

**Meeting of the
Yolo County Financial Oversight Committee
September 12, 2024
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 participation will be limited to members of the public. The locations available for teleconferencing participation are listed below:

Physical Locations for Member Participation:

Location 1: County Administrator’s Conference Room (2nd Floor)
625 Court Street, Woodland, CA

Teleconferencing Link:

Join Zoom Meeting
<https://yolocounty.zoom.us/j/84033237537?pwd=QytZZ1N3NVp1T3M4bUJub1NYeUU1QT09&from=addon>
Meeting ID: 840 3323 7537

Committee Members:

Mary Vixie Sandy, Chair	(Board of Supervisors - Voting)
Jim Provenza	(Board of Supervisors – Voting)
Vice-Chair, Larry Raber	(Public Member – Voting)
Richard Horan	(Public Member- Voting)
Veronica Coronado	(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	(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 (5 minutes)

- 1. Welcome and new staff changes**
- 2. Roll Call**
- 3. Approval of Agenda**
- 4. Follow-up of items from prior meeting**
- 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 6/13/2024.
7. Receive Treasury Cash Count for quarters ended 6/30/2024.

REGULAR AGENDA

8. Receive update from the Internal Audit Manager on the Division of Internal Audit and Ongoing Audits. (Lugo). 5 minutes
9. Receive status update of interim audit work on the Annual Comprehensive Financial Report (ACFR) for 6/30/2024 from the External Auditors. (LSL/Mapile). 10 minutes
10. Receive staff update on the status of the 2024-25 budget development process (Liddicoet). 5 minutes
11. Receive report on the Treasury Pool Investment Activity for the quarter ending June 30, 2024 (PFM/Morales). 20 minutes
12. Receive presentation on Socially Responsible Investment strategies and consider recommendation to Board of Supervisors on whether to pursue additional research and analysis (Haynes). 5 minutes
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, Chief Financial Officer, at 530-666-8162 or 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, Chief Financial Officer at least two (2) working days before the meeting at 530-666-8162 or 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 13, 2024

Members present: Mary Vixie Sandy, Chair (Supervisor), Jim Provenza (Supervisor), Larry Raber (Public Member), Veronica Coronado (County Superintendent of Education - Voting) Kimberly McKinney (Cities Member), and Kristin Sicke (Special District), Tom Haynes (Chief Financial Officer – Non-voting), Mark Bryan (Deputy CAO representing CAO Gerardo Pinedo – Non-Voting)

Others present: Evis Morales (Deputy CFO), Allison Kaune and Michael Kronbetter (PFM), Brandon Young (LSL), Nathan Lugo (Internal Audit), Noemy Mora-Beltran (Internal Audit), Bowen Au-Young (AP/Property Tax), Laura Liddicoet (Budget), Julieta Mapile (Accounting)

Moderator: Debra Nichols
Recorded by: Marcella Mendoza

- 1) **Welcome and new staff changes.** Tom Haynes introduced Nathan Lugo, the new Internal Audit Manager, and Bowen Au Young the new Accounting Manager for the Property Tax Accounting and Accounts Payable divisions in the Department of Financial Services.
- 2) **Call to Order.** Supervisor Sandy called the meeting to order at 10:08 a.m. with members Jim Provenza, Tom Haynes, Kimberly McKinney, Larry Raber, and Veronica Coronado in attendance in person. Richard Horan was absent. Kimberly McKinney was expected to arrive late and arrived at approx. 11:00am. Quorum was formed.
- 3) **Approval of Agenda.** Supervisor Jim Provenza motioned to bring forward Item 10. Supervisor Sandy and Tom Haynes agreed to move it up on the schedule.

Item #3 MOVED BY: Jim Provenza / SECONDED BY: Kimberly McKinney
AYES: 5
NOES: 0
ABSTAIN: 0
ABSENT: 2

- 4) **Follow-up of items from prior meeting.** Tom Haynes discussed that Public Member Richard Horan, and Special Districts member Kristin Sicke indicated a desire to find replacements for their positions on the FOC. Tom reached out to the Clerk of the Board’s office and public notices were published in the local newspaper indicating that the County is seeking a public member and a Special District representative. To date, no applications have been received, solicitation will continue.
- 5) **Public Comment.** There were no public comments.

Consent Agenda

- 6) **Approval of the prior meeting minutes for 2/22/2024.** Minutes were approved with a note to correct any typos.

Item #6 MOVED BY: Supervisor Provenza / SECONDED BY: Veronica Coronado

AYES: 5

NOES: 0

ABSTAIN: 0

ABSENT: 2

10.) Receive staff report on the status of the Annual Comprehensive Financial Report (ACFR) and Single Audit Report for 6/30/2023 from the External Auditors (Haynes/LSL). Tom Haynes gave an update on the ACFR and stated that due to a few unforeseen circumstances there were major delays in issuing the County's financial statements. Tom indicated four major causes for the delays: 1) In July of 2023 the County switched to a new financial system and the system change did not go as smoothly as anticipated causing extra delays in issuing financial statements; 2) There were significant staff changes in the accounting division where 6 out of 7 staff turned over, including the Accounting Manager and supervisors; 3) Competing priorities and deadlines were also major factors in delays; and 4) During the audit there were some findings that needed reconciliation and correction. Tom made assurances that the Department is committed to correcting all issues and working to ensure they do not occur again in the future, he agreed to give updates at future FOC meetings. Accounting Manager Julieta Mapile discussed her plans to help improve the department's processes and procedures. Brandon Young of LSL shared the findings of the ACFR and reported that he believes the County is back on track for the next Single Audit deadline of March 31st 2025.

- 7) **Receive Treasury audit report for quarter ended 9/30/23.**
- 8) **Receive Auditors' Report on Treasury Investment Summary for Quarters Ended 12/31/2023 and 3/31/2024.**

Regular Agenda

- 9) **Receive update from the Internal Audit Manager on the status of current engagements and the release of audit reports since last meeting (Lugo).** Nathan Lugo, Yolo County's Internal Audit Manager, shared how the Department was able to complete several reports and audits including a Vendor Performance Audit that will be done by an outside party. Nathan discussed the beginnings of an internal payroll audit, to ensure effectiveness and keep an eye on key risk areas. Nathan also touched on the Whistle Blowers Hotline that was introduced Spring of 2023 that is for staff to report Fraud, Waste and Abuse. The Department is currently working on formalizing their approach to managing the hotline, as several calls have been received. The goal is to enhance the hotlines effectiveness and resolving the issues of the complaints coming in.
- 11) **Receive update on solicitation process for independent audit firm (Haynes).** Tom Haynes gave an update on the solicitation for a potential new independent audit firm. After scoring very close and being thoroughly interviewed, the Panel determined LSL to be the highest scoring firm. A contract was developed and went to the Board for approval.

12) Receive report on the Treasury Pool Investment Activity for the quarter ending December 31, 2023 (PFM/Xiong). Alison Kaune, with PFM, gave a report on the Treasury Pool Investments. First quarter growth did slow down but was still positive. The overall rating of the County's portfolio is very high quality with a Double A rating average.

13) Receive update on solicitation process for independent investment advisor (Haynes). Tom Haynes shared that the agreement with PFM expired 6/30/24. Four firms were rated, and PFM scored the highest, they also came back with a better price and ultimately the County chose to stay with PFM and drafted a new contract which will be presented to the Board of Supervisors for final approval.

14) Receive staff report on fiscal year 2023-24 3rd quarter budget monitoring (Liddicoet). Laura Liddicoet, Chief Budget Official, shared the 2023-24 Budget Monitoring Report.

15) Committee Member and Staff Announcements. There were no Committee member or Staff Announcements.

Adjournment. Meeting Adjourned at 11:34 a.m.



COUNTY OF YOLO
CALIFORNIA

Division of Internal Audit
Nathan Lugo, Internal Audit Manager

July 17, 2024

Sou Xiong, Treasury Manager
Department of Financial Services
County of Yolo
625 Court Street, Room 102
Woodland, CA 95695

Re: Treasury Cash Count quarterly report for June 30, 2024

Dear Mr. Xiong:

We have performed the procedures as agreed upon in our engagement to assist the County with respect to compliance with Government Code Section 26920 (a) (1) for the quarter ending June 30, 2024. The County's Treasurer is responsible for compliance with the above noted Government Code section. The agreed upon procedures engagement was performed in accordance with the International Standards for the Professional Practice of Internal Auditing. In regards to auditor's independence, the Division of Internal Audit reports administratively to the Clerk of the Board's Office, but functionally to the Board of Supervisors. The sufficiency of these procedures is solely the responsibility of the specified user of 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. Further, we did not review system controls of the county financial system.

Our procedures and results are as follows:

1. Observe and certify the treasury staff cash count and verify that the coin and cash bags are properly sealed.

Results: Procedure performed with no exceptions.

Considerations: None.

2. Vouch the deposit slips prepared for the coin and cash bags to the bank statement.

Results: Procedure performed with no exceptions.

Considerations: None.

We were not engaged to, and did not; conduct an audit, the object of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such as opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is prepared for use by the Treasury management, Department of Financial Services and Yolo County Board of Supervisors. However, it may be distributed to other interested parties.

We appreciate the timely and professional responses provided by the Treasury management and staff to our requests for information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nathan Lugo', written in a cursive style.

Nathan Lugo, CPA, CIA, CFE
Internal Audit Manager

cc: Tom Haynes, Chief Financial Officer
Gerardo Pinedo, Chief Administrative Officer
Yolo County Audit Sub-Committee
Internal Audit Website
Audit File



COUNTY OF YOLO
CALIFORNIA

Division of Internal Audit
Nathan Lugo, Internal Audit Manager

MEMORANDUM

TO: Financial Oversight Committee Members
FROM: Nathan Lugo, Internal Audit Manager
DATE: September 12, 2024
SUBJECT: Update on the Division of Internal Audit and Ongoing Audits

Purpose

The purpose of this memorandum is to provide a brief update to the Financial Oversight Committee (FOC) on the current status of the Division of Internal Audit, including an overview of operations, staffing, resources, and the progress of audits that have been initiated to date.

Background

The Division of Internal Audit plays a critical role in ensuring that Yolo County's operations are conducted efficiently, effectively, and in compliance with applicable laws and regulations. As part of our commitment to transparency and accountability, regular updates are provided to the Financial Oversight Committee.

Operational Updates

1. **Revised FY 2024-25 Audit Plan** – Following the Audit Subcommittee's June 13, 2024 direction, a revised audit plan for FY 2024-25 was developed based on a countywide risk assessment. This audit plan will be presented for review and approval at the September 12, 2024 Audit Subcommittee meeting.
2. **Changes to Administrative Reporting Lines** – Most changes for the transition are complete. Remaining tasks include finalizing the Internal Audit Charter and transferring the budget unit from DFS after the FY 2024-25 budget adoption.
3. **Division Policies and Procedures Revisions** – The Division will update its long-overdue policies, procedures, and audit methodologies, with the goal of implementing new guidelines in 2025. This project will be led by the Internal Audit Manager in late 2024.
4. **Management of the Whistleblower Hotline** – Internal Audit manages the County's whistleblower hotline and is handling 10 open cases. Coordination with the new HR Director is planned to formalize investigation responsibilities for HR and personnel complaints.

5. **Update on Corrective Action Plans (CAPs)** – Internal Audit has requested updates on outstanding CAPs from all departments and is reviewing responses. A report on CAP status will be presented to the Audit Subcommittee in late 2024 or early 2025.

Staffing and Resources

1. **Limited Staff** – The Division currently operates with only two staff members, an Internal Audit Manager, and an Auditor III. This shortage has delayed initiation of new audits, but efforts are underway to address the issue. Meanwhile, the focus remains on ongoing audits and administrative tasks.
2. **Auditor III Recruitment** – Recruitment for an Auditor III has yielded only two applications in 45 days. The process is now continuous, with the goal of onboarding someone in fall 2024.
3. **HHSА MOU for Fiscal Monitoring** – An MOU with HHSА to recruit an Auditor II is near completion. This role is key to transitioning fiscal monitoring in-house, though outsourcing may still be needed for the next cycle. The new Auditor II is expected to take on these duties by FY 2025-26.

Status of Ongoing Audits

1. **Vendor Performance Monitoring Audit (GSD)** – Initiated in May 2024, this audit evaluates vendor performance assessments and compliance with service agreements. The audit is in the reporting phase, with results to be presented in November.
2. **FY 22-23 SUD/SABG Contract Monitoring (HHSА)** – In collaboration with Eide Bailly CPAs, the Division completed contract monitoring for HHSА's Substance Use Disorder (SUD) contracts.
3. **Payroll Processing Audit (HR)** – Initiated in July, this audit covers payroll processes including benefits, leave balances, pay rates, and W-2 reporting. The audit was delayed for the onboarding of the new HR Director, with planning resuming shortly.
4. **Special Review of Property Tax Rate Calculations (DFS)** – In August 2024, at the CFO's request, Internal Audit reviewed property tax rate calculations for school bonds. A comprehensive review has been added to the FY 2024-25 audit plan.
5. **Special Request to Observe Proposition 218 Recount (CAO)** – Internal Audit observed the recount of Proposition 218 protest votes for Wild Wings County Service Area. A review of the voting process will be included in the FY 2024-25 audit plan to assess internal controls and compliance.

Key Findings and Issues

- There are no reportable conditions or findings currently.

Sincerely,



Nathan Lugo, CPA, CIA, CFE
Internal Audit Manager

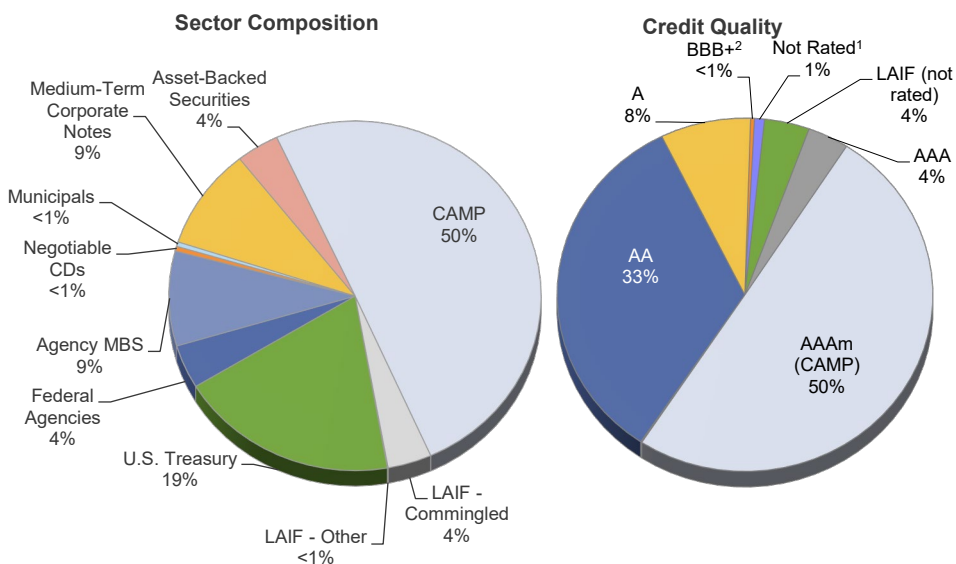
Portfolio Review

- ▶ 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 yield continues to benefit from higher interest rates and the portfolio's yield at cost increased during the quarter. A higher yield at cost should result in increased interest earnings moving forward.
- ▶ For the quarter, the County's portfolio returned positive total return performance and performed in-line with the benchmark. The portfolio continues to outperform the benchmark over longer periods and since inception.

The Economy

- ▶ The second quarter of 2024 was characterized by moderating economic growth, inflation resuming its slowing trend as it inches closer to the Fed's 2% target, signs of consumer activity beginning to taper, and a labor market that continues to come into better balance.
- ▶ Real GDP growth cooled in Q1, as the final reading of 1.4% was notably lower than the third and fourth quarters of 2023. The cooling in growth was attributed to net negative contributions from net exports and private inventories, although a decline in personal spending was also noteworthy.
- ▶ As expected, the Federal Reserve kept the overnight rate at its current target range of 5.25% to 5.50% at its June 12 meeting, marking the seventh consecutive meeting since July 2023 keeping rates at this level. Furthermore, the Fed's updated "dot plot" showed just one rate cut in 2024, a notable drop from the March projections of three cuts.

Portfolio Profile as of June 30, 2024^{1,2}

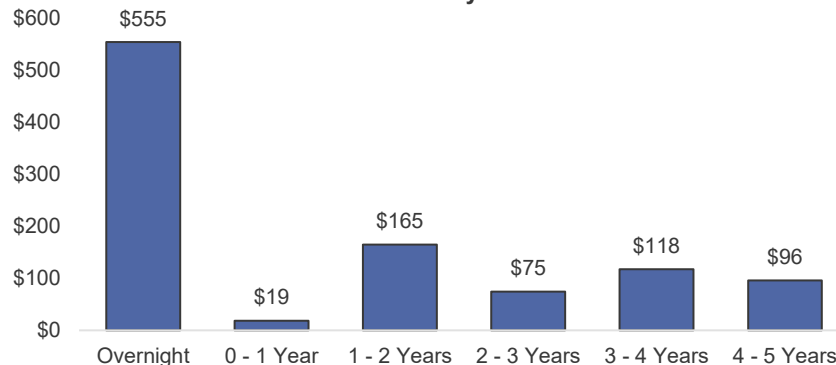


Portfolio Performance as of June 30, 2024³

	Quarter	Annualized Return 1 Year	Annualized Return 5 Years
Yolo County Total Return ¹	0.84%	4.63%	1.02%
Treasury Benchmark Total Return	0.84%	4.34%	0.67%
Net Apportionment Rate	0.98%	-	-

Note: ¹PFMAM 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.

2. Ratings based on Standard & Poor's.

3. The County's benchmark is the ICE Bank of America (BoFA) 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 BoFA 1-5 Year U.S. Treasury Index. From 9/30/17 to 12/31/20 it was the ICE BoFA 0-5 Year U.S. Treasury Index. From 3/31/15 to 9/30/17 the benchmark was a blend of 30% ICE BoFA 3-month Treasury index and 70% ICE BoFA 1-3 year U.S. Treasury Index.

Yolo County

Investment Performance Review For the Quarter Ended June 30, 2024

September 12, 2024

415-515-6389

pfmam.com

PFM Asset Management LLC

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

Michael Kronbetter, Relationship Manager
Allison Kaune, Senior Analyst

For Institutional Investor or Investment Professional
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distribution to, or quotation to the general public

Economic and Interest Rate Update



Second Quarter Market Themes



- ▶ The U.S. economy was characterized by:
 - ▶ Moderating economic growth following two quarters of exceptional strength
 - ▶ Recent inflation prints resuming the path towards the Federal Reserve (Fed)'s 2% target
 - ▶ Labor markets continuing to show strength while unemployment has ticked up modestly
 - ▶ Resilient consumer spending supported by wage growth that is outpacing inflation

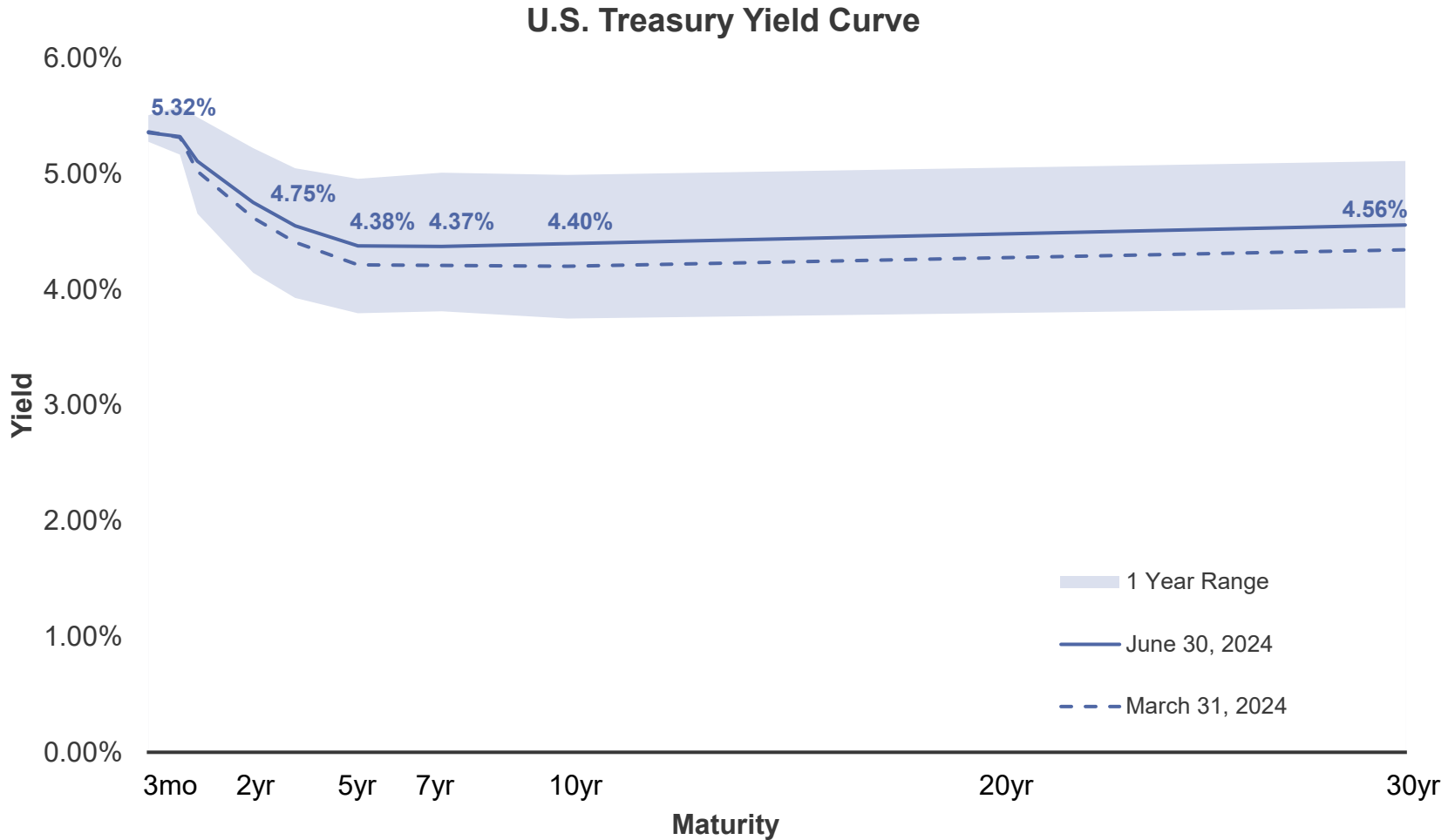


- ▶ Federal Reserve pushes out rate cuts
 - ▶ Fed funds target rate ended the quarter at 5.25%-5.50%, where it has been since July 2023
 - ▶ Fed revised expectations from 3 rate cuts in 2024 to 1 by year end following a lack of progress in the fight against inflation
 - ▶ Market continues to expect 1 or 2 rate cuts in 2024



- ▶ Treasury yields increase in response to economic data over the quarter
 - ▶ Yields on maturities between 2 and 10 years rose 13-20 basis points during the quarter
 - ▶ The yield curve has now been inverted for 24 months, the longest period in history
 - ▶ Spreads across most sectors remain near multi-year tight and represent market expectations for a soft landing

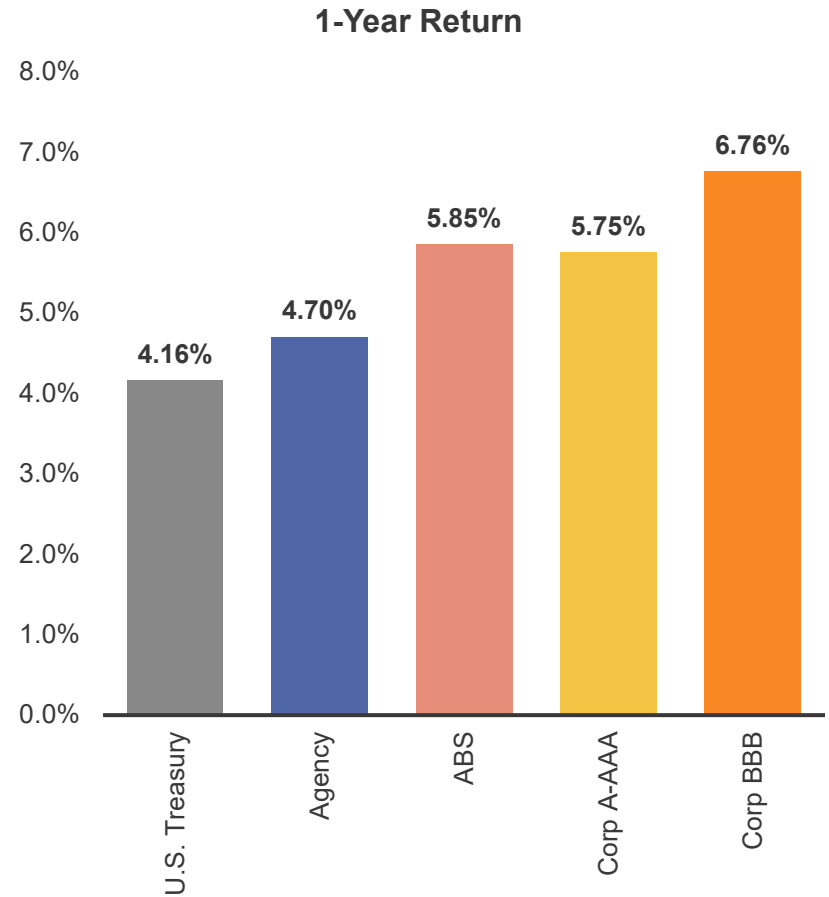
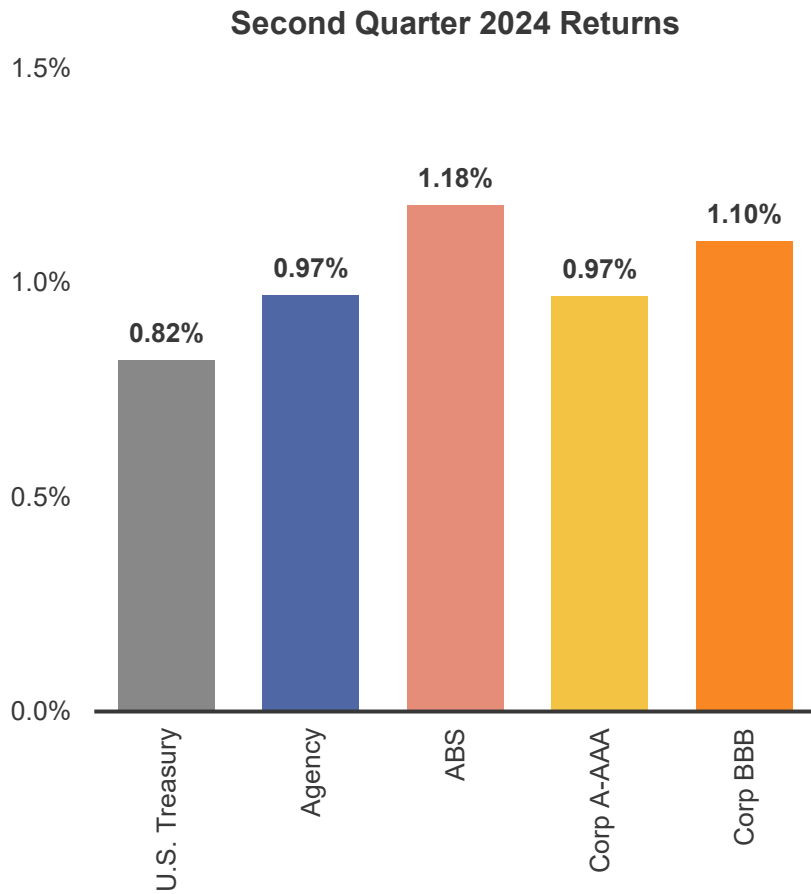
Treasury Yields Moved Higher as Market Evolved to Revised Fed Expectations



Source: Bloomberg Finance LLC, as of 6/30/2024.

Fixed Income Market Returns

1-5 Year Indices



Source: ICE BofA Indices. ABS indices are 0-5 year, based on weighted average life. As of June 30, 2024.

Portfolio Update



Portfolio Composition

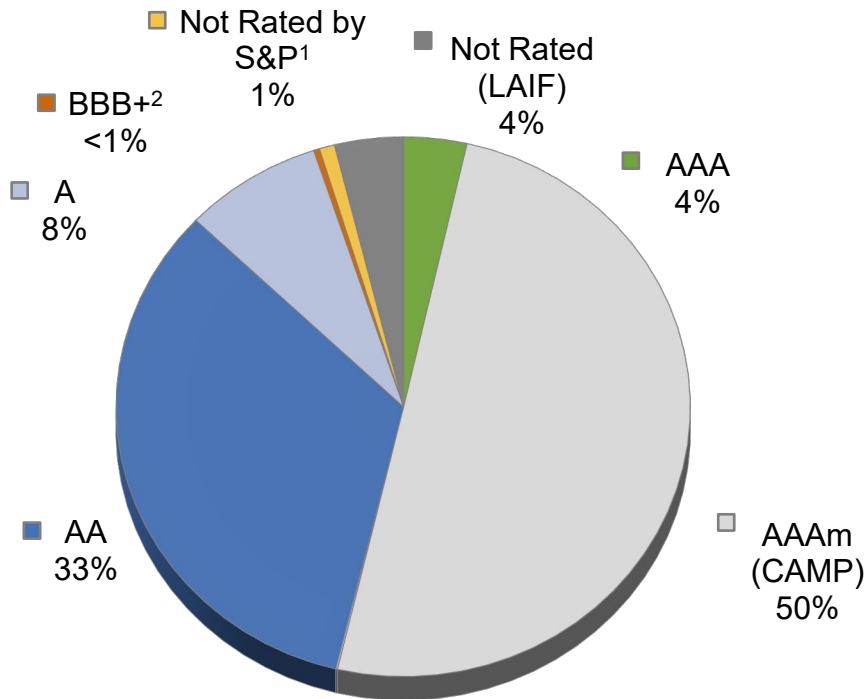
Security Type	Total Market Value June 30, 2024	% of Total Portfolio	Change from Prior Quarter
U.S. Treasury	\$195,977,220	19.1%	-1.2%
Federal Agency	\$41,371,181	4.0%	-1.0%
Federal Agency CMOs	\$89,845,983	8.8%	+0.2%
Municipal Obligations	\$4,278,540	0.4%	-0.2%
Negotiable CDs	\$4,483,278	0.4%	-0.1%
Corporate Notes	\$95,791,749	9.4%	0.0%
Asset-Backed Securities	\$38,149,551	3.7%	-0.3%
Securities Sub-Total	\$469,897,503	45.8%	-2.6%
Accrued Interest	\$2,273,629		
Securities Total	\$472,171,132		
CAMP	\$515,095,691	50.3%	+2.6%
LAIF – Total	\$39,796,278	3.9%	0.0%
Total Investments	\$1,027,063,100	100.0%	

As of June 30, 2024. Percentages of total portfolio may not sum to 100% due to rounding.

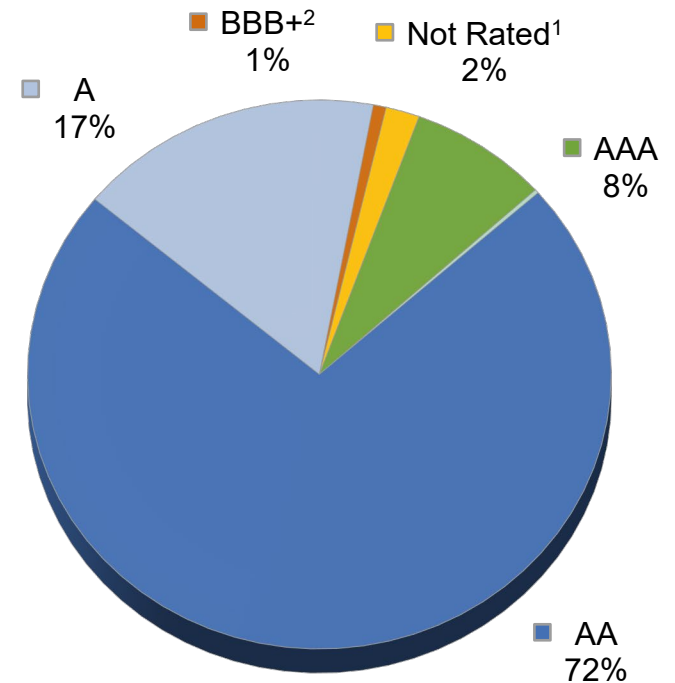
Portfolio Credit Quality

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

Including Liquid Accounts



Excluding Liquid Accounts

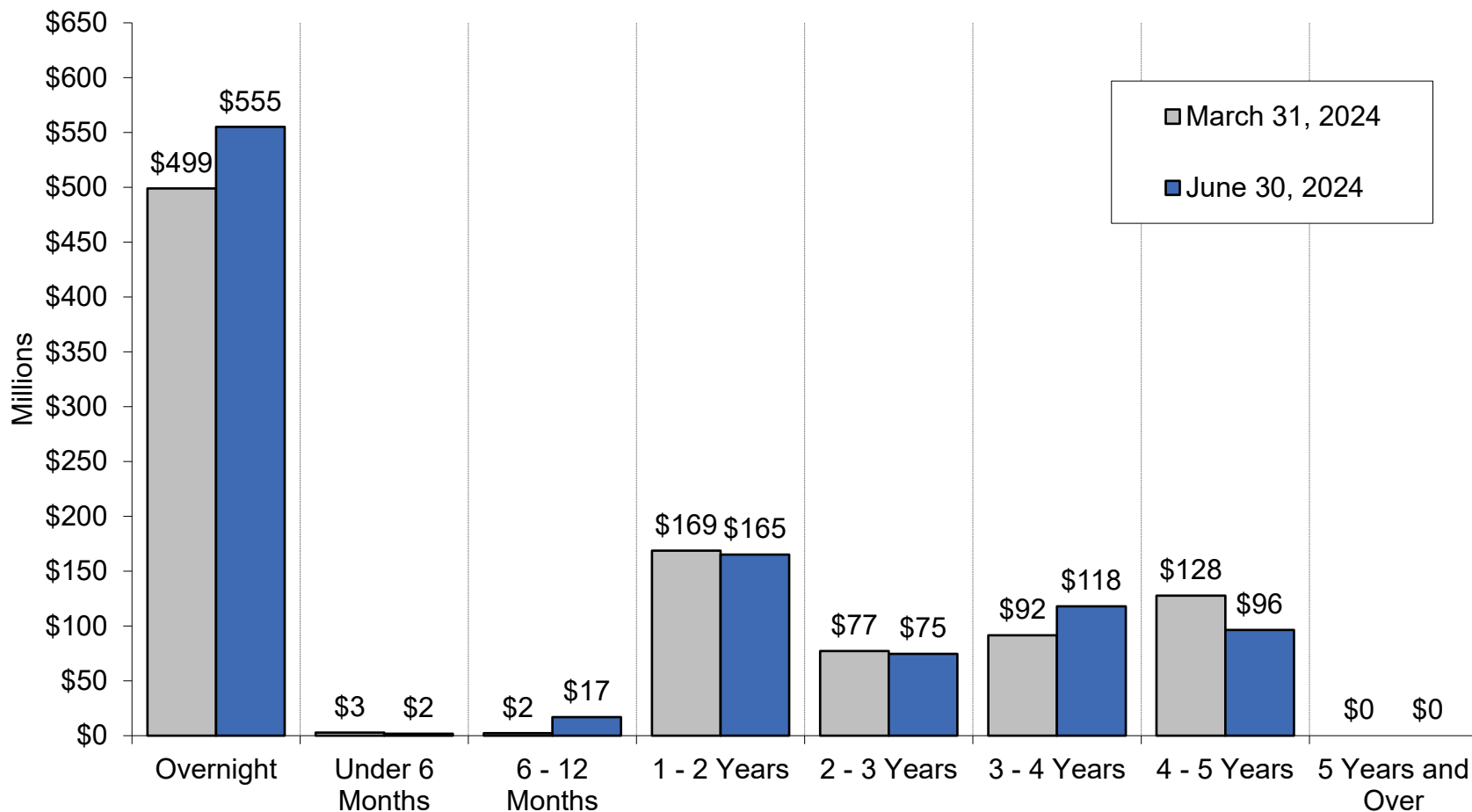


As of June 30, 2024. Percentages may not sum to 100% due to rounding. Ratings are based on Standard & Poor's.

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.

Portfolio Maturity Distribution—Including Liquid Accounts

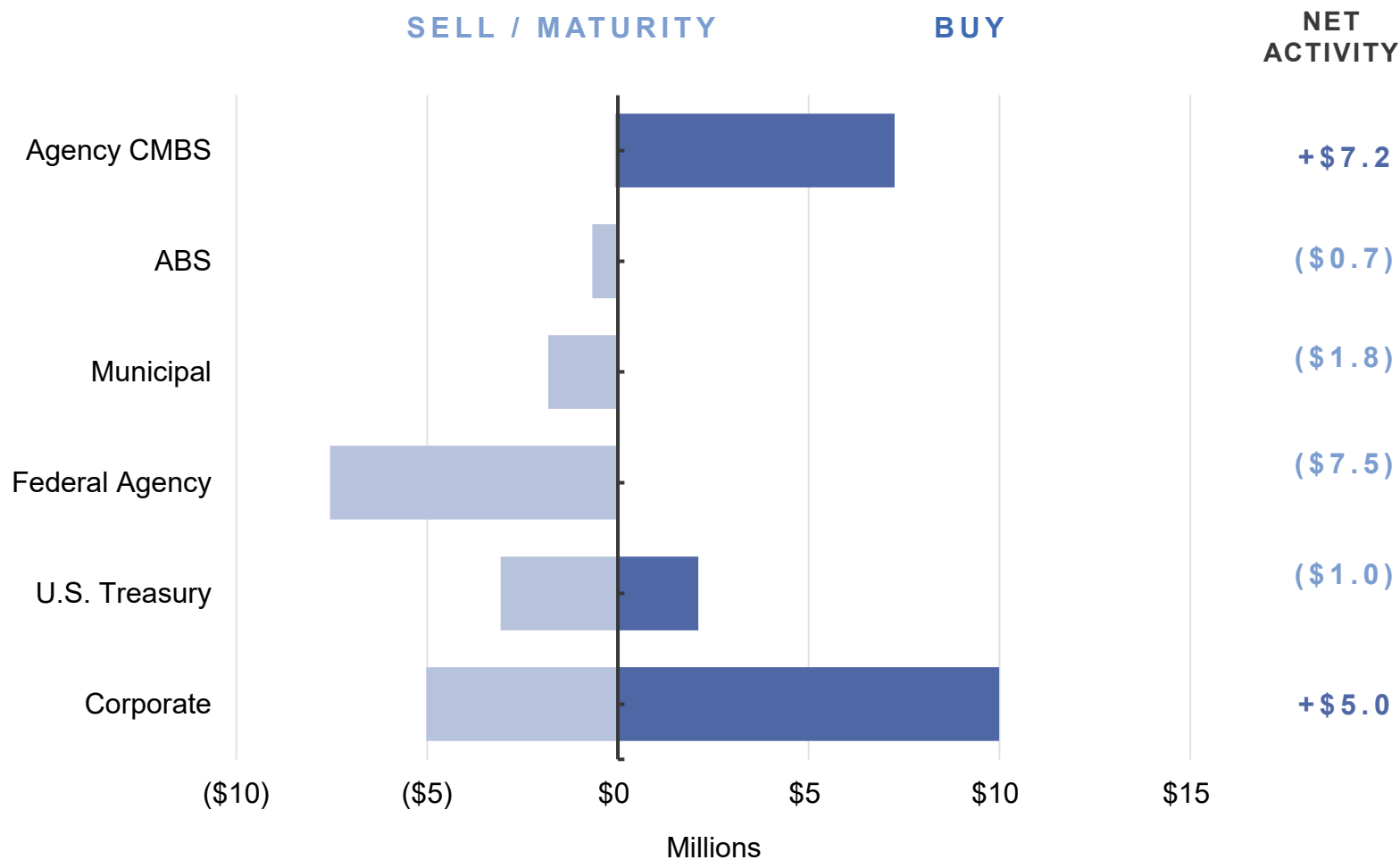


Callable and floating-rate securities are included in the maturity distribution analysis to their stated maturity date. Includes funds in LAIF and CAMP.

Second Quarter Portfolio Strategy Recap

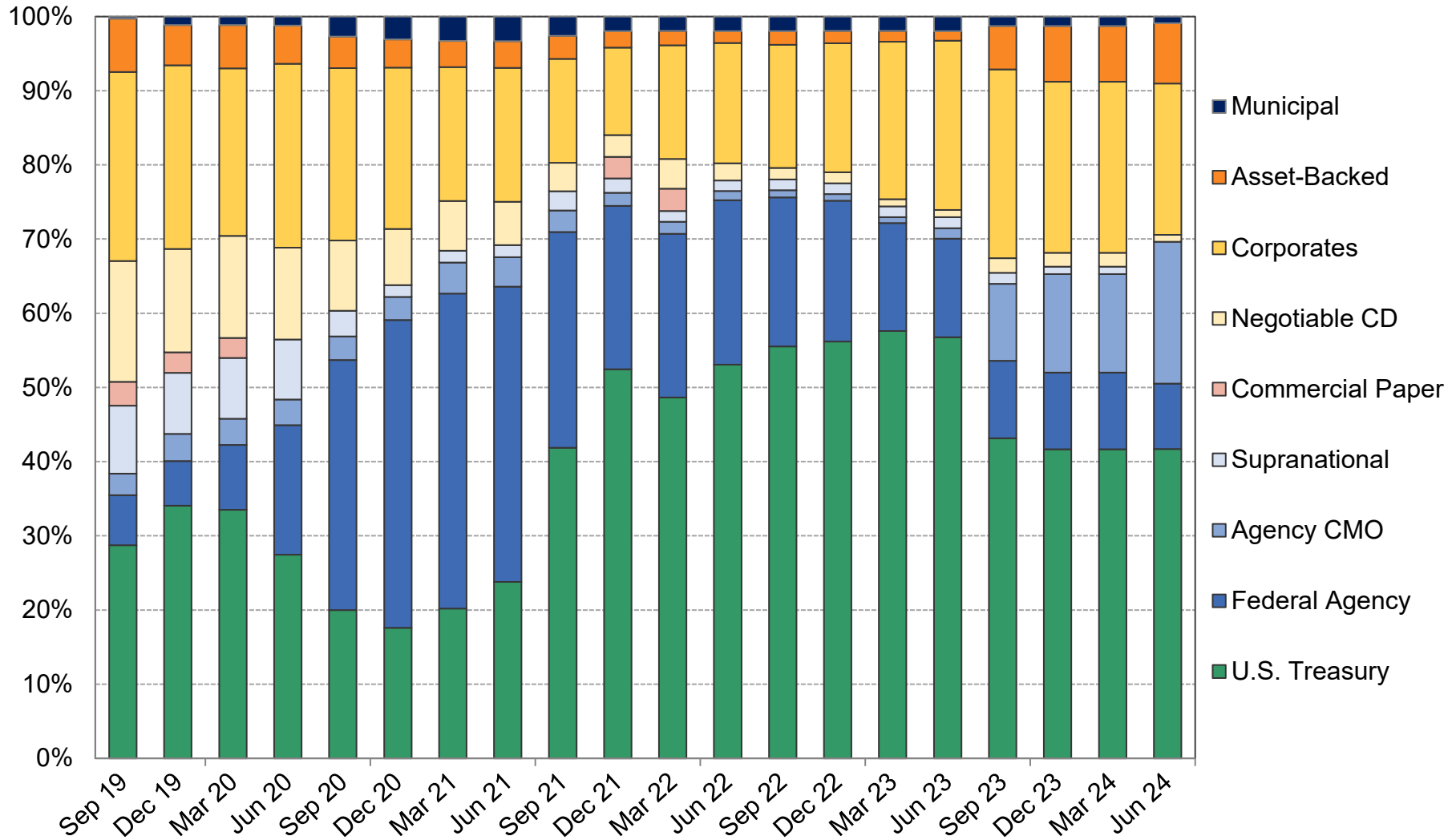
- ▶ U.S. Treasury yields rose modestly as the yield on the 2-, 5-, and 10-year U.S. Treasuries rose 13, 16, and 20 bps, respectively.
- ▶ Sustained investor appetite continued to pressure yield spreads near multiyear lows across most IG sectors throughout Q2.
- ▶ **Federal agency, municipal, and supranational** spreads remained low and range bound.
 - ▶ Presenting little to no opportunity for new purchases.
- ▶ **Corporates** performed well for the quarter as near-record-high issuance through the first half of 2024 was met with robust investor demand, resulting in additional spread tightening.
 - ▶ Like other investors we have seen value and made purchases in this sector.
- ▶ The **asset-backed security (ABS)** sector also continued to perform well, as higher incremental income made the sector an attractive alternative relative to industrial corporate issuers.
 - ▶ The portfolio's exposure to the sector benefited from its strong performance.
- ▶ We continued to find value in the **agency commercial mortgage-backed security (CMBS)** sector and the portfolio's allocation increased during the quarter. The sector generated positive excess returns for the quarter.
- ▶ Both the portfolio and its benchmark returned **strong performance** for the quarter, as the increased income from higher yielding securities offset any market value losses resulting from higher interest rates.

Second Quarter Trade Activity



Portfolio purchases, sells, maturities, and paydowns through periods March 31, 2024 – June 30, 2024.

Historical Sector Allocation – PFMAM-Managed Portfolio



Portfolio Outperformance Remains Positive

- ▶ Both the portfolio and the benchmark returned positive total return performance for the quarter.
- ▶ The diversification and duration position were beneficial during the quarter, resulting in the outperformance of the benchmark.
- ▶ Historically, the portfolio continues to generated strong performance and to outperform the benchmark.

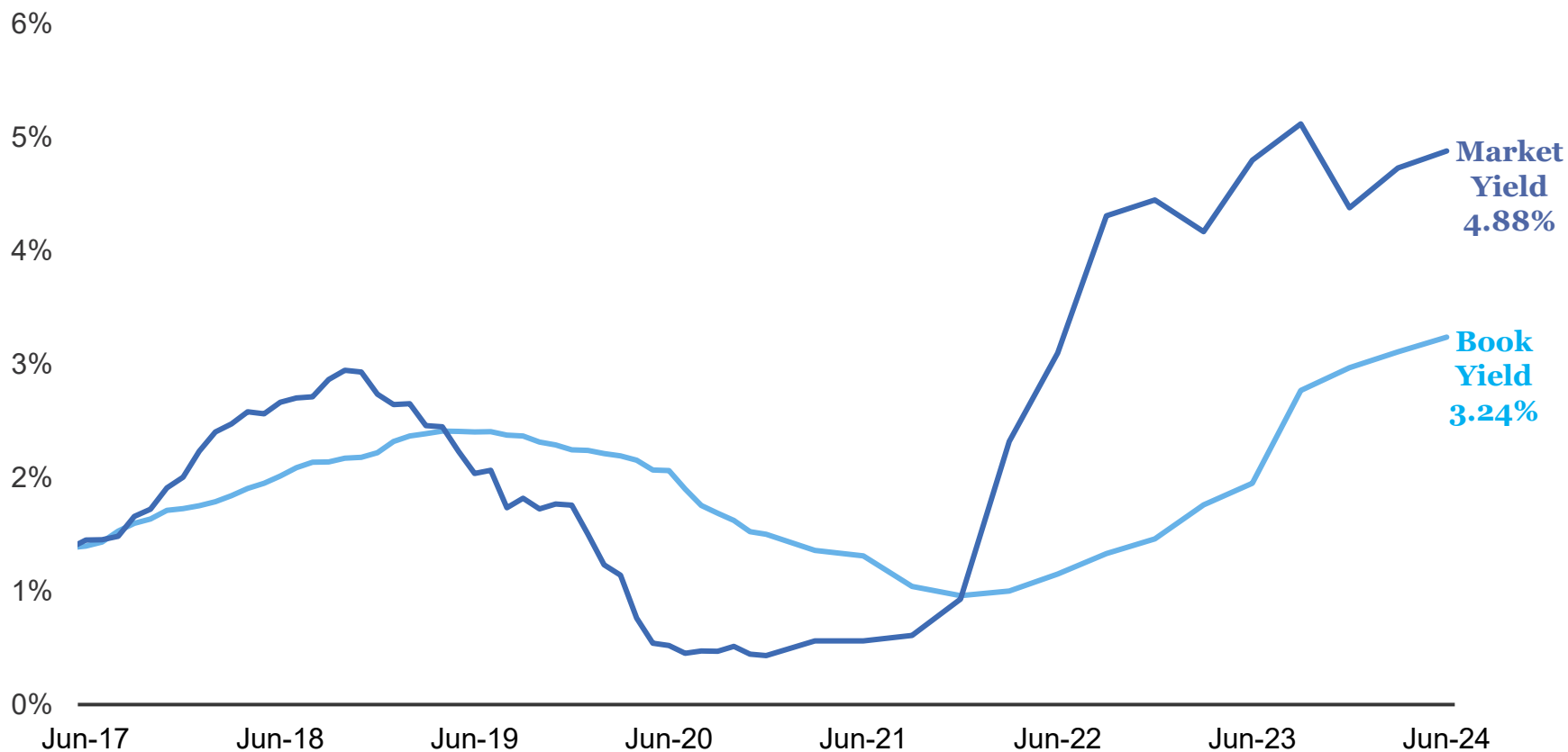
Total Return For periods ended June 30, 2024

	Duration (years)	2Q 2024	Past Year	Past 3 Years	Past 10 Years	Since Inception
Yolo County	2.33	0.84%	4.63%	0.04%	1.28%	2.75%
Benchmark	2.50	0.84%	4.34%	-0.28%	0.92%	2.16%
Difference	-	+0.0%	+0.29%	-0.24%	+0.36%	+0.59%

- 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.

Portfolio Book Yield Continues to Move Higher

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



Portfolio Earnings Projected to Increase

Actual Earnings FY 2023-2024		
Month End	Portfolio Yield at Cost	Earnings ^{2,3}
Jul-23	2.18%	(\$248,883)
Aug-23	2.41%	(\$501,901)
Sep-23	2.77%	(\$1,249,433)
Oct-23	2.81%	\$1,008,530
Nov-23	2.90%	\$936,895
Dec-23	2.97%	\$1,017,617
Jan-24	3.03%	\$1,026,892
Feb-24	3.08%	\$960,656
Mar-24	3.11%	\$972,256
Apr-24	3.13%	\$1,119,535
May-24	3.19%	\$1,065,269
Jun-24	3.24%	\$1,042,385
Total Projected Earnings:		\$7,149,818

Estimated Earnings FY 2024-2025			
Month End	Earnings Rate ¹	Earnings ^{2,3}	Reinvestment Rate Assumption ³
Jul-24	3.20%	\$1,310,299	4.37%
Aug-24	3.20%	\$1,310,299	4.32%
Sep-24	3.20%	\$1,268,032	4.26%
Oct-24	3.20%	\$1,310,299	4.21%
Nov-24	3.20%	\$1,270,102	4.16%
Dec-24	3.20%	\$1,312,740	4.11%
Jan-25	3.20%	\$1,312,740	4.07%
Feb-25	3.20%	\$1,185,701	4.03%
Mar-25	3.20%	\$1,313,502	4.00%
Apr-25	3.20%	\$1,271,131	3.96%
May-25	3.22%	\$1,320,809	3.93%
Jun-25	3.32%	\$1,318,368	3.90%
Total Projected Earnings:		\$15,504,022	

Shaded regions represent actual portfolio earnings.

See page 23 for the Assumptions and Important Disclosures for the footnotes and additional detail regarding the analysis.

Outlook and Strategy Implications

ECONOMIC AND INTEREST RATE OUTLOOK

- ▶ Rates have moved lower since quarter end as markets recalibrate the expected number of Federal Reserve rate cuts this year
- ▶ Weaker than expected data has the market expecting 4 rate cuts
- ▶ Inflation has continued its trend lower
- ▶ U.S. consumers are still driving GDP growth
- ▶ Recession probability remains low but risks remain

PORTFOLIO STRATEGY

- ▶ Sector diversification remains a key component of performance
- ▶ Recent widening in spreads may increase opportunities to safely add diversification
- ▶ Target a portfolio duration that is in line with the benchmark duration
- ▶ Carefully manage risk and maintain high credit quality

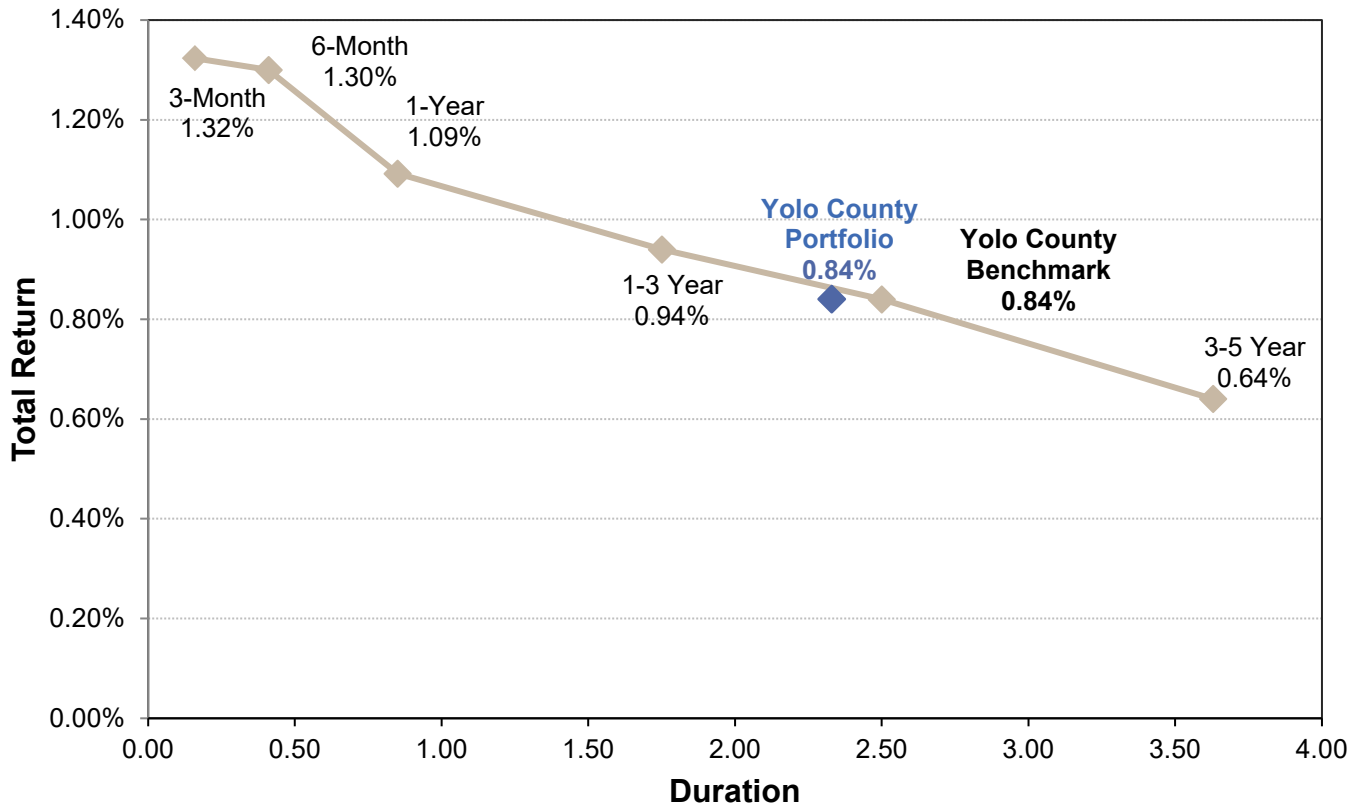
Additional Portfolio Information



Short-Term Strategies Outperformed in the Quarter

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	3.24%
LAIF	4.55%

- For periods ending June 30, 2024.
- 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 Issuer Distribution

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	41.6%	
UNITED STATES TREASURY	41.6%	AA / Aaa / AA
Federal Agency	8.8%	
FANNIE MAE	6.0%	AA / Aaa / AA
FEDERAL HOME LOAN BANKS	0.5%	AA / Aaa / NR
FREDDIE MAC	2.3%	AA / Aaa / AA
Agency CMBS	19.1%	
FANNIE MAE	1.0%	AA / Aaa / AA
FREDDIE MAC	18.1%	AA / Aaa / AA
Municipal	0.9%	
CALIFORNIA DEPARTMENT OF WATER RESOURCES	0.0%	AAA / Aa / NR
CALIFORNIA STATE UNIVERSITY	0.2%	AA / Aa / NR
FLORIDA STATE BOARD OF ADMIN FIN CORP	0.4%	AA / Aa / AA
NEW JERSEY TURNPIKE AUTHORITY	0.1%	AA / A / A
UNIVERSITY OF CALIFORNIA	0.2%	AA / Aa / AA
Negotiable CD	1.0%	
RABOBANK NEDERLAND	1.0%	A / Aa / AA
Corporate	20.5%	
ADOBE INC	0.7%	A / A / NR
APPLE INC	1.4%	AA / Aaa / NR
BANK OF AMERICA CO	1.5%	A / Aa / AA
BLACKROCK INC	0.1%	AA / Aa / NR
BURLINGTON NORTHERN SANTA FE	0.2%	AA / A / NR
CATERPILLAR INC	0.7%	A / A / A
CITIGROUP INC	1.5%	A / Aa / A
DEERE & COMPANY	0.5%	A / A / A

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
Corporate	20.5%	
GOLDMAN SACHS GROUP INC	0.7%	BBB / A / A
HOME DEPOT INC	1.0%	A / A / A
HONEYWELL INTERNATIONAL	0.4%	A / A / A
JP MORGAN CHASE & CO	1.6%	A / Aa / AA
MASTERCARD INC	0.9%	A / Aa / NR
MICROSOFT CORP	1.5%	AAA / Aaa / NR
MORGAN STANLEY	1.1%	A / Aa / AA
PACCAR FINANCIAL CORP	0.7%	A / A / NR
PEPSICO INC	1.0%	A / A / NR
STATE STREET CORPORATION	0.6%	A / A / AA
TARGET CORP	0.5%	A / A / A
THE BANK OF NEW YORK MELLON CORPORATION	1.7%	A / A / AA
TOYOTA MOTOR CORP	0.7%	A / A / A
TRUIST FIN CORP	0.7%	A / Baa / A
WAL-MART STORES INC	0.6%	AA / Aa / AA
ABS	8.1%	
AMERICAN EXPRESS CO	0.8%	AAA / NR / AAA
BANK OF AMERICA CO	1.5%	NR / Aaa / AAA
CARMAX AUTO OWNER TRUST	0.4%	AAA / NR / AAA
CHASE ISSURANCE	1.7%	AAA / NR / AAA
CITIGROUP INC	0.2%	AAA / Aaa / AAA
DISCOVER FINANCIAL SERVICES	0.2%	AAA / Aaa / NR
FIFTH THIRD AUTO TRUST	0.7%	AAA / Aaa / NR
GM FINANCIAL CONSUMER AUTOMOBILE TRUST	0.1%	NR / Aaa / AAA
HONDA AUTO RECEIVABLES	0.7%	AAA / NR / AAA

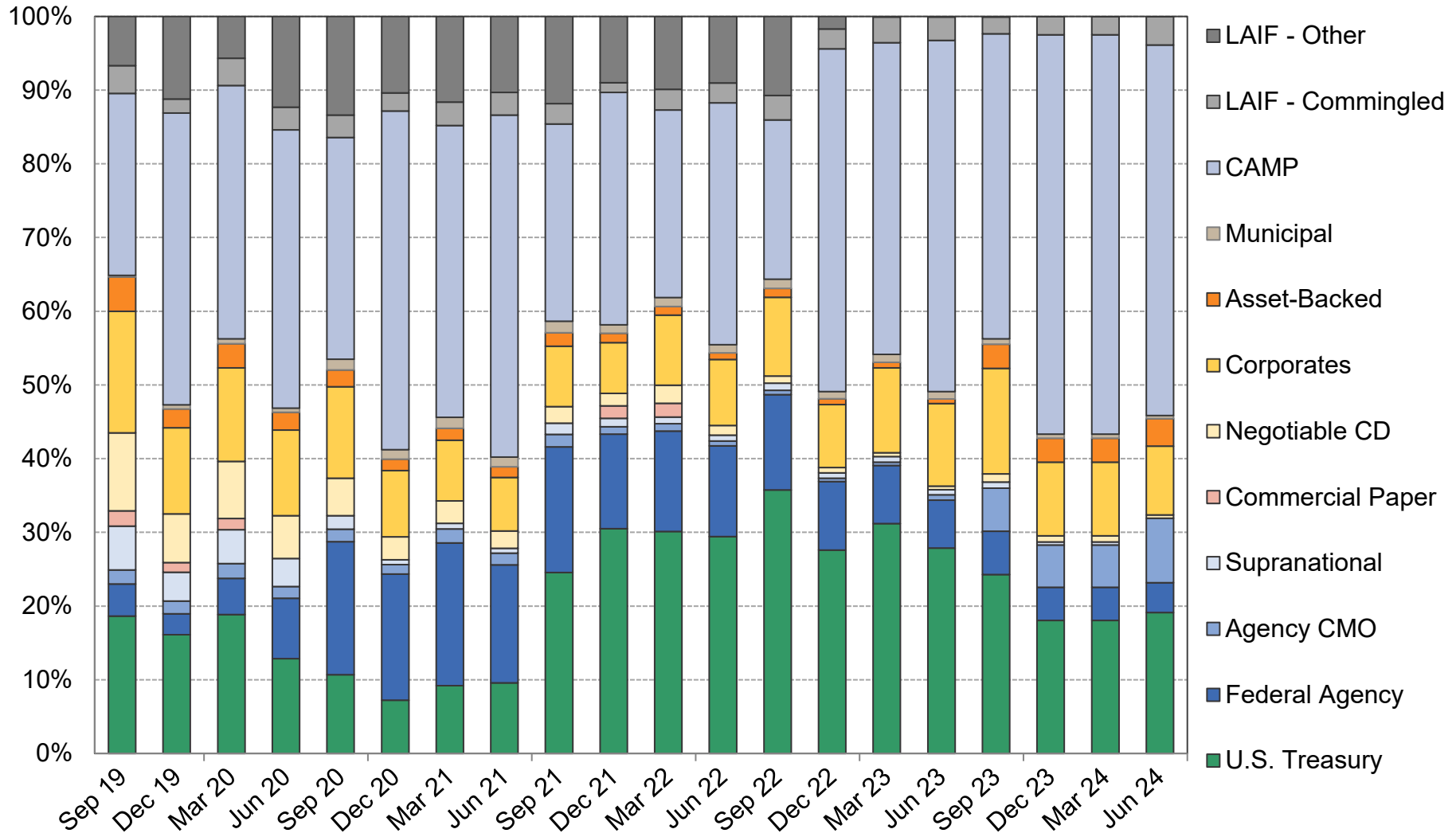
As of 6/30/2024. Federal Agency category includes agency MBS securities. Details may not add to 100% due to rounding. Excludes funds in LAIF and CAMP.

Portfolio Issuer Distribution

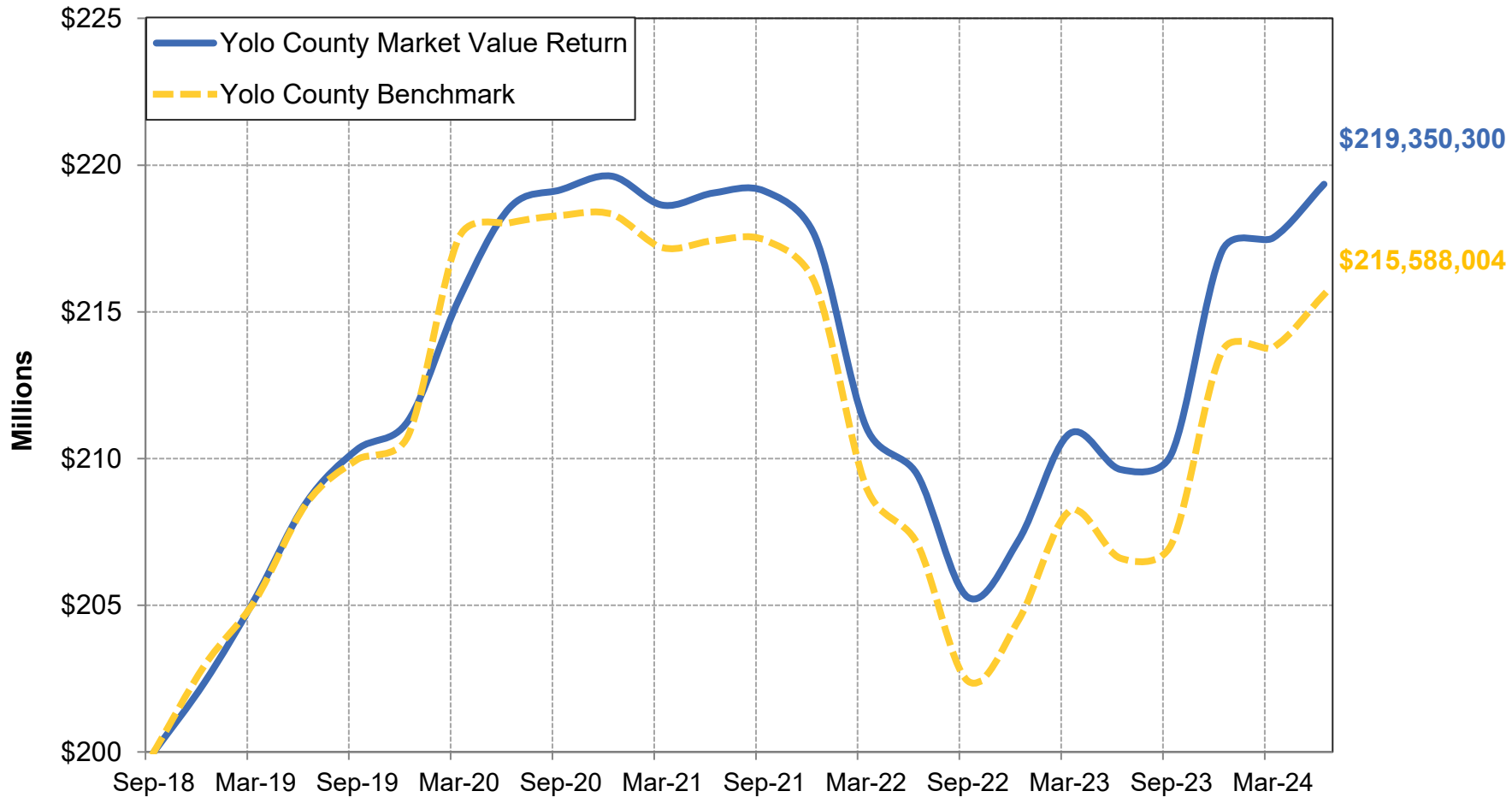
Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
ABS	8.1%	
HYUNDAI AUTO RECEIVABLES	0.3%	AAA / NR / AAA
KUBOTA CREDIT OWNER TRUST	0.3%	NR / Aaa / AAA
TOYOTA MOTOR CORP	0.5%	AAA / Aaa / AAA
USAA AUTO OWNER TRUST	0.8%	AAA / Aaa / NR
Total	100.0%	

As of 6/30/2024. Details may not add to 100% due to rounding. Excludes funds in LAIF and CAMP.

Historical Sector Allocation – All Funds



County's Strategy Remains Positive



Source: Bloomberg Finance LLC

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

Earnings Projection Assumptions and Important Disclosures

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Notes to Earnings Estimates

1. Estimated Earnings based on the amortized cost of the portfolio as of June 30, 2024. Source: PFMAM account statements. Estimated Earnings assume no sales, realized gains/losses, withdrawals/deposits, or changes to the initial portfolio cash flows. The Estimated Earnings assume the initial portfolio is invested at the yield to maturity at cost with all maturities reinvested at the assumed reinvestment rate as described below. Yields on investments are presented based on corresponding basis (actual/actual, actual/360, 30/360) depending on security type. Actual reinvestment rates will vary based on events outside of your or our control, including the prevailing level of interest rates in the future. Assumptions may or may not be proven correct as actual events occur. Any changes in assumptions will have an effect on our analysis. In particular, reinvestment at lower rates will result in reduced earnings, which may be materially different than those shown in the analysis.
2. The Portfolio Earnings Rate is based on the portfolio's yield to maturity at cost as of June 30 and assume no sales, realized gains/losses, or changes to the portfolio cash flows. The portfolio earnings rate is weighed by market value to be constant with PFMAM account statement methodology.
3. The Reinvestment Rate Assumption is based on the 2-year U.S. Treasury Forward Rate Curve as of August 8, 2024. Yield curve source: Bloomberg. Investments have not been executed. Actual rates and security availability will vary at time of placement.



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