

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)  
BOARD OF DIRECTORS MEETING  
BOARD ROOM  
Thursday, April 25, 2019  
2:00 pm**

**AMENDED AGENDA FOR PUBLIC SESSION**

**I. CALL TO ORDER**

**II. ROLL CALL**

**III. APPROVAL OF AGENDA**

ACTION                      EXHIBIT

\*

**IV. PUBLIC COMMENTS**

**Comments can be made concerning any matter within the Board’s jurisdiction; but if the matter is not on the agenda, there will be no Board discussion of the issue. Anyone wishing to address the Board on any issue, please stand and approach the microphone.**

**V. APPROVAL OF MINUTES**

- |                                                      |   |    |
|------------------------------------------------------|---|----|
| A. March 11, 2019 Special Board of Directors Meeting | * | 1  |
| B. April 4, 2019 (March) Board of Directors Meeting  | * | 1a |
| C. April 9, 2019 Special Board of Directors Meeting  | * | 1b |

**VI. FINANCIAL REPORT**

- |                                                        |   |   |
|--------------------------------------------------------|---|---|
| A. April 4, 2019 (March) Finance Committee Minutes     | * | 2 |
| B. Chief Financial Officer Report                      |   | 3 |
| C. March Payroll, Electronic Payments & Check Register | * | 4 |

**VII. CHIEF EXECUTIVE OFFICER REPORT**

**VIII. OLD BUSINESS / REPORTS**

- |                                             |   |   |
|---------------------------------------------|---|---|
| A. Castle Family Health Centers, Inc Report |   | 5 |
| B. Bloss Board Member Report                |   |   |
| C. Roof Update                              |   |   |
| D. Recommendation of Possible Investments   | * | 6 |

**IX. NEW BUSINESS**

- |                                                     |   |   |
|-----------------------------------------------------|---|---|
| A. Approval of Draft CDSC Final Audit, May 31, 2018 | * | 7 |
| B. <b>Credentialing / Privileging</b>               | * |   |

**X. AGENDA FOR CLOSED SESSION**

Closed Session Items Pursuant the Brown Act will be:  
 Section 54954.5(h) Report Involving Trade Secrets – Regarding New Services.  
 Estimated date of public disclosure will be in 2019.  
 Section 54954.5 (c); 54956.9 Conference with Legal Counsel for Initiation of  
 Litigation.  
 Section 1461 of the Health and Safety Code – Quality Management.

**XI. NEXT MEETING DATE**

**XII. ADJOURNMENT**

Assistance for those with disabilities: If you have a disability and need accommodation to participate in the meeting, please call Fily Cale at (209) 724-4102 or (209) 381-2000 extension 7000 for assistance so that any necessary arrangements may be made.

Any written materials relating to an agenda item to be discussed in open session of a regular meeting that is distributed within the 24 hours prior to the meeting is available for public inspection at the time the record is distributed to all, or a majority of all, members of the Board. These documents are available from the Executive Assistant in administration at 3605 Hospital Road, Suite F, Atwater, California 95301.

---

# PUBLIC NOTICE

Bloss Memorial Healthcare District, A Public Entity • 3605 Hospital Road, • Atwater, California 95301 •  
(209) 381-2000 x 7002 • fax: (209) 722-9020

**Date:** April 19, 2019

**Phone:** (209) 724-4102

**Fax:** (209) 722-9020

Bloss Memorial Healthcare District will hold their Finance Committee meeting on Thursday, April 25, 2019 at 1:30 pm in the Board Room at 3605 Hospital Road, Atwater, CA 95301.

Bloss Memorial Healthcare District will hold their **Board of Directors** meeting on Thursday, April 25, 2019 at 2:00 pm in the Board Room at 3605 Hospital Road, Atwater, Ca 95301.

I, Fily Cale, posted a copy of the agenda of the Board of Directors of Bloss Memorial Healthcare District, said time being at least 24 hours in advance of the meeting of the Board of Directors.

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)**  
**BOARD OF DIRECTORS MEETING**  
**BOARD ROOM**  
**Thursday, April 25, 2019**  
**2:00 pm**

**AGENDA FOR PUBLIC SESSION**

**I. CALL TO ORDER**

**II. ROLL CALL**

	<b><u>ACTION</u></b>	<b><u>EXHIBIT</u></b>
<b>III. APPROVAL OF AGENDA</b>	*	

**IV. PUBLIC COMMENTS**

**Comments can be made concerning any matter within the Board’s jurisdiction; but if the matter is not on the agenda, there will be no Board discussion of the issue. Anyone wishing to address the Board on any issue, please stand and approach the microphone.**

**V. APPROVAL OF MINUTES**

A. March 11, 2019 Special Board of Directors Meeting	*	1
B. April 4, 2019 (March) Board of Directors Meeting	*	1a
C. April 9, 2019 Special Board of Directors Meeting	*	1b

**VI. FINANCIAL REPORT**

A. April 4, 2019 (March) Finance Committee Minutes	*	2
B. Chief Financial Officer Report		3
C. March Payroll, Electronic Payments & Check Register	*	4

**VII. CHIEF EXECUTIVE OFFICER REPORT**

**VIII. OLD BUSINESS / REPORTS**

A. Castle Family Health Centers, Inc Report		5
B. Bloss Board Member Report		
C. Roof Update		
D. Recommendation of Possible Investments	*	6

**IX. NEW BUSINESS**

A. Approval of Draft CDSC Final Audit, May 31, 2018	*	7
-----------------------------------------------------	---	---

**X. AGENDA FOR CLOSED SESSION**

Closed Session Items Pursuant the Brown Act will be:  
 Section 54954.5(h) Report Involving Trade Secrets – Regarding New Services.  
 Estimated date of public disclosure will be in 2019.  
 Section 54954.5 (c); 54956.9 Conference with Legal Counsel for Initiation of Litigation.  
 Section 1461 of the Health and Safety Code – Quality Management.

**BLOSS MEMORIAL HEALTHCARE DISTRICT (BMHD)  
SPECIAL BOARD OF DIRECTORS MEETING  
Executive Conference Room  
Monday, March 11, 2019  
9:00 am**

**CALL TO ORDER**

Kory Billings, Chair, called the meeting to order at 9:02 am.

**ROLL CALL**

Board Members Present: Chair; Kory Billings, Chair; Glenn Arnold, Vice Chair; Al Peterson, Secretary / Treasurer and Bob Boesch, Board Member

Others Present: Edward Lujano, Chief Executive Officer; Fily Cale, Executive Assistant and Rick Ramirez, Maintenance Supervisor

Absent: None

**APPROVAL OF AGENDA**

**A motion was made / seconded, (Bob Boesch / Alfonse Peterson) to approve the March 11, 2019 Board Agenda as presented. Motion carried.**

**PUBLIC COMMENTS**

None

**NEW BUSINESS**

- a. Tour of BMHD Facilities

Edward Lujano announced that the Strategic Planning meeting will be held on Monday, June 24, 2019 at 9:00 am. Greg Facktor & Associates will facilitate the Strategic Planning meeting.

A tour of the BMHD facilities will

**AGENDA FOR CLOSED SESSION**

None.

**NEXT MEETING DATE**

The March Board of Directors Meeting will be held Thursday, April 4, 2019 at 2:00 p.m. in the Board Room.

**ADJOURNMENT**

As there was no further business the meeting commenced to a tour of the BMHD facilities at 9:05 am.

The meeting was adjourned at 10:57 am. No action taken.

Respectfully Submitted,

---

Fily Cale  
Executive Assistant

---

Alfonse Peterson  
Board Secretary

**BLOSS MEMORIAL HEALTHCARE DISTRICT (BMHD)  
BOARD OF DIRECTORS MEETING  
BOARD ROOM  
Thursday, April 4, 2019 (March)  
2:00 pm**

**CALL TO ORDER**

Kory Billings, Board Chair, called the meeting to order at 2:00 pm.

**ROLL CALL**

Board Members Present: Kory Billings, Chair Glenn Arnold, Vice Chair; Al Peterson, Secretary / Treasurer and

Others Present: Edward Lujano, CEO; Fily Cale, Executive Assistant; Dawnita Castle, CFO; David Thompson, DSCA; Ralph Temple, Jr., Legal Counsel and Peter Mojarras, CFHC COO @ 2:09 pm

Absent: Bob Boesch, Board Member

**APPROVAL OF AGENDA**

**A motion was made / seconded, (Alfonse Peterson / Glenn Arnold) to approve the April 4, 2019 agenda with change. Motion carried.**

**PUBLIC COMMENTS**

None.

**APPROVAL OF MINUTES**

A. February 28, 2019 Board of Directors Meeting, Exhibit 1

**A motion was made / seconded, (Alfonse Peterson / Glenn Arnold) to approve and accept the February 28, 2019 Board of Directors Meeting minutes as presented, Exhibit 1. Motion carried.**

**FINANCIAL REPORT**

A. February 28, 2019 Finance Committee Meeting Minutes, Exhibit 2

**A motion was made / seconded, (Alfonse Peterson / Glenn Arnold) to accept the February 28, 2019 Finance Committee Meeting minutes as presented. Exhibit 2. Motion carried.**

## B. Chief Financial Officer Report, Exhibit 3

Dawnita Castle, CFO, reported that the Bloss Trust check arrived and was for the amount of \$549,685, however, Wells Fargo Bank cut the check for Castle Family Health Centers (CFHC). She spoke to Tammi Griswold at Wells Fargo Bank who stated that the administrative team in Salem had done some research and that the tax exempt status for BMHD was not longer in good standing. They had to make the distribution to someone who was tax exempt and they made it out to CFHC. CFHC deposited the check and cut another check back to BMHD upon recommendation of Ralph Temple, Legal Counsel.

Ralph Temple, Legal Counsel, reported that a letter had been received a month ago indicating that Wells Fargo Bank had looked at the website and noted that BMHD had sold the dental surgery centers and therefore they were concerned about BMHDs tax exempt status or more specifically BMHDs 501( c) (3) status, which is a category for charitable organizations. A copy of the Affiliation Agreement between BMHD and CFHC was sent to them and pointed out that in the past there had been some grants from BMHD to CFHC and that was in the horizon once BMHD stabilized their economic situation with the sale of the surgical centers. Ralph Temple, Legal Counsel, contacted Eric Tetrault, Tax Attorney who will be contacting Wells Fargo Bank.

The Cash Balance ending for February 2019 was \$2,445,625 and it did decrease the Cash on Hand to 422 days. The decrease is due to the 2 roofing payments to Cool Roofing totaling \$350,000 and Platinum Roofing for \$11,000. Total remaining payments are \$339,000 to complete the project.

BMHD recorded a net gain in the amount of \$7,375 before depreciation and after depreciation a loss after depreciation of \$47,729. BMHD expenses include \$25,563 for Sierra Kings.

## C. February 2019 Payroll, Electronic Payments and Check Register, Exhibit 4

**A motion was made / seconded, (Alfonse Peterson / Glenn Arnold) to approve and accept the February 2019 Payroll in the amount \$9,965.78 and Accounts Payable in the amount of \$1,013,337.45 for a total Disbursement of \$1,023,303.23, Exhibit 4. Motion carried.**

## CHIEF EXECUTIVE OFFICER REPORT

Edward Lujano reported that on Monday, March 11, 2019 the Board of Directors had toured both facilities, including the underground and infrastructure. The Bloss building on Grove Avenue was built in the 1940's and was constructed from a lot of wood which is rotting away.

The Strategic Planning meeting will be on Monday, June 24, 2019.

Bells Financial Services gave notice and moved out March 31, 2019.

The generator for Parlier will be installed later this month. The fire inspection revealed that 20 sprinkler heads need to be replaced and the will be done next week with re-certification following for fire clearance. The MedVac system will also be installed within the next 45 days.



## OLD BUSINESS / REPORTS

### A. Castle Family Health Centers, Inc Report, Exhibit 5

Pete Mojarras thanked the Board of Directors for the new roof, staff is also very pleased.

He along with Edward Lujano attended the annual NACHC P&I Forum in Washington, DC. There will be 600 national applicants for the NAP Grant and only 75 will be awarded. This is for clinic expansion. CFHC is one of 60 Look-A-Like centers remaining in the United States. HRSA does want these clinics to move into full funded clinics and they are giving them an extra 10 points. The grant is due April 11, 2019 with announcements coming out in September 2019.

Dental services will begin on April 22, 2019 at the Winton Clinic. Joey Chen, DDS has been hired and will be relocated from the Bay Area.

The annual Summer Health Fair will be held on Saturday, August 3, 2019.

CFHC is doing lots of outreach activities and building relationships in the community and school districts. Glenn Arnold asked if there was a clinic in Delhi. Livingston Medical Group and MFA have clinics in Delhi, although there is still a lot of needs that have not been met. There is a lot of movement toward school based centers. We have 3 school districts asking CFHC for their mobile unit services and future satellite center.

### B. Bloss Board Member Report

Glenn Arnold reported that it was interesting to see the former Bloss Hospital from the basement. One part has many challenges and the other part BMHD may be able to lease what was the administrative part of it.

Kory Billings stated that he had the honor of attending the opening of the Winton Clinic. It is a beautiful facility and BMHD has a leaf on their Tree to represent what BMHD has been able to help them with.

### C. Roof Update

Edward Lujano reported that Section A has now been completed. The roofers broke a pipe over the laboratory, which caused a "waterfall" in the reception area. This was the second incident that has occurred.

In Section B, when the first layer of roof was removed the roofers realized that the roof was flat and had no slope. This does not allow for drainage and water will sit. A meeting was held with Joe Bristow of Duro-Last and Cool Roofing. The old second layer of roofing is good enough to lay the new Duro-Last and elevated it enough to give it the slope it needs.

Cool Roofing was concerned how much the liability was going to be for the first incident, which occurred January 5, 2019. They reached out to our insurance company, who informed Cool Roofing that it would be about \$150,000. When this occurred in the old side, Cool Roofing came out and said to do what was needed to be done and that they would pay for it, this was not communicated to Edward Lujano at the time.

Dan Edge and his associates from Cool Roofing met with Edward Lujano yesterday to discuss the first incident.

Edward Lujano recommends letting the insurance company handle this as they will ensure that the building will be put back the way it was.

Ralph Temple, stated that as soon as the two claims came in, Belfor that specializes in water abatement took care to dry the walls. A lengthy discussion has been held with the insurance adjuster. The process will now be if we continue to have the insurance carrier handle this, they will get their people in to do the work, they will monitor all the invoices, and agree or not agree to pay and submit it to BMHD and they will pay less \$10,000 (deductible) for each episode. Our company pays the bills, less \$10,000 and \$10,000 and they will then submit that claim to their segregation department and they will negotiate a settlement of the segregation claim to get their money and our money back.

The board unanimously consented to have Edward Lujano continue with the insurance claim through the insurance carrier.

Kory Billings stated that as they went through their tour, they were thanked multiple times by the different entities throughout the building for the roof. Including other things such as the carpet at the Bloss site. Staff was very appreciative.

## **NEW BUSINESS**

### **A. Review of Cash on Hand, Exhibit 6**

Dawnita Castle reported that the Investment Committee had met several weeks ago and it was requested of her to prepare a cash flow statement based on the cash on hand and see if there was a possibility for investments.

The Cash Flow Worksheet and Days Cash on Hand were reviewed with the Board.

This item was tabled to next month.

### **B. Recommendation of Possible Investments**

Kory Billings commented that as BMHD has had such high cash on hand, the investment committee had asked for some recommendations as to taking that and investing a portion of what the extra cash on hand was.

BMHD would like to invest some into the LPL accounts, dividing it however it is chosen into the two separate accounts.

Dawnita Castle reported that the last money from the last Trust distribution has not been touched and now there is another distribution. She is comfortable with the \$1M after doing the cash flow projections.

As there are two accounts, one specifically set aside for infrastructure and the other to utilize as funds to help support different projects. In the past BMHD has always chosen to invest a little more in the infrastructure account.

Glenn Arnold asked what does the county do with excess funds. Alfonse Peterson stated that the Karen Adams, County Treasurer would be the person to check with.

The Board gave direction to Dawnita Castle to check with Karen Adams, Merced County Treasurer, to see if there is a possibility that BMHD could invest in their funds. Ralph Temple, Legal Counsel, asked that Karen Adams, County Treasurer be reminded that BMHD is a public entity and still to some extent operate under the county, and area division of Merced County.

Edward Lujano stated that we'll contact Karen Adams, County Treasurer, Westamerica Bank, LPL Financial and BBVA Compass to see what their return is in a conservative account and bring the information back to the board meeting next month.

This item will be tabled to the next meeting.

**AGENDA FOR CLOSED SESSION**

Section 54954.5(h) Report Involving Trade Secrets – Regarding New Services. Ralph Temple, Legal Counsel, stated that he has a brief report involving Wells Fargo Bank and a recent inquiry we had from them.

Section 54954.5(c); 54956.9 Conference with Legal Counsel for Initiation of Litigation - A brief update about litigation in the Hernandez Case.

Edward Lujano and David Thompson will stay for Closed Session.

**NEXT MEETING DATE**

The next Board of Directors Meeting will be held on Thursday, April 25, 2019 at 2:00 p.m. in the Board Room.

The Finance Committee will also meet on Thursday, April 25, 2019 at 1:30 p.m. in the Board Room.

**ADJOURNMENT**

As there was no further business, the meeting adjourned into Closed Session at 3:08 pm.

The meeting reconvened into public session at 3:40 pm with a change to the next meeting date. A special board meeting will be held on April 9, 2019 at 11am. No action taken.

Respectfully Submitted,

\_\_\_\_\_  
Fily Cale  
Executive Assistant

\_\_\_\_\_  
Alfonse Peterson  
Board Secretary

**BLOSS MEMORIAL HEALTHCARE DISTRICT (BMHD)  
SPECIAL BOARD OF DIRECTORS MEETING  
Executive Conference Room  
Tuesday, April 9, 2019  
11:00 am**

**CALL TO ORDER**

Kory Billings, Chair, called the meeting to order at 11:04 am.

**ROLL CALL**

Board Members Present: Chair; Kory Billings, Chair; Glenn Arnold, Vice Chair; Al Peterson, Secretary / Treasurer and Bob Boesch, Board Member

Others Present: Edward Lujano, Chief Executive Officer; Fily Cale, Executive, Dawnita Castle, CFO @ 11:11 am and Sabrina Cooksey, HR @ 11:42 am

Absent: None

**APPROVAL OF AGENDA**

**A motion was made / seconded, (Alfonse Peterson / Bob Boesch) to approve the April 9, 2019 Board Agenda as presented. Motion carried.**

**PUBLIC COMMENTS**

None

**NEW BUSINESS**

- a. Ratification of Administrative Services Agreement between Dental Surgery Centers of America and Bloss Memorial Healthcare District

Ralph Temple, Legal Counsel reported that this is an agreement between that puts into writing what has been in place until he sale is finalized Bloss Memorial Healthcare District (BMHD) and Dental Surgery Centers of America (DSCA) for the administration of services at both dental surgery clinics. This is in two parts.

The first part of the agreement is for all of the administration, billing and personnel. A non-professional corporation can do that and DSCA is a non-professional corporation. Secondly,

BMHD continues to bill for the professional services and has the responsibility for the professional staff only.

Until Dr. Cho is approved by the State for billing purposes and can assume the responsibility of billing for the professional staff, BMHD it is still responsible for the billing numbers. The money is being held in a trust account by DSCA, the providers are paid and the balance is paid over to DSCA for running the dental centers.

Once Dr. Cho is approved, the sale is complete and BMHD will be done. BMHDs billing license will expire in September.

David Thompson stated that he had spoken to Denti-Cal yesterday and both applications are in the system, but they have not been assigned to an analyst. Once the analyst receives it and begins to check off the boxes any questions will go back to the lady he is working with.

Paragraph 9 was reviewed and discussed. Glenn Arnold commented that the paragraph 9 states that BMHD hires the professional staff and David Thompson, DSCA does that. David Thompson stated that they continue to credential as they always used to. Cherestina Boulas, DDS was hired either right before or right after the sale.

Edward Lujano stated that BMHD will need to change the 1099's that were issued last year to reissue them under BMHD to the providers. As for 2019, BMHD will be issuing those out to those providers for this year.

Kory Billings stated that BMHD had terminated these people and cancelled their contracts and they are not BMHDs employees. Whether or not DSCA picked them up and they continue doing the same work, BMHD sent these people notices that their contracts were going to be cancelled with BMHD. BMHD needs to retroactively put them back in as BMHD employees.

Ralph Temple, asked if when DSCA took over, were new contracts executed with these people or does it remain BMHD. David Thompson stated that there are no new contracts executed with DSCA, the new contracts will be with Cho Dental Corporation and this has not happened. Ralph Temple, confirmed that currently the contracts that are in force are between BMHD and the doctors. David Thompson stated that this is correct unless they have been cancelled. Kory Billings stated that notices of cancellation with an effective date were sent out.

Ralph Temple asked if David Thompson had asked his attorney about their status and whether BMHD needs to change the notice of termination. David Thompson stated that they don't submit the provider contracts to the State. The only contract they would request would be the administrative services contract which they submitted with the Cho Application. The individual doctors providing under Cho is just a name and a license which is submitted and the State verifies that they are rendering providers for Denti-Cal.

Kory Billings commented that once David Thompson has approve them, what is BMHDs role. Does BMHD board need to approve each one of them for any new in hires that DSCA as technically they are being paid through BMHD. Right now, if DSCA hires a new dentist today, do all background checks, is there a reason that BMHD needs to come in and do the final approval, as BMHD is technically on the line. David Thompson stated that for a final approval, he would

make a notation, all the leg work they are still responsible and hand it to BMHD and say that they are ready. Kory Billings would like to see this done, even retroactively.

David will present the last provider hired at the next available time. As a Professional Group there should be some recognition of the new provider on board.

Kory Billings stated that for clarification, if DSCA would like BMHD as an additional insured on their worker's comp policy. David Thompson stated that although the providers are all independent contractors, he did have to get worker's comp for Cho Dental Corporation. Ralph Temple, Legal Counsel, confirmed with David Thompson that DSCA is currently carrying the dental practice for the centers, David Thompson stated they are named insured under BMHD, which they are paying for. The name on the license has to match the policy coverage. It is covering both entities. CDSA is also carrying a worker's comp policy, but their policy would not trigger under a doctor's complaint, because the doctors are not their employees, they are independent contractors.

Alfonse Peterson asked if something needs to be done about the contracting situation. Kory Billings would like to retroactively approve them, or the possibility of even rescinding BMHD's letter. Rescinding the letter would require someone who made the motion initially and voted on the positive side. We need to make sure that contracts are in place.

Ralph Temple stated that if BMJD approves the agreement it would be subject to a change in the ratification of the termination of the professional employees and credentialing of any new providers, any employee who has commenced work after June 1, 2018. Kory Billings asked if that employee cannot work until that point in time.

David Thompson stated that she can for the surgery centers, because separate from the surgery centers, just being part of the professional group, there is a lot more leeway, than for the surgical centers. They can grant privileges from the surgery center perspective independently of being part of a professional group. It is up to the group to determine how they credential their providers. She is already credentialed for the surgical center.

Edward Lujano stated that for the next meeting we need to bring back the credentialing and David Thompson will present the credentialing for the surgical centers and the BMHD Board would approve it.

If the BMHD board is going to rescind the letter to the providers that went out, we will need to add that to the April agenda. David Thompson will provide a list of the independent contractors.

Sabrina Cooksey, HR will identify who BMHD needs to identify. David Thompson will provide information to HR on the provider who started after June 1, 2018. David Thompson asked that the letter going out to the providers be included with the amended 1099's.

Dawnita Castle, CFO, will contact AP on the 1099's and we'll also need to figure out how much they would have been paid as DSCA has been paying them. DSCA has the totals and that would be in addition to what the 1099 that has already been sent out from BMHD.

Ralph Temple, Legal Counsel asked HR, if up until June 1, 2018, were the anesthesiologists and dentists covered under BMHDs worker's comp program. Sabrina Cooksey stated that they were covered under liability as they are contractors, they have to carry their own malpractice coverage.

They were not covered under worker's comp as contracted individuals are not worker's comp eligible.

David Thompson stated that if for some reason it turns into a worker's comp claim, from an independent contractor that they consider to be an employee, worker's comp has to cover it, if you have a policy with them. This is what he is being told and that is why they are using it to price the worker's comp policy. They are unable to get a worker's comp for Cho Dental Corporation without including all of the independent contractors, because they can't guaranteed with the Denamics case. They will stay as an independent contractor status in the event of a claim and they are pricing all of their policies like they are all covered.

Sabrina Cooksey stated that BMHD does have a worker's comp policy and if they have to extend that, BETA will need to get involved. Currently BETA is not involved, BMHD has a continuum through James G. Park & Associates for the liability coverage. She will contact BETA to keep them on retroactive and maintain liability and comprehensive coverage.

Dawnita Castle, CFO, stated that BMHD will go retro and take 65% of the gross revenue from June 1, 2018 to current. Kory Billings stated the CFO needs to monitor her time and her staff's time, to make sure that BMDH does not go into a hole.

**A motion was made / seconded, (Glenn Arnold / Bob Boesch) that BMHD adopt the Administrative Services Agreement effective June 1, 2018, subject to a replication of the terminating letters to prior employees and approval of credentialing of any professional employee, hired since June 1, 2018, Exhibit 1. Motion carried.**

#### **AGENDA FOR CLOSED SESSION**

None.

#### **NEXT MEETING DATE**

The March Board of Directors Meeting will be held Thursday, April 25, 2019 at 2:00 p.m. in the Board Room.

#### **ADJOURNMENT**

As there was no further business the meeting adjourned at 11:45 am. No action taken.

Respectfully Submitted,

---

Fily Cale

---

Alfonse Peterson

Executive Assistant

Board Secretary



MARCH 9, 2019 SPECIAL  
BOARD OF DIRECTORS MEETING

This item unavailable at this time, to be distributed at April 25,  
2019 Board of Directors meeting

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)  
FINANCE COMMITTEE MEETING  
BOARD ROOM  
Thursday, April 4, 2019 (March 2019)  
1:30 p.m.**

Committee: Edward Lujano, CEO; Dawnita Castle, Chief Financial Officer;  
Fily Cale, Executive Assistant; Alfonse Peterson, Committee Chair  
and Glenn Arnold, Committee Member

Others Present: Kory Billings, Board Chair

Absent: None

**CALL TO ORDER**

Alfonse Peterson, Committee Chair, called the meeting to order at 1:32 p.m. in the Board Room.

**APPROVAL OF AGENDA**

**A motion was made/seconded, (Edward Lujano / Glenn Arnold) to approve the April 4, 2019 agenda as presented. Motion carried.**

**PUBLIC COMMENTS**

None.

**APPROVAL OF FINANCE COMMITTEE MINUTES**

A. February 28, 2019 Finance Committee Minutes, Exhibit 1

**A motion was made / seconded, (Edward Lujano / Glenn Arnold) to approve and accept the February 28, 2019 Finance Committee Minutes as presented, Exhibit 1. Motion carried.**

**REVIEW OF DISTRICT FINANCIAL STATEMENTS, EXHIBIT 2**

Dawnita Castle, CFO, report that the BMHD investments had done well during the month of February 2019 with a small gain of \$6,005. YTD combined, both investments have made \$2,911.

For February 2019 operating cash balance was \$2,445,625 and Day's Cash on Hand decreased due to 2 roofing payments to Cool Roofing for \$349,074.90 and a payment to Platinum Roofing for \$10,510.60. There is a remaining balance of \$340, 039 to complete the roofing project.

BMHD recorded a net gain of \$7,275 before depreciation and a loss of \$47,629 after depreciation.

**A motion was made / seconded, (Glenn Arnold / Edward Lujano) to approve and accept the Review of District Financial Statements, Exhibit 2 as presented. Motion carried.**

### **SKDSC FINANCIAL REPORT, EXHIBIT 3**

Dawnita Castle reported that SKDSC had expenses in the amount of \$25,563 for February 2018, which was a little higher from the previous month.

Edward Lujano reported that the gas has been turned on and PG&E is increasing. All lights are working and on timers. The generator will be installed later this month and we're working on the MedVac system. Sprinkler inspections will be done next week.

**A motion was made / seconded, (Glenn Arnold / Edward Lujano) to approve and accept the SKDSC Financial Report, Exhibit 3 as presented. Motion carried.**

### **WARRANTS AND PAYROLL**

A. February 2018 Payroll, Electronic Payments & Check Register, Exhibit 4

**A motion was made/seconded, (Glenn Arnold / Edward Lujano) to approve and accept the February 2019 Total Payroll in the amount \$9,965.78 and Total Accounts Payable in the amount of \$1,013,337.45 for a total Grand Total Disbursement of \$1,023,303.2, Exhibit 4. Motion carried.**

### **DISCUSSION**

None.

### **AGENDA FOR CLOSED SESSION**

There was no Closed Session item(s) for discussion.

### **NEXT MEETING DATE/ADJOURNMENT**

The next Finance Committee meeting will be held on Thursday, April 25, 2019 at 4:30 pm.

As there was no further business, the meeting adjourned at 1:40 p.m.

Respectfully Submitted,

---

Fily Cale  
Executive Assistant

---

Alfonse Peterson  
Committee Chair

CHIEF FINANCIAL OFFICER REPORT

Bloss Memorial HealthCare District  
Operations Summary Report  
Nine Months Ending March 31, 2019

BMHD had a total net gain before depreciation of \$38,318 for the month compared to a net gain of \$299,743 last year. Expenses include \$21,994 of SKDSC costs.

The March 31, Operating Cash Balance was \$2,431,249 and Days Cash On Hand was 583 Days\*. In February the DCH was 422 Days.

\* Days Cash on Hand (DCH) = Operating Cash / Average Daily Expense (excluding depreciation). DCH indicates Bloss's ability to cover operating expenses. The Benchmark for Health Centers is a minimum of 90 Days.

A summary comparison of operations for the month and the prior year is as follows :

	Mar-19	Mar-18	VARIANCE *	%	Y-T-D Mar-19	Y-T-D Mar-18	Y-T-D VARIANCE *	Y-T-D %
Net Patient Revenue	0	488,532	(488,532)	-100.00%	(44,688)	2,294,275	(2,338,963)	-101.95%
Other Operating Revenue	1,354	944	410	43.43%	(14,286)	38,270	(52,556)	-137.33%
Total Net Operating Revenue	1,354	489,476	(488,122)	-99.72%	(66,975)	2,332,545	(2,391,520)	-102.53%
Operating Expenses Excluding Depreciation	129,214	361,655	232,441	64.27%	1,257,121	2,974,236	1,717,115	57.73%
Net Operating Income (Loss) Before Depreciation	(127,860)	127,821	(255,681)	200.03%	(1,316,096)	(641,691)	(674,405)	-105.10%
Net Non Operating-Gains/Losses	3,176	(4,482)	7,658	-170.86%	(34,313)	11,121	(45,434)	-408.54%
Gain/Loss on Investments	0	48,500	48,500	100.00%	0	(275,820)	275,820	100.00%
CDSC Gain/Losses	163,002	127,904	(35,098)	-27.44%	1,463,394	1,730,250	(266,856)	-15.42%
All Other Non-Operating Gains/Losses	166,178	171,922	5,744	3.34%	1,429,081	1,465,551	(36,470)	-2.49%
Total Net Non-Operating Income: Losses/Gains	38,318	299,743	(261,425)	-87.22%	112,985	823,860	(710,875)	-86.29%
Total Net Income (Loss) Before Depreciation	55,964	58,410	(2,446)	-4.19%	487,586	533,381	(45,795)	-8.59%
Depreciation Expense	(17,646)	241,333	(258,979)	-107.31%	(374,601)	290,479	(665,080)	-228.96%
Net Income (Loss) After Depreciation								

\* Note: unfavorable variances are indicated by parenthesis ( ).

Bloss Memorial HealthCare District  
 Operations Summary Report  
 Nine Months Ending March 31, 2019

**BMHD FULL TIME EQUIVALENTS SUMMARY :**

(See FTE report included in Financial Reports for detail)

	Mar-19	Mar-18	VARIANCE	%	Y-T-D Mar-19	Y-T-D Mar-18	Y-T-D VARIANCE *	Y-T-D %
<b>EMPLOYEE FTE'S</b>	0.30	12.89	12.59	97.67%	0.38	13.08	12.70	97.09%
<b>CONTRACT FTE'S</b>	3.91	7.15	3.24	45.31%	3.77	4.48	0.71	15.85%
<b>TOTAL FTE'S</b>	4.21	20.04	15.83	78.99%	4.15	17.56	13.41	76.37%

\* Note: unfavorable variances above are indicated by parenthesis ( ).

Full Time Equivalent - Employees for the month are 97.70% less than the prior year with 12.72 less FTE'S

The major (>1 fte) Total Employee FTE increases for the month are comprised primarily of the following :

Department	Cur. Mo. Increase (DECREASE)	YTD Increase (DECREASE)	Reason
CCDSC	12.59	12.78	Less Department
All other departments < 1 fte var	0.00	(0.07)	Various departments less than 1 fte variance.
	12.59	12.71	Brackets 0 indicate a decrease (favorable) variance

**MARCH PAYROLL, ELECTRONIC PAYMENTS  
& CHECK REGISTER**



Bloss Memorial Healthcare District  
 Payroll, Accounts Payable and Funds Disbursements - Summary  
 Month of March-19

Payroll			\$9,965.78
<b>Total Payroll</b>			<u><u>\$9,965.78</u></u>

Accounts Payable:

A/P Checks	Bloss	<u>\$140,406.29</u>	<u>\$140,406.29</u>
------------	-------	---------------------	---------------------

**BLOSS**

Auto Debits	\$122.25
Electronic Payments to Payroll for Hosting Fee	\$500.00
Electronic Payments to DSCA	<u>\$200,020.25</u>
Total Auto Debits and Electronic Transfers	<u><u>\$200,642.50</u></u>

**Dental Surgery Center**

**Auto Debits - Old Account**

Bank Fees CCDSC Old Acct	21.57
Bank Fees CDSC New Acct	<u>22.37</u>
Total Auto Debits and Electronic Transfers	<u><u>43.94</u></u>

\$200,686.44

Electronic Payments - ACH	<u>\$0.00</u>	<u>\$0.00</u>
---------------------------	---------------	---------------

<b>Total Accounts Payable</b>			<u><u>\$341,092.73</u></u>
-------------------------------	--	--	----------------------------

<b>Grand Total Disbursements</b>			<u><u>\$351,058.51</u></u>
----------------------------------	--	--	----------------------------

BLOSS	Payroll Disbursements for		March-19
	Payroll dated		
<b>Earnings</b>	03/05/19	03/20/19	Total
Regular			-
Overtime			-
Vacation			-
Sick			-
Holiday			-
Salary	4,541.67	4,541.67	9,083.34
Double Time			-
Call In			-
On Call			-
Other			-
			-
<b>Total</b>	<b>4,541.67</b>	<b>4,541.67</b>	<b>9,083.34</b>
			-
<b>Deductions</b>			-
FICA (+)	347.43	347.43	694.86
Insurance (-)	-	-	-
Emp Deduction(-)/Reimb(+)	-	-	-
Christmas Fund (-)	-	-	-
Process Fee (+)	93.79	93.79	187.58
			-
<b>Total</b>	<b>441.22</b>	<b>441.22</b>	<b>882.44</b>
			-
			-
<b>Net Payroll</b>	<b>\$ 4,982.89</b>	<b>\$ 4,982.89</b>	<b>9,965.78</b>

RUN DATE: 03/29/19  
 RUN TIME: 1458  
 RUN USER: COOKS

Castle Family Health Centers AP \*\*LIVE\*\*  
 CHECK REGISTER BY DATE

C  
 FROM 03/01/19 TO 03/31/19

DATE	CHECK NUM	VENDOR NUM	VENDOR NAME	STATUS	STATUS DATE	AMOUNT	
						ISSUED/ CLEARED	VOIDED/ UNCLAIMED
03/07/19	038274	B0060	GLENN ARNOLD	ISSUED	03/07/19	200.00	
			REMITTED TO: ARNOLD, GLENN				
03/07/19	038275	B0109	KORY BILLINGS	ISSUED	03/07/19	100.00	
03/07/19	038276	B0132	CLARK PEST CONTROL	ISSUED	03/07/19	78.00	
03/07/19	038277	B0016	GUARDCO SECURITY SERVICES	ISSUED	03/07/19	11010.58	
03/07/19	038278	B0225	HOFFMAN SECURITY	ISSUED	03/07/19	577.90	
03/07/19	038279	K0034	JOE S RODRIGUEZ	ISSUED	03/07/19	375.00	
03/07/19	038280	K0003	M-D VENTURES	ISSUED	03/07/19	19102.14	
03/07/19	038281	B0017	MERCED COUNTY - CASTLE AIRPORT	ISSUED	03/07/19	2259.76	
03/07/19	038282	B0177	MERCED COUNTY REGISTRAR OF VOTERS	ISSUED	03/07/19	1357.10	
03/07/19	038283	B0064	PETERSON, ALFONSE	ISSUED	03/07/19	200.00	
03/07/19	038284	B0014	PG&E (4705482162-5)	ISSUED	03/07/19	4913.88	
03/07/19	038285	K0044	PG&E (8300477674-2)	ISSUED	03/07/19	659.67	
03/07/19	038286	B0260	ROBERT F. BOESCH	ISSUED	03/07/19	100.00	
03/07/19	038287	B0013	WEST COAST GAS CO, INC.	ISSUED	03/07/19	4732.61	
03/07/19	038288	B0015	WINTON, WATER & SANITARY DISTRICT	ISSUED	03/07/19	72.80	
03/15/19	038289	B0054	CASTLE FAMILY HEALTH CENTERS, INC.	ISSUED	03/15/19	43358.88	
03/15/19	038290	B0060	GLENN ARNOLD	ISSUED	03/15/19	100.00	
			REMITTED TO: ARNOLD, GLENN				
03/15/19	038291	B0109	KORY BILLINGS	ISSUED	03/15/19	200.00	
03/15/19	038292	K0035	CITY OF PARLIER	ISSUED	03/15/19	161.17	
03/15/19	038293	B0132	CLARK PEST CONTROL	ISSUED	03/15/19	480.00	
03/15/19	038294	B0132	CLARK PEST CONTROL	ISSUED	03/15/19	299.00	
03/15/19	038295	B0032	GRAINGER INDUSTRIAL SUPPLY	ISSUED	03/15/19	122.41	
03/15/19	038296	B0253	JOHNSON CONTROLS FIRE PROTECTION LP	ISSUED	03/15/19	2203.17	
03/15/19	038297	B0218	JOHN P. NIEMOTKA	ISSUED	03/15/19	400.00	
			REMITTED TO: OCTANE ADVERTISING & DESIGN				
03/15/19	038298	B0064	PETERSON, ALFONSE	ISSUED	03/15/19	200.00	
03/15/19	038299	B0042	RALPH TEMPLE	ISSUED	03/15/19	1800.00	
03/15/19	038300	B0260	ROBERT F. BOESCH	ISSUED	03/15/19	100.00	
03/15/19	038301	K0157	TRI POWER SYSTEMS	ISSUED	03/15/19	971.78	
03/22/19	038302	B0027	CITY OF ATWATER (010448-000)	ISSUED	03/22/19	740.37	
03/22/19	038303	B0134	CITY OF ATWATER (020161-000)	ISSUED	03/22/19	654.34	
03/22/19	038304	B0032	GRAINGER INDUSTRIAL SUPPLY	ISSUED	03/22/19	120.70	
03/22/19	038305	B0270	ITSAVVY LLC	ISSUED	03/22/19	318.97	
03/22/19	038306	B0253	JOHNSON CONTROLS FIRE PROTECTION LP	ISSUED	03/22/19	1688.28	
03/22/19	038307	K0003	M-D VENTURES	ISSUED	03/22/19	7432.82	
03/22/19	038308	B0025	MERCED IRRIGATION DISTRICT	ISSUED	03/22/19	259.35	
03/22/19	038309	B0026	MERCED IRRIGATION DISTRICT	ISSUED	03/22/19	13910.02	
03/22/19	038310	B0133	MERCED/MODESTO COMMERCIAL SWEEPERS	ISSUED	03/22/19	240.00	
03/22/19	038311	K0157	TRI POWER SYSTEMS	ISSUED	03/22/19	18817.95	
03/27/19	038312	B0030	HD SUPPLY FACILITIES MAINTENANCE	ISSUED	03/27/19	87.64	
TOTAL \$						140406.29	

Bloss Memorial Healthcare District  
March-19

**Bloss Electronic Transfers**

**Bloss Auto Debits**

Bank Fees - CCDSC Old Acct	21.57
Bank Fees - CDSC New Acct	22.37
Bank Fees - Bloss	122.25
<b>Total</b>	<b><u>166.19</u></b>

Electronic Payments to Payroll for Hosting Fee	500.00
Electronic Payment to DSCA	200,020.25
Electronic Transfer to LAIF	0.00
<b>Total</b>	<b><u>200,520.25</u></b>

<b>Grand Total</b>	<b><u>200,686.44</u></b>
--------------------	--------------------------

CASTLE FAMILY HEALTH CENTERS, INC REPORT

Castle Family Health Centers Inc  
 Operations Summary Report  
 Nine Months Ending March 31, 2019

Total encounters for the month are 12,308 compared to 12,490 last year 1.46% decrease.

Department	Mar-19	Mar-18	VARIANCE	%	Y-T-D Mar-19	Y-T-D Mar-18	Y-T-D VARIANCE *	Y-T-D %
Castle Clinic	5,688	4,889	799	16.34%	41,584	36,785	4,799	13.05%
Specialty Clinic	779	646	133	20.59%	5,332	5,528	(196)	-3.55%
Bloss Clinic	886	1,331	(445)	-33.43%	8,249	8,933	(684)	-7.66%
Winton Clinic	714	902	(188)	-20.84%	5,583	6,884	(1,301)	-18.90%
Urgent Care	394	382	12	3.14%	2,920	2,988	(68)	-2.28%
Lab	2,059	2,075	(16)	-0.77%	16,963	16,588	375	2.26%
Radiology	723	714	9	1.26%	5,775	5,128	647	12.62%
Behavioral Health	187	209	(22)	-10.53%	1,589	1,908	(319)	-16.72%
Adult Day Health Care	454	439	15	3.42%	3,794	4,430	(636)	-14.36%
Optometry	424	482	(58)	-12.03%	3,013	4,298	(1,285)	-29.90%
Ophthalmology	0	421	(421)	-100.00%	1,505	3,203	(1,698)	-53.01%
<b>TOTAL ENCOUNTERS</b>	<b>12,308</b>	<b>12,490</b>	<b>(182)</b>	<b>-1.46%</b>	<b>96,307</b>	<b>96,673</b>	<b>(366)</b>	<b>-0.38%</b>

Mar-19 Working Days 21  
 Mar-18 Working Days 22

NEW PATIENTS	Mar-19	Mar-18	VARIANCE *	%	Y-T-D Mar-19	Y-T-D Mar-18	Y-T-D VARIANCE *	Y-T-D %
	547	425	122	28.71%	3,713	3,860	(147)	-3.81%

RECOMMENDATION OF POSSIBLE INVESTMENTS

BBVA Compass  
F&M Bank  
Merced County  
Westamerica Bank

# BBVA COMPASS



BBVA Compass

Did not respond in time

# F&M BANK

## Dawnita Castle

---

**From:** SCarlson@fmbonline.com  
**Sent:** Friday, April 05, 2019 9:21 AM  
**To:** Dawnita Castle  
**Subject:** RE: F&M Bank Proposal

**Importance:** High

Hi Dawnita – Nice to hear from you! Yes, the rate is the same 1.25%.

Thanks,

### Stan Carlson

**F&M BANK**, Where Banking is Easy!  
Vice President/Treasury Relationship Manager  
Treasury Solutions Division  
3001 McHenry Avenue Modesto, CA 95350

Office: 209.337.6010 | Mobile: 209.200.7652  
[scarlson@fmbonline.com](mailto:scarlson@fmbonline.com) | [fmbonline.com](http://fmbonline.com)

The information transmitted may contain confidential material which is intended only for the person to which it is addressed. Any review, retransmission, dissemination or other use of this information by persons other than the intended recipient is prohibited. If you are not the intended recipient, please delete the information from your system and contact the sender. **Note:** The sender accepts no responsibility for viruses and it is your responsibility to scan this e-mail and attachments

**From:** Dawnita Castle <castled@cfhcinc.org>  
**Sent:** Friday, April 05, 2019 7:28 AM  
**To:** Carlson, Stanley <SCarlson@fmbonline.com>  
**Subject:** [EXTERNAL] RE: F&M Bank Proposal

**\*\*\* WARNING: This email is from an external source and may contain malicious links or attachments. Please proceed with caution!! \*\*\***

---

Good Morning Stan,

Is the Money Market Rates still the same as below. Bloss is reviewing the money marketing account again. To vote at the end of the month

**Dawnita Castle | Chief Financial Officer | Castle Family Health Centers**  
Office: 209.381.2000 | Fax: 209.381.2003  
3605 Hospital Road, Atwater, CA 95301  
[castled@cfhcinc.org](mailto:castled@cfhcinc.org)



**CONFIDENTIALITY NOTICE:** The contents of this email message and any attachments are intended solely for the addressee(s) and may contain confidential and/or privileged information and may be legally protected from disclosure. If you are not the intended recipient of this message, or if this message has been addressed to you in error,

*please immediately alert the sender by reply email and then delete this message and any attachments. If you are not the intended recipient, you are hereby notified that any use, dissemination, copying, or storage of this message or its attachments is strictly prohibited.*

**From:** [SCarlson@fmbonline.com](mailto:SCarlson@fmbonline.com) [mailto:[SCarlson@fmbonline.com](mailto:SCarlson@fmbonline.com)]  
**Sent:** Wednesday, March 20, 2019 9:21 AM  
**To:** Dawnita Castle <[castled@cfhcinc.org](mailto:castled@cfhcinc.org)>  
**Subject:** RE: F&M Bank Proposal

---

**CAUTION:** This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

---

Hi Dawnita – Just checking in to stay in touch. Please let me know if there is anything we can help with? We have an excellent Equipment Leasing department and can also be a great place to park additional cash reserves.

#### MONEY MARKET RATES

1.25% \$1,000,000.00 = \$1,041.67 Monthly
-------------------------------------------

Thanks,

#### **Stan Carlson**

**F&M BANK**, Where Banking is Easy!  
Vice President/Treasury Relationship Manager  
Treasury Solutions Division  
3001 McHenry Avenue Modesto, CA 95350

**Office:** 209.337.6010 | **Mobile:** 209.200.7652  
[scarlson@fmbonline.com](mailto:scarlson@fmbonline.com) | [fmbonline.com](http://fmbonline.com)

The information transmitted may contain confidential material which is intended only for the person to which it is addressed. Any review, retransmission, dissemination or other use of this information by persons other than the intended recipient is prohibited. If you are not the intended recipient, please delete the information from your system and contact the sender. **Note:** The sender accepts no responsibility for viruses and it is your responsibility to scan this e-mail and attachments

---

**From:** Dawnita Castle <[castled@cfhcinc.org](mailto:castled@cfhcinc.org)>  
**Sent:** Tuesday, October 30, 2018 11:00 AM  
**To:** Carlson, Stanley <[SCarlson@fmbonline.com](mailto:SCarlson@fmbonline.com)>  
**Subject:** [EXTERNAL] RE: [EXTERNAL] RE: F&M Bank Proposal

**\*\*\* WARNING: This email is from an external source and may contain malicious links or attachments. Please proceed with caution!! \*\*\***

---

It will begin working in November.

**Dawnita Castle | Chief Financial Officer | Castle Family Health Centers**  
Office: 209.381.2000 | Fax: 209.381.2003  
3605 Hospital Road, Atwater, CA 95301  
[castled@cfhcinc.org](mailto:castled@cfhcinc.org)

**MERCED  
COUNTY**



**Karen D. Adams, CPA**  
*Treasurer-Tax Collector*

2222 "M" Street  
 Merced, CA 95340  
 (209) 385-7307  
 (209) 725-3905 (Fax)  
<http://www.mercedtaxcollector.org>

**Voluntary Pool Participant / Depositor Application**

Please complete the application below and attach your resolution in order to seek approval as a pool participant with the Merced County Treasury.

**Local Agency:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Phone Number:** \_\_\_\_\_

**Website:** \_\_\_\_\_

**Key Contacts**

<u>Name</u>	<u>Title</u>	<u>Email Address</u>	<u>Phone Number</u>

**Seconday Contacts**

<u>Name</u>	<u>Title</u>	<u>Email Address</u>	<u>Phone Number</u>

- I have reviewed the Voluntary Pool Participant / Depositor information provided and the Merced County Investment Policy.
- Our agency seeks to retain funds in the Merced County Investment Pool.
- I have included the local agency resolution approved and signed by our Board.

\_\_\_\_\_  
 Signature

\_\_\_\_\_  
 Title

\_\_\_\_\_  
 Date



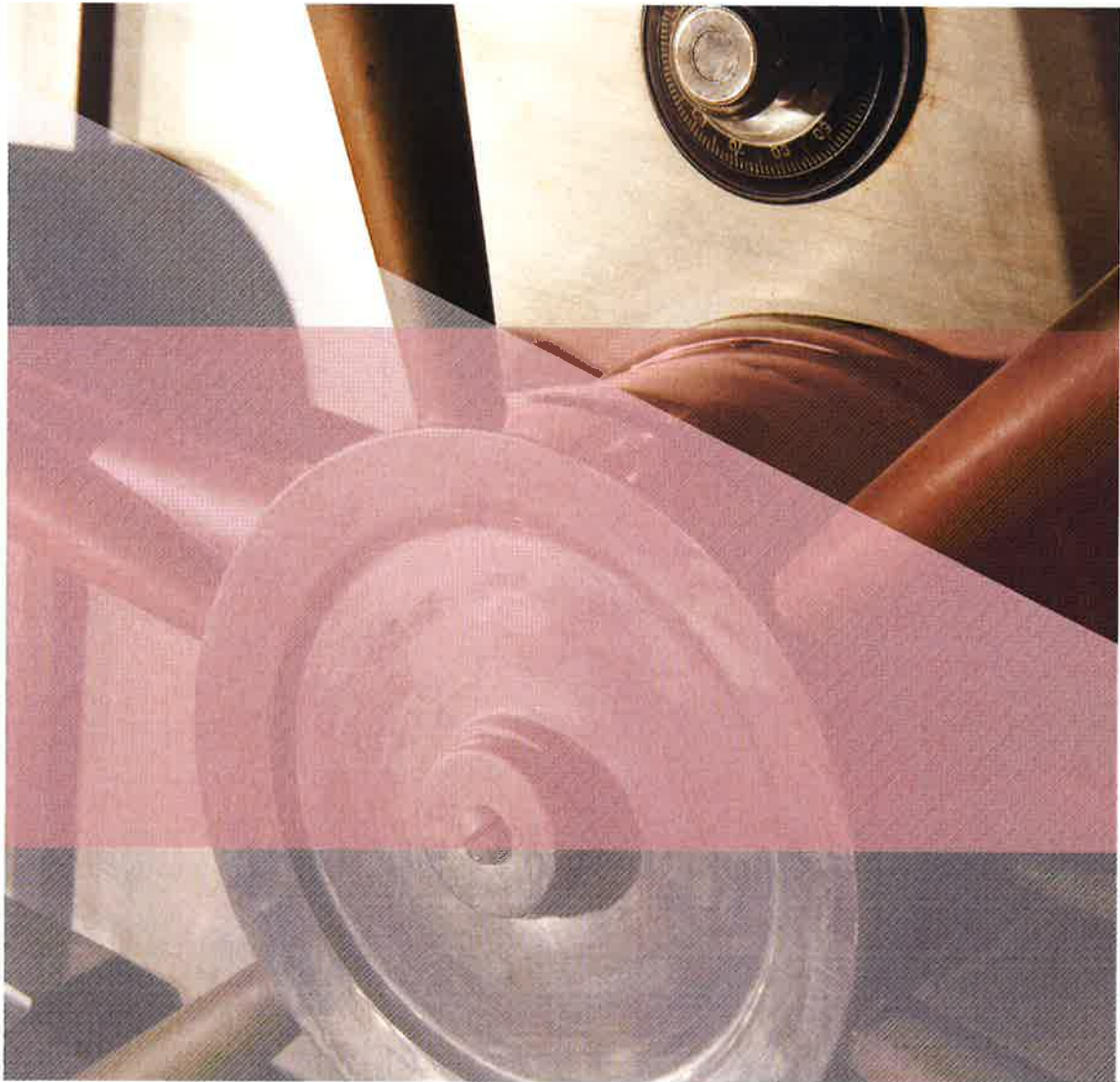


# MERCED COUNTY TREASURY INVESTMENT REPORT



For the

Quarter Ending December 31, 2018





## Contents

### Report of Quarter Ending December 31, 2018

Portfolio Review .....	1
Allocation by Security Type .....	2
Distribution by Maturity .....	3
Portfolio Summary by Type .....	4
Historic Quarter End Book Values .....	5
Portfolio Review for Five Consecutive Years ...	6
Sympro Investment Summary .....	7
Investment Detail .....	8
Investment Purchases .....	13
Investment Maturities .....	14
Investment Sales and Calls .....	15
Contact Us .....	20



# PORTFOLIO REVIEW FOR THE QUARTER ENDING DECEMBER 31, 2018

## Portfolio Composition:

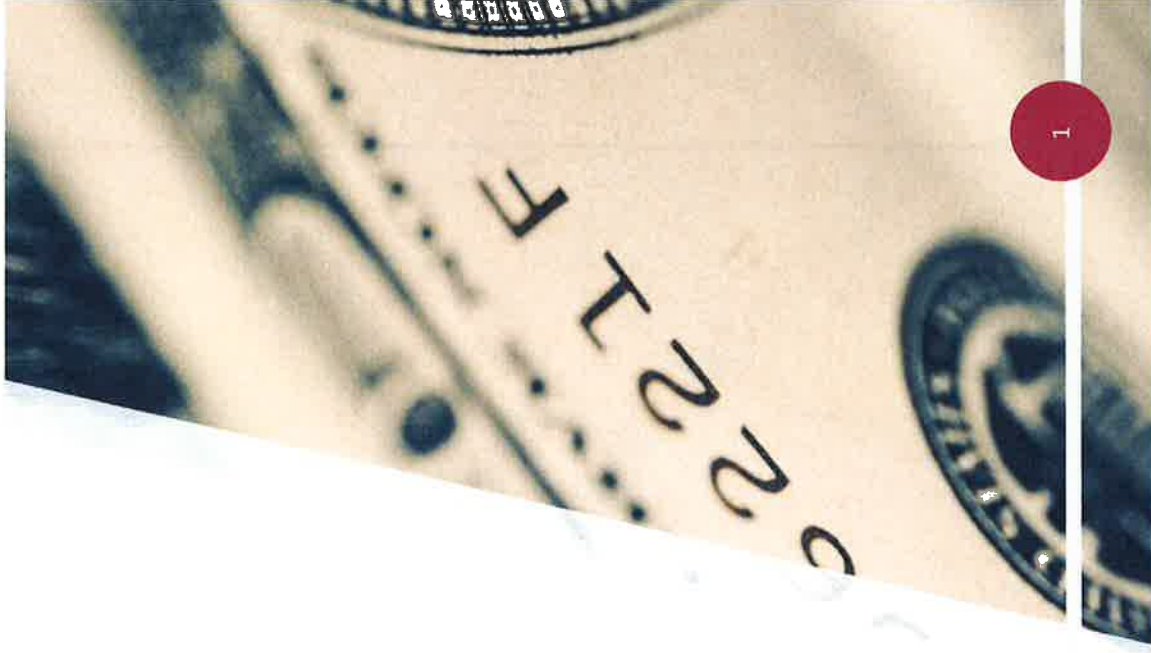
Book Value of Assets Held	\$960,803,524
Market Value of Assets Held	\$956,437,043
Assets Maturing Within 90 Days	\$338,461,752
Percentage of Market to Book Value	99.55%
Weighted Average Maturity	419 days

## Return on Assets:

Total Earning Quarter Ended	\$4,453,168
Total Earning Fiscal YTD	\$8,422,063
Rate of Return QTR	2.02%
Rate of Return YTD	1.95%



TREASURER-TAX COLLECTOR  
Karen D. Adams, CPA

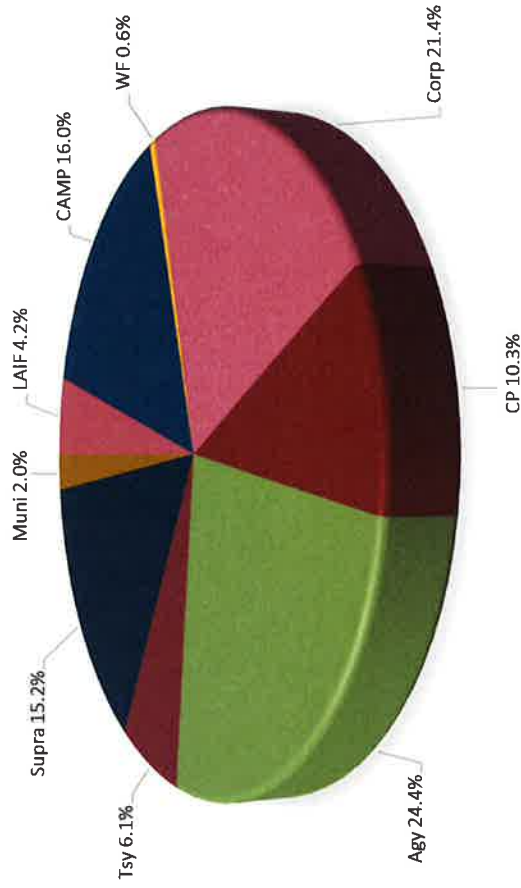


# INVESTMENT POOL

## Allocation by Security Type

### December 31, 2018

SECTOR	12/31/2018	9/30/2018	% Chng
LAIF	4.16%	2.34%	1.82%
CAMP	16.04%	16.25%	-0.21%
Wells Fargo Account	0.56%	0.95%	-0.39%
Corporate Bonds	21.38%	20.97%	0.41%
Commercial Paper	10.29%	2.89%	7.40%
Federal Agency	24.36%	29.56%	-5.20%
U.S. Treasuries	6.09%	8.46%	-2.37%
Supranational	15.16%	16.39%	-1.23%
Municipal Securities	1.96%	2.19%	-0.23%
Total	100.00%	100.00%	



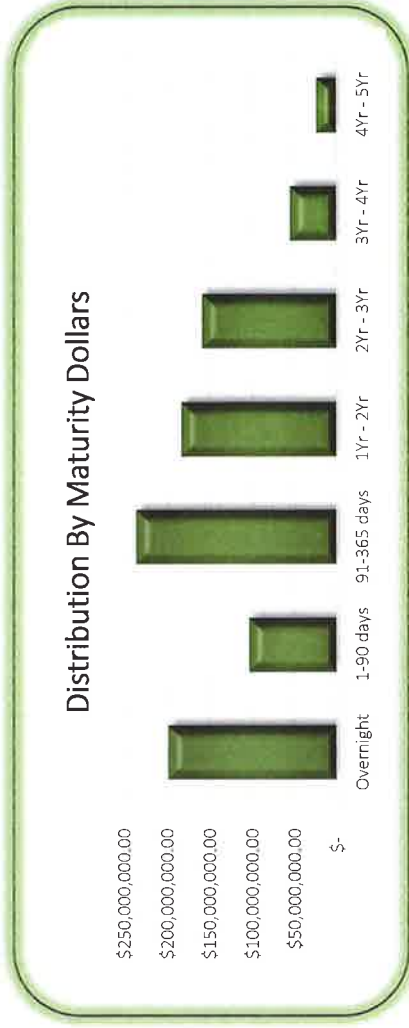
SECTOR	12/31/2018	9/30/2018
LAIF	\$ 40,000,000.00	\$ 20,109,721.47
CAMP	154,077,264.68	139,527,971.50
Wells Fargo Account	5,351,250.50	8,172,270.08
Corporate Bonds	205,367,783.42	180,133,914.53
Commercial Paper	98,813,149.96	24,831,934.24
Federal Agency	234,005,900.70	253,892,880.43
U.S. Treasuries	58,471,841.00	72,640,834.84
Supranational	145,596,283.66	140,734,703.10
Municipal Securities	18,829,802.98	18,839,049.77
Total Book Value	\$ 960,513,276.90	\$ 858,883,279.96

# INVESTMENT POOL

## Distribution by Maturity

### December 31, 2018

Maturity	Par Amount
Overnight	\$ 199,428,515.18
1-90 days	104,184,000.00
91-365 days	236,385,000.00
1Yr - 2Yr	183,995,000.00
2Yr - 3Yr	159,500,000.00
3Yr - 4Yr	55,650,000.00
4Yr - 5Yr	25,000,000.00
<b>Total Par Value</b>	<b>\$ 964,142,515.18</b>



Maturity	Par Amount
Overnight	23.45%
1-90 days	10.42%
91-365 days	23.66%
1Yr - 2Yr	18.42%
2Yr - 3Yr	15.97%
3Yr - 4Yr	5.57%
4Yr - 5Yr	2.50%
<b>Total</b>	<b>100.00%</b>



TREASURER-TAX COLLECTOR  
Karen D. Adams, CPA

# MERCED COUNTY TREASURY

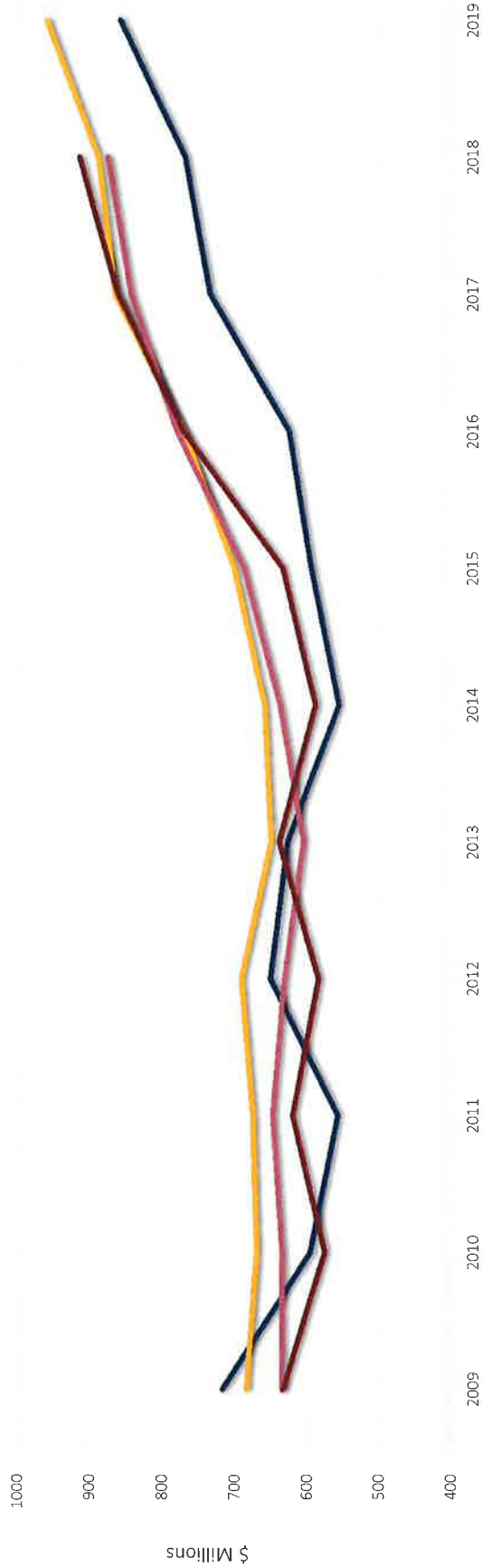
Summary by Type  
December 31, 2018

Security Type	Number of Investments	Par Value	Book Value	Percent of Portfolio	*Compliance %		Meet Compliance
					Allowed	Compliance	
Treasury Coupon Securities	12	58,900,000.00	58,471,841.00	6.09%	30.00%	YES	
Federal Agency Coupon Securities	45	234,545,000.00	234,005,900.70	24.36%	75.00%	YES	
Supranationals - IBRD, IFC, IADB	28	146,220,000.00	145,596,283.66	15.16%	30.00%	YES	
Medium Term Notes	40	206,284,000.00	205,367,783.42	21.38%	30.00%	YES	
Municipal Bonds	6	18,765,000.00	18,829,802.98	1.96%	75.00%	YES	
Commercial Paper	10	100,000,000.00	98,813,149.96	10.29%	30.00%	YES	
LAIIF	2	40,000,000.00	40,000,000.00	4.16%	25.00%	YES	
Managed Pool Accounts	4	159,428,515.18	159,428,515.18	16.60%	25.00%	YES	
	147	964,142,515.18	960,513,276.90	100.00%			

\*Compliance percentage is calculated at the time the investment is purchased, as percentages change daily due to fluctuating amounts in overnight accounts.

# Investment Pool

## Historic Quarter End Book Values FY 2009 to 2019



Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sept	717	596	558	651	627	556	594	625	734	769	859
Dec	684	670	675	691	650	659	701	770	866	889	961
Mar	636	635	648	632	605	638	687	780	844	876	0
June	634	576	620	584	639	588	634	771	862	915	0



**TREASURER-TAX COLLECTOR**  
Karen D. Adams, CPA

## Investment Pool Portfolio Review of Five Quarters

Quarter Ending	<u>Dec. 31, 2018</u>	<u>Sept. 30, 2018</u>	<u>30-Jun-18</u>	<u>Mar. 31, 2018</u>	<u>Dec. 31, 2017</u>
<b>Portfolio Composition:</b>					
Book Value of Assets Held	\$ 960,803,524	\$ 858,929,444	\$ 915,444,976	\$ 873,309,300	\$ 888,692,741
Market Value of Assets Held	\$ 956,437,043	\$ 851,033,693	\$ 907,952,142	\$ 866,300,240	\$ 884,505,391
Assets Maturing Within 90 Days	\$ 338,461,752	\$ 236,994,963	\$ 263,111,938	\$ 121,945,547	\$ 259,164,925
Percentage of Market to Book Value	99.55%	99.08%	99.18%	99.20%	99.53%
Weighted Average Maturity	419 days	459 days	438 days	480 days	479 days
<b>Return on Assets:</b>					
Total Earning Quarter Ended	\$ 4,453,168	\$ 3,961,615	\$ 3,913,202	\$ 3,320,178	\$ 2,799,864
Total Earning Fiscal YTD	\$ 8,422,063	\$ 3,961,615	\$ 12,771,916	\$ 8,846,802	\$ 5,510,932
Rate of Return QTR	2.02%	1.87%	1.76%	1.60%	1.42%
Rate of Return YTD	1.95%	1.87%	1.55%	1.47%	1.40%
<b>Rate of Return QTR</b>					
CAMP	2.36%	2.12%	1.94%	1.51%	1.22%
LAIF	2.40%	2.16%	1.90%	1.51%	1.20%



**TREASURER-TAX COLLECTOR**

Karen D. Adams, CPA



Merced County

**MERCED COUNTY TREASURY**  
**Portfolio Management**  
**Portfolio Summary**  
**December 31, 2018**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Managed Pool Accounts	184,077,264.68	184,077,264.68	184,077,264.68	20.32	1	1	2.375	2.408
Medium Term Notes	206,284,000.00	204,687,156.16	205,367,783.42	21.50	1,027	572	2.353	2.365
Commercial Paper Disc. -Amortizing	100,000,000.00	98,718,014.00	98,813,149.96	10.35	238	149	2.837	2.877
Federal Agency Coupon Securities	234,545,000.00	231,996,540.75	234,005,900.70	24.50	1,231	625	1.857	1.863
Treasury Coupon Securities	58,900,000.00	58,063,006.00	58,471,841.00	6.12	966	494	1.911	1.937
Supranational - IBRD, IFC, IADB	146,220,000.00	144,640,958.65	145,596,263.66	15.24	1,132	537	1.637	1.862
Municipal Bonds	18,765,000.00	18,641,605.25	18,829,802.98	1.97	1,282	791	2.370	2.403
<b>Investments</b>	<b>958,791,264.68</b>	<b>950,795,545.49</b>	<b>955,162,026.40</b>	<b>100.00%</b>	<b>804</b>	<b>419</b>	<b>2.181</b>	<b>2.211</b>

<b>Cash and Accrued Interest</b>								
Passbook/Checking (not included in yield calculations)	5,351,250.50	5,351,250.50	5,351,250.50		1	1	0.065	0.097
Accrued Interest at Purchase		290,246.83	290,246.83					
Subtotal		5,641,497.33	5,641,497.33					
<b>Total Cash and Investments</b>	<b>964,142,515.18</b>	<b>956,437,042.82</b>	<b>960,803,523.73</b>		<b>804</b>	<b>419</b>	<b>2.181</b>	<b>2.211</b>

Total Earnings	December 31 Month Ending	Fiscal Year To Date
Current Year	1,664,483.52	8,422,062.53
Average Daily Balance	926,950,002.08	855,166,641.81
Effective Rate of Return	2.11%	1.95%

I hereby certify that this report includes all investments in the investment pool and is in accordance with the investment policy. I further certify that the investments meet the County's cash flow needs for the next six months.

KAREN D. ADAMS, CPA, TREASURER



**MERCED COUNTY TREASURY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**December 31, 2018**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Rated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
<b>Managed Pool Accounts</b>												
CAMP	1001C	California Asset Mgt Program			154,077,264.68	154,077,264.68	154,077,264.68	2.460	AAA	2.460	1	
LAIF	1001A	Local Agency Investment Fund			20,000,000.00	20,000,000.00	20,000,000.00	2.291		2.281	1	
LAIF	1001B	Local Agency Investment Fund			20,000,000.00	20,000,000.00	20,000,000.00	2.291		2.281	1	
		<b>Subtotal and Average</b>	<b>179,838,334.55</b>		<b>194,077,264.68</b>	<b>194,077,264.68</b>				<b>2.425</b>	<b>1</b>	
<b>Medium Term Notes</b>												
940746FO8	2037	Wells Fargo		10/06/2015	2,490,000.00	2,489,277.90	2,490,275.57	2.150	A	1.855	14	01/15/2019
89236TCU7	2086	Toyota Mtr Credit		02/19/2016	1,300,000.00	1,297,595.00	1,299,993.07	1.700	AA	1.228	48	02/19/2019
037833BQ2	2088	Apple Inc		02/25/2016	5,000,000.00	4,990,850.00	5,001,432.45	1.700	AAA	1.492	52	02/22/2019
47816DBR4	2128	Johnson & Johnson		07/29/2016	11,500,000.00	11,469,755.00	11,502,181.80	1.125	AAA	1.010	59	03/01/2019
084664CG4	2181	Berkshire Hathaway Fin		01/30/2017	5,000,000.00	4,988,950.00	5,000,430.45	1.700	AA	1.657	73	03/15/2019
084664CG4	2249	Berkshire Hathaway Fin		03/05/2018	9,994,000.00	9,971,913.26	9,980,528.09	1.700	AA	2.367	73	03/15/2019
30231GAD4	1976	Exxon		10/24/2014	5,000,000.00	4,990,800.00	5,003,564.26	1.819	AA	1.480	73	03/15/2019
30231GAD4	2011	Exxon		04/06/2015	5,000,000.00	4,990,800.00	5,004,779.49	1.819	AA	1.336	73	03/15/2019
037833AQ3	2129	Apple Inc		07/29/2016	5,000,000.00	4,989,100.00	5,019,906.97	2.100	AAA	1.108	125	05/06/2019
166764BZ2	2236	Chevron Corp		01/10/2018	5,000,000.00	4,973,000.00	4,980,886.11	1.551	AA	2.050	135	05/16/2019
94988JDS5	2126	Wells Fargo		07/21/2016	5,000,000.00	4,974,600.00	5,008,838.25	1.750	A	1.290	143	05/24/2019
59353RDD7	2251	PNC Bank NA		03/29/2018	5,000,000.00	4,962,100.00	4,988,332.89	2.250	A	2.724	182	07/02/2019
037833CB4	2173	Apple Inc		01/10/2017	5,000,000.00	4,950,300.00	4,986,543.60	1.100	AAA	1.570	213	08/02/2019
594918BN3	2139	Microsoft Corp		10/27/2016	5,000,000.00	4,950,250.00	4,966,892.41	1.100	AAA	1.205	219	08/08/2019
48127HAA7	2280	J.P. Morgan Chase		12/03/2018	10,000,000.00	9,916,100.00	9,934,959.31	2.200	A	3.020	294	10/23/2020
90331HNJB	2252	US Bank		03/29/2018	5,000,000.00	4,968,250.00	4,980,520.34	2.350	AA	2.728	387	01/23/2020
594918BV5	2183	Microsoft Corp		02/06/2017	5,000,000.00	4,963,700.00	5,000,109.72	1.850	AAA	1.847	401	02/06/2020
166764AR1	2188	Chevron Corp		05/15/2017	5,000,000.00	4,949,800.00	5,000,879.17	1.961	AA	1.945	427	03/03/2020
89236TDFD	2279	Toyota Mtr Credit		12/03/2018	5,000,000.00	4,942,100.00	4,948,824.62	2.150	AA	3.026	436	03/12/2020
17275RAX0	2246	CISCO Systems Inc		02/09/2018	5,000,000.00	4,973,450.00	4,997,892.15	2.450	AA	2.480	531	06/15/2020
46625HHS2	2250	J.P. Morgan Chase		03/29/2018	5,000,000.00	5,000,450.00	5,106,004.06	4.400	A	2.980	588	07/22/2020
89236TDZ5	2204	Toyota Mtr Credit		06/29/2017	5,000,000.00	4,829,550.00	5,000,000.00	2.000	AA	2.000	728	12/29/2020
44924HAG8	2264	International Business Machine		08/06/2018	5,000,000.00	4,943,750.00	4,959,951.81	2.550	AA	3.050	766	02/05/2021
30231GAV4	2235	Exxon		01/10/2018	5,000,000.00	4,928,000.00	4,982,689.96	2.222	AA	2.292	790	03/01/2021
30231GAV4	2248	Exxon		02/15/2018	5,000,000.00	4,928,000.00	4,951,605.84	2.222	AA	2.890	780	03/01/2021
30231GAV4	2278	Exxon		12/03/2018	5,000,000.00	4,928,000.00	4,899,459.16	2.222	AA	3.190	780	03/01/2021
037833AR1	2272	Apple Inc		10/15/2018	5,000,000.00	5,006,100.00	4,974,177.50	2.850	AAA	3.080	856	05/06/2021
166764BG4	2274	Chevron Corp		11/05/2019	5,000,000.00	4,903,500.00	4,878,366.63	2.100	AA	3.174	866	05/16/2021
05253JAM3	2283	Aust & NZ Banking Group		12/06/2018	5,000,000.00	4,876,700.00	4,882,260.35	2.300	AA	3.501	882	06/01/2021
594918BP8	2175	Microsoft Corp		01/10/2017	5,000,000.00	4,867,350.00	4,932,056.13	1.550	AAA	2.100	950	08/08/2021

Portfolio POOL  
AP  
PM (PRF\_PWC)7.3.0



**MERCED COUNTY TREASURY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**December 31, 2018**

CUSIP	Investment #	Medium Term Notes	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
064670BC1	2284		Berkshire Hathaway Fin		12/13/2018	5,500,000.00	5,619,515.00	5,568,327.15	3.750	AA	3.250	957	08/15/2021
892367DP7	2174		Toyota Mtr Credit		01/10/2017	5,000,000.00	4,922,400.00	5,017,279.01	2.600	AA	2.478	1,105	01/11/2022
46525HJ03	2289		JP Morgan Chase		12/18/2018	5,000,000.00	5,151,850.00	5,137,973.84	4.500	A	3.540	1,118	01/24/2022
742718DY2	2259		Procter & Gamble		08/09/2018	5,000,000.00	4,922,300.00	4,894,043.95	2.300	AA	3.026	1,132	02/06/2022
584918BA1	2258		Microsoft Corp		04/27/2018	5,000,000.00	4,939,400.00	4,896,317.77	2.375	AAA	3.085	1,138	02/12/2022
166764AT7	2270		Chevron Corp		09/13/2018	5,000,000.00	4,854,850.00	4,854,159.44	2.411	AA	3.120	1,157	03/03/2022
2205	2205		Mossquitto Abatement	Depot Note	07/03/2017	500,000.00	500,000.00	500,000.00	4.000				
584918BH6	2253		Microsoft Corp		04/02/2018	5,000,000.00	4,959,600.00	4,959,402.18	2.650	AAA	2.877	1,402	11/03/2022
064670BR8	2254		Berkshire Hathaway Fin		04/02/2018	5,000,000.00	4,908,400.00	4,845,018.79	2.750	AA	3.033	1,534	03/15/2023
037833AKG	2260		Apple Inc		06/04/2016	5,000,000.00	4,834,650.00	4,865,799.60	2.400	AAA	3.081	1,583	05/03/2023
			<b>Subtotal and Average</b>	<b>198,318,406.61</b>		<b>206,284,000.00</b>	<b>204,667,156.16</b>	<b>205,367,703.42</b>			<b>2.385</b>	<b>572</b>	
<b>Commercial Paper Disc. - Amortizing</b>													
2254EBN49	2295		Credit Suisse FB USA Inc		04/05/2018	25,000,000.00	24,992,594.50	24,984,753.60	2.513	A-1	2.627	3	01/04/2019
89233HTJ3	2303		Toyota Mtr Credit		12/16/2018	5,000,000.00	4,939,551.20	4,935,801.77	2.780	A-1	2.859	168	06/18/2018
2521475N1	2300		Dexia Credit Local		10/11/2018	10,000,000.00	9,803,466.70	9,863,129.72	2.755	A-1	2.789	182	07/02/2019
48640QU25	2302		JP Morgan Chase		12/04/2018	5,000,000.00	4,925,173.35	4,925,652.15	2.920	A-1	3.044	182	07/02/2019
63873KU21	2301		Netix NY Branch		12/04/2018	5,000,000.00	4,925,173.35	4,927,691.27	2.840	A-1	2.959	182	07/02/2019
62479MUC5	2299		MUFG Bank		12/14/2018	5,000,000.00	4,920,727.05	4,924,866.59	2.800	A-1	2.917	192	07/12/2019
63873KUC9	2298		Netix NY Branch		12/14/2018	10,000,000.00	9,841,454.10	9,843,865.60	2.910	A-1	3.033	192	07/12/2019
46840UJF6	2297		JP Morgan Chase		12/18/2018	5,000,000.00	4,919,385.95	4,921,564.48	2.880	A-1	3.002	185	07/15/2019
22533UUX9	2296		Credit Agricole		12/12/2018	25,000,000.00	24,560,960.75	24,579,520.04	2.855	A-1	2.979	211	07/13/2019
46840UWD9	2292		JP Morgan Chase		12/18/2018	5,000,000.00	4,890,797.05	4,896,293.64	2.940	A-1	3.076	255	08/13/2019
			<b>Subtotal and Average</b>	<b>74,785,762.45</b>		<b>100,000,000.00</b>	<b>98,719,014.00</b>	<b>98,613,149.96</b>			<b>2.877</b>	<b>149</b>	
<b>Federal Agency Coupon Securities</b>													
3133EFGN1	2068		Federal Farm Credit Bank		12/21/2015	5,000,000.00	4,999,300.00	4,999,890.51	1.200	AAA	1.335	6	01/07/2019
3134GAK78	2177		Federal Home Loan Mfg Corp		01/25/2017	5,000,000.00	4,997,000.00	5,000,000.00	1.350	AAA	1.350	24	01/25/2019
3135G0J53	2224		Federal National Mortgage Assn		12/11/2017	5,000,000.00	4,968,650.00	4,984,424.14	1.000	AAA	1.740	56	02/28/2019
3130A7R72	2102		Federal Home Loan Bank		04/29/2016	5,000,000.00	4,878,359.00	5,000,000.00	1.250	AAA	1.250	118	04/29/2019
3134G9NB9	2229		Federal Home Loan Mfg Corp		12/29/2017	5,000,000.00	4,875,030.00	4,969,381.19	1.220	AAA	1.773	143	05/24/2019
3133EGJX4	2223		Federal Farm Credit Bank		12/01/2017	5,000,000.00	4,863,100.00	4,982,369.94	1.080	AAA	1.782	185	07/05/2019
3133EGJL7	2233		Federal Farm Credit Bank		12/29/2017	5,000,000.00	4,861,500.00	4,979,898.37	1.080	AAA	1.852	192	07/12/2019
3134CBGG1	2230		Federal Home Loan Mfg Corp		12/29/2017	5,000,000.00	4,866,300.00	4,951,413.14	1.500	AAA	1.807	206	07/26/2019
3135G0N33	2131		Federal National Mortgage Assn		08/12/2016	5,000,000.00	4,848,500.00	4,867,742.10	0.875	AAA	0.953	213	08/02/2019
742661DQ2	2059		Private Export Funding		12/11/2015	10,000,000.00	9,823,100.00	9,867,736.56	1.450	AAA	1.980	226	08/15/2019

Portfolio POOL  
AP  
PM (PRF\_PMO) 7.3.0

**MERCED COUNTY TREASURY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**December 31, 2018**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Started Rate	S&P	YTM 365	Days to Maturity	Maturity Date
<b>Federal Agency Coupon Securities</b>												
742651DQ2	2151	Private Export Funding		11/21/2016	5,000,000.00	4,951,550.00	5,002,367.48	1.450	AAA	1.372	228	08/15/2019
3133EGU52	2161	Federal Farm Credit Bank		12/13/2016	5,000,000.00	4,961,000.00	5,000,000.00	1.490	AAA	1.490	255	09/13/2019
3135G0R39	2150	Federal National Mortgage Assn		11/17/2016	5,000,000.00	4,933,750.00	4,987,262.68	1.000	AAA	1.320	296	10/24/2019
3134GBR95	2226	Federal Home Loan Mtg Corp		12/12/2017	5,000,000.00	4,958,200.00	4,990,849.19	1.625	AAA	1.650	302	10/30/2019
3136G4HF3	2144	Federal National Mortgage Assn		11/29/2016	5,000,000.00	4,941,500.00	5,000,000.00	1.350	AAA	1.350	332	11/29/2019
3130ABFB4	2122	Federal Home Loan Bank		06/13/2016	5,000,000.00	4,942,450.00	5,000,000.00	1.350	AAA	1.350	346	12/13/2019
3133EGU86	2171	Federal Farm Credit Bank		12/19/2016	5,000,000.00	4,941,200.00	4,998,711.11	1.500	AAA	1.527	352	12/19/2019
3135GDS46	2181	Federal National Mortgage Assn		04/11/2017	5,000,000.00	4,950,550.00	4,998,825.65	1.650	AAA	1.670	391	01/27/2020
3136G4HH9	2146	Federal National Mortgage Assn		11/30/2016	5,000,000.00	4,941,650.00	5,000,000.00	1.500	AAA	1.500	421	02/26/2020
3134GBEB4	2185	Federal Home Loan Mtg Corp		04/06/2017	5,000,000.00	4,946,500.00	5,000,000.00	1.700	AAA	1.700	451	03/27/2020
3134GBEU2	2186	Federal Home Loan Mtg Corp		04/07/2017	5,000,000.00	4,998,100.00	5,000,000.00	2.000	AAA	1.719	451	03/27/2020
3132XDS40	2194	Farmers Mac		04/19/2017	5,000,000.00	4,940,150.00	4,999,438.03	1.640	AAA	1.649	472	04/17/2020
3133EGD69	2148	Federal Farm Credit Bank		11/16/2016	5,000,000.00	4,919,850.00	4,991,258.99	1.320	AAA	1.453	492	05/07/2020
3136G0415	2234	Federal National Mortgage Assn		12/29/2017	5,000,000.00	4,931,100.00	4,988,084.74	1.500	AAA	1.979	499	05/14/2020
3130ACN63	2532	Federal Home Loan Bank		12/29/2017	5,000,000.00	4,942,500.00	4,979,638.27	1.700	AAA	2.005	500	05/15/2020
3133EGF90	2123	Federal Farm Credit Bank		06/15/2016	5,000,000.00	4,916,550.00	5,000,000.00	1.400	AAA	1.400	531	06/15/2020
3130ABQD8	2142	Federal Home Loan Bank		11/16/2016	4,545,000.00	4,455,890.76	4,529,505.88	1.230	AAA	1.459	560	07/14/2020
3135G0T80	2222	Federal National Mortgage Assn		12/01/2017	5,000,000.00	4,917,350.00	4,970,808.34	1.500	AAA	1.880	576	07/30/2020
3133EGU80	2162	Federal Farm Credit Bank		12/14/2016	5,000,000.00	4,935,890.00	5,000,000.00	1.620	AAA	1.620	622	09/14/2020
3135G0K89	2163	Federal National Mortgage Assn		12/09/2016	10,000,000.00	9,710,300.00	9,874,181.79	1.250	AAA	1.810	856	05/06/2021
3134GBTJ1	2220	Federal Home Loan Mtg Corp		11/30/2017	5,000,000.00	4,912,950.00	4,973,082.78	1.650	AAA	2.062	882	06/01/2021
3130A8Q55	2218	Federal Home Loan Bank		11/30/2017	5,000,000.00	4,828,800.00	4,901,978.53	1.125	AAA	1.829	925	07/14/2021
3134GSSU0	2267	Federal Home Loan Mtg Corp		06/07/2018	5,000,000.00	5,006,650.00	4,984,598.77	2.850	AAA	2.884	941	07/30/2021
3135G0N89	2149	Federal National Mortgage Assn		11/17/2016	5,000,000.00	4,849,700.00	4,952,435.34	1.375	AAA	1.735	1,010	10/07/2021
3134GATZ3	2145	Federal Home Loan Mtg Corp		11/30/2016	5,000,000.00	4,904,700.00	5,060,000.00	1.750	AAA	1.651	1,058	11/24/2021
3134GAYX6	2152	Federal Home Loan Mtg Corp		11/30/2016	5,000,000.00	4,904,700.00	5,060,000.00	1.875	AAA	1.875	1,060	11/26/2021
3133EJ3S6	2281	Federal Farm Credit Bank		12/27/2018	5,000,000.00	5,001,600.00	5,000,000.00	3.070	AAA	3.070	1,091	12/27/2021
3130AAEX2	2164	Federal Home Loan Bank		12/30/2016	5,000,000.00	4,912,400.00	5,000,000.00	2.150	AAA	2.150	1,092	12/28/2021
3134GAYY0	2147	Federal Home Loan Mtg Corp		01/10/2017	5,900,000.00	4,920,150.00	5,000,000.00	2.000	AAA	2.000	1,094	12/30/2021
3130AAKW7	2176	Federal Home Loan Bank		09/09/2017	5,000,000.00	4,915,300.00	4,996,823.75	1.950	AAA	1.972	1,105	01/10/2022
3133EHS80	2212	Federal Farm Credit Bank		08/06/2018	5,000,000.00	4,901,000.00	5,000,000.00	2.100	AAA	2.100	1,301	07/25/2022
3133EJWK1	2285	Federal Farm Credit Bank		08/07/2018	5,000,000.00	5,008,500.00	5,000,000.00	3.120	AAA	3.120	1,315	08/08/2022
3133EJNG1	2268	Federal Farm Credit Bank		08/14/2018	5,000,000.00	4,993,350.00	5,004,350.00	3.220	AAA	3.253	1,656	07/25/2023
3133EJWB8	2288	Federal Farm Credit Bank		08/14/2018	5,000,000.00	5,008,900.00	5,000,000.00	3.240	AAA	3.240	1,688	08/14/2023
3130AF4N4	2273	Federal Home Loan Bank		10/18/2016	5,000,000.00	5,001,050.00	5,000,000.00	3.480	AAA	3.480	1,751	10/18/2023
<b>Subtotal and Average</b>					<b>234,545,000.00</b>	<b>231,956,540.75</b>	<b>234,005,900.70</b>			<b>1.883</b>	<b>625</b>	

**MERCED COUNTY TREASURY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**December 31, 2018**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Rated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
<b>Treasury Coupon Securities</b>												
912828V56	2243	US Treasury Notes		02/02/2018	5,000,000.00	4,995,200.00	4,995,009.09	1.125	AAA	1.887	30	01/31/2019
912828V65	2090	US Treasury Notes		03/04/2016	3,900,000.00	3,992,365.00	3,905,585.43	1.625	AAA	1.050	89	03/31/2019
912828X54	2244	US Treasury Notes		02/02/2018	5,000,000.00	4,974,400.00	4,984,593.38	1.250	AAA	2.013	150	05/31/2019
912828W55	2231	US Treasury Notes		12/29/2017	5,000,000.00	4,977,350.00	4,995,884.16	1.625	AAA	1.784	180	06/30/2019
912828S57	2245	US Treasury Notes		02/02/2018	5,000,000.00	4,967,400.00	4,992,157.99	2.000	AAA	2.149	395	01/31/2020
912828M7	2238	US Treasury Notes		01/25/2018	5,000,000.00	4,929,100.00	4,958,979.86	1.625	AAA	2.148	577	07/31/2020
912828M7	2275	US Treasury Notes		11/05/2018	5,000,000.00	4,929,100.00	4,903,657.96	1.625	AAA	2.883	577	07/31/2020
912828L99	2188	US Treasury Notes		04/10/2017	5,000,000.00	4,898,450.00	4,975,073.32	1.375	AAA	1.857	669	10/31/2020
912828M98	2170	US Treasury Notes		12/14/2016	5,000,000.00	4,917,600.00	4,995,621.58	1.625	AAA	1.738	699	11/30/2020
912828M88	2239	US Treasury Notes		01/25/2018	5,000,000.00	4,895,350.00	4,915,362.50	1.375	AAA	2.220	781	01/31/2021
912828P87	2160	US Treasury Notes		04/11/2017	5,000,000.00	4,895,650.00	4,937,593.80	1.125	AAA	1.725	789	03/28/2021
912828S76	2189	US Treasury Notes		04/11/2017	5,000,000.00	4,831,050.00	4,915,732.35	1.125	AAA	1.807	942	07/31/2021
<b>Subtotal and Average</b>					<b>58,900,000.00</b>	<b>56,053,006.00</b>	<b>58,471,841.00</b>			<b>1.937</b>	<b>494</b>	

**Supranational - IBRD, IFC, IADB**

45905LVC5	2085	Intl Bnk for Recons & Dev		02/28/2016	5,000,000.00	4,992,000.00	5,000,000.00	1.350	AAA	1.350	56	02/26/2019
45905LVC5	2093	Intl Bnk for Recons & Dev		03/24/2016	5,000,000.00	4,992,000.00	5,000,000.00	1.350	AAA	1.350	56	02/26/2019
459058FC2	2098	Intl Bnk for Recons & Dev		04/28/2016	5,000,000.00	4,978,750.00	5,000,000.00	1.350	AAA	1.250	115	04/26/2019
459058FB4	2107	Intl Bnk for Recons & Dev		04/29/2016	5,000,000.00	4,980,500.00	5,000,000.00	1.300	AAA	1.300	115	04/26/2019
458182DX7	2096	Inter-American Development Bk		04/12/2016	1,385,000.00	1,378,593.05	1,384,506.34	1.000	AAA	1.089	132	05/13/2019
458192DX7	2221	Inter-American Development Bk		12/04/2017	5,000,000.00	4,969,650.00	4,985,757.23	1.000	AAA	1.790	132	05/13/2019
459058FQ1	2180	Intl Bnk for Recons & Dev		01/23/2017	10,000,000.00	9,884,000.00	9,981,918.30	1.200	AAA	1.447	272	09/30/2019
4581X0CR7	2178	Inter-American Development Bk		01/12/2017	5,000,000.00	4,944,850.00	4,988,066.00	1.250	AAA	1.612	287	10/15/2019
459058FS7	2143	Intl Bnk for Recons & Dev		06/07/2017	5,000,000.00	4,945,350.00	5,012,410.66	1.750	AAA	1.546	454	03/30/2020
459058FA6	2187	Intl Bnk for Recons & Dev		04/11/2017	5,000,000.00	4,834,850.00	4,965,364.28	1.126	AAA	1.435	330	11/27/2019
45905KCL2	2203	Intl Fin Corp		11/18/2016	5,000,000.00	4,926,150.00	4,989,226.52	1.376	AAA	1.553	454	03/30/2020
4581X0CX4	2193	Inter-American Development Bk		04/13/2017	5,000,000.00	4,945,900.00	4,988,229.04	1.625	AAA	1.652	487	05/17/2020
4581X0CX4	2276	Inter-American Development Bk		08/07/2018	5,000,000.00	4,995,900.00	4,928,824.33	1.625	AAA	2.700	487	05/17/2020
4581X0CX4	2275	Inter-American Development Bk		11/06/2018	5,000,000.00	4,915,730.64	4,928,824.33	1.625	AAA	2.897	497	05/17/2020
4581X0CP1	2184	Inter-American Development Bk		03/13/2017	5,000,000.00	4,946,500.00	5,001,946.93	1.875	AAA	1.847	532	06/16/2020
45805KCG3	2192	Intl Fin Corp		04/13/2017	5,000,000.00	4,926,800.00	5,001,946.93	1.625	AAA	1.684	562	07/16/2020
4581X0CX4	2210	Intl Fin Corp		07/13/2017	5,000,000.00	4,926,800.00	4,995,659.67	1.625	AAA	1.684	562	07/16/2020
45805KCG3	2242	Intl Fin Corp		02/02/2018	4,835,000.00	4,764,215.60	4,785,975.89	1.625	AAA	2.305	562	07/16/2020
459058PM0	2209	Intl Bnk for Recons & Dev		07/12/2017	5,000,000.00	4,862,500.00	4,953,355.11	1.126	AAA	1.724	567	06/10/2020
45805UP73	2216	Intl Bnk for Recons & Dev		10/16/2017	5,000,000.00	4,932,200.00	5,000,000.00	1.950	AAA	1.950	654	10/16/2020
4581X0CS5	2228	Inter-American Development Bk		12/13/2017	5,000,000.00	4,925,700.00	4,979,235.41	1.875	AAA	2.070	804	03/15/2021

Portfolio POOL  
AP  
PM (PRF\_PMG)7.3.0

**MERCED COUNTY TREASURY**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**December 31, 2018**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
<b>Supranational - (IBRD, IFC, IADB)</b>												
4561X0C55	2277	Inter-American Development Bk		11/14/2018	5,000,000.00	4,925,700.00	4,873,563.12	1.675	AAA	3.071	904	03/15/2021
456058FD0	2101	Intl Bnk for Recons & Dev		04/28/2016	10,000,000.00	10,000,000.00	10,000,000.00	1.500	AAA	1.400	848	04/28/2021
456058FH1	2219	Intl Bnk for Recons & Dev		11/30/2017	5,000,000.00	4,862,350.00	4,921,958.37	1.376	AAA	2.054	874	05/24/2021
456058D77	2261	Intl Bnk for Recons & Dev		06/06/2018	5,000,000.00	4,961,650.00	4,942,011.93	2.250	AAA	2.740	905	06/24/2021
456058GH0	2263	Intl Bnk for Recons & Dev		09/06/2018	5,000,000.00	5,020,350.00	4,986,563.17	2.750	AAA	2.860	934	07/23/2021
45605UB37	2165	Intl Bnk for Recons & Dev		12/16/2018	5,000,000.00	4,903,650.00	4,995,564.20	2.000	AAA	2.032	1,079	12/15/2021
4561X0C66	2179	Inter-American Development Bk		01/18/2017	5,000,000.00	4,928,100.00	4,996,251.92	2.125	AAA	2.151	1,113	01/18/2022
<b>Subtotal and Average</b>			<b>145,560,412.43</b>		<b>146,220,000.00</b>	<b>144,640,988.65</b>	<b>145,596,283.66</b>			<b>1.862</b>	<b>537</b>	
<b>Municipal Bonds</b>												
13034PZED	2214	State of California		09/27/2017	3,340,000.00	3,306,600.00	3,350,448.58	2.150	AA	1.953	396	02/01/2020
91412GTB1	2159	University of California		12/09/2016	1,275,000.00	1,276,786.75	1,293,865.52	3.016	AA	1.895	500	05/15/2020
74984JUL5	2259	Racine CO BANS		06/31/2018	5,000,000.00	5,000,100.00	4,989,493.12	3.050	AA	3.165	700	12/01/2020
13063DAC2	2196	State of California		04/27/2017	4,000,000.00	3,887,360.00	4,034,943.42	2.625	AA	2.218	821	04/01/2021
13063DAD0	2195	State of California		04/27/2017	2,000,000.00	1,970,780.00	2,000,000.00	2.367	AA	2.567	1,186	04/01/2022
13063DAD0	2187	State of California		04/27/2017	3,150,000.00	3,103,978.50	3,161,052.34	2.367	AA	2.252	1,166	04/01/2022
<b>Subtotal and Average</b>			<b>18,831,269.44</b>		<b>18,765,000.00</b>	<b>18,641,605.25</b>	<b>18,829,802.96</b>			<b>2.403</b>	<b>791</b>	
<b>Total and Average</b>			<b>926,560,002.08</b>		<b>950,791,264.68</b>	<b>950,793,545.49</b>	<b>955,162,026.40</b>			<b>2.214</b>	<b>419</b>	



Merced County

**MERCED COUNTY TREASURY**  
**Purchases Report**  
 Sorted by Purchase Date - Fund  
 October 1, 2018 - December 31, 2018

CUSIP	Investment #	Fund	Sec. Type	Issuer	Original Par Value	Purchase Date	Payment	Principal Purchase	Accrued at Purchase	Rate at Purchase	Maturity Date	YTM	Ending Book Value
252147SN1	2300	2070	ACP	DEXIA	10,000,000.00	10/11/2018	07/02 - At Maturity	9,803,366.67		2.755	07/02/2019	2.780	9,863,129.72
037853AR1	2272	2070	MTN	APPLE	5,000,000.00	10/15/2018	11/06 - 05/06	4,971,655.00	Received	2.850	05/06/2021	3.060	4,974,177.50
3130AF4N4	2273	2070	FAC	FHLB	5,000,000.00	10/18/2018	04/18 - 10/18	5,000,000.00		3.480	10/18/2023	3.460	5,000,000.00
166764BG4	2274	2070	MTN	CHEV	5,000,000.00	11/05/2018	11/16 - 05/16	4,870,400.00	Received	2.100	05/16/2021	3.174	4,878,366.63
912826AM7	2275	2070	TRC	UJSTN	5,000,000.00	11/05/2018	01/31 - 07/31	4,894,140.63	21,416.44	1.625	07/31/2020	2.883	4,803,657.96
4581XOCX4	2276	2070	MC1	IADB	5,000,000.00	11/05/2018	11/12 - 05/12	4,906,300.00	Received	1.625	05/12/2020	2.667	4,815,738.64
4581XOCS5	2277	2070	MC1	IADB	5,000,000.00	11/14/2018	03/15 - 09/15	4,866,100.00	15,364.58	1.875	03/15/2021	3.071	4,873,583.12
30231GAV4	2278	2070	MTN	EXXON	5,000,000.00	12/03/2018	03/01 - 09/01	4,895,850.00	26,392.22	2.222	03/01/2021	3.190	4,899,459.16
48127HAA7	2280	2070	MTN	JP MOR	10,000,000.00	12/03/2018	04/22 - 10/22	9,926,700.00	25,055.56	2.260	10/22/2019	3.020	9,934,866.31
89236TCFO	2279	2070	MTN	TOYOTA	5,000,000.00	12/03/2018	03/12 - 09/12	4,945,500.00	24,187.50	2.150	03/12/2020	3.026	4,948,824.62
46640QJ25	2302	2070	ACP	JP MOR	5,000,000.00	12/04/2018	07/02 - At Maturity	4,914,833.33		2.920	07/02/2019	3.002	4,925,652.15
63873KU21	2301	2070	ACP	NATIXI	5,000,000.00	12/04/2018	07/02 - At Maturity	4,917,166.67		2.840	07/02/2019	2.919	4,927,691.27
05253JAM/3	2283	2070	MTN	ANZ	5,000,000.00	12/06/2018	06/01 - 12/01	4,858,200.00	1,579.67	2.300	06/01/2021	3.501	4,862,260.35
22533UUX9	2296	2070	ACP	CRAGR	25,000,000.00	12/12/2018	07/31 - At Maturity	24,542,010.42		2.855	07/31/2019	2.938	24,579,520.04
08467DBC1	2284	2670	MTN	BERKSH	5,500,000.00	12/13/2018	02/15 - 08/15	5,569,630.00	67,604.17	3.750	08/15/2021	3.250	5,568,327.15
82479MUC5	2288	2070	ACP	MIFGBK	5,000,000.00	12/14/2018	07/12 - At Maturity	4,919,333.33		2.800	07/12/2019	2.877	4,924,886.39
63873KUC9	2288	2070	ACP	NATIXI	10,000,000.00	12/14/2018	07/12 - At Maturity	9,930,250.00		2.910	07/12/2019	2.992	9,943,866.90
46625HJD3	2289	2070	MTN	JP MOR	5,000,000.00	12/18/2018	01/24 - 07/24	5,139,600.00	90,000.00	4.500	01/24/2022	3.540	5,137,973.84
46640QWD9	2292	2070	ACP	JP MOR	5,000,000.00	12/18/2018	09/13 - At Maturity	4,890,156.33		2.940	09/13/2019	3.034	4,898,253.64
46640QJFB	2297	2070	ACP	JP MOR	5,000,000.00	12/18/2018	07/15 - At Maturity	4,916,400.00		2.880	07/15/2019	2.960	4,921,564.48
89233HTJ3	2303	2070	ACP	TOYOTA	5,000,000.00	12/18/2018	06/15 - At Maturity	4,929,727.78		2.780	06/15/2019	2.820	4,935,801.77
3133EJ3S6	2291	2070	FAC	FFCB	5,000,000.00	12/27/2018	06/27 - 12/27	5,000,000.00		3.070	12/27/2021	3.070	5,000,000.00
<b>Total Purchases</b>									<b>145,500,000.00</b>	<b>145,508,622.16</b>	<b>273,600.14</b>		<b>143,715,723.64</b>

Received = Accrued Interest at Purchase was received by report ending date



Merced County

**MERCED COUNTY TREASURY**

**Maturity Report**

Sorted by Maturity Date

Amounts due during October 1, 2018 - December 31, 2018

CUSIP	Investment #	Fund	Sec. Type	Issuer	Par Value	Maturity Date	Purchase Date at Maturity	Rate	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
452200GM7	2157	2070	MTN	IBM	5,000,000.00	10/15/2018	12/08/2016	7.625	5,000,000.00	190,625.00	5,190,625.00	190,625.00
3134G6WZ8	2099	2070	FAC	FHLMC	5,000,000.00	10/28/2018	04/28/2016	1.125	5,000,000.00	28,125.00	5,028,125.00	28,125.00
3134G8YU7	2100	2070	FAC	FHLMC	5,000,000.00	10/28/2018	04/28/2016	1.050	5,000,000.00	26,250.00	5,026,250.00	26,250.00
191216BF6	1923	2070	MTN	COOLA	10,000,000.00	11/01/2018	01/24/2014	1.650	10,000,000.00	82,500.00	10,082,500.00	82,500.00
459500WHE9	2172	2070	MC1	IFC	5,000,000.00	11/27/2018	12/18/2016	1.250	5,000,000.00	31,250.00	5,031,250.00	31,250.00
3133EFRH2	2064	2070	FAC	FFCB	5,000,000.00	11/30/2018	11/30/2015	1.340	5,000,000.00	33,500.00	5,033,500.00	33,500.00
3133EFRH2	2061	2070	FAC	FFCB	5,000,000.00	11/30/2018	12/10/2015	1.340	5,000,000.00	33,500.00	5,033,500.00	33,500.00
812828A34	2043	3030	TRC	USTN	3,650,000.00	11/30/2018	11/09/2015	1.250	3,650,000.00	22,812.50	3,672,812.50	22,812.50
812828A34	2047	3030	TRC	USTN	570,000.00	11/30/2018	11/16/2015	1.250	570,000.00	3,562.50	573,562.50	3,562.50
812828A34	2112	3030	TRC	USTN	4,965,000.00	11/30/2018	05/06/2016	1.250	4,965,000.00	31,031.25	4,996,031.25	31,031.25
3135G0G72	2063	2070	FAC	FMMA	10,000,000.00	12/14/2018	11/27/2015	1.125	10,000,000.00	56,250.00	10,056,250.00	56,250.00
912828A75	2056	3030	TRC	USTN	4,940,000.00	12/31/2018	12/04/2015	1.500	4,940,000.00	37,050.00	4,977,050.00	37,050.00
912828U98	2225	2070	TRC	USTN	5,000,000.00	12/31/2018	12/12/2017	1.250	5,000,000.00	31,250.00	5,031,250.00	31,250.00
<b>Total Maturities</b>									<b>69,125,000.00</b>	<b>607,706.25</b>	<b>69,732,706.25</b>	<b>607,706.25</b>



Merced County

**MERCED COUNTY TREASURY**  
**Sales/Call Report**  
**Sorted by Maturity Date - Fund**  
**October 1, 2018 - December 31, 2018**

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date	Redem. Date	Matur. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
11/15/2018													
81158HHE3	2064	2070	US BNK MTN	12/14/201	10/15/201	11/15/201	5,000,000.00	1.950	5,001,458.61	5,000,000.00	40,625.00	5,040,625.00 Call	39,166.39
			Subtotal				5,000,000.00		5,001,458.61	5,000,000.00	40,625.00	5,040,625.00	39,166.39
			Total Sales				5,000,000.00		5,001,458.61	5,000,000.00	40,625.00	5,040,625.00	39,166.39





# Contact Us

Merced County Treasury

(209) 385-7307

[Mercedtaxcollector.org](http://Mercedtaxcollector.org)

## **Voluntary Pool Participant / Depositor**

### **VOLUNTARY DEPOSITORS**

A voluntary depositor is any local agency who has applied for and been granted participation in the county investment pool. The local agency's treasurer or other official responsible for their funds has determined that they have excess funds which are not required for immediate use. Once the excess funds are identified, the local agency's legislative or governing body must adopt a resolution that authorizes the investment of the funds pursuant to § 53684, and with the consent of the County Treasurer, deposit the excess funds in the county treasury for the purpose of investment by the County Treasurer pursuant to GC § 53601 or 53635. The resolution shall specify that the local agency acknowledges and is willing to be bound by the withdrawal provisions of GC § 27136, and that administrative charges will be deducted by the Treasurer as permitted by GC § 53684(b) and 27013. The Treasurer shall approve or disapprove such agency's request in writing.

### **INTEREST APPORTIONMENT**

Historically, Interest Apportionment was calculated using the cash basis method of accounting. Effective July 1, 1999, the Interest Apportionment changed from the cash basis to the modified accrual basis method of accounting. All interest earnings, amortization earnings, and coupon payments are deposited into Trust Fund # 2070 Treasurer's Interest. A modified journal entry is processed to recognize the accrued interest and amortization for the quarter. Departmental treasury costs are recovered quarterly based on actual treasury expenditures. After all expenditures are netted against earnings, the net revenues are distributed to the Pool Participants through the following Interest Apportionment process.

At end of month, the Auditor-Controller's department requests report FM-0606 Average Daily Cash Balances and report FM-0606-A Interest Apportionment Control Report.

FM-0606 Average Daily Cash Balances shows each fund's cumulative balance, number of days the fund had a balance, and average balance for each fund. The cumulative balance is computed by adding the daily balances of the fund. The average balance is the cumulative balance divided by the number of days the fund had a balance.

FM-0606-A Interest Apportionment Control Report shows the Apportionment Total which was posted to each fund. The Apportionment Total is calculated as follows:

(1) First, the system determines the fund's percent of the pool by using the following figures calculated on report FM-0606 Average Daily Cash Balance: Cumulative balance for the fund divided by the total cumulative balance of all funds.

(2) Next, the fund's percent of the pool is multiplied times the Net Revenues. The result is the fund's Interest Apportionment for the quarter.

### **CODE SECTIONS**

**53630.** As used in this article: (a) "Local agency" means county, city and county, including a chartered city or county, a community college district, or other public agency or corporation in this state. ...

**53684.** (a) Unless otherwise provided by law, if the treasurer of any local agency, or other official responsible for the funds of the local agency, determines that the local agency has excess funds which are not required for immediate use, the treasurer or other official may, upon the adoption of a resolution by the legislative or governing body of the local agency authorizing the investment of funds pursuant to this section and with the consent of the county treasurer, deposit the excess funds in the county treasury for the purpose of investment by the county treasurer pursuant to Section 53601 or 53635, or Section 20822 of the Revenue and Taxation Code.

(b) The county treasurer shall, at least quarterly, apportion any interest or other increment derived from the investment of funds pursuant to this section in an amount proportionate to the average daily balance of the amounts deposited by the local agency and to the total average daily balance of deposits in the investment pool. In apportioning and distributing that interest or increment, the county treasurer may use the cash method, the accrual method, or any other method in accordance with generally accepted accounting principles. Prior to distributing that interest or increment, the county treasurer may deduct the actual costs incurred by the county in administering this section in proportion to the average daily balance of the amounts deposited by the local agency and to the total average daily balance of deposits in the investment pool.

(c) The county treasurer shall disclose to each local agency that invests funds pursuant to this section the method of accounting used, whether cash, accrual, or other, and shall notify each local agency of any proposed changes in the accounting method at least 30 days prior to the date on which the proposed changes take effect.

(d) The treasurer or other official responsible for the funds of the local agency may withdraw the funds of the local agency pursuant to the procedure specified in Section 27136.

(e) Any moneys deposited in the county treasury for investment pursuant to this section are not subject to impoundment or seizure by any county official or agency while the funds are so deposited.

(f) This section is not operative in any county until the board of supervisors of the county, by majority vote, adopts a resolution making this section operative in the county.

(g) It is the intent of the Legislature in enacting this section to provide an alternative procedure to Section 51301 for local agencies to deposit money in the county treasury for investment purposes. Nothing in this section shall, therefore, be construed as a limitation on the authority of a county and a city to contract for the county treasurer to perform treasury functions for a city pursuant to Section 51301.

**27136.** (a) Notwithstanding any other provision of law, any local agency, public agency, public entity, or public official that has funds on deposit in the county treasury pool and that seeks to withdraw funds for the purpose of investing or depositing those funds outside the county treasury pool, shall first submit the request for withdrawal to the county treasurer before withdrawing funds from the county treasury pool.

(b) The county treasurer shall evaluate each proposed withdrawal for its consistency with the criteria adopted pursuant to subdivision (h) of Section 27133. Prior to approving a withdrawal, the county treasurer shall find that the proposed withdrawal will not adversely affect the interests of the other depositors in the county treasury pool.

**27013.** Notwithstanding any other provision of law, any treasurer, or other authorized county officer, who invests, deposits or otherwise handles funds for public agencies for the purpose of earning interest or other income on such funds as permitted by law, may deduct from such interest or income, before distribution thereof, the actual administrative cost of such investing, depositing, or handling of funds and of distribution of such interest or income. Such cost reimbursement shall be paid into the county general fund.



# **INVESTMENT POLICY**

## **2019**

**Karen D. Adams, CPA  
Treasurer**

# TABLE OF CONTENTS

PREFACE .....	iii
SCOPE.....	1
PURPOSE.....	1
LEGAL COMPLIANCE .....	1
GOALS AND OBJECTIVES .....	1
1. Primary Goals .....	1
2. Prudence.....	2
3. Maintenance of Public Trust.....	2
4. Ethics and Conflict of Interest.....	2
POLICY SUMMATION OF BASIC STRATEGY .....	3
AUTHORITY.....	4
1. Delegation .....	4
2. Retention.....	4
TREASURY OVERSIGHT COMMITTEE .....	4
1. Members .....	4
2. Duties of the Treasury Oversight Committee (TOC).....	5
3. Annual Audit.....	5
4. Meetings.....	5
ADMINISTRATION.....	6
1. Safekeeping .....	6
2. Collateralization.....	6
3. Performance Benchmark.....	6
4. Internal Controls & Procedures .....	6
5. Competitive Bidding .....	7
6. Reporting.....	7
7. Marked-to-Market.....	8
8. Interest Apportionment .....	8
9. Voluntary Depositors/Withdrawals .....	9
10. Business Continuity Plan .....	10

## **CONTENTS Continued**

AUTHORIZED INVESTMENTS & DIVERSIFICATION .....	11
1. Authorized Investments .....	11
2. Maximum Maturities .....	11
3. Maximum Amounts .....	11
4. International Investing .....	11
5. Investment of Funds.....	11
AUTHORIZED BROKERS/DEALERS & DEPOSITORIES.....	12
REVIEW AND ANALYSIS OF PROSPECTIVE INVESTMENTS .....	12
PUBLIC INQUIRY .....	13
LISTING OF INVESTMENT TERMINOLOGY .....	14
AUTHORIZED INVESTMENT – APPENDIX 1 .....	A-1

# PREFACE

Each issue addressed in this policy is considered to be of timely and significant importance to the administration of the investment portfolio. While some portions of this policy are a restatement of State law, these restatements are integral to the purpose and flow of this policy.

The following statements are intended to insure the achievement of the purpose, goals, and objectives of the investment strategy in an orderly, accurate manner. However, there is no guarantee that problems, errors or losses will not arise in the course of administering the investment of funds.

Unforeseen factors may effect the achievement of the goals and objectives of the portfolio. A list of factors include, but are not limited to, the following: national or international events or crises, deviation of actual cash flow from forecasted cash flow, unexpected demands on cash flow, policies made with regard to investment in local depositories, and errors in data or advice used to make decisions, as well as any other unforeseen aberration or event that may impact local, national or international financial markets, economies or politics which in turn has a decided effect upon the portfolio.

Keeping in mind the obstacles and deterrents in pursuing portfolio goals and objectives, this policy is designed to achieve a reasonable rate of return over an economic cycle, consistent with limited risk and prudent investment practices.



## SCOPE

The following investment policy pertains to the pooled operating funds of Merced County and depository agencies. Depository agencies consist of school districts, Merced College, special districts and other local agencies. The County retirement system is an independent CA 1937 Act system and the Treasurer is a trustee on the board. The independent retirement system only deposits short-term liquidity monies in the treasury for retiree payroll. This policy is concerned with the deposit, safekeeping and investment of all funds under the control of the Treasurer, as well as all related transactions and investment activities.

## PURPOSE

The purpose of the investment policy is to facilitate accomplishment of the goals and objectives of the Treasurer with regard to the investment of idle funds, to provide a framework within which to carry out the business of administering and investing the idle funds of the Treasury, to improve communications at all levels between those interested in the process of investing and administering the idle funds of the Treasury, and to ensure compliance with legal requirements and policies adopted by the Oversight Committee and Board of Supervisors.

## LEGAL COMPLIANCE

All investing and investment decisions shall be made with full compliance to California Government Code § 27000 et seq. and 53600 et seq., as well as any forthcoming amendments or additions to the California Government Code in relation to the investment of local agency idle funds. In addition, the Treasurer may provide further restrictions and guidelines for the investment of idle funds through this Statement of Investment Policy and the Investment Guidelines and Procedures Manual.

## GOALS AND OBJECTIVES

### PRIMARY GOALS

The Treasurer's primary goals for the investment of idle funds (the portfolio) are in order of priority:

#### 1. Safety

Safety of Principal shall mean the safeguarding of capital through the selection of investments and investing procedures to best protect against loss arising from default, fraud or error. To achieve preservation of principal the portfolio structure will be diversified to mitigate credit risk and market risk.

Credit Risk: The inherit risk of an issuer(s) ability and willingness to repay interest and principal, which shall be mitigated by diversifying the fund so that the failure of any one issuer would not unduly harm the Fund's cash flow.

Market Risk: The inherit risk of market value fluctuations due to changes in the

general level of interest rates. Because longer maturity fixed-income securities have greater market risk than shorter maturity securities, market risk will be mitigated by establishing a limit for the weighted average maturity. It is recognized in an active portfolio occasional losses on individual securities are inevitable and must be considered within the context of the overall investment return.

2. **Liquidity**

Liquidity Maintenance shall mean to always have the ability to convert sufficient securities in the portfolio to cash, with little or no loss in value, to cover cash flow needs of the county and its investing agencies, to meet contingency needs.

3. **Yield**

Yield refers to earning a reasonable rate of return and shall take into consideration current market conditions, the present phase of the market cycle, both present and future cash flow needs, and the other primary goals of Safety and Liquidity Maintenance.

**PRUDENCE**

The administration of idle funds of the Merced County Treasurer, as a fiduciary trustee, shall be performed in accordance with the prudent investor standard as stated in California Government Code § 27000.3 and 53600.3:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the County Treasurer shall act with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity need of the county and other depositors."

**MAINTENANCE OF PUBLIC TRUST**

As the Treasurer has been entrusted with the safekeeping of Public Monies received from Public Sources, the Treasurer in managing Investment Portfolios shall exercise a high degree of professionalism to insure and sustain public confidence, remembering that both the investment instruments and the methods of transacting investment business are subject to public review and scrutiny.

**ETHICS AND CONFLICT OF INTEREST**

The Treasurer and all investment personnel shall refrain from personal business activity which could create a conflict with proper execution of the investment program, or which could impair the ability to execute impartial investment decisions. The Treasurer and all investment personnel shall disclose to the Treasury Oversight Committee any material financial interests in financial institutions which conduct business with the County of Merced and shall disclose any material financial investment positions which could be related in a conflicting manner to the performance of the County of Merced investment portfolio.

## **POLICY SUMMATION OF BASIC STRATEGY**

The basic investment strategy will be to safeguard the principal of all investments, maintain sufficient liquidity to meet the regular cashflow needs of the Treasury while reserving contingent liquidity to meet unanticipated cashflow demands, and utilize various investment approaches to take advantage of current market yield opportunities. A maximum rate of return will be sought in a manner consistent with the safeguarding of principal and meeting liquidity needs.

# **AUTHORITY**

## **DELEGATION**

Annually the Board of Supervisors may delegate to the County Treasurer the authority to invest or reinvest funds of the County of Merced and funds of other depositors in the County Treasury.

Pursuant to California Government Code § 27000.1, 53601 and 53635, and Merced County Ordinance No. 1720, as codified at Chapter 5.40 of the Merced County Code, the Treasurer has full responsibility to invest or to reinvest funds under the control of the Treasurer, or to sell or exchange as is desirable to do so. The responsibility to execute investment transactions made by the Treasurer may be further delegated to deputies under the direction of the Treasurer.

## **RETENTION**

The Treasurer shall retain the authority to add to, delete or amend the Investment Policies and the Investment Guidelines as is necessary to facilitate accurate and efficient transactions pertaining to the investment of idle funds, for the best interest of the County.

# **TREASURY OVERSIGHT COMMITTEE**

Pursuant to the addition of Article 6, to Chapter 5 of Division 2 of Title 3 of the California Government Code, the County Treasurer shall create a County Treasury Oversight Committee to promote the public interest by involving depositors in the management of their funds and by enhancing the security and investment return of their funds through the establishment of criteria for the withdrawal of funds. Nothing in this policy shall be construed to allow the County Treasury Oversight Committee to direct individual investment decisions, select individual investment advisors, brokers or dealers, or impinge on the day-to-day operations of the County Treasury. The duties of the County Treasury Oversight Committee will be delineated in the Investment Guidelines. In compliance with California Government Code § 27131 and to maintain equity of all depositors, the membership of the County Treasury Oversight Committee shall consist of the following:

## **MEMBERS**

The members of the Treasury Oversight Committee (TOC) shall consist of:

- The County Auditor – or alternate
- A Board of Supervisors - designee or alternate
- The Superintendent of Schools - or alternate
- A College District - designee or alternate
- A Special District - designee or alternate

- Two Members of the Public with expertise, or academic background, in public finance.

Government Code § 27133 (d) requires limits to be set on the receipt of honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the County Treasury conducts business by any member of the County Treasury Oversight Committee. These limits may be in addition to the limits set by a committee member's own agency, by state law, or by the Fair Political Practices Commission. TOC Members are prohibited from raising money for the County Treasurer or a Board of Supervisor (with the exception of raising money for their own position) while serving as a member on the committee.

### **DUTIES OF THE TREASURY OVERSIGHT COMMITTEE (TOC)**

The Treasury Oversight Committee (TOC) is required annually to review and monitor the investment policy prepared by the County Treasurer, pursuant to Government Code § 27133, and to cause an annual compliance audit, pursuant to Government Code § 27134.

Established here as policy, the TOC will review and accept the Statement of Investment Policy prepared by the Treasurer in January of each year. Any revisions to the Statement of Investment Policy will also be reviewed and accepted by the TOC prior to submitting any such revisions to the Board of Supervisors for review and acceptance.

The Treasurer will annually submit the Statement of Investment Policy to the Board of Supervisors to be reviewed and accepted at a public meeting as required by Government Code § 53646. This section also requires that any change in the policy be reviewed and accepted by the Board of Supervisors at a public meeting. As a matter of policy, the Statement of Investment Policy will be accepted by the TOC prior to being submitted to the Board of Supervisors in January of each year.

### **ANNUAL AUDIT**

As of the end of each fiscal year, the TOC shall cause an annual audit to be conducted to determine compliance with the Statement of Investment Policy and an audit of the interest apportionment. Additionally, the audit may address questions of portfolio structure and risk. The audit findings will be an agenda item at the TOC meeting following the release of the audit. The cost of the audit will be charged against the Treasurer's budget and will be included in the investment expenses which are deducted from earnings prior to interest apportionment. A copy of the annual audit will be distributed pursuant to Government Code § 53686.

### **MEETINGS**

The TOC meets on a quarterly basis. These meetings are held within 30 days after the end of each quarter. Meeting dates and times are established at the beginning of each calendar year.

## **ADMINISTRATION**

### **SAFEKEEPING**

Investments are held in a third-party safekeeping custodial account designated by the Treasurer to provide the public with the highest degree of protection with regard to investments held in the portfolio. The delivery-versus-payment (DVP) purchase procedure will be used. Third-party safekeeping refers to holding securities in a trust account by an entity other than the party through whom the investment was purchased. The DVP refers to the practice of using an escrow procedure to process a transaction through the third-party safekeeper. This practice ensures that the transaction settles after the transaction terms and conditions of the parties involved have been met.

### **COLLATERALIZATION**

Repurchase agreements are required to be collateralized by securities or cash authorized under California Government Code § 53601.7(e). In order to anticipate market changes and provide a level of security the collateralization level will be a minimum of 102% of market value of the principal and accrued interest and shall be marked-to-market no less frequently than weekly. A Master Repurchase Agreement is required for the authorized bank and broker/dealer accounts for all daily cash surplus (see Investment Terminology).

### **PERFORMANCE BENCHMARK**

The investment portfolio is constructed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, matching the investment risk controls and cash flow requirements, thus preserving capital, meeting liquidity, and providing yield. The Treasurer's investment strategy is to manage the portfolio with less risk than a benchmark comparable index and to use economies of scale to invest and administer the program at a reasonable cost. As a result the portfolio is benchmarked against both the BofA Merrill Lynch 1-3 Year US Treasury Index and the California Local Agency Investment Fund (LAIF).

### **INTERNAL CONTROLS & PROCEDURES**

The Treasurer has established a system of written internal controls, which is reviewed annually with the County's independent (external) auditor. The controls are designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions of employees of the Treasurer's Office. The Treasurer shall evaluate any audit reports in a timely manner with the Treasury Oversight Committee. The quarterly audit reports of the Treasury shall be provided as required by Government Code § 26920 through 26922. Daily compliance of the investment portfolio shall be performed by the Treasurer's Compliance Division. Compliance will be determined on a fair market value basis. Cash held at the bank will not be included in the pool balance. All agreements, statements, and trade packets will be subject to review annually by auditors in conjunction with their audit.

The Treasurer has procedures for the investment process that are consistent with this policy and are statutorily compliant. Procedures include safekeeping, master repurchase

agreements, wire transfer agreements, collateral and depository agreements, banking service contracts and other investment and banking related activities. Such procedures include explicit delegation of authority to personnel responsible for investment transactions.

The Treasurer shall designate a staff person as a liaison/deputy in the event circumstances require timely action and the County Treasurer is not present. No investment personnel may engage in an investment transaction except as provided under terms of this policy and the procedures established by the County Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of Treasury personnel.

### **COMPETITIVE BIDDING**

All transactions will be made through the use of competitive bids whenever possible. At least two (2) competitive bids will be solicited for each transaction. If the solicitation of two bids is not feasible or practical, the reason will be stated in the transaction documentation. Exceptions to the use of competitive bids may include, but are not limited to the following:

1. Market circumstances where time constraints would make the bid process impractical.
2. Investments possessing distinctive characteristics.
3. Overnight deposits where time constraints may not accommodate the bid process.
4. Transactions in which investments are actively traded and priced by market information services such as Telerate and Bloomberg, where current market price can be readily determined.

### **REPORTING**

California Government Code § 53646 require the following regarding reporting:

The Treasurer shall annually render a Statement of Investment Policy to the Oversight Committee and to the Board of Supervisors. The Treasurer shall render quarterly an Investment Report to the County Executive Officer, the County Auditor, Board of Supervisors and Oversight Committee within 30 days following the end of the quarter covered by the report.

As required by Government Code § 53646, the quarterly report will include:

1. A ledger of daily transactions for the quarter;
2. A list of holdings as of the last day of the quarter which notes:
  - a. Type of Investment
  - b. Issuer
  - c. Date of Maturity
  - d. Par Amount
  - e. Book Value
  - f. Market Value at Quarter-end (and Source of Value);

3. A statement of compliance with the Statement of Investment Policy or an explanation of any variance;
4. A statement of the pool's ability to meet the expenditure requirements for the next six months or an explanation of why the pool cannot meet the expenditure requirements.

A monthly transaction report will be submitted to the legislative body per Government Code § 53607.

As deemed appropriate, the Treasurer or the TOC may issue additional statistical or narrative reports.

### **MARKED-TO-MARKET**

Marked-to-Market is the requirement of the AICPA's pronouncement GASB 31 which dictates that portfolios disclose the Fair Market Value of investments on a given date. Fair Market Value can be determined by an independent agency. The cost of an independent agency is significant and we have determined that the portfolio valuation will be marked-to-market using our custodian's fair market valuation rather than incurring an additional vendor cost. Our Custodian utilizes several market pricing services, including Merrill Lynch, Bloomberg, and others.

### **INTEREST APPORTIONMENT**

Historically, Interest Apportionment was calculated using the cash basis method of accounting. Effective July 1, 1999, the Interest Apportionment changed from the cash basis to the modified accrual basis method of accounting. All interest earnings, amortization earnings, and coupon payments are deposited into Trust Fund # 2070 Treasurer's Interest. A modified journal entry is processed to recognize the accrued interest and amortization for the quarter. Departmental treasury costs are recovered quarterly based on actual treasury expenditures. After all expenditures are netted against earnings, the net revenues are distributed to the Pool Participants through the following Interest Apportionment process.

At end of month, the Auditor-Controller's department requests report FM-0606 Average Daily Cash Balances and report FM-0606-A Interest Apportionment Control Report.

FM-0606 Average Daily Cash Balances shows each fund's cumulative balance, number of days the fund had a balance, and average balance for each fund. The cumulative balance is computed by adding the daily balances of the fund. The average balance is the cumulative balance divided by the number of days the fund had a balance.

FM-0606-A Interest Apportionment Control Report shows the Apportionment Total which was posted to each fund. The Apportionment Total is calculated as follows:

- (1) First, the system determines the fund's percent of the pool by using the following



figures calculated on report FM-0606 Average Daily Cash Balance: Cumulative balance for the fund divided by the total cumulative balance of all funds.

(2) Next, the fund's percent of the pool is multiplied times the Net Revenues. The result is the fund's Interest Apportionment for the quarter.

### **VOLUNTARY DEPOSITORS**

A voluntary depositor is any local agency who has applied for and been granted participation in the county investment pool. The local agency's treasurer or other official responsible for their funds has determined that they have excess funds which are not required for immediate use. Once the excess funds are identified, the local agency's legislative or governing body must adopt a resolution that authorizes the investment of the funds pursuant to Government Code § 53684, and with the consent of the County Treasurer, deposit the excess funds in the county treasury for the purpose of investment by the County Treasurer pursuant to Government Code § 53601 or 53635. The resolution shall specify that the local agency acknowledges and is willing to be bound by the withdrawal provisions of Government Code § 27136, and that administrative charges will be deducted by the Treasurer as permitted by Government Code § 53684(b) and 27013. The Treasurer shall approve or disapprove such agency's request in writing.

### **WITHDRAWAL OF FUNDS**

Withdrawals for claims and accounts payable are to be made by auditor's warrant. Various forms of electronic transfer can be used to make withdrawals for the purpose of payroll, bond and note related transactions and to transfer investment funds.

The Treasurer's Investment Policy establishes guidelines for unusual or unexpected withdrawal of cash and provides for adequate liquidity to cover day-to-day operations of pool depositors. On occasion, depositors have need of withdrawals that exceed those normally associated with operations. It is essential that all agencies inform the Treasurer of anticipated withdrawals in excess of \$2,000,000 as far in advance as possible. To accommodate such withdrawals, the Treasurer-Tax Collector's Office has established written notification requirements as set forth below to allow for adjustments to the liquidity position of the Portfolio.

The notification required is as follows:

Withdrawals of up to \$2,000,000 - 24 hours

Withdrawals of \$2,000,001 and more - 72 hours

*Failure to adhere to these requirements may result in payment being delayed by the Treasurer-Tax Collector's office.*

Pursuant to CA Government Code § 27136, prior written notice is required for withdrawals from the county treasury pool for the purpose of investing or depositing funds outside of the county treasury. The written notice may be submitted via email or fax, with original request to

follow. The Treasurer will evaluate each proposal to ensure that the request will not adversely affect the interest of the other depositors in the Treasury. Should the Treasurer determine that a withdrawal for the purpose of investing or depositing funds (including reinvestment of note proceeds) outside of the county treasury would adversely affect the interest of other depositors in the pool, the Treasurer may utilize either: the provisions of Government Code § 53684 to require 30 days written notice prior to any withdrawals, or honor the withdrawal at the current market value of the portfolio. Approval of the withdrawal does not constitute approval or endorsement of the investment.

## **BUSINESS CONTINUITY PLAN**

Merced County is located in a severe flood plain as determined by the California Office of Emergency Services. Due to the concern that mission critical functions cannot be performed, the Merced County Treasury has established a Continuity of Operations Plan (COOP) for conducting Treasury business. In the event the primary place of business is inaccessible, please refer to the Merced County COOP Plan.

Located within the Treasury department is one (1) separate and secure workstation used for the sole purpose of accessing Wells Fargo CEO web portal for wire transfers. All other information is located on the County server.

In the event we are unable to conduct normal business operations, authorized personnel shall activate the Merced County Treasury's Continuity of Operations Plan (COOP) using three (3) secure laptops at remote locations. These secure laptops are programmed to access the Wells Fargo CEO web portal and a secure cloud portal using Microsoft OneDrive for Business only, to perform the mission critical functions.

Ongoing testing of the Merced County Treasury's COOP is performed to ensure preparedness should an emergency occur.

The Plan provides for continuity of mission critical functions of the Treasury to be initiated within 0-12 hours of an event.

Mission critical functions for the Treasury have been identified as follows:

1. Project daily cash flow and ensure sufficient liquidity to meet the needs of the pool participants.
2. Reconcile daily cash with bank.
3. Reconcile daily cash to OneSolution General Ledger.
4. Reconcile daily checkbook.
5. Prepare bank deposit.
6. Evaluate Positive Pay and make decision to honor or reject.
7. Initiate wires and transfer funds as required.
8. Review and approve initiated funds wires.
9. Monitor investment portfolio and make changes as required.

In all cases, the safety of Treasury personnel is paramount. In no event will the alternate locations or processes be employed if doing so will endanger any person at any time.

## AUTHORIZED INVESTMENTS & DIVERSIFICATION

Pursuant to CA Government Code § 27000 - Prudence definition,  
 § 53600 - Local agency definition, § 53601 - Authorized investments  
 (See Appendix 1 for complete investment listing)

The Treasurer has established the following self-imposed restrictions which exceed the statutory requirement to ensure diversification is maintained in the portfolio. The diversification is critical to reduce risks associated with investment concentration, quality and duration. The portfolio's approved Weighted Average Maturity (WAM) is not to exceed 730 days with no more than 10% held in one issuer's name. Due diligence is performed for approval of all government pools and money market accounts for short-term and overnight liquidity accounts\*. Laddering, fed fund targets and other opportunities are continuously evaluated to define the strategy for the portfolio.

<b>Government Code § 53601 INVESTMENT TYPES &amp; RESTRICTIONS*</b>			<b>TREASURER IMPOSED</b>
TYPE	MAXIMUM TERM	MAXIMUM %	RESTRICTIONS
(a) Local Agency Bonds	5 years	No limit	30%
(b) USTN, Bonds, Bills,...	5 years	No limit	50%
(c) Reg'd State Wts, TN Bonds	5 years	No limit	30%
(e) Local Agency Bonds, Notes,..	5 years	No limit	75%
(f) Agency Obligations... FNMA, FHLB...	5 years	No limit	75%
(g) Bankers Acceptances	180 days	40%; limited to 30% in one specific bank	25%; limited to 10% in one specific bank
(h) Commercial Paper	270 days	25%; limited to 10% in one single corp.issuer	20%; limited to 10% in one single corp.issuer
(i) Certificates of Deposits	5 years	30%	30%
(j) Repurchase Agreements *	1 years	20%	20%
(k) Corp. Notes (MTNs) *	5 years	30%	30%
(q) Supranationals –Int'l Bk for Recons & Devel (IBRD), Int'l Fin Corp (IFC) or Inter- American Dev Bk (IADB)	5 years	30%	30%
LAIF **	not specified	50MM	50MM or 25%

*Due to fluctuations in the portfolio's balance, compliance testing is applicable on the day of purchase.*

\* THE COUNTY TREASURER WILL NOT PURCHASE any mortgage backed or asset backed securities, reverse repurchase agreement, strips or zero interest accrual investments, with the exception of any exposure in money markets purchased for the portfolio.

\*\* The County has authority over two LAIF accounts; a general pool account and a Merced County Office of Education (MCOE) account.

## **AUTHORIZED BROKERS/DEALERS & DEPOSITORIES**

Brokers, Dealers and Banks approved for transacting business with the Merced County Treasurer's office must complete a detailed questionnaire and provide audited financial statement, references and requested financial institution information. A review and approval is required before any investment services can be considered. On-going evaluations are completed on all approved broker/dealer/depositories relationships on a regular basis as deemed necessary. A current list is maintained in the Treasury and available upon request.

1. Institutions designated as primary dealers by the Federal Reserve Bank of New York, or
2. Banks identified as one of the top 100 banks in the world, or
3. Banks, brokers or dealers whose transactions are guaranteed by one of the top 100 banks in the world, or
4. Banks, brokers or dealers whose parent company is one of the top 100 banks in the world.
6. Prohibited from making Political Contributions to County officials.
6. All authorized brokers of the County certify that they have reviewed the California Government Code § 53600 et seq. and the County's Investment Policy and that all securities offered to the Merced County Treasury will comply with the provisions of the Code and Investment Policy.
7. The Treasurer has posted the "Independent Registered Municipal Advisor Exemption Notice" on the webpage at [www.mercedtaxcollector.org](http://www.mercedtaxcollector.org) under the Treasury tab.

## **REVIEW AND ANALYSIS OF PROSPECTIVE INVESTMENTS**

Whenever possible, investment vehicles shall be selected according to specific needs and portfolio guidelines, as well as economic and market conditions. Due to the complexity of the various investment instruments available and uncertainty of market conditions, the Treasurer may seek professional advice in making investment decisions in order to optimize investment selections.

The portfolio is managed in accordance with Statement No. 40 of the Government Accounting Standards Board for Deposit and Investment Risk Disclosure. The investments shall be diversified by limiting investments to avoid concentration in specific issuer or business sector;

limiting investment in securities that have higher credit or liquidity risks; investing in varying maturities; and continuously investing in overnight repurchase agreements, money markets, and the California Local Agency Investment Fund (LAIF).

## **PUBLIC INQUIRY**

The County Treasurer's portfolio and related transactions are a matter of Public Record. Any member of the public may receive a copy of the portfolio or Investment Policy by requesting a copy at the Treasurer's Office. The Treasurer may charge a fee for the copy, as prescribed by law.

# MERCED COUNTY TREASURER

## LISTING OF INVESTMENT TERMINOLOGY

**ACCRUED INTEREST:** The amount of interest that is earned, but unpaid since the last interest payment date.

**AGENCY:** Securities issued by government-sponsored corporations such as Federal Home Loan Banks (FHLB) or Federal Land Banks (FLB.) Agency securities are exempt from Securities and Exchange Commission (SEC) registration requirements.

**AMERICAN CALL:** Bonds may be called at any time following the first call or lockout period.

**AMORTIZATION:** Accounting procedure that gradually reduces the cost value of a limited life or intangible asset through periodic charges to income. It is a common practice to amortize any premium over par value paid in the purchase of bond investments or any discount under par value recognized in the purchase of bond investments.

**ASKED PRICE:** The price at which securities are offered from a seller.

**ASSET BACKED SECURITIES (ABS):** Securities collateralized with consumer receivables, such as automobile loans, credit card receivables, or home equity loans, which are owned by the issuer, but placed with a trustee for the benefit of the investor.

**BANKER'S ACCEPTANCE (BA):** Time draft drawn on and accepted by a bank [for up to 6 months], the customary means of effecting payment for merchandise sold in import-export transactions and a source of financing used extensively in international trade. These are time drafts in which a bank "accepts" as its financial responsibility to pay the principal at maturity even if the importer does not. In essence, these are bank obligations collateralized by goods being shipped between an exporter and an importer. With the credit strength of a bank behind it, the banker's acceptance usually qualifies as a MONEY MARKET instrument. The liability assumed by the bank is called its acceptance liability.

**BANKER NOTE (BN):** Similar to Commercial Paper (debt instrument issued by the Bank's holding company), but the Bank Note is issued directly by the Bank and not the holding company. BNs represent the highest senior debt issued by the bank, second only to Certificate of Deposit holders; highly negotiable and liquid; an allowable and accepted institutional investment form.

**BASIS POINT:** When a yield is expressed as 7.32%, the digits to the right of the decimal point are known as basis points. One basis point equals 1/100 of one percent. Example: 0.25% is twenty-five basis points. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

**BENCHMARK:** A comparative base for measuring the performance or risk tolerance of the

investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

**BERMUDA CALL:** Bonds may only be called on a pre-determined schedule of call dates. Monthly, Quarterly, Annually etc.

**BID PRICE:** The price at which a buyer offers to buy a security.

**BOND:** A long-term debt instrument in which the investor lends money to the bond issuer, who agrees to pay a stated rate of interest over a specified period of time. Very simply, a bond is a promissory note which is traded in the financial markets. The investor's position is that of lender.

**BOND RATING:** A rating selected from a scale which indicates the relative likelihood of default.

**BOOK ENTRY:** The system, maintained by the Federal Reserve, by which most money market securities are "delivered" to an investor's custodian bank. The Federal Reserve maintains a computerized record of the ownership of these securities, and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment). These securities do not receive physical certificates.

**BOOK VALUE:** The original cost of the investment, plus accrued interest and amortization of any premium or discount.

**BROKER:** A broker brings buyers and sellers together and is compensated for his/her service.

**CALL OPTION:** A contract which allows the holder to buy a specified quantity of an asset at a specified price on or within a specified date.

**CALLABLE BONDS:** Bonds which may be redeemed by the issuing company prior to the maturity date.

**CANARY CALL:** Bonds may be called during an open call period, if not called on the last date, then they become non callable to maturity.

**CAPITAL GAIN/LOSS:** The profit or loss realized from the sale of a capital asset.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

**COLLATERAL:** Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement or securities pledged by a financial institution to secure deposits of public moneys. Repurchase agreements are required and must be executed with approved broker-dealers, collateralized with either: (1) U.S. Treasuries or Agencies with a market value of 102% for collateral marked to market daily; or (2) money market instruments which are on

the approved list of the County and which meet the qualifications of the Policy with a market value of 102%.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR):** The official annual report for the County. It includes five combined statements for each individual fund necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed.

**COMMERCIAL PAPER (CP):** Short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations, and other borrowers to investors with temporarily idle cash. Such instruments are unsecured and usually discounted, although some are interest-bearing. Investors (actually lenders, since commercial paper is a form of debt) like the flexibility and safety of an instrument that is issued only by top-rated concerns and is nearly always backed by bank lines of credit. Both Moody and Standard & Poor assign ratings to commercial paper.

**COUPON OR COUPON RATE:** The rate at which a bond pays interest. Stated as a percentage of par and computed out to a dollar amount. Example: A note with a coupon of 6% pays \$30,000 interest per million dollars of par every six months, or \$60,000 annually.

**CURRENT YIELD:** The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

**CUSTODIAN:** A bank or other financial institution that keeps custody of stock certificates and other assets.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**DEBENTURE:** A bond secured only by the general credit of the issuer.

**DELIVERY VERSUS PAYMENT (DVP):** Delivery of securities with a simultaneous exchange of money for the securities.

**DERIVATIVE:** A security whose interest rate of principal amount may vary and is determined by a market index or a combination of market indexes.

**DISCOUNT:** The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as Treasury bills and bankers acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.



**DISCOUNT SECURITIES:** Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for the full face value of the investment.

**DIVERSIFICATION:** An investment strategy designed to spread the risk in a portfolio by dividing investments among different sectors, industries and companies.

**DOLLAR-WEIGHTED AVERAGE MATURITY:** A calculation that expresses the “average maturity” of an investment portfolio using each investment’s maturity weighted by size of that investment.

**EUROPEAN CALL:** Bonds may only be called on one pre-determined date.

**FEDERAL CREDIT AGENCIES:** Agencies of the Federal government set up to supply credit to various classes of institutions and individuals.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

**FED FUNDS:** The settlement is to be consummated with funds on deposit at the Federal Reserve Bank; and thus available the same day. All government securities are traded on Fed Funds; also referred to as “same day funds”.

**FEDERAL FUNDS RATE:** Interest rate at which banks lend federal funds to each other.

**FEDERAL HOME LOAN BANKS (FHLB):** Government sponsored wholesale banks that lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder owned corporation.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** This committee sets Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

**FEDERAL RESERVE SYSTEM:** A U.S. centralized banking system which has supervisory powers over the 12 Federal Reserve banks and about 6,000 member banks.

**FIXED-INCOME SECURITIES:** Securities which return a fixed income over a specified period.

**FLOATING RATE NOTE:** A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g. Treasury bills, LIBOR, ect.).

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae):**

Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, saving and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FmHA mortgages. The term “pass-throughs” is often used to describe Ginnie Maes.

**INTEREST:** The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

**LIQUIDITY:** The speed and ease with which an investment can be converted to cash.

**LOCAL AGENCY:** County, city, city and county, including a charter city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

**MARKET:** Refers to the place, physical or electronic, that investment transactions take place. The New York Stock Exchange (NYSE) is a recognized exchange (stock market) with a physical location in New York. The Chicago Board of Trade (CBT) is a recognized exchange (commodities market) with a physical location in Chicago. The “over-the-counter” market is an electronic and phone system used to trade investments which are not traded on recognized exchanges. Bond and money market investments (fixed income securities) are traded on the “over-the-counter” market.

**MARKET RISK:** The risk that changes in overall market conditions or interest rate may adversely affect current market prices.

**MARK-TO-MARKET:** The market valuation for every security in a portfolio used in determining Net Asset Value (NAV).

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**MASTER REPURCHASE AGREEMENT:** A required written contract covering all future transactions between the parties to repurchase agreements that establish each party’s rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower (see Collateral).

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MEDIUM TERM NOTE (MTN):** Debt securities issued by a corporation or depository institution with a maturity ranging from nine months to five years. The term “medium-term notes” refers to the time it takes for an obligation to mature, and includes other corporate debt securities originally issued for maturities longer than five years, but which have now fallen within the five year maturity range. MTNs issued by banks are also called “bank notes.”

**MONEY MARKET:** The market in which short term debt instruments (Treasury bills, discount notes, commercial paper, bankers' acceptances, ect.) are issued and traded.

**MONEY MARKET MUTUAL FUNDS:** An investment company that pools money from investors and invests in a variety of short-term money market instruments. The Net Asset Value (NAV) of these funds should remain at \$1.00; however, it is not guaranteed.

**MUNICIPAL DEBT:** Issued by public entities to meet capital needs.

**NATIONALLY RECOGNIZED RATING SERVICES:** Firms that review the creditworthiness of the issuers of debt securities, and express their opinion in the form of letter ratings (e.g. AAA, AA, A, BBB, etc.) The primary rating agencies include Standard & Poor's Corporation; Moody's Investor Services, Inc.; Fitch Investors Service; Duff & Phelps Investment Service; Thompson Bank Watch and International Bank Credit Analyst.

**NEGOTIABLE CERTIFICATE OF DEPOSIT (CD):** Large-dollar-amount, short-term certificate of deposit. Such certificates are issued by large banks and bought mainly by corporations and institutional investors. They are payable either to the bearer or to the order of the depositor, and, being NEGOTIABLE, they enjoy an active SECONDARY MARKET, where they trade in round lots of \$5 million.

**NET ASSET VALUE (NAV):** A per-share valuation of a mutual fund based on total assets minus total liabilities.

**NON CALLABLE:** Bond that is exempt from any kind of redemption for a stated time period. Also known as a Bullet Bond.

**OFFER PRICE:** The price asked by a seller of securities.

**OPEN MARKET OPERATIONS:** Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy.

**PAR VALUE:** The amount of principal which must be paid at maturity; also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

**PHYSICAL DELIVERY:** The delivery of an investment to a custodian bank in the form of a certificate and/or supporting documents evidencing the investment (as opposed to "book entry" delivery).

**PLAIN VANILLA:** Non-derivative investments which are not leveraged and whose interest rates do not change.

**PORTFOLIO:** A group of securities held by an investor.

**PREMIUM:** The difference between the par value of a bond and the market value of the bond, when the market value is above par.

**PRICE:** The percentage of par at which a security is bought and sold. Corporate debt is traded in denominations of 100th of a percent. Government debt is traded in denominations of 32nds of a percent.

**PRICE RISK:** The risk that the price of a bond sold prior to maturity will be less than the price at which the bond was originally purchased.

**PRIMARY DEALER:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York, and are subject to its informal oversight.

**PRIME RATE:** The interest rate banks charge the biggest borrowers with the best credit ratings.

**PRINCIPAL:** The face value or par value of an investment.

**PRUDENT PERSON RULE:** An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

**PSA MASTER REPURCHASE AGREEMENT:** A required written contract covering all future transactions between the authorized bank and the Treasurer to repurchase agreements that establish each party's rights in the transactions (see Collateral & Repurchase Agreement).

**QUALIFIED PUBLIC DEPOSITORIES:** A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

**RATE OF RETURN:** The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

**RECEIVABLE-BACKED SECURITIES:** Securities collateralized with consumer receivables, such as automobile loans, credit card receivables, or home equity loans, which are owned by the issuer, but placed with a trustee for the benefit of the investor.

**RECEIVABLE PASS-THROUGH CERTIFICATE:** A debt obligation that is backed by a portfolio of receivables, normally issued by a bank or financial institution. The interest and principal of the obligation is paid out of the cash flow generated by the receivables portfolio.

**REGISTERED STATE WARRANT:** A short-term obligation of a state governmental body issued in anticipation of revenue.

**REINVESTMENT RISK:** The risk that coupon payments (or other payments received) cannot be reinvested at the same rate as the initial investment.

**REPURCHASE AGREEMENT (RP OR REPO):** The purchase of securities, on a temporary basis, with the seller's simultaneous agreement to repurchase the securities at a later date at a specified price that includes interest for the buyer's holding period. In essence, this is a collateralized investment whereby the security "buyer" lends the "seller" money for the period of the agreement.

**REVENUE ANTICIPATION NOTES OR RANs:** Notes issued for thirteen months or less which are used to finance cashflow in anticipation of future tax revenue. Used by agencies having cashflow gaps between revenues and expenses that requires short-term interim financing. Also see Tax Anticipation Notes (TANs) and Tax and Revenue Anticipation Notes (TRANs).

**RULE G-37 OF THE MUNICIPAL SECURITIES RULEMAKING BOARD:** Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

**SAFEKEEPING:** The holding of securities in a segregated account by a custody agent or trustee. Transactions are escrowed through these accounts by the custody agent or trustee. Safekeeping services are typically provided by banks and other financial institutions.

**SECONDARY MARKET:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**SECURITIES & EXCHANGE COMMISSION (SEC):** The federal agency responsible for supervising and regulating the securities industry.

**SETTLEMENT DATE:** The date on which the purchase or sale of securities is executed. For example, in a purchase transaction, the day securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

**SUPRANATIONALS:** International institutions that provide development financing, advisory services and/or other financial services to their member countries to achieve overall goal of improving living standards through sustainable economic growth. Key features are Triple-A rated, 0% risk weighting with Basle II and III, Financial strength based on diversified, sovereign shareholders, conservative risk management, quality loan portfolio (preferred creditor status), substantial liquidity and consistent profitability strong capitalization.

**STRUCTURED NOTES:** Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, ect.) and Corporations that have imbedded options (e.g., call features, step-up coupons) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

**TAX ANTICIPATION NOTES OR TANs:** Notes issued for thirteen months or less which are

used to finance cashflow in anticipation of future tax revenue. Commonly used by California local governments whose primary revenues are property taxes which are collected in December and April. Also see Revenue Anticipation Notes (RANs) and Tax and Revenue Anticipation Notes (TRANs).

**TAX AND REVENUE ANTICIPATION NOTES OR TRANs:** Notes issued for thirteen months or less. They are a combination of Tax Anticipation Notes (TANs) and Revenue Anticipation Notes (RANs). Also see Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs).

**TRADE DATE:** The date and time corresponding to an investor's commitment to buy or sell a security.

**TREASURIES:** Securities issued by the U.S. Treasury and backed by the FULL FAITH & CREDIT of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds. The income from Treasury securities is exempt from state and local, but not federal taxes.

**TREASURY BILLS:** Non-interest bearing discount securities with maturities under one year issued by the U.S. Treasury to finance the national debt.

**TREASURY NOTES (USTN):** Interest-bearing obligations issued by the U.S. Treasury with maturities ranging from two to ten years from the date of issue.

**TREASURY BONDS:** Interest-bearing obligations issued by the U.S. Treasury with maturities that range from ten to thirty years from date of issue.

**YANKEE BANK:** A foreign bank with operations in the U.S. Bonds issued by these banks are called Yankee bonds.

**YIELD:** The annual rate of return on a debt investment computed as though held to maturity expressed in %.

**YIELD TO MATURITY (YTM):** The rate of return earned on an investment considering all cashflows and timing factors: interest earnings, discounts, and premiums above par.

**ZERO-COUPON BONDS/U.S. TREASURY STRIPS:** A bond which represents ownership of a single coupon or principal payment due on a U.S. Treasury bond. "Zero" or "strips" mature at face value at a specified date in the future and make no payments until that date. They always sell at a discount from face value.

**A RESOLUTION OF BLOSS MEMORIAL HEALTHCARE DISTRICT  
AUTHORIZING AND REQUESTING THE INVESTMENT  
OF EXCESS FUNDS IN THE  
MERCED COUNTY TREASURY POOL**

**WHEREAS**, California Government Code § 53684 allows local agencies in the County of Merced (the “County”) to deposit excess funds in the Merced County Treasury Pool for the purpose of investment by the Treasurer of the County (the “Treasurer”); and

**WHEREAS**, the Board of Directors of Bloss Memorial Healthcare District has determined or may determine from time to time, that excess funds of the Bloss Memorial Healthcare District exist that are not required for immediate use; and

**WHEREAS**, Government Code § 6502 allows public agencies, even if outside the County, to enter into joint powers agreements with the County, under which excess funds may be deposited in the County Treasury Pool; and

**WHEREAS**, the Bloss Memorial Healthcare District is a local agency as that term is defined in Government Code § 53600 and/or a public agency as that term is defined in Government Code § 6500; and

**WHEREAS**, the Board of Supervisors of the County has made the Government Code § 53684 operative in the County and has authorized such joint powers agreements; and

**WHEREAS**, the Board of Directors of the Bloss Memorial Healthcare District has determined that the Bloss Memorial Healthcare District has excess funds which are not required for immediate use; and

**WHEREAS**, with the consent of the Treasurer and Tax Collector (the “Treasurer”), the Treasurer may accept for investment deposits of Bloss Memorial Healthcare District,

provided that Bloss Memorial Healthcare District is allowed pursuant to Government Code § 6502; and

**WHEREAS**, this board has determined that it would be desirable to deposit the excess funds in the County Treasury Pool for the purpose of investment pursuant to Government Code §§ 53601 and 53635.

**NOW, THEREFORE, IT IS RESOLVED** as follows:

**Section 1.** The Board of Directors of Bloss Memorial Healthcare District hereby finds that it may, from time to time, be advantageous to make deposits for purposes of investment with the Merced County Treasurer.

**Section 2.** The Board of Directors of Bloss Memorial Healthcare District have received and carefully reviewed the Merced County's Treasurer Investment Policy (the "Investment Policy"), and is familiar with its contents. Having considered and weighed the risks of investing, the Board of Directors of Bloss Memorial Healthcare District finds and determines that it is appropriate and legal to invest its moneys in the Merced County Treasury Pool, as permitted by the Investment Policy. Bloss Memorial Healthcare District has been advised and understands that the Investment Policy may be amended by the Treasurer without the review and consent of Bloss Memorial Healthcare District.

**Section 3.** The treasurer of the public agency, and any other authorized designated signer responsible for the funds of the public agency, whose name(s), currently held title(s), and specimen signature(s) that appear on Attachment A - List of Authorized Designees of this resolution is/are hereby authorized and directed to request the Treasurer's consent to deposit in the County Treasury Pool those funds he or she deems to be excess and not required for immediate use, for the purpose of investment



pursuant to Government Code §§ 53601 and 53635, and subject to the terms and conditions set forth in Government Code §§ 53684 and 27136.

**Section 4.** This resolution, upon due adoption by this board and with the consent of the Treasurer as evidenced by his signature or that of his designated representative below, constitutes a joint powers agreement between the Bloss Memorial Healthcare District and the County.

**Section 5.** The Bloss Memorial Healthcare District hereby agrees to inform the Treasurer if and to the extent any of the Bloss Memorial Healthcare District's funds deposited in the County Treasury Pool pursuant to this joint powers agreement are proceeds of the issuance of bonds, certificates of participation, notes or other evidences of indebtedness ("Bond Proceeds"). If the Bond Proceeds are restricted by a certificate of the Bloss Memorial Healthcare District relating to compliance with federal tax requirement ("Nonarbitrage Certificate"), the Bloss Memorial Healthcare District agrees to provide the Nonarbitrage Certificate to the Treasurer so that the Treasurer can provide the market value of the Bond Proceeds as of the rebate calculation dates as provided in the Nonarbitrage Certificate. Notwithstanding the foregoing, the County takes no responsibility and the Bloss Memorial Healthcare District is solely responsible for compliance with the terms and conditions of the Nonarbitrage Certificates and of any federal tax requirements that may apply to the Bond issuance. The Bloss Memorial Healthcare District will review bond documents to determine if funds can be deposited into the County Treasury Pool.

**Section 6.** Without limiting the rights of Bloss Memorial Healthcare District or the County's obligation under Government Code § 53684, Bloss Memorial Healthcare District

agrees that the County shall not be liable for damage or losses of any nature resulting from or arising out of (i) investments made or authorized by the Treasurer in accordance with Government Code § 53601 or § 53635; (ii) misrepresentations or false or erroneous information provided by the Bloss Memorial Healthcare District or any of its officers, employees or agents; (iii) noncompliance with investment policies or guidelines adopted by the [public agency]; (iv) violation of yield or investment limitations applicable to the funds deposited with the Treasurer for investment (such as federal arbitrage regulations with respect to the investment of proceeds of borrowings, or state or federal restrictions on the investment of grant proceeds); (v) circumstances beyond the reasonable control of the County, such as a declaration of a banking moratorium or the suspension of trading on any securities exchange; (vi) acts or omissions of the County, its officers and employees which do not constitute gross negligence or willful misconduct, or acts or omissions of the County's custodial bank, depository bank and investment manager (the "Agent Banks"), provided that [public agency] shall be subrogated to the rights of the County to pursue a claim against the Agent Banks or any of them under the contractual arrangements between the County and the Agent Banks.

**Section 7.** Bloss Memorial Healthcare District hereby agrees that the County may calculate the average daily balances of participants in the County Treasury Pool and may allocate quarterly interest payments thereon pursuant to any reasonable method established by the County and consistently applied. Bloss Memorial Healthcare District further agrees to reimburse to the County Treasury Pool any amounts disbursed to Bloss Memorial Healthcare District in error promptly upon the discovery of such error or upon the request of the Treasurer.

The foregoing resolution was, on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, adopted by the [board or council of the Bloss Memorial Healthcare District].

\_\_\_\_\_  
[Authorized Official]

**Agreed and accepted** on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
KAREN D ADAMS, CPA  
Merced County Treasurer



WESTAMERICA  
BANK

## **WestAmeirca Bank**

Money Market with the FDIC insurance rate of 0.13% currently at 0.07%

Investment Opportunities with Sorrento Investments

WestAmerica waived monthly fees of \$114 for an annual saving of \$1,368.

APPROVAL OF DRAFT CDSC FINAL AUDIT,  
MAY 31, 2018

Audited Financial Statements

**Children's Dental Surgery Center**  
(A General Partnership)

May 31, 2018

DRAFT



Children's Dental Surgery Center

Audited Financial Statements

May 31, 2018

Report of Independent Auditors..... 1  
Balance Sheet..... 3  
Statement of Operations..... 4  
Statement of Changes in Partners' Equity ..... 5  
Statement of Cash Flows ..... 6  
Notes to Financial Statements..... 7

DRAFT

# JWT & Associates, LLP

## Advisory Assurance Tax

1111 E. Herndon Avenue, Suite 211, Fresno, CA 93720

Voice: (559) 431-7708 Fax: (559) 431-7685

### *Report of Independent Auditors*

To The Partners  
Children's Dental Surgery Center  
Atwater, California

### **Report on the Financial Statements**

We have audited the accompanying balance sheets of Children's Dental Surgery Center (the Center) as of May 31, 2018, which comprise the balance sheet as of May 31, 2018, and the related statement of operations and changes in partners' equity and cash flows for the five-months then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditor's 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 Children's Dental Surgery Center at May 31, 2018, and the results of its operations and its cash flows for the five-months then ended, in conformity with accounting principles generally accepted in the United States of America.

*JWT & Associates, LLP*

Fresno, California  
April 25, 2019

DRAFT

Children's Dental Surgery Center  
(a General Partnership)

Balance Sheet

May 31, 2018

**Assets**

Current assets

Cash and cash equivalents	\$	686,043
Patient accounts receivable, net		307,724
Supplies		45,784
Prepaid expenses		44,588
Total current assets		<u>1,084,139</u>
Property and equipment, net		106,732
Total assets	\$	<u><u>1,190,871</u></u>

**Liabilities and partners' equity**

Current liabilities

Accounts payable and accrued expenses	\$	72,982
Due to Bloss Memorial Healthcare District		3,995,848
Accrued payroll and related liabilities		52,124
Total current liabilities		<u>4,120,954</u>

Total liabilities

4,120,954

Partners' accumulated deficit

(2,930,083)

Total liabilities and partners' equity

\$ 1,190,871

*See Accompanying Notes to Financial Statements*

Children's Dental Surgery Center  
(a General Partnership)

Statement of Operations

Five-Months Ended May 31, 2018

<b>Revenue</b>	
Patient service revenue, net	\$ 1,169,472
Other revenue	<u>5,035</u>
Total revenue	<u>1,174,507</u>
<b>Expenses</b>	
Salaries and employee benefits	307,916
Professional fees	453,304
Purchased services	119,309
Supplies	110,794
Utilities	30,055
Lease and rent	160,608
Depreciation	19,216
Insurance	10,590
Other	<u>24,256</u>
Total expenses	<u>1,236,048</u>
Net income (loss)	<u><u>\$ (61,541)</u></u>

*See Accompanying Notes to Financial Statements*

Children's Dental Surgery Center  
(a General Partnership)

Statement of Changes In Partners' Capital

Five-Months Ended May 31, 2018

	<u>Bloss Memorial Healthcare District</u>	<u>U.S. Dental Surgery Centers, Inc.</u>	<u>Total</u>
Partners' deficit, December 31, 2017	\$ (1,864,552)	\$ (1,003,990)	\$ (2,868,542)
Partners' distribution	-	-	-
Net income	(40,002)	(21,539)	(61,541)
Partners' deficit, May 31, 2018	<u>(1,904,554)</u>	<u>(1,025,529)</u>	<u>(2,930,083)</u>

*See Accompanying Notes to Financial Statements*

Children's Dental Surgery Center  
(a General Partnership)

Statement of Cash Flows

Five-Months Ended May 31, 2018

<b>Cash flows from operating activities</b>	
Net loss	\$ (61,541)
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	19,216
Changes in	
Accounts receivable	(114,882)
Other receivables	-
Supplies	(9,753)
Prepaid expenses	28,215
Accounts payable	23,550
Due to Bloss Memorial Healthcare District	570,797
Accrued payroll	15,353
Deferred revenue	(5,000)
Net cash provided by operating activities	<u>465,955</u>
<b>Cash flows from investing activities</b>	
Purchase of property and equipment	<u>(5,779)</u>
Net cash used in investing activities	<u>(5,779)</u>
Net increase in cash and cash equivalents	<u>460,176</u>
Cash and cash equivalents, beginning of year	225,867
Cash and cash equivalents, end of year	<u><u>\$ 686,043</u></u>

*See Accompanying Notes to Financial Statements*

# Children's Dental Surgery Center

## Notes to Financial Statements

May 31, 2018

### **Note 1 - Description of Organization and Summary of Significant Accounting Policies**

**Organization** - Children's Dental Surgery Center (the Center) is a general partnership, pursuant to the provisions of the California Corporation Law. The Center provides dental services to diverse patients in and around San Joaquin County. The partners of the Center are the Bloss Memorial Healthcare District (the District) (65%) and the U.S. Dental Surgery Centers, Inc. (35%). The Center is operated by a governing board comprised of members from the board of the District and its staff and the members and staff of U.S. Dental Surgery Centers, Inc. The Center entered into an agreement to sell certain assets and the operations of the Center to an unrelated entity effective end of business May 31, 2018. The sale was executed, and all necessary transfers and transactions were completed.

**Basis of Financial Statements Preparation** - The accounting policies and financial statements of the Center generally conform to the recommendations of the audit and accounting guide, Health Care Organizations, published by the American Institute of Certified Public Accountants. The financial statements are presented in accordance with the pronouncements of the Financial Accounting Standards Board. The financial statements are presented at May 31, 2018 and for the five-months then ended, at the close of business that day before any transactions or adjustments for the sale.

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

**Cash and cash equivalents** - Cash and cash equivalents include all deposits and investments in highly liquid debt instruments with a maturity of three months or less.

**Patient Accounts Receivable** - The Center reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Center provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to the patient, the Center bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.



# Children's Dental Surgery Center

## Notes to Financial Statements

May 31, 2018

### **Note 1 - Description of Organization and Summary of Significant Accounting Policies (continued)**

**Allowance for doubtful accounts** - Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Center analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Center analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients and non-contracted insurance (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Center records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. At May 31, 2018, the allowance for doubtful accounts and contractual adjustments was \$64,233.

**Supplies** - Supply inventories are stated at cost, which is determined using the first-in, first-out method.

**Property and Equipment** - Property and equipment are recorded at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of depreciable assets.

**Impairment** - Impairment of long-lived assets is recognized whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Measurement of the amount of impairment may be based on market values of similar assets or estimates of future discounted cash flows resulting from use and ultimate disposition of the assets.

# Children's Dental Surgery Center

## Notes to Financial Statements

May 31, 2018

### **Note 1 - Description of Organization and Summary of Significant Accounting Policies (continued)**

**Compensated absences** - The Center employees earn vacation benefits at varying rates depending on years of service. Employees also earn sick leave benefits based on varying rates depending on years of service. Both benefits can accumulate up to specified maximum levels. Employees are not paid for accumulated sick leave benefits if they leave either upon termination or before retirement. However, accumulated vacation benefits are paid to an employee upon either termination or retirement. Accrued vacation and sick leave liabilities as of May 31, 2018 was \$2,344.

**Fair value of financial instruments** - The financial statements include financial instruments for which the fair market value may differ from amounts reflected on a historical basis. Financial instruments of the Center consists of cash deposits, accounts receivable, accounts payable and certain accrued liabilities. The Center's other financial instruments generally approximate fair market value based on the short-term nature of these instruments.

**Net patient service revenue** - The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. Payment arrangements include prospectively determined rates per procedure, reimbursement costs and discounted charges. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

**Grants and contributions** - From time to time, the Center receives grants from various governmental agencies and private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements are met.

**Income Taxes** - The Center is a general partnership and as such is not subject to taxation. Each year any net income or loss is passed through to ownership partners based on ownership percentage.

**Subsequent events** - Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are available to be issued. The Center recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Center's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements were available to be issued. The Center has evaluated subsequent events through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

# Children's Dental Surgery Center

## Notes to Financial Statements

May 31, 2018

### Note 1 - Description of Organization and Summary of Significant Accounting Policies (continued)

**Reclassifications** - Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 financial statement presentation. These reclassifications had no effect on the change in partners' equity.

### Note 2 - Cash and cash equivalents

As of May 31, 2018, the Center had deposits in a financial institution in the form of cash amounting to \$685,779.

### Note 3 - Concentration of Credit Risk

The Center grants credit without collateral to its patients and third party payors. Patient accounts receivable from government agencies represent the only concentrated group of credit risk for the Center and management does not believe that there is any credit risk associated with these governmental agencies. Concentration of patient accounts receivable at May 31, 2018 was as follows:

	<u>2018</u>
Medi-Cal	80%
Other third-party payors	20%
	<u>100%</u>

### Note 4 - Property and Equipment

Property and equipment at May 31, 2018 consists of the following:

	<u>2018</u>
Buildings and improvements	\$ 96,752
Equipment	<u>509,774</u>
	606,526
Less accumulated depreciation	<u>(499,794)</u>
	<u>\$ 106,732</u>

# Children's Dental Surgery Center

## Notes to Financial Statements

May 31, 2018

### **Note 5 - Contingencies**

The Center is party to legal proceedings and claims, which arise during the ordinary course of business. In the opinion of management, the ultimate outcome of any claims and litigation will not have a material adverse effect on the center's financial position.

The Center insures its medical malpractice risks under an occurrence basis policy with a limit up to \$5,000,000 and with a \$1,000 deductible per occurrence. Management is unaware of any claims against the Center that would cause expenses for medical malpractice risks to materially exceed the amounts provided. There were no malpractice expenditures for the five-months ended May 31, 2018.

The Center had operating leases for certain facilities. Rental expense under operating leases was \$160,608 for the five-months ended May 31, 2018. All operating leases were either terminated or transferred to the new owner as per the sales agreement at May 31, 2018.

### **Note 6 – Related Party Transactions**

The Center has an amount payable to Bloss Memorial Healthcare District, a related party, at May 31, 2018 of 3,995,848. During the five-months ended May 31, 2018, the net amount advanced to the Center was \$570,797. The payable amount represents support to the Center for payroll and other various expense items.