

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

734A



FROM: Don Kent, Treasurer-Tax Collector

SUBMITTAL DATE:
August 14, 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 July 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".

Departmental Concurrence

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:	2012-2013

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

- Policy
- Policy
- Consent
- Consent
- Consent
- Consent

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Buster, Tavaglione, Benoit and Ashley
 Nays: None
 Absent: Stone
 Date: August 28, 2012
 xc: Treasurer

Kecia Harper-Ihem
 Clerk of the Board
 By:
 Deputy

2.27

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



County of Riverside

Treasurer's Pooled Investment Fund

2012

July

"House of Cards"

The City of San Bernardino marks the third California city to file for the protection of Chapter 9 municipal bankruptcy this year. In the past two months, the cities of Mammoth Lakes and Stockton have filed as well, with Stockton becoming the largest U.S. city to do so.

San Bernardino cited some of the reasons for which it filed including plummeting assessed valuations due to the housing crisis as well as sales tax revenue declines. In 2008, the general fund topped \$133 million in revenue. This fiscal year it's \$120 million and expenses of \$166.2 million, so it's no wonder why with a \$46 million gap that they've garnered the headlines.

The city has about \$56 million of general fund indebtedness, as well as several hundred million in unfunded liabilities, including payments on a \$50 million pension obligation bonds (POB), \$195 million in unfunded pension obligations, \$61 million in unfunded retiree healthcare (OPEB), and \$40 million of workers compensation, in all totaling almost \$1 billion in liabilities.

With more municipal bankruptcy filings

likely, the financial pain to local governments is showing no signs of subsiding; to the contrary, it seems to be intensifying. Cities such as Duarte, Oakland, Pomona, Fairfield and even the mega city of Los Angeles are all experiencing similar issues with debt and unfunded liabilities.

These California cities in bankruptcy as well as others in financial crisis mode will be closely watched by municipal bond investors as they will be the test cases of whether cities in financial trouble will be allowed to default on their bond debt and pension obligations, or, be held accountable for the debt they incurred.

At its most recent meeting, the FED stated it may be prepared to take further action at future meetings depending on economic data, with employment numbers being the main driver. With the EuroZone, Libor-Gate and our own "CaliZone" problems, we continue to see an extended period of low interest rates further impacting individual and institutional investors alike.

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
July	5,159,646,617.47	5,152,181,840.02	7,464,777.45	0.15	0.42%	1.09	1.07
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

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
8/2/2012	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.	100,000	163,000
8/2/2012	Unemployment Rate	Measures the number of unemployed as a percentage of the labor force.	8.2%	8.3%
7/26/2012	Durable Goods Orders - M/M change	Reflects the new orders placed with domestic manufacturers for immediate and future delivery of factory hard goods.	0.3%	1.6%
7/27/2012	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.	1.4%	1.5%
7/31/2012	Consumer Confidence	Measures consumer attitudes on present economic conditions and expectations of future conditions.	61.5	65.9
8/2/2012	Factory Orders - M/M change	Represents the dollar level of new orders for both durable and nondurable goods.	0.5%	-0.5%
7/17/2012	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.	0.0%	0.0%

Stock Indices

	Value	Change
Dow Jones (DJIA)	13,008.68	128.59
S&P 500 Index	1,379.32	17.16
NASDAQ	2,635.75	26.00

Commodities

	Value	Change
Nymex Crude	\$ 88.06	\$ 3.10
Gold (USD/OZ)	\$ 1,614.30	\$ 16.85

U.S. Treasuries

Fed Funds Target Rate

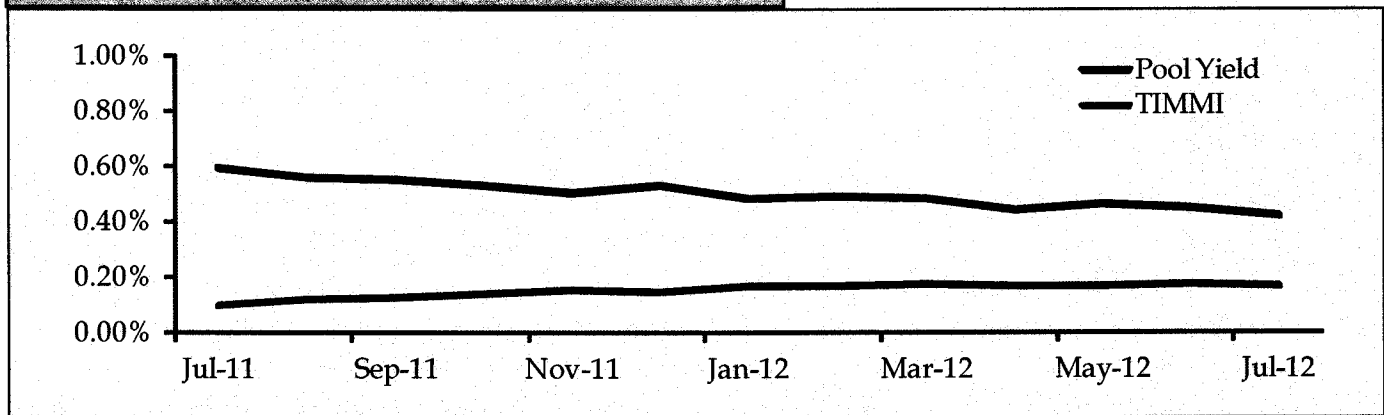
Current Fed Funds Rate: 0-0.25%		
Fed Move	Probability for FOMC Date	Probability for FOMC Date
Decrease to 0.00%	42.0%	43.4%
Increase to 0.25%	58.0%	56.6%
Increase to 0.50%	0.0%	0.0%
Increase to 0.75%	0.0%	0.0%
Increase to 1%	0.0%	0.0%

	Yield (%)	Change (%)
3-Month	0.10	0.02
6-Month	0.13	(0.02)
12-Month	0.16	(0.05)
2-Year	0.21	(0.09)
3-Year	0.28	(0.11)
5-Year	0.58	(0.14)
7-Year	0.97	(0.14)
10-Year	1.47	(0.18)
30-Year	2.55	(0.21)

TIMMI

AAA Rated Prime Institutional Money-Market Funds		
Fund	Symbol	7 Day Yield
Fidelity Prime Institutional MMF	FIPXX	0.16%
Federated Prime Obligations Fund	POIXX	0.16%
Wells Fargo Advantage Heritage	WFJXX	0.14%
Morgan Stanley Institutional Prime Liquidity Fund	MPFXX	0.17%
BlackRock Prime Cash Fund	BPIXX	0.19%

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

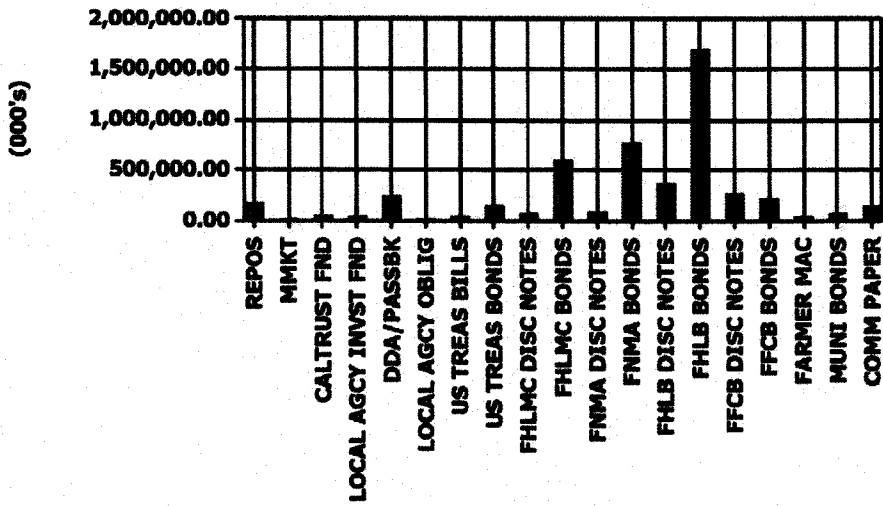
Month	Monthly Receipts	Monthly Disbursements	Difference	Required Matured Investments	Balance	Actual Investments Maturing	Available to Invest > 1 Year
08/2012					38.93		
08/2012	672.00	749.04	(77.04)	38.11	0.00	730.97	
09/2012	587.00	718.69	(131.69)	131.69	0.00	220.52	
10/2012	697.00	812.58	(115.58)	115.58	0.00	269.80	
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	364.63	
07/2013	868.06	913.40	(45.34)	45.34	0.00	120.09	
TOTALS	9,864.49	10,857.14	(992.65)	953.72		3,343.91	4,198.69
				18.51%		64.90%	81.49%

*All values as reported in millions (\$)..

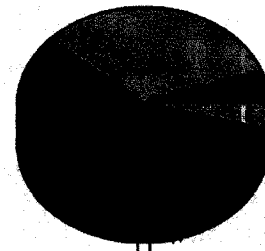
The Pooled Investment Fund cash flow requirements are based upon a 12 month historical cash flow model. Based upon projected cash receipts and maturing investments, there are sufficient funds to meet future cash flow disbursements over the next 12 months.

Asset Allocation

Assets (000's)	Estimated		Scheduled		Yield	WAL (Yr)	(R)
	Scheduled Par	Book	Market	Mkt/Sch Book			
REPOS	180,000.00	180,000.00	180,000.00	100.00%	0.13%	.017	.017
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%	0.39%	.003	.003
LOCAL AGCY INVST	50,000.00	50,000.00	50,000.00	100.00%	0.36%	.003	.003
DDA/PASSBK	250,000.00	250,000.00	250,000.00	100.00%	0.09%	.003	.003
LOCAL AGCY	535.00	535.00	535.00	100.00%	0.96%	7.879	7.879
US TREAS BILLS	50,000.00	49,915.47	49,965.00	100.10%	0.19%	.523	.523
US TREAS BONDS	155,000.00	155,415.62	155,320.50	99.94%	0.23%	.781	.781
FHLMC DISC NOTES	75,000.00	74,885.23	74,945.31	100.08%	0.19%	.516	.516
FHLMC BONDS	603,621.00	603,529.12	605,455.18	100.32%	0.69%	1.185	1.902
FNMA DISC NOTES	100,000.00	99,866.03	99,953.13	100.09%	0.14%	.341	.341
FNMA BONDS	773,570.00	773,928.41	776,349.53	100.31%	0.84%	.765	2.541
FHLB DISC NOTES	374,475.00	373,935.93	374,245.16	100.08%	0.17%	.475	.475
FHLB BONDS	1,700,890.00	1,701,243.73	1,703,116.83	100.11%	0.36%	.718	.891
FFCB DISC NOTES	275,000.00	274,553.50	274,796.88	100.09%	0.19%	.550	.550
FFCB BONDS	228,000.00	228,101.64	228,736.25	100.28%	0.53%	1.045	1.178
FARMER MAC	47,500.00	47,491.38	47,584.38	100.20%	0.61%	1.214	1.214
MUNI BONDS	74,820.00	74,950.31	74,950.31	100.00%	0.51%	.623	.623
COMM PAPER	150,000.00	149,830.49	149,889.93	100.04%	0.26%	.200	.200



SCHEDULED PAR %

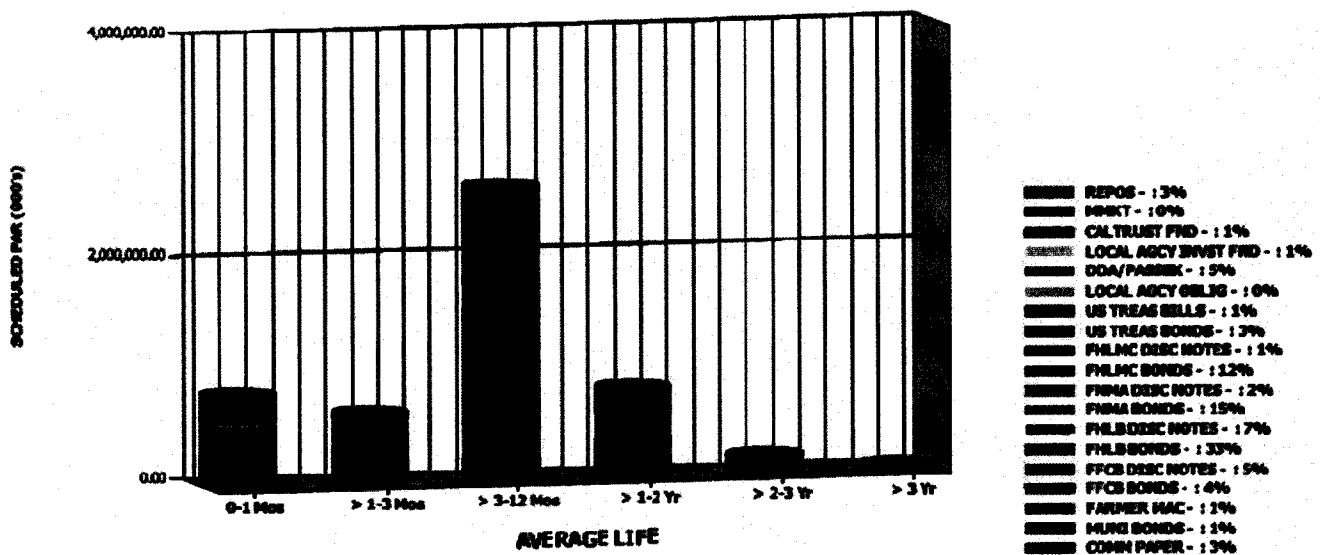


Scheduled Book
 Market

- REPOS - 3%
- MMKT - 0%
- CALTRUST FND - 1%
- LOCAL AGCY INVST FND - 1%
- DDA/PASSBK - 5%
- LOCAL AGCY OBLIG - 0%
- US TREAS BILLS - 1%
- US TREAS BONDS - 3%
- FHLMC DISC NOTES - 1%
- FHLMC BONDS - 12%
- FNMA DISC NOTES - 2%
- FNMA BONDS - 15%
- FHLB DISC NOTES - 7%
- FHLB BONDS - 33%
- FFCB DISC NOTES - 5%
- FFCB BONDS - 4%
- FARMER MAC - 1%
- MUNI BONDS - 1%
- 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
REPOS	180,000	-	-	-	-	-
MMKT	10,000	-	-	-	-	-
CALTRUST FND	54,000	-	-	-	-	-
LOCAL AGCY INVST FND	50,000	-	-	-	-	-
DDA/PASSBK	250,000	-	-	-	-	-
LOCAL AGCY OBLIG	-	-	-	-	-	535
US TREAS BILLS	-	-	50,000	-	-	-
US TREAS BONDS	-	10,000	105,000	40,000	-	-
FHLMC DISC NOTES	-	25,000	50,000	-	-	-
FHLMC BONDS	30,000	-	34,121	263,000	211,500	65,000
FNMA DISC NOTES	-	-	100,000	-	-	-
FNMA BONDS	-	10,000	55,000	180,000	329,740	198,830
FHLB DISC NOTES	30,000	119,475	225,000	-	-	-
FHLB BONDS	100,700	97,800	1,120,090	284,500	75,000	22,800
FFCB DISC NOTES	-	-	275,000	-	-	-
FFCB BONDS	20,000	-	65,000	113,000	20,000	10,000
FARMER MAC	-	-	37,500	-	10,000	-
MUNI BONDS	6,265	23,040	35,920	7,595	2,000	-
COMM PAPER	-	100,000	50,000	-	-	-
Total (000's)	509,965	435,315	2,282,611	688,095	628,240	210,000
Cumulative %	14%	22%	64%	82%	94%	100%

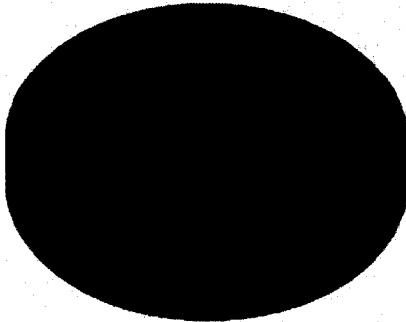


Credit Quality

Moody (000's)	Par	Book	Market	MK / Book	Yield
Aaa	4,415,981.00	4,415,798.85	4,423,319.84	100.17%	0.46%
Aa	10,000.00	9,999.35	10,007.81	100.08%	0.47%
Aa1	7,140.00	7,140.00	7,140.00	100.00%	0.87%
Aa2	73,955.00	74,019.81	74,070.36	100.07%	0.45%
Aa3	127,300.00	127,186.46	127,195.35	100.01%	0.25%
NR	518,035.00	518,037.38	518,110.00	100.02%	0.17%
Totals (000's)	5,152,411.00	5,152,181.85	5,159,843.36	100.15%	0.42%

MOODY'S

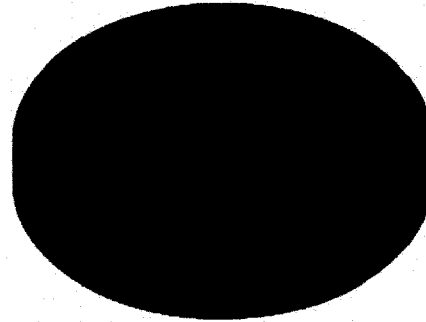
BOOK %



Aaa - 86%
 Aa1 - 0%
 Aa3 - 2%
 NR - 3%
 Aa - 9%
 Aa2 - 1%
 NR - 7%

S & P

BOOK %



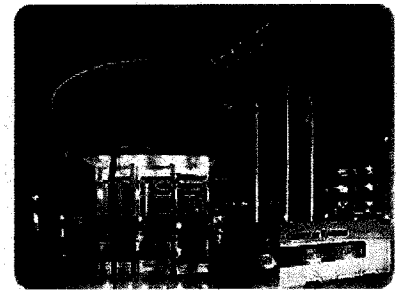
AAA - 15%
 AA - 1%
 NR - 7%
 AA+ - 74%
 AA- - 9%
 NR - 3%

S&P (000's)	Par	Book	Market	MK / Book	Yield
AAA	748,321.00	749,512.73	752,821.84	100.44%	0.78%
AA+	3,834,800.00	3,833,255.95	3,837,535.74	100.11%	0.38%
AA	46,970.00	47,090.78	47,090.78	100.00%	0.51%
AA-	4,285.00	4,285.00	4,285.00	100.00%	0.45%
NR	518,035.00	518,037.38	518,110.00	100.01%	0.17%
Totals (000's)	5,152,411.00	5,152,181.85	5,159,843.36	100.15%	0.42%



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.



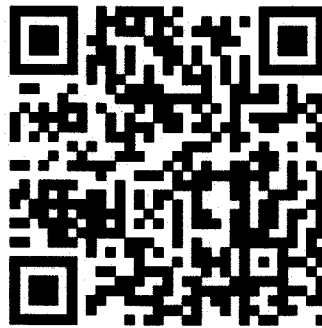
Investment Category	S&P/ Moody's			Quality S&P/ Moody's			
	Maximum Maturity	Authorized % Limit	Quality S&P/ Moody's	Maximum Maturity	Authorized % Limit	Quality S&P/ Moody's	
MUNICIPAL BONDS (MUNI)	5 YEARS	NO LIMIT	NA	3 YEARS	15%	AA- / Aa3/ AA-	1.46%
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	3.99%
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	81.08%
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	2.91%
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	3.49%
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	1.05%
MONEY MARKET MUTUAL FUNDS (MMF)	60 DAYS ⁽¹⁾	20%	AAA/ Aaa ⁽²⁾	DAILY LIQUIDITY	20%	AAA by 2 Of 3 RATINGS	0.19%
LOCAL AGENCY INVESTMENT FUND (LAIF)	NA	NA	NA	DAILY LIQUIDITY	Max \$50 million	NA	0.97%
CASH/DEPOSIT ACCOUNT	NA	NA	NA	NA	NA	NA	4.85%

100.00%

THIS COMPLETES THE REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE 53646

Month End Portfolio Holdings

CUSIP	Description	Maturity Date	Coupon	Maturity to Mat	Par Value	Book Value	Market Price	Market Value	Unrealized Gain/Loss	Modifed Duration	Years To Maturity
	Total Fund				1,086,000.00	1,086,000.00		1,086,000.00		1.072	1.086



County of Riverside
Treasurer-Tax Collector
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