provide the factor to be used in the City's calculation of the Gann limit.

In May 2016, the State Department of Finance notified each city of the population changes and the per capita personal income factor to be used in determining appropriation limits.

The Finance Director, using the change in per capita income method, has made the following calculation as applied to the City of Yreka for 2016-17 is: The population at January 1 of the previous year compared to January 1, 2016 (DOF Estimates 7,832) is a 0.08% decrease. The increase in the California per Capita Income for 2016-17 is 5.37%

The factor for determining the year-to-year increase computed as:

$$\frac{-0.08 + 100.00}{100.00} \times \frac{+5.37 + 100.00}{100.00} = 1.05285704$$

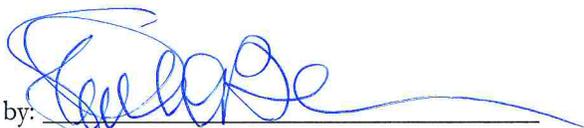
Applying this year's factor of 1.05285704 to last year's limit of \$15,479,182, the Gann limit for Fiscal Year 2016-17 is \$16,297,366. With appropriations subject to the limit totaling approximately \$5,870,933, the City of Yreka is not at risk of exceeding the Gann limit.

Fiscal Impact:

Restricts budgeting expenditures subject to the appropriations limit to no more than \$16,297,366. The City is budgeting \$5,870,933 for expenditures that are subject to the appropriations limit. The City is not at risk of exceeding the limit.

Recommendation and Requested Action:

Adopt A Resolution Setting Forth the Appropriations Limit for the City of Yreka for the Fiscal Year 2016-2017.

Approved by:   
Steven Baker, City Manager



May 2016

Dear Fiscal Officer:

**Subject: Price Factor and Population Information**

**Appropriations Limit**

The California Revenue and Taxation Code, section 2227, requires the Department of Finance (Finance) to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2016, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2016-17. Attachment A provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2016-17 appropriations limit. Attachment B provides the city and unincorporated county population percentage change. Attachment C provides the population percentage change for counties and their summed incorporated areas. The population percentage change data excludes federal and state institutionalized populations and military populations.

**Population Percent Change for Special Districts**

Some special districts must establish an annual appropriations limit. The Revenue and Taxation Code, section 2228 provides additional information regarding the appropriations limit. Article XIII B, section 9(C) of the California Constitution exempts certain special districts from the appropriations limit calculation mandate. The Code and the California Constitution can be accessed at the following website: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this requirement should be directed to their county, district legal counsel, or the law itself. No state agency reviews the local appropriations limits.

**Population Certification**

The population certification program applies only to cities and counties. Revenue and Taxation Code section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2016.**

**Please Note:** Prior year's city population estimates may be revised.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

MICHAEL COHEN  
Director  
By:

AMY COSTA  
Chief Deputy Director

Attachment

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost of living factor to compute their appropriation limit by a vote of their governing body. The cost of living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the fiscal year 2016-17 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2016-17	5.37

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2016-17 appropriation limit.

**2016-17:**

Per Capita Cost of Living Change = 5.37 percent  
 Population Change = 0.90 percent

Per Capita Cost of Living converted to a ratio:  $\frac{5.37 + 100}{100} = 1.0537$

Population converted to a ratio:  $\frac{0.90 + 100}{100} = 1.0090$

Calculation of factor for FY 2016-17:  $1.0537 \times 1.0090 = 1.0632$

Fiscal Year 2016-17

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2015 to January 1, 2016 and Total Population, January 1, 2016**

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total Population</u>
	2015-2016	1-1-15	1-1-16	1-1-2016
Siskiyou				
Dorris	0.20	979	981	981
Dunsmuir	-0.43	1,625	1,618	1,618
Etna	-0.27	738	736	736
Fort Jones	-0.28	712	710	710
Montague	-0.07	1,457	1,456	1,456
Mount Shasta	-0.30	3,377	3,367	3,367
Tulelake	-0.20	1,012	1,010	1,010
Weed	2.18	2,710	2,769	2,769
Yreka	-0.08	7,838	7,832	7,832
Unincorporated	-0.24	24,248	24,191	24,260
County Total	-0.06	44,696	44,670	44,739

\*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.