



Frank Davies, CPA

Orange County Auditor-Controller

Internal Audit



Review of the Schedule of Assets Held by the
County Treasury as of December 31, 2020

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

Audit Number 2007
Report Date: May 18, 2021



OFFICE OF THE
ORANGE COUNTY AUDITOR-CONTROLLER

FRANK DAVIES, CPA
AUDITOR-CONTROLLER

Transmittal Letter

Audit No. 2007

May 18, 2021

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

SUBJECT: Review of the Schedule of Assets Held by the County Treasury as of December 31, 2020

We have completed our Review of the Schedule of Assets Held by the County Treasury as of December 31, 2020. 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.

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

Frank Davies, CPA
Auditor-Controller

Other recipients of this report:

Members, Audit Oversight Committee
Shari Freidenrich, Treasurer-Tax Collector
Frank Kim, County Executive Officer
Christine Herrera, Director of Treasury, Treasurer-Tax Collector
Gary Nguyen, Director of Investments, Treasurer-Tax Collector
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

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, 2020, 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 schedules 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.

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.



Frank Davies, CPA
Auditor-Controller
May 18, 2021

Orange County Treasury
Schedule of Assets Held by the County Treasury
As of December 31, 2020

	Assets		
	Pooled	Non-Pooled	Total
Cash			
Cash on Hand	\$ 31,000	\$ -	\$ 31,000
Cash on Deposit	<u>633,569,000</u>	<u>16,395,000</u>	<u>649,964,000</u>
Total Cash	<u>633,600,000</u>	<u>16,395,000</u>	<u>649,995,000</u>
 Investments, stated at fair value	 <u>11,133,512,000</u>	 <u>112,115,000</u>	 <u>11,245,627,000</u>
 Total Assets	 <u>\$ 11,767,112,000</u>	 <u>\$ 128,510,000</u>	 <u>\$ 11,895,622,000</u>