



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

March 8, 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 February 28, 2002

Attached please find the Treasurer's Management Report for the County of Orange for the month ended February 28, 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 February 28. 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 January 2002 interest apportionment. December's interest apportionment was posted to the County general ledger on March 6. We anticipate posting the January interest apportionment to participants' cash accounts in the County general ledger by approximately April 19, 2002.

## ECONOMIC OBSERVATIONS

Alan Greenspan, chairman of the Federal Open Market Committee (FOMC), gave his long awaited semi-annual economic report to congress on Wednesday, February 27. Financial markets eagerly anticipated any insight to the FOMC's plan for future action on interest rates as the growing but still shaky confidence in the economy's growth prospects continued.

Mr. Greenspan lauded the resilience of the U.S. economy in the face of the September 11 terrorist attacks. He remained cautious, however, focusing on the lack of pent-up demand, households' high debt burden and reduced wealth, excess capacity for some industries, weak overseas economies, and nervous domestic financial markets as forces "likely to moderate the speed of the anticipated recovery."

Mr. Greenspan forewarned that any expansion would not be sustainable until increases in business capital spending resumes at a decent pace. However, for this sector to finally turnaround, vibrant consumer demand must continue. A number of economists are encouraged by the increase in new orders for durable goods, the rise in chain-store sales and the consistent decline in initial jobless claims. In addition, the equity markets signaled a possible return to earnings growth by the favorable reaction to last quarter's Gross Domestic Product (GDP) revision and the strong purchasing managers index.

Clearly, the FOMC will not boost interest rates until the dynamics of a sustained expansion are more firmly in place. The Treasurer's Investment Management Committee, along with a majority of the financial markets, believe that the FOMC is taking a "wait and see" approach to any monetary action.

Please call if you have any questions.