

Mendocino County Annual Investment Report

For the Period
July 1, 2015 to June 30, 2016



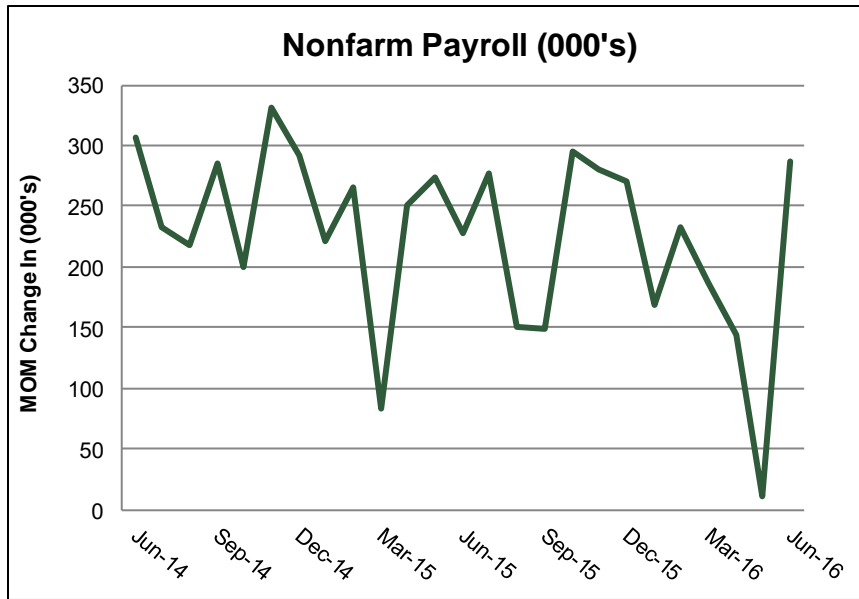
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SECTION 2	Account Profile
SECTION 3	Portfolio Holdings

SECTION 1

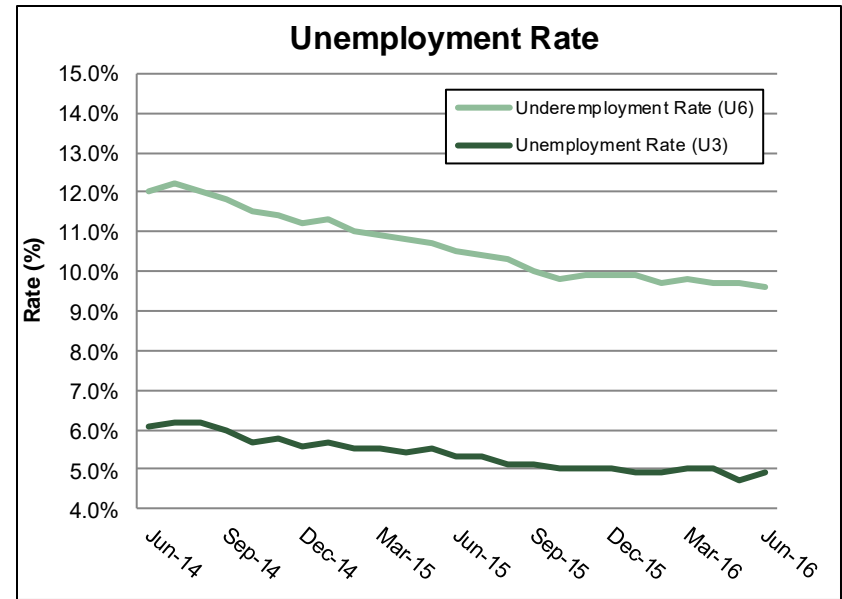
Economic Update



- The Federal Open Market Committee (FOMC) voted to keep the fed funds rate unchanged at the June 14-15 meeting. The FOMC statement was mostly balanced, noting that the pace of labor market gains slowed but economic activity picked up. Brexit fears and the corresponding volatility in sovereign bond yields, along with the disappointing May jobs report, likely prompted the Fed to keep monetary policy on hold. In her press conference, Fed Chair Yellen conceded that the Fed can more effectively respond to an overshoot of inflation than they can to a weakening labor market and/or deflation. In hindsight, the Fed's cautious stance in June seems to have been prudent. Just a week later, Britain's unexpected vote to leave the European Union was a shock to the financial markets and prompted a broad selloff of risk assets and spike in volatility. The long-term implications of the Brexit vote are highly uncertain. Near term, we expect financial market volatility to remain elevated and interest rates to stay lower for longer. We believe the hurdle rate for future fed funds rate hikes has moved materially higher. Furthermore, we expect the Federal Reserve to remain on hold over the near-term.
- Although the global economy faces headwinds, domestic economic data continues to point toward modest growth, in our view. Nonfarm payroll growth was lower in the second quarter than the first quarter, but remained high enough to absorb new entrants into the labor market. The unemployment rate was 4.9% in June and wage growth continued to tick higher during the month. Consumer confidence remains strong and consumer spending has recently improved. The housing sector appears healthy and pricing remains firm. Meanwhile, manufacturing trends have improved but remain sluggish. Inflation pressures are muted (for now) with the Core PCE index up just 1.6% year-over-year in May. First quarter 2016 GDP grew 1.1%, following growth of 1.4% in the fourth quarter. The consensus forecast call for GDP growth of 2.5% in the second quarter and 2.2% in the third quarter.
- In June, the 2-year Treasury yield declined nearly 30 basis points and the 10-year Treasury yield declined almost 38 basis points. Negative interest rates in Europe and Japan, investors' hunt for yield, and a global flight to quality continue to fuel demand for US Treasury securities. Elevated market volatility, the potential for a further slowdown in global economic growth, and highly accommodative monetary policies by other global central banks will continue to influence the Federal Reserve. The FOMC's median projection calls for two rate hikes before year-end, but we believe this projection is unlikely to be met.

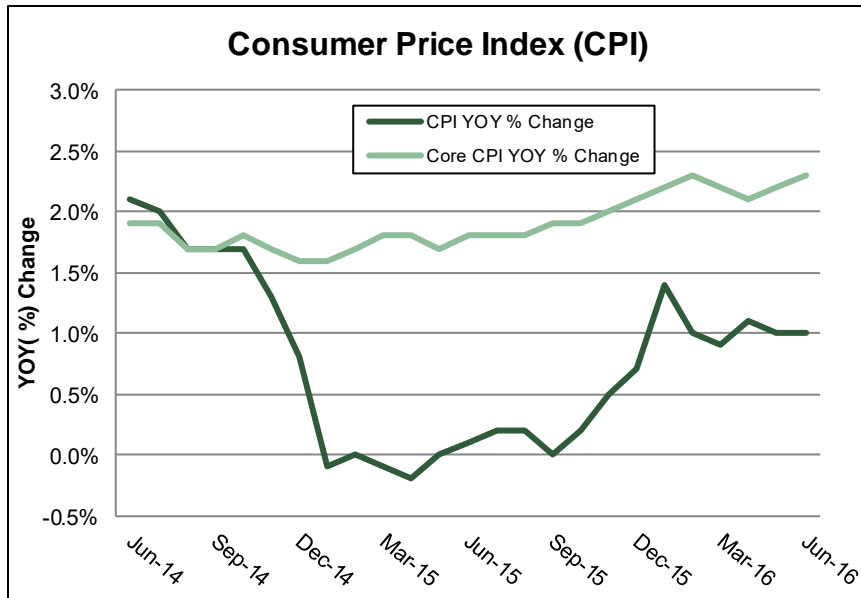


Source: US Department of Labor

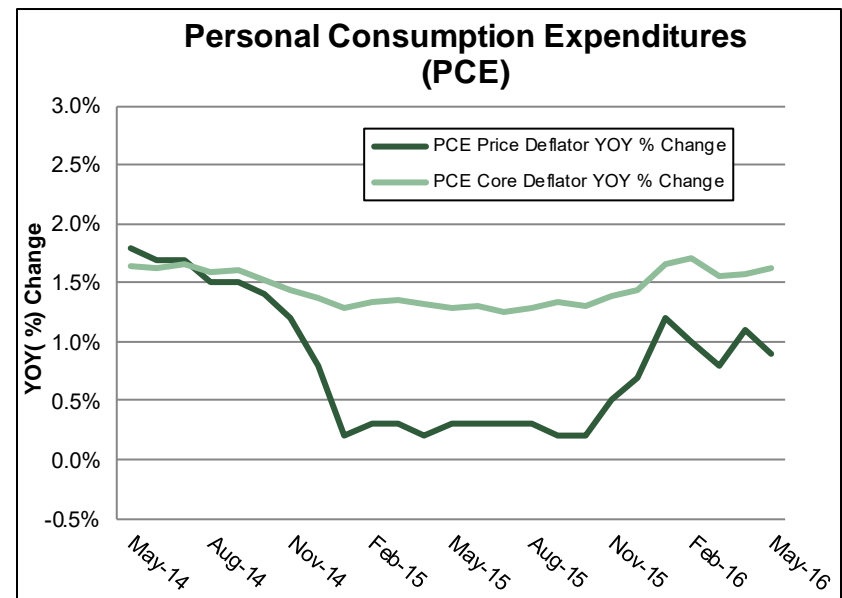


Source: US Department of Labor

Nonfarm payrolls were much stronger than expected in June, up 287,000 versus the consensus forecast of 180,000. However, May payrolls (which were already quite low) were revised down to 11,000 from 38,000. During the second quarter, payrolls increased by an average of 147,000 per month, compared to an average of 196,000 during the first quarter. Job growth has decelerated but remains consistent with slow domestic economic growth. The unemployment rate increased to 4.9% in June from 4.7% in May, as the participation rate increased to 62.7% from 62.6%. A broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, edged down to 9.6% from 9.7%. Wages inched up 0.1% in June, following growth of 0.2% in May. On a year-over-year basis, wages were up 2.6% in June.

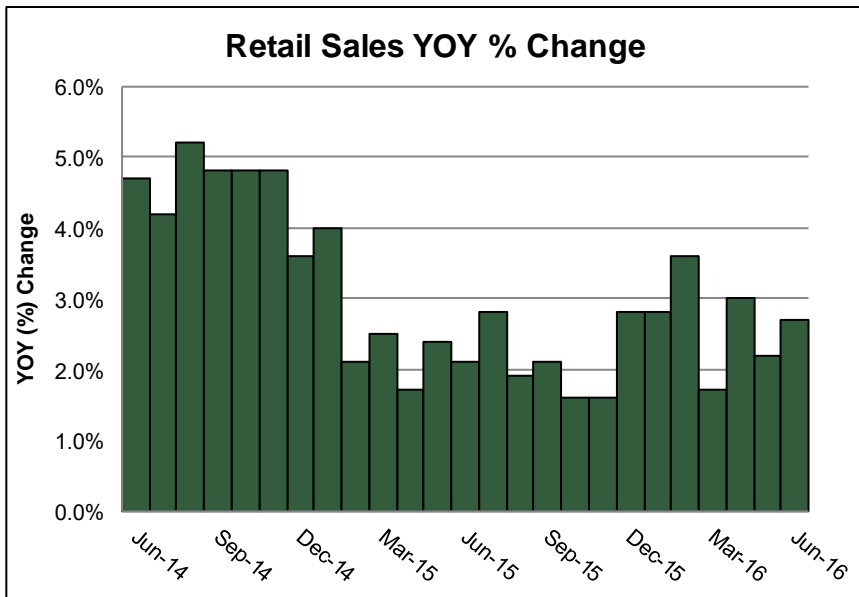


Source: US Department of Labor

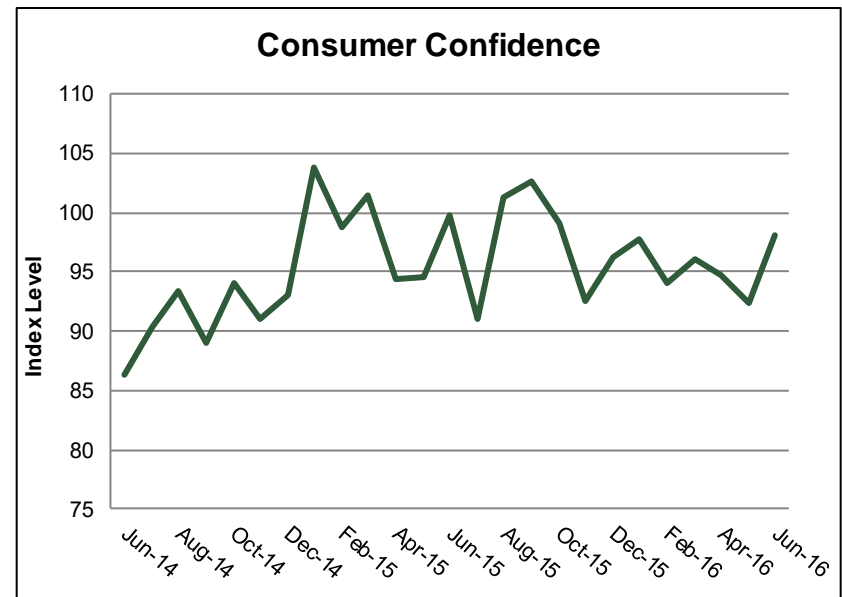


Source: US Department of Labor

Inflation pressures remain contained for now. The Consumer Price Index (CPI) was up just 1.0% year-over-year in June, vs. 1.1% in May. Core CPI (CPI less food and energy) was up 2.3% year-over-year in June, vs. 2.2% in May. The Personal Consumption Expenditures (PCE) index was up 0.9% year-over-year in May, vs. up 1.1% in April. Core PCE (excluding food and energy) was unchanged in May, up 1.6% year-over-year. Although Core CPI is trending above 2.0%, the Fed's primary inflation gauge is PCE which remains below the Fed's 2.0% target.



Source: US Department of Commerce

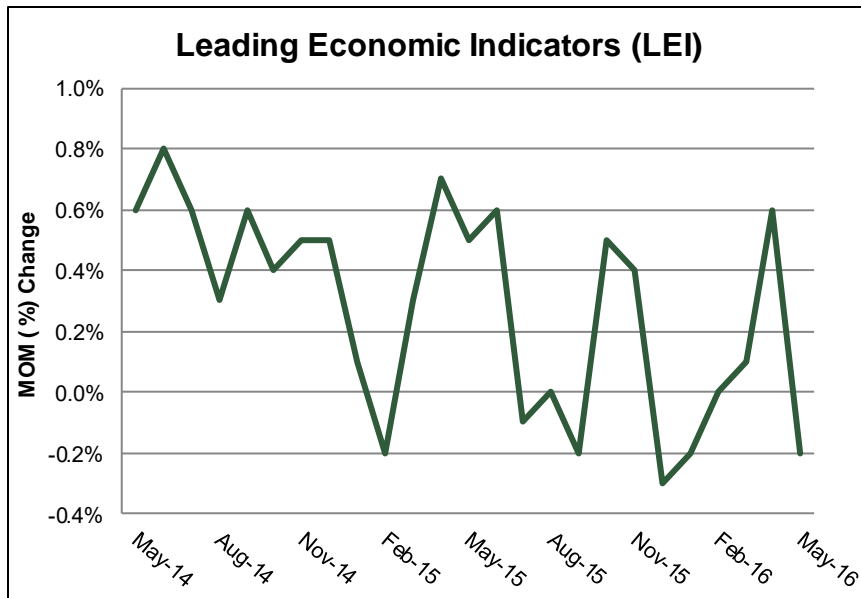


Source: Federal Reserve

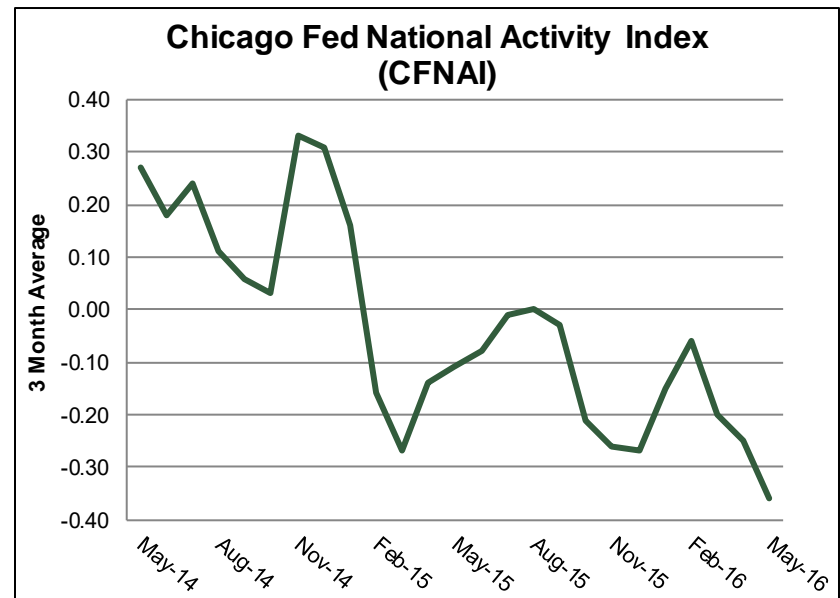
Retail sales rose 2.7% in June on a year-over-year basis, following a 2.2% increase in May. Retail sales were up 0.6% month-over-month, well above expectations. Excluding autos and gas, retail sales were up 0.7% month-over-month, vs. expectations of 0.3%. Meanwhile, the consumer confidence index jumped to 98.0 in June from 92.4 in May. Overall, reports on consumer spending have been mixed in recent months but we believe the underlying trend is favorable.



Economic Activity

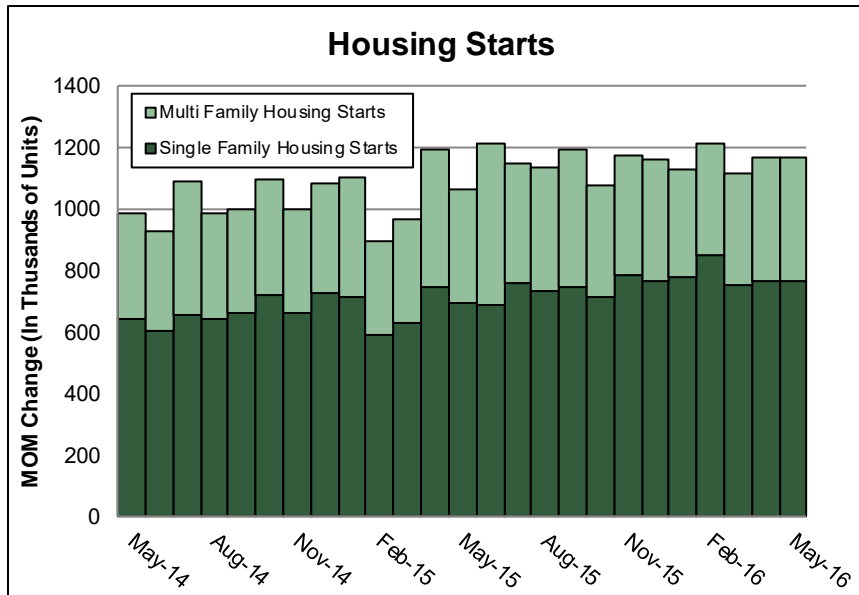


Source: The Conference Board

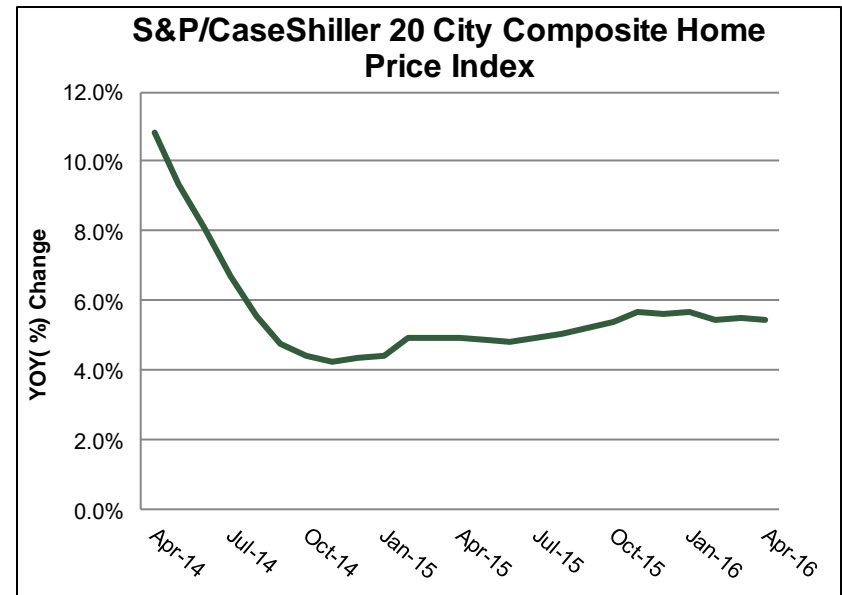


Source: Federal Reserve Bank of Chicago

The Index of Leading Economic Indicators (LEI) declined 0.2% in May, dragged down by a since-reversed jump in initial jobless claims. According to the Conference Board (which publishes the LEI), “while the LEI suggests the economy will continue growing at a moderate pace in the near term, volatility in financial markets and a moderating outlook in labor markets could pose downside risks to growth.” Meanwhile, the Chicago Fed National Activity Index (CFNAI) declined to -0.36 in May on a 3-month moving average basis, a level consistent with below-trend economic growth. Notably, a reading below -0.70 on a 3-month moving average basis has historically corresponded with the onset of a recession; fortunately the CFNAI remains safely above that level.

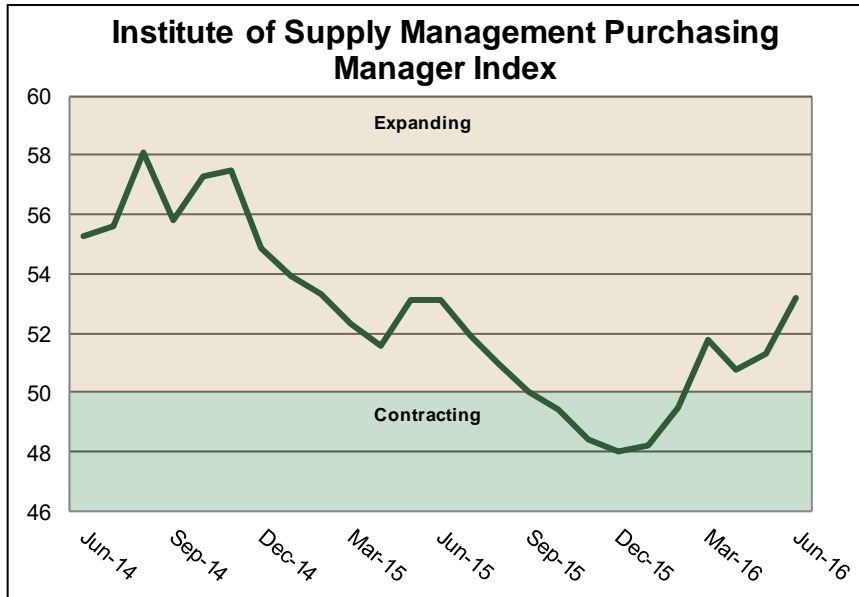


Source: US Census Bureau

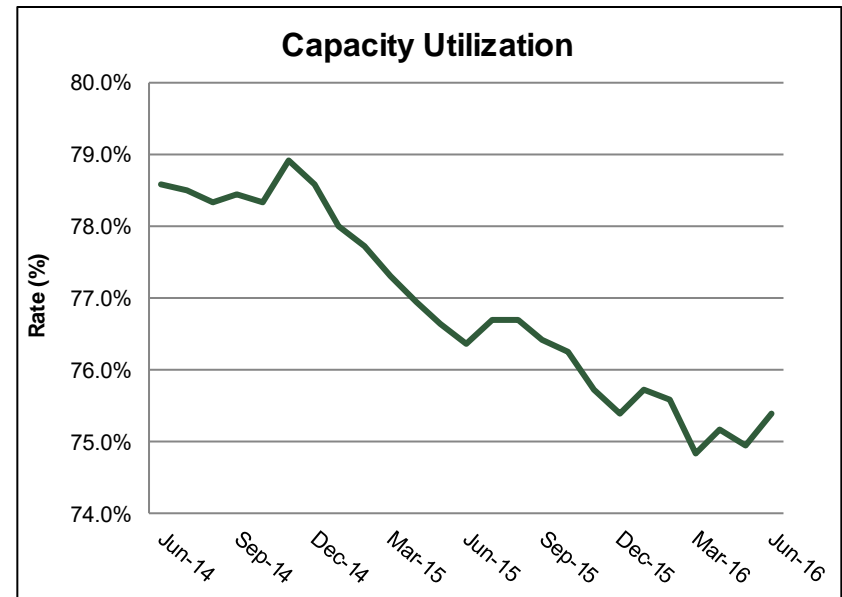


Source: S&P

Total housing starts slipped 0.3% on a month-over-month basis in May, but were up 9.5% on a year-over-year basis. Month-over-month, single-family starts rose 0.3% in May while multi-family starts declined 1.2%. However, year-over-year, single-family starts were up 10.1% in May and multi-family starts were up 8.4%. Housing starts tend to be volatile on a month-to-month basis and the data is subject to revision. Multi-family starts were particularly strong in 2015, making the year-over-year comparison challenging. We believe underlying trends in the housing market remain healthy. According to the Case-Shiller 20-City home price index, home prices were up 5.4% year-over-year in April, vs. up 5.5% year-over-year in March.



Source: Institute for Supply Management



Source: Federal Reserve

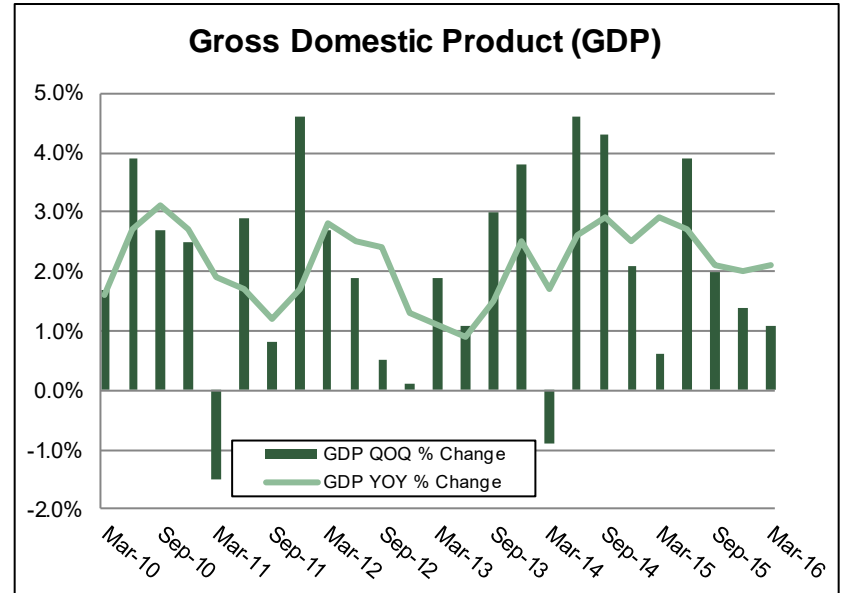
The Institute for Supply Management (ISM) manufacturing index increased to 53.2 in June from 51.3 in May. The index is above the 50.0 breakeven level, which suggests that the manufacturing sector is expanding slightly. Notably, a reading above 43.1 over a period of time is generally indicative of broad economic expansion, based on the historical relationship between the index and GDP growth. Meanwhile, capacity utilization, which is production divided by capacity, increased to 75.4% in June from 74.9% in May. The capacity utilization rate remains below the long-run average of 80.0% (1972-2015), suggesting there is still excess capacity in the industrial sector.



Gross Domestic Product (GDP)

Components of GDP	6/15	9/15	12/15	3/16
Personal Consumption Expenditures	2.4%	2.0%	1.7%	1.0%
Gross Private Domestic Investment	0.9%	-0.1%	-0.2%	-0.3%
Net Exports and Imports	0.2%	-0.3%	-0.1%	0.1%
Federal Government Expenditures	0.0%	0.0%	0.2%	-0.1%
State and Local (Consumption and Gross Investment)	0.5%	0.3%	-0.1%	0.3%
Total	3.9%	2.0%	1.4%	1.1%

Source: US Department of Commerce

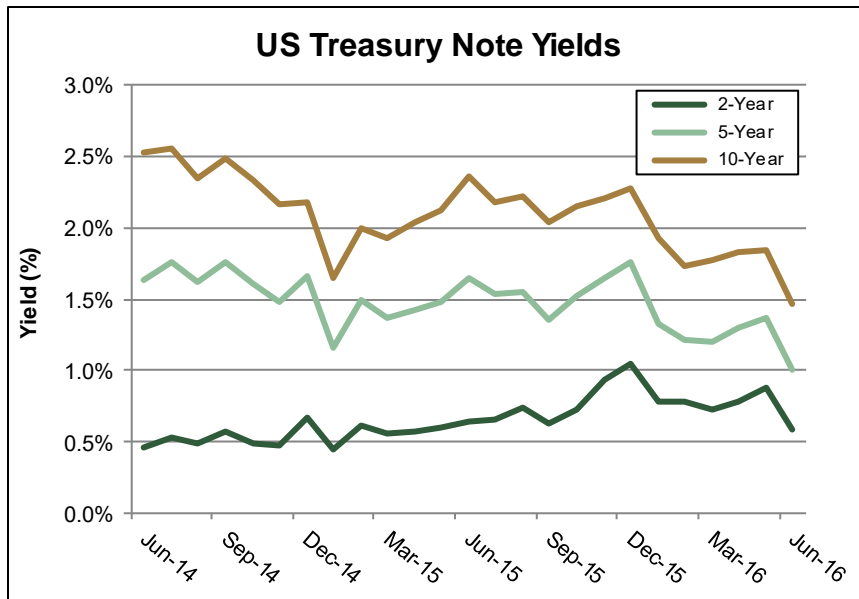


Source: US Department of Commerce

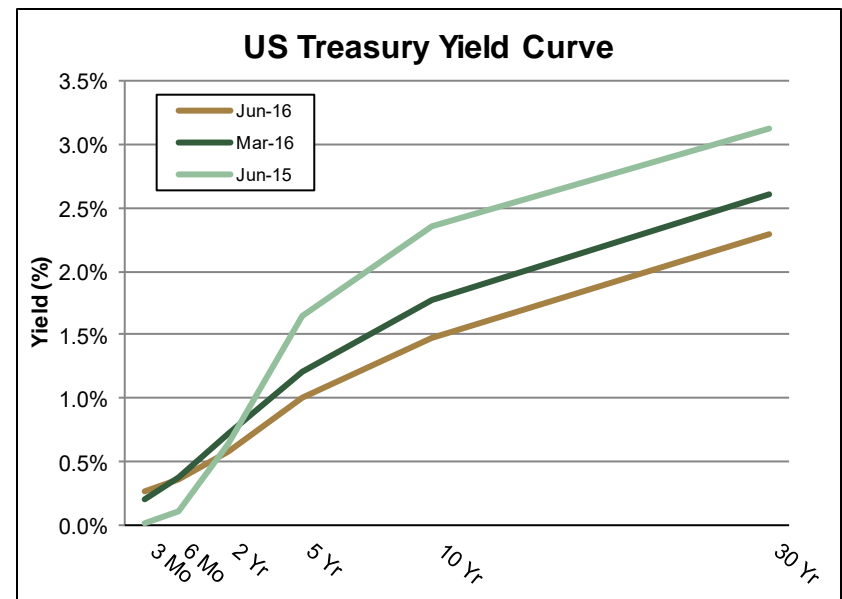
First quarter real GDP growth was revised up again to 1.1%, from the second estimate of 0.8% and the advance estimate of 0.5%. This follows growth of 1.4% in the fourth quarter. The second upward revision to first quarter GDP was driven by an upward adjustment to nonresidential investment and net exports. Growth from Personal Consumption Expenditures (PCE) decelerated in the first quarter from the fourth quarter but continued to be the biggest overall contributor to economic growth. Market participants are forecasting GDP growth of about 2.5% in the second quarter of 2016.



Bond Yields



Source: Bloomberg



Source: Bloomberg

Over the past three months, the yield curve flattened with the 2-year Treasury yield down 14 basis points and the 10-year Treasury yield down 30 basis points. The flattening is even more pronounced on a year-over-year basis with the 2-year Treasury yield down 6 basis points and the 10-year Treasury yield down nearly 90 basis points. Over the past year, financial market volatility has been elevated due to weak global economic growth, volatile commodity prices, and divergent global central bank monetary policy.

SECTION 2

Account Profile

Investment Objectives

The investment objectives of the County of Mendocino are first, to preserve principal in the overall portfolio; second, to provide liquidity; and third, to earn a market rate of return.

Chandler Asset Management Performance Objective

The performance objective for the portfolio is to earn a total rate of return through a market cycle that is equal to or above the return on the benchmark index.

Strategy

In order to achieve these objectives, the portfolio invests in high quality fixed income securities consistent with the investment policy and California Government Code.



County of Mendocino

June 30, 2016

COMPLIANCE WITH INVESTMENT POLICY

Assets managed by Chandler Asset Management are in full compliance with State law and with the County's investment policy.

Category	Standard	Comment
Municipal Issues	"A" or rated within the four highest general classification by a NRSRO; 5% per issuer	Complies
Treasury Issues	No limitation	Complies
Agency Issues	25% per issuer	Complies
Supranationals	30% max; 5% per issuer; "AA" rated or higher by two NRSROs; Issued by: IBRD, IFC, IADB	Complies
Banker's Acceptances	40% max; 5% per issuer; 180 days maturity; "A-1" or higher short term ratings by two NRSROs; "A" or higher by two NRSROs, if long term debt	Complies
Commercial Paper	40% max; 5% per issuer; 270 days maturity; "A-1" or higher short term ratings by two NRSROs; "A" or higher by two NRSROs, if long term debt	Complies
Negotiable Certificates of Deposit	30% max (includes CDARS); 5% per issuer; "A" or higher long term ratings by two NRSROs; "A-1" or higher short term ratings by two NRSROs;	Complies
Medium Term Notes	30% max; 5% per issuer; "A" rated or better by two NRSROs; Issued by corporations organized and operating within U.S.	Complies
Money Market Mutual Funds	20% max; 5% per fund; "AAA"-rated by two NRSROs or SEC registered adviser	Complies
FDIC insured Time Deposits/ Certificates of Deposit	Amount per institution limited to the max covered under FDIC; 20% max (combination of FDIC insured and collateralized TDs/ CDs); 5% per issuer	Complies
Collateralized Time Deposits/ Certificates of Deposit	20% max (combination of FDIC insured and collateralized TDs/ CDs); 5% per issuer	Complies
Asset Backed Securities (ABS) and Mortgage Pass Throughs (MPTs)	20% max; "AA"- rated or better by two NRSROs; "A" or higher for the issuer's debt by two NRSROs	Complies
Local Agency Investment Fund	Program limitation	Complies
Repurchase Agreements	No limitation; 1-year maximum maturity	Complies
Prohibited Securities and activities	Reverse repurchase agreements; CMOs; security lending; futures and options; inverse floaters; ranges notes; interest-only strips from mortgaged backed securities; zero interest accrual securities	Complies
Maximum Callables	20% max of callable securities (does not include "make whole call")	Complies
Maximum Issuer	5% max (except US Government, its agencies and enterprises)	Complies
Maximum maturity	5 years maximum maturity	Complies



Portfolio Characteristics

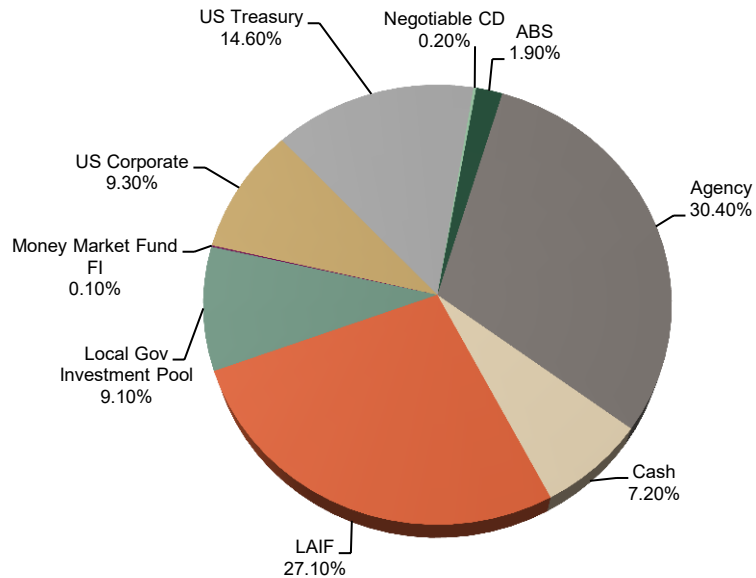
Mendocino County Consolidated

	6/30/2016	6/30/2015
	Portfolio	Portfolio
Average Maturity (yrs)	1.10	1.07
Modified Duration	1.05	0.99
Average Purchase Yield	0.81%	0.56%
Average Market Yield	0.62%	0.49%
Average Quality**	AA+/Aa1	AA+/Aa1
Contributions/Withdrawals		
Total Market Value	240,587,601	214,998,389

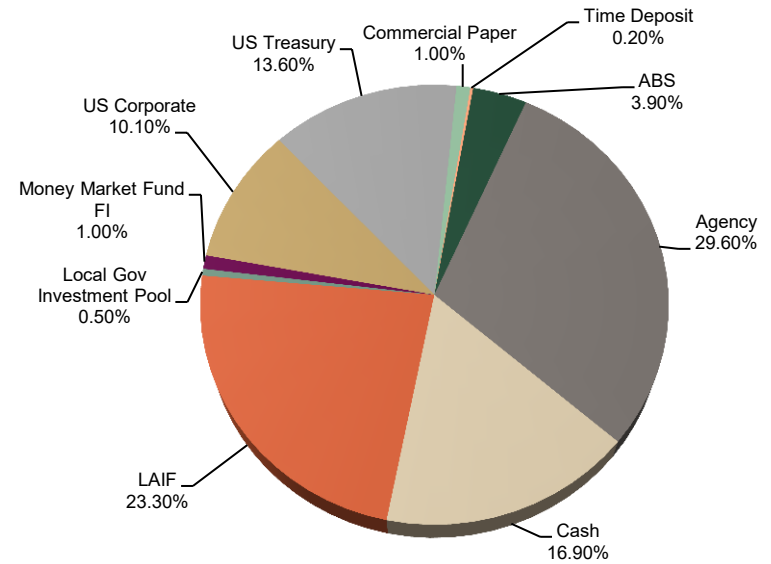


Mendocino County Consolidated

June 30, 2016



June 30, 2015





Mendocino County Consolidated – Account #70006

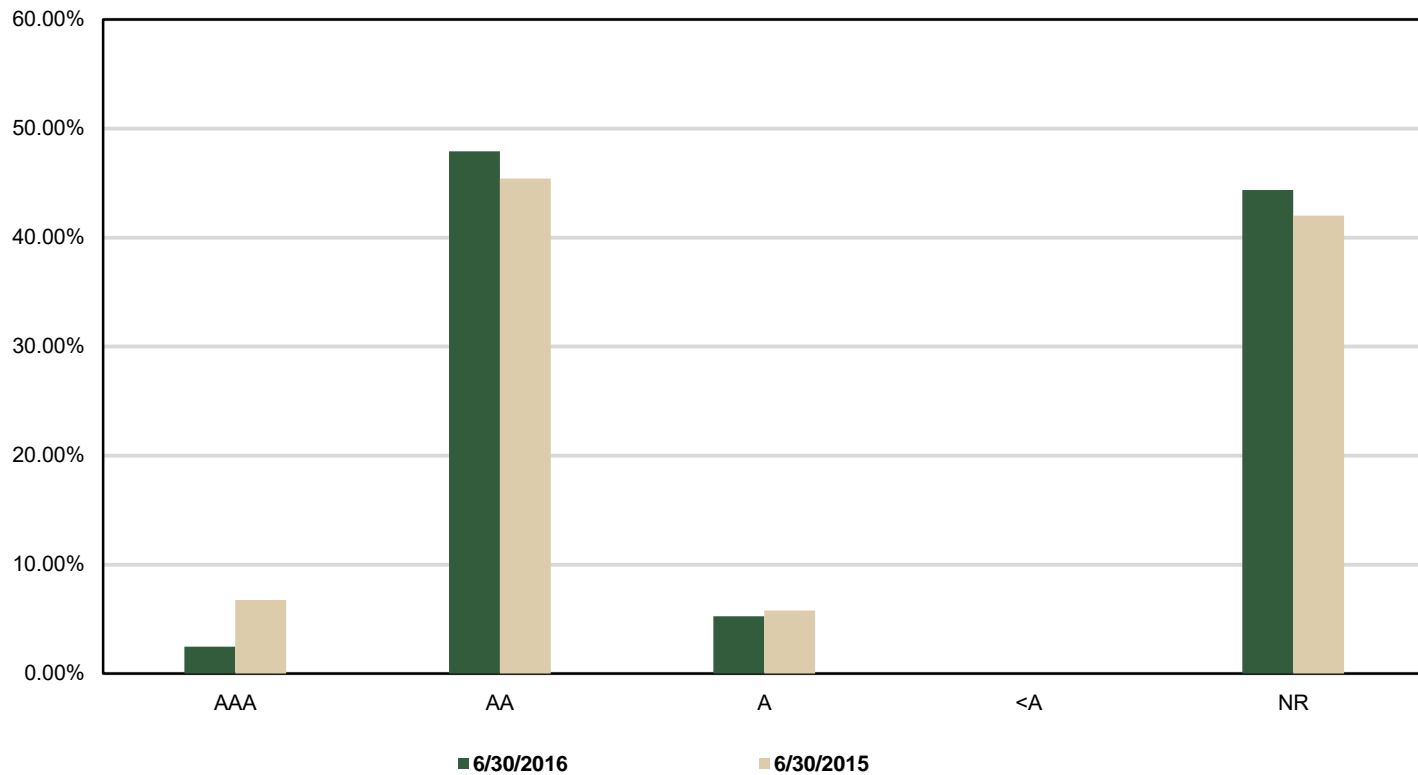
As of 6/30/2016

Issue Name	Investment Type	% Portfolio
Local Agency Investment Fund	LAIF	27.06%
Government of United States	US Treasury	14.60%
Federal Home Loan Bank	Agency	9.94%
Federal National Mortgage Association	Agency	9.33%
CAMP	Local Gov Investment Pool	9.14%
Federal Home Loan Mortgage Corp	Agency	7.93%
Custodial Checking Account	Cash	6.86%
Federal Farm Credit Bank	Agency	3.21%
Microsoft	US Corporate	0.86%
John Deere ABS	ABS	0.73%
Paccar Financial	US Corporate	0.72%
Walt Disney Company	US Corporate	0.72%
Wells Fargo Corp	US Corporate	0.67%
Honda Motor Corporation	US Corporate	0.66%
General Electric Co	US Corporate	0.63%
Intel Corp	US Corporate	0.63%
Deere & Company	US Corporate	0.63%
US Bancorp	US Corporate	0.63%
Toyota ABS	ABS	0.62%
IBM Corp	US Corporate	0.62%
Oracle Corp	US Corporate	0.59%
Honda ABS	ABS	0.58%
Charles Schwab Corp/The	US Corporate	0.53%
Procter & Gamble Company	US Corporate	0.47%
Apple Inc	US Corporate	0.46%
Bank Cash Account	Cash	0.37%
Pfizer Inc.	US Corporate	0.21%
Cisco Systems	US Corporate	0.20%
Drefus Treasury MMKT FD 521	Money Market Fund FI	0.13%
Savings Bank of Mendocino County	Negotiable CD	0.10%
MendoLake Credit Union	Negotiable CD	0.10%
Praxair	US Corporate	0.06%
Total		100.00%



Mendocino County Consolidated

June 30, 2016 vs. June 30, 2015



	AAA	AA	A	<A	NR
06/30/16	2.46%	47.92%	5.25%	0.00%	44.37%
06/30/15	6.75%	45.42%	5.80%	0.00%	42.03%

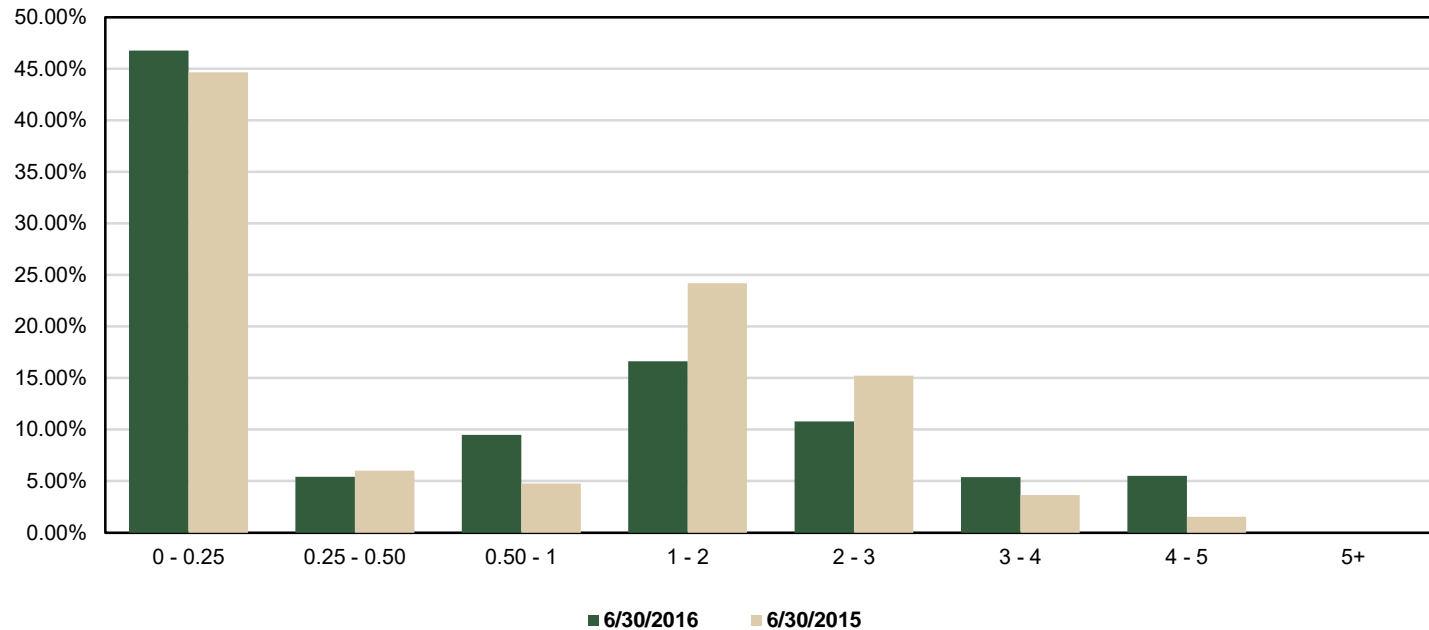
Source: S&P Ratings



Duration Distribution

Mendocino County Consolidated

June 30, 2016 vs. June 30, 2015



	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
06/30/16	46.78%	5.41%	9.48%	16.64%	10.79%	5.38%	5.51%	0.00%
06/30/15	44.66%	6.00%	4.76%	24.19%	15.22%	3.64%	1.53%	0.00%

SECTION 3

Portfolio Holdings



Holdings Report

As of 6/30/16

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
89231MAC9	Toyota Auto Receivables Owner 2014-A 0.67% Due 12/15/2017	407,071.28	03/11/2014 0.68 %	406,996.06 407,056.74	99.93 0.90 %	406,797.32 121.22	0.17 % (259.42)	Aaa / AAA NR	1.46 0.29
43814GAC4	Honda Auto Receivables 2014-2 A3 0.77% Due 3/19/2018	613,862.41	05/13/2014 0.32 %	613,788.62 613,840.74	99.95 0.89 %	613,551.80 170.69	0.26 % (288.94)	Aaa / AAA NR	1.72 0.43
47787VAC5	John Deere Owner Trust 2014-A A3 0.92% Due 4/16/2018	685,379.41	04/02/2014 0.87 %	685,269.62 685,350.72	99.98 0.96 %	685,260.15 280.24	0.28 % (90.57)	Aaa / NR AAA	1.79 0.42
43814HAC2	Honda Auto Receivables 2014-3 A3 0.88% Due 6/15/2018	784,376.55	08/12/2014 0.80 %	784,225.24 784,322.45	99.98 0.93 %	784,194.57 306.78	0.33 % (127.88)	NR / AAA AAA	1.96 0.49
477877AD6	John Deere Owner Trust 2014-B A3 1.07% Due 11/15/2018	1,067,327.97	08/26/2014 0.93 %	1,067,094.87 1,067,227.87	100.04 1.00 %	1,067,779.45 507.57	0.44 % 551.58	Aaa / NR AAA	2.38 0.60
89236WAC2	Toyota Auto Receivables Owner 2015-A 1.12% Due 2/15/2019	1,090,000.00	02/24/2015 0.80 %	1,089,835.19 1,089,909.27	100.18 0.92 %	1,091,960.91 542.58	0.45 % 2,051.64	Aaa / AAA NR	2.63 0.87
Total ABS		4,648,017.62	0.77 %	4,647,209.60 4,647,707.79	0.94 %	4,649,544.20 1,929.08	1.93 % 1,836.41	Aaa / AAA Aaa	2.11 0.57
AGENCY									
313384ZZ5	FHLB Discount Note 0.51% Due 7/29/2016	650,000.00	01/29/2016 0.52 %	648,324.08 649,742.17	99.96 0.52 %	649,742.17 0.00	0.27 % 0.00	P-1 / A-1+ F-1+	0.08 0.08
3135G0CM3	FNMA Note 1.25% Due 9/28/2016	1,450,000.00	05/29/2012 0.92 %	1,470,503.00 1,451,153.46	100.20 0.44 %	1,452,872.45 4,682.29	0.61 % 1,718.99	Aaa / AA+ AAA	0.25 0.24
3130A2T97	FHLB Note 0.5% Due 9/28/2016	2,000,000.00	04/28/2015 0.48 %	2,000,700.00 2,000,120.27	100.04 0.34 %	2,000,772.00 2,583.33	0.83 % 651.73	Aaa / AA+ AAA	0.25 0.24
3137EADS5	FHLMC Note 0.875% Due 10/14/2016	1,350,000.00	10/24/2013 0.70 %	1,357,020.00 1,350,679.35	100.13 0.43 %	1,351,719.90 2,526.56	0.56 % 1,040.55	Aaa / AA+ AAA	0.29 0.29
3130A0C65	FHLB Note 0.625% Due 12/28/2016	1,700,000.00	Various 0.78 %	1,692,252.50 1,698,681.53	100.08 0.47 %	1,701,324.30 88.54	0.71 % 2,642.77	Aaa / AA+ AAA	0.50 0.49
3133EEHY9	FFCB Note 0.7% Due 1/13/2017	750,000.00	02/20/2015 0.71 %	749,902.50 749,972.30	100.10 0.51 %	750,756.75 2,450.00	0.31 % 784.45	Aaa / AA+ AAA	0.54 0.53
3133786Q9	FHLB Note 1% Due 2/13/2017	1,725,000.00	10/17/2012 0.75 %	1,743,285.00 1,727,628.69	100.34 0.44 %	1,730,915.03 6,612.50	0.72 % 3,286.34	Aaa / AA+ AAA	0.62 0.62
3137EADT3	FHLMC Note 0.875% Due 2/22/2017	1,700,000.00	02/24/2014 0.77 %	1,705,142.50 1,701,112.40	100.24 0.50 %	1,704,061.30 5,330.21	0.71 % 2,948.90	Aaa / AA+ AAA	0.65 0.64
3137EADC0	FHLMC Note 1% Due 3/8/2017	1,650,000.00	10/29/2013 0.83 %	1,659,108.00 1,651,858.78	100.33 0.52 %	1,655,410.35 5,179.17	0.69 % 3,551.57	Aaa / AA+ AAA	0.69 0.68
3135G0ZB2	FNMA Note 0.75% Due 4/20/2017	1,900,000.00	05/27/2014 0.78 %	1,898,214.00 1,899,505.39	100.20 0.50 %	1,903,838.00 2,810.42	0.79 % 4,332.61	Aaa / AA+ AAA	0.81 0.80
3133EEZR4	FFCB Note 0.6% Due 4/21/2017	1,700,000.00	05/11/2015 0.67 %	1,697,603.00 1,699,007.44	100.01 0.59 %	1,700,141.10 1,983.33	0.71 % 1,133.66	Aaa / AA+ AAA	0.81 0.80
3135G0JA2	FNMA Note 1.125% Due 4/27/2017	900,000.00	09/23/2013 1.08 %	901,548.00 900,354.23	100.44 0.59 %	903,985.20 1,800.00	0.38 % 3,630.97	Aaa / AA+ AAA	0.82 0.82



Holdings Report

As of 6/30/16

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
313379VE6	FHLB Note 1.01% Due 6/19/2017	2,000,000.00	05/29/2014 0.82 %	2,011,400.00 2,003,602.69	100.43 0.56 %	2,008,664.00 673.33	0.84 % 5,061.31	Aaa / AA+ AAA	0.97 0.96
3137EADJ5	FHLMC Note 1% Due 7/28/2017	1,600,000.00	07/29/2013 1.17 %	1,589,550.40 1,597,192.43	100.43 0.60 %	1,606,846.40 6,800.00	0.67 % 9,653.97	Aaa / AA+ AAA	1.08 1.07
3135G0MZ3	FNMA Note 0.875% Due 8/28/2017	1,750,000.00	Various 1.12 %	1,732,254.00 1,745,118.99	100.28 0.64 %	1,754,833.50 5,231.78	0.73 % 9,714.51	Aaa / AA+ AAA	1.16 1.15
3130A62S5	FHLB Note 0.75% Due 8/28/2017	2,400,000.00	12/30/2015 1.07 %	2,387,328.00 2,391,154.69	100.16 0.61 %	2,403,852.00 6,150.00	1.00 % 12,697.31	Aaa / AA+ NR	1.16 1.15
3133EAY28	FFCB Note 0.83% Due 9/21/2017	695,000.00	09/21/2012 0.81 %	695,611.60 695,150.13	100.25 0.63 %	696,714.57 1,602.36	0.29 % 1,564.44	Aaa / AA+ AAA	1.23 1.21
3135G0ZL0	FNMA Note 1% Due 9/27/2017	1,665,000.00	Various 1.08 %	1,660,879.95 1,663,362.65	100.46 0.63 %	1,672,622.37 4,347.50	0.70 % 9,259.72	Aaa / AA+ AAA	1.24 1.23
3133EDDV1	FFCB Note 1.16% Due 10/23/2017	850,000.00	01/29/2015 0.87 %	856,630.00 853,185.33	100.70 0.62 %	855,978.05 1,862.44	0.36 % 2,792.72	Aaa / AA+ AAA	1.32 1.30
3135G0PQ0	FNMA Note 0.875% Due 10/26/2017	1,600,000.00	12/15/2014 1.04 %	1,592,368.00 1,596,479.79	100.35 0.61 %	1,605,571.20 2,527.78	0.67 % 9,091.41	Aaa / AA+ AAA	1.32 1.31
3133EAA32	FFCB Note 0.9% Due 11/15/2017	440,000.00	12/04/2014 1.06 %	437,923.20 439,031.08	100.44 0.58 %	441,919.28 506.00	0.18 % 2,888.20	Aaa / AA+ AAA	1.38 1.36
3135G0RT2	FNMA Note 0.875% Due 12/20/2017	1,500,000.00	12/19/2013 1.29 %	1,475,917.50 1,491,148.32	100.35 0.63 %	1,505,299.50 401.04	0.63 % 14,151.18	Aaa / AA+ AAA	1.47 1.46
3135G0TG8	FNMA Note 0.875% Due 2/8/2018	2,000,000.00	04/28/2015 0.90 %	1,998,744.00 1,999,274.34	100.51 0.56 %	2,010,198.00 6,951.39	0.84 % 10,923.66	Aaa / AA+ AAA	1.61 1.59
3137EADP1	FHLMC Note 0.875% Due 3/7/2018	2,000,000.00	04/28/2015 0.92 %	1,997,546.00 1,998,555.36	100.18 0.76 %	2,003,686.00 5,541.67	0.84 % 5,130.64	Aaa / AA+ AAA	1.68 1.67
3137EAEA3	FHLMC Note 0.75% Due 4/9/2018	2,400,000.00	04/20/2016 0.83 %	2,396,088.00 2,396,474.84	100.12 0.68 %	2,402,764.80 4,200.00	1.00 % 6,289.96	Aaa / AA+ AAA	1.78 1.76
3130A55J4	FHLB Note 0.9% Due 4/23/2018	2,000,000.00	04/28/2015 0.96 %	1,996,720.00 1,998,010.94	100.36 0.70 %	2,007,106.00 3,400.00	0.84 % 9,095.06	Aaa / AA+ NR	1.81 1.79
3135G0WJ8	FNMA Note 0.875% Due 5/21/2018	2,400,000.00	07/31/2014 1.49 %	2,345,846.40 2,373,156.96	100.40 0.66 %	2,409,499.20 2,333.33	1.00 % 36,342.24	Aaa / AA+ AAA	1.89 1.87
3130A8EJ8	FHLB Note 0.85% Due 6/5/2018	2,600,000.00	06/09/2016 0.86 %	2,599,584.00 2,599,596.05	100.30 0.69 %	2,607,742.80 1,473.33	1.08 % 8,146.75	Aaa / AA+ AAA	1.93 1.91
3135G0E33	FNMA Note 1.125% Due 7/20/2018	1,575,000.00	06/04/2015 1.19 %	1,572,117.75 1,573,102.98	100.88 0.69 %	1,588,858.43 7,924.22	0.66 % 15,755.45	Aaa / AA+ AAA	2.05 2.02
3133EGFQ3	FFCB Note 0.875% Due 9/14/2018	600,000.00	06/29/2016 0.78 %	601,284.00 601,282.41	100.25 0.76 %	601,471.20 247.92	0.25 % 188.79	Aaa / AA+ AAA	2.21 2.18
3133ED2C5	FFCB Note 1.95% Due 9/17/2018	225,000.00	06/05/2014 1.51 %	229,092.75 227,114.41	102.55 0.79 %	230,737.73 1,267.50	0.10 % 3,623.32	Aaa / AA+ AAA	2.22 2.16
3135G0E58	FNMA Note 1.125% Due 10/19/2018	1,700,000.00	08/27/2015 1.18 %	1,697,246.00 1,697,977.83	100.92 0.72 %	1,715,619.60 3,825.00	0.71 % 17,641.77	Aaa / AA+ AAA	2.30 2.27



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CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3133782M2	FHLB Note 1.5% Due 3/8/2019	2,600,000.00	04/14/2016 0.99 %	2,637,752.00 2,635,001.85	101.82 0.82 %	2,647,226.40 12,241.67	1.11 % 12,224.55	Aaa / AA+ AAA	2.69 2.62
3137EADZ9	FHLMC Note 1.125% Due 4/15/2019	2,600,000.00	04/22/2016 1.09 %	2,602,496.00 2,602,341.87	100.85 0.82 %	2,622,092.20 8,125.00	1.09 % 19,750.33	Aaa / AA+ AAA	2.79 2.74
3130A8DB6	FHLB Note 1.125% Due 6/21/2019	2,600,000.00	06/07/2016 1.02 %	2,608,372.00 2,608,198.21	100.93 0.81 %	2,624,120.20 812.50	1.09 % 15,921.99	Aaa / AA+ AAA	2.98 2.92
3133EFW52	FFCB Note 1.15% Due 7/1/2019	2,400,000.00	04/05/2016 1.00 %	2,411,640.00 2,410,792.38	100.87 0.86 %	2,420,884.80 6,900.00	1.01 % 10,092.42	Aaa / AA+ AAA	3.00 2.94
3137EADK2	FHLMC Note 1.25% Due 8/1/2019	2,000,000.00	04/28/2015 1.34 %	1,992,880.00 1,994,844.30	101.23 0.85 %	2,024,536.00 10,416.67	0.85 % 29,691.70	Aaa / AA+ AAA	3.09 3.01
313380FB8	FHLB Note 1.375% Due 9/13/2019	660,000.00	10/30/2015 1.38 %	659,795.40 659,830.49	101.48 0.90 %	669,789.12 2,722.50	0.28 % 9,958.63	Aaa / AA+ NR	3.21 3.12
3137EADM8	FHLMC Note 1.25% Due 10/2/2019	2,000,000.00	04/29/2015 1.44 %	1,983,422.00 1,987,812.71	101.19 0.88 %	2,023,750.00 6,180.56	0.84 % 35,937.29	Aaa / AA+ AAA	3.26 3.18
3135G0ZY2	FNMA Note 1.75% Due 11/26/2019	1,300,000.00	06/30/2015 1.62 %	1,307,294.30 1,305,631.56	102.81 0.91 %	1,336,566.40 2,211.81	0.56 % 30,934.84	Aaa / AA+ AAA	3.41 3.30
313381C94	FHLB Note 1.25% Due 12/13/2019	790,000.00	01/28/2016 1.33 %	787,732.70 787,979.63	101.09 0.93 %	798,643.39 493.75	0.33 % 10,663.76	Aaa / AA+ AAA	3.45 3.37
3137EADR7	FHLMC Note 1.375% Due 5/1/2020	1,600,000.00	10/21/2015 1.38 %	1,599,579.20 1,599,643.61	101.51 0.97 %	1,624,121.60 3,666.67	0.68 % 24,477.99	Aaa / AA+ AAA	3.84 3.72
3130A7CV5	FHLB Note 1.375% Due 2/18/2021	2,000,000.00	02/23/2016 1.43 %	1,994,480.00 1,994,868.01	101.18 1.11 %	2,023,584.00 10,159.72	0.85 % 28,715.99	Aaa / AA+ AAA	4.64 4.46
3135G0J20	FNMA Note 1.375% Due 2/26/2021	2,500,000.00	03/17/2016 1.52 %	2,482,725.00 2,483,729.36	101.04 1.15 %	2,525,900.00 11,935.76	1.05 % 42,170.64	Aaa / AA+ AAA	4.66 4.48
Total Agency		72,525,000.00	1.04 %	72,465,902.73 72,490,462.21	0.69 %	72,976,737.29 179,179.55	30.41 % 486,275.08	Aaa / AA+ Aaa	1.91 1.87
CASH									
90CASH\$00	Cash Custodial Cash Account	892,203.88	Various 0.00 %	892,203.88 892,203.88	1.00 0.00 %	892,203.88 0.00	0.37 % 0.00	NR / NR NR	0.00 0.00
90CHECK\$1	Checking Deposit Bank Account	16,497,305.13	Various 0.00 %	16,497,305.13 16,497,305.13	1.00 0.00 %	16,497,305.13 0.00	6.86 % 0.00	NR / NR NR	0.00 0.00
Total Cash		17,389,509.01	N/A	17,389,509.01 17,389,509.01	0.00 %	17,389,509.01 0.00	7.23 % 0.00	NR / NR NR	0.00 0.00



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LAIF									
90LAIF\$00	Local Agency Investment Fund State Pool	65,000,000.00	Various 0.58 %	65,000,000.00 65,000,000.00	1.00 0.58 %	65,000,000.00 102,090.66	27.06 % 0.00	NR / NR NR	0.00 0.00
Total LAIF		65,000,000.00	0.58 %	65,000,000.00 65,000,000.00	0.58 %	65,000,000.00 102,090.66	27.06 % 0.00	NR / NR NR	0.00 0.00
LOCAL GOV INVESTMENT POOL									
90CAMP\$00	Public Financial Management CAMP	22,000,000.00	Various 0.51 %	22,000,000.00 22,000,000.00	1.00 0.51 %	22,000,000.00 0.00	9.14 % 0.00	NR / NR NR	0.00 0.00
Total Local Gov Investment Pool		22,000,000.00	0.51 %	22,000,000.00 22,000,000.00	0.51 %	22,000,000.00 0.00	9.14 % 0.00	NR / NR NR	0.00 0.00
MONEY MARKET FUND FI									
261908107	Dreyfus Short-Intermediate Gov Treasury Cash Management Fd521	311,939.02	Various 0.24 %	311,939.02 311,939.02	1.00 0.24 %	311,939.02 0.00	0.13 % 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		311,939.02	0.24 %	311,939.02 311,939.02	0.24 %	311,939.02 0.00	0.13 % 0.00	Aaa / AAA Aaa	0.00 0.00
NEGOTIABLE CD									
90MEND\$02	Savings Bank of Mendocino Coun Time Deposit 0.3% Due 3/3/2017	250,000.00	03/03/2016 0.30 %	250,000.00 250,000.00	100.00 0.30 %	250,000.00 58.33	0.10 % 0.00	NR / NR NR	0.67 0.68
90MEND\$03	MendoLake Credit Union Time Deposit 0.3% Due 3/20/2017	250,000.00	03/20/2016 0.30 %	250,000.00 250,000.00	100.00 0.30 %	250,000.00 22.92	0.10 % 0.00	NR / NR NR	0.72 0.73
Total Negotiable CD		500,000.00	0.30 %	500,000.00 500,000.00	0.30 %	500,000.00 81.25	0.21 % 0.00	NR / NR NR	0.70 0.71
US CORPORATE									
742718DV8	Procter & Gamble Co Note 1.45% Due 8/15/2016	1,120,000.00	09/16/2013 0.97 %	1,135,523.20 1,120,658.38	100.11 0.57 %	1,121,221.92 6,135.11	0.47 % 563.54	Aa3 / AA- NR	0.13 0.12
24422ERF8	John Deere Capital Corp Note 1.85% Due 9/15/2016	1,500,000.00	Various 1.10 %	1,538,376.75 1,502,291.91	100.23 0.74 %	1,503,450.00 8,170.83	0.63 % 1,158.09	A2 / A NR	0.21 0.21
458140AH3	Intel Corp Note 1.95% Due 10/1/2016	1,500,000.00	Various 0.86 %	1,553,867.54 1,504,067.99	100.31 0.73 %	1,504,596.00 7,312.51	0.63 % 528.01	A1 / A+ A+	0.25 0.25
02665WAB7	American Honda Finance Note 1.125% Due 10/7/2016	1,590,000.00	Various 0.77 %	1,603,449.50 1,591,481.74	100.10 0.73 %	1,591,661.55 4,173.75	0.66 % 179.81	A1 / A+ NR	0.27 0.27
25468PCS3	Walt Disney Company Note 1.125% Due 2/15/2017	1,225,000.00	Various 0.93 %	1,233,734.25 1,226,459.12	100.25 0.73 %	1,228,011.05 5,206.25	0.51 % 1,551.93	A2 / A A	0.63 0.62



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US CORPORATE									
17275RAT9	Cisco Systems Note 1.1% Due 3/3/2017	475,000.00	03/04/2014 0.97 %	476,800.25 475,403.90	100.25 0.73 %	476,178.00 1,712.64	0.20 % 774.10	A1 / AA- NR	0.67 0.67
36962G5W0	General Electric Capital Corp Note 2.3% Due 4/27/2017	1,500,000.00	Various 1.31 %	1,548,780.60 1,511,889.41	101.00 1.08 %	1,514,964.00 6,133.33	0.63 % 3,074.59	A1 / AA+ NR	0.82 0.81
91159HHD5	US Bancorp Callable Note Cont 4/15/2017 1.65% Due 5/15/2017	1,500,000.00	Various 1.20 %	1,521,893.60 1,505,192.16	100.48 1.04 %	1,507,182.00 3,162.50	0.63 % 1,989.84	A1 / A+ AA	0.87 0.78
717081DJ9	Pfizer Inc. Note 1.1% Due 5/15/2017	515,000.00	05/12/2014 1.13 %	514,546.80 514,868.51	100.22 0.85 %	516,120.64 723.86	0.21 % 1,252.13	A1 / AA A+	0.87 0.87
25468PCZ7	Walt Disney Company Note 0.875% Due 5/30/2017	500,000.00	05/30/2014 0.97 %	498,647.30 499,587.12	100.15 0.71 %	500,732.51 376.73	0.21 % 1,145.39	A2 / A A	0.92 0.91
68389XAN5	Oracle Corp Note 1.2% Due 10/15/2017	1,400,000.00	01/13/2014 1.40 %	1,389,710.00 1,396,457.17	100.35 0.92 %	1,404,957.40 3,546.67	0.59 % 8,500.23	A1 / AA- A+	1.29 1.28
74005PBC7	Praxair Note 1.05% Due 11/7/2017	150,000.00	11/02/2012 1.06 %	149,941.50 149,984.17	100.08 0.99 %	150,114.60 236.25	0.06 % 130.43	A2 / A NR	1.36 1.34
94974BFG0	Wells Fargo Corp Note 1.5% Due 1/16/2018	1,600,000.00	Various 1.49 %	1,601,040.00 1,600,298.73	100.56 1.13 %	1,608,960.00 11,000.00	0.67 % 8,661.27	A2 / A AA-	1.55 1.51
459200HZ7	IBM Corp Note 1.125% Due 2/6/2018	1,480,000.00	02/03/2015 1.23 %	1,475,486.00 1,477,590.61	100.43 0.85 %	1,486,369.92 6,706.25	0.62 % 8,779.31	Aa3 / AA- A+	1.61 1.58
808513AK1	Charles Schwab Corp Callable Note Cont 2/10/2018 1.5% Due 3/10/2018	1,250,000.00	03/03/2015 1.54 %	1,248,425.00 1,249,113.34	100.94 0.91 %	1,261,743.75 5,781.25	0.53 % 12,630.41	A2 / A A	1.69 1.58
69371RN28	Paccar Financial Corp Note 1.3% Due 5/10/2019	1,725,000.00	05/10/2016 1.31 %	1,724,637.75 1,724,654.00	100.40 1.16 %	1,731,881.03 3,176.88	0.72 % 7,227.03	A1 / A+ NR	2.86 2.80
037833AX8	Apple Inc Note 1.55% Due 2/7/2020	1,100,000.00	05/10/2016 1.33 %	1,108,855.00 1,108,537.13	100.74 1.34 %	1,108,154.30 6,725.28	0.46 % (382.83)	Aa1 / AA+ NR	3.61 3.47
594918BG8	Microsoft Callable Note Cont. 10/03/20 2% Due 11/3/2020	2,000,000.00	12/03/2015 2.01 %	1,999,240.00 1,999,327.37	102.55 1.38 %	2,051,042.00 6,444.44	0.86 % 51,714.63	Aaa / AAA AA+	4.35 4.07
Total US Corporate		22,130,000.00	1.25 %	22,322,955.04 22,157,862.76	0.96 %	22,267,340.67 86,724.53	9.29 % 109,477.91	A1 / AA- AA-	1.47 1.41
US TREASURY									
912828VL1	US Treasury Note 0.625% Due 7/15/2016	1,000,000.00	Various 0.59 %	1,000,574.90 1,000,011.81	100.02 0.22 %	1,000,167.00 2,884.62	0.42 % 155.19	Aaa / AA+ AAA	0.04 0.04
912828WA4	US Treasury Note 0.625% Due 10/15/2016	1,900,000.00	Various 0.59 %	1,901,451.68 1,900,177.80	100.08 0.36 %	1,901,483.90 2,498.29	0.79 % 1,306.10	Aaa / AA+ AAA	0.29 0.29
912828WF3	US Treasury Note 0.625% Due 11/15/2016	2,450,000.00	Various 0.66 %	2,447,854.57 2,449,703.73	100.10 0.36 %	2,452,393.65 1,955.67	1.02 % 2,689.92	Aaa / AA+ AAA	0.38 0.37
912828C32	US Treasury Note 0.75% Due 3/15/2017	2,000,000.00	04/23/2014 0.86 %	1,993,834.83 1,998,493.87	100.19 0.48 %	2,003,748.00 4,402.17	0.83 % 5,254.13	Aaa / AA+ AAA	0.71 0.71



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US TREASURY									
912828TS9	US Treasury Note 0.625% Due 9/30/2017	1,950,000.00	Various 1.05 %	1,922,434.27 1,939,848.07	100.09 0.55 %	1,951,829.10 3,063.53	0.81 % 11,981.03	Aaa / AA+ AAA	1.25 1.24
912828TW0	US Treasury Note 0.75% Due 10/31/2017	1,800,000.00	04/30/2014 1.13 %	1,776,451.34 1,791,040.47	100.24 0.57 %	1,804,359.60 2,274.46	0.75 % 13,319.13	Aaa / AA+ AAA	1.34 1.32
912828UA6	US Treasury Note 0.625% Due 11/30/2017	1,800,000.00	06/05/2014 1.07 %	1,772,654.47 1,788,894.23	100.08 0.57 %	1,801,476.00 952.87	0.75 % 12,581.77	Aaa / AA+ AAA	1.42 1.41
912828UZ1	US Treasury Note 0.625% Due 4/30/2018	2,500,000.00	Various 0.96 %	2,477,254.47 2,484,963.67	100.07 0.59 %	2,501,660.00 2,632.47	1.04 % 16,696.33	Aaa / AA+ AAA	1.83 1.82
912828WD8	US Treasury Note 1.25% Due 10/31/2018	1,800,000.00	06/30/2015 1.14 %	1,806,615.41 1,804,623.73	101.39 0.65 %	1,824,960.60 3,790.76	0.76 % 20,336.87	Aaa / AA+ AAA	2.34 2.30
912828A34	US Treasury Note 1.25% Due 11/30/2018	1,800,000.00	06/30/2015 1.17 %	1,804,927.91 1,803,479.92	101.43 0.65 %	1,825,664.40 1,905.74	0.76 % 22,184.48	Aaa / AA+ AAA	2.42 2.38
912828N63	US Treasury Note 1.125% Due 1/15/2019	2,000,000.00	05/27/2016 0.98 %	2,007,506.70 2,007,264.04	101.12 0.68 %	2,022,422.00 10,384.62	0.84 % 15,157.96	Aaa / AA+ AAA	2.55 2.49
912828SX9	US Treasury Note 1.125% Due 5/31/2019	2,000,000.00	04/28/2015 1.21 %	1,993,444.20 1,995,327.95	101.23 0.70 %	2,024,532.00 1,905.74	0.84 % 29,204.05	Aaa / AA+ AAA	2.92 2.87
912828TC4	US Treasury Note 1% Due 6/30/2019	2,000,000.00	Various 1.20 %	1,986,251.82 1,988,556.64	100.85 0.71 %	2,016,954.01 54.35	0.84 % 28,397.37	Aaa / AA+ AAA	3.00 2.95
912828UB4	US Treasury Note 1% Due 11/30/2019	2,000,000.00	12/04/2015 1.56 %	1,957,194.20 1,963,263.02	100.65 0.81 %	2,013,046.00 1,693.99	0.84 % 49,782.98	Aaa / AA+ AAA	3.42 3.35
912828VA5	US Treasury Note 1.125% Due 4/30/2020	1,300,000.00	03/21/2016 1.27 %	1,292,539.51 1,293,041.85	100.98 0.86 %	1,312,746.50 2,478.13	0.55 % 19,704.65	Aaa / AA+ AAA	3.84 3.74
912828L65	US Treasury Note 1.375% Due 9/30/2020	2,500,000.00	12/30/2015 1.79 %	2,452,449.78 2,457,465.16	101.82 0.94 %	2,545,410.00 8,640.71	1.06 % 87,944.84	Aaa / AA+ AAA	4.25 4.11
912828L99	US Treasury Note 1.375% Due 10/31/2020	2,600,000.00	04/14/2016 1.20 %	2,619,508.71 2,618,603.79	101.81 0.95 %	2,647,023.60 6,023.10	1.10 % 28,419.81	Aaa / AA+ AAA	4.34 4.19
912828P87	US Treasury Note 1.125% Due 2/28/2021	1,400,000.00	04/05/2016 1.17 %	1,397,160.94 1,397,297.42	100.70 0.97 %	1,409,843.40 5,264.27	0.59 % 12,545.98	Aaa / AA+ AAA	4.67 4.52
Total US Treasury		34,800,000.00	1.10 %	34,610,109.71 34,682,057.17	0.66 %	35,059,719.76 62,805.49	14.60 % 377,662.59	Aaa / AA+ Aaa	2.33 2.28
TOTAL PORTFOLIO		239,304,465.65	0.81 %	239,247,625.11 239,179,537.96	0.62 %	240,154,789.95 432,810.56	100.00 % 975,251.99	Aa1 / AA+ Aaa	1.10 1.05
TOTAL MARKET VALUE PLUS ACCRUED						240,587,600.51			