

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
December 6, 2016
“*Communications Received and Filed*” Item

To: Board of Supervisors

From: Department of Finance

Subject: Treasury Oversight Committee Non-Pooled Investments Agreed-Upon
Procedures Report For The Quarter Ended September 30, 2016

Supervisory
District: All

Contact: Joyce Renison, Assistant Auditor-Controller, 874-7248

RECOMMENDATION

Receive and file the attached, *Treasury Oversight Committee Non-Pooled Investments Agreed-Upon Procedures Report For The Quarter Ended September 30, 2016*.

Respectively Submitted,

Ben Lamera
Director of Finance

Attachment 1: Treasury Oversight Committee Non-Pooled Investments Agreed-Upon
Procedures Report For The Quarter Ended September 30, 2016

COUNTY OF SACRAMENTO

Treasury Oversight Committee
Non-Pooled Investments
Agreed-Upon Procedures Report

For the Quarter Ended September 30, 2016

Audit Staff:

Alan A. Matré, C.P.A.
Zai Saeteurn

Chief of Audits
Senior Auditor

**COUNTY OF SACRAMENTO
TREASURY OVERSIGHT COMMITTEE
NON-POOLED INVESTMENTS
AGREED-UPON PROCEDURES REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

Table of Contents

Agreed-Upon Procedures Report1
Sample of Non-Pooled Investments for Quarter Ended September 30, 2016 - Schedule I3

Internal Services
Department of Finance
Auditor-Controller Division

Joyce Renison,
Assistant Auditor-Controller



County of Sacramento

Navdeep S. Gill,
County Executive

David Villanueva,
Chief Deputy County Executive

Ben Lamera,
Director of Finance

October 17, 2016

The Honorable Board of Supervisors and the
Sacramento County Treasury Oversight Committee
County of Sacramento, California

We have performed the procedures enumerated below to a selected sample of the County of Sacramento (County), non-pooled investments, for the quarter ended September 30, 2016. The County of Sacramento, Treasury Oversight Committee (Committee) is responsible for establishing and maintaining effective internal controls, and compliance with the Non-Pooled Investment Policy summarized below:

Non-Pooled Investment Policy

Non-Pooled Investments primarily consist of investments purchased with proceeds from Mello Roos Bonds (MR), Revenue Bonds (REV), General Obligation Bonds (GO), Assessment District Bonds (AD), Community Facilities District Bonds (CFD), Certificates of Participation Notes (COPs), and Tobacco Securitization Proceeds (TSP). The investment policy for the bonds is set forth in either the bond resolution, the bond indenture or by the bond insurer (governing investment policy document). The investment policy for the Tobacco Securitization Proceed is set forth in the Tobacco Securitization bond resolution and bond indenture.

The majority of the bond investments are limited to those authorized by California Government Code Section 53601 et seq. Any other authorized investments are indicated in the governing investment policy document.

These procedures were performed solely to verify that the County Investment Division complied with the investment requirements presented in the governing investment policy documents for the non-pooled investments as described above, and to evaluate internal controls for the investment and accounting of the non-pooled investments.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. 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.

This report is applicable solely to procedures referred below and is not intended to pertain to any of the Committee's other operations, procedures, or compliance with laws and regulations.

The procedures we performed are summarized as follows:

1. Evaluated and documented internal control procedures for investment and accounting of non-pooled investment funds.

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

2. Verified that the SunGard Financial Services, Inc., Advanced Portfolio System II non-pooled investment balances agreed with the custodian statements.

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

3. Reviewed the portfolio monitoring report for the selected investments and tested for accuracy.

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

4. Verified that investments are made in accordance with the governing investment policy documents.

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

5. Selected a sample of the non-pooled investments based on outstanding issues at July 1, 2016, plus any untested new issues since that date.

Finding: No exceptions were noted as a result of our procedures. See Schedule I for sample tested.

We were not engaged to, and did not perform an audit, the objectives of which would be the expression of an opinion on the non-pooled investments. 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 relates only to the results of our procedures referred above, and does not extend to the Committee's operations as a whole.

This report is intended solely for the information and use of the County Board of Supervisors, County Treasury Oversight Committee and the Committee's management and should not be used for any other purpose. It is not intended to be, and should not be, used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

BEN LAMERA
DIRECTOR OF FINANCE



By: Alan A. Matré, C.P.A.
Chief of Audits

**COUNTY OF SACRAMENTO
SAMPLE OF NON-POOLED INVESTMENTS
FOR QUARTER ENDED SEPTEMBER 30, 2016**

<u>Issue</u> ⁽¹⁾	Book Value <u>9/30/16</u>	<u>% of Portfolio</u>
SRCSD 2014A (REV)	\$ 33,666,646	8 %
San Juan USD, Elec 2012 B (GO)	24,780,343	6
North Vineyard No. 1 2016 (MR)	12,098,212	3
SRCSD 2006 (REV)	10,828,898	3
Airport System 2010 (REV)	10,806,309	3
Folsom USD SFID 4, 2012 (GO)	4,372,125	1
<i>Center USD, Series 2016E (GO)</i>	<i>3,906,068</i>	<i>1</i>
Robla SD, Series 2015 A (GO)	3,181,364	1
REG SAN 2000 C SWAP (REV)	1,589,605	<1
SRCSD REF 2007 (REV)	<u>120</u>	<u><1</u>
 Total internally managed		
Non-Pooled Investments tested ⁽²⁾	<u>\$ 105,229,690</u>	<u>Approx. 25%</u>

- (1) The selected sample of non-pooled investments for the quarter ended September 30, 2016 was selected based upon outstanding issues at July 1, 2016 plus any new issues since that date.
- (2) The total amount of internally managed non-pooled investments for the quarter ended September 30, 2016 was \$422,053,397.
- (3) The total amount of externally managed non-pooled investments for the quarter ended September 30, 2016 was \$21,795,988.

Fund Type

(GO) – General Obligation Bonds

(MR) – Mello Roos Bonds

(REV) – Revenue Bonds

Indicates new issue