SEASIDE COUNTY SANITATION DISTRICT

440 HARCOURT AVE * SEASIDE, CA 93955

Telephone (831) 899-6825

REGULAR **MEETING AGENDA**
Board of Directors
Tuesday, March 13, 20189:30 AM,
City of Seaside Conference Room
440 Harcourt Ave, Seaside, CA 93955

1. <u>CALL TO ORDER</u>

Ralph Rubio	Chair
Jerry Blackwelder	First Vice Chair
Pat Lintell	Second Vice Chair

2. <u>ROLL CALL</u>

3. <u>ORAL COMMUNICATIONS COMMENTS</u>

Members of the public may address the Board regarding any item within the subject matter jurisdiction of the Board; however, no action may be taken on off-agenda items unless authorized by law. To be able to properly identify those making comments in the meeting minutes, it would be helpful if speakers state their names. Comments shall be limited to matters not listed on the agenda. Members of the public may comment on any matter listed on the agenda at the time the Board considers that matter. Each person's presentation is limited to a maximum of three (3) minutes.

4. <u>CONSENT AGENDA</u>

A. <u>APPROVAL OF MINUTES FROM THE FEBRUARY 13, 2018 REGULAR MEETING.</u>

PURPOSE: To review and approve the minutes from the February 13, 2018 Regular Meeting.

RECOMMENDATION: That the minutes be reviewed and approved.

B. <u>ACCEPT AND FILE CASH AND INVESTMENT REPORT FOR QUARTER ENDING SEPTEMBER 30, 2017.</u>

PURPOSE: Accept and file the Seaside County Sanitation District September 30, 2017 Cash and Investment Report.

RECOMMENDATION: Accept and file report.

C. ACCEPT AND FILE CASH AND INVESTMENT REPORT FOR QUARTER ENDING DECEMBER 31, 2017.

PURPOSE: Accept and file the Seaside County Sanitation District December 30, 2017 Cash and Investment Report.

RECOMMENDATION: Accept and file report.

D. ACCEPT AND FILE CASH AND INVESTMENT REPORT FOR QUARTER ENDING JUNE 30, 2017.

PURPOSE: Accept and file the Seaside County Sanitation District June 30, 2017 Cash and Investment Report.

RECOMMENDATION: Accept and file report.

E. ACCEPT AND FILE THE SEASIDE COUNTY SANITATION DISTRICT JUNE 30, 2017 AUDITED FINANCIAL STATEMENTS

PURPOSE: Accept and file the Seaside County Sanitation District June 30, 2017 Audited Financial Statements.

RECOMMENDATION: It is recommended that the District Board accept and file the June 30, 2017 Audited Financial Statements.

F. APPROVAL OF FEBRUARY 2018 EXPENDITURE REPORT FOR SEASIDE COUNTY SANITATION DISTRICT.

PURPOSE: Approval of expenditures for February 2018 for the Seaside County Sanitation District in the amount of $85,975.86.

RECOMMENDATION: Approve expenditures for February 2018. Total expenditures were $85,975.86.

G. RECEIVE SEASIDE COUNTY SANITATION DISTRICT OPERATIONS REPORT FOR FEBRUARY 2018.

PURPOSE: Receive monthly report for sewer maintenance and stoppages for February 2018.

RECOMMENDATION: Accept reports. This item is presented for information only.

5. STAFF REPORTS

Staff reports include items for which verbal reports/presentations will be provided. If a specific Seaside County Sanitation District presentation is planned, it will be listed and information included with the Agenda. Brief oral reports may be provided for items arising after the Agenda was prepared. The Board may wish to ask questions or discuss a staff report, but no action is appropriate other than referral to staff, or request that a matter be set as a future Agenda item.

6. BOARD MEMBERS COMMENTS

7. ADJOURNMENT

Next Regularly Scheduled Meeting:
April 10, 2018
Seaside City Hall
9:30 a.m.

In compliance with the Americans with Disabilities Act (ADA), the Seaside County Sanitation District (SCSD) does not discriminate against persons with disabilities. SCSD's meetings are held at an accessible facility. Any person with a disability who requires a modification or accommodation to be able to participate in this meeting is asked to contact the office of the District Clerk at cityclerk@ci.seaside.ca.us 831-899-6707, no fewer than two business days prior to the meeting to allow for reasonable arrangements. Agenda related writings or documents provided to the SCSD Board of Directors are available for public inspection during the meeting or may be requested from the office of the District Clerk This agenda is posted in compliance with California Government Code Section 54954.2(a) or Section 54956.

Agenda related writings or documents provided to the Board are available for public inspection during the meeting or may be requested from the office of the District Clerk.

DRAFT MINUTES
SEASIDE COUNTY SANITATION DISTRICT
Tuesday, February 13, 2018 9:30 AM
REGULAR MEETING
Seaside Conference Room

1. CALL TO ORDER

The meeting was called to order at 9:33 a.m.

2. ROLL CALL

Present: Lintell, Blackwelder, Rubio

3. ORAL COMMUNICATIONS COMMENTS

There was no public comments.

4. CONSENT AGENDA

On motion by Second Vice Chair Lintell and seconded by First Vice Chair Blackwelder and passed by the following vote the Seaside County Sanitation District approved Consent Agenda.

RESULT:	**Approved**
MOVER:	Second Vice Chair Pat Lintell
SECONDER:	First Vice Chair Jerry Blackwelder
AYES:	Ralph Rubio, Jerry Blackwelder, Pat Lintell
NOES:	None
ABSENT:	N

A. APPROVAL OF MINUTES FROM THE JANUARY 9, 2018 REGULAR MINUTES.

Action: Approved

B. RECEIVE SEASIDE COUNTY SANITATION DISTRICT OPERATIONS REPORT FOR JANUARY 2018.

Action: Received

C. APPROVAL OF JANUARY 2018 EXPENDITURE REPORT FOR SEASIDE COUNTY SANITATION DISTRICT.

Action: Approved

D. APPROVE PARTICIPATION IN THE PUBLIC EDUCATION PROGRAM WITH MONTEREY ONE WATER

Action: Authorized

5. NEW BUSINESS

A. UPDATE ON THE ONGOING COORDINATION BETWEEN THE SCSD AND THE MCWD ON POTENTIAL APPLICATIONS TO THE LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY FOR THE EXPANSION

OF THE SPHERE OF INFLUENCE AND SERVICE AREA ANNEXATION

Item was presented by District Manager, Craig Malin. Mr. Malin spoke to the staff report and shared that he and Chair Rubio met with MCWD counterparts to discuss the pending application and explore potential for creating a collaborative relationship moving forward for an application to LAFCO. We don't want to fall behind or get head in the application process exploring potential for collaboration and cooperation would like to recommend to hold both the SCSD application and the MCWD application to LAFCO for 120-180 days while there is exploration about the collaboration between both agencies. There were questions from the Board and were answered by Mr. Malin.

On motion by second Vice Chair Lintell and seconded by First Vice Chair Blackwelder and passed by the following vote the Seaside County Sanitation District approved the 180 day delay pending the approval of the MCWD.

RESULT:	**Approved**
MOVER:	Second Vice Chair Pat Lintell
SECONDER:	First Vice Chair Jerry Blackwelder
AYES:	Ralph Rubio, Jerry Blackwelder, Pat Lintell
NOES:	None
ABSENT:	None

6. STAFF REPORTS

A. FATS, OILS & GREASE (FOG) CORRESPONDENCE

District Engineer Rick Riedl informed the Board that letters were sent out to several food service establishments (FSEs) within the City of Seaside. Most FSEs are complying and a few are not because they don't have the proper equipment to pre-treat for grease removal going into the sewer. Mr. Riedl also informed the Board that we are still working with Del Rey Oaks City Manager and their consultant to do the preliminary design for the proposed sewer line to serve the proposed RV Park in Del Rey Oaks.

7. BOARD MEMBERS COMMENTS

None

8. ADJOURNMENT

On motion, the meeting was adjourned at 9:44 a.m.

Respectfully Submitted,

Lesley E. Milton-Rerig, District Clerk	**Ralph Rubio, Chair**

SEASIDE COUNTY SANITATION DISTRICT
STAFF REPORT

Item No.: 4.B.

TO:	Seaside County Sanitation District
FROM:	Craig Malin, District Manager
BY:	Daphne Hodgson, Deputy City Manager Administrative Services
DATE:	March 13, 2018
SUBJECT:	**ACCEPT AND FILE CASH AND INVESTMENT REPORT FOR QUARTER ENDING SEPTEMBER 30, 2017.**

PURPOSE

Accept and file the Seaside County Sanitation District September 30, 2017 Cash and Investment Report.

RECOMMENDATION

Accept and file report.

BACKGROUND

Section 53646 of the California State Government Code requires the fiscal officer to prepare a quarterly report detailing the District's cash and investments.

FISCAL IMPACT

None

ATTACHMENTS

1. Summary of Pooled Cash Investments 9-30-2017
2. Treasurers 1st Quarter Report of Investments

Reviewed for Submission By:

____
Craig Malin, District Manager

Attachment 1

Seaside County Sanitation District
SUMMARY OF POOLED CASH AND INVESTMENTS
AS OF SEPTEMBER 30, 2017

DESCRIPTION	INSTITUTION	VALUATION		AMOUNT
General Checking	Rabobank	Market	$	879,303.38
Investments held by Monterey County	Various - detail	Market	$	6,425,920.25
	in Attachment 2	**Total**	**$**	**7,305,223.63**

I hereby certify that sufficient investment liquidity and anitcipated revenues are available to meet the District's aniticipated expenditure requirements for the next six months.
(California Code Section 53646)

Investments in this report meet the requirements of the Seaside County Sanitation District's Investment Policy.

Respectfully submitted,

Craig Malin
District Manager

Monterey County
Board of Supervisors

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Order

Upon motion of Supervisor Alejo, seconded by Supervisor Phillips and carried by those members present, the Board of Supervisors hereby:

Received and accepted the Treasurer's Report of Investments for the Quarter Ending September 30, 2017.

PASSED AND ADOPTED this 24th day of October 2017, by the following vote, to wit:

AYES: Supervisors Alejo, Phillips, Salinas, Parker and Adams
NOES: None
ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 80 for the meeting October 24, 2017.

Dated: October 24, 2017
File ID: 17-1070

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By ______________________ Deputy

Monterey County

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Report

Legistar File Number: 17-1070

October 24, 2017

Introduced: 10/12/2017
Version: 1

Current Status: Agenda Ready
Matter Type: General Agenda Item

Receive and Accept the Treasurer's Report of Investments for the Quarter Ending September 30, 2017.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive and Accept the Treasurer's Report of Investments for the Quarter Ending September 30, 2017.

SUMMARY:

Government Code Section 53646 (b) (1) states the Treasurer may submit a quarterly report of investments. The attached exhibits provide a narrative portfolio review of economic and market conditions that support the investment activity during the July-September period, the investment portfolio position by investment type, a listing of historical Monterey County Treasury Pool yields versus benchmarks, and the investment portfolio by maturity range.

DISCUSSION:

During the July-September quarter, treasury yields continued to slowly move upward in response to the Fed's efforts to normalize policy by raising the interest rates. However, current inflation and growth expectations are keeping longer term yields relatively low. Despite the impact of the Hurricanes in the 1st quarter, inflation pressures continue to decline from levels at the beginning of the year and the labor market remains strong. The unemployment rate went down to 4.2%, hitting the lowest level in more than 16 years and the average hourly earnings, an important gauge of wage growth, grew 2.9% over the past 12 years providing a positive outlook for a future rate hike.

On September 30, 2017, the Monterey County investment portfolio contained an amortized book value of $1,291,399,877.18 spread among 116 separate securities and funds. The par value of those funds was $1,291,516,016.16, with a market value of $1,289,937,988.14 or 99.9% of amortized book value. The portfolio's net earned income yield for the period was 1.25%. The portfolio produced an estimated quarterly income of $ 4,012,209.73 that will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 339 days. The County Treasury outperformed most of the portfolio benchmarks due to a consistent investment strategy that uses short term debt to provide liquidity while also taking advantage of higher rates in the one to three-year investment range.

The investment portfolio was in compliance with all applicable provisions of state law and the adopted Investment Policy, and contains sufficient liquidity to meet all projected outflows over the next six months. Market value pricings were obtained through resources such as Bloomberg LLP, Union Bank of California and live-bid pricing of corporate securities.

OTHER AGENCY INVOLVEMENT:

A copy of this report will be distributed to all agencies participating in the County investment pool and the Treasury Oversight Committee. In addition, the report will be published on the County Treasurer's web site. A monthly report of investment transactions is provided to the Board of Supervisors as required by Government Code 53607.

FINANCING:

The investment portfolio contains sufficient liquidity to meet all projected expenditures over the next six months. We estimate that the investment earnings in the General Fund will meet or exceed budgeted revenue.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This recommendation supports the Administration initiative by reporting on the county investments thereby providing transparency and accountability in the management of county funds.

__Economic Development

X Administration

__Health & Human Services

__Infrastructure

__Public Safety

Prepared by: Susanne King, Treasury Manager, x5490

Approved by: Mary A. Zeeb, Treasurer-Tax Collector, x5474

All attachments are on file with the Clerk of the Board:

Exhibit A - Investment Portfolio Review 09.30.17

Exhibit B - Portfolio Management Report 09.30.17

Exhibit C - Monterey County Historical Yields vs. Benchmarks 09.30.17

Exhibit D - Aging Report 10.01.17

cc:

County Administrative Office

County Counsel

Auditor-Controller - Internal Audit Section

All depositors

Treasury Oversight Committee

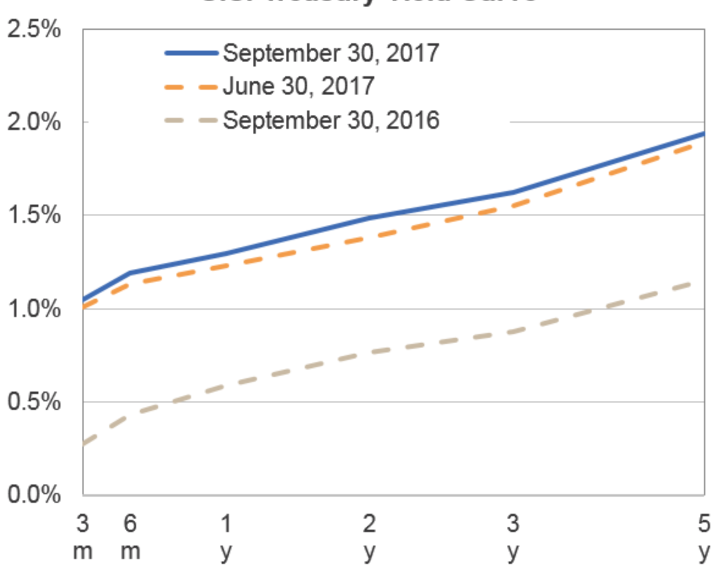
Exhibit A
Investment Portfolio Review
Quarter Ending September 30, 2017

OVERVIEW July 1, 2017 – September 30, 2017

During the July-September quarter, the two-year treasury yields continued to slowly move upward in response to the Fed's efforts to normalize policy by raising the interest rates. However, current inflation and growth expectations are keeping longer term yields relatively low. Despite the impact of Hurricanes in the 1st quarter, inflation pressures continue to decline from levels at the beginning of the year and the labor market remains strong. The unemployment rate went down to 4.2%, hitting the lowest level in more than 16 years and the average hourly earnings, an important gauge of wage growth, grew 2.9% over the past 12 years providing a positive outlook for a future rate hike. Although the Federal Open Market Committee (FOMC) did not raise the federal funds rate this quarter, the probabilities increased for a third-rate hike by the end of the year due to these conditions.

U.S. TREASURY YIELD CURVE

- Treasury yields are substantially higher compared to a year ago. Short-term yields continue to rise in response to the Fed raising rates in their efforts to normalize policy. Longer-term yields still remain relatively low in response to lower inflation and growth expectations.

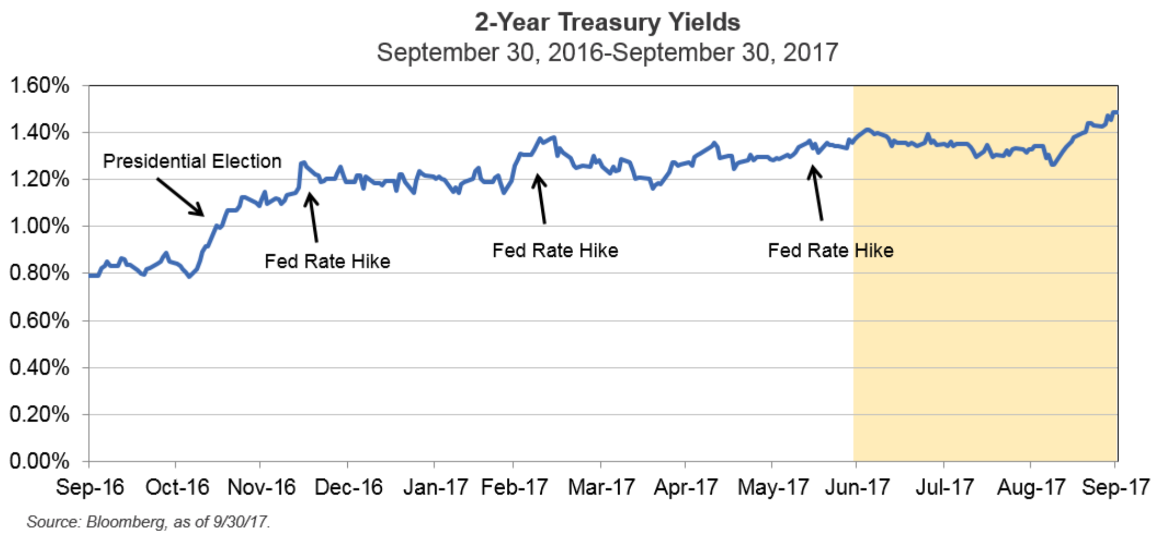


Source: Bloomberg, as of 9/30/17.

Yield Curve History

Maturity	6/30/17	9/30/17	Change
3-Mo.	1.01	1.05	0.04
6-Mo.	1.13	1.19	0.06
1-Yr.	1.23	1.29	0.06
2-Yr.	1.38	1.49	0.11
3-Yr.	1.55	1.62	0.07
5-Yr.	1.89	1.94	0.05
10-Yr.	2.31	2.33	0.02
20-Yr.	2.61	2.60	0.01
30-Yr.	2.84	2.86	0.02

Two-year treasury yields moved modestly higher towards the end of the quarter, possibly due to heightened expectations of another increase in the Fed funds target rate later this year and a tax overhaul that could increase government borrowing.



The County Treasury continues to outperform its portfolio benchmarks this quarter. Our investment strategy positions short term debt to provide liquidity and continues to take advantage of available higher yields on U.S. Treasuries, commercial paper, notes and negotiable CDs as well as maintaining federal agencies with attractive rates. The following indicators reflect key aspects of the County's investment portfolio in light of the above noted conditions:

1. Market Access – During the quarter, investment purchases included the purchase of a CD for the main portfolio and various U.S Treasuries, Federal Agency Bonds, a CD and Corporate Notes to establish a custom investment portfolio for MCOE/MERMA. The Treasurer continues to keep a higher level of liquid assets reflecting the need to maintain levels of available cash to ensure the ability to meet all cash flow needs.

2. Diversification - The Monterey County Treasurer's portfolio consists of 116 separate fixed income investments, all of which are authorized by the State of California Government Code 53601.

The portfolio asset spread is detailed in the table below:

Portfolio Asset Composition					
Corporate Notes	Negotiable CDs	Overnight Liquid Assets	US Treasuries	Federal Agencies	Commercial Paper
16.7%	7.1%	14.70%	27.5%	31.6%	2.5%

- Total may not equal 100% due to rounding

3. Credit Risk – Approximately 83.4% of the investment portfolio is comprised of U.S. Treasuries, Federal Agency securities, Negotiable CDs and other liquid funds. All assets have an investment grade rating. U.S. Treasuries are not specifically rated, but are considered the safest of all investments. All corporate debt (16.7%) is rated in the higher levels of investment grade and all federal agency securities have AA ratings, or are guaranteed by the U.S. Treasury. The credit quality of the County's portfolio continues to be high.

The portfolio credit composition is detailed in the table below:

Portfolio Credit Composition												
AAA	AAAm	AA+	AA	AA-	A+	A	A-	A-1+ (Short-Term)	A-1 (Short-Term)	Aaf/S1+ (CalTrust)	BBB+	Not Rated (LAIF/MMF)
1%	11%	60%	1%	6%	5%	3%	2%	4%	2%	3%	1%	1%

4. Liquidity Risk – Liquidity risk, as measured by the ability of the County's Treasury to meet withdrawal demands on invested assets, was managed during the July-September quarter. The portfolio's average weighted maturity was 339 days, and the County maintained $189M (15%) in overnight investments to provide immediate liquidity. In addition, the County maintained $564M (44%) in securities with maturities under a year to provide enhanced liquidity.

PORTFOLIO CHARACTERISTICS

	June 30, 2017	September 30, 2017
Total Assets	$1,406,749,451.38	$1,291,516,016.16
Market Value	$1,404,654,946.58	$1,289,937,988.14
Days to Maturity	398	339
Yield	1.22%	1.25%
Estimated Earnings	$4,367,421.71	$4,012,209.73

FUTURE STRATEGY

The Treasurer has 41% of the portfolio invested in the 1-3-year maturity range and 44% invested in maturities under one year to take advantage of the higher yields offered in those parts of the yield curve. We will continue to run the portfolio to manage safety and liquidity while maximizing the rate of return.

Exhibit B

Monterey County
Portfolio Management
Portfolio Details - Investments
September 30, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Money Market Accts - GC 53601(k)(2)												
SYS11672	11672	BlackRock			0.00	0.00	0.00	0.337			0.337	
SYS12159	12159	DREYFUS AMT FREE TAX EXEMPT MM		08/18/2017	7,001,528.77	7,001,528.77	7,001,528.77	0.598			0.598	
SYS11830	11830	Federated		07/01/2017	0.00	0.00	0.00	0.101	Aaa	AAA	0.101	
SYS11578	11578	Fidelity Investments			800,000.00	800,000.00	800,000.00	0.944	Aaa	AAA	0.944	
		Subtotal and Average	**4,148,324.60**		**7,801,528.77**	**7,801,528.77**	**7,801,528.77**				**0.633**	
State Pool - GC 16429.1												
SYS11361	11361	LAIF			8,400,000.00	8,400,000.00	8,400,000.00	0.924			0.924	
		Subtotal and Average	**10,471,739.13**		**8,400,000.00**	**8,400,000.00**	**8,400,000.00**				**0.924**	
CALTRUST/CAMP - GC 53601(p)												
SYS11801	11801	CalTrust			40,400,000.00	40,400,000.00	40,400,000.00	1.160	Aaa	AAA	1.160	
SYS11802	11802	CalTrust			1,000,000.00	1,000,000.00	1,000,000.00	0.917	Aaa	AAA	0.917	
SYS10379	10379	Calif. Asset Mgmt			130,900,000.00	130,900,000.00	130,900,000.00	1.147		AAA	1.147	
SYS11961	11961	Calif. Asset Mgmt		07/01/2017	0.00	0.00	0.00	0.658		AAA	0.658	
		Subtotal and Average	**97,390,217.39**		**172,300,000.00**	**172,300,000.00**	**172,300,000.00**				**1.149**	
SWEEP ACCOUNT-MORG STNLY												
SYS12041	12041	Morgan Stanley			1.00	1.00	1.00	0.731			0.731	
		Subtotal and Average	**67,876.16**		**1.00**	**1.00**	**1.00**				**0.731**	
SWEEP ACCOUNT - CUSTOM												
SYS12138	12138	Morgan Stanley		07/31/2017	208,486.39	208,486.39	208,486.39	0.905			0.905	
		Subtotal and Average	**4,512,195.42**		**208,486.39**	**208,486.39**	**208,486.39**				**0.905**	
Medium Term Notes - GC 53601(k)												
0258M0DP1	12088	American Express Credit		06/27/2016	10,000,000.00	10,055,700.00	10,107,134.93	2.250	A2	A-	1.660	08/15/2019
025816BM0	12156	American Express Credit		08/21/2017	250,000.00	249,782.50	249,782.50	2.500	A3	BBB+	2.519	08/01/2022
037833BQ2	12066	Apple Inc Corp Notes		02/23/2016	6,000,000.00	6,011,340.00	5,999,526.39	1.700	Aa1	AA+	1.706	02/22/2019
037833AQ3	12129	Apple Inc Corp Notes		04/07/2017	10,000,000.00	10,089,589.45	10,089,589.45	2.100	Aa1	AA+	1.528	05/06/2019
037833CQ1	12151	Apple Inc Corp Notes		08/17/2017	250,000.00	251,337.06	251,337.06	2.300			2.177	05/11/2022
05531FAV5	12153	BB&T Corporation		08/21/2017	250,000.00	249,556.17	249,556.17	2.050	A2	A-	2.101	05/10/2021
06406HCZ0	12126	Bank of New York Mellon Corp		03/17/2017	10,000,000.00	10,009,226.02	10,009,226.02	2.150	A1	A	2.110	02/24/2020
084670BX5	12098	Berkshire Hathaway Finance		08/15/2016	2,415,000.00	2,402,876.70	2,414,873.61	1.150	Aa2	AA	1.156	08/15/2018

Exhibit B

Monterey County
Portfolio Management
Portfolio Details - Investments
September 30, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Medium Term Notes - GC 53601(k)												
166764AE0	12049	Chevron Corp. Global		11/25/2015	8,175,000.00	8,200,015.50	8,186,618.00	1.718	Aa1	AA	1.519	06/24/2018
17275RBG6	12104	Cisco Systems Inc Corp		09/20/2016	9,000,000.00	8,901,900.00	8,993,441.75	1.400	A1		1.438	09/20/2019
17275RBD3	12150	Cisco Systems Inc Corp		08/17/2017	250,000.00	252,080.40	252,080.40	2.200	A1	AA-	1.946	02/28/2021
172967KS9	12085	Citibank		06/09/2016	3,840,000.00	3,825,523.20	3,838,877.49	2.050	Baa1	A-	2.068	06/07/2019
191216BV1	12130	Coca- Cola Co		04/07/2017	4,431,000.00	4,418,845.07	4,418,845.07	1.375	Aa3	AA-	1.543	05/30/2019
25468PDH6	12064	The Walt Disney Copr		01/08/2016	2,710,000.00	2,712,601.60	2,708,463.38	1.650	A2	A	1.696	01/08/2019
369604BC6	12010	General Electric		01/23/2015	10,000,000.00	10,359,400.00	10,072,601.16	5.250	Aa	AA	1.150	12/06/2017
38141GVT8	12074	Goldman Sachs		04/25/2016	1,415,000.00	1,409,382.45	1,412,945.73	2.000	A3	BBB+	2.096	04/25/2019
38141GVT8	12075	Goldman Sachs		04/26/2016	7,210,000.00	7,181,376.30	7,207,588.02	2.000	A3	BBB+	2.022	04/25/2019
02665WBA8	12068	American Honda Finance		02/23/2016	3,780,000.00	3,764,502.00	3,779,648.97	1.700	A1	A+	1.707	02/22/2019
02665WBE0	12091	American Honda Finance		07/12/2016	2,500,000.00	2,455,575.00	2,498,516.20	1.200	A1	A+	1.234	07/12/2019
459200JE2	12067	IBM Corp Notes		02/19/2016	20,000,000.00	20,008,600.00	19,995,885.96	1.800			1.812	05/17/2019
458140AZ3	12136	INTEL CORP		05/15/2017	10,000,000.00	10,015,200.74	10,015,200.74	1.850	A1	A+	1.790	05/11/2020
458140AZ3	12155	INTEL CORP		08/21/2017	250,000.00	250,321.33	250,321.33	1.850	A1	A+	1.799	05/11/2020
24422ETE9	12063	John Deere Captital Corp		01/08/2016	8,300,000.00	8,334,943.00	8,299,789.27	1.950	A2	A	1.952	01/08/2019
46625HQU7	12081	JP Morgan Chase		05/26/2016	10,000,000.00	9,968,400.00	10,008,623.52	1.850	A3	A	1.789	03/22/2019
46625HHU7	12157	JP Morgan Chase		08/21/2017	250,000.00	265,500.75	265,500.75	4.250	A3	A-	2.129	10/15/2020
58933YAS4	12164	MERCK & CO INC		08/22/2017	250,000.00	251,058.86	251,058.86	1.850	A1	AA	1.666	02/10/2020
594918BN3	12095	MICROSOFT CORP		08/08/2016	6,500,000.00	6,412,575.00	6,495,865.22	1.100	Aaa	AAA	1.135	08/08/2019
594918BN3	12133	MICROSOFT CORP		04/07/2017	6,000,000.00	5,949,082.76	5,949,082.76	1.100	Aaa	AAA	1.568	08/08/2019
594918BG8	12149	MICROSOFT CORP		08/17/2017	250,000.00	252,017.66	252,017.66	2.000	Aaa	AAA	1.730	11/03/2020
68389XBB0	12148	Oracle Corp		08/17/2017	250,000.00	252,866.70	252,866.70	2.500	A1	AA-	2.471	05/15/2022
742718EN5	12154	Procter & Gamble Co		08/21/2017	250,000.00	249,557.25	249,557.25	1.850	Aa3	AA-	1.905	02/02/2021
713448DE5	12070	Pepsico Inc Corp Note		02/24/2016	3,850,000.00	3,836,525.00	3,849,481.11	1.500	A1	A	1.510	02/22/2019
717081DU4	12083	PFIZER INC		06/03/2016	10,000,000.00	9,939,100.00	9,993,645.56	1.450	A1	AA	1.489	06/03/2019
857477AS2	12158	State Street Corp		08/21/2017	250,000.00	254,713.20	254,713.20	2.550	A1	A	1.874	08/18/2020
89236TCA1	12009	Toyota Motor Corporation		01/16/2015	10,000,000.00	10,002,900.00	10,004,655.76	1.450	Aa	AA	1.280	01/12/2018
89233P6S0	12018	Toyota Motor Corporation		03/30/2015	10,000,000.00	9,998,700.00	10,000,156.46	1.250	Aaa	AA	1.107	10/05/2017
89236TBP9	12121	Toyota Motor Corporation		01/12/2017	5,000,000.00	5,019,281.46	5,019,281.46	2.125	Aa3	AA-	1.904	07/18/2019
89236TCQ6	12165	Toyota Motor Corporation		08/22/2017	250,000.00	256,409.83	256,409.83	2.800	Aa3	AA-	2.231	07/13/2022
91159HHA1	12152	US BANCORP		08/17/2017	250,000.00	267,709.60	267,709.60	4.125	A1	A+	2.215	08/24/2021
94974BFG0	12021	Wells Fargo & Company		04/07/2015	10,000,000.00	9,988,000.00	10,009,606.61	1.500	Aaa	AA	1.164	01/16/2018
94974BFU9	12089	Wells Fargo & Company		06/27/2016	10,000,000.00	10,032,400.00	10,097,553.20	2.125	A2	A	1.483	04/22/2019
		Subtotal and Average	**213,076,962.24**		**214,376,000.00**	**214,606,472.56**	**214,779,635.11**				**1.593**	

Exhibit B

Monterey County
Portfolio Management
Portfolio Details - Investments
September 30, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Negotiable CDs - GC 53601(i)												
06539RGM3	12166	Bank of Tokyo-MITS		09/27/2017	250,000.00	250,000.00	250,000.00	2.070	P-1	A-1	2.099	09/25/2019
06417GUE6	12127	Bank of Nova Scotia Hous		04/06/2017	10,000,000.00	10,000,000.00	10,000,000.00	1.910			1.910	04/05/2019
40428AR58	12047	HSBC Securites		11/18/2015	14,000,000.00	14,000,000.00	14,000,000.00	1.540	Aa2	AA-	1.540	11/17/2017
65558LWA6	12109	Nordea Bank Finland NY		12/05/2016	17,500,000.00	17,641,225.00	17,500,000.00	1.760	Aa3	AA-	1.760	11/30/2018
78009NZZ2	12072	Royal Bank of Canada		03/15/2016	18,000,000.00	18,000,000.00	18,000,000.00	1.700	Aa3	AA-	1.700	03/09/2018
83050FXT3	12141	Skandinaviska Enskilada Banken		08/04/2017	14,000,000.00	13,994,975.00	13,994,975.00	1.840	P-1	A-1	1.860	08/02/2019
89113E5E2	12073	Toronto Dominion Bank		03/16/2016	18,000,000.00	18,000,000.00	18,000,000.00	1.720	Aa1	AA-	1.744	03/14/2018
		Subtotal and Average	**99,724,958.18**		**91,750,000.00**	**91,886,200.00**	**91,744,975.00**				**1.744**	
Commercial Paper Disc.- GC 53601(h)												
06538CB83	12137	Bank of Tokyo-MITS		05/16/2017	12,000,000.00	11,934,133.33	11,934,133.33	1.520	P-1	A-1	1.561	02/08/2018
13607EZV4	12132	Canadian Imperial Holding		04/07/2017	20,000,000.00	19,935,227.78	19,935,227.78	1.310			1.341	12/29/2017
		Subtotal and Average	**48,641,539.54**		**32,000,000.00**	**31,869,361.11**	**31,869,361.11**				**1.423**	
Fed Agcy Coupon Sec - GC 53601(f)												
3133EEFE5	12008	Federal Farm Credit Bank		01/12/2015	10,000,000.00	10,019,700.00	10,003,150.00	1.125	Aaa	AA	0.975	12/18/2017
3133EEMA5	12011	Federal Farm Credit Bank		01/30/2015	10,000,000.00	9,981,300.00	10,004,296.38	1.500	Aaa	AA	1.480	12/30/2019
3133EELZ1	12012	Federal Farm Credit Bank		02/02/2015	10,000,000.00	9,979,400.00	10,005,354.09	1.000	Aaa	AA	0.890	03/29/2018
3133EETE0	12020	Federal Farm Credit Bank		04/01/2015	10,000,000.00	10,009,500.00	10,008,482.47	1.125	Aaa	AA	0.932	03/12/2018
313378A43	11925	Federal Home Loan Bank		05/02/2013	10,000,000.00	10,035,800.00	10,026,535.32	1.375	Aaa	AA	0.758	03/09/2018
313383A68	11928	Federal Home Loan Bank		06/13/2013	10,000,000.00	9,947,800.00	10,000,000.00	1.080	Aaa	AA	1.080	06/13/2018
3130A4Q70	12032	Federal Home Loan Bank		04/23/2015	10,000,000.00	10,006,100.00	10,002,384.63	1.000	Aaa	AA+	0.811	11/17/2017
3130A8BD4	12082	Federal Home Loan Bank		05/27/2016	32,000,000.00	31,888,640.00	31,972,515.74	0.875	Aaa	AA+	0.992	06/29/2018
3130A8DB6	12084	Federal Home Loan Bank		06/03/2016	16,935,000.00	16,838,639.85	16,930,983.72	1.125	Aaa	AA+	1.139	06/21/2019
3130A8DB6	12090	Federal Home Loan Bank		07/12/2016	26,000,000.00	25,852,060.00	26,144,912.56	1.125	Aaa	AA+	0.797	06/21/2019
3130A8PK3	12097	Federal Home Loan Bank		08/15/2016	18,000,000.00	17,856,900.00	17,965,497.64	0.625	Aaa	AA+	0.853	08/07/2018
3130A8BD4	12099	Federal Home Loan Bank		08/15/2016	15,250,000.00	15,196,930.00	15,251,337.64	0.875	Aaa	AA+	0.863	06/29/2018
3130A9AE1	12101	Federal Home Loan Bank		08/29/2016	17,500,000.00	17,403,750.00	17,494,078.76	0.875	Aaa	AA+	0.909	10/01/2018
3130AAXX1	12125	Federal Home Loan Bank		03/17/2017	10,000,000.00	9,988,012.76	9,988,012.76	1.375	Aaa	AA+	1.458	03/18/2019
313383HU8	12144	Federal Home Loan Bank		08/16/2017	1,200,000.00	1,206,686.14	1,206,686.14	1.750	Aaa	AA+	1.538	06/12/2020
3137EADZ9	12100	Federal Home Loan Mtg Corp		08/29/2016	17,500,000.00	17,429,125.00	17,544,785.57	1.125	Aaa	AA+	0.956	04/15/2019
3137EAED7	12103	Federal Home Loan Mtg Corp		09/16/2016	10,150,000.00	10,094,885.50	10,147,829.45	0.875	Aaa	AA+	0.896	10/12/2018
3137EAEB1	12114	Federal Home Loan Mtg Corp		12/19/2016	20,000,000.00	19,735,800.00	19,758,776.77	0.875	Aaa	AA+	1.561	07/19/2019
3137EAEE5	12139	Federal Home Loan Mtg Corp		08/07/2017	1,200,000.00	1,200,236.54	1,200,236.54	1.500	Aaa	AA+	1.491	01/17/2020
3135G0XA6	11924	Federal National Mtg Assn		05/21/2013	10,000,000.00	9,930,700.00	10,000,000.00	1.030	Aaa	AA	1.030	05/21/2018

Exhibit B

Monterey County
Portfolio Management
Portfolio Details - Investments
September 30, 2017

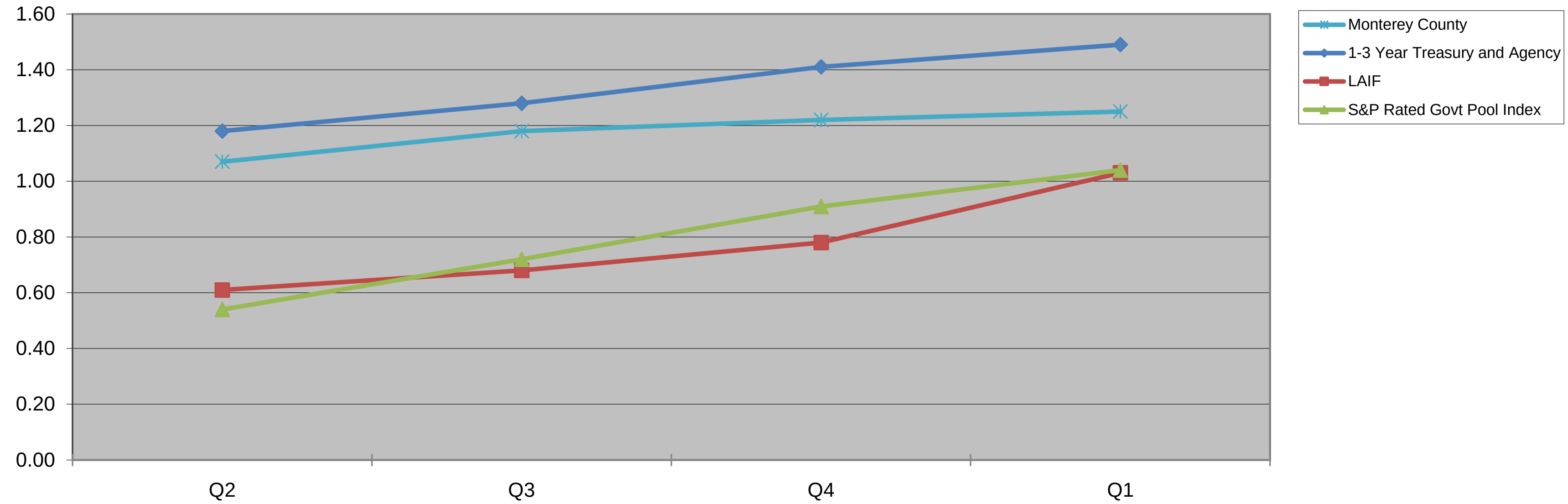
CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Fed Agcy Coupon Sec - GC 53601(f)												
3135G0XK4	11927	Federal National Mtg Assn		05/30/2013	10,000,000.00	9,979,200.00	10,000,000.00	1.050	Aaa	AA	1.050	05/25/2018
3135G0WJ8	11929	Federal National Mtg Assn		05/28/2013	10,000,000.00	9,972,000.00	9,989,442.83	0.875	Aaa	AA	1.045	05/21/2018
3136FTS67	12013	Federal National Mtg Assn		02/03/2015	10,000,000.00	10,080,600.00	10,074,310.11	1.700	Aaa	AA	1.157	02/27/2019
3135G0YM9	12033	Federal National Mtg Assn		04/23/2015	10,000,000.00	10,115,900.00	10,076,943.36	1.875	Aaa	AA+	1.060	09/18/2018
3135G0RT2	12039	Federal National Mtg Assn		10/22/2015	10,000,000.00	9,994,500.00	10,003,361.05	0.875	Aaa	AA+	0.720	12/20/2017
3135G0TG8	12040	Federal National Mtg Assn		10/22/2015	10,000,000.00	9,993,200.00	10,004,351.21	0.875	Aaa	AA+	0.750	02/08/2018
3135G0J53	12069	Federal National Mtg Assn		02/23/2016	21,150,000.00	21,018,447.00	21,126,725.24	1.000	Aaa	AA+	1.080	02/26/2019
3135G0N33	12094	Federal National Mtg Assn		08/08/2016	18,675,000.00	18,415,604.25	18,648,219.81	0.875	Aaa	AA+	0.954	08/02/2019
3135G0J53	12096	Federal National Mtg Assn		08/09/2016	7,900,000.00	7,850,862.00	7,910,571.96	1.000	Aaa	AA+	0.903	02/26/2019
3135G0T29	12123	Federal National Mtg Assn		02/28/2017	12,600,000.00	12,593,526.40	12,593,526.40	1.500	Aaa	AA+	1.522	02/28/2020
3135G0ZA4	12134	Federal National Mtg Assn		04/07/2017	20,000,000.00	20,157,107.14	20,157,107.14	1.875	Aaa	AA	1.298	02/19/2019
3135G0T60	12140	Federal National Mtg Assn		08/07/2017	1,200,000.00	1,197,481.47	1,197,481.47	1.500	Aaa	AA+	1.576	07/30/2020
3135G0T29	12142	Federal National Mtg Assn		08/16/2017	1,200,000.00	1,200,422.09	1,200,422.09	1.500	Aaa	AA+	1.485	02/28/2020
		Subtotal and Average	**427,523,745.89**		**408,460,000.00**	**407,170,816.14**	**408,638,318.85**				**1.041**	
US Treasury Note-GC 53601(b)												
912828A34	12042B	U.S. Treasury		11/10/2015	5,290,000.00	5,297,670.50	5,290,000.00	1.250	Aaa	AA	1.250	11/30/2018
912828VE7	12045	U.S. Treasury		11/16/2015	17,000,000.00	16,993,370.00	16,992,718.95	1.000	Aaa	AA+	1.066	05/31/2018
912828A34	12052	U.S. Treasury		11/25/2015	10,000,000.00	10,014,500.00	10,000,904.72	1.250	Aaa	AA	1.242	11/30/2018
912828WD8	12056	U.S. Treasury		12/22/2015	40,000,000.00	40,064,000.00	40,005,911.76	1.250	Aaa	AA+	1.236	10/31/2018
912828VE7	12062	U.S. Treasury		12/22/2015	20,000,000.00	19,992,200.00	19,978,356.48	1.000	Aaa	AA+	1.166	05/31/2018
912828S68	12113	U.S. Treasury		12/19/2016	20,000,000.00	19,893,000.00	19,926,050.51	0.750	Aaa		1.200	07/31/2018
912828RE2	12115	U.S. Treasury		12/19/2016	20,000,000.00	20,125,000.00	20,051,345.77	1.500	Aaa		1.215	08/31/2018
912828H52	12116A	U.S. Treasury		12/21/2016	12,400,000.00	12,308,984.00	12,302,640.62	1.250	Aaa		1.596	01/31/2020
912828T42	12117	U.S. Treasury		12/21/2016	25,000,000.00	24,831,000.00	24,885,898.92	0.750	Aaa		1.214	09/30/2018
912828UJ7	12118	U.S. Treasury		12/21/2016	25,000,000.00	24,981,500.00	24,991,783.41	0.875	Aaa	AA	0.974	01/31/2018
912828SD3	12119	U.S. Treasury		12/21/2016	25,000,000.00	25,014,750.00	24,983,962.09	1.250	Aaa		1.299	01/31/2019
912828UR9	12120	U.S. Treasury		12/23/2016	50,000,000.00	49,883,000.00	49,951,850.05	0.750	Aaa		0.986	02/28/2018
912828N63	12122	U.S. Treasury		01/24/2017	20,000,000.00	19,989,792.82	19,989,792.82	1.125	Aaa		1.165	01/15/2019
912828UZ1	12135	U.S. Treasury		04/28/2017	50,080,000.00	49,942,785.32	49,942,785.32	0.625	Aaa		1.103	04/30/2018
912828XV7	12143	U.S. Treasury		08/16/2017	2,500,000.00	2,497,905.18	2,497,905.18	1.250			1.299	06/30/2019
912828N63	12145	U.S. Treasury		08/16/2017	2,500,000.00	2,495,284.73	2,495,284.73	1.125	Aaa		1.273	01/15/2019
912828K82	12146A	U.S. Treasury		08/16/2017	2,250,000.00	2,245,623.33	2,245,623.33	1.000	Aaa	AA+	1.225	08/15/2018
9128282K5	12147	U.S. Treasury		08/16/2017	1,200,000.00	1,201,666.49	1,201,666.49	1.375			1.298	07/31/2019
912828H86	12160	U.S. Treasury		08/18/2017	2,000,000.00	1,981,833.09	1,981,833.09	1.500	Aaa		1.719	01/31/2022

Exhibit B

Monterey County
Portfolio Management
Portfolio Details - Investments
September 30, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
US Treasury Note-GC 53601(b)												
912828T67	12161	U.S. Treasury		08/18/2017	2,000,000.00	1,965,851.49	1,965,851.49	1.250	Aaa		1.685	10/31/2021
912828Q78	12162	U.S. Treasury		08/18/2017	2,000,000.00	1,983,901.34	1,983,901.34	1.375			1.607	04/30/2021
912828L99	12163	U.S. Treasury		08/18/2017	2,000,000.00	1,991,503.88	1,991,503.88	1.375	Aaa		1.517	10/31/2020
		Subtotal and Average	**372,529,874.38**		**356,220,000.00**	**355,695,122.17**	**355,657,570.95**				**1.170**	
		Total and Average	**1,278,087,432.91**		**1,291,516,016.16**	**1,289,937,988.14**	**1,291,399,877.18**				**1.239**	

Exhibit C
Monterey County Historical Yields vs. Benchmarks

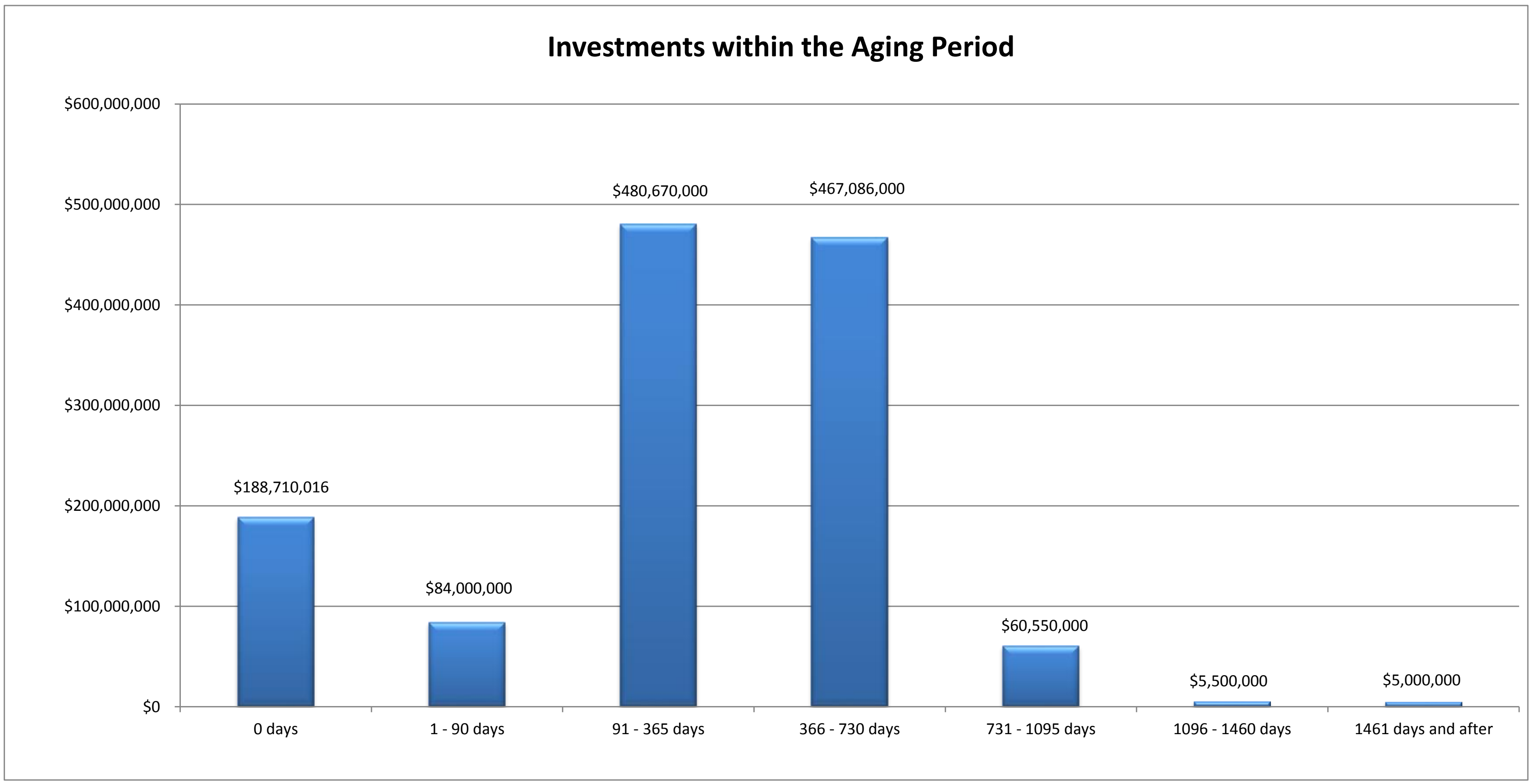


	FY 16/17				FY 17/18			
Quarterly Yield	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Monterey County	1.54	1.07	1.18	1.22	1.25			
1 - 3 Yr Treasury and Agency	0.79	1.18	1.28	1.41	1.49			
LAIF	0.55	0.61	0.68	0.78	1.03			
S&P Rated Govt. Pool Index	0.45	0.54	0.72	0.91	1.04			

The S&P Index yields are obtained from Bloomberg
The 1-3 Yr Treasury and Agency yields are obtained from the B of A Merrill Lynch Global Bond Indices/Bloomberg

Exhibit D
Monterey County
Aging Report
By Maturity Date
As of October 1, 2017

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval:	0 days	(10/01/2017 - 10/01/2017)	11 Maturities	188,710,016.16	14.60%	188,710,016.16	188,710,016.16
Aging Interval:	1 - 90 days	(10/02/2017 - 12/30/2017)	7 Maturities	84,000,000.00	6.50%	84,016,881.08	84,313,627.78
Aging Interval:	91 - 365 days	(12/31/2017 - 10/01/2018)	29 Maturities	480,670,000.00	37.22%	480,310,839.11	479,725,124.18
Aging Interval:	366 - 730 days	(10/02/2018 - 10/01/2019)	43 Maturities	467,086,000.00	36.17%	467,406,423.32	466,250,155.51
Aging Interval:	731 - 1095 days	(10/02/2019 - 09/30/2020)	12 Maturities	60,550,000.00	4.69%	60,485,809.79	60,469,156.79
Aging Interval:	1096 - 1460 days	(10/01/2020 - 09/30/2021)	8 Maturities	5,500,000.00	0.43%	5,511,827.05	5,511,827.05
Aging Interval:	1461 days and after	(10/01/2021 -)	6 Maturities	5,000,000.00	0.39%	4,958,080.67	4,958,080.67
			Total for 116 Investments	1,291,516,016.16	100.00	1,291,399,877.18	1,289,937,988.14



SEASIDE COUNTY SANITATION DISTRICT
STAFF REPORT

Item No.: 4.C.

TO: Seaside County Sanitation District

FROM: Craig Malin, District Manager

BY: Daphne Hodgson, Deputy City Manager Administrative Services

DATE: March 13, 2018

SUBJECT: **ACCEPT AND FILE CASH AND INVESTMENT REPORT FOR QUARTER ENDING DECEMBER 31, 2017.**

PURPOSE

Accept and file the Seaside County Sanitation District December 30, 2017 Cash and Investment Report.

RECOMMENDATION

Accept and file report.

BACKGROUND

Section 53646 of the California State Government Code requires the fiscal officer to prepare a quarterly report detailing the District's cash and investments.

FISCAL IMPACT

None

ATTACHMENTS

1. Summary of Pooled Cash Investments 12-31-2017
2. Treasurers 2nd Quarter Report of Investments

Reviewed for Submission By:

____
Craig Malin, District Manager

Attachment 1

Seaside County Sanitation District
SUMMARY OF POOLED CASH AND INVESTMENTS
AS OF DECEMBER 31, 2017

DESCRIPTION	INSTITUTION	VALUATION		AMOUNT
General Checking	Rabobank	Market	$	829,834.50
Investments held by Monterey County	Various - detail	Market	$	6,401,970.83
	in Attachment 2	**Total**	**$**	**7,231,805.33**

I hereby certify that sufficient investment liquidity and anitcipated revenues are available to meet the District's aniticipated expenditure requirements for the next six months. (California Code Section 53646)

Investments in this report meet the requirements of the Seaside County Sanitation District's Investment Policy.

Respectfully submitted,

Craig Malin
District Manager

Monterey County
Board of Supervisors

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Order

Upon motion of Supervisor Salinas, seconded by Supervisor Phillips and carried by those members present, the Board of Supervisors hereby:

Received and accepted the Treasurer's Report of Investments for the Quarter Ending December 31, 2017.

PASSED AND ADOPTED on this 30th day of January 2018, by the following vote, to wit:

AYES: Supervisors Alejo, Salinas, Phillips, Parker and Adams
NOES: None
ABSENT: None

I, Nicholas E. Chiulos, Acting Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 80 for the meeting January 30, 2018.

Dated: February 2, 2018
File ID: 18-039

Nicholas E. Chiulos, Acting Clerk of the Board of Supervisors
County of Monterey, State of California

By Denise Hancock
Deputy

Monterey County

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Report

Legistar File Number: 18-039

January 30, 2018

Introduced: 1/12/2018
Version: 1

Current Status: Agenda Ready
Matter Type: General Agenda Item

Receive and Accept the Treasurer's Report of Investments for the Quarter Ending December 31, 2017.

RECOMMENDATION:
It is recommended that the Board of Supervisors:
Receive and Accept the Treasurer's Report of Investments for the Quarter Ending December 31, 2017.

SUMMARY:
Government Code Section 53646 (b) (1) states the Treasurer may submit a quarterly report of investments. The attached exhibits provide a narrative portfolio review of economic and market conditions that support the investment activity during the October - December period, the investment portfolio position by investment type, a listing of historical Monterey County Treasury Pool yields versus benchmarks, and the investment portfolio by maturity range.

DISCUSSION:
During the October - December quarter, the short-term treasury yields continued to slowly move upward in response to the Federal Reserve's (Fed's) efforts to normalize policy by raising interest rates. The core personal consumption expenditures (PCE) price index, the Fed's preferred measure of inflation, remained at 1.4% year-over-year in November. The Fed forecasts inflation to gradually rise in 2018 further towards their 2% run target, and reaching the 2% target in the beginning of 2019. In addition, U.S. Recession Indicators show that recession risks appear low in the near term. Labor markets continued strong into the year-end as the unemployment rate remained at 4.1%, the lowest level in more than 16 years.
On December 31, 2017, the Monterey County investment portfolio contained an amortized book value of $1,556,463,937.33 spread among 117 separate securities and funds. The par value of those funds was $1,558,052,557.25 with a market value of $1,551,822,253.16 or 99.7% of amortized book value. The portfolio's net earned income yield for the period was 1.27%. The portfolio produced an estimated quarterly income of $ 4,456,424.41 that will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 261 days. The County Treasury outperformed most of the portfolio benchmarks due to a consistent investment strategy that uses short term debt to provide liquidity while also taking advantage of higher rates in the one to three-year investment range.
The investment portfolio is in compliance with all applicable provisions of state law and the adopted Investment Policy, and contains sufficient liquidity to meet all projected outflows over the next six

months. Market value pricings were obtained through resources such as Bloomberg LLP, Union Bank of California and live-bid pricing of corporate securities.

OTHER AGENCY INVOLVEMENT:
A copy of this report will be distributed to all agencies participating in the investment pool and the Treasury Oversight Committee. In addition, the report will be published on the County Treasurer's web site. A monthly report of investment transactions is provided to the Board of Supervisors as required by Government Code 53607.

FINANCING:
The investment portfolio contains sufficient liquidity to meet all projected expenditures over the next six months. We estimate that investment earnings in the General Fund will meet or exceed budgeted revenue

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:
This recommendation supports the Administration initiative by providing transparency and accountability in the management of County funds in the Treasurer's investment portfolio.
__Economic Development
X Administration
__Health & Human Services
__Infrastructure
__Public Safety

Prepared by: Susanne King, Treasury Manager, x5490

Approved by: Mary A. Zeeb, Treasurer-Tax Collector, x5474

All attachments are on file with the Clerk of the Board:
Exhibit A - Investment Portfolio Review 12.31.17
Exhibit B - Portfolio Management Report 12.31.17
Exhibit C - Monterey County Historical Yields vs. Benchmarks 12.31.17
Exhibit D - Aging Report 01.01.18

cc:
Auditor-Controller - Internal Audit Section
All depositors
Treasury Oversight Committee

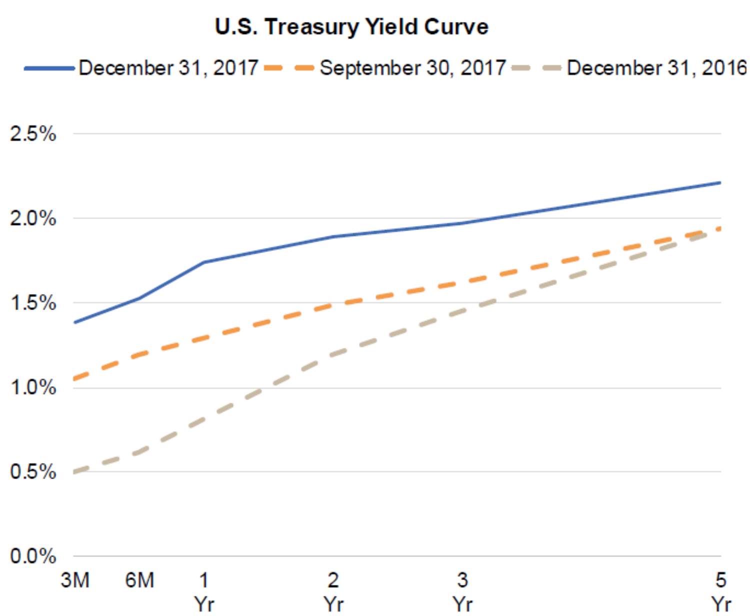
Exhibit A
Investment Portfolio Review
Quarter Ending December 31, 2017

OVERVIEW October 1, 2017 – December 31, 2017

During the October - December quarter, the short-term treasury yields continued to slowly move upward in response to the Federal Reserve's (Fed's) efforts to normalize policy by raising interest rates. The core personal consumption expenditures (PCE) price index, the Fed's preferred measure of inflation, remained at 1.4% year-over-year in November. The Fed forecasts inflation to gradually rise in 2018 further towards their 2% run target, and reaching the 2% target in the beginning of 2019. In addition, U.S. Recession Indicators show that recession risks appear low in the near term. Labor markets continued strong into the year-end as the unemployment rate remained at 4.1%, the lowest level in more than 16 years.

U.S. TREASURY YIELD CURVE

- Yield movement during the quarter resulted in a continued flattening of the yield curve.
- Longer-term yields (five years and greater) moved only slightly higher, or decreased as expectations of future growth and inflation prospects remained muted.

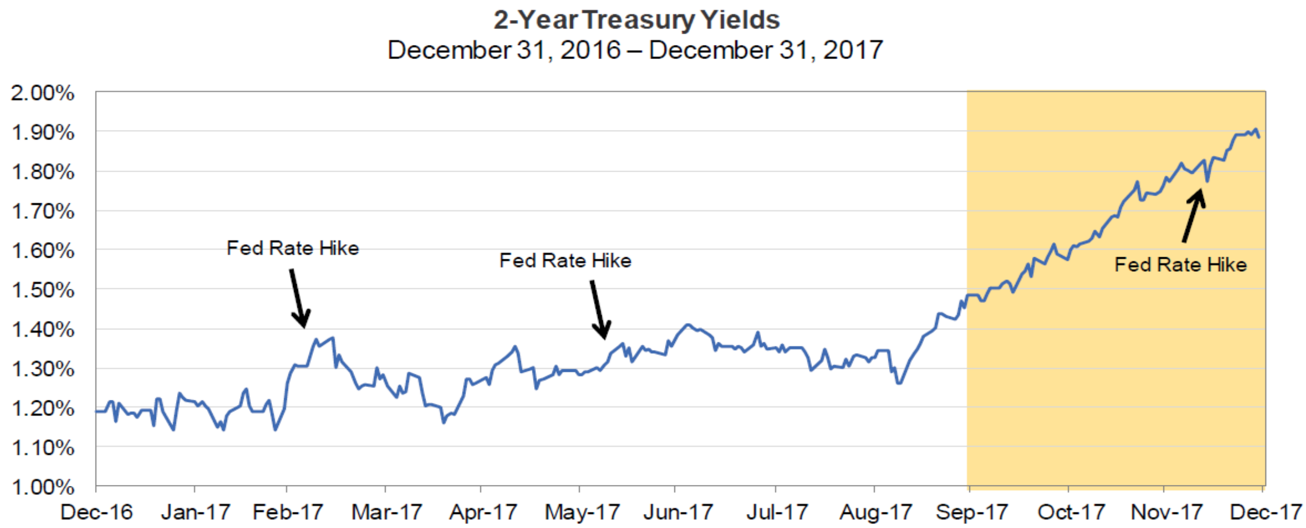


Source: Bloomberg, as of 12/31/17.

Yield Curve History

Maturity	9/30/2017	12/31/2017	Change
3-Mo.	1.05	1.38	+0.33
6-Mo.	1.19	1.53	+0.34
1-Yr.	1.29	1.74	+0.45
2-Yr.	1.49	1.89	+0.40
3-Yr.	1.62	1.97	+0.35
5-Yr.	1.94	2.21	+0.27
7-Yr.	2.17	2.33	+0.16
10-Yr.	2.33	2.41	+0.08
30-Yr.	2.86	2.74	-0.12

- Short-term yields (three years and under) moved notably higher during the fourth quarter as markets responded to another rate hike by the Federal Reserve and the passage of the largest overhaul of the U.S. tax system in more than 30 years.



The County Treasury continues to outperform most of its portfolio benchmarks this quarter. Our investment strategy positions short term debt to provide liquidity and continues to take advantage of available higher yields on U.S. Treasuries, commercial paper, notes and negotiable CDs as well as maintaining Federal Agencies with attractive rates. The following indicators reflect key aspects of the investment portfolio in light of the above noted conditions:

1. <u>Market Access</u> – During the quarter, investment purchases for the portfolio included commercial paper and a certificate of deposit as well as a corporate bond. The Treasurer continues to keep a higher level of liquid assets reflecting the need to maintain levels of available cash to ensure the ability to meet all cash flow needs.

2. <u>Diversification</u> - The Monterey County Treasurer's portfolio consists of 117 separate fixed income investments, all of which are authorized by the State of California Government Code 53601.

   <u>The portfolio asset spread is detailed in the table below:</u>

Portfolio Asset Composition					
Corporate Notes	Negotiable CDs	Overnight Liquid Assets	US Treasuries	Federal Agencies	Commercial Paper
12.5%	5.0%	24.2%	26.7%	24.2%	7.4%

- Total may not equal 100% due to rounding

3. <u>Credit Risk</u> – Approximately 87.5% of the investment portfolio is comprised of U.S. Treasuries, Federal Agency securities, negotiable CDs and other liquid funds. All assets have an investment grade rating. U.S. Treasuries are not specifically rated, but are considered the safest of all investments. All corporate debt (12.5%) is rated in the higher

levels of investment grade and all Federal Agency securities have AA ratings, or are guaranteed by the U.S. Treasury. The credit quality of the Treasurer's portfolio continues to be high.

The portfolio credit composition is detailed in the table below:

Portfolio Credit Composition												
AAA	AAAm	AA+	AA	AA-	A+	A	A-	A-1+ (Short Term)	A-1 (Short Term)	Aaf/S1+ (CalTRUST)	BBB+ (split rated)	Not Rated (LAIF/ MMF)
1%	14%	52%	1%	4%	4%	2%	1%	4%	6%	6%	1%	4%

4. Liquidity Risk – Liquidity risk, as measured by the ability of the County Treasury to meet withdrawal demands on invested assets, was managed during the October - December quarter. The portfolio's average weighted maturity was 261 days, and the Treasurer maintained $375M in overnight investments to provide immediate liquidity. In addition, the Treasurer maintained $667M in securities with maturities under a year to provide enhanced liquidity.

PORTFOLIO CHARACTERISTICS

	September 30, 2017	December 31, 2017
Total Assets	$1,291,516,016.16	$1,558,052,557.25
Market Value	$1,289,937,988.14	$1,551,822,253.16
Days to Maturity	339	261
Yield	1.25%	1.27%
Estimated Earnings	$4,012,209.73	$4,456,424.41

FUTURE STRATEGY

The Treasurer has 32.4% of the portfolio invested in the 1-3-year maturity range and 67.1% invested in maturities under one year to take advantage of the higher yields offered in those parts of the yield curve and to be able to react quickly to opportunities in current market. We will continue to manage the portfolio under the established tenets of safety and liquidity while maximizing the rate of return.

Exhibit B

Monterey County
Portfolio Management
Portfolio Details - Investments
December 31, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Money Market Accts - GC 53601(k)(2)												
SYS11672	11672	BlackRock			0.00	0.00	0.00	0.337			0.337	
SYS12159	12159	DREYFUS AMT FREE TAX EXEMPT MM		08/18/2017	7,012,971.74	7,012,971.74	7,012,971.74	0.988			0.988	
SYS11830	11830	Federated		07/01/2017	0.00	0.00	0.00	0.101	Aaa	AAA	0.101	
SYS11578	11578	Fidelity Investments			68,500,000.00	68,500,000.00	68,500,000.00	1.120	Aaa	AAA	1.120	
		Subtotal and Average	**31,261,072.38**		**75,512,971.74**	**75,512,971.74**	**75,512,971.74**				**1.108**	
State Pool - GC 16429.1												
SYS11361	11361	LAIF			65,000,000.00	65,000,000.00	65,000,000.00	1.075			1.075	
		Subtotal and Average	**47,859,782.61**		**65,000,000.00**	**65,000,000.00**	**65,000,000.00**				**1.075**	
CALTRUST/CAMP - GC 53601(p)												
SYS11801	11801	CalTrust			97,300,000.00	97,300,000.00	97,300,000.00	1.198	Aaa	AAA	1.198	
SYS11802	11802	CalTrust			1,000,000.00	1,000,000.00	1,000,000.00	1.073	Aaa	AAA	1.073	
SYS10379	10379	Calif. Asset Mgmt			136,150,000.00	136,150,000.00	136,150,000.00	1.290		AAA	1.290	
SYS11961	11961	Calif. Asset Mgmt		07/01/2017	0.00	0.00	0.00	0.658		AAA	0.658	
		Subtotal and Average	**164,098,913.04**		**234,450,000.00**	**234,450,000.00**	**234,450,000.00**				**1.251**	
SWEEP ACCOUNT-MORG STNLY												
SYS12041	12041	Morgan Stanley			1.00	1.00	1.00	0.731			0.731	
		Subtotal and Average	**1.00**		**1.00**	**1.00**	**1.00**				**0.731**	
SWEEP ACCOUNT - CUSTOM												
SYS12138	12138	Morgan Stanley		07/01/2017	83,584.51	83,584.51	83,584.51	1.106			1.106	
		Subtotal and Average	**147,832.75**		**83,584.51**	**83,584.51**	**83,584.51**				**1.106**	
Medium Term Notes - GC 53601(k)												
0258M0DP1	12088	American Express Credit		06/27/2016	10,000,000.00	10,020,900.00	10,092,829.08	2.250	A2	A-	1.660	08/15/2019
025816BM0	12156	American Express Credit		08/21/2017	250,000.00	249,793.75	249,793.75	2.500	A3	BBB+	2.519	08/01/2022
037833BQ2	12066	Apple Inc Corp Notes		02/23/2016	6,000,000.00	5,985,900.00	5,999,611.47	1.700	Aa1	AA+	1.706	02/22/2019
037833AQ3	12129	Apple Inc Corp Notes		04/07/2017	10,000,000.00	10,023,000.00	10,075,566.76	2.100	Aa1	AA+	1.528	05/06/2019
037833CQ1	12151	Apple Inc Corp Notes		08/17/2017	250,000.00	251,264.57	251,264.57	2.300			2.177	05/11/2022
05531FAV5	12153	BB&T Corporation		08/21/2017	250,000.00	249,586.92	249,586.92	2.050	A2	A-	2.101	05/10/2021
06406HCZ0	12126	Bank of New York Mellon Corp		03/17/2017	10,000,000.00	9,985,700.00	10,008,263.86	2.150	A1	A	2.110	02/24/2020
084670BX5	12098	Berkshire Hathaway Finance		08/15/2016	2,415,000.00	2,409,034.95	2,414,909.84	1.150	Aa2	AA	1.156	08/15/2018

Exhibit B

Monterey County
Portfolio Management
Portfolio Details - Investments
December 31, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Medium Term Notes - GC 53601(k)												
166764AE0	12049	Chevron Corp. Global		11/25/2015	8,175,000.00	8,175,000.00	8,182,642.26	1.718	Aa1	AA	1.519	06/24/2018
17275RBG6	12104	Cisco Systems Inc Corp		09/20/2016	9,000,000.00	8,906,130.00	8,994,274.25	1.400	A1		1.438	09/20/2019
17275RBD3	12150	Cisco Systems Inc Corp		08/17/2017	250,000.00	251,927.80	251,927.80	2.200	A1	AA-	1.946	02/28/2021
172967KS9	12085	Citibank		06/09/2016	3,840,000.00	3,828,864.00	3,839,044.20	2.050	Baa1	A-	2.068	06/07/2019
191216BV1	12130	Coca- Cola Co		04/07/2017	4,431,000.00	4,393,868.22	4,420,671.36	1.375	Aa3	AA-	1.543	05/30/2019
25468PDH6	12064	The Walt Disney Copr		01/08/2016	2,710,000.00	2,701,951.30	2,708,766.00	1.650	A2	A	1.696	01/08/2019
38141GVT8	12074	Goldman Sachs		04/25/2016	1,415,000.00	1,410,740.85	1,413,273.54	2.000	A3	BBB+	2.096	04/25/2019
38141GVT8	12075	Goldman Sachs		04/26/2016	7,210,000.00	7,188,297.90	7,207,972.91	2.000	A3	BBB+	2.022	04/25/2019
02665WBA8	12068	American Honda Finance		02/23/2016	3,780,000.00	3,764,464.20	3,779,712.03	1.700	A1	A+	1.707	02/22/2019
02665WBE0	12091	American Honda Finance		07/12/2016	2,500,000.00	2,465,425.00	2,498,724.54	1.200	A1	A+	1.234	07/12/2019
459200JE2	12067	IBM Corp Notes		02/19/2016	20,000,000.00	19,948,000.00	19,996,517.81	1.800			1.812	05/17/2019
458140AZ3	12136	INTEL CORP		05/15/2017	10,000,000.00	9,954,100.00	10,013,745.35	1.850	A1	A+	1.790	05/11/2020
458140AZ3	12155	INTEL CORP		08/21/2017	250,000.00	248,852.50	250,290.56	1.850	A1	A+	1.799	05/11/2020
24422ETE9	12063	John Deere Captital Corp		01/08/2016	8,300,000.00	8,292,945.00	8,299,830.77	1.950	A2	A	1.952	01/08/2019
46625HQU7	12081	JP Morgan Chase		05/26/2016	10,000,000.00	9,963,400.00	10,007,161.91	1.850	A3	A	1.789	03/22/2019
46625HHU7	12157	JP Morgan Chase		08/21/2017	250,000.00	264,225.55	264,225.55	4.250	A3	A-	2.129	10/15/2020
58933YAS4	12164	MERCK & CO INC		08/22/2017	250,000.00	250,946.61	250,946.61	1.850	A1	AA	1.666	02/10/2020
594918BN3	12095	MICROSOFT CORP		08/08/2016	6,500,000.00	6,413,095.00	6,496,423.13	1.100	Aaa	AAA	1.135	08/08/2019
594918BN3	12133	MICROSOFT CORP		04/07/2017	6,000,000.00	5,919,780.00	5,955,953.15	1.100	Aaa	AAA	1.568	08/08/2019
594918BG8	12149	MICROSOFT CORP		08/17/2017	250,000.00	251,854.36	251,854.36	2.000	Aaa	AAA	1.730	11/03/2020
68389XBB0	12148	Oracle Corp		08/17/2017	250,000.00	252,711.65	252,711.65	2.500	A1	AA-	2.471	05/15/2022
742718EN5	12154	Procter & Gamble Co		08/21/2017	250,000.00	249,590.43	249,590.43	1.850	Aa3	AA-	1.905	02/02/2021
713448DE5	12070	Pepsico Inc Corp Note		02/24/2016	3,850,000.00	3,832,405.50	3,849,574.32	1.500	A1	A	1.510	02/22/2019
717081DU4	12083	PFIZER INC		06/03/2016	10,000,000.00	9,921,100.00	9,994,595.56	1.450	A1	AA	1.489	06/03/2019
857477AS2	12158	State Street Corp		08/21/2017	250,000.00	254,304.15	254,304.15	2.550	A1	A	1.874	08/18/2020
89236TCA1	12009	Toyota Motor Corporation		01/16/2015	10,000,000.00	9,999,000.00	10,000,507.06	1.450	Aa	AA	1.280	01/12/2018
89236TBP9	12121	Toyota Motor Corporation		01/12/2017	5,000,000.00	5,000,150.00	5,016,599.34	2.125	Aa3	AA-	1.904	07/18/2019
89236TCQ6	12165	Toyota Motor Corporation		08/22/2017	250,000.00	256,074.82	256,074.82	2.800	Aa3	AA-	2.231	07/13/2022
911312BP0	12170	UNITED PARCEL SERVICE		11/14/2017	200,000.00	199,696.20	199,696.20	2.050	A1		2.099	04/01/2021
91159HHA1	12152	US BANCORP		08/17/2017	250,000.00	266,573.56	266,573.56	4.125	A1	A+	2.215	08/24/2021
94974BFG0	12021	Wells Fargo & Company		04/07/2015	10,000,000.00	9,998,900.00	10,001,372.37	1.500	Aaa	AA	1.164	01/16/2018
94974BFU9	12089	Wells Fargo & Company		06/27/2016	10,000,000.00	9,998,400.00	10,081,902.96	2.125	A2	A	1.483	04/22/2019
		Subtotal and Average	**202,416,276.67**		**194,576,000.00**	**193,997,954.79**	**194,849,286.76**				**1.642**	

Portfolio INVT
AP

Run Date: 01/03/2018 - 14:25

PM (PRF_PM2) 7.3.0

Exhibit B

Monterey County
Portfolio Management
Portfolio Details - Investments
December 31, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Negotiable CDs - GC 53601(i)												
06539RGM3	12166	Bank of Tokyo-MITS		09/27/2017	250,000.00	250,000.00	250,000.00	2.070	P-1	A-1	2.099	09/25/2019
06417GUE6	12127	Bank of Nova Scotia Hous		04/06/2017	10,000,000.00	9,963,800.00	10,000,000.00	1.910			1.910	04/05/2019
65558LWA6	12109	Nordea Bank Finland NY		12/05/2016	17,500,000.00	17,510,850.00	17,500,000.00	1.760	Aa3	AA-	1.760	11/30/2018
83050FXT3	12141	Skandinaviska Enskilada Banken		08/04/2017	14,000,000.00	13,938,540.00	13,995,665.00	1.840	P-1	A-1	1.860	08/02/2019
87019U6D6	12172	Swedbank		11/17/2017	18,000,000.00	17,902,800.00	18,000,000.00	2.270			2.270	11/16/2020
89113E5E2	12073	Toronto Dominion Bank		03/16/2016	18,000,000.00	17,999,820.00	18,000,000.00	1.720	Aa1	AA-	1.744	03/14/2018
		Subtotal and Average	**84,897,497.66**		**77,750,000.00**	**77,565,810.00**	**77,745,665.00**				**1.913**	
Commercial Paper Disc.- GC 53601(h)												
06538CB83	12137	Bank of Tokyo-MITS		05/16/2017	12,000,000.00	11,980,200.00	11,980,746.67	1.520	P-1	A-1	1.561	02/08/2018
09659CGA0	12167	BNP Paribas NY		11/01/2017	25,000,000.00	24,757,250.00	24,788,888.89	1.600	P-1	A-1	1.632	07/10/2018
4497W1H90	12171	ING		11/17/2017	24,000,000.00	23,721,120.00	23,752,133.33	1.690	P-1	A-1	1.726	08/09/2018
46640QGH8	12168	J P Morgan Securiities Inc		11/01/2017	30,000,000.00	29,697,900.00	29,732,408.33		P-1	A-1	1.664	07/17/2018
89233HG57	12169	Toyota Motor Corporation		11/01/2017	25,000,000.00	24,763,500.00	24,795,729.17		P-1	A-1+	1.621	07/05/2018
		Subtotal and Average	**95,399,862.07**		**116,000,000.00**	**114,919,970.00**	**115,049,906.39**				**1.650**	
Fed Agcy Coupon Sec - GC 53601(f)												
3133EEMA5	12011	Federal Farm Credit Bank		01/30/2015	10,000,000.00	9,901,800.00	10,003,818.42	1.500	Aaa	AA	1.480	12/30/2019
3133EELZ1	12012	Federal Farm Credit Bank		02/02/2015	10,000,000.00	9,990,700.00	10,002,646.97	1.000	Aaa	AA	0.890	03/29/2018
3133EETE0	12020	Federal Farm Credit Bank		04/01/2015	10,000,000.00	9,997,500.00	10,003,740.72	1.125	Aaa	AA	0.932	03/12/2018
313378A43	11925	Federal Home Loan Bank		05/02/2013	10,000,000.00	10,000,700.00	10,011,420.26	1.375	Aaa	AA	0.758	03/09/2018
313383A68	11928	Federal Home Loan Bank		06/13/2013	10,000,000.00	9,972,900.00	10,000,000.00	1.080	Aaa	AA	1.080	06/13/2018
3130A8BD4	12082	Federal Home Loan Bank		05/27/2016	32,000,000.00	31,881,600.00	31,981,745.53	0.875	Aaa	AA+	0.992	06/29/2018
3130A8DB6	12084	Federal Home Loan Bank		06/03/2016	16,935,000.00	16,753,118.10	16,931,566.73	1.125	Aaa	AA+	1.139	06/21/2019
3130A8DB6	12090	Federal Home Loan Bank		07/12/2016	26,000,000.00	25,720,760.00	26,123,876.86	1.125	Aaa	AA+	0.797	06/21/2019
3130A8PK3	12097	Federal Home Loan Bank		08/15/2016	18,000,000.00	17,888,760.00	17,975,645.39	0.625	Aaa	AA+	0.853	08/07/2018
3130A8BD4	12099	Federal Home Loan Bank		08/15/2016	15,250,000.00	15,193,575.00	15,250,888.43	0.875	Aaa	AA+	0.863	06/29/2018
3130A9AE1	12101	Federal Home Loan Bank		08/29/2016	17,500,000.00	17,383,625.00	17,495,559.07	0.875	Aaa	AA+	0.909	10/01/2018
3130AAXX1	12125	Federal Home Loan Bank		03/17/2017	10,000,000.00	9,942,200.00	9,990,059.92	1.375	Aaa	AA+	1.458	03/18/2019
313383HU8	12144	Federal Home Loan Bank		08/16/2017	1,200,000.00	1,206,066.41	1,206,066.41	1.750	Aaa	AA+	1.538	06/12/2020
3137EADZ9	12100	Federal Home Loan Mtg Corp		08/29/2016	17,500,000.00	17,339,875.00	17,537,509.94	1.125	Aaa	AA+	0.956	04/15/2019
3137EAED7	12103	Federal Home Loan Mtg Corp		09/16/2016	10,150,000.00	10,079,762.00	10,148,356.00	0.875	Aaa	AA+	0.896	10/12/2018
3137EAEB1	12114	Federal Home Loan Mtg Corp		12/19/2016	20,000,000.00	19,687,200.00	19,792,280.00	0.875	Aaa	AA+	1.561	07/19/2019
3137EAEE5	12139	Federal Home Loan Mtg Corp		08/07/2017	1,200,000.00	1,200,210.76	1,200,210.76	1.500	Aaa	AA+	1.491	01/17/2020
3135G0XA6	11924	Federal National Mtg Assn		05/21/2013	10,000,000.00	9,979,700.00	10,000,000.00	1.030	Aaa	AA	1.030	05/21/2018

Exhibit B

Monterey County
Portfolio Management
Portfolio Details - Investments
December 31, 2017

Fed Agcy Coupon Sec - GC 53601(f)

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
3135G0XK4	11927	Federal National Mtg Assn		05/30/2013	10,000,000.00	9,979,600.00	10,000,000.00	1.050	Aaa	AA	1.050	05/25/2018
3135G0WJ8	11929	Federal National Mtg Assn		05/28/2013	10,000,000.00	9,973,800.00	9,993,573.90	0.875	Aaa	AA	1.045	05/21/2018
3136FTS67	12013	Federal National Mtg Assn		02/03/2015	10,000,000.00	9,984,300.00	10,061,092.90	1.700	Aaa	AA	1.157	02/27/2019
3135G0YM9	12033	Federal National Mtg Assn		04/23/2015	10,000,000.00	10,008,700.00	10,056,986.87	1.875	Aaa	AA+	1.060	09/18/2018
3135G0TG8	12040	Federal National Mtg Assn		10/22/2015	10,000,000.00	9,995,200.00	10,001,267.68	0.875	Aaa	AA+	0.750	02/08/2018
3135G0J53	12069	Federal National Mtg Assn		02/23/2016	21,150,000.00	20,950,132.50	21,130,873.21	1.000	Aaa	AA+	1.080	02/26/2019
3135G0N33	12094	Federal National Mtg Assn		08/08/2016	18,675,000.00	18,375,639.75	18,651,866.13	0.875	Aaa	AA+	0.954	08/02/2019
3135G0J53	12096	Federal National Mtg Assn		08/09/2016	7,900,000.00	7,825,345.00	7,908,687.85	1.000	Aaa	AA+	0.903	02/26/2019
3135G0T29	12123	Federal National Mtg Assn		02/28/2017	12,600,000.00	12,469,212.00	12,594,198.40	1.500	Aaa	AA+	1.522	02/28/2020
3135G0ZA4	12134	Federal National Mtg Assn		04/07/2017	20,000,000.00	20,005,200.00	20,128,714.29	1.875	Aaa	AA	1.298	02/19/2019
3135G0T60	12140	Federal National Mtg Assn		08/07/2017	1,200,000.00	1,197,703.91	1,197,703.91	1.500	Aaa	AA+	1.576	07/30/2020
3135G0T29	12142	Federal National Mtg Assn		08/16/2017	1,200,000.00	1,187,544.00	1,200,378.28	1.500	Aaa	AA+	1.485	02/28/2020
		Subtotal and Average	**400,890,608.43**		**378,460,000.00**	**376,072,429.43**	**378,580,734.83**				**1.058**	

US Treasury Note-GC 53601(b)

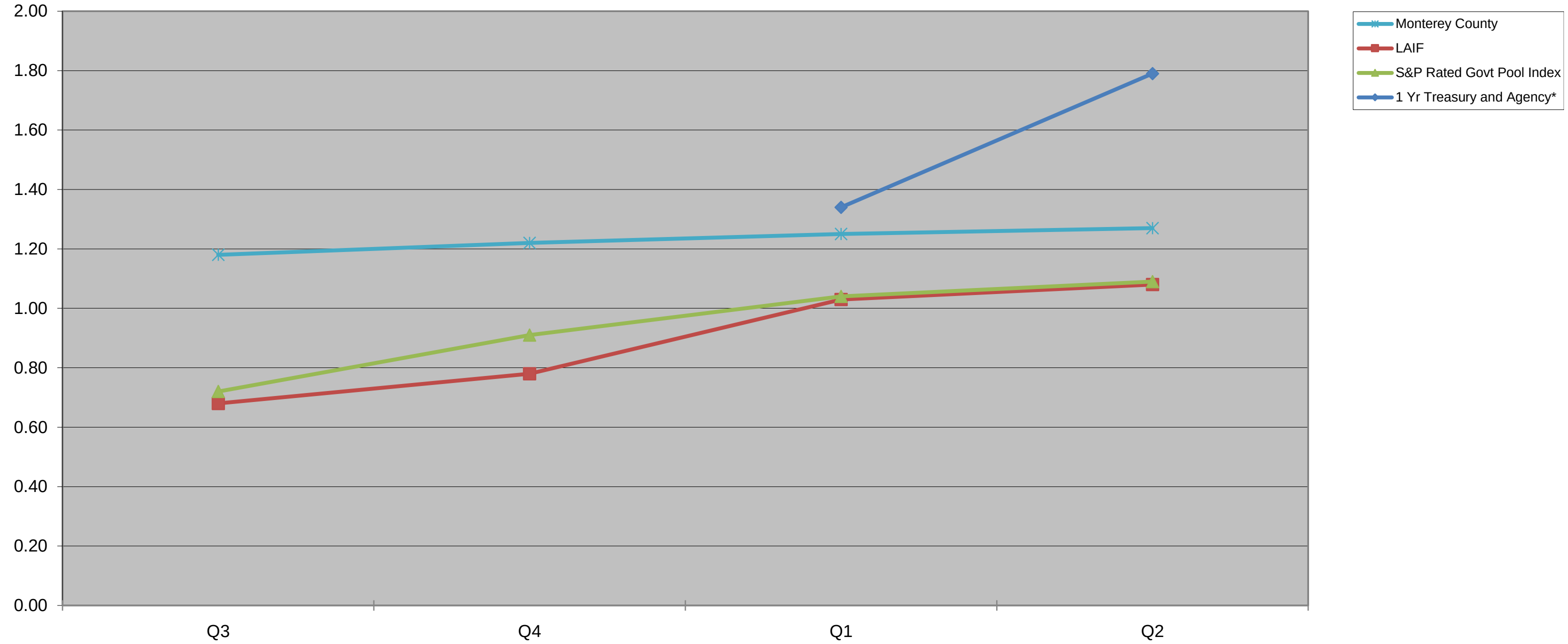
CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
912828A34	12042B	U.S. Treasury		11/10/2015	5,290,000.00	5,264,184.80	5,290,000.00	1.250	Aaa	AA	1.250	11/30/2018
912828VE7	12045	U.S. Treasury		11/16/2015	17,000,000.00	16,965,490.00	16,995,486.95	1.000	Aaa	AA+	1.066	05/31/2018
912828A34	12052	U.S. Treasury		11/25/2015	10,000,000.00	9,951,200.00	10,000,708.87	1.250	Aaa	AA	1.242	11/30/2018
912828WD8	12056	U.S. Treasury		12/22/2015	40,000,000.00	39,840,800.00	40,004,534.84	1.250	Aaa	AA+	1.236	10/31/2018
912828VE7	12062	U.S. Treasury		12/22/2015	20,000,000.00	19,959,400.00	19,986,584.60	1.000	Aaa	AA+	1.166	05/31/2018
912828S68	12113	U.S. Treasury		12/19/2016	20,000,000.00	19,901,600.00	19,948,503.82	0.750	Aaa		1.200	07/31/2018
912828RE2	12115	U.S. Treasury		12/19/2016	20,000,000.00	19,975,000.00	20,037,202.62	1.500	Aaa		1.215	08/31/2018
912828H52	12116A	U.S. Treasury		12/21/2016	12,400,000.00	12,235,824.00	12,313,153.61	1.250	Aaa		1.596	01/31/2020
912828T42	12117	U.S. Treasury		12/21/2016	25,000,000.00	24,822,250.00	24,914,737.65	0.750	Aaa		1.214	09/30/2018
912828UJ7	12118	U.S. Treasury		12/21/2016	25,000,000.00	24,993,000.00	24,997,979.53	0.875	Aaa	AA	0.974	01/31/2018
912828SD3	12119	U.S. Treasury		12/21/2016	25,000,000.00	24,843,750.00	24,986,991.84	1.250	Aaa		1.299	01/31/2019
912828UR9	12120	U.S. Treasury		12/23/2016	50,000,000.00	49,953,000.00	49,981,382.02	0.750	Aaa		0.986	02/28/2018
912828N63	12122	U.S. Treasury		01/24/2017	20,000,000.00	19,854,600.00	19,991,786.58	1.125	Aaa		1.165	01/15/2019
912828UZ1	12135	U.S. Treasury		04/28/2017	50,080,000.00	49,950,793.60	50,002,613.52	0.625	Aaa		1.103	04/30/2018
912828XV7	12143	U.S. Treasury		08/16/2017	2,500,000.00	2,498,207.73	2,498,207.73	1.250			1.299	06/30/2019
912828N63	12145	U.S. Treasury		08/16/2017	2,500,000.00	2,481,825.00	2,496,205.76	1.125	Aaa		1.273	01/15/2019
912828K82	12146A	U.S. Treasury		08/16/2017	2,250,000.00	2,246,889.54	2,246,889.54	1.000	Aaa	AA+	1.225	08/15/2018
9128282K5	12147	U.S. Treasury		08/16/2017	1,200,000.00	1,201,436.97	1,201,436.97	1.375			1.298	07/31/2019
912828H86	12160	U.S. Treasury		08/18/2017	2,000,000.00	1,982,888.90	1,982,888.90	1.500	Aaa		1.719	01/31/2022
912828T67	12161	U.S. Treasury		08/18/2017	2,000,000.00	1,967,958.57	1,967,958.57	1.250	Aaa		1.685	10/31/2021

Exhibit B

Monterey County
Portfolio Management
Portfolio Details - Investments
December 31, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
US Treasury Note-GC 53601(b)												
912828Q78	12162	U.S. Treasury		08/18/2017	2,000,000.00	1,985,034.53	1,985,034.53	1.375			1.607	04/30/2021
912828L99	12163	U.S. Treasury		08/18/2017	2,000,000.00	1,992,198.05	1,992,198.05	1.375	Aaa		1.517	10/31/2020
912828U99	12173	U.S. Treasury		12/21/2017	20,000,000.00	19,889,000.00	19,894,591.67	1.250			1.786	12/31/2018
912828S43	12174	U.S. Treasury		12/21/2017	20,000,000.00	19,663,200.00	19,665,936.95	0.750	Aaa		1.857	07/15/2019
912828SX9	12175	U.S. Treasury		12/21/2017	20,000,000.00	19,800,000.00	19,808,771.98	1.125	Aaa		1.814	05/31/2019
		Subtotal and Average	**362,838,676.61**		**416,220,000.00**	**414,219,531.69**	**415,191,787.10**				**1.263**	
		Total and Average	**1,389,810,523.21**		**1,558,052,557.25**	**1,551,822,253.16**	**1,556,463,937.33**				**1.304**	

Exhibit C
Monterey County Historical Yields vs. Benchmarks

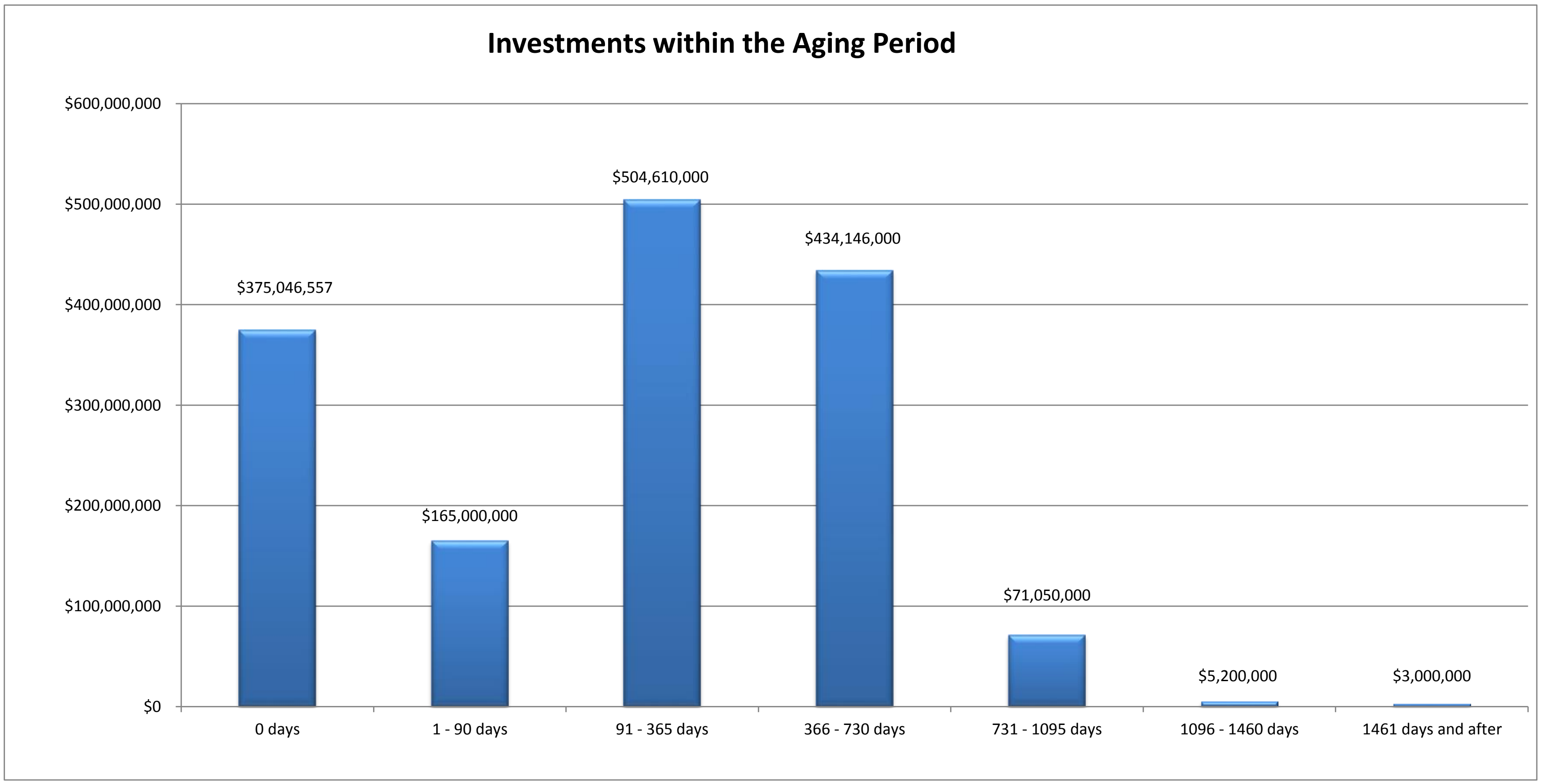


	FY 16/17				FY 17/18			
Quarterly Yield	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Monterey County	1.54	1.07	1.18	1.22	1.25	1.27		
1 - 3 Yr Treasury and Agency	0.79	1.18	1.28	1.41	n/a	n/a		
1 Yr Treasury and Agency*					1.34	1.79		
LAIF**	0.55	0.61	0.68	0.78	1.03	1.08		
S&P Rated Govt. Pool Index	0.45	0.54	0.72	0.91	1.04	1.09		

The S&P Index yields are obtained from Bloomberg
The 1-3 Yr Treasury and Agency yields are obtained from the B of A Merrill Lynch Global Bond Indices/Bloomberg
The 1-Yr Treasury and Agency yields are obtained from the B of A Merrill Lynch Global Bond Indices/Bloomberg
* benchmark changed to reflect current portfolio
**LAIF - results for the month preceding quarter end

Exhibit D
Monterey County
Aging Report
By Maturity Date
As of January 1, 2018

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval:	0 days	(01/01/2018 - 01/01/2018)	11 Maturities	375,046,557.25	24.07%	375,046,557.25	375,046,557.25
Aging Interval:	1 - 90 days	(01/02/2018 - 04/01/2018)	10 Maturities	165,000,000.00	10.59%	164,981,063.28	164,908,020.00
Aging Interval:	91 - 365 days	(04/02/2018 - 01/01/2019)	28 Maturities	504,610,000.00	32.39%	503,391,321.09	502,143,284.89
Aging Interval:	366 - 730 days	(01/02/2019 - 01/01/2020)	41 Maturities	434,146,000.00	27.86%	433,884,354.15	430,959,747.02
Aging Interval:	731 - 1095 days	(01/02/2020 - 12/31/2020)	15 Maturities	71,050,000.00	4.56%	70,997,539.86	70,601,542.30
Aging Interval:	1096 - 1460 days	(01/01/2021 - 12/31/2021)	7 Maturities	5,200,000.00	0.34%	5,170,368.01	5,170,368.01
Aging Interval:	1461 days and after	(01/01/2022 -)	5 Maturities	3,000,000.00	0.19%	2,992,733.69	2,992,733.69
			Total for 117 Investments	1,558,052,557.25	100.00	1,556,463,937.33	1,551,822,253.16



SEASIDE COUNTY SANITATION DISTRICT
STAFF REPORT

Item No.: 4.D.

TO: Seaside County Sanitation District

FROM: Craig Malin, District Manager

BY: Daphne Hodgson, Deputy City Manager Administrative Services

DATE: March 13, 2018

SUBJECT: **ACCEPT AND FILE CASH AND INVESTMENT REPORT FOR QUARTER ENDING JUNE 30, 2017.**

PURPOSE

Accept and file the Seaside County Sanitation District June 30, 2017 Cash and Investment Report.

RECOMMENDATION

Accept and file report.

BACKGROUND

Section 53646 of the California State Government Code requires the fiscal officer to prepare a quarterly report detailing the District's cash and investments.

FISCAL IMPACT

None

ATTACHMENTS

1. Summary of Pooled Cash Investments 6-30-2017
2. Treasurers 4th Quarter Report of Investments

Reviewed for Submission By:

____
Craig Malin, District Manager

Monterey County
Board of Supervisors

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Order

Upon motion of Supervisor Phillips, seconded by Supervisor Salinas and carried by those members present, the Board of Supervisors hereby:

a. Received and accepted the Treasurer's Report of Investments for the Quarter Ending June 30, 2017;
b. Received and approved the Treasurer's Investment Policy for FY 2017-18; and
c. Renewed the Delegation of Investment Authority to the Treasurer-Tax Collector pursuant to California Government Code 53607.

PASSED AND ADOPTED this 25th day of July 2017, by the following vote, to wit:

AYES: Supervisors Alejo, Phillips, Salinas, Parker and Adams
NOES: None
ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 80 for the meeting July 25, 2017.

Dated: July 28, 2017
File ID: 17-0780

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By Denise Hancock
Deputy

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

July 25, 2017

Introduced: 7/13/2017 **Current Status:** Consent Agenda
Version: 1 **Matter Type:** General Agenda Item

a. Receive and Accept the Treasurer's Report of Investments for the Quarter Ending June 30, 2017;
b. Receive and Approve the Treasurer's Investment Policy for FY 2017-18; and
c. Renew the Delegation of Investment Authority to the Treasurer-Tax Collector pursuant to California Government Code 53607.

RECOMMENDATION:
It is recommended that the Board of Supervisors:
a. Receive and Accept the Treasurer's Report of Investments for the Quarter Ending June 30, 2017;
b. Receive and Approve the Treasurer's Investment Policy for FY 2017-18; and
c. Renew the Delegation of Investment Authority to the Treasurer-Tax Collector pursuant to California Government Code 53607.

SUMMARY:
Government Code Section 53646 (b) (1) states the Treasurer may submit a quarterly report of investments. The attached exhibits provide a narrative portfolio review of economic and market conditions that support the investment activity during the April - June period, the investment portfolio position by investment type, a listing of historical Monterey County Treasury Pool yields versus benchmarks, and the investment portfolio by maturity range.

The Treasurer also annually reviews the Monterey County Investment Policy and has recommended updates for Board approval. These updates will provide additional clarification, revise outdated language, and more clearly define investment guidelines and categories as stated in Government Code §53601(q). In addition, annual Board delegation of investment authority to the Treasurer-Tax Collector is prescribed by Government Code sections 53646 and 53607.

DISCUSSION:
During the April - June quarter, Treasury yields were substantially higher compared to a year ago. Short term yields rose as the Federal Open Market Committee (FOMC) raised rates to normalize policy, while longer yields moved in tandem with higher inflation expectations following the elections. The yield curve has flattened over the quarter as some of these inflation expectations moderated. The U.S. labor market continues to strengthen adding 581,000 jobs in the quarter with an average of 187,000 jobs per month over last year. The average hourly earnings, which is an important gauge of wage growth, grew 2.5% over the past 12 months.
On June 30, 2017, the Monterey County investment portfolio contained an amortized book value of $1,406,270,844.48 spread among 97 separate securities and funds. The par value of those funds was $1,406,749,451.38, with a market value of $1,404,654,946.58 or 99.9% of amortized book value. The portfolio's net earned income yield for the period was 1.22%. The

portfolio produced an estimated quarterly income of $ 4,367,421.71which will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 398 days. The County Treasury outperformed most of the portfolio benchmarks due to a consistent investment strategy that uses short term debt to provide liquidity while also taking advantage of higher rates in the one to three year investment range.

The investment portfolio was in compliance with all applicable provisions of state law and the adopted Investment Policy, and contains sufficient liquidity to meet all projected outflows over the next six months. Market value pricings were obtained through resources such as Bloomberg LLP, Union Bank of California and live-bid pricing of corporate securities.

OTHER AGENCY INVOLVEMENT:
A copy of this report will be distributed to all agencies participating in the County investment pool and the Treasury Oversight Committee. In addition, the report will be published on the County Treasurer's web site. A monthly report of investment transactions is provided to the Board of Supervisors as required by Government Code 53607.

FINANCING:
The investment portfolio contains sufficient liquidity to meet all projected expenditures over the next six months. We estimate that the investment earnings in the General Fund will exceed budgeted revenue.

Prepared by: Susanne King, Treasury Manager, x5490

Approved by: Mary A. Zeeb, Treasurer-Tax Collector, x5015

Attachments:
Attachment 1 Exhibit A Investment Portfolio Review 06.30.17
Attachment 2 Exhibit B Portfolio Management Report 06.30.17
Attachment 3 Exhibit C Mo Co Historical Yields vs. Benchmarks 06.30.17
Attachment 4 Exhibit D Aging Summary 07.01.17
Attachment 5 Exhibit E Mo Co Investment Policy 2016-2017 Red Line
Attachment 6 Exhibit F Mo Co Investment Policy 2017-2018 Proposed
cc:
County Administrative Office
County Counsel
Auditor-Controller - Internal Audit Section
All depositors
Treasury Oversight Committee

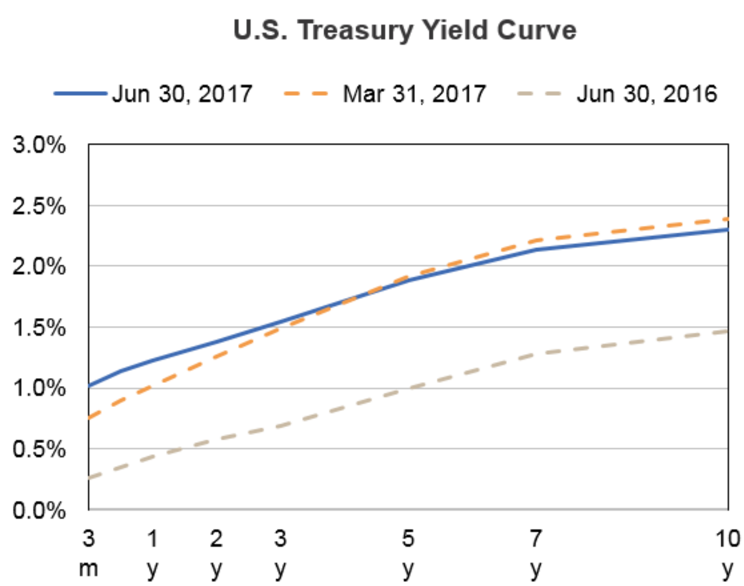
Exhibit A
Investment Portfolio Review
Quarter Ending June 30, 2017

<u>OVERVIEW</u> April 1, 2017 – June 30, 2017

During the April - June quarter, The Federal Open Market Committee (FOMC) raised the federal funds rate by 0.25% to a new target range of 1.0 to 1.25% at its June meeting but probabilities show only a 50% chance of another rate hike by year end. The two-year treasury yields moved modestly higher possibly due to lower expectations of future rate hikes for the remainder of 2017. Weaker economic data and low inflation kept interest rates in check. The initial market reaction to the Fed's June interest rate increase was surprisingly modest, initially moving only short-term rates higher. In recent days, longer-term yields have adjusted as well. The muted reaction is an indication of uncertainty about the pace of U.S. economic growth and future Fed policy.

<u>U.S. TREASURY YIELD CURVE</u>

- Treasury yields are substantially higher compared to a year ago: short-term yields rose as the Fed raised rates to normalize policy, while longer yields moved in tandem with higher inflation expectations following the elections. The yield curve has flattened over the quarter as some of the inflation expectations moderated.

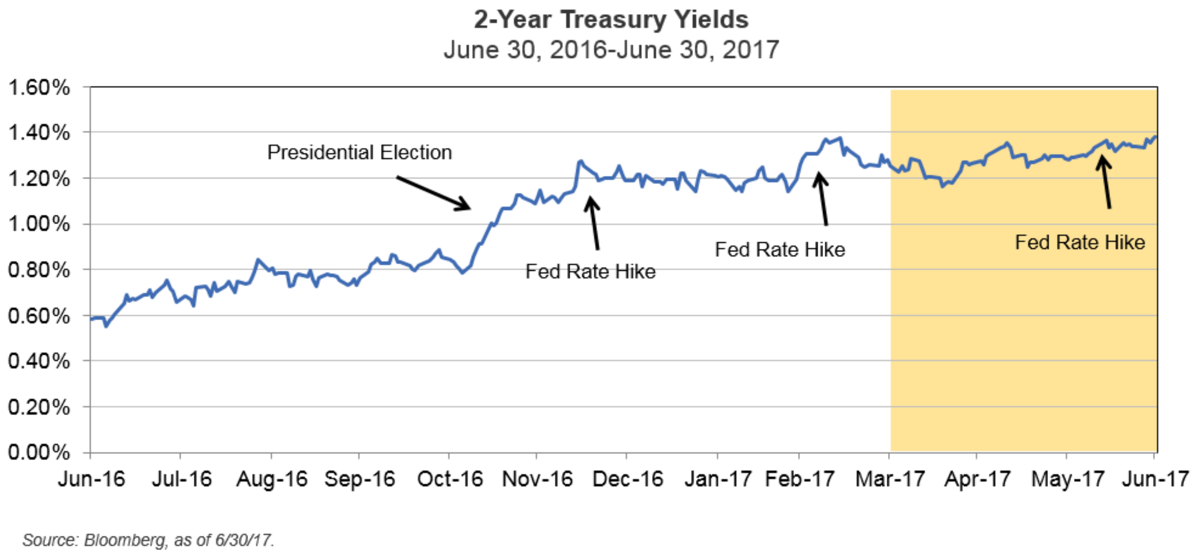


Source: Bloomberg, as of 6/30/17.

Yield Curve History

Maturity	6/30/16	3/31/17	6/30/17
3-Mo.	0.26	0.75	1.01
6-Mo.	0.35	0.90	1.13
1-Yr.	0.44	1.02	1.23
2-Yr.	0.58	1.26	1.38
3-Yr.	0.69	1.49	1.55
5-Yr.	1.00	1.92	1.89
7-Yr.	1.28	2.21	2.14
10-Yr.	1.47	2.39	2.31
30-Yr.	2.29	3.01	2.84

Two-year treasury yields moved modestly higher possibly due to lower expectations of future rate hikes for the remainder of 2017.



The County Treasury continues to outperform the majority of its portfolio benchmarks this quarter. Our investment strategy positions short term debt to provide liquidity and continues to take advantage of available higher yields on U.S. Treasuries, commercial paper, corporate notes and negotiable CDs as well as maintaining federal agencies with attractive rates. The following indicators reflect key aspects of the County's investment portfolio in light of the above noted conditions:

1. Market Access – During the quarter, investment purchases included U.S. Treasuries, Federal Agencies, Commercial Paper, Negotiable CDs and Corporate Notes. The Treasurer continues to keep a higher level of liquid assets reflecting the need to maintain levels of available cash to ensure the ability to meet all cash flow needs.

2. Diversification - The Monterey County Treasurer's portfolio consists of 97 separate fixed income investments, all of which are authorized by the State of California Government Code 53601.

   The portfolio asset spread is detailed in the table below:

Portfolio Asset Composition					
Corporate Notes	Negotiable CDs	Overnight Liquid Assets	US Treasuries	Federal Agencies	Commercial Paper
15.1%	7.5%	13.0%	28.3%	32.2%	4.4%

- Total may not equal 100% due to rounding

3. Credit Risk – Approximately 85% of the investment portfolio is comprised of U.S. Treasuries, Federal Agency securities, Negotiable CDs and other liquid funds. All assets have an investment grade rating. U.S. Treasuries are not specifically rated, but are

considered the safest of all investments. All corporate debt (15.1%) is rated in the higher levels of investment grade and all federal agency securities have AA ratings, or are guaranteed by the U.S. Treasury. The credit quality of the County's portfolio continues to be high.

The portfolio credit composition is detailed in the table below:

Portfolio Credit Composition												
AAA	AAAm	AA+	AA	AA-	A+	A	A-	A-1+ (Short-Term)	A-1 (Short-Term)	Aaf/S1+ (CalTrust)	BBB+	Not Rated (LAIF/ MMF)
1%	5%	62%	1%	9%	5%	3%	1%	1%	4%	5%	1%	2%

4. Liquidity Risk – Liquidity risk, as measured by the ability of the County's Treasury to meet withdrawal demands on invested assets, was managed during the April - June quarter. The portfolio's average weighted maturity was 398 days, and the County maintained $175M (13%) in overnight investments to provide immediate liquidity. In addition, the County maintained $557M (39%) in securities with maturities under a year to provide enhanced liquidity.

PORTFOLIO CHARACTERISTICS

	March 31, 2017	June 30, 2017
Total Assets	$1,348,216,995.71	$1,406,749,451.38
Market Value	$1,346,285,722.86	$1,404,654,946.58
Days to Maturity	419	398
Yield	1.18%	1.22%
Estimated Earnings	$3,869,096.96	$4,367,421.71

FUTURE STRATEGY

The Treasurer has 48% of the portfolio invested in the 1-3-year maturity range and 39% invested in maturities under one year to take advantage of the higher yields offered in those parts of the yield curve. We will continue to run the portfolio to manage safety and liquidity while maximizing the rate of return.

Exhibit B

Monterey County Daily Reports
Portfolio Management
Portfolio Details - Investments
June 30, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Money Market Accts - GC 53601(k)(2)												
SYS11672	11672	BlackRock			0.00	0.00	0.00	0.337			0.337	
SYS11830	11830	Federated		07/01/2016	0.00	0.00	0.00	0.101	Aaa	AAA	0.101	
SYS11578	11578	Fidelity Investments			800,000.00	800,000.00	800,000.00	0.758	Aaa	AAA	0.758	
		Subtotal and Average	**5,195,604.40**		**800,000.00**	**800,000.00**	**800,000.00**				**0.758**	
State Pool - GC 16429.1												
SYS11361	11361	LAIF			31,500,000.00	31,500,000.00	31,500,000.00	0.776			0.776	
		Subtotal and Average	**54,974,725.27**		**31,500,000.00**	**31,500,000.00**	**31,500,000.00**				**0.776**	
CALTRUST/CAMP - GC 53601(p)												
SYS11801	11801	CalTrust			70,000,000.00	70,000,000.00	70,000,000.00	1.142	Aaa	AAA	1.142	
SYS11802	11802	CalTrust		03/27/2017	0.00	0.00	0.00	0.774	Aaa	AAA	0.774	
SYS10379	10379	Calif. Asset Mgmt			72,500,000.00	72,500,000.00	72,500,000.00	1.071		AAA	1.071	
SYS11961	11961	Calif. Asset Mgmt			0.00	0.00	0.00	0.658		AAA	0.658	
		Subtotal and Average	**145,183,516.48**		**142,500,000.00**	**142,500,000.00**	**142,500,000.00**				**1.106**	
SWEEP ACCOUNT-MORG STNLY												
SYS12041	12041	Morgan Stanley			693,451.38	693,451.38	693,451.38	0.731			0.731	
		Subtotal and Average	**1,490,230.38**		**693,451.38**	**693,451.38**	**693,451.38**				**0.731**	
Medium Term Notes - GC 53601(k)												
0258M0DP1	12088	American Express Credit		06/27/2016	10,000,000.00	10,055,700.00	10,121,440.78	2.250	A2	A-	1.660	08/15/2019
037833BQ2	12066	Apple Inc Corp Notes		02/23/2016	6,000,000.00	6,011,340.00	5,999,441.32	1.700	Aa1	AA+	1.706	02/22/2019
037833AQ3	12129	Apple Inc Corp Notes		04/07/2017	10,000,000.00	10,103,612.15	10,103,612.15	2.100	Aa1	AA+	1.528	05/06/2019
06406HCZ0	12126	Bank of New York Mellon Corp		03/17/2017	10,000,000.00	10,010,188.17	10,010,188.17	2.150	A1	A	2.110	02/24/2020
084670BX5	12098	Berkshire Hathaway Finance		08/15/2016	2,415,000.00	2,402,876.70	2,414,837.39	1.150	Aa2	AA	1.156	08/15/2018
166764AE0	12049	Chevron Corp. Global		11/25/2015	8,175,000.00	8,200,015.50	8,190,593.75	1.718	Aa1	AA	1.519	06/24/2018
17275RBG6	12104	Cisco Systems Inc Corp		09/20/2016	9,000,000.00	8,901,900.00	8,992,609.25	1.400	A1		1.438	09/20/2019
172967KS9	12085	Citibank		06/09/2016	3,840,000.00	3,825,523.20	3,838,710.79	2.050	Baa1	A-	2.068	06/07/2019
191216BV1	12130	Coca- Cola Co		04/07/2017	4,431,000.00	4,417,018.79	4,417,018.79	1.375	Aa3	AA-	1.543	05/30/2019
25468PDH6	12064	The Walt Disney Copr		01/08/2016	2,710,000.00	2,712,601.60	2,708,160.76	1.650	A2	A	1.696	01/08/2019
369604BC6	12010	General Electric		01/23/2015	10,000,000.00	10,359,400.00	10,173,125.85	5.250	Aa	AA	1.150	12/06/2017
38141GVT8	12074	Goldman Sachs		04/25/2016	1,415,000.00	1,409,382.45	1,412,617.93	2.000	A3	BBB+	2.096	04/25/2019
38141GVT8	12075	Goldman Sachs		04/26/2016	7,210,000.00	7,181,376.30	7,207,203.13	2.000	A3	BBB+	2.022	04/25/2019

Exhibit B

Monterey County Daily Reports
Portfolio Management
Portfolio Details - Investments
June 30, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Medium Term Notes - GC 53601(k)												
02665WBA8	12068	American Honda Finance		02/23/2016	3,780,000.00	3,764,502.00	3,779,585.92	1.700	A1	A+	1.707	02/22/2019
02665WBE0	12091	American Honda Finance		07/12/2016	2,500,000.00	2,455,575.00	2,498,307.87	1.200	A1	A+	1.234	07/12/2019
459200JE2	12067	IBM Corp Notes		02/19/2016	20,000,000.00	20,008,600.00	19,995,254.11	1.800			1.812	05/17/2019
458140AZ3	12136	INTEL CORP		05/15/2017	10,000,000.00	10,016,656.13	10,016,656.13	1.850	A1		1.790	05/11/2020
24422ETE9	12063	John Deere Captital Corp		01/08/2016	8,300,000.00	8,334,943.00	8,299,747.77	1.950	A2	A	1.952	01/08/2019
46625HQU7	12081	JP Morgan Chase		05/26/2016	10,000,000.00	9,968,400.00	10,010,085.14	1.850	A3	A	1.789	03/22/2019
594918BN3	12095	MICROSOFT CORP		08/08/2016	6,500,000.00	6,412,575.00	6,495,307.30	1.100	Aaa	AAA	1.135	08/08/2019
594918BN3	12133	MICROSOFT CORP		04/07/2017	6,000,000.00	5,942,212.37	5,942,212.37	1.100	Aaa	AAA	1.568	08/08/2019
713448DE5	12070	Pepsico Inc Corp Note		02/24/2016	3,850,000.00	3,836,525.00	3,849,387.89	1.500	A1	A	1.510	02/22/2019
717081DU4	12083	PFIZER INC		06/03/2016	10,000,000.00	9,939,100.00	9,992,695.56	1.450	A1	AA	1.489	06/03/2019
89236TCA1	12009	Toyota Motor Corporation		01/16/2015	10,000,000.00	10,002,900.00	10,008,804.46	1.450	Aa	AA	1.280	01/12/2018
89233P6S0	12018	Toyota Motor Corporation		03/30/2015	10,000,000.00	9,998,700.00	10,003,676.91	1.250	Aaa	AA	1.107	10/05/2017
89236TBP9	12121	Toyota Motor Corporation		01/12/2017	5,000,000.00	5,021,963.58	5,021,963.58	2.125	Aa3	AA-	1.904	07/18/2019
94974BFG0	12021	Wells Fargo & Company		04/07/2015	10,000,000.00	9,988,000.00	10,017,840.84	1.500	Aaa	AA	1.164	01/16/2018
94974BFU9	12089	Wells Fargo & Company		06/27/2016	10,000,000.00	10,032,400.00	10,113,203.45	2.125	A2	A	1.483	04/22/2019
		Subtotal and Average	**210,356,305.89**		**211,126,000.00**	**211,313,986.94**	**211,634,289.36**				**1.586**	
Negotiable CDs - GC 53601(i)												
06417GUE6	12127	Bank of Nova Scotia Hous		04/06/2017	10,000,000.00	10,000,000.00	10,000,000.00	1.910			1.910	04/05/2019
40428AR58	12047	HSBC Securites		11/18/2015	14,000,000.00	14,000,000.00	14,000,000.00	1.540	Aa2	AA-	1.540	11/17/2017
65558LWA6	12109	Nordea Bank Finland NY		12/05/2016	17,500,000.00	17,641,225.00	17,500,000.00	1.760	Aa3	AA-	1.760	11/30/2018
78009NZZ2	12072	Royal Bank of Canada		03/15/2016	18,000,000.00	18,000,000.00	18,000,000.00	1.700	Aa3	AA-	1.700	03/09/2018
83050FBG5	12046	Skandinaviska Enskilada Banken		11/17/2015	14,000,000.00	14,000,000.00	14,000,000.00	1.480	Aa3	A+	1.501	11/16/2017
86958DH54	12048	Svenska Handelsbanken NY		11/24/2015	14,000,000.00	14,007,000.00	14,000,000.00	1.642			1.261	08/24/2017
89113E5E2	12073	Toronto Dominion Bank		03/16/2016	18,000,000.00	18,000,000.00	18,000,000.00	1.720	Aa1	AA-	1.744	03/14/2018
		Subtotal and Average	**104,950,549.45**		**105,500,000.00**	**105,648,225.00**	**105,500,000.00**				**1.631**	
Commercial Paper Disc.- GC 53601(h)												
06538CB83	12137	Bank of Tokyo-MITS		05/16/2017	12,000,000.00	11,887,520.00	11,887,520.00	1.520	P-1	A-1	1.561	02/08/2018
22533TWC6	12124	Credit Agricole CIB NY		03/06/2017	20,000,000.00	19,950,522.22	19,950,522.22	1.220	P-1	A-1	1.254	09/12/2017
13607EZV4	12132	Canadian Imperial Holding		04/07/2017	20,000,000.00	19,868,272.22	19,868,272.22	1.310			1.341	12/29/2017
21687AUA9	12105	Cooperatieve Rabobank USA		11/01/2016	10,000,000.00	9,931,100.00	9,997,250.00	1.100	P-1	A-1	1.119	07/10/2017
		Subtotal and Average	**77,048,007.30**		**62,000,000.00**	**61,637,414.44**	**61,703,564.44**				**1.319**	

Data Updated: SET_001: 07/05/2017 13:53

Run Date: 07/05/2017 - 13:53

Portfolio INVT

AP

PM (PRF_PM2) 7.3.0

Exhibit B

Monterey County Daily Reports
Portfolio Management
Portfolio Details - Investments
June 30, 2017

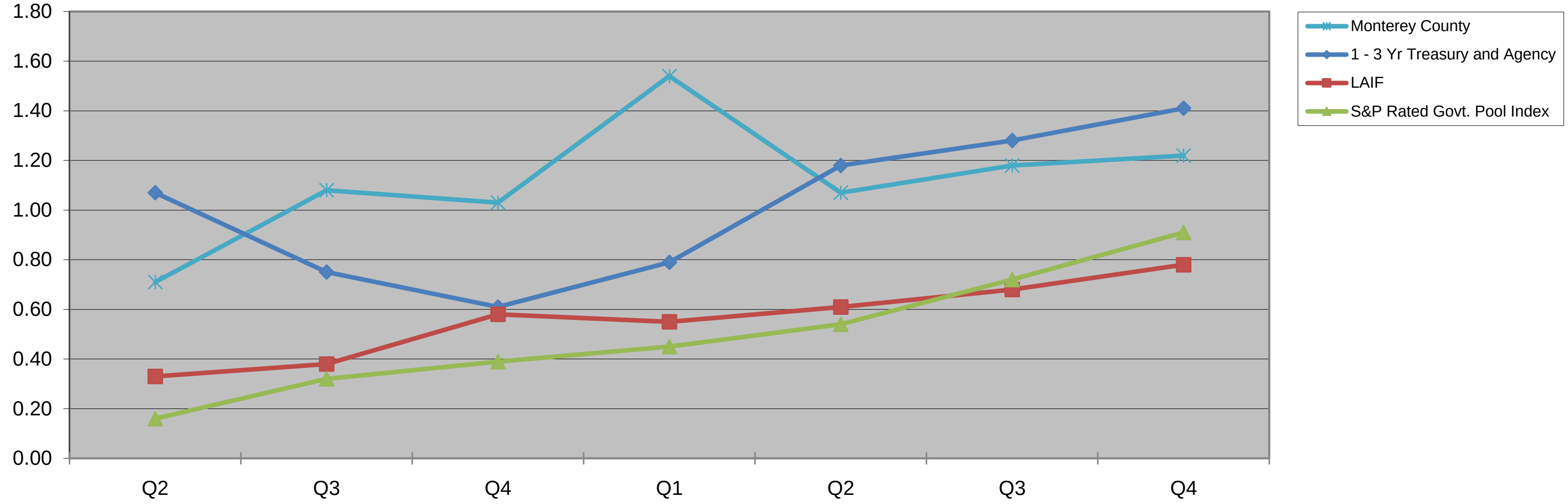
CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Fed Agcy Coupon Sec - GC 53601(f)												
3133EEFE5	12008	Federal Farm Credit Bank		01/12/2015	10,000,000.00	10,019,700.00	10,006,831.82	1.125	Aaa	AA	0.975	12/18/2017
3133EEMA5	12011	Federal Farm Credit Bank		01/30/2015	10,000,000.00	9,981,300.00	10,004,774.35	1.500	Aaa	AA	1.480	12/30/2019
3133EELZ1	12012	Federal Farm Credit Bank		02/02/2015	10,000,000.00	9,979,400.00	10,008,061.21	1.000	Aaa	AA	0.890	03/29/2018
3133EETE0	12020	Federal Farm Credit Bank		04/01/2015	10,000,000.00	10,009,500.00	10,013,224.22	1.125	Aaa	AA	0.932	03/12/2018
313378A43	11925	Federal Home Loan Bank		05/02/2013	10,000,000.00	10,035,800.00	10,041,650.37	1.375	Aaa	AA	0.758	03/09/2018
313383A68	11928	Federal Home Loan Bank		06/13/2013	10,000,000.00	9,947,800.00	10,000,000.00	1.080	Aaa	AA	1.080	06/13/2018
3130A4Q70	12032	Federal Home Loan Bank		04/23/2015	10,000,000.00	10,006,100.00	10,007,050.22	1.000	Aaa	AA+	0.811	11/17/2017
3130A8BD4	12082	Federal Home Loan Bank		05/27/2016	32,000,000.00	31,888,640.00	31,963,285.96	0.875	Aaa	AA+	0.992	06/29/2018
3130A8DB6	12084	Federal Home Loan Bank		06/03/2016	16,935,000.00	16,838,639.85	16,930,400.71	1.125	Aaa	AA+	1.139	06/21/2019
3130A8DB6	12090	Federal Home Loan Bank		07/12/2016	26,000,000.00	25,852,060.00	26,165,948.25	1.125	Aaa	AA+	0.797	06/21/2019
3130A8PK3	12097	Federal Home Loan Bank		08/15/2016	18,000,000.00	17,856,900.00	17,955,349.89	0.625	Aaa	AA+	0.853	08/07/2018
3130A8BD4	12099	Federal Home Loan Bank		08/15/2016	15,250,000.00	15,196,930.00	15,251,786.85	0.875	Aaa	AA+	0.863	06/29/2018
3130A9AE1	12101	Federal Home Loan Bank		08/29/2016	17,500,000.00	17,403,750.00	17,492,598.45	0.875	Aaa	AA+	0.909	10/01/2018
3130AAXX1	12125	Federal Home Loan Bank		03/17/2017	10,000,000.00	9,985,965.60	9,985,965.60	1.375	Aaa	AA+	1.458	03/18/2019
3137EADL0	11987	Federal Home Loan Mtg Corp		08/25/2014	10,000,000.00	10,009,700.00	9,997,578.03	1.000	Aaa	AA	1.101	09/29/2017
3137EADZ9	12100	Federal Home Loan Mtg Corp		08/29/2016	17,500,000.00	17,429,125.00	17,552,061.21	1.125	Aaa	AA+	0.956	04/15/2019
3137EAED7	12103	Federal Home Loan Mtg Corp		09/16/2016	10,150,000.00	10,094,885.50	10,147,302.90	0.875	Aaa	AA+	0.896	10/12/2018
3137EAEB1	12114	Federal Home Loan Mtg Corp		12/19/2016	20,000,000.00	19,735,800.00	19,725,273.55	0.875	Aaa	AA+	1.561	07/19/2019
3137EAEE5	12131	Federal Home Loan Mtg Corp		04/07/2017	20,000,000.00	20,004,213.60	20,004,213.60	1.500		AA+	1.491	01/17/2020
3135G0XA6	11924	Federal National Mtg Assn		05/21/2013	10,000,000.00	9,930,700.00	10,000,000.00	1.030	Aaa	AA	1.030	05/21/2018
3135G0XK4	11927	Federal National Mtg Assn		05/30/2013	10,000,000.00	9,979,200.00	10,000,000.00	1.050	Aaa	AA	1.050	05/25/2018
3135G0WJ8	11929	Federal National Mtg Assn		05/28/2013	10,000,000.00	9,972,000.00	9,985,311.77	0.875	Aaa	AA	1.045	05/21/2018
3136FTS67	12013	Federal National Mtg Assn		02/03/2015	10,000,000.00	10,080,600.00	10,087,527.32	1.700	Aaa	AA	1.157	02/27/2019
3135G0YM9	12033	Federal National Mtg Assn		04/23/2015	10,000,000.00	10,115,900.00	10,096,899.84	1.875	Aaa	AA+	1.060	09/18/2018
3135G0RT2	12039	Federal National Mtg Assn		10/22/2015	10,000,000.00	9,994,500.00	10,007,190.10	0.875	Aaa	AA+	0.720	12/20/2017
3135G0TG8	12040	Federal National Mtg Assn		10/22/2015	10,000,000.00	9,993,200.00	10,007,434.75	0.875	Aaa	AA+	0.750	02/08/2018
3135G0J53	12069	Federal National Mtg Assn		02/23/2016	21,150,000.00	21,018,447.00	21,122,577.26	1.000	Aaa	AA+	1.080	02/26/2019
3135G0N33	12094	Federal National Mtg Assn		08/08/2016	18,675,000.00	18,415,604.25	18,644,573.49	0.875	Aaa	AA+	0.954	08/02/2019
3135G0J53	12096	Federal National Mtg Assn		08/09/2016	7,900,000.00	7,850,862.00	7,912,456.07	1.000	Aaa	AA+	0.903	02/26/2019
3135G0P49	12112	Federal National Mtg Assn		12/19/2016	20,000,000.00	19,777,800.00	19,770,989.47	1.000	Aaa	AA+	1.544	08/28/2019
3135G0T29	12123	Federal National Mtg Assn		02/28/2017	12,600,000.00	12,592,854.40	12,592,854.40	1.500			1.522	02/28/2020
3135G0ZA4	12134	Federal National Mtg Assn		04/07/2017	20,000,000.00	20,185,500.00	20,185,500.00	1.875	Aaa	AA	1.298	02/19/2019
		Subtotal and Average	**451,580,667.38**		**453,660,000.00**	**452,183,377.20**	**453,666,671.66**				**1.079**	

Exhibit B

Monterey County Daily Reports
Portfolio Management
Portfolio Details - Investments
June 30, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
US Treasury Note-GC 53601(b)												
912828A34	12042B	U.S. Treasury		11/10/2015	5,290,000.00	5,297,670.50	5,290,000.00	1.250	Aaa	AA	1.250	11/30/2018
912828VE7	12045	U.S. Treasury		11/16/2015	17,000,000.00	16,993,370.00	16,989,950.95	1.000	Aaa	AA+	1.066	05/31/2018
912828A34	12052	U.S. Treasury		11/25/2015	10,000,000.00	10,014,500.00	10,001,100.56	1.250	Aaa	AA	1.242	11/30/2018
912828WD8	12056	U.S. Treasury		12/22/2015	40,000,000.00	40,064,000.00	40,007,288.67	1.250	Aaa	AA+	1.236	10/31/2018
912828VE7	12062	U.S. Treasury		12/22/2015	20,000,000.00	19,992,200.00	19,970,128.37	1.000	Aaa	AA+	1.166	05/31/2018
912828TG5	12110	U.S. Treasury		12/19/2016	20,000,000.00	19,979,600.00	19,996,442.52	0.500	Aaa		0.716	07/31/2017
912828TM2	12111	U.S. Treasury		12/19/2016	20,000,000.00	19,984,400.00	19,995,327.82	0.625	Aaa		0.766	08/31/2017
912828S68	12113	U.S. Treasury		12/19/2016	20,000,000.00	19,893,000.00	19,903,597.20	0.750	Aaa		1.200	07/31/2018
912828RE2	12115	U.S. Treasury		12/19/2016	20,000,000.00	20,125,000.00	20,065,488.91	1.500	Aaa		1.215	08/31/2018
912828H52	12116A	U.S. Treasury		12/21/2016	12,400,000.00	12,308,984.00	12,292,127.64	1.250	Aaa		1.596	01/31/2020
912828T42	12117	U.S. Treasury		12/21/2016	25,000,000.00	24,831,000.00	24,857,060.19	0.750	Aaa		1.214	09/30/2018
912828UJ7	12118	U.S. Treasury		12/21/2016	25,000,000.00	24,981,500.00	24,985,587.28	0.875	Aaa	AA	0.974	01/31/2018
912828SD3	12119	U.S. Treasury		12/21/2016	25,000,000.00	25,014,750.00	24,980,932.34	1.250	Aaa		1.299	01/31/2019
912828UR9	12120	U.S. Treasury		12/23/2016	50,000,000.00	49,883,000.00	49,922,318.07	0.750	Aaa		0.986	02/28/2018
912828N63	12122	U.S. Treasury		01/24/2017	20,000,000.00	19,987,799.06	19,987,799.06	1.125	Aaa		1.165	01/15/2019
912828TV2	12128	U.S. Treasury		04/07/2017	19,200,000.00	19,144,760.94	19,144,760.94	1.250	Aaa		1.376	10/31/2019
912828UZ1	12135	U.S. Treasury		04/28/2017	50,080,000.00	49,882,957.12	49,882,957.12	0.625	Aaa		1.103	04/30/2018
		Subtotal and Average	**382,136,549.71**		**398,970,000.00**	**398,378,491.62**	**398,272,867.64**				**1.125**	
		Total and Average	**1,432,916,156.25**		**1,406,749,451.38**	**1,404,654,946.58**	**1,406,270,844.48**				**1.216**	

Exhibit C
Monterey County Historical Yields vs. Benchmarks

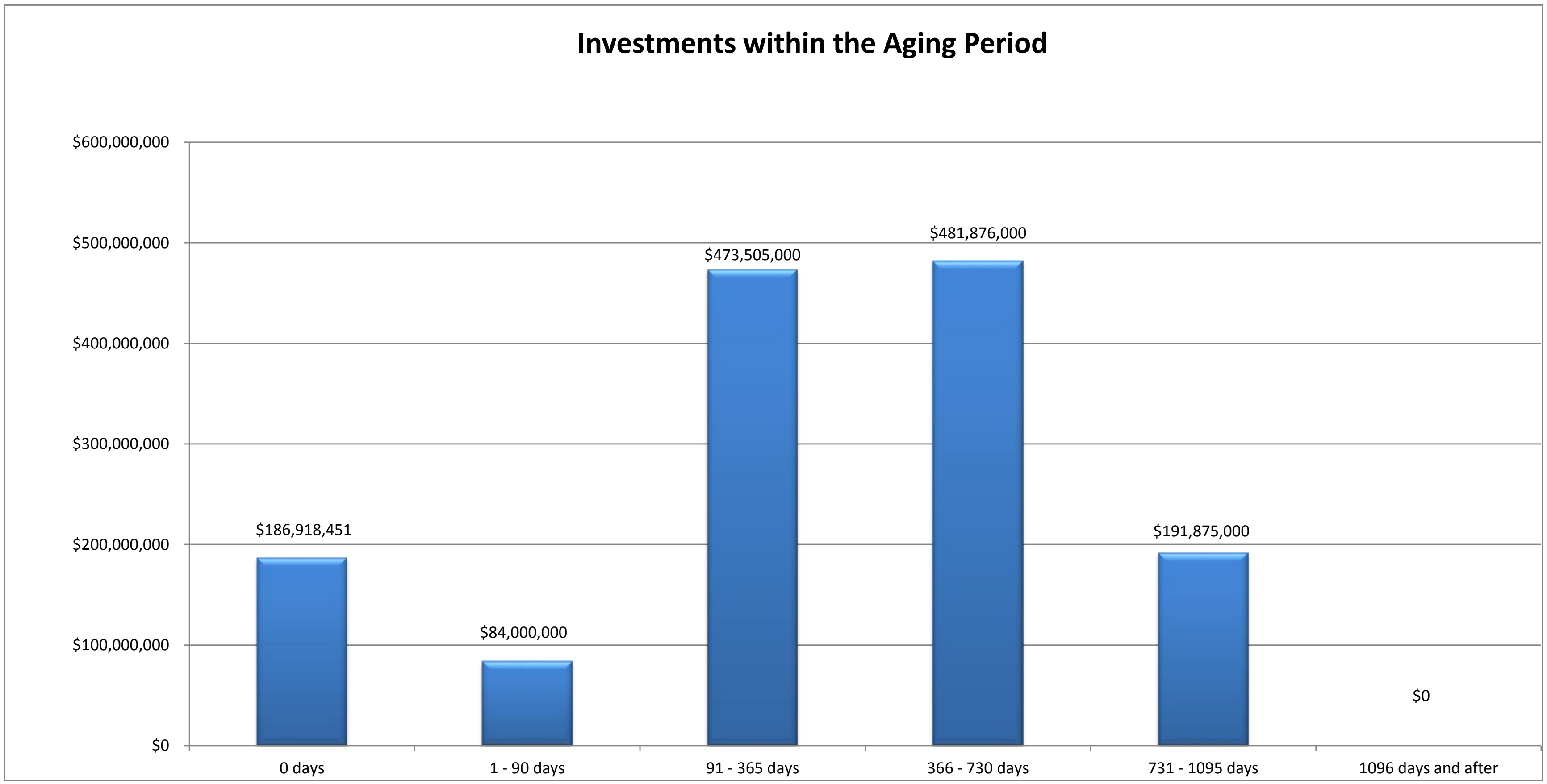


	FY 15/16				FY 16/17			
Quarterly Yield	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Monterey County	0.69	0.71	1.08	1.03	1.54	1.07	1.18	1.22
1 - 3 Yr Treasury and Agency	0.64	1.07	0.75	0.61	0.79	1.18	1.28	1.41
LAIF	0.29	0.33	0.38	0.58	0.55	0.61	0.68	0.78
S&P Rated Govt. Pool Index	0.09	0.16	0.32	0.39	0.45	0.54	0.72	0.91

The S&P Index yields are obtained from Bloomberg
The 1-3 Yr Treasury and Agency yields are obtained from the B of A Merrill Lynch Global Bond Indices/Bloomberg

Exhibit D
Monterey County
Aging Report
By Maturity Date
As of July 1, 2017

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval:	0 days	(06/30/2017 - 06/30/2017)	9 Maturities	186,918,451.38	13.18%	186,918,451.38	186,918,451.38
Aging Interval:	1 - 90 days	(07/01/2017 - 09/28/2017)	5 Maturities	84,000,000.00	5.92%	83,938,364.05	83,851,944.44
Aging Interval:	91 - 365 days	(09/29/2017 - 06/30/2018)	30 Maturities	473,505,000.00	33.39%	473,189,375.59	472,999,120.08
Aging Interval:	366 - 730 days	(07/01/2018 - 06/30/2019)	37 Maturities	481,876,000.00	34.02%	482,370,075.83	481,530,187.29
Aging Interval:	731 - 1095 days	(07/01/2019 - 06/29/2020)	16 Maturities	191,875,000.00	13.49%	191,277,490.22	190,778,000.05
Aging Interval:	1096 days and after	(06/30/2020 -)	0 Maturities	0.00	0.00%	0.00	0.00
		Total for	97 Investments	1,418,174,451.38	100.00	1,417,693,757.07	1,416,077,703.24



Monterey County
Board of Supervisors

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Order

Upon motion of Supervisor Phillips, seconded by Supervisor Salinas and carried by those members present, the Board of Supervisors hereby:

a. Received and accepted the Treasurer's Report of Investments for the Quarter Ending June 30, 2017;
b. Received and approved the Treasurer's Investment Policy for FY 2017-18; and
c. Renewed the Delegation of Investment Authority to the Treasurer-Tax Collector pursuant to California Government Code 53607.

PASSED AND ADOPTED this 25th day of July 2017, by the following vote, to wit:

AYES: Supervisors Alejo, Phillips, Salinas, Parker and Adams
NOES: None
ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 80 for the meeting July 25, 2017.

Dated: July 28, 2017
File ID: 17-0780

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By Denise Hancock
Deputy

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

July 25, 2017

Introduced: 7/13/2017 **Current Status:** Consent Agenda

Version: 1 **Matter Type:** General Agenda Item

a. Receive and Accept the Treasurer's Report of Investments for the Quarter Ending June 30, 2017;
b. Receive and Approve the Treasurer's Investment Policy for FY 2017-18; and
c. Renew the Delegation of Investment Authority to the Treasurer-Tax Collector pursuant to California Government Code 53607.

RECOMMENDATION:
It is recommended that the Board of Supervisors:
a. Receive and Accept the Treasurer's Report of Investments for the Quarter Ending June 30, 2017;
b. Receive and Approve the Treasurer's Investment Policy for FY 2017-18; and
c. Renew the Delegation of Investment Authority to the Treasurer-Tax Collector pursuant to California Government Code 53607.

SUMMARY:
Government Code Section 53646 (b) (1) states the Treasurer may submit a quarterly report of investments. The attached exhibits provide a narrative portfolio review of economic and market conditions that support the investment activity during the April - June period, the investment portfolio position by investment type, a listing of historical Monterey County Treasury Pool yields versus benchmarks, and the investment portfolio by maturity range.

The Treasurer also annually reviews the Monterey County Investment Policy and has recommended updates for Board approval. These updates will provide additional clarification, revise outdated language, and more clearly define investment guidelines and categories as stated in Government Code §53601(q). In addition, annual Board delegation of investment authority to the Treasurer-Tax Collector is prescribed by Government Code sections 53646 and 53607.

DISCUSSION:
During the April - June quarter, Treasury yields were substantially higher compared to a year ago. Short term yields rose as the Federal Open Market Committee (FOMC) raised rates to normalize policy, while longer yields moved in tandem with higher inflation expectations following the elections. The yield curve has flattened over the quarter as some of these inflation expectations moderated. The U.S. labor market continues to strengthen adding 581,000 jobs in the quarter with an average of 187,000 jobs per month over last year. The average hourly earnings, which is an important gauge of wage growth, grew 2.5% over the past 12 months.
On June 30, 2017, the Monterey County investment portfolio contained an amortized book value of $1,406,270,844.48 spread among 97 separate securities and funds. The par value of those funds was $1,406,749,451.38, with a market value of $1,404,654,946.58 or 99.9% of amortized book value. The portfolio's net earned income yield for the period was 1.22%. The

portfolio produced an estimated quarterly income of $ 4,367,421.71which will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 398 days. The County Treasury outperformed most of the portfolio benchmarks due to a consistent investment strategy that uses short term debt to provide liquidity while also taking advantage of higher rates in the one to three year investment range.

The investment portfolio was in compliance with all applicable provisions of state law and the adopted Investment Policy, and contains sufficient liquidity to meet all projected outflows over the next six months. Market value pricings were obtained through resources such as Bloomberg LLP, Union Bank of California and live-bid pricing of corporate securities.

OTHER AGENCY INVOLVEMENT:
A copy of this report will be distributed to all agencies participating in the County investment pool and the Treasury Oversight Committee. In addition, the report will be published on the County Treasurer's web site. A monthly report of investment transactions is provided to the Board of Supervisors as required by Government Code 53607.

FINANCING:
The investment portfolio contains sufficient liquidity to meet all projected expenditures over the next six months. We estimate that the investment earnings in the General Fund will exceed budgeted revenue.

Prepared by: Susanne King, Treasury Manager, x5490

Approved by: Mary A. Zeeb, Treasurer-Tax Collector, x5015

Attachments:
Attachment 1 Exhibit A Investment Portfolio Review 06.30.17
Attachment 2 Exhibit B Portfolio Management Report 06.30.17
Attachment 3 Exhibit C Mo Co Historical Yields vs. Benchmarks 06.30.17
Attachment 4 Exhibit D Aging Summary 07.01.17
Attachment 5 Exhibit E Mo Co Investment Policy 2016-2017 Red Line
Attachment 6 Exhibit F Mo Co Investment Policy 2017-2018 Proposed
cc:
County Administrative Office
County Counsel
Auditor-Controller - Internal Audit Section
All depositors
Treasury Oversight Committee

Exhibit A
Investment Portfolio Review
Quarter Ending June 30, 2017

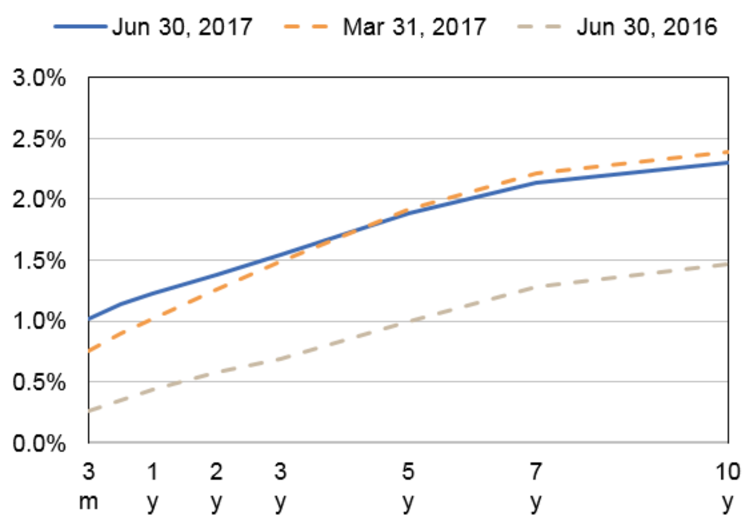
<u>OVERVIEW</u> April 1, 2017 – June 30, 2017

During the April - June quarter, The Federal Open Market Committee (FOMC) raised the federal funds rate by 0.25% to a new target range of 1.0 to 1.25% at its June meeting but probabilities show only a 50% chance of another rate hike by year end. The two-year treasury yields moved modestly higher possibly due to lower expectations of future rate hikes for the remainder of 2017. Weaker economic data and low inflation kept interest rates in check. The initial market reaction to the Fed's June interest rate increase was surprisingly modest, initially moving only short-term rates higher. In recent days, longer-term yields have adjusted as well. The muted reaction is an indication of uncertainty about the pace of U.S. economic growth and future Fed policy.

<u>U.S. TREASURY YIELD CURVE</u>

- Treasury yields are substantially higher compared to a year ago: short-term yields rose as the Fed raised rates to normalize policy, while longer yields moved in tandem with higher inflation expectations following the elections. The yield curve has flattened over the quarter as some of the inflation expectations moderated.

U.S. Treasury Yield Curve

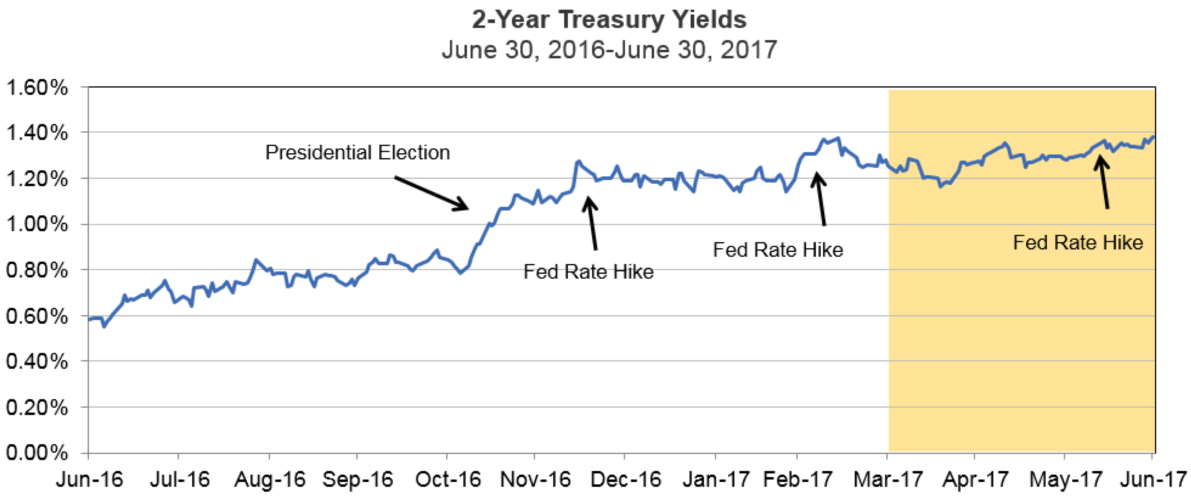


Source: Bloomberg, as of 6/30/17.

Yield Curve History

Maturity	6/30/16	3/31/17	6/30/17
3-Mo.	0.26	0.75	1.01
6-Mo.	0.35	0.90	1.13
1-Yr.	0.44	1.02	1.23
2-Yr.	0.58	1.26	1.38
3-Yr.	0.69	1.49	1.55
5-Yr.	1.00	1.92	1.89
7-Yr.	1.28	2.21	2.14
10-Yr.	1.47	2.39	2.31
30-Yr.	2.29	3.01	2.84

Two-year treasury yields moved modestly higher possibly due to lower expectations of future rate hikes for the remainder of 2017.



Source: Bloomberg, as of 6/30/17.

The County Treasury continues to outperform the majority of its portfolio benchmarks this quarter. Our investment strategy positions short term debt to provide liquidity and continues to take advantage of available higher yields on U.S. Treasuries, commercial paper, corporate notes and negotiable CDs as well as maintaining federal agencies with attractive rates. The following indicators reflect key aspects of the County's investment portfolio in light of the above noted conditions:

1. Market Access – During the quarter, investment purchases included U.S. Treasuries, Federal Agencies, Commercial Paper, Negotiable CDs and Corporate Notes. The Treasurer continues to keep a higher level of liquid assets reflecting the need to maintain levels of available cash to ensure the ability to meet all cash flow needs.

2. Diversification - The Monterey County Treasurer's portfolio consists of 97 separate fixed income investments, all of which are authorized by the State of California Government Code 53601.

   The portfolio asset spread is detailed in the table below:

Portfolio Asset Composition					
Corporate Notes	Negotiable CDs	Overnight Liquid Assets	US Treasuries	Federal Agencies	Commercial Paper
15.1%	7.5%	13.0%	28.3%	32.2%	4.4%

- Total may not equal 100% due to rounding

3. Credit Risk – Approximately 85% of the investment portfolio is comprised of U.S. Treasuries, Federal Agency securities, Negotiable CDs and other liquid funds. All assets have an investment grade rating. U.S. Treasuries are not specifically rated, but are

considered the safest of all investments. All corporate debt (15.1%) is rated in the higher levels of investment grade and all federal agency securities have AA ratings, or are guaranteed by the U.S. Treasury. The credit quality of the County's portfolio continues to be high.

The portfolio credit composition is detailed in the table below:

Portfolio Credit Composition												
AAA	AAAm	AA+	AA	AA-	A+	A	A-	A-1+ (Short-Term)	A-1 (Short-Term)	Aaf/S1+ (CalTrust)	BBB+	Not Rated (LAIF/ MMF)
1%	5%	62%	1%	9%	5%	3%	1%	1%	4%	5%	1%	2%

4. Liquidity Risk – Liquidity risk, as measured by the ability of the County's Treasury to meet withdrawal demands on invested assets, was managed during the April - June quarter. The portfolio's average weighted maturity was 398 days, and the County maintained $175M (13%) in overnight investments to provide immediate liquidity. In addition, the County maintained $557M (39%) in securities with maturities under a year to provide enhanced liquidity.

PORTFOLIO CHARACTERISTICS

	March 31, 2017	June 30, 2017
Total Assets	$1,348,216,995.71	$1,406,749,451.38
Market Value	$1,346,285,722.86	$1,404,654,946.58
Days to Maturity	419	398
Yield	1.18%	1.22%
Estimated Earnings	$3,869,096.96	$4,367,421.71

FUTURE STRATEGY

The Treasurer has 48% of the portfolio invested in the 1-3-year maturity range and 39% invested in maturities under one year to take advantage of the higher yields offered in those parts of the yield curve. We will continue to r
un the portfolio to manage safety and liquidity while maximizing the rate of return.

Exhibit B

Monterey County Daily Reports
Portfolio Management
Portfolio Details - Investments
June 30, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Money Market Accts - GC 53601(k)(2)												
SYS11672	11672	BlackRock			0.00	0.00	0.00	0.337			0.337	
SYS11830	11830	Federated		07/01/2016	0.00	0.00	0.00	0.101	Aaa	AAA	0.101	
SYS11578	11578	Fidelity Investments			800,000.00	800,000.00	800,000.00	0.758	Aaa	AAA	0.758	
		Subtotal and Average	**5,195,604.40**		**800,000.00**	**800,000.00**	**800,000.00**				**0.758**	
State Pool - GC 16429.1												
SYS11361	11361	LAIF			31,500,000.00	31,500,000.00	31,500,000.00	0.776			0.776	
		Subtotal and Average	**54,974,725.27**		**31,500,000.00**	**31,500,000.00**	**31,500,000.00**				**0.776**	
CALTRUST/CAMP - GC 53601(p)												
SYS11801	11801	CalTrust			70,000,000.00	70,000,000.00	70,000,000.00	1.142	Aaa	AAA	1.142	
SYS11802	11802	CalTrust		03/27/2017	0.00	0.00	0.00	0.774	Aaa	AAA	0.774	
SYS10379	10379	Calif. Asset Mgmt			72,500,000.00	72,500,000.00	72,500,000.00	1.071		AAA	1.071	
SYS11961	11961	Calif. Asset Mgmt			0.00	0.00	0.00	0.658		AAA	0.658	
		Subtotal and Average	**145,183,516.48**		**142,500,000.00**	**142,500,000.00**	**142,500,000.00**				**1.106**	
SWEEP ACCOUNT-MORG STNLY												
SYS12041	12041	Morgan Stanley			693,451.38	693,451.38	693,451.38	0.731			0.731	
		Subtotal and Average	**1,490,230.38**		**693,451.38**	**693,451.38**	**693,451.38**				**0.731**	
Medium Term Notes - GC 53601(k)												
0258M0DP1	12088	American Express Credit		06/27/2016	10,000,000.00	10,055,700.00	10,121,440.78	2.250	A2	A-	1.660	08/15/2019
037833BQ2	12066	Apple Inc Corp Notes		02/23/2016	6,000,000.00	6,011,340.00	5,999,441.32	1.700	Aa1	AA+	1.706	02/22/2019
037833AQ3	12129	Apple Inc Corp Notes		04/07/2017	10,000,000.00	10,103,612.15	10,103,612.15	2.100	Aa1	AA+	1.528	05/06/2019
06406HCZ0	12126	Bank of New York Mellon Corp		03/17/2017	10,000,000.00	10,010,188.17	10,010,188.17	2.150	A1	A	2.110	02/24/2020
084670BX5	12098	Berkshire Hathaway Finance		08/15/2016	2,415,000.00	2,402,876.70	2,414,837.39	1.150	Aa2	AA	1.156	08/15/2018
166764AE0	12049	Chevron Corp. Global		11/25/2015	8,175,000.00	8,200,015.50	8,190,593.75	1.718	Aa1	AA	1.519	06/24/2018
17275RBG6	12104	Cisco Systems Inc Corp		09/20/2016	9,000,000.00	8,901,900.00	8,992,609.25	1.400	A1		1.438	09/20/2019
172967KS9	12085	Citibank		06/09/2016	3,840,000.00	3,825,523.20	3,838,710.79	2.050	Baa1	A-	2.068	06/07/2019
191216BV1	12130	Coca- Cola Co		04/07/2017	4,431,000.00	4,417,018.79	4,417,018.79	1.375	Aa3	AA-	1.543	05/30/2019
25468PDH6	12064	The Walt Disney Copr		01/08/2016	2,710,000.00	2,712,601.60	2,708,160.76	1.650	A2	A	1.696	01/08/2019
369604BC6	12010	General Electric		01/23/2015	10,000,000.00	10,359,400.00	10,173,125.85	5.250	Aa	AA	1.150	12/06/2017
38141GVT8	12074	Goldman Sachs		04/25/2016	1,415,000.00	1,409,382.45	1,412,617.93	2.000	A3	BBB+	2.096	04/25/2019
38141GVT8	12075	Goldman Sachs		04/26/2016	7,210,000.00	7,181,376.30	7,207,203.13	2.000	A3	BBB+	2.022	04/25/2019

Exhibit B

Monterey County Daily Reports
Portfolio Management
Portfolio Details - Investments
June 30, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Medium Term Notes - GC 53601(k)												
02665WBA8	12068	American Honda Finance		02/23/2016	3,780,000.00	3,764,502.00	3,779,585.92	1.700	A1	A+	1.707	02/22/2019
02665WBE0	12091	American Honda Finance		07/12/2016	2,500,000.00	2,455,575.00	2,498,307.87	1.200	A1	A+	1.234	07/12/2019
459200JE2	12067	IBM Corp Notes		02/19/2016	20,000,000.00	20,008,600.00	19,995,254.11	1.800			1.812	05/17/2019
458140AZ3	12136	INTEL CORP		05/15/2017	10,000,000.00	10,016,656.13	10,016,656.13	1.850	A1		1.790	05/11/2020
24422ETE9	12063	John Deere Captital Corp		01/08/2016	8,300,000.00	8,334,943.00	8,299,747.77	1.950	A2	A	1.952	01/08/2019
46625HQU7	12081	JP Morgan Chase		05/26/2016	10,000,000.00	9,968,400.00	10,010,085.14	1.850	A3	A	1.789	03/22/2019
594918BN3	12095	MICROSOFT CORP		08/08/2016	6,500,000.00	6,412,575.00	6,495,307.30	1.100	Aaa	AAA	1.135	08/08/2019
594918BN3	12133	MICROSOFT CORP		04/07/2017	6,000,000.00	5,942,212.37	5,942,212.37	1.100	Aaa	AAA	1.568	08/08/2019
713448DE5	12070	Pepsico Inc Corp Note		02/24/2016	3,850,000.00	3,836,525.00	3,849,387.89	1.500	A1	A	1.510	02/22/2019
717081DU4	12083	PFIZER INC		06/03/2016	10,000,000.00	9,939,100.00	9,992,695.56	1.450	A1	AA	1.489	06/03/2019
89236TCA1	12009	Toyota Motor Corporation		01/16/2015	10,000,000.00	10,002,900.00	10,008,804.46	1.450	Aa	AA	1.280	01/12/2018
89233P6S0	12018	Toyota Motor Corporation		03/30/2015	10,000,000.00	9,998,700.00	10,003,676.91	1.250	Aaa	AA	1.107	10/05/2017
89236TBP9	12121	Toyota Motor Corporation		01/12/2017	5,000,000.00	5,021,963.58	5,021,963.58	2.125	Aa3	AA-	1.904	07/18/2019
94974BFG0	12021	Wells Fargo & Company		04/07/2015	10,000,000.00	9,988,000.00	10,017,840.84	1.500	Aaa	AA	1.164	01/16/2018
94974BFU9	12089	Wells Fargo & Company		06/27/2016	10,000,000.00	10,032,400.00	10,113,203.45	2.125	A2	A	1.483	04/22/2019
		Subtotal and Average	**210,356,305.89**		**211,126,000.00**	**211,313,986.94**	**211,634,289.36**				**1.586**	
Negotiable CDs - GC 53601(i)												
06417GUE6	12127	Bank of Nova Scotia Hous		04/06/2017	10,000,000.00	10,000,000.00	10,000,000.00	1.910			1.910	04/05/2019
40428AR58	12047	HSBC Securites		11/18/2015	14,000,000.00	14,000,000.00	14,000,000.00	1.540	Aa2	AA-	1.540	11/17/2017
65558LWA6	12109	Nordea Bank Finland NY		12/05/2016	17,500,000.00	17,641,225.00	17,500,000.00	1.760	Aa3	AA-	1.760	11/30/2018
78009NZZ2	12072	Royal Bank of Canada		03/15/2016	18,000,000.00	18,000,000.00	18,000,000.00	1.700	Aa3	AA-	1.700	03/09/2018
83050FBG5	12046	Skandinaviska Enskilada Banken		11/17/2015	14,000,000.00	14,000,000.00	14,000,000.00	1.480	Aa3	A+	1.501	11/16/2017
86958DH54	12048	Svenska Handelsbanken NY		11/24/2015	14,000,000.00	14,007,000.00	14,000,000.00	1.642			1.261	08/24/2017
89113E5E2	12073	Toronto Dominion Bank		03/16/2016	18,000,000.00	18,000,000.00	18,000,000.00	1.720	Aa1	AA-	1.744	03/14/2018
		Subtotal and Average	**104,950,549.45**		**105,500,000.00**	**105,648,225.00**	**105,500,000.00**				**1.631**	
Commercial Paper Disc.- GC 53601(h)												
06538CB83	12137	Bank of Tokyo-MITS		05/16/2017	12,000,000.00	11,887,520.00	11,887,520.00	1.520	P-1	A-1	1.561	02/08/2018
22533TWC6	12124	Credit Agricole CIB NY		03/06/2017	20,000,000.00	19,950,522.22	19,950,522.22	1.220	P-1	A-1	1.254	09/12/2017
13607EZV4	12132	Canadian Imperial Holding		04/07/2017	20,000,000.00	19,868,272.22	19,868,272.22	1.310			1.341	12/29/2017
21687AUA9	12105	Cooperatieve Rabobank USA		11/01/2016	10,000,000.00	9,931,100.00	9,997,250.00	1.100	P-1	A-1	1.119	07/10/2017
		Subtotal and Average	**77,048,007.30**		**62,000,000.00**	**61,637,414.44**	**61,703,564.44**				**1.319**	

Exhibit B

Monterey County Daily Reports
Portfolio Management
Portfolio Details - Investments
June 30, 2017

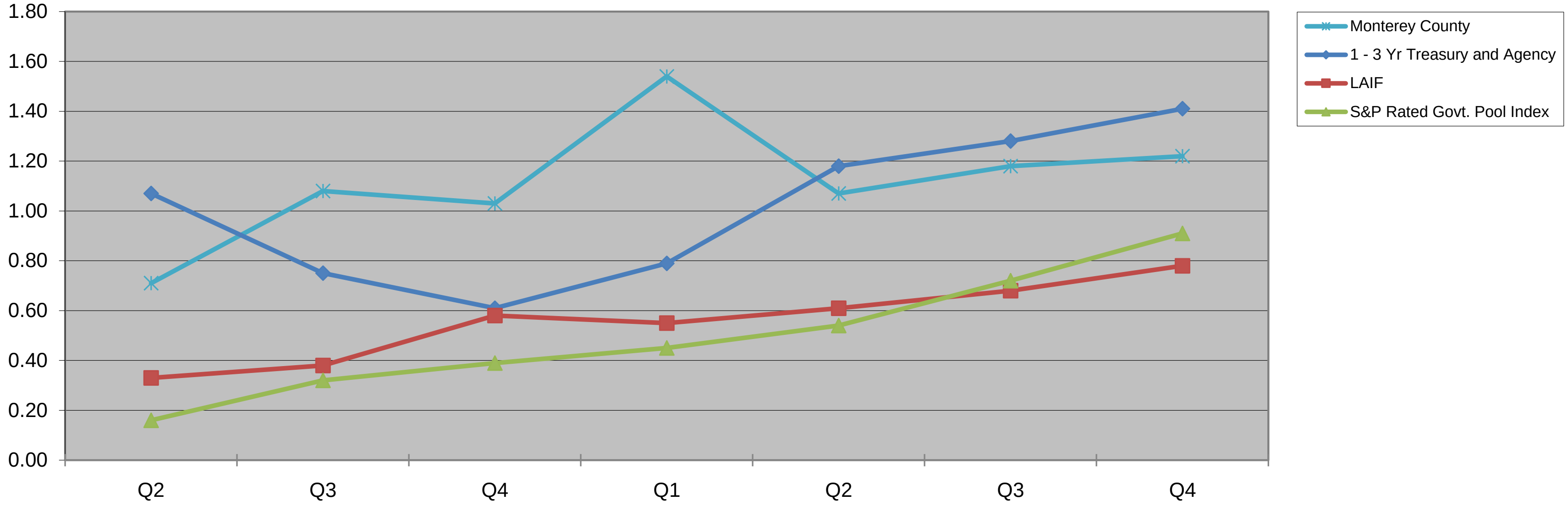
CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
Fed Agcy Coupon Sec - GC 53601(f)												
3133EEFE5	12008	Federal Farm Credit Bank		01/12/2015	10,000,000.00	10,019,700.00	10,006,831.82	1.125	Aaa	AA	0.975	12/18/2017
3133EEMA5	12011	Federal Farm Credit Bank		01/30/2015	10,000,000.00	9,981,300.00	10,004,774.35	1.500	Aaa	AA	1.480	12/30/2019
3133EELZ1	12012	Federal Farm Credit Bank		02/02/2015	10,000,000.00	9,979,400.00	10,008,061.21	1.000	Aaa	AA	0.890	03/29/2018
3133EETE0	12020	Federal Farm Credit Bank		04/01/2015	10,000,000.00	10,009,500.00	10,013,224.22	1.125	Aaa	AA	0.932	03/12/2018
313378A43	11925	Federal Home Loan Bank		05/02/2013	10,000,000.00	10,035,800.00	10,041,650.37	1.375	Aaa	AA	0.758	03/09/2018
313383A68	11928	Federal Home Loan Bank		06/13/2013	10,000,000.00	9,947,800.00	10,000,000.00	1.080	Aaa	AA	1.080	06/13/2018
3130A4Q70	12032	Federal Home Loan Bank		04/23/2015	10,000,000.00	10,006,100.00	10,007,050.22	1.000	Aaa	AA+	0.811	11/17/2017
3130A8BD4	12082	Federal Home Loan Bank		05/27/2016	32,000,000.00	31,888,640.00	31,963,285.96	0.875	Aaa	AA+	0.992	06/29/2018
3130A8DB6	12084	Federal Home Loan Bank		06/03/2016	16,935,000.00	16,838,639.85	16,930,400.71	1.125	Aaa	AA+	1.139	06/21/2019
3130A8DB6	12090	Federal Home Loan Bank		07/12/2016	26,000,000.00	25,852,060.00	26,165,948.25	1.125	Aaa	AA+	0.797	06/21/2019
3130A8PK3	12097	Federal Home Loan Bank		08/15/2016	18,000,000.00	17,856,900.00	17,955,349.89	0.625	Aaa	AA+	0.853	08/07/2018
3130A8BD4	12099	Federal Home Loan Bank		08/15/2016	15,250,000.00	15,196,930.00	15,251,786.85	0.875	Aaa	AA+	0.863	06/29/2018
3130A9AE1	12101	Federal Home Loan Bank		08/29/2016	17,500,000.00	17,403,750.00	17,492,598.45	0.875	Aaa	AA+	0.909	10/01/2018
3130AAXX1	12125	Federal Home Loan Bank		03/17/2017	10,000,000.00	9,985,965.60	9,985,965.60	1.375	Aaa	AA+	1.458	03/18/2019
3137EADL0	11987	Federal Home Loan Mtg Corp		08/25/2014	10,000,000.00	10,009,700.00	9,997,578.03	1.000	Aaa	AA	1.101	09/29/2017
3137EADZ9	12100	Federal Home Loan Mtg Corp		08/29/2016	17,500,000.00	17,429,125.00	17,552,061.21	1.125	Aaa	AA+	0.956	04/15/2019
3137EAED7	12103	Federal Home Loan Mtg Corp		09/16/2016	10,150,000.00	10,094,885.50	10,147,302.90	0.875	Aaa	AA+	0.896	10/12/2018
3137EAEB1	12114	Federal Home Loan Mtg Corp		12/19/2016	20,000,000.00	19,735,800.00	19,725,273.55	0.875	Aaa	AA+	1.561	07/19/2019
3137EAEE5	12131	Federal Home Loan Mtg Corp		04/07/2017	20,000,000.00	20,004,213.60	20,004,213.60	1.500		AA+	1.491	01/17/2020
3135G0XA6	11924	Federal National Mtg Assn		05/21/2013	10,000,000.00	9,930,700.00	10,000,000.00	1.030	Aaa	AA	1.030	05/21/2018
3135G0XK4	11927	Federal National Mtg Assn		05/30/2013	10,000,000.00	9,979,200.00	10,000,000.00	1.050	Aaa	AA	1.050	05/25/2018
3135G0WJ8	11929	Federal National Mtg Assn		05/28/2013	10,000,000.00	9,972,000.00	9,985,311.77	0.875	Aaa	AA	1.045	05/21/2018
3136FTS67	12013	Federal National Mtg Assn		02/03/2015	10,000,000.00	10,080,600.00	10,087,527.32	1.700	Aaa	AA	1.157	02/27/2019
3135G0YM9	12033	Federal National Mtg Assn		04/23/2015	10,000,000.00	10,115,900.00	10,096,899.84	1.875	Aaa	AA+	1.060	09/18/2018
3135G0RT2	12039	Federal National Mtg Assn		10/22/2015	10,000,000.00	9,994,500.00	10,007,190.10	0.875	Aaa	AA+	0.720	12/20/2017
3135G0TG8	12040	Federal National Mtg Assn		10/22/2015	10,000,000.00	9,993,200.00	10,007,434.75	0.875	Aaa	AA+	0.750	02/08/2018
3135G0J53	12069	Federal National Mtg Assn		02/23/2016	21,150,000.00	21,018,447.00	21,122,577.26	1.000	Aaa	AA+	1.080	02/26/2019
3135G0N33	12094	Federal National Mtg Assn		08/08/2016	18,675,000.00	18,415,604.25	18,644,573.49	0.875	Aaa	AA+	0.954	08/02/2019
3135G0J53	12096	Federal National Mtg Assn		08/09/2016	7,900,000.00	7,850,862.00	7,912,456.07	1.000	Aaa	AA+	0.903	02/26/2019
3135G0P49	12112	Federal National Mtg Assn		12/19/2016	20,000,000.00	19,777,800.00	19,770,989.47	1.000	Aaa	AA+	1.544	08/28/2019
3135G0T29	12123	Federal National Mtg Assn		02/28/2017	12,600,000.00	12,592,854.40	12,592,854.40	1.500			1.522	02/28/2020
3135G0ZA4	12134	Federal National Mtg Assn		04/07/2017	20,000,000.00	20,185,500.00	20,185,500.00	1.875	Aaa	AA	1.298	02/19/2019
		Subtotal and Average	**451,580,667.38**		**453,660,000.00**	**452,183,377.20**	**453,666,671.66**				**1.079**	

Exhibit B

Monterey County Daily Reports
Portfolio Management
Portfolio Details - Investments
June 30, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM	Maturity Date
US Treasury Note-GC 53601(b)												
912828A34	12042B	U.S. Treasury		11/10/2015	5,290,000.00	5,297,670.50	5,290,000.00	1.250	Aaa	AA	1.250	11/30/2018
912828VE7	12045	U.S. Treasury		11/16/2015	17,000,000.00	16,993,370.00	16,989,950.95	1.000	Aaa	AA+	1.066	05/31/2018
912828A34	12052	U.S. Treasury		11/25/2015	10,000,000.00	10,014,500.00	10,001,100.56	1.250	Aaa	AA	1.242	11/30/2018
912828WD8	12056	U.S. Treasury		12/22/2015	40,000,000.00	40,064,000.00	40,007,288.67	1.250	Aaa	AA+	1.236	10/31/2018
912828VE7	12062	U.S. Treasury		12/22/2015	20,000,000.00	19,992,200.00	19,970,128.37	1.000	Aaa	AA+	1.166	05/31/2018
912828TG5	12110	U.S. Treasury		12/19/2016	20,000,000.00	19,979,600.00	19,996,442.52	0.500	Aaa		0.716	07/31/2017
912828TM2	12111	U.S. Treasury		12/19/2016	20,000,000.00	19,984,400.00	19,995,327.82	0.625	Aaa		0.766	08/31/2017
912828S68	12113	U.S. Treasury		12/19/2016	20,000,000.00	19,893,000.00	19,903,597.20	0.750	Aaa		1.200	07/31/2018
912828RE2	12115	U.S. Treasury		12/19/2016	20,000,000.00	20,125,000.00	20,065,488.91	1.500	Aaa		1.215	08/31/2018
912828H52	12116A	U.S. Treasury		12/21/2016	12,400,000.00	12,308,984.00	12,292,127.64	1.250	Aaa		1.596	01/31/2020
912828T42	12117	U.S. Treasury		12/21/2016	25,000,000.00	24,831,000.00	24,857,060.19	0.750	Aaa		1.214	09/30/2018
912828UJ7	12118	U.S. Treasury		12/21/2016	25,000,000.00	24,981,500.00	24,985,587.28	0.875	Aaa	AA	0.974	01/31/2018
912828SD3	12119	U.S. Treasury		12/21/2016	25,000,000.00	25,014,750.00	24,980,932.34	1.250	Aaa		1.299	01/31/2019
912828UR9	12120	U.S. Treasury		12/23/2016	50,000,000.00	49,883,000.00	49,922,318.07	0.750	Aaa		0.986	02/28/2018
912828N63	12122	U.S. Treasury		01/24/2017	20,000,000.00	19,987,799.06	19,987,799.06	1.125	Aaa		1.165	01/15/2019
912828TV2	12128	U.S. Treasury		04/07/2017	19,200,000.00	19,144,760.94	19,144,760.94	1.250	Aaa		1.376	10/31/2019
912828UZ1	12135	U.S. Treasury		04/28/2017	50,080,000.00	49,882,957.12	49,882,957.12	0.625	Aaa		1.103	04/30/2018
		Subtotal and Average	**382,136,549.71**		**398,970,000.00**	**398,378,491.62**	**398,272,867.64**				**1.125**	
		Total and Average	**1,432,916,156.25**		**1,406,749,451.38**	**1,404,654,946.58**	**1,406,270,844.48**				**1.216**	

Exhibit C
Monterey County Historical Yields vs. Benchmarks

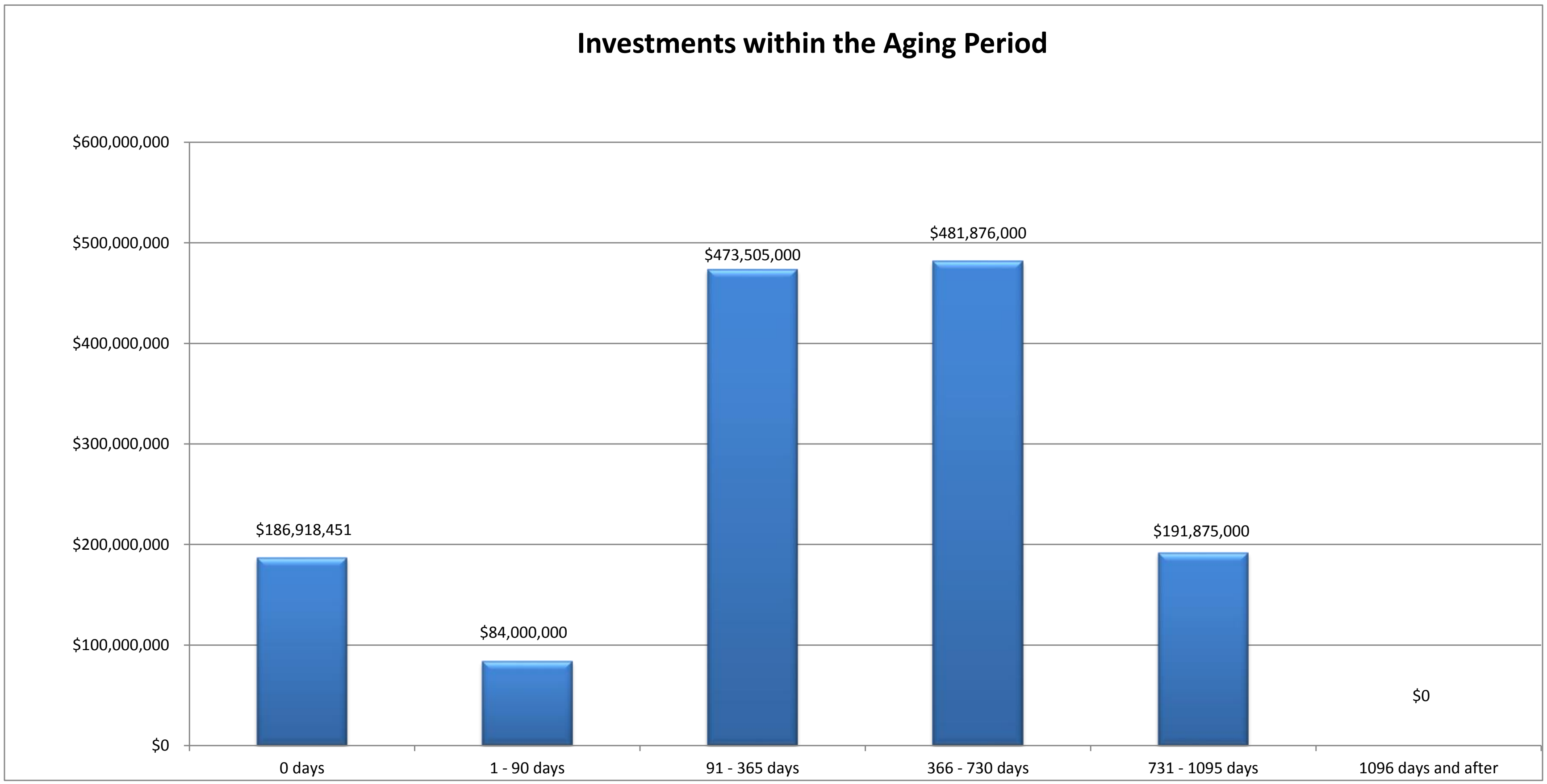


	FY 15/16				FY 16/17			
Quarterly Yield	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Monterey County	0.69	0.71	1.08	1.03	1.54	1.07	1.18	1.22
1 - 3 Yr Treasury and Agency	0.64	1.07	0.75	0.61	0.79	1.18	1.28	1.41
LAIF	0.29	0.33	0.38	0.58	0.55	0.61	0.68	0.78
S&P Rated Govt. Pool Index	0.09	0.16	0.32	0.39	0.45	0.54	0.72	0.91

The S&P Index yields are obtained from Bloomberg
The 1-3 Yr Treasury and Agency yields are obtained from the B of A Merrill Lynch Global Bond Indices/Bloomberg

Exhibit D
Monterey County
Aging Report
By Maturity Date
As of July 1, 2017

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
Aging Interval:	0 days	(06/30/2017 - 06/30/2017)	9 Maturities	186,918,451.38	13.18%	186,918,451.38	186,918,451.38
Aging Interval:	1 - 90 days	(07/01/2017 - 09/28/2017)	5 Maturities	84,000,000.00	5.92%	83,938,364.05	83,851,944.44
Aging Interval:	91 - 365 days	(09/29/2017 - 06/30/2018)	30 Maturities	473,505,000.00	33.39%	473,189,375.59	472,999,120.08
Aging Interval:	366 - 730 days	(07/01/2018 - 06/30/2019)	37 Maturities	481,876,000.00	34.02%	482,370,075.83	481,530,187.29
Aging Interval:	731 - 1095 days	(07/01/2019 - 06/29/2020)	16 Maturities	191,875,000.00	13.49%	191,277,490.22	190,778,000.05
Aging Interval:	1096 days and after	(06/30/2020 -)	0 Maturities	0.00	0.00%	0.00	0.00
		Total for	97 Investments	1,418,174,451.38	100.00	1,417,693,757.07	1,416,077,703.24



SEASIDE COUNTY SANITATION DISTRICT
STAFF REPORT

Item No.: 4.E.

TO:	Seaside County Sanitation District
FROM:	Craig Malin, District Manager
BY:	Daphne Hodgson, Deputy City Manager Administrative Services
DATE:	March 13, 2018
SUBJECT:	**ACCEPT AND FILE THE SEASIDE COUNTY SANITATION DISTRICT JUNE 30, 2017 AUDITED FINANCIAL STATEMENTS**

PURPOSE

Accept and file the Seaside County Sanitation District June 30, 2017 Audited Financial Statements.

RECOMMENDATION

It is recommended that the District Board accept and file the June 30, 2017 Audited Financial Statements.

BACKGROUND

The Seaside County Sanitation District's Financial Statements for the year-ended June 30, 2017, have been completed and audited. The Report is linked to this agenda packet.

As in previous years, the auditors have given the District an unmodified opinion on the financial statements. The audit opinion states that the financial statements present fairly the financial position of the District as of June 30, 2017, and the changes in financial position and cash flows, in accordance with generally accepted accounting principles.

FISCAL IMPACT

The cost of the annual audit is included in the annual budget.

ATTACHMENTS

1. June 30, 2017 Audited Financial Statements
   http://www.ci.seaside.ca.us/DocumentCenter/View/4957

Reviewed for Submission By:

____

Craig Malin, District Manager

SEASIDE COUNTY SANITATION DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

THIS PAGE INTENTIONALLY LEFT BLANK

SEASIDE COUNTY SANITATION DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2017

THIS PAGE INTENTIONALLY LEFT BLANK

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Seaside County Sanitation District
Seaside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Seaside County Sanitation District (District), a component unit of the City of Seaside, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors
Seaside County Sanitation District
Seaside, California

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Roseville, California
December 22, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

THIS PAGE INTENTIONALLY LEFT BLANK

As management of the Seaside County Sanitation District (District), we offer readers of the District's financial statements this discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. Please read this overview in conjunction with the basic financial statements and accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded liabilities as of June 30, 2017 by $10.2 million, an increase of almost $1 million.
- Total District revenues were $2.2 million in fiscal year 2016-2017.
- Total District expenses were $1.2 million in fiscal year 2016-2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's Basic Financial Statements. The statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows provide information about the activities of the District. The financial statements also include various footnote disclosures, which further describe the District activities.

During the fiscal year ended June 30, 2017, net position increased by $980 thousand, mostly attributable to the District's charges for services revenue that continues to support the District's goal of long-term financial health. In addition, the District has increased its charges for service in order to fund significant capital renovations that are needed to bring the sewer system up-to-date.

A portion of the District's net position, $2.7 million, reflects its investment in capital assets such as infrastructure, machinery, vehicles, and equipment, minus any related outstanding debt. In addition, a significant portion of net position, $7.6 million or 72% is the District's cash and investments.

Table 1
Statement of Net Position

	2017	2016
Current and Other Assets	$ 7,601,476	$ 6,553,483
Capital Assets	3,008,160	3,151,375
Total Assets	10,609,636	9,704,858
Other Liabilities	78,364	154,676
Long-Term Liabilities	308,358	308,999
Total Liabilities	386,722	463,675
Net Investment in Capital Assets	2,699,802	2,739,283
Restricted	2,745,981	2,979,314
Unrestricted	4,777,131	3,522,586
Total Net Position	$ 10,222,914	$ 9,241,183

For the fiscal year ended June 30, 2017, revenue increased by $71,000 while expenses decreased by $163,000.

Table 2
Statement of Revenues, Expenses, and Chnages in Net Position

	2017	2016
Revenues:		
Program Revenues:		
Charges for Services	$ 1,698,741	$ 1,646,928
General Revenues:		
Property Tax	423,935	439,075
Gain on Sale of Capital Assets	24,977	-
Investment Earnings	56,160	47,186
Total Revenues	2,203,813	2,133,189
Expenses:		
Sanitation	1,222,082	1,385,371
CHANGE IN NET POSITION	981,731	747,818
Net Position - July 1	9,241,183	8,493,365
NET POSITION - JUNE 30	$ 10,222,914	$ 9,241,183

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the District are those assets which are used in the performance of the District's functions, including infrastructure assets.

As of June 30, 2017, the District's investment in capital assets amounted to $3 million (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, equipment, and construction in progress.

The table below provides a comparison of the District's capital assets for the current and prior years.

Table 3
Capital Assets, Net of Accumulated Depreciation

	2017	2016
Intangible	$ 164,066	$ 164,066
Construction in Progress	230,102	214,379
Equipment	513,204	585,521
Infrastructures	2,100,788	2,187,409
Total	$ 3,008,160	$ 3,151,375

For additional information on capital assets see Note 3.

Long-Term Obligations

At June 30, 2017, the District's total long-term obligations were $308,358, compared to $412,092 in the prior year. The long-term obligations amount was comprised of capital leases of $308,358 for the purchase of a Vactor Truck.

For additional information on long-term debt see Note 4.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the District's finances for all those with interest in them. Questions concerning any of the information provided in this report or requests for additional information, contact the Deputy City Manager – Administrative Services at 440 Harcourt Avenue, Seaside, California 93955, phone (813) 899-6718, or email at dhodgson@ci.seaside.ca.us.

THIS PAGE INTENTIONALLY LEFT BLANK

SEASIDE COUNTY SANITATION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS	
Current Assets:	
Cash and Investments	$ 7,582,142
Due From Other Governments	14,900
Prepaid Expenses	4,434
Total Current Assets	7,601,476
Capital Assets:	
Nondepreciable	394,168
Depreciable, Net of Accumulated Depreciation	2,613,992
Total Net Capital Assets	3,008,160
Total Assets	10,609,636
LIABILITIES	
Current Liabilities:	
Accounts Payable	68,798
Accrued Liabilities	2,749
Interest Payable	6,562
Deposits from Others	255
Capital Lease Payable - Due within One Year	80,102
Total Current Liabilities	158,466
Noncurrent Liabilities:	
Capital Lease Payable - Due in More than One Year	228,256
Total Liabilities	386,722
NET POSITION	
Net Investment in Capital Assets	2,699,802
Restricted - Capital Projects	2,745,981
Unrestricted	4,777,131
Total Net Position	$ 10,222,914

See accompanying Notes to Basic Financial Statements.

SEASIDE COUNTY SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2017

OPERATING REVENUES	
Charges for Service	$ 1,698,741
OPERATING EXPENSES	
Contracted Salaries and Wages	271,376
Services and Supplies	778,660
Depreciation	158,547
Total Operating Expenses	1,208,583
OPERATING INCOME	490,158
NONOPERATING REVENUES (EXPENSES)	
Interest Income	56,160
Secured and Unsecured Property Taxes	389,022
Property Tax Apportionment from RDA Dissolution	34,913
Gain on Sale of Capital Assets	24,977
Interest Expense	(13,499)
Total Nonoperating Revenues (Expenses)	491,573
CHANGE IN NET POSITION	981,731
Net Position - Beginning of Year	9,241,183
NET POSITION - END OF YEAR	$ 10,222,914

See accompanying Notes to Basic Financial Statements.

SEASIDE COUNTY SANITATION DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	$ 1,691,160
Payments for Contracted Salaries and Wages	(274,190)
Payments to Suppliers	(695,729)
Net Cash Provided by Operating Activities	721,241
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property Taxes	423,935
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payment of Principal	(103,734)
Purchase of Capital Assets	(15,332)
Proceeds of Borrowings for Capital Purposes	24,977
Interest Paid	(9,981)
Net Cash Flows Used for Capital and Related Financing Activities	(104,070)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	56,160
NET DECREASE IN CASH AND CASH EQUIVALENTS	1,097,266
Cash and Cash Equivalents - Beginning of Year	6,484,876
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 7,582,142
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	$ 490,158
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	158,547
(Increase) Decrease in Assets:	
Receivables	(7,581)
Prepaids	56,854
Increase (Decrease) in Liabilities:	
Accounts Payable	26,077
Accrued Liabilities	(2,814)
Net Cash Provided for Operating Activities	$ 721,241

See accompanying Notes to Basic Financial Statements.

THIS PAGE INTENTIONALLY LEFT BLANK

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Seaside County Sanitation District (District) are prepared in accordance with accounting principles generally accepted in the United States of America. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Reporting Entity

The Seaside County Sanitation District (District) is responsible for the transportation of sewage waste from residential and commercial buildings to a sewage treatment plant operated by the Monterey Regional Waste Pollution Control Agency. In addition, the District installs and maintains sewer lines and lift stations. The governing board consists of one appointed member each from the Cities of Del Rey Oaks, Sand City, and Seaside.

The District's basic financial statements include the operations of all organizations for which the Board of Directors exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of the governing authority, designation of management, ability to significantly influence operations, and accountability of fiscal matters. No operations of other entities met the aforementioned oversight criteria for inclusion from the accompanying basic financial statements.

The District is reported as a discretely presented component unit on the City of Seaside's (City) financial statements.

B. Basis of Presentation and Accounting

The accompanying financial statements of the District are prepared on the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units.

All activities of the District are accounted for within an enterprise fund. Enterprise funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation and Accounting (Continued)

Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. In accordance with GASB No. 33, *Accounting and Reporting for Nonexchange Transactions*, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and resources are available. Revenues from sales tax are recognized when the underlying transactions take place and the resources are available. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligible requirements have been satisfied and the resources are available.

C. Cash and Cash Equivalents

The District's cash and investments are cash held by the County of Monterey (County) and the City of Seaside.

D. Receivables

Receivables consist of user fees and connections fee which are billed and collected by the County. The District believes its receivables are to be fully collectible and, accordingly, no allowance for doubtful accounts is required.

E. Capital Assets

Capital assets, which include intangible assets, construction in progress, infrastructure, vehicles, and equipment, are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date contributed. The District defines capital assets as assets with an initial individual cost of more than $25,000 for infrastructure and $5,000 for all other assets, and an estimated useful life in excess of one year.

Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method of depreciation over the estimated useful lives as follows:

Vehicles and Equipment	5-15 Years
Infrastructure	50-75 Years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Net Position

Net position comprises the various net earnings from operating and nonoperating revenues, expenses, and contributions of capital. Net position is classified in the following three components: Net investment is capital assets; restricted; and unrestricted net position. Net investment in capital assets, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted net position consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. The District's restricted net position consists of monies set aside for future capital project outlays. Unrestricted net position consists of all other net position not included in the above categories.

When both restricted and unrestricted net positions are available, restricted resources are used only after the unrestricted resources are depleted.

G. Property Taxes

The District receives property taxes from the County, which has been assigned the responsibility for assessment, collection, and apportionment of property taxes for all taxing jurisdictions within the County. The District's property taxes are levied each July 1 on the assessed values as of the prior January 1 for all real and personal property located in the District. Property sold after the assessment date (January 1) is reassessed and the amount of supplemental property tax levied is prorated. Secured property taxes are due in two installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH AND INVESTMENTS

Cash and investments at June 30, 2017 consisted of the following:

Cash and Investments with the County of Monterey	$ 6,785,750
Cash and Investments with the City of Seaside	796,392
Total Cash and Investments	$ 7,582,142

Investments Authorized by California Government Code and the District's Investment Policy

The District's investment policy authorizes investment in all investments authorized under provisions of California Government Code Section 53601.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates.

Authorized Investment Type	Maturity (in Years) (12 Months or Less)
Monterey County Investment Pool	$ 6,785,750
City of Seaside Investment Pool	796,392
Total	$ 7,582,142

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The credit rating and other information regarding the investments for the Monterey County and Seaside City pools for the fiscal year 2016-2017 are disclosed in the annual financial reports for the City.

Authorized Investment Type	Minimum Legal Rating	Rating as of Year End
		Not Rated
Monterey County Investment Pool	N/A	$ 6,785,750
City of Seaside Investment Pool	N/A	796,392
Total		$ 7,582,142

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty, (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision: The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Districts deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. These principles recognize a three-tiered fair value hierarchy, as follows:

Level 1 – Investments reflect prices quoted in active markets;

Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,

Level 3 – Investments reflect prices based upon unobservable sources.

The Pool has the following recurring fair value measurements as of June 30, 2017:

Investments measured at amortized cost:

Monterey County Investment Pool	$ 6,785,750
City of Seaside Investment Pool	796,392
Total Pooled Investments	$ 7,582,142

NOTE 3 CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Nondepreciable Capital Assets:				
Intangible Assets	$ 164,066	$ -	$ -	$ 164,066
Construction in Progress	214,379	15,723	-	230,102
Total Nondepreciable Capital Assets	378,445	15,723	-	394,168
Depreciable Capital Assets:				
Intangible - Master Plan	340,028	-	-	340,028
Equipment	1,119,607	-	(229,493)	890,114
Infrastructure	7,296,978	-	-	7,296,978
Total Depreciable Capital Assets	8,756,613	-	(229,493)	8,527,120
Less Accumulated Depreciation:				
Intangible - Master Plan	(340,028)	-	-	(340,028)
Equipment	(534,086)	(71,926)	229,102	(376,910)
Infrastructure	(5,109,569)	(86,621)	-	(5,196,190)
Total Accumulated Depreciation	(5,983,683)	(158,547)	229,102	(5,913,128)
Net Depreciable Capital Assets	2,772,930	(158,547)	(391)	2,613,992
Net Capital Assets	$ 3,151,375	$ (142,824)	$ (391)	$ 3,008,160

NOTE 4 LONG-TERM LIABILITIES

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Capital Leases	$ 412,092	$ -	$ 103,734	$ 308,358	$ 80,102

Capital Lease Payable

The assets acquired through capital leases are as follows:

Equipment and Vehicles	$ 630,947
Less: Accumulated Depreciation	(115,681)
Total	$ 515,266

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

Capital Lease Payable (Continued)

During the fiscal year 2011-2012, the District entered into an agreement to lease a vehicle. The imputed interest rate is 3%. Principal and interest are payable monthly on the 15th until December 2017. The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2017 is as follows:

Year Ending June 30,	Amount
2018	$ 26,605
Total Requirements	26,605
Less: Interest	(283)
Present Value of Remaining Payments	$ 26,322

During the fiscal year 2015-2016, the District entered into an agreement to lease a vehicle. The imputed interest rate is 2.359%. Principal and interest are payable monthly on the 11th until July 2021. The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2017 is as follows:SE

Year Ending June 30,	Amount
2018	$ 60,505
2019	60,505
2020	60,505
2021	60,505
2022	60,505
Total Requirements	302,525
Less: Interest	(20,489)
Present Value of Remaining Payments	$ 282,036

NOTE 5 RISK MANAGEMENT

A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The District is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

NOTE 5 RISK MANAGEMENT (CONTINUED)

B. Self-Insurance Programs of the Insurance Authority

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability

In the liability program claims are pooled separately between police and nonpolice exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to $30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from $30,000 to $750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of $750,000 up to the reinsurance attachment point of $5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from $5 million to $10 million are paid under a reinsurance contract subject to a $2.5 million annual aggregate deductible. The $2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from $10 million to $15 million are paid under two reinsurance contracts subject to a combined $3 million annual aggregate deductible. The $3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from $20 million up to $50 million are covered through excess insurance policies.

The overall coverage limit for each member including all layers of coverage is $50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of $30 million per occurrence. This $30 million subsidence sub-limit is composed of (a) $5 million retained within the pool's SIR, (b) $15 million in reinsurance, and (c) $10 million in excess insurance. The excess insurance layer has a $10 million annual aggregate.

NOTE 5 RISK MANAGEMENT (CONTINUED)

C. Purchased Insurance

Pollution Legal Liability Insurance

The District participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the District. Coverage is on a claims-made basis. There is a $50,000 deductible. The Authority has a limit of $50 million for the three-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a $10 million sub-limit during the three-year term of the policy.

Property Insurance

The District participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The District's property is currently insured according to a schedule of covered property submitted by the District to the Authority. The District's property currently has all-risk property insurance protection in the amount of $25,432,467. There is a $5,000 deductible per occurrence except for nonemergency vehicle insurance which has a $1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

D. Adequacy of Protection

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage in 2016-2017.

NOTE 6 RELATED PARTY TRANSACTIONS

The City performs maintenance and administrative services for the District. In this regard, the City charged the district $969,919 for the fiscal year ended June 30, 2017.

THIS PAGE INTENTIONALLY LEFT BLANK

OTHER REPORTS

THIS PAGE INTENTIONALLY LEFT BLANK

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Seaside County Sanitation District
Seaside, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Seaside County Sanitation District (District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 22, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of their tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Board of Directors
Seaside County Sanitation District

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
December 22, 2017

SEASIDE COUNTY SANITATION DISTRICT
STAFF REPORT

Item No.: 4.F.

TO: Seaside County Sanitation District

FROM: Craig Malin, District Manager

BY: Daphne Hodgson, Deputy City Manager Administrative Services

DATE: March 13, 2018

SUBJECT: **APPROVAL OF FEBRUARY 2018 EXPENDITURE REPORT FOR SEASIDE COUNTY SANITATION DISTRICT.**

PURPOSE

Approval of expenditures for February 2018 for the Seaside County Sanitation District in the amount of $85,975.86.

RECOMMENDATION

Approve expenditures for February 2018. Total expenditures were $85,975.86.

BACKGROUND

The expenditure report for the month of February 2018 is attached. The cash balance as of February 28, 2018 was $7,044,812.47.

FISCAL IMPACT

No fiscal impact.

ATTACHMENTS

1. Feb expenditure spreadsheet.3-5-18
2. Feb EFT Form.3-5-18

Reviewed for Submission By:

____

Craig Malin, District Manager

Seaside County Sanitation District
Year-to-Date 2017-2018 Expenses
February 2018

Authorized for Payment by the Board of Directors

ACCOUNT NUMBER	DESCRIPTION	TOTAL CHARGES YTD	TOTAL BILLED YTD	TOTAL DUE
951-0-8810-0001	Admin. Salary	27,054.84	23,496.69	3,558.15
951-0-8810-0002	Overtime	1.88	1.88	-
951-0-8810-0010	Management Leave Payoff	1,225.25	1,225.25	-
951-0-8810-0012	Vacation	2,217.79	2,217.79	-
951-0-8810-0016	Deferred Compensation	311.45	247.58	63.87
951-0-8810-0031	PERS Pension	2,736.85	1,993.78	743.07
951-0-8810-0032	PARS Pension	4,095.59	3,619.51	476.08
951-0-8810-0033	LIUNA Pension	18.61	17.64	0.97
951-0-8810-0041	Medical Insurance	3,891.06	3,388.87	502.19
951-0-8810-0051	Dental Ins	385.57	354.07	31.50
951-0-8810-0061	Vision Ins-CPIC	31.64	24.58	7.06
951-0-8810-0071	LTD	102.22	102.22	-
951-0-8810-0081	Life Insurance	96.60	96.60	-
951-0-8810-0092	Medicare Tax	458.81	408.63	50.18
951-0-8810-1022	Legal Services	3,190.88	2,792.02	398.86
951-0-8810-1025	City Audit	7,300.00	7,300.00	-
951-0-8810-1030	Consultant	-	2,840.00	(2,840.00)
951-0-8810-1033	Fitness Program	77.15	70.40	6.75
951-0-8810-2053	Outside Printing Services	165.08	165.08	-
951-0-8810-3092	Stationary Supplies	32.73	32.73	-
951-0-8810-3095	Department Consumables	244.87	244.87	-
951-0-8810-4121	Meetings/Travel	78.62	78.62	-
951-0-8810-4122	Dues and Memberships	287.76	-	287.76
951-0-8810-5132	Telephone	1,221.90	1,069.11	152.79
951-0-8810-9397	Computer System	1,850.00	1,850.00	-
951-0-8820-0001	Salaries	67,495.28	58,269.48	9,225.80
951-0-8820-0002	Overtime	4,588.93	4,181.65	407.28
951-0-8820-0012	Vacation	247.51	247.51	-
951-0-8820-0016	Deferred Compensation	681.25	585.13	96.12
951-0-8820-0031	PERS Pension	6,509.18	4,611.35	1,897.83
951-0-8820-0033	LIUNA Pension	1,816.60	1,573.67	242.93
951-0-8820-0041	Medical Insurance	10,875.52	9,310.68	1,564.84
951-0-8820-0051	Dental In	844.13	749.95	94.18
951-0-8820-0061	Vision Ins	70.96	52.51	18.45
951-0-8820-0071	LTD	110.69	110.69	-
951-0-8820-0081	Life Insurance	60.33	60.33	-
951-0-8820-0092	Medicare Tax	1,010.92	886.39	124.53
951-0-8820-1029	Training and Education		256.70	(256.70)
951-0-8820-2049	Uniform Service/ Laundry	1,514.23	1,233.32	280.91
951-0-8820-2068	Refuse Disposal	9,336.77	9,324.08	12.69
951-0-8820-2073	Subcontracted Work	23,469.86	12,021.33	11,448.53
951-0-8820-2087	Equipment Rental	1,202.13	1,202.13	-
951-0-8820-3095	Department Consumables	6,190.34	5,488.00	702.34
951-0-8820-3097	Safety Equipment	491.92	313.35	178.57
951-0-8820-4121	Meetings/Travel	2,609.35	2,309.35	300.00

Seaside County Sanitation District
Year-to-Date 2017-2018 Expenses
February 2018

Authorized for Payment by the Board of Directors

ACCOUNT NUMBER	DESCRIPTION	TOTAL CHARGES YTD	TOTAL BILLED YTD	TOTAL DUE
951-0-8820-4122	Dues and Memberships	6,373.00	2,088.00	4,285.00
951-0-8820-5131	Gas & Electric	5,115.21	4,363.91	751.30
951-0-8820-5133	Water	1,218.45	1,218.45	-
951-0-8820-8187	Department Equipment	3,094.02	3,094.02	-
951-0-8820-8198	Fog Program	1,655.32	1,655.32	-
951-0-8820-9397	Computer System	58.33	58.33	-
951-0-8820-9602	Lease Principal	559.64	260.56	299.08
951-0-8820-9605	Lease Interest	69.30	33.15	36.15
		214,346.32	179,197.26	35,149.06
952-0-8820-8194	Sewer System Mgmt Plan Update	4,276.50	4,276.50	-
952-0-8820-8196	LAFCO Application	27,366.66	9,418.13	17,948.53
952-0-8820-9605	Interest Expense	7,008.07	7,008.07	-
952-0-8820-9608	Lease Payments	26,320.91	26,320.91	-
		64,972.14	47,023.61	17,948.53
953-0-8820-0016	Deferred Compensation	15.25	4.60	10.65
953-0-8820-0031	PERS Pension	86.50	24.08	62.42
953-0-8820-0032	PARS Pension	145.00	72.04	72.96
953-0-8820-0041	Medical Insurance - Non LIUNA	83.74	67.99	15.75
953-0-8820-0051	Dental Ins	17.69	6.73	10.96
953-0-8820-0061	Vision Ins	0.65	0.04	0.61
953-0-8820-0071	LTD	1.89	1.89	-
953-0-8820-0081	Life Insurance	1.82	1.82	-
953-0-8820-0092	Medicare Tax	13.56	6.18	7.38
953-0-8820-9193	Sta 321 Upgrades	749.62	223.33	526.29
953-0-8820-9199	942 Angelus Way Pipe	220.40	220.40	-
953-0-8820-9201	Del Monte Lift Station Upgrade	112,715.50	106,325.25	6,390.25
953-0-8820-9202	Rosita Lift Station Upgrade	31,910.00	31,910.00	-
953-0-8820-9203	Angelus Way Sewer Main Up	140,152.78	121,924.28	18,228.50
953-0-8820-9205	Canyon Del Rey Sewer RPLC	9,232.50	3,555.00	5,677.50
953-0-8820-9214	Del Monte SWR Main Replac	2,715.00	840.00	1,875.00
		298,061.90	265,183.63	32,878.27
954-0-8810-2090	Insurance	72,082.00	72,082.00	-
			951-1009	**35,149.06**
			952-1009	**17,948.53**
			953-1009	**32,878.27**
			954-1009	**-**
FEBRUARY 2018 DRAWDOWN				**85,975.86**

COUNTY OF MONTEREY - AUTHORIZATION of ELECTRONIC FUNDS TRANSFER

DEBIT : COUNTY OF MONTEREY
Account Number : Wells Fargo Bank
Account Name : Monterey County Treasurer

CREDIT : **CITY OF SEASIDE PUBLIC INTEREST CHECKING**

Pay to Bank : **RABOBANK**
1658 FREMONT BLVD., SEASIDE, CA 93955

Account No. 9782713643
Routing No. 122238420
Customer Name: CITY OF SEASIDE

Amount : $ **85,975.86**

AUTHORIZED SIGNATURES:
1 ____________________
2 ____________________
3 ____________________

AUDITOR : ENTER AMOUNT AUTHORIZED FOR TRANSFER AND SIGN FORM

TREASURER : PROCESS TRANSFER, ENTER DATE OF TRANSFER, SIGN FORM AND RETURN TO AUDITOR

AUDITOR		**TREASURER**	
Hilda Castro			
Deputy Auditor	Date	Deputy Treasurer	Date of Transfer

For Auditor-Controller Office use only

Period ____________ JV Number ____________
Budget Yr. ____________ Date ____________
Total $ 85,975.86

DESCRIPTION	AT	FD	BU	ORG	ACCT	REP CT	DEBIT	CREDIT
Special District Exp.		603			2530			
Cash		603			1001			

Daphne Hodgson, Deputy City Manager / Administrative Services (831) 899-6718; SCSD
Expenses for January 2018.

Prepared By: Hilda Castro Date:

Approved By:_______________ Date:_________ Keyed By:_______________ Date:___________

SEASIDE COUNTY SANITATION DISTRICT
STAFF REPORT

Item No.: 4.G.

TO:	Seaside County Sanitation District
FROM:	Craig Malin, District Manager
BY:	Richard Riedl, District Engineer Leslie Llantero, Assistant Engineer
DATE:	March 13, 2018
SUBJECT:	**RECEIVE SEASIDE COUNTY SANITATION DISTRICT OPERATIONS REPORT FOR FEBRUARY 2018.**

PURPOSE

Receive monthly report for sewer maintenance and stoppages for February 2018.

RECOMMENDATION

Accept reports. This item is presented for information only.

BACKGROUND

Attached is the Seaside County Sanitation District Operations Report and Flush Map for February 2018.

FISCAL IMPACT

There is no fiscal impact associated with this item.

ATTACHMENTS

1. Monthly Operations Report
2. Flush Map

Reviewed for Submission By:

____
Craig Malin, District Manager

Seaside County Sanitation District
Operations Report

Fiscal Year 2017/2018 Month of February

	Del Rey Oaks (42,240)		Sand City (26,400)		Seaside (316,800)		District Totals (385,440 ft.)	
	Month	YTD	Month	YTD	Month	YTD	Month	YTD
Maintenance								
Mainline Rodded		0		0		0	0	0
Main Line Jetted		15,672		0	29,782	122,322	29,782	137,994
Main Line Video		0		0		0	0	0
Main Lines Treated for Grease Control (Jet Power II)	262	1,734	190	1,330	3,882	23,970	4,334	27,034
Stoppages								0
Main Line		0		0	3	11	3	12
Laterals		0		0	1	5	1	5

Sewer Repairs
None

Sewers Video
None

Stoppage Locations

Del Rey Oaks

Sand City

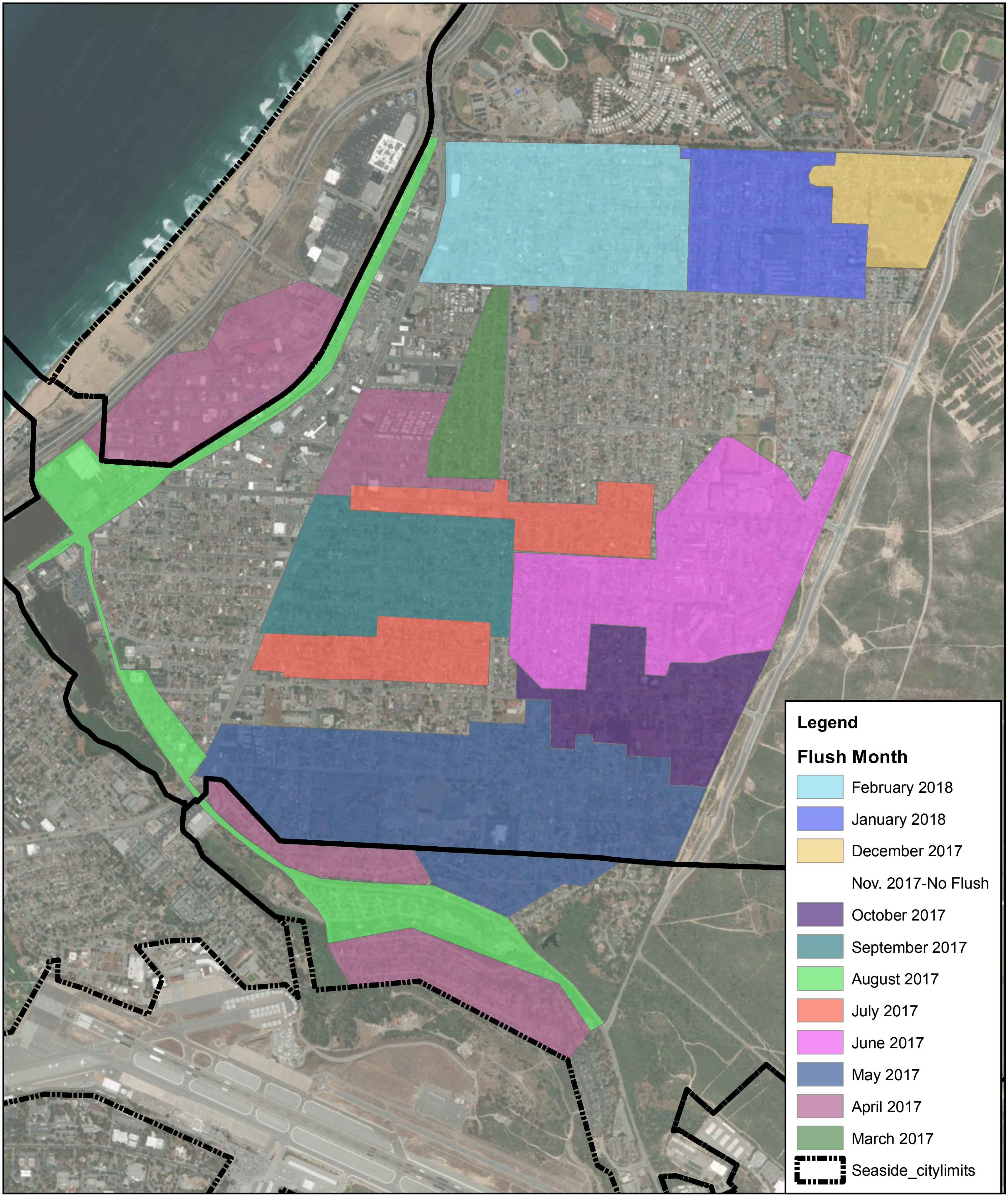
Seaside
1865 Judson St (L)

Overflow Locations

Del Rey Oaks

Sand City

Seaside
1200 Hilby (ML-Bricks and Rocks)
942 Hilby (ML-Grease)
1857 Luxton St (ML-Paper)



0 1,250 2,500 Feet

Source: SCSD, AMBAG

SEASIDE COUNTY SANITATION DISTRICT

Flush Map

Exhibit