



**NOTICE OF A
REGULAR MEETING OF THE
CALOPTIMA BOARD OF DIRECTORS'
FINANCE AND AUDIT COMMITTEE**

**TUESDAY, SEPTEMBER 18, 2018
2:00 P.M.**

**505 CITY PARKWAY WEST, SUITE, 108-N
ORANGE, CALIFORNIA 92868**

BOARD OF DIRECTORS' FINANCE AND AUDIT COMMITTEE

Lee Penrose, Chair
Ron DiLuigi
Scott Schoeffel

CHIEF EXECUTIVE OFFICER
Michael Schrader

CHIEF COUNSEL
Gary Crockett

CLERK OF THE BOARD
Suzanne Turf

This agenda contains a brief description of each item to be considered. Except as provided by law, no action shall be taken on any item not appearing on the agenda. To speak on an item, complete a Public Comment Request Form(s) identifying the item(s) and submit to the Clerk of the Board. To speak on a matter not appearing on the agenda, but within the subject matter jurisdiction of the Board of Directors' Finance and Audit Committee, you may do so during Public Comments. Public Comment Request Forms must be submitted prior to the beginning of the Consent Calendar, the reading of the individual agenda items, and/or the beginning of Public Comments. When addressing the Committee, it is requested that you state your name for the record. Address the Committee as a whole through the Chair. Comments to individual Committee Members or staff are not permitted. Speakers are limited to three (3) minutes per item.

In compliance with the Americans with Disabilities Act, those requiring accommodations for this meeting should notify the clerk of the Board's Office at (714) 246-8806, at least 72 hours prior to the meeting.

The Board of Directors' Finance and Audit Committee Meeting Agenda and supporting documentation is available for review at CalOptima, 505 City Parkway West, Orange, CA 92868, 8:00 a.m. – 5:00 p.m., Monday-Friday, and online at www.caloptima.org.

CALL TO ORDER

Pledge of Allegiance
Establish Quorum

PUBLIC COMMENTS

At this time, members of the public may address the Committee on matters not appearing on the agenda, but under the jurisdiction of the Board of Directors' Finance and Audit Committee. Speakers will be limited to three (3) minutes.

INVESTMENT ADVISORY COMMITTEE UPDATE

1. [Treasurer's Report](#)

CONSENT CALENDAR

2. [Minutes](#)
 - a. Approve Minutes of the May 17, 2018 Regular Meeting of the CalOptima Board of Directors' Finance and Audit Committee
 - b. Receive and File Minutes of the April 23, 2018 Meeting of the CalOptima Board of Directors' Investment Advisory Committee

REPORTS

3. [Consider Recommending that the Board of Directors Accept and Receive and File the Fiscal Year 2018 CalOptima Audited Financial Statements](#)
4. [Consider Recommending Modification of Claims Payment Policies Associated with the Implementation of the Whole-Child Model](#)

INFORMATION ITEMS

5. [Directed Payments to Hospitals](#)
6. [CalOptima Personal Care Coordinator Evaluation](#)
7. [Health Homes Program Update](#)
8. [July 2018 Financial Summary](#)
9. [CalOptima Information Systems Security Update](#)
10. [Cost Containment Improvements/Initiatives](#)
11. Quarterly Reports to the Finance and Audit Committee
 - a. [Shared Risk Pool Performance](#)
 - b. [Reinsurance Report](#)
 - c. [Health Network Financial Report](#)
 - d. [Purchasing Report](#)

COMMITTEE MEMBER COMMENTS

ADJOURNMENT

Board of Directors' Finance and Audit Committee Meeting September 18, 2018

Quarterly Treasurer's Report April 1, 2018 through June 30, 2018

Overview

To fulfill the requirements of Government Code, Section 53646(b) and the 2018 Annual Investment Policy adopted by CalOptima's Board of Directors on December 7, 2017, the Treasurer submits this quarterly investment report for the period April 1, 2018, through June 30, 2018.

Meketa Investment Group, Inc., completed an independent compliance review of the monthly investment reports prepared by CalOptima's three (3) investment managers: Logan Circle Partners, Payden & Rygel and Wells Capital. The review found that all investments were compliant with Government Code, Section 53600 et seq, and CalOptima's 2018 Annual Investment Policy.

Portfolio Summary

As of June 30, 2018, the market values of the Short-Term Operating and Restricted Reserve portfolios are as follows (in millions):

	Payden & Rygel	Logan Circle	Wells Capital	Total
Short-Term Operating	\$256,053,586	\$377,607,206	\$256,428,154	\$890,088,946
Board Designated Reserves				
Tier 1	\$147,242,819	\$147,220,310	\$146,584,002	\$441,047,131
Tier 2	--	\$97,200,541	--	\$97,200,541
Total	\$403,296,405	\$622,028,057	\$403,012,156	\$1,428,336,618

Six Month Cash Sufficiency

Based upon a review of forecasted revenues and expenses, CalOptima has sufficient cash on-hand plus projected revenues to meet its operating requirements for the next six (6) months.

Investments Compared to Reserve Policy

In accordance with CalOptima Policy GA.3001: Board-designated Reserve Funds, CalOptima shall maintain a minimum reserve level of one point four (1.4) months and a maximum of two (2) months in consolidated capitation revenues. The following provides a comparison of investments to the minimum and maximum level of Board-designated reserve funds as of June 30, 2018, demonstrating funds in excess to satisfy minimum requirements.

A) Board-designated Reserve Fund (CalOptima Policy GA.3001)

Reserve Name	Market Value	Benchmark		Variance	
		<i>Low 1.4</i>	<i>High 2.0</i>	<i>Low 1.4</i>	<i>High 2.0</i>
Tier 1 - Payden & Rygel	\$147,242,819				
Tier 1 - Logan Circle	\$147,220,310				
Tier 1 - Wells Capital	\$146,584,002				
	\$441,047,131	\$318,530,702	\$493,202,764	\$122,516,429	(\$52,155,633)

B) CalOptima's Regulatory Compliance Requirements

Reserve Name	Market Value	Regulatory Compliance Requirements		Variance	
		<i>TNE</i>	<i>TNE</i>	<i>TNE</i>	<i>TNE</i>
Tier 2 - Logan Circle	\$97,200,541	\$89,037,443	\$89,037,443	\$8,163,098	\$8,163,098
Consolidated:	\$538,247,672	\$407,568,145	\$582,240,207	\$130,679,527	(\$43,992,535)
<i>Compliance Level</i>	<i>1.85</i>	<i>1.40</i>	<i>2.00</i>	<i>-</i>	<i>-</i>

CalOptima continues to meet the minimum level of Board-designated reserve funds with a surplus of \$130,679,527 as of June 30, 2018.

Update on Fund Transfers

Pursuant to CalOptima Policy GA.3001: Board-designated Reserve Funds, CalOptima will monitor liquidity requirements for the next twelve (12) months and will transfer funds from Short-Term Operating to Board-designated reserves, if necessary. At the July 23, 2018, IAC meeting, Staff provided an update to the Investment Advisory Committee members and CalOptima's investment managers regarding the inflows and outflows forecast for the first quarter of fiscal year 2019. The update included deferment of payments from the State to August 2018 due to the State's annual budget process, and Proposition 56 payments of \$25 million in July 2018. CalOptima's Board-designated reserve compliance level is currently at 1.85.

Attachment

Quarterly Investment Report – April 1, 2018, through June 30, 2018

FUND EVALUATION REPORT

CalOptima

Quarterly Review

June 30, 2018



BOSTON
MASSACHUSETTS

CHICAGO
ILLINOIS

MIAMI
FLORIDA

PORTLAND
OREGON

SAN DIEGO
CALIFORNIA

LONDON
UNITED KINGDOM

M E K E T A I N V E S T M E N T G R O U P

www.meketagroup.com

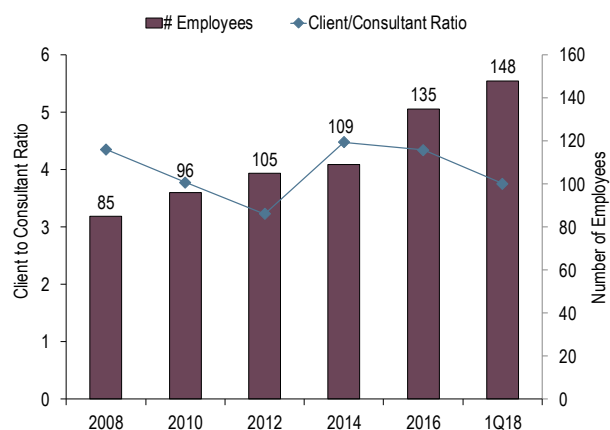
[Back to Agenda](#)

1. **Corporate Update**
2. **2Q18 Review**
3. **Quarterly Investment Report Supplement**
4. **Custom Peer Group**
5. **Performance Attribution**
6. **Appendix**
 - Characteristics
 - Holdings
7. **Disclaimer, Glossary, and Notes**

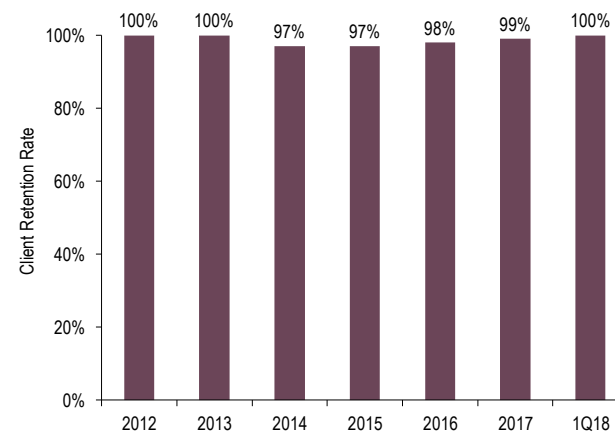
Meketa Investment Group Corporate Update

- Staff of 148, including 98 investment professionals and 32 CFA Charterholders
- 169 clients, with over 290 funds throughout the United States
- Significant investment in staff and resources
- Offices in Boston, Chicago, Miami, Portland (OR), San Diego, and London
- We advise on over \$600 billion in client assets
 - Over \$90 billion in assets committed to alternative investments
 - Private Equity ▪ Infrastructure ▪ Natural Resources
 - Real Estate ▪ Hedge Funds ▪ Commodities

Client to Consultant Ratio



Client Retention Rate¹



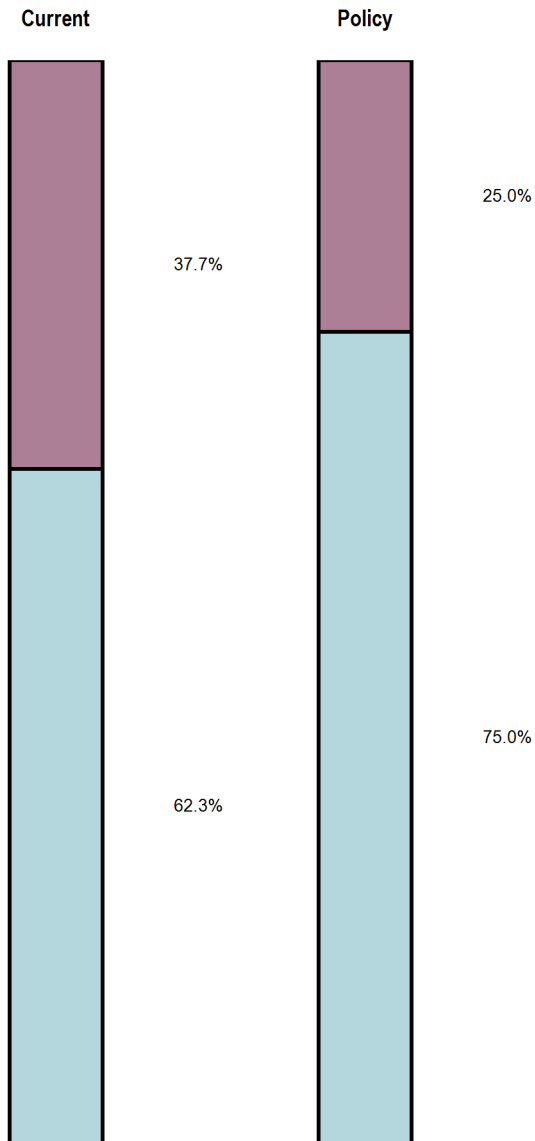
Meketa Investment Group is proud to work for over 5 million American families everyday.

¹ Client Retention Rate is one minus the number of clients lost divided by the number of clients at prior year-end.

Asset Classes Followed Intensively by Meketa Investment Group

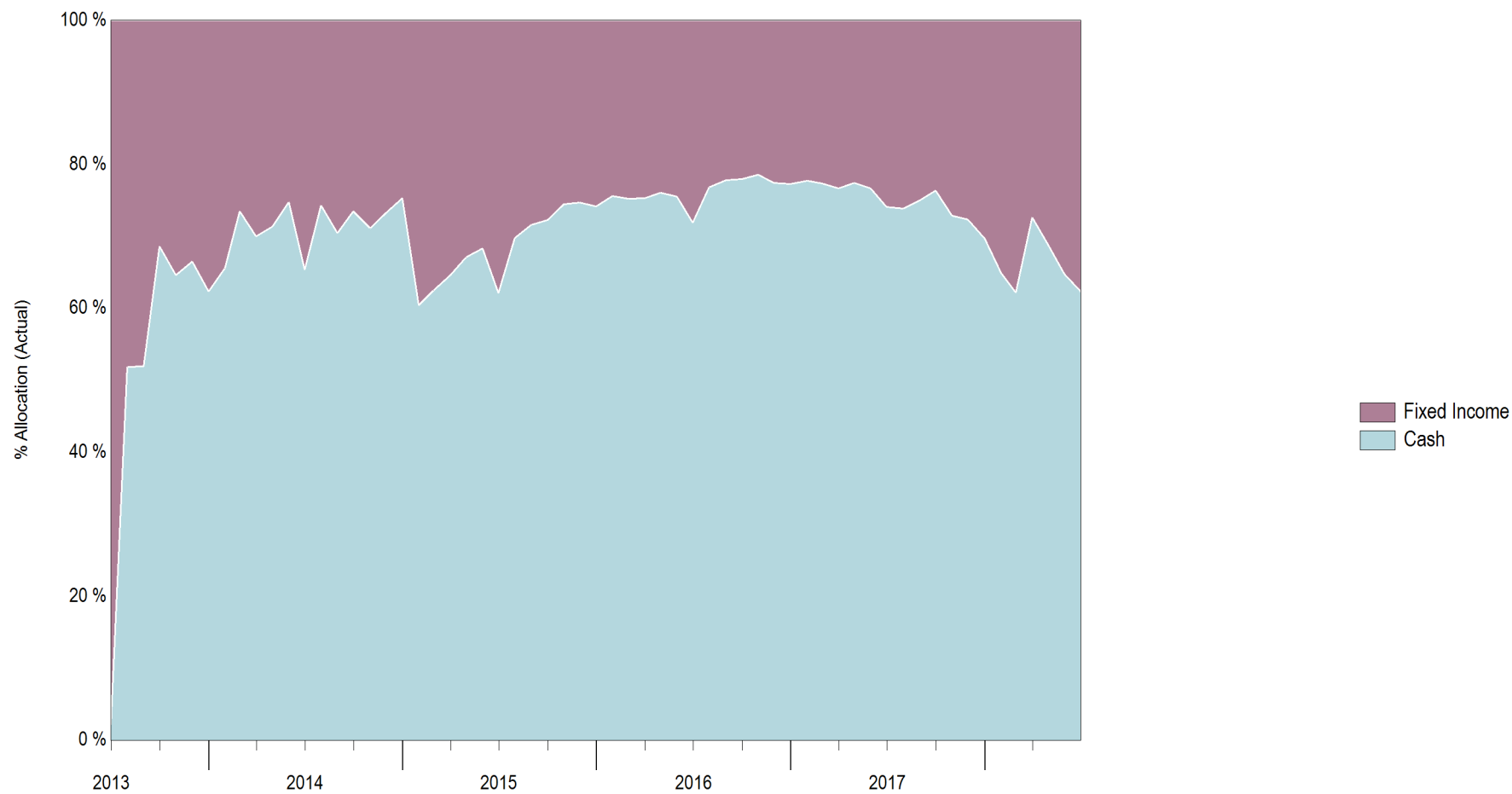
Domestic Equities	International Equities	Private Equity	Real Assets	Fixed Income	Hedge Funds
<ul style="list-style-type: none"> - Passive - Enhanced Index - Large Cap - Midcap - Small Cap - Microcap - 130/30 	<ul style="list-style-type: none"> - Large Cap Developed - Small Cap Developed - Emerging Markets - Frontier Markets 	<ul style="list-style-type: none"> - Buyouts - Venture Capital - Private Debt - Special Situations - Secondaries - Fund of Funds 	<ul style="list-style-type: none"> - Public REITs - Core Real Estate - Value Added Real Estate - Opportunistic Real Estate - Infrastructure - Timber - Natural Resources - Commodities 	<ul style="list-style-type: none"> - Short-Term - Core - Core Plus - TIPS - High Yield - Bank Loans - Distressed - Global - Emerging Markets 	<ul style="list-style-type: none"> - Long/Short Equity - Event Driven - Relative Value - Fixed Income Arbitrage - Multi Strategy - Market Neutral - Global Macro - Fund of Funds - Portable Alpha

2Q18 Review



Allocation vs. Targets and Policy		
	Current Balance	Current Allocation
Fixed Income	\$538,247,672	38%
Cash	\$890,088,946	62%
Total	\$1,428,336,618	100%

Asset Allocation History
5 Years Ending June 30, 2018



As of June 30, 2018

Asset Class Performance Summary

	Market Value (\$)	% of Portfolio	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund(Gross)	1,428,336,618	100.000	0.477	1.221	0.939	--	--	0.850	Oct-14
Total Fund(Net)			0.456	1.147	0.863	--	--	0.766	
Fixed Income(Gross)	538,247,672	37.684	0.385	0.582	0.926	--	--	0.984	Oct-14
Fixed Income(Net)			0.363	0.495	0.842	--	--	0.935	
<i>ICE BofAML 1-3 Yrs US Treasuries TR</i>			<i>0.222</i>	<i>0.079</i>	<i>0.424</i>	<i>0.582</i>	<i>1.236</i>	<i>0.564</i>	<i>Oct-14</i>
Cash(Gross)	890,088,946	62.316	0.514	1.492	0.952	0.630	0.449	1.943	Jul-99
Cash(Net)			0.494	1.427	0.876	0.540	--	--	
<i>Citi 3mth Treasury Bill</i>			<i>0.436</i>	<i>1.325</i>	<i>0.638</i>	<i>0.394</i>	<i>0.313</i>	<i>1.734</i>	<i>Jul-99</i>

As of June 30, 2018

Trailing Period Performance

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund(Gross)	1,428,336,618	100.000	--	0.477	1.221	0.939	--	--	0.850	Oct-14
Fixed Income(Gross)	538,247,672	37.684	37.684	0.385	0.582	0.926	--	--	0.984	Oct-14
ICE BofAML 1-3 Yrs US Treasuries TR				0.222	0.079	0.424	0.582	1.236	0.564	Oct-14
Tier One: Payden Low Duration(Gross)	147,242,819	10.309	27.356	0.420	0.695	0.912	0.935	1.659	2.946	Jul-99
Tier One: Payden Low Duration(Net)				0.400	0.615	0.836	0.845	--	--	
ICE BofAML 1-3 Yrs US Treasuries TR				0.222	0.079	0.424	0.582	1.236	2.821	Jul-99
ICE BofAML 1-3 Yrs US Corp & Govt TR				0.291	0.265	0.725	0.864	1.659	3.149	Jul-99
ICE BofAML 1-3 Yrs AAA-A US Corp & Govt TR				0.274	0.198	0.610	0.755	1.493	3.038	Jul-99
Tier One: Logan Circle STAMP 1-3 Year(Gross)	147,220,310	10.307	27.352	0.427	0.842	--	--	--	0.811	May-16
Tier One: Logan Circle STAMP 1-3 Year(Net)				0.406	0.761	--	--	--	0.728	
ICE BofAML 1-3 Yrs US Treasuries TR				0.222	0.079	0.424	0.582	1.236	0.213	May-16
ICE BofAML 1-3 Yrs US Corp & Govt TR				0.291	0.265	0.725	0.864	1.659	0.520	May-16
ICE BofAML 1-3 Yrs AAA-A US Corp & Govt TR				0.274	0.198	0.610	0.755	1.493	0.393	May-16
Tier One: Wells Capital Reserve Account(Gross)	146,584,002	10.263	27.234	0.355	0.425	--	--	--	0.663	Jun-16
Tier One: Wells Capital Reserve Account(Net)				0.337	0.353	--	--	--	0.591	
ICE BofAML 1-3 Yrs US Treasuries TR				0.222	0.079	0.424	0.582	1.236	0.273	Jun-16
ICE BofAML 1-3 Yrs US Corp & Govt TR				0.291	0.265	0.725	0.864	1.659	0.574	Jun-16
ICE BofAML 1-3 Yrs AAA-A US Corp & Govt TR				0.274	0.198	0.610	0.755	1.493	0.446	Jun-16
Tier Two: Logan Circle STAMP 1-5 Year(Gross)	97,200,541	6.805	18.059	0.310	0.258	1.131	1.396	--	1.118	Apr-13
Tier Two: Logan Circle STAMP 1-5 Year(Net)				0.280	0.131	1.005	1.269	--	0.992	
ICE BofAML 1-5 Yrs US Treasuries TR				0.126	-0.351	0.505	0.809	1.784	0.638	Apr-13
ICE BofAML 1-5 Yrs US Corp & Govt TR				0.171	-0.156	0.868	1.189	2.277	0.978	Apr-13
ICE BofAML 1-5 Yrs AAA-A US Corp & Govt TR				0.171	-0.220	0.718	1.033	2.044	0.836	Apr-13

As of June 30, 2018

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Cash(Gross)	890,088,946	62.316	62.316	0.514	1.492	0.952	0.630	0.449	1.943	Jul-99
<i>Citi 3mth Treasury Bill</i>				0.436	1.325	0.638	0.394	0.313	1.734	Jul-99
Operating: Payden Enhanced Cash(Gross)	256,053,586	17.927	28.767	0.536	1.580	1.013	0.666	0.467	1.953	Jul-99
Operating: Payden Enhanced Cash(Net)				0.515	1.500	0.938	0.577	--	--	
<i>Citi 3mth Treasury Bill</i>				0.436	1.325	0.638	0.394	0.313	1.734	Jul-99
Operating: Logan Circle Enhanced Cash(Gross)	377,607,206	26.437	42.424	0.485	1.501	--	--	--	1.153	May-16
Operating: Logan Circle Enhanced Cash(Net)				0.464	1.416	--	--	--	1.068	
<i>Citi 3mth Treasury Bill</i>				0.436	1.325	0.638	0.394	0.313	0.840	May-16
Operating: Wells Capital Enhanced Cash(Gross)	256,428,154	17.953	28.809	0.526	1.443	--	--	--	1.082	Jun-16
Operating: Wells Capital Enhanced Cash(Net)				0.508	1.370	--	--	--	1.009	
<i>Citi 3mth Treasury Bill</i>				0.436	1.325	0.638	0.394	0.313	0.863	Jun-16

As of June 30, 2018

Asset Class Performance Summary

	Fiscal 2018 (%)	Fiscal 2017 (%)	Fiscal 2016 (%)	Fiscal 2015 (%)	Fiscal 2014 (%)	Fiscal 2013 (%)	Fiscal 2012 (%)	Fiscal 2011 (%)
Total Fund(Gross)	1.221	0.754	0.842	--	--	--	--	--
Total Fund(Net)	1.147	0.666	0.778	--	--	--	--	--
Fixed Income(Gross)	0.582	0.427	1.775	--	--	--	--	--
Fixed Income(Net)	0.495	0.336	1.699	--	--	--	--	--
<i>ICE BofAML 1-3 Yrs US Treasuries TR</i>	<i>0.079</i>	<i>-0.108</i>	<i>1.307</i>	<i>0.876</i>	<i>0.765</i>	<i>0.328</i>	<i>0.776</i>	<i>1.331</i>
Cash(Gross)	1.492	0.858	0.509	0.166	0.131	0.112	0.185	0.137
Cash(Net)	1.427	0.758	0.446	0.058	0.018	-0.023	0.044	-0.008
<i>Citi 3mth Treasury Bill</i>	<i>1.325</i>	<i>0.455</i>	<i>0.138</i>	<i>0.021</i>	<i>0.038</i>	<i>0.079</i>	<i>0.044</i>	<i>0.138</i>

As of June 30, 2018

Trailing Period Performance

	Fiscal 2018 (%)	Fiscal 2017 (%)	Fiscal 2016 (%)	Fiscal 2015 (%)	Fiscal 2014 (%)	Fiscal 2013 (%)	Fiscal 2012 (%)	Fiscal 2011 (%)
Total Fund(Gross)	1.221	0.754	0.842	--	--	--	--	--
Fixed Income(Gross)	0.582	0.427	1.775	--	--	--	--	--
ICE BofAML 1-3 Yrs US Treasuries TR	0.079	-0.108	1.307	0.876	0.765	0.328	0.776	1.331
Tier One: Payden Low Duration(Gross)	0.695	0.583	1.461	0.893	1.048	0.534	1.248	1.478
Tier One: Payden Low Duration(Net)	0.615	0.508	1.388	0.783	0.933	0.399	1.105	1.331
ICE BofAML 1-3 Yrs US Treasuries TR	0.079	-0.108	1.307	0.876	0.765	0.328	0.776	1.331
ICE BofAML 1-3 Yrs US Corp & Govt TR	0.265	0.336	1.581	0.901	1.246	0.861	1.169	1.947
ICE BofAML 1-3 Yrs AAA-A US Corp & Govt TR	0.198	0.147	1.492	0.906	1.038	0.656	1.058	1.782
Tier One: Logan Circle STAMP 1-3 Year(Gross)	0.842	0.478	--	--	--	--	--	--
Tier One: Logan Circle STAMP 1-3 Year(Net)	0.761	0.395	--	--	--	--	--	--
ICE BofAML 1-3 Yrs US Treasuries TR	0.079	-0.108	1.307	0.876	0.765	0.328	0.776	1.331
ICE BofAML 1-3 Yrs US Corp & Govt TR	0.265	0.336	1.581	0.901	1.246	0.861	1.169	1.947
ICE BofAML 1-3 Yrs AAA-A US Corp & Govt TR	0.198	0.147	1.492	0.906	1.038	0.656	1.058	1.782
Tier One: Wells Capital Reserve Account(Gross)	0.425	0.403	--	--	--	--	--	--
Tier One: Wells Capital Reserve Account(Net)	0.353	0.330	--	--	--	--	--	--
ICE BofAML 1-3 Yrs US Treasuries TR	0.079	-0.108	1.307	0.876	0.765	0.328	0.776	1.331
ICE BofAML 1-3 Yrs US Corp & Govt TR	0.265	0.336	1.581	0.901	1.246	0.861	1.169	1.947
ICE BofAML 1-3 Yrs AAA-A US Corp & Govt TR	0.198	0.147	1.492	0.906	1.038	0.656	1.058	1.782
Tier Two: Logan Circle STAMP 1-5 Year(Gross)	0.258	0.140	3.021	1.494	2.095	--	--	--
Tier Two: Logan Circle STAMP 1-5 Year(Net)	0.131	0.016	2.894	1.367	1.969	--	--	--
ICE BofAML 1-5 Yrs US Treasuries TR	-0.351	-0.532	2.426	1.376	1.157	-0.027	2.198	2.154
ICE BofAML 1-5 Yrs US Corp & Govt TR	-0.156	0.134	2.649	1.344	2.000	0.718	2.524	2.957
ICE BofAML 1-5 Yrs AAA-A US Corp & Govt TR	-0.220	-0.172	2.570	1.376	1.641	0.409	2.362	2.694

As of June 30, 2018

	Fiscal 2018 (%)	Fiscal 2017 (%)	Fiscal 2016 (%)	Fiscal 2015 (%)	Fiscal 2014 (%)	Fiscal 2013 (%)	Fiscal 2012 (%)	Fiscal 2011 (%)
Cash(Gross)	1.492	0.858	0.509	0.166	0.131	0.112	0.185	0.137
<i>Citi 3mth Treasury Bill</i>	1.325	0.455	0.138	0.021	0.038	0.079	0.044	0.138
Operating: Payden Enhanced Cash(Gross)	1.580	0.887	0.573	0.166	0.131	0.112	0.185	0.137
Operating: Payden Enhanced Cash(Net)	1.500	0.812	0.505	0.058	0.018	-0.023	0.044	-0.008
<i>Citi 3mth Treasury Bill</i>	1.325	0.455	0.138	0.021	0.038	0.079	0.044	0.138
Operating: Logan Circle Enhanced Cash(Gross)	1.501	0.898	--	--	--	--	--	--
Operating: Logan Circle Enhanced Cash(Net)	1.416	0.814	--	--	--	--	--	--
<i>Citi 3mth Treasury Bill</i>	1.325	0.455	0.138	0.021	0.038	0.079	0.044	0.138
Operating: Wells Capital Enhanced Cash(Gross)	1.443	0.721	--	--	--	--	--	--
Operating: Wells Capital Enhanced Cash(Net)	1.370	0.649	--	--	--	--	--	--
<i>Citi 3mth Treasury Bill</i>	1.325	0.455	0.138	0.021	0.038	0.079	0.044	0.138

As of June 30, 2018

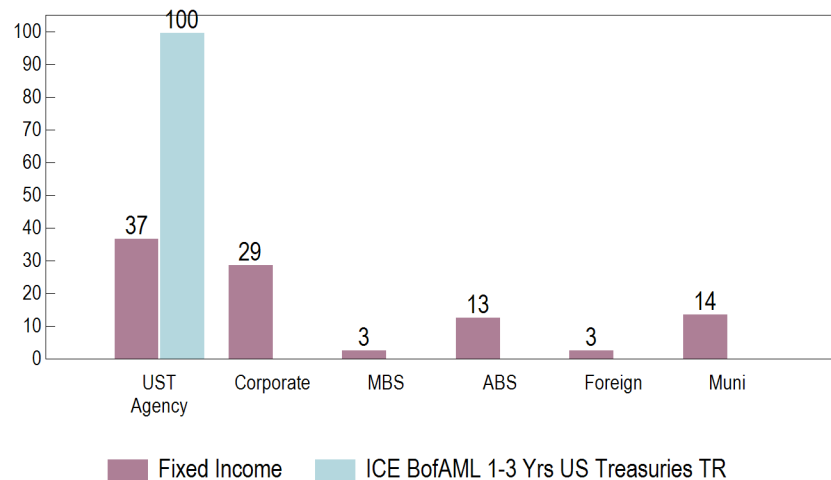
Asset Allocation on June 30, 2018

	Actual	Actual
Tier One: Payden Low Duration	\$147,242,819	27.4%
Tier One: Logan Circle STAMP 1-3 Year	\$147,220,310	27.4%
Tier One: Wells Capital Reserve Account	\$146,584,002	27.2%
Tier Two: Logan Circle STAMP 1-5 Year	\$97,200,541	18.1%
Total	\$538,247,672	100.0%

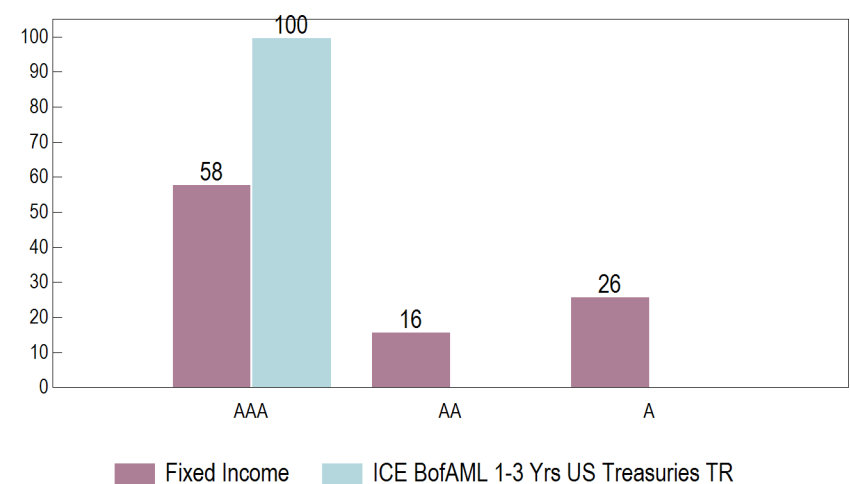
Fixed Income Characteristics
vs. ICE BofAML 1-3 Yrs US Treasuries TR

	Portfolio Q2-18	Index Q2-18	Portfolio Q1-18
Fixed Income Characteristics			
Yield to Maturity	2.7	2.5	2.5
Average Duration	1.7	1.9	1.6
Average Quality	AA	AAA	AA

Sector Allocation



Credit Quality Allocation



Tier One: Payden Low Duration

As of June 30, 2018

Account Information

Account Name	Tier One: Payden Low Duration
Account Structure	Separate Account
Investment Style	Active
Inception Date	7/01/99
Account Type	US Fixed Income Short Term
Benchmark	ICE BofAML 1-3 Yrs US Treasuries TR
Universe	eV US Short Duration Fixed Inc Net

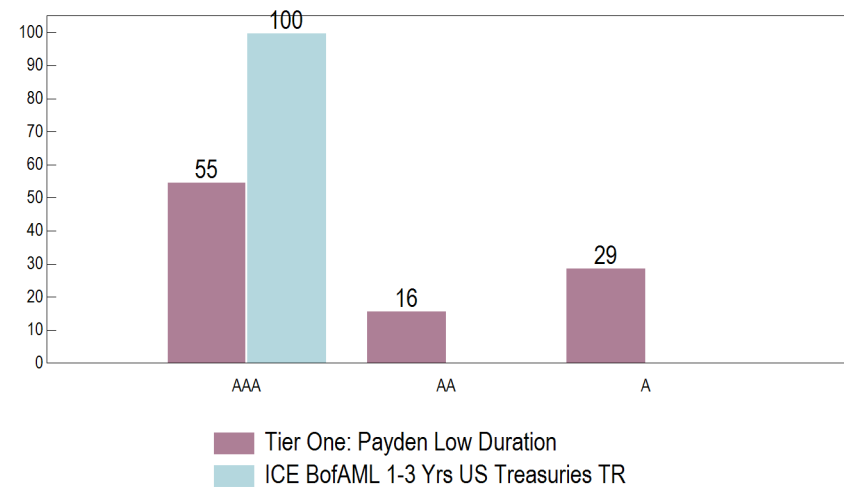
Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Tier One: Payden Low Duration(Gross)	0.420	0.344	0.695	0.912	0.935	1.659	2.946	Jul-99
Tier One: Payden Low Duration(Net)	0.400	0.304	0.615	0.836	0.845	--	--	
ICE BofAML 1-3 Yrs US Treasuries TR	0.222	0.092	0.079	0.424	0.582	1.236	2.821	Jul-99
ICE BofAML 1-3 Yrs US Corp & Govt TR	0.291	0.105	0.265	0.725	0.864	1.659	3.149	Jul-99
ICE BofAML 1-3 Yrs AAA-A US Corp & Govt TR	0.274	0.104	0.198	0.610	0.755	1.493	3.038	Jul-99

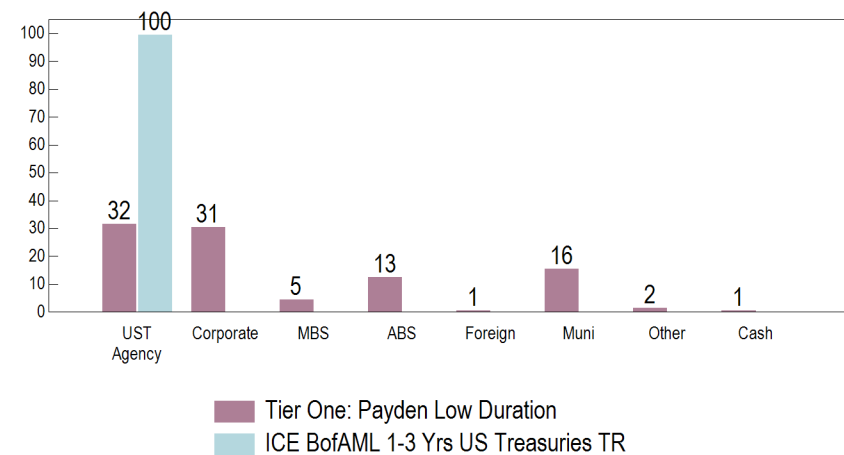
Tier One: Payden Low Duration Fixed Income Characteristics
vs. ICE BofAML 1-3 Yrs US Treasuries TR

	Portfolio Q2-18	Index Q2-18	Portfolio Q1-18
Fixed Income Characteristics			
Yield to Maturity	2.71	2.53	2.48
Average Duration	1.41	1.87	1.45
Average Quality	AA	AAA	AA

Credit Quality Allocation



US Sector Allocation



Tier One: Wells Capital Reserve Account

As of June 30, 2018

Account Information

Account Name	Tier One: Wells Capital Reserve Account
Account Structure	Separate Account
Investment Style	Active
Inception Date	6/01/16
Account Type	US Fixed Income
Benchmark	ICE BofAML 1-3 Yrs US Treasuries TR
Universe	eV US Short Duration Fixed Inc Net

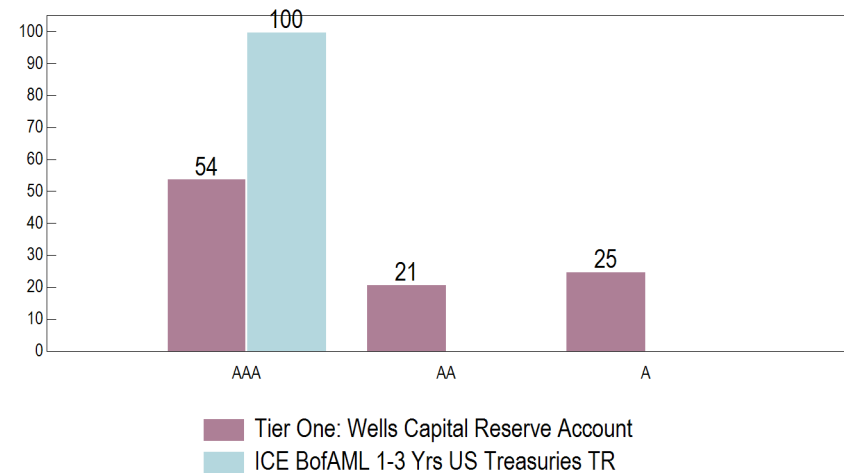
Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Tier One: Wells Capital Reserve Account(Gross)	0.355	0.198	0.425	--	--	--	0.663	Jun-16
Tier One: Wells Capital Reserve Account(Net)	0.337	0.162	0.353	--	--	--	0.591	
ICE BofAML 1-3 Yrs US Treasuries TR	0.222	0.092	0.079	0.424	0.582	1.236	0.273	Jun-16
ICE BofAML 1-3 Yrs US Corp & Govt TR	0.291	0.105	0.265	0.725	0.864	1.659	0.574	Jun-16
ICE BofAML 1-3 Yrs AAA-A US Corp & Govt TR	0.274	0.104	0.198	0.610	0.755	1.493	0.446	Jun-16

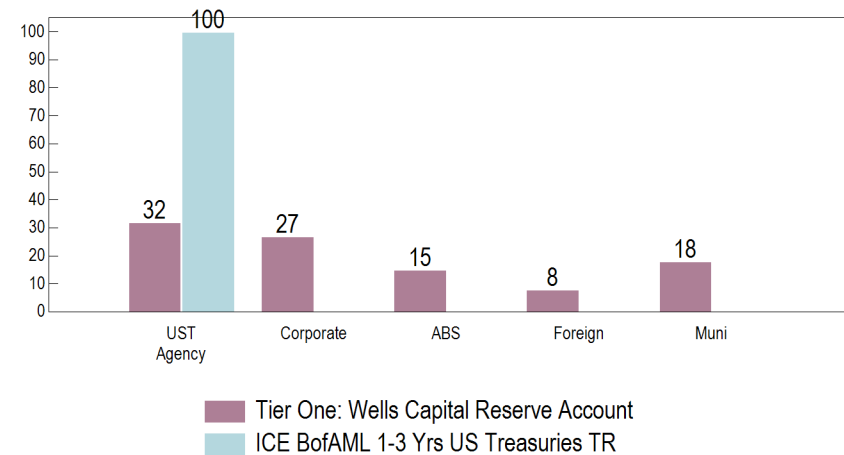
Tier One: Wells Capital Reserve Account Fixed Income Characteristics
vs. ICE BofAML 1-3 Yrs US Treasuries TR

	Portfolio Q2-18	Index Q2-18	Portfolio Q1-18
Fixed Income Characteristics			
Yield to Maturity	2.76	2.53	2.56
Average Duration	1.74	1.87	1.74
Average Quality	AA	AAA	AA

Credit Quality Allocation



US Sector Allocation



Tier One: Logan Circle STAMP 1-3 Year

As of June 30, 2018

Account Information

Account Name	Tier One: Logan Circle STAMP 1-3 Year
Account Structure	Separate Account
Investment Style	Active
Inception Date	5/02/16
Account Type	US Fixed Income
Benchmark	ICE BofAML 1-3 Yrs US Treasuries TR
Universe	eV US Short Duration Fixed Inc Net

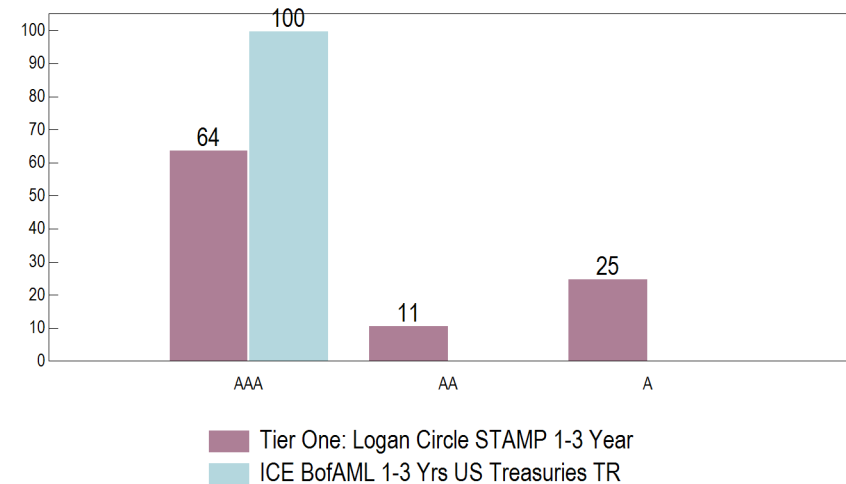
Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Tier One: Logan Circle STAMP 1-3 Year(Gross)	0.427	0.409	0.842	--	--	--	0.811	May-16
Tier One: Logan Circle STAMP 1-3 Year(Net)	0.406	0.368	0.761	--	--	--	0.728	
ICE BofAML 1-3 Yrs US Treasuries TR	0.222	0.092	0.079	0.424	0.582	1.236	0.213	May-16
ICE BofAML 1-3 Yrs US Corp & Govt TR	0.291	0.105	0.265	0.725	0.864	1.659	0.520	May-16
ICE BofAML 1-3 Yrs AAA-A US Corp & Govt TR	0.274	0.104	0.198	0.610	0.755	1.493	0.393	May-16

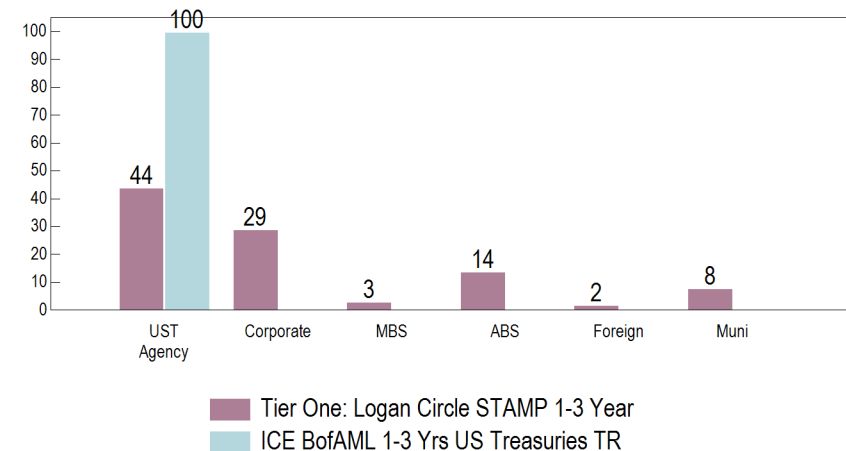
Tier One: Logan Circle STAMP 1-3 Year Fixed Income Characteristics
vs. ICE BofAML 1-3 Yrs US Treasuries TR

	Portfolio Q2-18	Index Q2-18	Portfolio Q1-18
Fixed Income Characteristics			
Yield to Maturity	2.58	2.53	2.39
Average Duration	1.47	1.87	1.23
Average Quality	AA	AAA	AA

Credit Quality Allocation



US Sector Allocation



Tier Two: Logan Circle STAMP 1-5 Year

As of June 30, 2018

Account Information

Account Name	Tier Two: Logan Circle STAMP 1-5 Year
Account Structure	Separate Account
Investment Style	Active
Inception Date	4/01/13
Account Type	US Fixed Income Short Term
Benchmark	ICE BofAML 1-5 Yrs US Treasuries TR
Universe	eV US Short Duration Fixed Inc Net

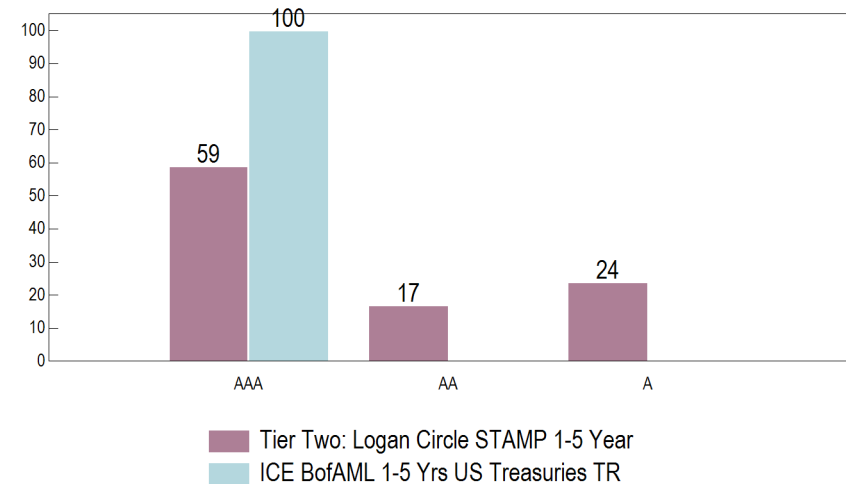
Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Tier Two: Logan Circle STAMP 1-5 Year(Gross)	0.310	-0.045	0.258	1.131	1.396	--	1.118	Apr-13
Tier Two: Logan Circle STAMP 1-5 Year(Net)	0.280	-0.107	0.131	1.005	1.269	--	0.992	
ICE BofAML 1-5 Yrs US Treasuries TR	0.126	-0.252	-0.351	0.505	0.809	1.784	0.638	Apr-13
ICE BofAML 1-5 Yrs US Corp & Govt TR	0.171	-0.320	-0.156	0.868	1.189	2.277	0.978	Apr-13
ICE BofAML 1-5 Yrs AAA-A US Corp & Govt TR	0.171	-0.278	-0.220	0.718	1.033	2.044	0.836	Apr-13

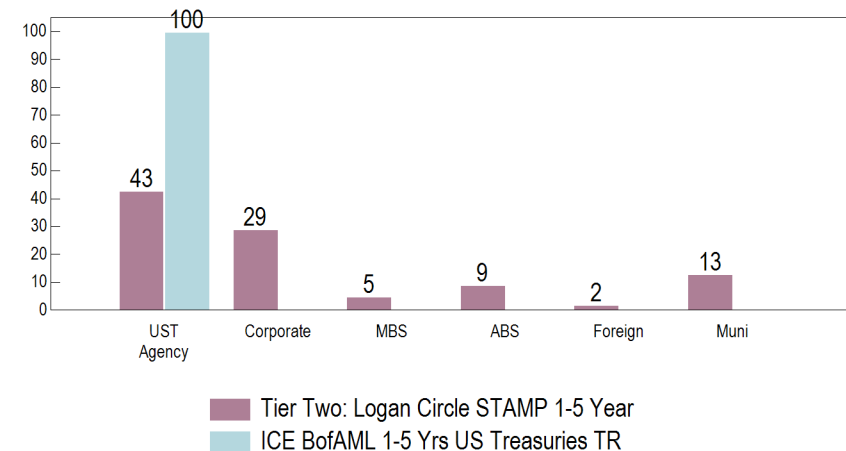
Tier Two: Logan Circle STAMP 1-5 Year Fixed Income Characteristics
vs. ICE BofAML 1-5 Yrs US Treasuries TR

	Portfolio Q2-18	Index Q2-18	Portfolio Q1-18
Fixed Income Characteristics			
Yield to Maturity	2.78	2.59	2.54
Average Duration	2.31	2.64	2.13
Average Quality	AA	AAA	AA

Credit Quality Allocation



US Sector Allocation



As of June 30, 2018

Asset Allocation on June 30, 2018

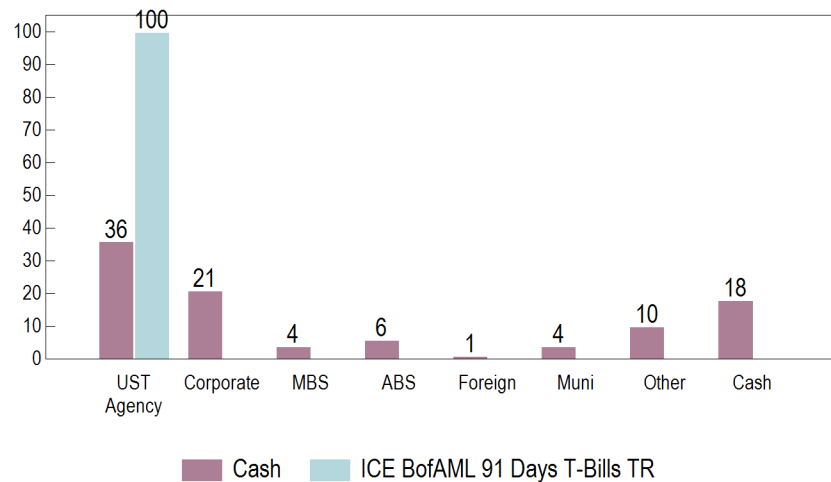
	Actual	Actual
Operating: Logan Circle Enhanced Cash	\$377,607,206	42.4%
Operating: Payden Enhanced Cash	\$256,053,586	28.8%
Operating: Wells Capital Enhanced Cash	\$256,428,154	28.8%
Total	\$890,088,946	100.0%

Cash Characteristics

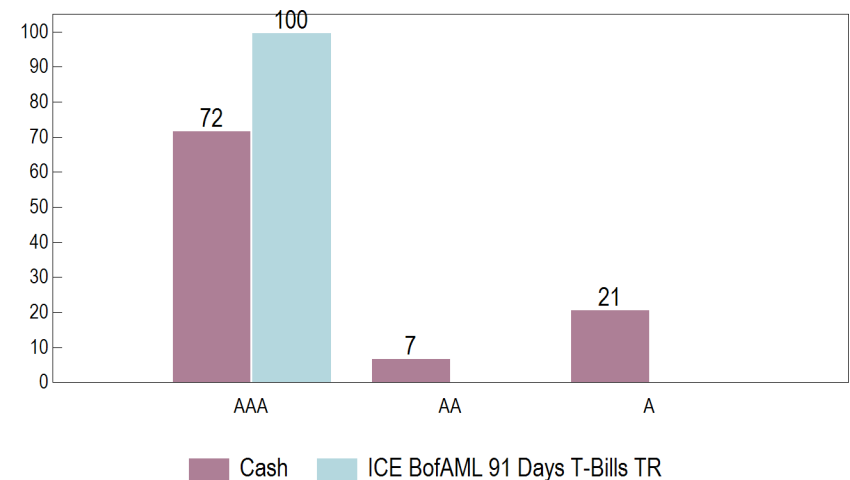
vs. ICE BofAML 91 Days T-Bills TR

	Portfolio Q2-18	Index Q2-18	Portfolio Q1-18
Fixed Income Characteristics			
Yield to Maturity	2.1	1.9	1.9
Average Duration	0.2	0.2	0.2
Average Quality	AA	AAA	AA

Sector Allocation



Credit Quality Allocation



Operating: Payden Enhanced Cash

As of June 30, 2018

Account Information

Account Name	Operating: Payden Enhanced Cash
Account Structure	Separate Account
Investment Style	Active
Inception Date	7/01/99
Account Type	Cash Alternatives
Benchmark	Citi 3mth Treasury Bill
Universe	eV US Enh Cash Management Net

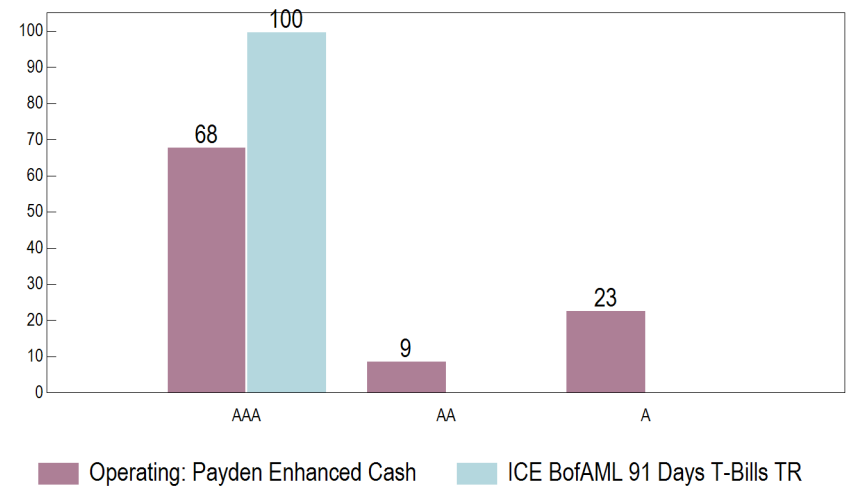
Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Operating: Payden Enhanced Cash(Gross)	0.536	0.900	1.580	1.013	0.666	0.467	1.953	Jul-99
Operating: Payden Enhanced Cash(Net)	0.515	0.859	1.500	0.938	0.577	--	--	
Citi 3mth Treasury Bill	0.436	0.786	1.325	0.638	0.394	0.313	1.734	Jul-99

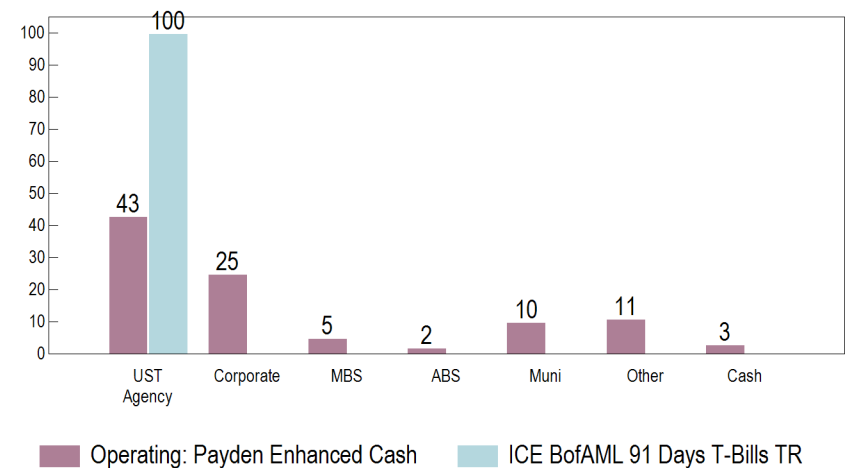
Operating: Payden Enhanced Cash Fixed Income Characteristics
vs. ICE BofAML 91 Days T-Bills TR

	Portfolio Q2-18	Index Q2-18	Portfolio Q1-18
Fixed Income Characteristics			
Yield to Maturity	2.19	1.92	1.85
Average Duration	0.13	0.24	0.19
Average Quality	AA	AAA	AA

Credit Quality Allocation



US Sector Allocation



Operating: Logan Circle Enhanced Cash

As of June 30, 2018

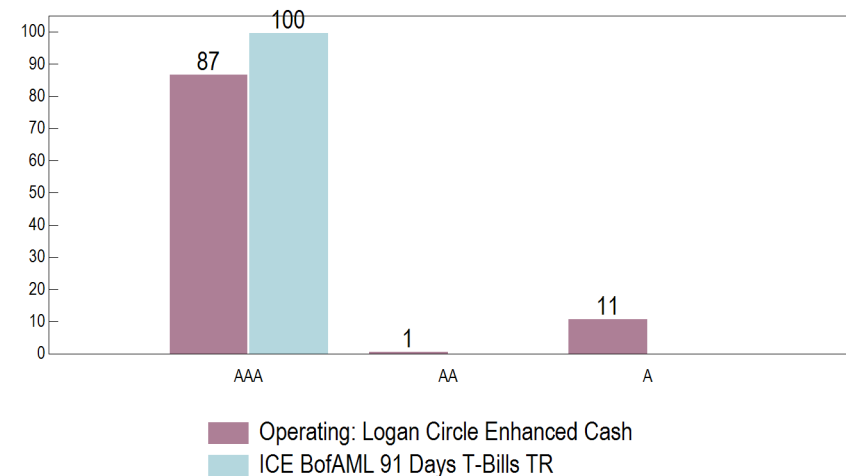
Account Information

Account Name	Operating: Logan Circle Enhanced Cash
Account Structure	Separate Account
Investment Style	Active
Inception Date	5/02/16
Account Type	Cash
Benchmark	Citi 3mth Treasury Bill
Universe	eV US Enh Cash Management Net

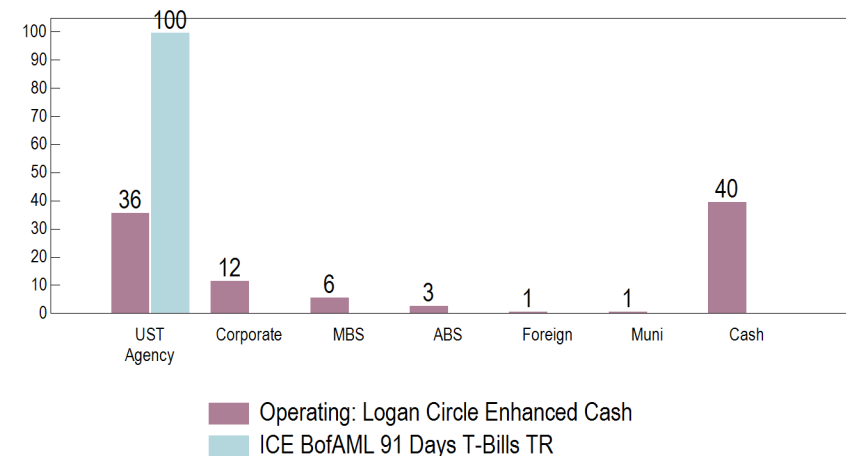
Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Operating: Logan Circle Enhanced Cash(Gross)	0.485	0.866	1.501	--	--	--	1.153	May-16
Operating: Logan Circle Enhanced Cash(Net)	0.464	0.824	1.416	--	--	--	1.068	
Citi 3mth Treasury Bill	0.436	0.786	1.325	0.638	0.394	0.313	0.840	May-16

Credit Quality Allocation



US Sector Allocation



Operating: Logan Circle Enhanced Cash Fixed Income Characteristics vs. ICE BofAML 91 Days T-Bills TR

	Portfolio Q2-18	Index Q2-18	Portfolio Q1-18
Fixed Income Characteristics			
Yield to Maturity	1.72	1.92	1.90
Average Duration	0.08	0.24	0.13
Average Quality	AA	AAA	AA



Operating: Wells Capital Enhanced Cash

As of June 30, 2018

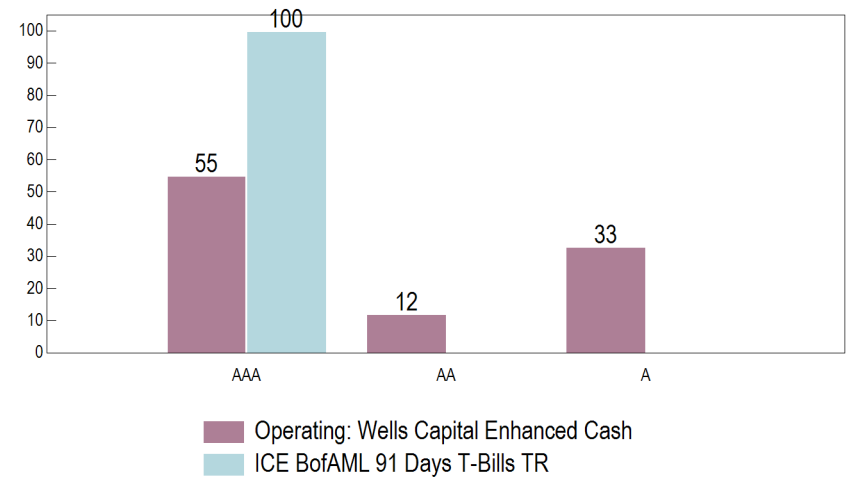
Account Information

Account Name	Operating: Wells Capital Enhanced Cash
Account Structure	Separate Account
Investment Style	Active
Inception Date	6/01/16
Account Type	Cash
Benchmark	Citi 3mth Treasury Bill
Universe	eV US Enh Cash Management Net

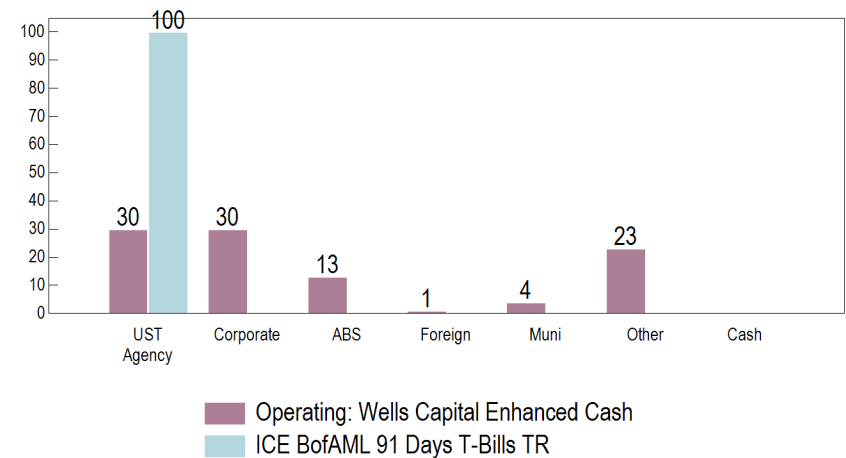
Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Operating: Wells Capital Enhanced Cash(Gross)	0.526	0.874	1.443	--	--	--	1.082	Jun-16
Operating: Wells Capital Enhanced Cash(Net)	0.508	0.838	1.370	--	--	--	1.009	
<i>Citi 3mth Treasury Bill</i>	<i>0.436</i>	<i>0.786</i>	<i>1.325</i>	<i>0.638</i>	<i>0.394</i>	<i>0.313</i>	<i>0.863</i>	<i>Jun-16</i>

Credit Quality Allocation



US Sector Allocation

Operating: Wells Capital Enhanced Cash Fixed Income Characteristics
vs. ICE BofAML 91 Days T-Bills TR

	Portfolio Q2-18	Index Q2-18	Portfolio Q1-18
Fixed Income Characteristics			
Yield to Maturity	2.42	1.92	2.05
Average Duration	0.31	0.24	0.22
Average Quality	AA	AAA	AA



As of June 30, 2018

Annual Investment Expense Analysis
As Of June 30, 2018

Name	Fee Schedule	Market Value
Fixed Income		\$538,247,672
Tier One: Payden Low Duration	0.10% of First 100.0 Mil, 0.08% of Next 250.0 Mil, 0.07% Thereafter	\$147,242,819
Tier One: Logan Circle STAMP 1-3 Year	0.10% of First 50.0 Mil, 0.09% of Next 250.0 Mil, 0.07% Thereafter	\$147,220,310
Tier One: Wells Capital Reserve Account	0.09% of First 100.0 Mil, 0.07% of Next 200.0 Mil, 0.06% Thereafter	\$146,584,002
Tier Two: Logan Circle STAMP 1-5 Year	0.15% of First 50.0 Mil, 0.10% of Next 250.0 Mil, 0.07% Thereafter	\$97,200,541
Cash		\$890,088,946
Operating: Payden Enhanced Cash	0.10% of First 100.0 Mil, 0.08% of Next 250.0 Mil, 0.07% Thereafter	\$256,053,586
Operating: Logan Circle Enhanced Cash	0.10% of First 50.0 Mil, 0.09% of Next 250.0 Mil, 0.07% Thereafter	\$377,607,206
Operating: Wells Capital Enhanced Cash	0.09% of First 100.0 Mil, 0.07% of Next 200.0 Mil, 0.06% Thereafter	\$256,428,154
Total		\$1,428,336,618

Please note that Logan Circle, Payden, and Wells Capital charge their investment management fees on an aggregate basis across Operating Cash, Tier One and Tier Two portfolios.



Quarterly Investment Report Supplement

Annual Investment Policy (2018) Maturity and Quality Requirements

Allowable Instruments	Maximum Permitted Maturity			Actual Maximum Maturity							Compliance
	Operating Funds	Tier One	Tier Two	Operating Funds			Tier One			Tier Two	
				LC	P&R	WF	LC	P&R	WF	LC	
U.S. Treasuries	450 days	5 years	5 years	62 days	75 days	107 days	4.55 years	2.88 years	2.79 years	4.64 years	Yes
U.S. Agencies	450 days	5 years	5 years	80 days	N/A	366 days	0.31 years	4.00 years	2.20 years	0.74 years	Yes
State & Local Obligations ¹	450 days	5 years	5 years	107 days	366 days	428 days	4.93 years	3.30 years	2.92 years	4.93 years	Yes
Supranationals	450 days	5 years	5 years	9 days	N/A	55 days	4.21 years	2.57 years	2.58 years	4.21 years	Yes
Negotiable Cert of Deposit	1 year	1 year	1 year	31 days	132 days	N/A	N/A	N/A	N/A	N/A	Yes
Commercial Paper	270 days	270 days	270 days	26 days	32 days	110 days	N/A	N/A	N/A	N/A	Yes
Repurchase Agreements	30 days	30 days	30 days	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes
Medium Term Notes	450 days	5 years	5 years	83 days	251 days	410 days	3.76 years	2.98 years	2.98 years	4.93 years	Yes
Mortgage/ Asset-Backed	450 days	5 years	5 years	268 days	126 days	N/A	4.30 years	2.05 years	4.40 years	4.30 years	Yes
Variable & Floating Rate	450 days	5 years	5 years	83 days	101 days ²	93 days	4.30 years	0.20 years	N/A	4.30 years	Yes

- Investment Managers have independently verified that they have maintained compliance with CalOptima's Investment Policy Statement-designated security credit rating requirements during the review quarter.

¹ Includes CA and any other state in the U.S.

² Effective Maturity.



Annual Investment Policy (2018) Diversification Compliance¹

Allowable Instruments	Maximum (%)	Logan Circle (%)	Logan Circle (\$ mm)	Payden (%)	Payden (\$ mm)	Wells Capital (%)	Wells Capital (\$ mm)	Total (%)	Total (\$ mm)
U.S. Treasuries	100	38.0	236.6	34.4	138.8	11.8	47.5	29.6	422.9
U.S. Agencies	100	1.1	6.9	3.6	14.5	19.0	76.4	6.8	97.8
State & Local Obligations ²	25	4.5	27.8	12.2	49.0	8.9	35.7	7.9	112.6
Supranationals	15	1.6	9.9	0.5	2.2	3.8	15.4	1.9	27.5
Negotiable Certificate of Deposit	30	9.7	60.4	1.3	5.1	0.0	0.0	4.6	65.4
Commercial Paper	25	8.9	55.5	1.2	5.0	14.7	59.4	8.4	120.0
Repurchase Agreements	100	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Medium Term Notes	30	9.4	58.2	9.4	38.0	18.4	74.1	11.9	170.3
Money Market Funds	20	6.1	38.1	0.5	2.0	-0.9	-3.6	2.6	36.5
Mortgage/Asset-Backed	20	5.8	36.3	7.2	28.9	5.6	22.7	6.2	87.9
Variable & Floating Rate	30	14.8	92.3	29.7	119.7	18.7	75.4	20.1	287.4
Total		100.0	622.0	100.0	403.3	100.0	403.0	100.0	1428.3

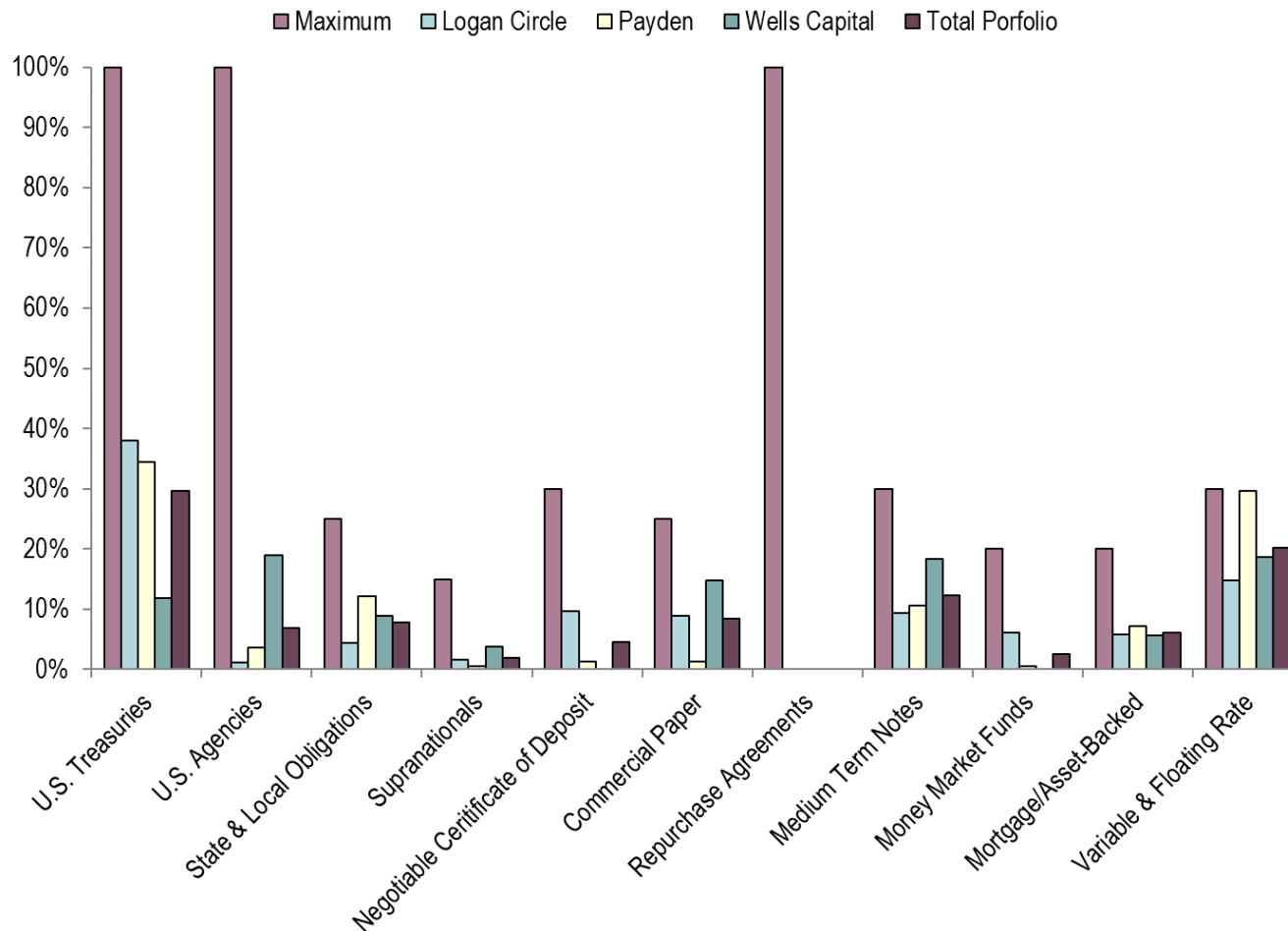
- Investment composition of each portfolio and the total portfolio are in compliance with the CalOptima Annual Investment Policy 2018.

¹ Blended allocations for Payden & Rygel, Logan Circle, and Wells Capital accounts.

² Includes CA and any other state in the U.S.

Annual Investment Policy (2018) Actual vs. Diversity Requirements

As of June 30, 2018



Custom Peer Group

Custom Peer Group

- Given CalOptima's unique investment guidelines, traditional fixed income peer groups are not the best comparison tool for the Tier One and Tier Two pools.
- Meketa Investment Group surveyed the eVestment Alliance U.S. Short Duration Fixed Income universe and Morningstar's Short Duration Fixed Income universe to create custom peer universes for each of the Tier One and Tier Two pools in order to provide a more accurate performance comparison¹.
 - For the analysis, the combined eVestment and Morningstar universe was pared down through the elimination of funds with exposure to securities with below-"A"-rated credit.
 - Two unique buckets were established based on each portfolio's historical average effective duration relative to the ICE BofA Merrill Lynch 1-3 Year Treasury index (Tier One peer group) and the ICE BofA Merrill Lynch 1-5 year Treasury index (Tier Two peer group).
 - The Tier One peer group consists of sixteen strategies with a median effective duration of 1.68 years, while the Tier Two peer group consists of ten strategies with a median effective duration of 2.56 years as of March 31, 2018.
- Please note that the analysis is as of March 31, 2018, as the universe of investment managers that had reported data as of June 30, 2018 was very small at the date that these materials were submitted.
- This analysis is based on a small peer universe that may change significantly over time, potentially resulting in large changes in peer rankings quarter-to-quarter.

¹ Though this comparison is more accurate than ranking the managers relative to the broad short duration peer group, these peer managers are not subject to the restrictions of the California Government Code. They are likely to have more degrees of freedom to invest across fixed income securities and sectors.

Custom Peer Group: Logan Circle Tier One

Gross of Fees Returns as of 3/31/2018 ¹	1Q 2018 (%)	1 Year (%)	Since Inception ² (%)
Tier One: Logan Circle STAMP 1-3 Year	-0.02	0.79	0.66
Peer Group Median Return	-0.05	0.61	0.80
Peer Group Rank (percentile)	41	39	68

- The Logan Circle Tier One portfolio outperformed the peer group in the first quarter of 2018 and over the trailing one-year period, ranking in the 41st and 39th percentile, respectively. The strategy underperformed the custom peer group since inception.

¹ Investment managers are ranked based on performance gross of fees; given the discounted fee structures offered by CalOptima's investment managers, performance on a net-of-fee basis is more compelling relative to peers.

² Formal inception date is June 2016.

Custom Peer Group: Payden Tier One

Gross of Fees Returns as of 3/31/2018¹	1Q 2018 (%)	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)
Tier One: Payden Low Duration	-0.01	0.63	0.81	0.81	1.53
Peer Group Median Return	-0.05	0.61	0.93	0.92	1.76
Peer Group Rank (percentile)	56	46	68	68	68

Standard Deviation as of 3/31/2018²	3 Years (%)	5 Years (%)	10 Years (%)
Tier One: Payden Low Duration	0.51	0.54	0.95
Median Standard Deviation	0.69	0.71	0.98
Peer Group Rank (percentile)	85	89	55

- The Payden Tier One portfolio's trailing returns rank in the third quartile of the peer group in the first quarter of 2018 and over the three-, five-, and ten-year trailing periods. The strategy outperformed the custom peer group over the trailing one-year period.
- Standard deviation has ranked favorably versus peers over three- and five-year trailing periods, though ten-year trailing standard deviation is only slightly below the peer group median. The ten-year peer group rank is influenced by the tight concentration of peer manager standard deviation between 0.90 and 1.16.

¹ Investment managers are ranked based on performance gross of fees; given the discounted fee structures offered by CalOptima's investment managers, performance on a net-of-fee basis is more compelling relative to peers.

² For peer group standard deviation rankings, a percentile rank of 99 would indicate that the strategy exhibited the lowest standard deviation relative to the peer group, and a percentile rank of 1 would indicate that the strategy exhibited the highest standard deviation relative to the peer group.

Custom Peer Group: Wells Capital Tier One

Gross of Fees Returns as of 3/31/2018 ¹	1Q 2018 (%)	1 Year (%)	Since Inception ² (%)
Tier One: Wells Capital Reserve Account	-0.16	0.41	0.48
Peer Group Median Return	-0.05	0.61	0.80
Peer Group Rank (percentile)	73	88	81

- The Wells Capital Tier One portfolio underperformed the custom short duration peer group over the first quarter, the trailing one-year, and since inception periods.

¹ Investment managers are ranked based on performance gross of fees; given the discounted fee structures offered by CalOptima's investment managers, performance on a net-of-fee basis is more compelling relative to peers.

² Formal inception date is June 2016.

Custom Peer Group: Logan Circle Tier Two

Gross of Fees Returns as of 3/31/2018¹	1Q 2018 (%)	1 Year (%)	3 Years (%)	5 Years (%)
Tier Two: Logan Circle STAMP 1-5 Year	-0.35	0.49	1.02	1.11
Peer Group Median Return	-0.29	0.38	0.75	0.93
Peer Group Rank (percentile)	60	19	9	36

Standard Deviation as of 3/31/2018²	3 Years (%)	5 Years (%)
Tier Two: Logan Circle STAMP 1-5 Year	1.16	1.27
Median Standard Deviation	1.12	1.18
Peer Group Rank (percentile)	43	41

- Logan Circle's Tier Two portfolio underperformed the peer group in the first quarter, and ranked in the top quartile of the custom peer group over the one- and three-year trailing periods. The strategy ranked in the second quartile over the five-year trailing period.
- Standard deviation for the strategy over the trailing three- and five-year periods exceeds the peer group median, ranking in the 43rd and 41st percentiles, respectively.

¹ Investment managers are ranked based on performance gross of fees; given the discounted fee structures offered by CalOptima's investment managers, performance on a net-of-fee basis is more compelling relative to peers.

² For peer group standard deviation rankings, a percentile rank of 1 would indicate that the strategy exhibited the lowest standard deviation relative to the peer group, and a percentile rank of 99 would indicate that the strategy exhibited the highest standard deviation relative to the peer group.

Performance Attribution

Performance Attribution

- The following pages present attribution data for the Logan Circle Tier One and Tier Two portfolios, the Payden & Rygel Tier One portfolio, and the Wells Capital Tier One portfolio.
- Attribution represents outperformance or underperformance, based on active investment decisions across fixed income sub-sectors, relative to a manager's benchmark index. Attribution data demonstrates where managers are able to most effectively add incremental value versus the benchmark.
- Attribution data is provided by the investment managers and is presented gross of investment management fees as of June 30, 2018. Attribution data fields will vary slightly across investment managers.

Logan Circle Tier One Performance Attribution¹
Gross of Fees as of 6/30/2018

Benchmark Relative Attribution (basis points)	2Q 2018	1 Year
Duration	7	37
Yield Curve	3	6
Sector Selection	11	33
Treasury	8	18
Agency	0	0
Corporate	3	12
Financial	1	8
Industrial	1	2
Utilities	1	2
MBS	0	0
CMBS	0	0
ABS	0	1
Municipal	0	2
Total Excess Return	21	76
Logan Circle Tier One Return	43	84
ICE BofA Merrill Lynch 1-3 Year Treasury Return	22	8

¹ Performance attribution provided by Logan Circle.



Payden & Rygel Tier One Performance Attribution¹
Gross of Fees as of 6/30/2018

Benchmark Relative Attribution (basis points)	2Q 2018	6 Month	1 Year
Duration	8	22	39
Yield Curve	1	0	-5
Sector Selection	11	3	28
Treasury	NA	NA	NA
Agency	0	1	2
Corporate	9	1	18
Financial	6	1	11
Industrial	2	0	5
Utilities	1	0	2
MBS	0	0	0
CMBS	0	0	0
ABS	2	0	3
Municipal	0	1	5
Residual	0	1	0
Total Excess Return	20	26	62
Payden & Rygel Tier One Return	42	35	70
ICE BofA Merrill Lynch 1-3 Year U.S. Treasury Return	22	9	8

¹ Performance attribution provided by Payden & Rygel.



Wells Capital Tier One Performance Attribution¹

Gross of Fees as of 6/30/2018

Benchmark Relative Attribution (basis points)	2Q 2018	1 Year
Duration	4	6
Sector Selection	9	28
Treasury ²	NA	NA
Agency	0	3
Corporate	7	13
Financial	5	8
Industrial	2	3
Utilities	0	2
MBS	0	0
CMBS	0	0
ABS	-1	0
Municipal	-2	5
Error Factor	5	7
Total Excess Return³	13	34
Wells Capital Tier One Return (%)	35	42
ICE BofA Merrill Lynch 1-3 Year U.S. Treasury Return (%)	22	8

¹ Performance attribution provided by Wells Capital.

² Treasury sector selection attribution is included in Duration figure.

³ Attribution may not equal Total Excess Return due to rounding.



Logan Circle Tier Two Performance Attribution¹
Gross of Fees as of 6/30/2018

Benchmark Relative Attribution (basis points)	2Q 2018	1 Year
Duration	7	28
Yield Curve	1	1
Sector Selection	10	32
Treasury	7	9
Agency	0	0
Corporate	4	15
Financial	3	11
Industrial	0	2
Utilities	1	2
MBS	0	0
CMBS	0	1
ABS	0	1
Municipal	-1	6
Total Excess Return	18	61
Logan Circle Tier Two Return	31	26
ICE BofA Merrill Lynch 1-5 Year U.S. Treasury Return	13	-35

¹ Performance attribution provided by Logan Circle.



Appendix

Characteristics

Tier One: Payden Low Duration

As of June 30, 2018

Account Information

Account Name	Tier One: Payden Low Duration
Account Structure	Separate Account
Investment Style	Active
Inception Date	7/01/99
Account Type	US Fixed Income Short Term
Benchmark	ICE BofAML 1-3 Yrs US Treasuries TR
Universe	eV US Short Duration Fixed Inc Net

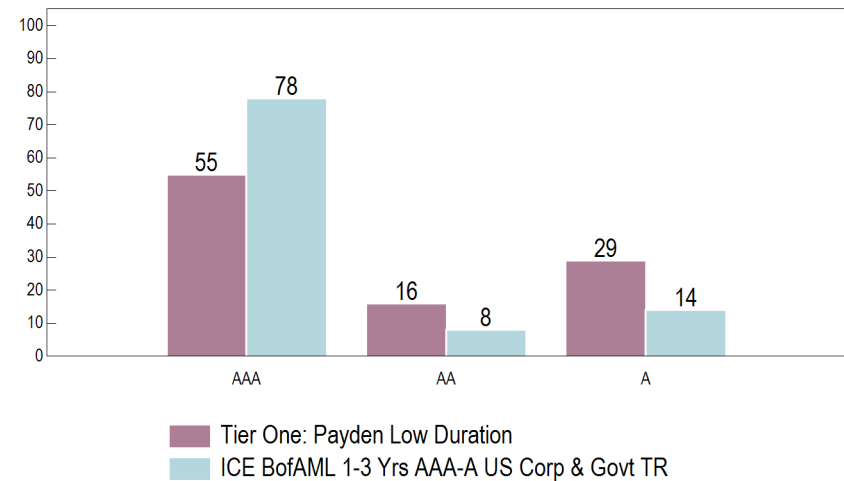
Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Tier One: Payden Low Duration(Gross)	0.420	0.344	0.695	0.912	0.935	1.659	2.946	Jul-99
Tier One: Payden Low Duration(Net)	0.400	0.304	0.615	0.836	0.845	--	--	
ICE BofAML 1-3 Yrs US Treasuries TR	0.222	0.092	0.079	0.424	0.582	1.236	2.821	Jul-99
ICE BofAML 1-3 Yrs US Corp & Govt TR	0.291	0.105	0.265	0.725	0.864	1.659	3.149	Jul-99
ICE BofAML 1-3 Yrs AAA-A US Corp & Govt TR	0.274	0.104	0.198	0.610	0.755	1.493	3.038	Jul-99

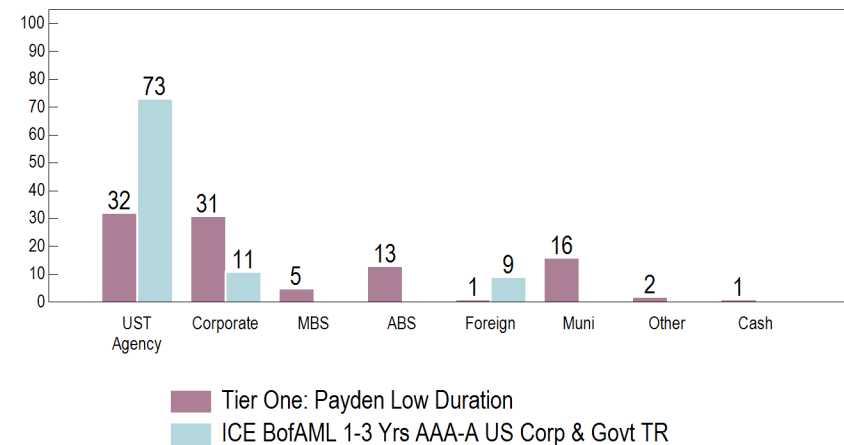
Tier One: Payden Low Duration Fixed Income Characteristics
vs. ICE BofAML 1-3 Yrs AAA-A US Corp & Govt TR

	Portfolio Q2-18	Index Q2-18	Portfolio Q1-18
Fixed Income Characteristics			
Yield to Maturity	2.71	2.66	2.48
Average Duration	1.41	1.88	1.45
Average Quality	AA	AAA	AA

Credit Quality Allocation



US Sector Allocation



Tier One: Wells Capital Reserve Account

As of June 30, 2018

Account Information

Account Name	Tier One: Wells Capital Reserve Account
Account Structure	Separate Account
Investment Style	Active
Inception Date	6/01/16
Account Type	US Fixed Income
Benchmark	ICE BofAML 1-3 Yrs US Treasuries TR
Universe	eV US Short Duration Fixed Inc Net

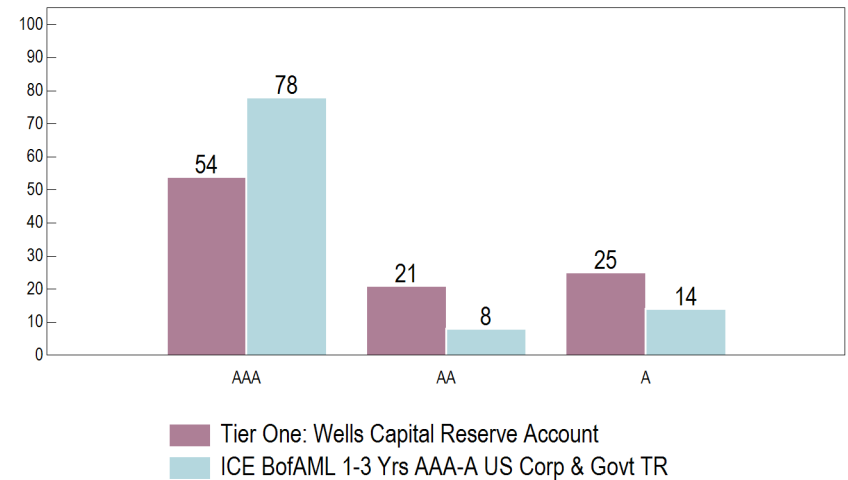
Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Tier One: Wells Capital Reserve Account(Gross)	0.355	0.198	0.425	--	--	--	0.663	Jun-16
Tier One: Wells Capital Reserve Account(Net)	0.337	0.162	0.353	--	--	--	0.591	
ICE BofAML 1-3 Yrs US Treasuries TR	0.222	0.092	0.079	0.424	0.582	1.236	0.273	Jun-16
ICE BofAML 1-3 Yrs US Corp & Govt TR	0.291	0.105	0.265	0.725	0.864	1.659	0.574	Jun-16
ICE BofAML 1-3 Yrs AAA-A US Corp & Govt TR	0.274	0.104	0.198	0.610	0.755	1.493	0.446	Jun-16

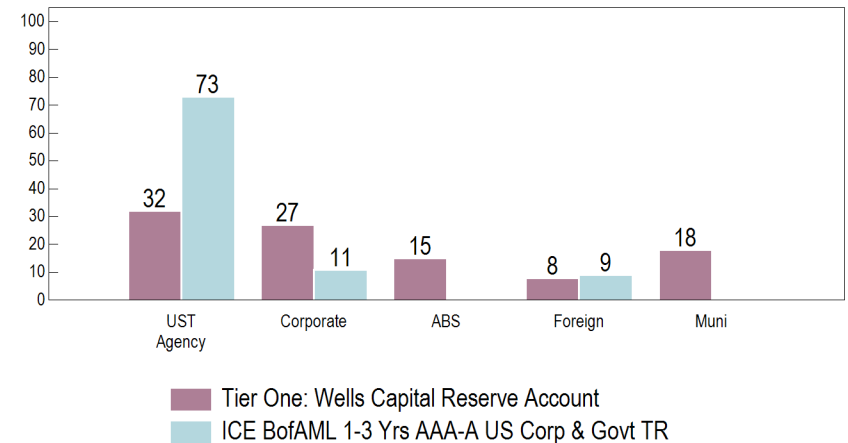
Tier One: Wells Capital Reserve Account Fixed Income Characteristics
vs. ICE BofAML 1-3 Yrs AAA-A US Corp & Govt TR

	Portfolio Q2-18	Index Q2-18	Portfolio Q1-18
Fixed Income Characteristics			
Yield to Maturity	2.76	2.66	2.56
Average Duration	1.74	1.88	1.74
Average Quality	AA	AAA	AA

Credit Quality Allocation



US Sector Allocation



Tier One: Logan Circle STAMP 1-3 Year

As of June 30, 2018

Account Information

Account Name	Tier One: Logan Circle STAMP 1-3 Year
Account Structure	Separate Account
Investment Style	Active
Inception Date	5/02/16
Account Type	US Fixed Income
Benchmark	ICE BofAML 1-3 Yrs US Treasuries TR
Universe	eV US Short Duration Fixed Inc Net

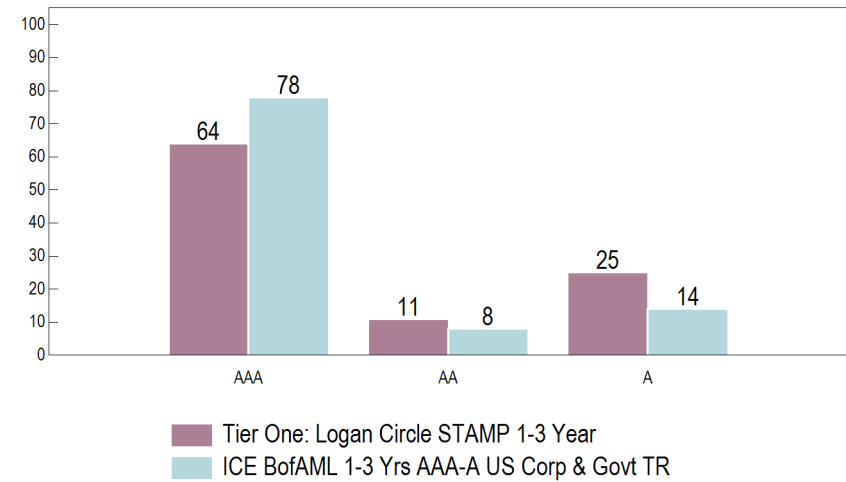
Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Tier One: Logan Circle STAMP 1-3 Year(Gross)	0.427	0.409	0.842	--	--	--	0.811	May-16
Tier One: Logan Circle STAMP 1-3 Year(Net)	0.406	0.368	0.761	--	--	--	0.728	
ICE BofAML 1-3 Yrs US Treasuries TR	0.222	0.092	0.079	0.424	0.582	1.236	0.213	May-16
ICE BofAML 1-3 Yrs US Corp & Govt TR	0.291	0.105	0.265	0.725	0.864	1.659	0.520	May-16
ICE BofAML 1-3 Yrs AAA-A US Corp & Govt TR	0.274	0.104	0.198	0.610	0.755	1.493	0.393	May-16

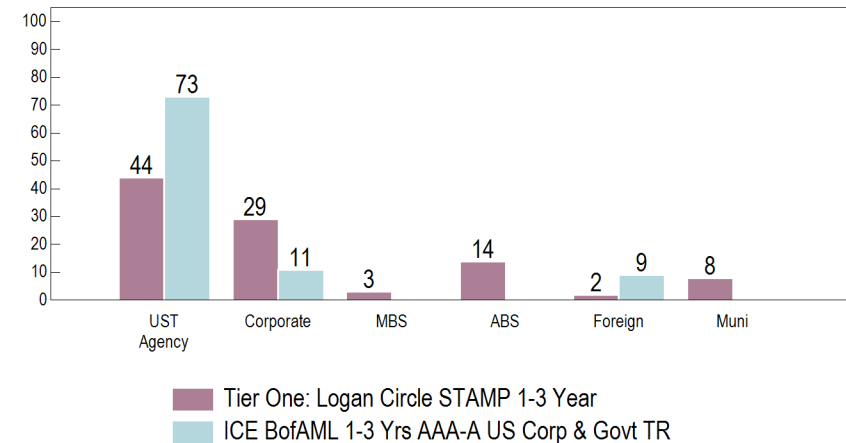
Tier One: Logan Circle STAMP 1-3 Year Fixed Income Characteristics
vs. ICE BofAML 1-3 Yrs AAA-A US Corp & Govt TR

	Portfolio Q2-18	Index Q2-18	Portfolio Q1-18
Fixed Income Characteristics			
Yield to Maturity	2.58	2.66	2.39
Average Duration	1.47	1.88	1.23
Average Quality	AA	AAA	AA

Credit Quality Allocation



US Sector Allocation



Tier Two: Logan Circle STAMP 1-5 Year

As of June 30, 2018

Account Information

Account Name	Tier Two: Logan Circle STAMP 1-5 Year
Account Structure	Separate Account
Investment Style	Active
Inception Date	4/01/13
Account Type	US Fixed Income Short Term
Benchmark	ICE BofAML 1-5 Yrs US Treasuries TR
Universe	eV US Short Duration Fixed Inc Net

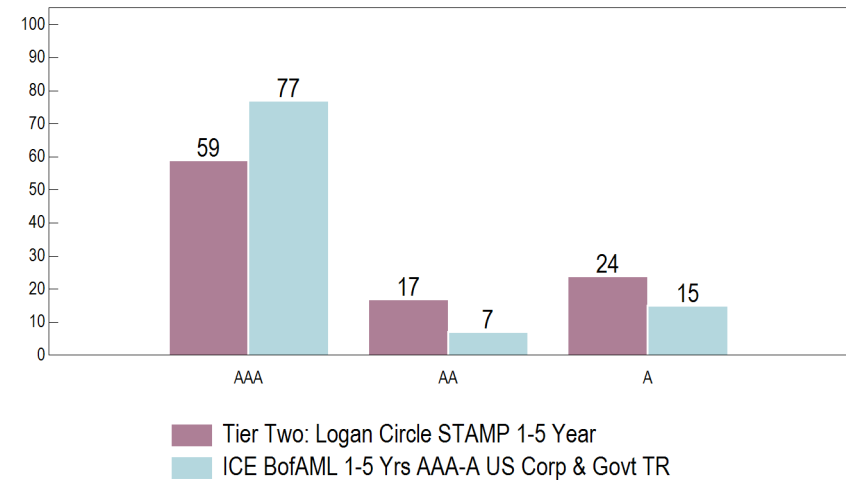
Portfolio Performance Summary

	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Tier Two: Logan Circle STAMP 1-5 Year(Gross)	0.310	-0.045	0.258	1.131	1.396	--	1.118	Apr-13
Tier Two: Logan Circle STAMP 1-5 Year(Net)	0.280	-0.107	0.131	1.005	1.269	--	0.992	
ICE BofAML 1-5 Yrs US Treasuries TR	0.126	-0.252	-0.351	0.505	0.809	1.784	0.638	Apr-13
ICE BofAML 1-5 Yrs US Corp & Govt TR	0.171	-0.320	-0.156	0.868	1.189	2.277	0.978	Apr-13
ICE BofAML 1-5 Yrs AAA-A US Corp & Govt TR	0.171	-0.278	-0.220	0.718	1.033	2.044	0.836	Apr-13

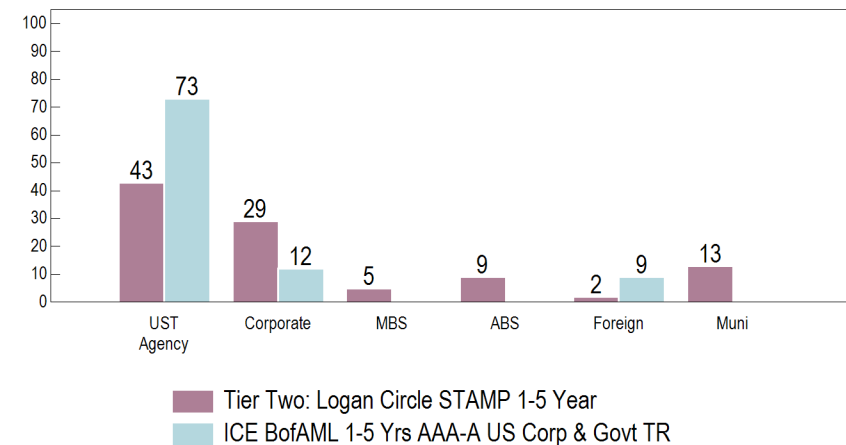
Tier Two: Logan Circle STAMP 1-5 Year Fixed Income Characteristics
vs. ICE BofAML 1-5 Yrs AAA-A US Corp & Govt TR

	Portfolio Q2-18	Index Q2-18	Portfolio Q1-18
Fixed Income Characteristics			
Yield to Maturity	2.78	2.76	2.54
Average Duration	2.31	2.63	2.13
Average Quality	AA	AAA	AA

Credit Quality Allocation



US Sector Allocation



Holdings

CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of June 30, 2018

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased	Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
Cash								
	CASH OR STIF	USD	1,032,017.29		1,032,017.29	0.00	1.000	0.70%
Total for Cash			1,032,017.29		1,032,017.29	0.00		0.70%
Money Markets								
1,280,000.000	SVENSKA HANDELSBANKEN NY YCD 3ML FRN	86958JE88	1,280,000.00		1,280,093.44	93.44	100.007	0.87%
	Mat: 1/28/19	Cpn: 2.39%		0.00	5,021.56			
	Moody's: P-1	S&P: A-1+						
	Tr Date: 5/2/18	St Date: 5/3/18						
1,400,000.000	BANK OF NOVA SCOTIA HOUSTON YCD FRN	06417GU97	1,400,000.00		1,399,745.20	(254.80)	99.982	0.95%
	Mat: 3/12/19	Cpn: 2.42%		0.00	1,506.17			
	Moody's: P-1	S&P: A-1						
	Tr Date: 6/14/18	St Date: 6/15/18						
Total for Money Markets			2,680,000.00	0.00	2,679,838.64	(161.36)		1.82%
Treasuries								
1,000,000.000	U.S. TREASURY NOTE	912828T6	985,862.73		986,761.50	898.77	98.676	0.67%
	Mat: 8/31/19	Cpn: 1.25%		3,736.41	4,177.99			
	Moody's: Aaa	S&P: AA+u						
	Tr Date: 6/14/18	St Date: 6/18/18						
1,365,000.000	U.S. TREASURY NOTE	912828F62	1,362,992.18		1,348,199.44	(14,792.74)	98.769	0.92%
	Mat: 10/31/19	Cpn: 1.50%		0.00	3,449.59			
	Moody's: Aaa	S&P: AA+u						
	Tr Date: 10/23/17	St Date: 10/31/17						
5,865,000.000	U.S. TREASURY NOTE	9128284C1	5,861,792.58		5,839,111.54	(22,681.04)	99.559	3.99%
	Mat: 3/31/20	Cpn: 2.25%		1,802.77	33,170.90			
	Moody's: Aaa	S&P: AA+u						
	Tr Date: 4/3/18	St Date: 4/5/18						
6,165,000.000	U.S. TREASURY NOTE	9128284J6	6,145,724.03		6,149,346.70	3,622.67	99.746	4.19%
	Mat: 4/30/20	Cpn: 2.38%		4,868.75	24,668.38			
	Moody's: Aaa	S&P: AA+u						
	Tr Date: 5/4/18	St Date: 5/7/18						
1,470,000.000	U.S. TREASURY NOTE	9128284Q0	1,469,253.52		1,469,310.94	57.42	99.953	1.00%
	Mat: 5/31/20	Cpn: 2.50%		1,204.92	3,112.70			
	Moody's: Aaa	S&P: AA+u						
	Tr Date: 6/11/18	St Date: 6/12/18						



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CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of June 30, 2018

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
2,910,000.000	U.S. TREASURY NOTE Mat: 6/15/20 Cpn: 1.50% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 6/15/17 St Date: 6/20/17	912828XU9	2,910,391.60 596.31	2,853,164.06 1,908.20	(57,227.54)	98.047	1.94%
5,330,000.000	U.S. TREASURY NOTE Mat: 9/15/20 Cpn: 1.38% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 9/15/17 St Date: 9/22/17	9128282V1	5,298,873.28 1,907.15	5,195,950.50 21,508.29	(102,922.78)	97.485	3.54%
1,095,000.000	U.S. TREASURY NOTE Mat: 4/15/21 Cpn: 2.38% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 4/11/18 St Date: 4/16/18	9128284G2	1,092,775.78 71.06	1,087,985.16 5,471.26	(4,790.62)	99.359	0.74%
4,035,000.000	U.S. TREASURY NOTE Mat: 5/15/21 Cpn: 2.63% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 5/16/18 St Date: 5/18/18	9128284P2	4,027,657.22 4,712.51	4,035,315.25 13,527.67	7,658.03	100.008	2.75%
Total for Treasuries			29,155,322.91 18,899.89	28,965,145.09 110,994.98	(190,177.83)		19.75%
Government Related							
1,310,000.000	INTL BANK RECON & DEVELOP Mat: 9/4/20 Cpn: 1.63% Moody's: Aaa S&P: AAA Fitch: AAAu Tr Date: 8/22/17 St Date: 8/29/17	459058GA5	1,309,724.90 0.00	1,281,422.35 6,918.44	(28,302.55)	97.819	0.87%
910,000.000	INTL FINANCE CORP Mat: 1/25/21 Cpn: 2.25% Moody's: Aaa S&P: AAA Fitch: Tr Date: 1/18/18 St Date: 1/25/18	45950KCM0	907,324.60 0.00	899,386.67 8,872.50	(7,937.93)	98.834	0.62%
Total for Government Related			2,217,049.50 0.00	2,180,809.02 15,790.94	(36,240.48)		1.49%
Agencies							
600,000.000	FNMA Mat: 8/28/19 Cpn: 1.00% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 8/31/16 St Date: 9/2/16	3135G0P49	599,064.00 0.00	590,437.80 2,050.00	(8,626.20)	98.406	0.40%
1,700,000.000	FHLB Mat: 2/11/20 Cpn: 2.13% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 2/8/18 St Date: 2/9/18	3130ADN32	1,696,889.00 0.00	1,687,950.40 14,249.31	(8,938.60)	99.291	1.16%



CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of June 30, 2018

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
870,000.000	FNMA Mat: 2/28/20 Cpn: 1.50% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 2/24/17 St Date: 2/28/17	3135G0T29	869,443.20 0.00	855,634.56 4,458.75	(13,808.64)	98.349	0.58%
2,660,000.000	FHLB Mat: 3/30/20 Cpn: 2.38% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 3/15/18 St Date: 3/16/18	3130ADUJ9	2,659,521.20 0.00	2,652,490.82 18,426.04	(7,030.38)	99.718	1.81%
1,040,000.000	FHLB Mat: 9/28/20 Cpn: 1.38% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 9/7/17 St Date: 9/8/17	3130ACE26	1,036,661.60 0.00	1,012,478.48 3,694.17	(24,183.12)	97.354	0.69%
1,580,000.000	FHLMC Mat: 11/17/20 Cpn: 1.88% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 11/14/17 St Date: 11/15/17	3137EAEK1	1,578,483.20 0.00	1,551,567.90 3,620.83	(26,915.30)	98.201	1.06%
1,450,000.000	FFCB 1ML+1 FRN Mat: 12/11/20 Cpn: 2.06% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 12/4/17 St Date: 12/11/17	3133EH2J1	1,450,000.00 0.00	1,451,590.65 1,656.53	1,590.65	100.110	0.99%
1,020,000.000	FHLMC Mat: 2/16/21 Cpn: 2.38% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 2/15/18 St Date: 2/16/18	3137EAEL9	1,017,307.20 0.00	1,011,705.36 9,084.38	(5,601.84)	99.187	0.69%
1,460,000.000	FFCB Mat: 4/5/21 Cpn: 2.54% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 3/29/18 St Date: 4/5/18	3133EJJD2	1,460,014.60 0.00	1,455,168.86 8,858.96	(4,845.74)	99.669	0.99%
1,460,000.000	FNMA Mat: 6/22/21 Cpn: 2.75% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 6/22/18 St Date: 6/25/18	3135G0U35	1,459,664.20 0.00	1,461,914.06 669.17	2,249.86	100.131	0.99%
740,000.000	FNMA C 09/28/18 Q Mat: 6/28/21 Cpn: 2.90% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 6/18/18 St Date: 6/28/18	3136G4SW4	739,630.00 0.00	739,575.98 178.83	(54.02)	99.943	0.50%
1,430,000.000	FHLMC Mat: 6/29/22 Cpn: 2.10% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 6/29/18 St Date: 7/2/18	3134GBTL6	1,386,299.20 250.25	1,384,297.20 250.25	(2,002.00)	96.804	0.94%



CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of June 30, 2018

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
880,000.000	FFCB 1ML+8.0 FRN Mat: 7/13/22 Cpn: 2.13% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 7/7/17 St Date: 7/13/17	3133EHRD7	880,000.00 0.00	880,695.20 936.05	695.20	100.079	0.60%
660,000.000	FFCB 1ML+7.0 FRN Mat: 8/1/22 Cpn: 2.05% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 7/26/17 St Date: 8/1/17	3133EHTJ2	660,000.00 0.00	660,273.90 1,128.85	273.90	100.042	0.45%
730,000.000	FFCB 1ML+8.0 FRN Mat: 9/6/22 Cpn: 2.09% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 8/29/17 St Date: 9/6/17	3133EHXH1	730,000.00 0.00	730,669.41 1,061.02	669.41	100.092	0.50%
Total for Agencies			18,222,977.40 250.25	18,126,450.58 70,323.13	(96,526.82)		12.36%
Taxable Muni							
375,000.000	CA MORGAN HILL UNIF SCH DIST GO/ULT TXB Mat: 8/1/18 Cpn: 1.64% Moody's: Aa1 S&P: Fitch: Tr Date: 11/18/15 St Date: 12/17/15	617403EJ5	375,000.00 0.00	374,808.75 2,564.06	(191.25)	99.949	0.26%
1,500,000.000	MS STATE ULT/OG TAXABLE Mat: 10/1/18 Cpn: 1.47% Moody's: Aa2 S&P: AA Fitch: AA Tr Date: 2/4/15 St Date: 2/18/15	605581FY8	1,500,000.00 0.00	1,496,988.00 5,520.00	(3,012.00)	99.799	1.02%
1,400,000.000	CA LOS ANGELES MUNI IMPT TAXABLE Mat: 11/1/18 Cpn: 2.34% Moody's: S&P: AA- Fitch: A+ Tr Date: 11/4/15 St Date: 11/19/15	544587B98	1,400,000.00 0.00	1,400,133.00 5,469.33	133.00	100.010	0.95%
750,000.000	CA PASADENA UNIF SCH DIST GO/ULT TXB Mat: 11/1/18 Cpn: 1.86% Moody's: Aa3 S&P: A+ Fitch: Tr Date: 7/23/15 St Date: 7/28/15	702282ND2	755,820.00 3,373.06	749,166.00 2,326.25	(6,654.00)	99.889	0.51%
450,000.000	CA LOS ANGELES PUB WORKS TAXABLE Mat: 12/1/18 Cpn: 2.04% Moody's: Aa2 S&P: AA Fitch: AA- Tr Date: 8/13/15 St Date: 9/2/15	54473ERQ9	450,000.00 0.00	449,443.80 763.50	(556.20)	99.876	0.31%
750,000.000	CA STATE GO/ULT TXB Mat: 4/1/19 Cpn: 1.59% Moody's: Aa3 S&P: AA- Fitch: AA- Tr Date: 4/21/17 St Date: 4/27/17	13063DAB4	750,000.00 0.00	745,946.25 2,986.88	(4,053.75)	99.460	0.51%



CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of June 30, 2018

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
270,000.000	CA LOS ANGELES DEPT AIRPORTS-LAX TXBL Mat: 5/15/19 Cpn: 1.75% Moody's: Aa3 S&P: AA Fitch: AA Tr Date: 11/16/16 St Date: 12/6/16	544445AY5	270,000.00 0.00	268,302.24 603.75	(1,697.76)	99.371	0.18%
750,000.000	CA ALAMEDA CNTY JT POWER REV TXB Mat: 6/1/19 Cpn: 2.49% Moody's: Aa1 S&P: AA+ Fitch: AA+ Tr Date: 3/23/18 St Date: 4/24/18	010831DL6	750,000.00 0.00	750,223.50 1,553.13	223.50	100.030	0.51%
2,100,000.000	CA EARTHQUAKE AUTH TAXABLE Mat: 7/1/19 Cpn: 2.81% Moody's: A3 S&P: Fitch: A Tr Date: 2/6/15 St Date: 2/11/15	13017HAE6	2,125,137.00 6,545.00	2,085,554.10 29,452.50	(39,582.90)	99.312	1.44%
750,000.000	CA SAN FRANCISCO BART-SALES TAX TXB Mat: 7/1/19 Cpn: 2.01% Moody's: S&P: AA+ Fitch: AA+ Tr Date: 12/15/17 St Date: 12/28/17	797669XS2	750,000.00 0.00	745,717.50 7,666.94	(4,282.50)	99.429	0.51%
335,000.000	CA SAN FRANCISCO REDEV AGY TXB Mat: 8/1/19 Cpn: 2.19% Moody's: S&P: A Fitch: Tr Date: 3/10/17 St Date: 3/29/17	79770GFZ4	335,000.00 0.00	333,289.49 3,061.06	(1,710.51)	99.489	0.23%
910,000.000	CA SAN JOSE REDEV AGY TAB TXB Mat: 8/1/19 Cpn: 2.10% Moody's: S&P: AA Fitch: AA Tr Date: 12/8/17 St Date: 12/21/17	798170AB2	910,000.00 0.00	905,818.55 7,954.92	(4,181.45)	99.541	0.62%
500,000.000	NY ST GO/ULT-TXBL Mat: 9/1/19 Cpn: 3.60% Moody's: Aa1 S&P: AA+ Fitch: AA+ Tr Date: 6/1/17 St Date: 6/6/17	649791EJ5	521,530.00 4,750.00	506,799.50 6,000.00	(14,730.50)	101.360	0.35%
370,000.000	CA CALIFORNIA ST UNIV SYS REV TAXABLE Mat: 11/1/19 Cpn: 1.98% Moody's: Aa2 S&P: AA- Fitch: Tr Date: 7/5/17 St Date: 7/7/17	13077CT38	371,431.90 1,344.46	367,212.79 1,222.23	(4,219.11)	99.247	0.25%
590,000.000	CA CULVER CITY RDA-TXBL Mat: 11/1/19 Cpn: 1.63% Moody's: S&P: AA- Fitch: Tr Date: 11/15/17 St Date: 12/4/17	230340AL5	587,185.70 0.00	582,192.53 1,597.92	(4,993.17)	98.677	0.40%
370,000.000	CA LOS ANGELES MUNI IMPT TAXABLE Mat: 11/1/19 Cpn: 2.85% Moody's: S&P: AA- Fitch: A+ Tr Date: 2/25/16 St Date: 3/1/16	544587C22	381,536.60 2,983.56	371,142.19 1,755.03	(10,394.41)	100.309	0.25%



CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

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Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
370,000.000	CA SACRAMENTO WTR DIST REV TXB Mat: 11/1/19 Cpn: 2.71% Moody's: S&P: AA+ Fitch: Tr Date: 5/3/18 St Date: 5/30/18	78607QAT2	370,000.00 0.00	370,457.69 864.07	457.69	100.124	0.25%
665,000.000	CA INLAND VLY REDEV AGY TAB TXB Mat: 3/1/20 Cpn: 3.63% Moody's: S&P: AA Fitch: Tr Date: 5/17/18 St Date: 5/18/18	45750TAG8	672,753.90 5,158.90	671,590.82 8,039.85	(1,163.09)	100.991	0.46%
285,000.000	CA LOS ANGELES DEPT AIRPORTS-LAX TXBL Mat: 5/15/20 Cpn: 2.09% Moody's: Aa3 S&P: AA Fitch: AA Tr Date: 4/20/18 St Date: 4/24/18	544445AZ2	281,545.80 2,633.31	281,398.74 761.84	(147.06)	98.736	0.19%
260,000.000	CA UNIVERSITY OF CALIFORNIA-TXBL Mat: 5/15/20 Cpn: 1.88% Moody's: Aa3 S&P: AA- Fitch: AA- Tr Date: 9/20/17 St Date: 9/28/17	91412G2R5	260,000.00 0.00	255,305.44 623.58	(4,694.56)	98.194	0.17%
690,000.000	CA ST HSG FIN AGY REV-TXBL Mat: 8/1/20 Cpn: 2.30% Moody's: A1 S&P: AA- Fitch: Tr Date: 6/21/17 St Date: 6/29/17	13034PZF7	690,000.00 0.00	681,702.75 6,612.50	(8,297.25)	98.798	0.47%
850,000.000	CA SAN FRANCISCO REDEV AGY-TXBL Mat: 8/1/20 Cpn: 2.00% Moody's: S&P: AA- Fitch: Tr Date: 11/10/17 St Date: 11/30/17	79770GGM2	848,886.50 0.00	834,957.55 7,083.33	(13,928.95)	98.230	0.57%
550,000.000	CA SAN JOSE REDEV AGY TAB TXB Mat: 8/1/20 Cpn: 2.26% Moody's: S&P: AA Fitch: AA Tr Date: 12/8/17 St Date: 12/21/17	798170AC0	550,000.00 0.00	544,039.65 5,176.88	(5,960.35)	98.916	0.37%
920,000.000	CA SAN DIEGO REDEV AGY TAB PRE-20 TXB Mat: 9/1/20 Cpn: 7.75% Moody's: WR S&P: A- Fitch: Tr Date: 8/30/17 St Date: 9/5/17	79730PDE2	1,078,589.60 792.22	1,012,229.08 23,766.67	(66,360.52)	110.025	0.70%
220,000.000	CA BRENTWOOD INFRA FIN AUTH REV TXB Mat: 9/2/20 Cpn: 2.59% Moody's: S&P: AA Fitch: Tr Date: 2/7/18 St Date: 2/28/18	10727XVB1	220,000.00 0.00	218,329.10 1,915.90	(1,670.90)	99.241	0.15%
310,000.000	CA SAN MARCOS REDEV AGY TAB TXB Mat: 10/1/20 Cpn: 2.00% Moody's: S&P: AA- Fitch: Tr Date: 12/1/17 St Date: 12/14/17	79876CBQ0	307,904.40 0.00	303,649.65 1,550.00	(4,254.75)	97.952	0.21%



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Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
500,000.000	CA SAN DIEGO PUBLIC FACS LEASE REV TXB Mat: 10/15/20 Cpn: 2.82% Moody's: S&P: AA- Fitch: AA- Tr Date: 6/4/18 St Date: 6/21/18	797299LS1	500,000.00 0.00	499,255.00 391.39	(745.00)	99.851	0.34%
350,000.000	CA LOS ANGELES MUNI IMPT CORP LEASE TXB Mat: 11/1/20 Cpn: 3.15% Moody's: S&P: AA- Fitch: A+ Tr Date: 4/26/17 St Date: 5/1/17	544587C30	360,734.50 0.00	352,357.25 1,835.17	(8,377.25)	100.674	0.24%
735,000.000	CA INLAND VLY REDEV AGY TAB TXB Mat: 3/1/21 Cpn: 3.98% Moody's: S&P: AA Fitch: Tr Date: 6/12/18 St Date: 6/14/18	45750TAJ2	750,993.60 8,363.30	750,174.08 9,743.65	(819.53)	102.065	0.52%
410,000.000	CA ST EDU FACS AUTH REV-CHAPMAN UNV TXB Mat: 4/1/21 Cpn: 2.26% Moody's: A2 S&P: Fitch: Tr Date: 11/9/17 St Date: 11/16/17	130179KQ6	410,000.00 0.00	402,501.92 2,313.43	(7,498.08)	98.171	0.27%
1,400,000.000	CA STATE GO/ULT TXBL Mat: 4/1/21 Cpn: 2.80% Moody's: Aa3 S&P: AA- Fitch: AA- Tr Date: 4/18/18 St Date: 4/25/18	13063DGA0	1,400,056.00 0.00	1,396,983.00 7,186.67	(3,073.00)	99.785	0.95%
299,068.599	CA DEPT WTR RESOURCES-PWR SUPPLY TXB Mat: 5/1/21 Cpn: 1.71% Moody's: Aa1 S&P: AA Fitch: AA+ Tr Date: 9/22/17 St Date: 9/26/17	13066YTY5	296,056.98 2,063.45	290,227.23 853.84	(5,829.74)	97.044	0.20%
450,000.000	CA SAN JOSE REDEV AGY TAB TXB Mat: 8/1/21 Cpn: 2.48% Moody's: S&P: AA Fitch: AA Tr Date: 5/16/18 St Date: 5/18/18	798170AD8	440,883.00 3,317.00	444,259.35 4,650.00	3,376.35	98.724	0.30%
520,000.000	CA OAKLAND REDEV AGY PRE-21 TXB Mat: 9/1/21 Cpn: 9.25% Moody's: Baa1 S&P: AA- Fitch: Tr Date: 5/24/18 St Date: 5/29/18	67232PBB8	618,259.20 11,757.78	618,846.28 16,033.33	587.08	119.009	0.43%
220,000.000	CA BRENTWOOD INFR FIN AUTH REV TXB Mat: 9/2/21 Cpn: 2.81% Moody's: S&P: AA Fitch: Tr Date: 2/7/18 St Date: 2/28/18	10727XVC9	220,000.00 0.00	217,957.30 2,077.84	(2,042.70)	99.072	0.15%
560,000.000	CA SAN DIEGO CITY PUB FACS LEASE TXB Mat: 10/15/21 Cpn: 2.99% Moody's: S&P: AA- Fitch: AA- Tr Date: 6/4/18 St Date: 6/21/18	797299LT9	560,000.00 0.00	559,622.00 465.73	(378.00)	99.933	0.38%



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Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
Total for Taxable Muni			23,069,304.68 53,082.04	22,838,582.06 182,443.16	(230,722.61)		15.63%
Credit							
570,000.000	CITIZENS BANK	17401QAC5	572,490.90	569,073.18	(3,417.72)	99.837	0.39%
	Mat: 12/3/18 Cpn: 2.30%		6,045.17	1,019.67			
	Moody's: Baa1 S&P: A- Fitch: BBB+						
	Tr Date: 5/16/17 St Date: 5/19/17						
1,320,000.000	WISCONSIN ELECTRIC POWER	976843BK7	1,318,772.40	1,315,465.80	(3,306.60)	99.657	0.89%
	Mat: 12/4/18 Cpn: 1.65%		0.00	1,633.50			
	Moody's: A2 S&P: A- Fitch: A+						
	Tr Date: 12/1/15 St Date: 12/4/15						
470,000.000	MORGAN STANLEY	61746BDX1	469,685.10	469,282.31	(402.79)	99.847	0.32%
	Mat: 2/1/19 Cpn: 2.45%		0.00	4,797.92			
	Moody's: A3 S&P: BBB+ Fitch: A						
	Tr Date: 1/22/16 St Date: 1/27/16						
200,000.000	CHEVRON	166764BS8	200,000.00	198,892.40	(1,107.60)	99.446	0.14%
	Mat: 2/28/19 Cpn: 1.69%		0.00	1,152.10			
	Moody's: Aa2 S&P: AA- Fitch:						
	Tr Date: 2/28/17 St Date: 3/3/17						
650,000.000	AT&T	00206RCC4	661,810.50	647,665.20	(14,145.30)	99.641	0.44%
	Mat: 3/11/19 Cpn: 2.30%		2,533.19	4,568.06			
	Moody's: Baa2 S&P: BBB Fitch: A-						
	Tr Date: 5/3/16 St Date: 5/12/16						
790,000.000	BERKSHIRE HATHAWAY	084664CG4	789,399.60	785,948.88	(3,450.72)	99.487	0.54%
	Mat: 3/15/19 Cpn: 1.70%		0.00	3,954.39			
	Moody's: Aa2 S&P: AA Fitch: A+u						
	Tr Date: 3/8/16 St Date: 3/15/16						
520,000.000	FIFTH THIRD BANK	31677QBF5	519,880.40	518,246.04	(1,634.36)	99.663	0.35%
	Mat: 3/15/19 Cpn: 2.30%		0.00	3,521.56			
	Moody's: A3 S&P: A- Fitch: A-						
	Tr Date: 3/10/16 St Date: 3/15/16						
350,000.000	OGLETHORPE POWER	677050AE6	377,244.00	358,051.75	(19,192.25)	102.301	0.25%
	Mat: 3/15/19 Cpn: 6.10%		1,067.50	6,286.39			
	Moody's: Baa1 S&P: A- Fitch: A-						
	Tr Date: 3/29/17 St Date: 4/3/17						
330,000.000	CATERPILLAR FINANCIAL	14912L6W6	329,802.00	328,470.12	(1,331.88)	99.536	0.22%
	Mat: 3/22/19 Cpn: 1.90%		0.00	1,724.25			
	Moody's: A3 S&P: A Fitch: A						
	Tr Date: 3/20/17 St Date: 3/23/17						



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CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

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Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
420,000.000	JPMORGAN CHASE Mat: 4/23/19 Cpn: 6.30% Moody's: A3 S&P: A- Fitch: AA- Tr Date: 7/15/16 St Date: 7/20/16	46625HHL7	455,463.24 10,218.25	431,943.54 4,998.00	(23,519.70)	102.844	0.30%
195,000.000	AMERICAN EXPRESS Mat: 5/3/19 Cpn: 1.88% Moody's: A2 S&P: A- Fitch: A Tr Date: 4/27/17 St Date: 5/3/17	0258M0EK1	194,920.05 0.00	193,621.94 589.06	(1,298.12)	99.293	0.13%
515,000.000	AMGEN Mat: 5/10/19 Cpn: 1.90% Moody's: Baa1 S&P: A Fitch: BBBu Tr Date: 5/8/17 St Date: 5/11/17	031162CK4	514,737.35 0.00	511,125.66 1,386.21	(3,611.70)	99.248	0.35%
640,000.000	BRANCH BANKING & TRUST Mat: 5/10/19 Cpn: 1.45% Moody's: A1 S&P: A Fitch: A+ Tr Date: 5/5/16 St Date: 5/10/16	07330NAL9	637,027.10 126.88	633,283.84 1,314.67	(3,743.26)	98.951	0.43%
340,000.000	BNY MELLON Mat: 5/15/19 Cpn: 2.20% Moody's: A1 S&P: A Fitch: AA- Tr Date: 9/28/17 St Date: 10/2/17	06406HCU1	342,019.60 2,846.56	338,707.66 955.78	(3,311.94)	99.620	0.23%
140,000.000	CITIGROUP Mat: 6/7/19 Cpn: 2.05% Moody's: Baa1 S&P: BBB+ Fitch: A Tr Date: 6/2/16 St Date: 6/9/16	172967KS9	139,927.20 0.00	138,943.98 191.33	(983.22)	99.246	0.09%
220,000.000	GOLDMAN SACHS Mat: 7/23/19 Cpn: 1.95% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 7/19/17 St Date: 7/24/17	38141GWP5	219,973.60 0.00	217,922.32 1,882.83	(2,051.28)	99.056	0.15%
480,000.000	IBM Mat: 9/6/19 Cpn: 1.63% Moody's: A1 S&P: A+ Fitch: A+ Tr Date: 9/5/17 St Date: 9/8/17	44932HAA1	479,635.20 0.00	474,000.96 2,491.67	(5,634.24)	98.750	0.32%
510,000.000	CITIBANK Mat: 9/18/19 Cpn: 1.85% Moody's: A1 S&P: A+ Fitch: A+ Tr Date: 9/13/17 St Date: 9/18/17	17325FAF5	509,989.80 0.00	503,712.72 2,699.46	(6,277.08)	98.767	0.34%
225,000.000	GILEAD SCIENCES Mat: 9/20/19 Cpn: 1.85% Moody's: A3 S&P: A Fitch: Tr Date: 9/14/17 St Date: 9/21/17	375558BR3	224,921.25 0.00	222,363.68 1,167.81	(2,557.58)	98.828	0.15%



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Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
285,000.000	FIFTH THIRD BANK Mat: 9/27/19 Cpn: 1.63% Moody's: A3 S&P: A- Fitch: A- Tr Date: 9/22/16 St Date: 9/27/16	31677QBH1	284,526.90 0.00	280,448.27 1,209.27	(4,078.64)	98.403	0.19%
595,000.000	JOHN DEERE CAPITAL CORP Mat: 10/9/19 Cpn: 1.25% Moody's: A2 S&P: A Fitch: A Tr Date: 9/6/16 St Date: 9/9/16	24422ETJ8	593,798.10 0.00	583,818.76 1,694.10	(9,979.34)	98.121	0.40%
245,000.000	WAL-MART STORES Mat: 10/9/19 Cpn: 1.75% Moody's: Aa2 S&P: AA Fitch: AA Tr Date: 10/11/17 St Date: 10/20/17	931142DY6	244,995.10 0.00	242,433.87 976.60	(2,561.23)	98.953	0.17%
400,000.000	PNC BANK Mat: 10/18/19 Cpn: 2.40% Moody's: A2 S&P: A Fitch: A+ Tr Date: 9/12/17 St Date: 9/14/17	69353RDZ8	404,552.00 3,893.33	397,432.80 1,946.67	(7,119.20)	99.358	0.27%
430,000.000	PROCTER & GAMBLE Mat: 10/25/19 Cpn: 1.75% Moody's: Aa3 S&P: AA- Fitch: Tr Date: 10/23/17 St Date: 10/25/17	742718EZ8	429,849.50 0.00	425,174.97 1,379.58	(4,674.53)	98.878	0.29%
475,000.000	HONEYWELL INTL Mat: 10/30/19 Cpn: 1.40% Moody's: A2 S&P: A Fitch: A Tr Date: 10/24/16 St Date: 10/31/16	438516BJ4	474,624.75 0.00	466,974.88 1,126.81	(7,649.88)	98.311	0.32%
165,000.000	HONEYWELL INTL Mat: 10/30/19 Cpn: 1.80% Moody's: A2 S&P: A Fitch: A Tr Date: 10/23/17 St Date: 10/30/17	438516BQ8	164,871.30 0.00	163,113.39 503.25	(1,757.91)	98.857	0.11%
355,000.000	CHEVRON Mat: 11/15/19 Cpn: 2.19% Moody's: Aa2 S&P: AA- Fitch: Tr Date: 5/8/17 St Date: 5/11/17	166764AN0	357,879.05 3,806.07	352,596.30 994.77	(5,282.76)	99.323	0.24%
730,000.000	CATERPILLAR FINANCIAL Mat: 11/29/19 Cpn: 2.00% Moody's: A3 S&P: A Fitch: A Tr Date: 11/27/17 St Date: 11/29/17	14913Q2F5	729,299.20 0.00	721,226.13 1,297.78	(8,073.07)	98.798	0.49%
525,000.000	DUKE ENERGY FLORIDA Mat: 12/15/19 Cpn: 2.10% Moody's: A3 S&P: A- Fitch: Tr Date: 5/24/18 St Date: 5/29/18	26444HAD3	521,955.00 2,266.25	522,212.25 490.00	257.25	99.469	0.35%



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Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
170,000.000	CATERPILLAR FINANCIAL Mat: 1/10/20 Cpn: 2.10% Moody's: A3 S&P: A Fitch: A Tr Date: 1/5/17 St Date: 1/12/17	14912L6Y2	169,813.00 0.00	168,304.76 1,695.75	(1,508.24)	99.003	0.12%
510,000.000	CITIGROUP Mat: 1/10/20 Cpn: 2.45% Moody's: Baa1 S&P: BBB+ Fitch: A Tr Date: 1/4/17 St Date: 1/10/17	172967LF6	509,796.00 0.00	504,465.48 5,935.13	(5,330.52)	98.915	0.35%
510,000.000	BRANCH BANKING & TRUST Mat: 1/15/20 Cpn: 2.10% Moody's: A1 S&P: A Fitch: A+ Tr Date: 1/23/17 St Date: 1/26/17	07330NAN5	509,959.20 0.00	502,619.28 4,938.50	(7,339.92)	98.553	0.34%
760,000.000	WELLS FARGO Mat: 1/15/20 Cpn: 2.40% Moody's: Aa2 S&P: A+ Fitch: AA- Tr Date: 1/16/18 St Date: 1/23/18	94988J5L7	759,361.60 0.00	753,118.20 8,005.33	(6,243.40)	99.095	0.52%
735,000.000	US BANK CINCINNATI Mat: 1/23/20 Cpn: 2.35% Moody's: A1 S&P: AA- Fitch: AA- Tr Date: 1/18/18 St Date: 1/23/18	90331HNJ8	734,669.25 0.00	728,448.95 7,580.71	(6,220.31)	99.109	0.50%
545,000.000	US BANK CINCINNATI Mat: 1/24/20 Cpn: 2.00% Moody's: A1 S&P: AA- Fitch: AA- Tr Date: 1/19/17 St Date: 1/24/17	90331HNB5	543,850.05 0.00	537,143.28 4,753.61	(6,706.77)	98.558	0.37%
520,000.000	IBM Mat: 1/27/20 Cpn: 1.90% Moody's: A1 S&P: A+ Fitch: A+ Tr Date: 1/24/17 St Date: 1/27/17	459200JN2	519,500.80 0.00	512,990.40 4,226.44	(6,510.40)	98.652	0.35%
530,000.000	CAPITAL ONE Mat: 1/31/20 Cpn: 2.35% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 1/26/17 St Date: 1/31/17	14042RFH9	529,682.00 0.00	522,737.94 5,224.18	(6,944.06)	98.630	0.36%
495,000.000	SUNTRUST BANK Mat: 1/31/20 Cpn: 2.25% Moody's: Baa1 S&P: A- Fitch: A- Tr Date: 1/25/17 St Date: 2/1/17	86787EAR8	494,811.90 0.00	488,995.16 4,671.56	(5,816.75)	98.787	0.34%
505,000.000	MICROSOFT Mat: 2/6/20 Cpn: 1.85% Moody's: Aaa S&P: AAA Fitch: AA+u Tr Date: 1/30/17 St Date: 2/6/17	594918BV5	504,661.65 0.00	498,714.27 3,762.95	(5,947.39)	98.755	0.34%



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Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
535,000.000	ESTEE LAUDER CO Mat: 2/7/20 Cpn: 1.80% Moody's: A2 S&P: A+ Fitch: Tr Date: 2/6/17 St Date: 2/9/17	29736RAL4	534,925.10 0.00	526,262.38 3,852.00	(8,662.72)	98.367	0.36%
225,000.000	PACCAR FINANCIAL Mat: 2/27/20 Cpn: 1.95% Moody's: A1 S&P: A+ Fitch: Tr Date: 2/22/17 St Date: 2/27/17	69371RN69	224,595.00 0.00	221,747.40 1,511.25	(2,847.60)	98.554	0.15%
690,000.000	KIMBERLY-CLARK Mat: 3/1/20 Cpn: 1.85% Moody's: A2 S&P: A Fitch: A Tr Date: 5/5/17 St Date: 5/10/17	494368BP7	689,710.20 2,446.63	678,327.27 4,255.00	(11,382.93)	98.308	0.46%
250,000.000	CITIZENS BANK Mat: 3/2/20 Cpn: 2.25% Moody's: Baa1 S&P: A- Fitch: BBB+ Tr Date: 2/27/17 St Date: 3/2/17	17401QAG6	249,762.50 0.00	246,077.50 1,859.38	(3,685.00)	98.431	0.17%
375,000.000	AMERICAN EXPRESS Mat: 3/3/20 Cpn: 2.20% Moody's: A2 S&P: A- Fitch: A Tr Date: 2/28/17 St Date: 3/3/17	0258M0EE5	374,610.00 0.00	370,132.50 2,704.17	(4,477.50)	98.702	0.25%
250,000.000	HUNTINGTON NATL BANK Mat: 3/10/20 Cpn: 2.38% Moody's: A3 S&P: A- Fitch: A- Tr Date: 3/7/17 St Date: 3/10/17	446438RU9	249,985.00 0.00	246,206.00 1,830.73	(3,779.00)	98.482	0.17%
730,000.000	HUNTINGTON NATL BANK FRN Mat: 3/10/20 Cpn: 2.84% Moody's: A3 S&P: A- Fitch: A- Tr Date: 11/14/17 St Date: 11/16/17	446438RV7	734,234.00 2,445.43	731,659.29 1,150.61	(2,574.71)	100.227	0.50%
400,000.000	JOHN DEERE CAPITAL Mat: 3/13/20 Cpn: 2.20% Moody's: A2 S&P: A Fitch: A Tr Date: 3/10/17 St Date: 3/15/17	24422ETQ2	399,688.00 0.00	395,568.80 2,640.00	(4,119.20)	98.892	0.27%
605,000.000	CONSOLIDATED EDISON Mat: 3/15/20 Cpn: 2.00% Moody's: A3 S&P: BBB+ Fitch: BBB+ Tr Date: 2/27/17 St Date: 3/2/17	209115AD6	604,800.35 0.00	594,036.19 3,562.78	(10,764.16)	98.188	0.41%
665,000.000	APPLE Mat: 5/11/20 Cpn: 1.80% Moody's: Aa1 S&P: AA+ Fitch: Tr Date: 5/4/17 St Date: 5/11/17	037833CS7	664,321.70 0.00	653,750.86 1,662.50	(10,570.84)	98.308	0.45%



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Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
725,000.000	INTEL Mat: 5/11/20 Cpn: 1.85% Moody's: A1 S&P: A+ Fitch: A+ Tr Date: 5/8/17 St Date: 5/11/17	458140AZ3	724,724.50 0.00	713,123.78 1,862.85	(11,600.73)	98.362	0.49%
720,000.000	PNC BANK Mat: 5/19/20 Cpn: 2.00% Moody's: A2 S&P: A Fitch: A+ Tr Date: 5/16/17 St Date: 5/19/17	69353RFC7	719,186.40 0.00	706,081.68 1,680.00	(13,104.72)	98.067	0.48%
730,000.000	VERIZON COMMUNICATIONS FRN Mat: 5/22/20 Cpn: 2.88% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 5/11/17 St Date: 5/22/17	92343VDZ4	730,000.00 0.00	735,336.30 2,335.50	5,336.30	100.731	0.50%
250,000.000	CITIZENS BANK Mat: 5/26/20 Cpn: 2.20% Moody's: Baa1 S&P: A- Fitch: BBB+ Tr Date: 5/22/17 St Date: 5/26/17	17401QAJ0	249,770.00 0.00	245,030.75 534.72	(4,739.25)	98.012	0.17%
185,000.000	GOLDMAN SACHS Mat: 6/5/20 Cpn: 3.20% Moody's: A1 S&P: A+ Fitch: A+ Tr Date: 6/4/18 St Date: 6/7/18	38148PP84	184,957.45 0.00	185,707.63 394.67	750.18	100.383	0.13%
515,000.000	CITIBANK Mat: 6/12/20 Cpn: 2.10% Moody's: A1 S&P: A+ Fitch: A+ Tr Date: 6/6/17 St Date: 6/12/17	17325FAE8	514,778.55 0.00	504,830.81 570.79	(9,947.74)	98.025	0.34%
360,000.000	JOHN DEERE CAPITAL CORP Mat: 6/22/20 Cpn: 1.95% Moody's: A2 S&P: A Fitch: A Tr Date: 6/19/17 St Date: 6/22/17	24422ETS8	359,780.40 0.00	352,542.96 175.50	(7,237.44)	97.929	0.24%
270,000.000	MANUFACTURERS & TRADERS TRUST Mat: 8/17/20 Cpn: 2.05% Moody's: A3 S&P: A Fitch: A Tr Date: 8/14/17 St Date: 8/17/17	55279HAN0	269,773.20 0.00	264,224.16 2,060.25	(5,549.04)	97.861	0.18%
640,000.000	CATERPILLAR FINANCIAL Mat: 9/4/20 Cpn: 1.85% Moody's: A3 S&P: A Fitch: A Tr Date: 9/5/17 St Date: 9/7/17	14913Q2A6	639,462.40 0.00	624,129.92 3,848.00	(15,332.48)	97.520	0.43%
730,000.000	UNITEDHEALTH GROUP Mat: 10/15/20 Cpn: 1.95% Moody's: A3 S&P: A+ Fitch: A- Tr Date: 10/18/17 St Date: 10/25/17	91324PDC3	728,788.20 0.00	712,883.69 3,005.17	(15,904.51)	97.655	0.49%



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325,000.000	CITIBANK Mat: 10/20/20 Cpn: 2.13% Moody's: A1 S&P: A+ Fitch: A+ Tr Date: 10/13/17 St Date: 10/20/17	17325FAJ7	324,886.25 0.00	316,787.25 1,362.07	(8,099.00)	97.473	0.22%
685,000.000	AMERICAN EXPRESS Mat: 10/30/20 Cpn: 2.20% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 10/23/17 St Date: 10/30/17	025816BP3	684,109.50 0.00	669,382.69 2,553.53	(14,726.82)	97.720	0.46%
200,000.000	FIFTH THIRD BANK Mat: 10/30/20 Cpn: 2.20% Moody's: A3 S&P: A- Fitch: A- Tr Date: 10/25/17 St Date: 10/30/17	31677QBK4	199,924.00 0.00	195,589.40 745.56	(4,334.60)	97.795	0.13%
370,000.000	PNC BANK Mat: 11/5/20 Cpn: 2.45% Moody's: A2 S&P: A Fitch: A+ Tr Date: 10/18/17 St Date: 10/23/17	69353REU8	373,478.00 4,230.33	363,600.48 1,410.11	(9,877.52)	98.270	0.25%
240,000.000	ANTHEM Mat: 11/21/20 Cpn: 2.50% Moody's: Baa2 S&P: A Fitch: BBB Tr Date: 11/14/17 St Date: 11/21/17	036752AE3	239,572.80 0.00	235,982.64 666.67	(3,590.16)	98.326	0.16%
755,000.000	PINNACLE WEST CAPITAL Mat: 11/30/20 Cpn: 2.25% Moody's: A3 S&P: BBB+ Fitch: A- Tr Date: 11/28/17 St Date: 11/30/17	723484AG6	754,524.35 0.00	736,956.26 1,462.81	(17,568.10)	97.610	0.50%
505,000.000	GOLDMAN SACHS Mat: 12/27/20 Cpn: 2.60% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 3/22/17 St Date: 3/27/17	38141GWG5	504,651.55 0.00	496,739.21 145.89	(7,912.34)	98.364	0.34%
435,000.000	JOHN DEERE CAPITAL CORP Mat: 1/8/21 Cpn: 2.35% Moody's: A2 S&P: A Fitch: A Tr Date: 1/3/18 St Date: 1/8/18	24422ETZ2	434,773.80 0.00	427,692.87 4,912.48	(7,080.93)	98.320	0.29%
500,000.000	AVALONBAY COMMUNITIES FRN Mat: 1/15/21 Cpn: 2.78% Moody's: A3 S&P: A- Fitch: Tr Date: 5/3/18 St Date: 5/7/18	05348EBD0	500,156.20 1,466.78	500,092.50 2,932.01	(63.70)	100.019	0.34%
710,000.000	MANUFACTURERS & TRADERS TRUST Mat: 1/25/21 Cpn: 2.63% Moody's: A3 S&P: A Fitch: A Tr Date: 1/22/18 St Date: 1/25/18	55279HAR1	709,041.50 0.00	699,305.27 8,076.25	(9,736.23)	98.494	0.48%



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740,000.000	SUNTRUST BANK Mat: 1/29/21 Cpn: 2.59% Moody's: Baa1 S&P: A- Fitch: A- Tr Date: 1/26/18 St Date: 2/2/18	86787EAU1	740,000.00 0.00	733,912.76 7,932.59	(6,087.24)	99.177	0.50%
770,000.000	BB&T CORPORATION Mat: 2/1/21 Cpn: 2.15% Moody's: A2 S&P: A- Fitch: A+ Tr Date: 10/23/17 St Date: 10/26/17	05531FAZ6	769,645.80 0.00	751,108.05 6,897.92	(18,537.75)	97.547	0.51%
390,000.000	JPMORGAN CHASE Mat: 2/1/21 Cpn: 2.60% Moody's: Aa3 S&P: A+ Fitch: AA Tr Date: 1/29/18 St Date: 2/1/18	48125LRK0	390,000.00 0.00	386,707.62 4,231.50	(3,292.38)	99.156	0.27%
730,000.000	JPMORGAN CHASE FRN Mat: 3/9/21 Cpn: 2.88% Moody's: A3 S&P: A- Fitch: AA- Tr Date: 11/14/17 St Date: 11/16/17	46647PAC0	732,547.70 2,498.96	732,532.37 1,166.84	(15.33)	100.347	0.50%
685,000.000	REGIONS BANK Mat: 4/1/21 Cpn: 2.75% Moody's: Baa2 S&P: A- Fitch: BBB+ Tr Date: 1/23/18 St Date: 1/26/18	759187CB1	684,931.50 0.00	674,176.32 4,709.38	(10,755.19)	98.420	0.46%
725,000.000	US BANK CINCINNATI FRN Mat: 4/26/21 Cpn: 2.68% Moody's: A1 S&P: AA- Fitch: AA- Tr Date: 4/24/18 St Date: 4/26/18	90331HNQ2	725,000.00 0.00	725,436.45 3,564.39	436.45	100.060	0.50%
600,000.000	PACCAR FINANCIAL FRN Mat: 5/10/21 Cpn: 2.61% Moody's: A1 S&P: A+ Fitch: Tr Date: 5/7/18 St Date: 5/10/18	69371RP34	600,000.00 0.00	600,232.20 2,264.17	232.20	100.039	0.41%
350,000.000	GENERAL DYNAMICS FRN Mat: 5/11/21 Cpn: 2.74% Moody's: A2 S&P: A+ Fitch: WD Tr Date: 5/8/18 St Date: 5/11/18	369550BF4	350,000.00 0.00	351,363.25 1,356.48	1,363.25	100.390	0.24%
500,000.000	AMERICAN EXPRESS FRN Mat: 5/17/21 Cpn: 2.85% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 5/14/18 St Date: 5/17/18	025816BV0	500,000.00 0.00	501,599.00 1,778.52	1,599.00	100.320	0.34%
620,000.000	JPMORGAN CHASE FRN Mat: 6/1/21 Cpn: 2.98% Moody's: A3 S&P: A- Fitch: AA- Tr Date: 5/23/17 St Date: 6/1/17	46647PAG1	620,000.00 0.00	623,633.82 1,539.83	3,633.82	100.586	0.42%



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500,000.000	WAL-MART STORES Mat: 6/23/21 Cpn: 3.13% Moody's: Aa2 S&P: AA Fitch: AA Tr Date: 6/20/18 St Date: 6/27/18	931142EJ8	499,975.00 0.00	502,479.50 173.61	2,504.50	100.496	0.34%
845,000.000	BANK OF AMERICA Mat: 7/21/21 Cpn: 2.37% Moody's: A3 S&P: A- Fitch: A+ Tr Date: 7/18/17 St Date: 7/21/17	06051GGP8	845,000.00 0.00	828,619.68 8,896.91	(16,380.33)	98.062	0.57%
360,000.000	BANK OF AMERICA Mat: 10/1/21 Cpn: 2.33% Moody's: A3 S&P: A- Fitch: A+ Tr Date: 9/13/17 St Date: 9/18/17	06051GGS2	360,000.00 0.00	352,008.36 2,095.20	(7,991.64)	97.780	0.24%
500,000.000	MORGAN STANLEY FRN Mat: 1/20/22 Cpn: 3.54% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 3/3/17 St Date: 3/8/17	61746BEE2	505,560.00 1,442.71	506,797.50 3,538.66	1,237.50	101.360	0.35%
680,000.000	BANK OF AMERICA Mat: 1/23/22 Cpn: 2.74% Moody's: A3 S&P: A- Fitch: A+ Tr Date: 1/18/18 St Date: 1/23/18	06051GGY9	680,000.00 0.00	668,852.08 8,171.41	(11,147.92)	98.361	0.46%
390,000.000	WELLS FARGO FRN Mat: 2/11/22 Cpn: 3.29% Moody's: A2 S&P: A- Fitch: A+ Tr Date: 2/6/17 St Date: 2/13/17	949746SP7	390,000.00 0.00	394,215.12 1,815.38	4,215.12	101.081	0.27%
510,000.000	CAPITAL ONE FINL FRN Mat: 3/9/22 Cpn: 3.28% Moody's: Baa1 S&P: BBB Fitch: A- Tr Date: 3/6/17 St Date: 3/9/17	14040HBM6	510,000.00 0.00	512,399.55 928.52	2,399.55	100.471	0.35%
510,000.000	CITIGROUP FRN Mat: 4/25/22 Cpn: 3.32% Moody's: Baa1 S&P: BBB+ Fitch: A Tr Date: 4/18/17 St Date: 4/25/17	172967LH2	510,000.00 0.00	514,931.19 3,150.80	4,931.19	100.967	0.35%
460,000.000	BANK OF AMERICA Mat: 5/17/22 Cpn: 3.50% Moody's: A3 S&P: A- Fitch: A+ Tr Date: 5/14/18 St Date: 5/17/18	06051GHH5	460,000.00 0.00	460,477.94 1,967.22	477.94	100.104	0.31%
640,000.000	MORGAN STANLEY FRN Mat: 7/22/22 Cpn: 3.29% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 7/19/17 St Date: 7/24/17	61744YAJ7	640,000.00 0.00	644,951.04 4,037.65	4,951.04	100.774	0.44%



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Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
730,000.000	GOLDMAN SACHS FRN Mat: 10/31/22 Cpn: 3.14% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 11/14/17 St Date: 11/16/17	38148YAB4	729,284.60 700.83	732,783.49 3,946.14	3,498.89	100.381	0.50%
Total for Credit			45,255,071.14 48,034.87	44,778,696.98 248,673.93	(476,374.17)		30.58%
Mortgage-Backed							
369,891.620	FHMS K704 A2 CMBS Mat: 8/25/18 Cpn: 2.41% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 10/2/14 St Date: 10/7/14	3137AH6Q6	378,994.42 148.70	369,271.31 743.48	(9,723.11)	99.832	0.25%
435,679.995	FNA 14-M1 ASQ2 CMBS Mat: 11/25/18 Cpn: 2.32% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 1/17/14 St Date: 1/30/14	3136AHUV0	442,857.63 795.41	434,797.31 843.40	(8,060.32)	99.797	0.30%
370,393.230	FHMS KP03 A2 CMBS Mat: 7/25/19 Cpn: 1.78% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 6/7/17 St Date: 6/12/17	3137BNN26	371,319.21 201.45	367,389.71 549.42	(3,929.50)	99.189	0.25%
79,596.350	FNMA #890170 10YR Mat: 9/1/19 Cpn: 4.50% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 10/3/14 St Date: 10/20/14	31410K6F6	84,421.88 189.04	80,215.05 298.49	(4,206.83)	100.777	0.05%
632,948.444	FNA 2015-M13 ASQ2 CMBS Mat: 9/25/19 Cpn: 1.65% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 10/7/15 St Date: 10/30/15	3136AQDQ0	639,286.73 839.25	629,781.17 868.19	(9,505.56)	99.500	0.43%
1,130,000.000	FHMS K005 A2 CMBS Mat: 11/25/19 Cpn: 4.32% Moody's: S&P: Fitch: Tr Date: 6/12/18 St Date: 6/15/18	31398WD35	1,151,805.47 1,897.08	1,146,856.21 4,065.18	(4,949.26)	101.492	0.78%
1,670,000.000	FHMS KP04 AG1 1MOFRN CMBS Mat: 7/25/20 Cpn: 2.22% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 11/15/17 St Date: 11/28/17	3137FBUV6	1,670,000.00 0.00	1,671,845.35 618.09	1,845.35	100.111	1.14%
950,000.000	FHMS K504 A2 CMBS Mat: 9/25/20 Cpn: 2.57% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 5/29/18 St Date: 6/1/18	3137BMLC8	949,406.25 0.00	946,448.90 2,031.42	(2,957.35)	99.626	0.64%



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421,549.175	NGN 2010-R3 2A 1MOFRN NCUA GNTD Mat: 12/8/20 Cpn: 2.58% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 7/7/17 St Date: 7/12/17	62888WAB2	423,887.46 104.41	423,910.27 726.34	22.81	100.560	0.29%
640,000.000	FNA 2018-M5 A2 CMBS Mat: 9/25/21 Cpn: 3.56% Moody's: S&P: Fitch: Tr Date: 4/10/18 St Date: 4/30/18	3136B1XP4	652,730.24 1,835.38	649,459.84 1,898.67	(3,270.40)	101.478	0.44%
Total for Mortgage-Backed			6,764,709.28 6,010.72	6,719,975.12 12,642.68	(44,734.16)		4.57%
Asset-Backed							
312,088.660	JOHN DEERE 2015-B A3 EQP Mat: 10/15/19 Cpn: 1.44% Moody's: Aaa S&P: Fitch: AAA Tr Date: 9/1/15 St Date: 9/9/15	47787WAC3	312,029.14 0.00	311,598.37 199.74	(430.78)	99.843	0.21%
912,789.796	JOHN DEERE 2016-A A3 EQP Mat: 4/15/20 Cpn: 1.36% Moody's: Aaa S&P: Fitch: AAA Tr Date: 2/23/16 St Date: 3/2/16	47788MAC4	912,646.12 0.00	908,738.83 551.73	(3,907.29)	99.556	0.62%
1,060,000.000	MERCEDES 2017-A A3 LEASE Mat: 4/15/20 Cpn: 1.79% Moody's: S&P: AAA Fitch: AAA Tr Date: 4/19/17 St Date: 4/26/17	58769DAD2	1,059,975.83 0.00	1,053,720.56 843.29	(6,255.27)	99.408	0.72%
1,150,000.000	BMW 2017-1 A3 LEASE Mat: 5/20/20 Cpn: 1.98% Moody's: Aaa S&P: Fitch: AAA Tr Date: 3/15/17 St Date: 3/22/17	055657AC4	1,149,867.87 0.00	1,143,455.35 695.75	(6,412.52)	99.431	0.78%
511,754.143	USAA 2016-1 A3 CAR Mat: 6/15/20 Cpn: 1.20% Moody's: Aaa S&P: AAA Fitch: Tr Date: 9/12/16 St Date: 9/21/16	90327CAC4	511,669.96 0.00	509,782.87 272.94	(1,887.09)	99.615	0.35%
650,000.000	NISSAN 2017-B A3 LEASE Mat: 9/15/20 Cpn: 2.05% Moody's: Aaa S&P: Fitch: AAA Tr Date: 10/3/17 St Date: 10/10/17	65479BAD2	649,886.45 0.00	643,883.50 592.22	(6,002.95)	99.059	0.44%
300,000.000	BMW 2017-2 A3 LEASE Mat: 10/20/20 Cpn: 2.07% Moody's: Aaa S&P: Fitch: AAA Tr Date: 10/17/17 St Date: 10/25/17	05584PAD9	299,999.76 0.00	297,270.90 189.75	(2,728.86)	99.090	0.20%



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974,431.437	BMW 2016-A A3 CAR Mat: 11/25/20 Cpn: 1.16% Moody's: Aaa S&P: Fitch: AAA Tr Date: 7/12/16 St Date: 7/20/16	05582QAD9	974,427.05 0.00	965,991.89 188.39	(8,435.16)	99.134	0.66%
1,360,000.000	CITI 2017-A2 A2 CDT Mat: 1/19/21 Cpn: 1.74% Moody's: Aaa S&P: AAA Fitch: Tr Date: 1/19/17 St Date: 1/26/17	17305EGA7	1,359,739.56 0.00	1,354,354.64 10,780.27	(5,384.92)	99.585	0.93%
1,069,000.000	TOYOTA 2017-A A3 CAR Mat: 2/16/21 Cpn: 1.73% Moody's: Aaa S&P: AAA Fitch: Tr Date: 3/7/17 St Date: 3/15/17	89238MAD0	1,068,874.18 0.00	1,058,788.91 821.94	(10,085.27)	99.045	0.72%
870,000.000	JOHN DEERE 2017-A A3 EQP Mat: 4/15/21 Cpn: 1.78% Moody's: Aaa S&P: Fitch: AAA Tr Date: 2/22/17 St Date: 3/2/17	47787XAC1	869,876.11 0.00	862,041.24 688.27	(7,834.87)	99.085	0.59%
420,000.000	USAA 2017-1 A3 CAR Mat: 5/17/21 Cpn: 1.70% Moody's: Aaa S&P: AAA Fitch: Tr Date: 9/13/17 St Date: 9/20/17	90290AAC1	419,955.73 0.00	415,828.98 317.33	(4,126.75)	99.007	0.28%
1,080,000.000	SDART 2017-1 B CAR Mat: 6/15/21 Cpn: 2.10% Moody's: Aaa S&P: AA Fitch: Tr Date: 2/23/17 St Date: 2/28/17	80284TAH8	1,079,917.16 0.00	1,074,037.32 1,008.00	(5,879.84)	99.448	0.73%
1,500,000.000	TOYOTA 2017-B A3 CAR Mat: 7/15/21 Cpn: 1.76% Moody's: Aaa S&P: AAA Fitch: Tr Date: 5/9/17 St Date: 5/17/17	89190BAD0	1,499,884.95 0.00	1,483,143.00 1,173.33	(16,741.95)	98.876	1.01%
1,240,000.000	HONDA 2017-1 A3 CAR Mat: 7/21/21 Cpn: 1.72% Moody's: Aaa S&P: Fitch: AAA Tr Date: 3/21/17 St Date: 3/28/17	43814TAC6	1,239,926.22 0.00	1,227,777.32 592.44	(12,148.90)	99.014	0.83%
830,000.000	HONDA 2017-3 A3 CAR Mat: 9/20/21 Cpn: 1.79% Moody's: S&P: AAA Fitch: AAA Tr Date: 9/25/17 St Date: 9/29/17	43814PAC4	829,910.11 0.00	816,979.79 536.50	(12,930.32)	98.431	0.56%
420,000.000	JOHN DEERE 2017-B A3 EQP Mat: 10/15/21 Cpn: 1.82% Moody's: Aaa S&P: Fitch: AAA Tr Date: 7/11/17 St Date: 7/18/17	47788BAD6	419,969.26 0.00	414,018.36 339.73	(5,950.90)	98.576	0.28%



CALOPTIMA - RESERVE ACCOUNT TIER ONE

Portfolio 2481

Portfolio Positions

as of June 30, 2018

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
1,200,000.000	AMEX 2017-4 A CDT Mat: 12/15/21 Cpn: 1.64% Moody's: S&P: AAA Fitch: AAA Tr Date: 5/22/17 St Date: 5/30/17	02582JHG8	1,199,807.76 0.00	1,189,807.20 874.67	(10,000.56)	99.151	0.81%
1,340,000.000	CHASE 2017-A1 A CDT 1MOFRN Mat: 1/18/22 Cpn: 2.37% Moody's: NR S&P: AAA Fitch: AAA Tr Date: 1/30/17 St Date: 2/6/17	161571HJ6	1,340,000.00 0.00	1,344,735.56 1,413.40	4,735.56	100.353	0.91%
1,460,000.000	CITI 2017-A3 A3 CDT Mat: 4/7/22 Cpn: 1.92% Moody's: NR S&P: AAA Fitch: AAA Tr Date: 4/4/17 St Date: 4/11/17	17305EGB5	1,459,579.37 0.00	1,435,771.30 6,540.80	(23,808.07)	98.341	0.98%
740,000.000	TOYOTA 2018-A A3 CAR Mat: 5/16/22 Cpn: 2.35% Moody's: Aaa S&P: AAA Fitch: Tr Date: 1/23/18 St Date: 1/31/18	89238BAD4	739,991.49 0.00	732,788.70 772.89	(7,202.79)	99.026	0.50%
Total for Asset-Backed			19,397,934.09 0.00	19,244,514.59 29,393.38	(153,419.50)		13.09%
Grand Total			147,794,386.29 126,277.78	146,566,029.37 676,789.91	(1,228,356.92)		100.00%



CalOptima (OCHA) STAMP 1-3

Account #: LCEF00238B2

As of 6/30/2018

Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
CASH & CASH EQUIVALENTS												
CASH												
NA9123459	US DOLLARS	2.090	7/2/2018		Agency	494,015	494,015.030	0.000	-	2.090	.34%	494,015.03
USD120030	USD INTEREST RECEIVABLE	-				661,017	0.000	-	-	-	.45%	661,016.68
CASH TOTALS							494,015.030					1,155,031.71
CASH & CASH EQUIVALENTS TOTALS							494,015.030					1,155,031.71
FIXED INCOME												
AGENCIES												
3135G0E58	FEDERAL NATIONAL MORTGAGE ASSOCIATION	1.125	10/19/2018	10/19/2018	Agency	2,000,000	1,999,606.080	.306	.303	2.050	1.35%	1,994,356.00
AGENCIES TOTALS							1,999,606.080					1,994,356.00
ASSET BACKED												
02587AAJ3	AMERICAN EXPRESS CREDIT ACCOUNT MASTER TRUST	1.930	9/15/2022	2/18/2020	Aaa	650,000	640,490.520	1.631	1.593	2.880	.44%	640,414.91
02582JHG8	AMERICAN EXPRESS CREDIT ACCOUNT MASTER TRUST	1.640	12/15/2021	5/15/2019	AAA	1,533,000	1,524,341.290	.881	.859	2.640	1.03%	1,519,794.89
05522RCQ9	BA CREDIT CARD TRUST	2.453	6/15/2021	1/15/2019	AAA	1,075,000	1,077,159.100	.547	.046	2.222	.73%	1,076,720.11
055657AC4	BMW VEHICLE LEASE TRUST	1.980	5/20/2020	9/20/2019	Aaa	2,170,000	2,168,309.860	.877	.859	2.670	1.47%	2,157,313.75
05581RAD8	BMW VEHICLE LEASE TRUST 2016-1	1.340	1/22/2019	7/20/2018	Aaa	5,435	5,434.750	.058	.057	2.372	0%	5,431.58
05582XAD4	BMW VEHICLE LEASE TRUST 2016-2	1.430	9/20/2019	3/20/2019	AAA	909,121	909,069.980	.402	.398	2.422	.62%	905,565.36
161571GN8	CHASE ISSUANCE TRUST	2.443	4/15/2021	4/15/2019	AAA	1,415,000	1,419,238.430	.797	.047	2.281	.96%	1,417,401.40
161571HB3	CHASE ISSUANCE TRUST	2.483	5/17/2021	5/15/2019	AAA	1,230,000	1,234,429.280	.881	.047	2.227	.84%	1,233,280.90
161571HJ6	CHASE ISSUANCE TRUST	2.373	1/18/2022	1/15/2020	AAA	315,000	315,589.770	1.547	.048	2.284	.21%	315,719.46
47788CAA0	JOHN DEERE OWNER TRUST	1.950	3/15/2019	11/15/2018		1,047,299	1,047,298.650	.216	.213	2.272	.71%	1,046,665.45
47787WAC3	JOHN DEERE OWNER TRUST 2015-B	1.440	10/15/2019	10/15/2018	Aaa	105,239	105,239.340	.150	.149	2.521	.07%	105,070.93
47787XAC1	JOHN DEERE OWNER TRUST 2017	1.780	4/15/2021	5/15/2020	Aaa	450,000	449,971.320	1.009	.985	2.736	.30%	445,802.76
58769DAD2	MERCEDES-BENZ AUTO LEASE TRUST 2017-A	1.790	4/15/2020	6/15/2019	AAA	1,750,000	1,748,582.300	.642	.631	2.759	1.18%	1,739,406.20
58772PAD0	MERCEDES-BENZ AUTO RECEIVABLES TRUST 2015-1	1.340	12/16/2019	11/15/2018	AAA	329,979	329,979.170	.199	.197	2.389	.22%	329,302.06
65478QAD0	NISSAN AUTO LEASE TRUST 2016-A	1.490	3/15/2019	8/15/2018	Aaa	102,314	102,313.520	.069	.068	2.364	.07%	102,253.73
65477XAE4	NISSAN AUTO LEASE TRUST 2016-B	1.610	1/18/2022	1/15/2019	Aaa	600,000	595,428.130	.544	.539	2.758	.41%	596,331.66
65479AAB8	NISSAN AUTO LEASE TRUST 2017-A	1.640	9/16/2019	5/15/2019	Aaa	1,271,924	1,271,887.910	.505	.498	2.414	.86%	1,267,066.20
65479AAD4	NISSAN AUTO LEASE TRUST 2017-A	1.910	4/15/2020	10/15/2019	Aaa	1,425,000	1,419,707.800	1.088	1.063	2.698	.96%	1,413,202.85
65478DAAS	NISSAN AUTO RECEIVABLES 2018-A OWNER TRUST	1.900	3/15/2019	9/17/2018		471,938	471,938.090	.211	.209	1.934	.32%	471,941.91
65474VAK7	NISSAN MASTER OWNER TRUST RECEIVABLES	2.713	6/15/2021	6/17/2019	Aaa	300,000	301,734.680	.964	.048	2.410	.20%	301,080.06
65474VAP6	NISSAN MASTER OWNER TRUST RECEIVABLES	2.393	10/17/2022	10/15/2020	Aaa	1,540,000	1,540,000.000	2.297	.048	2.430	1.05%	1,540,922.61
65474VAN1	NISSAN MASTER OWNER TRUST RECEIVABLES	2.503	4/18/2022	4/15/2020	Aaa	1,100,000	1,104,033.820	1.797	.049	2.416	.75%	1,102,920.94
65474VAL5	NISSAN MASTER OWNER TRUST RECEIVABLES	1.540	6/15/2021	6/17/2019	Aaa	400,000	399,981.170	.964	.948	2.801	.27%	395,368.96
89231UAD9	TOYOTA AUTO RECEIVABLES 2016-B OWNER TRUST	1.300	4/15/2020	7/15/2019	Aaa	118,792	118,557.500	.445	.438	2.506	.08%	118,167.77
ASSET BACKED TOTALS							20,300,716.380					20,247,146.45
CMBS												
3136AK2A0	FANNIE MAE-ACES	2.171	9/25/2019	9/25/2019	Agency	623,673	624,470.530	1.183	1.155	2.756	.42%	618,646.51
3137AME52	FHLMC MULTICLASS	1.891	12/25/2020	11/25/2019	Agency	216,823	217,981.400	.715	.700	2.760	.15%	215,244.58

CalOptima (OCHA) STAMP 1-3

Account #: LCEF00238B2

As of 6/30/2018

Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
FIXED INCOME (Continued)												
CMBS (Continued)												
3137AH6Q6	FREDDIE MAC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.412	8/25/2018	8/25/2018	Aaa	314,408	314,885.440	.095	.094	2.530	.21%	313,870.86
3137FBUW4	FREDDIE MAC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.109	10/25/2019	10/25/2019	Agency	1,000,000	1,000,462.990	1.342	.071	2.295	.68%	1,000,000.90
3137AXHP1	FREDDIE MAC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.573	9/25/2022	9/25/2022	Aaa	1,665,000	1,686,890.030	4.139	3.872	3.045	1.11%	1,632,851.85
CMBS TOTALS							3,844,690.390					3,780,614.70
CMOS												
31394GB77	FREDDIE MAC REMICS	4.500	7/15/2018	7/15/2018	Agency	1,335	1,336.160	.044	.043	1.966	0%	1,334.65
31393WN47	FREDDIE MAC REMICS	4.500	7/15/2018	7/15/2018	Agency	3,396	3,398.120	.044	.043	2.255	0%	3,393.90
31393WVB2	FREDDIE MAC REMICS	4.500	7/15/2018	7/15/2018	Agency	15,441	15,449.080	.044	.043	2.092	.01%	15,430.30
CMOS TOTALS							20,183.360					20,158.85
CORPORATES												
0258M0EJ4	AMERICAN EXPRESS CREDIT CORP	2.684	5/3/2019	5/3/2019	A2	280,000	280,000.000	.758	.095	2.489	.19%	280,494.69
0258M0DZ9	AMERICAN EXPRESS CREDIT CORP	1.875	11/5/2018	11/5/2018	A2	1,867,000	1,869,567.510	.350	.349	2.494	1.27%	1,862,945.45
031162CL2	AMGEN INC	2.672	5/10/2019	5/10/2019	Baa1	850,000	851,602.490	.867	.115	2.441	.58%	851,812.74
06051GGS2	BANK OF AMERICA CORP	2.328	10/1/2021	10/1/2021	A-	1,770,000	1,770,017.800	3.256	2.883	3.055	1.18%	1,730,363.81
06406FAB9	BANK OF NEW YORK MELLON CORP/THE	2.050	5/3/2021	5/3/2021	A1	1,345,000	1,309,658.970	2.844	2.718	3.205	.89%	1,303,051.12
05531FAX1	BB&T CORP	2.750	4/1/2022	4/1/2022	A2	750,000	735,865.680	3.756	3.496	3.413	.50%	732,589.23
05531FAQ6	BB&T CORP	2.250	2/1/2019	2/1/2019	A2	580,000	582,758.930	.589	.580	2.683	.39%	578,534.76
084659AB7	BERKSHIRE HATHAWAY ENERGY CO	2.400	2/1/2020	2/3/2020	A3	1,420,000	1,433,298.940	1.589	1.535	2.928	.96%	1,408,434.98
07330NAP0	BRANCH BANKING & TRUST CO	2.798	1/15/2020	1/15/2020	A1	1,040,000	1,041,098.880	1.544	.050	2.579	.71%	1,044,078.88
14040HBY0	CAPITAL ONE FINanci	3.450	4/30/2021	4/30/2021	Baa1	900,000	899,250.780	2.836	2.642	3.535	.61%	897,923.85
14913Q2G3	CATERPILLAR FINANCIAL SERVICES CORP	2.900	3/15/2021	3/15/2021	A	600,000	598,339.910	2.711	2.568	3.126	.41%	596,491.63
808513AW5	CHARLES SCHWAB CORP/THE	3.250	5/21/2021	5/21/2021	A	775,000	774,977.550	2.894	2.698	3.104	.53%	778,097.29
17325FAD0	CITIBANK NA	2.826	6/12/2020	6/12/2020	A+	400,000	400,000.000	1.958	.207	2.726	.27%	401,167.02
172967LC3	CITIGROUP INC	2.900	12/8/2021	12/8/2021	BBB+	1,355,000	1,369,036.950	3.442	3.227	3.534	.90%	1,327,391.71
17401QAN1	CITIZENS BANK NA/PROVIDENCE RI	2.250	10/30/2020	10/30/2020	BBB+	900,000	878,045.040	2.336	2.242	3.385	.60%	877,226.37
202795HV5	COMMONWEALTH EDISON CO	4.000	8/1/2020	8/3/2020	A	470,000	488,224.820	1.833	1.792	2.964	.33%	478,682.38
254010AC5	DIGNITY HEALTH	2.637	11/1/2019	11/1/2019	A	1,175,000	1,177,837.470	1.339	1.305	2.782	.80%	1,172,756.56
369550BA5	GENERAL DYNAMICS CORP	2.875	5/11/2020	5/11/2020	A2	1,210,000	1,206,006.790	1.867	1.801	2.934	.82%	1,208,684.98
36962G5J9	GENERAL ELECTRIC CO	4.650	10/17/2021	10/18/2021	A	1,025,000	1,066,011.510	3.300	3.036	3.354	.72%	1,066,112.06
375558BQ5	GILEAD SCIENCES INC	2.575	9/20/2019	9/20/2019	A3	880,000	880,000.000	1.231	.226	2.539	.60%	880,862.81
38148PP84	GOLDMAN SACHS BANK USA/NEW YORK NY	3.200	6/5/2020	6/5/2020	A+	500,000	499,888.600	1.933	1.863	3.043	.34%	501,455.45
38141GGQ1	GOLDMAN SACHS GROUP INC/THE	5.250	7/27/2021	7/27/2021	A3	1,470,000	1,574,185.820	3.078	2.788	3.489	1.05%	1,544,867.63
446438RR6	HUNTINGTON NATIONAL BANK/THE	2.200	11/6/2018	11/6/2018	A-	1,310,000	1,311,820.820	.353	.350	2.576	.89%	1,308,238.74
24422ESF7	JOHN DEERE CAPITAL CORP	1.950	12/13/2018	12/13/2018	A	980,000	981,633.890	.456	.452	2.635	.66%	976,970.07
46625HQJ2	JPMORGAN CHASE & CO	2.550	3/1/2021	3/1/2021	A-	880,000	874,205.340	2.672	2.523	3.338	.59%	862,389.71
46647PAG1	JPMORGAN CHASE & CO	2.980	6/1/2021	6/1/2021	A-	1,340,000	1,340,024.800	2.847	.183	2.885	.91%	1,346,365.00
49327M2Q6	KEYBANK NA/CLEVELAND OH	2.500	11/22/2021	11/22/2021	A-	500,000	489,060.320	3.397	3.224	3.407	.33%	485,562.72
49327M2P8	KEYBANK NA/CLEVELAND OH	1.600	8/22/2019	8/22/2019	A-	600,000	599,545.740	1.147	1.121	2.915	.40%	591,153.69
55279HAS9	MANUFACTURERS & TRADERS TRUST CO	2.630	1/25/2021	1/25/2021	A	1,810,000	1,811,511.260	2.572	.072	2.679	1.23%	1,809,013.03
61746BED4	MORGAN STANLEY	2.625	11/17/2021	11/17/2021	A3	1,085,000	1,058,212.950	3.383	3.205	3.548	.72%	1,053,322.55
61747WAF6	MORGAN STANLEY	5.750	1/25/2021	1/25/2021	A3	1,095,000	1,184,511.490	2.572	2.347	3.405	.79%	1,157,683.82

CalOptima (OCHA) STAMP 1-3

Account #: LCEF00238B2

As of 6/30/2018

Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
FIXED INCOME (Continued)												
CORPORATES (Continued)												
637432MU6	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2.350	6/15/2020	6/15/2020	A1	1,080,000	1,095,698.800	1.961	1.902	3.058	.72%	1,065,543.09
63743HEP3	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2.521	4/5/2019	4/5/2019	A	1,000,000	1,000,779.650	.767	.017	2.524	.68%	1,000,423.06
69371RP26	PACCAR FINANCIAL CORP	3.100	5/10/2021	5/10/2021	A1	1,515,000	1,514,623.780	2.864	2.713	3.018	1.03%	1,518,329.02
69353RFK9	PNC BANK NA	2.612	1/22/2021	1/22/2021	A	980,000	980,000.000	2.564	.066	2.669	.67%	979,217.67
69353RFD5	PNC BANK NA	2.691	5/19/2020	5/19/2020	A	1,045,000	1,047,007.680	1.892	.142	2.584	.71%	1,047,981.78
867914BK8	SUNTRUST BANKS INC	2.900	3/3/2021	3/3/2021	BBB+	760,000	754,924.500	2.678	2.509	3.381	.51%	750,698.01
867914BF9	SUNTRUST BANKS INC	2.350	11/1/2018	11/1/2018	BBB+	200,000	200,283.060	.339	.325	2.505	.14%	199,889.22
91324PCH3	UNITEDHEALTH GROUP INC	2.875	12/15/2021	12/15/2021	A-	1,405,000	1,390,513.650	3.461	3.270	3.181	.94%	1,391,011.26
91159HHP8	US BANCORP	2.625	1/24/2022	1/24/2022	A+	805,000	790,642.480	3.569	3.323	3.270	.53%	787,620.58
90331HNP4	US BANK NA/CINCINNATI OH	3.150	4/26/2021	4/26/2021	AA-	1,300,000	1,299,926.620	2.742	2.637	3.064	.89%	1,302,914.55
94974BFV7	WELLS FARGO & CO	2.822	4/22/2019	4/22/2019	A2	1,000,000	999,171.380	.814	.066	2.518	.68%	1,002,613.15
CORPORATES TOTALS							42,409,772.650					42,160,966.12
MORTGAGES												
31402DPU8	FANNIE MAE POOL	5.000	11/1/2019	8/25/2019	Agency	79,070	79,070.080	.567	.555	1.283	.05%	80,464.99
31374CNE2	FANNIE MAE POOL	5.000	5/1/2019	11/25/2018	Agency	14,225	14,341.190	.232	.230	(3.685)	.01%	14,467.04
31403CYQ8	FANNIE MAE POOL	5.500	12/1/2019	6/25/2019	Agency	33,293	33,964.820	.495	.484	2.716	.02%	33,627.42
3128M1B99	FREDDIE MAC GOLD POOL	5.000	4/1/2021	8/15/2020	Agency	55,980	55,987.340	.959	.925	2.522	.04%	57,183.73
MORTGAGES TOTALS							183,363.430					185,743.18
MUNICIPALS												
032556BZ4	ANAHEIM HOUSING & PUBLIC IMPROVEMENTS AUTHORITY	1.304	10/1/2019	10/1/2019	AA-	1,245,000	1,245,000.000	1.256	1.231	2.773	.83%	1,222,565.10
13034PZF7	CALIFORNIA HOUSING FINANCE AGENCY	2.300	8/1/2020	8/3/2020	A1	1,000,000	1,000,000.000	2.089	2.012	2.897	.67%	987,970.00
13077CT46	CALIFORNIA STATE UNIVERSITY	2.332	11/1/2020	11/2/2020	AA-	695,000	704,847.090	2.339	2.256	2.636	.47%	690,232.30
544445AY5	CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS	1.750	5/15/2019	5/15/2019	AA	600,000	600,000.000	.878	.861	2.490	.40%	596,160.00
769036AY0	CITY OF RIVERSIDE CA	1.625	6/1/2019	6/3/2019	AA-	1,450,000	1,446,112.880	.922	.913	2.583	.98%	1,437,414.00
190335HF9	COAST COMMUNITY COLLEGE DISTRICT	1.556	8/1/2021	8/2/2021	Aa1	585,000	585,000.000	3.089	2.968	2.917	.38%	561,646.80
010878AK2	COUNTY OF ALAMEDA CA	3.500	8/1/2019	8/1/2019	AAA	1,250,000	1,264,172.780	1.089	1.057	2.632	.86%	1,261,562.50
899154AV0	COUNTY OF TULARE CA	3.348	6/1/2023	6/1/2023	A1	1,500,000	1,500,000.000	4.922	4.512	3.441	1.01%	1,493,775.00
713575SZ2	PERALTA COMMUNITY COLLEGE DISTRICT	6.159	8/1/2020	8/3/2020	A2	400,000	428,038.140	2.089	1.930	3.443	.29%	421,704.00
842477TV3	SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY	2.029	7/1/2020	7/1/2020	AA-	600,000	607,939.980	2.006	1.930	2.814	.40%	590,874.00
13066YTY5	STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES POWER SUPPLY REVENUE	1.713	5/1/2021	5/3/2021	Aa1	1,143,214	1,143,213.860	2.587	2.498	3.042	.75%	1,105,716.45
91412HDG5	UNIVERSITY OF CALIFORNIA	2.836	5/15/2020	5/15/2020	AA-	1,000,000	1,000,000.000	1.878	1.814	2.812	.68%	1,000,440.00
MUNICIPALS TOTALS							11,524,324.730					11,370,060.15
SOVEREIGN DEBT												
4581XOCZ9	INTER-AMERICAN DEVELOPMENT BANK	1.750	9/14/2022	9/14/2022	Aaa	750,000	741,397.690	4.208	3.996	2.823	.49%	718,257.75
45950KCA6	INTERNATIONAL FINANCE CORP	1.750	9/4/2018	9/4/2018	Aaa	2,500,000	2,503,391.470	.181	.181	2.318	1.70%	2,497,390.68
SOVEREIGN DEBT TOTALS							3,244,789.160					3,215,648.43

CalOptima (OCHA) STAMP 1-3

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As of 6/30/2018

Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
FIXED INCOME (Continued)												
US TREASURIES												
912828UH1	UNITED STATES TREASURY INFLATION INDEXED BONDS	.125	1/15/2023	1/17/2023	Govt	1,519,434	1,501,045.510	4.544	4.475	2.742	1.01%	1,485,338.95
912828K33	UNITED STATES TREASURY INFLATION INDEXED BONDS	.125	4/15/2020	4/15/2020	Govt	3,744,090	3,772,859.450	1.795	1.770	2.481	2.52%	3,704,166.84
912828SA9	UNITED STATES TREASURY INFLATION INDEXED BONDS	.125	1/15/2022	1/18/2022	Govt	719,433	725,770.310	3.544	3.497	2.687	.48%	707,125.04
912828VA5	UNITED STATES TREASURY NOTE/BOND	1.125	4/30/2020	4/30/2020	Govt	4,435,000	4,411,966.860	1.837	1.796	2.519	2.94%	4,324,644.74
912828Q37	UNITED STATES TREASURY NOTE/BOND	1.250	3/31/2021	3/31/2021	Govt	7,635,000	7,508,259.080	2.754	2.668	2.607	5.00%	7,361,213.63
912828S76	UNITED STATES TREASURY NOTE/BOND	1.125	7/31/2021	8/2/2021	Govt	4,625,000	4,413,874.300	3.088	2.990	2.633	3.00%	4,419,404.32
912828VK3	UNITED STATES TREASURY NOTE/BOND	1.375	6/30/2018	7/2/2018	Govt	8,600,000	8,600,000.050	.003	.008	1.366	5.84%	8,600,000.00
912828VV9	UNITED STATES TREASURY NOTE/BOND	2.125	8/31/2020	8/31/2020	Govt	9,050,000	9,141,206.040	2.171	2.092	2.560	6.09%	8,967,277.39
912828B58	UNITED STATES TREASURY NOTE/BOND	2.125	1/31/2021	2/1/2021	Govt	3,285,000	3,312,008.830	2.588	2.481	2.604	2.20%	3,245,862.31
912828XK1	UNITED STATES TREASURY NOTE/BOND	.875	7/15/2018	7/16/2018	Govt	3,230,000	3,228,783.190	.044	.046	1.618	2.19%	3,228,930.90
912828L57	UNITED STATES TREASURY NOTE/BOND	1.750	9/30/2022	9/30/2022	Govt	1,880,000	1,859,627.300	4.254	4.040	2.705	1.23%	1,808,251.57
912828L40	UNITED STATES TREASURY NOTE/BOND	1.000	9/15/2018	9/17/2018	Govt	4,563,000	4,565,182.760	.212	.217	1.904	3.09%	4,554,239.59
912828UF5	UNITED STATES TREASURY NOTE/BOND	1.125	12/31/2019	12/31/2019	Govt	10,900,000	10,907,494.400	1.503	1.470	2.476	7.26%	10,684,128.88
US TREASURIES TOTALS							63,948,078.080					63,090,584.16
FIXED INCOME TOTALS							147,475,524.260					146,065,278.04
PORTFOLIO TOTALS							147,969,539.290					147,220,309.75

HoldingName	Ticker	CUSIP	ISIN	SEDOL	% Market Value	Holding Value
ALLSTATE CORP	ALL	020002BE0	US020002BE09	020002BE0	0.31%	\$800,504.46
AMERICAN EXPRESS CO	AXP	025816BV0	US025816BV03	025816BV0	0.39%	\$1,006,341.04
AMERICAN EXPRESS CREDIT CORP	AXP	0258M0DQ9	US0258M0DQ92	0258M0DQ9	0.94%	\$2,417,183.97
AMERICAN EXPRESS CREDIT CORP	AXP	0258M0EK1	US0258M0EK14	0258M0EK1	0.39%	\$995,676.83
AMERICAN HONDA FINANCE CORP	HNDA	02665WBJ9	US02665WBJ99	02665WBJ9	0.79%	\$2,022,079.48
AMERICAN HONDA FINANCE CORP	HNDA	02665WBS9	US02665WBS98	02665WBS9	0.39%	\$1,008,434.75
AMXCA 132 A	AMXCA	02582JGG9	US02582JGG94	02582JGG9	0.50%	\$1,292,835.43
AMXCA 141 A	AMXCA	02582JGN4	US02582JGN46	02582JGN4	0.39%	\$1,003,585.59
ANAHEIM CALIF REDEV AGY SUCCESSOR AGY TAX ALLOCATI	ANADEV	032564AN6	US032564AN61	032564AN6	0.28%	\$706,118.00
Apple Inc.	AAPL	03785EGR9	US03785EGR99	03785EGR9	1.21%	\$3,095,614.03
BACCT 161 A	BACCT	05522RCV8	US05522RCV87	05522RCV8	1.74%	\$4,474,246.92
BANK OF AMERICA CORP	BAC	06051GFE4	US06051GFE44	06051GFE4	0.32%	\$831,163.25
BANK OF AMERICA CORP	BAC	06051GFD6	US06051GFD60	06051GFD6	0.64%	\$1,634,039.88
BB&T CORP	BBT	05531FAW3	US05531FAW32	05531FAW3	0.39%	\$1,006,367.61
BERKSHIRE HATHAWAY INC	BRK	084670BL1	US084670BL15	084670BL1	1.17%	\$3,007,058.00
BRANCH BANKING AND TRUST CO	BBT	07330NAL9	US07330NAL91	07330NAL9	0.67%	\$1,719,735.76
BRANCH BANKING AND TRUST CO	BBT	07330NAM7	US07330NAM74	07330NAM7	0.39%	\$1,008,221.64
Cafco, LLC	C	1247P3GH9	US1247P3GH92	1247P3GH9	2.34%	\$5,993,814.00
Cash	---	CCYUSD	---	CCYUSD	0.00%	\$5,556.49
CATERPILLAR FINANCIAL SERVICES CORP	CAT	14912L6R7	US14912L6R76	14912L6R7	0.37%	\$941,549.44
CATERPILLAR FINANCIAL SERVICES CORP	CAT	14913QAC3	US14913QAC33	14913QAC3	0.59%	\$1,503,610.22
CHAIT 145 A	CHAIT	161571GN8	US161571GN89	161571GN8	0.85%	\$2,181,053.00
CHEVRON CORP	CVX	166751AJ6	US166751AJ66	166751AJ6	0.99%	\$2,546,766.09
CHEVRON CORP	CVX	166764BA7	US166764BA77	166764BA7	0.78%	\$1,999,941.00
CITIBANK NA	C	17325FAM0	US17325FAM05	17325FAM0	1.76%	\$4,519,371.00
COMET 143A A	COMET	14041NER8	US14041NER89	14041NER8	1.86%	\$4,764,605.46
DANAHER CORP	DHR	235851AN2	US235851AN21	235851AN2	1.31%	\$3,371,730.88
Eli Lilly and Company	LLY	53245QGB6	US53245QGB68	53245QGB6	0.29%	\$749,519.50
EXXON MOBIL CORP	XOM	30231GAP7	US30231GAP72	30231GAP7	1.17%	\$3,001,969.00
FEDERAL FARM CREDIT BANKS	FFCBND	313312DF4	US313312DF42	313312DF4	3.84%	\$9,842,560.00
FEDERAL FARM CREDIT BANKS	FFCBND	313312BT6	US313312BT63	313312BT6	3.85%	\$9,866,840.00
FEDERAL HOME LOAN BANKS	FHLB	3133XU3G6	US3133XU3G68	3133XU3G6	0.41%	\$1,040,928.00
FEDERAL HOME LOAN BANKS	FHLB	3130AAE46	US3130AAE462	3130AAE46	2.34%	\$6,003,139.00
FEDERAL HOME LOAN BANKS	FHLBDN	313385D29	US313385D297	313385D29	2.33%	\$5,983,038.00
FEDERAL HOME LOAN BANKS	FHLBDN	313385J31	US313385J310	313385J31	1.94%	\$4,974,150.00
FEDERAL HOME LOAN BANKS	FHLBDN	313384DQ9	US313384DQ91	313384DQ9	1.92%	\$4,918,555.00
FEDERAL HOME LOAN MORTGAGE CORP	FHLMC	3134G92B2	US3134G92B29	3134G92B2	2.14%	\$5,480,665.97
FIDELITY IMM:GOVT;I	FIGXX	316175108	US3161751082	316175108	0.07%	\$190,571.58
FIFTH THIRD BANK	FITB	31677QBB4	US31677QBB41	31677QBB4	0.58%	\$1,490,611.15
FIFTH THIRD BANK (OHIO)	FITB	31677QBF5	US31677QBF54	31677QBF5	1.04%	\$2,679,014.51
FITAT 171 A2B	FITAT	31679RAC9	US31679RAC97	31679RAC9	0.61%	\$1,553,881.33
GENERAL DYNAMICS CORP	GD	369550BF4	US369550BF47	369550BF4	0.79%	\$2,014,717.29
General Dynamics Corporation	GD	36955EGA0	US36955EGA01	36955EGA0	1.17%	\$2,998,221.66
GOLDMAN SACHS GROUP INC	GS	38141EB73	US38141EB735	38141EB73	0.79%	\$2,016,456.75
HSBC USA INC	HSBC	40428HPW6	US40428HPW69	40428HPW6	0.27%	\$683,756.11

WELLS CAPITAL - TIER 1
JUNE 30, 2018

HoldingName	Ticker	CUSIP	ISIN	SEDOL	% Market Value	Holding Value
INTER-AMERICAN DEVELOPMENT BANK	IADB	4581X0BR8	US4581X0BR83	4581X0BR8	1.45%	\$3,720,644.56
JOHN DEERE CAPITAL CORP	DE	24422ETR0	US24422ETR08	24422ETR0	1.38%	\$3,550,781.91
JOHNSON & JOHNSON	JNJ	478160AU8	US478160AU81	478160AU8	0.62%	\$1,593,693.41
JPMORGAN CHASE BANK NA	JPM	48125LRJ3	US48125LRJ34	48125LRJ3	1.30%	\$3,338,828.78
Kaiser Foundation Hospitals	KPERM	48306BJC0	US48306BJC00	48306BJC0	2.72%	\$6,965,510.44
LOS ANGELES CALIF	LOS	544351MK2	US544351MK20	544351MK2	1.43%	\$3,672,623.10
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	LOSGEN	544587K49	US544587K492	544587K49	0.81%	\$2,086,117.25
MANUFACTURERS AND TRADERS TRUST CO	MTB	55279HAE0	US55279HAE09	55279HAE0	0.39%	\$1,007,495.22
MASTERCARD INC	MA	57636QAA2	US57636QAA22	57636QAA2	0.27%	\$697,678.18
MBALT 17A A2B	MBALT	58769DAC4	US58769DAC48	58769DAC4	1.28%	\$3,288,131.95
MORGAN STANLEY	MS	61746BDS2	US61746BDS25	61746BDS2	0.79%	\$2,021,959.31
MUFG UNION BANK NA	UNBC	90520EAF8	US90520EAF88	90520EAF8	0.39%	\$998,035.50
NALT 17B A2B	NALT	65479BAC4	US65479BAC46	65479BAC4	1.75%	\$4,483,402.81
NAROT 17B A2B	NAROT	65478GAC4	US65478GAC42	65478GAC4	0.77%	\$1,962,067.07
National Rural Utilities Cooperative Finance Corpo	NRUC	63743DGC9	US63743DGC92	63743DGC9	1.75%	\$4,496,839.38
National Securities Clearing Corporation	DEPTCC	63763QGB7	US63763QGB77	63763QGB7	0.29%	\$749,519.50
National Securities Clearing Corporation	DEPTCC	63763QJH1	US63763QJH11	63763QJH1	1.94%	\$4,975,922.20
NORTHERN TRUST COMPANY	NTRS	66586GCD7	US66586GCD79	66586GCD7	0.80%	\$2,058,471.11
Old Line Funding, LLC	OLDLLC	67983UJA2	US67983UJA25	67983UJA2	2.33%	\$5,973,123.84
Payable	---	CCYUSD	---	CCYUSD	-2.60%	-\$6,673,237.65
PepsiCo, Inc.	PEP	71344UGW3	US71344UGW36	71344UGW3	2.34%	\$5,989,702.86
PNC BANK NA	PNC	69353REV6	US69353REV69	69353REV6	1.63%	\$4,168,525.67
Receivable	---	CCYUSD	---	CCYUSD	1.09%	\$2,803,741.21
SACRAMENTO CALIF SUBN WTR DIST REV	SCRWTR	78607QAS4	US78607QAS49	78607QAS4	0.39%	\$1,002,035.72
TAOT 17D A2B	TAOT	89238KAC6	US89238KAC62	89238KAC6	2.49%	\$6,393,024.81
The Coca-Cola Company	KO	19121BHD4	US19121BHD47	19121BHD4	0.72%	\$1,845,328.75
The Coca-Cola Company	KO	19121BKJ7	US19121BKJ79	19121BKJ7	1.61%	\$4,121,132.60
Thunder Bay Funding, LLC	TBLLC	88602UGH7	US88602UGH77	88602UGH7	0.97%	\$2,497,462.50
Thunder Bay Funding, LLC	TBLLC	88602UHD5	US88602UHD54	88602UHD5	1.56%	\$3,989,400.00
TOYOTA MOTOR CREDIT CORP	TOYOTA	89236TDE2	US89236TDE29	89236TDE2	0.39%	\$990,734.44
TOYOTA MOTOR CREDIT CORP	TOYOTA	89236TEV3	US89236TEV35	89236TEV3	0.98%	\$2,513,662.55
TULARE CNTY CALIF PENSION OBLIG	TULGEN	899154AR9	US899154AR99	899154AR9	0.57%	\$1,454,168.47
UNITED STATES TREASURY	T	912828L81	US912828L815	912828L81	2.45%	\$6,291,311.34
UNITED STATES TREASURY	T	912828T42	US912828T420	912828T42	8.65%	\$22,174,275.66
UNITEDHEALTH GROUP INC	UNH	91324PDG4	US91324PDG46	91324PDG4	0.59%	\$1,502,323.57
UNIVERSITY CALIF REVS	UNVHGR	91412HBF9	US91412HBF91	91412HBF9	0.43%	\$1,101,991.00
US BANK NA	USB	90331HMK5	US90331HMK58	90331HMK5	1.37%	\$3,522,288.36
VALET 181 A2B	VALET	92868LAC5	US92868LAC54	92868LAC5	1.17%	\$3,000,000.00
WALMART INC	WMT	931142EH2	US931142EH28	931142EH2	1.46%	\$3,756,394.58
Walmart Inc.	WMT	93114FG99	US93114FG995	93114FG99	1.95%	\$4,997,243.05

Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
CASH & CASH EQUIVALENTS												
CASH												
NA9123459	US DOLLARS	2.090	7/2/2018		Agency	285,641	285,640.680	0.000	-	2.090	.29%	285,640.68
USD120030	USD INTEREST RECEIVABLE	-				555,813	0.000	-	-	-	.57%	555,813.16
USD220010	USD PAYABLE FOR INVESTMENTS PURCHASED	-				(322,598)	(322,598.230)	-	-	-	(.33%)	(322,598.23)
CASH TOTALS							(36,957.550)					518,855.61
CASH & CASH EQUIVALENTS TOTALS							(36,957.550)					518,855.61
FIXED INCOME												
AGENCIES												
3137EACAS	FEDERAL HOME LOAN MORTGAGE CORP	3.750	3/27/2019	3/27/2019	Agency	1,425,000	1,444,442.630	.744	.724	2.274	1.48%	1,440,404.25
AGENCIES TOTALS							1,444,442.630					1,440,404.25
ASSET BACKED												
05582XAD4	BMW VEHICLE LEASE TRUST 2016-2	1.430	9/20/2019	3/20/2019	AAA	648,720	648,685.720	.402	.398	2.422	.66%	646,182.31
17305EFF7	CITIBANK CREDIT CARD ISSUANCE TRUST	2.476	9/10/2020	9/10/2018	Aaa	1,040,000	1,040,211.770	.197	.030	2.256	1.07%	1,040,693.37
47788CAA0	JOHN DEERE OWNER TRUST	1.950	3/15/2019	11/15/2018		1,047,299	1,047,298.650	.216	.213	2.272	1.08%	1,046,665.45
47787XAC1	JOHN DEERE OWNER TRUST 2017	1.780	4/15/2021	5/15/2020	Aaa	300,000	299,981.860	1.009	.985	2.736	.31%	297,201.84
58769DAD2	MERCEDES-BENZ AUTO LEASE TRUST 2017-A	1.790	4/15/2020	6/15/2019	AAA	1,380,000	1,377,363.040	.642	.631	2.759	1.41%	1,371,646.03
65477XAE4	NISSAN AUTO LEASE TRUST 2016-B	1.610	1/18/2022	1/15/2019	Aaa	1,000,000	992,383.740	.544	.539	2.758	1.02%	993,886.10
65479AAB8	NISSAN AUTO LEASE TRUST 2017-A	1.640	9/16/2019	5/15/2019	Aaa	847,949	847,924.870	.505	.498	2.414	.87%	844,710.81
65475WAD0	NISSAN AUTO RECEIVABLES 2015-B OWNER TRUST	1.340	3/16/2020	2/15/2019	Aaa	267,614	267,467.410	.293	.291	2.564	.27%	266,670.06
65478DAA5	NISSAN AUTO RECEIVABLES 2018-A OWNER TRUST	1.900	3/15/2019	9/17/2018		302,524	302,524.410	.211	.209	1.934	.31%	302,526.86
65474VAP6	NISSAN MASTER OWNER TRUST RECEIVABLES	2.393	10/17/2022	10/15/2020	Aaa	1,025,000	1,025,000.000	2.297	.048	2.430	1.06%	1,025,614.08
65474VAN1	NISSAN MASTER OWNER TRUST RECEIVABLES	2.503	4/18/2022	4/15/2020	Aaa	750,000	752,748.350	1.797	.049	2.416	.77%	751,991.55
ASSET BACKED TOTALS							8,601,589.820					8,587,788.46
CMBS												
3137FBWU4	FREDDIE MAC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.109	10/25/2019	10/25/2019	Agency	500,000	500,231.440	1.342	.071	2.295	.51%	500,000.45
3137AXHP1	FREDDIE MAC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.573	9/25/2022	9/25/2022	Aaa	1,100,000	1,114,337.280	4.139	3.872	3.045	1.11%	1,078,760.98
3137AH6Q6	FREDDIE MAC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.412	8/25/2018	8/25/2018	Aaa	221,935	222,187.900	.095	.094	2.530	.23%	221,555.90
CMBS TOTALS							1,836,756.620					1,800,317.33
CMOS												
31396YXB3	FANNIE MAE REMICS	4.000	12/25/2018	9/25/2018	Agency	544	544.460	.153	.152	2.083	0%	544.61
31398GZS1	FANNIE MAE REMICS	2.500	12/25/2018	8/25/2018	Agency	222	222.080	.092	.090	2.068	0%	221.80
31398M5L6	FANNIE MAE REMICS	3.750	8/25/2018	7/25/2018	Agency	2,393	2,392.680	.072	.070	2.133	0%	2,389.49
3137A1LC5	FREDDIE MAC REMICS	2.000	8/15/2020	1/15/2020	Agency	57,779	57,788.850	.756	.743	2.589	.06%	57,486.02
31398VUA2	FREDDIE MAC REMICS	2.000	3/15/2019	2/15/2019	Agency	43,359	43,358.710	.202	.200	2.751	.04%	43,261.02
31398WLZ5	FREDDIE MAC REMICS	2.000	11/15/2018	11/15/2018	Agency	990	989.950	.148	.147	2.365	0%	988.66

CalOptima (The Orange County Health Authority)

Account #: LCEF0023802

As of 6/30/2018

Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
FIXED INCOME (Continued)												
CMOS (Continued)												
62888WAA4	NON GUARANTEED NOT V	2.483	12/8/2020	11/5/2020	Aaa	391,351	392,153.220	1.889	.057	2.450	.40%	393,057.68
CMOS TOTALS							497,449.950					497,949.28
CORPORATES												
0258M0DP1	AMERICAN EXPRESS CREDIT CORP	2.250	8/15/2019	8/15/2019	A2	650,000	649,728.790	1.128	1.098	2.805	.66%	646,013.62
03076CAE6	AMERIPRISE FINANCIAL INC	5.300	3/15/2020	3/16/2020	A3	605,000	632,935.690	1.711	1.618	3.225	.64%	625,703.48
06051GEU9	BANK OF AMERICA CORP	3.300	1/11/2023	1/11/2023	A-	370,000	367,657.100	4.533	4.124	3.654	.38%	364,572.09
06051GGS2	BANK OF AMERICA CORP	2.328	10/1/2021	10/1/2021	A-	1,295,000	1,290,361.780	3.256	2.883	3.055	1.30%	1,266,000.64
06406RAE7	BANK OF NEW YORK MELLON CORP/THE	2.950	1/29/2023	1/30/2023	A1	1,000,000	995,357.450	4.583	4.184	3.489	1.01%	977,347.26
05531FAU7	BB&T CORP	2.625	6/29/2020	6/29/2020	A2	850,000	855,664.350	2.000	1.936	3.179	.87%	840,943.26
14040HBY0	CAPITAL ONE FINANCI	3.450	4/30/2021	4/30/2021	Baa1	600,000	599,501.760	2.836	2.642	3.535	.62%	598,615.90
808513AW5	CHARLES SCHWAB CORP/THE	3.250	5/21/2021	5/21/2021	A	510,000	509,985.100	2.894	2.698	3.104	.53%	512,038.22
172967HM6	CITIGROUP INC	2.550	4/8/2019	4/8/2019	BBB+	880,000	882,263.860	.775	.759	2.772	.90%	878,490.60
172967LC3	CITIGROUP INC	2.900	12/8/2021	12/8/2021	BBB+	900,000	909,247.520	3.442	3.227	3.534	.91%	881,662.39
202795HV5	COMMONWEALTH EDISON CO	4.000	8/1/2020	8/3/2020	A	480,000	498,831.090	1.833	1.792	2.964	.50%	488,867.11
254010AC5	DIGNITY HEALTH	2.637	11/1/2019	11/1/2019	A	775,000	776,599.110	1.339	1.305	2.782	.80%	773,520.28
31677QBG3	FIFTH THIRD BANK/CINCINNATI OH	2.250	6/14/2021	6/14/2021	A-	715,000	722,306.860	2.958	2.821	3.168	.72%	696,605.87
369550BE7	GENERAL DYNAMICS CORP	3.000	5/11/2021	5/11/2021	A2	800,000	794,696.020	2.867	2.718	3.117	.82%	797,429.95
36962G5J9	GENERAL ELECTRIC CO	4.650	10/17/2021	10/18/2021	A	675,000	701,924.150	3.300	3.036	3.354	.72%	702,073.80
38148PP84	GOLDMAN SACHS BANK USA/NEW YORK NY	3.200	6/5/2020	6/5/2020	A+	480,000	479,893.200	1.933	1.863	3.043	.50%	481,397.23
38141GGQ1	GOLDMAN SACHS GROUP INC/THE	5.250	7/27/2021	7/27/2021	A3	995,000	1,065,647.360	3.078	2.788	3.489	1.08%	1,045,675.71
44644AAB3	HUNTINGTON NATIONAL BANK/THE	2.500	8/7/2022	8/8/2022	A-	445,000	429,305.100	4.106	3.816	3.455	.44%	428,855.52
46625HJH4	JPMORGAN CHASE & CO	3.200	1/25/2023	1/25/2023	A-	1,000,000	985,742.090	4.572	4.171	3.628	1.01%	982,105.73
46625HJE1	JPMORGAN CHASE & CO	3.250	9/23/2022	9/23/2022	A-	920,000	945,208.900	4.233	3.900	3.487	.94%	911,471.54
49327M2T0	KEYBANK NA/CLEVELAND OH	2.300	9/14/2022	9/14/2022	A-	1,675,000	1,664,247.980	4.208	3.948	3.472	1.64%	1,598,691.66
55279HAL4	MANUFACTURERS & TRADERS TRUST CO	2.500	5/18/2022	5/18/2022	A	900,000	904,232.110	3.886	3.642	3.395	.90%	870,874.45
55279HAS9	MANUFACTURERS & TRADERS TRUST CO	2.630	1/25/2021	1/25/2021	A	330,000	330,481.060	2.572	.072	2.679	.34%	329,820.05
61746BED4	MORGAN STANLEY	2.625	11/17/2021	11/17/2021	A3	715,000	697,376.950	3.383	3.205	3.548	.71%	694,125.00
61747WAF6	MORGAN STANLEY	5.750	1/25/2021	1/25/2021	A3	730,000	788,467.120	2.572	2.347	3.405	.79%	771,789.22
637432MU6	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP	2.350	6/15/2020	6/15/2020	A1	810,000	821,463.880	1.961	1.902	3.058	.82%	799,157.32
68389XBR5	ORACLE CORP	2.625	2/15/2023	2/15/2023	A+	1,000,000	972,879.840	4.628	4.232	3.363	1.00%	968,550.83
69371RP26	PACCAR FINANCIAL CORP	3.100	5/10/2021	5/10/2021	A1	1,000,000	999,752.480	2.864	2.713	3.018	1.03%	1,002,197.37
69353RFK9	PNC BANK NA	2.612	1/22/2021	1/22/2021	A	620,000	620,470.810	2.564	.066	2.669	.64%	619,505.05
69353RFE3	PNC BANK NA	2.450	7/28/2022	7/28/2022	A	1,130,000	1,093,468.200	4.081	3.789	3.368	1.12%	1,090,734.85
784710AB1	SSM HEALTH CARE CORP	3.688	6/1/2023	6/1/2023	A+	100,000	100,563.000	4.672	4.363	3.562	.10%	100,537.94
867914BK8	SUNTRUST BANKS INC	2.900	3/3/2021	3/3/2021	BBB+	500,000	496,665.120	2.678	2.509	3.381	.51%	493,880.27
87236YAE8	TD AMERITRADE HOLDING CORP	2.950	4/1/2022	4/1/2022	A2	620,000	608,154.660	3.756	3.453	3.449	.63%	609,164.51
91159HHP8	US BANCORP	2.625	1/24/2022	1/24/2022	A+	530,000	520,559.990	3.569	3.323	3.270	.53%	518,557.65
90331HNP4	US BANK NA/CINCINNATI OH	3.150	4/26/2021	4/26/2021	AA-	840,000	839,952.900	2.742	2.637	3.064	.87%	841,883.25
94974BGR5	WELLS FARGO & CO	2.550	12/7/2020	12/7/2020	A2	950,000	966,715.050	2.439	2.345	3.228	.96%	934,995.38
98389BAS9	XCEL ENERGY INC	2.400	3/15/2021	3/15/2021	BBB+	750,000	763,374.590	2.711	2.568	3.288	.75%	732,836.60
CORPORATES TOTALS							28,281,683.020					27,876,691.60

Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
FIXED INCOME (Continued)												
MORTGAGES												
31374CNE2	FANNIE MAE POOL	5.000	5/1/2019	11/25/2018	Agency	20,355	20,513.150	.232	.230	(3.685)	.02%	20,700.89
31381Q6B7	FANNIE MAE POOL	4.295	6/1/2021	6/25/2021	Agency	1,158,882	1,233,070.530	2.979	2.762	3.147	1.23%	1,196,126.37
3138EJRP5	FANNIE MAE POOL	4.381	6/1/2021	5/25/2021	Agency	854,858	904,126.950	2.817	2.615	3.112	.91%	883,482.37
31294KUP8	FREDDIE MAC GOLD POOL	5.000	11/1/2018	10/15/2018	Agency	4,838	4,838.000	.165	.164	(3.508)	.01%	4,897.05
36200MPV9	GINNIE MAE I POOL	-				0	.010	-	-	-	0%	.01
MORTGAGES TOTALS							2,162,548.640					2,105,206.69
MUNICIPALS												
032556BZ4	ANAHEIM HOUSING & PUBLIC IMPROVEMENTS AUTHORITY	1.304	10/1/2019	10/1/2019	AA-	885,000	885,000.000	1.256	1.231	2.773	.89%	869,052.30
03667PEB4	ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT	1.954	8/1/2018	8/1/2018	Aa2	345,000	345,000.000	.089	.089	2.106	.35%	344,948.25
072031AF4	BAY AREA WATER SUPPLY & CONSERVATION AGENCY	1.914	10/1/2019	10/1/2019	Aa3	150,000	150,130.670	1.256	1.227	2.700	.15%	148,552.50
13034PUF2	CALIFORNIA HOUSING FINANCE AGENCY	2.379	8/1/2020	8/3/2020	A1	450,000	448,754.970	2.089	2.010	2.897	.46%	445,302.00
13034PZH3	CALIFORNIA HOUSING FINANCE AGENCY	2.512	8/1/2021	8/2/2021	A1	675,000	675,000.000	3.089	2.922	3.078	.68%	663,815.25
13077CT46	CALIFORNIA STATE UNIVERSITY	2.332	11/1/2020	11/2/2020	AA-	495,000	501,847.280	2.339	2.256	2.636	.51%	491,604.30
13077CT38	CALIFORNIA STATE UNIVERSITY	1.982	11/1/2019	11/1/2019	AA-	245,000	245,000.000	1.339	1.310	2.473	.25%	243,422.20
156792GT4	CERRITOS COMMUNITY COLLEGE DISTRICT	2.165	8/1/2019	8/1/2019	Aa2	175,000	175,000.000	1.089	1.060	2.618	.18%	174,153.00
45656RCK6	CITY OF INDUSTRY CA	2.500	1/1/2020	1/2/2020	A1	230,000	229,875.820	1.506	1.456	2.822	.24%	228,916.70
544445AZ2	CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS	2.092	5/15/2020	5/15/2020	AA	715,000	715,000.000	1.878	1.822	2.707	.73%	706,992.00
190335HF9	COAST COMMUNITY COLLEGE DISTRICT	1.556	8/1/2021	8/2/2021	Aa1	415,000	415,000.000	3.089	2.968	2.917	.41%	398,433.20
70914PPE6	COMMONWEALTH OF PENNSYLVANIA	4.250	7/15/2020	7/15/2020	Aa3	500,000	520,217.730	2.044	1.918	2.930	.53%	512,995.00
010878AK2	COUNTY OF ALAMEDA CA	3.500	8/1/2019	8/1/2019	AAA	825,000	834,326.380	1.089	1.057	2.632	.86%	832,631.25
899154AV0	COUNTY OF TULARE CA	3.348	6/1/2023	6/1/2023	A1	1,000,000	1,000,000.000	4.922	4.512	3.441	1.02%	995,850.00
452650JD7	IMPERIAL IRRIGATION DISTRICT ELECTRIC SYSTEM REVENUE	1.320	11/1/2019	11/1/2019	AA-	655,000	654,146.510	1.339	1.315	2.933	.66%	641,218.80
54473ERR7	LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY	2.560	12/1/2019	12/2/2019	Aa2	305,000	305,331.540	1.422	1.390	2.576	.31%	304,929.85
630360EJ0	NAPA VLY CA CMNTY C	1.776	8/1/2018	8/1/2018	AA-	600,000	600,000.000	.089	.089	2.144	.62%	599,796.00
661334DS8	NORTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT/CA	1.540	8/1/2018	8/1/2018	Aa1	165,000	164,980.790	.089	.089	1.978	.17%	164,934.00
683042AC9	ONTARIO INTERNATIONAL AIRPORT AUTHORITY	1.818	5/15/2019	5/15/2019	A-	490,000	490,000.000	.878	.861	3.143	.50%	484,414.00
76886PFB4	RIVERSIDE COMMUNITY COLLEGE DISTRICT FOUNDATION	2.848	8/1/2020	8/3/2020	Aa2	355,000	359,622.480	2.089	2.000	2.780	.37%	355,482.80
83412PDW9	SOLANO COUNTY COMMUNITY COLLEGE DISTRICT	1.840	8/1/2018	8/1/2018	Aa3	600,000	600,000.000	.089	.089	2.083	.62%	599,862.00
842477TV3	SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY	2.029	7/1/2020	7/1/2020	AA-	780,000	790,122.850	2.006	1.930	2.814	.79%	768,136.20
13066YTY5	STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES POWER SUPPLY REVENUE	1.713	5/1/2021	5/3/2021	Aa1	815,203	815,203.130	2.587	2.498	3.042	.81%	788,464.47
649791CJ7	STATE OF NEW YORK	4.290	3/1/2019	3/1/2019	AA+	225,000	228,272.800	.672	.653	2.835	.23%	227,157.75
91412HDJ9	UNIVERSITY OF CALIFORNIA	3.283	5/15/2022	5/16/2022	AA-	545,000	545,000.000	3.878	3.615	3.208	.56%	546,487.85

Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
FIXED INCOME (Continued)												
MUNICIPALS (Continued)												
932889VJ4	WALNUT VALLEY UNIFIED SCHOOL DISTRICT	2.000	8/1/2018	8/1/2018	Aa1	285,000	285,056.540	.089	.089	2.207	.29%	284,943.00
MUNICIPALS TOTALS							12,977,889.490					12,822,494.67
SOVEREIGN DEBT												
4581XOCZ9	INTER-AMERICAN DEVELOPMENT BANK	1.750	9/14/2022	9/14/2022	Aaa	1,000,000	988,600.060	4.208	3.996	2.823	.99%	957,677.00
459058DL4	INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	1.875	3/15/2019	3/15/2019	AAA	725,000	727,174.780	.711	.696	2.352	.74%	722,563.28
SOVEREIGN DEBT TOTALS							1,715,774.840					1,680,240.28
US TREASURIES												
912828UH1	UNITED STATES TREASURY INFLATION INDEXED BONDS	.125	1/15/2023	1/17/2023	Govt	1,003,912	991,764.560	4.544	4.475	2.742	1.01%	981,384.66
912828SA9	UNITED STATES TREASURY INFLATION INDEXED BONDS	.125	1/15/2022	1/18/2022	Govt	2,977,346	2,983,207.740	3.544	3.497	2.687	3.01%	2,926,409.78
912828Q37	UNITED STATES TREASURY NOTE/BOND	1.250	3/31/2021	3/31/2021	Govt	1,890,000	1,855,097.210	2.754	2.668	2.607	1.87%	1,822,225.77
912828S76	UNITED STATES TREASURY NOTE/BOND	1.125	7/31/2021	8/2/2021	Govt	4,900,000	4,802,877.950	3.088	2.990	2.633	4.82%	4,682,179.71
912828VK3	UNITED STATES TREASURY NOTE/BOND	1.375	6/30/2018	7/2/2018	Govt	3,885,000	3,885,000.360	.003	.008	1.366	4.00%	3,885,000.00
912828VV9	UNITED STATES TREASURY NOTE/BOND	2.125	8/31/2020	8/31/2020	Govt	6,130,000	6,204,341.680	2.171	2.092	2.560	6.25%	6,073,968.00
912828UN8	UNITED STATES TREASURY NOTE/BOND	2.000	2/15/2023	2/15/2023	Govt	205,000	198,015.140	4.630	4.348	2.722	.20%	198,601.76
912828B58	UNITED STATES TREASURY NOTE/BOND	2.125	1/31/2021	2/1/2021	Govt	4,520,000	4,602,570.380	2.588	2.481	2.604	4.59%	4,466,148.45
912828J43	UNITED STATES TREASURY NOTE/BOND	1.750	2/28/2022	2/28/2022	Govt	3,125,000	3,083,465.620	3.671	3.497	2.682	3.11%	3,023,803.72
912828L57	UNITED STATES TREASURY NOTE/BOND	1.750	9/30/2022	9/30/2022	Govt	8,335,000	8,157,676.360	4.254	4.040	2.705	8.25%	8,016,902.56
912828L99	UNITED STATES TREASURY NOTE/BOND	1.375	10/31/2020	11/2/2020	Govt	3,900,000	3,876,888.090	2.337	2.279	2.581	3.90%	3,793,968.75
US TREASURIES TOTALS							40,640,905.090					39,870,593.16
FIXED INCOME TOTALS							98,159,040.100					96,681,685.72
PORTFOLIO TOTALS							98,122,082.550					97,200,541.33

CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of June 30, 2018

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
Cash							
	CASH OR STIF	USD	987,691.98	987,691.98	0.00	1.000	0.39%
Total for Cash			987,691.98	987,691.98	0.00		0.39%
Money Markets							
2,500,000.000	NATL RURAL UTILITIES CP	63743DGL9	2,496,666.67	2,496,661.11	(5.56)	99.889	0.98%
	Mat: 7/20/18 Cpn: 0.00%		0.00	694.44			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 6/25/18 St Date: 6/26/18						
2,500,000.000	EXXON MOBIL CP	30229BH18	2,494,500.00	2,494,344.44	(155.56)	99.818	0.97%
	Mat: 8/1/18 Cpn: 0.00%		0.00	1,237.50			
	Moody's: P-1 S&P: A-1+ Fitch: NR						
	Tr Date: 6/21/18 St Date: 6/22/18						
85,000,000.000	U.S. TREASURY BILL	912796PS2	84,610,886.53	84,613,146.11	2,259.59	99.837	33.14%
	Mat: 8/2/18 Cpn: 0.00%		0.00	252,282.36			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 5/2/18 St Date: 5/3/18						
25,000,000.000	U.S. TREASURY BILL	912796NV7	24,761,809.03	24,761,600.70	(208.33)	99.604	9.73%
	Mat: 9/13/18 Cpn: 0.00%		0.00	140,809.03			
	Moody's: Aaa S&P: AA+u Fitch: AAA						
	Tr Date: 3/15/18 St Date: 3/16/18						
2,500,000.000	COOPERATIEVE RABOBANK 3ML FRN YCD	21684B5K6	2,500,000.00	2,499,812.50	(187.50)	99.993	0.98%
	Mat: 10/11/18 Cpn: 2.37%		0.00	13,316.06			
	Moody's: P-1 S&P: A-1 Fitch: F1+						
	Tr Date: 4/10/18 St Date: 4/11/18						
2,500,000.000	MUFG BANK LTD 1ML FRN YCD	55379WBQ8	2,500,000.00	2,501,632.50	1,632.50	100.065	0.98%
	Mat: 10/17/18 Cpn: 2.47%		158.02	2,225.40			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 4/17/18 St Date: 4/18/18						
2,500,000.000	WESTPAC BANKING NY YCD	96121T4V7	2,493,253.50	2,495,571.78	2,318.28	99.823	0.99%
	Mat: 10/19/18 Cpn: 1.71%		24,818.75	30,162.50			
	Moody's: P-1 S&P: A-1+ Fitch: F1+						
	Tr Date: 5/16/18 St Date: 5/17/18						
2,500,000.000	CREDIT SUISSE NY YCD	22549LDY8	2,492,563.89	2,495,718.88	3,154.99	99.829	0.99%
	Mat: 11/9/18 Cpn: 1.86%		26,220.83	32,033.33			
	Moody's: P-1 S&P: A-1 Fitch: F1						
	Tr Date: 5/16/18 St Date: 5/17/18						



CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of June 30, 2018

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
2,500,000.000	TORONTO DOMINION NY YCD 3ML FRN Mat: 1/18/19 Cpn: 2.45% Moody's: P-1 S&P: A-1+ Fitch: F1+ Tr Date: 4/26/18 St Date: 4/27/18	89113XK78	2,500,000.00 0.00	2,498,910.00 11,039.21	(1,090.00)	99.956	0.98%
2,500,000.000	TOYOTA MOTOR CREDIT 3ML FRN CPI Mat: 1/18/19 Cpn: 2.44% Moody's: P-1 S&P: A-1+ Fitch: F1 Tr Date: 4/23/18 St Date: 4/24/18	89233AB32	2,500,000.00 0.00	2,499,300.00 11,518.59	(700.00)	99.972	0.98%
2,500,000.000	SVENSKA HANDELSBANKEN NY YCD 3ML FRN Mat: 1/28/19 Cpn: 2.39% Moody's: P-1 S&P: A-1+ Fitch: F1+ Tr Date: 5/2/18 St Date: 5/3/18	86958JE88	2,500,000.00 0.00	2,500,182.50 9,807.73	182.50	100.007	0.98%
2,500,000.000	CREDIT AGRICOLE NY FRN YCD Mat: 2/12/19 Cpn: 2.38% Moody's: P-1 S&P: A-1 Fitch: F1 Tr Date: 5/16/18 St Date: 5/18/18	22532XJK5	2,500,000.00 0.00	2,497,245.00 7,258.87	(2,755.00)	99.890	0.98%
2,500,000.000	BANK OF NOVA SCOTIA HOUSTON YCD 3ML FRN Mat: 2/28/19 Cpn: 2.52% Moody's: P-1 S&P: A-1 Fitch: F1+ Tr Date: 4/18/18 St Date: 4/20/18	06417GXV5	2,500,725.00 7,771.09	2,502,215.00 5,418.95	1,490.00	100.089	0.98%
2,290,000.000	BNP PARIBAS NY YCD 3ML FRN Mat: 4/17/19 Cpn: 2.52% Moody's: P-1 S&P: A-1 Fitch: F1 Tr Date: 4/16/18 St Date: 4/17/18	05582W3L6	2,290,000.00 0.00	2,290,000.00 12,035.91	0.00	100.000	0.90%
2,500,000.000	DNB BANK ASA FRN CD Mat: 5/16/19 Cpn: 2.38% Moody's: P-1 S&P: A-1 Fitch: NR Tr Date: 5/15/18 St Date: 5/16/18	23341VGH8	2,500,000.00 0.00	2,501,205.00 7,602.78	1,205.00	100.048	0.98%
2,350,000.000	NORDEA BANK NY YCD FRN Mat: 5/21/19 Cpn: 2.40% Moody's: P-1 S&P: A-1+ Fitch: F1+ Tr Date: 5/18/18 St Date: 5/21/18	65590AWK8	2,350,000.00 0.00	2,350,354.85 6,426.68	354.85	100.015	0.92%
Total for Money Markets			143,990,404.62 58,968.69	143,997,900.37 543,869.34	7,495.75		56.45%

Tax-Exempt

600,000.000	CA SAN MARCOS REDEV AGY TAB Mat: 10/1/18 Cpn: 1.50% Moody's: S&P: AA- Fitch: Tr Date: 12/1/17 St Date: 12/14/17	79876CBN7	598,158.00 0.00	598,771.20 2,250.00	613.20	99.795	0.23%
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CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of June 30, 2018

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
Total for Tax-Exempt			598,158.00 0.00	598,771.20 2,250.00	613.20		0.23%
Taxable Muni							
3,040,000.000	CA LOS ANGELES CMNTY CLG DIST GO NT TXB	54438CWT5	3,040,000.00	3,039,012.00	(988.00)	99.968	1.19%
	Mat: 8/1/18 Cpn: 1.62%		0.00	20,520.00			
	Moody's: Aa1 S&P: Fitch:						
	Tr Date: 11/9/17 St Date: 11/30/17						
2,680,000.000	CA SAN JOSE REDEV AGY TAB TXB	798170AA4	2,680,000.00	2,678,660.00	(1,340.00)	99.950	1.05%
	Mat: 8/1/18 Cpn: 1.90%		0.00	21,194.33			
	Moody's: S&P: AA Fitch: AA						
	Tr Date: 12/8/17 St Date: 12/21/17						
1,000,000.000	CA CUCAMONGA VLY WTR DIST REV TXB	22972PCB6	1,000,000.00	999,856.00	(144.00)	99.986	0.39%
	Mat: 9/1/18 Cpn: 2.11%		0.00	1,403.33			
	Moody's: S&P: AA Fitch: AA						
	Tr Date: 5/4/18 St Date: 6/7/18						
1,520,000.000	CA LOS ANGELES CNTY REDEV AGY TAB-TXBL	54465AGJ5	1,510,648.30	1,516,969.12	6,320.82	99.801	0.59%
	Mat: 9/1/18 Cpn: 1.00%		4,984.44	5,066.67			
	Moody's: Aa3 S&P: AA Fitch:						
	Tr Date: 6/16/17 St Date: 6/21/17						
1,380,000.000	CA ABAG FIN AUTH-WINDERMERE RANCH TXB	00037CXA3	1,374,604.20	1,377,441.48	2,837.28	99.815	0.54%
	Mat: 9/2/18 Cpn: 1.50%		1,437.50	6,842.50			
	Moody's: S&P: A- Fitch:						
	Tr Date: 3/26/18 St Date: 3/27/18						
2,500,000.000	CA STATE GO/ULT TXB CP	13068BDS3	2,500,000.00	2,500,000.00	0.00	100.000	0.98%
	Mat: 9/4/18 Cpn: 2.33%		0.00	2,912.50			
	Moody's: P-1 S&P: A-1+ Fitch: F1+						
	Tr Date: 6/13/18 St Date: 6/13/18						
1,500,000.000	CA SAN DIEGO CITY PUB FACS LEASE TXB	797299LQ5	1,500,000.00	1,500,892.50	892.50	100.060	0.59%
	Mat: 10/15/18 Cpn: 2.57%		0.00	1,070.00			
	Moody's: S&P: AA- Fitch: AA-						
	Tr Date: 6/4/18 St Date: 6/21/18						
3,800,000.000	CA CULVER CITY RDA-TXBL	230340AK7	3,795,516.00	3,790,074.40	(5,441.60)	99.739	1.48%
	Mat: 11/1/18 Cpn: 1.50%		0.00	9,500.00			
	Moody's: S&P: AA- Fitch:						
	Tr Date: 11/15/17 St Date: 12/4/17						
1,000,000.000	CA LONG BEACH TIDELANDS REV-TXBL	54245HAJ3	1,000,160.00	997,913.00	(2,247.00)	99.791	0.39%
	Mat: 11/1/18 Cpn: 1.79%		598.00	2,990.00			
	Moody's: A1 S&P: Fitch:						
	Tr Date: 11/22/17 St Date: 11/27/17						



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CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of June 30, 2018

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
2,185,000.000	CA LOS ANGELES MUNI IMPT TAXABLE Mat: 11/1/18 Cpn: 2.34% Moody's: S&P: AA- Fitch: A+ Tr Date: 9/11/17 St Date: 9/12/17	544587B98	2,194,520.40 10,167.42	2,185,207.58 8,536.07	(9,312.83)	100.010	0.86%
500,000.000	CA SACRAMENTO WTR DIST REV TXB Mat: 11/1/18 Cpn: 2.31% Moody's: S&P: AA+ Fitch: Tr Date: 5/3/18 St Date: 5/30/18	78607QAS4	500,000.00 0.00	500,049.00 992.86	49.00	100.010	0.20%
1,245,000.000	HI STATE GO/ULT TXB Mat: 1/1/19 Cpn: 2.20% Moody's: Aa1 S&P: AA+ Fitch: AA Tr Date: 1/31/18 St Date: 2/14/18	419792WZ5	1,245,000.00 0.00	1,244,514.45 10,423.42	(485.55)	99.961	0.49%
2,500,000.000	CA STATE GO/ULT TXB Mat: 4/1/19 Cpn: 1.59% Moody's: Aa3 S&P: AA- Fitch: AA- Tr Date: 4/27/18 St Date: 5/1/18	13063DAB4	2,481,420.00 4,071.00	2,486,487.50 9,956.25	5,067.50	99.460	0.97%
210,000.000	CA UNIV OF CALIFORNIA TXB Mat: 5/15/19 Cpn: 2.36% Moody's: Aa2 S&P: AA Fitch: Tr Date: 6/27/18 St Date: 6/29/18	91412GUW3	209,714.40 606.76	209,832.42 634.34	118.02	99.920	0.08%
280,000.000	CA UNIVERSITY OF CALIFORNIA TAXABLE Mat: 7/1/19 Cpn: 1.80% Moody's: Aa2 S&P: AA Fitch: AA Tr Date: 6/25/18 St Date: 6/27/18	91412GSB2	277,902.80 2,458.52	278,210.80 2,514.40	308.00	99.361	0.11%
Total for Taxable Muni			25,309,486.10 24,323.64	25,305,120.25 104,556.67	(4,365.86)		9.92%

Credit

725,000.000	INTERCONTINENTALEXCHANGE GROUP Mat: 10/15/18 Cpn: 2.50% Moody's: A2 S&P: A Fitch: Tr Date: 8/11/17 St Date: 8/16/17	45866FAB0	732,134.00 6,092.01	725,087.00 3,826.39	(7,047.00)	100.012	0.28%
1,000,000.000	GOLDMAN SACHS FRN Mat: 11/15/18 Cpn: 3.44% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 8/10/17 St Date: 8/15/17	38141EB73	1,010,030.00 0.00	1,003,764.00 4,494.38	(6,266.00)	100.376	0.39%
1,100,000.000	MORGAN STANLEY FRN Mat: 1/24/19 Cpn: 3.21% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 4/15/15 St Date: 4/20/15	61746BDN3	1,104,125.00 2,838.99	1,104,247.10 6,668.07	122.10	100.386	0.43%



CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of June 30, 2018

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
1,125,000.000	KEY BANK Mat: 3/8/19 Cpn: 2.35% Moody's: A3 S&P: A- Fitch: A- Tr Date: 2/6/18 St Date: 2/8/18	49327M2N3	1,125,922.50 11,015.63	1,122,619.50 8,298.44	(3,303.00)	99.788	0.44%
1,507,000.000	AMERICAN EXPRESS FRN Mat: 10/30/19 Cpn: 2.93% Moody's: A2 S&P: A- Fitch: A Tr Date: 3/16/18 St Date: 3/20/18	0258M0ED7	1,514,308.95 4,793.44	1,514,054.27 7,601.32	(254.68)	100.468	0.59%
750,000.000	CATERPILLAR FINANCIAL FRN Mat: 11/29/19 Cpn: 2.45% Moody's: A3 S&P: A Fitch: A Tr Date: 3/21/18 St Date: 3/23/18	14913Q2D0	749,565.00 979.11	750,543.00 1,683.95	978.00	100.072	0.29%
895,000.000	JOHN DEERE CAPITAL CORP FRN Mat: 1/7/20 Cpn: 2.56% Moody's: A2 S&P: A Fitch: A Tr Date: 6/4/18 St Date: 6/7/18	24422EUF4	895,000.00 0.00	895,521.79 1,524.85	521.79	100.058	0.35%
1,390,000.000	CATERPILLAR FINANCIAL FRN Mat: 1/10/20 Cpn: 2.85% Moody's: A3 S&P: A Fitch: A Tr Date: 1/5/17 St Date: 1/12/17	14912L6Z9	1,390,000.00 0.00	1,397,633.88 9,015.37	7,633.88	100.549	0.55%
2,580,000.000	CITIGROUP FRN Mat: 1/10/20 Cpn: 3.13% Moody's: Baa1 S&P: BBB+ Fitch: A Tr Date: 1/4/17 St Date: 1/10/17	172967LE9	2,589,062.50 5,984.84	2,597,402.10 18,379.04	8,339.60	100.675	1.02%
1,385,000.000	BRANCH BANKING & TRUST FRN Mat: 1/15/20 Cpn: 2.80% Moody's: A1 S&P: A Fitch: A+ Tr Date: 1/23/17 St Date: 1/26/17	07330NAP0	1,385,000.00 0.00	1,391,653.54 8,180.13	6,653.54	100.480	0.55%
1,500,000.000	US BANK FRN Mat: 1/24/20 Cpn: 2.68% Moody's: A1 S&P: AA- Fitch: AA- Tr Date: 3/16/18 St Date: 3/20/18	90331HNC3	1,502,910.00 4,723.81	1,504,105.50 7,591.15	1,195.50	100.274	0.59%
1,900,000.000	MORGAN STANLEY FRN Mat: 2/14/20 Cpn: 3.16% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 2/14/17 St Date: 2/17/17	61746BEH5	1,900,000.00 0.00	1,906,878.00 7,992.67	6,878.00	100.362	0.75%
2,645,000.000	CITIZENS BANK FRN Mat: 3/2/20 Cpn: 2.86% Moody's: Baa1 S&P: A- Fitch: BBB+ Tr Date: 2/27/17 St Date: 3/2/17	17401QAH4	2,648,329.80 6,516.81	2,651,723.59 5,676.00	3,393.79	100.254	1.04%



CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of June 30, 2018

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
3,845,000.000	HUNTINGTON NATL BANK FRN Mat: 3/10/20 Cpn: 2.84% Moody's: A3 S&P: A- Fitch: A- Tr Date: 3/7/17 St Date: 3/10/17	446438RV7	3,862,490.00 10,283.82	3,853,739.69 6,060.42	(8,750.32)	100.227	1.51%
800,000.000	WGL HOLDINGS FRN Mat: 3/12/20 Cpn: 2.88% Moody's: A3 S&P: A- Fitch: A- Tr Date: 6/4/18 St Date: 6/6/18	92924FAD8	801,304.00 4,959.51	801,480.00 1,214.44	176.00	100.185	0.31%
1,230,000.000	GENERAL DYNAMICS FRN Mat: 5/11/20 Cpn: 2.65% Moody's: A2 S&P: A+ Fitch: WD Tr Date: 5/8/18 St Date: 5/11/18	369550BB3	1,230,000.00 0.00	1,233,368.97 4,610.22	3,368.97	100.274	0.48%
1,900,000.000	CAPITAL ONE FINL FRN Mat: 5/12/20 Cpn: 3.12% Moody's: Baa1 S&P: BBB Fitch: A- Tr Date: 8/16/17 St Date: 8/21/17	14040HBQ7	1,909,842.00 764.42	1,914,054.30 7,891.33	4,212.30	100.740	0.75%
2,380,000.000	VERIZON COMMUNICATIONS FRN Mat: 5/22/20 Cpn: 2.88% Moody's: Baa1 S&P: BBB+ Fitch: A- Tr Date: 5/11/17 St Date: 5/22/17	92343VDZ4	2,380,000.00 0.00	2,397,397.80 7,614.36	17,397.80	100.731	0.94%
405,000.000	CITIZENS BANK FRN Mat: 5/26/20 Cpn: 2.89% Moody's: Baa1 S&P: A- Fitch: BBB+ Tr Date: 5/22/17 St Date: 5/26/17	17401QAK7	405,000.00 0.00	406,324.35 1,072.68	1,324.35	100.327	0.16%
1,595,000.000	BB&T CORPORATION FRN Mat: 6/15/20 Cpn: 2.91% Moody's: A2 S&P: A- Fitch: A+ Tr Date: 8/16/17 St Date: 8/21/17	05531FAW3	1,605,335.60 5,389.44	1,603,710.30 2,063.31	(1,625.31)	100.546	0.63%
1,850,000.000	JOHN DEERE CAPITAL CORP FRN Mat: 6/22/20 Cpn: 2.62% Moody's: A2 S&P: A Fitch: A Tr Date: 3/27/18 St Date: 3/29/18	24422ETR0	1,852,442.00 913.03	1,854,621.30 1,212.62	2,179.30	100.250	0.72%
1,250,000.000	GOLDMAN SACHS FRN Mat: 9/15/20 Cpn: 3.54% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 3/16/18 St Date: 3/20/18	38141GVQ4	1,270,962.50 577.17	1,270,567.50 1,967.02	(395.00)	101.645	0.50%
1,095,000.000	FLORIDA POWER & LIGHT FRN Mat: 11/6/20 Cpn: 2.64% Moody's: A1 S&P: A- Fitch: A+ Tr Date: 11/1/17 St Date: 11/6/17	341081FN2	1,095,000.00 0.00	1,095,047.09 4,502.13	47.09	100.004	0.43%



CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of June 30, 2018

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
1,325,000.000	GOLDMAN SACHS FRN Mat: 12/27/20 Cpn: 3.07% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 3/22/17 St Date: 3/27/17	38141GWF7	1,325,000.00 0.00	1,330,890.95 451.53	5,890.95	100.445	0.52%
1,585,000.000	AVALONBAY COMMUNITIES FRN Mat: 1/15/21 Cpn: 2.78% Moody's: A3 S&P: A- Fitch: Tr Date: 11/8/17 St Date: 11/15/17	05348EBD0	1,585,000.00 0.00	1,585,293.23 9,294.46	293.23	100.019	0.62%
1,820,000.000	WELLS FARGO FRN Mat: 1/15/21 Cpn: 2.66% Moody's: Aa2 S&P: A+ Fitch: AA- Tr Date: 1/16/18 St Date: 1/23/18	94988J5M5	1,820,000.00 0.00	1,821,248.52 10,211.44	1,248.52	100.069	0.72%
645,000.000	BB&T CORPORATION FRN Mat: 2/1/21 Cpn: 2.58% Moody's: A2 S&P: A- Fitch: A+ Tr Date: 10/23/17 St Date: 10/26/17	05531FBA0	645,000.00 0.00	643,813.85 2,817.59	(1,186.16)	99.816	0.25%
1,330,000.000	JPMORGAN CHASE FRN Mat: 3/9/21 Cpn: 2.88% Moody's: A3 S&P: A- Fitch: AA- Tr Date: 3/2/17 St Date: 3/9/17	46647PAC0	1,330,000.00 0.00	1,334,613.77 2,125.88	4,613.77	100.347	0.52%
1,760,000.000	REGIONS BANK FRN Mat: 4/1/21 Cpn: 2.69% Moody's: Baa2 S&P: A- Fitch: BBB+ Tr Date: 1/23/18 St Date: 1/26/18	759187CC9	1,760,000.00 0.00	1,758,539.20 11,827.20	(1,460.80)	99.917	0.69%
1,235,000.000	US BANK CINCINNATI FRN Mat: 4/26/21 Cpn: 2.68% Moody's: A1 S&P: AA- Fitch: AA- Tr Date: 4/24/18 St Date: 4/26/18	90331HNQ2	1,235,000.00 0.00	1,235,743.47 6,071.75	743.47	100.060	0.48%
1,900,000.000	PACCAR FINANCIAL FRN Mat: 5/10/21 Cpn: 2.61% Moody's: A1 S&P: A+ Fitch: Tr Date: 5/7/18 St Date: 5/10/18	69371RP34	1,900,000.00 0.00	1,900,735.30 7,169.86	735.30	100.039	0.75%
850,000.000	AMERICAN EXPRESS FRN Mat: 5/17/21 Cpn: 2.85% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 5/14/18 St Date: 5/17/18	025816BV0	850,000.00 0.00	852,718.30 3,023.48	2,718.30	100.320	0.33%
1,270,000.000	UNITEDHEALTH GROUP FRN Mat: 6/15/21 Cpn: 2.59% Moody's: A3 S&P: A+ Fitch: A- Tr Date: 6/14/18 St Date: 6/19/18	91324PDG4	1,270,000.00 0.00	1,271,417.32 1,094.71	1,417.32	100.112	0.50%



CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of June 30, 2018

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
715,000.000	WAL-MART STORES FRN Mat: 6/23/21 Cpn: 2.57% Moody's: Aa2 S&P: AA Fitch: AA Tr Date: 6/20/18 St Date: 6/27/18	931142EH2	715,000.00 0.00	716,322.75 203.93	1,322.75	100.185	0.28%
3,900,000.000	BANK OF AMERICA FRN Mat: 7/21/21 Cpn: 3.02% Moody's: A3 S&P: A- Fitch: A+ Tr Date: 7/18/17 St Date: 7/21/17	06051GGN3	3,901,790.00 1,530.06	3,916,723.20 22,586.16	14,933.20	100.429	1.54%
1,785,000.000	BANK OF AMERICA FRN Mat: 10/1/21 Cpn: 2.96% Moody's: A3 S&P: A- Fitch: A+ Tr Date: 9/13/17 St Date: 9/18/17	06051GGU7	1,785,000.00 0.00	1,794,954.95 13,200.08	9,954.95	100.558	0.71%
1,485,000.000	MORGAN STANLEY FRN Mat: 1/20/22 Cpn: 3.54% Moody's: A3 S&P: BBB+ Fitch: A Tr Date: 1/17/17 St Date: 1/20/17	61746BEE2	1,485,000.00 0.00	1,505,188.58 10,509.82	20,188.58	101.360	0.59%
1,647,000.000	WELLS FARGO FRN Mat: 2/11/22 Cpn: 3.29% Moody's: A2 S&P: A- Fitch: A+ Tr Date: 2/6/17 St Date: 2/13/17	949746SP7	1,654,935.46 1,762.61	1,664,800.78 7,666.48	9,865.32	101.081	0.65%
1,330,000.000	CAPITAL ONE FINL FRN Mat: 3/9/22 Cpn: 3.28% Moody's: Baa1 S&P: BBB Fitch: A- Tr Date: 3/6/17 St Date: 3/9/17	14040HBM6	1,330,000.00 0.00	1,336,257.65 2,421.43	6,257.65	100.471	0.52%
1,325,000.000	CITIGROUP FRN Mat: 4/25/22 Cpn: 3.32% Moody's: Baa1 S&P: BBB+ Fitch: A Tr Date: 4/18/17 St Date: 4/25/17	172967LH2	1,325,000.00 0.00	1,337,811.43 8,185.89	12,811.43	100.967	0.53%
2,000,000.000	UNITED PARCEL SERVICE FRN Mat: 5/16/22 Cpn: 2.71% Moody's: A1 S&P: A+ Fitch: Tr Date: 8/17/17 St Date: 8/22/17	911312BB1	2,010,180.00 564.72	2,012,182.00 6,925.56	2,002.00	100.609	0.79%
1,240,000.000	JPMORGAN CHASE FRN Mat: 6/18/22 Cpn: 2.94% Moody's: A3 S&P: A- Fitch: AA- Tr Date: 6/11/18 St Date: 6/18/18	46647PAT3	1,240,000.00 0.00	1,240,246.76 1,318.57	246.76	100.020	0.48%
Total for Credit			64,125,669.31 69,689.42	64,255,046.53 256,246.12	129,377.22		25.19%

Mortgage-Backed


CALOPTIMA - OPERATING FUND

Portfolio 2480

Portfolio Positions

as of June 30, 2018

Currency: USD

Units	Security	Identifier	Original Principal Cost Purchased Accrued	Principal Market Value Accrued Income	Gain / (Loss) from Cost	Market Price	Percent of Portfolio
1,840,000.000	FHMS KP04 AG2 1MOFRN CMBS Mat: 10/25/19 Cpn: 2.20% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 11/15/17 St Date: 11/28/17	3137FBWU4	1,840,000.00 0.00	1,840,601.68 674.88	601.68	100.033	0.72%
3,030,000.000	FMPRE 2017-KT01 A 1MOFRN CMBS Mat: 2/25/20 Cpn: 2.40% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 1/31/17 St Date: 2/16/17	30258EAA3	3,030,000.00 0.00	3,038,214.33 1,213.83	8,214.33	100.271	1.19%
2,575,261.454	NGN 2011-R3 1A 1MO FRN NCUA GNTD Mat: 3/11/20 Cpn: 2.41% Moody's: Aaa S&P: AA+ Fitch: AAA Tr Date: 5/18/15 St Date: 5/21/15	62889EAA3	2,586,575.74 393.65	2,579,786.19 3,279.63	(6,789.55)	100.176	1.01%
5,100,745.017	NGN 2010-R3 2A 1MOFRN NCUA GNTD Mat: 12/8/20 Cpn: 2.58% Moody's: Aaa S&P: AA+u Fitch: AAA Tr Date: 10/17/16 St Date: 10/20/16	62888WAB2	5,119,075.81 2,156.64	5,129,314.29 8,788.72	10,238.48	100.560	2.01%
1,032,269.285	FHMS KI01 A CMBS 1MOFRN Mat: 9/25/22 Cpn: 2.16% Moody's: S&P: Fitch: Tr Date: 3/19/18 St Date: 3/22/18	3137FEC81	1,032,753.17 1,845.72	1,032,794.71 371.74	41.54	100.051	0.40%
Total for Mortgage-Backed			13,608,404.72 4,396.01	13,620,711.20 14,328.80	12,306.48		5.33%
Asset-Backed							
3,781,740.674	DRIVE 2018-2 A1 CAR Mat: 5/15/19 Cpn: 2.45% Moody's: P-1 S&P: A-1+ Fitch: Tr Date: 5/16/18 St Date: 5/23/18	26208JAA1	3,781,740.67 0.00	3,782,130.19 4,117.90	389.52	100.010	1.48%
2,580,000.000	SDART 2018-3 A1 AUTO Mat: 6/17/19 Cpn: 2.50% Moody's: P-1 S&P: A-1+ Fitch: Tr Date: 6/20/18 St Date: 6/27/18	80285GAA0	2,580,000.00 0.00	2,580,129.00 716.67	129.00	100.005	1.01%
Total for Asset-Backed			6,361,740.67 0.00	6,362,259.19 4,834.56	518.52		2.49%
Grand Total			254,981,555.40 157,377.76	255,127,500.71 926,085.49	145,945.31		100.00%



Transaction Detail

June 1, 2018 through June 30, 2018

Currency: USD

Trade Date	Settle Date	Transaction Type	Units	Description	Maturity Date	Coupon Rate	Identifier	Proceeds / (Cost)	Interest / Margin Variation	Total Amount
Cash										
6/1/18	6/1/18	Income	(156.380)	ADJ NET P&I			USD		(156.38)	(156.38)
6/1/18	6/1/18	Income	7,450.950	STIF INT			USD		7,450.95	7,450.95
Total for Cash			7,294.570						7,294.57	7,294.57
Fixed Income										
6/1/18	6/1/18	Mature Long	1,320,000.000	CA ALAMEDA CNTY JT POWERS LEASE REV TXB	6/1/18	2.27	010831DK8	1,320,000.00		1,320,000.00
6/1/18	6/1/18	Coupon		CA ALAMEDA CNTY JT POWERS LEASE REV TXB	6/1/18	2.27	010831DK8		3,079.63	3,079.63
6/1/18	6/5/18	Buy	500,000.000	CA STATE GO/ULT TXB	4/1/19	1.59	13063DAB4	(496,000.00)	(1,416.00)	(497,416.00)
6/4/18	6/21/18	Buy	1,500,000.000	CA SAN DIEGO CITY PUB FACS LEASE TXB	10/15/18	2.57	797299LQ5	(1,500,000.00)		(1,500,000.00)
6/4/18	6/4/18	Coupon		CITIZENS BANK FRN	3/2/20	2.86	17401QAH4		5,775.70	5,775.70
6/4/18	6/4/18	Coupon		CITIZENS BANK FRN	3/2/20	2.86	17401QAH4		10,015.66	10,015.66
6/4/18	6/4/18	Coupon		CITIZENS BANK FRN	3/2/20	2.86	17401QAH4		1,869.59	1,869.59
6/4/18	6/7/18	Buy	895,000.000	JOHN DEERE CAPITAL CORP FRN	1/7/20	2.56	24422EUF4	(895,000.00)		(895,000.00)
6/4/18	6/5/18	Buy	2,500,000.000	NATL RURAL UTILITIES CP	6/26/18		63743DFS5	(2,497,331.25)		(2,497,331.25)
6/4/18	6/6/18	Buy	800,000.000	WGL HOLDINGS FRN	3/12/20	2.88	92924FAD8	(801,304.00)	(4,959.51)	(806,263.51)
6/5/18	6/5/18	Mature Long	2,500,000.000	NATL RURAL UTILITIES CP	6/5/18		63743DF55	2,497,787.50	2,212.50	2,500,000.00
6/7/18	6/7/18	Mature Long	3,045,000.000	CA STATE GO/ULT CP-TXBL	6/7/18	2.05	13068BDJ3	3,045,000.00		3,045,000.00
6/7/18	6/7/18	Coupon		CA STATE GO/ULT CP-TXBL	6/7/18	2.05	13068BDJ3		14,707.77	14,707.77
6/7/18	6/7/18	Pay Princpl	68,328.440	NGN 2010-R3 2A 1MOFRN NCUA GNTD	12/8/20	2.58	62888WAB2	68,328.44		68,328.44
6/7/18	6/7/18	Coupon		NGN 2010-R3 2A 1MOFRN NCUA GNTD	12/8/20	2.58	62888WAB2		10,936.96	10,936.96
6/11/18	6/11/18	Coupon		CAPITAL ONE FINL FRN	3/9/22	3.28	14040HBM6		10,443.51	10,443.51
6/11/18	6/11/18	Coupon		HUNTINGTON NATL BANK FRN	3/10/20	2.84	446438RV7		5,513.80	5,513.80
6/11/18	6/11/18	Coupon		HUNTINGTON NATL BANK FRN	3/10/20	2.84	446438RV7		19,575.62	19,575.62
6/11/18	6/11/18	Coupon		JPMORGAN CHASE FRN	3/9/21	2.88	46647PAC0		9,054.40	9,054.40
6/11/18	6/18/18	Buy	1,240,000.000	JPMORGAN CHASE FRN	6/18/22	2.94	46647PAT3	(1,240,000.00)		(1,240,000.00)
6/12/18	6/12/18	Coupon		NGN 2011-R3 1A 1MO FRN NCUA GNTD	3/11/20	2.41	62889EAA3		4,990.84	4,990.84
6/12/18	6/12/18	Pay Princpl	67,084.750	NGN 2011-R3 1A 1MO FRN NCUA GNTD	3/11/20	2.41	62889EAA3	67,084.75		67,084.75
6/12/18	6/12/18	Coupon		NGN 2011-R3 1A 1MO FRN NCUA GNTD	3/11/20	2.41	62889EAA3		668.34	668.34
6/12/18	6/12/18	Pay Princpl	8,983.523	NGN 2011-R3 1A 1MO FRN NCUA GNTD	3/11/20	2.41	62889EAA3	8,983.52		8,983.52
6/12/18	6/12/18	Coupon		WGL HOLDINGS FRN	3/12/20	2.88	92924FAD8		5,313.76	5,313.76
6/13/18	6/13/18	Buy	2,500,000.000	CA STATE GO/ULT TXB CP	9/4/18	2.33	13068BDS3	(2,500,000.00)		(2,500,000.00)
6/14/18	6/14/18	Mature Long	3,000,000.000	U.S. TREASURY BILL	6/14/18		912796PL7	2,996,159.33	3,840.67	3,000,000.00
6/14/18	6/19/18	Buy	1,270,000.000	UNITEDHEALTH GROUP FRN	6/15/21	2.59	91324PDG4	(1,270,000.00)		(1,270,000.00)
6/15/18	6/15/18	Coupon		BB&T CORPORATION FRN	6/15/20	2.91	05531FAW3		19,590.06	19,590.06
6/15/18	6/15/18	Pay Princpl	1,218,259.326	DRIVE 2018-2 A1 CAR	5/15/19	2.45	26208JAA1	1,218,259.33		1,218,259.33



CALOPTIMA - OPERATING FUND

Portfolio 2480

Transaction Detail

June 1, 2018 through June 30, 2018

Currency: USD

Trade Date	Settle Date	Transaction Type	Units	Description	Maturity Date	Coupon Rate	Identifier	Proceeds / (Cost)	Interest / Margin Variation	Total Amount
6/15/18	6/15/18	Coupon		DRIVE 2018-2 A1 CAR	5/15/19	2.45	26208JAA1		7,826.39	7,826.39
6/15/18	6/15/18	Coupon		GOLDMAN SACHS FRN	9/15/20	3.54	38141GVQ4		10,619.93	10,619.93
6/18/18	6/18/18	Coupon		MUFG BANK LTD 1ML FRN YCD	10/17/18	2.47	55379WBQ8		5,152.78	5,152.78
6/20/18	6/22/18	Sell Long	750,000.000	CATERPILLAR FINANCIAL FRN	11/29/19	2.45	14913Q2D0	750,256.41	1,224.69	751,481.10
6/20/18	6/27/18	Buy	2,580,000.000	SDART 2018-3 A1 AUTO	6/17/19	2.50	80285GAA0	(2,580,000.00)		(2,580,000.00)
6/20/18	6/27/18	Buy	715,000.000	WAL-MART STORES FRN	6/23/21	2.57	931142EH2	(715,000.00)		(715,000.00)
6/21/18	6/22/18	Buy	2,500,000.000	EXXON MOBIL CP	8/1/18		30229BH18	(2,494,500.00)		(2,494,500.00)
6/22/18	6/22/18	Mature Long	2,500,000.000	EXXON MOBIL CP	6/22/18		30229BFN2	2,496,314.58	3,685.42	2,500,000.00
6/22/18	6/22/18	Coupon		JOHN DEERE CAPITAL CORP FRN	6/22/20	2.62	24422ETR0		11,999.76	11,999.76
6/25/18	6/27/18	Buy	280,000.000	CA UNIVERSITY OF CALIFORNIA TAXABLE	7/1/19	1.80	91412GSB2	(277,902.80)	(2,458.52)	(280,361.32)
6/25/18	6/25/18	Coupon		FHMS KI01 A CMBS 1MOFRN	9/25/22	2.16	3137FEC81		1,910.74	1,910.74
6/25/18	6/25/18	Pay Princpl	40,026.548	FHMS KI01 A CMBS 1MOFRN	9/25/22	2.16	3137FEC81	40,026.55		40,026.55
6/25/18	6/25/18	Coupon		FHMS KP04 AG2 1MOFRN CMBS	10/25/19	2.20	3137FBW4		3,342.10	3,342.10
6/25/18	6/25/18	Coupon		FMPRE 2017-KT01 A 1MOFRN CMBS	2/25/20	2.40	30258EAA3		5,962.94	5,962.94
6/25/18	6/26/18	Buy	2,500,000.000	NATL RURAL UTILITIES CP	7/20/18		63743DGL9	(2,496,666.67)		(2,496,666.67)
6/26/18	6/26/18	Mature Long	2,500,000.000	NATL RURAL UTILITIES CP	6/26/18		63743DFS5	2,497,331.25	2,668.75	2,500,000.00
6/27/18	6/29/18	Buy	210,000.000	CA UNIV OF CALIFORNIA TXB	5/15/19	2.36	91412GUW3	(209,714.40)	(606.76)	(210,321.16)
6/27/18	6/27/18	Coupon		GOLDMAN SACHS FRN	12/27/20	3.07	38141GWF7		10,231.30	10,231.30
6/28/18	6/29/18	Sell Long	1,000,000.000	U.S. TREASURY BILL	8/2/18		912796PS2	995,472.25	2,867.42	998,339.67
Total for Fixed Income			38,007,682.586					(1,972,415.21)	185,640.23	(1,786,774.97)



CalOptima (OCHA) - Enhanced Cash

Account #: LCEF00238A2

As of 6/30/2018

Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
CASH & CASH EQUIVALENTS												
CASH												
22534H5J6	CREDIT AGRICOLE COR	1.850	7/2/2018	7/2/2018	A-1	15,000,000	15,000,000.000	.008	.008	1.850	3.97%	15,000,000.00
23341VGZ8	DNB BANK ASA 3(A)2	1.860	7/13/2018	7/13/2018	A-1	10,000,000	9,999,862.260	.039	.038	1.893	2.65%	9,999,862.26
30229BG27	EXXON CORP DISC D	0.000	7/2/2018	7/2/2018	A-1+	10,000,000	9,999,486.150	.008	.008	.617	2.65%	9,999,486.15
30229BGP6	EXXON MOBIL CORP D D	0.000	7/23/2018	7/23/2018	A-1+	5,000,000	4,994,011.070	.067	.065	1.799	1.32%	4,994,011.07
313385ZM1	FEDERAL HOME LOAN BANK DISCOUNT NOTES	0.000	7/18/2018	7/18/2018	Agency	3,500,000	3,496,892.790	.053	.051	1.684	.93%	3,496,892.79
313385YZ3	FEDERAL HOME LOAN BANK DISCOUNT NOTES	0.000	7/6/2018	7/6/2018	Agency	12,600,000	12,596,764.550	.019	.019	1.172	3.34%	12,596,764.55
459053ZC1	IBRD DISCOUNT NOTES	0.000	7/9/2018	7/9/2018	A-1+	12,000,000	11,995,040.040	.028	.027	1.489	3.18%	11,995,040.04
459515YZ9	IFC DISCOUNT NOTES	0.000	7/6/2018	7/6/2018	P-1	5,000,000	4,998,770.800	.019	.019	1.265	1.32%	4,998,770.80
46640QG62	J P MORGAN SEC DIS D	0.000	7/6/2018	7/6/2018	P-1	2,400,000	2,399,316.700	.019	.019	1.465	.64%	2,399,316.70
60700AWQ3	MIZUHO BANK C/D	2.340	7/9/2018	7/9/2018	A-1	10,000,000	10,000,509.300	.028	.027	2.145	2.65%	10,000,509.30
63743DGR6	NATIONAL RURAL DIS D	0.000	7/25/2018	7/25/2018	F1	4,000,000	3,994,666.660	.072	.070	1.849	1.06%	3,994,666.66
63743DG54	NATIONAL RURAL DIS D	0.000	7/5/2018	7/5/2018	F1	9,000,000	8,998,009.970	.017	.016	1.327	2.38%	8,998,009.97
63743DGS4	NATIONAL RURAL DIS D	0.000	7/26/2018	7/26/2018	F1	5,000,000	4,993,055.570	.075	.073	1.854	1.32%	4,993,055.57
63873N8J3	NATIXIS N Y BRH INS CD 1.62 06JUL18	1.620	7/6/2018	7/6/2018	F1	2,000,000	1,999,886.640	.019	.019	1.882	.53%	1,999,886.64
63873NPZ8	NATIXIS NY INSTL C/	2.150	7/31/2018	7/31/2018	F1	10,000,000	10,000,115.680	.089	.087	2.120	2.65%	10,000,115.68
65590ARK4	NORDEA BANK AB C/D	1.910	7/24/2018	7/24/2018	P-1	10,000,000	9,999,003.790	.069	.068	2.037	2.65%	9,999,003.79
65602UQ50	NORINCHUKIN BK C/D	2.270	7/2/2018	7/2/2018	A-1	3,209,000	3,209,024.880	.008	.008	2.166	.85%	3,209,024.88
67021KGA1	NSTAR ELEC CO DISC D	0.000	7/10/2018	7/10/2018	F1	10,000,000	9,995,125.000	.031	.030	1.596	2.65%	9,995,125.00
69372BC61	PACCAR FINL CP DIS D	0.000	7/6/2018	7/6/2018	A-1	10,000,000	9,997,458.240	.019	.019	1.308	2.65%	9,997,458.24
NA9123459	US DOLLARS	2.090	7/2/2018		Agency	2,488,306	2,488,305.770	0.000	-	2.090	.66%	2,488,305.77
USD120030	USD INTEREST RECEIVABLE	-				1,170,906	0.000	-	-	-	.31%	1,170,906.16
CASH TOTALS							151,155,305.860					152,326,212.02
CORPORATES												
375558BN2	GILEAD SCIENCES INC	2.495	9/20/2018	9/20/2018	A3	7,500,000	7,501,418.650	.231	.225	2.411	1.99%	7,501,418.65
CORPORATES TOTALS							7,501,418.650					7,501,418.65
MUNICIPALS												
54438CWT5	LOS ANGELES COMMUNITY COLLEGE DISTRICT/CA	1.620	8/1/2018	8/1/2018	Aa1	2,680,000	2,680,000.000	.089	.089	1.609	.71%	2,680,000.00
MUNICIPALS TOTALS							2,680,000.000					2,680,000.00
CASH & CASH EQUIVALENTS TOTALS							161,336,724.510					162,507,630.67
FIXED INCOME												
AGENCIES												
3133EFEC7	FEDERAL FARM CREDIT BANKS	2.305	9/18/2018	9/18/2018	Agency	3,500,000	3,499,836.940	.225	.219	1.960	.93%	3,502,693.92
AGENCIES TOTALS							3,499,836.940					3,502,693.92
ASSET BACKED												
47788CAA0	JOHN DEERE OWNER TRUST	1.950	3/15/2019	11/15/2018		1,440,036	1,440,035.640	.216	.213	2.272	.38%	1,439,164.99
65478DAA5	NISSAN AUTO RECEIVABLES 2018-A OWNER TRUST	1.900	3/15/2019	9/17/2018		637,318	637,318.100	.211	.209	1.934	.17%	637,323.26
65474VAP6	NISSAN MASTER OWNER TRUST RECEIVABLES	2.393	10/17/2022	10/15/2020	Aaa	5,125,000	5,125,000.000	2.297	.048	2.430	1.36%	5,128,070.39

CalOptima (OCHA) - Enhanced Cash

Account #: LCEF00238A2

As of 6/30/2018

Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
FIXED INCOME (Continued)												
ASSET BACKED (Continued)												
65474VAN1	NISSAN MASTER OWNER TRUST RECEIVABLES	2.503	4/18/2022	4/15/2020	Aaa	5,000,000	5,022,911.190	1.797	.049	2.416	1.33%	5,013,277.00
ASSET BACKED TOTALS							12,225,264.930					12,217,835.64
CMBS												
3136AP3Z3	FANNIE MAE MULTIFAMILY REMIC TRUST 2015-M12	2.309	4/25/2020	12/25/2019	Agency	1,959,463	1,960,242.170	1.071	.071	2.344	.52%	1,958,296.87
3136ANA98	FANNIE MAE-ACES	2.216	3/25/2019	3/25/2019	Agency	1,097,012	1,097,161.660	.482	.071	2.326	.29%	1,095,660.97
3136AJ6Z4	FANNIE MAE-ACES	2.034	3/25/2019	3/25/2019	Agency	68,285	68,220.250	.509	.503	2.452	.02%	68,052.21
3136ANMF1	FANNIE MAE-ACES	2.133	11/25/2018	11/25/2018	Agency	1,658,824	1,658,656.500	.271	.070	1.894	.44%	1,657,984.74
31398GGH6	FANNIE MAE-ACES	4.001	1/25/2019	1/25/2019	Agency	36,548	36,759.540	.539	.530	2.981	.01%	36,653.02
3136A4M97	FANNIE MAE-ACES	2.430	1/25/2019	1/25/2019	Agency	111,598	111,577.030	.410	.406	2.564	.03%	111,362.76
3137AKKC4	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.303	9/25/2018	9/25/2018	Aaa	2,890,019	2,892,897.010	.207	.205	2.491	.76%	2,884,539.38
3137ANMN2	FHLMC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.220	12/25/2018	12/25/2018	Aaa	4,920,000	4,917,554.360	.387	.384	2.412	1.30%	4,909,314.74
3137AL6V6	FREDDIE MAC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.323	10/25/2018	10/25/2018	Aaa	3,465,307	3,466,954.000	.288	.285	2.637	.92%	3,456,967.03
31398E2E3	FREDDIE MAC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	5.053	1/25/2019	1/25/2019	Agency	649,190	657,294.420	.394	.388	2.846	.17%	652,654.23
3137FBUW4	FREDDIE MAC MULTIFAMILY STRUCTURED PASS THROUGH CERTIFICATES	2.109	10/25/2019	10/25/2019	Agency	3,830,000	3,831,773.170	1.342	.071	2.295	1.01%	3,830,003.45
CMBS TOTALS							20,699,090.110					20,661,489.40
CMOS												
62888YAA0	NCUA GUARANTEED NOTES TRUST 2011-R1	2.373	1/8/2020	1/8/2020	Aaa	2,710,678	2,717,808.100	1.100	1.054	1.972	.72%	2,715,723.16
CMOS TOTALS							2,717,808.100					2,715,723.16
CORPORATES												
0258M0DU0	AMERICAN EXPRESS CREDIT CORP	3.049	5/26/2020	5/26/2020	A2	2,000,000	2,015,777.740	1.825	.170	2.635	.53%	2,017,038.38
0258M0DL0	AMERICAN EXPRESS CREDIT CORP	2.885	3/18/2019	3/18/2019	A2	5,678,000	5,695,694.750	.725	.220	2.458	1.51%	5,696,123.78
06051GGU7	BANK OF AMERICA CORP	2.958	10/1/2021	10/1/2021	A-	2,300,000	2,305,972.700	2.261	.261	2.874	.61%	2,308,145.31
06051GFE4	BANK OF AMERICA CORP	3.178	4/1/2019	4/1/2019	A-	3,100,000	3,115,049.800	.761	.258	2.465	.83%	3,117,846.11
05531FAR4	BB&T CORP	3.018	2/1/2019	2/1/2019	A2	7,000,000	7,021,751.170	.514	.090	2.536	1.86%	7,017,941.42
084664CH2	BERKSHIRE HATHAWAY FINANCE CORP	3.031	3/15/2019	3/15/2019	Aa2	1,600,000	1,600,000.000	.717	.218	2.378	.43%	1,607,567.18
17325FAK4	CITIBANK NA	2.659	10/20/2020	10/20/2020	A+	2,000,000	2,000,000.000	2.308	.057	2.733	.53%	1,997,952.66
31677QBL2	FIFTH THIRD BANK/CINCINNATI OH	2.609	10/30/2020	10/30/2020	A-	1,000,000	999,992.400	2.258	.084	2.673	.26%	999,074.63
38148LAB2	GOLDMAN SACHS GROUP INC/THE	3.522	4/23/2020	4/23/2020	A3	2,000,000	2,025,716.680	1.733	.078	2.788	.54%	2,025,944.32
61746BDN3	MORGAN STANLEY	3.209	1/24/2019	1/24/2019	A3	5,494,000	5,511,782.220	.569	.069	2.572	1.46%	5,515,228.10
61746BEH5	MORGAN STANLEY	3.155	2/14/2020	2/14/2020	A3	2,000,000	2,005,006.070	.628	.126	2.714	.53%	2,006,064.00
69353RFD5	PNC BANK NA	2.691	5/19/2020	5/19/2020	A	2,000,000	2,005,701.720	1.892	.142	2.584	.53%	2,005,706.76
CORPORATES TOTALS							36,302,445.250					36,314,632.65
MUNICIPALS												
797299LQ5	SAN DIEGO PUBLIC FACILITIES FINANCING AUTHORITY	2.568	10/15/2018	10/15/2018	AA-	1,000,000	1,000,000.000	.294	.292	2.317	.27%	1,000,730.00
MUNICIPALS TOTALS							1,000,000.000					1,000,730.00

CalOptima (OCHA) - Enhanced Cash

Account #: LCEF00238A2

As of 6/30/2018

Portfolio Profile

Security ID	Security Description	Coupon	Maturity Date	Eff. Mat. Date	Rating	Par Value	Amortized Cost (BV)	WAL	Duration	Yield to Worst	% of Market	Market Value
FIXED INCOME (Continued)												
SOVEREIGN DEBT												
45950KCC2	INTERNATIONAL FINANCE CORP	1.250	7/16/2018	7/16/2018	Aaa	5,000,000	4,998,541.500	.047	.046	1.833	1.32%	4,998,600.00
SOVEREIGN DEBT TOTALS							4,998,541.500					4,998,600.00
US TREASURIES												
912828RE2	UNITED STATES TREASURY NOTE/BOND	1.500	8/31/2018	8/31/2018	Govt	40,000,000	39,973,508.460	.171	.171	1.889	10.59%	39,972,800.00
912828VK3	UNITED STATES TREASURY NOTE/BOND	1.375	6/30/2018	7/2/2018	Govt	23,725,000	23,724,999.930	.003	.008	1.366	6.28%	23,725,000.00
912828XK1	UNITED STATES TREASURY NOTE/BOND	.875	7/15/2018	7/16/2018	Govt	30,000,000	29,988,215.020	.044	.046	1.618	7.94%	29,990,070.30
912828R93	UNITED STATES TREASURY NOTE/BOND	.625	6/30/2018	7/2/2018	Govt	40,000,000	40,000,000.200	.003	.008	.623	10.59%	40,000,000.00
US TREASURIES TOTALS							133,686,723.610					133,687,870.30
FIXED INCOME TOTALS							215,129,710.440					215,099,575.07
PORTFOLIO TOTALS							376,466,434.950					377,607,205.74

WELLS CAPITAL - OPERATING FUND
JUNE 30, 2018

HoldingName	Ticker	CUSIP	ISIN	SEDOL	% Market Value	Holding Value
ALAMEDA CNTY CALIF JT PWRS AUTH LEASE REV	ALAUTL	010831DM4	US010831DM47	010831DM4	1.36%	\$1,998,748.33
AMXCA 171 A	AMXCA	02587AAJ3	US02587AAJ34	02587AAJ3	0.85%	\$1,252,361.58
AMXCA 173 A	AMXCA	02582JHE3	US02582JHE38	02582JHE3	1.07%	\$1,564,968.01
APPLE INC	AAPL	037833CK4	US037833CK41	037833CK4	0.93%	\$1,368,076.88
BANK OF AMERICA CORP	BAC	06051GEE5	US06051GEE52	06051GEE5	1.26%	\$1,852,881.38
BANK OF NEW YORK MELLON CORP	BK	06406HCU1	US06406HCU14	06406HCU1	0.72%	\$1,048,641.42
BANK OF NEW YORK MELLON CORP	BK	06406HDF3	US06406HDF38	06406HDF3	0.67%	\$986,011.89
BERKSHIRE HATHAWAY FINANCE CORP	BRK	084664CK5	US084664CK54	084664CK5	1.01%	\$1,484,796.17
BMWLT 172 A3	BMWLT	05584PAD9	US05584PAD96	05584PAD9	0.79%	\$1,163,585.93
BRANCH BANKING AND TRUST CO	BBT	07330NAR6	US07330NAR61	07330NAR6	1.41%	\$2,069,052.30
CALIFORNIA ST	CA	13063DGA0	US13063DGA00	13063DGA0	0.86%	\$1,253,441.67
CALIFORNIA ST DEPT WTR RES CENT VY PROJ REV	CASWTR	13067WPB2	US13067WPB27	13067WPB2	0.68%	\$995,310.00
Cash	---	CCYUSD	---	CCYUSD	0.44%	\$640,315.47
CATERPILLAR FINANCIAL SERVICES CORP	CAT	14913Q2J7	US14913Q2J77	14913Q2J7	1.37%	\$2,005,555.00
CCCIT 16A1 A1	CCCIT	17305EFW0	US17305EFW03	17305EFW0	1.82%	\$2,665,590.57
CCCIT 17A9 A9	CCCIT	17305EGH2	US17305EGH27	17305EGH2	0.34%	\$496,365.05
CHAIT 162 A	CHAIT	161571HC1	US161571HC16	161571HC1	2.02%	\$2,964,382.47
CHEVRON CORP	CVX	166764BH2	US166764BH21	166764BH2	1.29%	\$1,886,521.88
CITIBANK NA	C	17325FAE8	US17325FAE88	17325FAE8	0.57%	\$833,415.08
CITIBANK NA	C	17325FAL2	US17325FAL22	17325FAL2	0.82%	\$1,199,979.20
COAST CMNTY COLLEGE DIST CALIF	CSTHGR	190335JD2	US190335JD27	190335JD2	0.99%	\$1,444,771.54
COCA-COLA CO	KO	191216BT6	US191216BT60	191216BT6	0.33%	\$490,382.17
COCA-COLA CO	KO	191216BV1	US191216BV17	191216BV1	1.08%	\$1,585,118.44
COMET 164 A	COMET	14041NFF3	US14041NFF33	14041NFF3	0.40%	\$590,947.27
COMET 171 A	COMET	14041NFK2	US14041NFK28	14041NFK2	0.64%	\$940,123.91
E I DU PONT DE NEMOURS AND CO	DD	263534CL1	US263534CL10	263534CL1	0.34%	\$494,675.33
FEDERAL FARM CREDIT BANKS FUNDING CORP	FFCB	3133EGW92	US3133EGW921	3133EGW92	1.01%	\$1,479,055.50
FEDERAL FARM CREDIT BANKS FUNDING CORP	FFCB	3133EHEZ2	US3133EHEZ20	3133EHEZ2	2.02%	\$2,961,953.33
FEDERAL FARM CREDIT BANKS FUNDING CORP	FFCB	3133EHFL2	US3133EHFL25	3133EHFL2	0.67%	\$985,802.33
FEDERAL HOME LOAN BANKS	FHLB	313380FB8	US313380FB82	313380FB8	1.42%	\$2,083,517.10
FEDERAL HOME LOAN BANKS	FHLB	3130A0JR2	US3130A0JR23	3130A0JR2	4.77%	\$6,994,942.50
FEDERAL HOME LOAN BANKS	FHLB	313383HU8	US313383HU84	313383HU8	1.14%	\$1,673,906.04
FEDERAL HOME LOAN BANKS	FHLB	3130A66T9	US3130A66T96	3130A66T9	2.98%	\$4,375,307.99
FEDERAL HOME LOAN BANKS	FHLB	3130ACM92	US3130ACM925	3130ACM92	1.35%	\$1,980,581.33
FEDERAL NATIONAL MORTGAGE ASSOCIATION	FNMA	3135G0R39	US3135G0R397	3135G0R39	2.35%	\$3,439,884.39
FEDERAL NATIONAL MORTGAGE ASSOCIATION	FNMA	3135G0T29	US3135G0T294	3135G0T29	0.56%	\$815,285.63
FIDELITY IMM:GOVT;I	FIGXX	316175108	US3161751082	316175108	0.19%	\$282,479.92
FIFTH THIRD BANK (OHIO)	FITB	31677QBH1	US31677QBH11	31677QBH1	0.34%	\$494,343.03
FITAT 171 A3	FITAT	31679RAD7	US31679RAD70	31679RAD7	0.41%	\$601,958.55
FREDDIE MAC	FHLMC	3137EAAE5	US3137EAAE51	3137EAAE5	1.01%	\$1,486,686.50
GENERAL DYNAMICS CORP	GD	369550BE7	US369550BE71	369550BE7	1.02%	\$1,501,430.50
GEORGIA POWER CO	SO	373334KG5	US373334KG57	373334KG5	1.28%	\$1,877,940.16
GOLDMAN SACHS BANK USA	GS	38148PP84	US38148PP843	38148PP84	0.47%	\$683,430.15
HAROT 172 A3	HAROT	43811BAC8	US43811BAC81	43811BAC8	1.62%	\$2,375,371.48
HAROT 173 A3	HAROT	43814PAC4	US43814PAC41	43814PAC4	0.17%	\$256,010.84
HAWAII ST	HIS	419792SM9	US419792SM99	419792SM9	1.65%	\$2,422,798.58
HONEYWELL INTERNATIONAL INC	HON	438516BQ8	US438516BQ81	438516BQ8	0.82%	\$1,208,523.46

WELLS CAPITAL - OPERATING FUND
JUNE 30, 2018

HoldingName	Ticker	CUSIP	ISIN	SEDOL	% Market Value	Holding Value
HSBC USA INC	HSBC	40428HPV8	US40428HPV86	40428HPV8	1.50%	\$2,203,957.80
HUNTINGTON NATIONAL BANK	HBAN	44644AAD9	US44644AAD90	44644AAD9	1.37%	\$2,003,609.56
INTER-AMERICAN DEVELOPMENT BANK	IADB	4581X0BY3	US4581X0BY35	4581X0BY3	0.30%	\$444,200.06
INTER-AMERICAN DEVELOPMENT BANK	IADB	4581X0CX4	US4581X0CX43	4581X0CX4	1.01%	\$1,477,910.71
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOP	IBRD	459058FQ1	US459058FQ12	459058FQ1	1.35%	\$1,973,160.67
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	IBRD	459058DW0	US459058DW08	459058DW0	1.36%	\$1,991,834.67
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	IBRD	459058FK4	US459058FK42	459058FK4	1.68%	\$2,463,363.89
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	IBRD	459058GA5	US459058GA50	459058GA5	1.34%	\$1,966,422.50
INTERNATIONAL FINANCE CORP	IFC	45950KCM0	US45950KCM09	45950KCM0	0.92%	\$1,347,147.45
JDOT 2018 A3	JDOT	47788CAC6	US47788CAC64	47788CAC6	0.51%	\$747,030.69
JOHN DEERE CAPITAL CORP	DE	24422ETJ8	US24422ETJ81	24422ETJ8	0.67%	\$984,392.22
JOHN DEERE CAPITAL CORP	DE	24422ETZ2	US24422ETZ24	24422ETZ2	0.68%	\$993,763.06
LOS ANGELES CALIF MUN IMPT CORP LEASE REV	LOSGEN	544587K64	US544587K641	544587K64	0.41%	\$602,632.17
LOS ANGELES CALIF WASTEWTR SYS REV	LOSUTL	53945CGW4	US53945CGW47	53945CGW4	0.78%	\$1,143,024.37
MANUFACTURERS AND TRADERS TRUST CO	MTB	55279HAG5	US55279HAG56	55279HAG5	0.96%	\$1,404,254.60
MARIN CALIF CMNTY COLLEGE DIST	MRNHGR	56781RGL5	US56781RGL50	56781RGL5	0.34%	\$498,520.42
NALT 17A A3	NALT	65479AAD4	US65479AAD46	65479AAD4	0.51%	\$744,427.64
NORTHERN TRUST CORP	NTRS	665859AL8	US665859AL80	665859AL8	0.42%	\$609,977.70
Payable	---	CCYUSD	---	CCYUSD	-3.19%	-\$4,670,350.82
PNC BANK NA	PNC	69353RFC7	US69353RFC79	69353RFC7	1.34%	\$1,964,616.67
Receivable	---	CCYUSD	---	CCYUSD	2.61%	\$3,831,069.15
SAN DIEGO CALIF TOB SETTLEMENT REV FDG CORP	SDGGEN	797330AD9	US797330AD98	797330AD9	0.69%	\$1,006,522.23
SAN DIEGO CNTY CALIF PENSION OBLIG	SDGFAC	797398DH4	US797398DH41	797398DH4	1.08%	\$1,587,688.33
SAN FRANCISCO CALIF BAY AREA RAPID TRAN DIST SALES	SFOTRN	797669XT0	US797669XT03	797669XT0	1.24%	\$1,819,498.99
SAN FRANCISCO CALIF CITY & CNTY ARPTS COMMN INTL A	SFOAPT	79766DKL2	US79766DKL28	79766DKL2	2.00%	\$2,938,608.08
SAN JOSE CALIF REDEV AGY SUCCESSOR AGY TAX ALLOCAT	SJSDEV	798170AC0	US798170AC09	798170AC0	1.02%	\$1,499,043.75
SMAT 162US A3A	SMAT	83191GAD1	US83191GAD16	83191GAD1	1.41%	\$2,074,078.65
TAOT 17D A3	TAOT	89238KAD4	US89238KAD46	89238KAD4	1.12%	\$1,648,814.63
TULARE CNTY CALIF PENSION OBLIG	TULGEN	899154AT5	US899154AT55	899154AT5	1.36%	\$1,992,978.67
UNITED STATES TREASURY	T	9128282V1	US9128282V18	9128282V1	2.45%	\$3,591,914.61
UNITED STATES TREASURY	T	9128282Z2	US9128282Z22	9128282Z2	2.92%	\$4,273,621.46
UNITED STATES TREASURY	T	9128283G3	US9128283G32	9128283G3	2.01%	\$2,949,519.16
UNITED STATES TREASURY	T	9128283L2	US9128283L27	9128283L2	1.49%	\$2,189,450.45
UNITED STATES TREASURY	T	9128284B3	US9128284B36	9128284B3	2.05%	\$3,002,745.33
UNITED STATES TREASURY	T	9128284G2	US9128284G23	9128284G2	2.04%	\$2,995,771.75
UNITEDHEALTH GROUP INC	UNH	91324PDC3	US91324PDC32	91324PDC3	0.71%	\$1,038,514.51
UNIVERSITY CALIF REVS	UNVHGR	91412GSB2	US91412GSB22	91412GSB2	1.02%	\$1,502,160.00
UNIVERSITY CALIF REVS	UNVHGR	91412HBG7	US91412HBG74	91412HBG7	1.37%	\$2,005,453.33
US BANK NA	USB	90331HML4	US90331HML41	90331HML4	1.36%	\$1,989,079.50
VALET 181 A3	VALET	92868LAD3	US92868LAD38	92868LAD3	1.77%	\$2,599,624.82
VISA INC	V	92826CAB8	US92826CAB81	92826CAB8	0.60%	\$886,317.20
WALMART INC	WMT	931142EJ8	US931142EJ83	931142EJ8	1.37%	\$2,010,616.44
YUBA CALIF LEVEE FING AUTH REV	YUBGEN	988211BL1	US988211BL13	988211BL1	0.68%	\$999,786.67

Disclaimer, Glossary, and Notes

WE HAVE PREPARED THIS REPORT (THIS “REPORT”) FOR SOLE BENEFIT OF THE INTENDED RECIPIENT (THE “RECIPIENT”).

SIGNIFICANT EVENTS MAY OCCUR (OR HAVE OCCURRED) AFTER THE DATE OF THIS REPORT AND THAT IT IS NOT OUR FUNCTION OR RESPONSIBILITY TO UPDATE THIS REPORT. ANY OPINIONS OR RECOMMENDATIONS PRESENTED HEREIN REPRESENT OUR GOOD FAITH VIEWS AS OF THE DATE OF THIS REPORT AND ARE SUBJECT TO CHANGE AT ANY TIME. ALL INVESTMENTS INVOLVE RISK. THERE CAN BE NO GUARANTEE THAT THE STRATEGIES, TACTICS AND METHODS DISCUSSED HERE WILL BE SUCCESSFUL.

INFORMATION USED TO PREPARE THIS REPORT WAS OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY OF ALL SOURCE INFORMATION CONTAINED HEREIN.

CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE “FORWARD-LOOKING STATEMENTS,” WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS “MAY,” “WILL,” “SHOULD,” “EXPECT,” “AIM,” “ANTICIPATE,” “TARGET,” “PROJECT,” “ESTIMATE,” “INTEND,” “CONTINUE” OR “BELIEVE,” OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD-LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD-LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS OR RESULTS. ACTUAL RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS OR RESULTS IN THIS PRESENTATION.

PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

Credit Risk: Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security.)

Duration: Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

Information Ratio: This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

Jensen's Alpha: A measure of the average return of a portfolio or investment in excess of what is predicted by its beta or "market" risk. Portfolio Return- [Risk Free Rate+Beta*(market return-Risk Free Rate)].

Market Capitalization: For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

Market Weighted: Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

Maturity: The date on which a loan, bond, mortgage, or other debt/security becomes due and is to be paid off.

Prepayment Risk: The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

Price-Book Value (P/B) Ratio: The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.

Price-Earnings (P/E) Ratio: A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about its future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

Quality Rating: The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

Sharpe Ratio: A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

Standard Deviation: A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

STIF Account: Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

Style: The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

Yield to Maturity: The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a “basis book.” For example, a 5% bond pays \$5 a year interest on each \$100 par value. To figure its current yield, divide \$5 by \$95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay \$100 for the bond that can be bought now for \$95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\% \text{ (discount)}}{5 \text{ (yrs. to maturity)}} = 1\% \text{ pro rata, plus } 5.26\% \text{ (current yield)} = 6.26\% \text{ (yield to maturity)}$$

Sources: Investment Terminology, International Foundation of Employee Benefit Plans, 1999.
The Handbook of Fixed Income Securities, Fabozzi, Frank J., 1991.

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Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.

MINUTES
REGULAR MEETING
OF THE
CALOPTIMA BOARD OF DIRECTORS’
FINANCE AND AUDIT COMMITTEE

CALOPTIMA
505 CITY PARKWAY WEST
ORANGE, CALIFORNIA

May 17, 2018

CALL TO ORDER

Chair Lee Penrose called the meeting to order at 2:04 p.m. Director Schoeffel led the Pledge of Allegiance.

Members Present: Lee Penrose, Chair; Scott Schoeffel, Ron DiLuigi

Members Absent: All members present

Others Present: Michael Schrader, Chief Executive Officer; Gary Crockett, Chief Counsel; Greg Hamblin, Chief Financial Officer; Richard Helmer, M.D., Chief Medical Officer; Ladan Khamseh, Chief Operating Officer; Len Rosignoli, Chief Information Officer; Suzanne Turf, Clerk of the Board

PUBLIC COMMENT

There were no requests for public comment.

INVESTMENT ADVISORY COMMITTEE UPDATE

1. Treasurer’s Report

Mr. Hamblin presented an overview of the Treasurer’s Report for the period January 1, 2018 through March 31, 2018. Based on a review by the Board of Directors’ Investment Advisory Committee, all investments were compliant with Government Code section 53600 *et seq.*, and with CalOptima’s Annual Investment Policy.

CONSENT CALENDAR

2. Approve the Minutes of the February 15, 2018 Regular Meeting of the CalOptima Board of Directors' Finance and Audit Committee; Receive and File Minutes of the January 22, 2018 Meeting of the CalOptima Board of Directors’ Investment Advisory Committee

Action: On motion of Director Schoeffel, seconded and carried, the Committee approved the Consent Calendar as presented. (Motion carried 3-0-0)

REPORTS

3. Consider Recommending Board of Directors' Approval of the CalOptima Fiscal Year 2018-19 Operating Budget

Mr. Hamblin presented the actions to recommend that the Board of Directors approve the CalOptima Fiscal Year (FY) 2018-19 Operating Budget and authorize the expenditure and appropriate the funds for items listed in Attachment B: Administrative Budget Details, which shall be procured in accordance with CalOptima Policy GA.5002: Purchasing. As proposed, the FY 2018-19 Operating Budget assumes an average monthly enrollment of approximately 784,000 members, revenue at approximately \$3.5 billion, medical costs of approximately \$3.3 billion, operating income of approximately \$18.3 million, and a total change in net assets of \$23.3 million. A detailed review of the proposed FY 2018-19 Operating Budget by line of business was presented to the Committee for discussion.

After considerable discussion of the matter, the Committee directed staff to refine the administrative allocations between the different lines of business for presentation to the Board of Directors. The Committee also requested additional information at a future Finance and Audit Committee meeting regarding the effectiveness of personal care coordinators on all levels.

Action: On motion of Director Schoeffel, seconded and carried, the Committee recommended Board of Directors' approval of the CalOptima Fiscal Year (FY) 2018-19 Operating Budget and authorize the expenditure and appropriate the funds for items listed in Attachment B: Administrative Budget Details, which shall be procured in accordance with CalOptima Policy GA.5002: Purchasing. (Motion carried 3-0-0)

4. Consider Recommending Board of Directors' Approval of the CalOptima Fiscal Year 2018-19 Capital Budget

Mr. Hamblin presented the action to recommend that the Board of Directors approve the CalOptima FY 2018-19 Capital Budget and authorize the expenditure and appropriate the funds for the items listed in Attachment A: Fiscal Year 2018-19 Capital Budget by Project, which shall be procured in accordance with CalOptima policy. The recommended FY 2018-19 Capital Budget of \$9.8 million in the following asset types within three asset categories: Information systems, including hardware, software, and professional fees related to implementation, approximately \$6.9 million; 505 Building improvements, approximately \$2.8 million; and PACE Center, \$156,000.

Action: On motion of Director DiLuigi, seconded and carried, the Committee recommended Board of Directors' approval of the CalOptima Fiscal Year (FY) 2018-19 Capital Budget and authorize the expenditure and appropriate the funds for the items listed in Attachment A: Fiscal Year 2018-19 Capital Budget by Project, which shall be procured in accordance with CalOptima policy. (Motion carried 3-0-0)

INFORMATION ITEMS

5. 2018 Audit Planning

DeVon Wiens of Moss-Adams LLP presented a review of the scope of services for the annual consolidated financial statement audit for the year ending June 30, 2018 and provided a brief overview of the recent changes in accounting standards. Interim fieldwork is scheduled to begin on May 21, 2018, and final fieldwork will begin on July 23, 2018. The draft audited financial statements will be presented to the Finance and Audit Committee for review at the September 2018 meeting.

6. March 2018 Financial Summary

Mr. Hamblin provided an overview of the balance sheet, Board-Designated Reserves and tangible net equity (TNE) requirement as of March 31, 2018.

7. Proposition 56 Update

Candice Gomez, Executive Director, Program Implementation, presented an update on the California Healthcare, Research and Prevention Tobacco Tax Act (Proposition 56), which provides additional payments for certain Medi-Cal related services. The DHCS recently released guidance related to physician service payments that applies to 13 specific procedure codes. Proposition 56 payments have been included in the DHCS capitation to CalOptima since April 30, 2018, and payments are to be passed through to eligible providers for the initial payment within 90 calendar days of receiving capitation from DHCS. It was noted that recommendations related to the methodology for the disbursement of Proposition 56 physician services payments to eligible Medi-Cal providers will be presented to the Board for consideration at the June meeting.

The following Information Items were accepted as presented:

8. CalOptima Information Systems Security Update
9. Cost Containment Improvements/Initiatives
10. Quarterly Reports to the Finance and Audit Committee
 - a. Shared Risk Pool Performance
 - b. Reinsurance Report
 - c. Health Network Financial Report
 - d. Purchasing Report

COMMITTEE MEMBER COMMENTS

Committee members thanked staff for their work on the FY 2018-19 Operating and Capital Budgets.

ADJOURNMENT

Hearing no further business, Chair Penrose adjourned the meeting at 4:01 p.m.

/s/ Suzanne Turf

Suzanne Turf
Clerk of the Board

Approved: September 18, 2018

MINUTES

MEETING OF THE CALOPTIMA BOARD OF DIRECTORS' INVESTMENT ADVISORY COMMITTEE

April 23, 2018

A meeting of the CalOptima Board of Directors' Investment Advisory Committee (IAC) was held on Monday, April 23, 2018, at CalOptima, 505 City Parkway West, Orange, California.

CALL TO ORDER

Chair Patrick Moore called the meeting to order at 3:08 p.m. and led the Pledge of Allegiance.

ROLL CALL

Members Present: Patrick Moore, Chair, Peggy Eckroth, Greg Hamblin, Rodney Johnson, Susan Munson

Members Absent: Caroline Harkins, David Young

Others Present: Laura Wirick, Hanna Schriener, Nika Barbakadze, Meketa Investment Group; Asha Joshi, Darren Marco, Payden & Rygel; Scott Pavlak, Wendy Kaszak, Logan Circle Partners; Steve Scharre, Tony Mellville, Wells Capital Management; Gary Crockett, Chief Counsel; Nancy Huang, Controller, Joyce Mellinger, Accounting Manager, Faye Heidari, Senior Accountant, Pamela Reichardt, Executive Assistant

MINUTES

Approve Minutes of the January 22, 2018 Regular Meeting of the CalOptima Board of Directors' Investment Advisory Committee

Action: On motion of Chair Moore, seconded and carried, the Minutes of the January 22, 2018 Regular Meeting of the CalOptima Board of Directors' Investment Advisory Committee were approved as presented. (Motion carried 5-0-0, Caroline Harkins and David Young absent)

PUBLIC COMMENT

There were no requests for public comment.

MANAGEMENT REPORTS

Chief Financial Officer (CFO) Report

CFO Greg Hamblin reported that staff is currently working on the CalOptima Fiscal Year (FY) 2018-19 Budget. Staff anticipates receiving the draft capitation rates from the state by the beginning of May. CalOptima staff will present the proposed FY 2018-19 Budget to the Finance and Audit Committee (FAC) for review in May, and to the CalOptima Board of Directors for consideration at their June meeting.

Mr. Hamblin reported that the Department of Health Care Services (DHCS) plans to recoup approximately \$400 million in overpayments from CalOptima in mid-May related to the Coordinated Care Initiative (CCI) reconciliation. Mr. Hamblin also presented a status report on the DHCS Medical Loss Ratio reconciliation and the timeline. Mr. Hamblin updated the Committee on the cash impact in the next few months due to Intergovernmental Transfer (IGT) funding and Proposition 56 supplemental payments.

INFORMATION ITEMS

Presentation by Meketa Investment Group

Hanna Schriener, Vice President, Meketa Investment Group, presented a quarterly fund update as of March 31, 2018. Ms. Schriener also provided an update on overall investment performance against selected benchmarks, along with the investment compliance report. She reported that CalOptima's investment portfolio was in compliance for quarter ended March 31, 2018.

Nika Barbakadze, Research Analyst, reported on CalOptima's portfolio performance compared to the custom peer group and performance aggregation.

Presentation by Logan Circle Partners

Wendy Kaszak, Vice President of Client Services, Logan Circle Partners gave a firm update. Scott Pavlak, Senior Portfolio Manager, presented a CalOptima portfolio review, economic review, and reported on fund performance. Mr. Pavlak reported that CalOptima's portfolio was in compliance for the quarter.

Presentation by Payden & Rygel

Asha Joshi, Managing Principal, Payden & Rygel provided a firm update and provided a market outlook. Darren Marco, Vice President, reported on the CalOptima operating fund portfolio. He also reported that CalOptima's portfolio was in compliance for the quarter.

Presentation by Wells Capital Management

Steve Scharre, Client Relations Director, Wells Capital Management, provided a firm update. Tony Melville, Portfolio Manager, provided a review of CalOptima's portfolio and allocation update, as well as a market outlook. He also reported that CalOptima's investment portfolio at Wells Fargo was in compliance for the quarter.

Financial Update

Nancy Huang, Controller, presented a summary of CalOptima's financial performance through February 2018. At that time, CalOptima's overall enrollment totaled about 795,000 members, which was 1.2% below budget projections, and 1.5% lower year-to-date. CalOptima's Medical Loss Ratio (MLR) remained at approximately 96%, and Administrative Loss Ratio (ALR) remained at 3.5% year- to-date.

ADJOURNMENT

Hearing no further business, Chair Moore adjourned the meeting at 4:38 p.m.

/s/ Pamela Reichardt
Pamela Reichardt
Executive Assistant

Approved: July 22, 2018

CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken September 18, 2018 **Regular Meeting of the CalOptima Board of Directors'** **Finance and Audit Committee**

Report Item

3. Consider Recommending that the Board of Directors Accept and Receive and File Fiscal Year 2018 CalOptima Audited Financial Statements

Contact

Greg Hamblin, Chief Financial Officer, (714) 246-8400

Recommended Action

Recommend that the CalOptima Board of Directors accept and receive and file the Fiscal Year (FY) 2018 CalOptima consolidated audited financial statements as submitted by independent auditors Moss-Adams, LLP

Background

CalOptima has contracted with financial auditors Moss-Adams, LLP since May 21, 2015, to complete CalOptima's annual financial audit. At the May 17, 2018, meeting of the CalOptima Finance and Audit Committee, Moss-Adams presented the 2018 Audit Plan. The plan includes performing mandatory annual consolidated financial statement audit and drafting of the consolidated financial statements for the year ending June 30, 2018.

Discussion

Moss-Adams conducted the interim audit from May 21, 2018, through May 25, 2018, and the on-site year-end audit from July 23, 2018, through August 17, 2018. The significant audit areas that Moss-Adams reviewed included:

- Capitation revenue and receivables;
- Cash and cash equivalents;
- Investments; and
- Medical claims liability, capitation payable and obligations payable to State of California.

Results from CalOptima's FY 2018 Audit were positive. The auditor made no changes in CalOptima's approach to applying critical accounting policies and did not report having encountered any significant difficulties during the audit. Additionally, there were no material misstatements identified by the auditor. As such, Management recommends that the Board accept the CalOptima FY 2018 audited financial statements as presented.

Fiscal Impact

There is no fiscal impact related to this recommended action.

CalOptima Board Action Agenda Referral
Consider Recommending that the Board of Directors Accept and
Receive and File Fiscal Year 2018 CalOptima Audited Financial
Statements
Page 2

Concurrence

Gary Crockett, Chief Counsel

Attachments

1. FY 2018 CalOptima Audited Financial Statements
2. Presentation by Moss-Adams, LLP

/s/ Michael Schrader
Authorized Signature

9/11/2018
Date



REPORT OF INDEPENDENT AUDITORS AND
CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

ORANGE COUNTY HEALTH AUTHORITY, A PUBLIC
AGENCY/DBA ORANGE PREVENTION AND TREATMENT
INTEGRATED MEDICAL ASSISTANCE/DBA CALOPTIMA

June 30, 2018 and 2017



MOSSADAMS

[Back to Agenda](#)

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**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima
Management's Discussion and Analysis**

The intent of management's discussion and analysis of CalOptima's consolidated financial performance is to provide readers with an overview of the agency's financial activities for the fiscal years ended June 30, 2018 and 2017. Readers should review this summation in conjunction with CalOptima's consolidated financial statements and accompanying notes to the consolidated financial statements to enhance their understanding of CalOptima's financial performance.

Key Operating Indicators

The table below compares key operating indicators for CalOptima for the fiscal years ended June 30, 2018, 2017 and 2016:

Key Operating Indicators	2018	2017 (as restated)	2016
Members (at end of fiscal period):			
Medi-Cal program	763,824	772,228	776,713
OneCare	1,418	1,121	1,174
OneCare Connect	14,768	15,505	29,416
PACE	267	212	168
Average member months			
Medi-Cal program	772,511	777,057	765,938
OneCare	1,372	1,237	6,879
OneCare Connect	15,079	16,834	9,626
PACE	239	190	135
Operating revenues (in millions)	\$ 3,446	\$ 3,549	\$ 3,148
Operating expenses (in millions)			
Medical expenses	3,292	3,400	3,022
Administrative expenses	132	111	107
Operating income (in millions)	<u>\$ 22</u>	<u>\$ 38</u>	<u>\$ 19</u>
Operating revenues PMPM (per member per month)	\$ 364	\$ 372	\$ 337
Operating expenses PMPM			
Medical expenses PMPM	348	356	323
Administrative expenses PMPM	14	12	11
Operating income (loss) PMPM	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 3</u>
Medical loss ratio	96%	96%	96%
Administrative expenses ratio	4%	3%	3%
Premium tax revenue and expenses not included above			
Operating revenues (in millions)	143	138	114
Administrative expenses (in millions)	143	138	114

Orange County Health Authority, a Public Agency/ dba Orange Prevention and Treatment Integrated Medical Assistance/dba CalOptima Management's Discussion and Analysis

Overview of the Consolidated Financial Statements

This annual report consists of consolidated financial statements and notes to those statements, which reflect CalOptima's financial position as of June 30, 2018 and 2017 and results of its operations for the fiscal years ended June 30, 2018 and 2017. The consolidated financial statements of CalOptima, including the consolidated statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows, represent the consolidated accounts and transactions of the five (5) programs – Medi-Cal, OneCare, OneCare Connect, Program of All-inclusive Care for the Elderly (PACE), and CalOptima Foundation.

- The consolidated statements of net position include all of CalOptima's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the accrual basis of accounting, as well as an indication about which assets and deferred outflows of resources are utilized to fund obligations to providers and which are restricted as a matter of Board of Directors' policy.
- The consolidated statements of revenues, expenses and changes in net position present the results of operating activities during the fiscal year and the resulting increase or decrease in net position.
- The consolidated statements of cash flows report the net cash provided by or used in operating activities, as well as other sources and uses of cash from investing and capital and related financing activities.

The following discussion and analysis addresses CalOptima's overall program activities. CalOptima's Medi-Cal program accounted for 89.8 percent, 88.6 percent, and 89.4 percent of its annual revenues during fiscal years 2018, 2017, and 2016, respectively. CalOptima's OneCare accounted for 0.5 percent, 0.5 percent, and 3.3 percent of its annual revenues during fiscal years 2018, 2017, and 2016, respectively. CalOptima's OneCare Connect program accounted for 9.1 percent, 10.5 percent and 7.0 percent of its annual revenues during fiscal year 2018, 2017 and 2016, respectively. All other programs consolidated accounted for 0.6 percent, 0.4 percent, and 0.3 percent of CalOptima's annual revenues during fiscal years 2018, 2017, and 2016, respectively.

CalOptima Foundation (the Foundation) was formed as a not-for-profit benefit corporation in 2010 and is dedicated to the betterment of public health care services in Orange County. CalOptima has sole control over the activities of the Foundation and as such, the activities of the Foundation are included in the consolidated financial statements of CalOptima.

**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima
Management's Discussion and Analysis**

2018 and 2017 Financial Highlights

As of June 30, 2018 and 2017, total assets and deferred outflows of resources were approximately \$1,879.1 million and \$2,743.0 million, respectively, and exceeded liabilities and deferred inflows of resources by approximately \$764.5 million and \$718.6 million, respectively.

Net position increased by approximately \$45.8 million, or 6.4 percent, during fiscal year 2018 and increased by approximately \$56.2 million, or 8.5 percent, during fiscal year 2017.

Table 1a: Condensed Consolidated Statements of Net Position as of June 30,
(Dollars in Thousands)

Financial Position	2018	2017 (as restated)	Change From 2017 Amount	Percentage
ASSETS				
Current assets	\$ 1,278,680	\$ 2,141,667	\$ (862,987)	-40.3%
Board-designated assets and restricted cash	538,548	535,438	3,110	0.6%
Capital assets, net	50,758	54,301	(3,543)	-6.5%
Total assets	<u>\$ 1,867,986</u>	<u>\$ 2,731,406</u>	<u>\$ (863,420)</u>	<u>-31.6%</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 11,133</u>	<u>\$ 11,577</u>	<u>\$ (444)</u>	<u>-3.8%</u>
Total assets and deferred outflows of resources	<u>\$ 1,879,119</u>	<u>\$ 2,742,983</u>	<u>\$ (863,864)</u>	<u>-31.5%</u>
LIABILITIES				
Current liabilities	\$ 1,061,545	\$ 1,981,195	\$ (919,650)	-46.4%
Other liabilities	49,766	41,809	7,957	19.0%
Total liabilities	<u>\$ 1,111,311</u>	<u>\$ 2,023,004</u>	<u>\$ (911,693)</u>	<u>-45.1%</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 3,329</u>	<u>\$ 1,340</u>	<u>\$ 1,989</u>	<u>148.4%</u>
NET POSITION				
Net investment in capital assets	\$ 50,637	\$ 54,104	\$ (3,467)	-6.4%
Restricted	89,037	98,445	(9,408)	-9.6%
Unrestricted	624,805	566,090	58,715	10.4%
Total net position	<u>\$ 764,479</u>	<u>\$ 718,639</u>	<u>\$ 45,840</u>	<u>6.4%</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,879,119</u>	<u>\$ 2,742,983</u>	<u>\$ (863,864)</u>	<u>-31.5%</u>

Current assets decreased \$863.0 million from \$2,141.7 million in 2017 to \$1,278.7 million in 2018, primarily in cash, short-term investments and premium receivables categories. Current liabilities decreased \$919.7 million from \$1,981.3 million in 2017 to \$1,061.5 million in 2018. The decrease is mainly related to recoupment from California Department of Health Care Services (DHCS) on Medi-Cal expansion rate changes and shared risk pool payouts to the health networks.

Orange County Health Authority, a Public Agency/ dba Orange Prevention and Treatment Integrated Medical Assistance/dba CalOptima Management's Discussion and Analysis

2018 and 2017 Financial Highlights (continued)

Board-designated assets and restricted cash increased by \$3.1 million and \$59.3 million in fiscal years 2018 and 2017, respectively. The Board of Directors' policy is to augment Board-designated assets to provide a desired level of funds between 1.4 months and 2 months of premium revenue to meet future contingencies. CalOptima's reserve level of tier one and two investment portfolios as of June 30, 2018 is at 1.9 times of monthly average premium revenue. CalOptima is also required to maintain a \$300,000 restricted deposit as a part of the Knox-Keene Health Care Service Plan Act of 1975.

2017 and 2016 Financial Highlights

As of June 30, 2017 and 2016, total assets and deferred outflows of resources were approximately \$2,743.0 million and \$2,307.8 million, respectively, and exceeded liabilities and deferred inflows of resources by approximately \$718.6 million and \$662.5 million, respectively.

Net position increased by approximately \$56.2 million, or 8.5 percent, during fiscal year 2017 and increased by approximately \$32.5 million, or 5.2 percent during fiscal year 2016.

Table 1a: Condensed Consolidated Statements of Net Position as of June 30,
(Dollars in Thousands)

Financial Position	2017 (as restated)	2016	Change From 2016	
			Amount	Percentage
ASSETS				
Current assets	\$ 2,141,667	\$ 1,771,671	\$ 369,996	20.9%
Board-designated assets and restricted cash	535,438	476,146	59,292	12.5%
Capital assets, net	54,301	54,996	(695)	-1.3%
Total assets	<u>\$ 2,731,406</u>	<u>\$ 2,302,813</u>	<u>\$ 428,593</u>	<u>18.6%</u>
DEFERRED OUTFLOWS OF RESOURCES - PENSION CONTRIBUTIONS	<u>\$ 11,577</u>	<u>\$ 5,003</u>	<u>\$ 6,574</u>	<u>131.4%</u>
Total assets and deferred outflows of resources	<u>\$ 2,742,983</u>	<u>\$ 2,307,816</u>	<u>\$ 435,167</u>	<u>18.9%</u>
LIABILITIES				
Current liabilities	\$ 1,981,195	\$ 1,609,330	\$ 371,865	23.1%
Other liabilities	41,809	33,864	7,945	23.5%
Total liabilities	<u>\$ 2,023,004</u>	<u>\$ 1,643,194</u>	<u>\$ 379,810</u>	<u>23.1%</u>
DEFERRED INFLOWS OF RESOURCES - EXCESS EARNINGS	<u>\$ 1,340</u>	<u>\$ 2,155</u>	<u>\$ (815)</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	\$ 54,104	\$ 54,995	\$ (891)	-1.6%
Restricted	98,445	89,284	9,161	10.3%
Unrestricted	566,090	518,188	47,902	9.2%
Total net position	<u>\$ 718,639</u>	<u>\$ 662,467</u>	<u>\$ 56,172</u>	<u>8.5%</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,742,983</u>	<u>\$ 2,307,816</u>	<u>\$ 435,167</u>	<u>18.9%</u>

**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima
Management's Discussion and Analysis**

2017 and 2016 Financial Highlights (continued)

Current assets increased \$370.0 million from \$1,771.7 million in 2016 to \$2,141.7 million in 2017. The increase in current assets is due to increases in cash, short-term investments and premium receivables. Current liabilities increased \$ 372.0 million from \$1,609.3 million in 2016 to \$1,981.2 million in 2017. The increase is mainly due to additional payables to the health networks of approximately \$173.0 million related to shared risk payout estimates and an increase of \$549.4 million in the Due to DHCS liability account, which is the result from the change in categorization of excess payments related to Medi-Cal expansion rate changes from unearned revenue. Both are offset by a decrease of \$387.9 million in the unearned revenue for the above-mentioned category change. The net increase of the excess Medi-Cal expansion payments is \$161.5 million from fiscal year 2016.

2018 and 2017 Results of Operations

CalOptima's fiscal year 2018 operations and nonoperating revenues resulted in a \$45.8 million increase in net position, \$10.4 million less compared to a \$56.2 million increase in fiscal year 2017. The following table reflects the changes in revenues and expenses for 2018 compared to 2017:

Table 2a: Consolidated Revenues, Expenses and Changes in Net Position for
Fiscal Years Ended June 30,
(Dollars in Thousands)

Results of Operations	2018	2017 (as restated)	Change From 2017	
			Amount	Percentage
CAPITATION REVENUES	\$ 3,445,699	\$ 3,549,462	\$ (103,763)	-2.9%
OTHER INCOME	-	27	(27)	-100.0%
Total operating revenues	<u>3,445,699</u>	<u>3,549,489</u>	<u>(103,790)</u>	<u>-2.9%</u>
MEDICAL EXPENSES	3,291,712	3,399,612	(107,900)	-3.2%
ADMINISTRATIVE EXPENSES	131,847	111,428	20,419	18.3%
Total operating expenses	<u>3,423,559</u>	<u>3,511,040</u>	<u>(87,481)</u>	<u>-2.5%</u>
Operating income	<u>22,140</u>	<u>38,449</u>	<u>(16,309)</u>	<u>-42.4%</u>
NONOPERATING REVENUES AND EXPENSES	<u>23,700</u>	<u>17,724</u>	<u>5,976</u>	<u>33.7%</u>
Increase in net position	<u>45,840</u>	<u>56,173</u>	<u>(10,333)</u>	<u>-18.4%</u>
NET POSITION, beginning of year	<u>718,640</u>	<u>662,467</u>	<u>56,173</u>	<u>8.5%</u>
NET POSITION, end of year	<u>\$ 764,480</u>	<u>\$ 718,640</u>	<u>\$ 45,840</u>	<u>6.4%</u>

Orange County Health Authority, a Public Agency/ dba Orange Prevention and Treatment Integrated Medical Assistance/dba CalOptima Management's Discussion and Analysis

2018 and 2017 Operating Revenues

The decrease in consolidated operating revenues of \$103.8 million in fiscal year 2018 is attributable to lower enrollment in fiscal year 2018 comparing to fiscal year 2017, overall rate decreases in the Medi-Cal line of business for both Medi-Cal classic and Medi-Cal expansion members, and the discontinuation of In-Home Supportive Services (IHSS) beginning January 2018. Part of the revenue decrease is offset by the recognition of prior year deferred revenue from the Coordinated Care Initiative (CCI) program after reconciling the blended rates with DHCS.

2018 and 2017 Medical Expenses

Overall medical expenses decreased by \$107.9 million or 3.2 percent in fiscal year 2018, totaling \$3,292.7 million, compared to \$3,399.6 million in fiscal year 2017. CalOptima's medical loss ratio, or medical expenses as a percentage of operating revenues, was 95.5 percent in fiscal year 2018 similar to the result in fiscal year 2017 which was 95.8 percent.

Medi-Cal provider capitation, comprised of capitation payments to CalOptima's contracted health networks, increased by 8.4 percent from fiscal year 2017 to fiscal year 2018 due to the transition of a shared risk group network to a HMO model during the year. Capitated member enrollment accounted for approximately 76.4 percent of CalOptima's enrollment, averaging 590,204 members during fiscal year 2018, and 78.6 percent of CalOptima's enrollment, averaging 610,893 members during fiscal year 2017. Included in the capitated environment are 198,508 or 33.6 percent and 298,552 or 48.9 percent members in a shared risk network for fiscal years 2018 and 2017, respectively. Shared Risk Networks receive capitation for professional services and are claims-based for hospital services.

Medi-Cal capitation expenses totaled \$1,068.4 million in fiscal year 2018, compared to \$985.2 million in fiscal year 2017. The increase reflects the transition of one group to HMO, and additional capitation expenses relating to Proposition 56 (the Research and Prevention Tobacco Tax Act of 2016), which authorizes supplemental payments to impacted physician services.

Medi-Cal claim expense to providers and facilities, including Long-term care (LTC) services decreased by 10.2 percent from fiscal year 2017 to fiscal year 2018. This decrease is attributable to lower enrollment, the transition of one shared risk network to HMO as mentioned above, and the discontinuation of In-Home Supportive Services (IHSS) services beginning January 2018. The decrease is offset by additional IHSS expenses recorded based on an updated IHSS report from DHCS for service dates between fiscal year 2016 to fiscal year 2018.

Pharmacy costs increased by 4.8 percent in fiscal year 2018, compared to fiscal year 2017. Results from fiscal year 2018 reflects an increase pharmacy drug prices.

In addition to items mentioned above, total Quality Assurance Fee (QAF) payments received and passed through to hospitals increased from \$307.8 million to \$402.3 million from fiscal year 2017 to fiscal year 2018. These receipts and payments are not included in the consolidated statements of revenues, expenses and changes in net position.

**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima
Management's Discussion and Analysis**

2018 and 2017 Administrative Expenses

Total administrative expenses were \$131.8 million in 2018 compared to \$111.4 million in 2017. Overall administrative expenses increased by 18.3 percent or \$20.4 million, due to increases in salaries and benefits for behavioral health services brought in house, along with a CalPERS actuarial valuation increase of \$10 million related to a discount rate reduction from 7.65% to 7.15%. The administrative expenses for both 2018 and 2017 reflected the implementation of Government Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* for CalOptima's other post-employment benefits for decreases of \$2.1 million and \$2.3 million, respectively. During fiscal years 2018 and 2017, respectively, CalOptima's administrative expenses were 3.8 percent and 3.1 percent of total operating revenues.

2017 and 2016 Results of Operations

CalOptima's fiscal year 2017 operations and nonoperating revenues resulted in a \$56.2 million increase in net position, \$23.7 million higher compared to a \$32.5 million increase in fiscal year 2016. The following table reflects the changes in revenues and expenses for 2017 compared to 2016:

Table 2b: Consolidated Revenues, Expenses, and Changes in Net Position for
Fiscal Years Ended June 30,
(Dollars in Thousands)

Results of Operations	2017 (as restated)	2016	Change From 2016 Amount	Percentage
CAPITATION REVENUES	\$ 3,549,462	\$ 3,148,260	\$ 401,202	12.7%
OTHER INCOME	27	305	(278)	-91.1%
Total operating revenues	<u>3,549,489</u>	<u>3,148,565</u>	<u>400,924</u>	<u>12.7%</u>
MEDICAL EXPENSES	3,399,612	3,022,418	377,194	12.5%
ADMINISTRATIVE EXPENSES	111,428	107,182	4,246	4.0%
Total operating expenses	<u>3,511,040</u>	<u>3,129,600</u>	<u>381,440</u>	<u>12.2%</u>
Operating income	<u>38,449</u>	<u>18,965</u>	<u>19,484</u>	<u>102.7%</u>
NONOPERATING REVENUES AND EXPENSES	<u>17,724</u>	<u>13,548</u>	<u>4,176</u>	<u>30.8%</u>
Increase in net position	<u>56,173</u>	<u>32,513</u>	<u>23,660</u>	<u>72.8%</u>
NET POSITION, beginning of year	662,467	629,954	32,513	5.2%
NET POSITION, end of year	<u>\$ 718,640</u>	<u>\$ 662,467</u>	<u>\$ 56,173</u>	<u>8.5%</u>

Orange County Health Authority, a Public Agency/ dba Orange Prevention and Treatment Integrated Medical Assistance/dba CalOptima Management's Discussion and Analysis

2017 and 2016 Operating Revenues

The increase in consolidated operating revenues of \$401.2 million in fiscal year 2017 is attributable to additional revenue from rate increases, continued growth in Medi-Cal expansion and update in the revenue recognition methodology for Care Coordinated Initiative (CCI) and LTC services. An update to the revenue recognition methodology for CCI resulted in additional revenue of \$64.7 million for fiscal year 2016 reflected in fiscal year 2017. Similarly, \$56.3 million of additional revenue for LTC services for fiscal year 2016 was reflected in fiscal year 2017.

2017 and 2016 Medical Expenses

Overall medical expenses increased by 12.5 percent in fiscal year 2017, totaling \$3,399.6 million, compared to \$3,022.4 million in fiscal year 2016. CalOptima's medical loss ratio, or medical expenses as a percentage of operating revenues, was 95.8 percent in fiscal year 2017 compared to 96.0 percent in fiscal year 2016.

Medi-Cal provider capitation, comprising capitation payments to CalOptima's contracted health networks, increased by 5.3 percent from fiscal year 2016 to fiscal year 2017 due to the transition of one shared risk group network and a managed behavior health organization (MBHO) to an HMO model during the year. Capitated member enrollment accounted for approximately 78.6 percent of CalOptima's enrollment, averaging 610,893 members during fiscal year 2017, and 80.0 percent of CalOptima's enrollment, averaging 612,704 members during fiscal year 2016. Included in the capitated environment are 298,552 or 48.9 percent and 342,498 or 44.7 percent members in a shared risk network for fiscal years 2017 and 2016, respectively. Shared risk networks receive capitation for professional services and are claim-based for hospital services.

Medi-Cal capitation expenses totaled \$985.2 million in fiscal year 2017, compared to \$935.4 million in fiscal year 2016, which reflects the increased enrollment in capitated networks.

Medi-Cal claim expense to providers and facilities, including LTC facilities increased by 16.2 percent from fiscal year 2016 to fiscal year 2017. This increase is attributable to an overall increase in cost per member, enrollment and a change in methodology to account for IHSS benefits.

In addition to the above Medi-Cal revenues and claims expenses in fiscal year 2017, QAF payments received and passed through to hospitals increased from \$42.1 million to \$307.8 million from fiscal year 2016 to fiscal year 2017. These receipts and payments are not included in the consolidated statements of revenues, expenses and changes in net position.

Pharmacy costs increased by 8.6 percent in fiscal year 2017, compared to fiscal year 2016. Results from fiscal year 2017 reflect higher enrollment and increase Pharmacy drug prices.

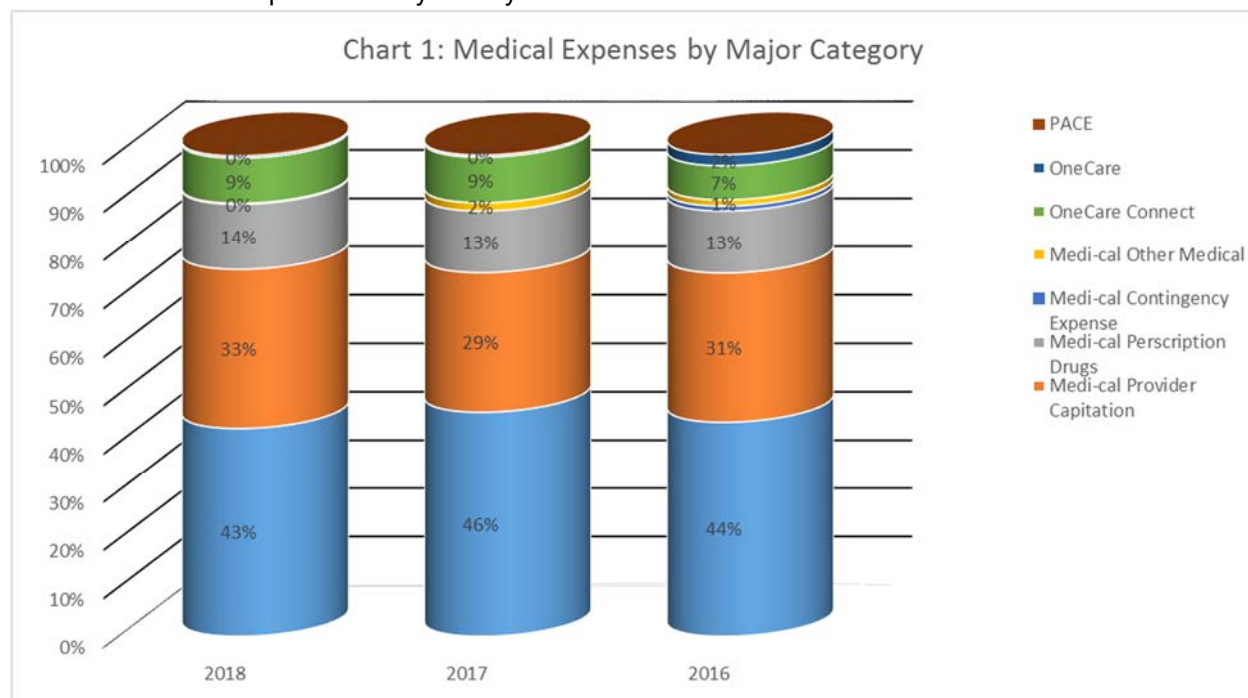
Orange County Health Authority, a Public Agency/ dba Orange Prevention and Treatment Integrated Medical Assistance/dba CalOptima Management's Discussion and Analysis

2017 and 2016 Administrative Expenses

Total administrative expenses were \$111.4 million in 2017 compared to \$107.2 million in 2016. Overall administrative expenses increased by 4 percent or \$4.2 million, due to increases in salaries and benefits. During fiscal years 2017 and 2016, respectively, administrative expenses were 3.1 percent and 3.4 percent of operating revenues.

2018, 2017, and 2016 Medical Expenses by Major Category

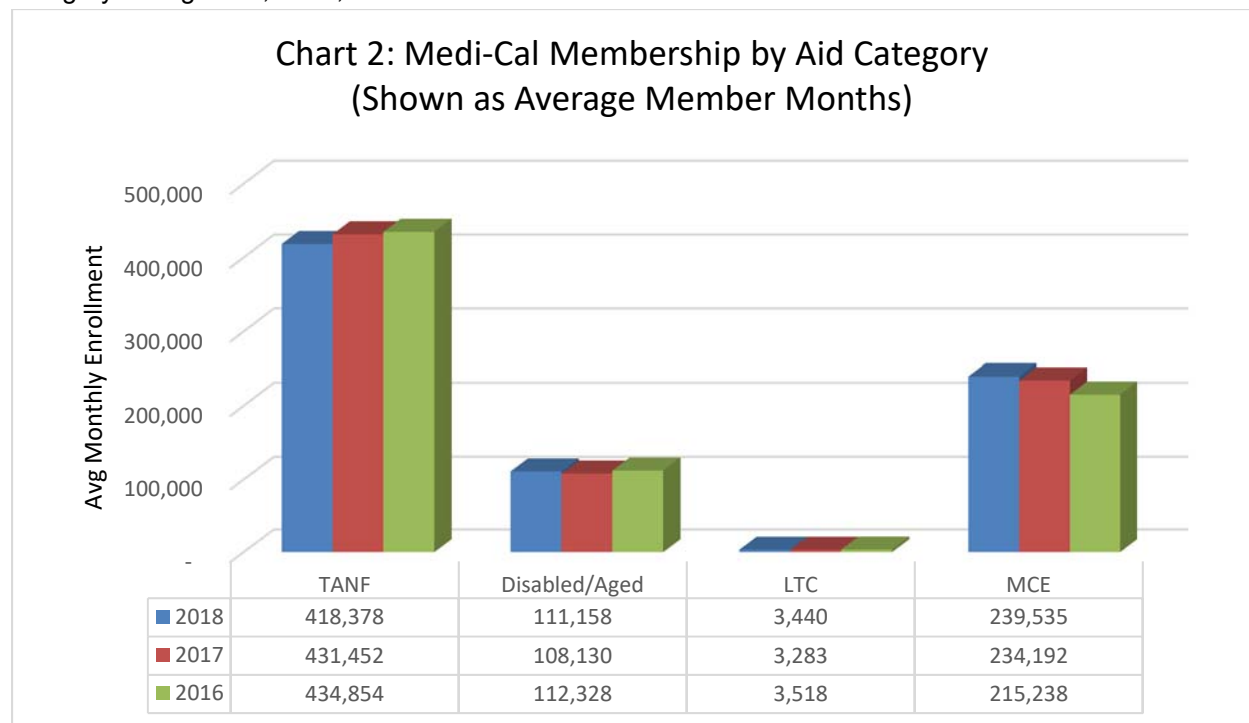
Below is a comparison chart of medical expenses by major category and their respective percentages of the overall medical expenditures by fiscal year.



Orange County Health Authority, a Public Agency/ dba Orange Prevention and Treatment Integrated Medical Assistance/dba CalOptima Management's Discussion and Analysis

2018, 2017, and 2016 Enrollment

During fiscal year 2018, CalOptima served an average of 772,511 Medi-Cal members per month compared to an average of 777,057 members per month in 2017, and 765,938 members per month in 2016. The chart below displays a comparative view of average monthly membership by Medi-Cal aid category during 2018, 2017, and 2016:



Significant aid categories are defined as follows:

Temporary Assistance to Needy Families (TANF) includes families, children, and poverty-level members who qualify for the TANF federal welfare program, which provides cash aid and job-search assistance to poor families. TANF also includes members who migrated from CalOptima, Health Net, and Kaiser Healthy Family programs.

Disabled and Aged includes individuals who have met the criteria for disability set by the Social Security Administration, and individuals of 65 years of age and older who receive supplemental security income (SSI) checks, or are medically needy, or have an income of 100 percent or less of the federal poverty level.

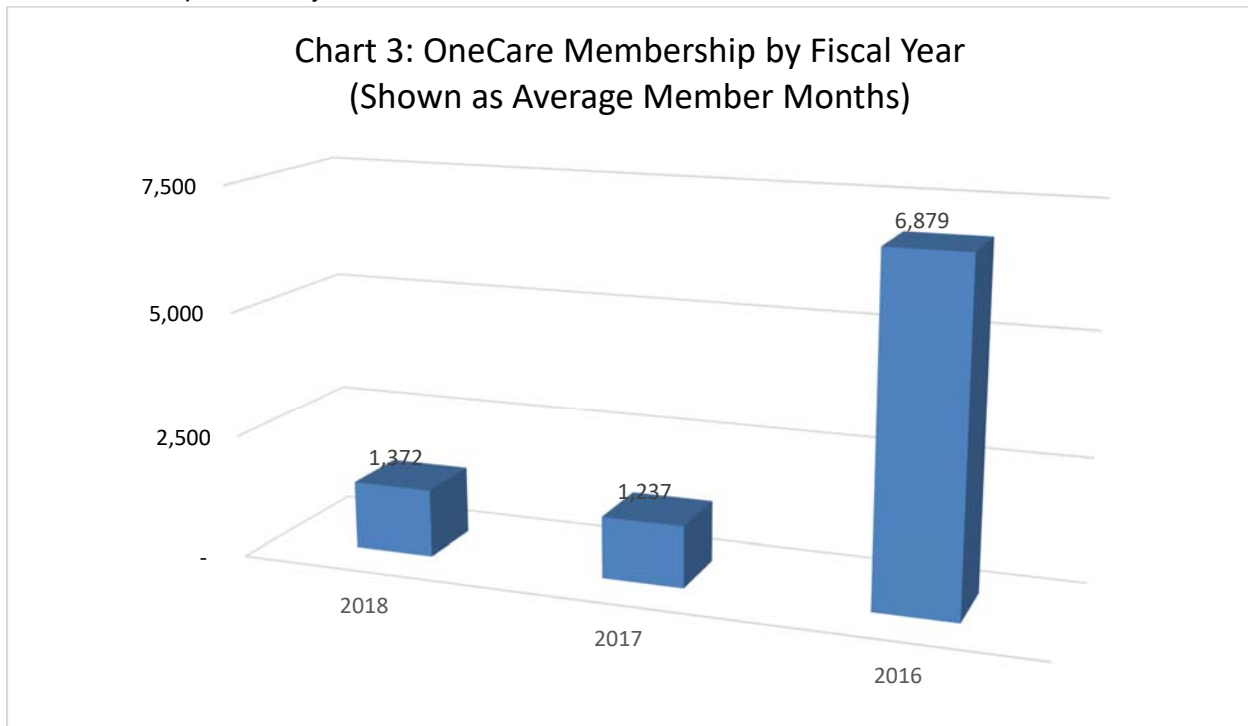
LTC includes frail elderly, nonelderly adults with disabilities, and children with developmental disabilities and other disabling conditions requiring long-term care services.

Medi-Cal Expansion program (MCX and MSI) includes adults without children, ages 19-64, qualified based upon income, as required by the Patient Protection and Affordable Care Act (ACA).

**Orange County Health Authority, a Public Agency/
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Management's Discussion and Analysis**

2018, 2017, and 2016 Enrollment (continued)

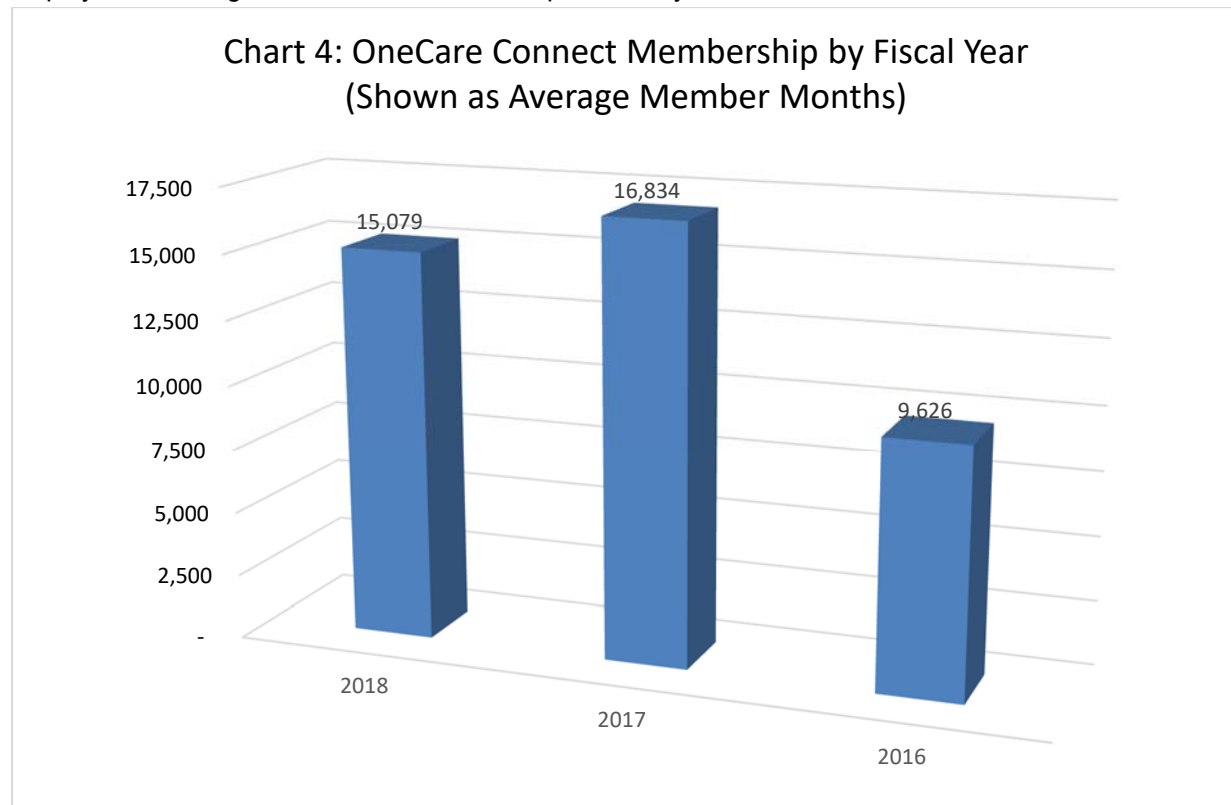
OneCare was introduced in fiscal year 2006 to service the unique Medicare Advantage Special Needs Plan. It provides a full range of health care services to average member months of 1,372, 1,237, and 6,879 for the years ended June 30, 2018, 2017, and 2016, respectively. Members are eligible for both the Medicare and Medi-Cal programs. The membership decrease in 2017 was primarily due to OneCare members transitioning to CalOptima's OneCare Connect. The chart below displays the average member months for the past three years.



Orange County Health Authority, a Public Agency/ dba Orange Prevention and Treatment Integrated Medical Assistance/dba CalOptima Management's Discussion and Analysis

2018, 2017, and 2016 Enrollment (continued)

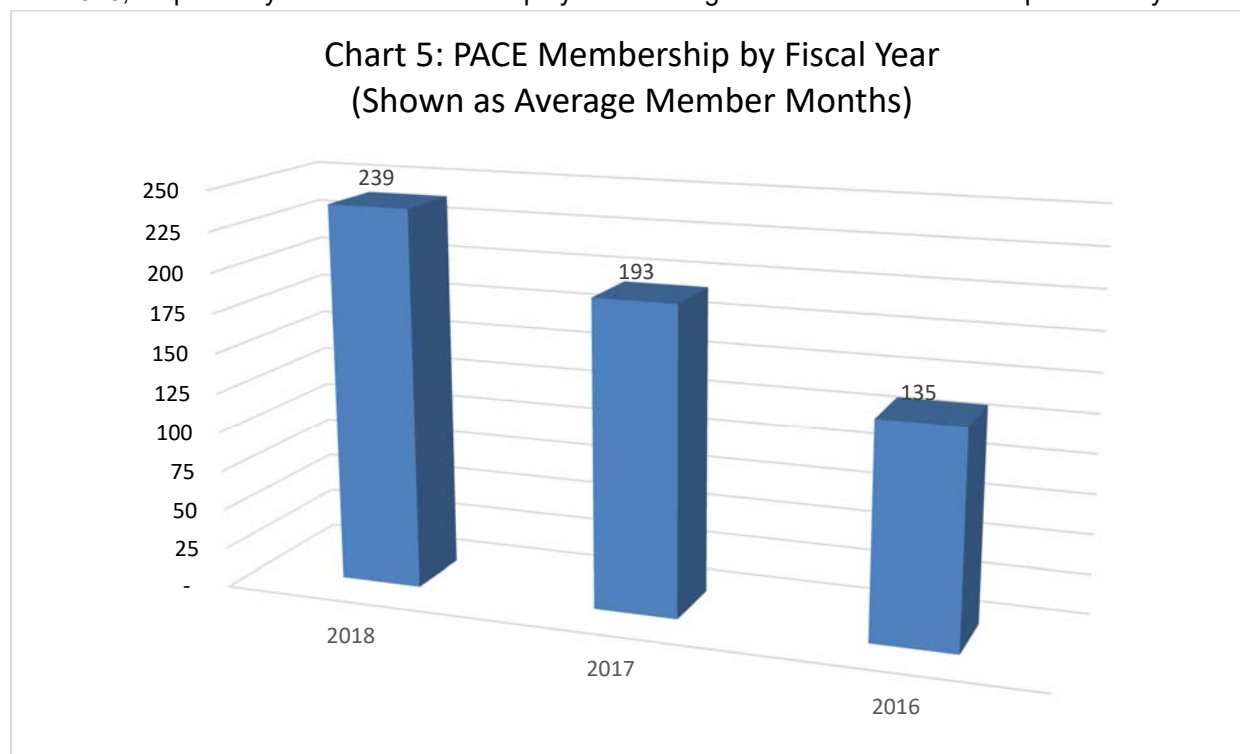
CalOptima launched OneCare Connect (OCC) program to serve dual eligible members in Orange County on July 1, 2015. This new program combines members' Medicare and Medi-Cal coverage and adds other benefits and supports. Average member months were 15,079 in fiscal year 2018. The chart below displays the average member months for the past three years.



**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima
Management's Discussion and Analysis**

2018, 2017, and 2016 Enrollment (continued)

PACE (Program of All-Inclusive Care for the Elderly) started operation in October 2013. It is a community-based Medicare and Medi-Cal program that provides coordinated and integrated health care services to frail elders to help them continue living independently in the community. It provides a full range of health care services to average member months of 239, 193, and 135 for the years ended June 30, 2018, 2017, and 2016, respectively. The chart below displays the average member months for the past three years.



Economic Factors and the State's Fiscal Year 2018 Budget

On June 27, 2018, Governor Jerry Brown signed the Fiscal Year (FY) 2018-19 budget. The budget is consistent with his overall focus for a balanced state budget while addressing his key priorities: plan for the next recession by filling the Rainy-Day Fund, move government closer to the people, increase funding for schools, counteract the effects of poverty and support job creation, combat climate change, strengthen infrastructure, and pay down debts and liabilities.

Orange County Health Authority, a Public Agency/ dba Orange Prevention and Treatment Integrated Medical Assistance/dba CalOptima Management's Discussion and Analysis

Economic Factors and the State's Fiscal Year 2018 Budget (continued)

General Fund spending in the budget package is \$138.7 billion, an increase of \$11.6 billion or 9.2% from the revised FY 2017-18 budget. The budget includes \$23.4 billion in General Fund spending for the Medi-Cal program, representing a \$2.6 billion or 12.6% increase compared to last fiscal year. Major Medi-Cal policies adopted in the budget include: funding from Proposition 56 tobacco tax revenue to support Medi-Cal spending growth, rate increases for home health and private duty nursing providers, funding for increased cost-sharing for ACA optional Medi-Cal expansion, county funding for outreach and treatment for homeless persons with mental illness, and expansion of Hepatitis C treatment clinical guidelines.

The budget projects \$133.3 billion in General Fund revenues and transfers in FY 2018-19, an increase of \$3.5 billion or 2.7% compared to last fiscal year. The three largest General Fund taxes (i.e., personal income tax, sales and use tax, corporation tax) are projected to increase by 4%. The state is projected to end FY 2018-19 with \$13.8 billion in total reserves.

Patient Protection and Affordable Care Act – In March 2010, the President signed into law the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively referred to as the ACA), transformed the U.S. health-care system and increased regulations within the U.S. health insurance industry. In January 2015, California expanded Medi-Cal coverage for low-income families, children, pregnant women, seniors, and persons with disabilities. For the years ended June 30, 2018 and 2017, CalOptima served an average of 240,000 and 231,000 optional Medi-Cal expansion members per month, with a decrease in revenue of approximately \$14,586,000 and an increase of \$88,812,000, respectively.

DHCS Annual Audit – DHCS conducted its annual audit of CalOptima's Medi-Cal program in late February and early March 2018. As of this writing, CalOptima expects to receive a draft audit report and participate in DHCS' formal exit conference in late August 2018. DHCS has not provided CalOptima with a preliminary notification of whether there are any findings associated with the audit.

Requests for Information – This financial report has been prepared in the spirit of full disclosure to provide the reader with an overview of CalOptima's operations. If the reader has questions or would like additional information about CalOptima Foundation, please direct the requests to CalOptima, 505 City Parkway West, Orange, CA 92868 or call 714.347.3237.

Report of Independent Auditors

The Board of Directors
Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance/dba CalOptima

Report on Financial Statements

We have audited the accompanying consolidated financial statements of Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance/dba CalOptima ("CalOptima") (a discrete component unit of the County of Orange, California), as of and for the years ended June 30, 2018 and 2017, and the related notes to the consolidated financial statements, which collectively comprise CalOptima's basic consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CalOptima as of June 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the consolidated financial statements, in the years ended June 30, 2018 and June 30, 2017, CalOptima adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter. The consolidated statement of net position as of June 30, 2017 and the related consolidated statement of revenues, expenses, and change in net position for the year ended June 30, 2017 have been restated to show the impact of the adoption of GASB 75.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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

Irvine, California

[DATE]

**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima
Consolidated Statements of Net Position**

	June 30,	
	2018	2017 (as restated)
CURRENT ASSETS		
Cash and cash equivalents	\$ 370,932,987	\$ 510,062,983
Investments	580,298,949	1,082,425,753
Premiums due from the State of California	296,371,640	522,793,705
Prepaid expenses and other	31,076,723	26,384,678
Total current assets	<u>1,278,680,299</u>	<u>2,141,667,119</u>
BOARD-DESIGNATED ASSETS AND RESTRICTED CASH		
Cash and cash equivalents	26,682,953	17,709,682
Investments	511,564,720	517,428,691
Restricted deposit	300,000	300,000
	<u>538,547,673</u>	<u>535,438,373</u>
CAPITAL ASSETS, NET	<u>50,758,254</u>	<u>54,301,035</u>
Total assets	1,867,986,226	2,731,406,527
DEFERRED OUTFLOWS OF RESOURCES		
Net pension	10,573,050	11,577,140
Other postemployment benefit	560,000	-
Total assets and deferred outflows of resources	<u>\$ 1,879,119,276</u>	<u>\$ 2,742,983,667</u>

**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima
Consolidated Statements of Net Position (continued)**

	June 30,	
	2018	2017 (as restated)
CURRENT LIABILITIES		
Medical claims liability and capitation payable		
Medical claims liability	\$ 263,057,437	\$ 426,676,745
Provider capitation and withholds	96,448,891	580,839,710
Accrued reinsurance costs to providers	3,464,488	5,681,300
Due to State of California and the Centers for Medicare and Medicaid Services (CMS)	567,116,026	845,888,193
Unearned revenue	112,557,008	102,284,235
	<u>1,042,643,850</u>	<u>1,961,370,183</u>
Accounts payable and other	8,030,637	9,723,907
Accrued payroll and employee benefits and other	<u>10,869,839</u>	<u>10,101,233</u>
Total current liabilities	<u>1,061,544,326</u>	<u>1,981,195,323</u>
POSTEMPLOYMENT HEALTH CARE PLAN	24,565,000	26,278,000
NET PENSION LIABILITY	25,100,820	15,430,763
OTHER LONG-TERM LIABILITIES	<u>100,000</u>	<u>100,000</u>
Total Liabilities	<u>1,111,310,146</u>	<u>2,023,004,086</u>
DEFERRED INFLOWS OF RESOURCES		
Net pension	1,028,380	1,340,010
Other postemployment benefit	<u>2,301,000</u>	<u>-</u>
NET POSITION		
Net investment in capital assets, net of related debt	50,637,437	54,103,912
Restricted - required tangible net equity and restricted deposit	89,037,443	98,445,479
Unrestricted	<u>624,804,870</u>	<u>566,090,180</u>
Total net position	<u>764,479,750</u>	<u>718,639,571</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,879,119,276</u>	<u>\$ 2,742,983,667</u>

**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima**

Consolidated Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended June 30,	
	2018	2017 (as restated)
REVENUES:		
Premium revenues	\$ 3,445,699,268	\$ 3,549,461,873
Other income	-	27,164
Total operating revenues	3,445,699,268	3,549,489,037
OPERATING EXPENSES:		
Medical expenses		
Provider capitation	1,068,367,719	984,437,605
Claims expense to providers and facilities	1,403,275,064	1,561,399,095
Prescription drugs	442,312,644	423,946,865
Other medical	42,215,978	49,429,921
OneCare Connect	302,761,410	355,208,384
OneCare	14,437,586	16,424,252
Pace	18,341,424	8,766,268
Total medical expenses	3,291,711,825	3,399,612,390
Administrative expenses		
Salaries, wages and employee benefits	85,386,751	69,574,654
Professional fees	2,430,578	1,241,416
Purchased services	11,460,353	11,278,918
Supplies, occupancy, insurance and other	25,070,349	22,788,692
Premium tax	-	-
Depreciation	7,499,203	6,544,639
Total administrative expenses	131,847,234	111,428,319
Total operating expenses	3,423,559,059	3,511,040,709
OPERATING INCOME	22,140,209	38,448,328
NON-OPERATING REVENUES (EXPENSES):		
Net investment income and other	21,714,051	15,766,423
Rental income, net of related expenses	1,985,919	1,957,766
Total non-operating revenues and expenses	23,699,970	17,724,189
Increase in net position	45,840,179	56,172,517
Net position, beginning of year	718,639,571	662,467,054
Net position, end of year	\$ 764,479,750	\$ 718,639,571

See accompanying notes to the consolidated financial statements.

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**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima
Consolidated Statements of Cash Flows**

	Years Ended June 30,	
	2018	2017 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Capitation payments received and other	\$ 3,403,621,939	\$ 3,417,382,842
Payments to providers and facilities	(3,941,938,764)	(2,945,552,284)
Payments to vendors	(45,346,595)	(39,179,989)
Payments to employees	(74,227,628)	(70,854,310)
Net cash (used in) provided by operating activities	(657,891,048)	361,796,259
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(3,956,422)	(5,850,108)
Net cash used in capital and related financing activities	(3,956,422)	(5,850,108)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	28,891,325	11,823,120
Purchases of securities	(12,243,048,906)	(644,508,177)
Sales of securities	12,736,875,055	527,913,163
Net cash provided by (used in) investing activities	522,717,474	(104,771,894)
Net (decrease) increase in cash and cash equivalents	(139,129,996)	251,174,257
CASH AND CASH EQUIVALENTS, beginning of year	510,062,983	258,888,726
CASH AND CASH EQUIVALENTS, end of year	\$ 370,932,987	\$ 510,062,983
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 22,140,209	\$ 38,448,328
ADJUSTMENT TO RECONCILE OPERATING INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Depreciation	7,499,203	6,544,639
Changes in assets and liabilities		
Premiums receivable from the State of California	226,422,065	(52,530,134)
Prepaid expenses and other	(4,692,045)	(3,088,232)
Medical claims liability	(163,619,308)	274,250,196
Payable to the State of California and CMS	(278,772,167)	16,434,944
Unearned revenue	10,272,773	(96,011,005)
Provider capitation and withholds	(484,390,819)	179,013,410
Accounts payable and other	(1,693,270)	(782,731)
Accrued payroll and employee benefits and other	768,606	(1,735,957)
Accrued reinsurance costs to providers	(2,216,812)	796,500
Postemployment health-care plan	28,000	(1,049,000)
Net pension obligation	10,362,517	1,505,301
Net cash (used in) provided by operating activities	\$ (657,891,048)	\$ 361,796,259
SUPPLEMENTAL SCHEDULE OF NON-CASH OPERATING AND INVESTING ACTIVITIES		
Change in unrealized appreciation on investments	\$ (5,492,336)	\$ (1,252,325)

**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima
Notes to Consolidated Financial Statements**

Note 1 – Organization

Orange County Health Authority, a Public Agency/dba Orange Prevention and Treatment Integrated Medical Assistance/dba CalOptima (CalOptima) is a county-organized health system (COHS) serving primarily Medi-Cal beneficiaries in Orange County, California. Pursuant to the California Welfare and Institutions Code, CalOptima was formed by the Orange County Board of Supervisors as a public/private partnership through the adoption of Ordinance No. 3896 in August 1992. The agency began operations in October 1995.

As a COHS, CalOptima maintains an exclusive contract with the State of California Department of Health Care Services (DHCS) to arrange for the provision of health-care services to Orange County's Medi-Cal beneficiaries. Orange County had approximately 764,000 and 772,000 Medi-Cal beneficiaries for the years ended June 30, 2018 and 2017, respectively. CalOptima also offers OneCare, a Medicare Advantage Special Needs Plan, via a contract with the Centers for Medicare, and Medicaid Services (CMS). In January 2016, CalOptima began transferring subscribers from OneCare to the OneCare Connect Cal MediConnect Plan. OneCare served approximately 1,400 and 1,100 members eligible for both Medicare and Medi-Cal for the years ended June 30, 2018 and 2017, respectively. In January 2016, CalOptima began offering OneCare Connect Cal MediConnect Plan (OCC), a Medicare-Medicaid Plan, via a contract with CMS. OCC served approximately 15,000 and 16,000 members eligible for both Medicare and Medi-Cal for the years ended June 30, 2018 and 2017, respectively. CalOptima also contracts with the California Department of Aging to provide case management of social and health-care services to approximately 300 Medi-Cal eligible seniors under California's Multipurpose Senior Services program. The Program of All-inclusive Care for the Elderly (PACE) provides services to 55 years of age or older members who reside in the PACE service area and meet California nursing facility level of care requirements. The program receives Medicare and Medi-Cal funding.

CalOptima in turn subcontracts the delivery of health care services through health maintenance organizations and provider-sponsored organizations, known as Physician/Hospital Consortia, and Shared Risk Groups. Additionally, CalOptima has direct contracts with hospitals and providers for its fee-for service network.

CalOptima is Knox-Keene licensed for purposes of its Medicare programs and is subject to certain provisions of the Knox-Keene Act to the extent incorporated by reference into CalOptima's contract with DHCS. As such, CalOptima is subject to the regulatory requirements of the Department of Managed Health Care under Section 1300, Title 28 of the California Administrative Code of Regulations, including minimum requirements of Tangible Net Equity, which CalOptima exceeded as of June 30, 2018 and 2017.

CalOptima Foundation (the "Foundation") was formed as a not-for-profit benefit corporation in 2010 and is dedicated to the betterment of public health-care services in Orange County. CalOptima has sole control over the activities of the Foundation and as such, the activities of the Foundation are included in the consolidated financial statements of CalOptima.

**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima
Notes to Consolidated Financial Statements**

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – CalOptima is a county-organized health system governed by an 10-member Board of Directors appointed by the Orange County Board of Supervisors. The CalOptima Board of Directors also serves as the Board of Directors of the Foundation. Effective for the fiscal year ended June 30, 2014, CalOptima began reporting as a discrete component unit of the County of Orange, California. The County made this determination based on the County Board of Supervisors' role in appointing all members of the CalOptima Board of Directors.

Principle of consolidation – The consolidated financial statements include the accounts of CalOptima and the Foundation (collectively referred to herein as the "Organization").

Basis of accounting – CalOptima uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. The accompanying consolidated financial statements have been prepared in accordance with the standards of the Governmental Accounting Standards Board (GASB).

Use of estimates – The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents – The Organization considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

Investments – Investments are stated at fair value in accordance with GASB Codification Section 150. The fair value of investments is estimated based on quoted market prices, when available. For debt securities not actively traded, fair values are estimated using values obtained from external pricing services or are estimated by discounting the expected future cash flows, using current market rates applicable to the coupon rate, credit and maturity of the investments.

All investments with an original maturity of one year or less when purchased are recorded as current investments, unless designated or restricted.

Board-designated assets and restricted cash – CalOptima's Board of Directors designated the establishment of certain reserve funds for contingencies. According to CalOptima's policy, the desired level for these funds is between 1.4 months and 2 months of premium revenues. CalOptima is required to maintain a \$300,000 restricted deposit as a part of the Knox-Keene Health Care Service Plan Act of 1975 (see Note 10).

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Note 2 – Summary of Significant Accounting Policies (continued)

Capital assets – Capital assets are stated at cost at the date of acquisition. The costs of normal maintenance, repairs and minor replacements are charged to expense when incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Long-lived assets are periodically reviewed for impairment. The following estimated useful lives are used:

	Years
Furniture	5 years
Vehicles	5 years
Computers and software	3 years
Leasehold improvements	15 years or life of lease, whichever is less
Building	40 years
Building components	10 to 30 years
Land improvements	8 to 25 years
Tenant improvements	7 years or life of lease, whichever is less

Fair value of financial instruments – The consolidated financial statements include financial instruments for which the fair market value may differ from amounts reflected on a historical basis. Financial instruments of the Organization consist of cash deposits, investments, premium receivable, accounts payable, and certain accrued liabilities. The Organization's other financial instruments generally approximate fair market value based on the relatively short period of time between origination of the instruments and their expected realization.

Medical claims liability and expenses – CalOptima establishes a claims liability based on estimates of the ultimate cost of claims in process and a provision for incurred but not yet reported (IBNR) claims, which is actuarially determined based on historical claim payment experience and other statistics. Such estimates are continually monitored and analyzed with any adjustments made as necessary in the period the adjustment is determined. CalOptima retains an outside actuary to perform an annual review of the actuarial projections. Amounts for claims payment incurred related to prior years vary from previously estimated liabilities as the claims ultimately are settled.

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Note 2 – Summary of Significant Accounting Policies (continued)

Provider capitation and withholds – CalOptima has provider services agreements with several health networks in Orange County, whereby the health networks provide care directly to covered members or through subcontracts with other health care providers. Payment for the services provided by the health networks is on a fully capitated basis. The capitation amount is based on contractually agreed-upon terms with each health network. CalOptima withholds amounts from providers at an agreed-upon percentage of capitation payments made to ensure the financial solvency of each contract. CalOptima also records a liability related to quality incentive payments and risk-share provisions. The quality incentive liability is estimated based on member months and rates agreed upon by the Board of Directors. For the risk-share provision liability, management allocates surplus or deficits, multiplied by a contractual rate, with the shared-risk groups. Estimated amounts due to health networks pertaining to risk-share provisions were approximately \$44,660,000 and \$532,665,000 as of June 30, 2018 and 2017, respectively. During the years ended June 30, 2018 and 2017, CalOptima incurred approximately \$1,212,059,000 and \$1,096,426,000, respectively, of capitation expense relating to health care services provided by health networks. Capitation expense is included in the provider capitation and OneCare line items in the consolidated statements of revenues, expenses and changes in net position. Estimated amounts due to health networks as of June 30, 2018 and 2017, related to the capitation withhold arrangements, quality incentive payments, and risk-share provisions were approximately \$96,449,000 and \$580,840,000, respectively.

Premium deficiency reserves – CalOptima performs periodic analyses of its expected future health care costs and maintenance costs to determine whether such costs will exceed anticipated future revenues under its contracts. Should expected costs exceed anticipated revenues, a premium deficiency reserve is accrued. Investment income is not included in the calculation to estimate premium deficiency reserves. CalOptima's management determined that no premium deficiency reserves were necessary as of June 30, 2018 and 2017.

Accrued compensated absences – CalOptima's policy permits employees who are regularly scheduled to work more than 20 hours per week to accrue 18 days of paid time off (PTO) (23 days for exempt employees) based on their years of continuous service, with an additional week of accrual after three years of service and another after 10 years of service. Unused PTO may be carried over into subsequent years, not to exceed two and a half times the annual accrual. If an employee reaches his/her PTO maximum accrual, a portion of the accrued PTO equal to half of the employees' annual PTO accruals will be automatically paid out to the employees. Accumulated PTO will be paid to the employees upon separation from service with CalOptima. All compensated absences are accrued and recorded in accordance with GASB Codification Section C60, and are included in accrued payroll and employee benefits.

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Note 2 – Summary of Significant Accounting Policies (continued)

Net position – Net position is reported in three categories, defined as follows:

- **Net investment in capital assets** – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation, and is reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable (if any) to the acquisition, construction or improvement of those assets.
- **Restricted** – This component of net position consists of external constraints placed on net asset use by creditors (such as through debt covenants), grantors, contributors, or the law or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation (see Note 10).
- **Unrestricted** – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets, net of related debt.”

Operating revenues and expenses – CalOptima's consolidated statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with arranging for the provision of health care services. Operating expenses are all expenses incurred to arrange for the provision of health care services as well as the costs of administration. Unpaid claims adjustment expenses are an estimate of the cost to process the IBNR claims and are included in operating expenses. Non-exchange revenues and expenses are reported as nonoperating revenues and expenses.

Revenue recognition and due to or from the State of California and CMS – Premium revenue is recognized in the period the members are eligible to receive health care services. Premium revenue is generally received from the State of California (the “State”) each month following the month of coverage based on estimated enrollment and capitation rates as provided for in the State contract. As such, premium revenue includes an estimate for amounts receivable from or refundable to the State for these retrospective adjustments. These estimates are continually monitored and analyzed, with any adjustments recognized in the period when determined. OneCare premium revenue is generally received from CMS each month for the month of coverage. Premiums received in advance are recorded in unearned revenue on the consolidated statements of net position. Included in premium revenue are retroactive adjustments favorable to CalOptima in the amount of approximately \$75,511,000 and \$164,025,000 related to retroactive capitation rate adjustments and receipt of new information from DHCS during the years ended June 30, 2018 and 2017, respectively.

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Note 2 – Summary of Significant Accounting Policies (continued)

Effective with the enrollment of the Medi-Cal expansion population per the Affordable Care Act (ACA) CalOptima is subject to DHCS requirements to meet the minimum 85% medical loss ratio (MLR) for this population. Specifically, CalOptima will be required to expend at least 85% of the Medi-Cal premium revenue received for this population on allowable medical expenses as defined by DHCS. In the event CalOptima expends less than the 85% requirement, CalOptima will be required to return to DHCS the difference between the minimum threshold and the actual allowed medical expenses. During 2018 and 2017, CalOptima expended more than 85% of the Medi-Cal premium revenue, therefore no reserve was recorded for the years ended June 30, 2018 and 2017. DHCS is in process of reconciling the fiscal years 2014 through 2016 and has provided CalOptima with the methodology and reporting instructions. Based on the updated methodology and reporting instructions made available in the current year, CalOptima recognized an additional reserve of approximately \$64,293,000 related to fiscal years 2014 through 2016. This additional reserve was recorded as a reduction to premium revenues in the consolidated statements of revenues, expenses, and changes in net position to meet the 85% requirement. As of June 30, 2018 and 2017, approximately \$227,362,000 and \$164,875,000 was accrued. This liability is presented in the Due to State of California line item in the accompanying consolidated statements of net position.

Premium revenue and related net receivables as a percent of the totals were as follows:

	Years Ended June 30,			
	2018		2017	
	Revenue	%	Revenue	%
Revenue				
Medi-Cal	\$ 3,093,733,298	89.8%	\$ 3,143,998,722	88.6%
OneCare	15,943,378	0.5%	18,615,729	0.5%
OneCare Connect	315,219,443	9.1%	371,630,947	10.5%
PACE	20,803,149	0.6%	15,216,475	0.4%
	<u>\$ 3,445,699,268</u>	<u>100.0%</u>	<u>\$ 3,549,461,873</u>	<u>100.0%</u>
	As of June 30,			
	2018		2017	
	Receivables	%	Receivables	%
Receivables				
Medi-Cal	\$ 279,765,285	94.4%	\$ 506,599,613	96.9%
OneCare	414,035	0.1%	28,106	0.0%
OneCare Connect	12,791,802	4.3%	12,630,469	2.4%
PACE	3,400,518	1.1%	3,535,517	0.8%
	<u>\$ 296,371,640</u>	<u>100.0%</u>	<u>\$ 522,793,705</u>	<u>100.0%</u>

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Note 2 – Summary of Significant Accounting Policies (continued)

Intergovernmental transfer – CalOptima entered into an agreement with DHCS and the University of California, Irvine (UCI) to receive an intergovernmental transfer (IGT) through a capitation rate increase of approximately \$130,700,000 and \$71,309,000 during the years ended June 30, 2018 and 2017, respectively. Under the agreement, approximately \$99,600,000 and \$56,891,000 of the funds that were received from the IGT were passed through to UCI and other contracted providers and organizations during the years ended June 30, 2018 and 2017, respectively. Under GASB, the amounts that will be passed through to UCI are not reported in the consolidated statements of revenues, expenses, and changes in net position or the consolidated statements of net position. CalOptima accounts for the IGT transfer for CalOptima purposes as an exchange transaction requiring funds to be expended prior to revenue recognition. The funds received in 2018 and 2017 were not yet expended for the required purpose during the years ended June 30, 2018 or 2017 as the revenue recognition criteria had not been met. CalOptima retains a portion of the IGT, which must be used to enhance provider reimbursement rates and strengthen the delivery system. A retainer in the amount of approximately \$31,149,000 and \$14,418,000 as of June 30, 2018 and 2017, respectively, is included in unearned revenues in the consolidated statements of net position.

Medicare Part D – CalOptima covers prescription drug benefits in accordance with Medicare Part D under multiple contracts with CMS. The payments CalOptima receives monthly from CMS and members, which are determined from its annual bid, represent amounts for providing prescription drug insurance coverage. CalOptima recognizes premiums for providing this insurance coverage ratably over the term of its annual contract. CalOptima's CMS payment is subject to risk sharing through the Medicare Part D risk corridor provisions. In addition, receipts for reinsurance and low-income cost subsidies, as well as receipts for certain discounts on brand name prescription drugs in the coverage gap represent payments for prescription drug costs for which CalOptima is not at risk.

The risk corridor provisions compare costs targeted in CalOptima's bids to actual prescription drug costs, limited to actual costs that would have been incurred under the standard coverage as defined by CMS. Variances exceeding certain thresholds may result in CMS making additional payments to CalOptima or require CalOptima to refund to CMS a portion of the premiums CalOptima received. CalOptima estimates and recognizes an adjustment to premiums revenue related to these risk corridor provisions based upon pharmacy claims experience to date as if the annual contract were to terminate at the end of the reporting period. Accordingly, this estimate provides no consideration to future pharmacy claims experience. CalOptima records a receivable or payable at the contract level and classifies the amount as current or long-term in the accompanying consolidated statements of net position based on the timing of expected settlement. As of June 30, 2018 and 2017 the Part D payable balance was approximately \$1,374,000 and \$3,198,000, respectively and the Part D receivable balance was approximately \$15,114,000 and \$17,563,000, respectively.

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Note 2 – Summary of Significant Accounting Policies (continued)

Income taxes – CalOptima operates under the purview of the Internal Revenue Code, Section 501(a), and corresponding California Revenue and Taxation Code provisions. As such, CalOptima is not subject to federal or state taxes on related income. The Foundation is operated as a tax-exempt organization under Section 501(c)(3) of the federal Internal Revenue Code and applicable sections of the California statutes. Accordingly, no provision for income tax has been recorded in the accompanying consolidated financial statements.

Premium taxes – Effective July 1, 2016, Senate Bill X2-2 (SB X2-2) *Managed Care Organization Tax* authorized Department of Health Care Services (DHCS) to implement a Managed Care Organization provider tax subject to approval by the federal Centers for Medicare and Medicaid Services. This approved tax structure is based on enrollment (total member months) between specified tiers that are assessed different tax rates. Using the approved structure, each MCO's total tax liability for years ended June 30, 2018 and 2017 were calculated. CalOptima recognized premium tax expense of approximately \$143,156,000 and \$137,975,000 in the consolidated statements of revenue, expenses, and change in net position for the years ended June 30, 2018 and 2017, respectively.

Pensions – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of CalOptima's California Public Employees' Retirement System Plan (the "CalPERS Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Reclassifications – Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

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Note 2 – Summary of Significant Accounting Policies (continued)

Recent accounting pronouncements – In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB No. 75). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Organization adopted this standard effective July 1, 2016 in the consolidated financial statements. See Note 3. The consolidated statement of net position as of June 30, 2017 and the related consolidated statement of revenues, expenses, and change in net position for the year ended June 30, 2017 have been restated to show the impact of the adoption of GASB 75.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017* (GASB No. 85). This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). This Statement also addresses the following topics of blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation, reporting amounts previously reported as goodwill and “negative” goodwill, timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus, and recognizing on-behalf payments for pensions or OPEB in employer financial statements. The pronouncement is effective for reporting periods beginning after June 15, 2017. The Organization concluded that this standard did not have a material impact on the consolidated financial statements.

Note 3 – Implementation of GASB 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

Effective July 1, 2016 CalOptima adopted GASB 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions “OPEB”. Accordingly, the other postemployment benefit expense was decreased by approximately \$2,308,000, for the year ended June 30, 2017 to reflect the adoption of GASB 75. In addition, a decrease in the post retirement liability of \$2,308,000 and a corresponding increase in the unrestricted net position were recognized as of June 30, 2017. Refer to Note 9 for further disclosures related to GASB 75.

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Note 4 – Cash and Investments

The Organization categorizes its fair value investments within the fair value hierarchy established by GAAP. The hierarchy for fair value measurements is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

Level 1 – Quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly

Level 3 – Significant unobservable inputs

The following is a description of the valuation methodologies used for instruments at fair value on a recurring basis and recognized in the accompanying consolidated statements of net position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Marketable securities – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. These securities are classified within Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

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Note 4 – Cash and Investments (continued)

The following table presents the fair value measurements of assets recognized in the accompanying consolidated statements of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall:

Investment Assets at Fair Value as of June 30, 2018				
	Level 1	Level 2	Level 3	Total
U.S. treasury notes	\$ 340,360,989	\$ -	\$ -	\$ 340,360,989
U.S. agencies	-	97,566,400	-	97,566,400
Asset-backed securities	-	98,081,726	-	98,081,726
Commercial deposits	-	4,991,291	-	4,991,291
Commercial paper	-	22,564,481	-	22,564,481
Corporate bonds	-	325,476,437	-	325,476,437
Government	-	27,385,479	-	27,385,479
Mortgage-backed securities	-	60,653,460	-	60,653,460
Municipal bonds	-	109,676,060	-	109,676,060
Money mark funds	-	-	-	-
Tax Exempt	-	-	-	-
	<u>\$ 340,360,989</u>	<u>\$ 746,395,334</u>	<u>\$ -</u>	<u>\$ 1,086,756,323</u>
Investment Assets at Fair Value as of June 30, 2017				
	Level 1	Level 2	Level 3	Total
U.S. treasury notes	\$ 540,798,261	\$ -	\$ -	\$ 540,798,261
Government	-	109,063,165	-	109,063,165
U.S. agencies	-	119,391,299	-	119,391,299
Asset-backed securities	-	97,004,215	-	97,004,215
Corporate bonds	-	451,582,267	-	451,582,267
Mortgage-backed securities	-	84,380,043	-	84,380,043
Municipal bonds	-	88,409,606	-	88,409,606
Certificates of deposit	-	55,580,933	-	55,580,933
Commercial paper	-	47,777,235	-	47,777,235
	<u>\$ 540,798,261</u>	<u>\$ 1,053,188,763</u>	<u>\$ -</u>	<u>\$ 1,593,987,024</u>

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Note 4 – Cash and Investments (continued)

Cash and investments are reported in the June 30 consolidated statements of net position as follows:

	June 30,	
	2018	2017
Current assets:		
Cash and cash equivalents	\$ 370,932,987	\$ 510,062,983
Investments	580,298,949	1,082,425,753
Board-designated assets and restricted cash:		
Cash and cash equivalents	26,682,953	17,709,682
Investments	511,564,720	517,428,691
Restricted deposit	300,000	300,000
	<u>\$ 1,489,779,609</u>	<u>\$ 2,127,927,109</u>

Custodial credit risk-deposits – Custodial credit risk is the risk that in the event of a bank failure the Organization may not be able to recover its deposits or collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure deposits made by public agencies by pledging securities in an undivided collateral pool held by a depository regulated under the state law. At June 30, 2018 and 2017, no deposits were exposed to custodial credit risk, as the Organization has pledged collateral to cover the amounts.

Investments – CalOptima invests in obligations of the U.S. Treasury, other U.S. government agencies and instrumentalities, state obligations, corporate securities, money market funds, and mortgage or asset-backed securities.

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Note 4 – Cash and Investments (continued)

Interest rate risk – In accordance with its annual investment policy (“investment policy”), CalOptima manages its exposure to decline in fair value from increasing interest rates by matching maturity dates to the extent possible with CalOptima’s expected cash flow draws. Its investment policy limits maturities to five years, while also staggering maturities. CalOptima maintains a low-duration strategy, targeting a portfolio duration of three years or less, with the intent of reducing interest rate risk. Portfolios with low duration are less volatile because they are less sensitive to interest rate changes. As of June 30, 2018 and 2017, CalOptima’s investments, including cash equivalents, had the following modified duration:

Investment Type	June 30, 2018			
	Fair Value	Investment Maturities (In Years)		
		Less Than 1	1-5	More Than 5
U.S. agencies	\$ 97,566,400	\$ 53,950,111	\$ 43,616,289	\$ -
Asset-backed securities	98,081,726	40,122,896	57,958,830	-
Corporate bonds	325,476,437	150,685,261	174,791,176	-
Government	27,385,479	11,916,356	15,469,123	-
Money market funds	-	-	-	-
Mortgage-backed securities	60,653,460	33,330,235	27,323,225	-
Municipal bonds	109,676,060	47,033,412	62,642,648	-
Tax exempt	-	-	-	-
U.S. treasury notes	340,360,989	209,773,924	130,587,065	-
Certificates of deposit	4,991,291	4,991,291	-	-
Commercial paper	22,564,481	22,564,481	-	-
Cash equivalents	335,013,724	335,013,724	-	-
Cash	1,375,213	1,375,213	-	-
		<u>\$ 910,756,904</u>	<u>\$ 512,388,356</u>	<u>\$ -</u>
Accrued interest receivable	5,191,355			
	<u>\$ 1,428,336,615</u>			

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Note 4 – Cash and Investments (continued)

Investment with fair values highly sensitive to interest rate fluctuations – When interest rates fall, debt is refinanced and paid off early. The reduced stream of future interest payments diminishes the fair value of the investment. The mortgage-backed and asset-backed securities in the CalOptima portfolio are of high credit quality, with relatively short average lives that represent limited prepayment and interest rate exposure risk. CalOptima's investments include the following investments that are highly sensitive to interest rate and prepayment fluctuations to a greater degree than already indicated in the information provided above:

	June 30,	
	2018	2017
Asset-backed securities	\$ 98,081,726	\$ 97,004,215
Mortgage-backed securities	60,653,460	84,380,043
	<u>\$ 158,735,186</u>	<u>\$ 181,384,258</u>

Credit risk – CalOptima's investment policy conforms to the California Government Code as well as to customary standards of prudent investment management. Credit risk is mitigated by investing in only permitted investments. The investment policy sets minimum acceptable credit ratings for investments from the three nationally recognized rating services: Standard and Poor's Corporation (S&P), Moody's Investor Service (Moody's) and Fitch Ratings (Fitch). For an issuer of short-term debt, the rating must be no less than A-1 (S&P), P-1 (Moody's) or F-1 (Fitch), while an issuer of long-term debt shall be rated no less than an "A."

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Note 4 – Cash and Investments (continued)

As of June 30, 2018, following are the credit ratings of investments and cash equivalents:

Investment Type	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year-End					
				AAA	Aa & Aa+	Aa-	A+	A	A-
U.S. Treasury notes	\$ 424,083,688	N/A	\$ 424,083,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Agency notes	140,852,307	N/A	140,852,307	-	-	-	-	-	-
Corporate bonds	267,655,812	A-	-	2,096,170	20,135,711	32,266,114	70,432,536	100,078,443	42,646,838
FRN securities	119,715,104	A-	-	47,187,008	3,581,153	7,419,691	19,960,470	22,322,066	19,244,716
Asset-backed securities	147,203,018	AAA	-	100,674,207	20,251,534	19,999,921	1,000,903	2,856,173	2,420,280
Mortgage-backed securities	60,754,477	AAA	-	60,754,477	-	-	-	-	-
Municipal bonds	65,961,981	A	-	4,807,874	38,071,549	12,515,979	9,074,505	1,006,522	485,552
Supranational	15,384,685	AAA	-	15,384,685	-	-	-	-	-
Certificates of deposit	5,053,486	A1/P1	-	5,053,486	-	-	-	-	-
Commercial paper	64,431,291	A1/P1	-	64,431,291	-	-	-	-	-
Money market mutual funds	117,240,767	AAA	-	117,240,767	-	-	-	-	-
Total	\$ 1,428,336,616		\$ 564,935,995	\$ 417,629,965	\$ 82,039,947	\$ 72,201,705	\$ 100,468,414	\$ 126,263,204	\$ 64,797,386

As of June 30, 2017, following are the credit ratings of investments and cash equivalents:

Investment Type	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year-End					
				AAA	Aa & Aa+	Aa-	A+	A	A-
U.S. Treasury notes	\$ 556,751,675	N/A	\$ 556,751,675	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Agency notes	165,604,426	N/A	165,604,426	-	-	-	-	-	-
Corporate bonds	383,257,883	A-	-	13,708,720	31,590,024	30,992,688	104,003,338	135,217,263	67,745,850
FRN securities	144,908,196	A-	-	45,470,984	13,985,742	6,212,772	25,873,521	37,150,063	16,215,114
Asset-backed securities	125,246,607	AAA	-	97,063,263	15,854,777	9,441,408	-	2,887,159	-
Mortgage-backed securities	84,491,487	AAA	-	83,412,108	1,079,379	-	-	-	-
Municipal bonds	63,298,591	A	-	2,566,925	27,034,118	33,210,423	-	-	487,125
Supranational	79,184,258	AAA	-	79,184,258	-	-	-	-	-
Certificates of deposit	40,642,387	A1/P1	-	40,642,387	-	-	-	-	-
Commercial paper	92,223,209	A1/P1	-	92,223,209	-	-	-	-	-
Money market mutual funds	329,498,381	AAA	-	329,498,381	-	-	-	-	-
Total	\$ 2,065,107,100		\$ 722,356,101	\$ 783,770,235	\$ 89,544,040	\$ 79,857,291	\$ 129,876,859	\$ 175,254,485	\$ 84,448,089

**Orange County Health Authority, a Public Agency/
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Note 4 – Cash and Investments (continued)

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of CalOptima's investment in a single issuer. CalOptima's investment policy limits to no more than 5 percent of the total fair value of investments in the securities of any one issuer, except for obligations of the U.S. government, U.S. government agencies or government-sponsored enterprises; and no more than 10 percent may be invested in one money market mutual fund unless approved by the governing board. The investment policy also places a limit of 35 percent of the amount of investment holdings with any one government-sponsored issuer and 5 percent of all other issuers. At June 30, 2018 and 2017, all holdings complied with the foregoing limitations. The following holdings exceeded 5 percent of the portfolio at June 30, 2018 and 2017:

Investment Type	Issuer	Percentage of Portfolio June 30,	
		2018	2017
U.S. Treasury notes	United States Treasury	30.42	26.09

Note 5 – Capital Assets

Capital assets activity during the year ended June 30, 2018 consisted of the following:

	June 30, 2017	Additions	Retirements	Transfers	June 30, 2018
Capital assets not being depreciated:					
Land	\$ 5,876,002	\$ -	\$ -	\$ -	\$ 5,876,002
Construction in progress	702,535	3,956,422	-	(2,276,258)	2,382,699
	6,578,537	3,956,422	-	(2,276,258)	8,258,701
Capital assets being depreciated:					
Furniture and equipment	14,845,717	-	(1,051,408)	1,942,345	15,736,654
Computers and software	18,470,898	-	-	-	18,470,898
Land improvement	45,665	-	-	-	45,665
Leasehold improvements	5,180,145	-	-	12,335	5,192,480
Building	43,621,997	-	-	321,578	43,943,575
	82,164,422	-	(1,051,408)	2,276,258	83,389,272
Less accumulated depreciation for:					
Furniture and equipment	4,185,505	792,930	(1,051,408)	-	3,927,027
Computers and software	18,799,758	4,189,237	-	-	22,988,995
Land improvement	2,242,945	2,283	-	-	2,245,228
Leasehold improvements	2,728,056	596,209	-	-	3,324,265
Building	6,485,660	1,918,544	-	-	8,404,204
	34,441,924	7,499,203	(1,051,408)	-	40,889,719
Total depreciable assets, net	47,722,498	(7,499,203)	-	2,276,258	42,499,553
Capital assets, net	\$ 54,301,035	\$ (3,542,781)	\$ -	\$ -	\$ 50,758,254

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Note 5 – Capital Assets (continued)

Capital asset activity during the year ended June 30, 2017 consisted of the following:

	June 30, 2016	Additions	Retirements	Transfers	June 30, 2017
Capital assets not being depreciated:					
Land	\$ 5,876,002	\$ -	\$ -	\$ -	\$ 5,876,002
Construction in progress	6,256,236	5,850,106	-	(11,403,807)	702,535
	12,132,238	5,850,106	-	(11,403,807)	6,578,537
Capital assets being depreciated:					
Furniture and equipment	10,259,595	-	(3,905,109)	8,491,231	14,845,717
Computers and software	18,470,898	-	-	-	18,470,898
Land improvement	45,665	-	-	-	45,665
Leasehold improvements	5,043,363	-	(1,112)	137,894	5,180,145
Building	40,847,315	-	-	2,774,682	43,621,997
	74,666,836	-	(3,906,221)	11,403,807	82,164,422
Less accumulated depreciation for:					
Furniture and equipment	3,156,343	1,029,162	-	-	4,185,505
Computers and software	19,668,092	3,036,775	(3,905,109)	-	18,799,758
Land improvement	2,240,662	2,283	-	-	2,242,945
Leasehold improvements	2,138,972	590,196	(1,112)	-	2,728,056
Building	4,599,439	1,886,221	-	-	6,485,660
	31,803,508	6,544,637	(3,906,221)	-	34,441,924
Total depreciable assets, net	42,863,328	(6,544,637)	-	11,403,807	47,722,498
Capital assets, net	\$ 54,995,566	\$ (694,531)	\$ -	\$ -	\$ 54,301,035

Note 6 – Medical Claims Liability

Medical claims liability consisted of the following:

	June 30,	
	2018	2017
Claims payable or pending approval	\$ 13,347,460	\$ 26,870,842
Provisions for IBNR claims	249,709,977	261,801,881
Due to DHCS	-	138,004,022
	<u>\$ 263,057,437</u>	<u>\$ 426,676,745</u>

The cost of health-care services is recognized in the period in which care is provided and includes an estimate of the cost of services that has been incurred but not yet reported. CalOptima estimates accrued claims payable based on historical claims payments and other relevant information. Unpaid claims adjustment expenses are an estimate of the cost to process the IBNR claims and are included in medical claims liability. Estimates are continually monitored and analyzed, and as settlements are made or estimates adjusted, differences are reflected in current operations.

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Note 6 – Medical Claims Liability (continued)

Such estimates are subject to the impact of changes in the regulatory environment and economic conditions. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided.

The following is a reconciliation of the medical claims liability:

	For the Years Ended June 30,	
	2018	2017
Beginning balance	\$ 426,676,745	\$ 800,095,760
Incurred:		
Current	1,609,946,348	1,401,665,881
Prior	(7,371,113)	(5,602,159)
	<u>1,602,575,235</u>	<u>1,396,063,722</u>
Paid		
Current	1,541,304,218	1,568,167,854
Prior	224,890,325	201,314,883
	<u>1,766,194,543</u>	<u>1,769,482,737</u>
Ending balance	<u>\$ 263,057,437</u>	<u>\$ 426,676,745</u>

Amounts incurred related to prior years vary from previously estimated liabilities as the claims are ultimately adjudicated and paid. Liabilities at any year-end are continually reviewed and re-estimated as information regarding actual claim payments becomes known. This information is compared to the originally established prior reporting period liability. Negative amounts reported for incurred, related to prior years, result from claims being adjudicated and paid for amounts less than originally estimated. The year ended June 30, 2018 results included a decrease of prior year incurred of approximately \$7,371,000. The year ended June 30, 2017 results included a decrease of prior year incurred of approximately \$5,602,000. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

The amounts accrued in Due to DHCS represent excess payments from DHCS that are primarily due to capitation payments received that do not reflect the current Medi-Cal expansion rates issued by DHCS. DHCS is in process of recouping these overpayments as of June 30, 2018, and the remaining overpayments not yet recouped is included as a Payable to the State of California on the consolidated statement of net position. During the year ended June 30, 2018, DHCS recouped approximately \$636,927,000 related to dates of service of FY15 through FY17 for the Medi-Cal expansion population.

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Note 7 – Defined Benefit Pension Plan

Plan description – CalOptima’s defined benefit pension plan, Miscellaneous Plan of the Orange County Health Authority (the “CalPERS Plan”), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The CalPERS Plan is part of the public agency portion of the California Public Employees Retirement Systems (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the state of California. A menu of benefit provisions as well as other requirements is established by state statutes within the Public Employees’ Retirement Law. CalOptima selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through the Board of Directors’ approval. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for CalPERS. Copies of the report can be obtained from CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Benefits provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one full year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees’ Retirement Law.

The CalPERS Plan’s provisions and benefits in effect at June 30, 2018 are summarized as follows:

Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2 % at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 plus	52 plus
Monthly benefits as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7.0%	7.3%
Required employer contribution rates	8.3%	8.3%

The following is a summary of plan participants:

	June 30, 2018	June 30, 2017
Active employees	1219	1097
Retirees and beneficiaries:		
Receiving benefits	59	59
Deferred Retirement benefits:		
Terminated employees	128	45
Surviving spouses	3	3
Beneficiaries	3	3

Orange County Health Authority, a Public Agency/ dba Orange Prevention and Treatment Integrated Medical Assistance/dba CalOptima Notes to Consolidated Financial Statements

Note 7 – Defined Benefit Pension Plan (continued)

Contributions – Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The average active employee contribution rate is 7.25 percent and 6.82 percent of annual pay for the years ended June 30, 2018 and 2017. The employer's contribution rate is 8.50 percent and 8.65 percent of annual payroll for the years ended June 30, 2018 and 2017, respectively.

CalOptima's net pension liability for the CalPERS Plan is measured as the total pension liability, less the pension plan's fiduciary net position. For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. Total pension liabilities were based on the following actuarial methods and assumptions as of June 30, 2017 and June 30, 2016, respectively:

Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership data for all funds
Post Retirement Benefit Increase	Allowance Floor on Purchasing Power applies, 2.75% thereafter

The underlying mortality table was developed based on CalPERS' specific data. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. The post-retirement mortality rates above include 20 years of projected ongoing mortality improvement using Scale BB published by the Society of Actuaries. All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website.

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Note 7 – Defined Benefit Pension Plan (continued)

Changes in the Net Pension Liability are as follows:

	Increase (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2017	\$ 112,464,954	\$ 97,034,191	\$ 15,430,763
Changes during the year:			
Service Cost	13,118,795	-	13,118,795
Interest on the total pension liability	9,136,725	-	9,136,725
Changes of benefit terms	-	-	-
Differences between expected and actual experience	632,642	-	632,642
Changes of assumptions	9,163,547	-	9,163,547
Contributions from the employer	-	5,234,582	(5,234,582)
Contributions from employees	-	5,793,911	(5,793,911)
Net investment income	-	11,496,425	(11,496,425)
Benefit payments, including refunds of employee contributions	(2,068,356)	(2,068,356)	-
Administrative expenses	-	(143,264)	143,264
Net changes during the year	29,983,353	20,313,298	9,670,055
Balance at June 30, 2018	<u>\$ 142,448,307</u>	<u>\$ 117,347,489</u>	<u>\$ 25,100,818</u>
	Increase (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2016	\$ 96,499,544	\$ 89,962,735	\$ 6,536,809
Changes during the year:			
Service Cost	10,272,406	-	10,272,406
Interest on the total pension liability	7,702,198	-	7,702,198
Changes of benefit terms	-	-	-
Differences between expected and actual experience	102,384	-	102,384
Changes of assumptions	-	-	-
Contributions from the employer	-	3,787,544	(3,787,544)
Contributions from employees	-	4,951,820	(4,951,820)
Net investment income	-	498,498	(498,498)
Benefit payments, including refunds of employee contributions	(2,111,578)	(2,111,578)	-
Administrative expenses	-	(54,828)	54,828
Net changes during the year	15,965,410	7,071,456	8,893,954
Balance at June 30, 2017	<u>\$ 112,464,954</u>	<u>\$ 97,034,191</u>	<u>\$ 15,430,763</u>

**Orange County Health Authority, a Public Agency/
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Notes to Consolidated Financial Statements**

Note 7 – Defined Benefit Pension Plan (continued)

Discount rate and long term rate of return – The discount rate used to measure the total pension liability was 7.15% for the CalPERS Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make the required contributions as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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Note 7 – Defined Benefit Pension Plan (continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

New Strategic Asset Class	Real Return Allocation	Real Return Years 1-10 (a)	Years 11+ (b)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%

(a) An expected inflation of 2.5% was used for this period

(b) An expected inflation of 3.0% was used for this period

The following presents the net pension liability of the CalPERS Plan calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2018		
	Current		
	Discount Rate -1%	Discount Rate	Discount Rate +1%
	6.15%	7.15%	8.15%
Net Pension Liability	\$ 50,320,307	\$ 25,100,820	\$ 4,838,677

	June 30, 2017		
	Current		
	Discount Rate -1%	Discount Rate	Discount Rate +1%
	6.65%	7.65%	8.65%
Net Pension Liability	\$ 34,792,255	\$ 15,430,763	\$ (159,810)

**Orange County Health Authority, a Public Agency/
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Note 7 – Defined Benefit Pension Plan (continued)

Pension expense and deferred outflows/inflows of resources related to pensions – CalOptima recognized pension expense of approximately \$17,785,000 and \$6,870,000 for the years ended June 30, 2018 and 2017, respectively. At June 30, 2018 and 2017, CalOptima recognized deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2018		
Contributions from employers subsequent to the measurement date	\$ 393,907	\$ -
Net differences between projected and actual earnings on plan investments	1,017,387	-
Changes in assumptions	7,795,853	1,028,380
Differences between expected and actual experiences	1,365,903	-
	<u>\$ 10,573,050</u>	<u>\$ 1,028,380</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2017		
Contributions from employers subsequent to the measurement date	\$ 5,234,198	\$ -
Net differences between projected and actual earnings on plan investments	5,270,171	-
Changes in assumptions	-	1,340,010
Differences between expected and actual experiences	1,072,771	-
	<u>\$ 11,577,140</u>	<u>\$ 1,340,010</u>

**Orange County Health Authority, a Public Agency/
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Note 7 – Defined Benefit Pension Plan (continued)

The deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ended June 30, 2018. The net differences reported as deferred outflows of resources related to pensions will be recognized as pension expense as follows:

<u>Years Ending June 30,</u>	<u>Deferred Outflows of Resources</u>
2018	\$ 1,395,041
2019	2,790,181
2020	1,869,552
2021	602,512
2022	1,469,996
Thereafter	1,023,481
	<u><u>\$ 9,150,763</u></u>

Note 8 – Employee Benefit Plans

Deferred compensation plan – CalOptima sponsors a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (the “457 Plan”) under which employees are permitted to defer a portion of their annual salary until future years. CalOptima may make discretionary contributions to the 457 Plan as determined by the Board of Directors. For the years ended June 30, 2018 and 2017, no discretionary employer contributions were made.

Defined contribution plan – Effective January 1, 1999, CalOptima established a supplemental retirement plan for its employees called the CalOptima Public Agency Retirement System Defined Contribution Supplemental Retirement Plan (“PARS Plan”). All regular and limited-term employees are eligible to participate in the PARS Plan. The current PARS Plan design does not require employee contributions. CalOptima makes discretionary employer contributions to the PARS Plan as authorized by the CalOptima Board of Directors. Vesting occurs over 16 quarters of service. For the years ended June 30, 2018 and 2017, CalOptima contributed approximately \$2,971,000 and \$2,718,000, respectively.

Note 9 – Postemployment Health Care Plan

Plan description – CalOptima sponsors and administers a single-employer, defined benefit postemployment health care plan (the “Plan”) to provide medical and dental insurance benefits to eligible retired employees and their beneficiaries. Benefit provisions are established and may be amended by the CalOptima Board of Directors.

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Note 9 – Postemployment Health Care Plan (continued)

Effective January 1, 2004 CalOptima terminated postemployment health-care benefits for employees hired on or after January 1, 2004. For employees hired prior to January 1, 2004, the employee's eligibility for retiree health benefits remains similar to the eligibility requirements for the defined benefit pension plan.

During the year ended June 30, 2006, CalOptima modified the benefit offered to eligible participants, requiring participants to enroll in Medicare and specifying that CalOptima would be responsible only for the cost of Medicare supplemental coverage, subject to a cost sharing between the participant and CalOptima.

For purposes of measuring the total postemployment retirement liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CalOptima's plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 - June 30, 2017
Valuation Date	January 1, 2018

Covered Employees – At June 30, 2017, the measurement date, the following numbers of participants were covered by the benefit terms:

	Number of Covered Participants
Inactives currently receiving benefits	67
Inactives entitled to but not yet receiving benefits	-
Active employees	81
Total	148

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Note 9 – Postemployment Health Care Plan (continued)

Contributions – The contribution requirements of Plan members and CalOptima are established and may be amended by the CalOptima Board of Directors. CalOptima's contribution is based on projected pay-as-you-go financing requirements, with no additional amount to prefund benefits. CalOptima contributed \$560,000, including \$529,000 in premium payments for retirees and \$31,000 for implied subsidies for the year ended June 30, 2018. CalOptima contributed \$572,000, including \$545,000 in premium payments for retirees and \$27,000 for implied subsidies for the year ended June 30, 2017. The most recent actuarial report for the Plan was June 30, 2017. As of that point the actuarial accrued liability and unfunded actuarial accrued liability for benefits were approximately \$24,565,000.

Actuarial assumptions – CalOptima's total postemployment retirement liability was measured as of June 30, 2017 and the total postemployment retirement liability used to calculate the total postemployment retirement liability was determined by an actuarial valuation dated June 30, 2016 that was rolled forward to determine the June 30, 2017 total postemployment retirement liability, based on the following actuarial methods and assumptions:

<i>Salary Increases</i>	3% per annum, in aggregate
<i>Medical Trend</i>	2076 Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076
<i>Discount Rate</i>	3.58% at June 30 2017, Bond Buyer 20 Index 2.85% at June 30 2016, Bond Buyer 20 Index
<i>Mortality, Retirement, Disability, Termination</i>	CalPERS 1997-2015 Experience Study Post-retirement mortality projection Scale MP-2017
<i>General Inflation</i>	2.75% per annum

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Note 9 – Postemployment Health-Care Plan (continued)

Discount Rate and Long Term Rate of Return - The discount rate used to measure the total OPEB liability was 3.58 percent for June 30, 2017. There were no plan investments as such the expected long-term rate of return on investment is not applicable.

Changes in the Net OPEB Liability - Changes in the net OPEB liability were as follows:

Balance at June 30, 2017	\$ 26,278,000
Changes for the year	
Service cost	1,012,000
Interest	770,000
Benefit changes	-
Actual vs. expected experience	-
Assumption changes	(2,923,000)
Contributions - employer	-
Contributions - employee	-
Net investment income	-
Benefit payments	(572,000)
Administrative Expenses	-
Net changes	<u>(1,713,000)</u>
Balance at June 30, 2018	<u><u>\$ 24,565,000</u></u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58%) or 1 percentage point higher (4.58%) than the current discount rate:

	1% Decrease (2.58%)	Current Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability	\$ 28,695,000	\$ 24,565,000	\$ 21,240,000

Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Trend Rates - The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using health care cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current health care cost trend rates:

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	\$ 20,842,000	\$ 24,565,000	\$ 29,287,000

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Note 9 – Postemployment Health-Care Plan (continued)

For the year ended June 30, 2018, CalOptima recognized OPEB expense of approximately \$1,751,000. At June 30, 2018, the reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	2,301,000
Employer contributions made subsequent to measurement date	560,000	-
Total	<u>\$ 560,000</u>	<u>\$ 2,301,000</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ending June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ (622,000)
2020	(622,000)
2021	(622,000)
2022	(435,000)
2023	-
Thereafter	-

The required schedule of changes in total OPEB liability immediately following the notes to the consolidated financial statements presents multiyear trend information about the actuarial accrued liability for benefits.

Note 10 – Restricted Net Position

On June 28, 2000, CalOptima became a fully licensed health-care service plan under the Act, as required by statutes governing the Healthy Families program. Under the Act, CalOptima is required to maintain and meet a minimum level of tangible net equity as of June 30, 2018 and 2017 of \$89,037,443 and \$98,455,479, respectively. As of June 30, 2018, the Organization is in compliance with its TNE requirement.

The Act further required the CalOptima maintain a restricted deposit in the amount of \$300,000. Both CalOptima and the Foundation meet the requirement as of June 30, 2018 and 2017.

**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima
Notes to Consolidated Financial Statements**

Note 11 – Lease Commitments

CalOptima leases office space and equipment under noncancelable, long-term operating leases, with minimum annual payments as follows:

<u>Years Ending June 30,</u>	<u>Minimum Lease Payments</u>
2019	\$ 515,933
2020	531,411
2021	547,353
2022	277,721
	<u>\$ 1,872,418</u>

Rental expense under operating leases was approximately \$469,000 and \$472,000 for the years ended June 30, 2018 and 2017, respectively.

Note 12 – Contingencies

Litigation – CalOptima is party to various legal actions and is subject to various claims arising in the ordinary course of business. Management believes that the disposition of these matters will not have a material adverse effect on CalOptima's financial position or results of operations.

Regulatory matters – The health-care industry is subject to numerous laws and regulations of federal, state and local governments. Violations of these laws and regulations could result in expulsion from government health-care programs together with the imposition of significant fines and penalties. Management believes that CalOptima is in compliance with fraud and abuse, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima
Notes to Consolidated Financial Statements**

Note 13 – Consolidating Information

The consolidating assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2018 are as follows:

	ASSETS			
	CalOptima	CalOptima Foundation	Eliminations	Consolidated
CURRENT ASSETS				
Cash and cash equivalents	\$ 368,089,848	\$ 2,843,139	\$ -	\$ 370,932,987
Investments	580,298,949	-	-	580,298,949
Capitation receivable from the State of California, net	296,371,640	-	-	296,371,640
Prepaid expenses and other	31,076,723	-	-	31,076,723
Total current assets	1,275,837,160	2,843,139	-	1,278,680,299
BOARD-DESIGNATED ASSETS AND RESTRICTED CASH				
Cash and cash equivalents	26,682,953	-	-	26,682,953
Investments	511,564,720	-	-	511,564,720
Restricted deposit	300,000	-	-	300,000
	538,547,673	-	-	538,547,673
CAPITAL ASSETS, NET	50,758,254			50,758,254
Total assets	1,865,143,087	2,843,139	-	1,867,986,226
DEFERRED OUTFLOWS OF RESOURCES				
Net pension	10,573,050	-	-	10,573,050
Other postemployment benefit	560,000	-	-	560,000
Total assets and deferred outflows of resources	\$ 1,876,276,137	\$ 2,843,139	\$ -	\$ 1,879,119,276
	LIABILITIES AND NET POSITION			
CURRENT LIABILITIES				
Medical claims liability and capitation payable				
Medical claims liability	\$ 263,057,437	\$ -	\$ -	\$ 263,057,437
Provider capitation and withholds	96,448,891	-	-	96,448,891
Accrued reinsurance costs to providers	3,464,488	-	-	3,464,488
Payable to State of California and the Centers for Medicare & Medicaid Services (CMS)	567,116,026	-	-	567,116,026
Unearned revenue	112,557,008	-	-	112,557,008
	1,042,643,850	-	-	1,042,643,850
Accounts payable and other	8,030,637	-	-	8,030,637
Accrued payroll and employee benefits and other	10,869,839	-	-	10,869,839
Total current liabilities	1,061,544,326	-	-	1,061,544,326
Postemployment health-care plan	24,565,000	-	-	24,565,000
Net pension liability	25,100,820	-	-	25,100,820
Other long term liabilities	100,000	-	-	100,000
Total liabilities	1,111,310,146	-	-	1,111,310,146
DEFERRED INFLOWS OF RESOURCES				
Net pension	1,028,380	-	-	1,028,380
Other postemployment benefit	2,301,000	-	-	2,301,000
NET POSITION				
Net investment in capital assets, net of related debt	50,637,437	-	-	50,637,437
Restricted - required tangible net equity and restricted deposit	89,037,443	-	-	89,037,443
Unrestricted	621,961,731	2,843,139	-	624,804,870
Total net position	761,636,611	2,843,139	-	764,479,750
Total liabilities, deferred inflows of resources and net position	\$ 1,876,276,137	\$ 2,843,139	\$ -	\$ 1,879,119,276

**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima
Notes to Consolidated Financial Statements**

Note 13 – Consolidating Information (continued)

The consolidating assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2017 (as restated) are as follows:

	ASSETS			
	CalOptima	CalOptima Foundation	Eliminations	Consolidated
CURRENT ASSETS				
Cash and cash equivalents	\$ 507,169,844	\$ 2,893,139	\$ -	\$ 510,062,983
Investments	1,082,425,753	-	-	1,082,425,753
Capitation receivable from the State of California, net	522,793,705	-	-	522,793,705
Prepaid expenses and other	26,384,678	-	-	26,384,678
DUE FROM AFFILIATES	25,000	-	(25,000)	-
Total current assets	2,138,798,980	2,893,139	(25,000)	2,141,667,119
BOARD-DESIGNATED ASSETS AND RESTRICTED CASH				
Cash and cash equivalents	17,709,682	-	-	17,709,682
Investments	517,428,691	-	-	517,428,691
Restricted deposit	300,000	-	-	300,000
	535,438,373	-	-	535,438,373
CAPITAL ASSETS, NET	54,301,035	-	-	54,301,035
Total assets	2,728,538,388	2,893,139	(25,000)	2,731,406,527
DEFERRED OUTFLOWS OF RESOURCES				
Net pension	11,577,140	-	-	11,577,140
Other postemployment benefit	-	-	-	-
Total assets and deferred outflows of resources	\$ 2,740,115,528	\$ 2,893,139	\$ (25,000)	\$ 2,742,983,667
	LIABILITIES AND NET POSITION			
CURRENT LIABILITIES				
Medical claims liability and capitation payable				
Medical claims liability	\$ 426,676,745	\$ -	\$ -	\$ 426,676,745
Provider capitation and withholds	580,839,710	-	-	580,839,710
Accrued reinsurance costs to providers	5,681,300	-	-	5,681,300
Payable to State of California and the Centers for Medicare & Medicaid Services (CMS)	845,888,193	-	-	845,888,193
Unearned revenue	102,284,235	-	-	102,284,235
	1,961,370,183	-	-	1,961,370,183
Accounts payable and other	9,723,907	-	-	9,723,907
Accrued payroll and employee benefits and other	10,101,233	-	-	10,101,233
Due to affiliates	-	25,000	(25,000)	-
Total current liabilities	1,981,195,323	25,000	(25,000)	1,981,195,323
Postemployment health-care plan	26,278,000	-	-	26,278,000
Net pension liability	15,430,763	-	-	15,430,763
Other long term liabilities	100,000	-	-	100,000
Total liabilities	2,023,004,086	25,000	(25,000)	2,023,004,086
DEFERRED INFLOWS OF RESOURCES				
Net pension	1,340,010	-	-	1,340,010
Other postemployment benefit	-	-	-	-
NET POSITION				
Net investment in capital assets, net of related debt	54,103,912	-	-	54,103,912
Restricted - required tangible net equity and restricted deposit	98,445,479	-	-	98,445,479
Unrestricted	563,222,041	2,868,139	-	566,090,180
Total net position	715,771,432	2,868,139	-	718,639,571
Total liabilities, deferred inflows of resources and net position	\$ 2,740,115,528	\$ 2,893,139	\$ (25,000)	\$ 2,742,983,667

**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima
Notes to Consolidated Financial Statements**

Note 13 – Consolidating Information (continued)

The consolidating statements of revenues, expenses, and changes in net position for the year ended June 30, 2018 are as follows:

	CalOptima	CalOptima Foundation	Eliminations	Consolidated
OPERATING REVENUES				
Premium revenues	\$ 3,445,699,268	\$ -	\$ -	\$ 3,445,699,268
Total operating revenues	<u>3,445,699,268</u>	<u>-</u>	<u>-</u>	<u>3,445,699,268</u>
OPERATING EXPENSES				
Medical expenses				
Provider capitation	1,068,367,719	-	-	1,068,367,719
Claim expense to providers and facilities	1,403,275,064	-	-	1,403,275,064
Prescription drugs	442,312,644	-	-	442,312,644
Other medical	42,215,978	-	-	42,215,978
OneCare Connect	302,761,410	-	-	302,761,410
OneCare	14,437,586	-	-	14,437,586
Pace	18,341,424	-	-	18,341,424
Total medical expenses	<u>3,291,711,825</u>	<u>-</u>	<u>-</u>	<u>3,291,711,825</u>
Administrative expenses				
Salaries, wages and employee benefits	85,386,751	-	-	85,386,751
Professional fees	2,430,578	-	-	2,430,578
Purchased services	11,460,353	-	-	11,460,353
Supplies, occupancy, insurance and other	25,045,349	25,000	-	25,070,349
Depreciation	7,499,203	-	-	7,499,203
Total administrative expenses	<u>131,822,234</u>	<u>25,000</u>	<u>-</u>	<u>131,847,234</u>
Total operating expenses	<u>3,423,534,059</u>	<u>25,000</u>	<u>-</u>	<u>3,423,559,059</u>
Operating income (loss)	<u>22,165,209</u>	<u>(25,000)</u>	<u>-</u>	<u>22,140,209</u>
NON-OPERATING REVENUES AND EXPENSES				
Net investment income and other	21,714,051	-	-	21,714,051
Rental income, net of related expenses	1,985,919	-	-	1,985,919
Total non-operating revenues and expenses	<u>23,699,970</u>	<u>-</u>	<u>-</u>	<u>23,699,970</u>
Increase in net position	45,865,179	(25,000)	-	45,840,179
NET POSITION, beginning of year	715,771,432	2,868,139	-	718,639,571
NET POSITION, end of year	<u>\$ 761,636,611</u>	<u>\$ 2,843,139</u>	<u>\$ -</u>	<u>\$ 764,479,750</u>

**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima
Notes to Consolidated Financial Statements**

Note 13 – Consolidating Information (continued)

The consolidating statements of revenues, expenses, and changes in net position for the year ended June 30, 2017 (as restated) are as follows:

	CalOptima	CalOptima Foundation	Eliminations	Consolidated
OPERATING REVENUES				
Premium revenues	\$ 3,549,461,873	\$ -	\$ -	\$ 3,549,461,873
Other income	-	80,829	(53,665)	27,164
Total operating revenues	3,549,461,873	80,829	(53,665)	3,549,489,037
OPERATING EXPENSES				
Medical expenses				
Provider capitation	984,437,605	-	-	984,437,605
Claim expense to providers and facilities	1,561,399,095	-	-	1,561,399,095
Prescription drugs	423,946,865	-	-	423,946,865
Other medical	49,429,921	-	-	49,429,921
OneCare Connect	355,208,384	-	-	355,208,384
OneCare	16,424,252	-	-	16,424,252
Pace	8,766,268	-	-	8,766,268
Total medical expenses	3,399,612,390	-	-	3,399,612,390
Administrative expenses				
Salaries, wages and employee benefits	69,574,654	53,435	(53,435)	69,574,654
Professional fees	1,241,416	-	-	1,241,416
Purchased services	11,278,918	-	-	11,278,918
Supplies, occupancy, insurance and other	22,734,822	54,100	(230)	22,788,692
Depreciation	6,544,639	-	-	6,544,639
Total administrative expenses	111,374,449	107,535	(53,665)	111,428,319
Total operating expenses	3,510,986,839	107,535	(53,665)	3,511,040,709
Operating income (loss)	38,475,034	(26,706)	-	38,448,328
NON-OPERATING REVENUES AND EXPENSES				
Net investment income and other	15,766,423	-	-	15,766,423
Rental income, net of related expenses	1,957,766	-	-	1,957,766
Total non-operating revenues and expenses	17,724,189	-	-	17,724,189
Increase in net position	56,199,223	(26,706)	-	56,172,517
NET POSITION, beginning of year	659,572,209	2,894,845	-	662,467,054
NET POSITION, end of year	\$ 715,771,432	\$ 2,868,139	\$ -	\$ 718,639,571

**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima
Notes to Consolidated Financial Statements**

Note 13 – Consolidating Information (continued)

The consolidating statement of cash flows for the year ended June 30, 2018 is as follows:

	CalOptima	CalOptima Foundation	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES				
Capitation payments received and other	\$ 3,403,621,939	\$ -	\$ -	\$ 3,403,621,939
Payment to providers and facilities	(3,941,938,764)	-	-	(3,941,938,764)
Payments to vendors	(45,296,595)	(50,000)	-	(45,346,595)
Payments of premium tax	-	-	-	-
Payments to employees	(74,227,628)	-	-	(74,227,628)
Net cash used in operating activities	(657,841,048)	(50,000)	-	(657,891,048)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(3,956,422)	-	-	(3,956,422)
Net cash used in capital and related financing activities	(3,956,422)	-	-	(3,956,422)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	28,891,325	-	-	28,891,325
Purchases of securities	(12,243,048,906)	-	-	(12,243,048,906)
Sales of securities	12,736,875,055	-	-	12,736,875,055
Net cash provided by investing activities	522,717,474	-	-	522,717,474
Net decrease in cash and cash equivalents	(139,079,996)	(50,000)	-	(139,129,996)
CASH AND CASH EQUIVALENTS, beginning of year	507,169,844	2,893,139	-	510,062,983
CASH AND CASH EQUIVALENTS, end of year	\$ 368,089,848	\$ 2,843,139	\$ -	\$ 370,932,987

The consolidating statement of cash flows for the year ended June 30, 2017 is as follows:

	CalOptima	CalOptima Foundation	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES				
Capitation payments received and other	\$ 3,417,266,654	\$ 116,188	\$ -	\$ 3,417,382,842
Payments to providers and facilities	(2,945,552,284)	-	-	(2,945,552,284)
Payments to vendors	(39,115,530)	(64,459)	-	(39,179,989)
Payments to employees	(70,800,875)	(53,435)	-	(70,854,310)
Net cash provided by operating activities	361,797,965	(1,706)	-	361,796,259
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(5,850,108)	-	-	(5,850,108)
Net cash used in capital and related financing activities	(5,850,108)	-	-	(5,850,108)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	11,823,120	-	-	11,823,120
Purchases of securities	(644,508,177)	-	-	(644,508,177)
Sales of securities	527,913,163	-	-	527,913,163
Net cash used in investing activities	(104,771,894)	-	-	(104,771,894)
Net increase (decrease) in cash and cash equivalents	251,175,963	(1,706)	-	251,174,257
CASH AND CASH EQUIVALENTS, beginning of year	255,993,883	2,894,845	-	258,888,728
CASH AND CASH EQUIVALENTS, end of year	\$ 507,169,846	\$ 2,893,139	\$ -	\$ 510,062,985

Supplementary Information

DRAFT

**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima
Schedule of Changes in Net Pension Liability and Related Ratios**

	June 30,			
	2018	2017	2016	2015
Total Pension Liability				
Service Cost	\$ 13,118,795	\$ 10,272,406	\$ 8,363,183	\$ 6,464,105
Interest	9,136,725	7,702,198	6,620,025	5,661,111
Changes in Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	9,163,547	102,384	1,444,808	-
Changes in Assumptions	632,642	-	(1,963,270)	-
Benefit Payments, Including Refunds of Employee Contributions	(2,068,356)	(2,111,578)	(1,676,666)	(1,326,364)
Net Change in Total Pension Liability	29,983,353	15,965,410	12,788,080	10,798,852
Total Pension Liability - Beginning	112,464,954	96,499,544	83,711,464	72,912,613
Total Pension Liability - Ending	<u>\$ 142,448,307</u>	<u>\$ 112,464,954</u>	<u>\$ 96,499,544</u>	<u>\$ 83,711,465</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 5,234,580	\$ 3,787,544	\$ 3,033,171	\$ 3,119,804
Contributions - Employee	5,793,911	4,951,820	4,142,126	3,385,296
Net Investment Income	11,496,425	498,498	1,913,380	12,062,654
Benefit Payments, Including Refunds of Employee Contributions	(2,068,356)	(2,111,578)	(1,676,666)	(1,326,364)
Other Changes in Fiduciary Net Position	(143,264)	(54,828)	(101,246)	-
Net Change in Fiduciary Net Position	20,313,296	7,071,456	7,310,765	17,241,390
Plan Fiduciary Net Position - Beginning	97,034,191	89,962,735	82,651,970	65,410,580
Plan Fiduciary Net Position - Ending	<u>\$ 117,347,487</u>	<u>\$ 97,034,191</u>	<u>\$ 89,962,735</u>	<u>\$ 82,651,970</u>
Plan Net Pension Liability - Ending	<u>\$ 25,100,820</u>	<u>\$ 15,430,763</u>	<u>\$ 6,536,809</u>	<u>\$ 1,059,495</u>
Plan Fiduciary Net Position as Percentage of the Total Liability	82.38%	86.28%	93.23%	98.73%
Covered-Employee Payroll	\$ 80,217,654	\$ 68,583,296	\$ 55,676,606	\$ 40,940,556
Plan Net Pension Liability as a Percentage of Covered Employee Payroll	31.29%	22.50%	11.74%	2.59%

**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima
Schedule of Plan Contributions**

	Years Ended June 30,			
	2018	2017	2016	2015
Actuarially Determined Contributions	\$ 5,234,580	\$ 3,787,544	\$ 3,033,171	\$ 3,119,804
Contributions in Relation To the Actuarially Determined Contribution	<u>(5,234,580)</u>	<u>(3,787,544)</u>	<u>(3,033,171)</u>	<u>(3,119,804)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 80,217,654	\$ 68,583,296	\$ 55,676,606	\$ 40,940,556
Contributions as a Percentage of Covered-Employee Payroll	6.53%	5.52%	5.45%	7.62%

**Orange County Health Authority, a Public Agency/
dba Orange Prevention and Treatment Integrated
Medical Assistance/dba CalOptima
Schedule of Changes in Total OPEB Liability and Related Ratios**

	2017-2018 (Measurement Period 2016-2017)
Changes in Total OPEB Liability	
Service cost	\$ 1,012,000
Interest	770,000
Benefit changes	-
Actual vs. expected experience	-
Assumption changes	(2,923,000)
Benefit payments	(572,000)
Net changes	(1,713,000)
Total OPEB Liability (beginning of year)	26,278,000
Total OPEB Liability (end of year)	<u>\$ 24,565,000</u>
Total OPEB Liability	\$ 24,565,000
Covered employee payroll	9,135,000
Total OPEB Liability as a percentage of covered employee payroll	268.9%



2018 Audit Results: CalOptima

September 18, 2018

[illegible]

Audit Committee

CalOptima



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Dear Finance and Audit Committee (FAC) Members:

Thank you for your continued engagement of Moss Adams LLP. We are pleased to have the opportunity to meet with you to discuss the results of our audit of the consolidated financial statements of CalOptima (“the Organization”) for the year ended June 30, 2018.

The accompanying report, which is intended solely for the use of the FAC and management, presents important information regarding the CalOptima’s consolidated financial statements and our audit that we believe will be of interest to you. It is not intended and should not be used by anyone other than these specified parties.

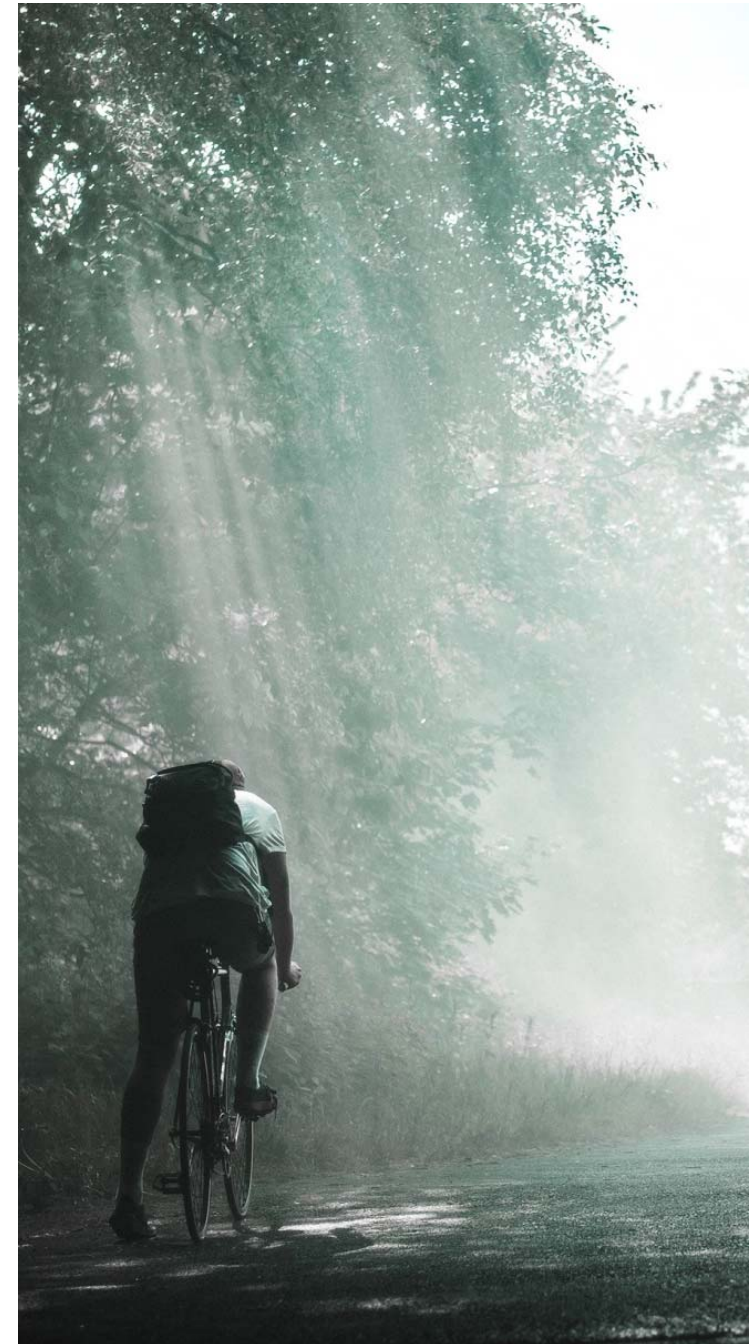
We receive the full support and assistance of the Organization’s personnel. We are pleased to serve and be associated with the Organization as its independent public accountants and look forward to our continued relationship.

We look forward to discussing our report or any other matters of interest with you during this meeting.

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Agenda

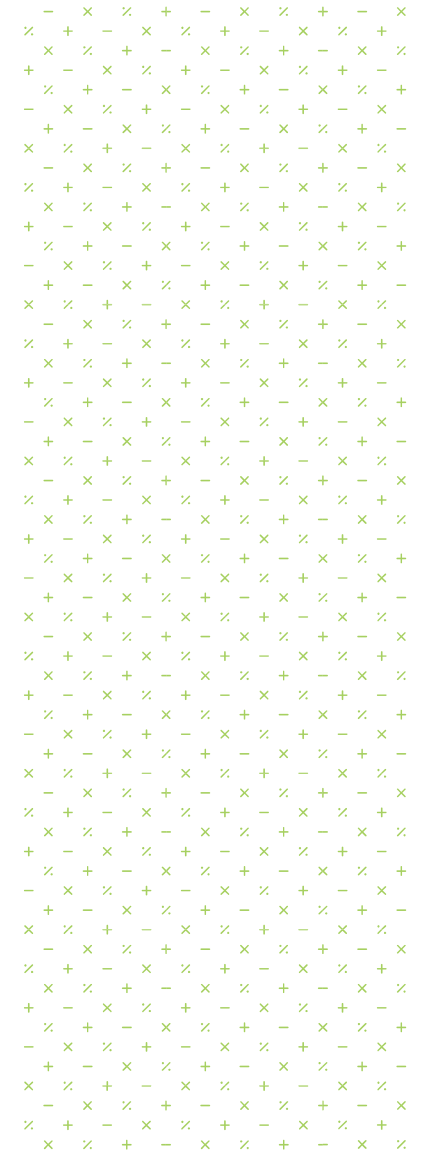
- Auditor Opinions and Reports
- Communication with Those Charged with Governance
- Other Information





Auditor Opinions and Reports

Better Together: Moss Adams & CalOptima



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Scope of Services

We have performed the following services for CalOptima

- Annual consolidated financial statement audit as of and for the year ended June 30, 2018

We have also performed the following non-attest services:

- Assisted in the drafting the consolidated financial statements of CalOptima
- Preparation of the Form 990 for the Foundation
- Assisted in the completion of the auditee portion of the Data Collection Form



Auditor Report on the Consolidated Financial Statements

Unmodified Opinion

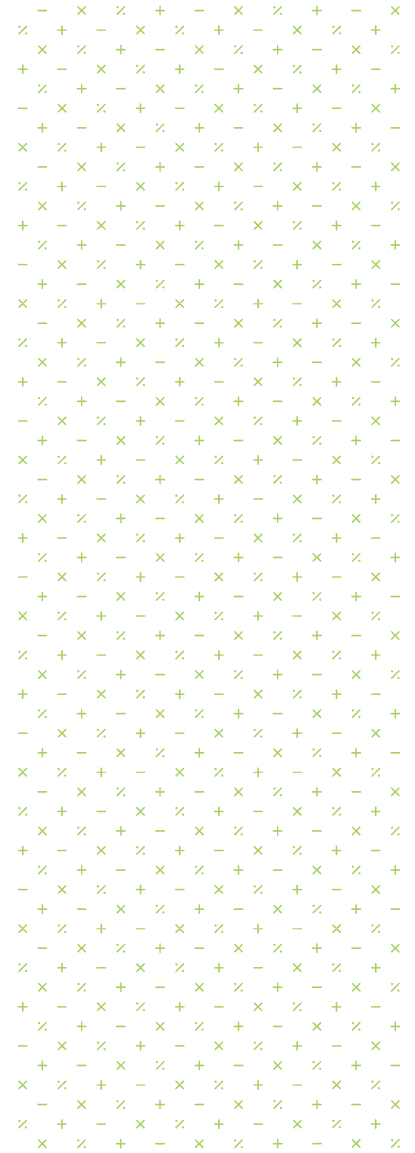
- Consolidated financial statements are presented fairly and in accordance with United States Generally Accepted Accounting Principles





Communication with Finance and Audit Committee (FAC)

Better Together: Moss Adams & CalOptima



Our Responsibility

Our responsibility under US Generally Accepted Auditing Standards and Government Auditing Standards.

1

To express our opinion on whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, and in accordance with U.S. GAAP. However, our audit does not relieve you or management of your responsibilities.

2

To perform an audit in accordance with generally accepted auditing standards issued by the AICPA, Government Auditing Standards issued by the Comptroller General of the United States, and design the audit to obtain reasonable, rather than absolute, assurance about whether the consolidated financial statements are free of material misstatement.

3

To consider internal control over financial reporting as a basis for designing audit procedures but not for the purpose of expressing an opinion on its effectiveness or to provide assurance concerning such internal control.

4

To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.



Planned Scope & Timing of the Audit

It is the auditor's responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient and appropriate audit evidence and to communicate with those charged with governance an overview of the planned scope and timing of the audit.

OUR COMMENTS

- The planned scope and timing of the audit was communicated to the CalOptima's FAC at the audit entrance meeting on May 17, 2018.



Significant Accounting Policies & Unusual Transactions



10

The auditor should determine that the FAC is informed about the initial selection of and changes in significant accounting policies or their application. The auditor should also determine that the FAC is informed about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

OUR COMMENTS

- Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in the footnotes to the consolidated financial statements. Throughout the course of an audit, we review changes, if any, to significant accounting policies or their application, and the initial selection and implementation of new policies. There were no changes to significant accounting policies for the year ended June 30, 2018. CalOptima adopted GASB No. 75 effective July 1, 2016. The impact of this is described in Note 3.
- We believe management has selected and applied significant accounting policies appropriately and consistent with those of the prior year.

Management Judgements & Accounting Estimates

The FAC should be informed about the process used by management in formulating particularly sensitive accounting estimates and about the basis for the auditor's conclusions regarding the reasonableness of those estimates.

OUR COMMENTS

- Management's judgements and accounting estimates are based on knowledge and experience about past and current events and assumptions about future events. We apply audit procedures to management's estimates to ascertain whether the estimates are reasonable under the circumstances and do not materially misstate the consolidated financial statements.
- Significant management estimates impacted the consolidated financial statements including the following: **fair value of investments; fixed asset lives; actuarially determined accruals for incurred but not reported (IBNR) medical claims liabilities, Non-IBNR liabilities; pension, and other post-employment liabilities.**
- We deem them to be reasonable.



Areas of Audit Emphasis

- Medical Claims Liability and Claims Expense
- Capitation Revenue and Receivables
- Amounts due to the state of California or DHCS
- Pension liability
- OPEB liability



Management Judgements & Accounting Estimates

Our views about the quantitative aspects of the entity's significant accounting policies, accounting estimates, and financial statement disclosures.

OUR COMMENTS

- The disclosures in the consolidated financial statements are clear and consistent. Certain financial statement disclosures are particularly sensitive because of their significance to financial statements users. We call your attention to the following notes:
 - Note 2 – Summary of Significant accounting policies
 - Note 4 – Cash and Investments
 - Note 6 – Medical Claims Liability
 - Note 7 – Defined Benefit Pension Plan
 - Note 9 – Postemployment Health Care Plan



Significant Audit Adjustments & Unadjusted Differences Considered by Management to Be Immaterial

The FAC should be informed of all significant audit adjustments arising from the audit. Consideration should be given to whether an adjustment is indicative of a significant deficiency or a material weakness in the CalOptima's internal control over financial reporting, or in its process for reporting interim financial information, that could cause future consolidated financial statements to be materially misstated.

The FAC should also be informed of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the consolidated financial statements as a whole.

OUR COMMENTS

- **There were no corrected or uncorrected audit adjustments**



Deficiencies in Internal Control

Any material weaknesses and significant deficiencies in the design or operation of internal control that came to the auditor's attention during the audit must be reported to the FAC.

OUR COMMENTS

- Material weakness
 - None noted
- Significant deficiencies
 - Nothing to communicate



Potential Effect on the Consolidated Financial Statements of Any Significant Risks & Exposures

The FAC should be adequately informed of the potential effect on financial statements of significant risks and exposures and uncertainties that are disclosed in the consolidated financial statements.

OUR COMMENTS

- CalOptima is subject to potential legal proceedings and claims that arise in the ordinary course of business, which are disclosed in the notes to the consolidated financial statements.



Difficulties Encountered in Performing the Audit

The FAC should be informed of any significant difficulties encountered in dealing with management related to the performance of the audit, including disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the CalOptima's consolidated financial statements, or the auditor's report.

OUR COMMENTS

- No significant difficulties were encountered during our audit.
- We are pleased to report that there were no disagreements with management.



Material Uncertainties Related to Events & Conditions/ Fraud & Noncompliance with Laws and Regulations

Any doubt regarding the entity's ability to continue, as a going concern, should be communicated to the FAC.

Fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the consolidated financial statements should be communicated. We are also required to communicate any noncompliance with laws and regulations involving senior management that come to our attention, unless clearly inconsequential.

OUR COMMENTS

- No such matters came to our attention.
- We have not become aware of any instances of fraud or noncompliance with laws and regulations.



Other Material Written Communications

The FAC should be informed of any significant difficulties encountered in dealing with management related to the performance of the audit, including disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the CalOptima's consolidated financial statements, or the auditor's report.

OUR COMMENTS

- We have requested certain representations from management that will be included in the representation letter, which we will receive prior to issuance.
- Other than the management representation letter and communication to those charged with governance, there have been no other significant communications.



Management's Consultation with Other Accountants

In some cases, management may decide to consult about auditing and accounting matters. If management has consulted with other accountants about an auditing and accounting matter that involves application of an accounting principle to the CalOptima's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

OUR COMMENTS

- We are not aware of any significant accounting or auditing matters for which management consulted other accountants.



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In today's fast-paced world, we know how precious your time is. We also know that knowledge is key. These resources offer what you need to know, when you need to know it, and is presented in the format that fits your life.



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THANK YOU



CALOPTIMA BOARD ACTION AGENDA REFERRAL

Action To Be Taken September 18, 2018 **Regular Meeting of the CalOptima Board of Directors'** **Finance and Audit Committee**

Report Item

4. Consider Recommending Modification of Claims Payment Policies Associated with the Implementation of the Whole-Child Model

Contact

Sesha Mudunuri, Executive Director, Operations, (714) 246-8400

Recommended Action

Recommend that the Board of Directors authorize a transition period of six months for payment of certain claims for children enrolled in California Children's Services (CCS) prior to January 1, 2019 that would be denied under CalOptima Direct, CalOptima Community Network, or a Health Network to allow for adequate transition of Service Authorizations Requests (SARs) from the California Children's Services Program to CalOptima under the Whole-Child Model.

Background

CalOptima expects to integrate CCS into its Medi-Cal managed care plan through the Whole-Child Model (WCM) effective January 1, 2019. On June 7, 2018, the CalOptima Board of Directors authorized execution of an Amendment to the Primary Agreement between DHCS and CalOptima with respect to implementation of the WCM program. Principle guidance is outlined in Senate Bill 586, signed by Governor Brown on September 25, 2016 and the DHCS's All Plan Letter (APL) 18-011 released on June 28, 2018. In addition, DHCS has provided additional reporting requirements and implementation deliverables.

To meet the goals of the WCM, beginning January 1, 2019, CalOptima plans to allow members receiving CCS services to remain enrolled with either CalOptima's Community Network or other contracted CalOptima health networks. CalOptima will delegate CCS services to health networks according to the current health network models. The three health network models include Health Maintenance Organization (HMO), Physician-Hospital Consortium (PHC), or Shared-Risk Group (SRG). Based on the health network model, either CalOptima or the health network will be financially responsible for claims payment. Certain services require authorization prior to claims payment.

Discussion

CalOptima recognizes that the authorization processes for claims payment differs between the CCS program and managed care. CalOptima and its health networks issue authorizations based on member, provider, and service code levels. Claims payments, when applicable, are based on the details in the authorization. Whereas, the CCS program issues SARs based on member and diagnosis/conditions. Multiple claims potentially involving multiple providers and multiple services/visits can be paid based on a single SAR. While CalOptima plans to proactively outreach to members and providers to obtain detailed information needed to issue new authorizations, some claims for CCS services may be inadvertently submitted without a CalOptima or health network authorization.

CalOptima Board Action Agenda Referral
Consider Recommending Modification of Claims Payment Policies
Associated with the Implementation of the Whole-Child Model
Page 2

The overall expectation is that CalOptima or the health networks will issue new authorizations for CCS services. Processes have been established with the local CCS program to forward misdirected authorization requests to CalOptima. However, in order to promote a smooth transition to WCM and ensure continued access for members, CalOptima staff recommends implementing a transition period that permits claims payments in certain situations when there is no CalOptima or health network authorization. The recommendation is that for dates of service from January 1, 2019 through June 30, 2019, CalOptima and health networks pay for CCS services provided by contracted or non-contracted providers, for eligible children who were enrolled in CCS program prior to January 1, 2019 as long as there is an active CCS SAR and other claim payment requirements are met. All inpatient services are excluded from this proposed exception and, depending on member eligibility, will require a CalOptima or health network authorization.

Remittance Advice (RA) issued by CalOptima will indicate that any future services will need a CalOptima or Health Network authorization; the expectation is that the Health Networks will follow a similar process to notify providers. In addition, CalOptima Provider and Health Network Relations staff will coordinate with the health networks to outreach to providers regarding the transition from SARs to CalOptima/Health Network authorizations.

Fiscal Impact

The fiscal impact of the recommended action to authorize a transition period from January 1, 2019, through June 30, 2019, to pay certain claims under the WCM program is currently unknown. Given the high acuity and medical utilization associated with a relatively small CCS population, costs for the program are difficult to predict and likely to be volatile. However, Management has included projected revenues and expenses associated with the WCM program in the Board-approved CalOptima Fiscal Year 2018-19 Operating Budget to fund all current year operating costs. CalOptima will continue to work closely with DHCS to ensure that Medi-Cal revenue is sufficient to support the WCM program.

Rationale for Recommendation

Staff recommends providing a six-month transition period to promote a smooth transition to WCM, minimize disruption of member care, and maintain positive relations with CCS providers.

Concurrence

Gary Crockett, Chief Counsel

Attachments

None

/s/ Michael Schrader
Authorized Signature

9/11/2018
Date



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Fiscal Year 2017-18

Directed Payments to Hospitals

Board of Directors' Finance and Audit Committee Meeting
September 18, 2018

Greg Hamblin
Chief Financial Officer

FY 2017-18 Directed Payments

Proposition 56
Physician
Supplemental
Payments

Public Hospital
Enhanced Payment
Program (EPP)

Public Hospital
Quality Incentive
Pool (QIP)

Private Hospital
Directed Payment
(PHDP)

Prop 56 Physician Supplemental Payments

- Providers subject to Prop 56
 - Primary Care Physicians (PCPs)
 - Specialty Physicians
 - Mental Health Outpatient Providers
- Specified rate for each of the 13 CPT codes for evaluation and management (E&M) office visits
 - 10 PCP/ Specialist codes (99201-99205, 99211-99215)
 - 3 mental health outpatient codes (90791, 90792, 90863)
- Risk-based to health plan
 - Add-on will be delivered based on anticipated utilization of the applicable E&M code reimbursement increases
 - FQHCs are excluded

Prop 56 Physician Supplemental Payments (cont.)

- Requirements
 - Eligible providers must be paid the defined E&M code supplemental payment, as outlined in APL 18-010
 - Complete, accurate and timely encounter reporting on utilization
 - July 2017 – June 2018 for first year

Public Hospital Enhanced Payment Program (EPP)

- Providers subject to EPP
 - Designated Public Hospitals (DPHs) and University of California (UC) system
 - Pooled amount (no risk to health plans) – Statewide total approximately \$1.5 billion
- Policy
 - Includes IP (IP and LTC) and Non-IP (OP, ER, PCP, SP, NPP and MHOP)
 - Excludes full duals and CBRC, FQHC, IHS and RHC utilization
- Requirements
 - Complete, accurate and timely encounter reporting on utilization
 - Plans are expected to work with DPHs/UCs to evaluate encounter utilization data
 - DHCS to provide volume charts at plan/hospital level to assist in this effort

Public Hospital Quality Incentive Pool (QIP)

- Providers subject to QIP
 - DPHs and UCs
 - Pooled amount (no risk to health plans) – Statewide total of \$640 million
- Policy
 - Participating DPHs and UCs required to report on at least 20 to 25 quality measures
 - Excludes full duals

Private Hospital Directed Payment (PHDP)

- Previous methodology: Hospital QAF
 - Purpose: Provide reimbursement for hospital services to Medi-Cal enrollees
 - CMS regulations – Final Rule May 2016 and Jan 2017
 - All other direction of payment is disallowed
- New methodology: PHDP
 - Final payments to reflect actual utilization – Projected payment in Sept/Oct 2019
 - HQAF pass-through subject to 10-year phase down – CMS approved in March 2018

Private Hospital Directed Payment (PHDP) (cont.)

- Providers subject to QIP
 - Private hospitals
 - Pooled amount (no risk to health plans) – Statewide total of \$2.1 billion
- Policy
 - Includes IP and Non-IP (OP and ER) – Two pools
 - Excludes full duals and FQHC, RHC, CBRC and IHC utilization
- Requirements
 - Complete, accurate and timely encounter reporting on utilization
 - Plans expected to work with hospitals to evaluate encounter utilization data
 - DHCS to provide volume charts at the plan/hospital level to assist in the effort
 - All data for period of 7/1/17 – 6/30/18 due to DHCS by 12/31/18

Private Hospital Directed Payment (PHDP) (cont.)

- Data elements
 - Who is contracted with whom?
 - For what services? Has to be Medi-Cal covered services
 - For which members?
 - For what time period?
- Contracting
 - Direct contracts
 - Delegated contracts
 - Hospital to hospital contracts – May be modified by DHCS
- Delegated contracts
 - Contracting arrangements – LOA's not considered “contracted”
 - Services and populations under contract
 - Contracting periods

DHCS: Implementation Timeline

	Activity	CY 2018	CY 2019			CY 2019	CY 2020
		Q4	Q1	Q2	Q3	Q4	Q1
Phase 1	Deadline for Encounter Data Submission to Health Plans	Exact Due Dates are Plan Specific					
	Deadline for Encounter Data Submission to DHCS	12/31/18					
	Final Contract Data Submission		Feb 2019				
	Final Encounter Data Pull for Payment Calculation		Mar 2019				
	Development of Rate Adjustments			Q2 CY 2019			
	Finalization of Rate Adjustments				7/1/19		
	Notice of Final Payment Amounts				Aug 2019		
	Projected Payments to Plans				Sept 2019		
Phase 2	Deadline for Encounter Data Submission to Health Plans			Exact Due Dates are Plan Specific			
	Deadline for Encounter Data Submission to DHCS			6/30/19			
	Final Contract Data Submission				Aug 2019		
	Final Encounter Data Pull for Payment Calculation				Sept 2019		
	Development of Rate Adjustments					Q4 CY 2019	
	Finalization of Rate Adjustments						1/1/20
	Notice of Final Payment Amounts						Feb 2020
	Projected Payments to Plans						March 2020

DHCS: Data Release Schedule

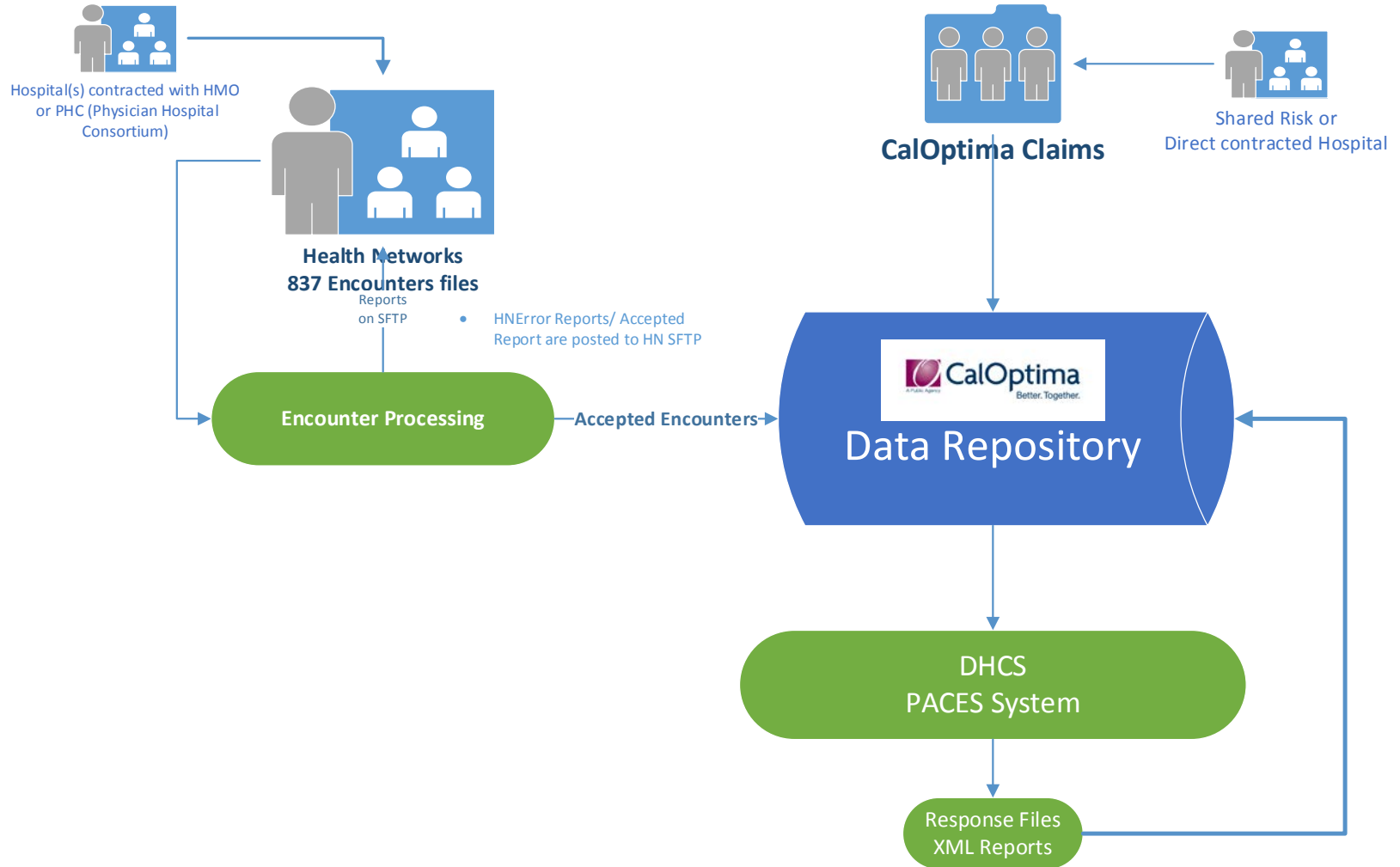
- DHCS will release volume charts approximately bimonthly through CY 2018

Volume Chart Release Date	NPI Updates Cutoff Date	Encounter Data Received by DHCS as of. . . (est.)	Data for Service Period of. . .
June 29, 2018	N/A	April 6, 2018	July 1, 2017 to Dec 31, 2017
Aug 10, 2018	July 27, 2018	May 25, 2018	July 1, 2017 to Feb 28, 2018
Oct 12, 2018	Sept 28, 2018	July 31, 2018	July 1, 2017 to April 30, 2018
Nov 9, 2018	Oct 26, 2018	Aug 31, 2018	July 1, 2017 to June 30, 2018

Review Steps for Hospitals

- Identify differences related to Plans with which you were contracted (direct or indirectly through a delegated arrangement)
- Compare utilization for the same service period considered in the encounter volume chart
- Ensure service logic aligns with the encounter volume chart logic
- Ensure appropriate exclusions are applied
- Are the differences related to NPIs missing from the encounter volume chart?
- Are the anticipated service counts still materially different from the service counts reflected on the encounter volume chart?
- Work with Plan partner(s) to resolve identified data deficiencies and ensure accuracy and completeness of the encounter data

CalOptima: Encounter Process





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CalOptima PCC Evaluation

**Board of Directors' Finance and Audit Committee Meeting
September 18, 2018**

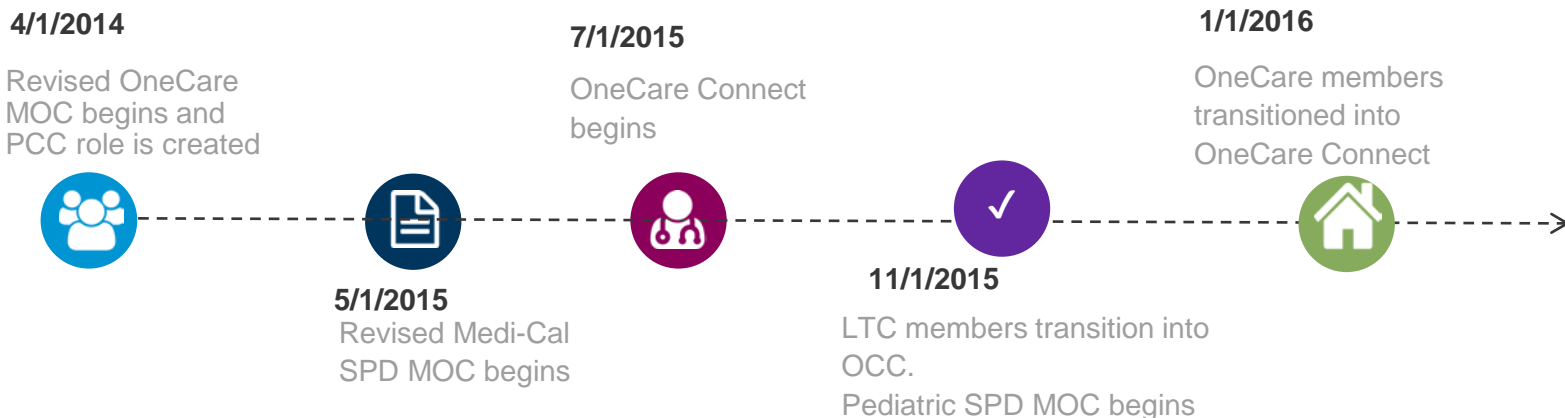
**Emily Fonda, MD, MMM CHCQM
Medical Director**

Overview

- Background and Scope
- Data Analysis
 - Health Network Performance Profiles
 - Cal MediConnect Core Measures
 - Health Effectiveness Data and Information Set (HEDIS)
 - Performance Quality Alliance (PQA) Medication Measures
 - PCC Success Stories
- Summary of Findings
- Recommendations
- Conclusion

Background and Scope

- The Personal Care Coordinator role was designed to support implementation of the Health Risk Assessment (HRA), Individualized Care Plan (ICP), and the care planning process
 - Beginning in 2014, CalOptima created and implemented the PCC role for the Model of Care
 - The role was introduced to increase CalOptima and Health Network (HN) compliance with CMS care management requirements and improve care coordination and efficiency
 - Additional goals included improving the care experience for members and providers and increasing CalOptima oversight of the Health Networks



PCC Role and Responsibilities

All OCC, OneCare and SPD members are assigned a PCC

- Primary Care Coordinators:

- Act as the member's primary point of contact for care management
- Work closely with member's case management team to resolve access, medical and psychosocial issues, and facilitate care team communication
- Work with contracted primary care providers (PCPs) to assist members in reaching preventive care goals
- Monitor and facilitate care interventions and communicate with member, PCP, and case manager
- Schedule and participate in Interdisciplinary Care Team (ICT) meetings, as needed
- Facilitate signing and distribution of the Individual Care Plan (ICP) to members of the ICT

Project Scope



- CalOptima engaged an independent consultant group to conduct an evaluation of the PCC's impact using a combination of quantitative and qualitative data sources
- Evaluation data included both process and outcomes measures and was focused on metrics that the PCC directly or indirectly influences in their role

Data Analysis



A variety of data sources was reviewed, including both quantitative and qualitative information from 2012-2017:

- Health Network Status Reports
- PCC Success Stories
- Cal MediConnect Core Measures
- HEDIS
- PQA Medication Management Measures
- CAHPS Member Satisfaction
- PCP Satisfaction Survey

Health Network Status Reports

- Steady improvements are seen across the board for measures selected for OneCare

OneCare					
MOC Network Status Measure		2014 (June-Dec)	2015	2016	2017
1.	Documented Review of HRA/ICP	90.04%	95.95%	99.22%	98.71%
2.	Documentation of Invitation/Inclusion of Member and/or Representative	83.73%	96.73%	96.23%	98.06%
3.	Document of Inclusion/Involvement of Pertinent Specialist or Discipline	63.78%	93.50%	97.21%	98.18%
4.	Addressed All Issues Identified in HRA and ICP Timeframe	85.06%	93.83%	96.41%	99.25%
5.	Evidence That Member Received Final ICP	78.11%	94.25%	97.93%	98.62%

Health Network Status Reports

- In the OneCare Connect Program, measure 5 demonstrates consistent ability to address all issues raised in the HRA for both new members and those receiving annual re-assessments

OneCare Connect					
MOC Network Status Measure		2015	2016		2017
		New	New	Annual	New Annual
1.	Member or Representative Invited or Attended	89.67%	87.53%	96.00%	99.23% 99.48%
2.	PCP Invited or Attended	95.59%	94.52%	100.00 %	99.73% 99.64%
3.	Appropriate Discipline and Specialists Invited or Attended	55.43%	83.88%	93.75%	95.96% 96.08%
4.	ICP Developed Within 30 Days of HRA Completion	77.61%	65.23%	86.00%	93.80% 93.45%
5.	Addressed All Issues in HRA	93.19%	96.82%	100.00 %	99.43% 99.21%
6.	Member Version Provided with Date/Mail Documentation	60.05%	87.73%	92.90%	99.48% 98.98%

Health Network Status Reports

- Measures selected for the SPD population demonstrate consistent compliance

	SPD			
	MOC Network Status Measure	2015	2016	2017
1.	Member or Representative Invited or Attended	93.35%	98.81%	99.15%
2.	PCP Invited or Attended	95.20%	99.08%	99.30%
3.	Appropriate Discipline and Specialists Invited or Attended	82.12%	95.86%	98.16%
4.	Addressed All Issues in HRA	96.43%	98.48%	99.22%
5.	Member Version Provided with Date/Mail Documentation	83.59%	98.23%	99.45%

Cal MediConnect Core Measures



OneCare Connect exceeded the average for two measures:

- Percent of members willing to participate and who the MMP was able to locate with an assessment completed within 90 days of enrollment
- Percent of low-risk members with an ICP within 30 working days after the completion of the initial HRA

Cal MediConnect Core Measures

OneCare Connect was below the average for three measures:

Percentage of members
with an ICP

Percentage of members
with documented
discussion of care goals

Percentage of members
who have a care
coordinator and at least
one care team contact
during the reporting
period

OneCare Trended HEDIS Rates

Several HEDIS measures demonstrated steady improvement over the evaluation timeframe*

	OneCare					OneCare Connect
HEDIS Measure	HEDIS 2013	HEDIS 2014	HEDIS 2015	HEDIS 2016	HEDIS 2017	HEDIS 2017
Care for Older Adults (COA)						
Advance Care Planning	35.42%	40.28%	36.57%	53.70%	41.06%	41.20%
Medication Review	77.55%	79.63%	90.74%	86.57%	80.79%	74.54%
Functional Status Assessment	44.44%	39.81%	50.46%	56.94%	57.62%	55.32%
Pain Screening	51.85%	76.16%	87.27%	85.88%	80.13%	78.70%
Adults' Access to Preventive/Ambulatory Health Services (AAP)	92.70%	94.10%	93.95%	93.61%	95.95%	86.91%

Each of the Care for Older Adult sub-measures are assessed during the ICP creation process

*There were multiple interventions to address quality improvement; PCC involvement was one part of the strategy.

OneCare Connect Comparative HEDIS Rates

- PCC impacts these measures by facilitating preventive care and chronic care management

Measure	OneCare Connect HEDIS 2017	CA Average HEDIS 2017
Adult BMI Assessment	96.06%	92.01%
Breast Cancer Screening	70.33%	62.75%
Colorectal Cancer Screening	62.15%	53.48%
Controlling Blood Pressure	70.00%	63.15%
Beta Blocker Treatment after a Heart Attack	96.97%	85.06%
Diabetes HbA1c Good Control	61.81%	59.44%
Follow-up After Hospitalization for Mental Illness- 30 days	59.35%	46.55%
Adult Access to Preventive Health Services- Total	86.91%	83.43%
Medication Reconciliation	28.30%	32.40%

*There were multiple interventions to address quality improvement; PCC involvement was one part of the strategy.

PQA Medication Management

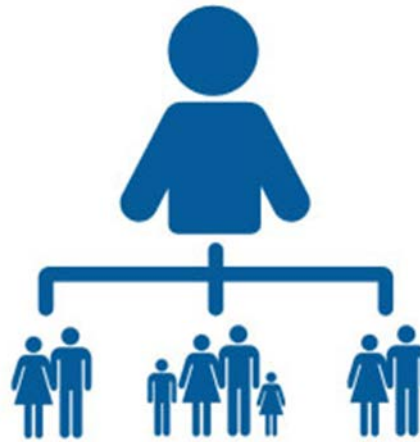
- OneCare has achieved the highest ranking of five stars in medication adherence for Diabetes and Cholesterol Medications

	2013	2014	2015	2016	2017	2018
High Risk Medications*	2% ★★★★★	1% ★★★★★	7% ★★★★★	5% ★★★★★	4% ★★★★★	
Diabetes Treatment	89% ★★★★★	89% ★★★★★	90% ★★★★★			
Medication Adherence for Diabetes Medications	75% ★★★	76% ★★★★	78% ★★★★	78% ★★★★	79% ★★★★	86% ★★★★★
Medication Adherence for Hypertension (RAS antagonists)	75% ★★★	76% ★★★★	78% ★★★	77% ★★★★	78% ★★★	80% ★★★
Medication Adherence for Cholesterol (Statins)	69% ★★★	71% ★★★★	73% ★★★	75% ★★★★	76% ★★★★	87% ★★★★★
*lower rate is better						

PCC Success Stories

PCCs help patients overcome barriers to accessing care in order to improve health outcomes

- A child member with multiple complex conditions had difficulty obtaining an authorization for hand therapy. An ICT meeting was convened with the member's parent and PCP attending
- Members are a husband, 95 years old, and wife, 91 years old. Both have been accessing the majority of their care at a local urgent care facility
- A child member was exhibiting inappropriate and self-harming behavior. He was receiving speech therapy based on an IEP at school but did not have other treatment
- A 75-year old member was unable to contact and had not seen his assigned PCP. The PCC contacted the member by mail to initiate contact and the member visited the PCC



- The PCC was able to coordinate an authorization for hand therapy and to coordinate medications and orthotic shoes
- The PCC established the same care manager for the couple and ensured that an ICT occurred. The husband was identified as needing a higher level of care such as PACE or IHSS
- The child was able to receive ABA services and was connected with a social skills group. The member has exhibited fewer adverse behaviors and is performing better at school and at home
- The member was hospitalized one time and asked the inpatient nurse to contact his PCC for notification of the admission. The member makes an annual visit to the PCC and his now engaged with his PCP and specialists

PCC Success Stories (cont'd)

CalOptima PCCs help Members and the Care Team by:

- ☑ Identifying member needs and barriers to accessing care
- ☑ Improving access to care and improved member health outcomes
- ☑ Ensuring that identified needs and goals are addressed at an ICT as appropriate
- ☑ Creating and maintaining engagement with members that previously did not access care
- ☑ Referring members to community-based resources
- ☑ Acting as a single point of contact
- ☑ Coordinating authorizations, referrals to specialists, and treatment
- ☑ Providing real-time monitoring of barriers and ensuring access to needed services (e.g. transportation)

PCC Role

The PCC role has had a significant impact on achieving compliance with CMS and DHCS requirements for the HRA, ICP, and ICT processes

This impact applies to all products that have such requirements:

- OneCare
- OneCare Connect
- Medi-Cal SPD



With the addition of the PCC role and other MOC revisions, CalOptima has demonstrated compliance in the following areas:

- Administering the initial HRA within 90 days after enrollment
- Administering a comprehensive annual reassessment within 12 months of the last HRA



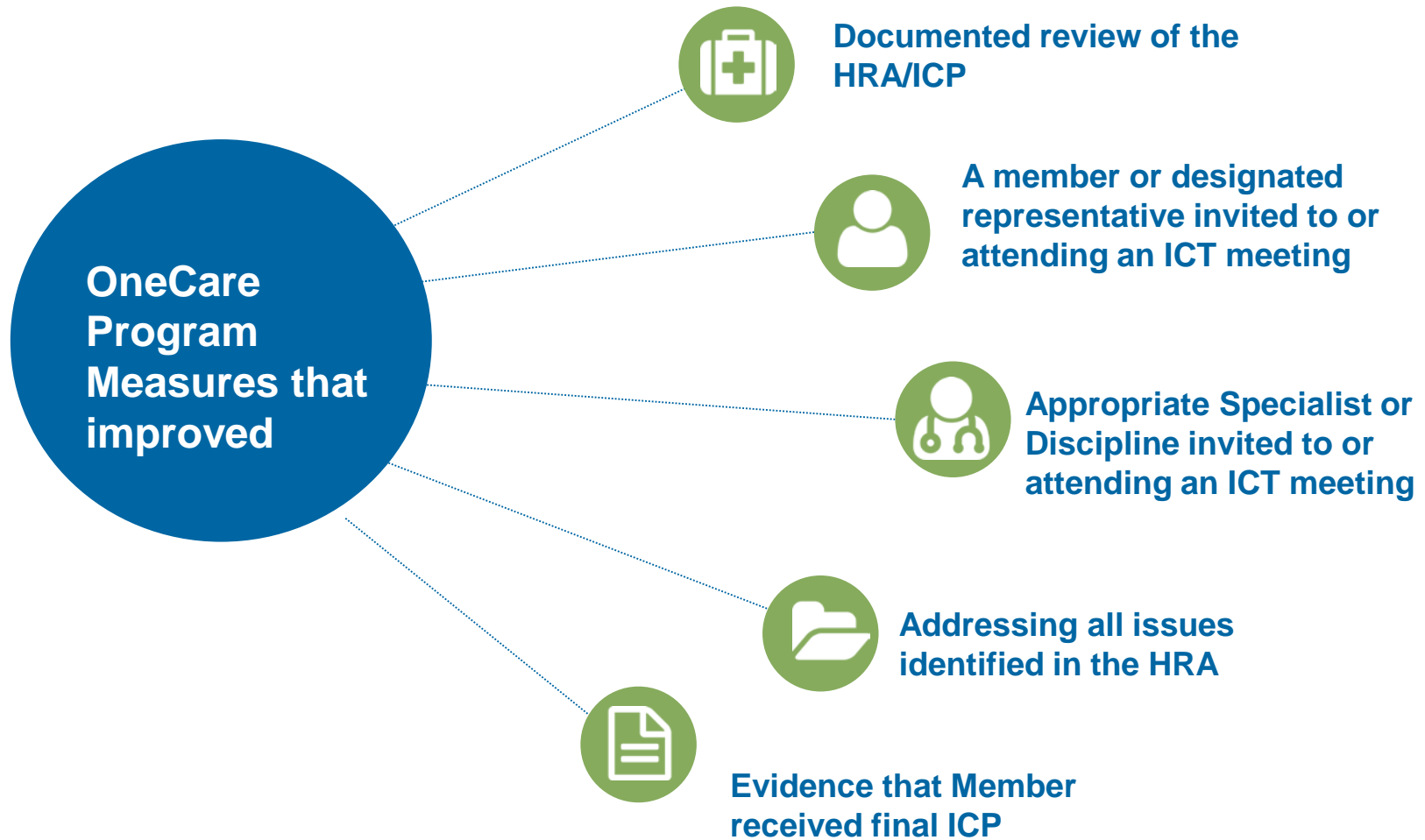
Findings

PCCs directly influenced measure outcomes by supporting the care team to:

- Ensure the development of an ICP for each beneficiary that needs or wants one
- Ensure that the ICP addresses issues identified in the HRA
- Document implementation of the ICP through care management team notes
- Include pertinent specialists required by the beneficiary's health needs on the ICT
- Use professional and credentialed personnel to review the HRA



OneCare Model of Care Process



OneCare Connect Program

For the OneCare Connect program, the following measures improved:

A member or designated representative invited to or attending an ICT meeting

PCP invited to or attending an ICT meeting

Appropriate Specialist or Discipline invited to or attending an ICT meeting

Addressing all issues identified in the HRA

A copy of the ICP provided to the member

Future Considerations



Co-locate PCCs at high volume PCP sites

This would enable the PCC to take a more active role on the care team, initiate the HRA and ICP for new members or members due for a reassessment



Field-based PCCs

Consider placing PCCs at CBOs, ancillary service sites, dialysis centers, etc. that serve a high volume of CalOptima members



Home Visits

PCCs could conduct home visits for high-risk or complex members to follow up on care plan goals, conduct additional assessments, and assist members with transitions of care

Future considerations (cont'd)

For complex members, non-adherent, or members without caregivers, consider using the PCC to accompany members to physician visits

- PCC can assist the member with communicating with the physician and understanding follow-up orders and care plan updates
- Involve PCCs with transitions of care:
 - PCC can initiate the transition process by visiting patients in the hospital, reviewing the discharge plan, and conducting home visits within 7 and 30 days of discharge
 - Accompany patients to physician follow-up appointments
 - Reinforce red flag symptom identification
 - Ensure medications are filled and understood



Additional Opportunities

PCCs assist CalOptima with management of behavioral health services in Orange County



- In 2017 CalOptima assumed direct responsibility for behavioral health services
- This is an opportunity to strengthen the integration of physical and behavioral health and the PCC can play a critical role in this process
- Additionally, the PCP satisfaction survey showed relatively low satisfaction with communication regarding mental health services
- PCCs can play an active role in alerting PCPs of their members who are receiving behavioral health services, provide ICP updates, and coordinate care
- Consider placing PCCs at County Mental Health Outpatient clinics

Member Experience Impact

Members value the quality of communication with their health care providers, want to feel cared for, and desire to be involved with their care



Patient Relationship

The PCC plays an important role by establishing relationships with their assigned members and involving members in their care through implementing the ICP

PCC Skills

The PCC is currently trained on techniques for patient activation and motivational interviewing

Patient Satisfaction

Enhance training to probe for levels of member satisfaction and to set standards for customer service

Opportunity

CalOptima can leverage training used in the Member Services department for PCC training

Conclusion

**Continued refinement
of the PCC duties will
support ongoing
improvement on
quality measures
important to
CalOptima Members,
Providers and DHCS**

The PCC position has had a significant impact on achieving compliance with CMS and DHCS requirements for the HRA, ICP, and ICT processes

The PCC plays a role in ensuring that the care management program requirements for dual eligible SNP and MMP plans are met

The PCC supports the member as they access care and navigate the health care system based on their needs and required services

For complex and vulnerable patients, a PCC may be particularly important as these members have multiple chronic conditions, require assistance with activities of daily living, may have less social supports, and face barriers based on social determinants of health



Health Homes Program (HHP)

**Board of Director's Finance and Audit Committee Meeting
September 18, 2018**

**Greg Hamblin, Chief Financial Officer
Candice Gomez, Executive Director, Program Implementation**

HHP Background: Authorization

- Federal: Authorized under Section 2703 of the Affordable Care Act (ACA)
 - State option to implement
 - 90 percent funding for eight quarters and 50 percent thereafter
 - Must be available to dual eligible
- State: California's AB 361 (2013) authorizes HHP participation
 - Implementation permitted if no General Funds used
 - Requires Department of Health Care Services (DHCS) evaluation within two years of state's initial implementation
- CalOptima scheduled to go-live:
 - July 1, 2019: Members with chronic conditions
 - January 1, 2020: Members with Serious Mental Illnesses or Serious Emotional Disturbance (SMI)

DHCS HHP California Model

Department of Health Care Services

Lead Entities

Qualifying Medi-Cal managed care plans (MCP)
Orange County: CalOptima

Community-Based Care Management Entities (CB-CMEs)

Sample organizations include Primary Care Providers Federally Qualified Health Centers, physician groups, hospitals and behavioral health entities or MCP

Community and Social Support Services

Sample organizations include supportive housing providers, food banks, employment assistance and social services

DHCS HHP Member Eligibility

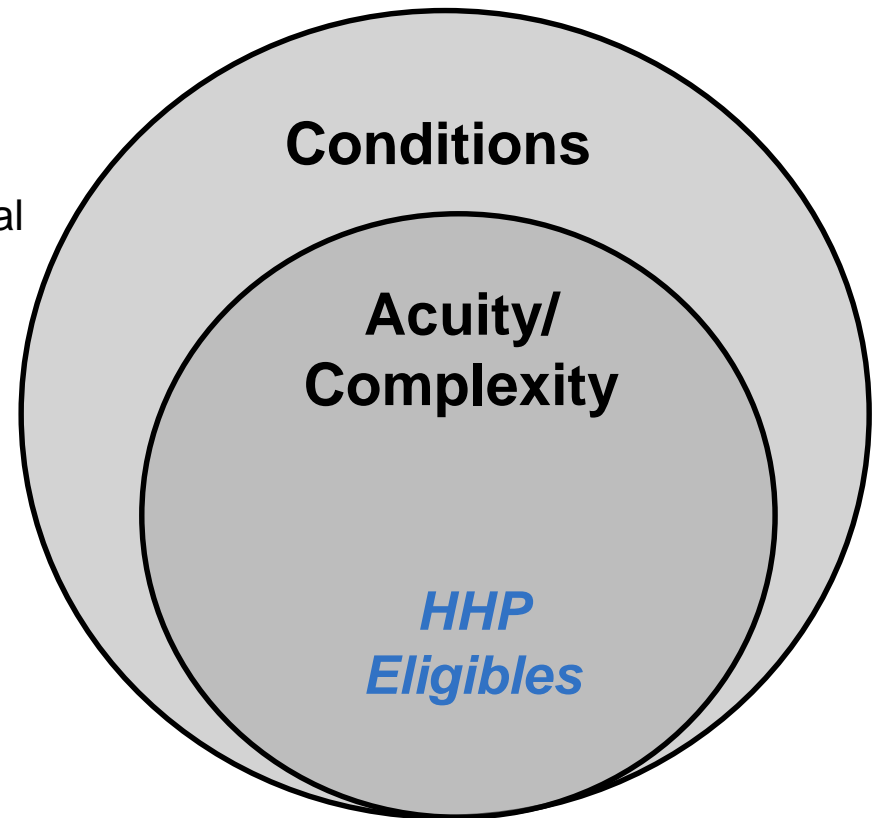
- Medi-Cal members eligible for HHP

1. Conditions/combination of conditions specified by DHCS

- Chronic physical conditions, including substance use disorder (SUD) or
- Serious mental illness/Serious emotional disorder

2. Acuity/complexity (**one** of the below):

- Three specified conditions
- One inpatient stay
- Three Emergency Department (ED) visits in year
- Chronic homelessness



HHP Member Exclusions

- Residing in nursing facility (NF)
- Enrolled in hospice
- Participating in other programs (member must choose as they cannot participate in both)
 - Most county-operated Targeted Case Management (TCM), not Mental Health TCM
 - 1915(c) Waiver programs including HIV/AIDS, Assisted Living Waiver (ALW), Developmentally Disabled (DD), In-Home Operations (IHO), Multipurpose Senior Services Program (MSSP), Nursing Facility Acute Hospital (NF/AH), and Pediatric Palliative Care (PPC)
 - PACE
 - Cal MediConnect

Demographics

Languages	Gender
English — 72% Spanish — 21% Vietnamese — 5%	Female — 55% Male — 45%

Health Network Distribution Based on DHCS Data

Active Outreach		DHCS Assumed Opt-In Rate	CalOptima Assumed Opt-In Rate		
Health Network	Count	Targeted 25%	20%	15%	10%
Monarch	4,774	1,194	955	716	477
CCN	4,761	1,190	952	714	476
CHOC	3,937	984	787	591	394
Arta	3,050	763	610	458	305
Kaiser	2,096	524	419	314	210
AltaMed	2,048	512	410	307	205
Prospect	1,580	395	316	237	158
Family Choice	1,420	355	284	213	142
Talbert	1,225	306	245	184	123
Noble	1,148	287	230	172	115
United	950	238	190	143	95
AMVI	538	135	108	81	54
HPN Regal	236	59	47	35	24
OC Advantage	44	11	9	7	4
Totals	27,807	6,952	5,561	4,171	2,781

HHP Service Requirements

Enhanced Core Service Categories	New Services
<ul style="list-style-type: none">• Provide comprehensive care management• Conduct health assessments and develop action plans• Provide comprehensive transitional care• Offer care coordination and health promotion• Offer individual and family support• Make referrals to community and social support services	<ul style="list-style-type: none">• Follow up on referrals to ensure services are offered and accessed• Accompany highest risk participants to critical appointments (risk tier criterion determined by MCP)• Assist homeless members with housing navigation• Manage transitions from non-hospital or nursing facility settings, such as jail and residential treatment programs• Assess family/caregiver support• Develop trauma informed care standards

HHP CB-CME Staffing

- Clinical Consultant
- HHP Director
- Dedicated Care Coordinator
 - 60:1 member to Care Coordination ratio expected after two years
- Housing Navigator for members experiencing homelessness
- Community Health Worker recommended but not required

Community Services Analysis

- External consultant conducted survey of Orange County community-based organizations (CBOs) providing HHP-like services
 - Surveys conducted September–November 2017
- Results
 - 48 of 72 CBOs responded to survey
 - 14 were Federally Qualified Health Center (FQHC)/Clinics and substantially completed the survey
 - Six community-based organizations with a total 27 sites providing most or all HHP-like services
 - Covering all cities with high-density of potential HHP members projected
 - Four identified as FQHCs or medical clinics

Approach

- CalOptima acts as CB-CME for all Health Networks (HN) and CalOptima Direct/CalOptima Community Network (COD/CCN) members
 - Exception: Health networks may elect to provide CB-CME services for their assigned members
 - Members electing to participate in HHP will move to CCN or electing HN
 - CalOptima to “buy” select “new” services that may be leveraged by health networks, e.g., housing related services and accompaniment

HHP Financial Model

- DHCS will make a supplemental PMPM payment
 - Same rate regardless of condition category and acuity
 - Chronic physical conditions
 - Substance use disorder
 - Serious mental illness or serious emotional disorder
 - Lower rates for Medi-Cal only and Medi-Medi
 - Compensates for increased workload only
 - Payable for HHP enrolled members only
 - No separate payment for engagement, management and administration
 - Payable only if HHP service provided in current or prior two months based on new CPT codes

HHP Financial Model (cont.)

- DHCS Opt-in rate assumptions
 - 25% for Med-Cal only members
 - Average two-month active engagement
 - 10% for Medi-Medi's referred for HHP
- Rates decline overtime
 - Reduced year-over-year
 - Reduced by more than half by end of second year
 - Assumes 60:1 staffing ratio (includes licensed and non-licensed staff)
 - No adjustment for engagement activities after second year
 - Utilization savings will offset HHP costs



CalOptima
Better. Together.

Financial Summary

July 2018

Board of Directors' Finance and Audit Committee Meeting
September 18, 2018

Greg Hamblin
Chief Financial Officer

FY 2018-19: Consolidated Enrollment

- July 2018 MTD:

- Overall enrollment was 778,534 member months
 - Actual lower than budget by 6,633 or 0.8%
 - Medi-Cal: unfavorable variance of 8,177 members
 - Temporary Assistance for Needy Families (TANF) unfavorable variance of 4,771 members
 - Senior Persons with Disabilities (SPD) unfavorable variance of 102 members
 - Medi-Cal Expansion (MCE) unfavorable variance of 3,237
 - Long-Term Care (LTC) unfavorable variance of 67
 - OneCare Connect: favorable variance of 1,476 members due to retro adjustments
 - 1,743 decrease from prior month
 - Medi-Cal: decrease of 3,352 from June
 - OneCare Connect: increase of 1,631 from June
 - OneCare: decrease of 28 from June
 - PACE: increase of 6 from June

FY 2018-19: Consolidated Revenues

- July 2018 MTD:
 - Actual lower than budget by \$5.1 million or 1.9%
 - Medi-Cal: unfavorable to budget by \$7.1 million or 2.9%
 - Unfavorable volume variance of \$2.6 million
 - Unfavorable price variance of \$4.5 million due to:
 - \$3.6 million of Proposition 56 revenue budgeted but not recognized in July
 - \$1.9 million due of Non-LTC revenue
 - \$1.4 million of Coordinated Care Initiative (CCI) revenue, offset by:
 - \$2.8 million of prior year (PY) revenue
 - OneCare Connect: favorable to budget by \$2.1 million or 8.4%
 - Favorable volume variance of \$2.5 million
 - Unfavorable price variance of \$0.4 million

FY 2018-19: Consolidated Revenues (cont.)

- July 2018 MTD:
 - OneCare: unfavorable to budget by \$221.0 thousand or 14.4%
 - Favorable volume variance of \$76.6 thousand
 - Unfavorable price variance of \$297.5 thousand due to PY retro adjustments
 - PACE: favorable to budget by \$112.8 thousand or 5.7%
 - Favorable volume variance of \$14.5 thousand
 - Favorable price variance of \$98.3 thousand

FY 2018-19: Consolidated Medical Expenses

- July 2018 MTD:
 - Actual lower than budget by \$5.8 million or 2.2%
 - Medi-Cal: favorable variance of \$5.3 million
 - Favorable volume variance of \$2.5 million
 - Favorable price variance of \$2.8 million
 - Professional Claims favorable variance of \$1.6 million due to Proposition 56 expense of \$3.2 million, offset by Child Health and Disability Prevention (CHDP)
 - Prescription Drug favorable variance of \$1.2 million
 - Managed Long Term Services and Supports (MLTSS) favorable variance of \$1.1 million due to LTC expense
 - Facilities favorable variance of \$0.6 million
 - Provider Capitation unfavorable variance of \$2.3 million due to CHDP

FY 2018-19: Consolidated Medical Expenses (cont.)

- July 2018 MTD:
 - OneCare Connect: favorable variance of \$0.2 million or 0.7%
 - Unfavorable volume variance of \$2.4 million
 - Favorable price variance of \$2.5 million
 - OneCare: favorable variance of \$0.1 million
 - PACE: favorable variance of \$0.2 million
- Medical Loss Ratio (MLR):
 - July 2018: Actual: 95.0% Budget: 95.3%

FY 2018-19: Consolidated Administrative Expenses

- July 2018 MTD:

- Actual lower than budget by \$2.2 million or 17.1%
 - Salaries, wages and benefits: favorable variance of \$1.0 million
 - Purchased Services: favorable variance of \$0.4 million
 - Professional Fees: favorable variance of \$0.3 million
 - Other categories: favorable variance of \$0.5 million

- Administrative Loss Ratio (ALR):

- July 2018 MTD: Actual: 3.9% Budget: 4.6%

FY 2018-19: Change in Net Assets

- July 2018 MTD:
 - \$5.0 million surplus
 - \$4.3 million favorable to budget
 - Lower than budgeted revenue of \$5.1 million
 - Lower than budgeted medical expenses of \$5.8 million
 - Lower than budgeted administrative expenses of \$2.2 million
 - Higher than budgeted investment and other income of \$1.5 million

Enrollment Summary:

July 2018

Month-to-Date				Enrollment (By Aid Category)	Year-to-Date			
Actual	Budget	Variance	%		Actual	Budget	Variance	%
63,642	63,771	(129)	(0.2%)	Aged	63,642	63,771	(129)	(0.2%)
630	620	10	1.6%	BCCTP	630	620	10	1.6%
47,121	47,104	17	0.0%	Disabled	47,121	47,104	17	0.0%
313,231	316,710	(3,479)	(1.1%)	TANF Child	313,231	316,710	(3,479)	(1.1%)
94,529	95,821	(1,292)	(1.3%)	TANF Adult	94,529	95,821	(1,292)	(1.3%)
3,382	3,449	(67)	(1.9%)	LTC	3,382	3,449	(67)	(1.9%)
237,937	241,174	(3,237)	(1.3%)	MCE	237,937	241,174	(3,237)	(1.3%)
760,472	768,649	(8,177)	(1.1%)	Medi-Cal	760,472	768,649	(8,177)	(1.1%)
16,399	14,923	1,476	9.9%	OneCare Connect	16,399	14,923	1,476	9.9%
273	271	2	0.7%	PACE	273	271	2	0.7%
1,390	1,324	66	5.0%	OneCare	1,390	1,324	66	5.0%
778,534	785,167	(6,633)	(0.8%)	CalOptima Total	778,534	785,167	(6,633)	(0.8%)

Financial Highlights:

July 2018

Month-to-Date

Actual	Budget	\$ Budget	% Budget
778,534	785,167	(6,633)	(0.8%)
269,548,271	274,683,454	(5,135,183)	(1.9%)
256,028,551	261,837,231	5,808,680	2.2%
10,431,606	12,581,739	2,150,133	17.1%
3,088,114	264,484	2,823,630	1067.6%
1,927,999	416,667	1,511,333	362.7%
5,016,113	681,151	4,334,963	636.4%
95.0%	95.3%	0.3%	
3.9%	4.6%	0.7%	
<u>1.1%</u>	<u>0.1%</u>	1.0%	
100.0%	100.0%		

Member Months
Revenues
Medical Expenses
Administrative Expenses

Operating Margin

Non Operating Income (Loss)

Change in Net Assets

Medical Loss Ratio
Administrative Loss Ratio
Operating Margin Ratio
Total Operating

Year-to-Date

Actual	Budget	\$ Budget	% Budget
778,534	785,167	(6,633)	(0.8%)
269,548,271	274,683,454	(5,135,183)	(1.9%)
256,028,551	261,837,231	5,808,680	2.2%
10,431,606	12,581,739	2,150,133	17.1%
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5,016,113	681,151	4,334,963	636.4%
95.0%	95.3%	0.3%	
3.9%	4.6%	0.7%	
<u>1.1%</u>	<u>0.1%</u>	1.0%	
100.0%	100.0%		

Consolidated Performance Actual vs. Budget: July (in millions)

MONTH-TO-DATE				YEAR-TO-DATE		
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
1.4	1.4	(0.0)	Medi-Cal	1.4	1.4	(0.0)
1.4	(1.1)	2.5	OCC	1.4	(1.1)	2.5
(0.1)	(0.1)	(0.0)	OneCare	(0.1)	(0.1)	(0.0)
<u>0.4</u>	<u>0.1</u>	<u>0.4</u>	<u>PACE</u>	<u>0.4</u>	<u>0.1</u>	<u>0.4</u>
3.1	0.3	2.8	Operating	3.1	0.3	2.8
<u>1.9</u>	<u>0.4</u>	<u>1.5</u>	<u>Inv./Rental Inc, MCO tax</u>	<u>1.9</u>	<u>0.4</u>	<u>1.5</u>
1.9	0.4	1.5	Non-Operating	1.9	0.4	1.5
5.0	0.7	4.3	TOTAL	5.0	0.7	4.3

Consolidated Revenue & Expense:

July 2018 MTD

	Medi-Cal Classic	Medi-Cal Expansion	Total Medi-Cal	OneCare Connect	OneCare	PACE	Consolidated
MEMBER MONTHS	522,535	237,937	760,472	16,399	1,390	273	778,534
REVENUES							
Capitation Revenue	\$ 131,250,748	\$ 107,924,941	\$ 239,175,689	\$ 26,980,106	\$ 1,315,478	\$ 2,076,997	\$ 269,548,271
Other Income	-	-	-	-	-	-	-
Total Operating Revenue	<u>131,250,748</u>	<u>107,924,941</u>	<u>239,175,689</u>	<u>26,980,106</u>	<u>1,315,478</u>	<u>2,076,997</u>	<u>269,548,271</u>
MEDICAL EXPENSES							
Provider Capitation	35,633,445	49,066,161	84,699,605	11,881,315	353,536		96,934,457
Facilities	21,612,139	21,084,824	42,696,962	3,143,970	424,557	312,576	46,578,065
Ancillary	-	-	-	523,844	12,835	-	536,678
Professional Claims	16,889,054	8,077,416	24,966,470	-	-	394,291	25,360,761
Prescription Drugs	17,590,273	19,518,193	37,108,466	5,605,707	454,148	148,525	43,316,846
MLTSS	32,196,494	2,849,076	35,045,571	1,131,427	74,707	(1,746)	36,249,959
Medical Management	1,886,851	927,274	2,814,125	1,046,181	77,067	521,098	4,458,470
Quality Incentives	773,330	405,248	1,178,578	280,840		2,730	1,462,148
Reinsurance & Other	469,824	200,097	669,921	281,905	6,500	172,841	1,131,166
Total Medical Expenses	<u>127,051,409</u>	<u>102,128,289</u>	<u>229,179,698</u>	<u>23,895,188</u>	<u>1,403,350</u>	<u>1,550,315</u>	<u>256,028,551</u>
Medical Loss Ratio	96.8%	94.6%	95.8%	88.6%	106.7%	74.6%	95.0%
GROSS MARGIN	4,199,339	5,796,653	9,995,991	3,084,918	(87,871)	526,683	13,519,720
ADMINISTRATIVE EXPENSES							
Salaries & Benefits			6,115,005	826,170	0	90,762	7,031,938
Professional fees			109,466	4,168	14,667	2,800	131,101
Purchased services			681,659	171,215	7,193	2,815	862,882
Printing & Postage			362,091	39,719	3,692		405,503
Depreciation & Amortization			413,694			2,074	415,768
Other expenses			1,175,088	45,429	60	5,547	1,226,123
Indirect cost allocation & Occupancy			(237,168)	557,394	34,965	3,100	358,291
Total Administrative Expenses			<u>8,619,835</u>	<u>1,644,095</u>	<u>60,578</u>	<u>107,098</u>	<u>10,431,606</u>
Admin Loss Ratio			3.6%	6.1%	4.6%	5.2%	3.9%
INCOME (LOSS) FROM OPERATIONS			1,376,156	1,440,822	(148,449)	419,584	3,088,114
INVESTMENT INCOME							1,947,905
TOTAL GRANT INCOME			(20,066)				(20,066)
OTHER INCOME			160				160
CHANGE IN NET ASSETS			<u>\$ 1,356,250</u>	<u>\$ 1,440,822</u>	<u>\$ (148,449)</u>	<u>\$ 419,584</u>	<u>\$ 5,016,113</u>

Balance Sheet:

As of July 2018

ASSETS

Current Assets	
Operating Cash	260,361,586
Investments	437,006,305
Capitation receivable	557,852,509
Receivables - Other	22,751,343
Prepaid expenses	6,585,498
Total Current Assets	1,284,557,241
Capital Assets	
Furniture & Equipment	34,328,849
Building/Leasehold Improvements	7,732,113
505 City Parkway West	49,743,943
	91,804,904
Less: accumulated depreciation	(41,516,685)
Capital assets, net	50,288,219
Other Assets	
Restricted Deposit & Other	300,000
Board-designated assets	
Cash and Cash Equivalents	15,040,319
Long-term Investments	523,655,935
Total Board-designated Assets	538,696,254
Total Other Assets	538,996,254
TOTAL ASSETS	1,873,841,715
Deferred Outflows	
Pension Contributions	393,907
Difference in Experience	1,365,903
Excess Earnings	1,017,387
Changes in Assumptions	8,355,853
TOTAL ASSETS & DEFERRED OUTFLOWS	1,884,974,765

LIABILITIES & FUND BALANCES

Current Liabilities	
Accounts Payable	17,304,582
Medical Claims liability	842,502,823
Accrued Payroll Liabilities	11,662,536
Deferred Revenue	88,080,026
Deferred Lease Obligations	114,458
Capitation and Withholds	105,349,942
Total Current Liabilities	1,065,014,368
Other (than pensions) post employment benefits liability	24,691,270
Net Pension Liabilities	25,192,066
Bldg 505 Development Rights	100,000
TOTAL LIABILITIES	1,114,997,704
Deferred Inflows	
Excess Earnings	-
Change in Assumptions	3,329,380
TNE	81,663,334
Funds in Excess of TNE	684,984,346
Net Assets	766,647,680
TOTAL LIABILITIES & FUND BALANCES	1,884,974,765

Board Designated Reserve and TNE Analysis

As of July 2018

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Mkt - Low	Mkt - High
	Tier 1 - Payden & Rygel	147,430,499				
	Tier 1 - Logan Circle	147,337,640				
	Tier 1 - Wells Capital	146,701,566				
Board-designated Reserve						
		441,469,705	320,553,484	492,932,120	120,916,221	(51,462,415)
TNE Requirement	Tier 2 - Logan Circle	97,226,548	81,663,334	81,663,334	15,563,214	15,563,214
	Consolidated:	538,696,253	402,216,818	574,595,454	136,479,435	(35,899,201)
	<i>Current reserve level</i>	<i>1.88</i>	<i>1.40</i>	<i>2.00</i>		



UNAUDITED FINANCIAL STATEMENTS

July 2018

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**CalOptima - Consolidated
Financial Highlights
For the One Month Ended July 31, 2018**

Month-to-Date					Year-to-Date			
Actual	Budget	\$ Budget	% Budget		Actual	Budget	\$ Budget	% Budget
778,534	785,167	(6,633)	(0.8%)	Member Months	778,534	785,167	(6,633)	(0.8%)
269,548,271	274,683,454	(5,135,183)	(1.9%)	Revenues	269,548,271	274,683,454	(5,135,183)	(1.9%)
256,028,551	261,837,231	5,808,680	2.2%	Medical Expenses	256,028,551	261,837,231	5,808,680	2.2%
10,431,606	12,581,739	2,150,133	17.1%	Administrative Expenses	10,431,606	12,581,739	2,150,133	17.1%
3,088,114	264,484	2,823,630	1067.6%	Operating Margin	3,088,114	264,484	2,823,630	1067.6%
1,927,999	416,667	1,511,333	362.7%	Non Operating Income (Loss)	1,927,999	416,667	1,511,333	362.7%
5,016,113	681,151	4,334,963	636.4%	Change in Net Assets	5,016,113	681,151	4,334,963	636.4%
95.0%	95.3%	0.3%		Medical Loss Ratio	95.0%	95.3%	0.3%	
3.9%	4.6%	0.7%		Administrative Loss Ratio	3.9%	4.6%	0.7%	
<u>1.1%</u>	<u>0.1%</u>	1.0%		Operating Margin Ratio	<u>1.1%</u>	<u>0.1%</u>	1.0%	
100.0%	100.0%			Total Operating	100.0%	100.0%		

CalOptima
Financial Dashboard
For the One Month Ended July 31, 2018

MONTH - TO - DATE

Enrollment				
	Actual	Budget	Fav / (Unfav)	
Medi-Cal	760,472	768,649	↓	(8,177) (1 1%)
OneCare Connect	16,399	14,923	↑	1,476 9 9%
OneCare	1,390	1,324	↑	66 5 0%
PACE	273	271	↑	2 0 7%
Total	778,534	785,167	↓	(6,633) (0 8%)

Change in Net Assets (000)				
	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ 1,356	\$ 1,363	↓	\$ (7) (0 5%)
OneCare Connect	1,441	(1,064)	↓	2,505 235 4%
OneCare	(148)	(101)	↓	(47) (46 5%)
PACE	420	67	↑	353 526 9%
505 Bldg	-	-	↑	- 0 0%
Investment Income & Other	1,948	417	↑	1,531 367 1%
Total	\$ 5,017	\$ 682	↑	\$ 4,335 635 6%

MLR			
	Actual	Budget	% Point Var
Medi-Cal	95 8%	95 2%	↓ (0 6)
OneCare Connect	88 6%	96 7%	↑ 8 1
OneCare	106 7%	98 0%	↓ (8 7)

Administrative Cost (000)				
	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ 8,620	\$ 10,412	↑	\$ 1,792 17 2%
OneCare Connect	1,644	1,896	↑	252 13 3%
OneCare	61	132	↑	72 54 2%
PACE	107	141	↑	34 24 3%
Total	\$ 10,432	\$ 12,582	↑	\$ 2,150 17 1%

Total FTE's Month			
	Actual	Budget	Fav / (Unfav)
Medi-Cal	931	1,026	96
OneCare Connect	219	234	15
OneCare	3	6	3
PACE	59	67	7
Total	1,212	1,333	121

MM per FTE			
	Actual	Budget	Fav / (Unfav)
Medi-Cal	817	749	68
OneCare Connect	75	64	11
OneCare	467	221	246
PACE	5	4	1
Total	1,363	1,037	326

YEAR - TO - DATE

Year To Date Enrollment				
	Actual	Budget	Fav / (Unfav)	
Medi-Cal	760,472	768,649	↓	(8,177) (1 1%)
OneCare Connect	16,399	14,923	↑	1,476 9 9%
OneCare	1,390	1,324	↑	66 5 0%
PACE	273	271	↑	2 0 7%
Total	778,534	785,167	↓	(6,633) (0 8%)

Change in Net Assets (000)				
	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ 1,356	\$ 1,363	↓	\$ (7) (0 5%)
OneCare Connect	1,441	(1,064)	↓	2,505 235 4%
OneCare	(148)	(101)	↓	(47) (46 5%)
PACE	420	67	↑	353 526 9%
505 Bldg	-	-	↑	- 0 0%
Investment Income & Other	1,948	417	↑	1,531 367 1%
Total	\$ 5,017	\$ 682	↑	\$ 4,335 635 6%

MLR			
	Actual	Budget	% Point Var
Medi-Cal	95 8%	95 2%	↓ (0 6)
OneCare Connect	88 6%	96 7%	↑ 8 1
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Administrative Cost (000)				
	Actual	Budget	Fav / (Unfav)	
Medi-Cal	\$ 8,620	\$ 10,412	↑	\$ 1,792 17 2%
OneCare Connect	1,644	1,896	↑	252 13 3%
OneCare	61	132	↑	72 54 2%
PACE	107	141	↑	34 24 3%
Total	\$ 10,432	\$ 12,582	↑	\$ 2,150 17 1%

Total FTE's YTD			
	Actual	Budget	Fav / (Unfav)
Medi-Cal	931	1,026	96
OneCare Connect	219	234	15
OneCare	3	6	3
PACE	59	67	7
Total	1,212	1,333	121

MM per FTE			
	Actual	Budget	Fav / (Unfav)
Medi-Cal	817	749	68
OneCare Connect	75	64	11
OneCare	467	221	246
PACE	5	4	1
Total	1,363	1,037	326

CalOptima - Consolidated
Statement of Revenues and Expenses
For the One Month Ended July 31, 2018

	Actual		Budget		Variance	
	\$	PMPM	\$	PMPM	\$	PMPM
MEMBER MONTHS	778,534		785,167		(6,633)	
REVENUE						
Medi-Cal	\$ 239,175,689	\$ 314 51	\$ 246,287,677	\$ 320 42	\$ (7,111,988)	\$ (5 91)
OneCare Connect	26,980,106	1,645 23	24,895,094	1,668 24	2,085,012	(23 01)
OneCare	1,315,478	946 39	1,536,436	1,160 45	(220,958)	(214 06)
PACE	2,076,997	7,608 05	1,964,246	7,248 14	112,751	359 91
Total Operating Revenue	<u>269,548,271</u>	<u>346 23</u>	<u>274,683,454</u>	<u>349 84</u>	<u>(5,135,183)</u>	<u>(3 61)</u>
MEDICAL EXPENSES						
Medi-Cal	229,179,698	301 37	234,512,542	305 10	5,332,844	3 73
OneCare Connect	23,895,188	1,457 11	24,062,981	1,612 48	167,793	155 37
OneCare	1,403,350	1,009 60	1,505,608	1,137 17	102,258	127 57
PACE	1,550,315	5,678 81	1,756,100	6,480 07	205,785	801 26
Total Medical Expenses	<u>256,028,551</u>	<u>328 86</u>	<u>261,837,231</u>	<u>333 48</u>	<u>5,808,680</u>	<u>4 62</u>
GROSS MARGIN	13,519,720	17 37	12,846,223	16 36	673,497	1 01
ADMINISTRATIVE EXPENSES						
Salaries and benefits	7,031,938	9 03	7,982,855	10 17	950,917	1 14
Professional fees	131,101	0 17	412,333	0 53	281,232	0 36
Purchased services	862,882	1 11	1,237,509	1 58	374,627	0 47
Printing & Postage	405,503	0 52	533,146	0 68	127,643	0 16
Depreciation & Amortization	415,768	0 53	464,167	0 59	48,398	0 06
Other expenses	1,226,123	1 57	1,579,497	2 01	353,373	0 44
Indirect cost allocation & Occupancy expense	358,291	0 46	372,233	0 47	13,942	0 01
Total Administrative Expenses	<u>10,431,606</u>	<u>13 40</u>	<u>12,581,739</u>	<u>16 02</u>	<u>2,150,133</u>	<u>2 62</u>
INCOME (LOSS) FROM OPERATIONS	3,088,114	3 97	264,484	0 34	2,823,630	3 63
INVESTMENT INCOME						
Interest income	2,397,437	3 08	416,667	0 53	1,980,771	2 55
Realized gain/(loss) on investments	(228,733)	(0 29)	-	-	(228,733)	(0 29)
Unrealized gain/(loss) on investments	(220,799)	(0 28)	-	-	(220,799)	(0 28)
Total Investment Income	<u>1,947,905</u>	<u>2 50</u>	<u>416,667</u>	<u>0 53</u>	<u>1,531,239</u>	<u>1 97</u>
TOTAL GRANT INCOME	(20,066)	(0 03)	-	-	(20,066)	(0 03)
OTHER INCOME	160	-	-	-	160	-
CHANGE IN NET ASSETS	<u>5,016,113</u>	<u>6.44</u>	<u>681,151</u>	<u>0.87</u>	<u>4,334,963</u>	<u>5.57</u>
MEDICAL LOSS RATIO	95.0%		95.3%		0.3%	
ADMINISTRATIVE LOSS RATIO	3.9%		4.6%		0.7%	

**CalOptima - Consolidated - Month to Date
Statement of Revenues and Expenses by LOB
For the One Month Ended July 31, 2018**

	<u>Medi-Cal Classic</u>	<u>Medi-Cal Expansion</u>	<u>Total Medi-Cal</u>	<u>OneCare Connect</u>	<u>OneCare</u>	<u>PACE</u>	<u>Consolidated</u>
MEMBER MONTHS	522,535	237,937	760,472	16,399	1,390	273	778,534
REVENUES							
Capitation Revenue	\$ 131,250,748	\$ 107,924,941	\$ 239,175,689	\$ 26,980,106	\$ 1,315,478	\$ 2,076,997	\$ 269,548,271
Other Income	-	-	-	-	-	-	-
Total Operating Revenue	<u>131,250,748</u>	<u>107,924,941</u>	<u>239,175,689</u>	<u>26,980,106</u>	<u>1,315,478</u>	<u>2,076,997</u>	<u>269,548,271</u>
MEDICAL EXPENSES							
Provider Capitation	35,633,445	49,066,161	84,699,605	11,881,315	353,536		96,934,457
Facilities	21,612,139	21,084,824	42,696,962	3,143,970	424,557	312,576	46,578,065
Ancillary	-	-	-	523,844	12,835	-	536,678
Professional Claims	16,889,054	8,077,416	24,966,470	-	-	394,291	25,360,761
Prescription Drugs	17,590,273	19,518,193	37,108,466	5,605,707	454,148	148,525	43,316,846
MLTSS	32,196,494	2,849,076	35,045,571	1,131,427	74,707	(1,746)	36,249,959
Medical Management	1,886,851	927,274	2,814,125	1,046,181	77,067	521,098	4,458,470
Quality Incentives	773,330	405,248	1,178,578	280,840		2,730	1,462,148
Reinsurance & Other	469,824	200,097	669,921	281,905	6,500	172,841	1,131,166
Total Medical Expenses	<u>127,051,409</u>	<u>102,128,289</u>	<u>229,179,698</u>	<u>23,895,188</u>	<u>1,403,350</u>	<u>1,550,315</u>	<u>256,028,551</u>
Medical Loss Ratio	96 8%	94 6%	95 8%	88 6%	106 7%	74 6%	95 0%
GROSS MARGIN	4,199,339	5,796,653	9,995,991	3,084,918	(87,871)	526,683	13,519,720
ADMINISTRATIVE EXPENSES							
Salaries & Benefits			6,115,005	826,170	0	90,762	7,031,938
Professional fees			109,466	4,168	14,667	2,800	131,101
Purchased services			681,659	171,215	7,193	2,815	862,882
Printing & Postage			362,091	39,719	3,692		405,503
Depreciation & Amortization			413,694			2,074	415,768
Other expenses			1,175,088	45,429	60	5,547	1,226,123
Indirect cost allocation & Occupancy			(237,168)	557,394	34,965	3,100	358,291
Total Administrative Expenses			<u>8,619,835</u>	<u>1,644,095</u>	<u>60,578</u>	<u>107,098</u>	<u>10,431,606</u>
Admin Loss Ratio			3 6%	6 1%	4 6%	5 2%	3 9%
INCOME (LOSS) FROM OPERATIONS			1,376,156	1,440,822	(148,449)	419,584	3,088,114
INVESTMENT INCOME							1,947,905
TOTAL GRANT INCOME			(20,066)				(20,066)
OTHER INCOME			160				160
CHANGE IN NET ASSETS			<u>\$ 1,356,250</u>	<u>\$ 1,440,822</u>	<u>\$ (148,449)</u>	<u>\$ 419,584</u>	<u>\$ 5,016,113</u>
BUDGETED CHANGE IN NET ASSETS			1,363,384	(1,064,219)	(101,419)	66,739	681,151
VARIANCE TO BUDGET - FAV (UNFAV)			<u>\$ (7,133)</u>	<u>\$ 2,505,041</u>	<u>\$ (47,030)</u>	<u>\$ 352,846</u>	<u>\$ 4,334,963</u>

July 31, 2018 Unaudited Financial Statements

SUMMARY

MONTHLY RESULTS:

- Change in Net Assets is \$5.0 million, \$4.3 million favorable to budget
- Operating surplus is \$3.1 million with a surplus in non-operating of \$1.9 million

Change in Net Assets by LOB (\$millions)

MONTH-TO-DATE			
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	
1.4	1.4	(0.0)	Medi-Cal
1.4	(1.1)	2.5	OCC
(0.1)	(0.1)	(0.0)	OneCare
<u>0.4</u>	<u>0.1</u>	<u>0.4</u>	<u>PACE</u>
3.1	0.3	2.8	Operating
<u>1.9</u>	<u>0.4</u>	<u>1.5</u>	<u>Inv./Rental Inc, MCO tax</u>
1.9	0.4	1.5	Non-Operating
5.0	0.7	4.3	TOTAL

CalOptima
Enrollment Summary
For the One Month Ended July 31, 2018

Month-to-Date				Enrollment (By Aid Category)	Year-to-Date			
Actual	Budget	Variance	%		Actual	Budget	Variance	%
63,642	63,771	(129)	(0.2%)	Aged	63,642	63,771	(129)	(0.2%)
630	620	10	1.6%	BCCTP	630	620	10	1.6%
47,121	47,104	17	0.0%	Disabled	47,121	47,104	17	0.0%
313,231	316,710	(3,479)	(1.1%)	TANF Child	313,231	316,710	(3,479)	(1.1%)
94,529	95,821	(1,292)	(1.3%)	TANF Adult	94,529	95,821	(1,292)	(1.3%)
3,382	3,449	(67)	(1.9%)	LTC	3,382	3,449	(67)	(1.9%)
237,937	241,174	(3,237)	(1.3%)	MCE	237,937	241,174	(3,237)	(1.3%)
760,472	768,649	(8,177)	(1.1%)	Medi-Cal	760,472	768,649	(8,177)	(1.1%)
16,399	14,923	1,476	9.9%	OneCare Connect	16,399	14,923	1,476	9.9%
273	271	2	0.7%	PACE	273	271	2	0.7%
1,390	1,324	66	5.0%	OneCare	1,390	1,324	66	5.0%
778,534	785,167	(6,633)	(0.8%)	CalOptima Total	778,534	785,167	(6,633)	(0.8%)

Enrollment (By Network)								
167,096	168,520	(1,424)	(0.8%)	HMO	167,096	168,520	(1,424)	(0.8%)
217,791	222,367	(4,576)	(2.1%)	PHC	217,791	222,367	(4,576)	(2.1%)
193,182	194,150	(968)	(0.5%)	Shared Risk Group	193,182	194,150	(968)	(0.5%)
182,403	183,612	(1,209)	(0.7%)	Fee for Service	182,403	183,612	(1,209)	(0.7%)
760,472	768,649	(8,177)	(1.1%)	Medi-Cal	760,472	768,649	(8,177)	(1.1%)
16,399	14,923	1,476	9.9%	OneCare Connect	16,399	14,923	1,476	9.9%
273	271	2	0.7%	PACE	273	271	2	0.7%
1,390	1,324	66	5.0%	OneCare	1,390	1,324	66	5.0%
778,534	785,167	(6,633)	(0.8%)	CalOptima Total	778,534	785,167	(6,633)	(0.8%)

CalOptima
Enrollment Trend by Network Type
Fiscal Year 2019

Network Type	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	MMs
HMO													
Aged	3,844												3,844
BCCTP	1												1
Disabled	6,744												6,744
TANF Child	58,435												58,435
TANF Adult	29,473												29,473
LTC	2												2
MCE	68,597												68,597
	167,096												167,096
PHC													
Aged	1,600												1,600
BCCTP	-												-
Disabled	7,243												7,243
TANF Child	157,157												157,157
TANF Adult	12,731												12,731
LTC	-												-
MCE	39,060												39,060
	217,791												217,791
Shared Risk Group													
Aged	3,593												3,593
BCCTP	-												-
Disabled	7,626												7,626
TANF Child	67,471												67,471
TANF Adult	30,936												30,936
LTC	2												2
MCE	83,554												83,554
	193,182												193,182
Fee for Service (Dual)													
Aged	49,903												49,903
BCCTP	16												16
Disabled	20,706												20,706
TANF Child	2												2
TANF Adult	1,081												1,081
LTC	3,025												3,025
MCE	2,327												2,327
	77,060												77,060
Fee for Service (Non-Dual)													
Aged	4,702												4,702
BCCTP	613												613
Disabled	4,802												4,802
TANF Child	30,166												30,166
TANF Adult	20,308												20,308
LTC	353												353
MCE	44,399												44,399
	105,343												105,343
MEDI-CAL TOTAL													
Aged	63,642												63,642
BCCTP	630												630
Disabled	47,121												47,121
TANF Child	313,231												313,231
TANF Adult	94,529												94,529
LTC	3,382												3,382
MCE	237,937												237,937
	760,472												760,472
PACE	273												273
OneCare	1,390												1,390
OneCare Connect	16,399												16,399
TOTAL	778,534												778,534

ENROLLMENT:

Overall MTD enrollment was 778,534

- Unfavorable to budget by 6,633 or 0.8%
- Decreased 1,743 or 0.2% from prior month (June 2018)
- Decreased 9,152 or 1.2% from prior year (July 2017)

Medi-Cal enrollment was 760,472

- Unfavorable to budget by 8,177
 - Temporary Assistance for Needy Families (TANF) unfavorable by 4,771
 - Senior Persons with Disabilities (SPD) unfavorable by 102
 - Medi-Cal Expansion (MCE) unfavorable by 3,237
 - Long-Term Care (LTC) unfavorable by 67
- Decreased 3,352 from prior month

OneCare Connect enrollment was 16,399

- Favorable to budget by 1,476
- Increased 1,631 from prior month

OneCare enrollment was 1,390

- Favorable to budget by 66
- Decreased 28 from prior month

PACE enrollment was 273

- Favorable to budget by 2
- Increased 6 from prior month

**CalOptima
Medi-Cal Total
Statement of Revenues and Expenses
For the One Month Ending July, 31, 2018**

Month					Year to Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
760,472	768,649	(8,177)	(1.1%)	Member Months	760,472	768,649	(8,177)	(1.1%)
				Revenues				
239,175,689	246,287,677	(7,111,988)	(2.9%)	Capitation revenue	239,175,689	246,287,677	(7,111,988)	(2.9%)
-	-	-	0.0%	Grant & other income	-	-	-	0.0%
239,175,689	246,287,677	(7,111,988)	(2.9%)	Total Operating Revenue	239,175,689	246,287,677	(7,111,988)	(2.9%)
				Medical Expenses				
85,878,183	84,468,845	(1,409,338)	(1.7%)	Provider capitation	85,878,183	84,468,845	(1,409,338)	(1.7%)
42,696,962	43,789,730	1,092,767	2.5%	Facilities	42,696,962	43,789,730	1,092,767	2.5%
24,966,470	26,868,395	1,901,925	7.1%	Professional Claims	24,966,470	26,868,395	1,901,925	7.1%
37,108,466	38,756,487	1,648,020	4.3%	Prescription drugs	37,108,466	38,756,487	1,648,020	4.3%
35,045,571	36,509,870	1,464,299	4.0%	MLTSS	35,045,571	36,509,870	1,464,299	4.0%
2,814,125	3,588,582	774,457	21.6%	Medical management	2,814,125	3,588,582	774,457	21.6%
669,921	530,634	(139,287)	(26.2%)	Reinsurance & other	669,921	530,634	(139,287)	(26.2%)
229,179,698	234,512,542	5,332,844	2.3%	Total Medical Expenses	229,179,698	234,512,542	5,332,844	2.3%
9,995,991	11,775,136	(1,779,144)	(15.1%)	Gross Margin	9,995,991	11,775,136	(1,779,144)	(15.1%)
				Administrative Expenses	-	-	-	
6,115,005	6,960,948	845,943	12.2%	Salaries, wages & employee benefits	6,115,005	6,960,948	845,943	12.2%
109,466	349,650	240,184	68.7%	Professional fees	109,466	349,650	240,184	68.7%
681,659	947,642	265,983	28.1%	Purchased services	681,659	947,642	265,983	28.1%
362,091	423,310	61,218	14.5%	Printing and postage	362,091	423,310	61,218	14.5%
-	-	-	0.0%	Occupancy expenses	-	-	-	0.0%
413,694	462,076	48,382	10.5%	Depreciation and amortization	413,694	462,076	48,382	10.5%
1,175,088	1,491,718	316,630	21.2%	Other operating expenses	1,175,088	1,491,718	316,630	21.2%
(237,168)	(223,592)	13,576	6.1%	Indirect cost allocation, Occupancy Expense	(237,168)	(223,592)	13,576	6.1%
8,619,835	10,411,752	1,791,917	17.2%	Total Administrative Expenses	8,619,835	10,411,752	1,791,917	17.2%
				Grant Income				
23,998	249,874	(225,876)	(90.4%)	Grant Revenue	23,998	249,874	(225,876)	(90.4%)
12,750	223,107	210,357	94.3%	Grant expense - Service Partner	12,750	223,107	210,357	(94.3%)
31,314	26,767	(4,547)	(17.0%)	Grant expense - Administrative	31,314	26,767	(4,547)	17.0%
(20,066)	-	(20,066)	0.0%	Total Grant Income	(20,066)	-	(20,066)	0.0%
160	-	160	0.0%	Other income	160	-	160	0.0%
1,356,250	1,363,384	(7,133)	(0.5%)	Change in Net Assets	1,356,250	1,363,384	(7,133)	(0.5%)
95.8%	95.2%	(0.6%)	(0.6%)	Medical Loss Ratio	95.8%	95.2%	(0.6%)	(0.6%)
3.6%	4.2%	0.6%	14.7%	Admin Loss Ration	3.6%	4.2%	0.6%	14.7%

MEDI-CAL INCOME STATEMENT – JULY MONTH:

REVENUES of \$239.2 million are unfavorable to budget by \$7.1 million, driven by:

- Unfavorable volume related variance of \$2.6 million
- Unfavorable price related variance of \$4.5 million due to:
 - \$3.6 million of Proposition 56 revenue
 - \$1.9 million of Non-LTC revenue
 - \$1.4 million of Coordinated Care Initiative (CCI) revenue, offset by:
 - \$2.8 million prior year (PY) revenue

MEDICAL EXPENSES: Overall \$229.2 million, favorable to budget by \$5.3 million due to:

- **Professional Claims** expense is favorable to budget \$1.9 million due to Proposition 56 expense of \$3.2 million, offset by Child Health and Disability Prevention (CHDP)
- **Prescription Drug** expenses are favorable to budget by \$1.6 million
- **Managed Long Term Services and Supports (MLTSS)** expense is favorable to budget \$1.5 million due to LTC expense
- **Facilities** favorable variance of \$1.1 million
- **Provider Capitation** is unfavorable to budget by \$1.4 million due to CHDP, offset by favorable volume variance

ADMINISTRATIVE EXPENSES are \$8.6 million, favorable to budget \$1.8 million, driven by:

- **Salary & Benefits:** \$0.8 million favorable to budget driven by open positions (102)
- **Purchased Services:** \$0.3 million favorable to budget
- **Other Non-Salary:** \$0.7 million favorable to budget

CHANGE IN NET ASSETS is \$1.4 million for the month, in line with budget

CalOptima
OneCare Connect Total
Statement of Revenue and Expenses
For the One Month Ending July 31, 2018

Month					Year to Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
16,399	14,923	1,476	9.9%	Member Months	16,399	14,923	1,476	9.9%
				Revenues				
2,550,282	3,380,360	(830,078)	(24.6%)	Medi-Cal Capitation revenue	2,550,282	3,380,360	(830,078)	(24.6%)
18,829,511	16,809,068	2,020,443	12.0%	Medicare Part C revenue	18,829,511	16,809,068	2,020,443	12.0%
5,600,313	4,705,666	894,647	19.0%	Medicare Part D revenue	5,600,313	4,705,666	894,647	19.0%
26,980,106	24,895,094	2,085,012	8.4%	Total Operating Revenue	26,980,106	24,895,094	2,085,012	8.4%
				Medical Expenses				
12,162,155	11,278,993	(883,162)	(7.8%)	Provider capitation	12,162,155	11,278,993	(883,162)	(7.8%)
3,143,970	3,590,807	446,837	12.4%	Facilities	3,143,970	3,590,807	446,837	12.4%
523,844	650,671	126,827	19.5%	Ancillary	523,844	650,671	126,827	19.5%
1,131,427	1,735,927	604,500	34.8%	Long Term Care	1,131,427	1,735,927	604,500	34.8%
5,605,707	5,342,559	(263,148)	(4.9%)	Prescription drugs	5,605,707	5,342,559	(263,148)	(4.9%)
1,046,181	1,315,008	268,827	20.4%	Medical management	1,046,181	1,315,008	268,827	20.4%
281,905	149,016	(132,889)	(89.2%)	Other medical expenses	281,905	149,016	(132,889)	(89.2%)
23,895,188	24,062,981	167,793	0.7%	Total Medical Expenses	23,895,188	24,062,981	167,793	0.7%
3,084,918	832,113	2,252,805	270.7%	Gross Margin	3,084,918	832,113	2,252,805	270.7%
				Administrative Expenses				
826,170	881,368	55,198	6.3%	Salaries, wages & employee benefits	826,170	881,368	55,198	6.3%
4,168	42,917	38,749	90.3%	Professional fees	4,168	42,917	38,749	90.3%
171,215	251,415	80,200	31.9%	Purchased services	171,215	251,415	80,200	31.9%
39,719	86,202	46,482	53.9%	Printing and postage	39,719	86,202	46,482	53.9%
-	-	-	0.0%	Occupancy expenses	-	-	-	0.0%
-	-	-	0.0%	Depreciation & amortization	-	-	-	0.0%
45,429	77,036	31,608	41.0%	Other operating expenses	45,429	77,036	31,608	41.0%
557,394	557,394	-	0.0%	Indirect cost allocation	557,394	557,394	-	0.0%
1,644,095	1,896,332	252,237	13.3%	Total Administrative Expenses	1,644,095	1,896,332	252,237	13.3%
1,440,822	(1,064,219)	2,505,041	235.4%	Change in Net Assets	1,440,822	(1,064,219)	2,505,041	235.4%
88.6%	96.7%	8.1%	8.4%	Medical Loss Ratio	88.6%	96.7%	8.1%	8.4%
6.1%	7.6%	1.5%	20.0%	Admin Loss Ratio	6.1%	7.6%	1.5%	20.0%

ONECARE CONNECT INCOME STATEMENT – JULY MONTH:

REVENUES of \$27.0 million are favorable to budget by \$2.1 million driven by:

- Favorable volume related variance of \$2.5 million due to enrollment
- Unfavorable price related variance of \$0.4 million

MEDICAL EXPENSES of \$23.9 million are favorable to budget \$0.2 million due to:

- Unfavorable volume related variance of \$2.4 million
- Favorable price related variance of \$2.5 million

ADMINISTRATIVE EXPENSES of \$1.6 million are favorable to budget \$0.3 million

CHANGE IN NET ASSETS is \$1.4 million, \$2.5 million favorable to budget

**CalOptima
OneCare - 60
Statement of Revenues and Expenses
For the One Month Ending July 31, 2018**

Month					Year to Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
1,390	1,324	66	5.0%	Member Months	1,390	1,324	66	5.0%
				Revenues				
819,743	1,035,290	(215,547)	(20.8%)	Medicare Part C revenue	819,743	1,035,290	(215,547)	(20.8%)
495,736	501,147	(5,411)	(1.1%)	Medicare Part D revenue	495,736	501,147	(5,411)	(1.1%)
1,315,478	1,536,436	(220,958)	(14.4%)	Total Operating Revenue	1,315,478	1,536,436	(220,958)	(14.4%)
				Medical Expenses				
353,536	426,321	72,785	17.1%	Provider capitation	353,536	426,321	72,785	17.1%
424,557	513,165	88,608	17.3%	Inpatient	424,557	513,165	88,608	17.3%
12,835	54,472	41,638	76.4%	Ancillary	12,835	54,472	41,638	76.4%
74,707	26,857	(47,850)	(178.2%)	Skilled nursing facilities	74,707	26,857	(47,850)	(178.2%)
454,148	443,983	(10,165)	(2.3%)	Prescription drugs	454,148	443,983	(10,165)	(2.3%)
77,067	34,252	(42,815)	(125.0%)	Medical management	77,067	34,252	(42,815)	(125.0%)
6,500	6,558	58	0.9%	Other medical expenses	6,500	6,558	58	0.9%
1,403,350	1,505,608	102,258	6.8%	Total Medical Expenses	1,403,350	1,505,608	102,258	6.8%
(87,871)	30,828	(118,700)	(385.0%)	Gross Margin	(87,871)	30,828	(118,700)	(385.0%)
				Administrative Expenses				
0	40,168	40,168	100.0%	Salaries, wages & employee benefits	0	40,168	40,168	100.0%
14,667	19,600	4,933	25.2%	Professional fees	14,667	19,600	4,933	25.2%
7,193	17,425	10,232	58.7%	Purchased services	7,193	17,425	10,232	58.7%
3,692	13,206	9,514	72.0%	Printing and postage	3,692	13,206	9,514	72.0%
60	6,883	6,823	99.1%	Other operating expenses	60	6,883	6,823	99.1%
34,965	34,965	-	0.0%	Indirect cost allocation, occupancy expense	34,965	34,965	-	0.0%
60,578	132,248	71,670	54.2%	Total Administrative Expenses	60,578	132,248	71,670	54.2%
(148,449)	(101,419)	(47,030)	(46.4%)	Change in Net Assets	(148,449)	(101,419)	(47,030)	(46.4%)
106.7%	98.0%	(8.7%)	(8.9%)	Medical Loss Ratio	106.7%	98.0%	(8.7%)	(8.9%)
4.6%	8.6%	4.0%	46.5%	Admin Loss Ratio	4.6%	8.6%	4.0%	46.5%

CalOptima
PACE
Statement of Revenues and Expenses
For the One Month Ending July 31, 2018

Month					Year to Date			
Actual	Budget	\$ Variance	% Variance		Actual	Budget	\$ Variance	% Variance
273	271	2	0.7%	Member Months	273	271	2	0.7%
				Revenues				
1,512,798	1,517,392	(4,594)	(0.3%)	Medi-Cal Capitaion revenue	1,512,798	1,517,392	(4,594)	(0.3%)
419,771	359,877	59,894	16.6%	Medicare Part C revenue	419,771	359,877	59,894	16.6%
144,428	86,977	57,451	66.1%	Medicare Part D revenue	144,428	86,977	57,451	66.1%
2,076,997	1,964,246	112,751	5.7%	Total Operating Revenue	2,076,997	1,964,246	112,751	5.7%
				Medical Expenses				
521,098	637,862	116,764	18.3%	Medical management	521,098	637,862	116,764	18.3%
312,576	400,164	87,588	21.9%	Claims payments to hospitals	312,576	400,164	87,588	21.9%
394,291	431,848	37,557	8.7%	Professional claims	394,291	431,848	37,557	8.7%
172,841	120,809	(52,032)	(43.1%)	Patient transportation	172,841	120,809	(52,032)	(43.1%)
148,525	155,325	6,800	4.4%	Prescription drugs	148,525	155,325	6,800	4.4%
(1,746)	7,392	9,138	123.6%	Long-term care facility payments	(1,746)	7,392	9,138	123.6%
2,730	2,700	(30)	(1.1%)	Other expenses	2,730	2,700	(30)	(1.1%)
1,550,315	1,756,100	205,785	11.7%	Total Medical Expenses	1,550,315	1,756,100	205,785	11.7%
526,683	208,146	318,537	153.0%	Gross Margin	526,683	208,146	318,537	153.0%
				Administrative Expenses				
90,762	100,371	9,608	9.6%	Salaries, wages & employee benefits	90,762	100,371	9,608	9.6%
2,800	167	(2,633)	(1580.0%)	Professional fees	2,800	167	(2,633)	(1580.0%)
2,815	21,027	18,212	86.6%	Purchased services	2,815	21,027	18,212	86.6%
-	10,428	10,428	100.0%	Printing and postage	-	10,428	10,428	100.0%
2,074	2,091	17	0.8%	Depreciation & amortization	2,074	2,091	17	0.8%
5,547	3,859	(1,688)	(43.7%)	Other operating expenses	5,547	3,859	(1,688)	(43.7%)
3,100	3,466	366	10.6%	Indirect cost allocation, Occupancy expenses	3,100	3,466	366	10.6%
107,098	141,407	34,309	24.3%	Total Administrative Expenses	107,098	141,407	34,309	24.3%
				Operating Tax				
3,811	-	3,811	0.0%	Tax revenue	3,811	-	3,811	0.0%
3,811	-	(3,811)	0.0%	Premium tax expense	3,811	-	(3,811)	0.0%
-	-	-	0.0%	Total Net Operating Tax	-	-	-	0.0%
419,584	66,739	352,846	528.7%	Change in Net Assets	419,584	66,739	352,846	528.7%
				Medical Loss Ratio				
74.6%	89.4%	14.8%	16.5%	Admin Loss Ratio	74.6%	89.4%	14.8%	16.5%
5.2%	7.2%	2.0%	28.4%		5.2%	7.2%	2.0%	28.4%

CalOptima
BUILDING 505 - CITY PARKWAY
Statement of Revenues and Expenses
For the One Month Ending July 31, 2018

Month				Year to Date			
		\$	%			\$	%
Actual	Budget	Variance	Variance	Actual	Budget	Variance	Variance
Revenues							
-	-	-	0.0%	-	-	-	0.0%
-	-	-	0.0%	-	-	-	0.0%
Administrative Expenses							
33,562	22,981	(10,581)	(46.0%)	33,562	22,981	(10,581)	(46.0%)
161,416	162,935	1,519	0.9%	161,416	162,935	1,519	0.9%
15,816	15,917	101	0.6%	15,816	15,917	101	0.6%
81,361	173,136	91,775	53.0%	81,361	173,136	91,775	53.0%
60,237	1,635	(58,602)	(3,584.2%)	60,237	1,635	(58,602)	(3,584.2%)
(352,392)	(376,604)	(24,212)	(6.4%)	(352,392)	(376,604)	(24,212)	(6.4%)
-	-	-	0.0%	-	-	-	0.0%
Total Administrative Expenses							
-	-	-	0.0%	-	-	-	0.0%
Change in Net Assets							
-	-	-	0.0%	-	-	-	0.0%

OTHER STATEMENTS – JULY MONTH:

ONECARE INCOME STATEMENT

CHANGE IN NET ASSETS is (\$148.4) thousand, \$47.0 thousand unfavorable to budget

PACE INCOME STATEMENT

CHANGE IN NET ASSETS is \$419.6 thousand, \$352.8 thousand favorable to budget

**CalOptima
Balance Sheet
July 31, 2018**

ASSETS

Current Assets

Operating Cash	260,361,586
Investments	437,006,305
Capitation receivable	557,852,509
Receivables - Other	22,751,343
Prepaid expenses	6,585,498

Total Current Assets	<u>1,284,557,241</u>
-----------------------------	-----------------------------

Capital Assets

Furniture & Equipment	34,328,849
Building/Leasehold Improvements	7,732,113
505 City Parkway West	49,743,943
	<u>91,804,904</u>
Less: accumulated depreciation	<u>(41,516,685)</u>
Capital assets, net	<u>50,288,219</u>

Other Assets

Restricted Deposit & Other	300,000
----------------------------	---------

Board-designated assets

Cash and Cash Equivalents	15,040,319
Long-term Investments	<u>523,655,935</u>
Total Board-designated Assets	<u>538,696,254</u>

Total Other Assets	<u>538,996,254</u>
---------------------------	---------------------------

TOTAL ASSETS	<u>1,873,841,715</u>
---------------------	-----------------------------

Deferred Outflows

Pension Contributions	393,907
Difference in Experience	1,365,903
Excess Earnings	1,017,387
Changes in Assumptions	8,355,853

TOTAL ASSETS & DEFERRED OUTFLOWS	<u>1,884,974,765</u>
---	-----------------------------

LIABILITIES & FUND BALANCES

Current Liabilities

Accounts Payable	17,304,582
Medical Claims liability	842,502,823
Accrued Payroll Liabilities	11,662,536
Deferred Revenue	88,080,026
Deferred Lease Obligations	114,458
Capitation and Withholds	105,349,942

Total Current Liabilities	<u>1,065,014,368</u>
----------------------------------	-----------------------------

Other (than pensions) post employment benefits liability	24,691,270
Net Pension Liabilities	25,192,066
Bldg 505 Development Rights	100,000

TOTAL LIABILITIES	<u>1,114,997,704</u>
--------------------------	-----------------------------

Deferred Inflows

Excess Earnings	-
Change in Assumptions	3,329,380

TNE	81,663,334
-----	------------

Funds in Excess of TNE	684,984,346
------------------------	-------------

Net Assets	<u>766,647,680</u>
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TOTAL LIABILITIES & FUND BALANCES	<u>1,884,974,765</u>
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CalOptima
Board Designated Reserve and TNE Analysis
as of July 31, 2018

Type	Reserve Name	Market Value	Benchmark		Variance	
			Low	High	Mkt - Low	Mkt - High
	Tier 1 - Payden & Rygel	147,430,499				
	Tier 1 - Logan Circle	147,337,640				
	Tier 1 - Wells Capital	146,701,566				
Board-designated Reserve						
		441,469,705	320,553,484	492,932,120	120,916,221	(51,462,415)
TNE Requirement	Tier 2 - Logan Circle	97,226,548	81,663,334	81,663,334	15,563,214	15,563,214
Consolidated:		538,696,253	402,216,818	574,595,454	136,479,435	(35,899,201)
<i>Current reserve level</i>		<i>1.88</i>	<i>1.40</i>	<i>2.00</i>		

CalOptima
Statement of Cash Flows
July 31, 2018

	<u>Month Ended</u>	<u>Year-To-Date</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	5,016,113	5,016,113
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	577,185	577,185
Changes in assets and liabilities:		
Prepaid expenses and other	(288,151)	(288,151)
Catastrophic reserves		
Capitation receivable	(259,452,836)	(259,452,836)
Medical claims liability	9,883,210	9,883,210
Deferred revenue	(25,622,923)	(25,622,923)
Payable to providers	8,901,051	8,901,051
Accounts payable	10,310,026	10,310,026
Other accrued liabilities	211,157	211,157
Net cash provided by/(used in) operating activities	<u>(250,465,167)</u>	<u>(250,465,167)</u>
 GASB 68 CalPERS Adjustments	 -	 -
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	143,292,643	143,292,643
Purchase of property and equipment	(107,154)	(107,154)
Change in Board designated reserves	(448,582)	(448,582)
Net cash provided by/(used in) investing activities	<u>142,736,907</u>	<u>142,736,907</u>
 NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	 (107,728,261)	 (107,728,261)
 CASH AND CASH EQUIVALENTS, beginning of period	 <u>\$368,089,847</u>	 <u>368,089,847</u>
 CASH AND CASH EQUIVALENTS, end of period	 <u>260,361,586</u>	 <u>260,361,586</u>

BALANCE SHEET:

ASSETS increased \$8.7 million from June or 0.5%

- **Cash and Cash Equivalents** decreased by \$107.7 million due payment for Proposition 56 of \$22.0 million and no capitation payment received in the month
- **Investments** decreased \$143.3 million due to fund operations as no capitation payments were received
- **Net Capitation Receivables** increased \$261.6 million due to timing of payments

LIABILITIES increased \$3.7 million from June or 0.3%

- **Medical Claims Liability** by line of business increased \$9.9 million due to overpayment reclassification from receivables
- **Deferred Revenue** decreased \$25.6 million due to recognition of prior month's overpayment
- **Capitation Payable** increased \$8.9 million due increase in capitation and shared risk pool
- **Accrued Expenses** increased \$9.4 million

NET ASSETS are \$766.6 million, an increase of \$5.0 million from June

CalOptima Foundation
Statement of Revenues and Expenses
For the One Month Ended July 31, 2018
Consolidated

Month			
		\$	%
Actual	Budget	Variance	Variance
<hr/>			
0	0	0	0.0%
<hr/>			
0	6,184	6,184	100.0%
0	2,985	2,985	100.0%
0	0	0	0.0%
0	0	0	0.0%
0	0	0	0.0%
917	229,840	228,923	99.6%
<hr/>			
917	239,009	238,092	99.6%
<hr/>			
0	0	0	0.0%
<hr/>			
(917)	(239,009)	(238,092)	(99.6%)
=====	=====	=====	=====

Revenues

Total Operating Revenue

Operating Expenditures

Personnel

Taxes and Benefits

Travel

Supplies

Contractual

Other

Total Operating Expenditures

Investment Income

Program Income

Year - To - Date			
		\$	%
Actual	Budget	Variance	Variance
<hr/>			
0	0	0	0.0%
<hr/>			
0	6,184	6,184	100.0%
0	2,985	2,985	100.0%
0	0	0	0.0%
0	0	0	0.0%
0	0	0	0.0%
917	229,840	228,923	99.6%
<hr/>			
917	239,009	238,092	99.6%
<hr/>			
0	0	0	0.0%
<hr/>			
(917)	(239,009)	(238,092)	(99.6%)
=====	=====	=====	=====

CalOptima Foundation
Balance Sheet
July 18, 2018

<u>ASSETS</u>		<u>LIABILITIES & NET ASSETS</u>	
Operating cash	2,843,139	Accounts payable-Current	917
Grants receivable	0	Deferred Revenue	0
Prepaid expenses	0	Payable to CalOptima	0
Total Current Assets	<u>2,843,139</u>	Grants-Foundation	0
		Total Current Liabilities	<u>917</u>
		Total Liabilities	<u>917</u>
		Net Assets	<u>2,842,222</u>
TOTAL ASSETS	<u>2,843,139</u>	TOTAL LIABILITIES & NET ASSE	<u>2,843,139</u>

CALOPTIMA FOUNDATION - JULY MONTH

INCOME STATEMENT:

OPERATING REVENUE

- No activity

OPERATING EXPENSES

- Audit Fees \$0.9 thousand

BALANCE SHEET:

ASSETS

- Cash--\$2.8 million remains from the FY14 \$3.0 million transferred by CalOptima for grants and programs in support of providers and community

LIABILITIES

- \$0.9 thousand

NET INCOME is (\$0.9) thousand

Budget Allocation Changes
Reporting Changes for July 2018

Transfer Month	Line of Business	From	To	Amount	Expense Description	Fiscal Year
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No Activity for July

This report summarizes budget transfers between general ledger classes that are greater than \$10,000 and less than \$100,000.
This is the result of Board Resolution No. 12-0301-01 which permits the CEO to make budget allocation changes within certain parameters.

Board of Directors' Finance and Audit Committee Meeting September 18, 2018

Information Systems Security Update - Quarter Ending June 30, 2018

Recent and Upcoming Activities:

1. In this quarter, the Information Security team reported 5 data loss prevention incidents to the Privacy team.
2. The internal and external network penetration tests and reports were completed and delivered by Tevora.
3. The annually required HIPAA Risk Assessment and report were completed and delivered by Tevora.
4. The Information Security Team completed the 2018 annual & quarterly phishing tests.
5. The Information Security Team completed the installation of the Archer solution (i.e. technology risk management application) and is configuring it using the COBIT5 risk management methodology.

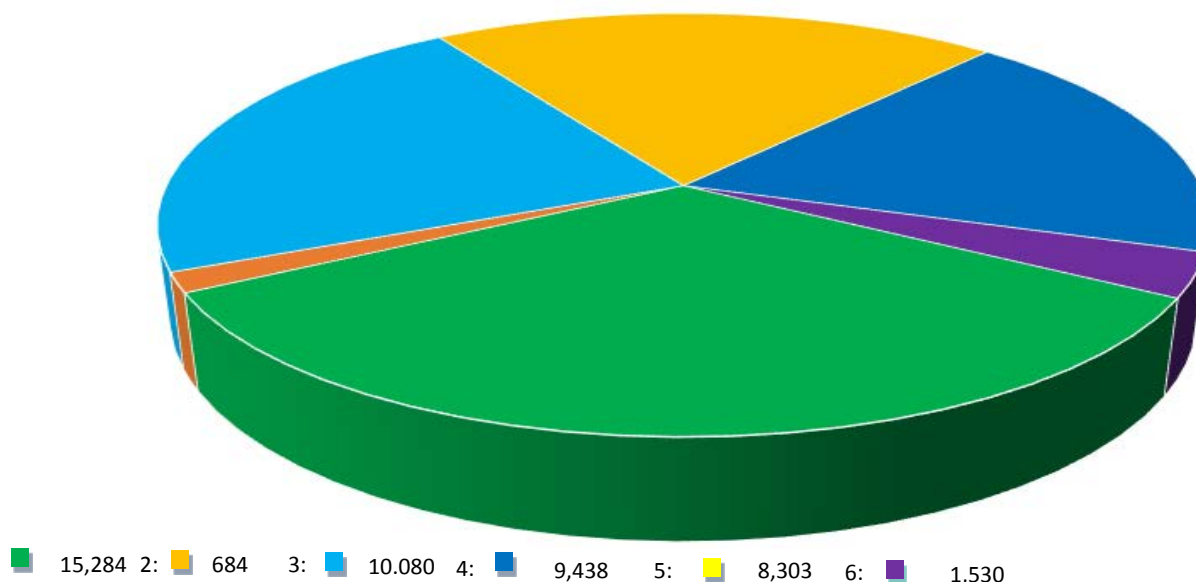
Top External Attempts

Quarterly Executive Report April-June 2018

Background

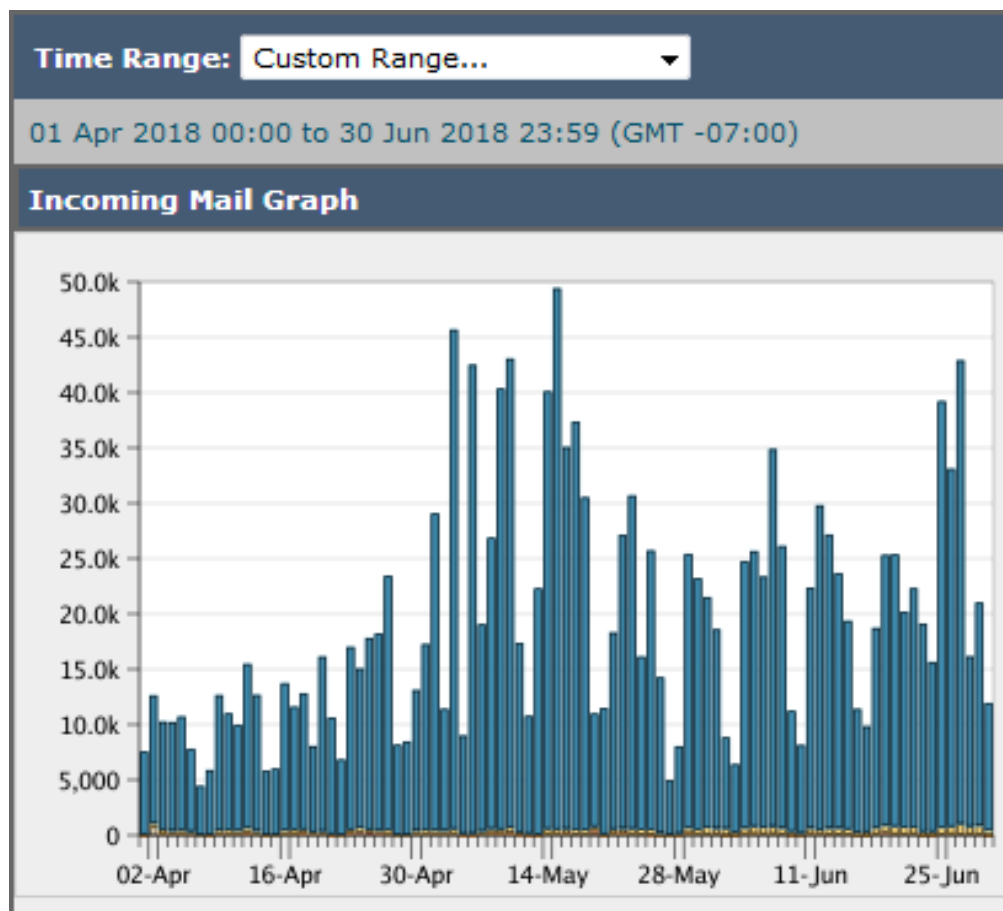
*The following report shows the malicious activities that were prevented from accessing CalOptima's network. **None of the attempts were successful.** Also, it is important to note that these attempts are not specifically targeted at CalOptima, but rather are commonly triggered attempts against entire areas of the Internet. The results are typical of many organizations and are not considered out of the ordinary.*













Top Attacks



	<i>Attack Name</i>	<i>Severity</i>	<i>Hit count</i>	<i>Description</i>
1	<i>CLDAP: MS Windows Server CLDAP Reflection DDoS Vulnerability</i>	<i>Critical</i>	<i>15,284</i>	<i>This uses native windows LDAP to amplify denial of service type attacks.</i>
2	<i>Backdoor: Zero Access Trojan Communication Attempt.</i>	<i>Major</i>	<i>684</i>	<i>A Trojan horse that uses an advanced rootkit to download malware.</i>
3	<i>Invalid TCP Traffic: Possible Recon Scan (No Flags Set)</i>	<i>Minor</i>	<i>10,080</i>	<i>An attack designed to map internal networks for further attack and exploitation.</i>
4	<i>DNS: Version Request (UDP)</i>	<i>Minor</i>	<i>9,438</i>	<i>Requests the DNS version looking for vulnerable versions, used for exploitation.</i>
5	<i>DNS: Suspicious DNS Lookup NOERROR Response (DGA)</i>	<i>Minor</i>	<i>8,303</i>	<i>A compromised host on the Internet tried to contact CalOptima's systems to launch an attack on other hosts but was unsuccessful.</i>
6	<i>HTTP: zgrab Scanner Detection</i>	<i>Minor</i>	<i>1,530</i>	<i>This filter detects the usage of the application layer scanner zgrab.</i>

The following charts show the inbound email traffic through our IronPort appliances with the ultimate goal of delivering clean messages to the intended CalOptima email recipients. The majority of the messages that are stopped are from senders of poor reputation and spammers. Other protection that is applied protects CalOptima against malicious emails containing known viruses, malware and malicious URLs.



Incoming Mail Summary +		
Message Category	%	Messages
 Stopped by Reputation Filtering	71.8%	2.1M
 Stopped as Invalid Recipients	1.8%	52.8k
 Spam Detected	2.6%	75.2k
 Virus Detected	0.0%	14
 Detected by Advanced Malware Protection	0.0%	0
 Messages with Malicious URLs	0.2%	5,037
 Stopped by Content Filter	0.1%	2,074
 Stopped by DMARC	0.0%	0
 S/MIME Verification/Decryption Failed	0.0%	0
Total Threat Messages:	76.3%	2.2M
 Marketing Messages	5.8%	165.9k
 S/MIME Verification/Decryption Successful	0.0%	0
 Clean Messages	17.9%	517.0k
Total Attempted Messages:		2.9M



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Cost Containment Improvements/Initiatives

**Board of Directors' Finance and Audit Committee Meeting
September 18, 2018**

**Greg Hamblin, Chief Financial Officer
Ken Wong, Director, Budget and Vendor Management**

Resources Committee - Labor

Report of Open Position/Temporary - June 2018

Line of Business	Jun-18		YTD Open Position (\$)	Temporary Help		Variance
	FTE's	Dollars		Actual	Budget	
MC	46.75	\$ 491,341	\$ 6,438,169	\$ 2,298,491	\$ 677,887	\$ (1,620,604)
EX	1.00	\$ 13,498	\$ 93,338	\$ -	\$ -	\$ -
OC		\$ -	\$ -	\$ 14,815	\$ -	\$ (14,815)
OCC	7.00	\$ 67,113	\$ 1,122,251	\$ 40,632	\$ 84,492	\$ 43,860
PACE	8.00	\$ 45,658	\$ 790,517	\$ 355,878	\$ 294,756	\$ (61,122)
MSSP		\$ -	\$ 45,633	\$ 13,570	\$ 39,996	\$ 26,426
Total	62.75	\$ 617,610	\$ 8,489,909	\$ 2,723,385	\$ 1,097,131	\$ (1,626,254)

Notes:

- Dollars include Employee Benefits.
- FTE's and Dollars include Medical and Administrative Positions.

Resources Committee – Non-Labor

Professional Fees

LOB	June MTD		Variance		YTD		Variance		FY 2018
	Actual	Budget	\$	%	Actual	Budget	\$	%	
MC	\$ 153,182	\$ 316,796	\$ 163,614	52%	\$ 2,011,233	\$ 3,855,633	\$ 1,844,400	48%	\$ 3,855,633
OC	\$ 13,000	\$ 13,334	\$ 334	3%	\$ 172,349	\$ 161,500	\$ (10,849)	-7%	\$ 161,500
OCC	\$ 33,016	\$ 39,748	\$ 6,732	17%	\$ 273,151	\$ 567,000	\$ 293,848	52%	\$ 567,000
PACE	\$ 17,300	\$ 5,000	\$ (12,300)	-246%	\$ 77,200	\$ 60,000	\$ (17,200)	-29%	\$ 60,000
MSSP	\$ 710	\$ 833	\$ 124	15%	\$ 8,514	\$ 9,996	\$ 1,482	15%	\$ 9,996
Total	\$ 217,207	\$ 375,711	\$ 158,504	42%	\$ 2,542,448	\$ 4,654,129	\$ 2,111,681	45%	\$ 4,654,129

Purchased Services

LOB	June MTD		Variance		YTD		Variance		FY 2018
	Actual	Budget	\$	%	Actual	Budget	\$	%	
MC	\$ 1,443,222	\$ 1,159,387	\$ (283,835)	-24%	\$ 10,005,646	\$ 13,372,564	\$ 3,366,918	25%	\$ 13,372,564
OC	\$ 70,051	\$ 29,607	\$ (40,444)	-137%	\$ 246,391	\$ 355,834	\$ 109,443	31%	\$ 355,834
OCC	\$ 221,587	\$ 183,537	\$ (38,050)	-21%	\$ 1,366,343	\$ 2,200,117	\$ 833,774	38%	\$ 2,200,117
PACE	\$ 71,957	\$ 21,284	\$ (50,673)	-238%	\$ 199,868	\$ 255,408	\$ 55,540	22%	\$ 255,408
MSSP	\$ 24	\$ 167	\$ 143	85%	\$ 381	\$ 2,004	\$ 1,623	81%	\$ 2,004
Total	\$ 1,806,841	\$ 1,393,982	\$ (412,859)	-30%	\$ 11,818,629	\$ 16,185,927	\$ 4,367,298	27%	\$ 16,185,927

Resources Committee – Non-Labor (cont.)

Printing and Postage

LOB	June MTD		Variance		YTD		Variance		FY 2018
	Actual	Budget	\$	%	Actual	Budget	\$	%	
MC	\$ 401,130	\$ 421,284	\$ 20,154	5%	\$ 4,059,873	\$ 5,069,492	\$ 1,009,619	20%	\$ 5,069,492
OC	\$ 3,138	\$ 20,550	\$ 17,412	85%	\$ 81,346	\$ 255,097	\$ 173,751	68%	\$ 255,097
OCC	\$ 53,429	\$ 110,018	\$ 56,589	51%	\$ 670,934	\$ 1,322,606	\$ 651,672	49%	\$ 1,322,606
PACE	\$ -	\$ 5,548	\$ 5,548	100%	\$ 41,965	\$ 66,566	\$ 24,601	37%	\$ 66,566
MSSP	\$ -	\$ 333	\$ 333	100%	\$ 497	\$ 3,996	\$ 3,499	88%	\$ 3,996
Total	\$ 457,696	\$ 557,733	\$ 100,037	18%	\$ 4,854,615	\$ 6,717,757	\$ 1,863,142	28%	\$ 6,717,757

Other Operating Expenses

LOB	June MTD		Variance		YTD		Variance		FY 2018
	Actual	Budget	\$	%	Actual	Budget	\$	%	
MC	\$ 1,870,362	\$ 1,649,843	\$ (220,519)	-13%	\$ 16,435,761	\$ 19,612,047	\$ 3,176,286	16%	\$ 19,612,047
OC	\$ 5,470	\$ 1,115	\$ (4,355)	-391%	\$ 7,840	\$ 13,249	\$ 5,409	41%	\$ 13,249
OCC	\$ 88,168	\$ 58,523	\$ (29,645)	-51%	\$ 587,569	\$ 706,796	\$ 119,227	17%	\$ 706,796
PACE	\$ 100,847	\$ 61,114	\$ (39,733)	-65%	\$ 569,973	\$ 720,487	\$ 150,514	21%	\$ 720,487
MSSP	\$ 9,749	\$ 7,748	\$ (2,001)	-26%	\$ 70,776	\$ 92,976	\$ 22,200	24%	\$ 92,976
Total	\$ 2,074,596	\$ 1,778,343	\$ (296,253)	-17%	\$ 17,671,918	\$ 21,145,555	\$ 3,473,637	16%	\$ 21,145,555

Resources Committee – Non-Labor (cont.)

Consolidated - Non-Labor

LOB	June MTD		Variance		YTD		Variance		FY 2018
	Actual	Budget	\$	%	Actual	Budget	\$	%	
MC	\$ 3,867,896	\$ 3,547,310	\$ (320,586)	-9%	\$ 32,512,513	\$ 41,909,736	\$ 9,397,222	22%	\$ 41,909,736
OC	\$ 91,659	\$ 64,606	\$ (27,053)	-42%	\$ 507,926	\$ 785,680	\$ 277,754	35%	\$ 785,680
OCC	\$ 396,200	\$ 391,826	\$ (4,373)	-1%	\$ 2,897,997	\$ 4,796,519	\$ 1,898,522	40%	\$ 4,796,519
PACE	\$ 190,104	\$ 92,946	\$ (97,158)	-105%	\$ 889,006	\$ 1,102,461	\$ 213,455	19%	\$ 1,102,461
MSSP	\$ 10,482	\$ 9,081	\$ (1,401)	-15%	\$ 80,167	\$ 108,972	\$ 28,805	26%	\$ 108,972
Total	\$ 4,556,340	\$ 4,105,769	\$ (450,571)	-11%	\$ 36,887,609	\$ 48,703,367	\$ 11,815,758	24%	\$ 48,703,367

Contingency Contract Report

CalOptima Active Contingency Contracts				Q4 FY18		invoiced as of 8/22/2018													
Quarterly & Annual Medical Cost Savings or Additional Revenue and Fees Paid																			
	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18									
	Total	Total	Total	Total	Total	Total	Total	Total	Total	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total					
MEDICAL COST																			
HMS - Coordination of Benefits i.e. ensure Medi-Cal is the payor of last resort - (expires 5/14/2020)																			
Savings	\$ 1,189,393	\$ 2,811,751	\$ 1,937,748	\$ 2,565,125	\$ 2,346,048	\$ 1,444,807	\$ 3,336,995	\$ 3,954,564	\$ 4,067,881	\$ 647,480	\$ 2,907,062	\$ 1,422,760	\$ 887,036	\$ 5,864,338					
Fee	\$ 297,348	\$ 702,938	\$ 484,359	\$ 641,281	\$ 586,762	\$ 361,202	\$ 794,557	\$ 909,550	\$ 935,613	\$ 148,920	\$ 668,624	\$ 327,235	\$ 204,018	\$ 1,348,798					
Net Savings	\$ 892,045	\$ 2,108,813	\$ 1,453,389	\$ 1,923,843	\$ 1,759,286	\$ 1,083,605	\$ 2,542,438	\$ 3,045,014	\$ 3,132,268	\$ 498,560	2,238,437	1,095,525	683,017	\$ 4,515,540					
Verscend (Verisk/HCI) - Claims review for appropriate billing - (expires 1/31/2019)																			
Savings	\$ 164,913	\$ 2,397,831	\$ 3,385,560	\$ 2,517,497	\$ 2,817,113	\$ 2,647,841	\$ 3,562,859	\$ 3,524,096	\$ 2,690,597	\$ 159,922	\$ 867,751	\$ 760,525	\$ 782,846	\$ 2,571,045					
Fee	\$ 37,165	\$ 483,209	\$ 691,554	\$ 559,136	\$ 595,632	\$ 727,333	\$ 1,371,137	\$ 638,601	\$ 393,455	\$ 39,980	\$ 199,219	\$ 207,173	\$ 133,973	\$ 580,345					
Net Savings	\$ 127,748	\$ 1,914,622	\$ 2,694,006	\$ 1,958,361	\$ 2,221,482	\$ 1,920,508	\$ 2,191,722	\$ 2,885,495	\$ 2,297,143	\$ 119,941	668,532	553,353	648,873	\$ 1,990,700					
Verscend (Verisk/HCI)/ TAG - Facility claims forensic review - (services terminated 12/31/17)																			
Savings		-	\$ 900,976	\$ 1,362,980	\$ 3,516,297	\$ 3,727,308	\$ 16,538,781	\$ 3,726,475	\$ 4,068,735	\$ 653,567	\$ 580,738			\$ 1,234,305					
Fee		-	\$ 270,293	\$ 408,904	\$ 1,054,889	\$ 1,118,193	\$ 2,008,000	\$ 791,798	\$ 1,140,356	\$ 163,392	\$ 145,184			\$ 308,576					
Net Savings	-	-	\$ 630,683	\$ 954,076	\$ 2,461,408	\$ 2,609,114	\$ 14,530,781	\$ 2,934,678	\$ 2,928,380	\$ 490,176	435,553	-	-	\$ 925,729					
OptumInsight - Credit balance recovery - (expires 12/31/2018)																			
Savings	-	-	-	\$ 76,715	\$ 26,203	\$ 30,246	N/A	\$ 44,834	\$ 404,824	\$ 80,391	\$ 36,505	\$ 23,116	\$ 14,296	\$ 154,308					
Fee	-	-	-	\$ 9,206	\$ 3,144	\$ 3,630	N/A	\$ 5,380	\$ 48,579	\$ 9,647	\$ 4,381	\$ 2,774	\$ 1,716	\$ 18,517					
Net Savings	-	-	-	\$ 67,509	\$ 23,059	\$ 26,616		\$ 39,454	\$ 356,245	\$ 70,744	\$ 32,124	\$ 20,342	\$ 12,580	\$ 135,791					
TOTAL																			
Savings	\$ 1,354,306	\$ 5,209,582	\$ 6,224,285	\$ 6,522,317	\$ 8,705,661	\$ 7,850,202	\$ 23,438,635	\$ 11,249,969	\$ 11,232,038	\$ 1,541,360	\$ 4,392,056	\$ 2,206,401	\$ 1,684,178	\$ 9,823,995					
Fee	\$ 334,514	\$ 1,186,146	\$ 1,446,206	\$ 1,618,527	\$ 2,240,427	\$ 2,210,357	\$ 4,173,694	\$ 2,345,328	\$ 2,518,002	\$ 361,940	\$ 1,017,408	\$ 537,181	\$ 339,706	\$ 2,256,236					
Net Savings	\$ 1,019,792	\$ 4,023,436	\$ 4,778,079	\$ 4,903,791	\$ 6,465,234	\$ 5,639,844	\$ 19,264,941	\$ 8,904,640	\$ 8,714,036	\$ 1,179,421	\$ 3,374,648	\$ 1,669,220	\$ 1,344,471	\$ 7,567,760					
REVENUE																			
Human Arc - SSI Outreach & Aid Code Conversion - (expires 6/30/2020)																			
Capitation Revenue				\$ 1,723,235	\$ 4,526,183	\$ 5,231,987	\$ 6,539,353	\$ 7,782,145	\$ 9,281,708	\$ 2,633,803	\$ 2,738,113	\$2,860,639	\$ 2,955,800	\$ 11,188,354					
Fee				\$ 501,700	\$ 345,100	\$ 285,650	\$ 232,092	\$ 301,556	\$ 360,018	\$ 81,302	\$ 85,508	\$99,216	\$ 84,058.00	\$ 350,084					
Total Net Revenue	-	-	-	\$ 1,221,535	\$ 4,181,083	\$ 4,946,337	\$ 6,307,261	\$ 7,480,589	\$ 8,921,690	\$ 2,552,501	\$ 2,652,605	\$ 2,761,423	\$ 2,871,742	\$ 10,838,270					

Board of Directors' Finance and Audit Committee Meeting September 18, 2018

Shared Risk Pool Performance Update

Medi-Cal: As of June 30, 2018, Medi-Cal has five (5) Shared Risk Groups (SRGs).

Effective Dates:

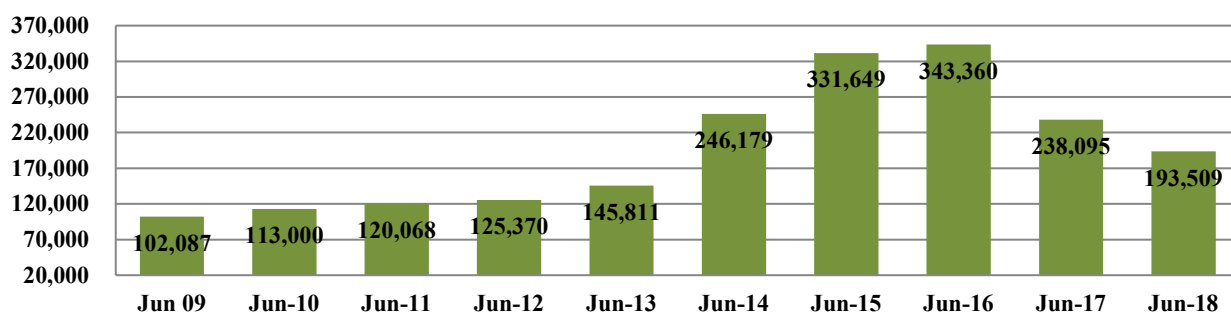
- Noble and Talbert – January 2008
- AltaMed – March 2014
- Prospect* – May 2007 to June 2017
- Arta and UCMG – July 2008
- Monarch* – July 2008 to January 2017

** Monarch became an HMO group in February 2017. Prospect became an HMO group in July 2017.*

Enrollment

- SRGs are serving approximately 193,500 members. It represents about 25% of CalOptima's Medi-Cal enrollment.

**Medi-Cal Shared Risk Groups (SRG)
Enrollment**



Pool Performance - (Medi-Cal Classic + Expansion)

Period	Gross Deficit	Gross Surplus	CalOptima Share (40%)	Group Share (60%)	Number of SRGs		
					Total	In Deficit	In Surplus
2007	\$ (729,095)	\$ -	\$ (573,542)	\$ (155,553)	1	1	0
2008	(534,826)	618,829	247,532	(163,529)	3	1	2
2009	(6,786,764)	623,088	(2,465,470)	(3,698,206)	6	3	3
2010	(5,890,543)	1,636,861	(1,701,473)	(2,552,209)	6	4	2
2011	(5,127,172)	5,042,040	(34,053)	(51,079)	6	3	3
2012	(1,688,610)	7,574,810	2,354,480	3,531,720	6	3	3
One-Time Revenue		17,233,958	12,917,452	4,316,506	6	3	3
2013	(1,568,113)	10,019,190	3,372,857	5,078,220	6	1	5
2014	-	57,808,875	23,123,550	34,685,325	7	0	7
2015	-	358,004,843	143,201,937	214,802,906	7	0	7
2016	-	402,449,648	160,979,859	241,469,789	7	0	7
2017	-	292,021,508	116,808,603	175,212,905	7	0	7

Period	Gross Deficit	Gross Surplus	CalOptima Share (40%)	Group Share (60%)	Number of SRGs		
					Total	In Deficit	In Surplus
2018Q4	-	105,532,410	42,212,964	63,319,446	5	0	5
	\$(22,325,123)	\$ 1,258,566,060	\$ 500,444,696	\$ 735,796,241			

Note: IBNR is calculated based on the paid claims experience.

OneCare: As of June 30, 2018, OneCare has eight (8) Participating Medical Groups (PMGs).

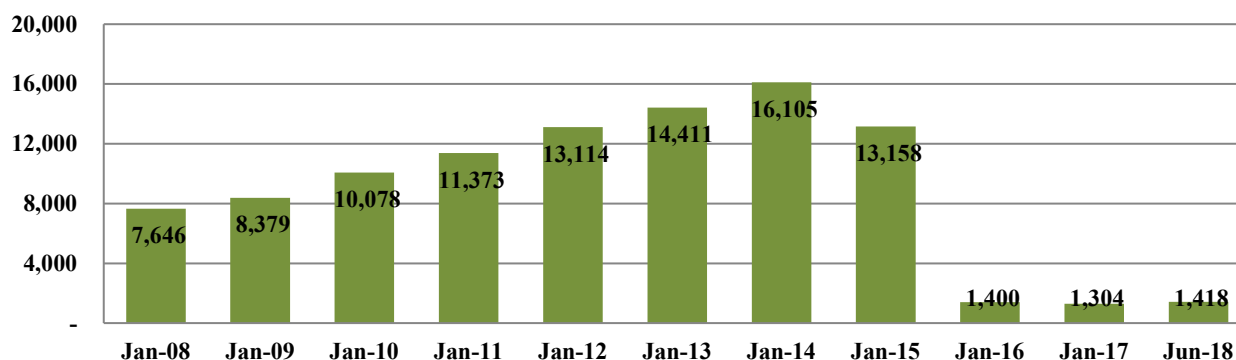
Effective Dates:

- AMVI/Prospect – October 2005
- Talbert and Monarch – October 2005
- Noble – December 2012
- Family Choice – October 2005
- AltaMed – August 2008
- Arta and UCMG – January 2013

Enrollment

- Overall enrollment decrease due to transitioning of members from OneCare to OneCare Connect in January 2016.

**OneCare Shared Risk Groups (PMG)
Enrollment**



Pool Performance

CY	Gross Deficit	Gross Surplus	CalOptima Share (50%)	Group Share (50%)	Total	In Deficit	In Surplus
2005	\$(14,221)	\$163,580	\$67,920	\$81,435	4	1	3
2006	-	15,004,268	7,502,134	7,502,134	5	0	5
2007	(21,936)	3,759,945	1,859,817	1,878,193	8	2	6
2008	(491,522)	3,919,765	1,591,331	1,836,913	8	2	6
2009	(313,648)	5,643,332	2,525,933	2,803,751	9	2	7
2010	(566,705)	4,769,324	1,892,617	2,310,002	8	3	5
2011	-	9,406,281	4,703,141	4,703,141	8	0	8
2012	(433,732)	7,325,076	3,305,088	3,586,257	11	2	9
2013	(1,949,544)	11,124,918	4,015,560	5,159,814	13	2	11
2014	(3,485,139)	10,050,507	1,962,394	4,602,974	13	3	10
2015	(154,268)	10,372,797	5,050,405	5,168,124	8	1	7
2016	(386,678)	340,937	(185,231)	139,490	8	3	5

CY	Gross Deficit	Gross Surplus	CalOptima Share (50%)	Group Share (50%)	Total	In Deficit	In Surplus
2017	(334,985)	310,098	(156,120)	131,233	8	5	3
2018Q2	<u>(1,076,659)</u>	<u>273,781</u>	<u>(912,904)</u>	<u>110,026</u>	8	4	4
	\$ (9,229,037)	\$ 82,464,609	\$ 33,222,086	\$ 40,013,486			

Note: Group share deficit limited to \$5.00 PMPM

OneCare Connect: As of June 30, 2018, OneCare Connect has six (6) Shared Risk Groups (SRGs).

Effective Dates:

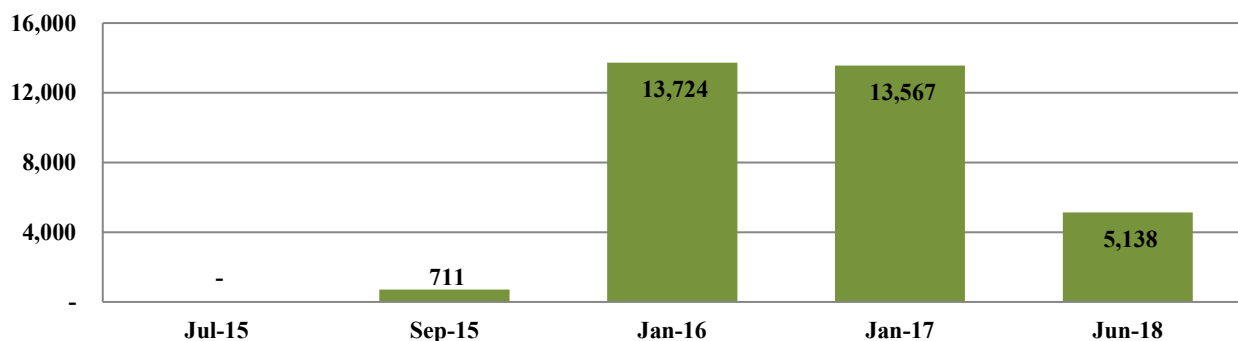
- Noble – July 2015
- UCMG – July 2015
- AltaMed – July 2015
- Monarch* – July 2015 to January 2017
- FCMG – January 2016
- Talbert – January 2016
- Arta Western – January 2016
- Prospect* – July 2015 to June 2017

* Monarch became an HMO group in February 2017. Prospect became an HMO group in July 2017.

Enrollment

SRGs are serving approximately 5,100 members. It represents about 35% of CalOptima's OneCare Connect enrollment.

**OneCare Connect Shared Risk Groups (SRG)
Enrollment**



Pool Performance

CY	Gross Deficit	Gross Surplus	CalOptima Share (50%)	Group Share (50%)	Total	In Deficit	In Surplus
2015	(261,199)	224,558	(121,755)	85,114	5	2	3
2016	(769,273)	19,502,913	9,016,973	9,716,667	8	1	7
2017	(815,878)	7,030,668	2,856,356	3,358,434	8	3	5
2018Q2	<u>(414,273)</u>	<u>3,571,145</u>	<u>1,400,929</u>	<u>1,755,943</u>	6	2	4
	\$ (2,260,623)	\$ 30,329,284	\$ 13,152,503	\$ 14,916,157			

Note: Group share deficit limited to \$5.00 PMPM

Board of Directors' Finance and Audit Committee Meeting September 18, 2018

Quarterly Reinsurance Report

Summary of Reinsurance Payments Made by CalOptima to Contracted Medi-Cal Providers for Policy Years (PY) 2017 and 2018

Reinsurance is an after-the-fact payment mechanism CalOptima provides that is intended to mitigate the financial impact of catastrophic claims on participating providers. CalOptima's policy allows participating providers through June 30st following the policy year end (i.e., June 30) to submit reinsurance claims. CalOptima issues payment to providers within forty-five (45) business days after the quarter's end.

The figures reported below reflect the estimated results for PY 2017 and PY 2018 as of June 30, 2018.

	PY 2017	PY 2018
Total Budgeted Reinsurance Costs	\$4,628,918	\$2,780,209
Amount paid through 06/30/18	\$3,912,268	\$609,732
Potential Remaining Payments by CY	\$716,650	\$2,170,477
Total Accrued Liability @ 06/30/18	\$517,487	\$2,947,001
Under/(Over) Budget	\$199,163	\$(776,524)

Notes:

- The total estimated liability at June 30, 2018 is \$3.5 million.
- PY 2017 thresholds were \$13,000 for Professional and \$100,000 for Hospital; coinsurance level was at 10%.
- PY 2018 threshold increased to \$17,000 for Professional and \$150,000 for Hospital, coinsurance level is at 20%.

Policy Years:

- PY 2017 = Fiscal Year 2017 (July 1, 2016, through June 30, 2017)
- PY 2018 = Fiscal Year 2018 (July 1, 2017, through June 30, 2018)

Board of Directors' Finance and Audit Committee Meeting September 18, 2018

Quarterly Health Network Financial Update

On a quarterly basis, CalOptima reviews the unaudited financial statements of the capitated Physician Groups, Hospitals and HMOs that comprise CalOptima's Health Networks. After internal review, CalOptima's financial staff makes a determination as to whether the capitated entity has the ability to assume the risk of a capitated contract.

With the exception of one entity whose quarter-end financial statements ended as of January 31, 2018, all other Health Network entities were required to submit their unaudited financial statements for the period ending March 31, 2018.

Results of the March 31, 2018 Financial Review

	Physician Groups	Hospitals	HMOs
Total	9	4	4
Passed Review	8	4	4
Failed Review	1	0	0
On Notice	0	0	0
Did Not Submit Statements	0	0	0

Note 1: Physician Groups and Hospitals must pass the following tests:

- a) Current Ratio - must be ≥ 1.0
- b) Tangible Net Equity - must be ≥ 1.0
- c) Cash to Claims Ratio - must be ≥ 0.75

Note 2: HMOs must pass the following test:

- a) Tangible Net Equity - Greater of \$1M, % of premium revenues, or % of healthcare expenses

Note 3: Financial Security Reserves:

- a) Medi-Cal, OneCare, and OneCare Connect Total Current Balance = \$18.6M

Note 4: A receivable from DaVita Medical Management was not transferred to HealthCare Partners in time to satisfy the TNE requirement at the end of Q1. The transfer was subsequently made on 5/18/18. HealthCare Partners has submitted a Corrective Action Plan (CAP) to the Department of Managed Health Care (DMHC) and has implemented monthly (instead of quarterly) TNE projections to ensure funds are deposited timely in the future. CalOptima will continue to monitor the financial position of HealthCare Partners.



CalOptima
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Purchasing Report

**Board of Directors' Finance and Audit Committee Meeting
September 18, 2018**

Greg Hamblin, Chief Financial Officer

Ken Wong, Director, Budget and Vendor Management

Quarterly Purchasing Reports Commitments

Quarterly Purchase Report
April 1, 2018 through June 30, 2018
Completed Major Commitments over \$100,000

<i>Nature of Services</i>	<i>FY18 Q4 Budgeted Current Year</i>	<i>Purchase or Contract Highlights</i>	<i>Bidding Outcome</i>	<i>Previous Vendor</i>	<i>Contract Amount</i>	<i>Spent Year 2018</i>	<i>Remaining Amount on Contract</i>	<i>Expires</i>
Translation Services	\$ 104,669	Avantpage Inc	Renewal		\$ 104,669	94,523	10,146	12/31/2019
Computer Hardware	\$ 105,256	Dell Computers	Bid Exception	Dell	\$ 105,256	-	105,256	One time purchase
Target Gift Cards	\$ 111,490	Blackhawk Network Inc	Sole Source		\$ 111,490	111,489	1	One Time
Pulse Secure Hardware/Software	\$ 111,568	Independent Technology Group	RFQ 4 bids		\$ 111,568	111,568	0	5/25/2019
Interpreting Services	\$ 149,663	Voiance Language Services, LLC	Renewal		\$ 149,663	134,639	15,024	12/31/2019
Clearinghouse Services	\$ 150,000	Change Healthcare Solutions, LLC	Renewal		\$ 150,000	-	150,000	12/31/2020
Internal Audit Services	\$ 151,500	Moss Adams LLP	Renewal		\$ 151,500	-	151,500	5/20/2020

Quarterly Purchasing Reports Commitments

<i>Nature of Services</i>	<i>FY18 Q4 Budgeted Current Year</i>	<i>Purchase or Contract Highlights</i>	<i>Bidding Outcome</i>	<i>Previous Vendor</i>	<i>Contract Amount</i>	<i>Spent Year 2018</i>	<i>Remaining Amount on Contract</i>	<i>Expires</i>
Interpreting Services	\$ 156,391	Hanna Interpreting Services LLC	Renewal		\$ 156,391	132,571	23,821	12/31/2019
Consulting Services Office 365	\$ 196,566	Microsoft Services	RFP 7 Proposals	Microsoft Services	\$ 196,566	196,566	0	6/30/2019
MLR Auditing	\$ 205,500	Provencio Advisory Services Inc	Renewal		\$ 205,500	-	205,500	10/31/2019
Nurse Advice Line	\$ 250,000	Infomedia Group Inc	Ancillary Contract		\$ 250,000	-	250,000	
Scanning/Archiving & Indexing Svc.	\$ 250,000	Imagenet LLC	Seven Bids received	Imagenet	\$ 250,000	-	250,000	12/30/2020
Payroll Services	\$ 254,000	Ceridian	Renewal		\$ 254,000	-	254,000	6/30/2019
Printing Services	\$ 270,000	Sapphire Printing Group	Two Bids Received	Kenny The Printer	\$ 270,000	-	270,000	3/16/2019
Member Communication - Medicare	\$ 326,400	Dome Printing	Renewal		\$ 326,400	-	326,400	7/16/2019

Quarterly Purchasing Reports Commitments

<i>Nature of Services</i>	<i>FY18 Q4 Budgeted Current Year</i>	<i>Purchase or Contract Highlights</i>	<i>Bidding Outcome</i>	<i>Previous Vendor</i>	<i>Contract Amount</i>	<i>Spent Year 2018</i>	<i>Remaining Amount on Contract</i>	<i>Expires</i>
Symantec Hardware and Software	\$ 330,740	Tevora Business Solutions Inc	RFQ 2 bids		\$ 330,740	-	330,740	6/28/2019
SSI Conversion Services	\$ 400,000	Human Arc Corporation of Ohio	HumanArc	Human Arc	\$ 400,000	-	400,000	6/30/2021
Extreme Network Refresh	\$ 433,645	Integration Partners	RFQ 4 Bids		\$ 433,645	-	433,645	6/27/2019
HP Annual Maintenance Renewal	\$ 434,878	Nth Generation Computing Inc	Renewal		\$ 434,878	-	434,878	6/30/2019
PACE Building Lease	\$ 515,933	Young S Kim & Soon Y Kim	Lease Renewal	Young S Lim and Soon Y Kim	\$ 515,933	84,718	431,215	12/1/2021
Co-Location Services	\$ 522,100	County of Orange HealthCare Agency	Contract Extension	County of Orange Helathcare Agency	\$ 522,100	-	522,100	6/30/2019
Microsoft EA Agreement.	\$ 1,179,834	Crayon Software Experts LLC	RFP 3 bids	CompuCom	\$ 1,179,834	1,178,402	1,432	10/31/2018
Claims Payment Services	\$ 1,449,722	Trizetto Group	Contract Renewal	TriZetto	\$ 1,449,722	1,449,722	0	6/30/2019

Quarterly Purchasing Report – In Process

Quarterly Purchasing Report
April 1, 2018 through June 30, 2018
Major Commitments Greater than \$100,000 in Process

<i>Nature of Services</i>	<i>Procurement Status</i>
<u>CG CAHPS Survey</u> 18-026	RFP issued 11/30/17 Three proposals were received Staff is evaluating proposals
<u>Timely Access Survey</u> 18-030	RFP issued 11/30/17 Three proposals received Staff is evaluating proposals
<u>CAHPS Survey</u> 18-028	RFP issued 11/30/17 Four proposals received Staff is evaluating proposals
<u>Clinical Editing solution</u> 18-003	RFP issued 01/09/18 Three proposals received Staff is negotiating contract
<u>508 Remediation Services</u> 18-037	RFP issued 03/01/18 Seven proposals received Staff is evaluating proposals
<u>Disaster Recovery Services</u> 18-055	RFP issued 5/24/18 4 proposals received Staff is evaluating proposals