
**CASITAS MUNICIPAL WATER DISTRICT
MEMORANDUM**

TO: BOARD OF DIRECTORS
FROM: MICHAEL FLOOD – GENERAL MANAGER
SUBJECT: PROPOSITION 4 – RESOLUTION TO ADOPT THE 2021 / 2022
ESTABLISHMENT OF APPROPRIATIONS LIMIT OF \$15,784,832
DATE: 06/23/2021

RECOMMENDATION:

It is recommended that the Board of Directors adopt the Resolution for the 2021 / 2022 Establishment of Appropriations limit of \$15,784,832

BACKGROUND AND OVERVIEW:

Article XIII B of the California Constitution as enacted by Proposition 4, the Gann Initiative of 1979, mandates a limit on the amount of proceeds from taxes that government agencies within California can receive and spend each fiscal year. The intent of this law is to limit government spending by putting a cap on the total tax proceeds that can be appropriated each year. State legislation requires government agencies to annually adopt a spending limit for each fiscal year. This limit can be re-established by a recorded vote of the Board throughout the fiscal year if deemed necessary. The calculation factors can only be revised annually. Any challenge to the declared amount must be brought within 45 days of its adoption.

The original legislation, Article XIII B was further modified by Proposition 111 and SB 88 as approved by California voters in June of 1990. Proposition 111 allows government agencies more flexibility in selecting certain inflation and population factors to calculate the Gann limit. The limit varies for each agency and can change each year. When a District's proceeds of taxes (less statutory exclusions) exceed the legal limit, excess tax revenue must be returned to the State or citizens via a process of refunds, rebates, or other means that may be determined at that time.

Each year the District must authorize both inflation and population factors to calculate its spending limitation amount. The inflation factors for FY 2021-22 are the California per capita cost of living ratio of 1.0573 and the population factor using the County of Ventura population and growth percentage change converted to a ratio is 0.9930.

As a result, the District's Proposition 4 spending limit is \$15,784,832. The District will again be significantly below its spending limit and to date has not exceeded the established limit.

BUDGET IMPACT:

There is no fiscal impact as a result of this action.

ATTACHMENTS:

Department of Finance Price and Population Information
Appropriation Limit Calculation



May 2021

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, 2021, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2021-22. 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 2021-22 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, 2021.**

Please Note: The prior year's city population estimates may be revised. The per capita personal income change is based on historical data. Given the stay-at-home orders due to COVID-19, growth in the coming years may be substantially lower than recent trends.

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

KEELY MARTIN BOSLER
Director
By:

/s/ Erika Li

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 2021-22 appropriation limit is:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
2021-22	5.73

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2021-22 appropriation limit.

2021-22:

Per Capita Cost of Living Change = 5.73 percent
Population Change = -0.46 percent

Per Capita Cost of Living converted to a ratio: $\frac{5.73 + 100}{100} = 1.0573$

Population converted to a ratio: $\frac{-0.46 + 100}{100} = 0.9954$

Calculation of factor for FY 2021-22: $1.0573 \times 0.9954 = 1.0524$

Fiscal Year 2021-22

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2020 to January 1, 2021 and Total Population, January 1, 2021

County City	<u>Percent Change</u>	<u>--- Population Minus Exclusions ---</u>		<u>Total</u>
	2020-2021	1-1-20	1-1-21	1-1-2021
Ventura				
Camarillo	-0.37	69,964	69,708	69,708
Fillmore	1.60	15,558	15,807	15,807
Moorpark	-0.78	36,264	35,981	35,981
Ojai	-0.19	7,450	7,436	7,436
Oxnard	-0.62	205,950	204,675	204,675
Port Hueneme	-1.02	22,963	22,728	23,374
San Buenaventura	-0.44	105,819	105,357	105,415
Santa Paula	1.00	30,386	30,691	30,691
Simi Valley	-0.39	124,953	124,468	124,468
Thousand Oaks	-0.76	126,384	125,426	125,426
Unincorporated	-2.59	94,124	91,684	92,242
County Total	-0.70	839,815	833,961	835,223

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

Casitas Municipal Water District
Appropriation Limit

Appropriation Limit:

FY2020-21 Adopted Appropriations Limit 15,034,621 [a]

Growth/ Change Factor:

California Per Capita Income Change*	1.0573	
Change in Population-County*	<u>0.9930</u>	
Total Annual Adjustment Factor		1.0499 [b]

FY 2021-2022 Appropriation Limit 15,784,832 [a]*[b]=[c]