



TREASURER-TAX COLLECTOR VENTURA COUNTY

SUE HORGAN
TREASURER-
TAX COLLECTOR

Marilou Tan
Assistant Treasurer-Tax Collector

May 14, 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 March 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 March 31, 2024.

The **average daily portfolio balance** for March was \$4.356 billion, a slight increase from February. Exhibit 3 shows the cyclical pattern of the portfolio balance. The balance has begun to rise and will reach its peak in mid-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 March was 4.41%, an increase from the 4.39% earned in February. Indications from Federal Reserve Chair Jerome Powell are that rates are likely to remain at this level until later in the year when it becomes clear that inflation is within acceptable levels.

If the current portfolio investments are all held to maturity, the portfolio's gross **approximate yield to maturity** would be 4.51%.

The **net earnings** for March were \$16,506,057, a nearly \$1.2 million increase from February due to a longer month and a slightly higher portfolio balance.

The **weighted average days to maturity** increased slightly to 292 days, and the interest-rate sensitivity measure of **effective duration** also increased slightly to 0.685. Both numbers comfortably meet expectations for LGIP programs like ours.

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We continue focusing on risk management, high credit quality, and diversification. Exhibit 8 is a valuable pie chart graphically illustrating the portfolio holdings by Standard & Poor's (S&P) ratings. Nearly 40% 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 19.41% of the portfolio balance. U.S. Treasury securities are rated AA+ by S&P and Fitch, so they are not included in the nearly 40% mentioned above but are still considered the safest investments.

The **three largest sectors**, by percentage, were U.S. Treasuries/Government Agencies (42.21%), Yankee Certificates of Deposit (20.52%), and Commercial Paper (12.54%). The **three largest issuers**, by percentage, were the U.S. Treasuries (19.41%), the Federal Home Loan Bank (10.32%), and the Federal Farm Credit Bank (5.88%). The **three highest-yielding sectors**, by annualized percentage yield, were Commercial Paper (5.61%), Yankee CDs (5.42%), and U.S. Treasuries (4.67%).

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 AAAf/S1+ by S&P, 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 S&P. 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 – March 2024
- Exhibit 2 – Monthly Transactions Report – March 2024
- Exhibit 3 – Portfolio Average Monthly Balance Graph – March 2022 – March 2024
- Exhibit 4 – Average Maturity Graph – March 2022 – March 2024
- Exhibit 5 – Rolling 2-Year Percentage Yield Graph – March 2022 – March 2024
- Exhibit 6 – Rolling 2-Year Dollar Yield Graph – March 2022 – March 2024
- Exhibit 7 – Portfolio Holdings by Class Graph – March 2024
- Exhibit 8 – Portfolio Holdings by Standard and Poor's Credit Rating Graph – March 2024