



# Orange County Auditor-Controller Internal Audit



Report on Review of the  
Schedule of Assets Held by the  
County Treasury as of March 31, 2016

Audit Number 1550  
Report Date: August 23, 2016



O R A N G E C O U N T Y  
**AUDITOR-CONTROLLER**  
I N T E R N A L A U D I T

**Eric H. Woolery, CPA**  
**Orange County Auditor-Controller**

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

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**ERIC H. WOOLERY, CPA**  
AUDITOR-CONTROLLER



**Transmittal Letter**

**August 23, 2016**

**Audit No. 1550**

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

**SUBJECT:** Report on Review of the Schedule of Assets Held  
by the County Treasury as of March 31, 2016

We have completed our Report on Review of the Schedule of Assets Held by the County Treasury as of March 31, 2016. Our final report is attached for your review.

I submit an **Audit Status Report** quarterly to the Audit Oversight Committee (AOC) and a monthly report to the Board of Supervisors (BOS) where I detail any critical and significant audit findings released in reports during the prior month 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  
Paul C. Gorman, Chief Assistant 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



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# Independent Accountant's Review Report

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## 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 Office of the Orange County Treasurer-Tax Collector, as of March 31, 2016, pursuant to Government Code Section 26920(a)(1) and (3). 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 schedule they might influence the users' conclusions about the County Treasury's assets.



# Independent Accountant's Review Report

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## ***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.

A handwritten signature in blue ink, appearing to read "Toni Smart".

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



# Schedule of Assets Held by the County Treasury



## OFFICE OF THE TREASURER-TAX COLLECTOR

COUNTY OF ORANGE  
P.O. BOX 4515  
SANTA ANA, CALIFORNIA 92702-4515  
(714) 834-7625 FAX: (714) 834-2912



**SHARI L. FREIDENRICH, CPA**  
TREASURER-TAX COLLECTOR

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### SCHEDULE OF ASSETS HELD BY THE COUNTY TREASURY AS OF MARCH 31, 2016

	ASSETS			
	OCIP	OCEIP	Non-Pooled	Total
<b>CASH</b>				
Cash On Hand	\$ 111,348	\$ -	\$ -	\$ 111,348
Bank Demand Accounts	22,288,470	8,015,644	-	30,304,114
<b>Total Cash</b>	<b>22,399,818</b>	<b>8,015,644</b>	<b>-</b>	<b>30,415,462</b>
<b>INVESTMENTS, stated at fair value</b>				
<i>Orange County Investment Pool (OCIP):</i>				
Orange County Money Market Fund	1,530,995,992			1,530,995,992
Extended Fund	2,533,407,697			2,533,407,697
<i>Orange County Educational Investment Pool (OCEIP):</i>				
Orange County Educational Money Market Fund		1,327,818,642		1,327,818,642
Extended Fund		2,533,538,901		2,533,538,901
<i>Non-Pooled</i>			303,831,451	303,831,451
<b>Total Investments</b>	<b>4,064,403,689</b>	<b>3,861,357,543</b>	<b>303,831,451</b>	<b>8,229,592,683</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,086,803,507</b>	<b>\$ 3,869,373,187</b>	<b>\$ 303,831,451</b>	<b>\$ 8,260,008,145</b>

  
SHARI L. FREIDENRICH, CPA, CCMT, CPFA, ACPFIM  
Treasurer-Tax Collector

*Mission: Ensure safe and timely receipt, deposit, collection and investment of public funds.*