

UW Board of Trustees Fiscal and Legal Affairs Committee  
Agenda  
January 21, 2026

**Closed Session:** If necessary, a separate agenda and materials for the Closed Session.

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## FISCAL AND LEGAL AFFAIRS COMMITTEE

### COMMITTEE MEETING MATERIALS

**AGENDA ITEM TITLE:** Status of Internal Audit Plan

- ☒ OPEN SESSION  
☐ CLOSED SESSION

**PREVIOUSLY DISCUSSED BY COMMITTEE:**

- ☒ Yes  
☐ No

**FOR FULL BOARD CONSIDERATION:**

- ☐ Yes *[Note: If yes, materials will also be included in the full UW Board of Trustee report.]*  
☒ No  
☐ Attachments/materials are provided in advance of the meeting.

**EXECUTIVE SUMMARY:** The Internal Audit Plan was approved by the Fiscal and Legal Affairs Committee (FLAC) of the Board of Trustees in May 2025. The status of the Audit Plan is attached below.

**PRIOR RELATED COMMITTEE DISCUSSIONS/ACTIONS:** None

**WHY THIS ITEM IS BEFORE THE COMMITTEE:** Regular reporting to the Committee regarding the status of progress made on completion of the Internal Audit Plan.

**ACTION REQUIRED AT THIS COMMITTEE MEETING:** No.

**PROPOSED MOTION:** None

#### **Background:**

The Fiscal Year 2026 Internal Audit Plan was approved by the Full Board of Trustees in May 2025. The approved audit plan included 5,352 hours available for projects, after allowing for paid time off. Of that amount, 977 hours (18%) was estimated for non-project time such as training and administrative tasks for a net of 4,375 available hours. At an assumed average of 150 hours per project, that equates to about 29 projects which is close to the total of 30 projects in the original plan.

FY 2026 AUDIT PLAN			Planned Hours	(%)	Hours Incurred
GROSS HOURS	Total Hours Available (3 FTE)		6,240		2,136
Holiday	Hours UW is closed		(360)	6%	(48)
Annual Leave	Vacation		(240)	4%	(210)
Annual Leave	Sick leave		(288)	5%	(38)
NET HOURS	AVAILABLE PROJECT HOURS		5,352	86%	1,840

At the half-way point in the fiscal year, it is clear that we will not complete all audits on the approved plan within the remainder of the fiscal year.

### **Revised Audit Plan for Consideration:**

In order to maintain focus on the most important projects, the team has identified some projects that are a lower priority, and which may be deferred into the next fiscal year.

Projects previously postponed due to management requests or other ongoing activities include four projects representing about **600 hours**:

- College of Health Sciences
- Labor Laws (Plus payroll, Legal compliance, FLSA classification)
- Remote locations and Remote workers (including out of state)
- Clery Act Reporting

In addition to the projects above, the following projects have been identified as lower risk or lower importance when compared to other projects on the plan:

- EHS implementation of consultant's recommendations
- Cashiers & Vault counts
- University Housing (Safety, Operations and Billing)
- Student Accounts Billing & Receivables
- Change in Leadership audits for
  - Provost
  - VP Student Affairs
  - College of Engineering
  - School of Computing

These additional eight projects represent another **1,140 hours** as a team, and after deferring these projects, the audit plan still includes 18 projects for the fiscal year.

The plan presented below shows the postponed projects as well as lower priority projects signified by red font. All remaining projects are still included in the plan for the remainder of the year.

### **Summary:**

The revised Audit Plan below shows projects postponed or deferred to future periods. All deferred projects will be considered during the next Risk Assessment refresh and will be evaluated or prioritized in consideration of any newly identified risks.

The proposed revised plan still includes 588 hours of unallocated time. Because investigations have trended a little higher than expected, and because of anticipated travel for Agriculture Extension projects, we would like to retain this balance for unforeseen circumstances. If possible, one or more of the postponed or deferred projects may be included in this year's plan.

## 2025-2026 Internal Audit Plan (Proposed Revision)

FY 2026 AUDIT PLAN	REVISED January 2026		Planned Hours	(%)	Hours Incurred	Status
<b>GROSS HOURS</b>	<b>Total Hours Available (3 FTE)</b>		<b>6,240</b>		<b>2,928</b>	
<b>Holiday</b>	Hours UW is closed		(360)	6%	(288)	
<b>Annual Leave</b>	Vacation		(528)	8%	(274)	*Adjusted
<b>Annual Leave</b>	Sick leave		(324)	5%	(78)	*Adjusted
<b>NET HOURS</b>	<b>AVAILABLE PROJECT HOURS</b>		<b>5,028</b>	<b>81%</b>	<b>2,288</b>	<b>*Adjusted</b>
<b>Required Initiatives</b>			<b>2,269</b>	<b>45.1%</b>	<b>1256</b>	
<b>Training</b>	Hours assigned for UW required training and continuing education credits for certifications.	Required for Certifications	380	8%	245	
<b>Quality Assessment</b>	Quality Improvement Plan, prepare for independent verification of self-assessment of internal audit function	Per IIA Standards	80	2%	108	In progress
<b>Administration</b>	Staff meetings, FLAC, policy review, research/development, web-site update, strategic planning, recruiting, etc.		1,089	22%	700	
<b>Advising</b>	Consultative and special projects, (i.e., collaboration with Procurement, Foundation, Risk, etc.)		240	5%	28	
<b>Follow-Ups</b>	Follow-Up monitoring, verifications & reporting	As Required	160	3%	84	
<b>Investigations</b>	Fraud, Waste, and Abuse (FWA) Investigations	As Needed	320	6%	199	
	<b>Annual/Rotating Projects</b>	<b>Recurring</b>	<b>670</b>	<b>13.3%</b>	<b>157</b>	
	<b>Athletics/NCAA Topics</b>	Ongoing Rotation	160	3%		
	<b>Agricultural Extension Programs</b>	Ongoing Rotation	200	4%	116	Planning
	<b>Continuous Monitoring Progress</b>	Annual	80	2%		
	Risk Assessment (Annual)	Annual	150	3%	41	In progress
	Results and Reporting (Annual)	Annual	80	2%		
	<b>Cashiers &amp; Vault Count</b>	<b>Biannual</b>	-	0%		Low priority
	<b>Carried Forward From Prior Year</b>	<b>Carryforwards</b>	<b>300</b>	<b>6.0%</b>	<b>2</b>	
	<b>HR/Payroll Incremental Review - Hiring and Recuriting</b>	PY Risk Assessment	150	3%	1	Planning
	<b>HR - Leave policies /Usage</b>	PY Risk Assessment	150	3%	1	Planning
	<b>EHS - assess review and implementation of consultant recommendations in late 2025, 2026</b>	<b>Recommended by Predecessors</b>	-	0%		Low priority
	ADA - New regs in effect in 2026. Consider audit in 2027.	Recommended by Predecessors	-	0%		
	<b>Change in Leadership Audits</b>	<b>Leadership Changes</b>	<b>300</b>	<b>6.0%</b>	<b>522</b>	
	College of Law	Leadership Change	-	0%	40	Complete
	College of Education	Leadership Change	-	0%	436	Complete
	University Libraries	Leadership Change	-	0%	62	Complete
	College of Health Sciences	Leadership Change	-	0%		Postponed
	College of Agriculture	Leadership Change	150	3%	23	Planning
	VP/CIO Enterprise Technology	Leadership Change	150	3%	1	
	TBD (Provost)	Leadership Change	-	0%		Low priority
	TBD (VP Student Affairs)	Leadership Change	-	0%		Low priority
	TBD (College of Engineering)	Leadership Change	-	0%		Low priority
	TBD (School of Computing)	Leadership Change	-	0%		Low priority
	<b>Risk-Based Audits/Projects</b>	<b>Risk Assessment</b>	<b>900</b>	<b>17.9%</b>	<b>639</b>	
	<b>Internal Billing (Operations Departments)</b>	Risk Assessment (LH)	150	3%	87	Field Work
	<b>Internal Billing (Service Centers)</b>	Risk Assessment (LH)	150	3%	192	Field Work
	<b>University Housing (Safety, Operations, Billing)</b>	<b>Risk Assessment (LH)</b>	-	0%		Low priority
	<b>Special facilities, Animal Molecular Science, Vivarium</b>	Risk Assessment (LH)	150	3%		
	Labor Laws (Plus payroll, Legal compliance, FLSA classification)	Risk Assessment (LH)	-	0%	1	Postponed
	<b>Remote locations and Remote workers (including out of state)</b>	Risk Assessment (HL)	-	0%	1	Postponed
	<b>Payroll Approval Process</b>	Risk Assessment (HL)	150	3%	355	Complete
	<b>Procurement Efficiency</b>	Risk Assessment (HL)	150	3%	1	
	<b>P-Cards</b>	Risk Assessment (HL)	150	3%		
	<b>Clery Act Reporting</b>	Risk Assessment (HL)	-	0%	2	Postponed
	<b>Student Accounts Billing &amp; Receivables</b>	<b>Risk Assessment (HL)</b>	-	0%		Low priority
	<b>Total Hours Assigned</b>		<b>4,439</b>	<b>88.3%</b>	<b>2,928</b>	
	<b>Total Remaining Hours</b>		<b>588.6</b>	<b>12%</b>	<b>✓</b>	
	<b>Total Available for Projects</b>		<b>5,028</b>			

Rationale and calculations for revisions to the Audit Plan will be discussed in detail during the Director's Report to the Committee in closed session.



## **Office of Internal Audit**

# **Internal Audit of Payroll Approval Process**

January 5, 2026

**Auditors:**

Whit Madère, MBA, MEd, CPA, CFE, CCEP

John Odhiambo, CPA

Kevin Chancellor, PMP



January 5, 2026

**University of Wyoming Board of Trustees:**

Internal Audit has completed an audit of the University of Wyoming Payroll Approval Process within Payroll Services. This audit was part of the FY 2025-2026 approved internal audit plan.

The objectives of this audit were to assess the adequacy and effectiveness of internal controls and related key processes that include payroll reconciliations, payroll system access, exceptions reporting, payroll approvals, and compliance with regulatory guidelines including Internal Revenue Service (IRS) regulations regarding payroll and employee benefits. The audit further sought to identify measures to mitigate control deficiencies identified in the assessment of these processes through proposed audit recommendations and management action plans.

Audit methodologies included inquiries, observation of current processes, scanning departmental records, examination of historical documents, recalculation of certain outcomes, and various analytical procedures.

Any concerns or weaknesses identified have been discussed with current leadership, and any management action plans arising from the audit may be subject to follow-up activities to ensure that risks have been appropriately mitigated.

All follow-up activities will be reported to the Fiscal and Legal Affairs Committee of the Board of Trustees until satisfactorily completed.

We would like to thank Bob Link, Assoc VP, Human Resources, Hillary Utton, Payroll Manager, and the other dedicated staff members of the UW Payroll Services for their hospitality and assistance throughout the course of this audit.

Sincerely,

Whit Madère, MBA, MEd, CPA, CFE, CCEP  
Director of Internal Audit

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## EXECUTIVE SUMMARY

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The Office of Internal Audit completed an audit review of the University of Wyoming (UW) Payroll Services as part of the Fiscal Year 2026 (academic year 2025-2026) audit plan. The audit was conducted to assess the adequacy and effectiveness of internal controls over payroll authorization, approval, and validation processes. The audit evaluated whether payroll transactions are accurately recorded, approved, and processed in compliance with UW policies and applicable regulations.

The auditors performed fieldwork and testing in the areas of:

- Payroll reconciliations
- Payroll system access
- Appropriateness of approvers
- Timeliness in approval of hourly non-benefited work hours
- Compliance review
- Payroll deductions and garnishments mandated by state and federal laws

Based on the results of the audit, UW Payroll Services performs internal activities in accordance with federal and state laws, rules and regulations as well as UW policies. Payroll Services could improve the control environment related to several items including:

- Hourly Non-Benefitted Auto-Approvals
- Off-System Validation Practices performed outside Oracle

Specific audit findings and recommendations are described in the **Observations, Findings and Recommendations** section of this report. Specific recommendations have been discussed with the members of the leadership of Payroll Services. In some cases, corrective action has already been implemented or is underway.



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## AUDIT SCOPE, PROCEDURES, AND OUTCOMES

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The University of Wyoming utilizes Oracle Cloud Human Capital Management (HCM) as its primary payroll and human resources management platform. Payroll Services, in collaboration with Human Resources, Decentralized HR Representatives (DHR), and Area Supervisors is responsible for ensuring employee compensation is accurate, timely, and compliant with UW and regulatory requirements.

DHRs and Supervisors play a critical role in approving employee timesheets before payroll deadlines. HR manages employee lifecycle events, including hiring, termination, and benefit changes, while Payroll performs validations prior to each payroll run to confirm the accuracy of calculated payments.

This audit was included in the FY 2025–2026 Annual Audit Plan based on a risk assessment that identified payroll approvals and time reporting as high-risk areas due to the potential impact on payroll accuracy, financial integrity, and compliance with employment laws.

The University of Wyoming is a state agency and must comply with the State of Wyoming Compensation Policy and the Wyoming Retirement Act.

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## AUDIT SCOPE, PROCEDURES, AND OUTCOMES

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The following steps represent the extent of work needed to achieve the audit objectives and are summarized below.

### Scope

The audit covered payroll approval and validation processes for the period July 1, 2024, through June 30, 2025, and included both benefited and non-benefited employees.

Topical areas covered:

- Payroll reconciliations
- Payroll system access
- Appropriateness of approvers
- Timeliness in approval of hourly non-benefited work hours
- Compliance review
- Payroll deductions and garnishments mandated by state and federal laws

### Procedures

Audit procedures were conducted based on generally accepted auditing standards and practices. Procedures used during this audit included:

- Interviews with Payroll personnel.
- Observations of Payroll validation process including live payroll processing.
- Examination of Oracle Cloud payroll element reports.
- Evaluation of internal controls for accuracy, authorization, segregation of duties and timeliness.
- Analytical procedures such as comparative analysis and trend analysis.

### Outcomes

The results of our audit are characterized in three different categories.

- A. **Reportable conditions.** This is the highest level of reporting, and may include violations of policies, procedures, laws, rules, or regulations. Reportable conditions are included in this report and have been discussed with management prior to publication. For each reportable condition, management has provided a response referred to as a Management Action Plan (MAP). All MAPs will be monitored to ensure that the risks identified are adequately mitigated. As required by our professional standards, Internal Audit will monitor and communicate the status of open MAPs to the Fiscal and Legal Affairs Committee of the University of Wyoming Board or Trustees.
- B. **Written management recommendations.** These include observations by auditors based on proven best or good business practices, industry norms or standards or other auditor experiences, but do not represent a violation of proscribed policies or procedures or other laws, rules or regulations. Management recommendations are provided to leaders or staff members for consideration to improve processes, gain efficiency, or avoid potential

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## AUDIT SCOPE, PROCEDURES, AND OUTCOMES

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unintended consequences. Management is strongly encouraged to thoughtfully consider these recommendations, although no written management action plan is required, and auditors will generally not track implementation of planned changes. While these recommendations do not rise to the level of reportable condition, if the condition persists without corrective action, they could rise to the level of a reportable condition in future years.

- C. **Orally communicated observations** or considerations are the lowest level of information shared with leadership or management and may not be included in writing in this report. Oral observations and recommendations are shared with management throughout the audit process and/or at the audit closing conference. Oral observations may include opportunities for improved efficiency, comments regarding employees' performance or training needs, or other general suggestions for improvement.

The table below provides a summary of the outcomes discussed in this report:

Audit Area	Type of Observation	Summary of Finding
Hourly Non-Benefitted Auto-Approvals	26-2.1 – Reportable Condition requiring follow up.	Hourly non-benefitted employees paid through auto-approval due to lack of supervisor approval of employee's reported timecard.
Payroll validation practices performed outside Oracle	26-2.2 – Written Recommendation - No written management action plan or follow up required.	Payroll validation conducted outside of Oracle.

The **Observations, Recommendations and Responses** section of this report includes detailed discussions of the reportable conditions along with their respective Management Action Plans.

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## OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

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### Observation #26-2.1: Hourly Non-Benefitted Auto-Approvals

#### Background

As part of the internal audit of payroll approval processes, auditors performed a review on the timeliness and accuracy of timesheet approvals for hourly non-benefitted employees. Some divisions within the University utilize electronic timekeeping systems integrated with the payroll module in Oracle. Employees access the system and manually input the hours they have worked. Each employee's supervisor is then responsible for reviewing and approving the reported hours worked before the payroll processing deadlines. The window for supervisor approval is at least 24 hours after the employee timecard submission deadline. If this deadline passes without the supervisor's approval, the timecard will be automatically approved for payment to prevent any missed payroll disbursement to employees.

#### Criteria

The Quick Reference Guide (QRG) "Payroll Time Entries Approvals – Manager" is a detailed resource for supervisors to use for direction in approving hourly timecards. It states: "Timecard approvals will come to the employee's direct supervisor via a process run by Payroll, the Monday-Wednesday after each bi-weekly pay period ends (except when adjusted for holiday closures). This process submits all time the employee has saved at the time the process is run. All Hourly Non-Benefitted hours must be approved by the supervisor by 5:00 pm on Wednesday to be paid on that payroll."

Per the UW employee handbook of 2022, on page 20 it states that the *UW Payroll Office is dedicated to processing accurate and timely pay for all employees while adhering to University guidelines, as well as federal and state regulations.* It further elaborates that it is important to adhere to these payroll deadlines to ensure timely and accurate payroll processing.

#### Condition

Audit testing identified instances in which supervisors failed to approve hourly non-benefitted employee timecards before the payroll cutoff dates. In such cases, the system automatically approved the unreviewed time entries based on the employees' self-reported hours worked. There have been 4,448 hourly non-benefitted payments issued this calendar year (2025) which were automatically approved due to a supervisor missing the approval deadline.

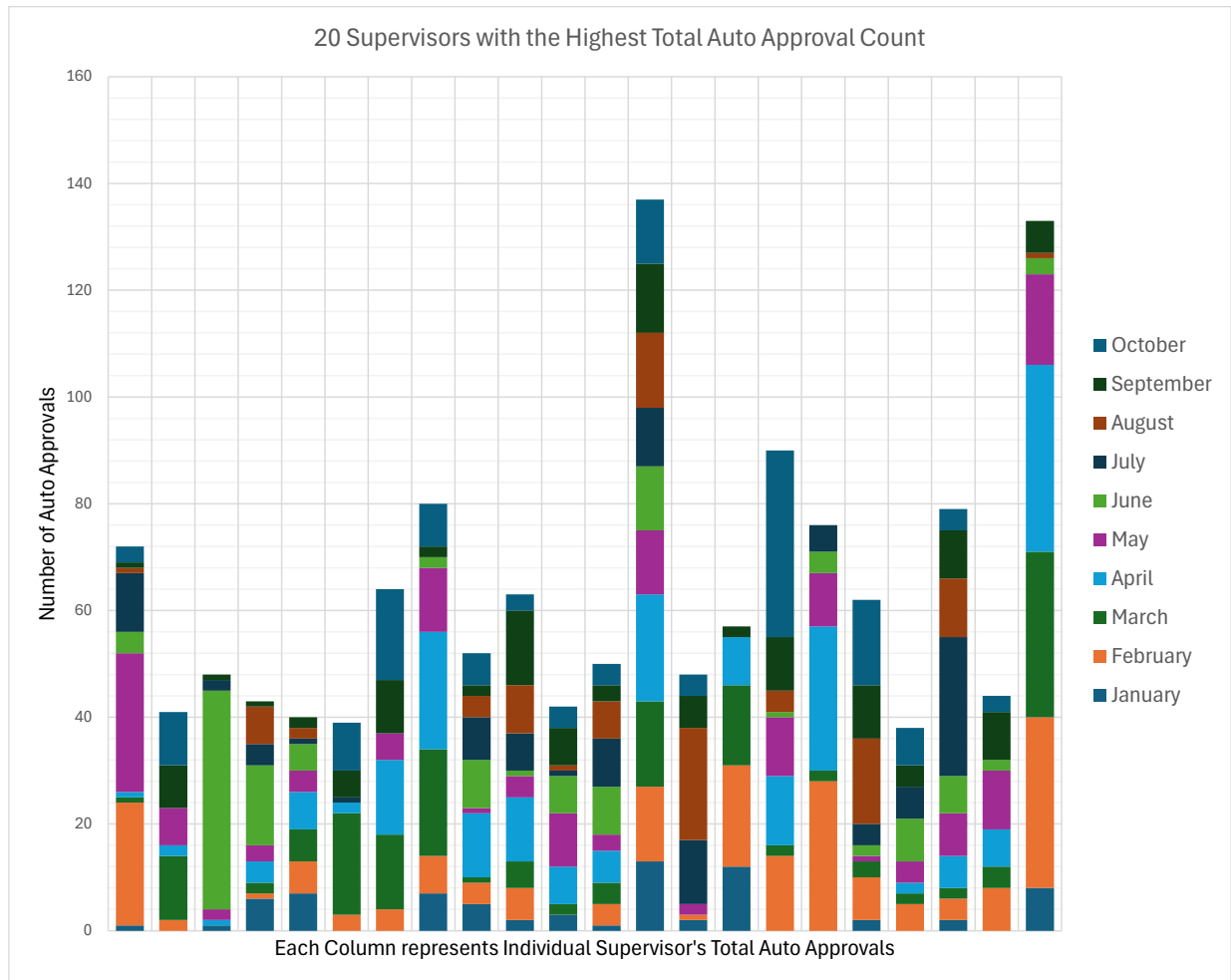
In review of the instances of auto-approval, multiple departments across all colleges within the University exhibit experiences with supervisors habitually missing approval deadlines for hourly non-benefitted staff. Analysis of auto-approvals of bi-weekly payrolls from January 2025 to September 2025 captured a list of departments across UW whose delayed approval of employee timesheets resulted in these auto-approvals. The graphs below summarize the instances of non-compliance with the payroll approval policy.

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## OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

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### Stacked Column showing Top 20 by Supervisor then Monthly Count of Auto-Approvals



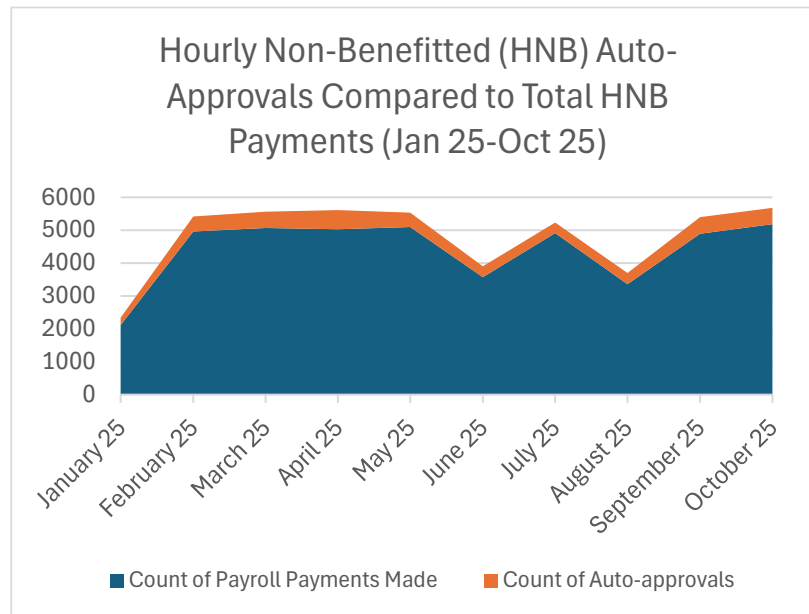
The number of colors in a supervisor's stack represents the number of months they have had an auto-approval. The spacing of each color depicts the number of auto-approvals incurred in that month, so a stack with multiple colors of approximately the same area indicates regular auto-approvals of the same number of timecards. Stacks with a small number of large areas may represent a supervisor who normally completes timecard approvals, but had something come up which prevented approval for the time period.

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## OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

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The chart below describes the percentage to total of all hourly non-benefitted employees' timecards submitted in the calendar year to date through October 2025. The orange is the portion of payments that were auto approved, while the blue and orange together are the total hourly non-benefitted payments made for the period.



Overall, the percentage to total shows that the university's auto-approvals consistently fluctuate between 8-10%, with an overall average of 9.5 percent auto approved. Total hourly non-benefitted payroll dollars paid in the ten months evaluated was \$17,512,134.40. There was no report that would tell us the exact amounts paid that were auto approved, but we can use the total payments and the average percentage of auto-approvals to conclude that approximately \$1,660,150.34 of payroll was auto approved in this calendar year (2025) through October.

There is no written policy outlining potential consequences for habitually missing approval deadlines, nor is there incentive to compel supervisors to review and approve timecards before the deadline even though the supervisors should be concerned about accuracy of payroll and departmental budgets. No system exception or notification mechanism currently alerts Payroll or Human Resources personnel when automatic approvals occur due to supervisor inaction and is only provided in a report run with each payroll.

### Consequences

Repeated auto-approvals with no manual supervisor approval increase the risk that employees may inflate the hours worked on their timecards and then get paid for those hours automatically. There are other issues that could happen that a supervisor would notice when approving hours, such as an employee not reporting all worked time, reporting the hours to the wrong assignment in another department, which may have a different hourly rate than another assignment. A diligent supervisor's review could proactively detect several kinds of errors an employee may

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## OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

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make when inputting timecard hours. Auto-approval, while necessary to ensure timely payments, has weakened internal controls over accurate payments.

### Cause

- Lack of code of enforcement or stated consequences for repeatedly missing timecard approval deadlines may be a potential cause of missed deadlines which lead to an influx of auto-approvals and a culture of tolerance for this type of behavior.
- Simple monitoring by Payroll or Human Resource personnel, and the lack of robust exception reporting on unapproved timesheets prior to payroll processing may also be causal factors.

### Corrective Action

Strengthen Oversight Controls and Encourage Greater Accountability:

- Using the existing capability for producing exception reports that identify all auto-approved timesheets, create and socialize a communication and escalation protocol that increases leadership awareness and compels departments to review the auto-approvals post-payroll in order to ensure accuracy and identify any needed corrections to the payroll amounts disbursed.
- HR and/or Payroll Services personnel should continue to monitor compliance and follow up with supervisors who repeatedly miss approval deadlines in order to reduce or minimize repeat offenders by improving leadership visibility and encouraging a culture of compliance.

Provide Training and Communication:

- Conduct refresher training for supervisors to emphasize the importance of timely timesheet approvals and the risks associated with system auto-approvals.
- In instances in which auto-approvals are necessary, require supervisors to complete “after the fact” approvals to determine whether corrections to disbursed amounts via future pay adjustments are necessary.

**Management Response:**

**Responsible Individual(s):**

**Target Completion Date(s):**

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## OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

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### Observation #26-2.2: Off-System Validation Practices performed outside Oracle

#### Background

The University of Wyoming utilizes Oracle Cloud Human Capital Management (HCM) as its primary payroll processing system. Payroll validation procedures are critical steps conducted before each payroll cycle to ensure that all employee payments, deductions, and benefits are accurate and appropriately approved.

While the main platform for processing payroll is based in the HCM system, Payroll Services pulls reports from the Oracle system to validate output using Microsoft Access databases.

#### Criteria and Condition

The **University of Wyoming Employee Handbook, 2022**, Page 20 states: *“All compensation paid to University employees for services rendered to the University must be processed through the University’s payroll system.”*

During the audit, we noted that payroll validation reports and reconciliation spreadsheets are generated from Oracle Cloud, downloaded, and validated outside the HCM system, using a Microsoft Access database, separate from the core system. The validation files are then saved in a shared drive folder that is restricted to payroll staff.

Validations are completed outside the system of record, limiting data traceability, and creating potential risks in data integrity, as well as efficiency.

Because all core payroll processing functions occur within the Oracle, HCM, Payroll Services, there is no violation of policy; however, if the Payroll Services team could perform all functions including validations within the system, it might provide greater efficiency and avoid potential errors.

#### Consequences

Because the Oracle HCM platform is updated regularly to include federal and state changes, discrepancies identified in the validation process may be “false positive” results which can be remedied by updating the validation database. Therefore, the current condition may result in inefficiencies, but not necessarily ineffectiveness or errors in disbursements.

Management has noted that errors may occur, and the Payroll Manager pointed out that Access databases require updating as well. Every IRS increase to retirements, Health Savings Accounts, etc. can require updates to the database.

Typically, errors identified are due to human error or inaccurate inputs by individuals who submit payroll information. As a result, the current process does not often result in errant disbursement; rather, the process may simply be less efficient than relying solely on the Oracle HCM for the validation process.



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## OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

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### **Corrective Action(s)**

The payroll unit should continue to explore the possibility of enabling Oracle modules or functionality to reduce or eliminate reliance on manual processes or processes outside the system of record and should continue to liaise with the Budget and Finance and Information Technology departments to explore the possibility of enhancing the functionality of the Oracle payroll system.

### **Management Response (Optional)**

*We are aware of these challenges, we are actively working with WyoCloud reporting and Business Analysts to increase validations and efficiencies within Oracle. The bandwidth to ascertain possible improvements, communicate, build, test and implement, while continuing to produce the necessary output on an ongoing basis is our primary barrier to how fast some of these corrective actions can move forward. We will continue to collaborate with Budget and Finance and Information Technology (specifically the WyoCloud team) to explore opportunities for improvement.*

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## OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

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### **Conclusion**

Except as noted above, based on our audit, UW Payroll Services performs internal activities in accordance with federal and state laws, rules and regulations as well as UW policies and procedures.

We would like to express our gratitude to Hillary C. Utton, Payroll Manager, and her staff for their cooperation, support, and patience with us throughout the audit process. They were very gracious with their time and provided constructive collaboration with the audit team.

### **Distribution list**

Edward Seidel, President of the University of Wyoming

Alex Kean, Vice President, Budget and Finance

Bob Link, Associate Vice President, Human Resources

Hillary C. Utton, Payroll Manager, University of Wyoming Payroll Services

Fiscal and Legal Affairs Committee of the University of Wyoming Board of Trustees

**FISCAL AND LEGAL AFFAIRS COMMITTEE**  
**COMMITTEE MEETING MATERIALS**

**AGENDA ITEM TITLE:** Status of Follow-up Activity

- ☒ OPEN SESSION  
☐ CLOSED SESSION

**PREVIOUSLY DISCUSSED BY COMMITTEE:**

- ☐ Yes  
☒ No

**FOR FULL BOARD CONSIDERATION:**

- ☐ Yes *[Note: If yes, materials will also be included in the full UW Board of Trustee report.]*  
☒ No  
☒ *Attachments/materials are provided in advance of the meeting.*

**EXECUTIVE SUMMARY:** According to the Institute of Internal Auditors Global Internal Audit Standards, internal auditors must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the residual risks associated with maintaining the status quo and not taking further corrective action.

**PRIOR RELATED COMMITTEE DISCUSSIONS/ACTIONS:** None

**WHY THIS ITEM IS BEFORE THE COMMITTEE:** Regular report to the Committee regarding status of Internal Audit activities.

**ACTION REQUIRED AT THIS COMMITTEE MEETING:** None

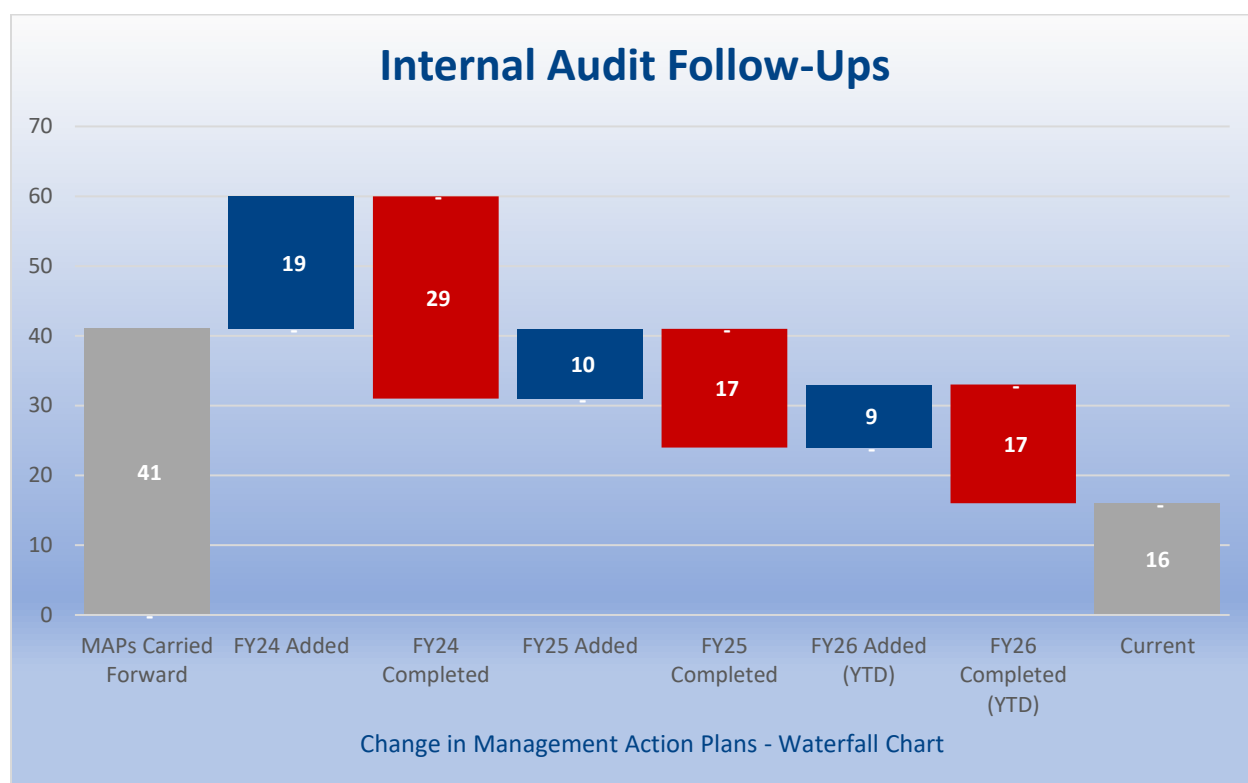
**PROPOSED MOTION:** None

### Background:

The Institute of Internal Auditors' Standards states that the chief audit executive must establish and maintain a system to monitor the disposition of results previously communicated to management and must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking the recommended action(s).

The Internal Audit team presents all management action plans for which a follow-up may be required, even if the planned implementation date is well into the future.

Since tracking the status of all Management Action Plans (MAPs), including all known action plans monitored by predecessor auditors, 38 MAPs have been added to the tracker, and 63 MAPs have been completed, leaving a total of 16 currently being monitored.



Of the 16 MAPs that remain open:

- Three have been completed since the last meeting.
- Of the 16, one is past due or partially past due but working toward completion. (See the **red text** in the tracker below.)
- One has a due date October 15, 2025, but has not yet been validated by Internal Audit.

The table below summarizes all management action plans outstanding:

Index	Audit Period	Issued	Entity Name	Remaining	Nature of Management Action Plan	Completion Status and Due Date	Past Due?
21-3	2020-2021	9/14/2022	Academic Affairs (COM)	1	1b. Policies and procedures document	Expected 2028	No
22-3	2021-2022	9/8/2022	Student Health Services	1	2a. Quality controls for accreditation	9/30/2027	No
22-6	2021-2022	7/17/2023	Capital Construction Projects	0	Revisions to documentation	Completed	
23-1	2022-2023	3/2/2023	General Facility and Deferred Maintenance	0	Revisions to documentation	Completed	
23-2	2022-2023	7/18/2023	College of Health Sciences (COM)	1	2. Documented operational, financial, and personnel guidelines have not been fully developed to ensure effective and efficient	TBD	Yes
24-3	2023-2024	10/17/2023	ASUW	3	1c. Present fees to Central Fee Committee	1/31/2026	No
					2b. Formalize ASUW documentation	1/31/2026	No
					2d. Working group to review/revise	1/31/2026	No
25-1	2024-2025	9/8/2025	College of Law	3	1a. Develop Scholarship Plan detailing processes/policies for	10/15/2025	Not Validated
					1b. Build and maintain	6/1/2026	No
					2. Supplemental Pay - Evaluate faculty employment contracts for details regarding summer supplemental pay, and expected deliverables associated with supplemental summer pay. Develop system or tracker for assessing completion of deliverables by summer research faculty.	1/1/2026	No
25-2	2024-2025	9/8/2025	Laramie County 4-H - UW Agriculture Extension	5	1. Update of new "No lapse" volunteer background check policy and training of county 4-H employees regarding new policy at state wide meeting.	Completed	
					2. Implement formal review and approval process for monthly reconciliations	2/28/2026	No
					3. Identify and require county	3/31/2026	No
					4. Create and implement a policy establishing rules regarding the purchase/sale of livestock	1/15/2026	No
					5. Creation of policy dictating rules for scholarship awarding to 4-H participants via a scholarship committee or similar.	1/15/2026	No
25-3	2024-2025	9/8/2025	UW Libraires	2	1a. Create written plan outlining inventory taking processes for the Libraires.	2/28/2026	No
					1b. Internal Audit team will return	2/28/2026	No
26-1	2025-2026	10/23/2025	College of Education	1	1a. Create and implement Supplemental payment tracker for	6/1/2026	No

## **M.A.P. Discussion and Progress Updates:**

### **21-3 Academic Affairs Change in Leadership (Provost)**

- Audit Report Date: September 14, 2022
- Original Follow-Up Due Date: February 22, 2023
- The report contained one observation with two parts as follows:
  - **Observation #1b:** It is recommended the Office of the Provost continue to fulfill its compliance with Regulation 1-1 by orchestrating a review of procedures with constituents as necessary to ensure accuracy, applicability, and alignment with strategic objectives.

#### **Status as of January 2026 –**

Only one item remains open, and most sections within it have been completed.

- **Observation #1b:** Review and revisions have been underway considering:
  - Course overloads
  - Release time
  - Completion date, 2028.

The topics of Release Time and Course Overloads have been combined and included in General Counsel's project to update all SAP/DAP documents and target completion date is 2028. The intent is to also include the topic of course overloads with release time.

### **22-3 Student Health Services - Organization training and quality controls for accreditation**

- Audit Report Date: August 30, 2022
- Original Follow-Up Due Date: June 8, 2023
- The report contains two observations as follows:
  - **Observation #2a: Accreditation:** Accreditation lapsed in 2021.
  - **Observation #2c: Quality Control Assessments and Activities:** Other quality control measures have not been occurring as per past accreditation and/or procedure documentation. **(Complete)**
    - Peer Reviews
    - Quality Improvement Committee
    - Risk Management Committee
    - Patient Satisfaction Survey

#### **Status as of January 2026 –**

- **Observation #2a:**
  - Student Health Services has established an Accreditation Committee designed to review AAAHC standards and UW policies and procedures to prepare for the re-accreditation process every 3 years. The committee ensures that Student Health Services provide excellent, quality health care every day throughout the accreditation cycle, by monitoring quality, risk management, and addressing

opportunities for improvement. The meetings are held bi-weekly on Thursday at 9:00 a.m.

- The expectation of Student Health Services is 1-2 years for accreditation approval. Target completion date for 2a is 9/30/2027.

## **22-6 & 23-1 Capital Construction Process and General Facility and Deferred Maintenance**

- Audit Report Date: July 17, 2023/March 2, 2023
- Original Follow-Up Due Date: April 17, 2024/December 2, 2023
- Both reports contained two observations, one from each remains open as follows:
  - **Capital Construction Observation #1: 22-6** - With changes in leadership, institutional administration reorganizations, and updated strategic planning, the Facilities Council as originally outlined is not currently active.
    - Assess the need to update UniReg [1-1](#), [6-1](#), [6-4](#), [6-9](#), Trustee Bylaws, and other directive documentation to ensure congruency with state statute, nomenclature, and expectations.
    - Ensure that compliance elements of W.S. § 9-2-3006 are delineated in procurement procedures for Capital Construction Projects.
  - **General Facilities Observation #1: 23-1** - Oversight of bid processing – to ensure a proper understanding of authority and expectations, it is recommended that the division works with General Counsel to review to assess the need to update UniReg [6-1](#), [6-4](#), and [6-9](#), and other guidance to ensure congruency with division nomenclature and current titles.

### **Status as of January 2026 –**

As all recommendations from the Capital Construction Audit and the General Facilities Audit have been satisfied, the MAPs listed below are considered **complete** and will no longer be tracked. Details below.

### **Capital Construction Audit (22-6: Issued July 17, 2023)**

- Observation #1 regarding institutional guidance documentation: Alignment with W.S. § 9-2-3006:
  - UniReg 1-1: No conflict.
  - UniReg 6-1: Amended to include VP of Campus Operations and mirrors wording of W.S. § 9-2-3006 regarding authorization to approve change orders for non-capital construction or major maintenance projects up to \$50,000 and in no event shall the cumulative total of all change orders for each non-capital construction or major maintenance project result in an amount that exceeds \$75,000 without Board of Trustees approval.
  - UniReg 6-4: Version adopted 6/16/2021 by the Board of Trustees has no conflicts with W.S. § 9-2-3006.
  - UniReg 6-9: Version adopted 11/21/2024 by the Board of Trustees has no conflicts with W.S. § 9-2-3006.

### General Facilities Audit (23-1: Issued March 2, 2023)

- Observation #1 regarding authority and accountability in managing obligation of funds in facility projects:
  - UniReg 6-1: Amended to include VP of Campus Operations regarding selection and employment of architects.
  - UniReg 6-4: Version adopted 6/16/2021 by the Board of Trustees has no conflicts with W.S. § 9-2-3006, and includes identical wording that *“All construction, alterations, improvements or maintenance to University buildings or grounds shall be performed exclusively by, or through, UW Operations. All alterations or improvements or maintenance shall be requested through UW Operations in the process set forth on the UW Operations website.”*
  - UniReg 6-9: Version adopted 11/21/2024 by the Board of Trustees meeting has no conflicts with W.S. § 9-2-3006 and mirrors wording from W.S. § 9-2-3006, stating that *“The procurement of Capital Construction Projects at the University shall be in compliance with W.S. § 9-2-3006”* which refers to *“procurement of capital construction projects by an agency in accordance with this section”* as stated in W.S. § 9-2-3006.

### 23-2 College of Health Sciences (COM)

- Audit Report Date: July 18, 2023
- Original Follow-Up Due Date: April 18, 2024
- One observation remains incomplete and is summarized as follows:
  - **Observation #2:** Documented operational, financial, and personnel guidelines have not been fully developed to ensure effective and efficient progress toward shared strategic objectives between the college and EHCW.

### Status as of January 2026 –

- **Observation #2:** - The College of Health Sciences has hired Jefferson Wells to conduct a comprehensive audit of EHCW operations. The report is complete and has been provided to The College of Health Sciences and to the Internal Audit team.
- In review of the external audit report, Jefferson Wells shares concerns related to development of policies and guidelines for personnel, financial, and operational effectiveness. This observation is still relevant and will need a new timeline for completion. As of the publication of this report, the expected completion is unknown and is listed as **to be determined**. An update will be presented to the FLAC at the January meeting

### 24-3 Associated Students of the University of Wyoming (ASUW)

- Audit Report Date: October 17, 2023
- Original Follow-Up Due: July 17, 2024  
The original report contained two observations comprising eight components, some of which were further broken down into multiple tasks. The corrective actions and



management action plans have been broken down into seven items which are summarized as follows:

- **Observation #1c:** Include use of mandatory fees, carry forward and reserve balances, in the presentation to the Central Fee Committee.
- **Observation #2b:** Formally document ASUW guidelines, training requirements, regular/periodic review of ASUW By-Laws, Strategic Plan, and Governance/Oversight.
- **Observation #2d:** Develop a process to formalize documentation and ensure ongoing/periodic updates to documentation to ensure financial, compliance, strategic, reputational, and operational risks are mitigated.

#### **Status as of January 2026 –**

- There have been no updates since the November 2025 report. Management relayed the need for each of the remaining observation resolutions to go through an approval process at an ASUW meeting. As such, management has requested an extension to January 31, 2026. The Internal Audit team will review these observations for completion again in February 2026.
  - **Observation #1c:** Completion date revised to **January 31, 2026.**
  - **Observation #2b:** Completion date revised to **January 31, 2026.**
  - **Observation #2d:** Completion date revised to **January 31, 2026.**

#### **25-1 College of Law**

- Audit Report Date: September 8, 2025
- Original Follow-Up Due Dates: 1a. - 10/15/2025, 1b. - 6/1/2026, 2. - 1/1/2026
- The audit report contained two observations comprising of three total components.
  - **Observation #1a:** Develop a Scholarship Plan containing presumptive ranges of scholarships for certain scholarship criteria (including LSAT and UGPA). The Plan should also include process for approval by more than one person when scholarships are awarded outside of the presumptive range. The plan should include:
    - Make up of Scholarship Committee/employees, to establish dual control or oversight rather than reliance on a single individual to determine awards,
    - Formalization of the scholarship award process including scholarships for first-year students as well as continuing students. Faculty members and staff should be cautioned against informally providing oral communication of awards until the formal process is complete, and even then, only with accompanying written documentation to follow.
    - Communication protocols, including maintaining copies of all correspondence in student files,
    - Consideration and impact of other forms of payments including student directors of the law clinics and all other paid positions,
    - Clear statements regarding criteria for tuition waivers to out-of-state students, changes in waiver status, and impacts on other scholarship eligibility,

- The College of Law should also consider a policy that evaluates whether College of Law scholarship money will displace other funding that the student is already receiving. For example, care should be taken to ensure that students use veterans' benefits or Hathaway Scholarship that they have already been awarded rather than having those funding sources replaced by College of Law scholarships.
- **Observation #1b:** Maintain documentation, including all award criteria used in determining award amounts, any changes to awards for any reason, and copies of all correspondence with awardees.
- **Observation #2:** Evaluate faculty employment contracts for details regarding summer supplemental pay, and expected deliverables associated with supplemental summer pay. Develop system or tracker for assessing completion of deliverables by summer research faculty.

**Status as of January 2026** – One management action plan was due October 15, 2025. While this item (update to Scholarship Plan – Observation #1a) may be completed, as of the submission of these materials, Internal Audit has not verified completion of the action plan. An update will be provided orally to the FLAC at the January meeting if available. No other management action plans are overdue or off track for completion as of January 2026.

## **25-2 Laramie County 4-H - UW Agriculture Extension**

- Audit Report Date: September 8, 2025
- Original Follow-Up Due Dates: 1. - 12/1/2025, 2. - 12/1/2025, 3. - 1/1/2026, 4. – 12/1/2025, 5. – 12/1/2025
- The audit report contained five observations.
  - **Observation #1** - Update of volunteer background check policy to include new "No lapse" policy and training of county 4-H employees regarding new policy at statewide meeting. (Completed)
  - **Observation #2** - Implement formal review and approval process for monthly reconciliations and incorporate the process into the Wyoming 4-H policy framework.
  - **Observation #3** - Identify and require county implementation of new accounting software for recordkeeping. Provide training for implemented software.
  - **Observation #4** - Develop and implement a formal policy regarding the purchase and/or sale of livestock for all county offices in Wyoming.
  - **Observation #5** - Develop and implement a formal policy for awarding 4-H travel scholarships. Policy should include clear application procedures, defined evaluation criteria, standardized award ranges, documentation requirements

## **Status as of January 2026 –**

- Observation 1 has been satisfactorily completed with review and revision of the text in the volunteer background check policy and is considered complete.
- Observation 2 has been extended to February due to an accountant leaving who would be key to the reconciliation training. A plan is in place for training employees.

- Observation 3 - A QuickBooks subscription was purchased for all counties on November 5th, 2025. QuickBooks accounts were created for each county and sent out to all county administrative staff and 4-H educators. The implementation of QuickBooks was discussed with extension staff at our in-person meeting in November. Some training is provided by the QuickBooks platform, but UW Extension is planning to hold additional training regarding the software and what needs to be included in the platform based on some guidance from Internal Audit. Extension to March 31, 2026, to account for time to train. Great progress toward having good accounting software for all counties.
- Observations 4 & 5 have been completed and approved but are not yet included in the policy manual or on the website. When those changes are made, these observations will be complete.

### **25-3 University of Wyoming Libraires**

- Audit Report Date: July 31, 2025
- Original Follow-Up Due Dates: 1a. - 1/1/2026, 1b. - 1/1/2026
- The audit report contained one observation with two parts.
  - **Observation #1a** - Create a policy and a written plan for when and how inventory observations will be conducted. A full inventory should be taken after RFID is in place, and a plan for continuously cycle counting inventory in future periods should be outlined.
  - **Observation #1b** – Contact Internal Audit to schedule a walkthrough/observation of UW Libraires RFID devices in use when fully implemented

**Status as of January 2026** – The full implementation and training of staff on the RFID system in preparation to go live for inventory accounting has been delayed. Libraries expect training of staff to be complete by the end of January. Extension of due date for review (1b.) has been set to February 2026. The draft written inventory plan (1a.) has been shared with Internal Audit and is on track for full completion by February as well.

### **26-1 College of Education**

- Audit Report Date: October 23, 2025
- Original Follow-Up Due Dates: 1a. - 6/1/2026
- The audit report contained one observation.
  - **Observation #1a** - Create and implement supplemental payment tracker for all faculty receiving supplemental payments. Compare assigned summer supplemental payments for additional summer responsibilities to job offer letters to ensure payments are accurate and owed to employee as described on job offer letter.

**Status as of January 2026** – No management action plans are overdue or off track for completion by the respective due date as of January 2026.

**FISCAL AND LEGAL AFFAIRS COMMITTEE**  
**COMMITTEE MEETING MATERIALS**

**AGENDA ITEM TITLE:** **External Audit: FY25 Single Audit Report**, Kean/Stark/Forvis Mazars/Allen

**SESSION TYPE:**

- ☐ Work Session
- ☒ Information Session
- ☐ Other
- ☐ [Committee of the Whole – Items for Approval]

**APPLIES TO STRATEGIC GOALS:**

- ☒ Yes (select below):
  - ☒ Institutional Excellence
  - ☒ Student Success
  - ☒ Service to the State
  - ☒ Financial Growth and Stability
- ☐ No [Regular Business]

☒ *Attachments are provided with the narrative.*

**EXECUTIVE SUMMARY:**

Due to the delay of the federal compliance supplement, the Single Audit Report was delayed and not presented with UW's annual audited financial statements for fiscal year 2025 in the November Board of Trustees meeting. Since then, the FY25 Single Audit Report has been finalized with the issuance of the federal compliance supplements. There was one compliance finding as indicated in the report, but it does not rise to the level of material noncompliance.

Single Audit Report- As part of obtaining reasonable assurance that the University complied with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs, the auditors perform tests of compliance with applicable compliance requirements. The auditors express an opinion that the University has complied, in all material respects, with the applicable compliance requirements that have a direct and material effect on each of its major programs, which would include reporting instances of noncompliance, if any, that are required to be reported under the Uniform Grant Guidance. Similar to the above report, the auditors also consider the University's internal controls over compliance. The auditors do not express an opinion on the effectiveness of the University's controls, instead they report whether the results of their tests disclose any deficiencies in internal control that are required to be reported under the Uniform Grant Guidance.

The Single Audit reporting package is required to be submitted to the Federal Audit Clearinghouse within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period.

Pursuant to the Bylaws of the Trustees, Article VII. Section 7-2:

*The Fiscal and Legal Affairs Committee is responsible for assuring that the University's organizational culture, capabilities, systems and processes are appropriate to protect the financial health and the reputation of the University in all audit-related areas enumerated below. Specifically the Fiscal and Legal Affairs Committee will review the financial reporting processes, the system of internal controls, the audit process, and the process for monitoring and ensuring compliance with financial laws and regulations. It will monitor the University's internal and external auditor's findings.*

*In discharging their duties hereunder, the members of the Committee are entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by: officers or employees of the University whom the Committee members reasonably believe to be reliable and competent in the matters presented; and legal counsel, public accountants or other persons as to matters the Committee members reasonably believe are within the person's professional or expert competence.*

Annual financial reports serve various functions and have numerous audiences. They not only serve to inform the campus community of the institution's financial condition and results of operations, but they are also required by various governmental, regulatory, and rating agencies; holders of the institution's bonds; and accrediting agencies. The Board of Trustees is held to a high standard of full financial disclosure, transparency, and accountability: public acceptance and approval of the financial reports completes the audit cycle, helps tell the University of Wyoming's financial story, and assists the Board in exercising their fiduciary responsibilities.

#### PRIOR RELATED BOARD DISCUSSIONS/ACTIONS:

The Board accepts the University of Wyoming Independent Auditor's Report and Financial Statements, Single Audit Report and Schedule of Expenditures of Federal Awards, Wyoming Public Media's Independent Audit Report and Financial Statements, and the Agreed-Upon procedure engagements for Intercollegiate Athletics and Cowboy Joe Club each year.

#### WHY THIS ITEM IS BEFORE THE BOARD:

The Board of Trustees is responsible for assuring that the University's organizational culture, capabilities, systems, and processes are appropriate to protect the financial health and the reputation of the University in audit-related areas. The presentation of annual audited financial reports is intended to inform the Board about significant matters related to the results of the annual audit so that they can appropriately discharge their oversight responsibility.

#### ACTION REQUIRED AT THIS BOARD MEETING:

Subject to recommendation by the Fiscal and Legal Affairs Committee Chair, it is recommended that the Board of Trustees of the University of Wyoming accept and approve the University of Wyoming Independent Auditor's Single Audit Report for the fiscal year ended June 30, 2025.

#### PROPOSED MOTION for FLAC:

I move to recommend to the full board to approve the University of Wyoming Independent Auditor's Single Audit Report for the fiscal year ended June 30, 2025.

#### PRESIDENT'S RECOMMENDATION:

**FISCAL AND LEGAL AFFAIRS COMMITTEE**  
**COMMITTEE MEETING MATERIALS**

**AGENDA ITEM TITLE:** Market Update and Quarterly Investment Performance Report

- ☒ OPEN SESSION  
☐ CLOSED SESSION

**PREVIOUSLY DISCUSSED BY COMMITTEE:**

- ☒ Yes  
☐ No

**FOR FULL BOARD CONSIDERATION:**

- ☐ Yes *[Note: If yes, materials will also be included in the full UW Board of Trustee report.]*  
☒ No  
☒ *Attachments/materials are provided in advance of the meeting.*

**EXECUTIVE SUMMARY:** Quarterly investment performance review of funds managed by UW under UW Regulation 7-7: Investment and Management of University Funds.

**PRIOR RELATED COMMITTEE DISCUSSIONS/ACTIONS:** Previous quarterly performance reports.

**WHY THIS ITEM IS BEFORE THE COMMITTEE:** UW Regulation 7-7: Investment and Management of University funds IX.A.1 outlines that “Performance reports are supplied to the Board following the end of each quarter.”

**ACTION REQUIRED AT THIS COMMITTEE MEETING:** None

**PROPOSED MOTION:** None



# University of Wyoming

## Investment Performance Review For the Quarter Ended December 31, 2025

### Client Management Team

Joan Evans, Director  
Gray Lepley, Senior Director  
Amber Cannegieter, Key Account Manager

### PFM Asset Management A division of U.S. Bancorp Asset Management, Inc

1720 Carey Avenue, Suite 520  
Cheyenne, WY 82001  
307-287-1514

213 Market Street  
Harrisburg, PA 17101-2141  
717-232-2723

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# **Agenda**

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- Market Update
- Account Summary
- Portfolio Review



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## Market Update

## Current Market Themes



- ▶ U.S. economy remains resilient but government shutdown obscures data
  - ▶ Inflation print likely biased lower due to data collection gaps and technical adjustments
  - ▶ Unemployment rate trends higher with net new job creation near zero
  - ▶ Strong consumer and business spending, along with steadier trade dynamics, support growth



- ▶ The Fed lowered the target rate by 50 basis points in the fourth quarter to 3.50-3.75%
  - ▶ Fed Chair Powell acknowledged ongoing challenges in achieving the Fed's dual mandate of maximum employment and price stability
  - ▶ The Fed's December "dot plot" indicates 25 bps of cuts in both 2026 and 2027, but the wide dispersion in underlying projections highlights differing views on path forward
  - ▶ Markets view policy is skewed towards additional easing assuming a more dovish Chair takes office in mid-2026

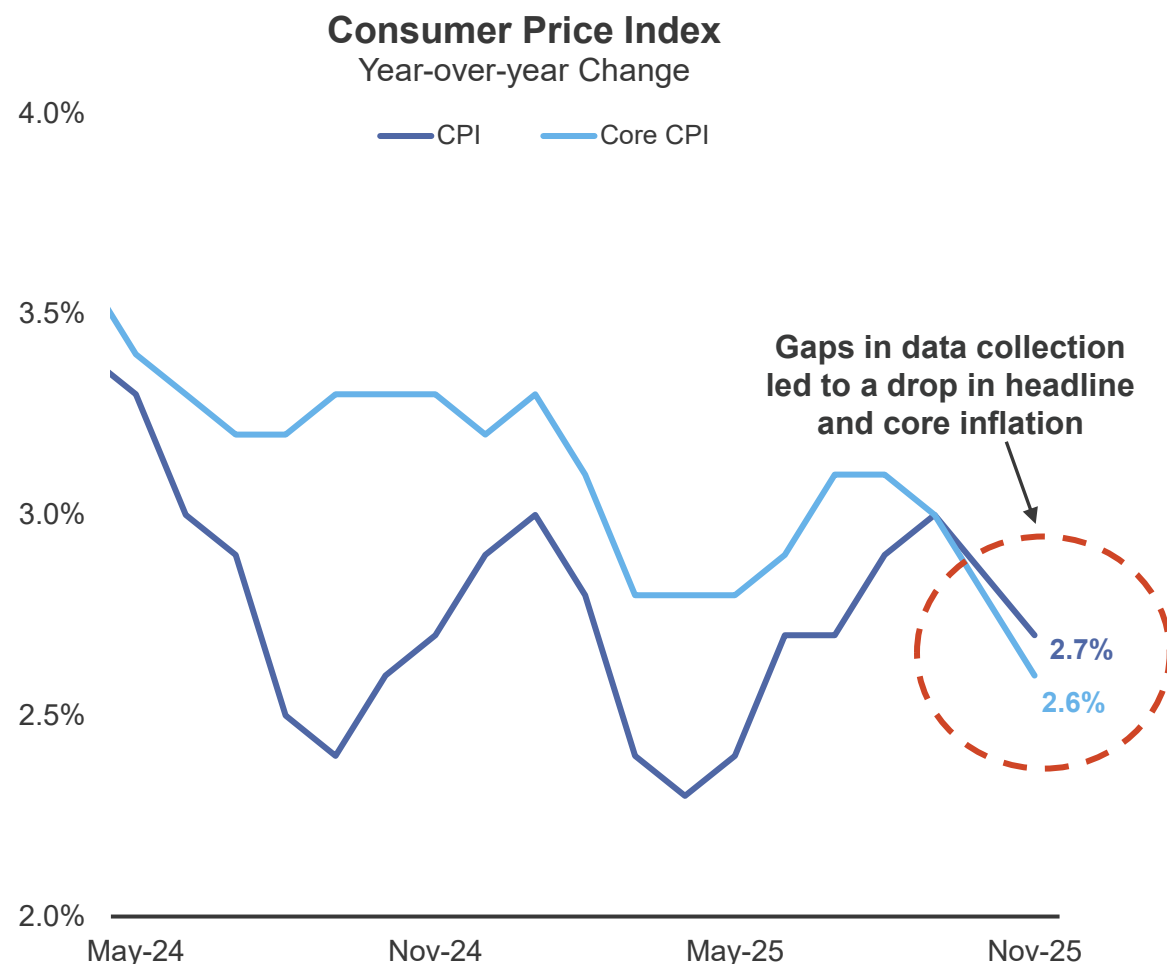


- ▶ Treasury yield curve continues to steepen but remains inverted inside 2 years
  - ▶ Front end Treasury yields moved lower during the fourth quarter on Fed rate cut expectations
  - ▶ Yields were range bound as volatility waned into year end
  - ▶ Credit spreads widened marginally but remain near historically narrow levels

Source: Details on market themes and economic indicators provided throughout the body of the presentation. Bloomberg Finance L.P., as of December 31, 2025.

## Data Distortions Bias Inflation Lower

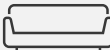




*Fed Chair Powell: "The data may be distorted ... because [it] was not collected in October and half of November."*



### Price Increases For Key Goods

3-Month Annualized Inflation Rates (Sep-25)

2024

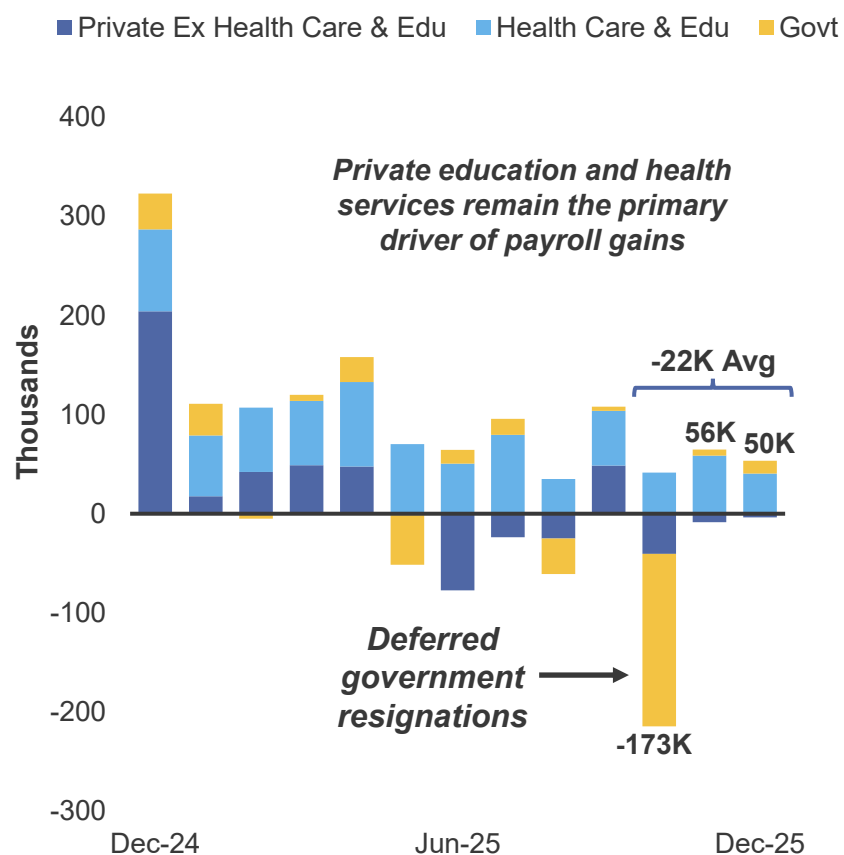
		3-Month Average	2024
	Home Furnishings	+4.1%	-0.9%
	Apparel	+5.3%	+1.2%
	Transportation	+3.1%	-1.2%
	Food at Home	+3.2%	+1.8%
	Energy	+4.6%	-0.5%

Source: FOMC Chair Jerome Powell Press Conference, December 10, 2025. Bureau of Labor Statistics and Bloomberg Finance L.P. as of November 2025.

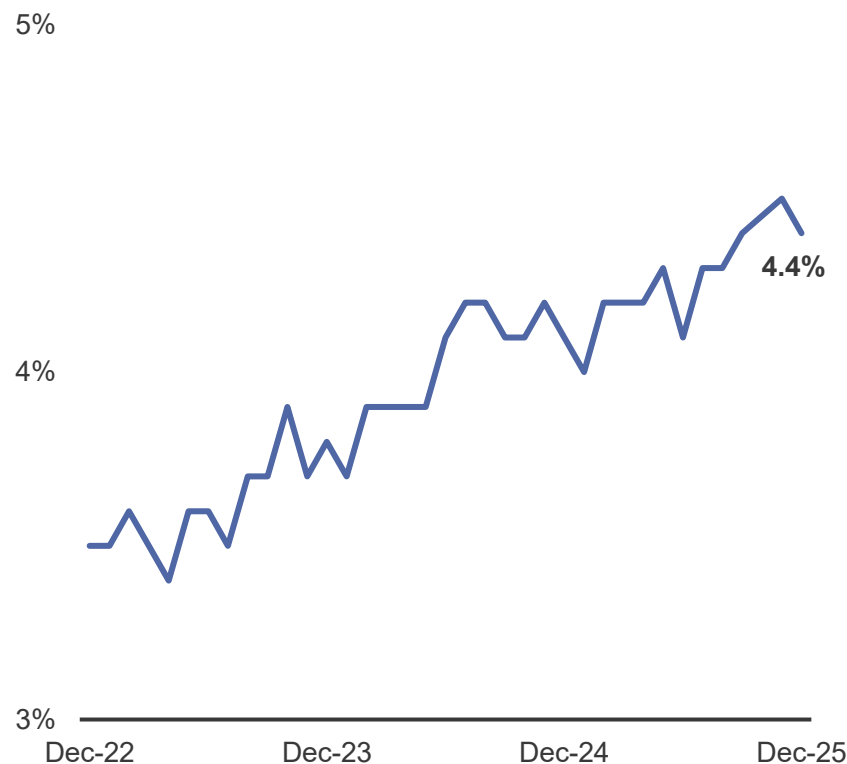
## Labor Market Continues to Cool

*Fed Chair Powell: “[S]upply of workers has also gone way down, so the unemployment rate hasn’t moved that much. It is a labor market that seems to have significant downside risks...”*

### Monthly Change In Nonfarm Payrolls



### Unemployment Rate

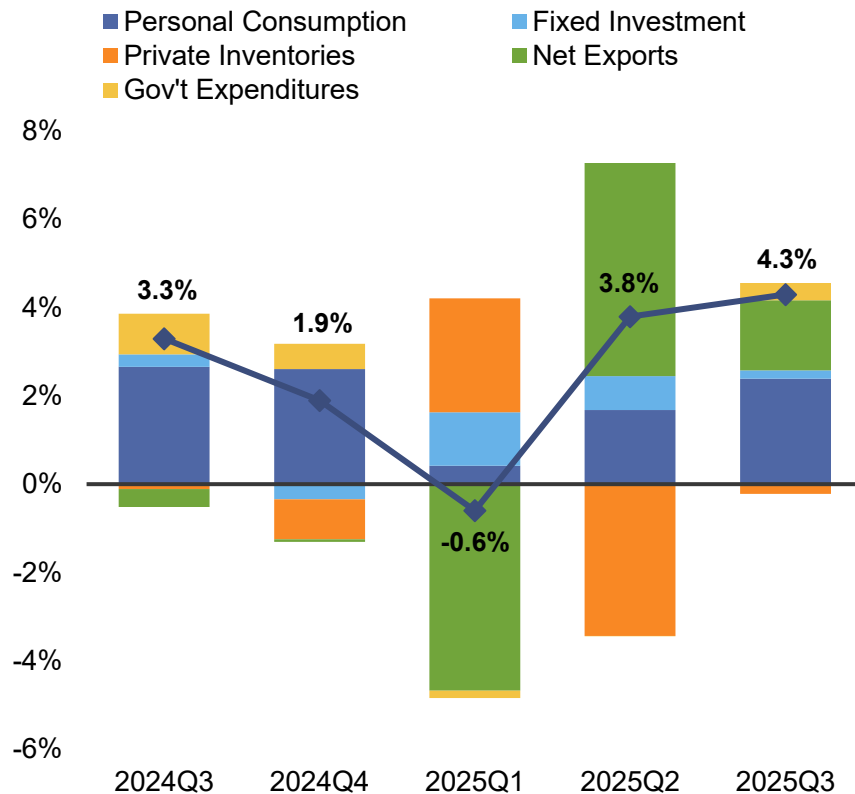


Source: FOMC Chair Jerome Powell Press Conference, December 10, 2025. Bureau of Labor Statistics and Bloomberg Finance L.P. as of December 2025.

## K-Shaped Economy

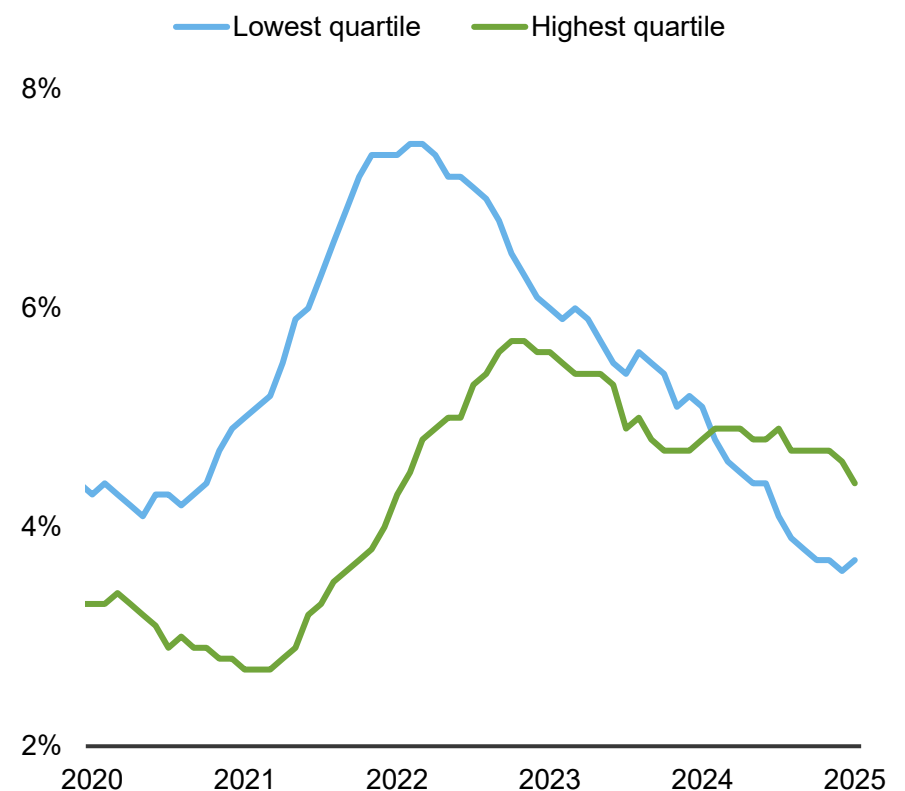
*Fed Chair Powell: "[T]he top third [of earners] accounts for way more than a third of the consumption ... So it's a good question how sustainable that is."*

### U.S. Real GDP Contributors and Detractors



### Wage Growth by Income Quartiles

Atlanta Fed Wage Growth Tracker



Source: FOMC Chair Jerome Powell Press Conference, December 10, 2025. Bloomberg Finance L.P. and Bureau of Economic Analysis, as of September 2025 (left). Federal Reserve Bank of Atlanta, as of September 2025 (right).

## Factors Shaping the Economic Outlook

### Negative

- ▶ Net new job creation nears zero
- ▶ Increasing retail credit card balances
- ▶ Rising student loan delinquencies
- ▶ Planned federal spending cuts

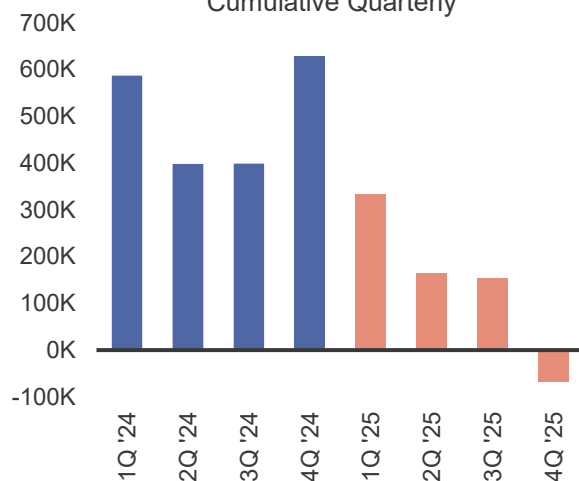
### Neutral

- ▶ Services disinflation
- ▶ Slower tariff-based inflation passthrough
- ▶ Stabilizing credit card delinquencies

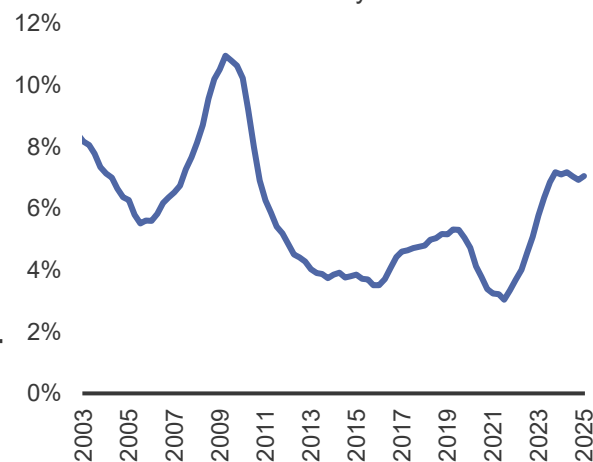
### Positive

- ▶ Easing Fed Policy
- ▶ Fiscal tailwinds from tax and reconciliation bill
- ▶ Resilient consumer spending
- ▶ Positive real disposable personal income growth
- ▶ Corporate fundamentals

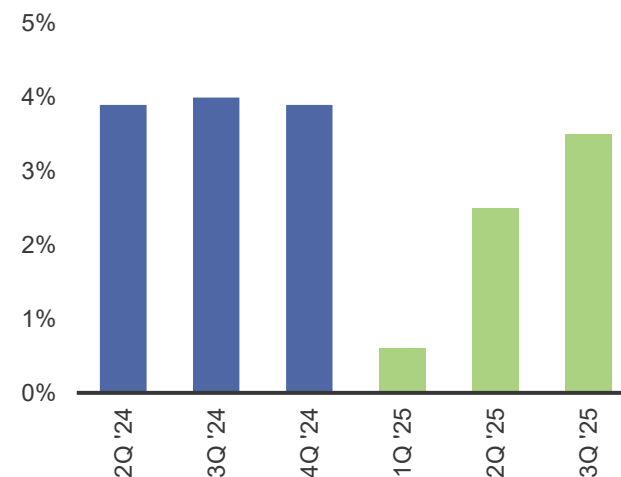
**Nonfarm Payrolls**  
Cumulative Quarterly



**Credit Card Delinquencies**  
90+ Days



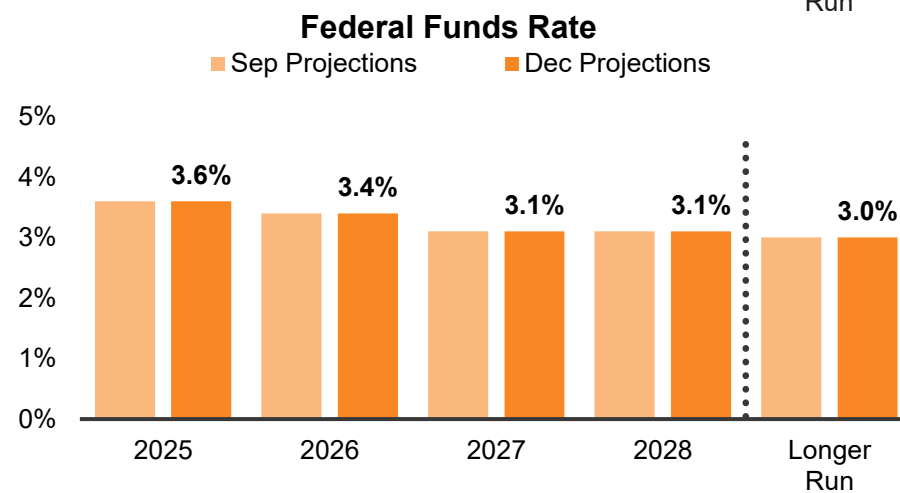
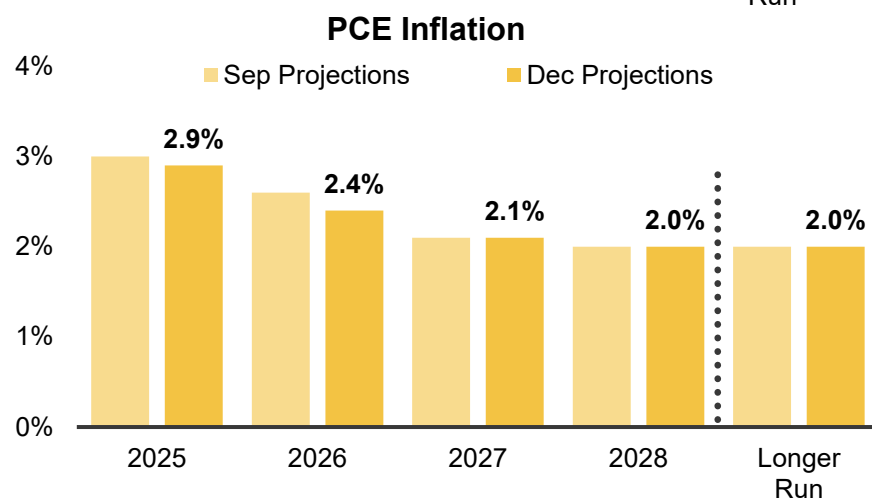
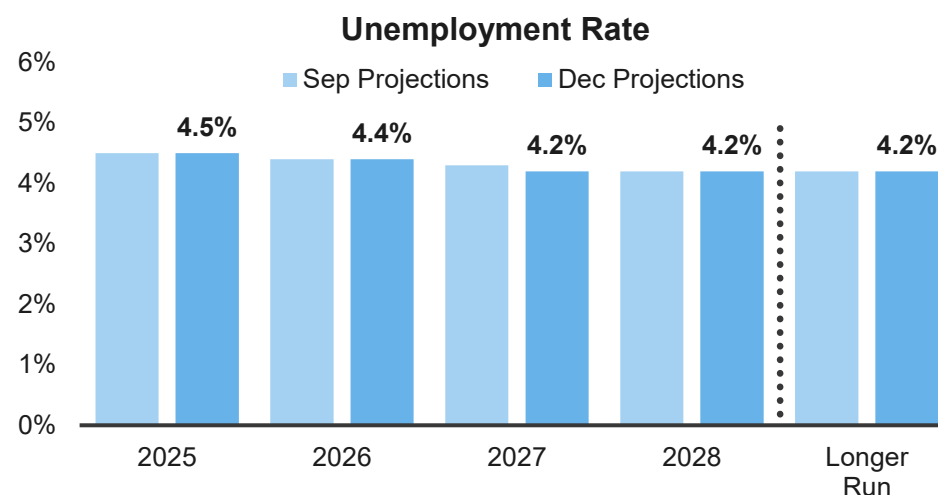
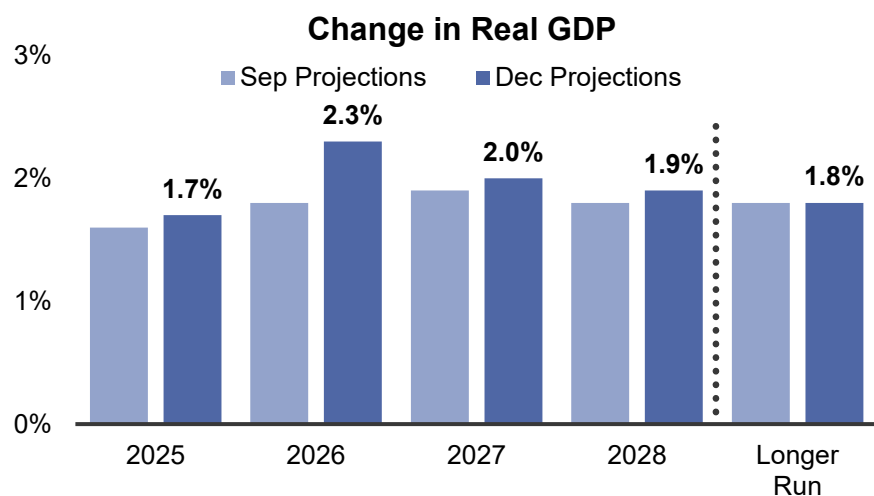
**Personal Consumption**  
Quarter-Over-Quarter Change



Source: Bloomberg Finance L.P., Bureau of Labor Statistics as of December 2025, Federal Reserve Bank of New York as of September 2025, and Bureau of Economic Analysis as of September 2025.

## Fed's Updated Summary of Economic Projections

*Fed Chair Powell: "[T]he baseline [expectation] would be solid growth next year" ... "[We] feel like we have made progress this year in nontariff-related inflation."*

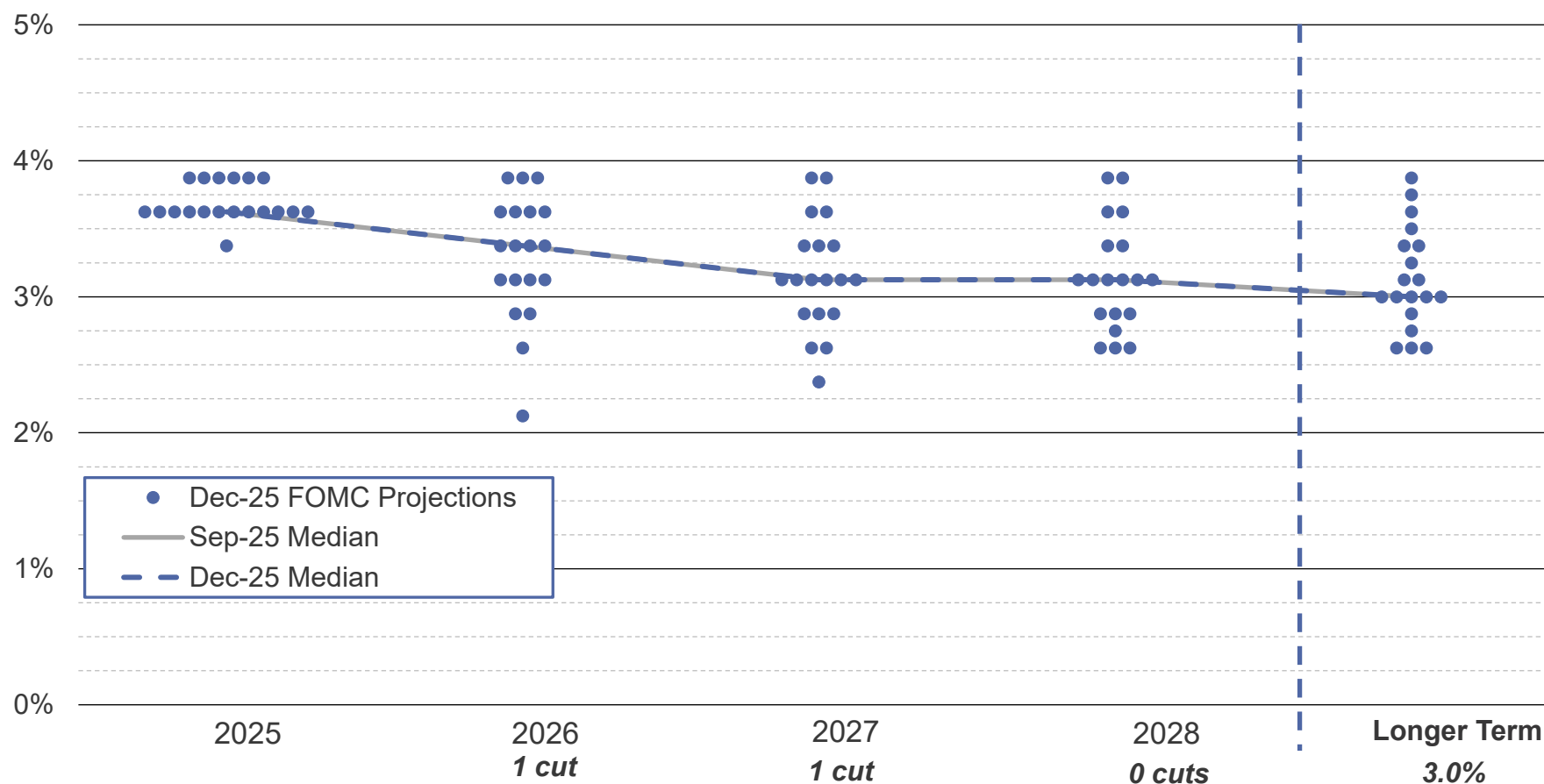


Source: FOMC Chair Jerome Powell Press Conference, December 10, 2025. Federal Reserve, latest median economic projections, as of December 2025.

## The December Fed “Dot Plot”

*Fed Chair Powell: “[I]t is very unusual to have persistent tension between the two parts of the mandate... But it is not like the normal situation where everyone agrees on the direction and what to do. It is more spread out.”*

### Fed Participants’ Assessments of ‘Appropriate’ Monetary Policy

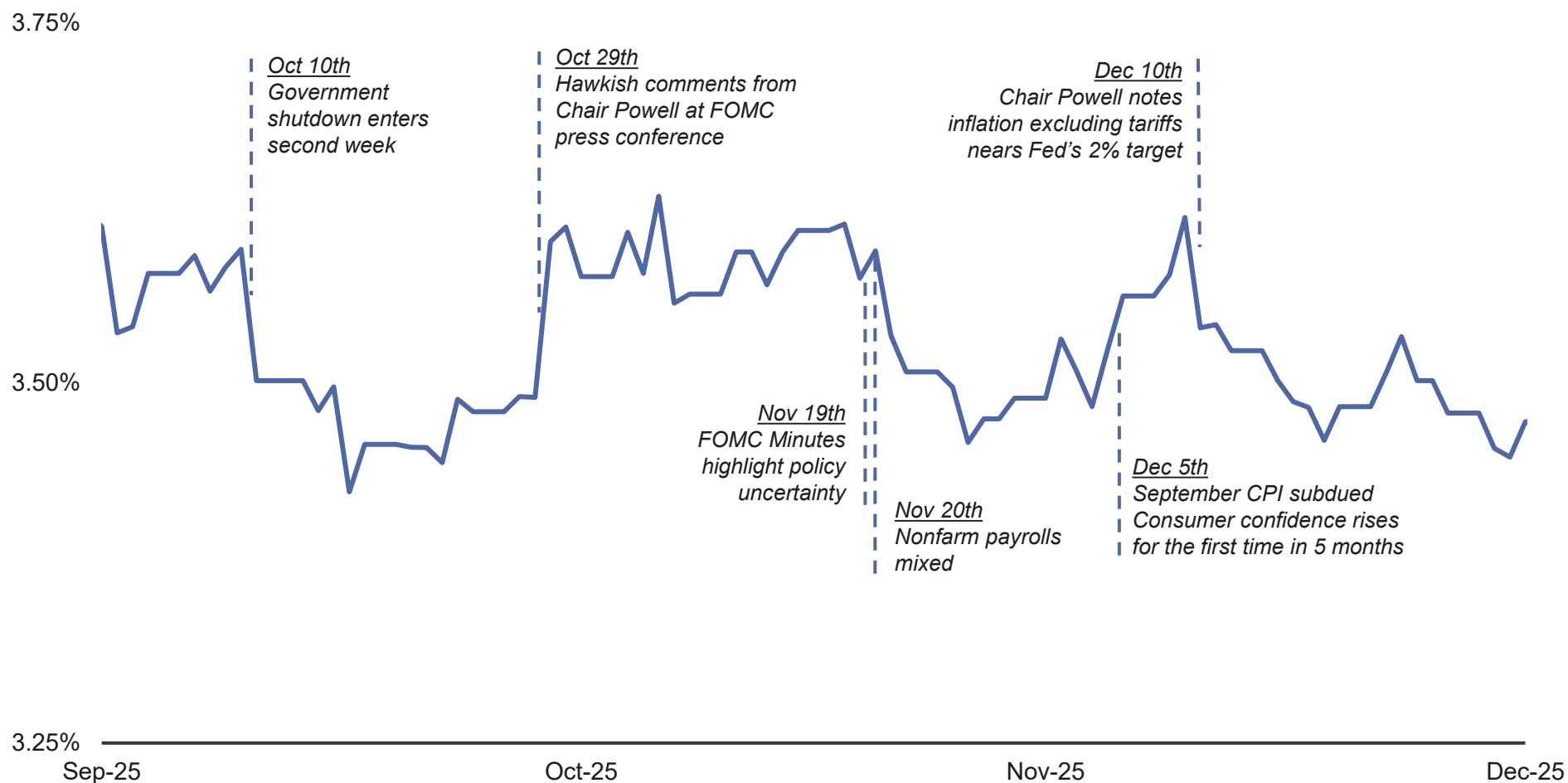


Source: FOMC Chair Jerome Powell Press Conference, December 10, 2025. Federal Reserve; Bloomberg Finance L.P.. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end. As of December 2025.



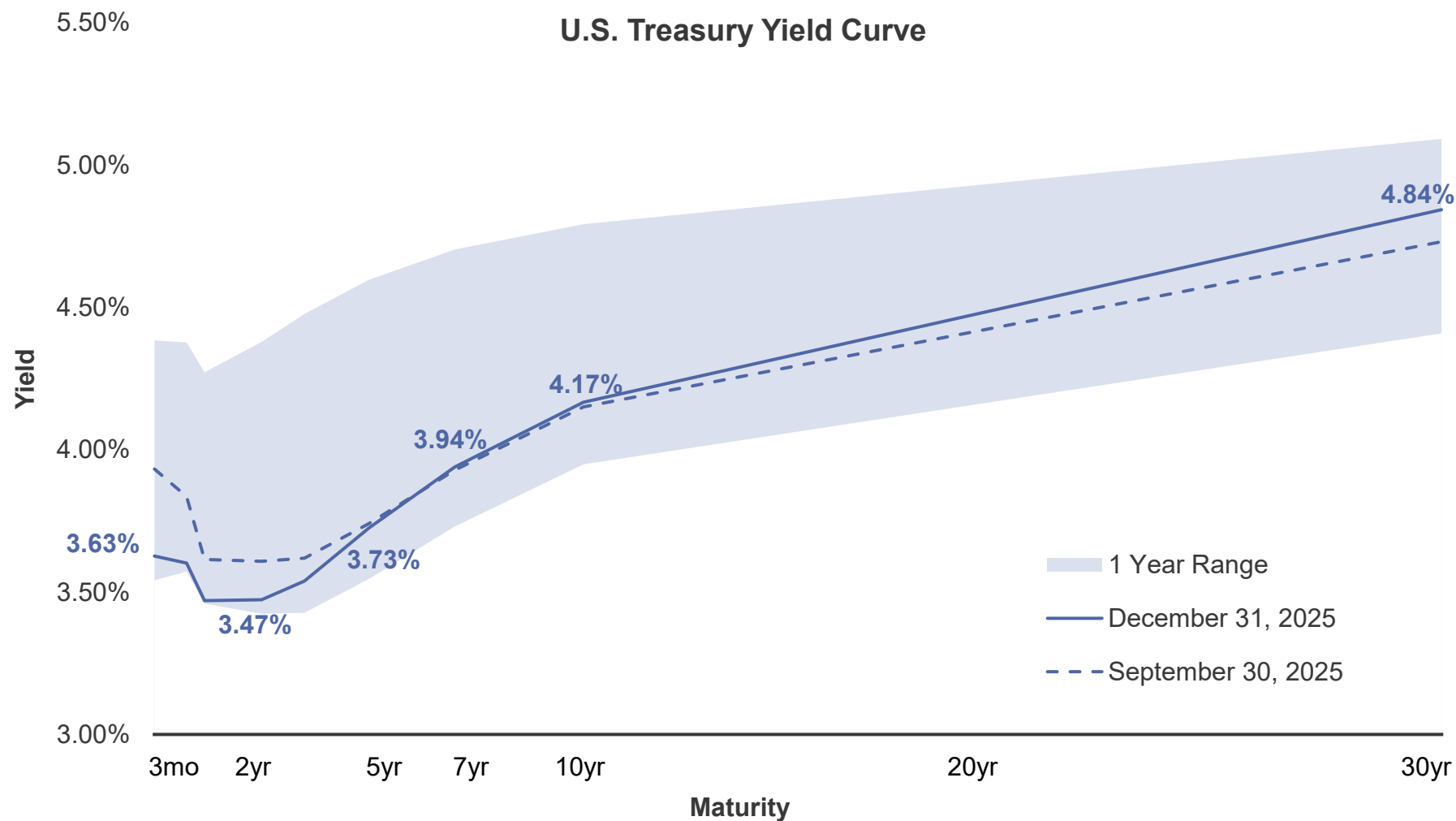
## Treasury Yields Range Bound As Volatility Wanes

### 2-Year U.S. Treasury Yield September 30, 2025 – December 31, 2025



Source: Bloomberg Finance L.P., as of December 31, 2025.

## Treasury Yield Curve Nears Dis-inversion

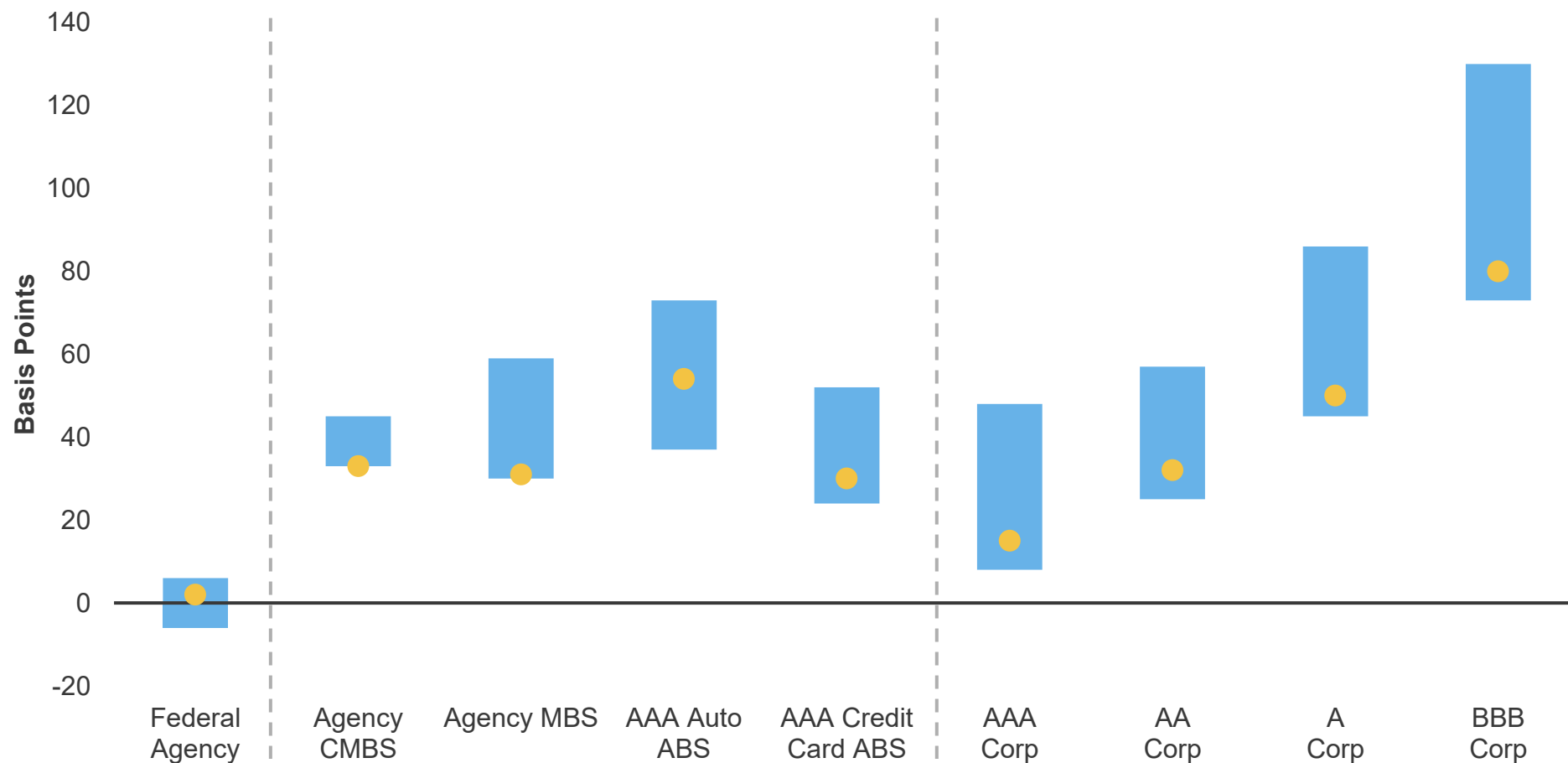


Source: Bloomberg Finance L.P., as of December 31, 2025.

## Sector Yield Spreads

## 1-5 Year Yield Spreads

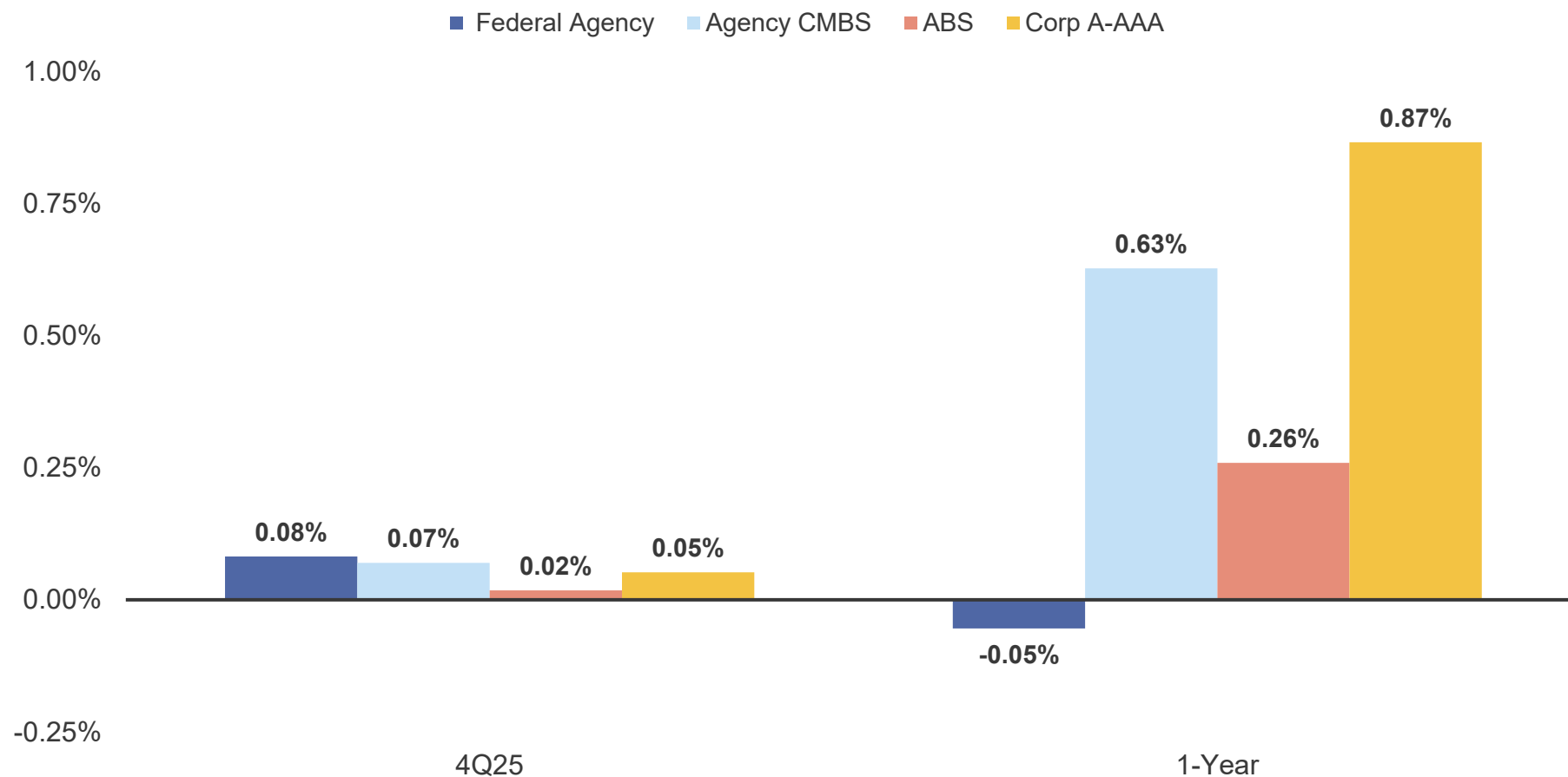
■ 2025 Range ● Dec-25 Spread



Source: ICE BofA 1-5 year Indices via Bloomberg Finance L.P. as of December 31, 2025. Spreads on ABS and MBS are option-adjusted spreads based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities and represented by the ICE BofA Agency CMBS Index.

## Fixed-Income Index Excess Returns

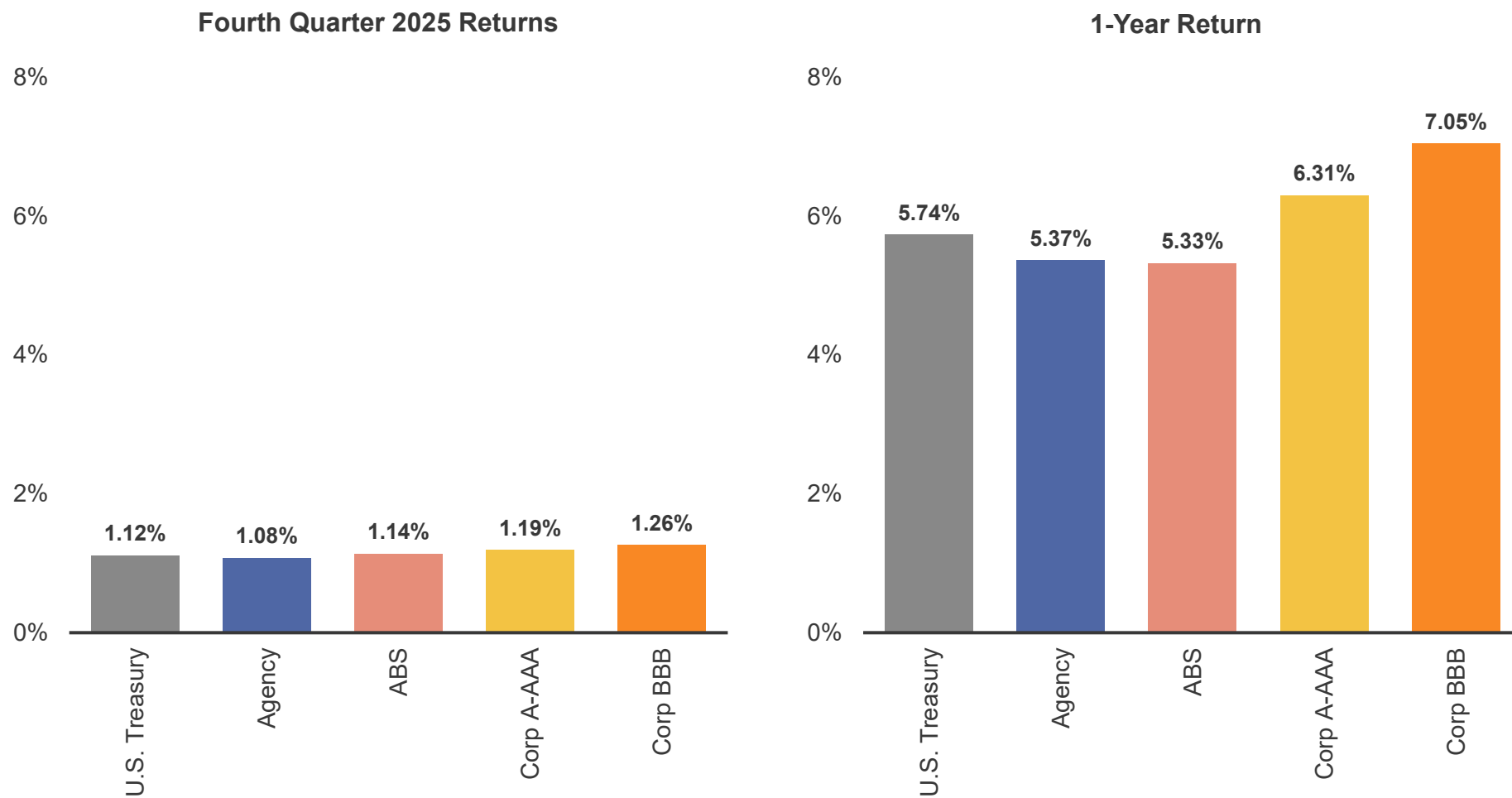
### Excess Returns 1-5 Year Indices



Source: ICE BofA Indices. ABS indices are 0-5 year, based on weighted average life. Agency CMBS represented by ICE BofA CMBY Index. As of December 31, 2025.

## Fixed-Income Index Total Returns in 4Q 2025

### 1-5 Year Indices



Source: ICE BofA Indices. ABS Indices are 0-5 year, based on weighted average life. As of December 31, 2025.

## Treasury Yields Remain Above Historical Averages

### 2-Year Treasury Yield



Source: Bloomberg Finance L.P., as of December 31, 2025.

## Government Sector Strategy

### AGENCY BULLETS



Reduce allocations

#### Summary:

- Spreads remain rich, especially in the 1–7y area, trading near or through Treasuries
- Limited issuance outside of 12 months continues to keep spreads narrow

#### Outlook:

- Spreads expected to remain tight
- Opportunistically sell for rebalancing or swaps into new issue across sectors
- Continue monitoring ongoing privatization efforts of Fannie Mae and Freddie Mac

### CALLABLE AGENCIES



Reduce allocations

#### Summary:

- Front-end spreads have widened recently on an uptick in volatility and secondary supply
- Activity remains elevated versus 1H25 as redemptions drive more issuance
- Valuations remain rich across the front end

#### Outlook:

- Evaluate callables cautiously with a preference for longer lockouts

### SUPRANATIONALS



Reduce allocations

#### Summary:

- Spreads remain near historic lows with 1-5y maturities offering 5-10 bps over comparable federal agency bullets
- Flat spread curve favors shorter maturities
- Bonds continue to be well bid

#### Outlook:




- We expect more new issue supply in January and February
- Continue evaluating new issues, especially for constrained accounts
- Opportunistically sell for rebalancing or sector rotation

● Current outlook



Statements and opinions were developed based on our independent research with information obtained from Bloomberg. The views expressed within this material constitute the perspective and judgment of PFM Asset Management at the time of distribution (12/31/2025) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management cannot guarantee its accuracy, completeness, or suitability.

## Corporate Sector Strategy

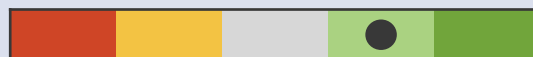
<b>OVERALL</b>		<b>Short (&lt;5 year) Corporates:</b> Maintain flexibility to add / swap as opportunities arise
<b>FINANCIALS</b>		<b>Longer Corporates:</b> Maintain underweight (contribution to duration) vs. benchmarks
<b>INDUSTRIALS</b>		

### Fundamentals:



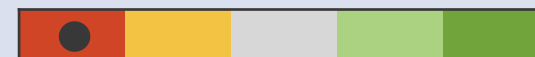
- Corporate balance sheets remain strong and default risk is low
- Revenue and EBITDA growth is solid but margins have softened
- Increased M&A activity poses idiosyncratic risks but is not expected to pressure spreads
- Economic backdrop remains supportive with recession risks appearing limited
- Risks include slower earnings growth, sticky inflation, and less accommodative Fed
- Political uncertainty and potential punitive policies could weigh on sentiment

### Technicals:



- Supply expected to be heavy in 2026 given M&A activity and increasing AI capex
- Domestic demand remains strong given relative attractiveness of yields levels
- Foreign demand is mixed given lower yield differentials and high but declining hedging costs
- Short-term credit supported by increased demand from money market investors extending and long duration investors shortening
- Secondary market liquidity remains healthy, supporting tactical adjustments
- Lower yields and higher supply are main risks

### Valuations:



- Short-term credit spreads have remained in narrow range for past 6 months
- Longer-duration credit is extremely rich with spreads near the tightest levels since late '90s
- Spread breakevens are snug on the long end yet favorable on the front end over a 1-year horizon
- Corporate credit curve remains flat and are expected to steepen on long end
- All-in yields remain elevated

● **Current outlook**



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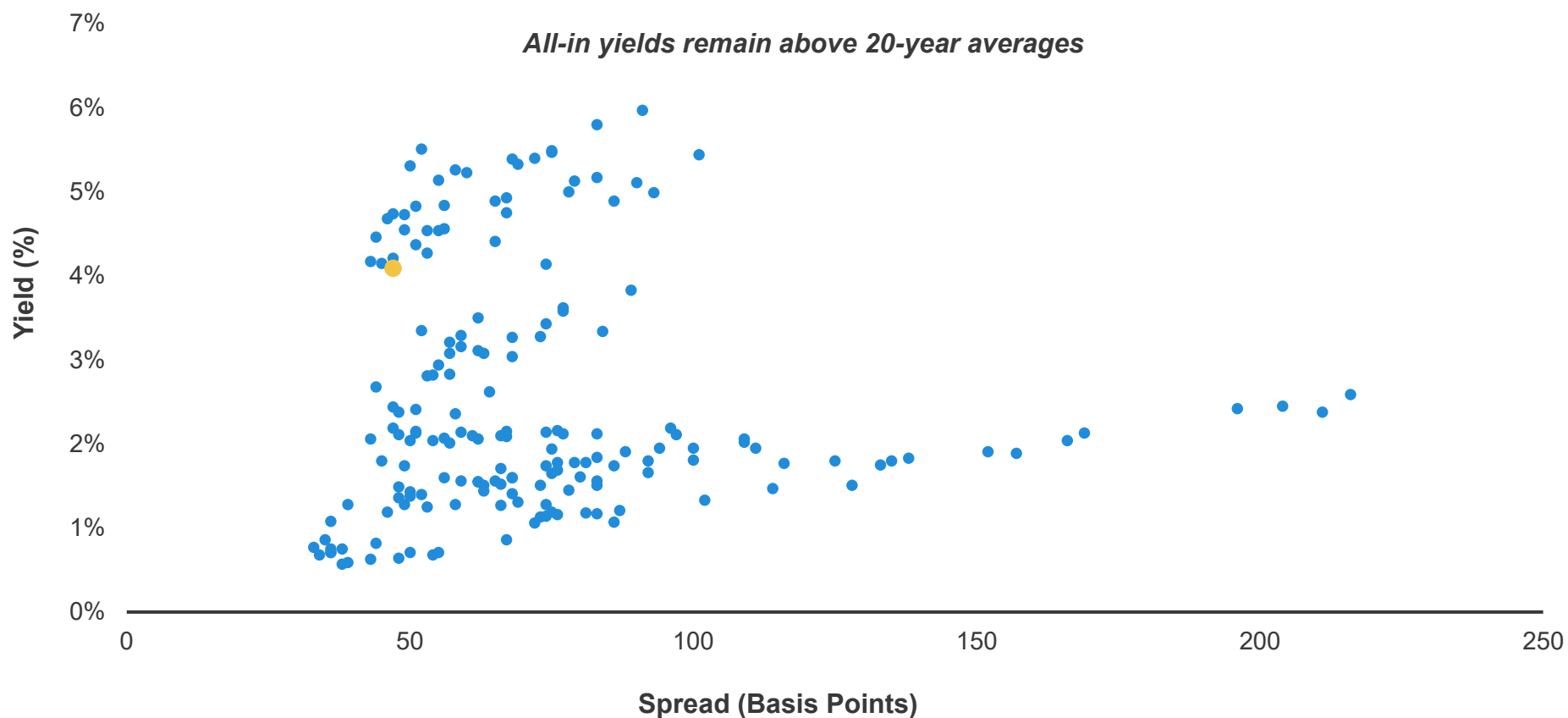


## Corporate Index Yield vs OAS (2010 – 2025)

### 1-5 Year U.S. Corporate AAA-A

Dec 2010 – Dec 2025

● Dec-25



Source: Bloomberg Finance L.P., ICE BofA Indices. Spread is option adjusted spread (OAS). Monthly data from December 2010 to December 2025.

## Securitized Sector Strategy

### AGENCY MBS



**Maintain target allocations**

#### Summary:

- Prepayments have begun to moderate after picking up last quarter
- 2026 net supply is projected to increase modestly
- Increase in demand from banks and government agencies supportive of technicals

#### Outlook:

- Maintain allocations favoring near-the-money coupons in 15- and 30-yr structures
- Look to take advantage of any increases in volatility

### AGENCY CMBS



**Reduce through attrition**

#### Summary:

- Spreads mostly range-bound near historically narrow levels
- Fundamentals are weak but stabilizing with soft rent growth and moderately high vacancies
- Secondary market activity remains light with heavy dealer inventory

#### Outlook:

- New issue remains robust
- Valuations are well inside historical averages
- Sector expected to perform well if/when volatility increases

### ASSET-BACKED



**Reduce through attrition**

#### Summary:

- Prime ABS fundamentals remain stable
- Credit metrics have normalized and structures remain resilient to recession scenarios
- Decline in all-in yields may lead to spread widening and softer demand

#### Outlook:

- Supply expected to be well digested, limiting new issue attractiveness
- Carry expected to be driver of excess returns
- Evolution of labor market and economy remain key risks

● **Current outlook**



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## Fixed-Income Sector Commentary – 1Q 2026

Sector	Our Investment Preferences
COMMERCIAL PAPER / CD	
TREASURIES	
T-Bill	
T-Note	
FEDERAL AGENCIES	
Bullets	
Callables	
SUPRANATIONALS	
CORPORATES	
Financials	
Industrials	
SECURITIZED	
Asset-Backed	
Agency Mortgage-Backed	
Agency CMBS	
MUNICIPALS	

● Current outlook

○ Outlook one quarter ago

Negative

Slightly  
Negative

Neutral

Slightly  
Positive

Positive

## Fixed-Income Sector Commentary – 4Q 2025

- ▶ The **Federal Open Market Committee (FOMC)** lowered the target range for the federal funds rate by 50 bps in Q4 but noted continuing challenges to achieving its dual mandate of maximum employment and stable prices.
- ▶ The **U.S. Treasury** yield curve steepened in response to the Fed as yields on the short end fell more than intermediate (2- to 5-year) maturities. Returns across 1-3, 1-5, and 1-10 Treasury benchmarks were similar over the quarter. Yields on longer-maturity securities increased, hurting performance for longer indices lower.
- ▶ **Federal Agency & supranational** issuance remained limited, keeping spreads narrow and excess returns muted. The ongoing privatization efforts of Fannie Mae and Freddie Mac remain a focus, though no substantial progress has been shared publicly
- ▶ **Investment-Grade (IG) corporate** bonds generated modest excess returns as spreads were relatively stable over the quarter. Lower-quality led performance, supported by strong investor demand. Positive carry remained the primary driver of returns.
- ▶ Spreads on **Asset-Backed Securities** widened marginally, keeping excess returns modest. Auto loan collateral marginally outperformed credit receivables.
- ▶ **Agency-backed mortgage-backed securities (MBS)** generated solid excess returns in Q4 and were a consistent top performer during the second half of the year. Longer-duration mortgages (30-year) outperformed shorter-duration (15-year) collateral. Lower bond volatility over the past few months continues to serve as a tailwind to the sector. **Agency-backed commercial MBS (CMBS)** also generated positive excess returns for the quarter but continue to lag residential MBS.
- ▶ **Short-term credit** (commercial paper and negotiable bank CDs) yield spreads remained attractive over the quarter. Month-end funding pressures pushed repo rates above the upper bound of the federal funds rate, which created opportunities to add overnight repo and floating rate securities tied to SOFR.

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## Fixed-Income Sector Outlook – 1Q 2026

- ▶ **U.S. Treasury** yields remain reasonably attractive and near fair value. For shorter duration strategies, we prefer a modestly longer duration stance as we expect Fed policy to have a more direct impact on front-end yields. For longer duration strategies, we will maintain a curve steepening bias by modestly underweighting the long end of the curve.
- ▶ **Federal Agency & Supranational** spreads are likely to remain at tight levels. Government-only accounts may find occasional value on an issue-by-issue basis.
- ▶ **Taxable Municipals** continue to present limited opportunity due to an ongoing lack of supply and strong demand which is keeping yields low. We do not expect this to change in the near term.
- ▶ **Investment-Grade (IG) Corporate** bond fundamentals remain stable with technicals supportive of the sector. All-in yields remain reasonably attractive, though stretched valuations continue to argue for discipline and caution. We will continue to look for opportunities across new issue and secondary markets.
- ▶ **Asset-Backed Securities** fundamentals remain within expectations while credit enhancements remain robust. We expect supply to be well-digested, limiting new issue attractiveness. Household balance sheets for prime borrowers remain healthy, though further cooling in the labor market remains a risk. We expect spreads to remain stable with carry the driver of excess returns into 2026.
- ▶ **Mortgage-Backed Securities** is expected to increase modestly in 2026 and could present opportunity should spreads widen from current narrow levels. We may look to add to the sector on any increases in volatility.
- ▶ **Short-term credit** (commercial paper and negotiable bank CDs) spreads in Q1 are expected to be primarily driven by the FOMC's monetary policy decisions. We have a bias for longer weighted average maturities due to the flatness of the yield curve. Longer-maturity fixed rate securities are also an opportunity entering 2026 given positive carry and the potential for further Fed rate cuts.

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## Factors to Consider for 6-12 Months

### Monetary Policy (Global):



- The Fed cut rates by 50 bps in Q4 but noted continuing challenges to achieving its dual mandate of maximum employment and stable prices.
- The “dot plot” indicates 25 bps of projected cuts in both 2026 and 2027, but the wide dispersion underscores growing differences of opinion.
- Markets view policy risks as skewed towards additional easing assuming a more dovish Chair takes office in mid-2026 as expected.
- Most major central banks have continued easing with the BOJ being the notable exception.

### Economic Growth (Global):



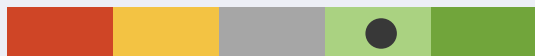
- Strong consumer and business spending and steadier trade dynamics continue to fuel economic growth.
- The effects of U.S. government shutdown are expected to be temporary and fully recouped in 1Q26.
- Benefits from the tax and reconciliation bill and increases in anticipated AI capex are expected to support growth in 2026.

### Inflation (U.S.):



- While headline inflation moved lower in Q4, significant gaps in data collection due to the U.S. government shutdown likely biased the data lower.
- Lower shelter inflation continues to support disinflation going forward although goods prices continue to experience tariff passthroughs.
- Fed Chair Powell noted inflation excluding tariffs is near 2%, suggesting the Fed is looking through these effects.

### Financial Conditions (U.S.):



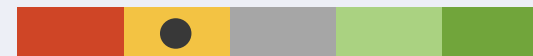
- Financial conditions eased further as corporate earnings exceeded expectations and tariff concerns abated.
- Equities reached new all-time highs, credit spreads remain tight, and volatility remains low.
- Fiscal uncertainty and geopolitical risks could reintroduce tighter financial conditions over the next 6-12 months.

### Consumer Spending (U.S.):



- Consumer confidence sank given a more pessimistic views of the labor market, particularly among lower-income cohorts.
- Consumer activity remained resilient through the holiday shopping season, highlighting the disconnect between sentiment and actual activity.
- Consumer spending is dominated by higher-income cohorts who benefit from elevated wage growth, strong equity markets, and home price appreciation.
- A significant correction in the equity market or a material slowdown in the labor market are the largest threats to consumer spending.

### Labor Markets (U.S.):



- Labor market conditions continued to cool with net new job creation close to zero with gains concentrated in the healthcare sector.
- The breakeven employment level to keep pace with labor force growth has fallen. Initial jobless claims and layoff rates remains low, easing some concerns over labor weakness.
- The unemployment rate continued to tick higher, while job openings declined and the quits rate remain subdued, signaling reduced worker leverage.
- Wage growth continues to exceed inflation, supporting consumer spending.

● Current outlook    ○ Outlook one quarter ago

Stance Unfavorable  
to Risk Assets



Stance Favorable  
to Risk Assets

Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg Finance L.P. and FactSet. The views expressed within this material constitute the perspective and judgment of PFM Asset Management at the time of distribution (12/31/2025) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management cannot guarantee its accuracy, completeness, or suitability.

## Certificate of Compliance

During the reporting period for the quarter ended December 31, 2025, the account(s) managed by PFM Asset Management ("PFMAM") were in compliance with the applicable investment policy and guidelines as furnished to PFMAM.

Acknowledged : *PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc.*

*Note: Pre- and post-trade compliance for the account(s) managed by PFM Asset Management is provided via Bloomberg Financial LP Asset and Investment Management ("AIM").*

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## Account Summary

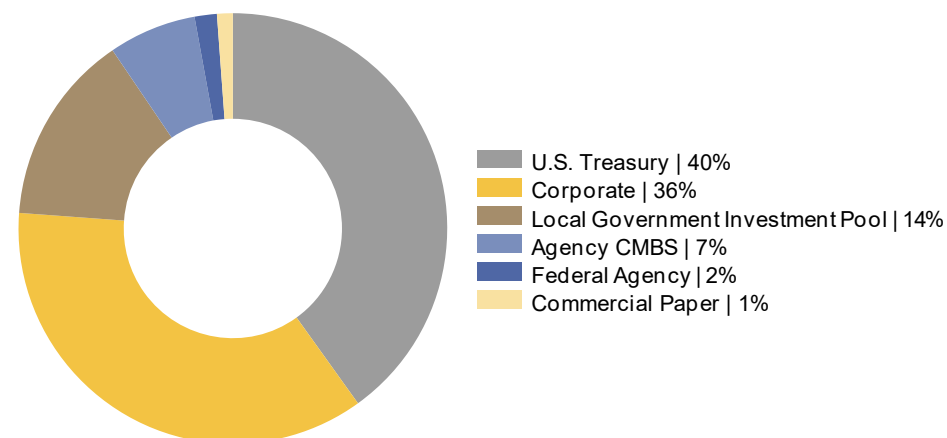


## Consolidated Summary

### Account Summary

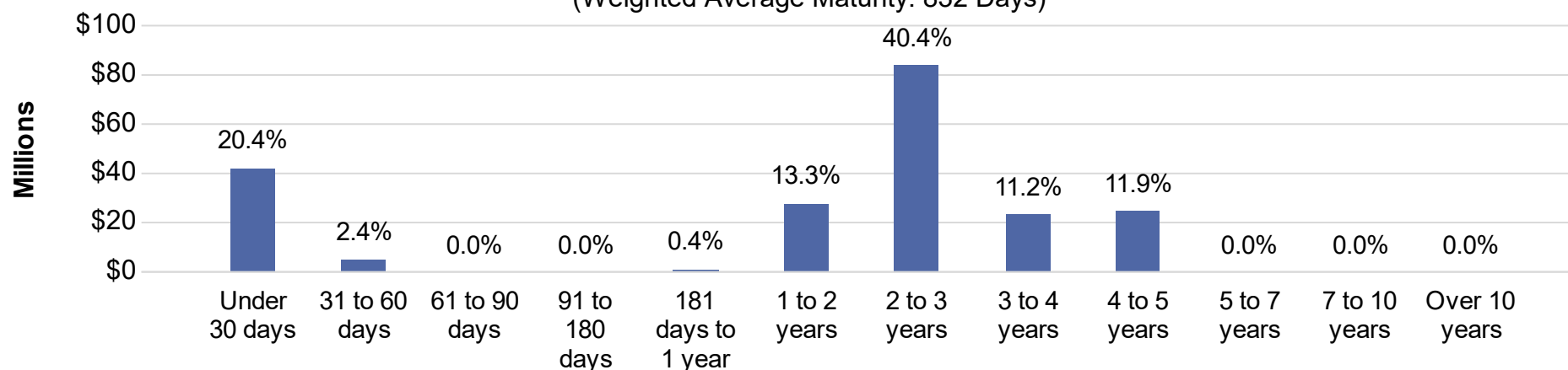
<b>WGIF</b>	\$84,177,998
<b>WGIF Managed Account</b>	\$178,023,753
<b>Total Program</b>	<b>\$207,864,120</b>

### Sector Allocation



### Maturity Distribution

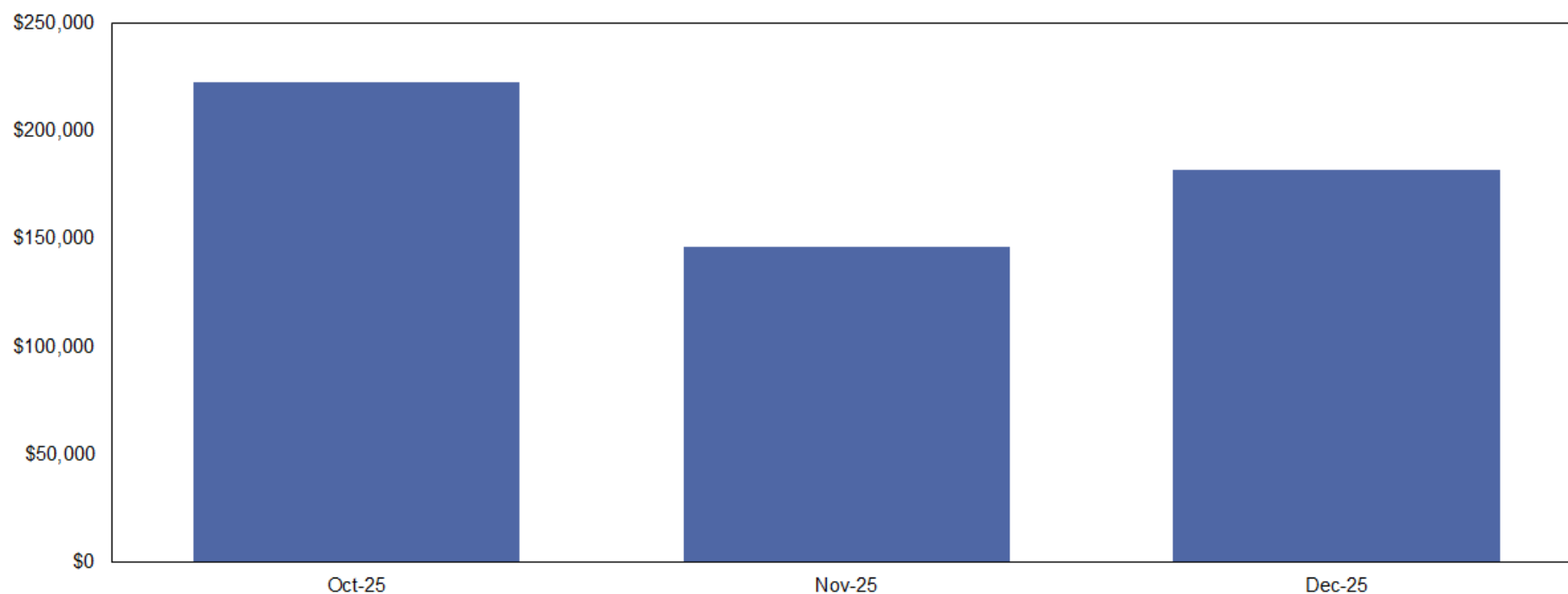
(Weighted Average Maturity: 832 Days)



1. Account summary and sector allocation include market values, accrued interest, and overnight balances. Maturity distribution includes market values and excludes accrued interest and overnight balances

2. Sector allocation and maturity distribution only include Core and Short Term portfolios

### Accrual Income Dividend Reinvestment UW General Fund, UW University Deposit, & 2021 Construction Fund



	October 2025	November 2025	December 2025
UW General Fund UW	\$195,620	\$121,488	\$157,121
University Deposit	\$26,866	\$24,918	\$24,869
2021 Construction Fund	\$0	\$0	\$0
<b>Total Accrual Income</b>	<b>\$222,486</b>	<b>\$146,407</b>	<b>\$181,989</b>

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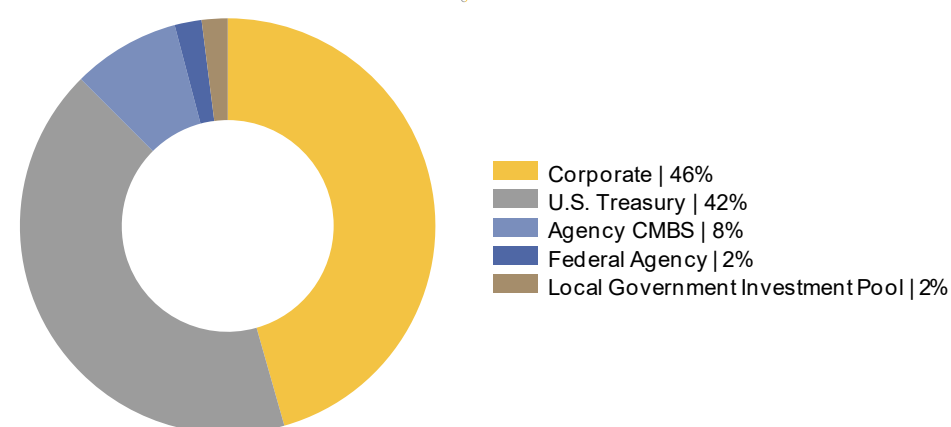
## Portfolio Review

## Portfolio Snapshot - WGIF-UNIVERSITY OF WYOMING CORE<sup>1</sup>

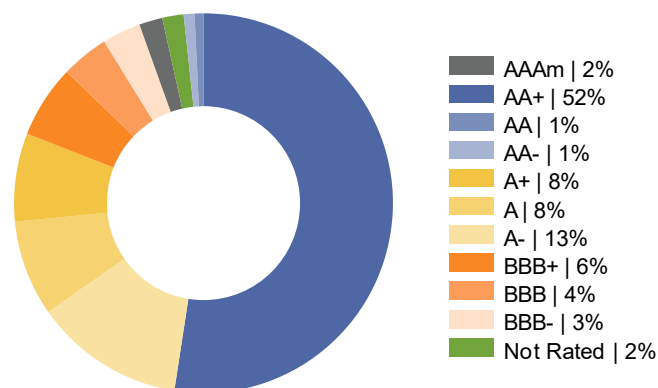
### Portfolio Statistics

<b>Total Market Value</b>	\$163,800,020.41
Managed Account Sub-Total	\$159,516,321.82
Accrued Interest	\$1,037,283.44
Pool	\$3,246,415.15
<b>Portfolio Effective Duration</b>	2.55 years
<b>Benchmark Effective Duration</b>	2.51 years
<b>Yield At Cost</b>	4.13%
<b>Yield At Market</b>	3.90%
<b>Portfolio Credit Quality</b>	A

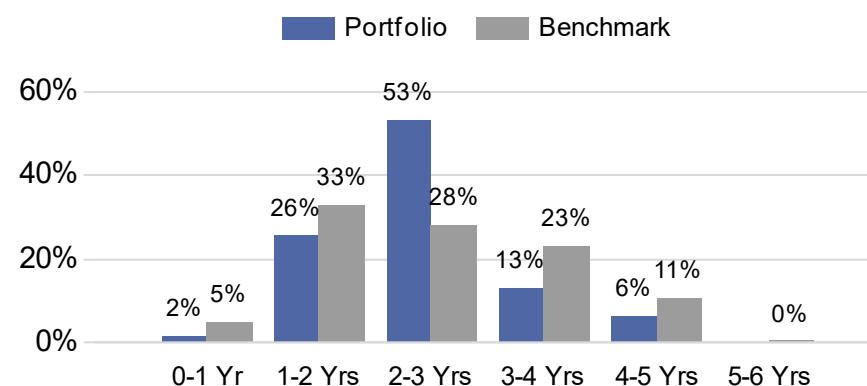
### Sector Allocation



### Credit Quality - S&P



### Duration Distribution



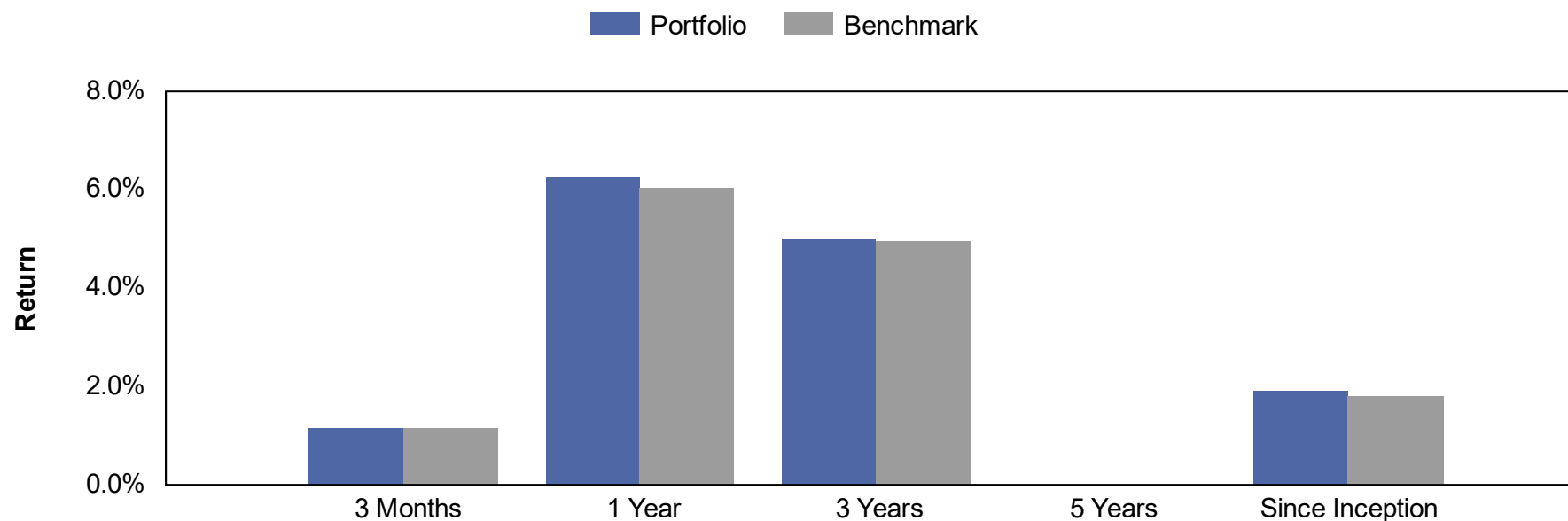
1. Total market value includes accrued interest and balances invested in WGIF, as of December 31, 2025.

Yield and duration calculations exclude balances invested in WGIF.

The portfolio's benchmark is the ICE BofA 1-5 Year U.S. Government/Corp Index. Source: Bloomberg Financial LP.

An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

## Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$1,672,731	\$6,271,506	\$12,644,505	-	\$14,535,823
Change in Market Value	\$256,056	\$3,369,251	\$6,558,591	-	(\$352,185)
<b>Total Dollar Return</b>	<b>\$1,928,787</b>	<b>\$9,640,757</b>	<b>\$19,203,096</b>	<b>-</b>	<b>\$14,183,638</b>
<b>Total Return<sup>3</sup></b>					
Portfolio	1.17%	6.26%	4.99%	-	1.93%
Benchmark <sup>4</sup>	1.14%	6.06%	4.95%	-	1.79%
<b>Difference</b>	<b>0.03%</b>	<b>0.20%</b>	<b>0.04%</b>	<b>-</b>	<b>0.14%</b>

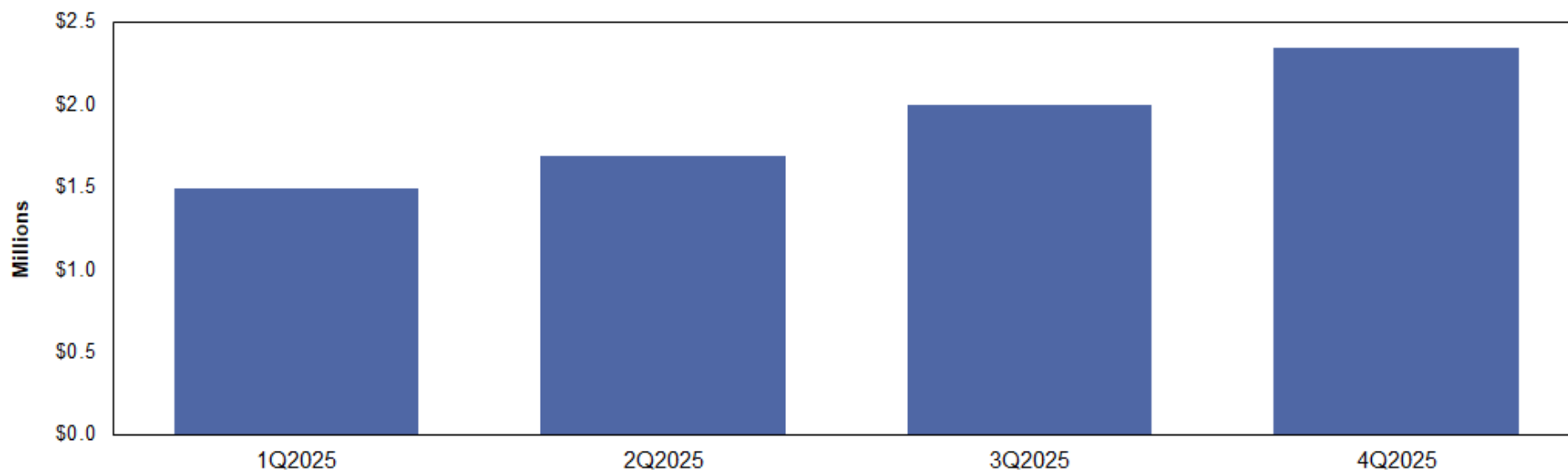
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is March 31, 2021.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.

4. The portfolio's benchmark is the ICE BofA 1-5 Year U.S. Government/Corp Index. Source: Bloomberg Financial LP.

## Accrual Basis Earnings - WGIF-UNIVERSITY OF WYOMING CORE



Accrual Basis Earnings	1Q2025	2Q2025	3Q2025	4Q2025
Interest Earned <sup>1</sup>	\$1,440,720	\$1,521,316	\$1,645,679	\$1,672,731
Realized Gains / (Losses) <sup>2</sup>	(\$70,180)	\$77,172	\$312,599	\$633,807
Change in Amortized Cost	\$115,345	\$91,578	\$37,541	\$40,475
<b>Total Earnings</b>	<b>\$1,485,885</b>	<b>\$1,690,066</b>	<b>\$1,995,819</b>	<b>\$2,347,013</b>

1. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

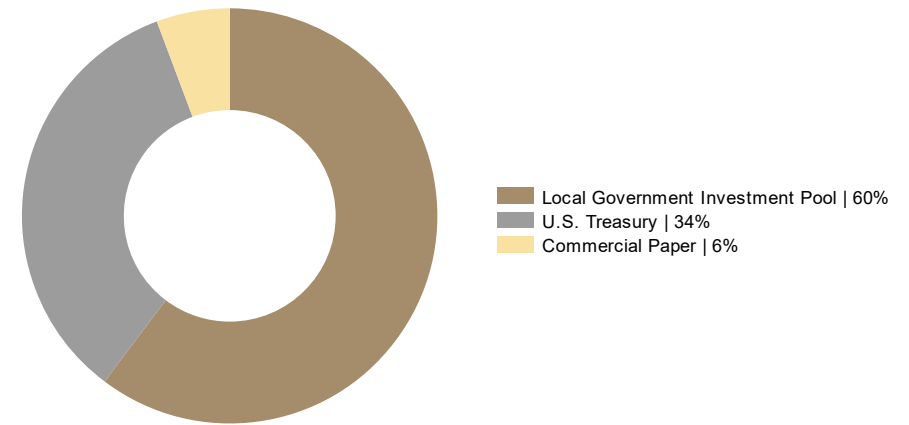
2. Realized gains / (losses) are shown on an amortized cost basis.

## Portfolio Snapshot - WGIF-UNIVERSITY OF WYOMING SHORT TERM<sup>1</sup>

### Portfolio Statistics

<b>Total Market Value</b>	\$44,064,099.88
Managed Account Sub-Total	\$17,470,147.50
Accrued Interest	\$0.00
Pool	\$26,593,952.38
<b>Portfolio Effective Duration</b>	0.05 years
<b>Benchmark Effective Duration</b>	0.39 years
<b>Yield At Cost</b>	3.81%
<b>Yield At Market</b>	4.01%
<b>Portfolio Credit Quality</b>	AAAm

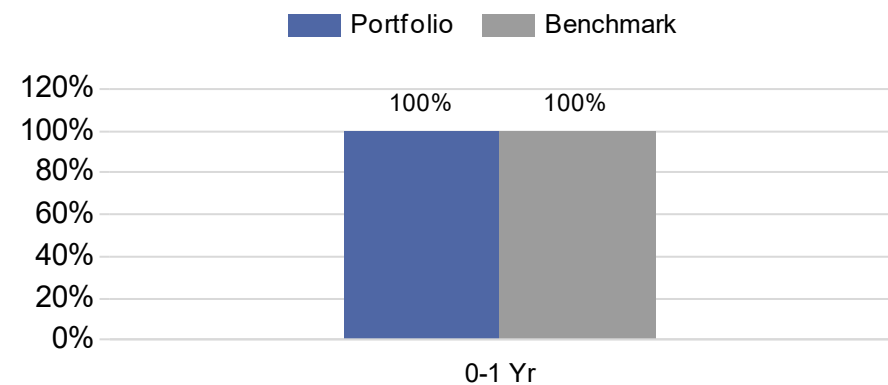
### Sector Allocation



### Credit Quality - S&P



### Duration Distribution



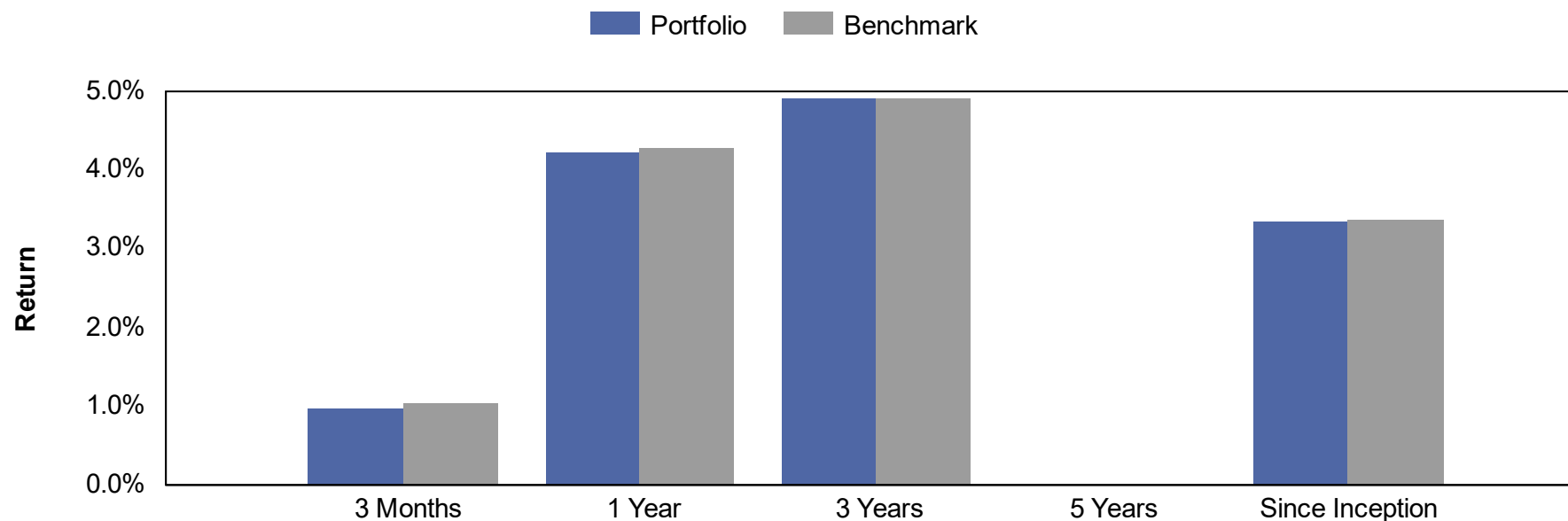
1. Total market value includes accrued interest and balances invested in WGIF, as of December 31, 2025.

Yield and duration calculations exclude balances invested in WGIF.

The portfolio's benchmark is the ICE BofA 6 Month U.S. Treasury Bills Index. Source: Bloomberg Financial LP.

An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

## Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$222,342	\$590,379	\$1,837,294	-	\$2,253,543
Change in Market Value	\$453,265	\$2,591,735	\$10,890,939	-	\$11,925,844
<b>Total Dollar Return</b>	<b>\$675,607</b>	<b>\$3,182,114</b>	<b>\$12,728,233</b>	<b>-</b>	<b>\$14,179,387</b>
<b>Total Return<sup>3</sup></b>					
Portfolio	0.98%	4.23%	4.91%	-	3.36%
Benchmark <sup>4</sup>	1.04%	4.27%	4.92%	-	3.37%
<b>Difference</b>	<b>-0.06%</b>	<b>-0.04%</b>	<b>-0.01%</b>	<b>-</b>	<b>-0.02%</b>

1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is March 31, 2021.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.

4. The portfolio's benchmark is the ICE BofA 6 Month U.S. Treasury Bills Index. Source: Bloomberg Financial LP.



## Accrual Basis Earnings - WGIF-UNIVERSITY OF WYOMING SHORT TERM



Accrual Basis Earnings	1Q2025	2Q2025	3Q2025	4Q2025
Interest Earned <sup>1</sup>	\$80,143	\$169,510	\$118,384	\$222,342
Realized Gains / (Losses) <sup>2</sup>	\$1,437	-	-	-
Change in Amortized Cost	\$754,944	\$660,151	\$724,153	\$462,912
<b>Total Earnings</b>	<b>\$836,524</b>	<b>\$829,662</b>	<b>\$842,537</b>	<b>\$685,254</b>

1. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

2. Realized gains / (losses) are shown on an amortized cost basis.

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- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. **Past performance is not indicative of future returns.**
- ICE Bank of America Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

## Glossary

- **Accrued Interest:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **Agencies:** Federal agency securities and/or Government-sponsored enterprises.
- **Amortized Cost:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **Asset-Backed Security:** A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- **Bankers' Acceptance:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **Commercial Paper:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **Contribution to Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **Effective Duration:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **Effective Yield:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **Interest Rate:** Interest per year divided by principal amount and expressed as a percentage.
- **Market Value:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.
- **Negotiable Certificates of Deposit:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **Par Value:** The nominal dollar face amount of a security.
- **Pass-through Security:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

## Glossary

- Repurchase Agreements: A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- Settle Date: The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- Supranational: A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- Trade Date: The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- Unsettled Trade: A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- U.S. Treasury: The department of the U.S. government that issues Treasury securities.
- Yield: The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- YTM at Cost: The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- YTM at Market: The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.