



February 2, 2023

**TO:** LOCSD Board of Directors

**FROM:** Ron Munds, General Manager

**SUBJECT: Agenda Item 10I – 6/2/2022 Board Meeting**  
Adopt Resolution 2023-09 Establishing Appropriations Limit for  
Fiscal Year 2022/2023

**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

**Battalion Chief**  
Paul Provence

**Mailing Address:**  
P.O. Box 6064  
Los Osos, CA 93412

**Offices:**  
2122 9<sup>th</sup> Street, Suite 110  
Los Osos, CA 93402

**Phone:** 805/528-9370  
**FAX:** 805/528-9377

[www.losososcscsd.org](http://www.losososcscsd.org)

### **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.

This item was previously approved on the June 2, 2022 Board of Directors Meeting. During the District Audit, staff discovered the increase over the prior year was to increase by 7.85% and not 5.57%, per the Department of Finance, Office of the Director.

### **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 2023-09 establishing the District's appropriation limit of \$11,059,595 for Fiscal Year 2022/2023.***

### **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 2022/2023 increased by 7.85% to \$11,059,595 or \$805,095 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 2023-09  
Exhibit A

**RESOLUTION 2023-09**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE LOS OSOS COMMUNITY SERVICES DISTRICT  
UPDATING AND READOPTING THE FISCAL YEAR 2022/2023 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 2022/2023 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 District is updating the appropriation limit for Fiscal Year 2022/2023 for the District to \$11,059,595.00;
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 2<sup>nd</sup> day of February 2023.

\_\_\_\_\_  
Chuck Cesena  
President, Board of Directors  
Los Osos Community Services District

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Ron Munds  
General Manager and Secretary to the Board

\_\_\_\_\_  
Jeffrey A. Minnery  
District Legal Counsel



Gavin Newsom ■ Governor

1021 O Street, Suite 3110 ■ Sacramento CA 95814 ■ [www.dof.ca.gov](http://www.dof.ca.gov)

May 2022

Dear Fiscal Officer:

**Subject: Price Factor and Population Information**

**Appropriations Limit**

California Revenue and Taxation Code section 2227 requires the Department of 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, 2022, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2022-23. 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 2022-23 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, 2022.**

**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.

KEELY MARTIN BOSLER  
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 2022-23 appropriation limit is:

Per Capita Personal Income	
Fiscal Year (FY)	Percentage change over prior year
2022-23	7.55

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2022-23 appropriation limit.

**2022-23:**

Per Capita Cost of Living Change = 7.55 percent  
Population Change = -0.30 percent

Per Capita Cost of Living converted to a ratio:  $\frac{7.55 + 100}{100} = 1.0755$

Population converted to a ratio:  $\frac{-0.30 + 100}{100} = 0.997$

Calculation of factor for FY 2022-23:  $1.0755 \times 0.997 = 1.0723$

Fiscal Year 2022-23

**Attachment B**  
**Annual Percent Change in Population Minus Exclusions\***  
**January 1, 2021 to January 1, 2022 and Total Population, January 1, 2022**

<b>County City</b>	<b><u>Percent Change</u></b>	<b><u>--- Population Minus Exclusions ---</u></b>		<b><u>Total Population</u></b>
	<b>2021-2022</b>	<b>1-1-21</b>	<b>1-1-22</b>	<b>1-1-2022</b>
San Luis Obispo				
Arroyo Grande	-1.29	18,533	18,294	18,294
Atascadero	-1.43	29,860	29,434	30,480
El Paso De Robles	-1.53	31,659	31,176	31,176
Grover Beach	-1.34	12,879	12,707	12,707
Morro Bay	-1.62	10,638	10,466	10,466
Pismo Beach	-1.41	8,095	7,981	7,981
San Luis Obispo	0.24	47,541	47,653	47,653
Unincorporated	1.94	116,466	118,720	121,964
County Total	0.28	275,671	276,431	280,721

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