



May 19, 2015

TO: LOCSO Board of Directors
FROM: Michael Doyel, District Accountant *MD*
SUBJECT: **Agenda Item 11E – 6/4/215 Board Meeting**
Establish Appropriation Limit for Fiscal Year 2015/2016

President
R. Michael Wright

Vice President
Marshall E. Ochylski

Directors
Charles L. Cesena
Jon-Erik G. Storm
Louis G. Tornatzky

General Manager
Kathy A. Kivley

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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 2015-14 establishing the District's appropriation limit for Fiscal Year 2015/2016.

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 No. 2015-14 establishing the District's appropriation limit of \$8,510,896 for Fiscal Year 2015/2016.

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 on cost of living using per capita income change for the State. This change is an increase of 3.82%. The second factor is the change in population in the beginning of the calendar year. The District uses the population change in the unincorporated area of San Luis Obispo County which increased by 0.90%. This represents an increase of 1,031 individuals. The appropriation limit of the District for Fiscal Year 2015/2016 increases by 4.5% or \$385,936 over the prior year making the limit to be \$8,510,896. The Fiscal Year 2015/2016 budget shows that only \$2,463,357 qualifies as Proceeds of Taxes subject to the limit. Wastewater Assessments revenue of \$1,146,490 is 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 Exhibit A. Other pertinent information is reflected in Attachments B and C.

Attachments

ATTACHMENT A

LOS OSOS COMMUNITY SERVICES DISTRICT HISTORICAL ANNUAL APPROPRIATION LIMITS

| | 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 |

Fiscal Year 2015-16

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2014 to January 1, 2015 and Total Population, January 1, 2015

| County City | <u>Percent Change</u> | <u>--- Population Minus Exclusions ---</u> | | <u>Total</u> |
|-------------------|-----------------------|--------------------------------------------|---------|--------------|
| | 2014-2015 | 1-1-14 | 1-1-15 | 1-1-2015 |
| San Luis Obispo | | | | |
| Arroyo Grande | 0.77 | 17,295 | 17,428 | 17,428 |
| Atascadero | 1.55 | 27,646 | 28,075 | 29,169 |
| El Paso De Robles | 0.33 | 30,423 | 30,522 | 30,522 |
| Grover Beach | 0.19 | 13,119 | 13,144 | 13,144 |
| Morro Bay | 0.29 | 10,254 | 10,284 | 10,284 |
| Pismo Beach | 0.30 | 7,688 | 7,711 | 7,711 |
| San Luis Obispo | 0.70 | 45,484 | 45,802 | 45,802 |
| Unincorporated | 0.90 | 115,165 | 116,196 | 120,233 |
| County Total | 0.78 | 267,074 | 269,162 | 274,293 |

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

ATTACHMENT C

2015/16 Proceeds of Taxes Budgeted

| | Tax as Budgeted | Exempted Debt Service Assmnt | Taxes Subject to Limit |
|---------------------------------------|-----------------|---------------------------------|---------------------------|
| Property Taxes | | | |
| Fire | 1,652,727 | | 1,652,727 |
| Bayridge | 7,372 | | 7,372 |
| Water | 191,000 | | 191,000 |
| Special Fire Tax | 516,834 | | 516,834 |
| Drainage Assessments | 95,424 | | 95,424 |
| Wastewater Assessments | 1,146,490 | (1,146,490) | - |
| Appropriation Subject to Limit | | (1,146,490) | 2,463,357 |

2013-14 Appropriation Limit per EXHIBIT A

8,510,896

Available Limits

6,047,539

2014/15 Proceeds of Taxes Budgeted

| | Tax as BudgetedAdjusted | Exempted Debt Service Assmnt | Taxes Subject to Limit |
|---------------------------------------|-------------------------|---------------------------------|---------------------------|
| Property Taxes | | | |
| Fire | 1,607,443 | | 1,607,443 |
| Bayridge | 6,731 | | 6,731 |
| Waer | 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) | - |
| Appropriation Subject to Limit | | (1,144,375) | 2,388,508 |

2014-15 Appropriation Limit per EXHIBIT A

8,124,960

Available Limits

5,736,452

RESOLUTION 2015-14
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE LOS OSOS COMMUNITY SERVICES DISTRICT
ADOPTING THE FISCAL YEAR 2015/2016 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 3.82% and Change in Population in the unincorporated area of the County as 0.90% 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 1.0475.

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 \$8,510,896 for the budget year 2015-2016.

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 2015-2016 for the District is \$8,510,896;**
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.**

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

AYES: _____
NOES: _____
ABSENT: _____
ABSTAIN: _____

The foregoing resolution is hereby passed, approved and adopted by the Board of Directors of the Los Osos Community Services District this 4th of June, 2015.

R. Michael Wright
President, Board of Directors
Los Osos Community Services District

ATTEST:

APPROVED AS TO FORM:

Kathy A. Kivley
General Manager and Secretary to the Board

Michael W. Seitz
District Legal Counsel