ORANGE COUNTY

AUDITOR-CONTROLLER

INTERNAL AUDIT

REPORT ON REVIEW OF THE STATEMENT OF ASSETS HELD BY THE COUNTY TREASURY

AS OF SEPTEMBER 30, 2010

Job Number 1058
Report Date: December 6, 2010

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

Orange County Auditor-Controller

David E. Sundstrom, CPA

Nancy N. Ishida, CPA — **Audit Manager**

Christine Young — **Staff Auditor**

Hall of Finance and Records

12 Civic Center Plaza, Room 200

Santa Ana, CA 92701

Orange County Web Site

http://egov.ocgov.com/ocgov

Report on Review of the Statement of Assets Held by the County Treasury

As of September 30, 2010

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ORANGE COUNTY
AUDITOR-CONTROLLER

HALL OF RECORDS
12 CIVIC CENTER PLAZA, ROOM 200
POST OFFICE BOX 567
SANTA ANA, CALIFORNIA 92702-0567

(714) 834-2450 FAX: (714) 834-2569

www.ac.ocgov.com

SHAUN M. SKELLY
CHIEF DEPUTY
AUDITOR-CONTROLLER

JAN E. GRIMES
DIRECTOR
CENTRAL ACCOUNTING OPERATIONS

WILLIAM A. CASTRO
DIRECTOR
SATELLITE ACCOUNTING OPERATIONS

PHILLIP T. DAIGNEAU
DIRECTOR
INFORMATION TECHNOLOGY

DAVID E. SUNDSTROM, CPA
AUDITOR-CONTROLLER

Transmittal Letter

Job No. 1058

December 6, 2010

TO: Members, Board of Supervisors

SUBJECT: Report on Review of the Statement of Assets Held by the County Treasury as of September 30, 2010

We have completed our Report on Review of the Statement of Assets held by the County Treasury as of September 30, 2010. Enclosed is a copy of the report.

David E. Sundstrom
Auditor-Controller

NI:lr
Enclosure

Other recipients of this report:
Members, Audit Oversight Committee
Thomas G. Mauk, County Executive Officer
Robert J. Franz, Chief Financial Officer
Chriss W. Street, Treasurer-Tax Collector
Paul C. Gorman, Chief Assistant Treasurer-Tax Collector
Members, Treasury Oversight Committee
Jan Grimes, Director, Central Accounting Operations
Auditor-Controller
Darlene J. Bloom, Clerk of the Board of Supervisors
Foreperson, Grand Jury

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DIRECTOR
INFORMATION TECHNOLOGY

DAVID E. SUNDSTROM, CPA
AUDITOR-CONTROLLER

INTERNAL AUDITOR'S REPORT

Job No. 1058

December 6, 2010

Members, Board of Supervisors
Hall of Administration Building
333 W. Santa Ana Blvd., 5th Floor
Santa Ana, CA 92701

Pursuant to Government Code §26920(a), we have reviewed the accompanying Statement of Assets Held by the County Treasury as of September 30, 2010 (financial statement). All information included in this financial statement is the representation of the management of the Treasurer's Office.

Our review was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. A review consists principally of inquires of department personnel and analytical procedures applied to financial data. The Treasurer's Office prepared a statement showing the amount and type of assets held in the County Treasury as of September 30, 2010. Our review included the following procedures:

(1) Counting cash in the County Treasury and confirming cash and investments held on behalf of the Treasurer's Office.

(2) Verifying that the records of the County Treasury and Auditor-Controller are reconciled for cash and investment accounts.

Based on our review, with the exception of the matter described in the following paragraph, we are not aware of any material modifications that should be made to the accompanying financial statement prepared on the cash basis, as modified, which is a comprehensive basis of accounting other than United States generally accepted accounting principles. Accordingly, it is the Treasurer's policy to not recognize trades until the settlement date.

Management has elected to omit all disclosures ordinarily included in a financial statement prepared on the cash basis as modified. If the omitted disclosures were included in the financial statement they might influence the user's conclusions about the Treasury's assets. Accordingly, this financial statement is not designed for those who are not informed about such matters.

The Treasurer-Tax Collector's Office has its own separate accounting staff and Fund Accounting System that maintain the Treasury financial records. Treasury staff is responsible for the recordation and reconciliation of the Treasury's cash and investments and also reconciles the Treasury financial systems.

The Auditor-Controller is elected by and accountable to the citizens of Orange County. The Auditor-Controller General Ledger Unit is responsible for the reconciliation of the Treasury cash fund balances to the County general ledger. We are disclosing this relationship because the Controller's role may be perceived as a potential impairment to our independence. However, the Internal Audit Unit that conducted this review is organizationally located outside of the line-management function of the Auditor-Controller's Office and is not responsible for the recordation or reconciliation of financial transactions. The Internal Audit Unit reports administratively to the elected Auditor-Controller.

Nevertheless, the reader of this report is advised to consider the above disclosure when using this report.

This report is intended for the information of the management of the County of Orange Auditor-Controller. However, this report is a matter of public record and its distribution is not limited.

Nancy N. Ishida, CPA
Audit Manager

NI:lr
Attachment

Other recipients of this report:
Members, Audit Oversight Committee
Thomas G. Mauk, County Executive Officer
David E. Sundstrom, Auditor-Controller
Robert J. Franz, Chief Financial Officer
Chriss W. Street, Treasurer-Tax Collector
Paul C. Gorman, Chief Assistant Treasurer-Tax Collector
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Foreperson, Grand Jury

Statement of Assets Held by the County Treasury as of September 30, 2010

STATEMENT OF ASSETS HELD BY THE COUNTY TREASURY
AS OF SEPTEMBER 30, 2010

	ASSETS			
	County Pool	Educational Pool	Non-Pooled	Total
CASH				
Cash on Hand	$ 30,495	$ -	$ -	$ 30,495
Demand Accounts	7,078,130	2,654,845	-	9,732,975
Total Cash	**7,108,625**	**2,654,845**	**-**	**9,763,470**
INVESTMENTS, stated at fair value				
Orange County Investment Pool:				
Money Market Fund	1,271,251,788			1,271,251,788
Extended Fund	1,735,706,383			1,735,706,383
OC Extended Fund B	18,847,453			18,847,453
Orange County Educational Pool:				
Money Market Fund		1,392,597,482		1,392,597,482
Extended Fund		1,336,797,013		1,336,797,013
OC Extended Fund B		15,850,680		15,850,680
Non-Pooled			66,733,392	66,733,392
Total Investments	**3,025,805,624**	**2,745,245,175**	**66,733,392**	**5,837,784,191**
TOTAL ASSETS	**$ 3,032,914,249**	**$ 2,747,900,020**	**$ 66,733,392**	**$ 5,847,547,661**

Robert J. Franz, Deputy CEO
Chief Financial Officer

See accompanying Internal Auditor's Report