

RESOLUTION NO. 1022

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BLUE LAKE
ADOPTING A BUDGET FOR FISCAL YEAR BEGINNING JULY 1, 2013 AND
ENDING JUNE 30, 2014 AND FINDING THE BUDGET TO BE WITHIN THE
APPROPRIATIONS LIMIT REQUIRED BY ARTICLE XIII B OF THE
CALIFORNIA CONSTITUTION.**

WHEREAS, the City Council is required to adopt a budget for the City of Blue Lake for the fiscal year beginning July 1, 2013, and ending June 30, 2014; and,

WHEREAS, the City Manager proposed said Budget for City Council consideration on June 25, 2013; and,

WHEREAS, the City Council diligently reviewed and considered said Budget; and,

WHEREAS, the voters of the State of California have approved Proposition 4, commonly known as the Gann Initiative which created Article XIII B of the California Constitution which places limits on the amount of revenue which can be spent by all entities of government using a formula based on the 1978-79 "base year" revenues; and

WHEREAS, Article XIII B of the California Constitution requires that local jurisdictions, such as the City of Blue Lake, must select their cost-of-living factor to compute their appropriations limit by a vote of their governing body; and,

WHEREAS, the City of Blue Lake may select either the percentage change in California per capita personal income OR the percentage change in the local assessment roll due to the addition of local nonresidential new construction; and,

WHEREAS, the City of Blue Lake, by adopting this Resolution, has chosen to continue using the percentage of change in California per capita personal income for computing the appropriations limit along with the annual population change for the City of Blue Lake from January 1, 2012, to January 1, 2013; and,

WHEREAS, the calculations for determining the appropriations limit are shown in Attachment "A";

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Blue Lake as follows:

Section 1: The Budget for the Fiscal Year beginning July 1, 2013 and ending June 30, 2014, is hereby adopted. Said Budget shall be marked "Adopted Copy."

Section 2: The amounts stated in the said budget document entitled "City of Blue Lake FY 2013-14 Budget", with revenue and expenditures for the purposes therein

stated, shall be and are hereby appropriated to the several objects and purposes therein stated.

Section 3: The total appropriations subject to the Gann limit is \$125,355 which is well within \$1,055,317 which is the FY 2013-2014 Appropriations Limit Calculation, required by Article XIII B of the California Constitution.

Section 4: Modifications and amendments to the 2013-2014 said budget shall be allowed during the 2013-2014 fiscal year as proposed by the City Manager and approved by the City Council, so long as they remain within the Gann limit.

INTRODUCED, PASSED, AND ADOPTED this 25th day of June, 2013, by the following vote:

AYES: Manzanita, Benjamin, Sawatzky, Kullmann, Schapiro

NAYS: None

ABSENT: None

ATTEST:



City Clerk, City of Blue Lake



Mayor, City of Blue Lake

CITY CLERK'S CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of Resolution No. 1022 passed and adopted at the regular meeting of the City Council of the City of Blue Lake held on the 25th day of June, 2013, by the following roll call vote:

AYES: Manzanita, Benjamin, Sawatzky, Schapiro, Kullmann

NAYS: None

ABSENT: None



City Clerk

**CITY OF BLUE LAKE
ATTACHMENT "A" TO RESOLUTION NO. 1022
CALCULATION FOR DETERMINING THE FY13/14 APPROPRIATION LIMIT**

Article XIII B of the California Constitution, adopted by Proposition 4 in 1980, and amended in 1990 by Proposition 111, imposes restrictions on the amount of revenues that can be received and appropriated in a fiscal year. Only revenues defined to as "proceeds of taxes" are restricted by the limit. Generally, revenues restricted as to use, enterprise fund revenues, and charges for services not exceeding the cost of providing the service are not considered proceeds of taxes. Also, certain expenditures are considered exempt from the limit. During any fiscal year, a city may not appropriate any proceeds of taxes they receive in excess of their Limit.

The appropriations limit is based on actual appropriations during the base year of 1978-79, and is adjusted each year using the growth in population and inflation. The limit, cost of living factor (also known as the price factor), and population change factor must be adopted each year by resolution of the City Council.

Price Factor (conversion to ratio):

Percentage Change of Per Capita Personal Income for Fiscal Year 2013-2014 over prior year as provided
by State of California Department of Finance

$$5.12\% = 1.0512$$

Population Change (conversion to ratio):

Annual Percent Change in City of Blue Lake Population January 1, 2012 to January 1, 2013 as provided by
State of California Department of Finance

$$0.3200\% = 1.0032$$

Calculation of Factor for Fiscal Year 2013-2014:

$$\begin{aligned} \text{Price factor ratio} \times \text{Population change ratio} &= \text{current year factor} \\ 1.0512 \times 1.0032 &= 1.0546 \end{aligned}$$

$$\begin{aligned} \text{Current year factor} \times \text{last year Gann index} &= \text{New Gann index number} \\ 1.0546 \times 6.0811 &= 6.4129 \end{aligned}$$

Appropriations Limit Calculation for Fiscal Year 2013-2014:

Base Year (FY 1978-79) x new Gann index number = FY 2013-14 Appropriations Limit

$$\text{FY 2013-14 Appropriations Limit} = \$ 164,561 \times 6.4129 = \$ 1,055,317$$

Total Annual Appropriations subject to the Gann Limit for FY 2013-2014 are:

Proceeds of Taxes	\$ 125,355
Exclusions	0
Total Appropriations Subject to Limit	<u>\$ 125,355</u>
Current Limit	\$ 1,055,317
Under Limit	\$ 929,962