

OFFICE OF THE TREASURER-TAX COLLECTOR



HALL OF FINANCE & RECORDS
12 CIVIC CENTER PLAZA, SUITE G76
POST OFFICE BOX 4515
SANTA ANA, CA 92701
www.ttc.ocgov.com

CHRISS W. STREET
TREASURER-TAX COLLECTOR

BRETT R. BARBRE
CHIEF ASSISTANT TREASURER-TAX COLLECTOR

PAUL C. GORMAN, C.P.A., CTP
ASSISTANT TREASURER-TAX COLLECTOR
TREASURY

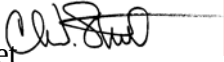
WALTER DANIELS
ASSISTANT TREASURER-TAX COLLECTOR
TAX COLLECTION

ROBIN RUSSELL
ASSISTANT TREASURER-TAX COLLECTOR
ADMINISTRATION

CLARISSA ADRIANO-CERES
ASSISTANT TREASURER-TAX COLLECTOR
INFORMATION TECHNOLOGY

April 10, 2007

TO: Board of Supervisors
Thomas G. Mauk, County Executive Officer
Treasury Oversight Committee
Treasurer's Advisory Committee
Participants

FROM: Chriss W. Street 
Treasurer-Tax Collector

SUBJECT: Treasurer's Management Report for March 31, 2007

Attached please find the Treasurer's Management Report for the County of Orange for the month and quarter ended March 2007. 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.ttc.ocgov.com.

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 March 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). 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.

APPORTIONMENT OF COMMINGLED POOL INTEREST EARNINGS

We have prepared a forecast for the timing of the County Investment Pool's January and February 2007 interest apportionments. We anticipate posting the January and February 2007 interest apportionments to participants' cash accounts in the County general ledger by approximately April 12 and April 20, 2007, respectively.

CHANGES IN ELIGIBLE CREDITS

In the month of March, there were no changes to the Treasurer's approved eligibility list.

MARKET OBSERVATIONS

March was yet another volatile month for the major stock market indices. The Dow Jones Industrial average closed out the month slightly higher than where it started, but still significantly below the high for the year. The equity market remains awash in liquidity new record size private equity transactions were announced last month; including Apollo Management LP's and Texas Pacific Group's \$17.1 billion bid for Harrah's Entertainment Inc., Kirk Kerkorian's \$4.5 billion bid for Chrysler, Sam Zell's \$8.2 billion deal to take the Tribune Co. private and KKR's proposal to buy First Data Corp. for \$29.0 billion. The cost of debt financing fell to its lowest point in a decade and the LBO industry has been the greatest beneficiary. There was a record \$188 billion in takeover bids announced in the first quarter of 2007 and the Wall Street Journal stated that LBO firms now have enough equity capital to make up to \$2 trillion of additional acquisitions.

The bond market prices remained steady during the month. Economic data continues to paint a picture of an economy growing slightly below capacity and inflation stubbornly stuck above the Fed's preferred zone of 1 to 2 percent. Market participants continue to anticipate that the Fed will begin cutting the overnight rate in June from its current 5.25 percent, three times to 4.75 percent by the end of the year.

The sluggish American housing market, which has been retarding economic expansion in the United States, has failed to put a damper on international growth. Robust growth in most major economies continues to push commodities prices to elevated levels. With low national unemployment it seems housing is the only asset class in the US primed for a sustained pullback. After a long string of asset appreciation, across all classes, investor's tolerance for risk seems to have increased dramatically. In his seminal book "Manias, Panics and Crashes: A History of Financial Crises," Charles Kindleberger argued that as one type of asset bubble crashes a new bubble is created. We are of the belief this is what currently taking place in the market. Investors striving to maintain the returns they have become accustomed to are assuming more risk without receiving a proportional amount of reward.

We are pleased to report that we are able to provide a competitive rate of return while decreasing our level of risk. The Treasurer's Office appreciates your continued confidence and looks forward to providing you exemplary portfolio and cash management services in the future.

Please call with any questions.

ORANGE COUNTY TREASURER-TAX COLLECTOR
EXECUTIVE SUMMARY
April 1, 2006 - March 31, 2007

PERIOD ENDING - MONTH / YEAR	MONTH END MARKET VALUE	EARNINGS FOR MONTH	AVERAGE YIELD FOR MONTH	MONTH END WAM
<i>Current Month - March 2007</i>				
County Pool - Money Market Fund	\$ 1,800,423,404	\$ 7,762,592	5.30%	58
Educational Pool - Money Market Fund	\$ 2,156,514,102	\$ 9,805,516	5.29%	50
Extended Fund	\$ 2,257,154,399	\$ 9,622,420	4.99%	444
<i>February 2007</i>				
County Pool - Money Market Fund	\$ 1,707,506,698	\$ 6,691,832	5.40%	69
Educational Pool - Money Market Fund	\$ 2,273,724,523	\$ 8,707,709	5.35%	56
Extended Fund	\$ 2,278,912,413	\$ 9,587,935	5.43%	441
<i>January 2007</i>				
County Pool - Money Market Fund	\$ 1,702,220,169	\$ 9,037,751	5.38%	51
Educational Pool - Money Market Fund	\$ 2,171,852,117	\$ 9,951,822	5.31%	40
Extended Fund	\$ 2,250,742,762	\$ 9,239,897	4.92%	447
<i>December 2006</i>				
County Pool - Money Market Fund	\$ 2,459,854,086	\$ 11,628,814	5.38%	44
Educational Pool - Money Market Fund	\$ 2,364,291,301	\$ 9,283,335	5.37%	42
Extended Fund	\$ 1,997,281,928	\$ 8,257,453	4.92%	453
<i>November 2006</i>				
County Pool - Money Market Fund	\$ 1,834,087,894	\$ 7,897,248	5.39%	61
Educational Pool - Money Market Fund	\$ 1,913,967,546	\$ 8,281,668	5.36%	62
Extended Fund	\$ 1,971,569,719	\$ 8,216,199	4.99%	457
<i>October 2006</i>				
County Pool - Money Market Fund	\$ 1,792,188,272	\$ 7,569,048	5.39%	57
Educational Pool - Money Market Fund	\$ 1,923,791,277	\$ 9,185,841	5.35%	60
Extended Fund	\$ 1,944,745,354	\$ 7,841,267	4.80%	483
<i>September 2006</i>				
County Pool - Money Market Fund	\$ 1,615,083,076	\$ 7,236,374	5.41%	60
Educational Pool - Money Market Fund	\$ 1,948,311,050	\$ 8,808,477	5.40%	66
Extended Fund	\$ 1,903,965,350	\$ 7,429,388	4.78%	454
<i>August 2006</i>				
County Pool - Money Market Fund	\$ 1,614,920,265	\$ 6,811,792	5.40%	63
Educational Pool - Money Market Fund	\$ 2,035,802,849	\$ 9,180,864	5.38%	64
Extended Fund	\$ 1,895,848,400	\$ 7,712,637	4.60%	414
<i>July 2006</i>				
County Pool - Money Market Fund	\$ 1,584,726,279	\$ 7,778,613	5.29%	57
Educational Pool - Money Market Fund	\$ 2,135,846,766	\$ 8,849,641	5.24%	50
Extended Fund	\$ 1,777,440,895	\$ 6,516,407	4.45%	376
<i>June 2006</i>				
County Pool - Money Market Fund	\$ 1,802,431,285	\$ 7,644,477	5.18%	55
Educational Pool - Money Market Fund	\$ 1,877,538,725	\$ 8,917,379	5.09%	50
Extended Fund	\$ 1,695,053,655	\$ 6,274,458	4.48%	335
<i>May 2006</i>				
County Pool - Money Market Fund	\$ 1,818,302,640	\$ 8,544,307	4.98%	29
Educational Pool - Money Market Fund	\$ 2,235,054,471	\$ 9,348,439	4.93%	39
Extended Fund	\$ 1,713,197,862	\$ 6,308,786	4.27%	317
<i>April 2006</i>				
County Pool - Money Market Fund	\$ 2,369,981,051	\$ 9,761,165	4.80%	25
Educational Pool - Money Market Fund	\$ 2,240,609,358	\$ 8,117,151	4.81%	40
Extended Fund	\$ 1,702,966,857	\$ 5,973,981	4.13%	287
CUMULATIVE BALANCES - 12 MONTHS	AVERAGE BALANCES	TOTAL EARNINGS	AVERAGE YIELD	AVERAGE WAM
<i>April 1, 2006 - March 31, 2007</i>				
County Pool - Money Market Fund	\$ 1,841,810,427	\$ 98,364,013	5.27%	52
Educational Pool - Money Market Fund	\$ 2,106,442,007	\$ 108,437,842	5.24%	52
Extended Fund	\$ 1,949,073,299	\$ 92,980,827	4.73%	409