



June 1, 2023

TO: LOCSO Board of Directors

FROM: Ron Munds, General Manager

SUBJECT: Agenda Item 7E – 6/1/2023 Board Meeting
Adopt Resolution 2023-22 Establishing Appropriations Limit for
Fiscal Year 2023/2024

President
Charles L. Cesena

Vice President
Marshall E. Ochylski

Directors
Matthew D. Fourcroy
Troy C. Gatchell
Christine M. Womack

General Manager
Ron Munds

District Accountant
Robert Stilts, CPA

Unit Chief
John Owens

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Paul Provence

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DESCRIPTION

Article 13B of the California Constitution limits the total appropriation funded by proceeds of taxes to amounts adjusted each year by the change in cost of living and the change in population. There are several exceptions allowed, one exception is appropriation for debt service.

STAFF RECOMMENDATION

This item will be approved along with the Consent Calendar unless it is pulled by a Director for separate consideration. If so, Staff recommends the Board adopt the following motion:

Motion: I move that the Board adopt Resolution 2023-22 establishing the District's appropriation limit of \$11,492,888 for Fiscal Year 2023/2024.

DISCUSSION

Each year, as part of the budget process, the District determines its appropriation limit in accordance with Article 13B of the California Constitution. This is also more commonly known as the Gann Initiative on Spending Limits. The limit is computed using demographic data provided by the State Department of Finance on cost of living or per capita income change for the State and population change in the applicable area. In the District's case, the population in the unincorporated area is used. The appropriation limit of the District for fiscal year 2023/2024 increased by 3.92% to \$11,492,888 or \$433,293 over the prior year.

The historical trend of the District's appropriation limits since the inception of the District is shown on Exhibit A to the resolution.

Attachments

Resolution 2023-22
Exhibit A

RESOLUTION 2023-22

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE LOS OSOS COMMUNITY SERVICES DISTRICT
ADOPTING THE FISCAL YEAR 2023/2024 LOCSD "GANN" APPROPRIATIONS LIMIT**

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 special districts; and,

WHEREAS, the District must establish a revised Appropriations Limit for the 2023/2024 fiscal year in accordance with the provisions of Article XIII-B and applicable statutory law;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE LOS OSOS COMMUNITY SERVICES DISTRICT DOES HEREBY RESOLVE, DECLARE, AND DETERMINE:

1. That the appropriation limit for Fiscal Year 2023/2024 for the District is \$11,492,888.00;
2. That total qualifying appropriations in the Final Budget when adopted will not be in excess of the appropriation limit as hereby adopted.

On the motion of Director _____, seconded by Director _____,
and on the following roll call vote, to wit:

Ayes: _____
Noes: _____
Abstain: _____
Absent: _____

The foregoing resolution is hereby passed, approved, and adopted by the Board of Directors of the Los Osos Community Services District this 1st day of June 2023.

Charles L. Cesena
President, Board of Directors
Los Osos Community Services District

ATTEST:

APPROVED AS TO FORM:

Ron Munds
General Manager and Secretary to the Board

Thomas D. Green
District Legal Counsel

EXHIBIT A

LOCSD "GANN" ANNUAL APPROPRAITIONS LIMIT HISTORICAL ANNUAL DATA

(Article XIII B of the California Constitution prohibits California Governmental entities from appropriating more "proceeds of taxation" than the limit established by the California State Department of Finance)

	LIMIT	FACTOR
FY98-99 BASE Amount	\$4,259,330	
FY99-00	\$4,526,390	1.0627
FY00-01	\$4,830,563	1.0672
FY01-02	\$5,302,509	1.0977
FY02-03	\$5,331,143	1.0054
FY03-04	\$5,546,521	1.0404
FY04-05	\$5,815,527	1.0485
FY05-06	\$6,213,309	1.0684
FY06-07	\$6,530,188	1.0522
FY07-08	\$6,900,450	1.0567
FY08-09	\$6,995,676	1.0138
FY09-10	\$7,140,486	1.0207
FY10-11	\$7,079,792	0.9915
FY11-12	\$7,317,673	1.0336
FY12-13	\$7,658,677	1.0466
FY13-14	\$8,083,733	1.0555
FY14-15	\$8,124,960	1.0051
FY15-16	\$8,510,896	1.0475
FY16-17	\$8,461,533	0.9942
FY17-18	\$8,825,379	1.0430
FY18-19	\$9,181,293	1.0403
FY19-20	\$9,557,656	1.0410
FY20-21	\$9,872,517	1.0329
FY21-22	\$10,254,500	1.0387
FY22-23	\$11,059,595	1.0785
FY23-24	\$11,492,888	1.0392

Dear Fiscal Officer:

Subject: Price Factor and Population Information

Appropriations Limit

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, 2023, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2023-24. 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 2023-24 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. California 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 section 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. California 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, 2023.**

Please Note: The prior year's city population estimates may be revised. The per capita personal income change is based on historical data.

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

JOE SPEPHENSHAW
Director
By:

Erika Li
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 2023-24 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2023-24	4.44

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2023-24 appropriation limit.

2023-24:

Per Capita Cost of Living Change = 4.44 percent
Population Change = -0.35 percent

Per Capita Cost of Living converted to a ratio: $\frac{4.44 + 100}{100} = 1.0444$

Population converted to a ratio: $\frac{-0.35 + 100}{100} = 0.9965$

Calculation of factor for FY 2023-24: $1.0444 \times 0.9965 = 1.0407$

Fiscal Year 2023-24

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2022 to January 1, 2023 and Total Population, January 1, 2023

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total Population</u>
	2022-2023	1-1-22	1-1-23	1-1-2023
San Luis Obispo				
Arroyo Grande	-1.20	18,140	17,922	17,922
Atascadero	-0.32	29,255	29,161	30,206
El Paso De Robles	-1.02	31,009	30,692	30,692
Grover Beach	-1.24	12,623	12,467	12,467
Morro Bay	-1.34	10,415	10,275	10,275
Pismo Beach	-1.17	7,958	7,865	7,865
San Luis Obispo	1.15	47,247	47,788	47,788
Unincorporated	-0.77	118,814	117,901	121,133
County Total	-0.50	275,461	274,071	278,348

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