



Frank Davies, CPA  
Orange County Auditor-Controller



## Review of the Schedule of Assets Held by the County Treasury as of September 30, 2019

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

Audit Number 1906  
Report Date: February 25, 2020

Internal Audit



OFFICE OF THE  
**ORANGE COUNTY AUDITOR-CONTROLLER**

**FRANK DAVIES, CPA**  
AUDITOR-CONTROLLER

Transmittal Letter

Audit No. 1906

February 25, 2020

TO: Members, Board of Supervisors  
Chair 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 September 30, 2019

We have completed our Review of the Schedule of Assets Held by the County Treasury as of September 30, 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 714-834-2450 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

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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 County of Orange, California, as of September 30, 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

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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.

While performing this review, we noted one internal control matter that we will report to the Board of Supervisors in a separate management letter.

A handwritten signature in blue ink, appearing to read "Frank Davies".

Frank Davies, CPA  
Auditor-Controller  
February 25, 2020



# Schedule of Assets Held by the County Treasury

**ORANGE COUNTY TREASURY**  
**Schedule of Assets Held by the County Treasury**  
**As of September 30, 2019**

**ASSETS**

|   | <b>OCIP</b>             | <b>OCEIP</b>            | <b>Non-Pooled</b>     | <b>Total</b>            |
|---|-------------------------|-------------------------|-----------------------|-------------------------|
| <b>CASH</b>   |                         |                         |                       |                         |
| Cash On Hand  | \$ 29,505               | \$ -                    | \$ -                  | \$ 29,505               |
| Bank Demand Accounts                                      | 25,605,448              | 15,230,624              | 13,115,888            | 53,951,960              |
| <b>Total Cash</b>   | <b>25,634,953</b>       | <b>15,230,624</b>       | <b>13,115,888</b>     | <b>53,981,465</b>       |
| <b>INVESTMENTS, stated at fair value</b>                  |                         |                         |                       |                         |
| <i>Orange County Investment Pool (OCIP):</i>              |                         |                         |                       |                         |
| Money Market Fund   | 832,718,514             | -                       | -                     | 832,718,514             |
| Extended Fund   | 3,074,841,893           | -                       | -                     | 3,074,841,893           |
| <i>Orange County Educational Investment Pool (OCEIP):</i> |                         |                         |                       |                         |
| Money Market Fund   | -                       | 1,079,713,278           | -                     | 1,079,713,278           |
| Extended Fund   | -                       | 3,755,836,175           | -                     | 3,755,836,175           |
| <i>Non-Pooled</i>   | -                       | -                       | 110,048,893           | 110,048,893             |
| <b>Total Investments</b>                                  | <b>3,907,560,407</b>    | <b>4,835,549,453</b>    | <b>110,048,893</b>    | <b>8,853,158,753</b>    |
| <b>TOTAL ASSETS</b>                                       | <b>\$ 3,933,195,360</b> | <b>\$ 4,850,780,077</b> | <b>\$ 123,164,781</b> | <b>\$ 8,907,140,218</b> |