

YOLO COUNTY FINANCIAL OVERSIGHT COMMITTEE

MINUTES OF MEETING MAY 8, 2018

County Administration Building, Atrium Training Room
625 Court Street
Woodland, CA 95695

- Members present: Matt Rexroad (Chair), Duane Chamberlain (Supervisor), Richard Horan (Public), Tamara Ethier (Education), Paul Navazio (Cities), Patrick Blacklock (CAO) and Howard Newens (CFO).
- Members excused: Eric Will (Public) and Mary Khoshmashrab (Internal Audit Manager)
- Others present: Chad Rinde (Asst. CFO), Sheryl Hardy (Property Tax Supervisor), Edward Burnham (Treasury Manager), Sarah Meacham (PFM), Allison Kaune (PFM), David Showalter (VTD), Karlee Ransom (VTD), Kim Eldredge (Internal Auditor), Noemy Mora-Beltran (Internal Auditor) and Leah Smith (YCOE).
- Recorded by Kim Eldredge and Noemy Mora-Beltran.

- 1) Matt Rexroad called the meeting to order at 3:02 PM. Four voting members were present; one voting member late at roll-call. Matt Rexroad, Duane Chamberlain, Tamara Ethier, Richard Horan, Patrick Blacklock, and Howard Newens; a quorum was formed.
- 2) The agenda was reviewed and changed to revise the agenda item #3 to select a chair and co-chair for a new 1 year-term, and added the Independent Auditor's (VTD) "Audit Communication FY2018" to agenda item #7; agenda adopted (Matt and Rich).
- 3) Introductions of members, selection of a chair and co-chair for a new 3 year-term, and notice of one vacant seat presenting Special Districts. Members voted for chair and co-chair commencing at today's meeting with re-election next March. Duane Chamberlain voted as chair and Richard Horan as co-chair. Howard informed members that notice has been posted online by the Yolo County Clerk of the Board for the Special District Member position; vacated by Kyle Lang. Recruitment pending.
- 4) Public comments: There were no public comments.
- 5) Follow-up of items from prior meeting: Approval of the revised FOC Charter provided in advance to members for review and comments. Rich asked that the FOC Charter include revisions discussed at the last meeting 2/06/2018 in regards to Article IV (B)(3) "*A Chair and Vice Chair shall initially be elected for a one-year term, which may be extended by a favorable vote of a majority of members.*" Howard reiterated that the FOC Charter revisions have been revised and in compliance with the ordinance as discussed and went over the revisions in detail. The FOC Charter revisions were approved. (Matt and Rich).
- 6) Approval of the 02/06/18 meeting minutes was accepted and approved (Rich and Matt).

- 7) Independent Auditor's (VTD) reporting on updates on (a) The Single Audit; and (b) status update on audits of the treasury for quarters ended 9/30/2017, 12/31/2017 and 3/31/2018 (reports not issued as final). Dave Showalter (Partner) provided the following updates: **(a) The Single Audit report** for the fiscal year ended 6/30/2017 issued 12/22/2017. Summary of Auditor's Results included reporting of the Financial Statements and Federal Awards; both clean opinions (unmodified) with findings. The Financial Statement Findings addressed the 1) 2017-001-Timely Bank Reconciliations (*County not performing bank reconciliation in a timely manner*); 2) 2017-002-Property Tax (*County does not have a formal documented review process for Prop 8*); 3) 2017-003-Segregation of Duties within the Financial System (*County's financial system (INFOR) where clear segregation of duties does not appear to be in place in order to prevent error or fraud for Procurement, Disbursements and Payroll*). The Federal Awards Finding addressed the Medicaid Cluster-Medical Assistance Program, Medicaid Cluster-In-Home Supportive Services; (*County does not have adequate supporting documentation for initial eligibility determination and timely ongoing eligibility redetermination*). This is a repeat finding and was reported in the FY2016 Single Audit Report as Finding 2016-004. **(b) Status update on the audits of the treasury quarters ended 9/30/2017, 12/31/2017 and 3/31/2018**, Dave stated that the 9/30/2017 report is in quality review at VTD, the 12/31/2017 is on hold until the County completes their bank reconciliations and 3/31/2018 is waiting for the County Internal Audit to complete their cash count procedures.

Dave also provided the required "Audit Communication FY2018" to the committee for the County next year's audit of the CAFR, CalPERS and Single Audit.

Rich asked for more explanation of the timeline of audits and reportable findings instead of waiting until management completes their work. Dave stated that the auditors work with DFS Management of required elements for completion of reports. The Single Audit Report is required to be completed 9 months after the fiscal year and in practice the report is commonly issued in January of the following year. For the quarterly treasury audits, the report is issued 2 months after the County submits to the Yolo County Board of Supervisors and completion of the County Internal Audit cash count review.

- 8) Review Treasury and Cash Investments for First Quarter 2018 (PFM)- Sarah and Allison provided an economic update and overview of the investment portfolio performance for the First Quarter 2018. Rich suggested that for future meetings that only the highlights of quarter be shared.
- 9) Tax Distribution Update- Chad provided a brief overview of the property tax distribution with background on the property tax process, how property taxes are allocated and the 2017-2018 property tax summary.
- 10) Update on internal audit activities- Noemy provided a status update on audits in progress 1) Infor review report, 2) Probation Department AUP anticipated for completion by 5/31/2018; and 3) Cannabis AUP.
- 11) Update of FOC moving to Agenda Quick and the design and development of and FOC public website for better transparency- Chad provided an update of the FOC public website and is working with Mary on the development. The FOC public website should be up and running by the next meeting in August.
- 12) Members confirmed the next meeting date for August 22, 2018 at 3PM.
- 13) Meeting Adjourned at 4:45 PM.



VAVRINEK, TRINE, DAY & CO., LLP
 Certified Public Accountants

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**INDEPENDENT ACCOUNTANTS' REPORT
 ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Supervisors and
 Financial Oversight Committee
 County of Yolo, California

We have performed the procedures enumerated below, which were agreed to by the County of Yolo, California (County) (the specified party), on the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments for the quarter ended September 30, 2017. The County's management is responsible for the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments. The sufficiency of these procedures is solely the responsibility of the County. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- 1) Counted the cash in the Treasury as of September 30, 2017.

Finding: This procedure was performed by the County of Yolo Internal Audit Division. We inspected workpapers of the County of Yolo Internal Audit Division over the Treasury cash count, noting the cash count procedures were performed on October 2, 2017 over cash on hand as of September 29, 2017. We noted the total cash on hand counted by the County of Yolo Internal Audit Division was \$35,337. However, per the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments for the quarter ended September 30, 2017, total cash in Treasury was listed as of September 30, 2017 in the amount of \$14,121.

- 2) Verified that the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments and the records of the County of Yolo Auditor are reconciled as of September 30, 2017, pursuant to *Government Code Section 26905*.

Finding: The Investment Summary for the Treasurer's Pooled and Non-Pooled Investments and the records of the County of Yolo Auditor were not reconciled within 30 days after September 30, 2017, as required by *Government Code Section 26905*. All September 30, 2017 reconciliations were performed in January 2018, except for the Bank of America Pooled Checking account reconciliation which was performed in April 2018.

- 3) Reconciled the investments included in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of September 30, 2017, to the statements provided by the related financial institutions.

Finding: No exceptions were found as a result of applying this procedure.

- 4) We compared the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of September 30, 2017, to the types of investments authorized by the County's Investment Policy and *Government Code Section 53601*.

Finding: No exceptions were found as a result of applying this procedure.

- 5) We compared the market value of the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of September 30, 2017, to the statements provided by the related financial institutions. We identified all variances in excess of 0.05% and \$10,000 of the financial institution amount. For the variances above the scope, we received variance explanations from the County Treasury staff to identify whether variances are routine or nonroutine.

Finding: Variances in excess of 0.05% and \$10,000 of the financial institution amount are summarized in Attachment A. The County Treasury staff consider these variances to be routine.

- 6) We read the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments to ascertain if it contained the information/data required by *Government Code Section 53646* and met the timing requirements of *Government Code Section 53646* and the County's Investments Policy, as follows:
- a) Was submitted within 30 days following the end of the quarter.
 - b) Included type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments, and monies held by the County.
 - c) Included those funds under management of contracted parties (fiscal agents, trustees, deferred compensation administrators, etc.).
 - d) Included market value (and source) as of the date of the report of all securities held by the County or under management of any outside party.
 - e) Stated compliance of the portfolio to the Investment Policy of the County.
 - f) Included a statement addressing the ability of the County to meet the pool's expenditure requirements for the next six months.

Finding: The investment summary for the quarter ended September 30, 2017 was submitted on November 7, 2017, which is more than 30 days following the end of the quarter. No exceptions were found as a result of applying procedures b – f above.

- 7) We compared the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of September 30, 2017, to the prohibited investments listed in *Government Code Section 53601.6*.

Finding: No exceptions were found as a result of applying this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Investment Summary for the Treasurer's Pooled and Non-Pooled investments for the quarter ended September 30, 2017. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Supervisors, the Financial Oversight Committee, and the management of the County and is not intended to be and should not be used by anyone other than those specified parties.

Varrinck, Trine, Day & Co. LLP

Sacramento, California
May 14, 2018

County of Yolo, California
Investment Summary for the Treasurer's Pooled and Non-Pooled Investments

Agreed-Upon Procedures Report
Quarter Ended September 30, 2017

Attachment A

Procedure 5 Results – Market Value Comparison

Description	CUSIP	County Investment Summary	Financial Institution Statement	Variance	
				\$	%
Bank of New York:					
Sumitomo Mitsui Bank NY CD	86563YVN0	\$ 5,510,285	\$ 5,526,813	\$ (16,528)	-0.30%
Shasta School District GO Bonds	820174EJ5	790,202	803,920	(13,718)	-1.71%



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The procedures and associated findings are as follows:

- 1) Counted the cash in the Treasury as of December 31, 2017.

Finding: This procedure was performed by the County of Yolo Internal Audit Division. We inspected workpapers of the County of Yolo Internal Audit Division over the Treasury cash count, noting the cash count procedures were performed on December 19, 2017 and the treasury cash balance was \$18,023. Per the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments for the quarter ended December 31, 2017, total cash in treasury was listed as \$41,526. The difference is due to the timing of the cash count procedures performed by the County of Yolo Internal Audit Division.

- 2) Verified that the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments and the records of the County of Yolo Auditor are reconciled as of December 31, pursuant to *Government Code Section 26905*.

Finding: The Investment Summary for the Treasurer's Pooled and Non-Pooled Investments and the records of the County of Yolo Auditor were not reconciled within 30 days after December 31, 2017, as required by *Government Code Section 26905*. All reconciliations were performed more than 30 days after December 31, 2017, except for the Bank of America reconciliation, which was not completed as of the date of this report.

- 3) Reconciled the investments included in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of December 31, 2017, to the statements provided by the related financial institutions.

Finding: No exceptions were found as a result of applying this procedure.

- 4) We compared the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of December 31, 2017, to the types of investments authorized by the County's Investment Policy and *Government Code Section 53601*.

Finding: No exceptions were found as a result of applying this procedure.

- 5) We compared the market value of the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of December 31, 2017, to the statements provided by the related financial institutions. We identified all variances in excess of 0.05% and \$10,000 of the financial institution amount. For the variances above the scope, we received variance explanations from the County Treasury staff to identify whether variances are routine or nonroutine.

Finding: Variances in excess of 0.05% and \$10,000 of the financial institution amount are summarized in Attachment A. The County Treasury staff considers these variances to be routine.

- 6) We read the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments to ascertain if it contained the information/data required by *Government Code Section 53646* and met the timing requirements of *Government Code Section 53646* and the County's Investments Policy, as follows:
- a) Was submitted within 30 days following the end of the quarter.
 - b) Included type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments, and monies held by the County.
 - c) Included those funds under management of contracted parties (fiscal agents, trustees, deferred compensation administrators, etc.).
 - d) Included market value (and source) as of the date of the report of all securities held by the County or under management of any outside party.
 - e) Stated compliance of the portfolio to the Investment Policy of the County.
 - f) Included a statement addressing the ability of the County to meet the pool's expenditure requirements for the next six months.

Finding: The investment summary for December 31, 2017, was submitted on February 6, 2018, which is more than 30 days following the end of the quarter. There were no exceptions to procedures b – f above.

- 7) We compared the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of December 31, 2017, to the prohibited investments listed in *Government Code Section 53601.6*.

Finding: No exceptions were found as a result of applying this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Investment Summary for the Treasurer's Pooled and Non-Pooled investments for the quarter ended December 31, 2017. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Supervisors, the Financial Oversight Committee, and the management of the County and is not intended to be and should not be used by anyone other than those specified parties.

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
June 26, 2018

County of Yolo, California
Investment Summary for the Treasurer's Pooled and Non-Pooled Investments

Agreed-Upon Procedures Report
Quarter Ended December 31, 2017

Attachment A

Procedure 5 Results – Market Value Comparison

<u>Description</u>	<u>CUSIP</u>	<u>County Investment Summary</u>	<u>Financial Institution Statements</u>	<u>Variance</u>	
				<u>\$</u>	<u>%</u>
Bank of New York:					
Skandinav Enskilda Banken NY CD	83050FXT3	\$ 4,935,798	\$ 4,978,055	\$ (42,257)	-0.85%
INTL Bank of Reconstruction and Development Note	45905UP32	4,910,850	5,000,000	(89,150)	-1.78%



Yolo County

Investment Review Second Quarter 2018

Presented By

Allison Kaune, Senior Managing Consultant

August 22, 2018

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Suite 2300
San Francisco, CA 94111
415-982-5544

213 Market Street
Harrisburg, PA 17101
717-232-2723

PFM Asset
Management LLC
pfm.com

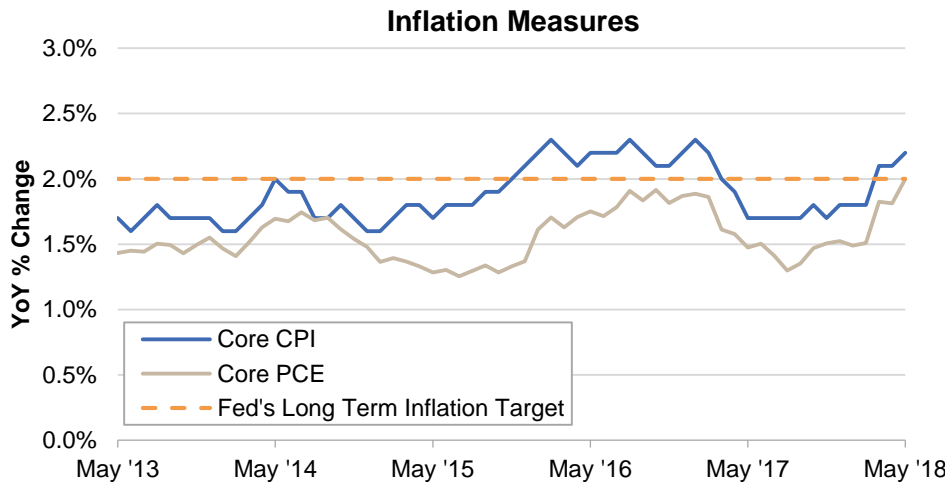


Economic and Interest Rate Update

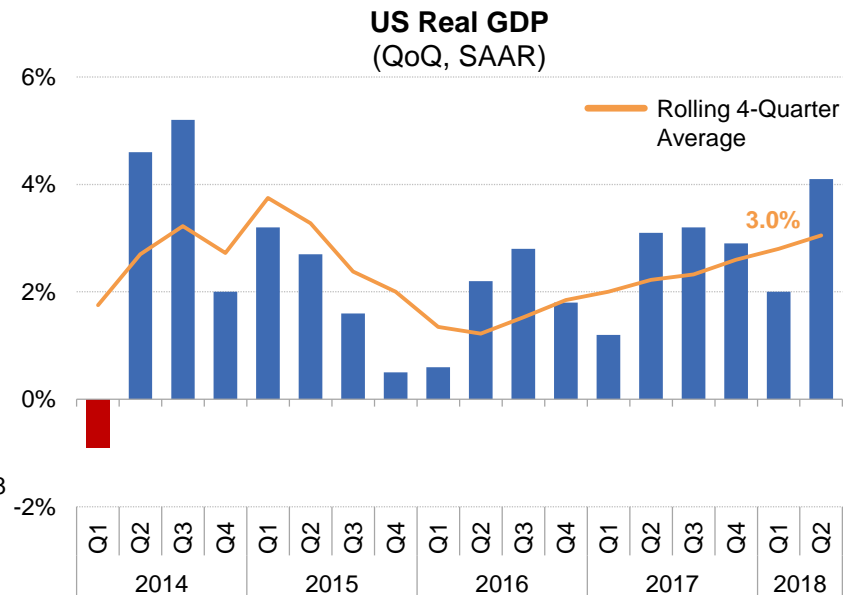
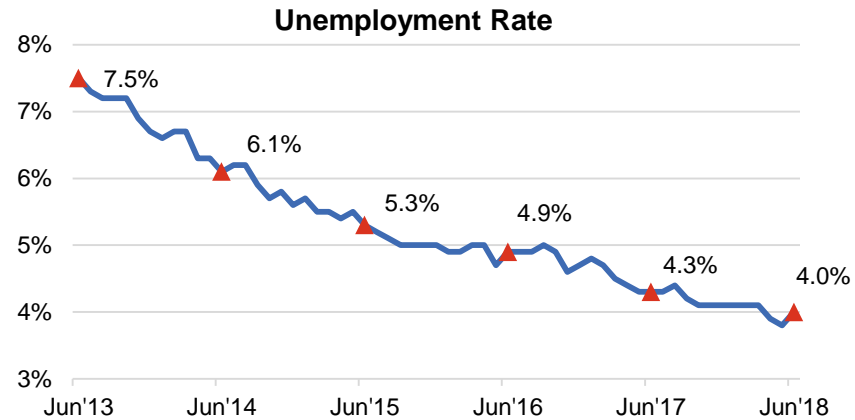


U.S. Economic Conditions Are Positive

- Recent U.S. economic conditions were characterized by:
 - Unemployment increasing in June, reflecting an increase in the labor force participation rate.
 - Strong corporate profits driven partly by tax cuts.
 - Expectations for solid GDP growth.
 - Inflation hovering around Fed's target rate.



Source: Bloomberg, as of 6/30/2018.

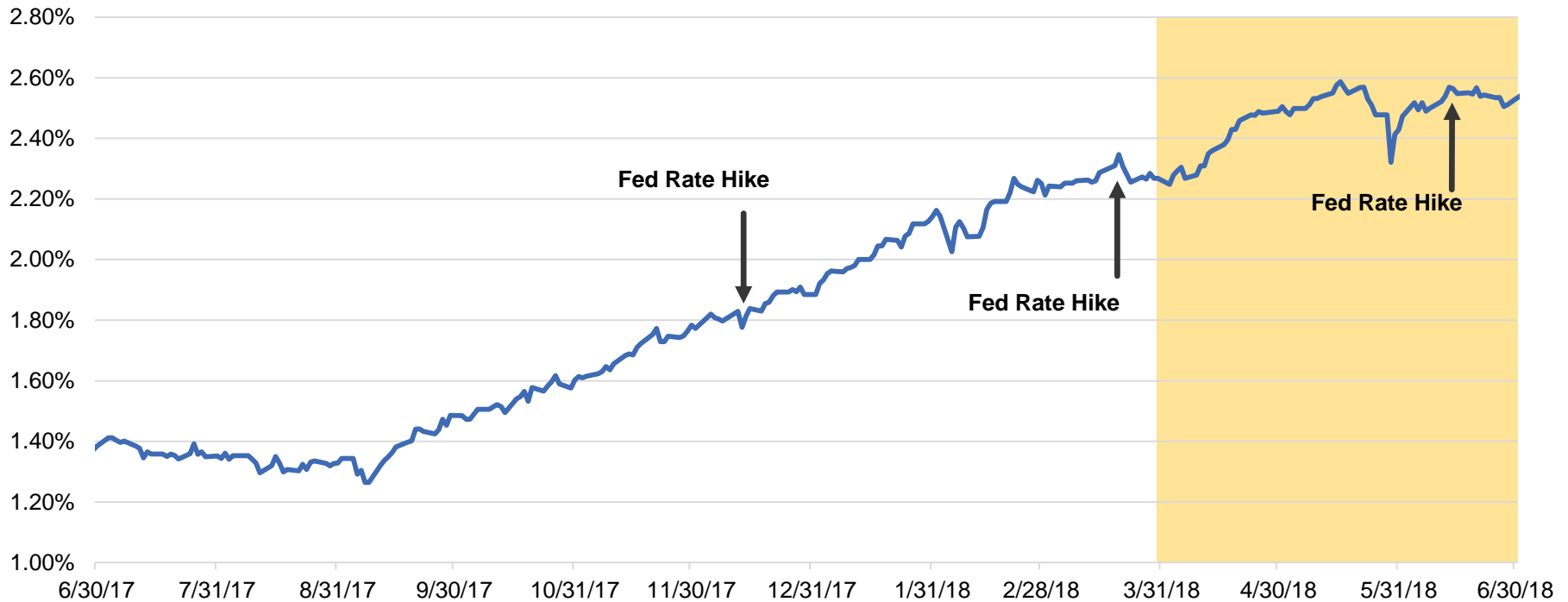




Interest Rate Update

- Political uncertainties in Europe and trade tensions between the U.S. and our trade partners tempered the increase in interest rates during the quarter.

2-Year Treasury Yields
June 30, 2017 – June 30, 2018



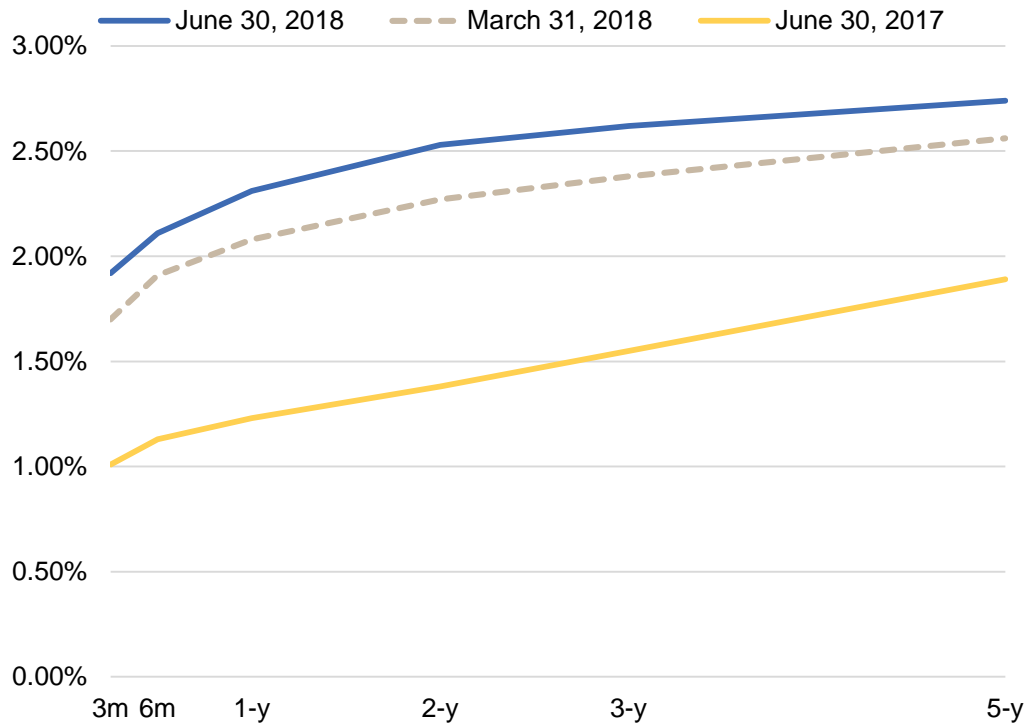
Source: Bloomberg, as of 6/30/18.



Yield Curve Update

- Interest rates moved higher across maturities; however, the yield curve remained flat as rates on shorter-term maturities moved up more than longer-term maturities.

U.S. Treasury Yield Curves



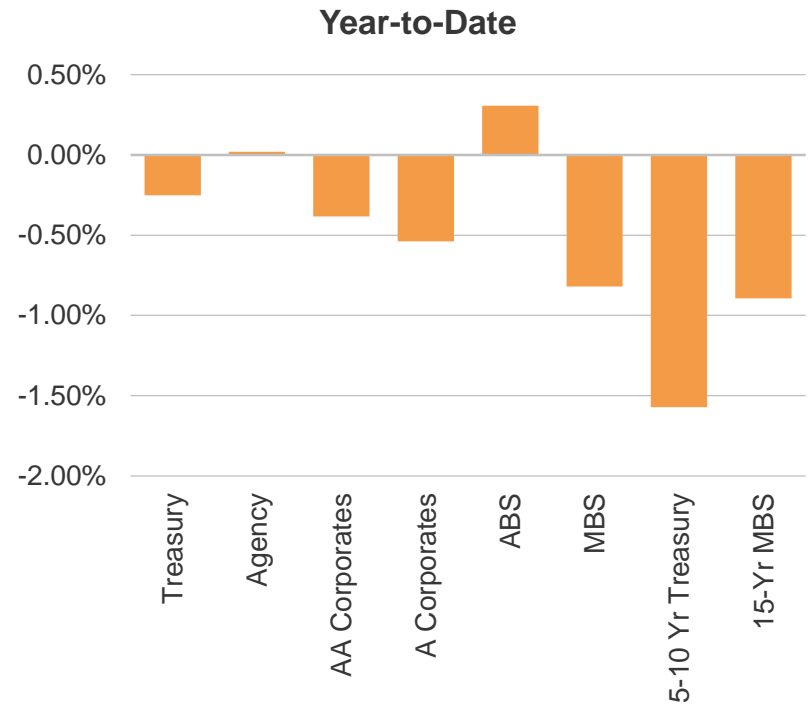
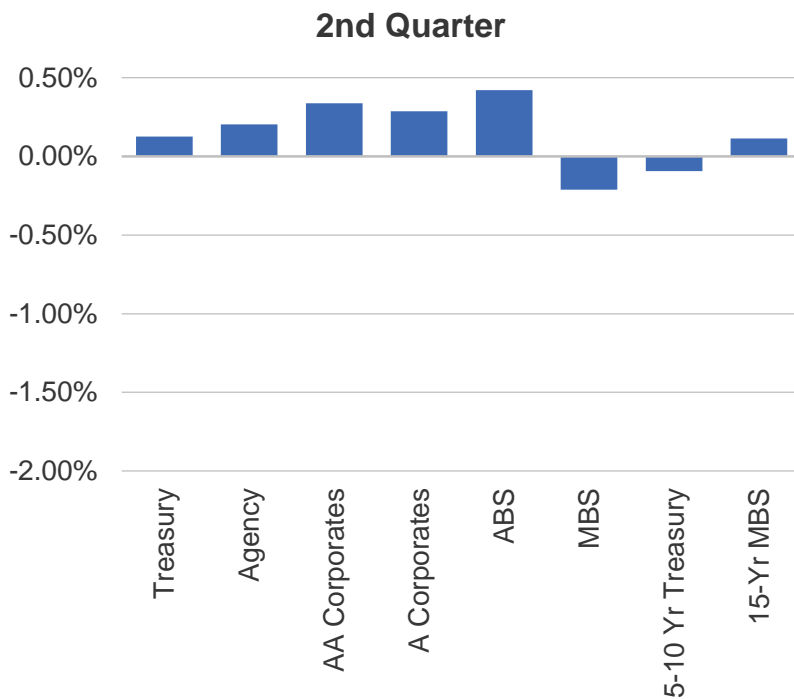
	3/31/18	6/30/18	QoQ Change
3 month	1.70%	1.92%	+0.22%
6 month	1.91%	2.11%	+0.20%
1 year	2.08%	2.31%	+0.23%
2 year	2.27%	2.53%	+0.26%
3 year	2.38%	2.62%	+0.24%
5 year	2.56%	2.74%	+0.18%
10 year	2.74%	2.86%	+0.12%

Source: Bloomberg, as of 6/30/18.



Recent Sector Performance

- Despite the increase in interest rates over the quarter, most fixed income sectors posted positive total returns as the additional income from higher yields offset market value losses. Credit sectors outperformed government sectors.
- Year-to-date, most sectors have returned negative performance as interest rates continue to climb in lock-step with the Fed's rate hikes.



Source: Bloomberg, as of 6/30/2018. Indices are 1-5 years unless otherwise noted. ABS and MBS indices are 0-5 years.



Portfolio Update



Yolo County Investment Objectives

Objective	Achieved through...
Safety <i>Safety of principal is the foremost objective of the investment program. Investments of the County shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.</i>	<ul style="list-style-type: none">• High-quality investments• Diversification by sector, issuer, and maturity
Liquidity <i>The investment portfolio shall be maintained in such a manner as to provide sufficient liquidity to meet the operating requirements of any of the participants.</i>	<ul style="list-style-type: none">• Cash flow coordination with County staff members• Appropriate allocation between liquid funds and investment portfolio balances
Return on Investment <i>The investment portfolio of the County shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety objective and cash flow considerations.</i>	<ul style="list-style-type: none">• Duration management• Use of high-quality credit instruments• Active trading based on continual evaluation of relative value among allowable sectors

Source: Yolo County's Investment Policy. Approved December 13, 2016.



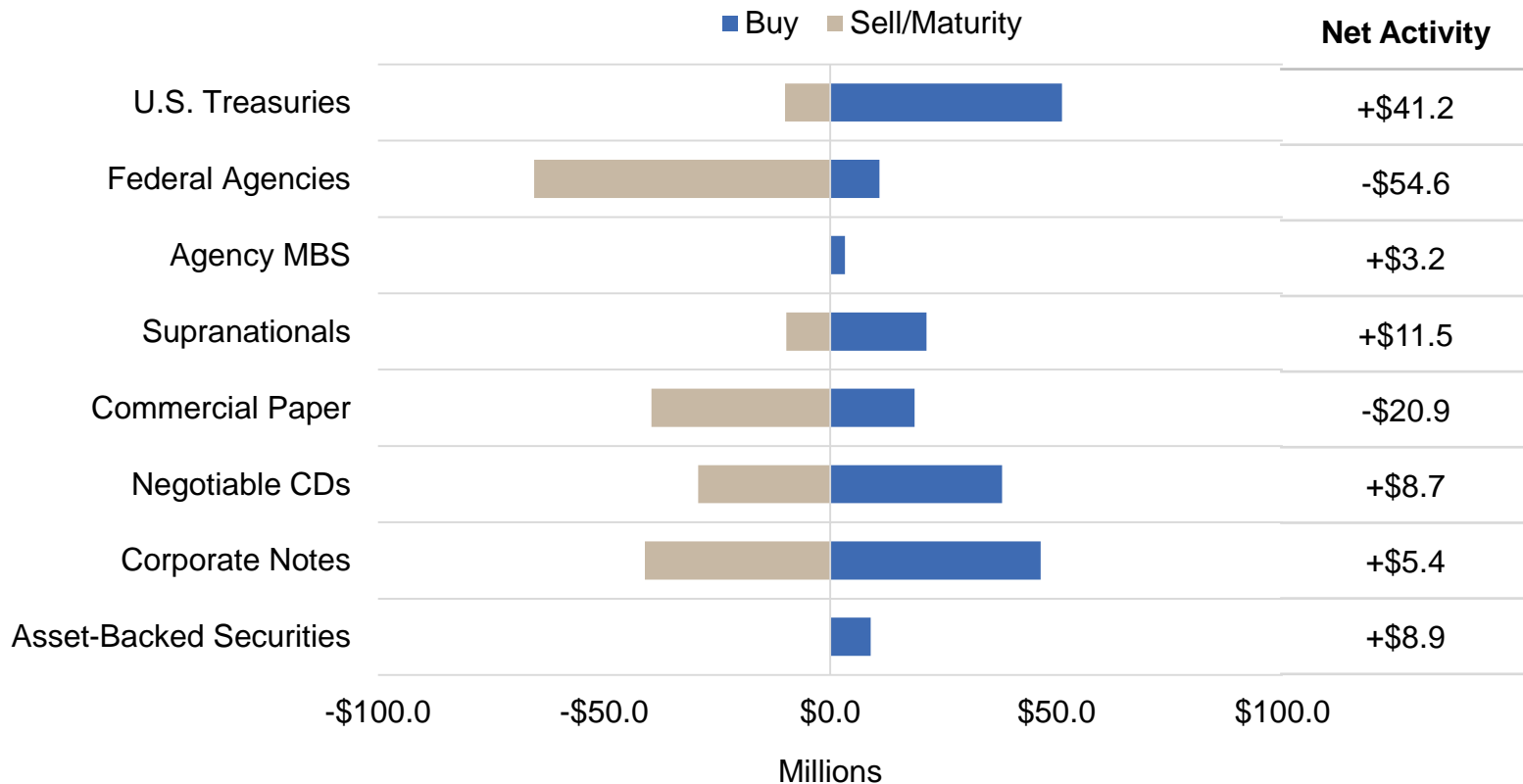
Portfolio Strategy

- ◆ Managing portfolio with a modestly defensive duration bias relative to benchmark.
- ◆ Trades executed during the quarter:
 - Increased the portfolio's yield and earnings potential.
 - Mitigated interest rate risk through shorter-duration securities.
 - Resulted in the portfolio outperforming the benchmark.
- ◆ We found value in:
 - U.S. Treasuries and Supranationals
 - Federal agency spreads remain very narrow.
 - Negotiable certificates of deposit and commercial paper
 - Offer incremental value vs. similar-maturity government alternatives and Treasury maturities under 2 years.
 - Incremental income and interest rate risk protection continue to benefit the portfolio.
 - Corporates
 - Wider spreads presented an opportunity to increase allocations at attractive levels.
 - Asset-backed securities (ABS)
 - Provide a level of downside protection in the face of potential corporate headwinds.



Summary of Trade Activity

Summary of Portfolio Trade Activity June 30, 2017 – June 30, 2018



Based on par value of purchases, sells, and maturities.

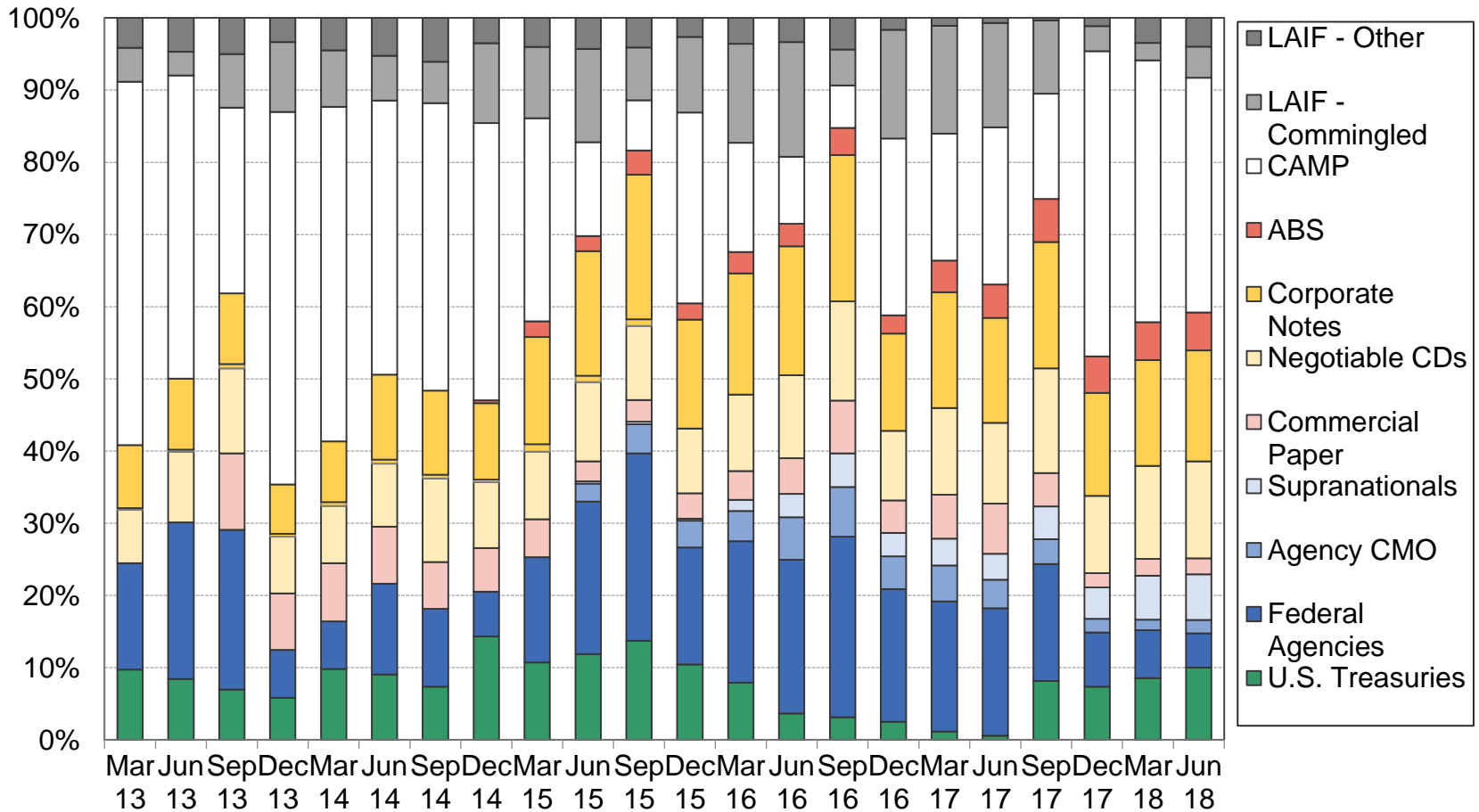


Portfolio Composition

Security Type	Market Value as of 6/30/18	% of Portfolio	% Change vs. 3/31/18	Permitted by Policy	In Compliance
U.S. Treasury	\$42,291,442	10.0%	+1.5%	100%	✓
Federal Agency	\$20,031,071	4.7%	-1.9%	100%	✓
Federal Agency CMOs	\$7,853,308	1.9%	+0.4%	100%	✓
Supranationals	\$26,672,634	6.3%	+0.2%	30%	✓
Negotiable CDs	\$56,650,330	13.4%	+0.5%	30%	✓
Corporate Notes	\$64,861,231	15.4%	+0.7%	30%	✓
Commercial Paper	\$9,311,469	2.2%	-0.1%	40%	✓
Asset-Backed Securities	\$22,122,535	5.2%	-	20%	✓
Securities Sub-Total	\$249,794,019	59.2%			
Accrued Interest	\$1,327,571				
Securities Total	\$251,121,591				
CAMP	\$137,310,225	32.5%	-3.7%	100%	✓
LAIF - Total	\$34,950,198	8.3%	+2.4%	\$65 million per account	✓
Total Investments	\$423,382,013	100.0%			



Adding Value Through Sector Allocation





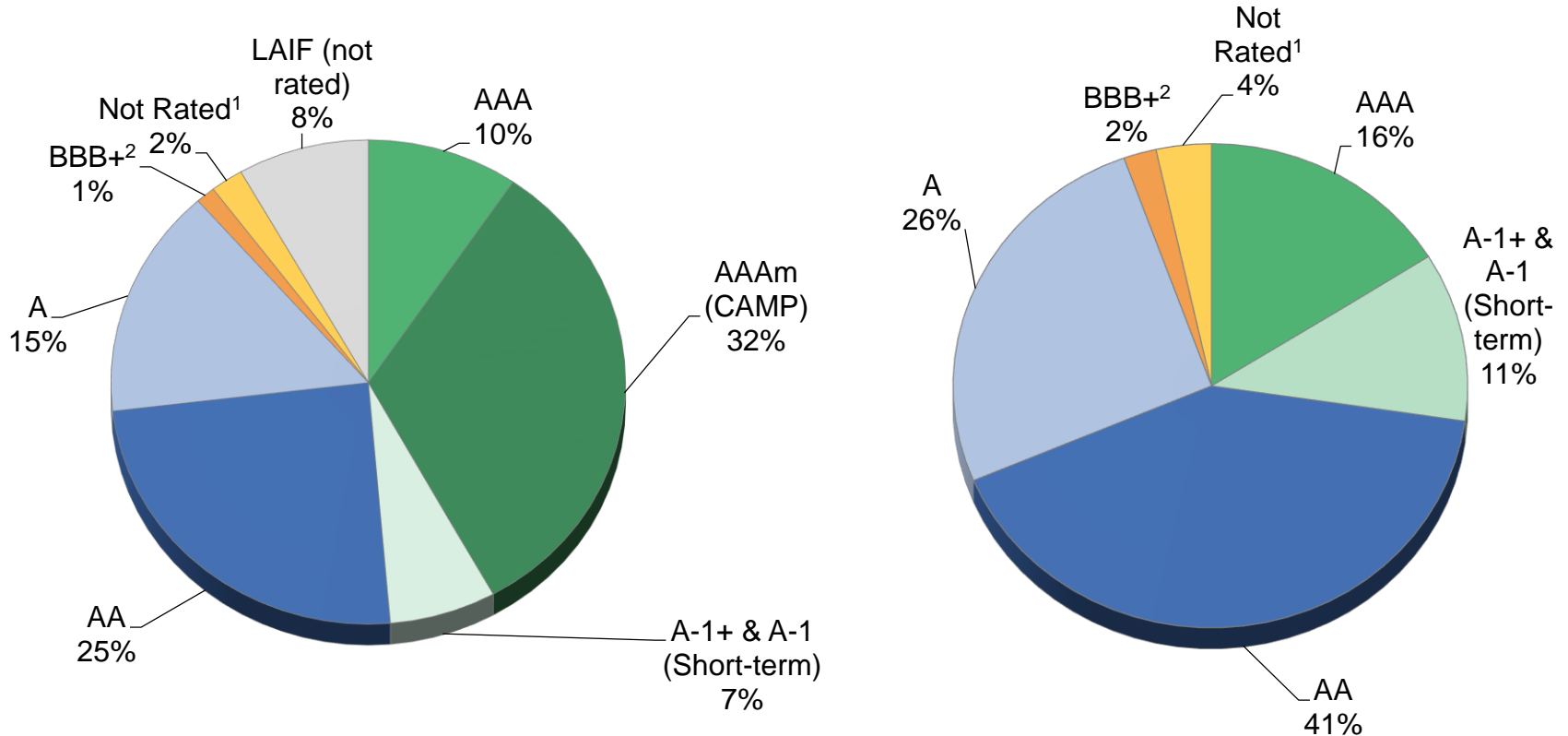
Portfolio Issuer Distribution

UNITED STATES TREASURY	16.9%	UBS AG	1.6%
FANNIE MAE	6.8%	NORDEA BANK AB	1.6%
INTL BANK OF RECON AND DEV	4.8%	APPLE INC	1.4%
FREDDIE MAC	4.2%	CANADIAN IMPERIAL BANK	1.2%
TOYOTA MOTOR CORP	3.7%	WELLS FARGO & COMPANY	1.2%
INTER-AMERICAN DEV BANK	3.5%	MITSUBISHI UFJ FIN GROUP INC	1.1%
CREDIT AGRICOLE SA	2.8%	CREDIT SUISSE GROUP	1.1%
BANK OF MONTREAL	2.6%	IBM CORP	1.1%
SVENSKA HANDELSBANKEN AB	2.6%	BERKSHIRE HATHAWAY INC	1.0%
JP MORGAN CHASE & CO	2.5%	BANK OF AMERICA CO	1.0%
INTERNATIONAL FINANCE CORP	2.4%	VISA INC	1.0%
AMERICAN EXPRESS CO	2.3%	CITIGROUP INC	1.0%
DEERE & COMPANY	2.2%	BB&T CORPORATION	1.0%
SUMITOMO MITSUI FINANCIAL GROUP	2.2%	GOLDMAN SACHS GROUP INC	1.0%
HONDA AUTO RECEIVABLES	2.2%	CISCO SYSTEMS INC	1.0%
SWEDBANK AB	2.1%	BNP PARIBAS	0.7%
ALLY AUTO RECEIVABLES TRUST	2.1%	CHEVRON CORPORATION	0.7%
BANK OF NOVA SCOTIA	2.0%	UNITED PARCEL SERVICE INC	0.6%
SKANDINAVISKA ENSKILDA BANKEN AB	2.0%	JOHN DEERE OWNER TRUST	0.6%
AMERICAN HONDA FINANCE	2.0%	NISSAN AUTO RECEIVABLES	0.6%
THE BANK OF NEW YORK MELLON	2.0%	NATIONAL RURAL UTILITIES CO FIN	0.4%
HYUNDAI AUTO RECEIVABLES	1.9%	FEDERAL HOME LOAN BANKS	0.2%
WESTPAC BANKING CORP	1.8%	UNILEVER PLC	0.2%
EXXON MOBIL CORP	1.7%		



Portfolio Credit Quality

- The County's portfolio comprises high-quality securities.

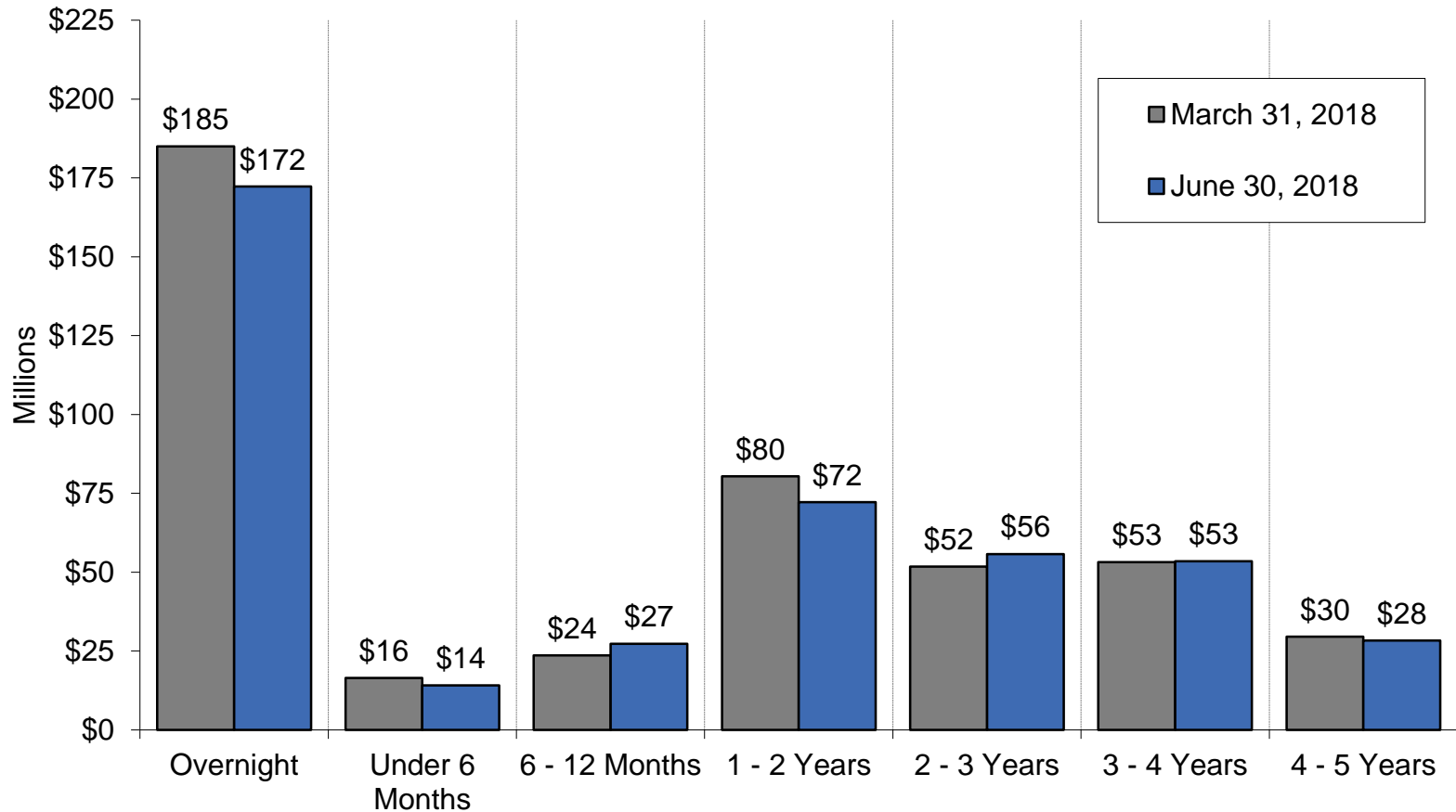


As of June 30, 2018. Percentages may not sum to 100% due to rounding.
Ratings are based on Standard & Poor's.

1. The "BBB+" category comprises securities rated in a rating category of A or better by at least one NRSRO.
2. The "Not Rated" category comprises asset-backed securities rated Aaa by Moody's.



Portfolio Maturity Distribution



Callable and floating-rate securities are included in the maturity distribution analysis to their stated maturity date.



Performance Positive as Increased Income Offset Rising Rates

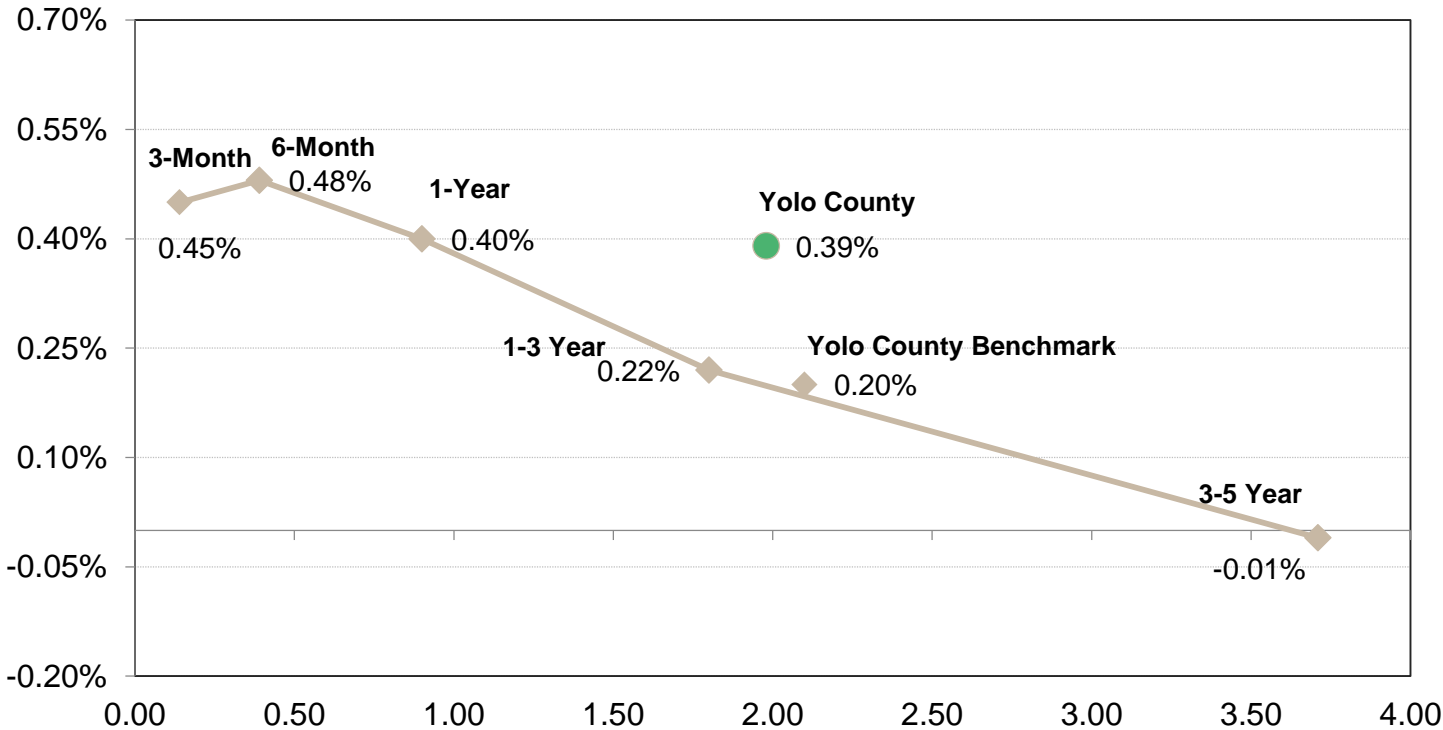
Quarterly Total Returns

Yolo County, Yolo County Benchmark, and Various ICE BofA Merrill Lynch Treasury Indices

Yields

Portfolio Yield and LAIF Quarterly Apportionment Rate

Yolo County	2.01%
LAIF	1.90%



- For periods ending as of June 30, 2018
- Source: Bloomberg, LAIF website.
- The County's benchmark is the ICE Bank of America Merrill Lynch (BAML) 0-5 Year U.S. Treasury Index. From March 31, 2015, to September 30, 2017, the benchmark was a blend of 30% ICE BAML 3-month Treasury index and 70% ICE BAML 1-3 year U.S. Treasury Index. From March 31, 2002, to March 31, 2015, the benchmark was a blend of 50% ICE BAML 1-3 Year U.S. Treasury index and 50% ICE BAML 3-month Treasury Bill index. Prior to March 31, 2002, the benchmark was the ICE BAML 1-3 Year U.S. Treasury index.



Portfolio's Shorter Duration and Diversification Result in Outperformance

Total Return For periods ended June 30, 2018

	Duration (years)	Past Quarter	Past 1 Year	Past 5 Years	Past 10 Years	Since Inception
Yolo County	1.98	0.39%	0.17%	0.79%	1.44%	3.09%
Treasury Benchmark	2.10	0.20%	-0.03%	0.38%	0.74%	2.43%

- Performance on a trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
- Bank of America Merrill Lynch indices provided by Bloomberg Financial Markets.
- Inception date is June 30, 1998.
- Performance, yield, and duration calculations exclude holdings in CAMP, LAIF, and the money market fund.
- The County's benchmark is the ICE Bank of America Merrill Lynch (BAML) 0-5 Year U.S. Treasury Index. From March 31, 2015, to September 30, 2017, the benchmark was a blend of 30% ICE BAML 3-month Treasury index and 70% ICE BAML 1-3 year U.S. Treasury Index. From March 31, 2002, to March 31, 2015, the benchmark was a blend of 50% ICE BAML 1-3 Year U.S. Treasury index and 50% ICE BAML 3-month Treasury Bill index. Prior to March 31, 2002, the benchmark was the ICE BAML 1-3 Year U.S. Treasury index.



Earnings Analysis

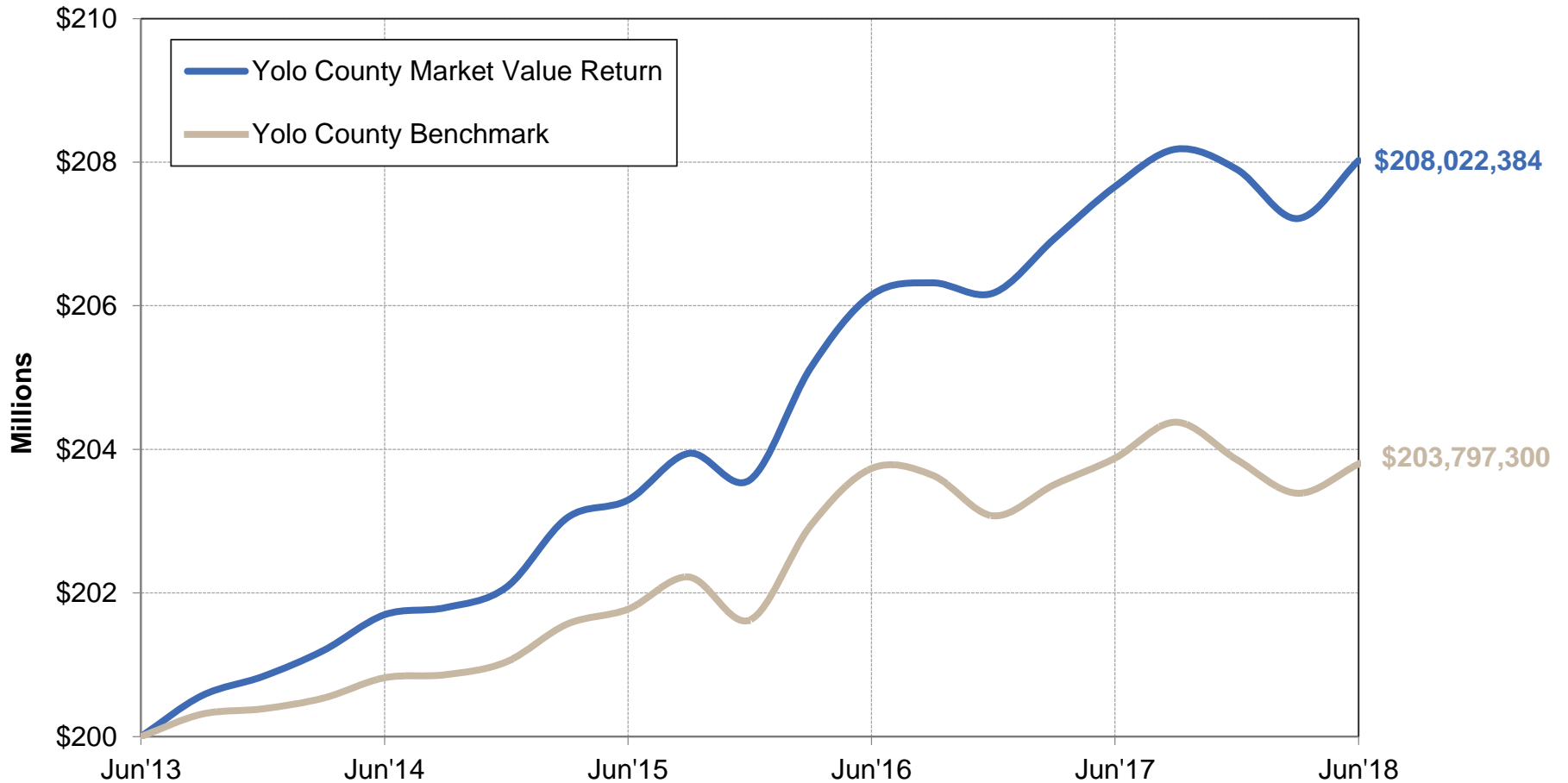
As of June 30, 2018

	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Past Year
Interest Earned	\$931,779	\$1,094,586	\$1,154,471	\$1,217,693	\$4,398,529
+ Change in Value	(\$247,087)	(\$1,451,450)	(\$2,028,702)	(\$235,756)	(\$3,962,995)
= Portfolio Earnings	\$684,692	(\$356,865)	(\$874,231)	\$981,936	\$435,533
Total Return %	0.25%	-0.13%	-0.33%	0.39%	0.17%
Quarter-over-Quarter Change in 2-Year U.S. Treasury Yield	+0.11%	+0.40%	+0.39%	0.26%	-

- Performance on trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
- Quarterly returns are presented on an unannualized basis.
- May not sum to total due to rounding.



County's Strategy Continues to Be Effective



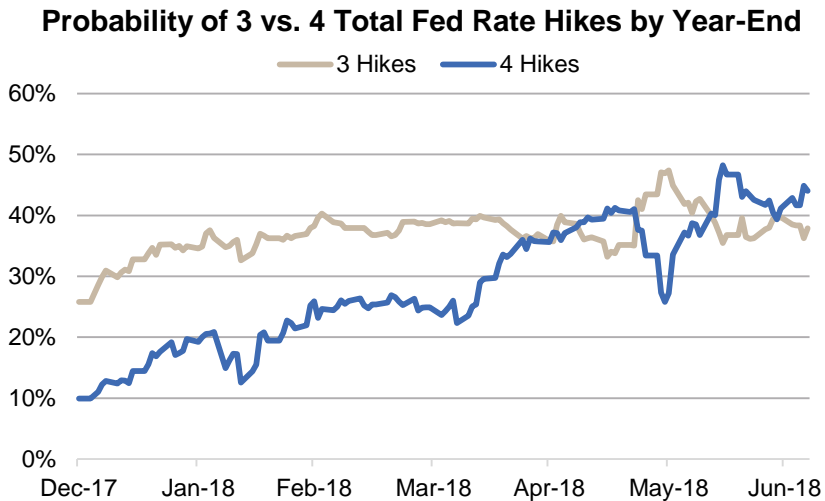
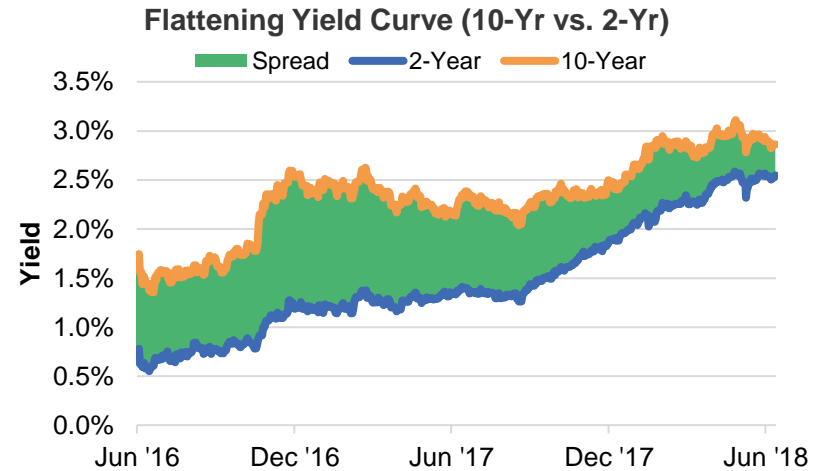
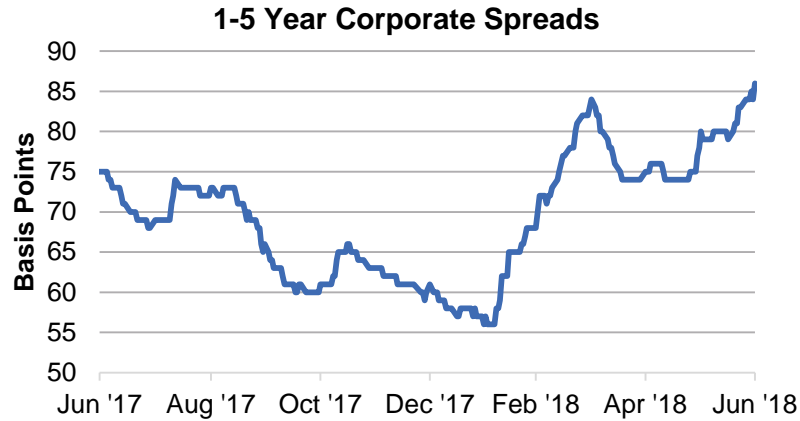
- Source: Bloomberg.
- Hypothetical growth of \$200 million.
- Past performance is not indicative of future performance.



Outlook



What We're Watching...



Economic Indicators Are Strong

Metrics at or near Multi-Year Bests	
U.S. GDP	Unemployment Rate
Global Growth	Job Openings
Consumer Confidence	Corporate Profits
Home Prices	Inflation

Source: Bloomberg, ICE BofAML Indices, as of 6/30/18.



Investment Strategy Outlook

- ◆ Our view remains that interest rates will increase gradually over the near-term. Therefore, we will maintain a slightly defensive duration posture to mitigate interest rate risk relative to the benchmark.
- ◆ We will continue to actively manage the portfolio, executing trades to capture current value and to keep it in a good position to weather changes.
 - Federal agency securities remain expensive relative to U.S. Treasuries. There may be opportunities to add to the sector with new issues.
 - Supranational supply has decreased. However, current allocations are expected to be maintained as the portfolio benefits from the incremental income relative to traditional agencies.
 - Potential headwinds in the corporate sector are beginning to temper our overall constructive guidance. As a result, our view on the sector has shifted to a more neutral and selectively opportunistic stance.
 - In conjunction with a generally more defensive tone, negotiable certificates of deposit (CD) and asset-backed securities (ABS) offer attractive incremental income compared to other government alternatives.
 - As the Fed balance sheet is set to reduce mortgage-backed securities (MBS) exposure more significantly over the next six months, the sector may experience spread pressures through the second half of the year.
 - Short-term money market investors continue to reap the rewards of current monetary policy tightening and higher overnight target rates. Further, the high-quality commercial paper and negotiable certificates of deposit (CP/CD) spread curve is quite steep and attractive.



Disclosures

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness, or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some but not all of which are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

Thank You



pfm

County of Yolo



INTERNAL AUDIT FY 2018-19 WORKPLAN OVERVIEW

**Provide assurance of fiscal
accountability and integrity.**

Department of Financial Services

[DFS Overview 2018-19](#)[Core Activities, Values, and Strategies](#)

Internal Audit Team

[Mary Khoshmashrab, MSBA, CPA, Internal Audit Manager](#)[Kim Eldredge, CGAP, Audit Supervisor](#)[Noemy Mora-Beltran, Auditor II](#)

Percentage of Goals Completed

Goal 1: 0%

Goal 2: 0%

Goal 3: 0%

Goal 4: 0%

Goal 5: 0%

Goal 6: 0%

Total Overall Percentage Completed: 0%

Performance Measures

1. Billable vs. Non-billable - Quantity
2. Budgeted vs. Actual Audit Hours by Engagement - Outcome
3. Percentage of Divisional Goals Achieved - Outcome
4. Percentage of Planned Projects vs. Actual Projects Completed - Outcome

[Performance Measures 18-19](#)

FY 18-19 (Long-term or Carryforward) Engagements

The Division of Internal Audit's work plan consist of short and long-term goals, subtasks, and other activities that we seek to accomplish as a division and as an independent part of the Department of Financial Services. Additionally, the work plan includes the Division's annual and continuous audit plan, countywide risk assessment, and other engagements, such as providing training and guidance to other Departments and County stakeholders.

[Internal Audit Goals and Activities FY18-19](#)[Internal Audit Annual Audit Plan FY18-19](#)

What's New and Exciting in the IA Division!!!

Current Events, Training, Good Guidance etc...

Vision and Mission

The County of Yolo's Department of Financial Services (Department), Division of Internal Audit (Division) Business Plan for the period of July 1, 2018 through June 30, 2019 is prepared and presented to the Chief Financial Officer of the Department of Financial Services, and upon request shared with the members of the Financial Oversight Committee, for the purpose of defining the Division's vision, mission, values and strategies for the period which is designed to work in concert with the County and the Department's values, goals, and tactical plans, and fosters a successful implementation.

Vision and Mission

To assists and support the County of Yolo and the Departments to become the "poster" organization for the Local Government in the State of California regarding fiscal soundness of accountability, integrity, and transparency as a government entity by providing excellent customer service, internally to county staff, and externally while partnering with other public and private entities.

To accomplish the office's role in supporting the County and the Department the division's audit staff will help to provide reasonable assurances of accountability by maintaining independence as part of the county's oversight authority, and by conducting countywide risk assessments, various types of audits and compliance reviews, special request reviews of emerging issues, and various types of consulting services such as workshops on efficiencies around processes, internal controls, and analysis of operations or functions.

The county and the department's fiscal accountability is further measured by the auditors concluding that the conditions of the County's Officials and Management are found to be:

- 1. Effective and efficient in the County's daily business operations;
- 2. Applicable laws, statutes and regulations that govern the county's programs and operations are being adhered to;
- 3. Corrective actions and recommendations are timely implemented, and
- 4. Monitoring and continuous process improvement is present throughout the County's operations.

Division of Internal Audit Fiscal Year Annual Business and Audit Plan as of 8/14/2018

Goal	Priority	Assigned To	Status	% Completed	Planned \$	Date Completed	Target Date	Notes & Comments
Goal completion to date		Mary Khoshmashrab		24%				
Goal 1- Facilitate the countywide risk assessment:				10%			06/30/21	
Goal 1 Detail: Providing support and facilitation of the Countywide risk assessment and risk monitoring bringing more awareness of business risks and associated controls. Facilitating and providing staff support to the Financial Oversight Committee, and Audit Sub-Committee (Long-Term Project 2014/15 to FY20/21).								
Task 1 - Complete the CAO's Risk Assessment (Carry Forward 17/18)		Mary Khoshmashrab	In Progress	20%			10/15/18	
1.1 CAO HR Staff to complete risk surveys			In Progress	80%				
1.2 Compile, analysis, and assess results of the survey to determine risk ranking, identify risk that have not been mitigated, and make recommendations and consideration for risk mitigation, and improvements to lower risk.			Not Started	0%				
1.3 Prepare report and distribute to Department Directors and CAO for response			Not Started	0%				
1.4 Finalize report, update countywide risk matrix, and distribute results to Department Directors, CAO, and FOC.			Not Started	0%				
Task 2 - HSA Risk Assessment (Carry Forward FY17/18)		Mary Khoshmashrab	Not Started	0%			04/30/19	
2.1 Schedule training by division on RA and IC's			Not Started	0%				
2.2 Provide training for RA and IC to HSA Staff and Contractors (selected by Karen Larson)			Not Started	0%				
2.3 Send out surveys to staff that have been selected to participate in the RA (Varied Levels of Management, Supervisors, and Staff)			Not Started	0%				
2.5 Compile, analysis, and assess results of the survey to determine risk ranking, identify risk that have not been mitigated, and make recommendations and consideration for risk mitigation, and improvements to lower risk.			Not Started	0%				
2.6 Prepare report and distribute to Department Director for response			Not Started	0%				
2.7 Finalize report, update countywide risk matrix, and distribute results to Department Director, CAO, and FOC.			Not Started	0%				
Task 3 Meet with Community Service Department to begin RA process		Mary Khoshmashrab	Not Started	0%			06/24/19	
Task 4 Meet with Department of AG to begin RA process		Mary Khoshmashrab	Not Started	0%			06/25/19	
Task 5 Meet with Sheriff Department to begin RA process		Mary Khoshmashrab	Not Started	0%			06/26/19	
Goal 2 - Perform reviews of the CW system, Infor				0%			06/30/21	
Goal 2 Detail: Performance reviews of the countywide Infor system, Phases 1 through 4 to better ensure good system controls, data integrity, and inefficiencies around accounting, tracking and reporting (Long-Term Project 2017/18 to FY20/21).								
Task 1- Finalize initial go live Infor System Review and distribute to CFO, CAO, and FOC (Carry Forward Fy17/18)	High	Kim Eldredge	In Progress	90%	07/02/18		08/31/18	Kim has been working on tracking project. the report will be finished by month end.
Task 2- Begin Phase 1 Gaining and understanding of the Infor Flow, Contract and Process, User Flow, etc.		Kim Eldredge	Not Started	0%			08/31/18	
2.1 Gain and understanding, develop plan, develop program, meeting with staff, observe, identify modules, prepare matrix to identify roles and responsibilities, security roles, review contract and amenities to determine reasonableness of cost charged compared to amount bid.			Not Started	0%				
2.2 Develop workpapers, summarize findings, prepare draft report			Not Started	0%				
2.3 Obtain management's response, hold exit conference, finalize report, distribute final report to CFO, CAO, FOC, and BOS, and obtain CAP.			Not Started	0%				
Task 3- Begin Phase 2 Review and testing of Stage 1- 3 (Payroll/HR, Financial, and Budget Modules) System of Controls		Kim Eldredge	Not Started	0%			01/31/19	
3.1 Gain and understanding, develop plan, develop program, meeting with staff, observe, and perform testing procedures			Not Started	0%				
3.2 Develop workpapers, summarize findings, prepare draft report			Not Started	0%				
3.3 Obtain management's response, hold exit conference, finalize report, distribute final report to CFO, CAO, FOC, and BOS, and obtain CAP.			Not Started	0%				
Task 4- Begin Phase 3 Testing Data and Data Integrity Phase (FY19/20)		Kim Eldredge	Not Started	0%			08/30/19	
4.1 Gain and understanding, develop plan, develop program, meeting with staff, observe, and perform testing procedures			Not Started	0%				
4.2 Develop workpapers, summarize findings, prepare draft report			Not Started	0%				
4.3 Obtain management's response, hold exit conference, finalize report, distribute final report to CFO, CAO, FOC, and BOS, and obtain CAP.			Not Started	0%				
Task 5- Begin Phase 4 Final testing phase- detailed substantive testing of transactions, manual and system controls, and supporting documentation and audit evidence (Contracts, PO's, payment processing, A/R processes, deposits, etc.) (FY19/20)		Kim Eldredge		0%			05/29/20	
5.1 Gain and understanding, develop plan, develop program, meeting with staff, observe, and perform testing procedures			Not Started	0%				
5.2 Develop workpapers, summarize findings, prepare draft report			Not Started	0%				
5.3 Obtain management's response, hold exit conference, finalize report, distribute final report to CFO, CAO, FOC, and BOS, and obtain CAP.			Not Started	0%				
Goal 3 - Perform countywide audits and reviews of highrisk areas				67%				
Goal 3 Detail: Planning and development of an Annual Audit Plan that includes performance of audits and reviews of inherently risky Programs, Projects, and Processes throughout the County. Including CIP Projects, Contracts, Procurement, and follow-up on CAP's (Short-Term Goal performed Annually).								
Task 1 - Brainstorm with Audit Staff over fraud and risk consideration, inherent risk and control weaknesses over department, programs, projects, or process to determine use of resources and planned reviews.		Mary Khoshmashrab		95%	06/04/18		07/31/18	
1.1 Meet and discuss - brainstorming.		Mary-Khoshmashrab	Completed	100%	06/04/18	06/24/18	07/31/18	
1.2 Document consideration, results, and discussion.		Mary Khoshmashrab	In Progress	90%				
Task 2 -Discuss with CAO, CFO, FOC, BOS risk concerns and desired department, programs, projects, or process reviews.		Mary Khoshmashrab		100%	06/04/18		06/30/18	
2.1 Meet and discuss with each group in person if requested, otherwise via email.		Mary-Khoshmashrab	Completed	100%	06/04/18		06/30/18	
2.2 Document consideration, results, and discussion.		Mary-Khoshmashrab	Completed	100%	06/06/18	06/12/18		Sent out risk consideration request via email to dept directors, CAO, CFO, and FOC members. I only received a response from Patrick and Natalie Dillion.
Task 3 - Review of external audits performed on County		Mary Khoshmashrab		50%			08/31/18	

3.1 Review Grand Jury and Countywide Single Audit to identify risk and consider areas for planned reviews.	Mary Khoshmashrab	Completed	100%				Grand Jury Report recommends an annual review of probation and Elections. We do not have the resources to handle these request.
3.2 Document consideration, and review results.	Mary Khoshmashrab	Not Started	0%				
Task 4 - Gain insight from Management.	Mary Khoshmashrab		100%				
4.1 Discuss and Review with Department Heads, CAO, and CFO to determine any required audits resulting as a condition of grant funds, program reimbursements, or other requirements.	Mary Khoshmashrab	Completed	100%	06/11/18	06/11/18	07/01/19	
4.2 Document consideration, and review results.	Mary Khoshmashrab	Completed	100%	06/11/18	06/11/18	07/01/19	
Task 5 - Other considerations of audit resources.			100%				
5.1 Determine training engagements and other projects that will require audit resources and consider in planning the annual plan.	Mary Khoshmashrab	Completed	100%	07/02/18		07/31/18	
5.2 Document consideration and resources related to indirect audit hours.	Mary Khoshmashrab	Completed	100%	07/02/18		07/31/18	
Task 6 - Prepare Annual Audit Plan (Reviews, Audits, Projects, Training, etc.) taking into consideration of the results of the steps above, and direct audit resources available.	Mary Khoshmashrab	In Progress	63%	07/02/18		08/30/18	
6.1 Gain approval from CAO, CFO, and share with FOC	Mary Khoshmashrab	In Progress	90%	07/31/18		08/22/18	
6.2 Document consideration, discussion and approval.	Mary Khoshmashrab	In Progress	50%	07/27/18		08/22/18	
6.3 Provide and document in the minutes the annual confirmation of independence to the FOC/Audit Committee	Mary Khoshmashrab	In Progress	50%	08/21/18		08/22/18	Required under Standards 2060 Reporting to the Management and the Board on independence
Task 7- Updates for the Annual Audit Plan on a quarterly basis	Mary Khoshmashrab		0%				
7.1 Perform first QTR. review and update of annual work and audit plan.	Mary Khoshmashrab	Not Started	0%	09/17/18		09/28/18	
7.2 Perform second QTR. review and update of annual work and audit plan.	Mary Khoshmashrab	Not Started	0%	01/07/19		01/23/19	
7.3 Perform third QTR. review and update of annual work and audit plan.	Mary Khoshmashrab	Not Started	0%	05/13/19		05/24/19	
7.4 Perform forth QTR. review and update of annual work and audit plan.	Mary Khoshmashrab	Not Started	0%	08/01/19		08/30/19	
Task 8- Percentage of Completion for the Annual Audit Plan (percentage linked from Annual Audit Plan below)	Mary Khoshmashrab	In Progress	16%	07/02/18		07/01/19	The percentage comes from audit plan below
Goal 4 - Provide training and guidance countywide			0%				
Goal 4 Detail: Provide training and guidance around OMB and Grant Best Practices, Good System Controls, Policies and Procedures, Documentation and Tracking of Projects, Process Improvements and Other major program guidance. Additionally, training and development of Auditors, ensuring required CPE hours are accomplished, and IDP's to support successful Certification of CFE (IA Manager) and ACL Certification (Auditor II) are accomplished; and perform annual internal audit assessment (as required per professional standards). Short and Long- Term Goals (repeated annually).							
Task 1 -UNIFORM GRANT GUIDANCE (2 CFR) (FORMERLY OMB A-133)	High	Mary Khoshmashrab	0%	11/30/18		12/31/18	
1.1 Develop PowerPoint training presentation slides.			0%				
1.2 Post and schedule class dates.			0%				
1.3 Hold training class.			0%				
Task 2 - RISK ASSESSMENT & UNDERSTANDING INTERNAL CONTROLS	High	Mary Khoshmashrab	0%	12/29/18		12/28/18	
2.1 Develop PowerPoint training presentation slides.			0%				
2.2 Post and schedule class dates.			0%				
2.3 Hold training class.			0%				
Task 3 - DATA ANALYTICS	High	Noemy Mora Beltran	0%	03/30/19		03/29/19	
3.1 Develop PowerPoint training presentation slides.			0%				
3.2 Post and schedule class dates.			0%				
3.3 Hold training class.			0%				
Task 4 - Performance Measures for projects and programs	Low	Mary Khoshmashrab	0%	06/28/19		06/28/19	hold may need to move to FY19/20
Task 5 - Considering Risk for major programs or projects	Low	Mary Khoshmashrab	0%	06/28/19		06/28/19	hold may need to move to FY19/20
Task 6 - Audit Proofing Your Program - Tricks and Trades of how to make your project or program audit worthy	Low	Mary Khoshmashrab	0%	06/25/19		06/28/19	hold may need to move to FY19/20
Task 7 - Writing Effective Policies, Procedures, and Desk Duty Statements	Low	Mary Khoshmashrab	0%	06/24/19		06/28/19	hold may need to move to FY19/20
Task 8- Special District Training	High	Mary Khoshmashrab	0%	11/30/18		11/30/18	
8.1 Develop PowerPoint training presentation slides.			0%	09/24/18		09/20/18	
8.2 Post and schedule class dates.			0%	09/18/18		09/14/18	
8.3 Hold training class.			0%	11/21/18		12/17/18	
Task 9 - IDP- Noemy Mora-Beltran ACL Certification Goals	Medium	Kim Eldredge	0%	09/03/18		10/31/18	
9.1 First 6 month review of IDP and progress			0%	06/05/19		06/21/19	
9.2 Second 6 month review of the IDP and progress			0%	06/03/19		06/28/19	
Task 10- IDP- Mary Khoshmashrab Certified Fraud Examiner (CFE) Certification Goals	Medium	Mary Khoshmashrab	0%	07/02/18		06/28/19	
10.1 First 6 month review of IDP and progress			0%	12/10/18		12/20/19	
10.2 Second 6 month review of the IDP and progress			0%	06/24/19		06/28/19	
Task 11 - Track to ensure and support that audit staff is adequately trained and CPE hour requirements according to Govt. Code is followed.		Mary Khoshmashrab	0%	12/28/18		06/28/19	
Task 12- Perform Annual Internal Audit Assessment in accordance with professional standards.		Mary Khoshmashrab	0%	04/26/19		06/28/19	
Task 13- Perform Peer Review on Placer County in accordance with professional standards.	Low	Mary Khoshmashrab	0%	03/29/19		06/28/19	
Goal 5 - Provide current and updated manuals that help guide staff			61%				

Goal 5 Detail: Project development and policy manual review and updates. Continued development of a project billing and time tracking system, development of continuous auditing/monitoring tools to test system controls, and program compliance, supporting best practices and stronger oversight within the County. Planning and development of the Financial Oversight Committee, and Internal Audit's public website to bring more transparency of County audits and reviews to the Community we serve and are held accountable to. Review and Update IA Engagement Manual, Yellowbook revisions, and COSO Internal Control Standards Manual. Short and Long-Term Goals (repeated annually).

Task 1 - Time and Project Tracking Project	High	Mary Khoshmashrab	Completed	100%	07/02/18	08/31/18
Task 2 - Continuous Monitoring and Audit Project with ACL	High	Mary Khoshmashrab	In Progress	50%	07/02/18	06/28/19
Task 3 - Development and Maintenance of the Financial Oversight Committee Website	High	Mary Khoshmashrab	In Progress	90%	06/14/18	11/30/18
Task 4 - Develop and Maintenance of the Division of Internal Audit Website	High	Mary Khoshmashrab	In Progress	90%	06/14/18	12/27/18
Task 5 - Review and Update as necessary the IA Engagement Manual (reflecting changes to Red and YellowBook Standards)	Low	Mary Khoshmashrab	In Progress	0%	07/02/18	06/28/19
Task 6 - Review and update the Internal Control Standards Manual	Low	Mary Khoshmashrab	In Progress	0%	07/02/18	06/28/19
Task 7 - Send out bi-annual request for audits and CAP's letters to Department Heads.	Low	Mary Khoshmashrab	Completed	100%	07/02/18	06/28/19

Goal 6- Facilitate FOC and Audit Committee 4%

Goal 6 Detail: Staff support for quarterly FOC Meetings, quarterly updates to CFO, monthly leadership updates to CAO, weekly management meetings, monthly Financial Officers Forum, and monthly meetings with Audit Staff. Perform Annual Reviews of Staff (repeated annually).

Task 1 - Financial Oversight Committee (make sure to add when reports of customer service, annual assess, audit plan, etc. is due what qtr.	High	Mary Khoshmashrab		25%	07/02/18	06/28/19
1.1 First QTR- FOC (prep, schedule, minutes, post, track, website update IA projects	High	Mary Khoshmashrab	Completed	100%	08/02/18	08/22/18
1.2 Second QTR. FOC (prep, schedule, minutes, post, track, website update IA projects	High	Mary Khoshmashrab	Not Started	0%	11/08/18	11/22/18
1.3 Third QTR. FOC (prep, schedule, minutes, post, track, website update IA projects, advertise for new members and public posts, if applicable.	High	Mary Khoshmashrab	Not Started	0%	02/14/19	02/21/19
1.4 Forth QTR. FOC (prep, schedule, minutes, post, track, website update IA projects, hold elections, and vote new members.		Mary Khoshmashrab	Not Started	0%	05/09/19	05/23/19
Task 2 - Quarterly Reports to CFO on audit updates and workplan.		Mary Khoshmashrab	Not Started	0%	06/28/19	06/28/19
Task 3 - Monthly updates to CAO		Mary Khoshmashrab	Not Started	0%	06/28/19	06/28/19
Task 4 - Monthly FOF meetings		Mary Khoshmashrab	Not Started	0%	06/28/19	06/28/19
Task 5 - Monthly Audit Staff Meetings		Mary Khoshmashrab	Not Started	10%	06/28/19	06/28/19
Task 6 - Annual Performance Reviews		Mary Khoshmashrab		0%		
6.1 Kim Eldredge		Mary Khoshmashrab	Not Started	0%	01/25/19	02/25/19
6.2 Noemy Mora-Beltran		Kim Eldredge	Not Started	0%	05/01/19	05/31/19
Task 7- Update and Send out Countywide Customer Service Survey	High	Mary Khoshmashrab	Not Started	0%	05/13/19	06/28/19
7.1 Report results of FY17/18 to CAO, CFO, and FOC	High	Mary Khoshmashrab	Not Started	0%	06/18/19	06/28/19
7.2 Prepare and send Countywide Customer Survey, Report Results to CAO, CFO, and FOC	High	Mary Khoshmashrab	Not Started	0%	05/07/19	06/28/19
Task 8- Attend CALSACA Audit Managers Sub-Committee Quarterly Meetings.	Low	Mary Khoshmashrab		0%		
8.1 First QTR. Meeting	Low	Mary Khoshmashrab	Not Started	0%		
8.2 Second QTR. Meeting	Low	Mary Khoshmashrab	Not Started	0%		
8.3 Third QTR. Meeting	Low	Mary Khoshmashrab	Not Started	0%		
8.4 Forth QTR. Meeting	Low	Mary Khoshmashrab	Not Started	0%		

AUDIT PLAN FOR FISCAL YEAR 2018-19:						
CAO Risk Assessment (Carry forward)	High	Mary Khoshmashrab	In Progress	80%		Budgeted Hours
HHSR Risk Assessment (Carry forward)	High	Mary Khoshmashrab	Not Started	0%		200
Infor Report Implementation Report Update Project (Carry forward) no hours assigned	High	Kim Eldredge	In Progress	90%		0
Infor Phase I - 5 Engagements	High	Kim Eldredge	Not Started	0%		450
Probation AUP Engagements (Carry forward) no hours assigned		Noemy Mora Beltran	Completed	100%		0
Cannabis AUP Engagements		Mary Khoshmashrab	Completed	100%		200
Placer County Peer Review	Medium	Mary Khoshmashrab	Not Started	0%		120
Internal Control Review Treasury	High	Kim Eldredge	Not Started	0%		200
Long-Term Project CIP Required Audit w/Board of Corrections FY19-20 (planning begins) no hours assigned	Low	Mary Khoshmashrab	Not Started	0%		0
Training- Countywide Grant/OMB/Risk/Internal Control training and department specific trainings, (development, prep, and instruction	Medium	Mary Khoshmashrab	In Progress	0%		300
UNIFORM GRANT GUIDANCE (2 CFR) (FORMERLY OMB A-133) - This Course is designed for grant administrators and fiscal officers to gain an in-depth understanding of the Uniform Grant Guidance (2 CFR) which provides broad guidance as to rules pertaining to federal grant administration.	High	Mary Khoshmashrab	Not Started	0%	10/30/18	11/29/18
RISK ASSESSMENT & UNDERSTANDING INTERNAL CONTROLS- This Course is designed for financial, operational and program staff interested in assessing operational, finance or organizational risk within their area of operations. This course will also give an overview of internal controls which is a manner in which to mitigate certain risks that may be identified.	High	Mary Khoshmashrab	In Progress	0%	11/05/18	01/17/19
DATA ANALYTICS-This course is designed for analytical staff or staff that perform analysis in their roles. This will provide tools and resources of methods of data analytics using experience applied by our internal audit division. This will give a broad overview of the ways to develop and approach a robust data analysis project.	High	Noemy Mora Beltran	Not Started	0%	01/01/19	05/09/19
Training - OTHER	Low	Mary Khoshmashrab	Not Started	0%	03/01/19	06/28/19
Corrective Action Plan Follow-Up (various)	High	Mary Khoshmashrab	Not Started	0%		200
Continuous Auditing- Building and Development (Mary, Kim and Noemy)	High	Kim Eldredge	In Progress	20%		170
Audit Chief Chair of Training Committee	Low	Mary Khoshmashrab	Not Started	0%		50

Department System Control w/ Continuous Auditing P- Cards	High	Kim Eldredge	In Progress	10%	200
Department System Control Review	High	Kim Eldredge	Not Started	0%	
HR- MQ, Timekeeping and Payroll Review (various Dept's.)	High	Noemy Mora Beltran	Not Started	0%	200
Revenue Recovery/Uncollected Rev Review	High	Noemy Mora Beltran	Not Started	0%	100
Property Tax Admin Review	Medium	Noemy Mora Beltran	Not Started	0%	50
Tot and Airbnb Reviews	Low	Noemy Mora Beltran	Not Started	0%	50
Special Request Reviews (CAO, AC, Board)	Low	Mary Khoshmashrab	Not Started	0%	130
IA Manager (support FOC, manager responsibilities, countywide meetings (FOF), program specific guidance, external audit meetings federal and state audits, etc.)	Medium	Mary Khoshmashrab	In Progress	30%	400
Workpaper Review IA Manger	Medium	Mary Khoshmashrab	In Progress	10%	350
Workpaper Review Supervising Auditor	Medium	Kim Eldredge	In Progress	10%	150
Auditor's required training (Noemy 160 for IDP)	Medium	Kim Eldredge	In Progress	0%	240
Admin- None Audit Hours (400 each Mary, Kim, and Noemy) (Countywide support, FH, Admin time off, non-audit meetings, DFS meetings, or other meetings/request, breaks, and other misc. task- Website. Time tracking project)	Low	Mary Khoshmashrab	In Progress	10%	1600
Total Projected Direct and Indirect Audit Hours					5760

CORE ACTIVITIES, VALUES AND STRATEGIES:

Core Activities - To carry out the vision and mission of the Internal Audit Division, the audit staff will engage in the following core activities:

- To provide excellent support to our customers: The Internal Audit Division staff will provide continuous support to the county's management, staff, and other partners (local and private entities) by providing them with effective and efficient tools, and professional superior fiscal support that would add to the success of the final desired outcome for all stakeholders.
- To help provide reasonable assurance of accountability, transparency, and due diligence, to the public and other stakeholders by conducting various types of audits and reviews of the county's operations, programs, and projects that are funded by the county to ensure public funds are spent appropriately and within the scope of the intended purpose.
- To help ensure that public funds are used in the most efficient and effective manner, to prevent waste and abuse by continuous assessment and monitoring of risk, and the development, implementation, and monitoring of internal controls and processes within the County's organizational systems of control, as well as monitoring those who are components or partners of the county.
- To help ensure that the County is in compliance with necessary reporting, monitoring and review requirements that are govern by various statutes, codes, and regulations depending on the funding type.

Values - In order for the Internal Audit Division to fulfill their role in supporting the County, the Division staff is committed to the following values:

- Believes that knowledge and skills are the keys to success: The Internal Audit Division offers a variety of support for the County's Board, Committees, Management, Staff, and other government components, and entities.
- Encourages and supports well-trained auditors with a strong background in performance, compliance, financial, and forensic reviews performed on government and non-government entities.
- Ensures that auditors are current on accounting practices, auditing and other professional standards, and best practices including a strong quality control process.
- Believes in providing internal customer support to help the county develop more effective, efficient automated tracking systems, procedures, processes, and programs.
- Supports implementing monitoring and oversight processes that supports strong internal controls in place to ensure that public funds are properly safeguarded.
- Believes in providing excellent customer support for training and development on fiscal reviews, fiscal analysis, risk assessment reviews, and in other areas such as desk audit reviews.
- Ensures that auditors have a good understanding of the financial cycles and transactions to ensure auditors abilities to support the County is sufficient.
- Believes in continuous support for standardization around reporting, accounting, and auditing processes that ensures the auditors have the ability to assists county staff, and provide professional support to our county's boards, committees, and management.

Strategies

The Internal Audit Division's strategy consist of generalized goals that encompass the division's planned task and activities. The goals represent and will help the Division strive and be successful in our role towards accomplishing the County and the Department's overall mission and defined goals. Goals are the end results of what the Division plans to achieve in order to be successful.

The Internal Audit Division's defined goal activities consist of task, steps or actions (activities) to be taken to accomplish the division's goals, shown in the following matrix. Steps, actions and task are the "how to" and "end result to be produced" and supports that the division is meeting or has successfully accomplished the intended goal. The goal achievement indicator consists of the output or the end result/product of the completed goal or provides the percentage of completion. This will help further measure the division's performance by activity and/or overall goal, and assist in further planning or the need to reassess the divisions defined goals. The percentage of completion is measured from the start of an activity or goal to status date provided.

PERFORMANCE MEASURES FISCAL YEAR 2018-19:

Billable vs. Non-billable- Quantity is measured

Budgeted vs. Actual Audit Hours by Engagement - Outcome is measured

Percentage of Divisional Goals Achieved- Outcome is measured

Percentage of Planned Projects vs. Actual Projects Completed- Outcome is measured

INTERNAL AUDIT TEAM'S STRENGTHFINDER RESULTS:

MARY KHOSHMAHRAB, INTERNAL AUIDT MANAGER

INDIVIDUALIZATION - People who are especially talented in the Individualization theme are intrigued with the unique qualities of each person. They have a gift for figuring out how people who are different can work together productively.

ARRANGER - People who are especially talented in the Arranger theme can organize, but they also have a flexibility that complements this ability. They like to figure out how all of the pieces and resources can be arranged for maximum productivity.

MAXIMIZER - People who are especially talented in the Maximizer theme focus on strengths as a way to stimulate personal and group excellence. They seek to transform something strong into something superb.

LEARNER - People who are especially talented in the Learner theme have a great desire to learn and want to continuously improve. In particular, the process of learning, rather than the outcome, excites them.

ACHIEVER - People who are especially talented in the Achiever theme have a great deal of stamina and work hard. They take great satisfaction from being busy and

KIM ELDREDGE, AUDIT SUPERVISOR

INDIVIDUALIZATION - People who are especially talented in the Individualization theme are intrigued with the unique qualities of each person. They have a gift for figuring out how people who are different can work together productively.

ARRANGER - People who are especially talented in the Arranger theme can organize, but they also have a flexibility that complements this ability. They like to figure out how all of the pieces and resources can be arranged for maximum productivity.

IDEATION - People especially talented in the Ideation theme are fascinated by ideas. They are able to find connections between seemingly disparate phenomena.

LEARNER - People who are especially talented in the Learner theme have a great desire to learn and want to continuously improve. In particular, the process of learning, rather than the outcome, excites them.

ANALYTICAL - People who are especially talented in the Analytical theme search for reasons and causes. They have the ability to think about all the factors that might affect the situation.

NOEMY MORA-BELTRAN, AUDITOR II

ARRANGER - People who are especially talented in the Arranger theme can organize, but they also have a flexibility that complements this ability. They like to figure out how all of the pieces and resources can be arranged for maximum productivity.

DEVELOPER - People who are especially talented in the Developer theme recognize and cultivate the potential in others. They spot the signs of each small improvement and derive satisfaction from these improvements.

RESPONSIBILITY - People who are especially talented in the Responsibility theme take psychological ownership of what they say they will do. They are committed to stable values such as honesty and loyalty.

BELIEF - People especially talented in the Belief theme have certain core values that are unchanging. Out of these values emerges a defined purpose for their life.

INPUT - People who are especially talented in the Input theme have a need to collect and archive. They may collect information, ideas, history, or even relationships.

CONSIDERATION OF INDEPENDENCE (ACCORDING TO PROFESSIONAL AUDITING STANDARDS)

In accordance with Professional Auditing Standards Independence considerations are discussed and documented with the AC/FOC at the Aug FOC Meeting. The discussion is documented in the meeting minutes.

Potential/Perceived Threats of Independence:

Organizational Independence- the Division of Internal Audits is an affiliated entity within the organization or affiliated entities of which we may perform or conduct audits, reviews, analysis, non-audit and/or consulting related projects.

Safeguards Implemented:

The following safeguards have been implemented and in fact provide assurance that the Division of Internal Audit and the auditors' have independence over work performed, where independence would be required:

- To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the internal audit manager (chief) of the division of internal audit has direct and unrestricted access to the senior management and the board. This is achieved through a dual-reporting relationship. Threats to objectivity are also managed at the individual auditor, engagement, functional, and organizational levels.
- The chief reports functionally to the Board of Supervisors through the Financial Oversight Committee (FOC). The FOC Members include members of the public, the Board of Supervisors, cities, special districts, and the Board of Education. The dual-reporting structure within the organization allows the internal audit activity to fulfill its responsibilities. Further, the chief confirms to the board, at least annually, the organizational independence of the internal audit activity.
- The internal audit activity is free from interference when determining the scope of internal auditing, performing work, and communicating results.
- The FOC play an active role in approving the internal audit charter; approving the risk based internal audit plan; approving the internal audit budget and resource plan; receiving communications from the chief on the internal audit activity's performance relative to its plan and other matters; and making appropriate inquiries of management and the chief of the internal audit division to determine whether there are inappropriate scope or resource limitations.
- The Internal auditors refrain from assessing specific operations for which they were previously responsible (note: Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous year).
- Assurance engagements for functions over which the chief of the division has responsibility will be overseen by a party outside the internal audit activity.
- Internal auditors may provide consulting services relating to operations for which they had previous responsibilities. However, if internal auditors have potential impairments to independence or objectivity relating to proposed consulting services, a disclosure will be made to the engagement client prior to accepting the engagement.

County of Yolo
Summary of Audit Reports - County
Received During Fiscal Year Ending - June 30, 2018

	Audit Report Title	Audit Firm	Audit Period	Results and Findings	Date Issued
1	Clerk-Recorder Social Security Number Truncation Program Review	Internal Audit Division	12/1/2013 to 9/30/2017	Total findings 3: Quality control project not completed; salaries not properly allocated and deliverables not received; documents with untruncated social security numbers	12/21/2017
2	Health & Human Services Agency - California Department of Social Services (CDSS) Quality Assurance Monitoring Review of In-Home Supportive Services	State of California - Health and Human Services Agency; Department of Social Services	Program Year 2017-18	Areas of concern 1) Functional Index Rankings-inconsistent ranking for services; 2) Medical Accompaniment/Wait Time-wait time authorized incorrectly; 3) Proration of shared living arrangements (no documentation)	10/31/2017
3	Health & Human Services Agency - Medi-Cal Specialty Mental Health External Quality Review	Behavioral Health Concepts, Inc., California's External Quality Organization (BHC)	9/20/2017 to 9/22/2017	Areas of concern from prior findings 1) Regular meetings with supervisory and line staff needed; 2) Not enough psychiatric coverage; 3) Information technology training needed; 4) Information entered into the Avatar system not complete; 5) Management plan to monitor projects needed	5/10/2018
4	Health & Human Services Agency - Public Guardian Review of Social Security Beneficiary Funds	Social Security Administration	Meeting 6/7/2017	No exceptions noted	6/30/2017
5	Health & Human Services Agency - Review of Yolo County's Mental Health Plan (MHP)	State of California-Health and Human Services Agency, Department of Health Care Services	Program Year 2017-18	Areas of concern 1) Improvement needed for calls received; 2) Call logs not in compliance with all regulatory requirements; 3) Annual cost report not submitted timely; 4) Provider certifications overdue; 5) Improvement needed for placement processes; 6) Medical records not complete; 7) Assessments and plans for services not completed timely; 8) Notes for client progress not updated	5/4/2018
6	Health & Human Services Agency - Substance Abuse Block Grant (SABG) State County Contract Compliance Review	State of California-Health and Human Services Agency, Department of Health Care Services	Contract 2017-18	Areas of concern 1) No contract provided for compliance with the use of funds; 2) New standards needed for the County's monitoring tools; 3) Annual system risk assessment/security review not performed	1/8/2018
7	Health & Human Services Agency - Women, Infants, and Children (WIC) Supplemental Nutrition Program	State Controller's Office (SCO)	10/1/2016 to 9/30/2017	No exceptions noted	4/12/2018
8	Health & Human Services Agency - Workforce Innovation and Opportunity Act (WIOA) Fiscal and Procurement Review (Fiscal)	State of California-Employment Development Department	Program Year 2017-18	No exceptions noted	3/9/2018
9	Health & Human Services Agency - Workforce Innovation and Opportunity Act (WIOA) Program Review (Program)	State of California-Employment Development Department	Program Year 2017-18	Total findings 1: No fiscal and procurement program monitoring conducted;	11/8/2017
10	Probation Department - Standards and Training for Corrections Program	Board of State and Community Corrections	FY 2016-17	No exceptions noted	11/15/2017

County of Yolo
Summary of Audit Reports - **County**
Received During Fiscal Year Ending - June 30, 2018

	Audit Report Title	Audit Firm	Audit Period	Results and Findings	Date Issued
11	Probation Department, Juvenile Detention Facility - Agreed Upon Procedures	Internal Audit Division	7/1/2014 to 12/31/2017	Total findings 11: No regular audits of juvenile cases; no written procedures; revolving funds and cash from minors not reconciled; expenditure transactions not supported by adequate documentation; Probation Officer's Trust Fund not properly used; accountability over gift cards/bus passes inventory; donations not properly recorded; minor equipment not monitored. No response provided by the Department	7/31/2018
12	Yolo County Appropriations Limit - Agreed Upon Procedures	Vavrinek, Trine, Day & Co. LLP	6/30/2017	No exceptions noted	12/22/2017
13	Yolo County Audit of County Annual Financial Report	Vavrinek, Trine, Day & Co. LLP	6/30/2017	Unmodified	12/22/2017
14	Yolo County Single Audit Report	Vavrinek, Trine, Day & Co. LLP	6/30/2017	Total Findings 7: Bank reconciliations not prepared timely; no policy and procedures for Prop 8 adjustments; duties not properly segregated over the Infor System; significant deficiency-eligibility (Medicaid Cluster, In-Home Supportive Services); significant deficiency-special tests and provisions (SNAP); instance of noncompliance-equipment and real property management (Child Support Enforcement); instance of noncompliance-cash management (medical assistance program)	12/22/2017
15	Yolo County Treasury Cash Count	Internal Audit Division	QE 9/30/2017	Internal Control-Treasury recording of bank transactions delayed within county financial system; control deficiency-limited close; and access to GL45; and wire instructions not available for review	12/21/2017
16	Yolo County Treasury Cash Count	Internal Audit Division	QE 12/31/2017	Internal Control-Treasury recording of bank transactions delayed within county financial system; control deficiency-limited close; and access to GL45; and wire instructions not available for review	2/7/2018
17	Yolo County Treasury Cash Count	Internal Audit Division	QE 3/31/18	Internal Control-Treasury recording of bank transactions delayed within county financial system; control deficiency-limited close; and access to GL45; and wire instructions not available for review	5/17/2018
18	Yolo County Treasury Review	Vavrinek, Trine, Day & Co. LLP	QE 6/30/2017	Total findings 3: No timely reconciliations of Investment Summary reports; variances not resolved; Investment Summary not submitted within 30 days of quarter	1/30/2018
19	Yolo County Treasury Review	Vavrinek, Trine, Day & Co. LLP	QE 9/30/2017	Total findings 3: Cash count does not agree to the Investment Summary report; no timely reconciliations of Investment Summary reports; variances not resolved	5/14/2018
20	Yolo County Treasury Review	Vavrinek, Trine, Day & Co. LLP	QE 12/31/2017	Total findings 4: Cash count does not agree to the Investment Summary report; no timely reconciliations of Investment Summary reports; variances not resolved; Investment Summary not submitted within 30 days of quarter	6/26/2018

County of Yolo
 Summary of Audit Reports - **Joint Power Agencies (JPAs)**
 Received During Fiscal Year Ending - June 30, 2018

	Audit Report Title	Audit Firm	Audit Period	Results and Findings	Date Issued
1	Area 4 Agency on Aging	Grant Bennett Associates	6/30/2016	Unmodified	12/7/2016
2	Area 4 Agency on Aging	Gilbert Associates, Inc.	6/30/2017	Unmodified	3/13/2018
3	California Joint Powers Risk Management Authority	Maze & Associates	6/30/2017	Unmodified	12/5/2017
4	CSAC Excess Insurance Authority	Gilbert Associates, Inc.	6/30/2016 & 6/30/2017	Unmodified	12/6/2017
5	First 5 Yolo Children and Families Commission	Jensen Smith CPAs	6/30/2017	Unmodified	10/2/2017
6	Golden State Finance Authority	Moss-Adams LLP	12/31/2017	Unmodified	4/17/2018
7	North Delta Water Agency	Perry, Bunch & Johnston, Inc.	6/30/2016 & 6/30/2017	Unmodified	12/4/2017
8	River City Regional Stadium Financing Authority	Richardson & Co., LLP	6/30/2017	Unmodified	12/22/2017
9	Sacramento Area Council of Governments	Vavrinek, Trine, Day & Co. LLP	6/30/2017	Unmodified	3/29/2018
10	Schools Insurance Authority	Gilbert Associates, Inc.	6/30/2016 & 6/30/2017	Unmodified	10/12/2017
11	Yolo County Habitat/Natural Community Conservation Plan JPA	Vavrinek, Trine, Day & Co. LLP	6/30/2015	Unmodified	11/10/2015
12	Yolo County Habitat/Natural Community Conservation Plan JPA	Vavrinek, Trine, Day & Co. LLP	6/30/2016	Unmodified	
13	Yolo County Habitat/Natural Community Conservation Plan JPA	Maze & Associates	6/30/2017	Unmodified	5/3/2018
14	Yolo County Habitat/Natural Community Conservation Plan JPA - Memorandum on Internal Control and Required Communication	Maze & Associates	6/30/2017	Total findings 1: Detail of the carrying values for conservation easements not maintained	5/3/2018
15	Yolo County Housing	Cohn Reznick LLP	6/30/2017	Unmodified	12/15/2017
16	Yolo County Housing - Single Audit	Cohn Reznick LLP	6/30/2017	Unmodified on each major federal program	12/15/2017
17	Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA)	Crowe Horwath LLP	6/30/2016 & 6/30/2017	Unmodified	10/19/2017
18	Yolo Emergency Communications Agency (YECA)	Macias, Gini & O'Connell LLP	6/30/2016	Unmodified	
19	Yolo Emergency Communications Agency (YECA)	Richardson & Company, LLP	6/30/2017	Unmodified	12/14/2017
20	Yolo-Solano Air Quality Management District	Vavrinek, Trine, Day & Co. LLP	6/30/2016 & 6/30/2017	Unmodified - Total findings 2	1/10/2018

County of Yolo
 Summary of Audit Reports - **Other Entities**
 Received During Fiscal Year Ending - June 30, 2018

	Audit Report Title	Audit Firm	Audit Period	Results and Findings	Date Issued
1	Alliance of Schools for Cooperative Insurance Programs	Vavrinek, Trine, Day & Co., LLP	6/30/2016	Unmodified	11/30/2016
2	Public Agencies Post-Retirement Health Care Plan Trust	White Nelson Diehl Evans, LLP	6/30/2017	Unmodified	11/9/2017
3	Public Agency Retirement Services Trust	SSAE 16 Professionals, LLP	6/30/2017	Unmodified	7/17/2017
4	West Sacramento Area Flood Control Agency (WSAFCA)	Richardson & Company, LLP	6/30/2017	Unmodified - Total findings 1	12/22/2017
5	Yolo County Flood Control And Water Conservation District	Richardson & Company, LLP	4/30/2017	Unmodified	7/26/2017



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Supervisors and
Financial Oversight Committee
County of Yolo, California

We have performed the procedures enumerated below, which were agreed to by the County of Yolo, California (County) (the specified parties), on the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments for the quarter ended March 31, 2018. The County's management is responsible for the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments. The sufficiency of these procedures is solely the responsibility of the County. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- 1) Counted the cash in the Treasury as of March 31, 2018.

Finding: This procedure was performed by the County of Yolo Internal Audit Division. We inspected workpapers of the County of Yolo Internal Audit Division over the Treasury cash count, noting the cash count procedures were performed.

- 2) Verified that the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments and the records of the County of Yolo Auditor are reconciled as of March 31, 2018, pursuant to *Government Code Section 26905*. No other exceptions were found as a result of applying this procedure.

Finding: The California Asset Management Program (CAMP), PFM, and River City Bank (County Pooled) account reconciliations were performed more than 30 days after March 31, 2018 as required by *Government Code Section 26905*. The Bank of America reconciliation for March 31, 2018 was not completed as of the date of the report. The Bank of America reconciliation for December 31, 2017 was completed in July, 2018.

- 3) Reconciled the investments included in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of March 31, 2018, to the statements provided by the related financial institutions.

Finding: No exceptions were found as a result of applying this procedure.

- 4) We compared the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of March 31, 2018, to the types of investments authorized by the County's Investment Policy and *Government Code Section 53601*.

Finding: No exceptions were found as a result of applying this procedure.

- 5) We compared the market value of the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of March 31, 2018, to the statements provided by the related financial institutions. We identified all variances in excess of 0.05% and \$10,000 of the financial institution amount. For the variances above the scope, we received variance explanations from the County Treasury staff to identify whether variances are routine or nonroutine.

Finding: Variances in excess of 0.05% and \$10,000 of the financial institution amount are summarized in Attachment A. The County Treasury staff considers these variances to be routine.

- 6) We read the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments to ascertain if it contained the information/data required by *Government Code Section 53646* and met the timing requirements of *Government Code Section 53646* and the County's Investments Policy, as follows:
- a) Was submitted within 30 days following the end of the quarter.
 - b) Included type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments, and monies held by the County.
 - c) Included those funds under management of contracted parties (fiscal agents, trustees, deferred compensation administrators, etc.).
 - d) Included market value (and source) as of the date of the report of all securities held by the County or under management of any outside party.
 - e) Stated compliance of the portfolio to the Investment Policy of the County.
 - f) Included a statement addressing the ability of the County to meet the pool's expenditure requirements for the next six months.

Finding: No exceptions were found as a result of applying this procedure.

- 7) We compared the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of March 31, 2018, to the prohibited investments listed in *Government Code Section 53601.6*.

Finding: No exceptions were found as a result of applying this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Investment Summary for the Treasurer's Pooled and Non-Pooled investments for the quarter ended March 31, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Supervisors, the Financial Oversight Committee, and the management of the County and is not intended to be and should not be used by anyone other than those specified parties.

Varrinick, Trine, Day & Co. LLP

Sacramento, California
August 13, 2018

County of Yolo, California
Investment Summary for the Treasurer's Pooled and Non-Pooled Investments
Agreed-Upon Procedures Report
Quarter Ended March 31, 2018
Attachment A
Procedure 5 Results – Market Value Comparison

Description	CUSIP	County Investment Summary	Financial Institution Statements	Variance	
				\$	%
Bank of New York:					
International Bank Of Reconstruction And Dev Note	45905UP32	\$ 4,876,375	\$ 5,000,000	\$ (123,625)	-2.47%
Inter-American Development Bank	4581X0CD8	5,215,869	5,204,507	11,362	0.22%
International Finance Corporation Note	45950VLO7	3,875,922	3,890,000	(14,078)	-0.36%
Bank Of New York Mellon Corp	06406FAA1	5,157,514	5,169,686	(12,172)	-0.24%
Canadian Imperial Bank NY CD	13606A5Z7	5,634,237	5,621,378	12,858	0.23%
Bank Of Montreal Chicago CD	06427KRC3	6,438,955	6,407,062	31,893	0.50%
Bank Of Nova Scotia Houston CD	06417GUE6	4,972,020	4,961,068	10,952	0.22%
Sumitomo Mitsui Bank NY CD	86563YVN0	5,481,867	5,462,758	19,108	0.35%
Skandinav Enskilda Banken NY CD	83050FXT3	4,848,547	4,945,712	(97,165)	-1.96%
Nordea Bank AB NY CD	65590ASN7	3,898,157	3,917,927	(19,770)	-0.50%
Swedbank NY CD	87019U6D6	5,229,056	5,261,732	(32,676)	-0.62%