



**ANNUAL TREASURER'S REPORT
AND
ANNUAL INVESTMENT REPORT
FOR THE PERIOD ENDING JUNE 30, 2016**

Los Osos Community Services District

BACKGROUND:

In accordance with California Government Code (CGC) Section 53646(b)(1) and the District's Investment Policy, the District Finance Officer and Treasurer shall submit to the Board of Directors a quarterly investment report. The District General Manager is assigned the responsibilities of both Finance Officer and Treasurer as defined in the CGC. The report shall include a complete description of the District's investment portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for Los Osos Community Services District by a third party contracted managers, where applicable.

The report must also include a certification that: (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy; and, (2) Los Osos Community Services District will meet its expenditure obligations for the next six months as required by CGC Section 53646(b)(2) and (3), respectively. The District Accountant is required to maintain a complete and timely record of all investment transactions, and completes this report, including attachments under the direction of the General Manager.

The Treasurer's Report allows the Board and the public to verify that the District's funds are invested in a safe and prudent manner and that such investments comply with District policy and State Law. The Treasurer's Report is different than a budget report, as its purpose is to report on investment activity, where all cash balances, revenue and expenditures are reported on the monthly financial update provided by the District Accountant.

The District Investment Policy requires Board presentation of quarterly investment reports certified by the District Treasurer; and each January, consideration of the final quarterly investment report in conjunction with consideration of reaffirmation or amendment to its Investment Policy. This report is intended to serve as the Annual Report for fiscal year 2015-2016 in compliance with District policy.

ANNUAL REPORT

The District's Investment Policy requires that the Board annually consider affirmation of its current policy, or modification of the policy as required or necessary. The Board of Directors of the Los Osos Community Services District considered amendments to its investment policy on January 7, 2016 and on February 4, 2016 adopted Resolution 2016-04 reaffirming the Investment Policy without amendment. The investment policy will once again be reviewed by the Board in January 2017.

QUARTERLY INVESTMENT REPORT

The majority of the District's investments are under the direct management and control of the District; with the exception of the following:

1. Funds held in US Bank as a condition of a bond issuance (loan) secured by the District. This fund receives assessment payments from the County and US Bank as Trustee makes the required loan payments on behalf of the District. This balance is included in this report for reference only as the funding is not accessible to the District until the bonded indebtedness is paid off.

This report, which details balances as of June 30, 2016, shows that District investments under its control total \$4,309,557.17 and investments under the control of others total \$1,842,329.99.

The District holds investments with the following:

FDIC insured banking institutions:

Heritage Oaks Bank	\$52,006.17
Rabobank, N.A.	\$3,622,156.44
Local Agency Investment Fund (LAIF)	\$635,394.56

Restricted by Agreement or Bond Covenant

Rabobank – Bankruptcy Reserve	\$102,948.71
US Bank – Bond Redemption Fund	\$878,212.33
US Bank – Bond Reserve Fund	\$861,168.95

Total Investments **\$6,151,887.16**

FISCAL IMPACT:

Investment earnings for the year ending June 30, 2016 are:

Investment	Interest Rate	Amount Earned
Local Agency Investment Fund:	0.5500%	\$ 3,500.49
Heritage Oaks Bank	0.3500%	\$ 182.02
Rabobank	0.2000%	\$ 4,230.16
Total for year		\$ 7,912.67

Year to date investment earnings are: **\$7,912.67.**

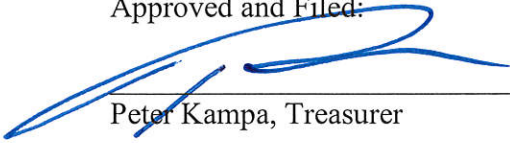
COMPLIANCE WITH STATE LAW AND DISTRICT POLICY

For the year ended June 30, 2016 all investments were in compliance with the adopted Investment Policy and Investment Guidelines which include relevant laws and regulations. The investment portfolio has been structured to ensure that sufficient monies will be available to cover anticipated expenditures in the coming six months.

Prepared by:

Warmerdam CPA Group, District Accountant

Approved and Filed:



Peter Kampa, Treasurer