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**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**FROM:** Executive Office

**SUBMITTAL DATE:**  
November 6, 2012

**SUBJECT:** County Treasury Oversight Committee Annual Investment Audit Report

**RECOMMENDED MOTION:** That the Board receive and file the FY 11-12 Annual Investment Audit Report.

**BACKGROUND:** The County has established and maintains the County Treasury Oversight Committee, and, per California state law as well as the Treasurer's Statement of Investment Policy, an audit is to be conducted annually. The agreed upon procedures and investment compliance evaluation is to include the verification of the identification, classification, market value, and rating of each investment. The Board expanded this requirement to include County agency investment funds held outside of the County Treasury.

The report, performed by Teaman, Ramirez, & Smith, Inc. contains no major findings. The two minor findings indicated by the auditor were reviewed and discussed at the Investment Oversight Committee (IOC) October 25, 2012 meeting and concluded that the findings are immaterial.

Ivan Chand, Deputy County Executive Officer

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ N/A	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ N/A	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ N/A	For Fiscal Year:	N/A

<b>SOURCE OF FUNDS: N/A</b>	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

**C.E.O. RECOMMENDATION: Receive and File APPROVE**

BY: Christopher M. Hans

**County Executive Office Signature**

- Policy
- Policy
- Consent
- Consent

Dept's Recomm.:  
Per Exec. Ofc.:

**Prev. Agn. Ref.:** | **District: All** | **Agenda Number:**

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

2.3

**COUNTY OF RIVERSIDE  
INVESTMENT OVERSIGHT COMMITTEE**

**Independent Accountants' Report  
On Applying Agreed-Upon Procedures**

INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

The Investment Oversight Committee  
County of Riverside, California

We have performed the procedures enumerated below, which were agreed to by the Investment Oversight Committee of the County of Riverside, solely to assist the specified parties in evaluating the County's compliance with the Treasurer's annual investment policy and the California Government Code for the Treasurer's investment portfolio and the investment portfolios of the other entities listed below for the fiscal year ended June 30, 2012. Management is responsible for the County's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Investment Oversight Committee. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures performed and the results of those procedures are presented below:

**County Treasury**

Concerning the structure and risk of the Treasurer's portfolio, we selected the quarter ending June 30, 2012, to:

1. Determine that all securities within the portfolio are legally authorized and meet the credit quality and other purchase restrictions set forth in Government Code Section 53601, 53635, and Investment Policy. Identify any securities held which met the purchase restrictions referenced above, but would not currently meet such requirements.

**Results:**

**Legal Authorization:** No exceptions were noted as a result of our procedures.

**Credit Quality:** No exceptions were noted as a result of our procedures.

**Other Purchase Restrictions:** No exceptions were noted as a result of our procedures, except as noted below:

The County has invested in the CalTRUST Short Term Fund (CLTR) representing a portfolio percentage of 1.16%. The portfolio limit for these types of investments is 1%, according to Schedule I of the County's Statement of Investment Policy.

**Other Investing Activities Outside of the County Treasury**

County of Riverside Asset Leasing Corporation  
County Housing Authority  
Economic Development Agency  
Riverside County Flood Control and Water Conservation District  
County Executive Office for:  
    Community Facility Districts/Assessment Districts  
    County of Riverside Court Financing Corporation  
    County of Riverside District Court Financing Corporation  
    County of Riverside Palm Desert Financing Authority

1. For each of the aforementioned entities, we performed the following procedures on the quarterly portfolio disclosure report for the fiscal year ended June 30, 2012:
  - a) Assure accurate identification and classification of all securities noted on portfolio reports.

*County of Riverside Asset Leasing Corporation*

**Results:** No exceptions were noted as a result of our procedures.

*County Housing Authority*

**Results:** No exceptions were noted as a result of our procedures.

*Economic Development Agency*

**Results:** No exceptions were noted as a result of our procedures.

*Riverside County Flood Control and Water Conservation District*

**Results:** No exceptions were noted as a result of our procedures.

*County Executive Office for:*

*Community Facilities Districts/Assessment Districts*

**Results:** No exceptions were noted as a result of our procedures.

*County of Riverside Court Financing Corporation*

**Results:** No exceptions were noted as a result of our procedures.

- c) Confirm the present ratings assigned by New York Rating Agencies on all commercial paper, medium term notes, money market funds, municipal securities and investment agreement contracts. Confirm other ratings assigned, if available, for any investments not rated by New York Rating Agencies.

*County of Riverside Asset Leasing Corporation*

**Results:** No exceptions were noted as a result of our procedures.

*County Housing Authority*

**Results:** No exceptions were noted as a result of our procedures.

*Economic Development Agency*

**Results:**

Moody's withdrew its rating on the Wells Fargo National Tax Free Fund as of September 2011. Standard and Poor's did not rate this money market fund.

**Management Response:**

The fund in question is rated AAmmf by Fitch, one of the three major rating agencies, as permitted by bond counsel. A copy of the fund profile has been attached.

*Riverside County Flood Control and Water Conservation District*

**Results:** No exceptions were noted as a result of our procedures.

*County Executive Office for:*

*Community Facility Districts/Assessment Districts*

**Results:** No exceptions were noted as a result of our procedures.

*County of Riverside Court Financing Corporation*

**Results:** No exceptions were noted as a result of our procedures.

*County of Riverside District Court Financing Corporation*

**Results:** No exceptions were noted as a result of our procedures.

*County of Riverside Palm Desert Financing Authority*

**Results:** No exceptions were noted as a result of our procedures.