County of Orange Treasury Oversight Committee Annual Report to the Board of Supervisors For the Period January, 2003 to December, 2003

The Treasury Oversight Committee was established by the Board of Supervisors in 1996 in accordance with the California Government Code Section 27130, et seq. Four Committee members were nominated by the County Treasurer and confirmed by the Board. Subsequently, a second member of the Public was added.

During 2003, four Committee meetings were held. All meetings were open to the public and were held in the Treasurer's Conference Room, Hall of Finance and Records, 12 Civic Center Plaza, Santa Ana, California on the following dates:

January 22, 2003 April 30, 2003 July 30, 2003 November 5, 2003

Charles H. Schroeder remained Chairman for the 2003 year, and Robert H. Fauteux was Vice Chairman for the same period. At the April 30, 2003 meeting, the committee welcomed and seated James Ruth as interim CEO for the County of Orange, replacing Michael Schumacher.

At the present time, the following are members of the Committee:

Robert H. Fauteux, Member of the Public Hon. William Habermehl, Superintendent, Department of Education Charles H. Schroeder, Member of the Public James Ruth, Interim County Executive Officer (CEO) Hon. David E. Sundstrom, Auditor-Controller

During the year, the Committee spent many hours deliberating modifications to the Investment Policy Statement. The basic priorities continue to be safety of principal, liquidity and attaining a competitive return for funds entrusted to the County.

The compliance audit report was received in July. No significant exception items were noted in this audit of the investment activities of the Treasurer's Office.

The bylaws and Rules of Procedure for the Committee were reviewed during the year for conformity with requirements of California Government Code sections. No revisions requiring approval by the Board of Supervisors were identified.

It is the opinion of the Treasury Oversight Committee that during the Year 2003 the Treasurer maintained an acceptable level of compliance with the statutory requirements contained in Article 6 of Division 2 of Title 3 of the Government Code and as further required by County Resolution No. 95-946.

For the Committee