



Orange County Auditor-Controller Internal Audit



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

Audit Number 1612
Report Date: February 24, 2017



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

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



ERIC H. WOOLERY, CPA
AUDITOR-CONTROLLER



Transmittal Letter

Audit No. 1612

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

Transmittal Letter	i
Independent Accountant's Review Report	1
Schedule of Assets Held by the County Treasury as of September 30, 2016	3



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 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.

Know Departure from Modified Cash-Basis of Accounting

The financial schedule is prepared in accordance 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.

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

A handwritten signature in blue ink, appearing to read "Toni Smart", is written over a light blue horizontal line.

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

February 24, 2017



Schedule of Assets Held by the County Treasury

ORANGE COUNTY TREASURY
 Schedule of Assets Held by the County Treasury
 As of September 30, 2016

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