

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

653A




FROM: Don Kent, Treasurer-Tax Collector

SUBMITTAL DATE:
July 17, 2012

SUBJECT: Treasurer's Monthly Disclosure Report on Investments

RECOMMENDED MOTION: That the Board of Supervisors receives and files the Treasurer's "Monthly Disclosure Report on Investments" dated June 2012.

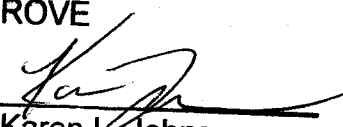
BACKGROUND: The County Treasurer and Tax Collector is submitting the above noted report to the County Board of Supervisors in keeping with Section 53607 of the California Government Code, which requires a quarterly report on the status of investments. The practice has been to provide the Board with a monthly report. The report gives the various statistics on the portfolio as to overall composition, liquidity structure, credit quality on the various securities, and provides several trends on earning performance, average weighted maturity, and the portfolio's "paper loss or gain".


Jon Christensen on behalf of Don Kent,
Treasurer-Tax Collector

FINANCIAL DATA	Current F.Y. Total Cost:	\$	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2011-2012

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

C.E.O. RECOMMENDATION: APPROVE

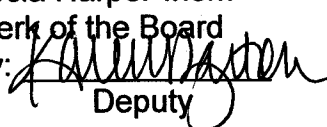
BY: 
Karen L. Johnson

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Stone, seconded by Supervisor Tavaglione and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: July 31, 2012
xc: Treasurer

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

Prev. Agn. Ref.: ATTACHMENTS ~~DISCLOSED~~ ALL WITH THE CLERK OF THE BOARD Agenda Number:

2.18

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

Departmental Concurrence





County of Riverside

Treasurer's Pooled Investment Fund

2012

June

"Erased"

In the aftermath of the Great Recession and lingering recovery, it is noteworthy that so many aspects of our lives, both professionally and personally, have been affected. Savings, retirement and investment accounts, home equity, jobs and benefits have been erased or greatly diminished because of the financial turmoil. The not so Great Recession erased 18 years of household wealth.

This month, a study released from the Federal Reserve put all of this into perspective, and it is sobering. According to the FED, median net worth declined to \$77,300 in 2010 from \$126,400 in 2007 representing over a 38% decline for Americans. They stated, "Almost every demographic group experienced losses, which may hurt retirement prospects for middle-income families. The impact has been a massive destruction of wealth all across the board. What you see is an economy that's really very, very stressed for the bottom 60 to 70 percent of the population that's struggling just to make ends meet." The declines in household wealth in the course of the longest and deepest recession since the Great Depression have held back the consumer spending that makes up about 70 percent of the economy."

Moreover, the FED stated, "Although declines in the values of financial assets or business were important factors for some families, the decreases in median net worth appear to have been driven most strongly by a broad collapse in house prices." We all know far too well by now that the hit to our County was much

deeper than other areas; we had even been called one of the epicenters of the subprime crisis.

The Eurozone debt crisis continues and now with the Libor price fixing scandal putting Barclays on the hot seat, it may prove to be even more troublesome. Unemployment for June came in at 8.2% and is not showing signs of dramatic improvement. These and other troubling issues prompted some changes to the FOMC statement following the June 20th meeting in which the FED left rates unchanged at 0-.25%, with an extension to the end of year to the tune of \$267 billion more in Operation Twist.

The FED stated, "Growth in employment has slowed in recent months, household spending appears to be rising at a somewhat slower pace than earlier in the year". This continued financial malaise has forced the FED to continue its maturity extension program, to pressure long-term interest rates lower to make financial conditions more accommodative. They also stated it was prepared to take further action (easing), if you read between the lines. This could prove to be a long, hot drawn out summer for the financial markets with oodles of Eurocrisis and other economic drama. We will continue to read the FED's tealeaves and invest accordingly.

Don Kent

Treasurer-Tax Collector

Capital Markets Team

Treasurer-Tax Collector
Don Kent

Asst. Treasurer-Tax Collector
Jon Christensen

Investment Manager
Giovane Pizano

Asst. Investment Manager
Angela Tressler

Investment Objectives

The primary objective of the treasurer shall be to safeguard the principal of the funds under the treasurer's control, meet the liquidity needs of the depositor, and achieve a return on the funds under his or her control.

RIVERSIDE COUNTY TREASURER'S POOLED INVESTMENT FUND IS CURRENTLY RATED: Aaa-bf BY MOODY'S INVESTOR'S SERVICE AND AAA/V1 BY FITCH RATINGS

	Month End Market Value (\$)*	Month End Book Value (\$)	Paper Gain or Loss (\$)	Paper Gain or Loss (%)	Book Yield (%)	Yrs to Maturity	Modified Duration
June	4,648,181,202.16	4,642,625,742.15	5,555,460.01	0.12	0.45	1.18	1.16
May	5,245,880,345.96	5,239,604,956.51	6,275,389.45	0.12	0.46	1.16	1.15
April	5,926,568,258.87	5,920,236,964.13	6,331,294.74	0.11	0.44	1.10	1.08
March	5,001,811,731.51	4,997,448,808.53	4,362,922.98	0.09	0.49	1.24	1.22
February	5,213,877,914.26	5,208,745,632.12	5,132,282.14	0.10	0.49	1.24	1.23
January	5,495,948,927.61	5,489,579,174.51	6,369,753.10	0.12	0.48	1.20	1.19

The Treasurer's Pooled Investment Fund is comprised of the County, Schools, Special Districts, and other Discretionary Depositors.

Current Market Date

Economic Indicators

Released on:	Indicator	Definition	Consensus	Actual
7/6/2012	Nonfarm Payrolls - M/M change	Counts the number of paid employees working part-time or full-time in the nation's business and government establishments.	90,000	80,000
7/6/2012	Unemployment Rate	Measures the number of unemployed as a percentage of the labor force.	8.2%	8.2%
6/27/2012	Durable Goods Orders - M/M change	Reflects the new orders placed with domestic manufacturers for immediate and future delivery of factory hard goods.	0.4%	1.1%
6/28/2012	Real Gross Domestic Product - Q/Q change	The broadest measure of aggregate economic activity and encompasses every sector of the economy. GDP is the country's most comprehensive economic scorecard.	1.9%	1.9%
6/26/2012	Consumer Confidence	Measures consumer attitudes on present economic conditions and expectations of future conditions.	63.5	62.0
7/3/2012	Factory Orders - M/M change	Represents the dollar level of new orders for both durable and nondurable goods.	0.1%	0.7%
6/14/2012	Consumer Price Index - M/M change	The Consumer Price Index is a measure of the average price level of a fixed basket of goods and services purchased by consumers.	-0.2%	-0.3%

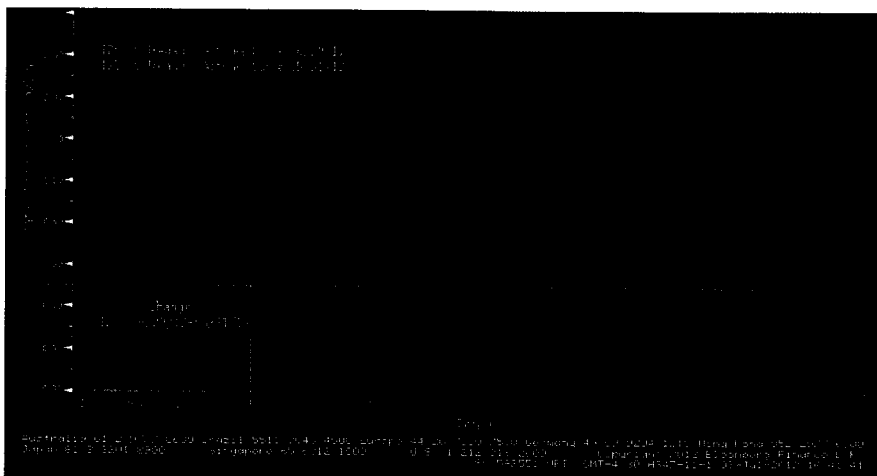
Stock Indices

	Value	Change
Dow Jones (DJIA)	12,880.09	486.64
S&P 500 Index	1,362.16	51.83
NASDAQ	2,609.75	91.50

Commodities

	Value	Change
Nymex Crude	\$ 84.96	\$ (1.57)
Gold (USD/OZ)	\$ 1,597.45	\$ 37.02

U.S. Treasuries



	Yield (%)	Change (%)
3-Month	0.08	0.02
6-Month	0.16	0.03
12-Month	0.21	0.03
2-Year	0.30	0.04
3-Year	0.40	0.05
5-Year	0.72	0.06
7-Year	1.11	0.10
10-Year	1.65	0.09
30-Year	2.75	0.11

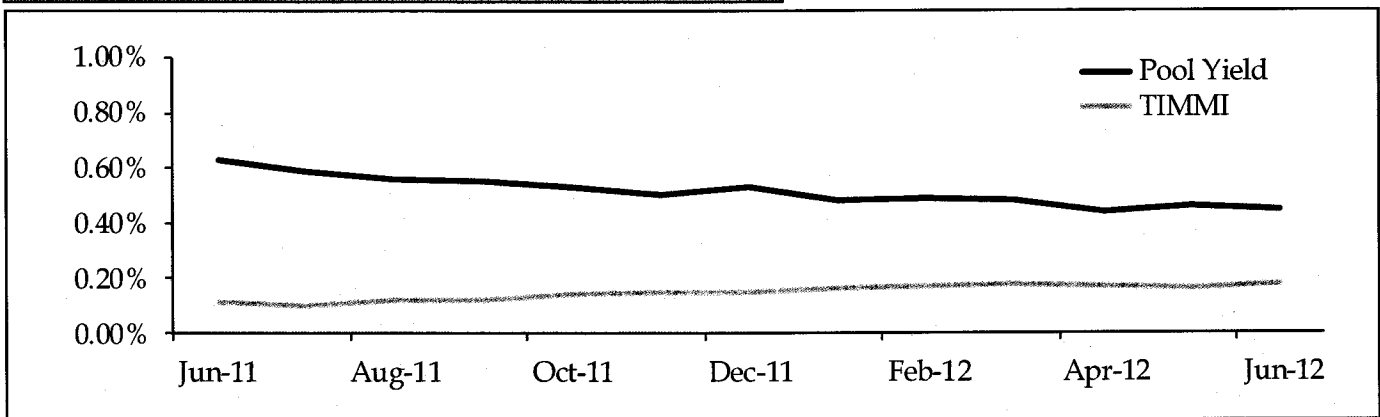
Fed Funds Target Rate

Current Fed Funds Rate: 0-0.25%		
	Probability for FOMC Date	Probability for FOMC Date
Fed Move	08/01/2012	09/13/2012
Decrease to 0.00%	36.0%	36.0%
Increase to 0.25%	64.0%	64.0%
Increase to 0.50%	0.0%	0.0%
Increase to 0.75%	0.0%	0.0%
Increase to 1%	0.0%	0.0%

TIMMI

AAA Rated Prime Institutional Money-Market Funds		
Fund	Symbol	7 Day Yield
Fidelity Prime Institutional MMF	FIPXX	0.17%
Federated Prime Obligations Fund	POIXX	0.17%
Wells Fargo Advantage Heritage	WFJXX	0.13%
Morgan Stanley Institutional Prime Liquidity Fund	MPFXX	0.18%
BlackRock Prime Cash Fund	BPIXX	0.21%

The Treasurer's Institutional Money Market Index (TIMMI) is compiled and reported by the Riverside County Treasurer's Capital Markets division. It is a composite index derived from five AAA rated prime institutional money market funds. Similar to the Treasurer's Office, prime money market funds invest in a diversified portfolio of U.S. dollar denominated money market instruments including U.S. Treasuries, government agencies, commercial paper, certificates of deposits, repurchase agreements, etc. TIMMI is currently comprised of the five multi billion dollar funds listed to the left.



Cash Flows

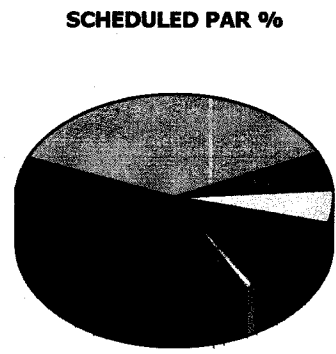
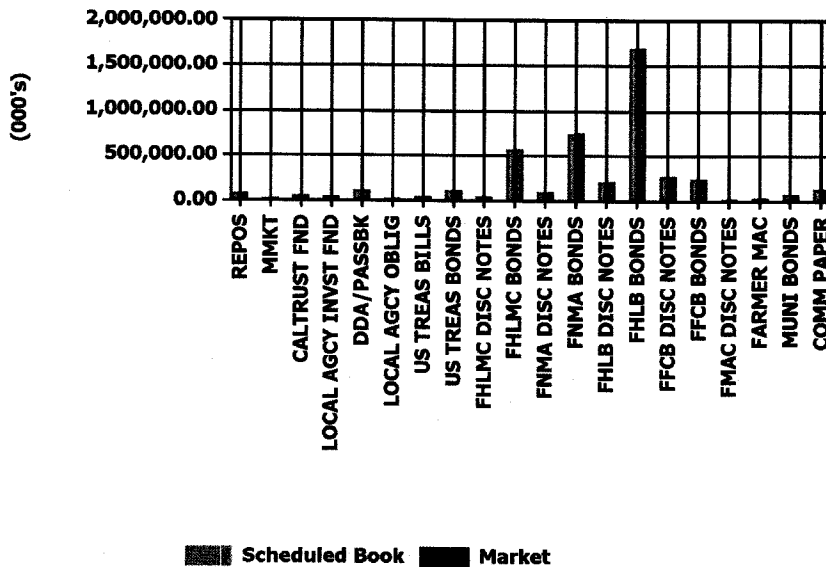
Month	Monthly Receipts	Monthly Disbursements	Difference	Required Maturesd Investments	Balance	Actual Investments Maturing	Available to Invest > 1 Year
07/2012					149.30		
07/2012	805.00	908.77	(103.77)		45.53	462.69	
08/2012	672.00	749.04	(77.04)	31.51	0.00	186.97	
09/2012	587.00	718.69	(131.69)	131.69	0.00	148.04	
10/2012	697.00	812.58	(115.58)	115.58	0.00	142.80	
11/2012	775.00	706.19	68.81		68.81	164.12	
12/2012	1,459.00	809.82	649.18		717.99	55.00	
01/2013	695.00	1,259.52	(564.52)		153.47	448.11	
02/2013	638.00	900.45	(262.45)	108.98	0.00	309.40	
03/2013	841.00	851.75	(10.75)	10.75	0.00	125.00	
04/2013	1,379.60	821.92	557.68		557.68	108.30	
05/2013	663.29	1,199.59	(536.30)		21.38	427.99	
06/2013	589.54	1,114.19	(524.65)	503.27	0.00	329.63	
TOTALS	9,801.43	10,852.51	(1,051.08)	901.78		2,908.05	3,740.85
				19.42%		62.64%	80.58%

* All values reported in millions (\$).

The Pooled Investment Fund cash flow requirements are based upon a 12 month historical cash flow model. Based upon projected cash receipts and maturing investments, there are sufficient funds to meet future cash flow disbursements over the next 12 months.

Asset Allocation

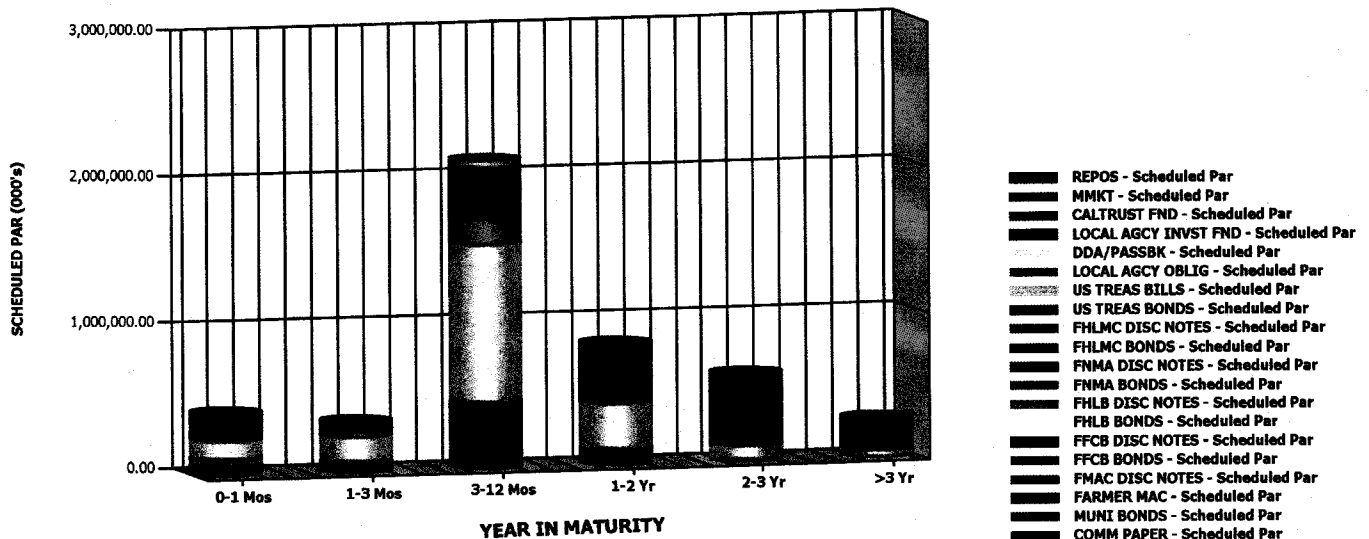
Assets (000's)	Scheduled Par	Scheduled	Scheduled	Mkt/ Sch Book	Yield	WAL (Yr)	Mat (Yr)
		Book	Market				
REPOS	80,000.00	80,000.00	80,000.00	100.00%	0.11%	.008	.008
MMKT	10,000.00	10,000.00	10,000.00	100.00%	0.03%	.003	.003
CALTRUST FND	54,000.00	54,000.00	54,000.00	100.00%	0.44%	.003	.003
LOCAL AGCY INVST	50,000.00	50,000.00	50,000.00	100.00%	0.38%	.003	.003
DDA/PASSBK	115,000.00	115,000.00	115,000.00	100.00%	0.09%	.003	.003
LOCAL AGCY	535.00	535.00	535.00	100.00%	0.96%	7.964	7.964
US TREAS BILLS	50,000.00	49,915.47	49,950.23	100.07%	0.19%	.608	.608
US TREAS BONDS	115,000.00	115,400.00	115,264.50	99.88%	0.21%	.681	.681
FHLMC DISC NOTES	50,000.00	49,894.42	49,937.50	100.09%	0.21%	.753	.753
FHLMC BONDS	573,621.00	573,684.67	574,989.12	100.23%	0.72%	1.173	1.928
FNMA DISC NOTES	100,000.00	99,866.03	99,953.13	100.09%	0.14%	.426	.426
FNMA BONDS	748,850.00	749,545.69	751,372.41	100.24%	0.83%	.756	2.353
FHLB DISC NOTES	215,000.00	214,599.19	214,771.92	100.08%	0.18%	.618	.618
FHLB BONDS	1,696,251.43	1,696,610.90	1,698,044.53	100.08%	0.37%	.811	.992
FFCB DISC NOTES	275,000.00	274,553.50	274,703.13	100.05%	0.19%	.635	.635
FFCB BONDS	247,205.00	247,306.64	247,838.75	100.22%	0.53%	1.044	1.167
FMAC DISC NOTES	8,000.00	7,982.97	8,000.00	100.21%	0.21%	.030	.030
FARMER MAC	37,500.00	37,502.38	37,563.28	100.16%	0.61%	.844	.844
MUNI BONDS	76,260.00	76,390.58	76,390.58	100.00%	0.53%	.695	.695
COMM PAPER	140,000.00	139,838.33	139,867.13	100.02%	0.26%	.192	.192
Totals (000's):	4,642,222.43	4,642,625.74	4,648,181.20	100.12%	0.45%	.751	1.175



- REPOS - 2%
- MMKT - 0%
- CALTRUST FND - 1%
- LOCAL AGCY INVST FND - 1%
- DDA/PASSBK - 2%
- LOCAL AGCY OBLIG - 0%
- US TREAS BILLS - 1%
- US TREAS BONDS - 2%
- FHLMC DISC NOTES - 1%
- FHLMC BONDS - 12%
- FNMA DISC NOTES - 2%
- FNMA BONDS - 16%
- FHLB DISC NOTES - 5%
- FHLB BONDS - 37%
- FFCB DISC NOTES - 6%
- FFCB BONDS - 5%
- FMAC DISC NOTES - 0%
- FARMER MAC - 1%
- MUNI BONDS - 2%
- COMM PAPER - 3%

Maturity Distribution

Scheduled Par (000's)	0-1 Mos	1-3 Mos	3-12 Mos	1-2 Yr	2-3 Yr	>3 Yr	Totals (000's)
REPOS	80,000.00	-	-	-	-	-	80,000.00
MMKT	10,000.00	-	-	-	-	-	10,000.00
CALTRUST FND	54,000.00	-	-	-	-	-	54,000.00
LOCAL AGCY INVST FND	50,000.00	-	-	-	-	-	50,000.00
DDA/PASSBK	115,000.00	-	-	-	-	-	115,000.00
LOCAL AGCY OBLIG	-	-	-	-	-	535.00	535.00
US TREAS BILLS	-	-	50,000.00	-	-	-	50,000.00
US TREAS BONDS	-	-	115,000.00	-	-	-	115,000.00
FHLMC DISC NOTES	-	-	50,000.00	-	-	-	50,000.00
FHLMC BONDS	20,000.00	30,000.00	34,121.00	233,000.00	201,500.00	55,000.00	573,621.00
FNMA DISC NOTES	-	-	100,000.00	-	-	-	100,000.00
FNMA BONDS	-	40,000.00	55,000.00	185,000.00	300,000.00	168,850.00	748,850.00
FHLB DISC NOTES	-	40,000.00	175,000.00	-	-	-	215,000.00
FHLB BONDS	20,040.00	160,700.00	1,077,805.00	304,585.00	90,000.00	43,121.43	1,696,251.43
FFCB DISC NOTES	-	-	275,000.00	-	-	-	275,000.00
FFCB BONDS	19,205.00	20,000.00	65,000.00	113,000.00	20,000.00	10,000.00	247,205.00
FMAC DISC NOTES	8,000.00	-	-	-	-	-	8,000.00
FARMER MAC	-	-	37,500.00	-	-	-	37,500.00
MUNI BONDS	1,440.00	29,305.00	35,920.00	7,595.00	2,000.00	-	76,260.00
COMM PAPER	55,000.00	35,000.00	50,000.00	-	-	-	140,000.00
Totals (000's):	432,685.00	355,005.00	2,120,346.00	843,180.00	613,500.00	277,506.43	4,642,222.43
%	9.32%	7.65%	45.68%	18.16%	13.22%	5.98%	
Cumulative %	9%	17%	63%	81%	94%	100%	

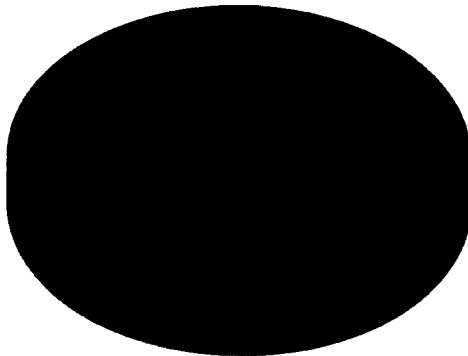


Credit Quality

Moody (000's)	Par	Book	Market	MKT/Book	Yield
Aaa	4,141,352.43	4,141,811.67	4,147,255.05	100.13%	0.48%
Aa	10,000.00	9,999.35	10,004.69	100.05%	0.47%
Aa1	8,580.00	8,580.27	8,580.27	100.00%	0.93%
Aa2	73,955.00	74,019.81	74,057.35	100.05%	0.45%
Aa3	117,300.00	117,194.30	117,185.57	99.99%	0.25%
NR	291,035.00	291,020.34	291,098.28	100.03%	0.22%
Totals (000's):	4,642,222.43	4,642,625.74	4,648,181.21	100.12%	0.45%

MOODY'S

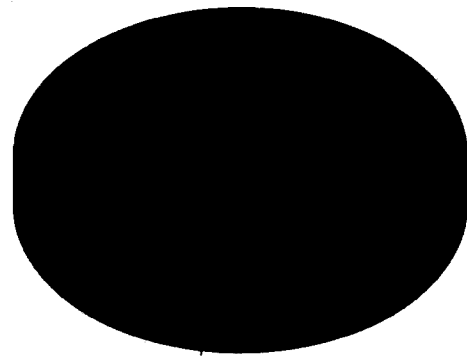
BOOK %



Aaa - 89%
 Aa1 - 0%
 Aa3 - 3%
 Aa - 0%
 Aa2 - 2%
 NR - 6%

S & P

BOOK %



AAA - 18%
 AA - 0%
 AA+ - 75%
 NR - 6%
 AA - 1%

S&P (000's)	Par	Book	Market	MKT/Book	Yield
AAA	832,526.00	834,099.51	837,096.75	100.36%	0.77%
AA+	3,465,966.43	3,464,689.84	3,467,170.12	100.07%	0.40%
AA	48,410.00	48,531.06	48,531.06	100.00%	0.53%
AA-	4,285.00	4,285.00	4,285.00	100.00%	0.45%
NR	291,035.00	291,020.34	291,098.28	100.03%	0.22%
Totals (000's):	4,642,222.43	4,642,625.75	4,648,181.21	100.12%	0.45%





Full Compliance

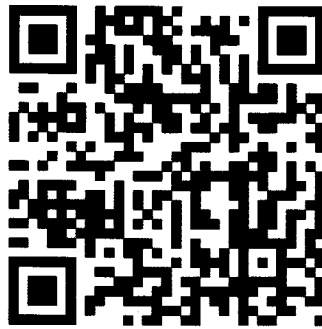
The Treasurer's Pooled Investment Fund was in FULL COMPLIANCE with the Treasurer's Statement of Investment Policy. The County's Investment Policy is more restrictive than the California Government Code. This policy is reviewed annually by the County's Investment Oversight Committee and approved by the County Board of Supervisors.



Investment Category	GOVERNMENT CODE			COUNTY INVESTMENT POLICY			
	Maximum Maturity	Authorized % Limit	Quality S&P/ Moody's	Maximum Maturity	Authorized % Limit	Quality S&P/ Moody's	
MUNICIPAL BONDS (MUNI)	5 YEARS	NO LIMIT	NA	3 YEARS	15%	AA- / Aa3/ AA-	1.65%
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	3.56%
LOCAL AGENCY OBLIGATIONS (LAO)	5 YEARS	NO LIMIT	NA	3 YEARS	2.5%	INVESTMENT GRADE	0.01%
FEDERAL AGENCIES	5 YEARS	NO LIMIT	AAA	5 YEARS	100%	NA	85.11%
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	3.01%
CERTIFICATE & TIME DEPOSITS (NCD & TCD)	5 YEARS	30%	NA	1 YEAR	25% Combined	A1/P1/F1	0.00%
REPURCHASE AGREEMENTS (REPO)	1 YEARS	NO LIMIT	NA	45 DAYS	40% max, 25% in term repo over 7	A1/P1/F1	1.72%
REVERSE REPOS	92 DAYS	20%	NA	60 DAYS	10%	NA	0.00%
MEDIUM TERM NOTES (MTNO)	5 YEARS	30%	A	3 YEARS	20%	AA/Aa2/ AA	0.00%
CALTRUST SHORT TERM FUND	NA	NA	NA	DAILY LIQUIDITY	1.0%	NA	1.16%
MONEY MARKET MUTUAL FUNDS (MMF)	60 DAYS ⁽¹⁾	20%	AAA/Aaa ⁽²⁾	DAILY LIQUIDITY	20%	AAA by 2 Of 3 RATINGS	0.22%
LOCAL AGENCY INVESTMENT FUND (LAIF)	NA	NA	NA	DAILY LIQUIDITY	Max \$50 million	NA	1.08%
CASH/DEPOSIT ACCOUNT	NA	NA	NA	NA	NA	NA	2.48%

¹ Mutual Funds maturity may be interpreted as weighted average maturity not exceeding 60 days.

THIS COMPLETES THE REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE 53646



County of Riverside
Treasurer-Tax Collector
Capital Markets
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