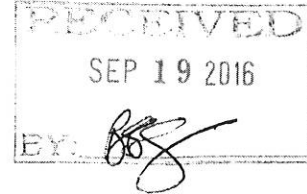


September 16, 2016

Mr. Marshall Ochylski  
Board President  
Los Osos Community Services District  
Post Office Box 6064  
Los Osos, California 93412-6064



**Re: No Paid Property/Liability Claims in 2015-16**

Dear Mr. Ochylski:

This letter is to formally acknowledge the dedicated efforts of the Los Osos Community Services District's Governing Body, management and staff towards proactive risk management and loss prevention training. Your agency's efforts have resulted in no "paid" property/liability claims for program year 2015-16. A "paid" claim for the purposes of this recognition represents the first payment on an open claim during the prior program year and excludes property claims. This is a great accomplishment!

It is through the efforts of members such as Los Osos Community Services District that SDRMA has been able to continue providing affordable property/liability coverage to over 500 public agencies throughout California. In fact, 425 members or 85% in the property/liability program had no "paid" claims in program year 2015-16.

In addition to this annual recognition, members with no "paid" claims during 2015-16 earn 2 credit incentive points (CIPs) thereby reducing their annual contribution amount. Also, members with no "paid" claims for at least 3 consecutive program years may receive a lower "risk factor" which also reduces their annual contribution amount.

As SDRMA is dedicated to serving its members and preventing claims, we would appreciate your agency taking a moment and sharing with us what made your District successful in preventing property/liability losses. Our goal is to incorporate your successful ideas and suggestions into our loss prevention programs to benefit all members of SDRMA. Please forward any comments or suggestions to Dennis Timoney, SDRMA Chief Risk Officer at [dtimoney@sdrma.org](mailto:dtimoney@sdrma.org).

On behalf of the SDRMA Board of Directors and staff, it is my honor to congratulate the Governing Body, management and staff of Los Osos Community Services District for their commitment to proactive risk management and loss prevention training.

Sincerely,  
Special District Risk Management Authority

  
David Aranda, President  
Board of Directors



**Los Osos Community Services District**

**Wastewater Assessment District No. 1  
Limited Obligation Improvement Bonds**

**Continuing Disclosure Report**

**Fiscal Years Ended: June 30, 2011 – June 30, 2015**

**Main Office**  
32605 Temecula Parkway, Suite 100  
Temecula, CA 92592  
Toll free: 800.676.7516 Fax: 951.296.1998

**Regional Office**  
870 Market Street, Suite 1223  
San Francisco, CA 94102  
Toll free: 800.434.8349 Fax: 415.391.8439

# ***LOS OSOS COMMUNITY SERVICES DISTRICT***

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**\$17,990,000**  
**Wastewater Assessment District No. 1**  
**Limited Obligation Improvement Bonds**

**DATED: November 7, 2002**

## **CUSIP NOS.**

<u>MATURITY</u>	<u>CUSIP</u>	<u>MATURITY</u>	<u>CUSIP</u>
2004	54559PAA4	2010	54559PAG1
2005	54559PAB2	2011	54559PAH9
2006	54559PAC0	2012	54559PAJ5
2007	54559PAD8	2017	54559PAK2
2008	54559PAE6	2023	54559PAL0
2009	54559PAF3	2033	54559PAM8

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NBS has relied upon information provided by sources which are believed to be reliable without independent verification, therefore NBS expresses no opinion as to the completeness, accuracy or suitability of such information.

# **1. INTRODUCTION**

This report (the "Report") provides information to the Electronic Municipal Market Access ("EMMA") in order to comply with the provisions contained in the Continuing Disclosure Agreement (the "Disclosure Agreement") executed by the Los Osos Community Services District (the "LOCSD") in connection with the \$17,990,000 Wastewater Assessment District No. 1 Limited Obligation Improvement Bonds (the "Bonds"). The Disclosure Agreement was executed and delivered by the LOCSD for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

The Report contains relevant information related to the Bonds and Wastewater Assessment District No. 1 (the "District") for the past five fiscal years. Prior year information has been included to fulfill the requirements of the Disclosure Agreement for Fiscal Years 2010/11, 2011/12, 2012/13, 2013/14, and 2014/15.

## **2. CONTENT OF ANNUAL REPORT**

### **2.1. Audited Financial Statements**

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The Audited Financial Statements prepared by the LOCSD for Fiscal Years ended June 30, 2011 through June 30, 2015 can be found on the EMMA.

### **2.2. Principal Amount of Bonds Outstanding**

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The following table shows the principal amount outstanding on the Bonds as of June 30<sup>th</sup> and September 3<sup>rd</sup> of each year from 2011 through 2015.

Date	2011	2012	2013	2014	2015
June 30	\$15,605,000.00	\$15,220,000.00	\$14,820,000.00	\$14,405,000.00	\$13,970,000.00
September 3	15,220,000.00	14,820,000.00	14,405,000.00	13,970,000.00	13,515,000.00

### **2.3. Fund Balances**

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The following tables detail the District's Redemption and Reserve Fund balances as of June 30<sup>th</sup> and September 3<sup>rd</sup> of each year from 2011 through 2015.

Redemption Fund	2011 (1)	2012 (1)	2013	2014	2015
June 30	\$440,417.47	\$177,899.12	\$763,524.38	\$779,272.20	\$777,268.59
September 3	0.00	0.00	1,187.05	9,570.85	38,580.16

Reserve Fund	2011 (1)	2012 (1)	2013	2014	2015
June 30	\$977,719.96	\$1,260,348.89	\$726,664.13	\$733,099.33	\$857,166.04
September 3	680,300.58	701,664.13	726,664.13	733,099.33	861,166.04

(1) In 2011 and 2012, collections from the District's levy were incorrectly deposited into the Reserve Fund by the Paying Agent. In September of each of those years, monies that were incorrectly deposited were transferred into the Redemption Fund to ensure timely payment of the debt service due on the Bonds.

## 2.4. Assessment Prepayments

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The following table shows the amount of assessment prepayments received by the LOCSD during Fiscal Years 2010/11 through 2014/15:

Fiscal Year	Prepayments Received
2010/11	\$0.00
2011/12	0.00
2012/13	30,503.58
2013/14	17,327.20
2014/15	9,112.53

## 2.5. Delinquency Information

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Below is the levy amount and the amount of delinquent assessments in the District as of June 30<sup>th</sup> of each year for Fiscal Years 2010/11 through 2014/15.

Fiscal Year	Levy Amount (1)	Amount of Delinquencies (2)	Percentage of Delinquencies
2010/11	\$1,167,894.08	\$22,884.38	1.96%
2011/12	1,167,719.50	20,832.56	1.78%
2012/13	1,164,612.78	14,476.75	1.24%
2013/14	1,163,429.62	9,428.86	0.81%
2014/15	1,167,490.42	7,039.96	0.60%

(1) Annual levy amounts were provided by the San Luis Obispo County Auditor's Office.

(2) Delinquency amounts as of June 30<sup>th</sup> of each fiscal year were provided by California Municipal Statistics Inc.

According to the San Luis Obispo County Tax Collector's Office, information regarding the specific parcels that were delinquent as of June 30<sup>th</sup> during Fiscal Years 2010/11, 2011/12, and 2012/13 is unavailable at the time of writing this report.

As of June 30, 2014, there was one property owner (SLOLAND INVESTORS LLC A CA LLC) within the District that had aggregate unpaid assessments in the amount of \$744.54, which exceeded 5% of the total unpaid assessments in Fiscal Year 2013/14. As of June 30, 2015, there were no property owners with aggregate assessments exceeding 5% of the total unpaid assessments for Fiscal Year 2014/15.

A list of delinquent property owners in the District and the amounts delinquent during Fiscal Years 2013/14 and 2014/15 can be found in Appendix B.

## **2.6. Foreclosure Action**

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The LOCSD has taken no action to initiate judicial foreclosure on any properties in the District with delinquent assessments during Fiscal Years 2010/11 through 2014/15.

## **2.7. Assessed Value and Unpaid Assessment Information**

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The table below details the total assessed value of all parcels with unpaid assessments within the District as of January 1<sup>st</sup> of each fiscal year and the total amount of Bonds outstanding within the District as of June 30<sup>th</sup> of each fiscal year.

<b>Fiscal Year</b>	<b>Total Assessed Value (1)</b>	<b>Total Bonds Outstanding (2)</b>
2010/11	\$1,073,805,206.00	\$15,605,000.00
2011/12	1,053,527,279.00	15,220,000.00
2012/13	1,032,786,557.00	14,820,000.00
2013/14	1,065,592,298.00	14,405,000.00
2014/15	1,139,785,521.00	13,970,000.00

- (1) Total Assessed Value is the total Land Value plus total Structure Value per San Luis Obispo County secured property data as of January 1<sup>st</sup> of each fiscal year.  
(2) Total Bonds Outstanding is the outstanding principal amount on the Bonds as of June 30<sup>th</sup> of each fiscal year.



## ***Reporting of Significant Events***

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According to the Disclosure Agreement, significant events are as follows:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on the debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the security.
7. Modifications to rights of security holders.
8. Bond calls.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the securities.
11. Rating changes.

Notice of Listed Events described above as items (8) and (9) need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution of Issuance.

## **4. CONCLUDING STATEMENT**

This Continuing Disclosure Report was prepared on behalf of the LOCSD in accordance with the Disclosure Agreement of the Bonds, in order to provide required information to the marketplace as provided for under S.E.C. Rule 15c2-12(b)(5). Such required information may include, but not be limited to, annual financial information, certain operating information and disclosures concerning specific events.

NBS has relied upon information provided by sources which are believed to be reliable without independent verification. The reader understands and agrees that NBS is entitled to rely on all information and documents supplied to NBS by the LOCSD or any of its agents or contractors and other government sources or proxies thereof as being accurate and correct and NBS has no obligation to confirm that such information and documentation is correct and that NBS has no liability if such information is not correct.

The information contained within this report, has been reviewed, approved and authorized for dissemination to the EMMA by the LOCSD.

Los Osos Community Services District

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Marshall E. Ochylski  
Board President

## ***5. APPENDIX***

The following pages show the referenced Appendix for the Report for the Fiscal Years ended June 30, 2011 through June 30, 2015.

## ***APPENDIX A: DELINQUENT PROPERTY OWNERS***

The following pages provide information from the San Luis Obispo County Tax Collector's Office regarding delinquent property owners in the LOCSD subject to District assessments as of June 30<sup>th</sup> for Fiscal Year 2013/14 and 2014/15.

**Los Osos Community Services District**  
**Wastewater Assessment District No. 1**  
**Delinquent Property Owners - Fiscal Year 2013/14**

<b>Assessor's Parcel Number</b>	<b>Property Owner</b>	<b>Amount of Delinquency</b>
038-032-011		\$112.69
038-091-034		225.38
038-101-019		225.38
038-131-018		225.38
038-141-029		225.38
038-181-001		112.69
038-181-021		196.90
038-181-024		148.10
038-181-025		399.54
038-231-005		112.69
038-241-023		225.38
038-301-015		225.38
038-301-042		112.69
038-302-014		225.38
038-352-018		225.38
038-392-033		112.69
038-412-036		112.69
038-421-019		112.69
038-421-020		112.69
038-421-021		112.69
038-441-042		225.38
038-451-031		225.38
038-451-036		112.69
038-461-030		112.69
038-462-030		112.69
038-462-032		225.38
038-512-014		225.38
038-521-039		225.38
038-532-049		112.69
038-541-041		112.69
038-551-019		225.38
038-622-035		160.54
038-631-047		225.38
038-632-011		225.38
038-672-032		225.38
038-672-038		225.38
074-042-002		62.18
074-042-028		124.36
074-061-009		112.69

**Los Osos Community Services District**  
**Wastewater Assessment District No. 1**  
**Delinquent Property Owners - Fiscal Year 2013/14**

<b>Assessor's Parcel Number</b>	<b>Property Owner</b>	<b>Amount of Delinquency</b>
074-061-022		\$225.38
074-147-038		225.38
074-156-010		112.69
074-165-028		225.38
074-181-009		225.38
074-181-036		112.69
074-186-023		112.69
074-191-023		225.38
074-226-002		74.52
074-242-033		112.69
074-295-042		149.04
074-371-017		112.69
074-372-012		112.69
074-382-002		225.38
074-406-008		225.38
074-443-012		112.69
<b>Totals:</b>	<b>55 Parcels</b>	<b>\$9,428.86</b>

**Los Osos Community Services District**  
**Wastewater Assessment District No. 1**  
**Delinquent Property Owners - Fiscal Year 2014/15**

<b>Assessor's Parcel Number</b>	<b>Property Owner</b>	<b>Amount of Delinquency</b>
038-071-035		\$226.56
038-091-028		113.28
038-091-034		226.56
038-101-019		226.56
038-141-029		226.56
038-301-042		226.56
038-302-014		226.56
038-311-029		332.84
038-342-026		113.28
038-352-018		226.56
038-361-031		113.28
038-451-031		113.28
038-461-030		226.56
038-512-014		226.56
038-532-032		226.56
038-532-049		226.56
038-541-041		113.28
038-551-019		226.56
038-591-030		226.56
038-632-011		226.56
038-672-032		226.56
038-672-038		226.56
074-042-002		62.84
074-113-019		113.28
074-135-032		226.56
074-172-017		226.56
074-173-028		226.56
074-173-029		226.56
074-181-009		226.56
074-181-036		226.56
074-182-014		113.28
074-191-023		226.56
074-226-002		150.30
074-295-042		150.30
074-372-025		113.28
074-382-003		226.56
<b>Totals:</b>	<b>36 Parcels</b>	<b>\$7,039.96</b>