

MINUTES OF THE TREASURY OVERSIGHT COMMITTEE
ORANGE COUNTY, CALIFORNIA

REGULAR MEETING

January 16, 2002

APPROVED

April 24, 2002

The Regular Meeting of the Treasury Oversight Committee (TOC) was held on January 16, 2002 and called to order by Charles Schroeder, Chair, at 3:09 p.m.

Committee Members:

Present:

Charles Schroeder, Chair
David Sundstrom, Auditor-Controller
Robert Fauteux, Member of the Public
Tom Beckett for Michael Schumacher, CEO
Bill Habermehl, Department of Education

Absent:

None

Also present were:

John Moorlach, Treasurer-Tax Collector; **Dick Hilde**, Assistant Treasurer; **Judy Jacobson**, Investment Officer; **Paul Cocking**, Assistant Investment Officer; **Paul Gorman**, Principal Accountant/Auditor; **Brett R. Barbre**, Public Information Officer; **Holly Henderson**, Director of Communications; **Wendy Margarita**, Department of Education; **Alan Marcum**, **Pam Parisien**, and **Camille Gackstetter**, Internal Audit; **John Abbott**, County Counsel; Alan Beek, member of the public.

1. Meeting Called to Order

Charles Schroeder called the meeting to order.

2. Welcome and self-introductions

Introductions were made.

3. Public Comments

There were none.

4. Approval of Minutes

The Minutes of the November 28, 2001 were reviewed.

Recommended Action: Mr. Schroeder called for a motion to approve the Minutes as presented. Mr. Fauteux moved to approve the minutes, 2nd by Mr. Habermehl. Passed 5-0.

5. Chairman's Report

The Chairman had no comments.

6. Treasurer's Report

- a. Treasurer Moorlach, Superintendent Habermehl, and Auditor-Controller Sundstrom were all re-elected by the fact that nobody filed to oppose them in the March election.
- b. The Board approved the Investment Policy Statement (IPS) as recommended by both the Treasurer's Advisory Committee (TAC) and the Treasury Oversight Committee (TOC) with the exception of two proposals. They will be discussed in item 7 below.
- c. The Fourth Annual Treasurer's Conference will be held February 7, 2002, at Disney's Grand Californian. A capacity crowd is expected.
- d. Messrs. Moorlach, Sundstrom and (Assessor Webster) Guillory have been studying the impact the 2% recapture (Pool) case will have on the county if it is implemented.

7. Amend Investment Policy Statement

Discussion was held pertaining to two items referred back to the TAC and the TOC by the Board of Supervisors. The TAC recommended deferring these items to a later time, as there is not adequate understanding by certain Board members. The TOC concurred and recommended not pursuing these items until the annual review in December.

8. Annual Administrative Costs Review

The Annual Administrative Costs Review was distributed (*Attachment A*).

9. December 31, 2000 Annual Audit

The field work has been completed, and the management letter has been received. A response will be issued no later than February 28, 2002, which is 60 days after the letter was issued.

10. December 31, 2001 Annual Audit Proposals

The SB 866 Audit has been put out to bid. There are two or three firms that have indicated an interest in submitting a bid.

11. Rating Agency Status

S&P and Moody's have been asked to submit bids for rating the county investment pools.

12. Public Comments

There were no Public Comments.

13. Schedule Next Meeting Date

The next regular meeting was scheduled for April 24, 2002 in the Treasurer's Office, Conference Room A, 3:00 p.m.

14. Adjournment

Mr. Schroeder called for a motion to adjourn. Mr. Fauteux moved to adjourn, 2nd by Mr. Sundstrom. Passed 5-0.

The meeting was adjourned at 4:10 p.m.



ESTABLISHED 1889

JOHN M. W. MOORLACH
COUNTY TREASURER-TAX COLLECTOR

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OFFICE OF THE TREASURER-TAX COLLECTOR

March 25, 2002

To: John M. W. Moorlach, Treasurer-Tax Collector

From: Paul C. Gorman, Accounting/Compliance Manager

Re: Computation and Collection of Treasury Administrative Cost - Government Code Section 27013

NARRATIVE

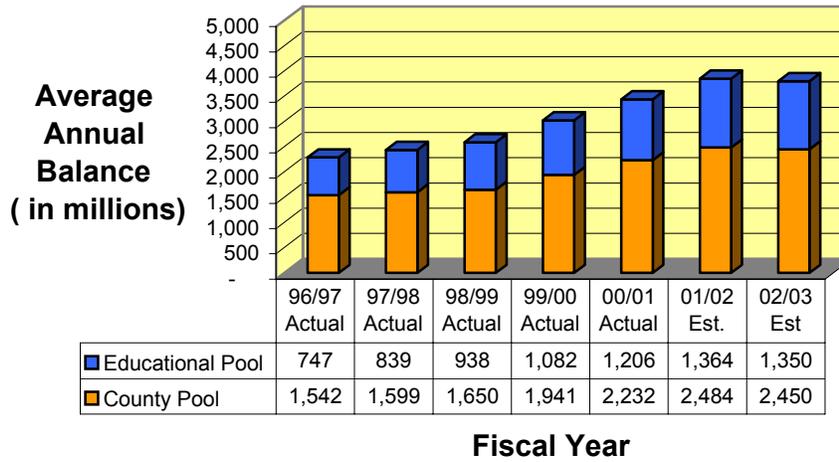
The following narrative is intended to briefly describe the manner of calculating and apportioning the costs, authorized by California Government Code Section 27013, of investing, depositing, banking, auditing, reporting, or otherwise handling or managing funds by the Orange County Treasurer-Tax Collector.

The administrative cost is recovered from each fund based on its average daily balance outstanding for the month. The average daily balance for the month is multiplied by a fixed basis point charge and annualized. The basis point charge is set annually and is compared with projected fiscal year costs periodically during the year. The projection is based on a June 30 fiscal year end and uses preliminary budget amounts and other estimates based on historical amounts. The basis point charge is conservatively set at a level greater than projected costs for the year based on the estimated daily average aggregate balance of the commingled pools. To the extent the amount recovered from the pools exceeds actual costs, a rebate is returned to pool participants after the annual computation in September. The rebate is returned to pool participants including interest for the period of overpayment based on a comparison of actual apportioned rates and charges.

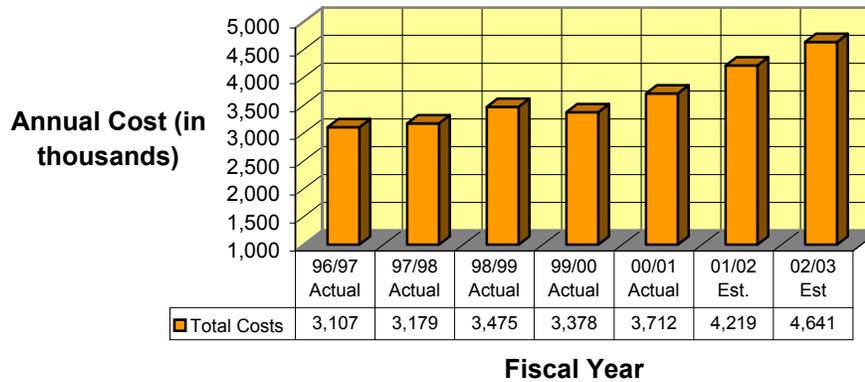
Recoverable costs include allocations of direct and indirect Treasurer-Tax Collector salaries, benefits and county wide costs (CWCAP) applied thereon for employee functions related to investing, depositing, banking, auditing, reporting, or otherwise handling or managing of treasury funds. Recoverable banking costs are reduced by amounts otherwise cost applied or billed directly to other agencies. All related investment costs, custodial costs, remittance processing costs, equipment and other costs related to the treasury function are included in whole or part based on a reasonable allocation.

Treasury Administrative Fee Trends

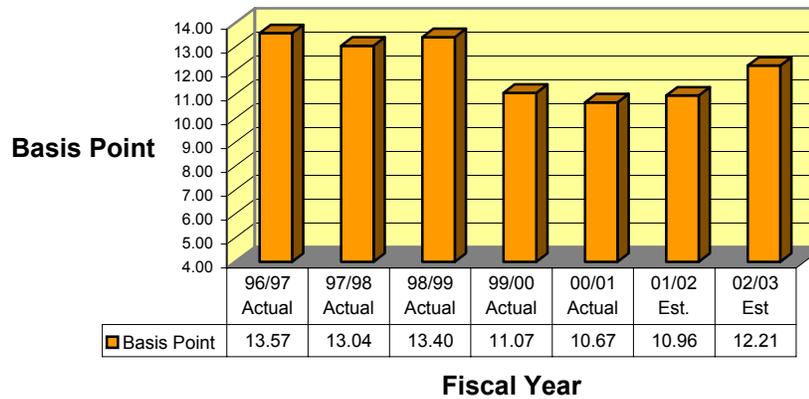
Average Annual Pool Balances



Treasury Administrative Costs



Treasury Administration Fee - Basis Point Charge



**Orange County Treasurer-Tax Collector
Administrative Fee Trend Analysis
3/25/2002**

	<u>Actual 1996/1997</u>	<u>Actual 1997/1998</u>	<u>Actual 1998/1999</u>	<u>Actual 1999/2000</u>	<u>Actual 2000/2001</u>	<u>Forecast 2001/2002</u>	<u>Forecast A 2002/2003</u>	<u>Forecast B 2002/2003</u>
Average County Pool	\$ 1,542,077,978	\$ 1,599,255,510	\$ 1,650,477,102	\$ 1,941,578,333	\$ 2,232,057,173	\$ 2,483,806,110		
Average Educational Pool	747,408,408	839,076,935	938,171,025	1,082,152,452	1,206,203,065	1,364,283,344		
Average Combined Total	<u>\$ 2,289,486,386</u>	<u>\$ 2,438,332,445</u>	<u>\$ 2,588,648,127</u>	<u>\$ 3,023,730,786</u>	<u>\$ 3,438,260,238</u>	<u>\$ 3,848,089,454</u>	<u>\$ 3,800,000,000</u>	<u>\$ 4,300,000,000</u>
Increase Over Prior Year		<u>\$ 148,846,059</u>	<u>\$ 150,315,682</u>	<u>\$ 435,082,659</u>	<u>\$ 414,529,452</u>	<u>\$ 409,829,216</u>	<u>\$ (48,089,454)</u>	<u>\$ 451,910,546</u>
Basis Point Charged	17.5 for 6 mos.> 15 for 6 mos.	<u>15.00</u>	15 for 6 mos.> 12.5 for 6 mos.	<u>12.50</u>	<u>12.50</u>	<u>12.50</u>	<u>12.50</u>	<u>12.50</u>
Actual Basis Point	<u>13.57</u>	<u>13.04</u>	<u>13.40</u>	<u>11.07</u>	<u>10.67</u>	<u>10.96</u>	<u>12.21</u>	<u>10.79</u>
Treasury Administration Costs	<u>\$ 3,106,711</u>	<u>\$ 3,178,579</u>	<u>\$ 3,474,559</u>	<u>\$ 3,377,584</u>	<u>\$ 3,711,829</u>	<u>\$ 4,219,311</u>	<u>\$ 4,641,242</u>	<u>\$ 4,641,242</u>
Increase Over Prior Year		<u>\$ 71,868</u>	<u>\$ 295,980</u>	<u>\$ (96,975)</u>	<u>\$ 334,245</u>	<u>\$ 507,482</u>	<u>10% increase</u>	<u>10% increase</u>