



Frank Davies, CPA
Orange County Auditor-Controller



Review of the Schedule of Assets Held by the County Treasury as of December 31, 2019

Audit Manager: Michael Steinhaus, CPA, CGMA
Auditor II: JC Lim

Audit Number 1907
Report Date: May 11, 2020

Internal Audit



OFFICE OF THE
ORANGE COUNTY AUDITOR-CONTROLLER

FRANK DAVIES, CPA
AUDITOR-CONTROLLER

Transmittal Letter

Audit No. 1907

May 11, 2020

TO: Members, Board of Supervisors
Chairwoman Michelle Steel, Second District
Vice Chairman Andrew Do, First District
Donald P. Wagner, Third District
Doug Chaffee, Fourth District
Lisa A. Bartlett, Fifth District

SUBJECT: Review of the Schedule of Assets held by the County Treasury as of December 31, 2019

We have completed our Review of the Schedule of Assets Held by the County Treasury as of December 31, 2019. Our final report is attached for your review.

We appreciate the assistance extended to us by the personnel of the Treasurer-Tax Collector during this engagement. If you have any questions please contact me at 714-834-2457 or Michael Steinhaus, Audit Manager, at 714-834-6106.

Frank Davies, CPA
Auditor-Controller

Other recipients of this report:

Members, Audit Oversight Committee
Shari Freidenrich, Treasurer-Tax Collector
Frank Kim, County Executive Officer
Larry Walker, Assistant Treasurer-Tax Collector
Gary Nguyen, Director of Investments, Treasurer-Tax Collector – Treasury
Salvador Lopez, Chief Deputy Auditor-Controller
Foreperson, Grand Jury
Robin Stieler, Clerk of the Board of Supervisors
Eide Bailly LLP, County External Auditor



Independent Accountant's Review Report

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 December 31, 2019, 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 modified cash-basis of accounting. 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.



Independent Accountant's Review Report

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 "Frank Davies".

Frank Davies, CPA
Auditor-Controller
May 11, 2020



Schedule of Assets Held by the County Treasury

ORANGE COUNTY TREASURY
Schedule of Assets Held by the County Treasury
As of December 31, 2019

ASSETS

	<u>OCIP</u>	<u>OCEIP</u>	<u>Non-Pooled</u>	<u>Total</u>
CASH				
Cash On Hand	\$ 55,114	\$ -	\$ -	\$ 55,114
Cash On Deposit	19,151,118 ⁽¹⁾	464,433	18,665,284	38,280,835
Total Cash	19,206,232	464,433	18,665,284	38,335,949
INVESTMENTS, stated at fair value				
Orange County Investment Pool (OCIP):				
Money Market Fund	1,335,660,236	-	-	1,335,660,236
Extended Fund	3,755,869,786	-	-	3,755,869,786
Orange County Educational Investment Pool (OCEIP):				
Money Market Fund	-	1,019,495,419	-	1,019,495,419
Extended Fund	-	5,079,524,613	-	5,079,524,613
Non-Pooled	-	-	98,870,289	98,870,289
Total Investments	5,091,530,022	6,099,020,032	98,870,289	11,289,420,343
TOTAL ASSETS	\$ 5,110,736,254	\$ 6,099,484,465	\$ 117,535,573	\$ 11,327,756,292

(1) Balances include JWA investments matured on 12/31/2019, but in County bank account until reinvested on 1/2/2020.