



January 22, 2016

TO: LOCSD Board of Directors

FROM: Michael Doyel, District Accountant *MP*

SUBJECT: **Agenda Item 9C –2/4/2016 Board Meeting**
District Accountant Report for Fund 900 Park and Recreation

President
Marshall E. Ochylski

Vice President
Jon-Erik G. Storm

Directors
Charles L. Cesena
Louis G. Tornatzky
R. Michael Wright

General Manager
Kathy A. Kivley

District Accountant
Michael L. Doyel

Acting Fire Chief
Steve Reeder

Battalion Chief
Tom McEwen

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

Offices:
2122 9th Street, Suite 102
Los Osos, CA 93402

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

www.losososcscsd.org

HISTORY POOL FUNDS

On October 10, 1995, the San Luis Obispo County Board of Supervisors adopted a resolution of application to LAFCO to add Parks and Recreation services as an active service for County Service Area No. 9 (CSA No.9). Parks and recreation services are currently a "latent power" of CSA 9. A latent power is one that is authorized, but not used by a special district.

In December of 1995, the South Bay Community Pool Association and the South Bay Community Center, Inc. proposed two recreation programs:

1. Community Swimming Pool
2. Youth Activity Programs

Both of those proposals have long-term financing obligations. Therefore, a new zone of benefit would be necessary to independently account for the revenues and expenditures of the recreation program. Due to these long-term funding obligations, especially with the capital improvements associated with the swimming pool, an advisory election was scheduled for March 26, 1996. They estimated that at that time that the swimming pool financing would not exceed \$40.00 per residential unit per year and that the Youth program services would not exceed \$10.00 per residential unit per year. Financing would be by means of an assessment district.

On March 4, 1997 a letter was written from the San Luis Obispo County Engineering Department to the Board of Supervisors of San Luis Obispo County. In the letter, it states in response to Proposition 218, 'the Right to Vote on Taxes Act,' which was adopted by California voters on November 5, 1996, and your board directed staff to prepare election materials for special tax elections in Los Osos. Attached are four ordinances calling for special tax elections on June 3, 1997. On February 4, 1997, staff prepared a report for your Board that identified the impact of Proposition 218 on existing revenues of Board governed special districts managed by the Engineering Department. Three existing revenue sources, which are 'property related charges,' were identified as forevermore prohibited, effective July 1, 1997. The three revenue sources provide funds for four services, which can only be financed in the future if voters approve special taxes by a 2/3rds majority.

Both the Community Swimming Pool and the Community Recreation Services were included in these affected items. At the time of this letter it was indicated

that the county had already collected approximately \$200,000 for the Community Swimming Pool and approximately \$50,000 for the Community Recreation Services. The special tax failed to pass for both of these programs.

The LOCSD Board approved resolution 2001-22 on June 7, 2001 establishing a reserve trust fund for the Swimming pool reserves that were collected in prior years. Since that time, the money has been invested in the LOCSD's LAIF account which is managed by the California Secretary of the Treasury. The LOCSD staff has historically treated this reserve account as restricted.

HISTORY - LOS OSOS COMMUNITY FOUNDATION FUNDS

On July 19, 2002 the LOCSD signed an agreement with the San Luis Obispo County Community Foundation, Inc. The purpose of the agreement was to have the Community foundation create a fund to provide assistance to low income families living in Los Osos who need financial assistance to pay for LOCSD services.

The LOCSD receives semi-annual statements from the Community Foundation showing the status of the fund. As of this staff report we do not have the December 2015 statement. The most recent statement is that of June 30, 2015. This shows that the amount of money to be used to assist low-income families with LOCSD services is at \$171,848.12.

The LOCSD does not have this invested in any bank account or managed by any LOCSD staff member It is managed exclusively by the Community Foundation .We report this on our books however. These funds are to be used exclusively for the purpose defined in the agreement and are therefore restricted.

FINANCIAL IMPACT

There is no direct financial impact to the district at this time. The Pool funds are invested in the LAIF account and the fund created to assist low-income Los Osos residents is managed exclusively by the Community Foundation.