

**Meeting of the  
Financial Oversight Committee  
Yolo County  
September 14, 2023  
10:00 a.m.**

**NOTE: This meeting is being agendized pursuant to Teleconference Rules of the Brown Act. Members must attend a physical location listed below, or member participation will be limited to that of a member of the public.** The locations available for teleconferencing participation are listed below:

Physical Locations for Member Participation:

Location 1: County Administrator's Conference Room (2<sup>nd</sup> Floor)  
625 Court Street, Woodland, CA

Teleconferencing Link:

Join Zoom Meeting  
<https://yolocounty.zoom.us/j/83696834951>  
Meeting ID: 836 9683 4951  
One tap mobile  
+16694449171,,83696834951# US  
+16699006833,,83696834951# US (San Jose)

**Committee Members:**

Chair, Angel Barajas	(Board of Supervisors - Voting)
Vacant	(Board of Supervisors – Voting)
Vice-Chair, Lawrence Raber	(Public Member – Voting)
Richard Horan	(Public Member- Voting)
Veronica Moreno	(County Superintendent of Education - Voting)
Kimberly McKinney	(Cities Member – Voting)
Kristin Sicke	(Special District Member – Voting)
Gerardo Pinedo	(Chief Administrative Officer – Non-voting)
Tom Haynes	(Interim Chief Financial Officer – Non-voting)

Times below included in the agenda are the best estimates of County staff when the agenda item may be taken up and items may be taken up earlier than the times listed.

**Call to Order at 10:00 (10 minutes)**

1. **Welcome**
2. **Roll Call**
3. **Approval of Agenda**
4. **Follow-up of items from prior meeting**
  - a. Audit Accountability

**5. Public Comment**

This item is reserved for persons wishing to address the Committee on any related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Committee are customarily limited to 3 minutes per speaker, but an extension can be provided at the discretion of the chair.

**CONSENT AGENDA (5 minutes)**

**6. Approval of the prior meeting minutes for 6/15/2023.**

**7. Receive Treasury audit report for quarter ended 3/31/2023.**

**REGULAR AGENDA**

**8. Receive staff update on the status of current engagements and the release of audit reports since last meeting from the Division of Internal Audit (Eldredge). 5 minutes**

**9. Receive staff report on the status of interim audit work for the Annual Comprehensive Financial Report (ACFR) for 6/30/2023 from the External Auditors. (LSL/Alves). 10 minutes**

**10. Receive staff update on status of the 2023-24 budget development process (Liddicoet/Haynes). 5 minutes**

**11. Receive report on the Treasury Pool Investment Activity for the 2<sup>nd</sup> Calendar Quarter ending June 30, 2023 (PFM/Xiong). 20 minutes**

**12. Confirm next meeting date: November 15, 2023, at 10:00 to 11:30 am.**

**13. Committee Member and Staff Announcements. 5 minutes** Action items and reports from members of the Committee, including announcements, questions to be referred to staff, future agenda items, and reports on meetings and information which would be of interest to the Committee or the public.

**Adjournment (Approximately 11:30 am.).** Public records that relate to any item on the open session agenda for a regular meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Committee. Public records are available for inspection by contacting Tom Haynes, Interim Chief Financial Officer, at 530-666-8162 or [tom.haynes@yolocounty.org](mailto:tom.haynes@yolocounty.org) and meeting materials can be inspected at County offices located at 625 Court Street, Woodland, CA 95695; those interested in inspecting these materials are asked to call 530-666-8162 to make arrangements. The documents are also available on the County of Yolo Financial Oversight Committee website located at: <https://www.yolocounty.org/government/general-government-departments/financial-services/financial-oversight-committee>.

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact Tom Haynes, Interim Chief Financial Officer at least two (2) working days before the meeting at 530-666-8162 or [tom.haynes@yolocounty.org](mailto:tom.haynes@yolocounty.org).

If you have anything that you wish to be distributed to the Committee and included in the official record, please hand it to a member of County staff who will distribute the information to the members and other staff.

## YOLO COUNTY FINANCIAL OVERSIGHT COMMITTEE

### MINUTES OF MEETING June 15, 2023

Members present: Angel Barajas, Chair (Supervisor), Larry Raber, Vice-Chair (Public Member), Richard Horan (Public Member), Kimberly McKinney (Cities), and Kristin Sicke (Special District).

Others present: Veronica Moreno (Alternate-Education), Dotty Pritchard (Deputy-Sandy), Gerardo Pinedo (CAO), Chad Rinde (CFO), Tom Haynes (Asst. CFO), Matthew Robertson (Budget), Sou Xiong (Treasury), Holly Alves (Accounting), Allison Kaune and Sarah Meacham (PFM), Brandon Young (LSL), Kim Eldredge and Navpreet Ghuman (Internal Audit).

Moderator: Debra Nichols

Recorded by Kim Eldredge

- 1) **Welcome and new staff changes.**
- 2) **Call to Order.** Angel Barajas called the meeting to order at 10:00 a.m. with members Larry Raber, Richard Horan, Kimberly McKinney, and Kristin Sicke were in attendance. Quorum was formed. Gary Sandy and Crissy Huey were absent.
- 3) **Follow-up of items from prior meeting.** No follow-up items presented.
- 4) **Approval of Agenda.**  
Agenda reviewed and approved.

MOVED BY: Richard Horan / SECONDED BY: Kimberly McKinney

AYES: 4

NOES: 0

ABSTAIN: 0

ABSENT: 3

- 5) **Public Comment.** There were no public comments.

#### **Consent Agenda**

- 6) **Approval of the prior meeting minutes 11/10/2022 and 2/15/2023.**
- 7) **Receive Treasury audit report for quarter ended 12/31/2022.**

Consent agenda approved for item 6.

MOVED BY: Kristin Sicke / SECONDED BY: Larry Raber

AYES: 4

NOES: 0

ABSTAIN: 1

ABSENT: 2

Consent agenda approved for item 7.  
MOVED BY: Kristin Sicke / SECONDED BY: Richard Horan  
AYES: 5  
NOES: 0  
ABSTAIN: 0  
ABSENT: 2

### Regular Agenda

- 8) **Recognize and present Certificate of Appreciation to Crissy Huey for her service to Yolo County Financial Oversight (Chair/Vice-Chair)**  
Chad Rinde presented a Certificate of Appreciation to Veronica Moreno on-behalf of Crissy Huey who served on the committee for 5 years and provided valuable input to this committee's agendas. Members of the committee wished her a Happy Retirement.
- 9) **Receive staff report on the status of current engagements and the release of audit reports since last meeting from the Division of Internal Audit (Eldredge).** Kim Eldredge provided a status of current audit engagements and reports completed since last meeting: Capital Project in-progress meeting with mgmt. on findings; CW Accounts Payable, Subrecipient Monitoring Project, Department Cash Audits-Probation, Library, and DFS-Tax Collector all completed; and Purchase Card audit, IT Governance & Strategy audit, and Internal Audit Risk Assessment and Audit Planning for FY23-24 all in-progress. Kim also included in her report a copy of the Memorandum by the Audit Subcommittee to the Department Directors emphasizing the importance of resolving audit recommendations within the priority timeline and the annual report of Resolution of Audit Findings and Recommendations. Committee members discussed the annual report and matters addressing audit findings. Chair Angel Barajas recommended that further discussion on accountability be added to the next meeting. Gerardo Pinedo will bring up the topic at the next Department Leadership meeting.
- 10) **Review and approve the proposed amendments to the Internal Audit Charter and the Financial Oversight Committee Charter (Eldredge/Rinde).** Chad Rinde provided a background on the structure of the committee and why the proposed amendments were needed. Kim Eldredge spoke on the details of the changes to the charters making them aligned with each other and addressing concerns raised from a recent peer review of the internal audit function. More discussion is needed with the overall structure of both committees and will be brought back at a future meeting. No other concerns raised on the charters just minor grammatical errors and paging. Both charters will be presented for approval to the Yolo County Board of Supervisors at their upcoming meeting on July 25, 2023.

Internal Audit Charter and Financial Oversight Committee Charter approved for recommendation to the Yolo County Board of Supervisors.

MOVED BY: Kristin Sicke / SECONDED BY: Richard Horan  
AYES: 5  
NOES: 0  
ABSTAIN: 0  
ABSENT: 2

- 11) **Review staff report on the status of interim audit work for Annual Comprehensive Financial Report (ACFR) 6/30/2023 from Independent Auditors (LSL/Alves).** Brandon Young, Partner (LSL) provided a status report on the interim audit work conducted in April 2023, over the Summer they will focus on their risk assessment and scope for audit testing, and November the year-end audit

work will start. Emphasis this year will be focused on the upgrade to the ERP system and the new accounting announcement GASB 96 – Subscription Based IT Arrangements.

- 12) **Receive staff report on status of budget monitoring through the 3<sup>rd</sup> quarter of Fiscal Year 2022/23 (Liddicoet/Robertson).** Matthew Robertson presented the 3<sup>rd</sup> quarter fiscal year update 2022-23 and discussed several variances and use of fund balance.
- 13) **Receive report on the Treasury Pool Investment Activity for the 1<sup>st</sup> Calendar Quarter ended March 31, 2023 (PFM/Xiong).** Allison Kaune and Sarah Meacham (PFM) provided an economic update and overview of the investment portfolio performance for the 1<sup>st</sup> Calendar Quarter through 3/31/2023.
- 14) **Confirm next meeting date.** September 14, 2023, at 10:00 to 11:30 a.m.
- 15) **Committee Member and Staff Announcements.** Chad Rinde announced that he will be leaving Yolo County to Sacramento County and Tom Haynes has been appointed as the Interim Chief Financial Officer until his replacement. Committee members thanked Chad for his service and building a good team at Yolo County.
- 16) **Adjournment.** Meeting Adjourned at 11:25 a.m.



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

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, 2023. The County's management is responsible for the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. 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.

### Scope of the Procedures Performed and Related Findings

The procedures performed and the results obtained from the performance thereof were as follows:

- 1) Counted the cash in the Treasury as of March 31, 2023.

**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, 2023, pursuant to *Government Code Section 26905*.

**Finding:** No findings were noted as a result of applying this procedure.

- 3) Reconciled the investments included in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of March 31, 2023, to the statements provided by the related financial institutions.

**Finding:** No findings were noted 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, 2023, to the types of investments authorized by the County's Investment Policy and *Government Code Section 53601*.

**Finding:** No findings were noted as a result of applying this procedure.



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

- 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, 2023, to the statements provided by the related financial institutions. We identified all variances in excess of 0.5% 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 0.5 percent 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 findings were noted 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, 2023, to the prohibited investments listed in *Government Code Section 53601.6*.

**Finding:** No findings were noted as a result of applying this procedure.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of a certified opinion, of the of the Investment Summary for the Treasurer's Pooled and Non-Pooled investments for the quarter ended March 31, 2023, Accordingly, we do not express such an opinion. 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 management of the County and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Lance, Soll &amp; Loughard, LLP".

Sacramento, California  
July 31, 2023

**County of Yolo, California**  
**Investment Summary for the Treasurer's Pooled and Non-Pooled Investments**  
**Agreed-Upon Procedures Report**  
**Quarter Ended March 31, 2023**  
**Attachment A**  
**Procedure 5 Results - Market Value Comparison**

Description	CUSIP	County Investment Summary	Financial Institution Statements	Variance	
				\$	%
<i>Bank of New York Mellon - Federal Agency Bond</i> FREDDIE MAC NOTES (CALLABLE)	3134GXS54	\$ 4,177,794	\$ 4,209,836	\$ (32,042)	-0.77%
<i>Bank of New York Mellon - Corporate Note</i> JP MORGAN CHASE & CO (CALLABLE)	46647PCZ7	\$ 2,252,243	\$ 2,266,688	\$ (14,445)	-0.64%
<i>Bank of New York Mellon - Certificate of Deposit</i> TORONTO DOMINION BANK NY CE	89115B6F2	\$ 4,472,494	\$ 4,514,080	\$ (41,586)	-0.93%
<i>Bank of New York Mellon - U.S. Treasury Notes (Demeter)</i> TSY INFL IX N/B	91282CEZ0	\$ 1,034,296	\$ 1,006,282	\$ 28,015	2.71%
<i>Bank of New York Mellon - U.S. Treasury Notes (Cache Creek)</i> TSY INFL IX N/B	91282CEZ0	\$ 625,503	\$ 608,561	\$ 16,942	2.71%

# Executive Summary – Second Quarter 2023

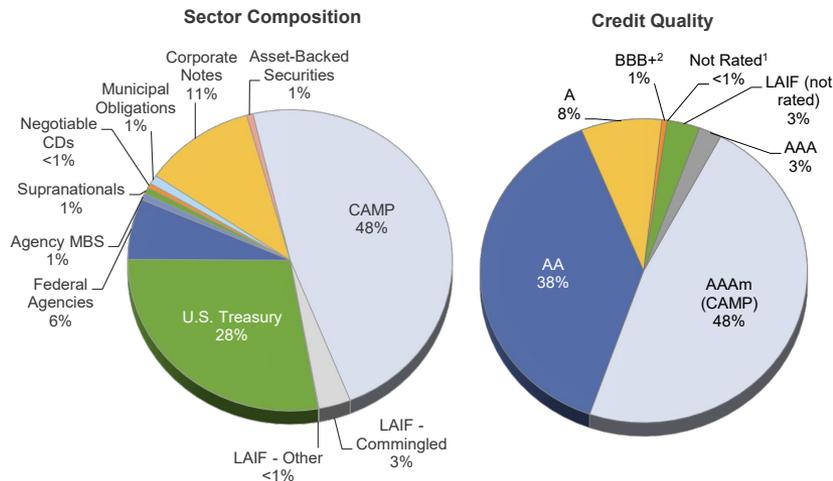
## Portfolio Review

- ▶ The portfolio is in compliance with the California Government Code and the County's Investment Policy.
- ▶ The portfolio is well diversified by sector, issuer, and maturity and is of high credit quality.
- ▶ The portfolio has sufficient liquidity to meet the County's cash needs.
- ▶ The portfolio's duration was extended but remains at a shorter position than the benchmark.
- ▶ As a result of rising interest rates, fixed income strategies posted negative total returns, including the County's portfolio, for the quarter.
- ▶ The combination of a short-duration position and strong excess returns from non-government sectors drove the portfolio's outperformance versus the benchmark in the second quarter.

## The Economy

- ▶ U.S. economic conditions were characterized by a myriad of financial headlines: (1) investors contended with ongoing recession risks, (2) regional bank concerns, (3) the Federal Reserve's historic pace of interest rate hikes, (4) stubbornly high inflation, and (5) a debt ceiling impasse in Washington.
- ▶ The Fed followed up the two 25 basis point (bps) hikes in the first quarter with one more 25 bp hike at the May meeting, bringing the overnight rate to a target range of 5% to 5.25%. The Fed did not raise rates at their June meeting.
- ▶ Real gross domestic product (GDP) increased at an annual rate of 2.0% in the first quarter of 2023. The median forecast reported by a Bloomberg survey of economists was 2.0% for the second quarter as well.
- ▶ Over the second quarter, the U.S. economy added more than 732,000 jobs compared to 1,000,000 in the previous quarter. The unemployment rate closed the quarter at 3.6%, very near the 50-year low of 3.4% in April.

Portfolio Profile as of June 30, 2023<sup>1,2</sup>

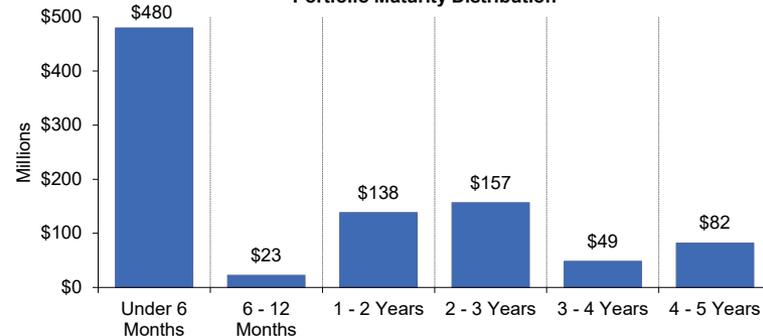


Portfolio Performance as of June 30, 2023<sup>3</sup>

	Quarter	Annualized Return 1 Year	Annualized Return 5 Years
<b>Yolo County Total Return<sup>1</sup></b>	-0.58%	0.07%	1.03%
Treasury Benchmark Total Return	-0.77%	-0.24%	0.68%
Net Apportionment Rate	0.82%	-	-

Note: <sup>1</sup>PFMAM managed portfolio only.

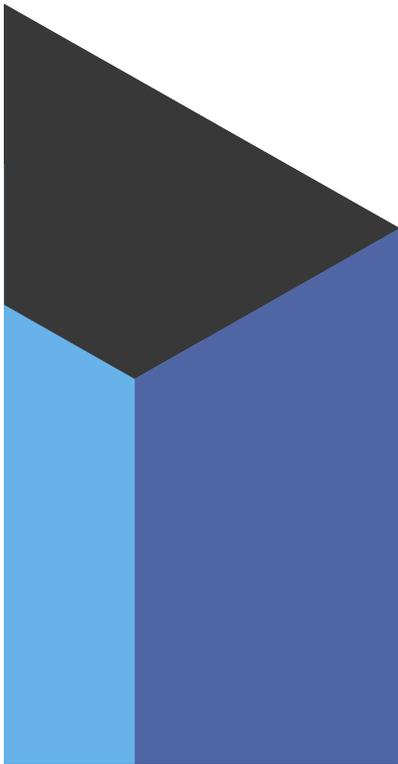
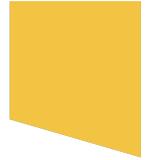
Portfolio Maturity Distribution



1. Securities held in the County's portfolio are in compliance with California Government Code and the County's investment policy dated December 2021.

2. Ratings based on Standard & Poor's.

3. The County's benchmark is the ICE Bank of America Merrill Lynch (BofAML) 1-5 Year Gov/Corp A-AAA US issuers as of 6/30/21. From 12/31/20 to 6/30/21 it was the ICE BofAML 1-5 Year U.S. Treasury Index. From 9/30/17 to 12/31/20 it was the ICE BofAML 0-5 Year U.S. Treasury Index. From 3/31/15 to 9/30/17 the benchmark was a blend of 30% ICE BofAML 3-month Treasury index and 70% ICE BofAML 1-3 year U.S. Treasury Index.



# Yolo County

## Investment Performance Review For the Quarter Ended June 30, 2023

September 14, 2023

213-415-1699

**pfmam.com**

*PFM Asset Management LLC*

**NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE**

Sarah Meacham, Managing Director  
Allison Kaune, Senior Analyst

For Institutional Investor or Investment Professional  
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# Economic and Interest Rate Update



# Current Market Themes



- ▶ The U.S. economy is characterized by:
  - ▶ Headline inflation numbers trending lower, but the Fed's current focus, "supercore inflation," is showing little sign of slowing
  - ▶ A labor market that has proven to be exceptionally strong
  - ▶ A more optimistic sentiment around economic growth due to resilient consumer spending



- ▶ Fed temporarily pauses rate hikes
  - ▶ The most aggressive series of interest rate hikes in recent history came to a temporary pause in June
  - ▶ The Fed's most recent dot plot shows the potential for two additional rate hikes by the end of the year
  - ▶ Rates have moved up due to the Fed's rate trajectory shifting higher, the economy remaining stronger than expected, persistent inflation, and the market's "higher-for-longer" mindset

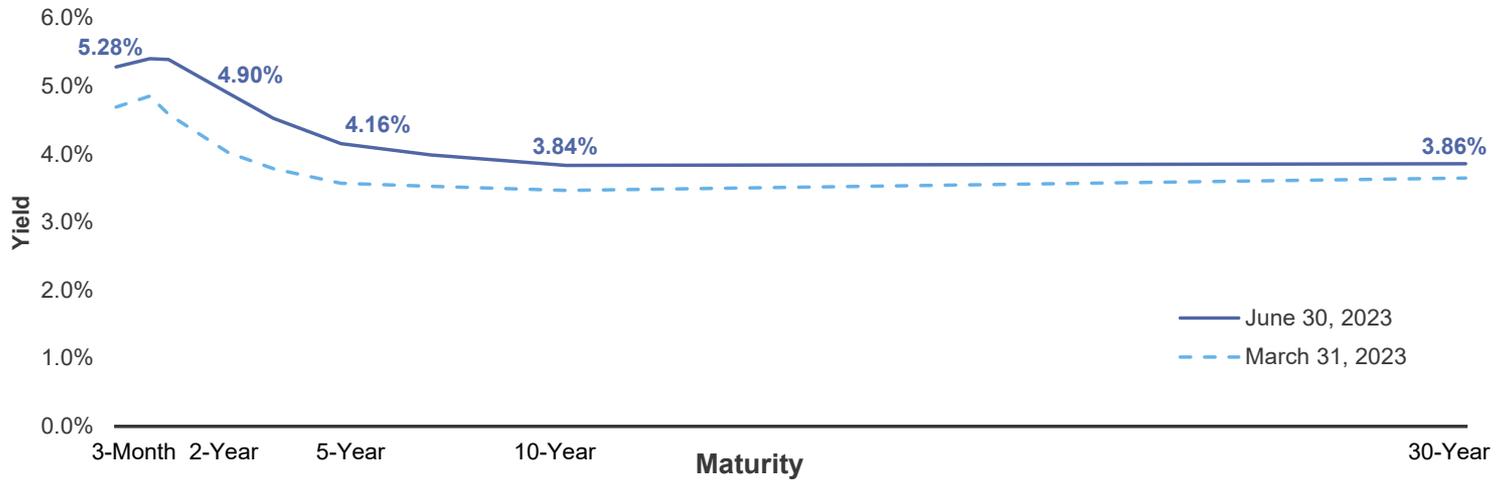


- ▶ Bond markets see continued volatility
  - ▶ The debt ceiling saga incited a separate spate of market volatility due to concern about a potential U.S. default
  - ▶ After plummeting at the end of Q1 due to volatility in the banking sector, short- and medium-term yields steadily climbed throughout the quarter, with the 2-year rising over 100 basis points
  - ▶ The curve inversion moved toward historic levels in June



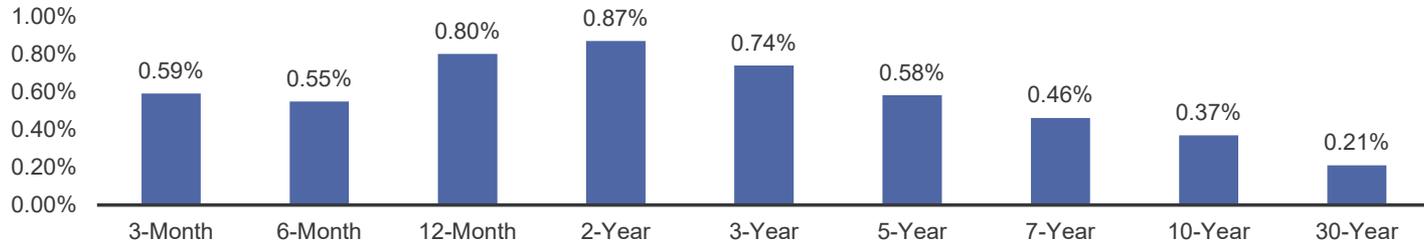
# Interest Rates Rise as “Higher-for-Longer” Mantra Sets In

## U.S. Treasury Yield Curve



## Yield Changes by Maturity

from March 31 – June 30, 2023

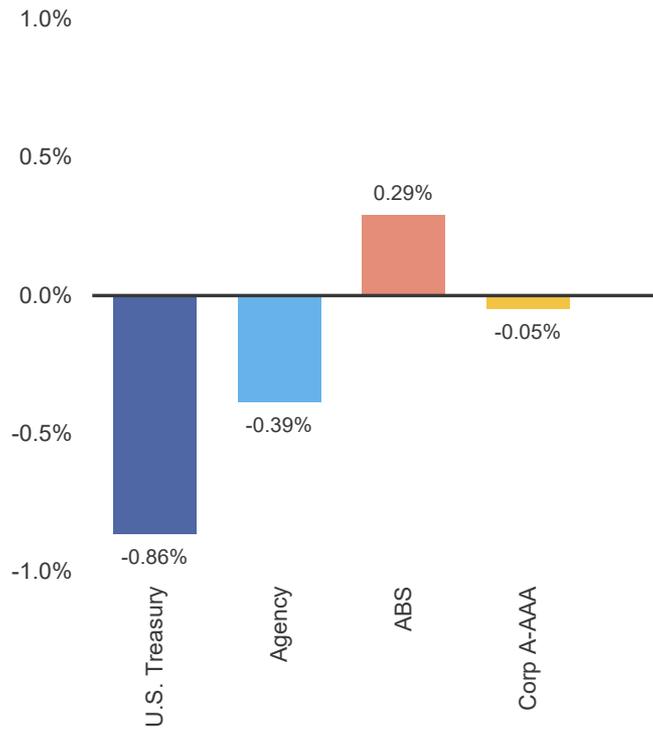


Source: Bloomberg, as of 06/30/2023.

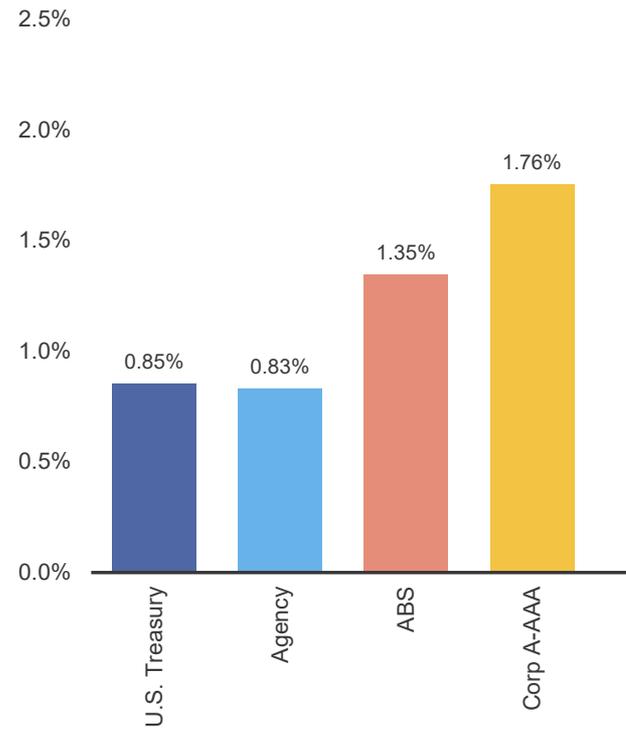


# Fixed Income Market Returns

### Second Quarter Returns



### 10-Year Average



Source: ICE BofA Indices. ABS indices are 0-5 year, based on weighted average life. As of 06/30/2023.



# Portfolio Update



# Portfolio Composition

Security Type	Total Market Value June 30, 2023	% of Total Portfolio
U.S. Treasury	\$257,979,088	27.9%
Federal Agency	\$60,350,415	6.5%
Federal Agency CMOs	\$6,520,187	0.7%
Municipal Obligations	\$8,998,959	1.0%
Supranationals	\$6,649,368	0.7%
Negotiable CDs	\$4,472,114	0.5%
Corporate Notes	\$103,611,549	11.2%
Asset-Backed Securities	\$5,888,620	0.6%
<b>Securities Sub-Total</b>	<b>\$454,470,299</b>	<b>49.1%</b>
Accrued Interest	\$2,054,524	
<b>Securities Total</b>	<b>\$456,524,823</b>	
CAMP	\$441,269,451	47.7%
LAIF – Total	\$30,176,327	3.3%
<b>Total Investments</b>	<b>\$927,970,601</b>	<b>100.0%</b>

As of June 30, 2023. Percentages of total portfolio may not sum to 100% due to rounding.

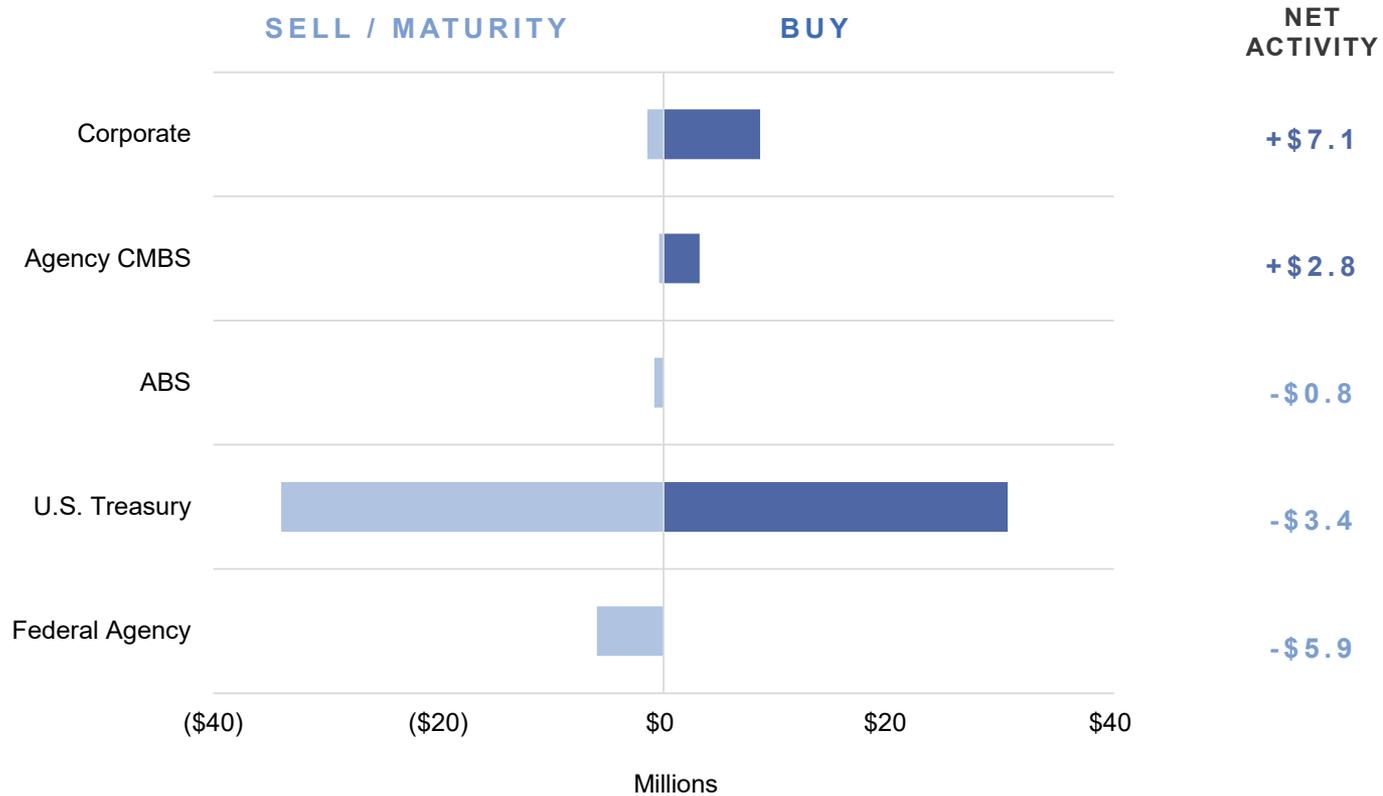


## Second Quarter Portfolio Strategy Recap

- ▶ As yields increased, we extended the portfolio's duration gradually and methodically to capture these elevated yields.
  - ▶ The portfolio's duration was increased from 91% of the benchmark duration to 94% of the benchmark duration.
- ▶ The portfolio's allocation to corporates was a strong driver of portfolio performance during the quarter, as yield spreads tightened.
  - ▶ Spreads remained above longer-term averages and we found opportunities for additional purchases in the sector.
- ▶ Agency CMBS also performed well during the quarter, relative to U. S. Treasuries, helping the portfolio to outperform the benchmark.
  - ▶ Allocation to the sector was increased during the quarter.
- ▶ The County's portfolio is well diversified by sector, issuer, and maturity and is of high credit quality.



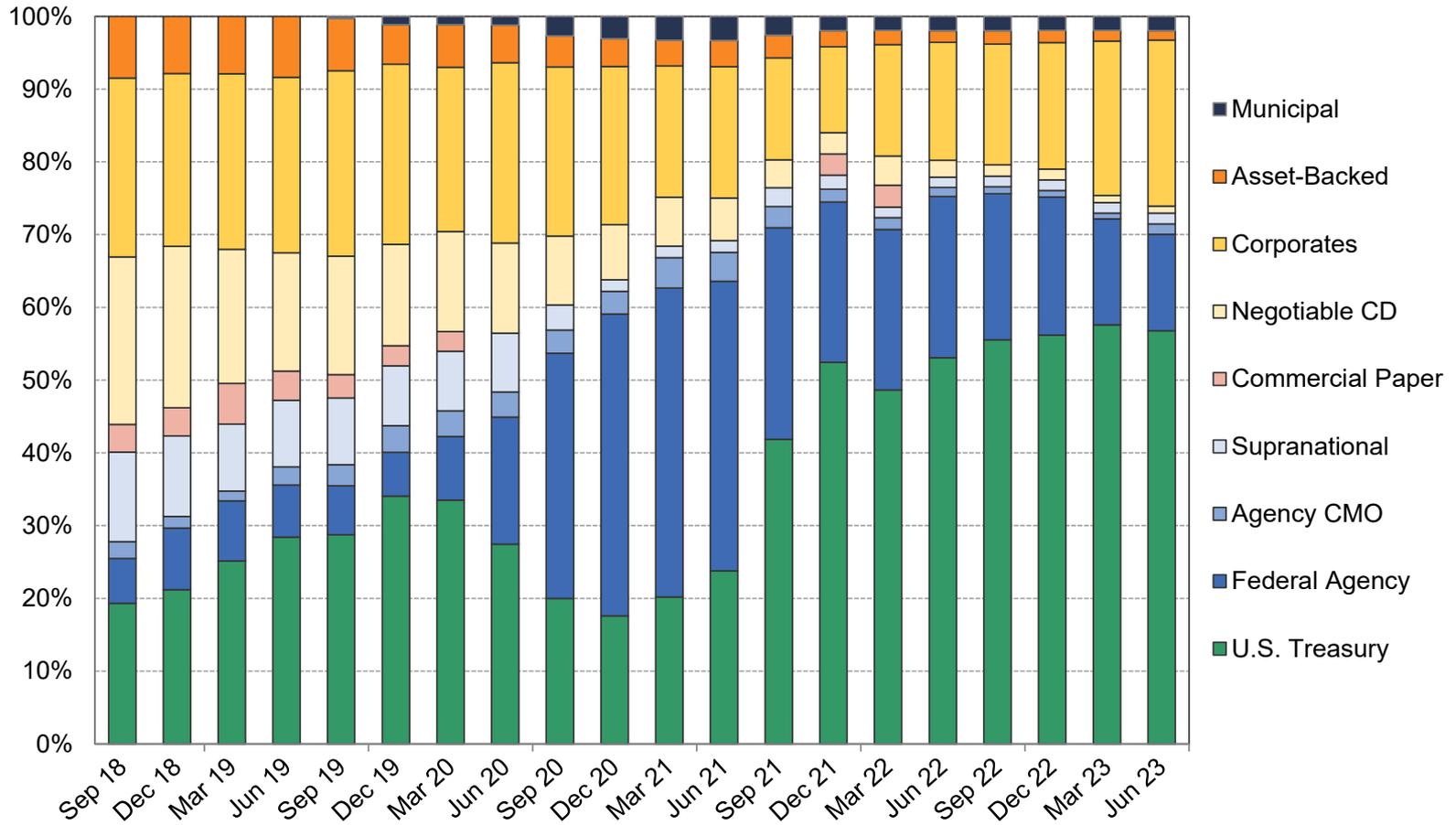
# Second Quarter Trade Activity



Portfolio purchases, sells, maturities, and paydowns through periods March 31, 2023 – June 30, 2023.



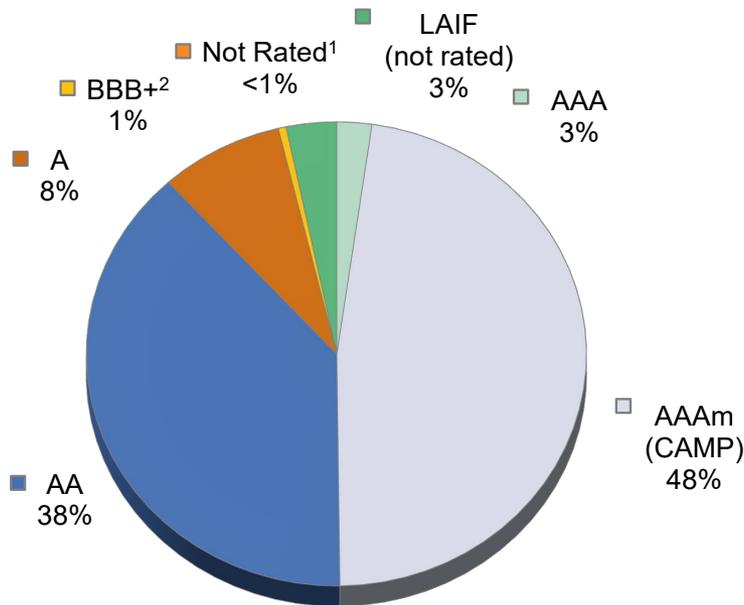
# Historical Sector Allocation – PFMAM-Managed Portfolio



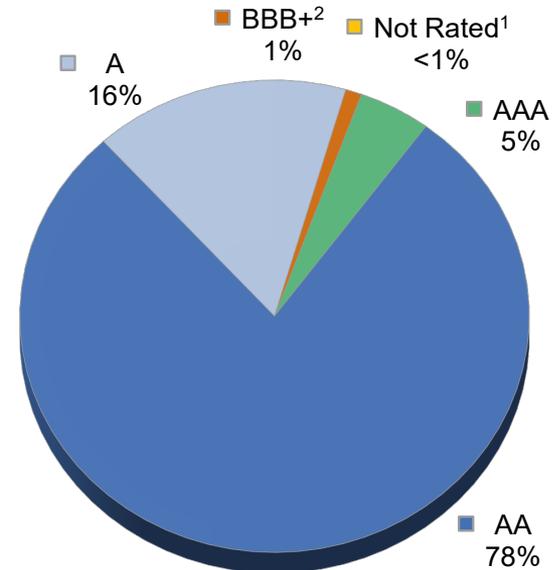
Excludes funds in LAIF and CAMP.

# Portfolio Credit Quality

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



## Excluding Liquid Accounts



As of June 30, 2023. Percentages may not sum to 100% due to rounding. Ratings are based on Standard & Poor's.

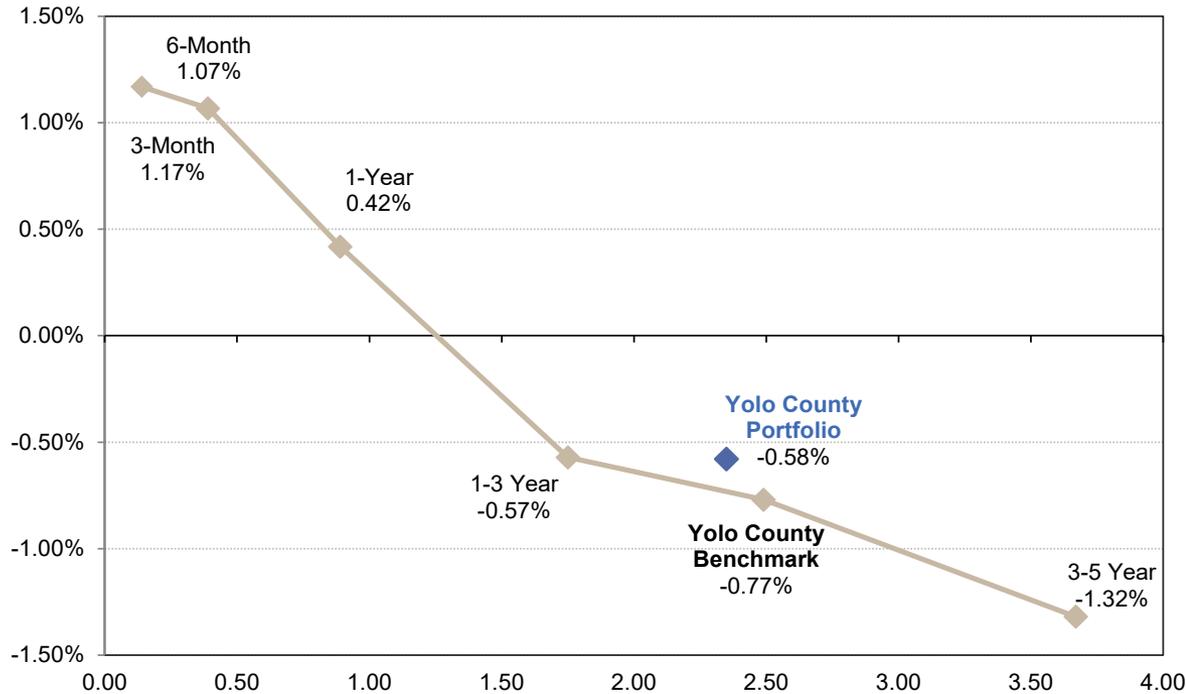
1. The "Not Rated" category comprises asset-backed securities rated Aaa by Moody's.

2. The "BBB+" category comprises securities rated in a rating category of A or better by at least one NRSRO.



# Rising Interest Rates Resulted in Negative Returns for Longer-Term Strategies

**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	1.95%
LAIF	3.15%

- For periods ending June 30, 2023.
- Yolo County yield is the portfolio yield at cost at quarter end.
- The County's benchmark is the ICE Bank of America Merrill Lynch (BofAML) 1-5 Year Gov/Corp A-AAA U.S. issuers as of 6/30/21. From 12/31/20 to 6/30/21 it was the ICE BofAML 1-5 Year U.S. Treasury Index. From 9/30/17 to 12/31/20 it was the ICE BofAML 0-5 Year U.S. Treasury Index. From 3/31/15 to 9/30/17 the benchmark was a blend of 30% ICE BofAML 3-month Treasury index and 70% ICE BofAML 1-3 year U.S. Treasury Index. From 3/31/02 to 3/31/15 the benchmark was a blend of 50% ICE BofAML 1-3 Year U.S. Treasury index and 50% ICE BofAML 3-month Treasury Bill index. Prior to 3/31/02 the benchmark was the ICE BofAML 1-3 Year U.S. Treasury index.
- Source: Bloomberg, LAIF website.



# Portfolio Outperformance Remains Positive

- ▶ As a result of higher yields across all maturities, fixed income strategies beyond one year posted negative total return performance.
- ▶ The County's portfolio outperformed the benchmark in the second quarter as a result of the portfolio's shorter-duration position and sector diversification.
- ▶ The portfolio continues to generate strong performance relative to the benchmark over longer trailing periods.

**Total Return**  
For periods ended June 30, 2023

	Duration (years)	2Q 2023	Past Year	Past 5 Years	Past 10 Years	Since Inception
<b>Yolo County</b>	<b>2.35</b>	<b>-0.58%</b>	<b>0.07%</b>	<b>1.03%</b>	<b>0.91%</b>	<b>2.68%</b>
Benchmark	2.49	-0.77%	-0.24%	0.68%	0.53%	2.08%
Difference	-	+0.19%	+0.31%	+0.35%	+0.38%	+0.60%

- Performance on a trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
- 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 (BofAML) 1-5 Year Gov/Corp A-AAA U.S. issuers as of 6/30/21. From 12/31/20 to 6/30/21 it was the ICE BofAML 1-5 Year U.S. Treasury Index. From 9/30/17 to 12/31/20 it was the ICE BofAML 0-5 Year U.S. Treasury Index. From 3/31/15 to 9/30/17 the benchmark was a blend of 30% ICE BofAML 3-month Treasury index and 70% ICE BofAML 1-3 year U.S. Treasury Index. From 3/31/02 to 3/31/15 the benchmark was a blend of 50% ICE BofAML 1-3 Year U.S. Treasury index and 50% ICE BofAML 3-month Treasury Bill index. Prior to 3/31/02 the benchmark was the ICE BofAML 1-3 Year U.S. Treasury index.



# Outlook and Strategy Implications

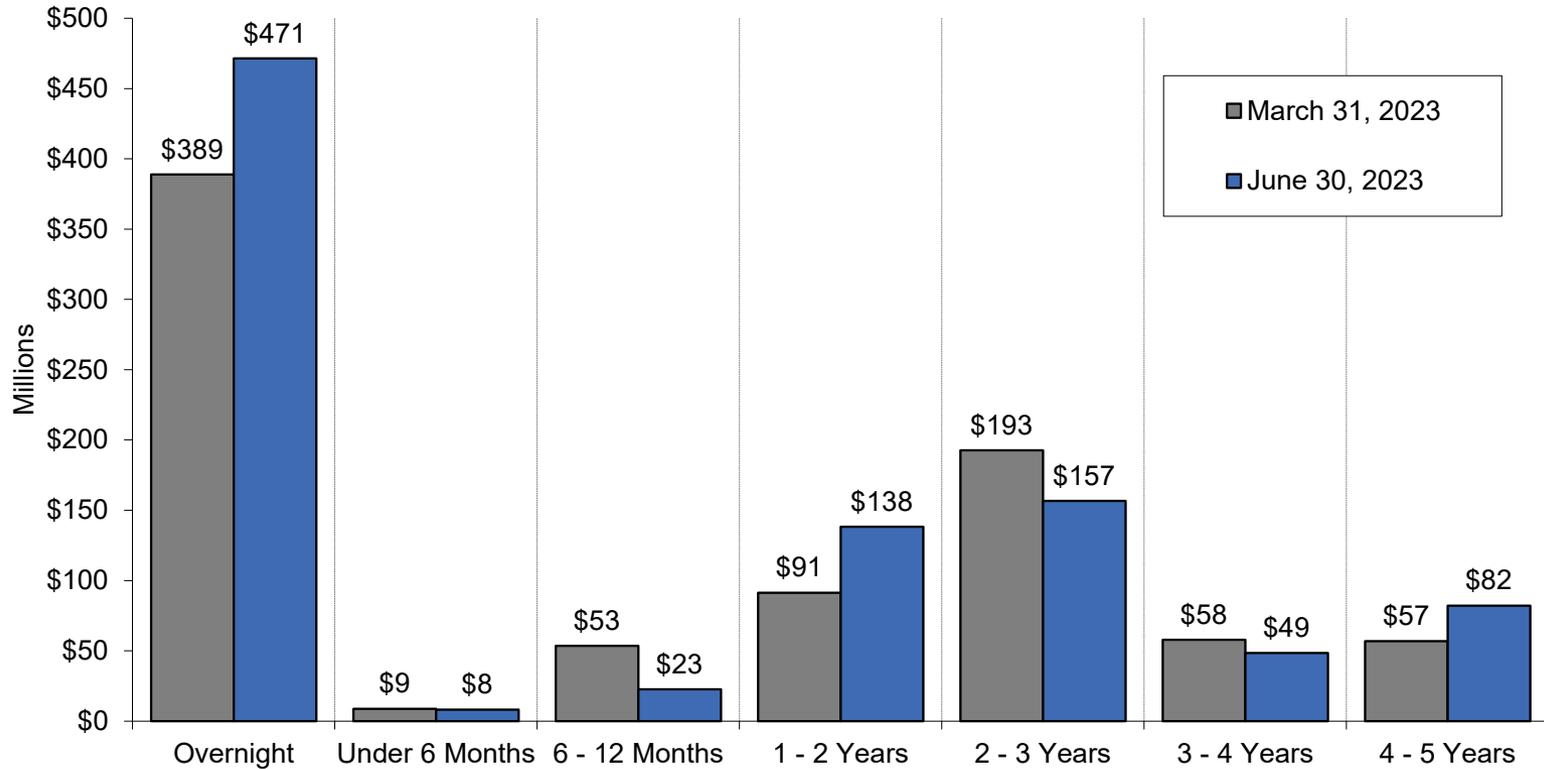
- ▶ The Federal Reserve increased the overnight federal funds rate by 0.25% at its July meeting to a new target range of 5.25% to 5.50%.
  - The minutes from the meeting revealed continued disagreement over policy lags and how much more tightening is needed.
  - Fed is no longer forecasting a U.S. recession in 2023, but expects growth to slow in 2024 and 2025.
- ▶ Inflation is cooling but remains over the Fed's 2% target.
- ▶ Labor market remains a tailwind to the U.S. economy.
- ▶ U.S. consumer continues to spend.
- ▶ Geopolitical risks remain a headwind for the global economy, strained relations with China and Russia's war effort in Ukraine.
  
- ▶ Expect rising interest rate cycle to end in 2023, yields across the curve are at their highest levels in over 15 years.
- ▶ Continue to extend duration closer to benchmark, favor credit to add value.
- ▶ Maintain focus on safety and diversification.



# Additional Portfolio Information



# Portfolio Maturity Distribution



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



# Portfolio Issuer Distribution

U.S. Treasury	
United States Treasury	56.7%

Federal Agency Issuers	
Fannie Mae	9.6%
Freddie Mac	2.6%
Federal Home Loan Banks	1.1%

Federal Agency CMBS Issuers	
Fannie Mae (CMBS)	0.1%
Freddie Mac (CMBS)	1.3%

ABS Issuers	
Carmax Auto Owner Trust	0.5%
Discover Financial Services	0.2%
Honda Auto Receivables	0.1%
Hyundai Auto Receivables	0.2%
Toyota Motor Corp	0.2%

Supranational Issuers	
Inter-American Development Bank	1.0%
Intl Bank of Reconstruction and Dev	0.5%

Corporate Issuers			
3M Company	1.0%	JP Morgan Chase & Co	1.4%
Adobe Inc.	0.7%	Mastercard Inc	1.5%
Amazon.com Inc	1.3%	Microsoft Corp	1.5%
Apple Inc	1.5%	Pepsico Inc	1.0%
Bank of America Co	1.0%	State Street Corporation	0.6%
Burlington Northern Santa Fe	0.8%	Target Corp	0.5%
Caterpillar Inc	0.8%	The Bank of New York Mellon	1.7%
Citigroup Inc	0.3%	Toyota Motor Corp	0.5%
Deere & Company	0.4%	Truist Fin Corp	0.7%
Goldman Sachs Group Inc	0.7%	United Health Group Inc	0.5%
Home Depot Inc	1.0%	US Bancorp	0.6%
Honeywell International	0.4%	Wal-Mart Stores Inc	1.5%
Intel Corporation	0.8%		

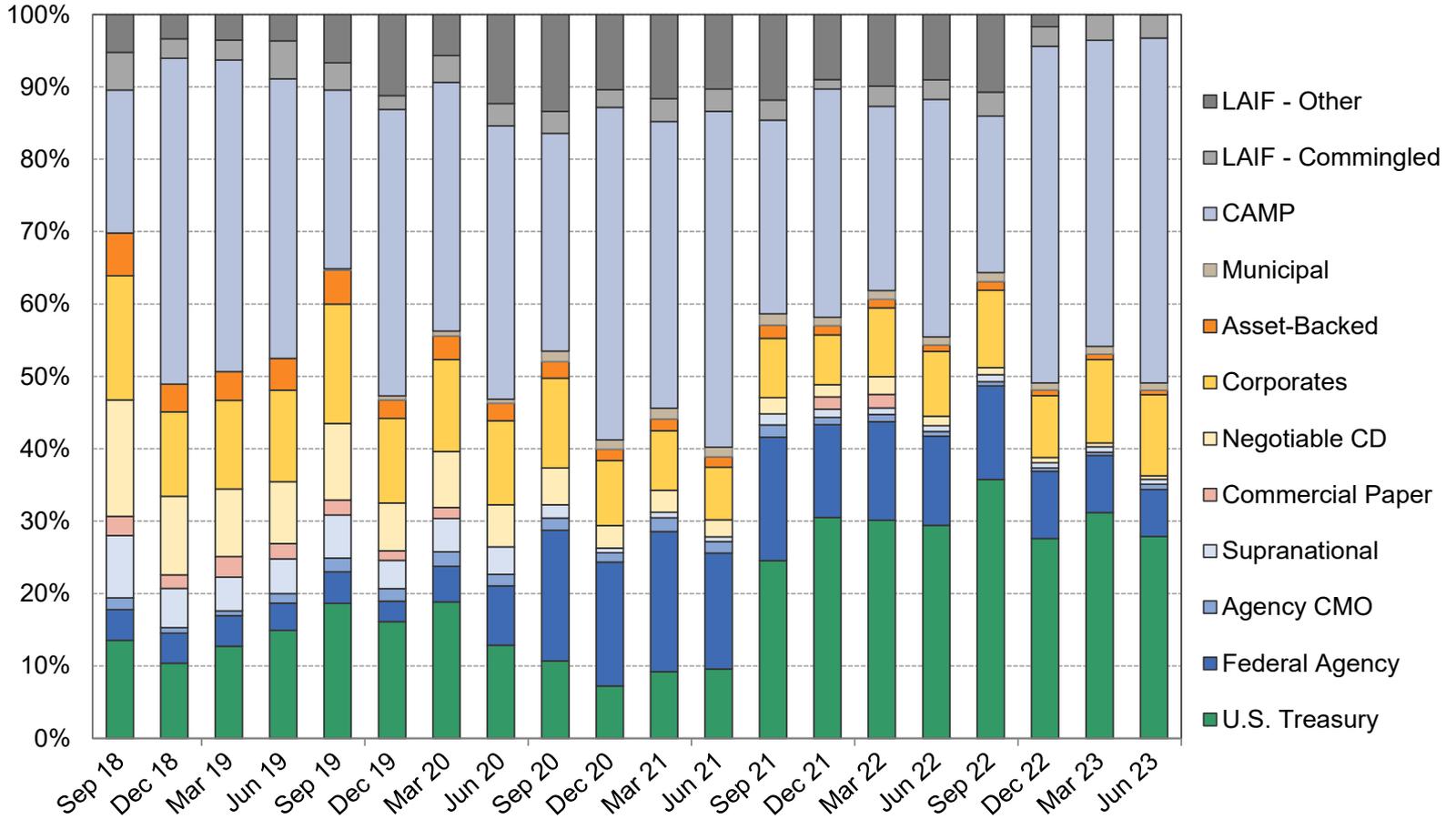
Municipal Issuers			
CA Department of Water Resources	<0.1%	San Diego Community College Dist	0.2%
California State University	0.1%	State of California	0.5%
FL State Board of Admin Fin Corp	0.4%	State of Maryland	0.2%
Los Angeles Community College Dist	0.2%	University of California	0.2%
New Jersey Turnpike Authority	0.1%		

Negotiable CD Issuers	
Toronto-Dominion Bank	1.0%

As of 6/30/2023. Details may not add to 100% due to rounding. Excludes funds in LAIF and CAMP.

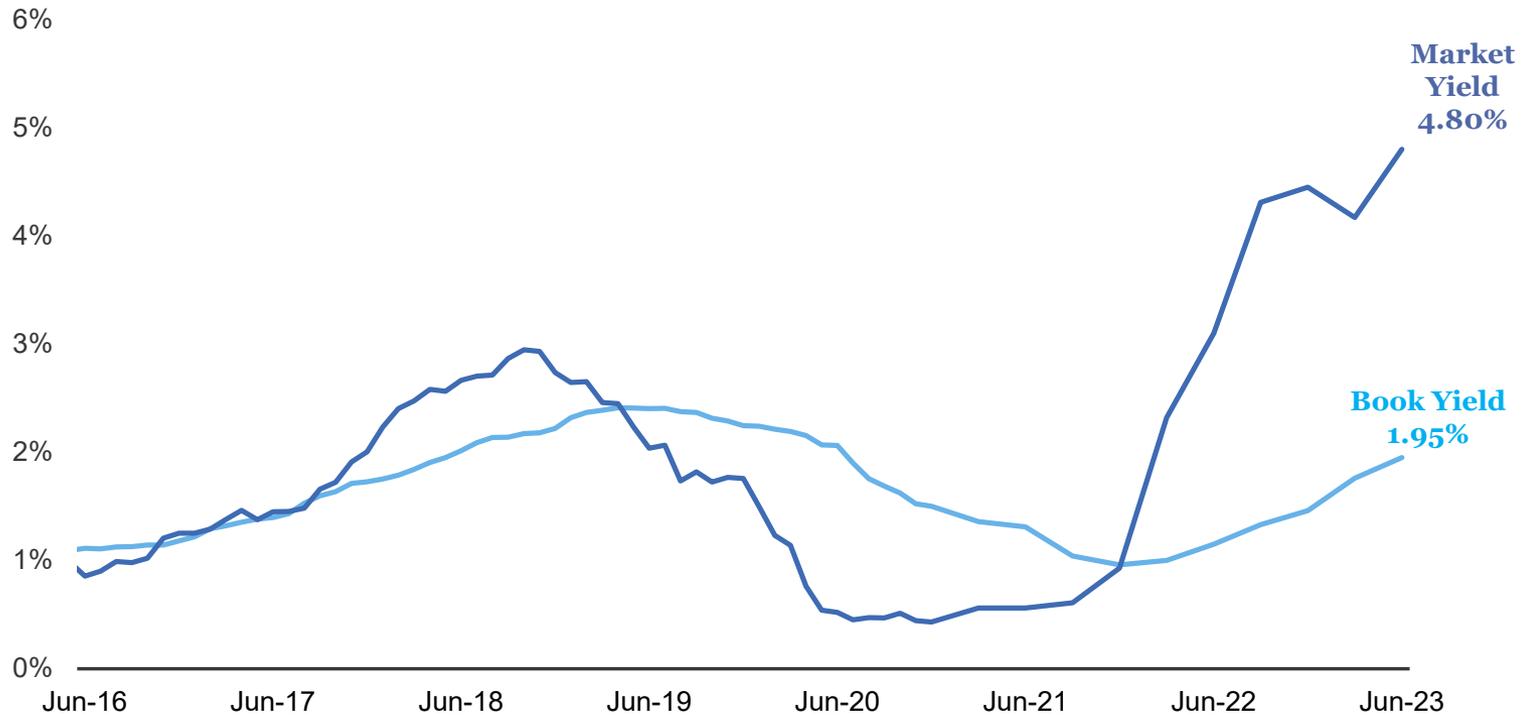


# Historical Sector Allocation—All Funds

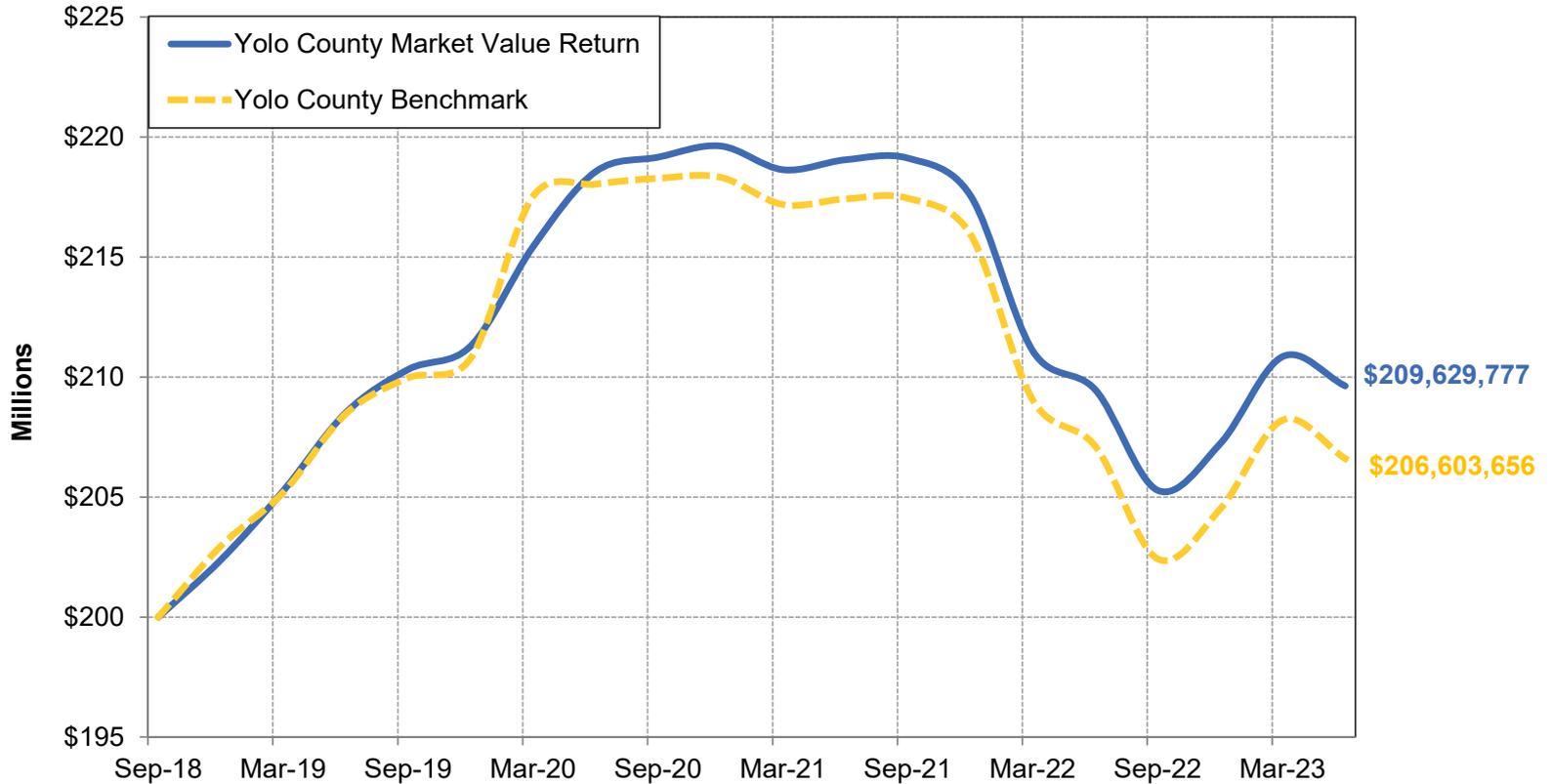


# Portfolio Book Yield Continues to Rise as New Securities Are Purchased at Higher Yields

## Yield to Maturity at Cost (Book Yield) vs. Yield to Maturity at Market



# County's Strategy Remains Positive



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

# Fiscal Year Accrual Basis Earnings

INVESTMENT PORTFOLIO				
Date	Month-End Amortized Cost Value	Portfolio YTM at Cost	Actual Accrual Basis Earnings <sup>1</sup>	Earnings Rate <sup>2</sup>
Jul-22	\$480,666,303	1.16%	\$458,902	1.16%
Aug-22	\$481,059,671	1.26%	\$224,398	1.26%
Sep-22	\$481,282,657	1.33%	\$228,929	1.33%
Oct-22	\$481,499,809	1.38%	\$417,706	1.38%
Nov-22	\$481,893,942	1.40%	\$477,988	1.40%
Dec-22	\$481,899,802	1.46%	\$456,346	1.46%
Jan-23	\$481,549,931	1.66%	-\$18,720	1.66%
Feb-23	\$481,196,223	1.68%	\$514,691	1.68%
Mar-23	\$481,744,102	1.76%	\$659,822	1.76%
Apr-23	\$476,963,889	1.74%	\$697,173	1.74%
May-23	\$481,890,257	1.89%	\$171,709	1.89%
Jun-23	\$481,093,144	1.95%	\$491,667	1.95%
<b>Actual FY 22-23 Total</b>			<b>\$4,780,611</b>	



# Disclaimer

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