Report on Review of the Schedule of Assets Held by the County Treasury as of September 30, 2016
Eric H. Woolery, CPA
Orange County Auditor-Controller

Toni Smart, CPA Director, Internal Audit
Scott Suzuki, CPA, CIA, CISA Assistant Director
Carol Swe, CPA, CIA Senior Audit Manager
Michael Steinhaus, CPA, CGMA Audit Manager I
Scott Kim, CPA Audit Manager I

12 Civic Center Plaza, Room 200
Santa Ana, CA 92701

Auditor-Controller Web Site
www.ac.ocgov.com
February 24, 2017

TO: Members, Board of Supervisors
   Chairwoman Michelle Steel, 2nd District Supervisor
   Vice Chair Andrew Do, 1st District Supervisor
   Supervisor Todd Spitzer, 3rd District
   Supervisor Shawn Nelson, 4th District
   Supervisor Lisa A. Bartlett, 5th District

SUBJECT: Report on Review of the Schedule of Assets Held by the County Treasury as of September 30, 2016

We have completed our Report on Review of the Schedule of Assets Held by the County Treasury as of September 30, 2016. Our final report is attached for your review.

I submit an Audit Status Report quarterly to the Audit Oversight Committee (AOC) and a quarterly report to the Board of Supervisors (BOS) where I detail any critical and significant audit findings released in reports during the prior quarter and the implementation status of audit recommendations as disclosed by our Follow-Up Audits. Although there were no findings noted during this review, the results will be included in future status reports to the AOC and BOS.

Toni Smart, CPA, Director
Auditor-Controller Internal Audit Division

Attachments

Other recipients of this report:
   Members, Audit Oversight Committee
   Members, Treasury Oversight Committee
   Eric H. Woolery, Auditor-Controller
   Shari L. Freidenrich, Treasurer-Tax Collector
   Frank Kim, County Executive Officer
   Michelle Aguirre, Chief Financial Officer
   JC Squires, Financial Manager, Treasurer-Tax Collector - Treasury
   Jennifer Han, Accounting/Compliance Manager, Treasurer-Tax Collector - Treasury
   Claire Moynihan, Director, Central Accounting Operations, Auditor-Controller
   Foreperson, Grand Jury
   Robin Stieler, Clerk of the Board of Supervisors
   Macias Gini & O’Connell LLP, County External Auditor
# Table of Contents

*Report on Review of the Schedule of Assets Held by the County Treasury*  
*Audit No. 1612*

As of September 30, 2016

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transmittal Letter</td>
<td>i</td>
</tr>
<tr>
<td>Independent Accountant's Review Report</td>
<td>1</td>
</tr>
<tr>
<td>Schedule of Assets Held by the County Treasury as of September 30, 2016</td>
<td>3</td>
</tr>
</tbody>
</table>
Independent Accountant’s Review Report

The Honorable Board of Supervisors
County of Orange, California

We have reviewed the accompanying Schedule of Assets Held by the County Treasury—Modified Cash-Basis (financial schedule) of the County of Orange, California, as of September 30, 2016, pursuant to Government Code Section 26920(a). A review includes primarily applying analytical procedures to management’s financial data and making inquiries of department management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial schedule as a whole. Accordingly, we do not express such an opinion.

Management’s Responsibility for the Financial Schedule
Management is responsible for the preparation and fair presentation of this financial schedule in accordance with the modified cash-basis of accounting; this includes determining that the basis of accounting the County Treasury uses for financial reporting is an acceptable basis for the preparation of financial schedules in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Accountant’s Responsibility
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial schedule for it to be in accordance with the basis of accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant’s Conclusion
Based on our review, except for the issue noted in the Known Departure from Modified Cash-Basis of Accounting paragraph, we are not aware of any material modifications that should be made to the accompanying financial schedule in order for it to be in accordance with the modified cash-basis of accounting.

Known Departure from Modified Cash-Basis of Accounting
The financial schedule is prepared in accordance with the modified cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized when received by the Treasurer; disbursements are recognized when paid by the bank; and the value of investments is stated at fair value. The modified cash-basis of accounting requires that financial statements include adequate disclosures. Management has elected to omit all disclosures ordinarily included in a financial schedule prepared on the modified cash-basis of accounting. If the omitted disclosures were included in the financial statement, they might influence the users’ conclusions about the County Treasury’s assets.
Other Matter
This report is intended solely for the information and use of the Board of Supervisors and the management of the Orange County Auditor-Controller. However, this report is a matter of public record and its distribution is not limited.

While performing this review, we noted one internal control matter that we will report to Treasury management in a separate Management Letter.

Toni Smart, CPA, Director
Auditor-Controller Internal Audit Division

February 24, 2017
## ORANGE COUNTY TREASURY

### Schedule of Assets Held by the County Treasury

As of September 30, 2016

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>OCIP</th>
<th>OCEIP</th>
<th>Non-Pooled</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash on Hand</td>
<td>$58,905</td>
<td>$ -</td>
<td>$ -</td>
<td>$58,905</td>
</tr>
<tr>
<td>Demand Accounts</td>
<td>17,091,847</td>
<td>2,247,699</td>
<td>8,750,145</td>
<td>28,089,691</td>
</tr>
<tr>
<td>Total Cash</td>
<td>$17,150,752</td>
<td>$2,247,699</td>
<td>$8,750,145</td>
<td>$28,148,596</td>
</tr>
<tr>
<td><strong>INVESTMENTS, stated at fair value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orange County Investment Pool (OCIP):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money Market Fund</td>
<td>751,801,815</td>
<td>$ -</td>
<td>$ -</td>
<td>751,801,815</td>
</tr>
<tr>
<td>Extended Fund</td>
<td>2,863,003,531</td>
<td>$ -</td>
<td>$ -</td>
<td>2,863,003,531</td>
</tr>
<tr>
<td>Orange County Educational Investment Pool (OCEIP):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money Market Fund</td>
<td>$ -</td>
<td>1,220,526,096</td>
<td>$ -</td>
<td>1,220,526,096</td>
</tr>
<tr>
<td>Extended Fund</td>
<td>$ -</td>
<td>2,631,460,069</td>
<td>$ -</td>
<td>2,631,460,069</td>
</tr>
<tr>
<td>Non-Pooled</td>
<td>$ -</td>
<td>$ -</td>
<td>153,796,475</td>
<td>153,796,475</td>
</tr>
<tr>
<td>Total Investments</td>
<td>$3,614,805,346</td>
<td>$3,851,986,165</td>
<td>$153,796,475</td>
<td>$7,620,587,986</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$3,631,956,098</td>
<td>$3,854,233,864</td>
<td>$162,546,620</td>
<td>$7,648,736,582</td>
</tr>
</tbody>
</table>