



TREASURER-TAX COLLECTOR VENTURA COUNTY

SUE HORGAN
TREASURER-
TAX COLLECTOR

Marilou Tan
Assistant Treasurer-Tax Collector

March 12, 2024

Ventura County Board of Supervisors
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: Receive and File Report of Investments, Including Market Values for Investments for the Month Ending January 31, 2024.

RECOMMENDATION: Receive and File

FISCAL/MANDATES IMPACT: None

STRATEGIC PLAN PRIORITY: The item presented in this Board letter supports making responsible and efficient use of public funds and promotes economic stability and growth during a changing economy.

DISCUSSION:

This report covers the one-month period ending January 31, 2024.

The **average daily portfolio balance** for January was \$4.485 billion, a slight \$24 million increase from December. Exhibit 3 shows the cyclical pattern of the portfolio balance. The balance will remain fairly flat until April, when the second installment of secured property taxes will be collected.

The **Effective Rate of Return**, net of administrative fees, for January was 4.29%, a slight increase from the 4.26% earned in December. Indications are that the Federal Open Market Committee will hold rates steady through the first half of 2024.

If the current portfolio investments are all held to maturity, the portfolio's gross **approximate yield to maturity** would be 4.36%.

The **net earnings** for January were \$16,528,465, an increase of \$217,000 from December.

The **weighted average days to maturity** decreased slightly to 287 days. The interest-rate sensitivity measure of **effective duration** also decreased slightly to 0.656. Both numbers are comfortably within expectations for LGIP programs like ours.

We continue focusing on risk management, high credit quality, and diversification. Exhibit 8 is a valuable pie chart graphically illustrating the portfolio holdings by S&P ratings. Nearly 44% of the portfolio is in the highest short-term and long-term rating categories (A-1+ and AAA). In addition, U.S. Treasury securities represent 22% of the portfolio balance. U.S. Treasury securities are rated AA+ by S&P and Fitch, so they are not included in the 44% mentioned above but are still considered the safest investments.

The **three largest sectors**, by percentage, were U.S. Treasuries/Government Agencies (46.78%), Supranationals (13.58%), and Commercial Paper (12.83%). The **three largest issuers**, by percentage, were the U.S. Treasury (22.00%), the Federal Home Loan Bank (12.45%), and the Inter-American Development Bank (6.15%). The **three highest-yielding sectors**, by annualized percentage yield, were Commercial Paper (5.62%), Yankee CDs (5.49%), and U.S. Treasuries (4.70%).

The portfolio has been managed with the objectives of safety, liquidity, and earning a competitive return, as outlined in the Statement of Investment Policy. In striving to maintain **the primary objective, safety of principal**, the County of Ventura has continuously maintained a rating of AAf/S1+ by Standard & Poor's, the highest rating given by that agency. The rating was reaffirmed in November 2023 and reflects the results of the comprehensive audit and review conducted by Standard & Poor's. The rating reflects S&P's opinion that the portfolio is well-managed, credit-worthy, well-diversified, and has a low sensitivity to interest rate variations. Regarding **the secondary objective of maintaining sufficient liquidity** to meet cash flow needs, the portfolio maintains significant reserves in the cash equivalent Sweep Account and substantial holdings in LAIF and CalTrust. The portfolio has the ability to meet its participants' expenditure requirements for the next six months, pursuant to a daily study of projected cash flows. All of the portfolio's assets have a well-developed resale market, although, of course, it is our practice not to sell. **Earning a competitive rate of return** is reflected in our performance against our benchmark, LAIF, even though LAIF has a less restrictive investment policy than ours and has no S&P rating.

This letter has been reviewed and approved as to form by the County Executive Office, the Auditor-Controller's Office, and County Counsel.

Please contact me at 805-654-3771 if you have any questions or require further information regarding this item.

Sincerely,



Sue Horgan
Treasurer-Tax Collector

- Exhibit 1 – Principal Custody Solutions Market Cost Value Comparison Report – January 2024
- Exhibit 2 – Monthly Transactions Report – January 2024
- Exhibit 3 – Portfolio Average Monthly Balance Graph – January 2022 – January 2024
- Exhibit 4 – Average Maturity Graph – January 2022 – January 2024
- Exhibit 5 – Rolling 2-Year % Yield Graph – January 2022 – January 2024
- Exhibit 6 – Rolling 2-Year \$ Yield Graph – January 2022 – January 2024
- Exhibit 7 – Portfolio Holdings by Class Graph – January 2024
- Exhibit 8 – Portfolio Holdings by S&P Credit Ratings Graph – January 2024