## OFFICE OF THE TREASURER-TAX COLLECTOR



HALL OF FINANCE & RECORDS 12 CIVIC CENTER PLAZA, SUITE G76 Post Office Box 4515 SANTA ANA, CA 92701 http://tax.ocgov.com/treas/

October 7, 2005

TO: **Board of Supervisors** 

Thomas G. Mauk, County Executive Officer

Treasury Oversight Committee Treasurer's Advisory Committee

**Participants** 

John M. W. Moorlach, C.P.A., CFP® FROM:

Treasurer-Tax Collector

Treasurer's Management Report for September 30, 2005 SUBJECT:

Attached please find the Treasurer's Management Report for the County of Orange for the month and guarter ended September 30, 2005. 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 www.ocgov.com/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 September 30. 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). Market values are derived from the Bloomberg Professional Service, a premier provider of instant access to real-time and historical financial data. 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.

JOHN M.W. MOORLACH, C.P.A., CFP® TREASURER-TAX COLLECTOR

GARY J. COWAN ASSISTANT TREASURER-TAX COLLECTOR

PAUL C. GORMAN, C.P.A., CTP DEPUTY TREASURER

WALTER DANIELS DEPUTY TAX COLLECTOR

VICKIE PAZANTI DEPUTY TREASURER-TAX COLLECTOR ADMINISTRATION

CLARISSA ADRIANO-CERES DEPUTY TREASURER-TAX COLLECTOR INFORMATION TECHNOLOGY

BRETT R. BARBRE DEPUTY TREASURER-TAX COLLECTOR PUBLIC INFORMATION OFFICER

### APPORTIONMENT OF COMMINGLED POOL INTEREST EARNINGS

We have prepared a forecast for the timing of the County Pool's August and September 2005 interest apportionments. We anticipate posting the August and September 2005 interest apportionments to participants' cash accounts in the County general ledger by approximately October 24 and November 15, 2005 respectively.

#### CREDIT WATCH NEGATIVE AND APPROVED ELIGIBILITY LIST

In the month of September, there was one change to the Treasurer's approved eligibility list:

1) ANZ Delaware, Inc. was added

Please see the attached report detailing the reasons the above action was taken by the Treasurer.

#### **ECONOMIC OBSERVATIONS**

The devastation to the southeast by hurricanes Katrina and Rita was extensive. The Bureau of Labor Statistics has estimated the current job losses at 285,000 and it will be many months before industry is back up and running at pre-hurricane levels. It is highly likely some businesses and displaced workers will not return. However, every indication is that the rebuilding effort is underway and the federal government has pledged an unprecedented amount of funding to assist in the rebuilding effort.

Last month's Economic Observations pointed to slow but steady growth in the economy. Most of the data in September supported a continuation of this view. However, there were a few areas of concern. Interest rates have started to back up and it appears that the once white hot housing market has begun to cool. Both of these are <u>very</u> important to the consumer. The effect of low interest rates on consumption has provided the consumer with the ability to finance higher levels of debt. Ever rising housing values have allowed US households to pull nearly \$600 billion out of their homes last year. The resulting additional spending may have added ½ to 1% to Gross Domestic Product (GDP). With rates rising this effect will lessen.

Consumers aren't the only ones beginning to worry. The Institute for Supply Management survey continues to list the major concern among manufactures as the price of oil. Two additional concerns that are a direct effect of the hurricanes are their ability to receive materials and ship product. The port of New Orleans has opened but is operating at much reduced levels. This will force product to be shipped from other ports, resulting in increased travel times and greater costs.

So far it appears the economy has held up remarkably well, but it is too early to draw any definitive conclusions. Upcoming third quarter, and possibly fourth quarter, GDP levels may be lower, with the expectation that the full effect of the hurricanes may not be

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known until the beginning of next year. We continue to anticipate interest rate increases by the Federal Open market Committee (FOMC) and will watch economic developments closely.

Please call with any questions.

# ORANGE COUNTY TREASURER-TAX COLLECTOR EXECUTIVE SUMMARY OCTOBER 1, 2004 - SEPTEMBER 30, 2005

PERIOD ENDING - MONTH / YEAR		MONTH END		A DAUNIOS EOD	VIELD FOR	MONTH END
I ERIOD ENDING - MONTH / TEAR	l N	MONTH END MARKET VALUE	=/	ARNINGS FOR MONTH	YIELD FOR MONTH	MONTH END WAM
Current Month -September 2005						
County Pool - Money Market Fund	\$	1,511,927,846	\$	4,679,952	3.63%	52
Educational Pool - Money Market Fund	\$	1,967,481,625	\$	5,920,243	3.61%	61
Extended Fund	\$	1,585,513,188	\$	3,944,771	3.11%	304
August 2005	<b>—</b>	1,000,010,100	Ψ	0,011,111	0.1170	
County Pool - Money Market Fund	\$	1,578,219,688	\$	4,715,019	3.50%	55
•	\$	2,070,796,012		5,904,293	3.46%	54
Educational Pool - Money Market Fund	\$	1,520,846,244	\$		3.46 %	
Extended Fund	φ	1,520,640,244	\$	3,938,232	3.03%	283
July 2005	¢.	4 704 700 600	ው	F 424 060	2 200/	FF
County Pool - Money Market Fund	\$	1,704,788,689	\$	5,134,069	3.30%	55
Educational Pool - Money Market Fund	\$	2,097,386,634	\$	5,856,164	3.28%	53
Extended Fund	\$	1,508,289,288	\$	3,904,570	3.03%	301
June 2005						
County Pool - Money Market Fund	\$	1,965,578,445	\$	4,990,924	3.14%	50
Educational Pool - Money Market Fund	\$	2,023,992,462	\$	5,583,846	3.12%	45
Extended Fund	\$	1,511,124,166	\$	3,878,491	3.19%	331
May 2005						
County Pool - Money Market Fund	\$	2,037,630,751	\$	5,810,214	3.03%	50
Educational Pool - Money Market Fund	\$	2,265,226,445	\$	5,796,023	3.02%	45
Extended Fund	\$	1,461,308,895	\$	3,678,833	2.93%	334
April 2005						
County Pool - Money Market Fund	\$	2,525,745,315	\$	6,147,555	2.75%	46
Educational Pool - Money Market Fund	\$	2,257,464,691	\$	4,846,316	2.86%	54
Extended Fund	\$	1,473,151,187	\$	3,347,206	2.88%	352
March 2005 County Pool - Money Market Fund	\$	2,180,872,669	\$	4,697,490	2.54%	44
Educational Pool - Money Market Fund	\$	1,926,986,398	\$	4,667,362	2.69%	58
Extended Fund	\$	1,458,405,678	\$	2,736,449	2.50%	361
February 2005	Ť	,,,-	Ť	, , -		
County Pool - Money Market Fund	\$	2,196,425,147	\$	4,007,233	2.42%	51
Educational Pool - Money Market Fund	\$	2,066,308,967	\$	4,000,571	2.51%	49
Extended Fund	\$	1,202,129,910	\$	2,388,483	2.57%	327
January 2005	r.	0.075.440.000	<b>ው</b>	4.405.000	0.000/	40
County Pool - Money Market Fund  Educational Pool - Money Market Fund	\$ \$	2,075,448,860 2,115,951,386	\$ \$	4,185,020 4,171,061	2.23% 2.38%	40 47
Extended Fund	\$	1,204,140,670	\$	2,494,236	2.36%	346
December 2004	Ψ	1,204,140,070	Ψ	2,404,200	2.5070	040
County Pool - Money Market Fund	\$	2,343,955,532	\$	4,687,719	2.16%	45
Educational Pool - Money Market Fund	\$	2,255,014,780	\$	3,557,833	2.18%	42
Extended Fund	\$	1,202,982,249	\$	2,258,249	2.28%	360
November 2004						
County Pool - Money Market Fund	\$	2,123,655,398	\$	3,408,306	1.95%	56
Educational Pool - Money Market Fund	\$	1,712,428,294	\$	2,780,374	1.94%	46
Extended Fund October 2004	\$	1,139,862,075	\$	2,001,364	2.19%	383
County Pool - Money Market Fund	\$	2,023,230,278	\$	2,904,486	1.77%	50
Educational Pool - Money Market Fund	\$	1,781,919,176	\$	2,775,580	1.75%	56
Extended Fund	\$	1,118,360,510	\$	1,910,398	2.05%	371
CUMULATIVE BALANCES - 12 MONTHS		AVERAGE BALANCES		TOTAL EARNINGS	AVERAGE YIELD	AVERAGE WAM
October 1, 2004 - September 30, 2005						
County Pool - Money Market Fund	\$	2,022,289,885	\$	55,367,987	2.70%	50
Educational Pool - Money Market Fund	\$	2,045,079,739	\$	55,859,665	2.73%	51
Extended Fund	\$	1,365,509,505	\$	36,481,282	2.68%	338