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DATE: SEPTEMBER 7, 2018
TO: MENDOCINO COUNTY POOL PARTICIPANTS
FROM: SHARI L. SCHAPMIRE, TREASURER-TAX COLLECTOR
SUBJECT: ANNUAL REPORT OF INVESTMENTS

Per the Mendocino County Investment Policy adopted by the Board of Supervisors on January 2, 2018, a comprehensive annual report will be issued at the conclusion of each fiscal year. This report includes an economic update and a review of the account profile, as well as a list of the portfolio holdings. Also included is information relating to Treasury Pool costs and a statement from Chandler Asset Management on the Impacts on GASB 31 Adjustments.

Included in the Annual Report of Investments is the regularly submitted quarterly report of all investments held by the Mendocino County Investment Pool; this quarterly report reflects holdings as of June 30, 2018. The investments have been made in accordance with the Investment Policy and are permitted investments according to current California law. Due to the nature of a public funds portfolio, it is mandatory that moneys be available to meet the monetary requirements inherent to operating a public entity. The attached report demonstrates that sufficient liquidity is available to meet anticipated expenditures during the next six months.

The primary and overriding objective for the investment pool is to protect the safety of the principal. The second objective is to insure a sufficient portion of all funds are invested in securities providing a high degree of liquidity and availability. The third objective is to obtain a yield commensurate to current conditions; yield shall not be the driving force in determining which investments are to be selected for purchase. In the event all general objectives mandated by state law are met and created equal, investments in corporate securities and depository institutions will be evaluated for social and environmental concerns.

Interest apportionment rates have been steadily increasing throughout the 2017-18 fiscal year, culminating with an average annual rate of 1.24%. This is encouraging for pool participants as the last time the pool has earned an interest apportionment rate in excess of 1.00% was nearly a decade ago, prior to the devastating effects of the financial meltdown. The trend of slightly increasing interest apportionment rates is projected to continue throughout the 2018-19 fiscal year, and thereafter.

The current composition of the Treasury Pool is as follows: Schools 57% and County 43%.

Please feel free to contact me directly with any questions or concerns that you may have.