

Treasurer's Monthly **INVESTMENT** JULY 2017 **REPORT**

From the Office of
SHARI L. FREIDENRICH, CPA, CCMT, CPEA, ACPFIM
Orange County Treasurer



COUNTY OF ORANGE

TREASURER'S INVESTMENT REPORT
For July 31, 2017

Table of Contents

I.	Memo to Board of Supervisors-Executive Summary	3
II.	Investment Pool Summary, Statistics and Charts, Fund Composition, Top Ten Participants	5
III.	Investment Objectives	12
	- <i>Safety - Investment Type/Credit Quality/Issuer Concentration/Issuer List</i>	
	- <i>Liquidity - Maturities Distribution</i>	
	- <i>Yield - Interest Rate Yield</i>	
IV.	Cash Availability Projection per California Government Code Section 53646(b)(3)	21
V.	Statement of Accountability	22
VI.	Investment Policy and Treasury Oversight Committee (TOC) Bylaws Compliance Summary	24
	- <i>Investment Policy Compliance Summary</i>	
	- <i>Investment Policy and TOC Bylaws Compliance Summary</i>	
	- <i>Noncompliance Detail</i>	
VII.	Portfolio Investment Inventory with Market Values	26
	- <i>Extended Fund, County and Educational Money Market Funds</i>	
	- <i>John Wayne Airport Investment Pool/Non-pooled Investments</i>	
	- <i>Investments with Trustees - CEO/Public Finance</i>	
	- <i>Investments with Trustees - John Wayne Airport</i>	
	- <i>Portfolio Holdings of Debt Issued by Pool Participants</i>	
	- <i>Temporary Transfers to School Districts</i>	
VIII.	Detailed Transaction Reports	63
	- <i>Transaction Report by Fund for all Funds</i>	
	- <i>Money Market Mutual Fund and LAIF Transactions</i>	
IX.	Audit Reports	83
	- <i>Report on Review of the Schedule of Assets Held by the County Treasury as of March 31, 2017</i>	
X.	Distribution List	90




OFFICE OF THE TREASURER-TAX COLLECTOR
SHARI L. FREIDENRICH, CPA, CCMT, CPFA, ACPFIM



INTERDEPARTMENTAL COMMUNICATION

Date: August 21, 2017

To: Supervisor Michelle Steel, Chairwoman
Supervisor Andrew Do, Vice-Chair
Supervisor Todd Spitzer
Supervisor Shawn Nelson
Supervisor Lisa Bartlett

From: Shari L. Freidenrich, CPA, CCMT, CPFA, ACPFIM 

Subject: Treasurer's Investment Report for the Month Ended July 31, 2017

Attached please find the Treasurer's Investment Report for the County of Orange for the month ended July 31, 2017. The County Treasurer provides this report in compliance with California Government Code Sections 53607, 53646, and 27134 and the County's Investment Policy Statement (IPS). We have included some charts and other data for your information including charts on fund composition and the top ten pool participants. This report is also publicly available on our website at ocgov.com/ocinvestments.

INVESTMENT POOL COMPOSITION

The investments contained within this report are as of July 31, 2017. The Investment Pool Statistics summary shows the total investment responsibility of the County Treasurer as delegated by the Board of Supervisors: the Orange County Investment Pool (OCIP) that includes the Voluntary Participants' funds, the Orange County Educational Investment Pool (OCEIP), the John Wayne Airport Investment Fund and various other non-Pooled investment funds. The investment practices and policies of the Treasurer are based on compliance with State law and prudent money management. The primary goal is to invest public funds in a manner which will provide maximum security of principal invested with secondary emphasis on providing adequate liquidity to Pool Participants and lastly to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds.

The County Treasurer established three Money Market Funds, the Orange County Money Market Fund, the Orange County Educational Money Market Fund, and the John Wayne Airport Investment Fund, which all are invested in cash-equivalent securities and provide liquidity for immediate cash needs. Standard & Poor's, on March 6, 2017, reaffirmed their highest rating of AAAM on the Orange County and the Educational Money Market Funds. The County Treasurer also established the Extended Fund that is invested to meet cash needs between one and five years out. The Orange County Investment Pool is comprised of the Orange County Money Market Fund and portions of the Extended Fund. The Orange County Educational Investment Pool is comprised of the Orange County Educational Money Market Fund and portions of the Extended Fund.

The maximum maturity of investments for the Orange County and Educational Money Market Funds is 13 months, with a maximum weighted average maturity (WAM) of 60 days, and they have a current WAM of 57 and 55, respectively. The maximum maturity of investments for the John Wayne Investment Fund is 15 months, with a maximum WAM of 90 days, and a current WAM of 74. The maximum maturity of the Extended Fund is five years, with duration not to exceed the Merrill Lynch 1-3 Year index +25% (2.33), and the duration is currently at 1.26. The investments in all of the funds are marked to market daily to determine the value of the funds. To further maintain safety, adherence to an investment strategy of only purchasing top-rated securities and diversification of instrument types and maturities is required.

ECONOMIC UPDATE

In July, the job market added 209,000 new jobs, and June's job numbers were revised upward by 9,000 to 231,000. The U.S. unemployment rate for July fell to 4.3%, down from 4.4% in June. U.S. gross domestic product (GDP)

rose at a 2.6% annualized rate in the second quarter of 2017, an increase from the previous quarter's revised rate of 1.2%. The Empire State Manufacturing Index fell to 9.8 from 19.8 in July, while the Philadelphia Fed Index decreased to 19.5 from 27.6 in July. The Federal Reserve uses these indexes as regional economic gauges, and a reading above zero signals economic expansion. With respect to housing, S&P/CaseShiller reported that housing prices continue to show positive momentum as year-over-year prices increased for the sixty-first consecutive month in May, up 5.58% from a year ago. The index for pending home sales increased 0.7% on a year-over-year basis in June. The 10-year Treasury rate declined from 2.31% in June to 2.30% in July.

The short-term 90-day T-bill ended the month at 1.07%, up from 1.03% in June. The rate on the 2-year Treasury note was 1.34% at the end of July, down from 1.38% in June.

INVESTMENT INTEREST YIELDS AND FORECAST

The current gross interest yield year-to-date for fiscal year 2017/2018 is 1.08% for OCIP and OCEIP. The current net yield for fiscal year 2017/2018 is 1.02% respectively. The forecasted net yield for fiscal year 2017/2018 for both OCIP and OCEIP is 1.08%.

APPORTIONMENT OF COMMINGLED POOL INTEREST EARNINGS

Each month, the County Treasurer apportions the accrued interest earnings to each pool participant. As of the first business day of the following month accrued, but unpaid, interest earnings are added to pool participants' average balances in determining a participant's relative share of the pool's monthly earnings. The actual cash distribution will generally be paid in the month following. The July 2017 interest apportionment is expected to be paid by August 31, 2017. The investment administrative fee for fiscal year 2017/2018 is estimated at 6.0 basis points.

TEMPORARY TRANSFERS

The County Treasurer, as required by Constitution Article XVI, Section 6, and per the Board of Supervisor's Resolution 15-016, is authorized to make temporary transfers to school districts to address their short-term cash flow needs. The loans are secured by tax receipts to be received by the County Treasurer, as the banker for the school districts. There were no temporary transfers outstanding as of July 31, 2017.

PORTFOLIO HOLDINGS OF DEBT ISSUED BY POOL PARTICIPANTS

Under guidelines outlined in the current IPS, the County Treasurer may invest in "A" or above rated securities issued by municipalities. Municipal debt issued by the County of Orange is exempt from this credit rating requirement. The Investment Pools may invest no more than 5% of pool assets in any one issuer, with the exception of the County of Orange which has a 10% limit. The Investment Pools have a total market value of \$372.4 million in County of Orange debt, which represents approximately 4.5% of pooled assets. Prior to purchasing any pool participant debt, a standardized credit analysis is performed.

COMPLIANCE SUMMARY

The investment portfolios had no compliance exceptions for the month of July 2017. The Auditor-Controller issued their report on Review of the Schedule of Assets Held by the County Treasury (Schedule) as of March 31, 2017 and stated that no material modifications needed to be made to the Schedule prepared on a modified cash-basis of accounting.

CREDIT UPDATE

During July, there were three changes to the Treasurer's Approved Issuer List. Berkshire Hathaway Inc. (BHI) and Berkshire Hathaway Finance (BHF) were placed on hold as required by the Investment Policy Statement when S&P placed their long-term issuer credit rating on Negative Watch. In addition, the S/T rating of BHF was changed from P-1 to NR as only BHI has a short-term rating. An ongoing credit analysis of all issuers approved for purchase in the Investment Pools is reviewed on a daily, monthly, quarterly, and annual basis.

I certify that this report includes all pooled and non-pooled investments as of July 31, 2017 and is in conformity with all State laws and the IPS approved by the Board of Supervisors on November 22, 2016. The investments herein shown provide adequate liquidity to meet the next six months of projected cash flow requirements. I am available if you have any questions on this Investment Report at (714) 834-7625.

Enclosures

cc: Distribution List

ORANGE COUNTY TREASURER-TAX COLLECTOR

SUMMARY OF INVESTMENT DATA

INVESTMENT TRENDS

	JULY 2017	JUNE 2017	INCREASE (DECREASE)	NET CHANGE %	JULY 2016	INCREASE (DECREASE)	NET CHANGE %
Orange County Investment Pool (OCIP)							
End Of Month Market Value ^{1,2}	\$ 3,747,344,022	\$ 4,005,851,068	\$ (258,507,046)	-6.45%	\$ 3,379,433,373	\$ 367,910,649	10.89%
End Of Month Book Value ²	\$ 3,753,831,847	\$ 4,013,386,551	\$ (259,554,704)	-6.47%	\$ 3,370,460,619	\$ 383,371,228	11.37%
Monthly Average Balance ²	\$ 3,959,368,022	\$ 4,269,834,453	\$ (310,466,431)	-7.27%	\$ 3,579,817,563	\$ 379,550,459	10.60%
Year-To-Date Average Balance ²	\$ 3,959,368,022	\$ 4,197,658,090	\$ (238,290,068)	-5.68%	\$ 3,579,817,563	\$ 379,550,459	10.60%
Monthly Accrued Earnings ³	\$ 3,646,310	\$ 3,735,950	\$ (89,640)	-2.40%	\$ 2,385,696	\$ 1,260,615	52.84%
Monthly Net Yield ³	1.02%	1.06%	-0.03%	-3.12%	0.72%	0.30%	42.02%
Year-To-Date Net Yield ³	1.02%	0.81%	0.21%	26.42%	0.72%	0.30%	42.02%
Annual Estimated Gross Yield ⁴	1.14%	0.87%	0.27%	31.34%	0.84%	0.31%	36.53%
Weighted Average Maturity (WAM) ⁵	364	367	(3)	-0.82%	411	(47)	-11.44%
Orange County Educational Investment Pool (OCEIP)							
End Of Month Market Value ^{1,2}	\$ 4,624,742,969	\$ 4,819,614,124	\$ (194,871,155)	-4.04%	\$ 4,068,336,426	\$ 556,406,543	13.68%
End Of Month Book Value ²	\$ 4,631,366,007	\$ 4,827,332,429	\$ (195,966,422)	-4.06%	\$ 4,059,472,086	\$ 571,893,921	14.09%
Monthly Average Balance ²	\$ 4,739,317,357	\$ 4,610,616,338	\$ 128,701,019	2.79%	\$ 4,133,430,033	\$ 605,887,324	14.66%
Year-To-Date Average Balance ²	\$ 4,739,317,357	\$ 4,149,284,454	\$ 590,032,903	14.22%	\$ 4,133,430,033	\$ 605,887,324	14.66%
Monthly Accrued Earnings ³	\$ 4,335,290	\$ 4,012,956	\$ 322,334	8.03%	\$ 2,511,670	\$ 1,823,620	72.61%
Monthly Net Yield ³	1.02%	1.05%	-0.04%	-3.52%	0.65%	0.37%	56.15%
Year-To-Date Net Yield ³	1.02%	0.82%	0.20%	24.24%	0.65%	0.37%	56.15%
Annual Estimated Gross Yield ⁴	1.14%	0.88%	0.27%	30.29%	0.84%	0.31%	36.53%
Weighted Average Maturity (WAM)	321	325	(4)	-1.23%	344	(23)	-6.69%

1 Market values provided by Bloomberg and Northern Trust. The OCIP and OCEIP market values in June and July 2017 are slightly lower than book values due to the recent Federal Reserve short-term rate increases, but both have a net asset value of 1.00 and have sufficient liquidity to meet projected cash flow needs.

2 In July 2017, OCIP and OCEIP market value, book value, monthly and year-to-date average balances increased from the prior year primarily due to higher secured property tax receipts and a significant number of school and community college districts issuing bonds, respectively. The increase in the OCEIP year-to-date average balance from the prior month is primarily due to the receipt of a significant number of school and community college districts bond proceeds in 2017.

3 In July 2017, OCIP and OCEIP monthly net yields decreased due to the increase in the estimated investment administrative fee from 0.05 basis points to 6.00 basis points. In July 2017, OCIP and OCEIP monthly accrued earnings, monthly and year-to-date net yields were higher than the prior year, and OCIP and OCEIP year-to-date net yields were higher than the prior month primarily due to increases in the Federal Reserve short-term rate of 0.75 percent and higher average pool balances.

4 The OCIP and OCEIP Annual Estimated Gross Yields for June 2017 and July 2016 are reported at the actual annual gross yields for FY 16/17, and their Annual Estimated Gross Yield for July 2017 is reported at the latest forecasted gross yield of 1.14%. The annual estimated gross yield for FY 17/18 is higher than FY 16/17 primarily due to increases in the Federal Reserve short-term rate of 0.75 percent.

5 In July 2017, OCIP WAM was lower than in the prior year primarily due to the inflow of significant school and community college district bond proceeds.

ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POOL STATISTICS
FOR THE MONTH ENDED: JULY 31, 2017

INVESTMENT STATISTICS - By Investment Pool*

DESCRIPTION	CURRENT BALANCES	Average Days to Maturity	Daily Yield as of 07/31/17	MONTHLY Gross Yield	Current NAV
COMBINED POOL BALANCES (includes the Extended Fund)					
Orange County Investment Pool (OCIP)	MARKET Value \$	3,747,344,022	364	1.10%	1.08%
	COST (Capital) \$	3,760,903,185			
	MONTHLY AVG Balance \$	3,959,368,022			
	BOOK Value \$	3,753,831,847			
Orange County Educational Investment Pool (OCEIP)	MARKET Value \$	4,624,742,969	321	1.09%	1.08%
	COST (Capital) \$	4,638,639,576			
	MONTHLY AVG Balance \$	4,739,317,357			
	BOOK Value \$	4,631,366,007			

INVESTMENT STATISTICS - Non Pooled Investments **

DESCRIPTION	CURRENT BALANCE	INVESTMENT BALANCES AT COST	
Specific Investment Funds: 100, 283, 505, 650 FVSD	MARKET Value \$	153,971,836	General Fund - Non AMT Restricted \$ 67,556,587
	COST (Capital) \$	153,977,935	John Wayne Airport Investment Fund 50,491,198
	MONTHLY AVG Balance \$	153,965,478	Repurchase Agreement 1,081,500
	BOOK Value \$	153,975,277	Fountain Valley School District Fund 40 34,848,650
			\$ 153,977,935

MONTH END TOTALS

INVESTMENTS & CASH		INVESTMENTS & CASH	
COUNTY MONEY MARKET FUND (OCMMF)			
County Money Market Fund	\$ 925,342,544	OCIP	\$ 3,763,799,075
County Cash	2,895,890	OCEIP	4,640,156,963
EXTENDED FUND	5,849,100,641	Specific Investment Funds	153,977,935
EDUCATIONAL MONEY MARKET FUND (OCEMMF)		Non-Pooled Cash	16,206,734
Educational Money Market Fund	1,625,099,576		
Educational Cash	1,517,387		
NON-POOLED INVESTMENTS & CASH			
Non-Pooled Investments	153,977,935		
Non-Pooled Cash	16,206,734		
	\$ 8,574,140,707		\$ 8,574,140,707

KEY POOL STATISTICS

INTEREST RATE YIELD		WEIGHTED AVERAGE MATURITY (WAM)	
OCMMF - MONTHLY GROSS YIELD	0.96%	OCMMF	57
OCEMMF - MONTHLY GROSS YIELD	0.99%	OCEMMF	55
JOHN WAYNE AIRPORT - MONTHLY GROSS YIELD	0.94%	JOHN WAYNE AIRPORT WAM	74
OCIP - YTD NET YIELD***	1.02%	LGIP WAM (Standard & Poors)	41
OCEIP - YTD NET YIELD***	1.02%		
90-DAY T-BILL YIELD - MONTHLY AVERAGE	1.08%		

ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POOL STATISTICS
FOR THE MONTH ENDED: JULY 31, 2017

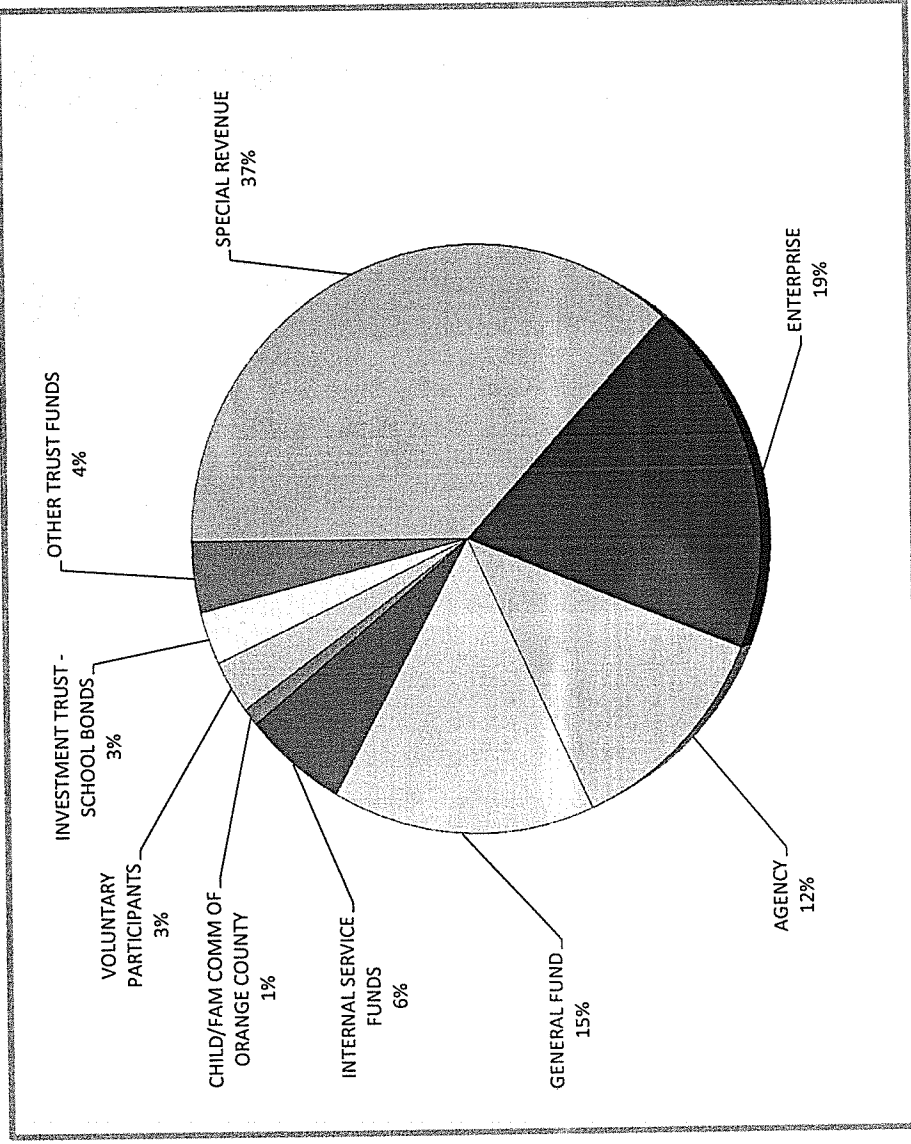
INVESTMENT STATISTICS - By Investment Fund****

DESCRIPTION	CURRENT BALANCES	Average Days to Maturity	Daily Yield as of 07/31/17	MONTHLY Gross Yield	Current NAV
<u>County Money Market Fund (OCMMF)</u>	MARKET Value \$ 925,588,577 COST (Capital) \$ 925,342,544 MONTHLY AVG Balance \$ 1,061,483,223 BOOK Value \$ 925,541,507	57	0.98%	0.96%	1.00
<u>Educational Money Market Fund (OCEMMF)</u>	MARKET Value \$ 1,625,874,675 COST (Capital) \$ 1,625,099,576 MONTHLY AVG Balance \$ 1,725,777,357 BOOK Value \$ 1,625,552,641	55	0.99%	0.99%	1.00
<u>Extended Fund</u>	MARKET Value \$ 5,820,623,739 COST (Capital) \$ 5,849,100,641 MONTHLY AVG Balance \$ 5,911,424,799 BOOK Value \$ 5,834,103,706	464	1.15%	1.13%	1.00
ALLOCATION OF EXTENDED FUND					
<u>Extended Fund</u> <u>OCEIP Share</u>	MARKET Value \$ 2,821,755,445 COST (Capital) \$ 2,835,560,641 MONTHLY AVG Balance \$ 2,897,884,799 BOOK Value \$ 2,828,290,340	464	1.15%	1.13%	1.00
<u>OCEIP Share</u>	MARKET Value \$ 2,998,868,294 COST (Capital) \$ 3,013,540,000 MONTHLY AVG Balance \$ 3,013,540,000 BOOK Value \$ 3,005,813,366	464	1.15%	1.13%	1.00
<u>Modified Duration</u>	1.26				

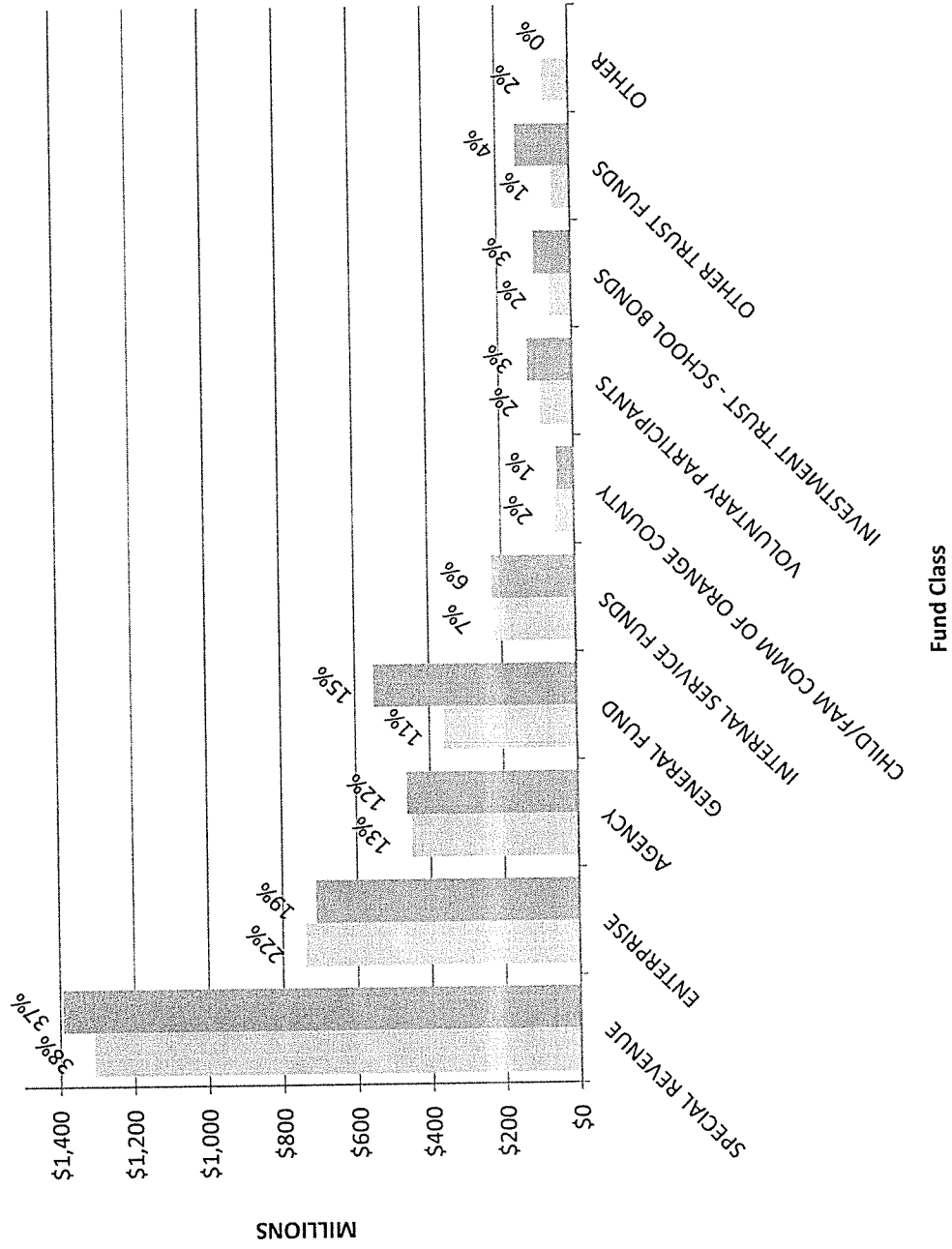
- * The Combined Pool Balances include the County and Educational Money Market Funds and their respective portions of the Extended Fund.
- ** Specific non pooled investments are reported in compliance with Government Code Section 53646 (b)(1). Detailed descriptions are included in the inventory listing in Section VII of this report.
- *** The Net Yield differs from the monthly average yield as it includes the Treasury administrative fees.
- **** Book Value is computed as Cost reduced by amortization of premium and increased by the accretion of discount of the Investment Portfolio. Net Asset Value (NAV) is equal to Market Value divided by Book Value.

ORANGE COUNTY INVESTMENT POOL COMPOSITION BY FUND AS OF JULY 31, 2017

FUNDS	BALANCE
SPECIAL REVENUE	\$ 1,391,760,689
ENTERPRISE	710,575,938
GENERAL FUND	550,239,358
AGENCY	464,435,230
INTERNAL SERVICE FUNDS	228,639,944
VOLUNTARY PARTICIPANTS	121,587,312
INVESTMENT TRUST - SCHOOL BONDS	101,777,812
CHILD/FAM COMM OF ORANGE COUNTY	46,838,670
OTHER TRUST FUNDS	147,944,122
TOTAL	\$ 3,763,799,075

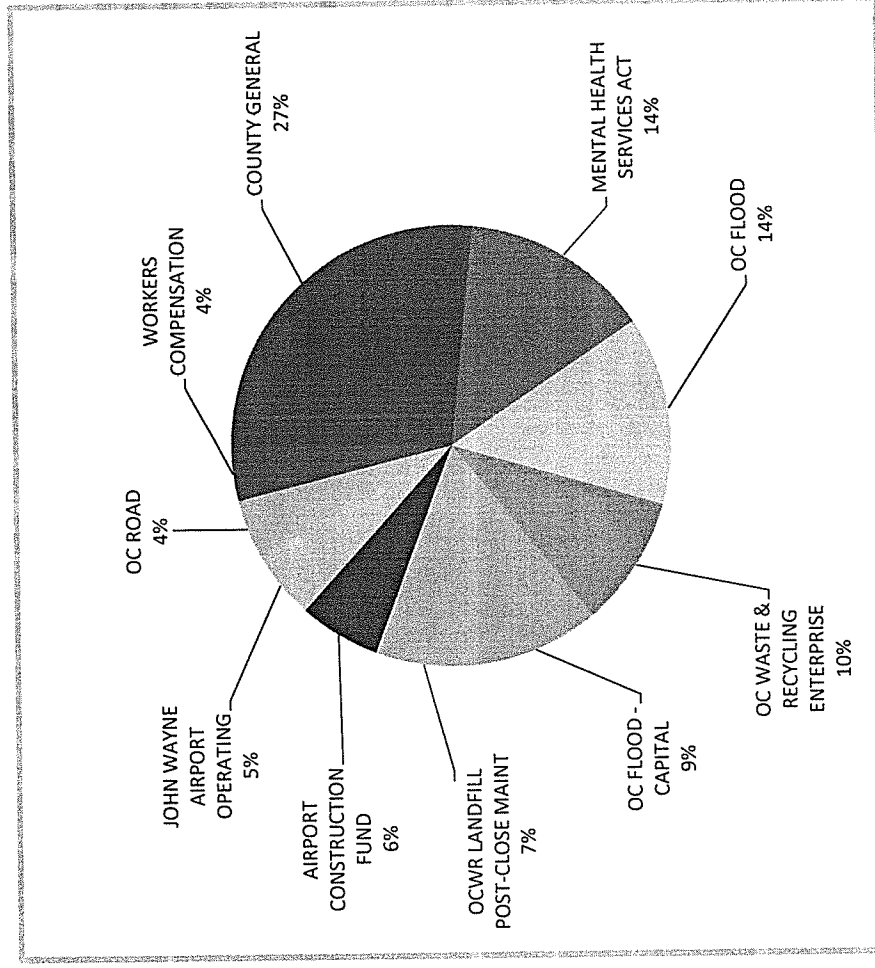


ORANGE COUNTY INVESTMENT POOL
COMPOSITION BY FUND
AS OF JULY 31



Balance as of 7/31/16 Balance as of 7/31/17

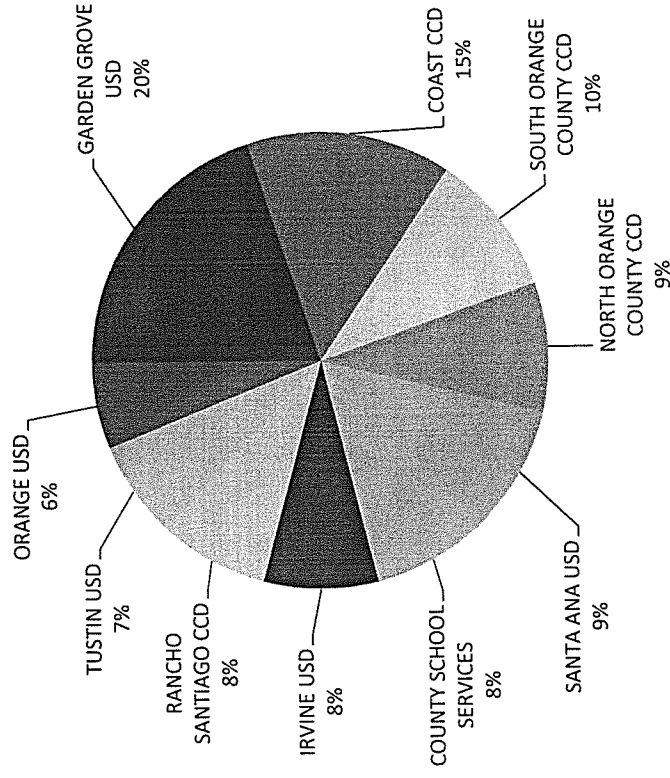
ORANGE COUNTY INVESTMENT POOL
TOP TEN POOL PARTICIPANTS
AS OF JULY 31, 2017



FUND #	FUND NAME	BALANCE
100	COUNTY GENERAL	\$ 505,222,162
13Y	MENTAL HEALTH SERVICES ACT	264,323,353
400	OC FLOOD	260,822,522
299	OC WASTE & RECYCLING ENTERPRISE	182,520,980
404	OC FLOOD - CAPITAL	182,486,529
279	OCWR LANDFILL POST-CLOSE MAINT	132,739,452
281	AIRPORT CONSTRUCTION FUND	113,637,816
280	JOHN WAYNE AIRPORT OPERATING	95,329,400
115	OC ROAD	81,572,065
293	WORKERS COMPENSATION	73,532,883
	TOTAL	\$ 1,892,187,162

ORANGE COUNTY EDUCATIONAL INVESTMENT POOL
TOP TEN POOL PARTICIPANTS
AS OF JULY 31, 2017

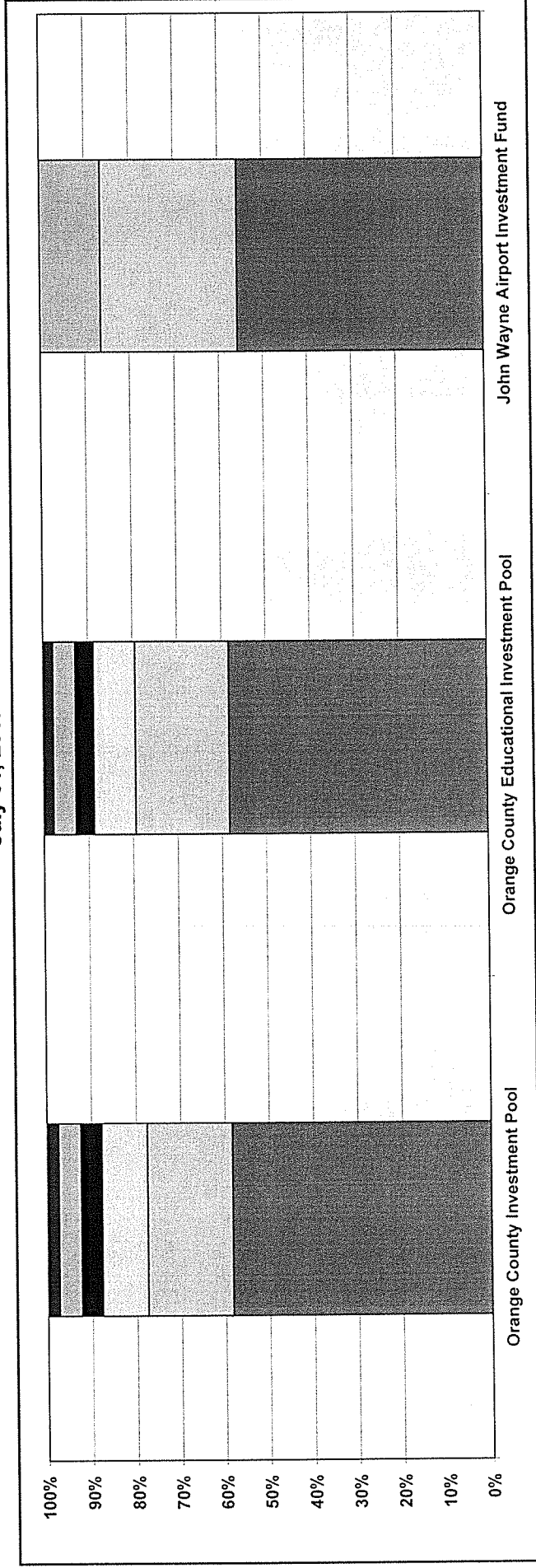
DISTRICT #	SCHOOL DISTRICT	BALANCE
72	GARDEN GROVE USD	\$ 590,253,050
90	COAST CCD	431,377,931
96	SOUTH ORANGE COUNTY CCD	298,373,179
88	NORTH ORANGE COUNTY CCD	272,081,870
84	SANTA ANA USD	270,361,147
94	COUNTY SCHOOL SERVICES	243,857,000
75	IRVINE USD	239,706,004
92	RANCHO SANTIAGO CCD	229,444,483
87	TUSTIN USD	205,359,480
80	ORANGE USD	180,661,257
	TOTAL	\$ 2,961,475,401



ORANGE COUNTY TREASURER - TAX COLLECTOR

BY INVESTMENT TYPE - By Percentage Holdings

July 31, 2017



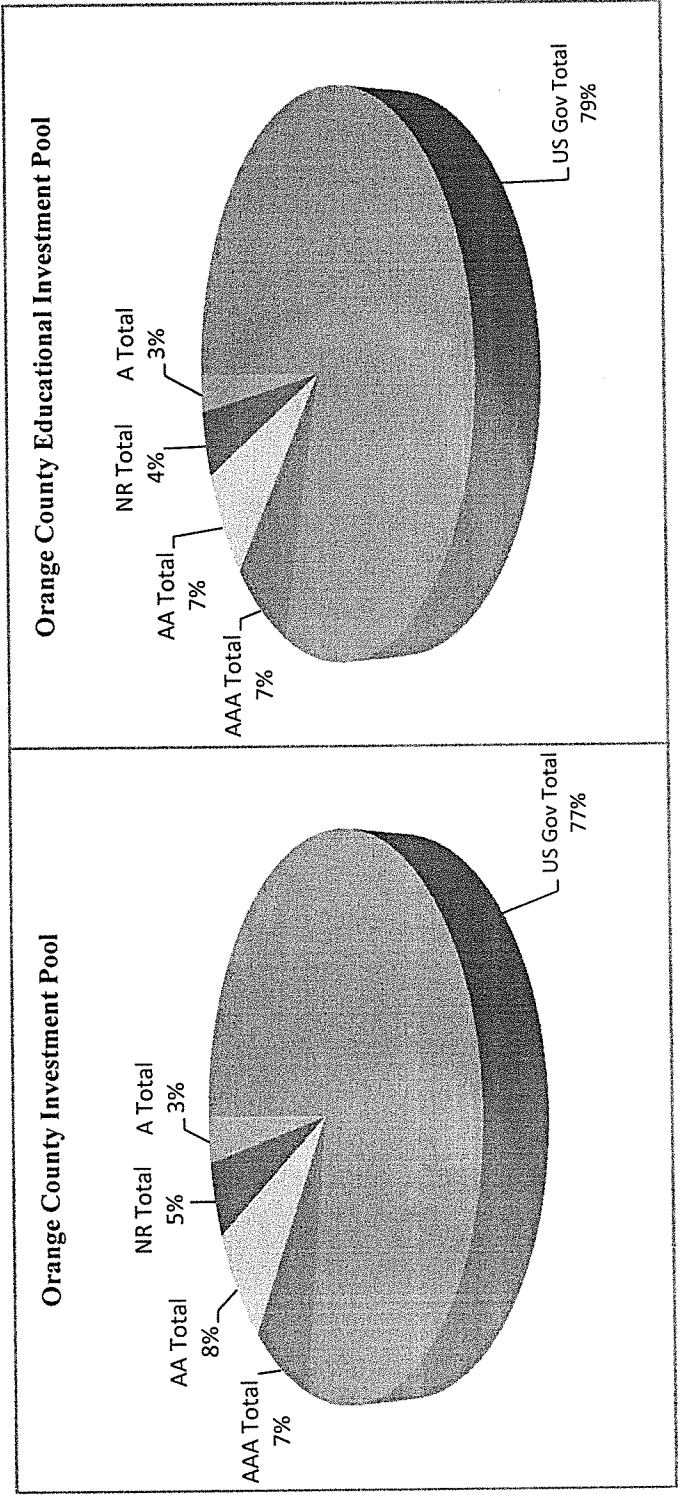
Orange County Investment Pool			
	In Thousands		%
U. S. GOVERNMENT AGENCIES	\$ 2,185,128		58.31%
U. S. TREASURIES	718,901		19.18%
MEDIUM - TERM NOTES	379,699		10.13%
MONEY MARKET MUTUAL FUNDS	184,329		4.92%
MUNICIPAL DEBT	180,543		4.82%
CERTIFICATES OF DEPOSIT	98,126		2.62%
LOCAL AGENCY INVESTMENT FUND	618		0.02%
	<u>\$ 3,747,344</u>		<u>100.00%</u>

Orange County Educational Investment Pool			
	In Thousands		%
U. S. GOVERNMENT AGENCIES	\$ 2,695,867		58.30%
U. S. TREASURIES	975,049		21.08%
MEDIUM-TERM NOTES	425,342		9.20%
MONEY MARKET MUTUAL FUNDS	233,367		5.05%
MUNICIPAL DEBT	191,876		4.15%
CERTIFICATES OF DEPOSIT	102,585		2.22%
LOCAL AGENCY INVESTMENT FUND	657		0.00%
	<u>\$ 4,624,743</u>		<u>100.00%</u>

John Wayne Airport Investment Fund			
	In Thousands		%
U. S. GOVERNMENT AGENCIES	\$ 28,125		55.66%
U. S. TREASURIES	15,482		30.64%
MONEY MARKET MUTUAL FUNDS	6,921		13.70%
	<u>\$ 50,528</u>		<u>100.00%</u>

Calculated Using Market Value at 7/31/2017

ORANGE COUNTY TREASURER - TAX COLLECTOR CREDIT QUALITY BY MARKET VALUE July 31, 2017



US GOV Includes Agency & Treasury Debt

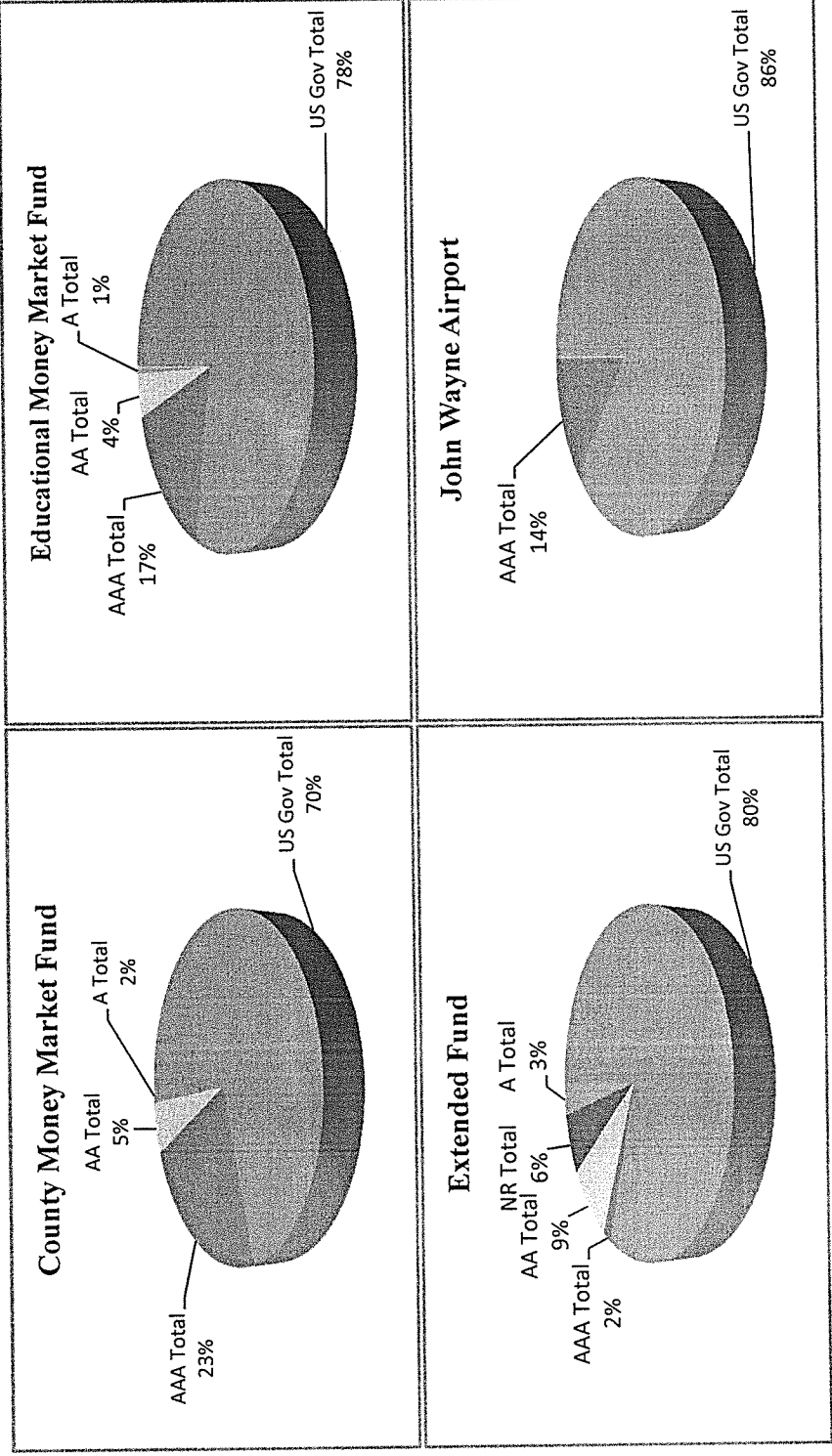
AA includes AA+, AA-, & AA

A includes A+, A-, & A

NR Includes LAIF and Orange County Pension Obligation Bonds Series 2017A

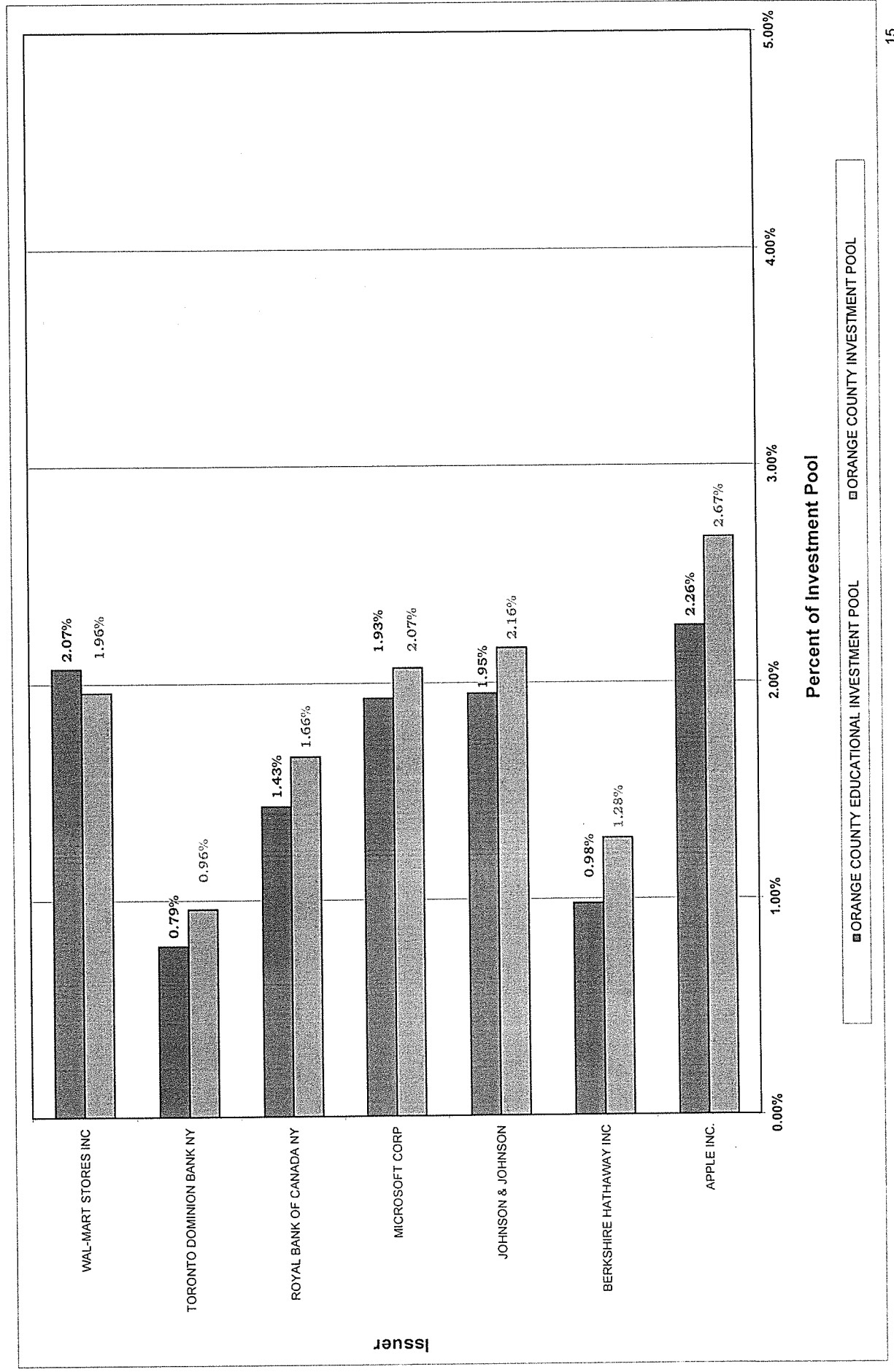
ORANGE COUNTY TREASURER - TAX COLLECTOR CREDIT QUALITY BY MARKET VALUE

July 31, 2017



US GOV Includes Agency & Treasury Debt
 AA includes AA+, AA-, & AA
 A includes A+, A-, & A
 NR Includes LAIF and Orange County Pension Obligation Bonds Series 2017A

ORANGE COUNTY TREASURER - TAX COLLECTOR ISSUER CONCENTRATION-By Investment Pool July 31, 2017



ORANGE COUNTY TREASURER-TAX COLLECTOR
APPROVED ISSUER LIST - OCIP, OCEIP, and JWA

July 31, 2017

ISSUER	S/T RATINGS			L/T RATINGS		
	S&P	Moody's	Fitch	S&P	Moody's	Fitch
U.S. TREASURY SECURITIES						
U.S. GOVERNMENT	A-1+	P-1	F1+	AA+	Aaa	AAA
U.S. GOVERNMENT AGENCY SECURITIES						
FEDERAL NATIONAL MORTGAGE ASSOCIATION	A-1+	P-1	F1+	AA+	Aaa	AAA
FEDERAL HOME LOAN MORTGAGE CORPORATION	A-1+	P-1	F1+	AA+	Aaa	AAA
FEDERAL HOME LOAN BANKS	A-1+	P-1	NR	AA+	Aaa	NR
FEDERAL FARM CREDIT BANKS	A-1+	P-1	F1+	AA+	Aaa	AAA
MEDIUM-TERM NOTES						
APPLE INC	A-1+	P-1	NR	AA+	Aa1	NR
JOHNSON & JOHNSON	A-1+	P-1	F1+	AAA	Aaa	AAA
MICROSOFT CORPORATION **	A-1+	P-1	F1+	AAA	Aaa	AA+
WAL-MART STORES INC	A-1+	P-1	F1+	AA	Aa2	AA
ISSUERS ON HOLD						
ROYAL BANK OF CANADA NY (JULY, 2016) ***	A-1+	P-1	F1+	AA-	A1	AA
TORONTO DOMINION BANK NY (MARCH, 2017) ****	A-1+	P-1	F1+	AA-	Aa2	AA-
BERKSHIRE HATHAWAY INC (JULY, 2017) *****	A-1+	P-1	NR	AA	Aa2	A+
BERKSHIRE HATHAWAY FINANCE (JULY, 2017) *****	NR	NR *	NR	NR	Aa2	A+
MUNICIPAL BONDS						
ORANGE CNTY CA PENSION OBLG 2017 A	NR	NR	NR	NR	NR	NR
STATE POOL - LOCAL AGENCY INVESTMENT FUND						
LOCAL AGENCY INVESTMENT FUND	NR	NR	NR	NR	NR	NR
MONEY MARKET MUTUAL FUNDS *****						
NAME OF FUND	S & P	Moody's	Fitch			
INVESCO GOVERNMENT & AGENCY SHORT-TERM INVESTMENTS TRUST (AIM)	AAAm	Aaa-mf	AAAmf			
GOLDMAN SACHS FINANCIAL SQUARE GOVT FUND	AAAm	Aaa-mf	NR			
MORGAN STANLEY INSTITUTIONAL LIQUIDITY FUNDS - GOVT	AAAm	Aaa-mf	NR			
NORTHERN INSTITUTIONAL TREASURY PORTFOLIO	AAAm	NR	NR			

- * The Moody's rating was changed to NR from P1 as this issuer does not have a S/T rating; only the parent company, Berkshire Hathaway, Inc. has a S/T rating.
- ** On Negative Outlook (Moody's L/T rating - July 25, 2016).
- *** Moody's downgraded its L/T Rating from Aa3 to A1 on May 10, 2017 and kept the issuer rating Outlook on Negative. On Negative Outlook (S&P - June 6, 2016; Fitch - January 25, 2016; Moody's - June 11, 2014).
- **** Moody's downgraded its L/T Rating from Aa1 to Aa2 on May 10, 2017 and kept the issuer rating Outlook on Negative. On Negative Outlook (Moody's - June 11, 2014).
- ***** S&P placed its L/T Issuer Credit Ratings on Negative Watch on July 7, 2017. As required by the Investment Policy Statement, on July 11, 2017, the issuer was placed on hold and current holdings are being reviewed for possible sale.
- ***** All money market funds are institutional money market funds investing in debt issued or guaranteed by the U.S. Government and its agencies.

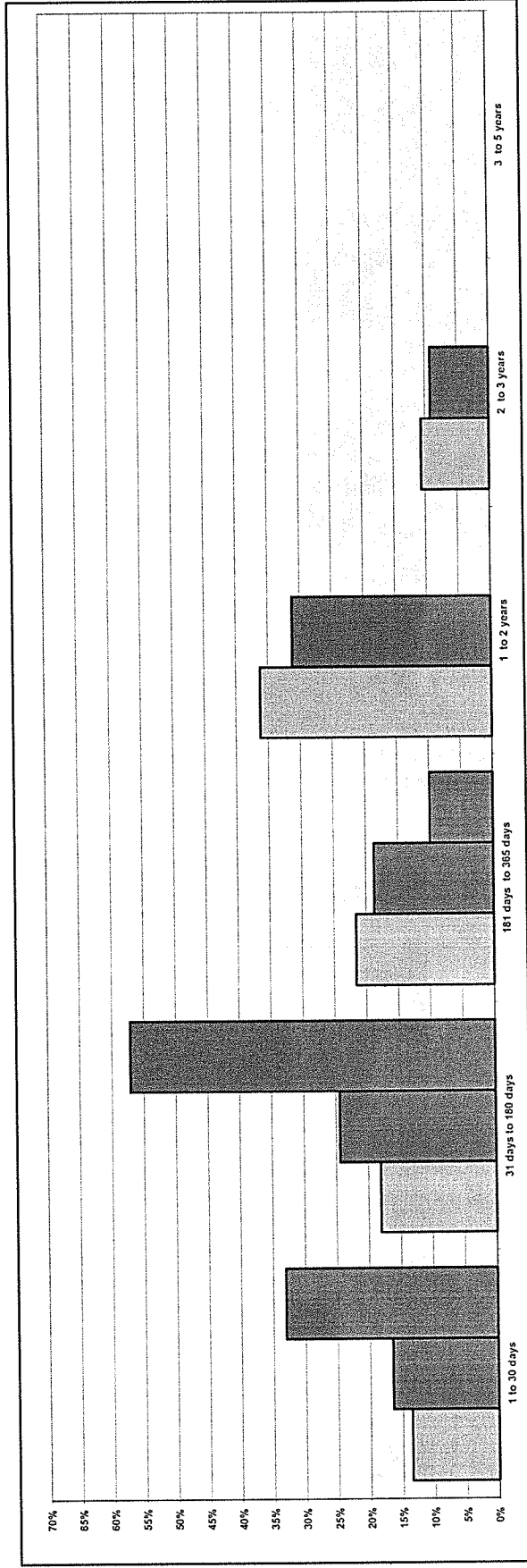
**Orange County Treasurer-Tax Collector
Changes in Approved Issuer's List
For the Month Ended July 31, 2017**

During July, there were three changes to the Treasurer's Approved Issuer List:

- On July 7, 2017, S&P placed the L/T issuer credit rating of both Berkshire Hathaway Inc. (BHI) and Berkshire Hathaway Finance (BHF) on Negative Watch. As required by the Investment Policy Statement, both BHI and BHF were placed on hold and current holdings are being reviewed for possible sale. In addition, the BHF Moody's S/T rating was changed from P-1 to NR as only BHI has a Moody's S/T rating.

An ongoing credit analysis of all issuers owned in the Investment Pools is reviewed on a daily, monthly, quarterly, and annual basis.

ORANGE COUNTY TREASURER - TAX COLLECTOR
MATURITIES DISTRIBUTION
 July 31, 2017



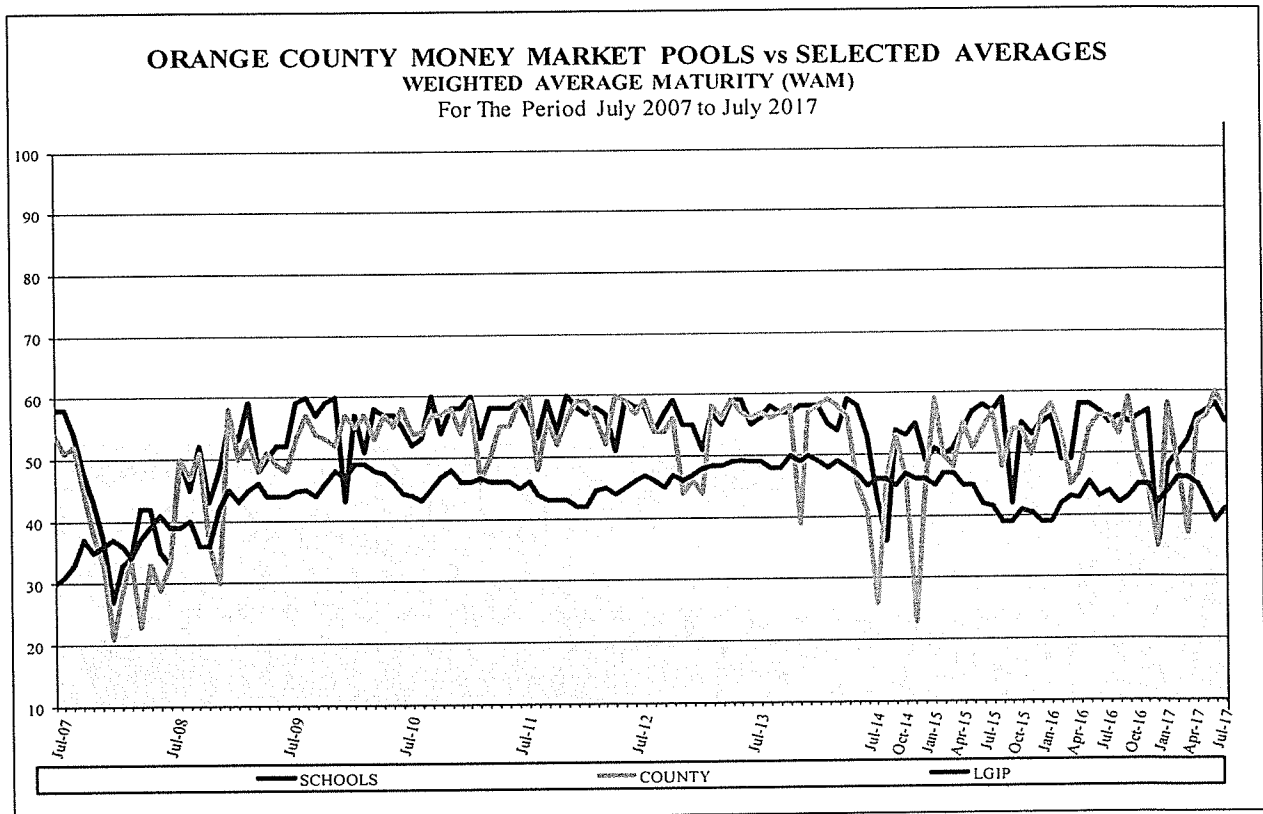
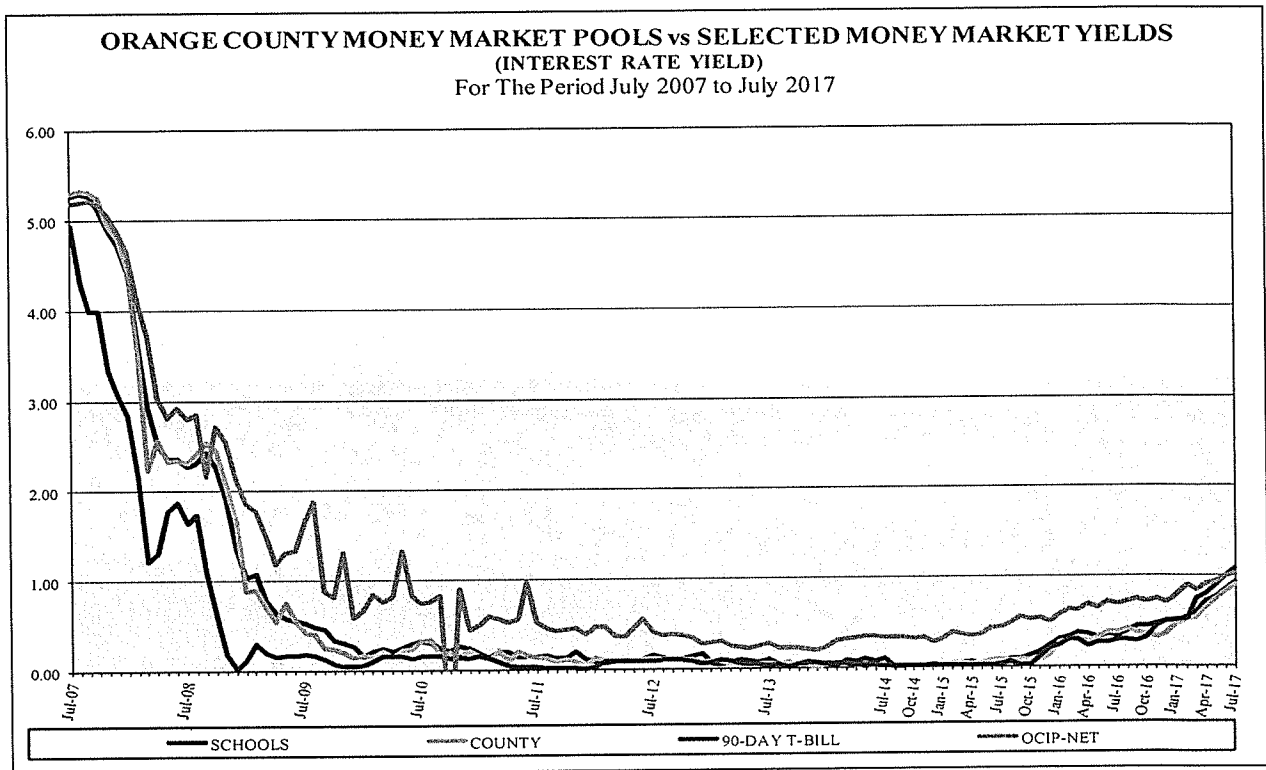
ORANGE COUNTY INVESTMENT POOL			
	In Thousands ^{1,2}		%
1 TO 30 DAYS	\$ 506,833		13.51%
31 TO 180 DAYS	677,274		18.06%
181 TO 365 DAYS	809,597		21.58%
1 YEAR TO 2 YEARS	1,358,536		36.22%
2 YEARS TO 3 YEARS	398,867		10.63%
3 YEARS TO 5 YEARS	-		0.00%
TOTAL	\$ 3,751,107		100.00%

ORANGE COUNTY EDUCATIONAL INVESTMENT POOL			
	In Thousands ^{1,2}		%
1 TO 30 DAYS	\$ 761,709		16.46%
31 TO 180 DAYS	1,132,600		24.47%
181 TO 365 DAYS	866,300		18.72%
1 YEAR TO 2 YEARS	1,443,808		31.19%
2 YEARS TO 3 YEARS	423,902		9.16%
3 YEARS TO 5 YEARS	-		0.00%
TOTAL	\$ 4,628,319		100.00%

JOHN WAYNE AIRPORT INVESTMENT FUND			
	In Thousands ^{1,2}		%
1 TO 30 DAYS	\$ 16,721		33.05%
31 TO 180 DAYS	28,875		57.07%
181 TO 365 DAYS	5,000		9.88%
1 YEAR TO 2 YEARS	-		0.00%
TOTAL	\$ 50,596		100.00%

¹ Maturity Limits are calculated using face value. All final maturities are in compliance with the IPS during July.

² Floating Rate Notes are deemed to have a maturity date equal to their next interest reset date. At 7/31/2017, Floating Rate Notes comprise 0.40%, 0.67%, and 0.00% of the Orange County Investment Pool, Orange County Educational Investment Pool, and JWA Investment Fund respectively.



•As of July 31, 2017, S&P LGIP – 0.95; S&P LGIP WAM -41; 90-Day T-Bill – 1.08; OCIP – Net – 1.024

ORANGE COUNTY TREASURER-TAX COLLECTOR

INVESTMENT POOL YIELDS

August 1, 2016 - July 31, 2017

PERIOD ENDING - MONTH / YEAR	MONTH END MARKET VALUE	EARNINGS FOR MONTH	GROSS AVERAGE YIELD FOR MONTH	MONTH END WAM
<i>Current Month - July 2017</i>				
County Pool - Money Market Fund	\$ 925,588,577	\$ 869,951	0.96%	57
Educational Pool - Money Market Fund	\$ 1,625,874,675	\$ 1,449,778	0.99%	55
Extended Fund	\$ 5,820,623,739	\$ 5,661,871	1.13%	464
<i>June 2017</i>				
County Pool - Money Market Fund	\$ 1,127,901,842	\$ 1,015,069	0.90%	60
Educational Pool - Money Market Fund	\$ 1,821,324,948	\$ 1,188,057	0.91%	58
Extended Fund	\$ 5,876,238,402	\$ 5,545,780	1.14%	487
<i>May 2017</i>				
County Pool - Money Market Fund	\$ 1,559,912,721	\$ 1,190,993	0.81%	56
Educational Pool - Money Market Fund	\$ 1,631,429,543	\$ 1,157,267	0.82%	57
Extended Fund	\$ 5,888,812,000	\$ 5,545,463	1.10%	494
<i>April 2017</i>				
County Pool - Money Market Fund	\$ 1,928,898,078	\$ 1,427,058	0.72%	56
Educational Pool - Money Market Fund	\$ 1,810,058,617	\$ 946,118	0.78%	56
Extended Fund	\$ 5,884,169,552	\$ 5,396,950	1.11%	488
<i>March 2017</i>				
County Pool - Money Market Fund	\$ 1,742,756,895	\$ 707,012	0.60%	37
Educational Pool - Money Market Fund	\$ 1,278,498,097	\$ 590,948	0.66%	52
Extended Fund	\$ 5,874,437,878	\$ 5,301,507	1.06%	511
<i>February 2017</i>				
County Pool - Money Market Fund	\$ 1,420,356,645	\$ 588,259	0.58%	48
Educational Pool - Money Market Fund	\$ 1,036,250,434	\$ 539,611	0.60%	50
Extended Fund	\$ 5,876,196,444	\$ 5,010,710	1.11%	511
<i>January 2017</i>				
County Pool - Money Market Fund	\$ 1,243,000,623	\$ 626,367	0.53%	58
Educational Pool - Money Market Fund	\$ 1,309,895,173	\$ 772,307	0.57%	48
Extended Fund	\$ 5,872,382,548	\$ 4,846,757	0.99%	496
<i>December 2016</i>				
County Pool - Money Market Fund	\$ 1,787,873,393	\$ 656,440	0.43%	35
Educational Pool - Money Market Fund	\$ 1,995,546,428	\$ 627,945	0.56%	35
Extended Fund	\$ 5,491,524,471	\$ 4,550,093	0.96%	510
<i>November 2016</i>				
County Pool - Money Market Fund	\$ 1,263,748,930	\$ 397,303	0.38%	44
Educational Pool - Money Market Fund	\$ 1,123,417,366	\$ 433,001	0.53%	57
Extended Fund	\$ 5,538,702,888	\$ 4,384,832	0.96%	515
<i>October 2016</i>				
County Pool - Money Market Fund	\$ 1,262,431,238	\$ 351,585	0.41%	49
Educational Pool - Money Market Fund	\$ 978,305,500	\$ 469,767	0.51%	56
Extended Fund	\$ 5,497,309,348	\$ 4,298,117	0.92%	504
<i>September 2016</i>				
County Pool - Money Market Fund	\$ 751,801,815	\$ 278,284	0.46%	59
Educational Pool - Money Market Fund	\$ 1,220,526,096	\$ 498,234	0.46%	55
Extended Fund	\$ 5,494,463,600	\$ 4,191,758	0.93%	501
<i>August 2016</i>				
County Pool - Money Market Fund	\$ 800,306,654	\$ 295,786	0.49%	53
Educational Pool - Money Market Fund	\$ 1,221,174,892	\$ 516,653	0.46%	56
Extended Fund	\$ 5,459,349,411	\$ 4,074,594	0.90%	484
<i>Fiscal Year July 1, 2017 - June 30, 2018</i>	Average Month End Market Value Balance	YTD Interest Income	YTD Gross Yield	YTD Average
Orange County Investment Pool	\$ 3,747,344,022	\$ 3,646,310	1.08%	364
Orange County Educational Investment Pool	\$ 4,624,742,969	\$ 4,335,290	1.08%	321

ORANGE COUNTY TREASURER-TAX COLLECTOR

CASH AVAILABILITY PROJECTION

FOR THE SIX MONTHS ENDING JANUARY 31, 2018

Government Code Section 53646 (b) (3), effective on January 1, 1996, requires the Treasurer-Tax Collector to include a statement in the investment report, denoting the ability of the Orange County Investment Pool (OCIP) and the Orange County Educational Investment Pool (OCEIP) to meet their expenditure requirements for the next six months.

The OCIP and OCEIP consist of funds in the treasury deposited by various entities required to do so by statute, as well as those entities voluntarily depositing monies in accordance with Government Code Section 53684.

The Treasurer-Tax Collector is required to disburse monies placed in the treasury as directed by the Auditor-Controller and the Department of Education, except for the making of legal investments, to the extent funds are transferred to one or more clearing funds in accordance with Government Code Section 29808.

The Treasurer-Tax Collector, in her projection of cash availability to disburse funds as directed by the Auditor-Controller and the Department of Education, is relying exclusively on historical activity involving deposits and disbursements and future cash flow projections. No representation is made as to an individual depositor's ability to meet their anticipated expenditures with anticipated revenues.

The Cash Availability Projection for the six months ending January 31, 2018, indicates the ability of the pools to meet projected cash flow requirements. However, there will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected and those differences may be material.

ORANGE COUNTY INVESTMENT POOL					
Month	Investment Maturities	Projected Deposits	Projected Disbursements	Cumulative Available Cash	
July 2017 - Ending Cash				\$	2,895,890
August	\$ 771,995,402	\$ 435,845,912	\$ 356,324,612		854,412,592
September	275,578,753	342,913,353	386,991,456		1,085,913,242
October	69,874,279	921,680,990	400,865,392		1,676,603,119
November	90,945,889	918,740,434	1,116,262,526		1,570,026,916
December	142,803,247	2,223,658,160	1,687,105,549		2,249,382,774
January 2018	98,021,109	409,231,020	1,093,603,764		1,663,031,139

ORANGE COUNTY EDUCATIONAL INVESTMENT POOL					
Month	Investment Maturities	Projected Deposits	Projected Disbursements	Cumulative Available Cash	
July 2017 - Ending Cash				\$	1,517,387
August	\$ 917,940,329	\$ 235,643,678	\$ 509,317,746		645,783,648
September	428,659,837	509,655,467	620,874,456		963,224,496
October	212,560,259	349,436,683	653,162,723		872,058,715
November	101,722,576	768,547,291	645,643,117		1,096,685,465
December	153,766,565	1,207,991,791	424,426,346		2,034,017,475
January 2018	102,429,856	517,250,344	880,037,502		1,773,660,173

ORANGE COUNTY TREASURER-TAX COLLECTOR
STATEMENT OF ACCOUNTABILITY
For the Month Ended July 31, 2017

	<u>Month</u>
Treasurer's Accountability at the Beginning of the Period:	<u>\$9,092,268,066</u>
Cash Receipts:	
County	412,154,370
School and Community College Districts	<u>320,323,243</u>
Total Cash Receipts	<u>732,477,613</u>
Cash Disbursements:	
County	684,689,583
School and Community College Districts	<u>562,217,436</u>
Total Cash Disbursements	<u>1,246,907,019</u>
Net Change in Cost Value of Pooled Assets	<u>(514,429,406)</u>
Net Increase in Non Pooled Investments	13,487
Net (Decrease) in Non Pooled Cash	<u>(3,711,440)</u>
Treasurer's Accountability at the End of the Period:	<u><u>\$8,574,140,707</u></u>
Assets in the Treasury at the End of the Period (at Cost Value):	
Pooled Investments:	
O.C. Investment Pool	\$ 3,760,903,185
O.C. Educational Investment Pool	<u>4,638,639,576</u>
Total Orange County Investment Pools	<u>8,399,542,761</u>
Non Pooled Investments:	
Non Pooled Investments - John Wayne Airport	50,491,198
Non Pooled Investments - General Fund – Non AMT Restricted	67,556,587
Non Pooled Investments - Fountain Valley School District Fund 40	34,848,650
Non Pooled Investments - Other	<u>1,081,500</u>
Total Non Pooled Investments	<u>153,977,935</u>
Cash:	
Cash in banks - County	2,856,517
Cash in banks - Schools	1,517,387
Cash in banks - OC Sheriff	12,676,579
Cash in banks - John Wayne Airport	3,530,155
Cash - Other	<u>39,373</u>
Total Cash	<u>20,620,011</u>
Total Assets in the Treasury at the End of the Period:	<u><u>\$ 8,574,140,707</u></u>

**ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POLICY (IPS) COMPLIANCE SUMMARY
July 31, 2017**

Investment Policy (IPS) Guidelines	Investment Type	County Money Market Fund		Extended Fund		Educational Money Market Fund		John Wayne Airport Investment Fund	
		Market Value of Investments ⁽¹⁾	Percent of Portfolio	Market Value of Investments ⁽¹⁾	Percent of Portfolio	Market Value of Investments ⁽¹⁾	Percent of Portfolio	Market Value of Investments ⁽¹⁾	Percent of Portfolio
Diversification Limit									
30%	Negotiable Certificates of Deposit	\$ 1,600,295	0.17%	\$ 199,111,120	3.42%	\$ -	0.00%	\$ -	0.00%
40%	Commercial Paper	-	0.00%	-	0.00%	-	0.00%	-	0.00%
100%	U.S. Government Agencies	503,609,906	54.41%	3,468,579,480	59.59%	908,805,510	55.90%	28,124,981	55.66%
\$50MM	LAIF	-	0.00%	1,275,138	0.02%	-	0.00%	-	0.00%
30%	Medium-Term Notes	96,134,978	10.39%	584,925,988	10.05%	123,980,009	7.63%	6,921,435	13.70%
20%	Money Market Mutual Funds	184,328,719	19.91%	-	0.00%	233,367,478	14.35%	-	0.00%
30%	Municipal Debt	-	0.00%	372,419,061	6.40%	-	0.00%	-	0.00%
20%	Repurchase Agreement	-	0.00%	-	0.00%	-	0.00%	-	0.00%
30%	Supranationals	139,914,679	15.12%	1,194,312,951	20.52%	359,721,678	22.12%	15,482,189	30.64%
100%	U.S. Treasuries	-	0.00%	-	0.00%	-	0.00%	-	0.00%
		\$ 925,588,577	100.00%	\$ 5,820,623,738	100.00%	\$ 1,625,874,675	100.00%	\$ 50,528,605	100.00%

Investment Policy Guidelines	Compliance Category (Yes/No)	County Money Market Fund		Extended Fund		Educational Money Market Fund		John Wayne Airport Investment Fund	
		Yes	Yes ⁽²⁾	Yes	Yes ⁽³⁾	Yes	Yes ⁽⁴⁾	Yes	Yes
5%	Percentage Limits	Yes	Yes ⁽²⁾	Yes	Yes	Yes	Yes	Yes	Yes
20%	Issuer Limit	Yes	Yes ⁽²⁾	Yes	Yes	Yes	Yes	Yes	Yes
50% ⁽⁴⁾	Money Market Mutual Fund Issuer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
See Above	Government Agencies Issuer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Diversification Limit	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
60 Days	Maturity/Duration Limits	Yes/56.97	Yes/56.97	N/A	N/A	Yes/54.62	Yes/54.62	N/A	N/A
90 Days	Weighted Average Maturity - Money Market Fund	N/A	N/A	N/A	N/A	N/A	N/A	Yes/74.41	Yes/74.41
	Weighted Average Maturity - John Wayne Airport Investment Fund (JWA)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
> Merrill 1-3 Year Index+25% (2.33)	Duration ⁽⁵⁾	N/A	N/A	Yes/1.26	Yes/1.26	N/A	N/A	N/A	N/A
13 Months/397 days	Final Maturity - Money Market Fund	Yes/349	Yes/349	N/A	N/A	Yes/349	Yes/349	N/A	N/A
15 Months/456 days	Final Maturity - John Wayne Airport Investment Fund	N/A	N/A	N/A	N/A	N/A	N/A	Yes/354	Yes/354
5 Years/1826 days	Final Maturity - Extended Fund	N/A	N/A	Yes/1050	Yes/1050	N/A	N/A	N/A	N/A
	Quality Limits	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes
A-1/≥ A	MMF Short Term/Long Term	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes
≥ A-1/P-1/F2	Short Term Debt/No Split Ratings	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes
A-1/≥ AA ⁽⁶⁾	Extended Fund Short Term/Long Term	N/A	N/A	Yes ⁽⁶⁾	Yes ⁽⁶⁾	N/A	N/A	N/A	N/A
Approved Issuer List	Authorized Issuer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Broker/Dealer List	Authorized Financial Dealer/Institution	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
0.995 - 1.005	Net Asset Value - Money Market Fund and JWA	Yes/1.0001	Yes/1.0001	N/A	N/A	Yes/1.0002	Yes/1.0002	Yes/1.0001	Yes/1.0001

(1) All investments are marked to market in compliance with the narrow valuation range prescribed by the IPS and market values are provided by Bloomberg Professional Services and Northern Trust.

(2) Excludes US Government Debt per IPS policy approved by the Board of Supervisors on November 22, 2016.

(3) Rating Agency requirements limit investment in each Money Market Mutual Fund to 10%.

(4) GSE Issuers rated 'AA-' or higher with final maturities of 30 days or less are excluded from the calculation of the 50% limit.

(5) IPS states all pools, except short-term pools, shall have an effective duration not to exceed a leading 1-3 year index +25%. Duration provided above (1.26) is a modified duration which does not take into consideration all embedded options such as callable bonds or mortgage backed bonds. This presentation is not considered materially different from the effective duration requirement specified in IPS.

(6) Securities issued by Berkshire Hathaway Inc and Royal Bank of Canada NY were rated above 'AA' at the time of purchase and are in compliance with IPS.

NA Not applicable

Note: Compliance exceptions, if any, are noted by red shading for the specific IPS guideline and investment pool.

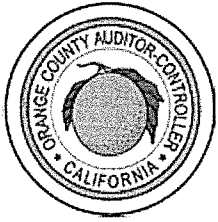
ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POLICY (IPS) AND TREASURY OVERSIGHT COMMITTEE (TOC) COMPLIANCE SUMMARY
July 31, 2017

COMPLIANCE CATEGORY	PERFORMED BY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	ACIA	Performance Evaluation-Cal Govt. Code 27134	Annual audit of calendar year 2015 completed.
Quarterly Schedule of Assets Review	ACIA	Performance Evaluation-Cal Govt. Code 26920(a)	March 31, 2017 completed.
Annual Schedule of Assets Audit	ACIA	Performance Evaluation-Cal Govt. Code 26920(b)	Annual audit as of June 30, 2016 completed.
Quarterly Continuous Compliance Auditing	ACIA	TOC Directive	June 30, 2017 in progress.
Treasury Administrative Fee	TTC	Compensation Agreement-Cal Govt. Code 27013	Annual review of fees for FY 14/15, FY 15/16 and FY 16/17 in progress.
Annual Broker/Dealer Review	TTC	Authorized Financial Dealers and Qualified Institutions	Annual review of calendar year 2016 in progress.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	All 2017 IPS certifications received for active approved brokers (one broker removed).
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions/Form 700	FY 17/18 identified zero compliance incidents as of July 31, 2017.
			The TOC reviewed Bylaws and made one change at the October 19, 2016 meeting. The BOS approved on November 22, 2016.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed IPS changes at the October 19, 2016 meeting and did not make any additional changes. The BOS approved on November 22, 2016.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	
TOC Annual Report	BOS	TOC Bylaws Rule 30 - Oral and Written Report	The TOC 2016 Annual Report was presented to BOS on February 28, 2017.
Broker/Financial Institution List	TTC	OC Gift Ban Ordinance and Form 700	The TOC members were provided a list of active TTC Broker/Dealers and Financial Institutions at the TOC meeting on October 19, 2016.
Certificates of Compliance	TTC	TOC Bylaws Rule 34 - Annual	The TOC members are in compliance for calendar year 2017.
Ethics Training	TTC	TOC Bylaws Rule 34 - Every Two Years	The TOC members are in compliance for calendar year 2016 (one submitted in January 2017).
Conflict of Interest Form 700 Filing	TTC	TOC Bylaws Rule 34 / IPS - Every Year	All TOC members and designated employees are in compliance for calendar year 2016. A designated employee submitted an Assuming Office Statement in calendar year 2017 late.

LEGEND	
Auditor-Controller Internal Audit	ACIA
Board of Supervisors	BOS
Treasury Oversight Committee	TOC
Office of Treasurer-Tax Collector	TTC

**Orange County Treasurer-Tax Collector
Noncompliance Detail
For the Month Ended July 31, 2017**

During July, the Orange County Investment Pool (OCIP), the Orange County Educational Investment Pool (OCEIP), and the John Wayne Airport Investment Fund were all free of noncompliance incidents.

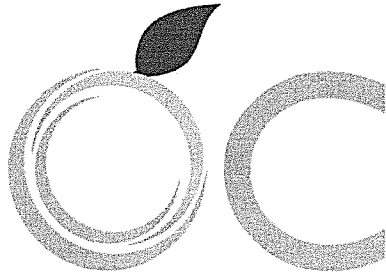


Orange County Auditor-Controller Internal Audit



Report on Review of the Schedule of Assets Held by the County Treasury as of March 31, 2017

Audit Number 1614
Report Date: July 12, 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, CISA	Senior Audit Manager
Michael Steinhaus, CPA, CGMA	Audit Manager I
Raquel Zubi, CPA	Auditor II

12 Civic Center Plaza, Room 200
Santa Ana, CA 92701

Auditor-Controller Website

www.acgov.com



ERIC H. WOOLERY, CPA
AUDITOR-CONTROLLER



Transmittal Letter

Audit No. 1614

July 12, 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 March 31, 2017

We have completed our Report on Review of the Schedule of Assets Held by the County Treasury as of March 31, 2017. 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.

Additionally, we will request the department to complete a Customer Survey of Review Services. The department will receive the survey shortly after the distribution of our final report.

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
Mark Malbon, Chief Assistant Treasurer-Tax Collector
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. 1614*

As of March 31, 2017

Transmittal Letter	i
Independent Accountant's Review Report	1
Schedule of Assets Held by the County Treasury as of March 31, 2017	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 March 31, 2017, 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 black ink, appearing to read "Toni Smart", is written over a horizontal line.

Toni Smart, CPA, Director
Auditor-Controller Internal Audit Division
July 12, 2017



Schedule of Assets Held by the County Treasury

ORANGE COUNTY TREASURY
Schedule of Assets Held by the County Treasury
As of March 31, 2017

ASSETS

	OCIP	OCEIP	Non-Pooled	Total
CASH				
Cash On Hand	\$ 126,960	\$ -	\$ -	\$ 126,960
Bank Demand Accounts	12,533,526	2,563,821	21,499,049	36,596,396
Total Cash	12,660,486	2,563,821	21,499,049	36,723,356
INVESTMENTS, stated at fair value				
<i>Orange County Investment Pool (OCIP):</i>				
Money Market Fund	1,742,756,895	-	-	1,742,756,895
Extended Fund	2,875,500,804	-	-	2,875,500,804
<i>Orange County Educational Investment Pool (OCEIP):</i>				
Money Market Fund	-	1,278,498,097	-	1,278,498,097
Extended Fund	-	2,998,937,074	-	2,998,937,074
<i>Non-Pooled</i>			153,654,076	153,654,076
Total Investments	4,618,257,699	4,277,435,171	153,654,076	9,049,346,946
TOTAL ASSETS	\$ 4,630,918,185	\$ 4,279,998,992	\$ 175,153,125	\$ 9,086,070,302

MONTHLY TREASURER'S INVESTMENT REPORT

Distribution List

County of Orange Elected Officials

Honorable Sandra Hutchens, Sheriff-Coroner
Honorable Hugh Nguyen, Clerk-Recorder
Honorable Claude Parrish, Assessor
Honorable Anthony J. Rackauckas, Jr., District
Attorney/Public Administrator
Honorable Eric Woolery, Auditor-Controller

Treasury Oversight Committee

Gary Capata
William "Andy" Dunn
Frank Kim
Al Mijares
Laura Parisi
Richard Rohm
Eric Woolery

County of Orange Departments

Assessor
Auditor-Controller
Child Support Services
Clerk of the Board
Clerk-Recorder
County Counsel
County Executive Office
District Attorney/Public Administrator
Health Care Agency
Human Resources Services
John Wayne Airport
OC Community Resources
OC Dana Point Harbor
OC Public Works
OC Waste & Recycling
Independent Review
Performance Audit
Probation
Public Defender
Registrar of Voters
Sheriff-Coroner
Social Services Agency

County Agencies

Children & Families Commission
Civic Center Commission
Law Library
Orange County Employees Retirement System
Orange County Cemetery District
Orange County Fire Authority
Orange County Transportation Authority
Transportation Corridor Agencies

State of California

CDIAC
Superior Court

Orange County School Districts

Orange County Department of Education
Anaheim City School District
Anaheim Union High School District

Brea-Olinda Unified School District
Buena Park School District
Capistrano Unified School District
Centralia School District
Cypress School District
Fountain Valley School District
Fullerton School District
Fullerton Joint Union High School District
Garden Grove Unified School District
Huntington Beach City School District
Huntington Beach Union High School District
Irvine Unified School District
Laguna Beach Unified School District
La Habra City School District
Los Alamitos Unified School District
Lowell Joint School District
Magnolia School District
Newport-Mesa Unified School District
Ocean View School District
Orange Unified School District
Placentia-Yorba Linda Unified School District
Saddleback Valley Unified School District
Santa Ana Unified School District
Savanna School District
Tustin Unified School District
Westminster School District

Orange County Community College Districts (CCD)

Coast Community CCD
North Orange County CCD
Rancho-Santiago CCD
South Orange County CCD

Orange County Regional Occupational Programs (ROP)

Capistrano-Laguna Beach ROP
Coastline ROP
North Orange County ROP

Voluntary Pool Participants (date approved)

Serrano Water District (6-22-99)
City of Villa Park (10-2-01)
City of Tustin (5-21-02)
Mesa Water District (8-9-02)
Orange County Water District (3-30-04)
Municipal Water District of OC (7-27-04)
Orange County Mosquito and Vector Control District (11-14-06)
Buena Park Library District (2-9-10)
Local Agency Formation Commission (10-5-10)
Villa Park Community Services Foundation (4-5-11)
City of Laguna Niguel (3-13-14)
City of Lake Forest (12-16-15)
Foothill/Eastern TCA (10-14-16)
San Joaquin Hills TCA (10-14-16)
Foothill/Eastern TCA/RCC (11-17-16)
Laguna Woods (5-10-17)