

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



ITEM
2.5
(ID # 5613)

MEETING DATE:

Tuesday, November 7, 2017

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: County Treasury Oversight Committee Annual Investment
Compliance Review Report

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file the Independent Accountant's Report for the fiscal year ended June 30, 2017.

ACTION: Consent

A handwritten signature in black ink, appearing to read "Ivan Chand", written over a horizontal line.

Ivan Chand

10/30/2017

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington and Perez
Nays: None
Absent: Ashley
Date: November 7, 2017
xc: EO

Kecia Harper-Ihem
Clerk of the Board
By: Deputy

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

| FINANCIAL DATA | Current Fiscal Year: | Next Fiscal Year: | Total Cost: | Ongoing Cost: |
|-----------------------------|-----------------------------|--------------------------|-----------------------------------|----------------------|
| COST | \$0 | \$0 | \$0 | \$0 |
| NET COUNTY COST | | | | |
| SOURCE OF FUNDS: N/A | | | Budget Adjustment: No | |
| | | | For Fiscal Year: 2016-2017 | |

C.E.O. RECOMMENDATION: [APPROVED]

BACKGROUND:

Summary

In accordance with Government Code 27134 and pursuant to County Board Policy B-21, a compliance review is conducted annually on the County Treasury Pooled Investment Fund and other investments outside of the County Treasury.

Van Lant & Fankhanel LLP conducted the compliance review in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The review consists of applying agreed-upon procedures to assist the Investment Oversight Committee (IOC) of the County in evaluating the County's compliance with the Statement of Investment Policy and the California Government Code, as it relates to the Treasurer's Pooled Investment Fund and other investments outside of the County Treasury. The agreed-upon procedures include the accurate identification and classification of all securities noted on portfolio reports, accurate market value pricing and confirm present ratings of the securities.

The report was reviewed and approved by the Investment Oversight Committee during its meeting on October 26, 2017.

Impact on Residents and Businesses

No impact on residents and businesses.

Attachments:

Independent Accountant's Report on Applying Agreed Upon Procedures


 Don R. Kent, Assistant CEO-County Finance Officer 10/30/2017



**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, 2017. Management is responsible for the County's compliance with those requirements. 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.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance. Accordingly, we do not express such an opinion or conclusion. 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

Loma Linda, California

August 25, 2017

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 ended June 30, 2017:

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, 2017, the Treasury was not engaged in any reverse repurchase agreements or any form of leverage as listed above.

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 Infrastructure Financing Authority
County of Riverside District Court Financing Corporation
County of Riverside Southwest Communities Financing Authority
County of Riverside Pension Obligation Bonds
County of Riverside Public Financing Authority

1. For each of the aforementioned entities, the following procedures will be performed on the quarterly portfolio disclosure report for the quarter ended June 30, 2017:

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: 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: We reviewed the Quarterly Portfolio Disclosure Report of investments issued for period ended June 30, 2017 and found the report was missing a security for the new CFD 07-2 2017. After discussing with management, the security, if there is still a balance, will be added in the next quarterly report (September 2017).

Management's Response: The missing account was the Cost of Issuance account of the new CFD 07-2 2017 series opened in May 2017. The account will be closed, and reported as such, in the next quarterly report.

County of Riverside Infrastructure Financing Authority

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 Southwest Communities Financing Authority

Results: We did not receive the Quarterly Portfolio Disclosure Report of investments for the period ended June 30, 2017 for this entity. After discussing with management, we were provided with the report. Management indicated that this report will be submitted on the next meeting of the Investment Oversight Committee.

Management's Response: Staff has since prepared the investment portfolio report for Southwest Communities Financing Authority for the period ended June 30, 2017, and will present the report in the next meeting of the Investment Oversight Committee.

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.

- 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, 2017, 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 Infrastructure Financing Authority

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 Southwest Communities 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.

- 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 Infrastructure Financing Authority

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 Southwest Communities 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.

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 Infrastructure Financing Authority

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 Southwest Communities 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.

- 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 Infrastructure Financing Authority

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 Southwest Communities 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.