



TREASURER-TAX COLLECTOR VENTURA COUNTY

SUE HORGAN
TREASURER-
TAX COLLECTOR

Marilou Tan
Assistant Treasurer-Tax Collector

April 9, 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 February 29, 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 February 29, 2024.

The **average daily portfolio balance** for February was \$4.350 billion, a slight \$135 million decrease from January. Exhibit 3 shows the cyclical pattern of the portfolio balance. The balance will remain fairly flat until April, when the bulk of the second installment of secured property taxes will be collected.

The **Effective Rate of Return**, net of administrative fees, for February was 4.39%, a slight increase from the 4.29% earned in January. Indications from Federal Reserve Chair, Jerome Powell, are that rates will come down this year, but just not yet.

If the current portfolio investments are all held to maturity, the portfolio's gross **approximate yield to maturity** would be 4.39%.

The **net earnings** for February were \$15,332,615, a \$1.2 million decrease from January due to a shorter month and lower portfolio balance.

The **weighted average days to maturity** decreased slightly to 284 days, and the interest-rate sensitivity measure of **effective duration** also decreased slightly to 0.648. 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 43% 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 more than 20% of the portfolio balance. U.S. Treasury securities are rated AA+ by S&P and Fitch, so they are not included in the 43% mentioned above but are still considered the safest investments.

The **three largest sectors**, by percentage, were U.S. Treasuries/Government Agencies (44.45%), Yankee Certificates of Deposit (14.55%), and Commercial Paper (12.52%). The **three largest issuers**, by percentage, were the U.S. Treasuries (20.63%), the Federal Home Loan Bank (11.46%), and the Federal Farm Credit Bank (5.96%). The **three highest-yielding sectors**, by annualized percentage yield, were Commercial Paper (5.63%), Yankee CDs (5.46%), and U.S. Treasuries (4.66%).

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 –
February 2024

Exhibit 2 – Monthly Transactions Report – February 2024

Exhibit 3 – Portfolio Average Monthly Balance Graph – February 2022 – February 2024

Exhibit 4 – Average Maturity Graph – February 2022 – February 2024

Exhibit 5 – Rolling 2-Year Percentage Yield Graph – February 2022 – February 2024

Exhibit 6 – Rolling 2-Year Dollar Yield Graph – February 2022 – February 2024

Exhibit 7 – Portfolio Holdings by Class Graph – February 2024

Exhibit 8 – Portfolio Holdings by Standard and Poor's Credit Rating Graph – February 2024