

Treasurer's Monthly **INVESTMENT** JUNE 2018 **REPORT**

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



COUNTY OF ORANGE

TREASURER'S INVESTMENT REPORT
For June 30, 2018

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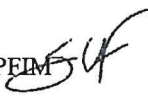
OFFICE OF THE TREASURER-TAX COLLECTOR
SHARI L. FREIDENRICH, CPA, CCMT, CPFA, ACPFIM



INTERDEPARTMENTAL COMMUNICATION

Date: July 17, 2018

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

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

Subject: Treasurer's Investment Report for the Month Ended June 30, 2018

Attached please find the Treasurer's Investment Report for the County of Orange for the month ended June 30, 2018. 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 June 30, 2018. 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 (OCMMF), the Orange County Educational Money Market Fund (OCEMMF), 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 OCMMF and the OCEMMF. 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 OCMMF and the OCEMMF is 13 months, with a maximum weighted average maturity (WAM) of 60 days, and they have a current WAM of 53 and 53, respectively. The maximum maturity of investments for the John Wayne Airport Investment Fund is 15 months, with a maximum WAM of 90 days, and a current WAM of 70. The maximum maturity of the Extended Fund is five years, with duration not to exceed the Merrill Lynch 1-3 Year index +25% (2.32), and the duration is currently at 1.13. 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 June 2018, the job market added 213,000 new jobs, and May's job numbers were revised upward by 21,000 to 244,000. The U.S. unemployment rate for June increased to 4.0% from 3.8% in the prior month. The U.S. Gross Domestic Product first quarter rate was further revised to 2.0% from the rate reported in May of 2.2%. The Empire State Manufacturing Index increased to 25.0 from 20.1 in May, while the Philadelphia Fed Index decreased to 19.9 from 34.4 in May. 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 seventy-second consecutive month in April up 6.41% from a year ago. The index for pending home sales decreased 2.8% on a year-over-year basis in April. As reported last month, on June 13, 2018, the Federal Open Markets

Committee (FOMC) raised the benchmark Federal Funds rate by 0.25 percent resulting in a new target range of 1.75 percent to 2.00 percent.

The 10-year Treasury rate rose from 2.83% in May to 2.85% in June. The short-term 90-day T-bill was unchanged at 1.93% at the end of June. The rate on the 2-year Treasury note was 2.52% at the end of June, up from 2.40% in May.

INVESTMENT INTEREST YIELDS AND FORECAST

The gross interest yields for fiscal year 2017/2018 are 1.28% and 1.30% for the OCIP and OCEIP respectively, higher than the original forecasted gross yields for both of 1.14%. The net interest yields for fiscal year 2017/2018 are 1.22% and 1.24% for the OCIP and OCEIP respectively. We expect to provide our updated forecasted net interest yield for fiscal year 2018/2019 next month.

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 April 2018, May 2018 and June 2018 interest apportionments are expected to be paid in July 2018, August 2018 and September 2018, respectively. The estimated investment administrative fee (Fee) for fiscal year 2018/2019 will be provided next month and is not expected to be significantly different than the current Fee of 6 basis points.

The County Treasurer completed the review of the Fee for fiscal year 2015/2016. The actual Fee is 6.3 basis points, which is lower than the average basis points charged of 6.6. The total refund to participants is approximately \$226,000. As previously reported last month, the fiscal year 2014/2015 total refund to participants was approximately \$80,000. Participants received refunds in June 2018 for both fiscal years 2014/2015 and 2015/2016 based on their balances in each respective fiscal year. The fiscal year 2016/2017 Fee review is almost completed and expected to generate refunds for participants to be paid in the next quarter.

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 are no temporary transfers outstanding as of June 30, 2018.

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 individual 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 \$377 million in County of Orange debt, which represents approximately 4.2% of total 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 June 2018. The Auditor-Controller issued their report on Review of the Schedule of Assets Held by the County Treasury (Schedule) as of December 31, 2017 stating that they were not aware of any material modification that should be made to the Schedule prepared on a modified cash-basis of accounting except for the omission of all disclosures. The County Treasurer's current practice is to prepare all required disclosures only in the Schedule for each fiscal year-end and not for the quarterly reviews. Finally, the Auditor-Controller issued their report on Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended March 31, 2018, which stated that no instances of noncompliance were identified.

CREDIT UPDATE

During June, there was one change to the Treasurer's Approved Issuer List. On June 27, 2018, S&P changed the Royal Bank of Canada Outlook from Negative to Stable. An ongoing credit analysis of all issuers owned 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 June 30, 2018 and is in conformity with all State laws and the IPS approved by the Board of Supervisors on November 14, 2017. 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

	JUNE 2018	MAY 2018	INCREASE (DECREASE)	NET CHANGE %	JUNE 2017	INCREASE (DECREASE)	NET CHANGE %
Orange County Investment Pool (OCIP)							
End Of Month Market Value ^{1,2}	\$ 4,018,864,086	\$ 4,476,504,300	\$ (457,640,214)	-10.22%	\$ 4,005,851,068	\$ 13,013,018	0.32%
End Of Month Book Value ^{1,2}	\$ 4,039,514,424	\$ 4,496,370,640	\$ (456,856,216)	-10.16%	\$ 4,013,386,551	\$ 26,127,873	0.65%
Monthly Average Balance	\$ 4,344,890,956	\$ 4,734,810,290	\$ (389,919,334)	-8.24%	\$ 4,269,834,453	\$ 75,056,503	1.76%
Year-To-Date Average Balance	\$ 4,480,291,250	\$ 4,492,600,368	\$ (12,309,118)	-0.27%	\$ 4,197,658,090	\$ 282,633,160	6.73%
Monthly Accrued Earnings ³	\$ 5,708,843	\$ 6,021,421	\$ (312,578)	-5.19%	\$ 3,735,950	\$ 1,972,892	52.81%
Monthly Net Yield ³	1.54%	1.44%	0.10%	6.81%	1.06%	0.48%	45.51%
Year-To-Date Net Yield ³	1.22%	1.20%	0.03%	2.28%	0.81%	0.41%	50.94%
Annual Estimated Gross Yield ³	1.28%	1.28%	0.00%	0.20%	0.87%	0.41%	47.76%
Weighted Average Maturity (WAM) ⁵	350	312	38	12.30%	367	(17)	-4.63%
Orange County Educational Investment Pool (OCEIP)							
End Of Month Market Value ¹	\$ 4,932,226,510	\$ 4,918,314,640	\$ 13,911,870	0.28%	\$ 4,819,614,124	\$ 112,612,386	2.34%
End Of Month Book Value ¹	\$ 4,953,551,827	\$ 4,939,824,348	\$ 13,727,479	0.28%	\$ 4,827,332,429	\$ 126,219,398	2.61%
Monthly Average Balance	\$ 4,876,022,430	\$ 5,002,112,056	\$ (126,089,626)	-2.52%	\$ 4,610,616,338	\$ 265,406,092	5.76%
Year-To-Date Average Balance ⁴	\$ 4,634,872,915	\$ 4,612,950,232	\$ 21,922,683	0.48%	\$ 4,149,284,454	\$ 485,588,461	11.70%
Monthly Accrued Earnings ³	\$ 6,650,118	\$ 6,591,891	\$ 58,227	0.88%	\$ 4,012,956	\$ 2,637,162	65.72%
Monthly Net Yield ³	1.59%	1.49%	0.10%	6.99%	1.05%	0.54%	51.24%
Year-To-Date Net Yield ³	1.24%	1.20%	0.03%	2.77%	0.82%	0.42%	51.46%
Annual Estimated Gross Yield ³	1.30%	1.28%	0.02%	1.36%	0.87%	0.42%	48.33%
Weighted Average Maturity (WAM)	302	304	(2)	-0.82%	325	(23)	-7.08%

¹ Market values provided by Bloomberg and Northern Trust. The OCIP and OCEIP market values in current year and in prior year are slightly lower than book values due to the several Federal Reserve short-term rate increases totaling 1.50% since November 2016, but both have a net asset value of 1.00 and have sufficient liquidity to meet projected cash flow needs.

² In June 2018, OCIP End of Month Market Value and Book Value decreased from the prior month primarily due to distributions relating to state budget redistributions of property taxes and other funding between local government and school districts (Educational Revenue Augmentation Fund and Vehicle License Fee Adjustment Amount).

³ The OCIP and OCEIP Annual Estimated Gross Yields for June 2017 and June 2018 are reported at the actual annual gross yields for FY 16/17 and FY 17/18. In June 2018, OCIP and OCEIP Monthly Accrued Earnings, Monthly Net Yields, Year-To-Date Net Yields and Annual Gross Yields were higher than June 2017 primarily due to the continued increases in the Federal Reserve short-term rates.

⁴ OCEIP year-to-date average balance were higher than June 2017 primarily due to the continued receipt of large bond proceeds from school districts issuing debt, offset somewhat by bond expenditures, and also from increases in school districts apportionments from the prior year.

⁵ The OCIP WAM in June 2018 was higher than the prior month primarily due to more investments with longer maturities being purchased.

ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POOL STATISTICS
FOR THE MONTH, QUARTER, AND FISCAL YEAR ENDED: JUNE 30, 2018

INVESTMENT STATISTICS - By Investment Pool ⁽¹⁾							
DESCRIPTION	CURRENT BALANCES	Average Days to Maturity	Daily Yield as of 6/30/18	MONTHLY Gross Yield	QUARTERLY Average Yield	ANNUAL Average Yield	Current NAV
<u>COMBINED POOL BALANCES</u> <u>(includes the Extended Fund)</u>							
	MARKET Value \$	4,018,864,086	350	1.68%	1.60%	1.52%	1.00
	COST (Capital) \$	4,040,470,575					
	MONTHLY AVG Balance \$	4,344,890,956					
	QUARTERLY AVG Balance \$	4,838,631,544					
	ANNUAL AVG Balance \$	4,480,291,250					
	BOOK Value \$	4,039,514,424					
Orange County Investment Pool (OCIP)							
	MARKET Value \$	4,932,226,510	302	1.71%	1.65%	1.57%	1.00
	COST (Capital) \$	4,954,083,761					
	MONTHLY AVG Balance \$	4,876,022,430					
	QUARTERLY AVG Balance \$	4,906,179,026					
	ANNUAL AVG Balance \$	4,634,872,915					
	BOOK Value \$	4,953,551,827					
Orange County Educational Investment Pool (OCEIP)							
INVESTMENT STATISTICS - Non Pooled Investments ⁽²⁾							
DESCRIPTION	CURRENT BALANCE	INVESTMENT BALANCES AT COST					
Specific Investment Funds:	MARKET Value \$	97,508,543	John Wayne Airport Investment Fund ⁽⁴⁾				\$ 51,040,920
283, 505, FVSD, CCCD	COST (Capital) \$	98,489,058	Fountain Valley School District Fund 40				34,790,770
	MONTHLY AVG Balance \$	103,285,361	Repurchase Agreement				1,081,500
	QUARTERLY AVG Balance \$	105,531,811	CCCD Series 2017E Bonds				20,111,872
	ANNUAL AVG Balance \$	100,514,620					
	BOOK Value \$	98,410,273					
							\$ 107,025,062
MONTH END TOTALS							
INVESTMENTS & CASH		INVESTMENTS & CASH					
<u>COUNTY MONEY MARKET FUND (OCMMF)</u>							
County Money Market Fund	\$	762,020,129	OCIP				\$ 4,050,736,262
County Cash	\$	10,265,687	OCEIP				5,212,091,494
<u>EXTENDED FUND</u>	\$	6,647,464,234	Specific Investment Funds ⁽⁴⁾				107,025,062
<u>EDUCATIONAL MONEY MARKET FUND (OCEMMF)</u>			Non-Pooled Cash				17,760,186
Educational Money Market Fund ⁽⁴⁾	\$	1,811,936,418					
Educational Cash	\$	31,141,288					
<u>NON-POOLED INVESTMENTS & CASH</u>							
Non-Pooled Investments	\$	107,025,062					
Non-Pooled Cash	\$	17,760,186					
	\$	9,387,613,004					\$ 9,387,613,004
KEY POOL STATISTICS							
INTEREST RATE YIELD		WEIGHTED AVERAGE MATURITY (WAM)					
OCMMF - MONTHLY GROSS YIELD	1.60%	OCMMF				53	
OCEMMF - MONTHLY GROSS YIELD	1.81%	OCEMMF				53	
JOHN WAYNE AIRPORT - MONTHLY GROSS YIELD	1.90%	JOHN WAYNE AIRPORT WAM				70	
OCIP - YTD NET YIELD ⁽³⁾	1.22%	LGIP WAM (Standard & Poors)				36	
OCEIP - YTD NET YIELD ⁽³⁾	1.24%						
90-DAY T-BILL YIELD - MONTHLY AVERAGE	1.92%						

ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POOL STATISTICS
FOR THE MONTH, QUARTER, AND FISCAL YEAR ENDED: JUNE 30, 2018

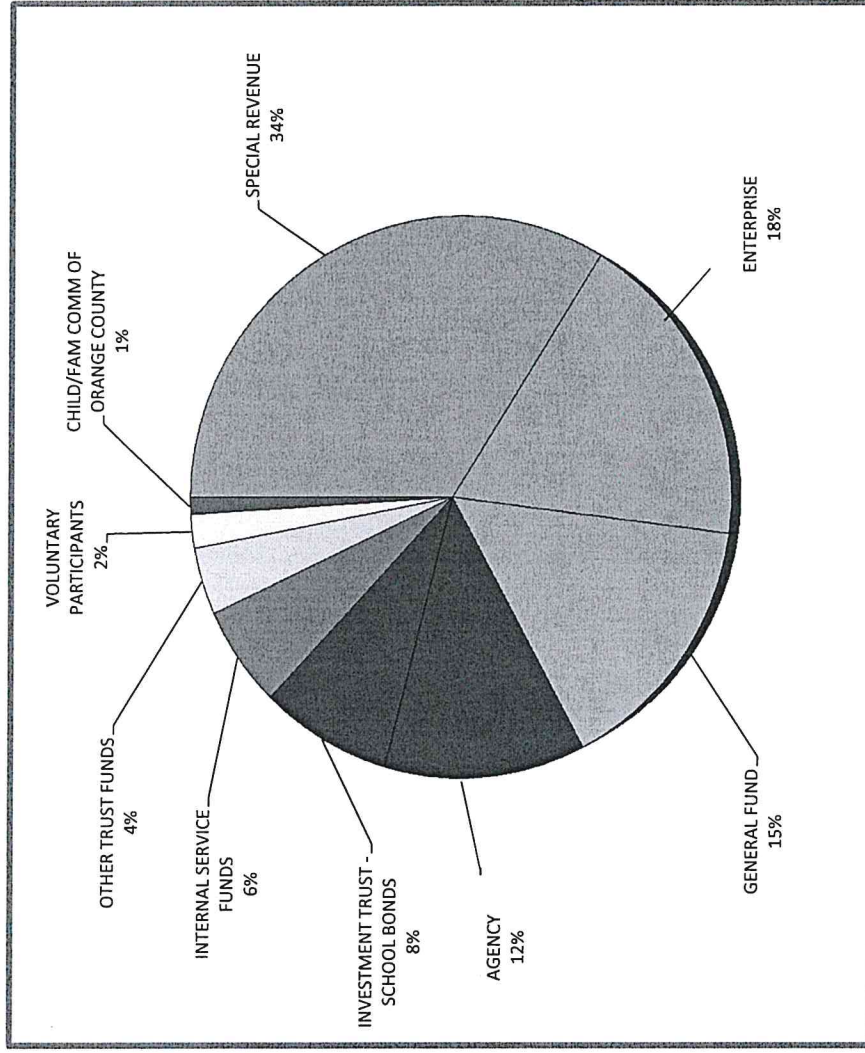
INVESTMENT STATISTICS - By Investment Fund⁽⁵⁾

DESCRIPTION	CURRENT BALANCES		Average Days to Maturity	Daily Yield as of 6/30/18	MONTHLY Gross Yield	QUARTERLY Average Yield	Annual Average Yield	Current NAV
<u>County Money Market Fund (OCMMF)</u>	MARKET Value \$	763,523,217	53	1.83%	1.60%	1.54%	1.22%	1.00
	COST (Capital) \$	762,020,129						
	MONTHLY AVG Balance \$	1,062,491,614						
	QUARTERLY AVG Balance \$	1,560,143,022						
	ANNUAL AVG Balance \$	1,372,302,397						
	BOOK Value \$	763,337,147						
<u>Educational Money Market Fund (OCEMMF)</u>	MARKET Value \$	1,586,960,674	53	1.89%	1.81%	1.72%	1.30%	1.00
	COST (Capital) \$	1,585,069,973						
	MONTHLY AVG Balance \$	1,443,028,157						
	QUARTERLY AVG Balance \$	1,470,928,703						
	ANNUAL AVG Balance \$	1,440,616,335						
	BOOK Value \$	1,586,873,999						
<u>Extended Fund</u>	MARKET Value \$	6,600,606,705	419	1.64%	1.60%	1.51%	1.30%	0.99
	COST (Capital) \$	6,647,464,234						
	MONTHLY AVG Balance \$	6,715,393,615						
	QUARTERLY AVG Balance \$	6,713,738,845						
	ANNUAL AVG Balance \$	6,302,245,433						
	BOOK Value \$	6,642,855,105						
ALLOCATION OF EXTENDED FUND								
<u>Extended Fund</u> <i>OCIP Share</i>	MARKET Value \$	3,255,340,869	419	1.64%	1.60%	1.51%	1.30%	0.99
	COST (Capital) \$	3,278,450,446						
	MONTHLY AVG Balance \$	3,282,399,342						
	QUARTERLY AVG Balance \$	3,278,488,522						
	ANNUAL AVG Balance \$	3,107,988,853						
	BOOK Value \$	3,276,177,277						
<i>OCEIP Share</i>	MARKET Value \$	3,345,265,836	419	1.64%	1.60%	1.51%	1.30%	0.99
	COST (Capital) \$	3,369,013,788						
	MONTHLY AVG Balance \$	3,432,994,273						
	QUARTERLY AVG Balance \$	3,435,250,323						
	ANNUAL AVG Balance \$	3,194,256,580						
	BOOK Value \$	3,366,677,828						
<i>Modified Duration</i>		1.13						

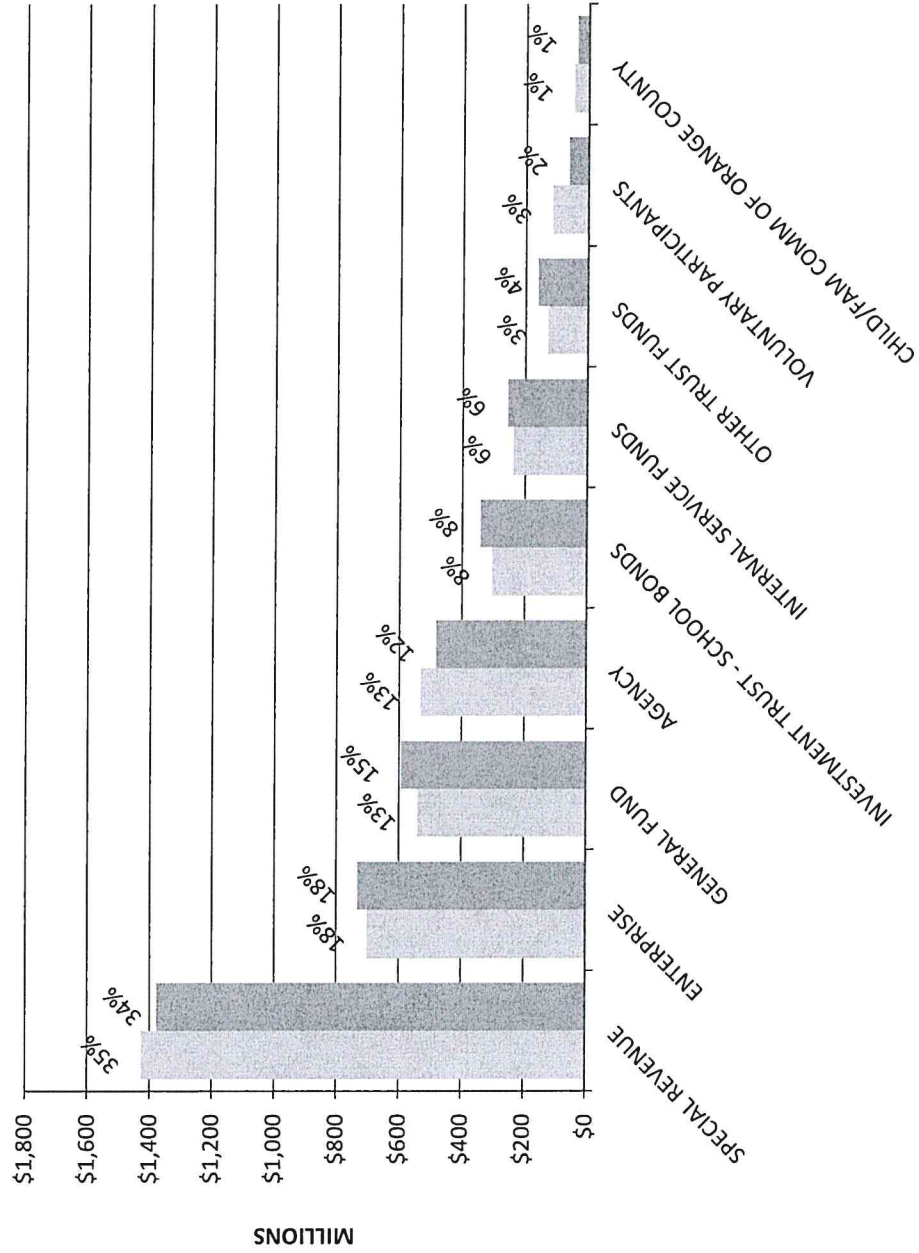
- (1) The Combined Pool Balances include the County and Educational Money Market Funds and the pools' respective portions of the Extended Fund.
- (2) Specific non-pooled investments are reported in compliance with Government Code Section 53646 (b)(1). Detailed descriptions are included in the inventory listing in Section VII of this report.
- (3) The Net Yield differs from the Monthly Gross Yield as it includes the Treasury Investment administrative fees.
- (4) Balances include investments matured on 6/30/18 (Saturday), but cash was not received until 7/2/18 (Monday).
- (5) 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. The Extended Fund Market Value is lower than Book Value causing the NAV to be lower than 1.00 due to the five Federal Reserve short-term rate increases of 1.25% since 2017. When the Extended Fund is combined with the OCMMF and OCEMMF, both OCIP and OCEIP have a NAV of 1.00.

ORANGE COUNTY INVESTMENT POOL
COMPOSITION BY FUND
AS OF JUNE 30, 2018

FUNDS	BALANCE
SPECIAL REVENUE	\$ 1,379,160,834
ENTERPRISE	\$ 733,004,699
GENERAL FUND	\$ 594,646,076
AGENCY	\$ 483,303,827
INVESTMENT TRUST - SCHOOL BONDS	\$ 343,059,771
INTERNAL SERVICE FUNDS	\$ 257,010,249
OTHER TRUST FUNDS	\$ 159,791,708
VOLUNTARY PARTICIPANTS	\$ 63,541,876
CHILD/FAM COMM OF ORANGE COUNTY	\$ 37,217,222
TOTAL	\$ 4,050,736,262



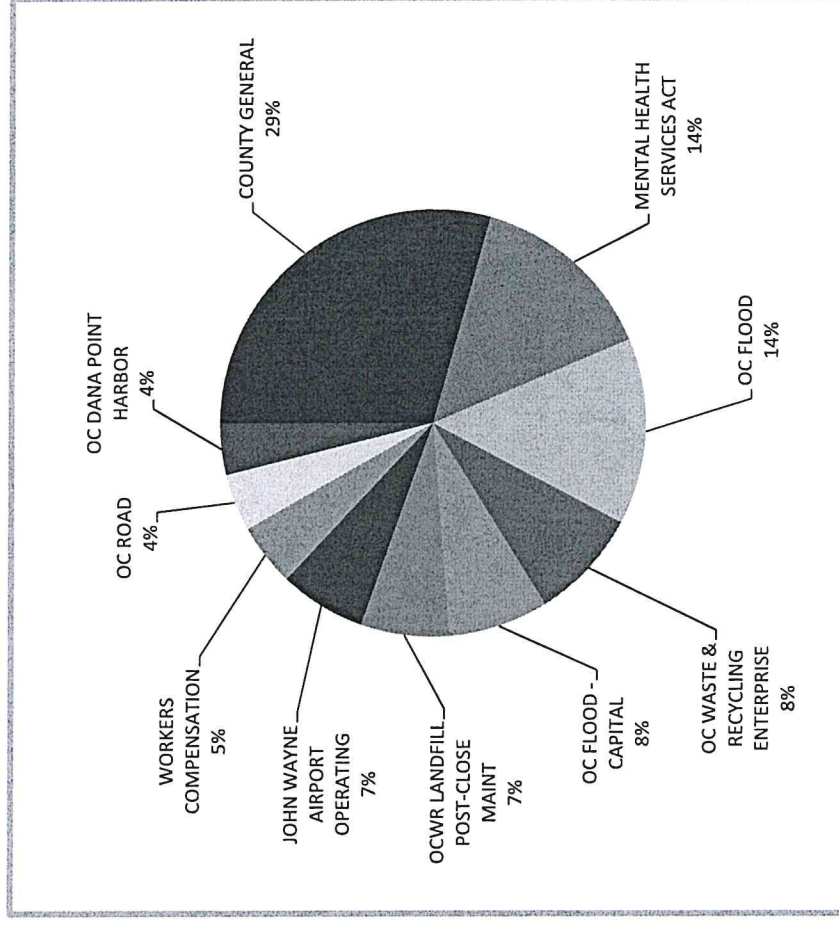
ORANGE COUNTY INVESTMENT POOL COMPOSITION BY FUND AS OF JUNE 30



Fund Class

■ Balance as of 6/30/2017 ■ Balance as of 6/30/2018

ORANGE COUNTY INVESTMENT POOL
TOP TEN POOL PARTICIPANTS
AS OF JUNE 30, 2018

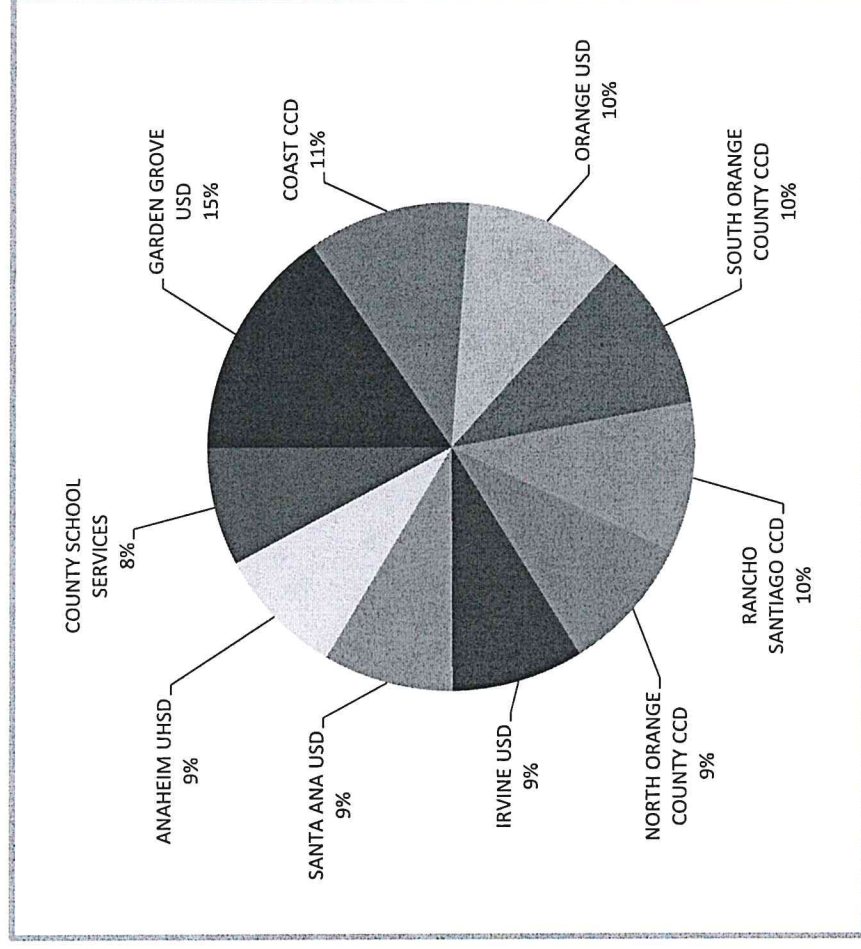


FUND #	FUND NAME	BALANCE
100	COUNTY GENERAL	\$ 561,225,608
13Y	MENTAL HEALTH SERVICES ACT	273,250,400
400	OC FLOOD	271,281,847
299	OC WASTE & RECYCLING ENTERPRISE	159,157,152
404	OC FLOOD - CAPITAL	146,112,405
279	OCWR LANDFILL POST-CLOSE MAINT	129,329,004
280	JOHN WAYNE AIRPORT OPERATING	125,492,522
293	WORKERS COMPENSATION	91,214,720
115	OC ROAD	83,323,823
108	OC DANA POINT HARBOR	74,578,901
TOTAL		\$ 1,914,966,382

ORANGE COUNTY EDUCATIONAL INVESTMENT POOL TOP TEN POOL PARTICIPANTS AS OF JUNE 30, 2018

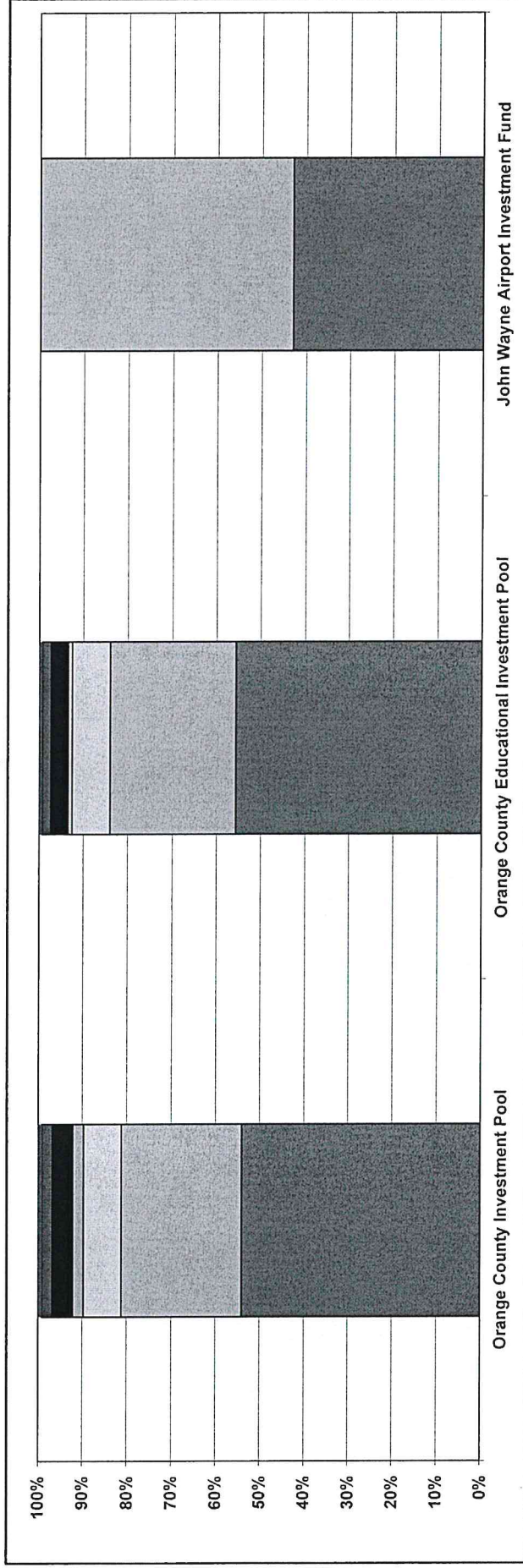
DISTRICT #	SCHOOL DISTRICT	BALANCE ⁽¹⁾
72	GARDEN GROVE USD	\$ 503,086,020 (1)
90	COAST CCD	353,723,372 (1)
80	ORANGE USD	346,235,294 (1)
96	SOUTH ORANGE COUNTY CCD	342,833,831
92	RANCHO SANTIAGO CCD	328,003,733 (1)
88	NORTH ORANGE COUNTY CCD	297,817,372 (1)
75	IRVINE USD	287,922,154 (1)
84	SANTA ANA USD	283,957,460 (1)
64	ANAHEIM UHSD	282,959,326 (1)
94	COUNTY SCHOOL SERVICES	258,091,263
TOTAL		\$ 3,284,629,825

(1) BALANCES INCLUDE GENERAL OBLIGATION BONDS PROCEEDS



ORANGE COUNTY TREASURER - TAX COLLECTOR BY INVESTMENT TYPE - By Percentage Holdings

June 30, 2018



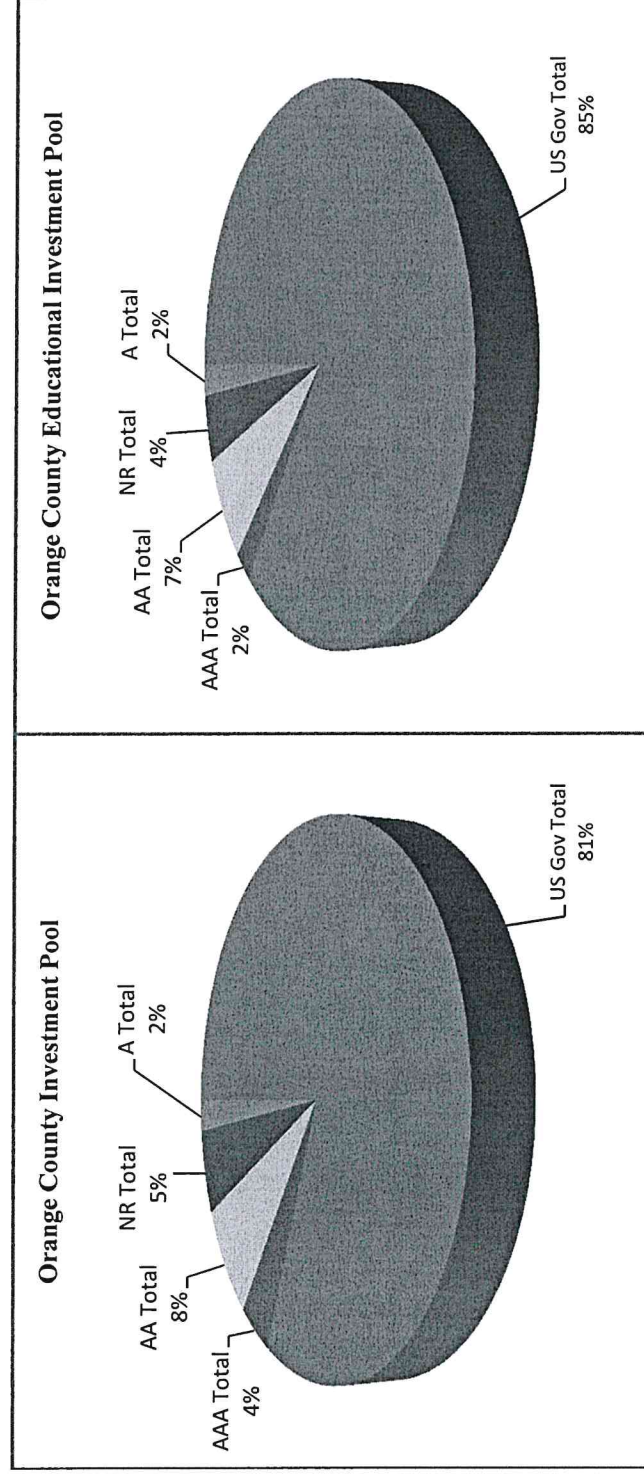
Orange County Investment Pool		
	In Thousands	%
U. S. GOVERNMENT AGENCIES	\$ 2,171,191	54.02%
U. S. TREASURIES	1,094,761	27.24%
MEDIUM-TERM NOTES	340,027	8.46%
MUNICIPAL DEBT	185,692	4.62%
CERTIFICATES OF DEPOSIT	97,975	2.44%
MONEY MARKET MUTUAL FUNDS	97,190	2.42%
LOCAL AGENCY INVESTMENT FUND	32,028	0.80%
	<u>\$ 4,018,864</u>	<u>100.00%</u>

Orange County Educational Investment Pool		
	In Thousands	%
U. S. GOVERNMENT AGENCIES	\$ 2,744,114	55.64%
U. S. TREASURIES	1,399,138	28.36%
MEDIUM-TERM NOTES	421,066	8.54%
MUNICIPAL DEBT	190,822	3.87%
CERTIFICATES OF DEPOSIT	100,681	2.04%
MONEY MARKET MUTUAL FUNDS	43,494	0.88%
LOCAL AGENCY INVESTMENT FUND	32,912	0.67%
	<u>\$ 4,932,227</u>	<u>100.00%</u>

John Wayne Airport Investment Fund		
	In Thousands	%
U. S. GOVERNMENT AGENCIES	\$ 18,320	43.06%
U. S. TREASURIES	24,211	56.91%
MONEY MARKET MUTUAL FUNDS	14	0.03%
	<u>\$ 42,545</u>	<u>100.00%</u>

Calculated Using Market Value at 6/30/2018

ORANGE COUNTY TREASURER - TAX COLLECTOR **CREDIT QUALITY BY MARKET VALUE** June 30, 2018



US GOV Includes Agency & Treasury Debt

AA includes AA+, AA-, & AA

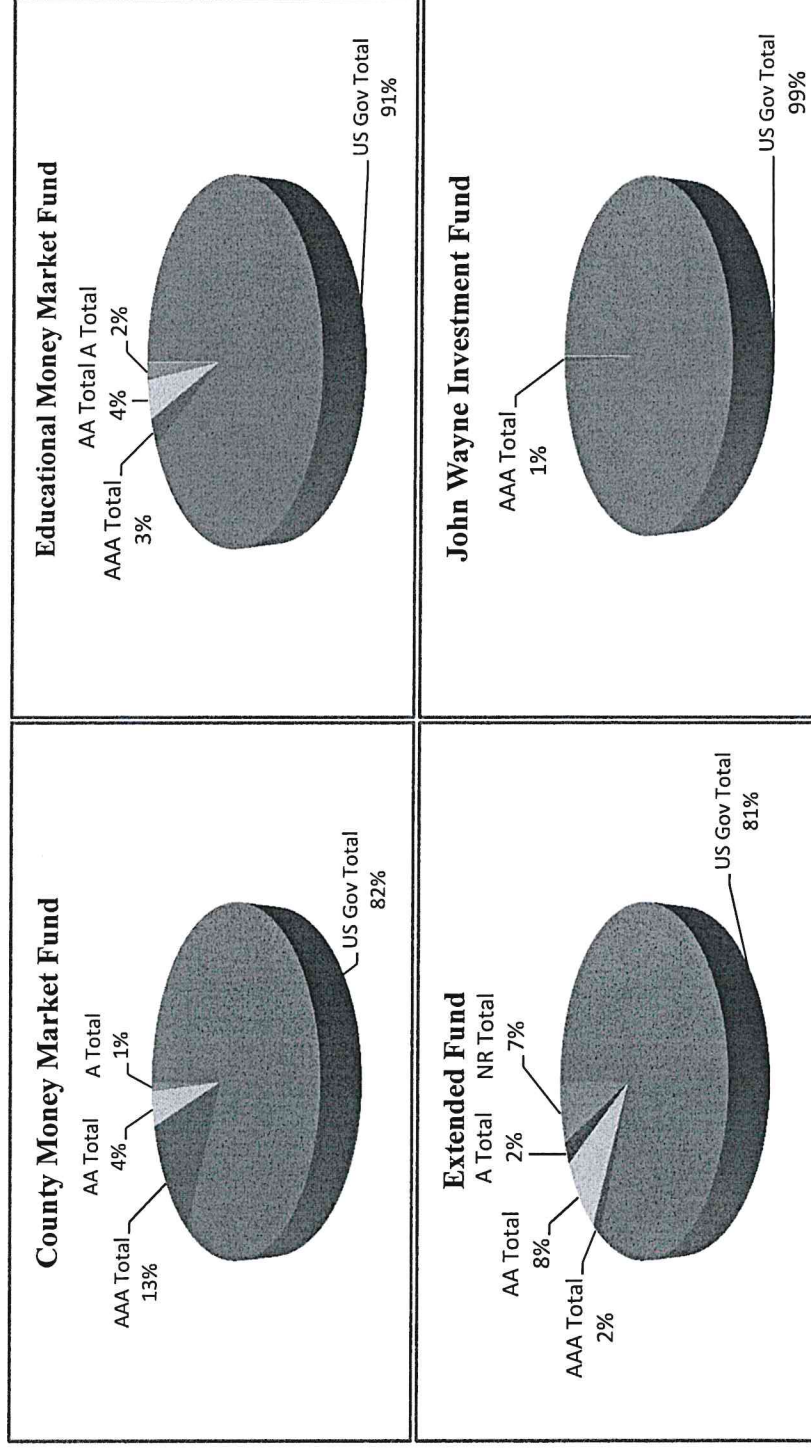
A includes A+, A-, & A

NR Includes LAIF and Orange County Pension Obligation Bonds

ORANGE COUNTY TREASURER - TAX COLLECTOR

CREDIT QUALITY BY MARKET VALUE

June 30, 2018



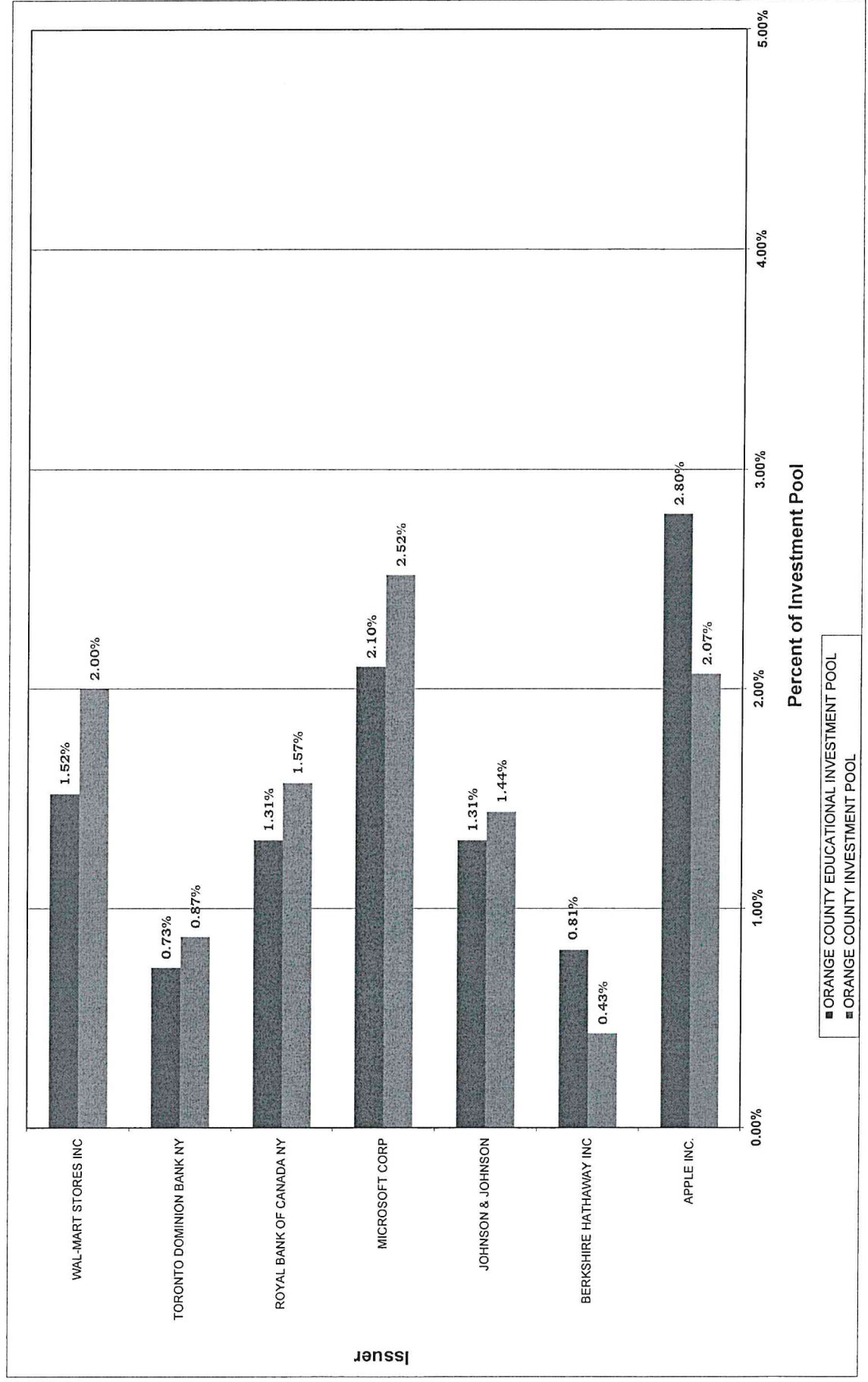
US GOV Includes Agency & Treasury Debt

AA Includes AA+, AA-, & AA

A Includes A+, A-, & A

NR Includes LAIF and Orange County Pension Obligation Bonds

ORANGE COUNTY TREASURER - TAX COLLECTOR
MEDIUM-TERM NOTES / CERTIFICATES OF DEPOSIT
ISSUER CONCENTRATION-By Investment Pool
 June 30, 2018



ORANGE COUNTY TREASURER-TAX COLLECTOR

APPROVED ISSUER LIST - OCIP, OCEIP, and JWA

June 30, 2018

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+
WALMART INC *	A-1+	P-1	F1+	AA	Aa2	AA
BERKSHIRE HATHAWAY INC **	A-1+	P-1	NR	AA	Aa2	A+
BERKSHIRE HATHAWAY FINANCE **	NR	NR	NR	NR	Aa2	A+
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-
MUNICIPAL BONDS						
ORANGE CNTY CA PENSION OBLG 2017 A	NR	NR	NR	NR	NR	NR
ORANGE CNTY CA PENSION OBLG 2018 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		AAAmnf	
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	

* S&P placed its L/T issuer credit rating on Negative Outlook (S&P - May 9, 2018).

** Further purchase restrictions apply due to Investment Policy Statement rating limits.

*** Moody's downgraded its L/T issuer credit rating from Aa3 to A1 on May 10, 2017 and kept the L/T issuer credit rating on Negative Outlook. S&P changed its outlook from Negative to Stable on June 27, 2018.

**** Moody's downgraded its L/T issuer credit rating from Aa1 to Aa2 on May 10, 2017 and kept the L/T issuer credit rating on Negative Outlook.

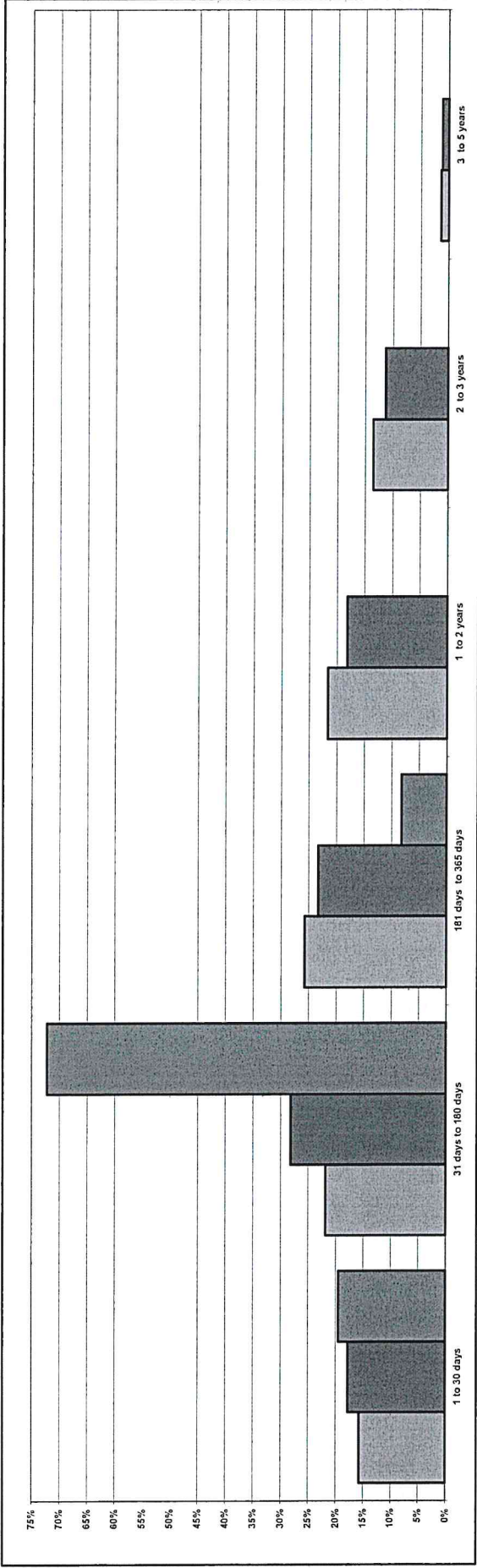
***** All money market funds are institutional money market funds investing in debt issued or guaranteed by the U.S. Government and its agencies.

**Orange County Treasurer-Tax Collector
Changes in Approved Issuer's List
For the Month Ended June 30, 2018**

During June, there was one change to the Treasurer's Approved Issuer List. On June 27, 2018, S&P changed the Royal Bank of Canada Outlook from Negative to Stable. 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

June 30, 2018

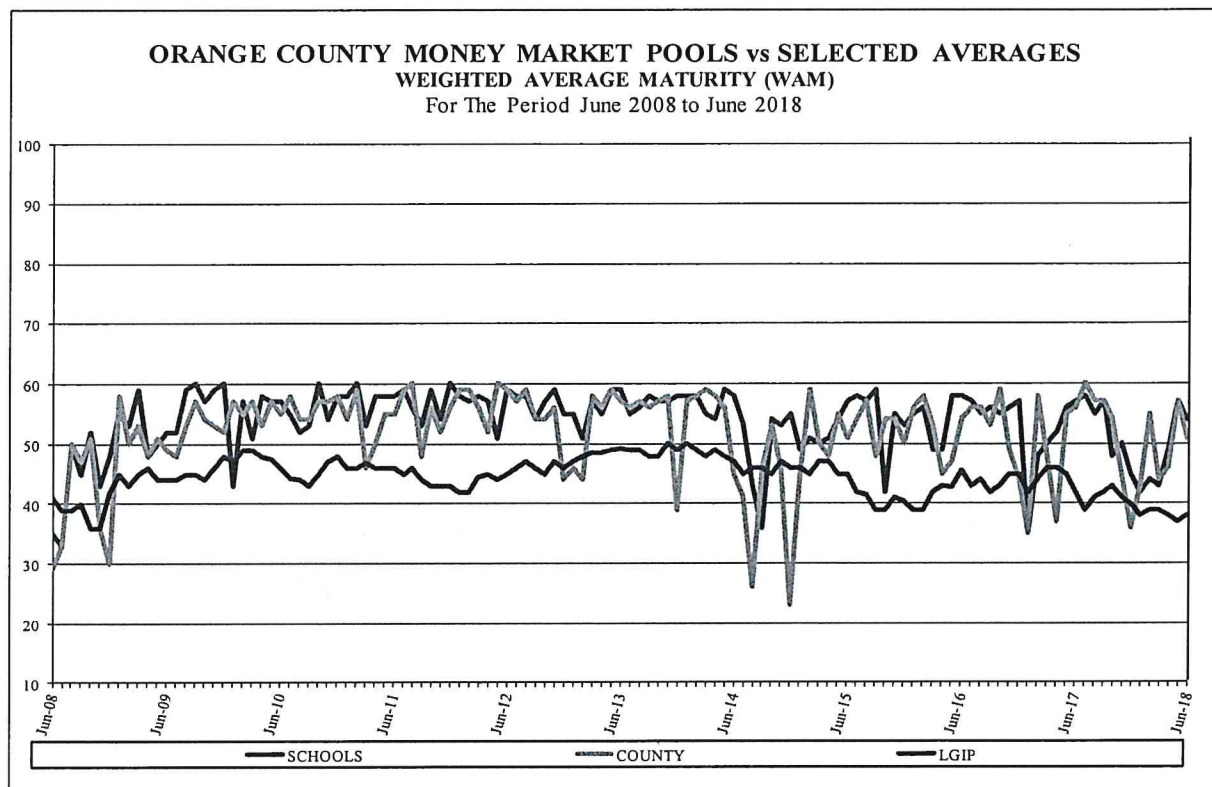
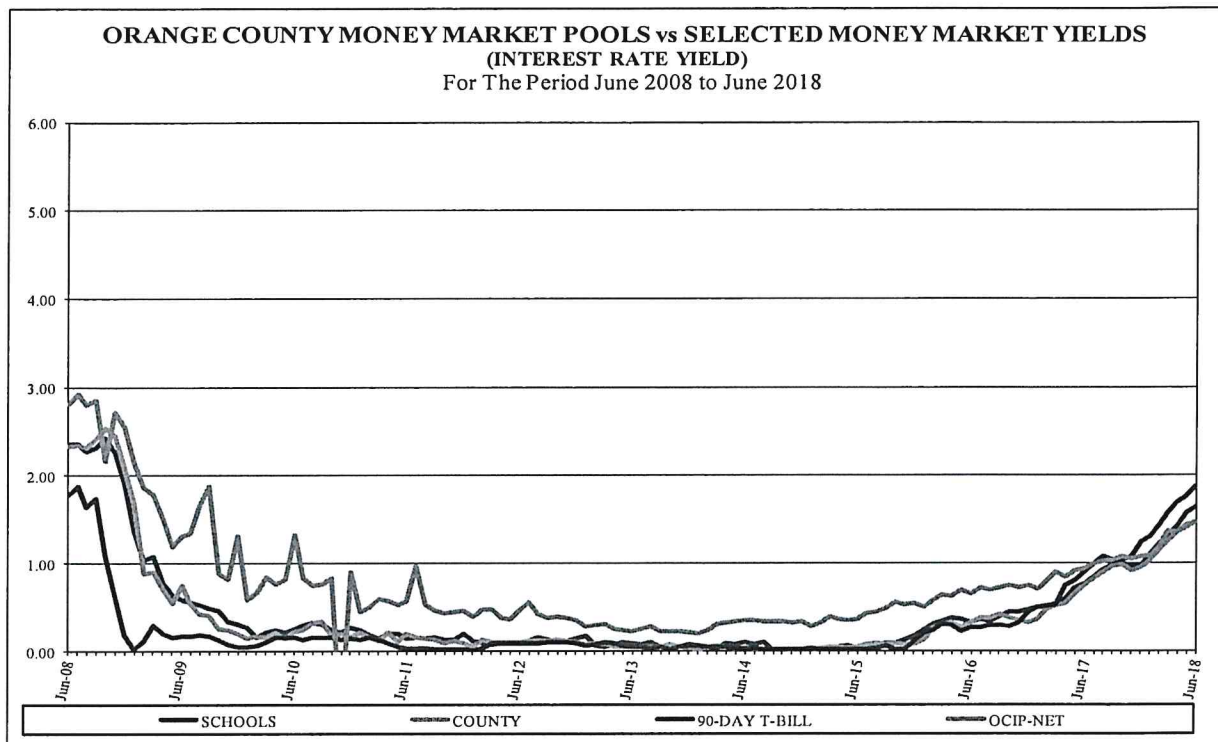


ORANGE COUNTY INVESTMENT POOL			
	In Thousands ¹		%
1 TO 30 DAYS	\$ 637,397		15.76%
31 TO 180 DAYS	884,013		21.86%
181 TO 365 DAYS	1,041,022		25.74%
1 YEAR TO 2 YEARS	875,865		21.65%
2 YEARS TO 3 YEARS	549,155		13.57%
3 YEARS TO 5 YEARS	57,210		1.42%
TOTAL	\$ 4,044,662		100.00%

ORANGE COUNTY EDUCATIONAL INVESTMENT POOL			
	In Thousands ¹		%
1 TO 30 DAYS	\$ 882,671		17.80%
31 TO 180 DAYS	1,397,279		28.17%
181 TO 365 DAYS	1,155,388		23.29%
1 YEAR TO 2 YEARS	901,309		18.17%
2 YEARS TO 3 YEARS	564,325		11.38%
3 YEARS TO 5 YEARS	58,790		1.19%
TOTAL	\$ 4,959,762		100.00%

JOHN WAYNE AIRPORT INVESTMENT FUND			
	In Thousands ¹		%
1 TO 30 DAYS	\$ 8,315		19.52%
31 TO 180 DAYS	30,790		72.26%
181 TO 365 DAYS	3,500		8.22%
1 YEAR TO 5 YEARS	-		0.00%
TOTAL	\$ 42,605		100.00%

¹ Maturity Limits are calculated using face value.



•For the Month Ended June 30, 2018, S&P LGIP – 1.81; S&P LGIP WAM -36; 90-Day T-Bill – 1.92; OCIP – Net – 1.54

ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POOL YIELDS
July 1, 2017 - June 30, 2018

PERIOD ENDING - MONTH / YEAR	MONTH END MARKET VALUE	EARNINGS FOR MONTH	GROSS AVERAGE YIELD FOR MONTH	MONTH END WAM
Current Month June 2018				
County Pool - Money Market Fund	\$ 763,523,217	\$ 1,395,560	1.60%	53
Educational Pool - Money Market Fund	\$ 1,586,960,674	\$ 2,142,715	1.81%	53
Extended Fund	\$ 6,600,606,705	\$ 8,820,686	1.60%	419
May 2018				
County Pool - Money Market Fund	\$ 1,271,767,146	\$ 1,895,963	1.54%	51
Educational Pool - Money Market Fund	\$ 1,507,610,060	\$ 2,273,000	1.71%	54
Extended Fund	\$ 6,615,441,734	\$ 8,444,349	1.48%	414
April 2018				
County Pool - Money Market Fund	\$ 1,677,026,990	\$ 2,621,771	1.47%	57
Educational Pool - Money Market Fund	\$ 1,715,592,154	\$ 1,887,341	1.64%	57
Extended Fund	\$ 6,661,112,140	\$ 8,045,347	1.46%	397
March 2018				
County Pool - Money Market Fund	\$ 1,466,459,327	\$ 1,551,676	1.41%	46
Educational Pool - Money Market Fund	\$ 1,149,359,827	\$ 1,585,016	1.48%	49
Extended Fund	\$ 6,652,243,109	\$ 7,957,780	1.40%	415
February 2018				
County Pool - Money Market Fund	\$ 1,396,683,700	\$ 1,284,889	1.32%	44
Educational Pool - Money Market Fund	\$ 1,273,494,829	\$ 1,464,904	1.37%	43
Extended Fund	\$ 6,647,720,511	\$ 7,473,044	1.46%	428
January 2018				
County Pool - Money Market Fund	\$ 1,245,291,533	\$ 1,659,517	1.21%	55
Educational Pool - Money Market Fund	\$ 1,594,050,298	\$ 2,213,711	1.28%	44
Extended Fund	\$ 6,595,804,419	\$ 6,473,087	1.24%	423
December 2017				
County Pool - Money Market Fund	\$ 2,128,947,374	\$ 2,182,701	1.10%	43
Educational Pool - Money Market Fund	\$ 2,136,417,171	\$ 1,446,683	1.17%	42
Extended Fund	\$ 5,906,097,678	\$ 6,050,707	1.18%	375
November 2017				
County Pool - Money Market Fund	\$ 1,459,897,098	\$ 1,124,024	1.02%	36
Educational Pool - Money Market Fund	\$ 1,154,471,530	\$ 889,369	1.03%	45
Extended Fund	\$ 5,996,926,512	\$ 5,910,266	1.19%	399
October 2017				
County Pool - Money Market Fund	\$ 1,387,117,541	\$ 938,038	0.97%	45
Educational Pool - Money Market Fund	\$ 1,008,484,106	\$ 1,026,340	1.03%	50
Extended Fund	\$ 5,975,091,002	\$ 5,972,076	1.17%	416
September 2017				
County Pool - Money Market Fund	\$ 885,572,484	\$ 752,100	1.05%	54
Educational Pool - Money Market Fund	\$ 1,319,525,808	\$ 1,129,853	1.06%	48
Extended Fund	\$ 5,974,063,472	\$ 5,798,039	1.18%	443
August 2017				
County Pool - Money Market Fund	\$ 912,746,691	\$ 748,603	1.03%	57
Educational Pool - Money Market Fund	\$ 1,342,259,072	\$ 1,320,805	1.04%	57
Extended Fund	\$ 5,975,786,893	\$ 5,754,302	1.13%	454
July 2017				
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
Fiscal Year July 1, 2017 - June 30, 2018	Average Month End Market Value Balance	YTD Interest Income	YTD Gross Yield	YTD Average
Orange County Investment Pool	\$ 4,384,639,013	\$ 57,610,276	1.28%	314
Orange County Educational Investment Pool	\$ 4,645,047,637	\$ 60,605,585	1.30%	306

ORANGE COUNTY TREASURER-TAX COLLECTOR

CASH AVAILABILITY PROJECTION

FOR THE SIX MONTHS ENDING DECEMBER 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 primarily relying on historical trends involving deposits and withdrawals and known future cash flows. 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 December 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
June 2018 - Ending Cash				\$ 10,265,687
July	\$ 658,412,505	\$ 283,413,826	\$ 660,304,000	291,788,018
August	128,112,738	441,512,289	322,112,033	539,301,012
September	263,735,500	377,011,050	358,641,206	821,406,356
October	222,508,998	982,475,626	498,229,832	1,528,161,148
November	151,207,287	1,185,277,842	1,130,616,747	1,734,029,530
December	152,653,860	2,565,809,044	1,832,306,906	2,620,185,528

ORANGE COUNTY EDUCATIONAL INVESTMENT POOL				
Month	Investment Maturities	Projected Deposits	Projected Disbursements	Cumulative Available Cash
June 2018 - Ending Cash				\$ 258,007,733
July	\$ 1,204,071,828	\$ 243,802,408	\$ 549,212,278	1,156,669,691
August	553,156,495	264,553,363	595,215,690	1,379,163,859
September	251,842,383	525,974,482	607,365,624	1,549,615,100
October	311,045,689	315,686,564	712,298,064	1,464,049,289
November	121,463,923	756,452,721	698,090,277	1,643,875,656
December	97,469,591	1,427,899,972	493,718,171	2,675,527,048

ORANGE COUNTY TREASURER-TAX COLLECTOR
STATEMENT OF ACCOUNTABILITY
FOR THE MONTH, QUARTER AND FISCAL YEAR ENDED JUNE 30, 2018

	Month	Quarter	Year
Treasurer's Accountability at the Beginning of the Period:	9,584,920,810	9,546,098,322	9,092,268,066
Cash Receipts:			
County	419,476,986	2,724,662,162	10,958,347,643
School and Community College Districts	1,008,108,387	2,721,145,587	8,308,165,734
Total Cash Receipts	1,427,585,373	5,445,807,749	19,266,513,377
Cash Disbursements:			
County	872,749,170	3,478,816,555	10,943,945,669
School and Community College Districts	749,872,973	2,125,677,073	7,978,125,395
Total Cash Disbursements	1,622,622,143	5,604,493,628	18,922,071,064
Net Change in Cost Value of Pooled Assets	(195,036,770)	(158,685,879)	344,442,313
Net Increase (Decrease) in Non-Pooled Investments	56,480	5,338,204	(46,939,386)
Net (Decrease) in Non-Pooled Cash	(2,327,516)	(5,137,643)	(2,157,989)
Treasurer's Accountability at the End of the Period:	9,387,613,004	9,387,613,004	9,387,613,004
Assets in the Treasury at the End of the Period (at Cost Value):			
Pooled Investments:			
Orange County Investment Pool			4,040,470,575
Orange County Educational Investment Pool ⁽¹⁾			5,180,950,206
Total Pooled Investments			9,221,420,781
Non Pooled Investments:			
Non-Pooled Investments - John Wayne Airport ⁽¹⁾			51,040,920
Non-Pooled Investments - Fountain Valley School District Fund 40			34,790,770
Non-Pooled Investments - CCCD Series 2017E Bonds			20,111,872
Non-Pooled Investments - Other			1,081,500
Total Non-Pooled Investments			107,025,062
Cash:			
Cash in Banks - County			10,219,270
Cash in Banks - Schools			31,141,288
Cash in Banks - OC Sheriff			15,220,134
Cash in Banks - John Wayne Airport			2,540,052
Cash - Other			46,417
Total Cash			59,167,161
Total Assets in the Treasury at the End of the Period:			9,387,613,004

⁽¹⁾ Balances include investments matured on 6/30/18 (Saturday), but cash was not received until 7/2/18 (Monday).

**ORANGE COUNTY TREASURER-TAX COLLECTOR
INVESTMENT POLICY (IPS) COMPLIANCE SUMMARY**
June 30, 2018

Investment Policy (IPS) Guidelines	Investment Type	Orange County Money Market Fund		Extended Fund		Orange County 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
100%	U.S. Treasuries Securities	\$ 206,011,721	26.98%	\$ 1,802,049,176	27.30%	\$ 485,837,679	30.62%	\$ 24,210,580	56.91%
100%	U.S. Government Agency Securities	423,296,541	55.44%	3,544,072,445	53.69%	947,936,061	59.73%	18,320,068	43.06%
30%	Municipal Debt	-	0.00%	376,514,349	5.70%	-	0.00%	-	0.00%
30%	Medium-Term Notes	37,024,770	4.85%	614,374,768	9.31%	109,692,930	6.91%	-	0.00%
40%	Banker Acceptances	-	0.00%	-	0.00%	-	0.00%	-	0.00%
40%	Commercial Paper	-	0.00%	-	0.00%	-	0.00%	-	0.00%
30%	Negotiable Certificates of Deposits	-	0.00%	198,656,160	3.01%	-	0.00%	-	0.00%
\$65MM	Local Agency Investment Fund (LAIF)	-	0.00%	64,939,807	0.99%	-	0.00%	-	0.00%
20%	Repurchase Agreements	-	0.00%	-	0.00%	-	0.00%	-	0.00%
20%	Money Market Mutual Funds	97,190,185	12.73%	-	0.00%	43,494,004	2.74%	14,578	0.03%
20%	Investment Pools	-	0.00%	-	0.00%	-	0.00%	-	0.00%
30%	Supranationals	-	0.00%	-	0.00%	-	0.00%	-	0.00%
		\$ 763,523,217	100.00%	\$ 6,600,606,705	100.00%	\$ 1,586,960,674	100.00%	\$ 42,545,226	100.00%

Investment Policy (IPS) Guidelines	Compliance Category (Yes/No)	Orange County Money Market Fund	Extended Fund	Orange County Educational Money Market Fund	John Wayne Airport Investment Fund
5%	Percentage Limits	Yes	Yes	Yes ⁽⁵⁾	Yes
20%	Issuer Limit	Yes ⁽⁵⁾	N/A	Yes ⁽⁵⁾	Yes ⁽⁵⁾
50%	Money Market Mutual Fund Issuer	Yes ⁽⁵⁾	Yes ⁽⁵⁾	Yes	Yes
See Above	Government Agencies Issuer	Yes	Yes	Yes	Yes
	Diversification Limit				
60 Days	Maturity/Duration Limits				
90 Days	Weighted Average Maturity - Money Market Fund	Yes/53.22	N/A	Yes/53.04	N/A
>Merrill 1-3 Year Index+25% (2.32)	Weighted Average Maturity - JWA Investment Fund	N/A	N/A	N/A	Yes/70.46
13 Months/397 days	Duration ⁽⁶⁾	N/A	Yes/1.13	N/A	N/A
15 Months/458 days	Final Maturity - Money Market Fund	Yes/274	N/A	Yes/384	N/A
5 Years/1826 days	Final Maturity - John Wayne Airport Investment Fund	N/A	N/A	N/A	Yes/274
	Final Maturity - Extended Fund	N/A	Yes/1431	N/A	N/A
A-1/≥ A	Rating Limits				
≥ A-1/P-1/F2	Money Market Fund Short Term/Long Term	Yes	N/A	Yes	Yes
A-1/≥ AA ⁽⁷⁾	Short Term Debt/No Split Ratings	Yes	N/A	Yes	Yes
Approved Issuer List	Extended Fund Short Term/Long Term	N/A	Yes ⁽⁸⁾	N/A	N/A
Broker/Dealer List	Authorized Issuer	Yes	Yes	Yes	Yes
0.995 - 1.005	Authorized Financial Dealer/Institution	Yes	Yes	Yes	Yes
	Net Asset Value - Money Market Fund and JWA	Yes/1.0002	N/A	Yes/1.0001	Yes/1.0003

- (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 the 2018 IPS policy approved by the Board of Supervisors on November 14, 2017 effective on January 1, 2018.
- (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 per IPS for the Extended Fund and the JWA Investment Fund and from the Rating Agency limit of 33% for the two Money Market Funds.
- (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 (1.13) is a modified duration, which does not take into consideration all embedded options such as callable bonds. This presentation is not considered materially different from the effective duration requirement specified in IPS.
- (6) Securities issued by Royal Bank of Canada NY were rated 'AA' or higher at the time of purchase and are in compliance with IPS.

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
June 30, 2018

COMPLIANCE CATEGORY	RESPONSIBLE PARTY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	TOC	Performance Evaluation-Cal Govt. Code 27134	Calendar year 2016 and six months ended 6/30/17 in progress.
Quarterly Schedule of Assets Review	AC	Performance Evaluation-Cal Govt. Code 26920(a)	December 31, 2017 completed. March 31, 2018 in progress.
Annual Schedule of Assets Audit	AC	Performance Evaluation-Cal Govt. Code 26920(b)	June 30, 2017 in progress.
Quarterly Continuous Compliance Auditing	TOC	TOC Directive	March 31, 2018 completed. June 30, 2018 in progress.
Investment Administrative Fee	TTC	Compensation Agreement-Cal Govt. Code 27013	FY 14/15 and FY 15/16 completed. FY 16/17 in progress.
Annual Broker/Dealer Review	TTC	Authorized Financial Dealers and Qualified Institutions	Calendar year 2017 in progress.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	All 2018 IPS certifications received for active approved brokers.
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions/Form 700	FY 17/18 identified three compliance incidents as of June 30, 2018
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	The TOC reviewed Bylaws and made one change at the October 18, 2017 meeting. The BOS approved on November 14, 2017.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	The TOC reviewed proposed IPS changes at the October 18, 2017 meeting and did not make any additional changes. The BOS approved on November 14, 2017.
TOC Annual Report	BOS	TOC Bylaws Rule 30 - Oral and Written Report	The TOC 2017 Annual Report was presented to BOS meeting on February 27, 2018.
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 18, 2017.
Certificates of Compliance	TTC	TOC Bylaws Rule 34 - Annual	The TOC members are in compliance for calendar year 2018.
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 2017.

LEGEND	
Auditor-Controller	AC
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 June 30, 2018**

During June, 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.

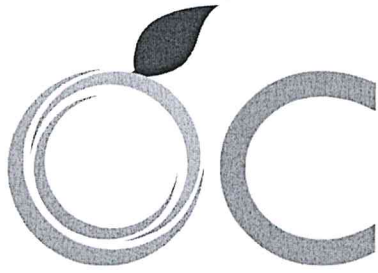


Orange County Auditor-Controller Internal Audit



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

Audit Number 1718
Report Date: June 11, 2018



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

Scott Suzuki, CPA, CIA, CISA	Director of Internal Audit
Lily Chin, CPA, CGMA	Audit Manager II
Michael Steinhaus, CPA, CGMA	Audit Manager I
Nancy Ramos	Auditor I

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. 1718

June 11, 2018

TO: Members, Board of Supervisors
Chairman Andrew Do, 1st District Supervisor
Vice Chairman Shawn Nelson, 4th District Supervisor
Supervisor Michelle Steel, 2nd District
Supervisor Todd Spitzer, 3rd District
Supervisor Lisa A. Bartlett, 5th District

SUBJECT: Report on Review of the Schedule of Assets Held by the County Treasury
as of December 31, 2017

We have completed our Report on Review of the Schedule of Assets Held by the County Treasury as of December 31, 2017. Our final report is attached for your review.

An **Audit Status Report** is submitted quarterly to the Audit Oversight Committee (AOC) and the Board of Supervisors (BOS) detailing 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.

Eric H. Woolery, CPA
Auditor-Controller

Attachments

Other recipients of this report:

Members, Audit Oversight Committee
Members, Treasury Oversight Committee
Shari L. Freidenrich, Treasurer-Tax Collector
Frank Kim, County Executive Officer
Michelle Aguirre, Chief Financial Officer
Larry Walker, Assistant Treasurer-Tax Collector
JC Squires, Financial Manager, Treasurer-Tax Collector – Treasury
Jennifer Han, Accounting/Compliance Manager, Treasurer-Tax Collector – Treasury
Bill Malohn, Interim Director of Central Accounting Operations, Auditor-Controller
Foreperson, Grand Jury
Robin Stieler, Clerk of the Board of Supervisors
Vavrinek, Trine, Day & Co., LLP, County External Auditor



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Held by the County Treasury
Audit No. 1718*

As of December 31, 2017

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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 December 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, reading "E. H. Woolery".

Eric H. Woolery, CPA
Auditor-Controller
June 11, 2018



Schedule of Assets Held by the County Treasury

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

ASSETS

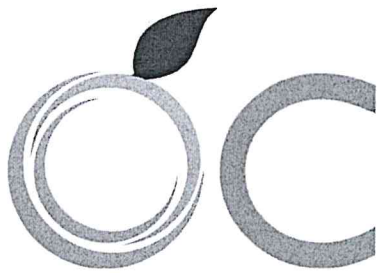
	OCIP	OCEIP	Non-Pooled	Total
CASH				
Cash On Hand	\$ 199,441	\$ -	\$ -	\$ 199,441
Bank Demand Accounts	65,815,792	40,000	14,880,011	80,735,803
Total Cash	66,015,233	40,000	14,880,011	80,935,244
INVESTMENTS, stated at fair value				
<i>Orange County Investment Pool (OCIP):</i>				
Money Market Fund	2,128,947,374	-	-	2,128,947,374
Extended Fund	2,922,229,778	-	-	2,922,229,778
<i>Orange County Educational Investment Pool (OCEIP):</i>				
Money Market Fund	-	2,136,417,171	-	2,136,417,171
Extended Fund	-	2,983,867,900	-	2,983,867,900
<i>Non-Pooled</i>			88,224,022	88,224,022
Total Investments	5,051,177,152	5,120,285,071	88,224,022	10,259,686,245
TOTAL ASSETS	\$ 5,117,192,385	\$ 5,120,325,071	\$ 103,104,033	\$ 10,340,621,489



Orange County Auditor-Controller Internal Audit

Compliance Monitoring of the
Treasurer's Investment Portfolio for the
Quarter Ended March 31, 2018

Audit Number 1722
Report Date: June 12, 2018



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

Scott Suzuki, CPA, CIA, CISA	Director of Internal Audit
Lily Chin, CPA, CGMA	Audit Manager II
Michael Steinhaus, CPA, CGMA	Audit Manager I
Nancy Ramos	Auditor I

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

Auditor-Controller Website
www.ac.ocgov.com



ERIC H. WOOLERY, CPA
AUDITOR-CONTROLLER



Audit No. 1722

June 12, 2018

TO: Members, Treasury Oversight Committee

SUBJECT: Compliance Monitoring of the Treasurer's Investment Portfolio
For the Quarter Ended March 31, 2018

At the request of the Treasury Oversight Committee, we have completed the Compliance Monitoring of the Treasurer's Investment Portfolio for the Quarter Ended March 31, 2018.

An **Audit Status Report** is submitted to the Audit Oversight Committee (AOC) and to the Board of Supervisors (BOS) detailing any critical or significant findings released in reports during the prior quarter and the implementation status of recommendations as disclosed by our Follow-Up Audits. Although there were no findings noted during this engagement, the results will be included in future status reports to the AOC and BOS.

Please feel free to call me at (714) 834-2456 or Scott Suzuki, Director of Internal Audit, at (714) 834-5509, should you wish to discuss any aspect of our report. Additionally, we request the department to complete a **Customer Survey** of Audit Services that will be sent shortly after the distribution of our final report.

Eric H. Woolery, CPA
Auditor-Controller

Attachment

Other recipients of this report:

Members, Board of Supervisors
Members, Audit Oversight Committee
Shari L. Freidenrich, Treasurer-Tax Collector
Frank Kim, County Executive Officer
Larry Walker, Assistant Treasurer-Tax Collector
Gary Nguyen, Director of Investments, Treasurer-Tax Collector – Treasury
JC Squires, Financial Manager, Treasurer-Tax Collector – Treasury
Jennifer Han, Accounting/Compliance Manager, Treasurer-Tax Collector – Treasury
Robin Stieler, Clerk of the Board of Supervisors
Foreperson, Grand Jury
Vavrinek, Trine, Day & Co., LLP, County External Auditor



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Treasurer's Investment Portfolio
For the Quarter Ended March 31, 2018
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Internal Auditor's Report

Audit No. 1722

June 12, 2018

Richard Rohm, CPA, Chair, Public Member
Treasury Oversight Committee
625 North Ross Street, Building 11
Santa Ana, California 92701

We have completed the compliance monitoring of the Treasurer's Investment Portfolio for the quarter ended March 31, 2018. The purpose of our engagement was to determine whether the Orange County Investment Pool (OCIP), Orange County Educational Investment Pool (OCEIP), and various other non-pooled investments managed by the Treasurer, such as John Wayne Airport Investment Fund, were in compliance with the applicable provisions of its Investment Policy Statement (IPS) and that instances of noncompliance, including technical incidents, were properly reported in the Treasurer's Monthly Investment Report. It is important to note that the Treasurer further invests pooled funds from the OCIP and OCEIP into three funds: the Orange County Money Market Fund (OCMMF) and the Orange County Educational Money Market Fund (OCEMMF) (collectively referred to as Money Market Funds), and the Extended Fund.

We perform the compliance monitoring of the Treasurer's investment portfolio at the request of the Treasury Oversight Committee. The monitoring is designed to provide limited assurance to the Treasury Oversight Committee and the Office of the Treasurer-Tax Collector that the Treasurer's investment portfolio complies with specific provisions of the IPS, and that instances of noncompliance are properly reported.

Our compliance procedures included judgmentally selecting five business days for testing from each month and importing the selected electronic downloads from the Treasurer's Quantum system into ACL, a computer-assisted audit technique software, to perform calculations and determine whether investment purchases complied with the IPS.

Based on the procedures performed, **no instances of noncompliance were identified**. When applicable, our report also includes information regarding the Treasurer's reporting of technical incidents in the Treasurer's Monthly Investment Reports. The Treasurer defines a technical incident as an event, other than the purchase of a security, which causes an IPS limit to be exceeded. The most common cause of a technical incident is when the total investment pool holdings decrease causing the relative percentage of holdings to increase.



Internal Auditor's Report

The following lists the procedures performed and results achieved:

1. **Authorized Investments (IPS Section VI, VII, VIII, IX, XI):** We judgmentally selected a sample of 15 investments purchased during the quarter (one investment for each of the 15 business days selected for testing). For the samples selected, we confirmed that the investments conform to authorized investment requirements in accordance with the IPS. We also confirmed that the investments were purchased from issuers or brokers on the Treasurer's authorized lists.

Results: We found no exceptions.

2. **Diversification Compliance (IPS Section VIII.1):** We performed calculations to determine that the Money Market and Extended Fund portfolios met the diversification limits for investment types in accordance with the IPS, and that the John Wayne Airport Investment Fund met those diversification limits as well.

Results: We found no exceptions.

3. **Weighted Average Maturity (WAM) Limitations (IPS Section VIII.2):** We performed calculations to determine that WAM did not exceed 60 days for the Money Market Funds in accordance with the IPS, and that WAM did not exceed 90 days for the John Wayne Airport Investment Fund.

Results: We found no exceptions.

4. **Maximum Maturity Limitations (IPS Section VIII.2):** We confirmed that the maximum maturity of any portfolio instrument purchased did not exceed 397 days for the Money Market Funds, 5 years for US treasury, government sponsored enterprise, and municipal debt securities, and 3 years for medium-term notes and negotiable certificates of deposits for the Extended Fund in accordance with the IPS, and that the maximum maturity did not exceed 15 months for the John Wayne Airport Investment Fund.

Results: We found no exceptions.

5. **Investment Type Maximum Maturity Limitations (IPS Section VIII.1):** We confirmed that the maximum maturity of investments purchased for commercial paper, bankers' acceptances, and repurchase agreements did not exceed 270 days for commercial paper, 180 days for bankers' acceptances, or one year for repurchase agreements in accordance with the IPS.

Results: We found no exceptions.

6. **Issuer Limitations (IPS Section VIII.1):** We performed calculations to determine that the Money Market and Extended Fund portfolios did not exceed the investment limits for issuers in accordance with the IPS, and that the John Wayne Airport Investment Fund did not exceed those investment limits.

Results: We found no exceptions.



Internal Auditor's Report

7. **Financial Reporting (IPS Section XXI):** We reviewed the investment portfolio for a sample of 15 business days to determine that any instances of non-compliance or technical incidents were properly reported in the Treasurer's Monthly Investment Report in accordance with the IPS.

Results: We found no exceptions.

This report is intended solely for the information and use of the Treasury Oversight Committee and the Office of the Treasurer-Tax Collector; however, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, reading "Eric H. Woolery". The signature is fluid and cursive, with a long, sweeping underline.

Eric H. Woolery, CPA
Auditor-Controller

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
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
Independent Review
In-Home Supportive Services
John Wayne Airport
OC Community Resources
OC Dana Point Harbor
OC Public Works
OC Waste & Recycling
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)
City of Laguna Woods (5-10-17)
City of Mission Viejo (10-2-17)
Placentia Library District (10-16-17)