



TREASURER-TAX COLLECTOR VENTURA COUNTY

SUE HORGAN
TREASURER-
TAX COLLECTOR

Marllou Tan
Assistant Treasurer-Tax Collector

July 23, 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 May 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 ending May 31, 2024.

The **average daily portfolio balance** for May was \$4.861 billion, a slight decrease from April. Exhibit 3 shows the portfolio balance's cyclical pattern, which has begun its descent and will begin to grow as we move toward the November/December collection period.

The **Effective Rate of Return**, net of administrative fees, for May, was 4.56%, a slight increase from the 4.52% earned in April. Federal Reserve Chair Jerome Powell indicates that rates will likely remain at this level until 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** is 4.59%.

May's **net earnings** were \$19,043,402, a \$578,000 increase from April.

The **weighted average days to maturity** decreased to 298 days, reflecting our seasonally tighter cash flow and fewer new investments made during the month. The interest-rate sensitivity measure of **effective duration** decreased slightly to 0.712. Both numbers comfortably meet 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 Standard & Poor's (S&P) ratings. 37% of the portfolio is in the highest short-term and long-term rating categories (AAA and A-1+). In addition, U.S. Treasury securities represent 16.91% of the portfolio balance. U.S. Treasury securities are rated AA+ by S&P and Fitch, so they are not included in the 37% mentioned above but are still considered the safest investments.

The **three largest sectors**, by percentage, were U.S. Treasuries/Government Agencies (39.77%), Yankee Certificates of Deposit (26.26%), and Medium-Term Corporate Notes (9.98%). The **three largest issuers**, by percentage, were the U.S. Treasuries (16.91%), the Federal Home Loan Bank (9.99%), and the Federal Farm Credit Bank (6.62%). The **three highest-yielding sectors**, by annualized percentage yield, were Commercial Paper (5.53%), Yankee CDs (5.39%), and Medium-Term Corporate Notes (4.75%).

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 – May 2024
- Exhibit 2 – Monthly Transactions Report – May 2024
- Exhibit 3 – Portfolio Average Monthly Balance Graph – May 2022 – May 2024
- Exhibit 4 – Average Maturity Graph – May 2022 – May 2024
- Exhibit 5 – Rolling 2-Year Percentage Yield Graph – May 2022 – May 2024
- Exhibit 6 – Rolling 2-Year Dollar Yield Graph – May 2022 – May 2024
- Exhibit 7 – Portfolio Holdings by Class Graph – May 2024
- Exhibit 8 – Portfolio Holdings by Standard and Poor's Credit Rating Graph – May 2024