



Appendix: A

BACKGROUND

California Government Code Sections 27000.1, 27000.3, and 53600.3 grant a county board of supervisors, not a county treasurer, with authority for investing public funds. Thus, under California law, county boards of supervisors generally have primary responsibility for investment of public funds in a county treasury. The authority of the board to invest or reinvest funds deposited in a county treasury may be delegated to an individual or a fund manager for a one-year period by the Board of Supervisors. Subject to review, such a delegation may be renewed annually (Government Code Section 53607). It is common practice for the Board of Supervisors for counties in the State to delegate its investment responsibility to elected and appointed county treasurers.

California Government Code Section 27133 requires the Treasurer to prepare an annual investment policy statement. The County's Investment Policy Statement (IPS) is reviewed by the County's Treasury Oversight Committee (TOC) and approved by the Board of Supervisors on an annual basis. The IPS, to the extent consistent with the restrictions of state law, establishes the legal parameters by which the Treasurer, or other qualified party to which investment authority is delegated, may invest monies deposited and held within the County treasury.

Specifically the IPS maybe more conservative/restrictive than Government Code as regards to the quality and corresponding safety of the types of investment instruments and holdings that the Treasurer may purchase.

Historically, the Board of Supervisors performs an annual review of the Treasurer's performance and has delegated its investment authority to the County Treasurer. The most recent renewal of investment authority was December 16, 2014 for calendar year 2015.

TREASURY OVERSIGHT COMMITTEE

California Government Code Section 27131 states that the Board of Supervisors in each county may, if the county is investing surplus funds, establish a county treasury oversight committee that shall consist of from three to eleven members. The County of Orange Board of Supervisors established the treasury oversight committee that consists of the following: the elected Auditor-Controller or designee, the Board appointed County Executive Officer or designee, County Superintendent of Schools or designee, and four (4) Public Members.