



INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES

To the Honorable Mayor and Members of the City Council
City of Orange, California

We have performed the procedures enumerated below to assist the City of Orange, California (the City) in evaluating the Treasurer's Report for the month ended June 30, 2021, for compliance with the provisions of the California Government Code (the Code) and with the City's investment policy, dated June 9, 2020, (the Policy). The City's management is responsible for the Treasurer's Report for the month ended June 30, 2021, the compliance with the Policy and the Code and for selecting that such criteria are appropriate for your purpose.

The City's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the Treasurer's Report for the month ended June 30, 2021, for compliance with the provisions of the Code) and with the Policy. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

1. We compared the amount of the City's investments (cost and market) as of June 30, 2021, per the City's records and third-party pricing documentation received by the City.

Finding: No exceptions were noted as a result of this procedure.

2. We compared the type of investments, purchase date, maturity date, interest rate, cost and special characteristics included on the Treasurer's Report for the month ended June 30, 2021, to the third-party custodian and broker statements.

Finding: No exceptions were noted as a result of this procedure.

3. We compared the maturities of the investments to the limitations placed in the City's Statement of Investment Policy and the California Government Code.

Finding: No exceptions were noted as a result of this procedure.

4. We compared the limitations on specific investments with the City's Statement of Investment Policy and the California Government Code.

Finding: No exceptions were noted as a result of this procedure.



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5. We read the City Treasurer's Report for the month of June 30, 2021, to ascertain that it contains all the information required by California Government Code Section 53646 as follows:
 - a. Included the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and monies held by the City.
 - b. Included those funds under management of contracted parties (fiscal agents, trustee, deferred compensation, plan administrators, etc.). Included market value (and source) as of the date of the report for all securities held by the City or under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund.
 - c. Stated compliance of the portfolio to the investment policy of the City.
 - d. Included a statement addressing the ability of the City to meet the pool's expenditure requirements for the next six months.
 - e. Included the most recent statements form the Local Agency Investment Fund and the County Investment Pools, in lieu of the information required by (b) and (d) above, for City investments that have been placed in those pools.

Finding: No exceptions were noted as a result of this procedure.

6. We read the City's Statement of Investment Policy to verify that it was adopted within the time parameters established by the California Government Code.

Finding: No exceptions were noted as a result of this procedure.

7. We were asked to verify that the City's broker/dealers have read and understand the Investment Policy.

Finding: The City does not have a formal agreement or contract with the broker/dealer since they are not required to use the broker/dealer for trades and there are no fees or commissions charged. The City Treasurer authorizes the use of designated brokers and ensures that the City has written documentation with the broker's signature stating that the broker will adhere to the City's investment policy.

8. We reviewed investment transaction documentation to verify that appropriate approvals were obtained to execute investment transactions.

Finding: No exceptions were noted as a result of this procedure.

9. We reviewed custodial transaction documentation to ensure that such transactions were conducted by approved personnel.

Finding: No exceptions were noted as a result of this procedure.

10. We reviewed internal controls established by the City to identify material weaknesses in the purchasing, selling, reconciliation, and reporting of investment activities.

Finding: No exceptions were noted as a result of this procedure.



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11. We inspected the Staff Report submitting the City Treasurer's Report for the month of June 30, 2021, to the City Council, to ascertain that it meets the timing requirements of California Government Code Section 53646.

Finding: The Treasurer's Report was submitted to the City Council on August 10, 2021, which is within the 45 days set forth by the City's Investment Policy. The California Government Code requires submittal within 30 days of quarter end; although the Treasurer's Report was completed within this 30-day deadline on July 20, 2021, it was not submitted to the City Council within the 30-day deadline.

Management's Response:

Because the City Council only meets once per month, the thirty-day deadline does not allow the Investment Advisory Committee time to review the Treasurer's Report before the item is presented on the agenda. In the future, the Council will receive the Treasurer's Report within the thirty-day deadline. The item will then be reviewed by the Investment Advisory Committee and presented for formal acceptance at the next occurring City Council meeting.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on evaluating the Treasurer's Report for the month ended June 30, 2021, for compliance with the provisions of the Code) and with the Policy. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Lance, Soll & Lingham, LLP

Brea, California
December 13, 2021