




June 5, 2014

**TO:** LOCSO Board of Directors  
**FROM:** Dale Flynn, Interim District Accountant   
**SUBJECT:** **Agenda Item 11E – 6/05/2014 Board Meeting**  
Establish Appropriation Limit for Fiscal Year 2014/2015

**President**  
Craig V. Baltimore

**Vice President**  
R. Michael Wright

**Directors**  
Craig V. Baltimore  
Jon-Erik Storm  
R. Michael Wright

**General Manager**  
Kathy A. Kivley

**Interim District  
Accountant**  
Dale Flynn

**Fire Chief**  
Robert Lewin

**Battalion Chief**  
Phill Veneris

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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 a number of exceptions allowed. One exception is appropriation for debt service.

**STAFF RECOMMENDATION**

Staff recommends that the Board adopt Resolution 2014-03 establishing the District's appropriation limit for FY 2014/2015.

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

***Motion: I move that the Board adopt Resolution 2014-03 establishing the District's appropriation limit of \$8,124,960 for Fiscal Year 2014/2015.***

**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 two statistical factors provided by the State Department of Finance. One factor is the change in cost of living using per capita income change for the State. This change is an increase of -.23%. The second factor is the change in population at the beginning of the calendar year. The District uses the population change in the unincorporated area of San Luis Obispo County which increased by 0.51%. This represents an increase of 464 individuals. The appropriation limit for the District for Fiscal Year 2013/2014 increased by 1.0051% or \$41,227 over the prior year making the limit \$8,124,960. The Fiscal Year 2014/15 budget shows that only \$2,388,508 qualifies as Proceeds of Taxes subject to the limit. Wastewater Assessments revenue of \$1,144,375 exempted because it is for Debt Service.

The historical trend of the District's appropriation limits since the inception of the District is attached as Attachment A. Other pertinent information is reflected on Attachments B and C.

Attachments

# ATTACHMENT A

## LOS OSOS COMMUNITY SERVICES DISTRICT HISTORICAL ANNUAL APPROPRIATION LIMITS

|                                | LIMIT              | FACTOR        |
|--------------------------------|--------------------|---------------|
| <b>FY98-99<br/>BASE AMOUNT</b> | <b>\$4,259,330</b> |               |
| <b>FY99-00</b>                 | <b>\$4,526,390</b> | <b>1.0627</b> |
| <b>FY00-01</b>                 | <b>\$4,830,563</b> | <b>1.0672</b> |
| <b>FY01-02</b>                 | <b>\$5,302,509</b> | <b>1.0977</b> |
| <b>FY02-03</b>                 | <b>\$5,331,143</b> | <b>1.0054</b> |
| <b>FY03-04</b>                 | <b>\$5,546,521</b> | <b>1.0404</b> |
| <b>FY04-05</b>                 | <b>\$5,815,527</b> | <b>1.0485</b> |
| <b>FY05-06</b>                 | <b>\$6,213,309</b> | <b>1.0684</b> |
| <b>FY06-07</b>                 | <b>\$6,530,188</b> | <b>1.0522</b> |
| <b>FY07-08</b>                 | <b>\$6,900,450</b> | <b>1.0567</b> |
| <b>FY08-09</b>                 | <b>\$6,995,676</b> | <b>1.0138</b> |
| <b>FY09-10</b>                 | <b>\$7,140,486</b> | <b>1.0207</b> |
| <b>FY10-11</b>                 | <b>\$7,079,792</b> | <b>0.9915</b> |
| <b>FY11-12</b>                 | <b>\$7,317,673</b> | <b>1.0336</b> |
| <b>FY12-13</b>                 | <b>\$7,658,677</b> | <b>1.0466</b> |
| <b>FY13-14</b>                 | <b>\$8,083,733</b> | <b>1.0555</b> |
| <b>FY14-15</b>                 | <b>\$8,124,960</b> | <b>1.0051</b> |
|                                |                    |               |

Fiscal Year 2014-15

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2013 to January 1, 2014 and Total Population, January 1, 2014**

| County<br>City    | <u>Percent Change</u> | <u>Population Minus Exclusions</u> |         | <u>Total</u> |
|-------------------|-----------------------|------------------------------------|---------|--------------|
|                   | 2013-2014             | 1-1-13                             | 1-1-14  | 1-1-2014     |
| San Luis Obispo   |                       |                                    |         |              |
| Arroyo Grande     | -0.47                 | 17,415                             | 17,334  | 17,334       |
| Atascadero        | 0.33                  | 27,595                             | 27,685  | 28,675       |
| El Paso De Robles | -0.24                 | 30,541                             | 30,469  | 30,469       |
| Grover Beach      | -0.55                 | 13,226                             | 13,153  | 13,153       |
| Morro Bay         | -0.51                 | 10,329                             | 10,276  | 10,276       |
| Pismo Beach       | -0.27                 | 7,726                              | 7,705   | 7,705        |
| San Luis Obispo   | -0.26                 | 45,593                             | 45,473  | 45,473       |
| Unincorporated    | 0.51                  | 113,806                            | 114,381 | 119,272      |
| County Total      | 0.09                  | 266,231                            | 266,476 | 272,357      |

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

**2014/15 Proceeds of Taxes Budgeted**

**ATTACHMENT C**

|  | <b>Tax as Budgeted</b> | <b>Exempted<br/>Debt Service Assmnt</b> | <b>Taxes Subject<br/>to Limit</b> |
|--|------------------------|---|-----------------------------------|
| Property Taxes                                   |                        |   | 0                                 |
| Fire   | 1,607,443              |   | 1,607,443                         |
| Bayridge   | 6,731                  |   | 6,731                             |
| Water  | 180,000                |   | 180,000                           |
| Special Fire Tax                                 | 498,910                |   | 498,910                           |
| Drainage Assessments                             | 95,424                 |   | 95,424                            |
| Wastewater Assessments                           | 1,144,375              | (1,144,375)                             | 0                                 |
|  | <b>3,532,883</b>       | <b>(1,144,375)</b>                      |                                   |
| <b>Appropriation Subject to Limit</b>            |                        |   | <b>2,388,508</b>                  |
| <b>2013-14 Appropriation Limit per EXHIBIT A</b> |                        |   | <b>8,124,960</b>                  |
| <b>Available Limits</b>                          |                        |   | <b>5,736,452</b>                  |

**2013/14 Proceeds of Taxes Budgeted**

|  | <b>Tax as Budgeted Adjusted</b> | <b>Exempted<br/>Debt Service Assmnt</b> | <b>Taxes Subject<br/>to Limit</b> |
|--|---------------------------------|---|-----------------------------------|
| Property Taxes                                   | 1,752,368                       |   | 1,752,368                         |
| Special Fire Tax                                 | 498,910                         |   | 498,910                           |
| Drainage Assessments                             | 95,424                          |   | 95,424                            |
| Wastewater Assessments                           | 1,169,950                       | (1,169,950)                             | 0                                 |
|  | <b>3,516,652</b>                | <b>(1,169,950)</b>                      |                                   |
| <b>Appropriation Subject to Limit</b>            |                                 |   | <b>2,346,702</b>                  |
| <b>2013-14 Appropriation Limit per EXHIBIT A</b> |                                 |   | <b>8,083,733</b>                  |
| <b>Available Limits</b>                          |                                 |   | <b>5,737,031</b>                  |

**RESOLUTION 2014-03**  
**A RESOLUTION OF THE BOARD OF DIRECTORS**  
**OF THE LOS OSOS COMMUNITY SERVICES DISTRICT**  
**ADOPTING THE FY14-15 LOCSD "GANN" APPROPRIATIONS LIMIT**

**WHEREAS**, Article XIII B of the California Constitution Prohibits governmental agencies from appropriating proceeds of taxation in excess of their appropriations limit for that year;

**WHEREAS**, the Ballot Measure forming the Los Osos Community Services District (LOCSD) prescribed that the historical base for LOCSD's appropriations limit would be the last appropriations limit adopted by the County of San Luis Obispo for CSA9 and said limit was \$4,259,330 for FY98-99;

**WHEREAS**, based on statistics published by the State Department of Finance showing the change in Per Capita Cost of Living as -.23% and Change in Population in the unincorporated area of the County as 0.51% for the most recent calendar year, the appropriation limit for the Los Osos Community Services District has been determined to increase by a factor of 1.0051.

**WHEREAS**, the Board finds that the application of the factor over the preceding year's appropriation limit results in an appropriation limit for the District of \$ 8,124,960 for the budget year 2014-2015.

**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 2014-201 for the District is \$ 8,124,960;**
- 2. That total qualifying appropriations in the Preliminary Budget and 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: Directors** \_\_\_\_\_  
**NOES:** \_\_\_\_\_  
**ABSENT:** \_\_\_\_\_  
**CONFLICTS:** \_\_\_\_\_

The foregoing resolution is hereby passed, approved and adopted by the Board of Directors of the Los Osos Community Services District this 5th of June, 2014.

\_\_\_\_\_  
Craig V. Baltimore  
President, Board of Directors  
Los Osos Community Services District

ATTEST:

APPROVE AS TO FORM:

\_\_\_\_\_  
Kathy Kivley  
General Manager and Secretary to the Board

\_\_\_\_\_  
Michael W. Seitz  
District Legal Counsel