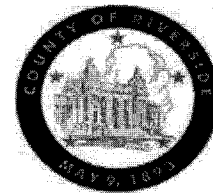


SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM
2.1

FROM : EXECUTIVE OFFICE:

MEETING DATE:
Tuesday, November 8, 2016

SUBJECT: EXECUTIVE OFFICE: County Treasury Oversight Committee Annual
Investment Compliance Review Report. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file the FY 2015-16 Annual Investment Compliance Review Report.

Consent

Imelda Delos Santos
Imelda Delos Santos

10/31/2016

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$0	\$0	\$0	
NET COUNTY COST	\$0	\$0	\$0	
SOURCE OF FUNDS:			Budget Adjustment:	No
			For Fiscal Year:	15-16

C.E.O. RECOMMENDATION: [CEO use]

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley
Nays: None
Absent: None
Date: November 8, 2016
xc: E.O.

Kecia Harper-Ihem
Clerk of the Board
By [Signature]
Deputy

2-1

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

BACKGROUND:

Summary

In compliance with the Treasurer's Statement of Investment Policy and the California Government Code, the County engaged an independent accountant to conduct a review, applying agreed-upon procedures, of the Treasurer's and other county agency's investment portfolio reports. The agreed-upon procedures include 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 audit was performed by Van Lant & Fankhanel, LLP in accordance with attestation standards established by the American Institute of Certified Public Accountants. The report contains two minor findings which include a correction in rating and inclusion of securities that were left out as a result of refunding. These findings were discussed at the November 2, 2016 meeting of the Investment Oversight Committee (Committee). The Committee concluded that the findings are immaterial.

Impact on Residents and Businesses

There is no impact on residents and businesses.



**INDEPENDENT ACCOUNTANT'S 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 in the attached procedures, for the fiscal year ended June 30, 2016. 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 attached procedures, either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings are included in the attached schedule.

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.

Van Lant & Fankhanel, LLP

September 6, 2016

Van Lant & Fankhanel, LLP
25901 Kellogg Street
Loma Linda, CA 92354

909.856.6879

AGREED-UPON PROCEDURES

County Treasury:

Concerning the structure and risk of the Treasurer's portfolio, we selected the quarter ending June 30, 2016:

1. Determine that all securities within the portfolio are legally authorized and met 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. We did not identify any securities held which met the purchase restrictions when purchased, but would not currently meet such requirements.

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. As of June 30, 2016, the Treasury was not engaged in any reverse repurchase agreements or any form of leverage (i.e., security lending agreements).

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
County of Riverside Successor Agency to the Redevelopment Agency
Riverside County Flood Control and Water Conservation District
County Executive Office for:
Community Facility Districts/Assessment Districts
County of Riverside District Court Financing Corporation
County of Riverside Palm Desert Financing Authority
County of Riverside Pension Obligation Bonds
County of Riverside Public Financing Authority
County of Riverside Infrastructure Financing Authority

1. For each of the aforementioned entities, the following procedures will be performed on the quarterly portfolio disclosure report for the most recent fiscal year end:

- 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.

County of Riverside Successor Agency to the Redevelopment Agency

Results: We reviewed the Quarterly Portfolio Disclosure Report of investments originally issued and found the report did not include two investments in securities. Subsequent to our finding, Public Trust Advisors management group corrected the Quarterly Portfolio Disclosure Report of investments by adding the missing securities.

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 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.

County of Riverside Pension Obligation Bonds

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

County of Riverside Public Financing Authority

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

County of Riverside Infrastructure 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.

Results: For all the entities below, the market values provided in the Fiscal Agent statements as of June 30, 2016, were used as the source of 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.

County of Riverside Successor Agency to the Redevelopment 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 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.

County of Riverside Pension Obligation Bonds

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

County of Riverside Public Financing Authority

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

County of Riverside Infrastructure Financing Authority

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

- C. Confirm present rating 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.

County of Riverside Successor Agency to the Redevelopment 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 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.

County of Riverside Pension Obligation Bonds

Results: No exceptions were noted as a result of our procedures, except as noted below:

The June 30, 2016 Investment Report included a S&P rating of AAA and Moody's rating of Aaa for the FSA Capital Management Service investment. According to S&P and Moody's, the rating given to FSA Capital Management Service is AA and A2, respectively.

Management's Response:

The previous ratings of AAA and Aaa have been updated to AA and A2 in the Investment Report as of June 30, 2016.

County of Riverside Public Financing Authority

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

County of Riverside Infrastructure 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.

County of Riverside Successor Agency to the Redevelopment 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 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.

County of Riverside Pension Obligation Bonds

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

County of Riverside Public Financing Authority

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

County of Riverside Infrastructure 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.

County of Riverside Successor Agency to the Redevelopment 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 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.

County of Riverside Pension Obligation Bonds

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

County of Riverside Public Financing Authority

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

County of Riverside Infrastructure Financing Authority

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