

**SUMMARY OF PROPOSITION 4 APPROPRIATIONS LIMIT**

The Appropriations Limitation imposed by Proposition 4 (Article XIIB) was approved by the voters in November 1979. It was modified by Proposition 111 and approved by the voters in June, 1990. Commonly referred to as the Gann Limit, it creates a restriction on the amount of revenues classified as tax proceeds which can be appropriated for expenditures in any fiscal year. The Limit is based on an estimated limit established by LAFCO during FY 1988-1989, the base year, and is increased each year using the change in population and the change in California per capita personal income. Examples of tax proceeds include property, sales and transient occupancy taxes as well as motor vehicle license fees. The Limit does not apply to other revenues classified as non-tax proceeds such as fines and State subventions restricted to specific uses such as gasoline taxes and fees intended to recover the cost of providing services.

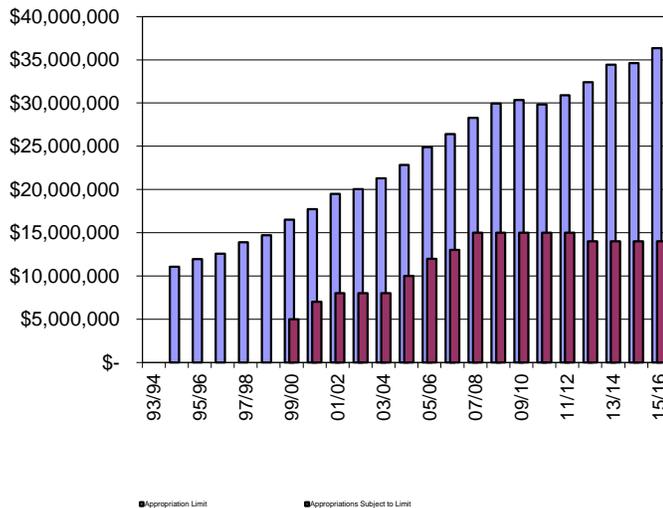
During any fiscal year, cities may not appropriate any proceeds of taxes they receive in excess of their Limit. If excess funds are received in any one year, they are carried into the subsequent year to be used if the City is below the Appropriation Limit for that year. Any excess funds remaining after the second year have to be returned to the taxpayers by reducing tax rates or fees. As an alternative, a majority of the voters may approve an "override" to increase the Limit. The law only allows such an override to last for a maximum of four years.

The Appropriations Limit for the City of Yucaipa for FY 2015-2016 is estimated to be \$36,338,123, an increase of approximately 4.95% from the Appropriations Limit for FY 2014-2015. Estimated tax proceeds subject to the Limit based upon the FY 2015-2016 Budget are not expected to exceed \$14 million, an amount approximately \$22 million less than the Limit for FY 2015-2016.

For purposes of calculating the annual Limit, either the change in population of the City of Yucaipa (0.65% from January 2014) or San Bernardino County (1.09% increase during the same time) is to be adopted by the City Council.

The larger of the two population changes may be selected and combined with the change in Statewide per capita personal income (3.82%) to calculate the annual adjustment. Below is the calculation used in determining the FY 2015-2016 Appropriations Limit.

<b>Calculation of 2014-2015 Appropriations Limit</b>		
<b>Appropriations Limit as of 6/30/2013</b>	\$	34,623,683
x Annual Adjustment Factors:		
Population Increase (County)	1.09%	1.0109
Inflation Change (CPI)	3.82%	1.0382
Total Adjustment Factor %:		<u>1.0495</u>
 Annual Adjustment:	\$	1,714,439
<b>Appropriations Limit as of 6/30/2014</b>	\$	<b>36,338,123</b>
 <b>Proceeds of Taxes Subject to Limit:</b>	\$	<b>14,000,000</b>



**RESOLUTION NO. 2015-29**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUCAIPA,  
STATE OF CALIFORNIA, SETTING THE ANNUAL APPROPRIATIONS  
LIMIT FOR THE FISCAL YEAR ENDING JUNE 30, 2016.**

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WHEREAS, Article XIII B of the California Constitution requires the Legislative Body to establish its appropriations limit at a regularly scheduled meeting for the upcoming fiscal year ending June 30, 2016, and

WHEREAS, Section 7910 of the Government Code requires the governing body of each local jurisdiction to make such determinations and establish its appropriations limit by resolution; and

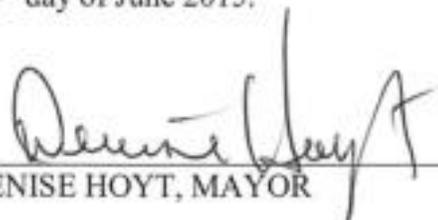
WHEREAS, the appropriations limit documentation has been available for public inspection for the required fifteen days, per Section 7910 of the Government Code, prior to the approval of the limit by Legislative Body; and

WHEREAS, for the fiscal year ending June 30, 2016, the appropriations limit has been computed using the change in population for the County of San Bernardino (rather than for the City of Yucaipa) and the change in California per capita personal income.

NOW, THEREFORE, the City Council of the City of Yucaipa, State of California, does hereby RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The appropriations limit for the fiscal year ending June 30, 2016 is established at \$36,338,123.

PASSED APPROVED AND ADOPTED this 22<sup>nd</sup> day of June 2015.

  
DENISE HOYT, MAYOR

ATTEST:

  
JENNIFER SHANKLAND,  
CITY CLERK