



COUNTY OF ORANGE

**OFFICE OF THE TREASURER-TAX COLLECTOR**

HALL OF FINANCE & RECORDS  
12 CIVIC CENTER PLAZA, ROOM G76  
P. O. BOX 4515  
SANTA ANA, CA 92701

**JOHN M. W. MOORLACH, C.P.A., CFP™**  
TREASURER-TAX COLLECTOR  
(714) 834-7625

**GARY J. COWAN**  
ASSISTANT TAX COLLECTOR  
(714) 834-3545

**RICHARD G. HILDE**  
ASSISTANT TREASURER  
(714) 834-2918

**BRETT R. BARBRE**  
PUBLIC INFORMATION OFFICER  
(714) 834-6143

FAX (714) 834-2912

June 10, 2002

TO: Board of Supervisors  
Michael Schumacher, 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 May 31, 2002

Attached please find the Treasurer's Management Report for the County of Orange for the month ended May 31, 2002. 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. In addition, a complete version of this report is also available for download at our website <http://www.oc.ca.gov/treas/>.

**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 May 31. 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 April 2002 interest apportionment. We anticipate posting the April interest apportionment to participants' cash accounts in the County general ledger by approximately July 9.

## **NEW POOL PARTICIPANTS**

The city of Tustin returned to the investment pool this month. In addition, the Board approved temporary participation for any agency that determines it has a need to have funds available, yet fully invested, between the dates of May 22 and August 31, 2002. A copy of the AIT and the supporting documentation is included later in the report.

## **NEW FORMAT FOR MONTHLY REPORTS**

Beginning with the July 2002 monthly report, we will be distributing the monthly report with a three-ringed binder to provide a more user-friendly report. Each month, recipients will receive an index separator with the monthly report, which can be easily slipped into the binder. Every 6 months a new binder will be issued. This new procedure will save both time and dollars for our department. In addition, if you prefer to receive the report electronically, please contact Brett R. Barbre, Public Information Officer, at 714-834-6143, or via e-mail at [bbarbre@ttc.ocgov.com](mailto:bbarbre@ttc.ocgov.com). The report will be zipped down for optimum performance.

## **ECONOMIC OBSERVATIONS**

The immediate economic and market backdrop has challenged the markets' optimism and may delay Federal Open Market Committee (FOMC) rate hikes until the fall. But the economic indicators pointing to vigorous expansion keep alive chances that second-half growth will surprise to the upside.

The U.S. economy shows every sign of a healthy recovery. Consumer spending is still leading the way. Glowing reports on retail sales, housing markets, automobile purchases, etc. are affirmed each month. New reports are showing consumer expectations and confidence on the rise.

The development most likely to confirm that the economy is on solid ground will be a decline in the unemployment rate or increased hiring. The current recovery, however, is demonstrating manufacturing's remarkable ability to meet surging demand using existing resources. In other words, an amazing rebound in productivity (Exhibit 1) has kept up with escalating factory orders (Exhibit 2) without adding new staff.

Financial markets are in a "funk" even though fiscal stimulus remains, consumers keep buying, and capital spending improves. A safe transition to expansion's cruising speed has, unfortunately, been clouded by corporate accounting scandals, wartime pessimism, and a declining dollar.

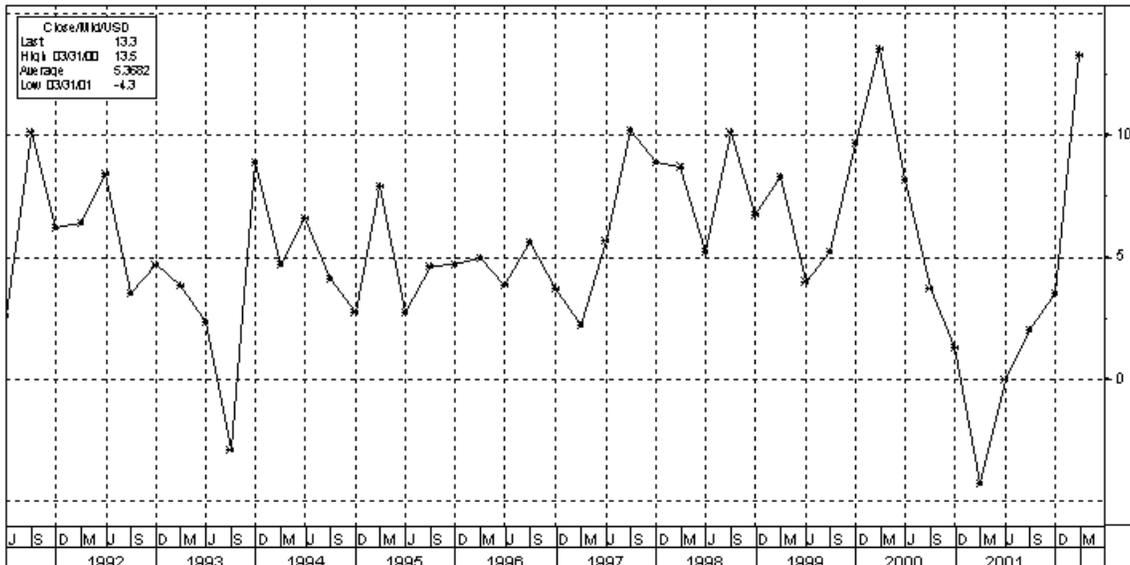
Given these crosscurrents and the general sense that a moderate rather than booming recovery is underway, an imminent FOMC tightening appears unlikely. The financial markets and the Treasurer's Investment Management Committee are confident that the FOMC will remain on hold at its next meeting on June 26.

Please call if you have any questions.

**Productivity: Output Per Hour**

6/ 6/91 - 3/31/02

Quarterly

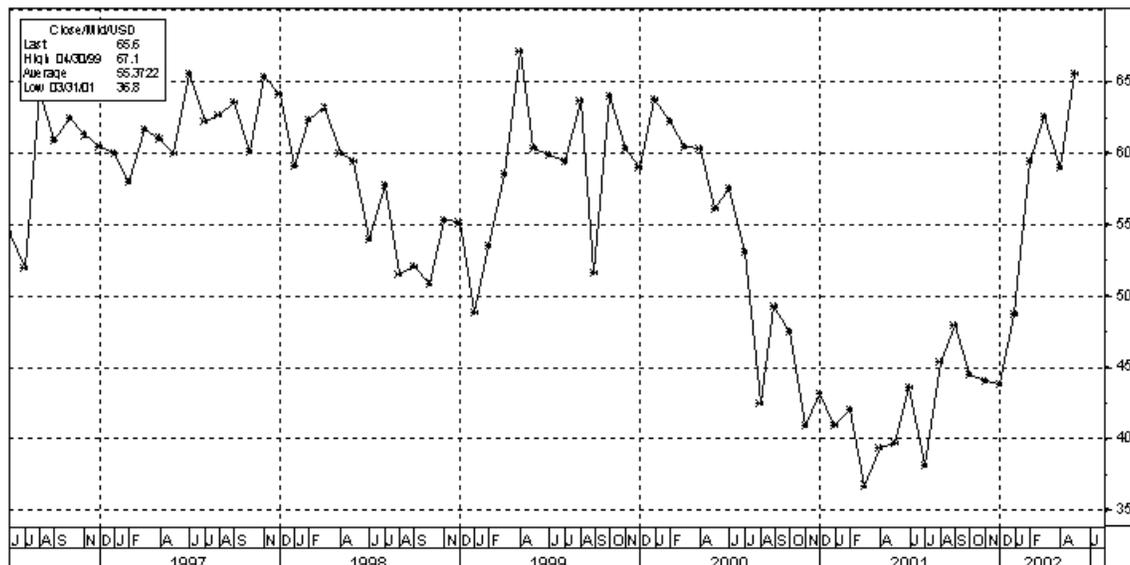


**Exhibit: 1**

**Chicago Purchasing Managers: Factory Orders**

6/ 6/96 - 5/31/02

Monthly



**Exhibit: 2**