



OFFICE OF THE TREASURER-TAX COLLECTOR

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

CHRISS W. STREET
TREASURER-TAX COLLECTOR

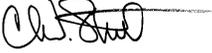
PAUL C. GORMAN, C.P.A., CTP
CHIEF ASSISTANT TREASURER-TAX COLLECTOR

JENNIFER BURKHART, CFA
ASSISTANT TREASURER-TAX COLLECTOR

ROBIN RUSSELL
ASSISTANT TREASURER-TAX COLLECTOR
ADMINISTRATION

January 15, 2010

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 Month & Year ended December 31,
2009

Attached please find the Treasurer's Management Report for the County of Orange for the month & year ended December 31, 2009. 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 December 31. Each money market fund has an average maturity of less than sixty days, with a net asset value (NAV) falling within the range of \$0.9950 and \$1.0050. The Extended Fund shall have a duration not to exceed a leading 1-3 Year index +25%. 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 cost 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

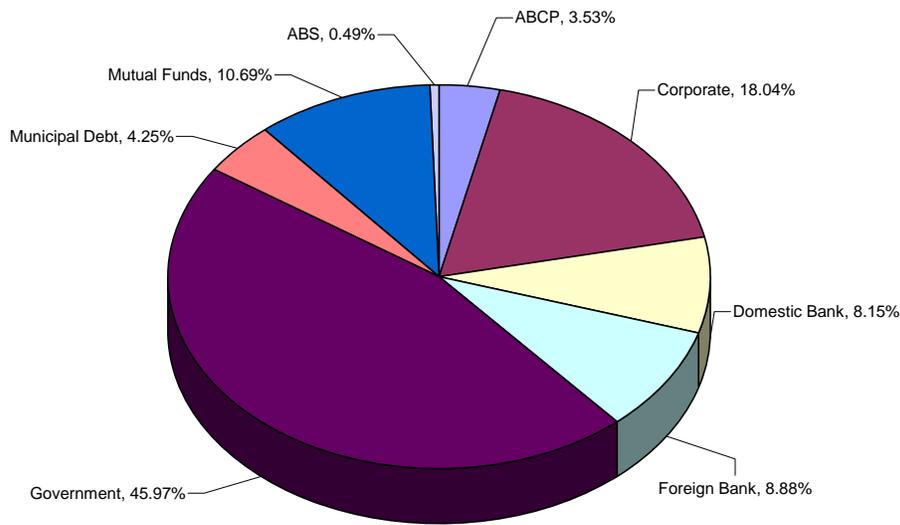
We have prepared a forecast for the timing of the County Investment Pool's October 2009 and November 2009 interest apportionments. We anticipate posting the October 2009 and November 2009 interest apportionments to participants' cash accounts in the County general ledger by approximately December 10 and December 22, 2009 respectively.

PORTFOLIO COMPOSITION

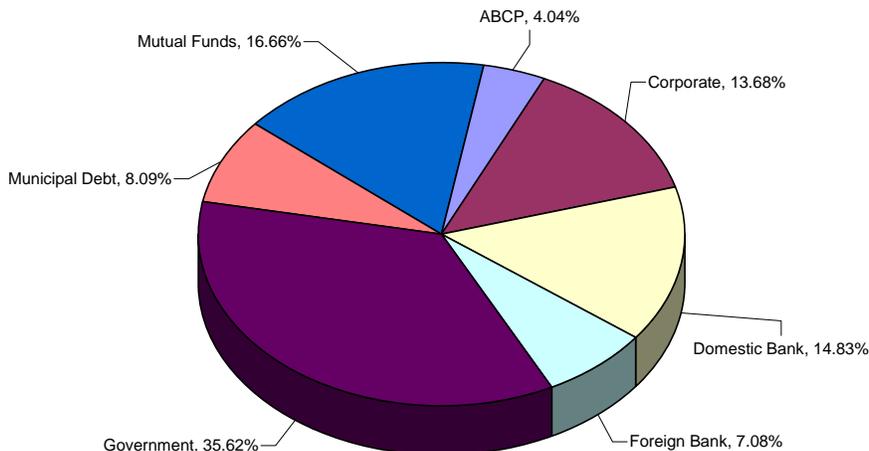
The following graphs represent the County, School and John Wayne Airport investment pools' composition by issuer type. The County and School pools include their portion of the Extended Fund (Exhibit 1).

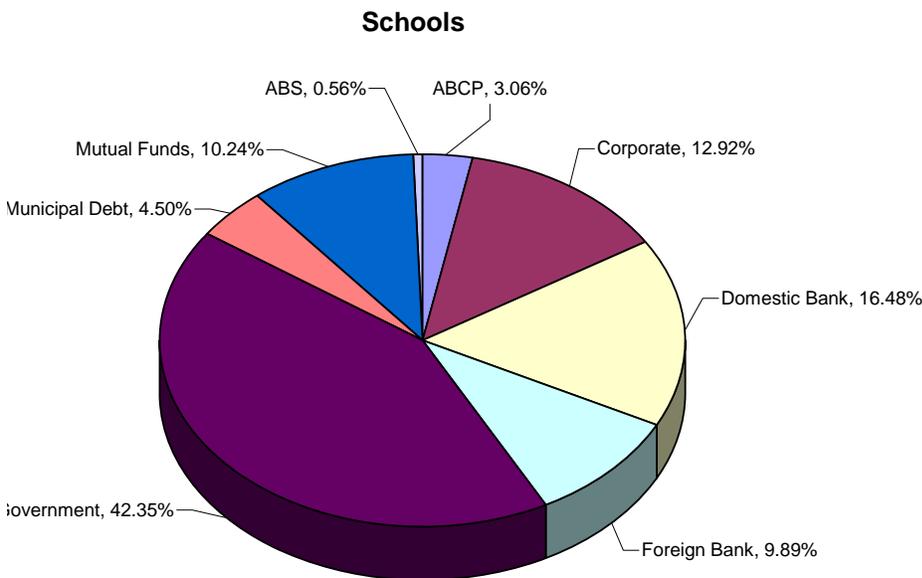
Exhibit 1:

County



John Wayne Airport





MARKET OBSERVATIONS

Orange County Treasurer's Office is delighted to report that The Educational Fund we manage achieved the third highest return and the County Fund achieved the fifth highest return of any state or municipal short-term investment fund in the United States. 2009 marks the third year in a row that our funds have been included in the *TRACS Top Ten* highest performing domestic government funds. From December 2006 through December 2009, the Orange County Treasurer's office has earned \$640,960,718 or an average yield of 3.76% over the period.

These results are even more satisfying when our clients consider that Orange County funds are 75% invested in US Government securities and our average maturity is half of the average of other comparable funds. The results we have achieved are the product of hard work, long hours and the creation of a powerful in-house research capability. We refuse to rely on Wall Street.

We became the first County in the nation and the first municipality in California to be awarded the prestigious rating of AAAM by Standard & Poors. The AAAM rating not only measures safety and security, it measures the level of liquidity available to a fund's investors in a crisis situation. There can be no doubt in anyone's mind that the financial markets have been suffering a two-year crisis. We have remained nimble throughout, and will continue to take advantage of market fluctuations as appropriate.

First 6 months of 2010 Projected Interest Rate Return – 1.05%

- The Orange County Treasurer's office expected rates to move higher at year end as bank lending escalated to support the Christmas Holiday season. We took advantage of this temporary borrowing binge to lock in higher yields for the next two years on \$450 million of our investment reserves.
- The Orange County Treasurer's office expects most investors will be stunned as the US and the world suffers an unpleasant bout of deflation. This market phenomenon will punish high risk investors with losses. Conservative high-quality, short-term bond buyers, such as Orange County, are positioned to benefit from capital gains as rates move lower.

Next fiscal year, 7/1/10 to 6/30/11, Interest Rate Return – 1.20%

- The Orange County Treasurer's office expects deflation will grind down the world economy through the spring of 2011. The United States will perform better, due to the production and labor ingenuity of our capitalistic system. Since the beginning in 2009, America has entered the early stages of a manufacturing renaissance. Our chronic negative balance of payments with trading partners has already been cut 18%, as US companies continue to become more competitive against Asian manufacturers. This import substitution by domestic manufacturers, will form the long base for a return of American economic dominance.

The Treasurer's Office appreciates your continued confidence as well as the opportunity to provide you exemplary portfolio and cash management services in the future. Please call Orange County Treasurer, Chriss W. Street, at 714-834-7625 with any questions.

**ORANGE COUNTY TREASURER-TAX COLLECTOR
EXECUTIVE SUMMARY**

January 1, 2009 - December 31, 2009

PERIOD ENDING - MONTH / YEAR	MARKET VALUE	EARNINGS FOR MONTH	YIELD FOR MONTH	MONTH END WAM
<i>Current Month - December 2009</i>				
County Pool - Money Market Fund	\$ 2,463,159,678	\$ 615,490	0.24%	57
Educational Pool - Money Market Fund	\$ 2,071,614,454	\$ 380,114	0.37%	43
Extended Fund	\$ 2,592,000,368	\$ 3,029,087	1.35%	408
OC Extended Fund B	\$ 37,405,659	\$ -	N/A	156
<i>November 2009</i>				
County Pool - Money Market Fund	\$ 2,213,498,431	\$ 507,764	0.29%	52
Educational Pool - Money Market Fund	\$ 1,157,124,969	\$ 375,995	0.41%	60
Extended Fund	\$ 2,595,489,296	\$ 6,021,428	2.78%	340
OC Extended Fund B	\$ 37,545,360	\$ -	N/A	187
<i>October 2009</i>				
County Pool - Money Market Fund	\$ 2,129,243,138	\$ 560,511	0.33%	53
Educational Pool - Money Market Fund	\$ 1,322,589,455	\$ 407,887	0.44%	59
Extended Fund	\$ 2,566,724,258	\$ 3,600,287	1.62%	498
OC Extended Fund B	\$ 38,277,435	\$ -	N/A	217
<i>September 2009</i>				
County Pool - Money Market Fund	\$ 1,970,027,204	\$ 583,000	0.35%	54
Educational Pool - Money Market Fund	\$ 1,368,057,984	\$ 517,448	0.56%	57
Extended Fund	\$ 2,531,354,790	\$ 3,569,904	1.71%	486
OC Extended Fund B	\$ 38,725,414	\$ -	N/A	248
<i>August 2009</i>				
County Pool - Money Market Fund	\$ 2,106,086,758	\$ 915,879	0.50%	57
Educational Pool - Money Market Fund	\$ 1,419,464,342	\$ 769,121	0.58%	60
Extended Fund	\$ 2,443,068,280	\$ 8,317,118	4.02%	476
OC Extended Fund B	\$ 38,891,543	\$ -	N/A	278
<i>July 2009</i>				
County Pool - Money Market Fund	\$ 2,426,411,208	\$ 951,216	0.51%	53
Educational Pool - Money Market Fund	\$ 1,664,060,971	\$ 763,406	0.62%	59
Extended Fund	\$ 2,202,254,242	\$ 8,680,964	3.98%	578
OC Extended Fund B	\$ 39,228,860	\$ -	N/A	309
<i>June 2009</i>				
County Pool - Money Market Fund	\$ 1,715,299,012	\$ 953,720	0.64%	48
Educational Pool - Money Market Fund	\$ 1,403,295,309	\$ 870,875	0.65%	52
Extended Fund	\$ 2,717,967,912	\$ 5,043,252	2.32%	491
OC Extended Fund B	\$ 39,948,442	\$ -	N/A	340
<i>May 2009</i>				
County Pool - Money Market Fund	\$ 1,930,854,836	\$ 1,331,283	0.84%	49
Educational Pool - Money Market Fund	\$ 1,557,527,352	\$ 969,271	0.68%	52
Extended Fund	\$ 2,570,383,695	\$ 5,244,514	2.27%	423
OC Extended Fund B	\$ 49,011,934	\$ -	N/A	369
<i>April 2009</i>				
County Pool - Money Market Fund	\$ 2,179,797,628	\$ 1,444,232	0.64%	51
Educational Pool - Money Market Fund	\$ 1,787,863,217	\$ 854,923	0.74%	50
Extended Fund	\$ 2,667,974,783	\$ 4,796,125	2.17%	417
OC Extended Fund B	\$ 52,200,929	\$ -	N/A	61
<i>March 2009</i>				
County Pool - Money Market Fund	\$ 2,029,134,964	\$ 1,400,404	0.81%	48
Educational Pool - Money Market Fund	\$ 1,338,411,552	\$ 1,109,701	0.88%	48
Extended Fund	\$ 2,645,713,854	\$ 5,538,166	2.57%	428
OC Extended Fund B	\$ 52,200,929	\$ -	N/A	91
<i>February 2009</i>				
County Pool - Money Market Fund	\$ 2,169,443,772	\$ 1,630,117	1.00%	53
Educational Pool - Money Market Fund	\$ 1,576,700,518	\$ 1,540,126	1.17%	59
Extended Fund	\$ 2,350,452,260	\$ 5,828,257	3.12%	387
OC Extended Fund B	\$ 52,200,929	\$ -	N/A	122
<i>January 2009</i>				
County Pool - Money Market Fund	\$ 2,014,879,118	\$ 1,827,150	0.99%	50
Educational Pool - Money Market Fund	\$ 1,856,648,856	\$ 1,820,578	1.13%	53
Extended Fund	\$ 2,533,665,548	\$ 7,079,923	3.32%	281
OC Extended Fund B	\$ 52,200,929	\$ -	N/A	150
January 1, 2009 - December 31, 2009	Annual Average	Total for Year	Annual Average	Annual Average
County Pool - Money Market Fund	\$ 2,112,319,646	\$ 12,720,766	0.60%	52
Educational Pool - Money Market Fund	\$ 1,543,613,248	\$ 10,379,445	0.69%	54
Extended Fund	\$ 2,578,740,637	\$ 66,749,025	2.60%	434

Month Ended December 31, 2009	Total Earnings	Yield
County Pool - Money Market Fund	\$ 615,490	0.24%
Educational Pool - Money Market Fund	380,114	0.37%
Extended Fund	3,029,087	1.35%
Total	\$ 4,024,692	

Quarter Ended December 31, 2009	Total Earnings	Average Yield
County Pool - Money Market Fund	\$ 1,683,765	0.29%
Educational Pool - Money Market Fund	1,163,995	0.41%
Extended Fund	12,650,803	1.92%
Total	\$ 15,498,563	

Year Ended December 31, 2009	Total Earnings	Average Yield
County Pool - Money Market Fund	\$ 12,720,766	0.60%
Educational Pool - Money Market Fund	10,379,445	0.69%
Extended Fund	66,749,025	2.60%
Total	\$ 89,849,235	