



CFP

COUNTY OF ORANGE

**OFFICE OF THE TREASURER-TAX COLLECTOR**

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*November 10, 2000*

**TO:** *Board of Supervisors  
Michael Schumacher, Interim County Executive Officer  
Treasury Oversight Committee  
Treasurer's Advisory Committee  
Participants*

**FROM:** *John M. W. Moorlach, C.P.A., CFP  
Treasurer-Tax Collector*

**SUBJECT:** *Treasurer's Management Report for October 31, 2000*

*Attached please find the Treasurer's Management Report for the County of Orange for the month ended October 31, 2000. The information provided herein, including all charts, tables, graphs and numerical representations, is provided to readers solely as a general overview of the economic and market conditions which the Treasurer utilizes in making investment decisions.*

**TREASURER'S REPORT**

*In order to assist you in reading this report, please note that the current balances reflect the investments recorded in the portfolios for each particular fund for the period ending October 31, 2000. Each money market fund has an average maturity of less than ninety days, with a net asset value (NAV) falling within the range of \$0.9950 and \$1.0050. The extended fund will have an average maturity of up to 549 days and a fluctuating NAV. All investments are marked to the market at the end of the reporting period due to the narrow valuation range prescribed by the Pools' Investment Policy Statement.*

*The reports reflect the par value (face value), the book value (cost to the County of the investment) and market value (the price of each security at the close of the market on the last trading day of the month). The difference between the market value and book value is the unrealized gain or (loss). The Detail Transaction Report Section is provided in compliance with California Government Code Section 53607, which requires that the Treasurer file such a report with the Board of Supervisors, from whom his investment authority has been delegated.*

#### APPORTIONMENT OF COMMINGLED POOL INTEREST EARNINGS

*We have prepared a forecast for the timing of the County Pool's August and September 2000 interest apportionments. We anticipate posting August and September interest apportionments to participants' cash accounts in the County general ledger on November 21 and December 22 respectively.*

*Effective with the October interest apportionment, we will resume posting the Educational Investment Pool's accrual basis interest earnings to participants' cash accounts in the following month. We anticipate posting the Educational Investment Pool's August, September, and October interest apportionments to participants' cash accounts in the County general ledger before the end of November.*

#### ECONOMIC OBSERVATIONS

*Since it is clear that overall demand has slowed, the key question is whether it portends a trend of further weakening. Recent declines in the equity markets, trepidation about corporate credit risk, and renewed unrest in the Middle East could trigger an economic "hard landing."*

*The latest economic releases indicate that demand has eased into what is being called the Federal Open Market Committee's (FOMC) "comfort zone." However, the economy appears to be cushioned once again by the unshakable consumer.*

*Primarily due to tight labor markets and the resulting stable incomes, the level of consumer confidence remains close to record highs. Personal consumption and retail sales continue to display moderate growth, though we have recently seen a slip in auto sales.*

*The housing sector continues to steam along. Sales of existing and new homes have stabilized close to record levels. Ongoing strength in applications for new home mortgages and refinancings will keep this sector on track. Additionally, private and public construction has surged to its highest level in over a year, led by home improvement and public building projects.*

*Balancing the effects of these forces, as well as the November elections, on the economy, our Investment Management Committee believes the FOMC will remain on hold at their November 15 meeting. Please call if you have any questions.*