

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

482A



**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*

Ivan Chand, Deputy County Executive Officer

Departmental Concurrence

**FINANCIAL DATA**

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

**SOURCE OF FUNDS:** N/A

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*  
Christopher M. Hans

**County Executive Office Signature**

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Tavaglione, seconded by Supervisor Stone 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: November 6, 2012  
xc: E.O.

Kecia Harper-Ihem  
Clerk of the Board  
By: *Kecia Harper-Ihem*  
Deputy

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

**2.3**

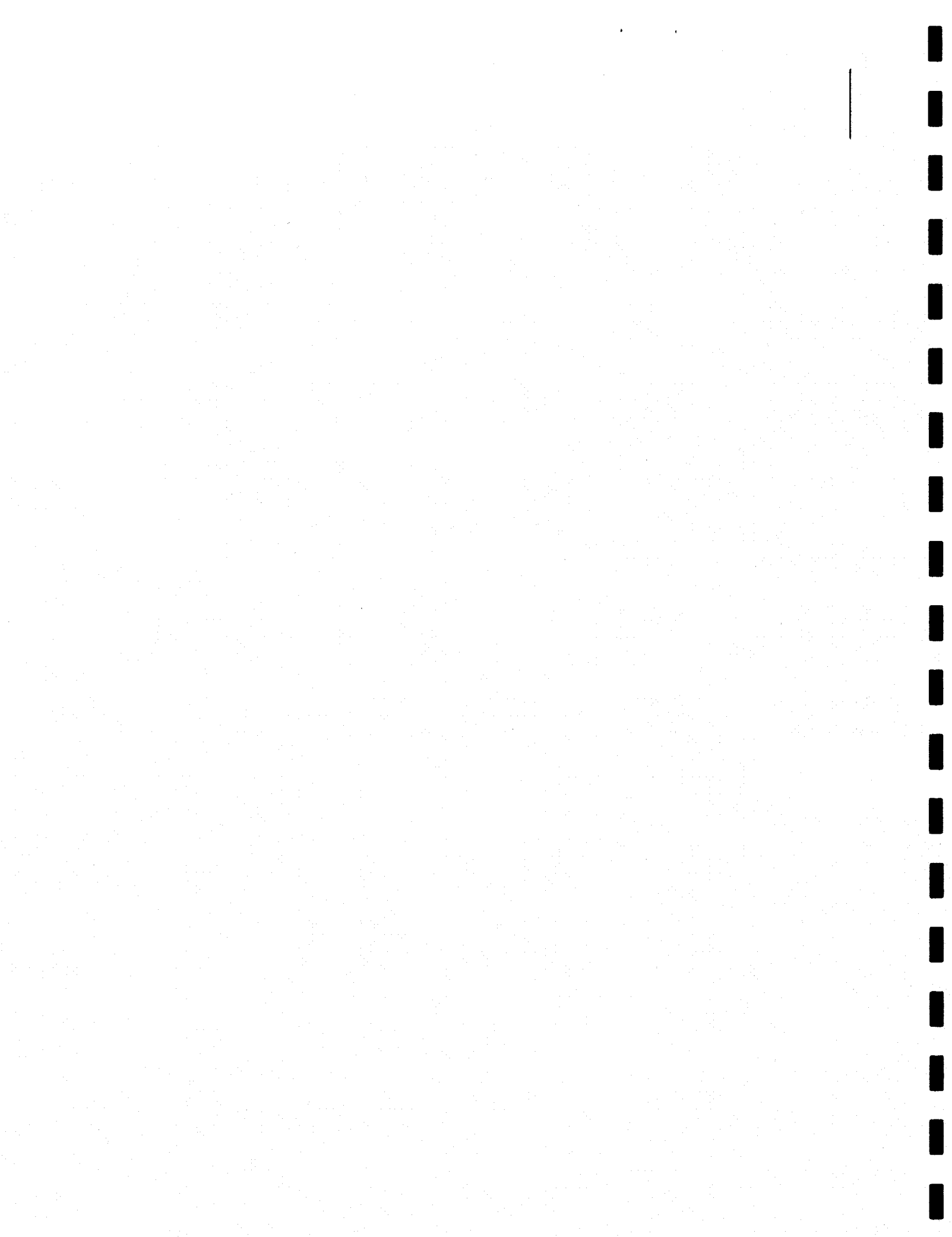
ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

Dept's Recomm.:  Policy  Policy  
 Consent  Consent



**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.

***Management's Response:***

At the time of purchase, April 26, 2007, CalTRUST comprised less than the 1% diversification restriction of the total portfolio.

**Investments That No Longer Meet Purchase Restrictions:** No exceptions were noted as a result of our procedures, except as described above.

2. Determine that all securities meet the five-year maximum or earlier maturity restriction established by Government Code Sections 53601, 53635, and Investment Policy or have been duly authorized as an exception thereto.

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

3. Determine if the Treasury is engaged in reverse repurchase agreements and whether or not the portfolio is in compliance with the restrictions noted in Government Code Section 53601(1) and whether the Treasury is engaged in any form of leverage (i.e., security lending agreements, taxable Tax and Revenue Anticipation Notes), not otherwise permitted by the Treasurer's Statement of Investment Policy and approved by the Board of Supervisors.

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

4. Determine that the Treasury is not engaged in any prohibited investments such as those noted in Government Code Section 53601.6 (inverse floaters, range notes, or mortgage-derived, interest-only Strips).

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

5. Determine that investments or reinvestments of note proceeds are limited to and do not exceed the maturity date of the notes, in keeping with Government Code Sections 53821.5, 53852.5, and 53859.02.

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

**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.

*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.

- b) Assure accurate market value pricing of all securities and identify the source of the pricing information.

*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 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.



- 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.

2. For each entity listed above, perform the following procedures on the investments:

- a) Confirm that maturities on investments coincide with cash-flow requirements (i.e. debt service and claim disbursement requirements).

*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 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.

- b) Determine that policies governing bond fund investments are current and internal control measures are deemed adequate.

*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 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.

*Palm Desert Financing Authority*

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

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Investment Oversight Committee, the County of Riverside Board of Supervisors and Management and is not intended to be and should not be used by anyone other than these specified parties.

*Teaman Ramirez & Smith, L.L.C.*

October 15, 2012

**WELLS FARGO ADVANTAGE MONEY MARKET FUNDS**

All information is as of 09-30-12 unless otherwise indicated. Information is subject to change.

# National Tax-Free Money Market Fund - Institutional

**Key Facts**

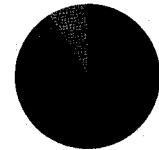
Fitch Rating	AAAmmf
Share Class	Institutional
Investment Minimum	\$10 Million
Ticker	WFNXX
CUSIP	94975H353
Net Expense Ratio	0.20%
Total Fund Assets	\$3.5 Billion
Fund Manager	David Sylvester, James Randazzo
Inception Date	01-07-88
Trading Deadline	12:00 PM, Eastern Time

**Principal Investment Strategies**

Seeks current income exempt from federal income tax, while preserving capital and liquidity. Invests in high-quality, short-term money market instruments that consist of municipal obligations.

**Portfolio Composition**

% of Portfolio  
 ■ Variable Rate Demand Note: 91%  
 ■ Other Municipal Debt: 9%



Total: 100%

**Performance<sup>2</sup>**

Current Yield as of 9-30-12

7-Day SEC Yield	0.01%
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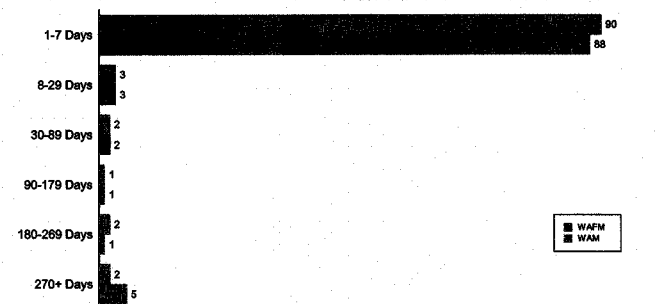
Month	30-Day Current Yield
September 2011	0.01%
October 2011	0.01%
November 2011	0.01%
December 2011	0.01%
January 2012	0.01%
February 2012	0.01%
March 2012	0.01%
April 2012	0.06%
May 2012	0.04%
June 2012	0.01%
July 2012	0.01%
August 2012	0.01%
September 2012	0.01%

**Average Annual Total Returns as of 09-30-12**

1 Year	3 Year	5 Year	10 Year	Since Inception
0.03%	0.07%	0.69%	1.39%	2.65%

The adviser has committed to certain fee waivers and/or expense reimbursements. These reductions may be discontinued at any time. If fees had not been waived, the 7-Day current yield would have been -0.04%, and the total return would have been lower.

**Portfolio Maturity Schedule (%)**



**Money Market Fund Statistics**

Weighted Average Maturity: 18 Days  
 Weighted Average Final Maturity: 19 Days

Weekly Liquid Assets: 90%

*Figures quoted represent past performance, which is no guarantee of future results. Yields will fluctuate. Current performance may be lower or higher than the performance data quoted and assumes the reinvestment of dividends and capital gains. Current month-end performance is available at the funds' Website, wells Fargo.com/advantagefunds.*

*Money market funds are sold without a front-end sales charge or contingent deferred sales charge. Other fees and expenses apply to an investment in the Funds and are described in the Fund's current prospectus. (Continued on next page.)*

## Strength. Expertise. Partnership.

*Wells Fargo Advantage Funds* skillfully guides institutions, financial advisors, and individuals through the investment terrain to help them reach their financial objectives. Everything we do on behalf of our investors is built on the standards of integrity and service established by our parent company, Wells Fargo & Company; the expertise of our independent investment teams and rigorous ongoing investment review; and the collaborative level of superior service that is our trademark.

### Fund Disclosures

*An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in a money market fund. A portion of the fund's income may be subject to federal, state, and/or local income taxes or the alternative minimum tax (AMT).*

1. Portfolio composition is subject to change and may have changed since the date specified.
2. The inception date of the Institutional Class shares was 11-8-99. Performance shown prior to the inception of the Institutional Class reflects the performance of the Service Class shares, and includes expenses that are not applicable to and are higher than those of the Institutional Class shares.

### Definition of Terms

**Weekly Liquid Assets:** Are cash, direct obligations of the U.S. government, government securities issued on authority granted by the U.S. Congress that are issued at a discount to the principal amount to be repaid at maturity and have remaining maturity of 60 days or less or will mature or are subject to a demand feature this is exercisable and payable within five business days.

**Weighted Average Final Maturity (WAFM):** WAFM is an average of the final maturities of all securities held in the portfolio, weighted by their percentage of total investments. The maturity of a portfolio security is the period remaining until the date on which the principal amount is unconditionally required to be paid, or in the case of a security called for redemption, the date on which the redemption payment is unconditionally required to be made. The calculation of WAFM allows for the maturities of certain securities with demand features to be shortened, but unlike the calculation of WAM, does not allow shortening of the maturities of certain securities with periodic interest rate resets. WAFM is a way to measure a fund's potential sensitivity to credit spread changes.

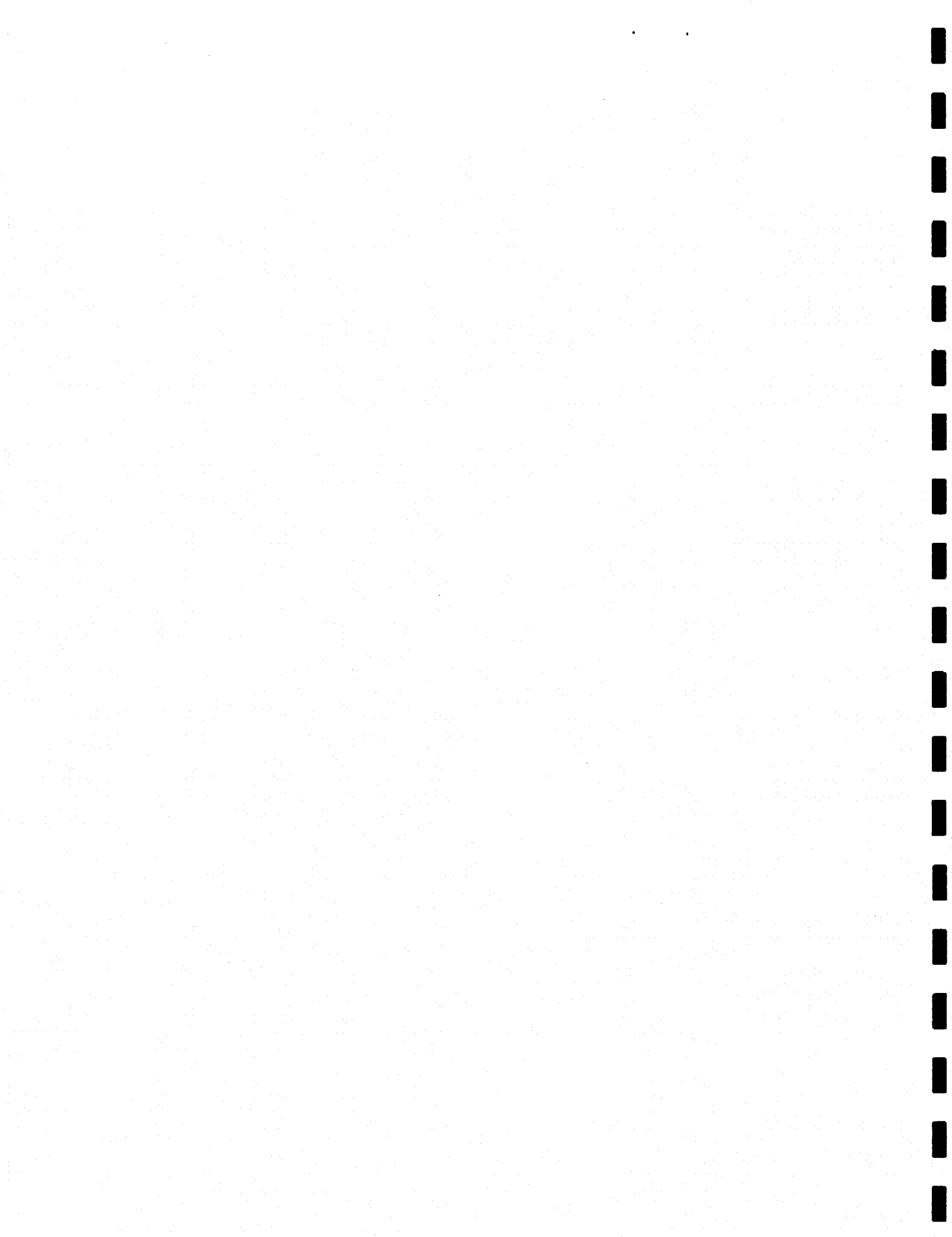
**Weighted Average Maturity (WAM):** WAM is an average of the effective maturities of all securities held in the portfolio, weighted by each security's percentage of total investments. The maturity of a portfolio security is the period remaining until the date on which the principal amount is unconditionally required to be paid, or in the case of a security called for redemption, the date on which the redemption payment is unconditionally required to be made. WAM calculations allow for the maturities of certain securities with demand features or periodic interest rate resets to be shortened. WAM is a way to measure a fund's sensitivity to potential interest rate changes.

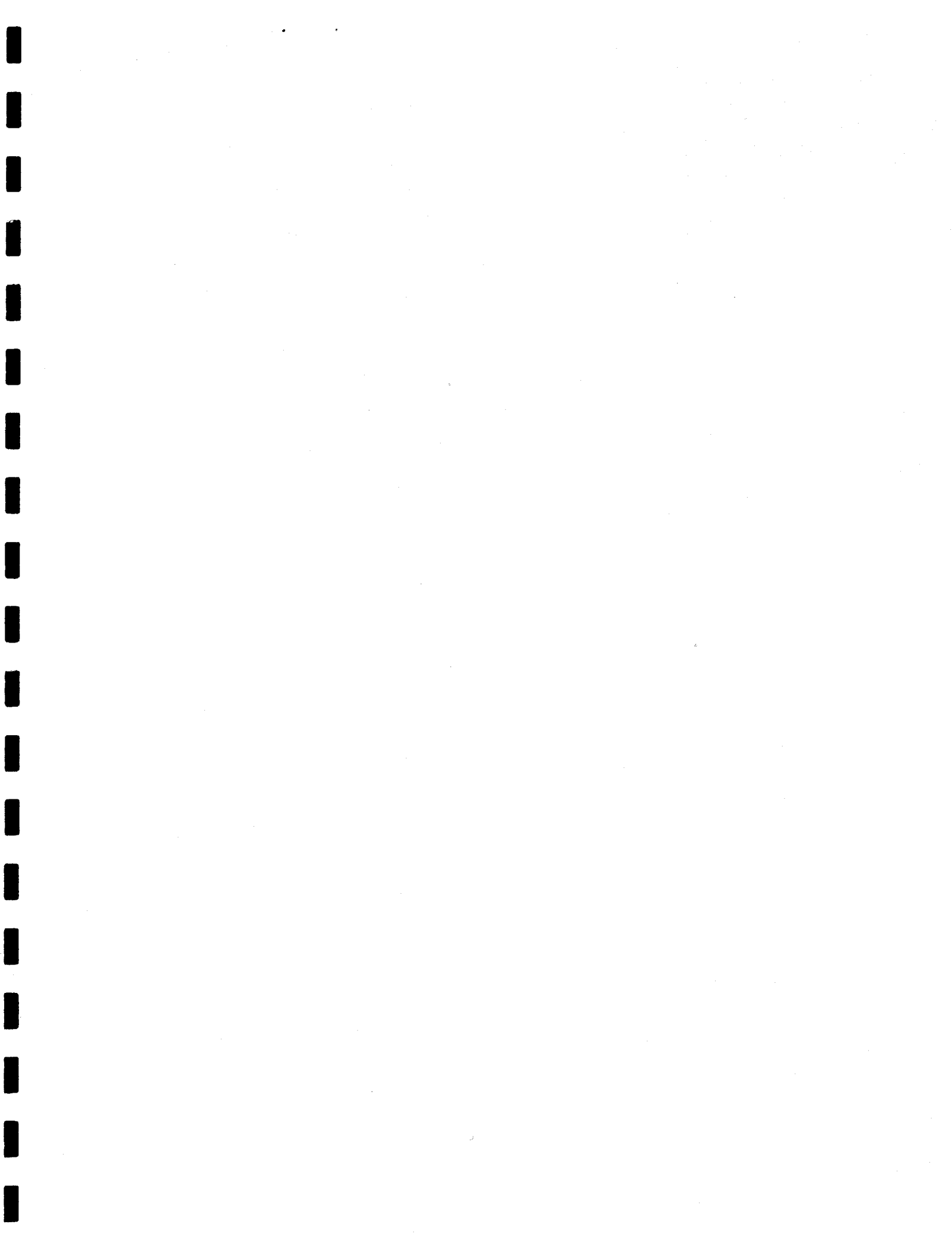
**Rating agencies:** The ratings indicated are from Standard & Poor's (S&P), Moody's Investors Service, and/or Fitch Ratings Ltd. (together, "rating agencies"). Standard & Poor's is a trademark of McGraw-Hill, Inc., and has been licensed. The funds are not sponsored, endorsed, sold, or promoted by these rating agencies, and these rating agencies make no representation regarding the advisability of investing in the funds. The credit rating is a forward-looking opinion about a fund's potential capacity to maintain stable principal or stable net asset value. The ratings are opinions as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any security. Standard & Poor's rates the creditworthiness of money market funds from AAAm (highest) to Dm (lowest). Moody's rates the creditworthiness of money market funds from Aaa-mf (highest) to C-mf (lowest). Fitch Ratings Ltd. rates the creditworthiness of money market funds from AAAmmf (highest) to Bmmf (lowest).

*This fact sheet must be accompanied or preceded by a current prospectus for Institutional shares of the Wells Fargo Advantage Money Market Funds.*

Wells Fargo Funds Management, LLC, a wholly owned subsidiary of Wells Fargo & Company, provides investment advisory and administrative services for *Wells Fargo Advantage Funds*. Other affiliates of Wells Fargo & Company provide subadvisory and other services for the Funds. The Funds are distributed by **Wells Fargo Funds Distributor, LLC**, Member FINRA/SIPC, an affiliate of Wells Fargo & Company.

**NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE**





**OTRS**

**TEAMAN, RAMIREZ & SMITH, INC.**  
**CERTIFIED PUBLIC ACCOUNTANTS**