



# **2022 Investment Highlights**

**3rd Quarter ending June 30, 2022**

*County Auditor's Office*

*Commissioners Court Meeting*

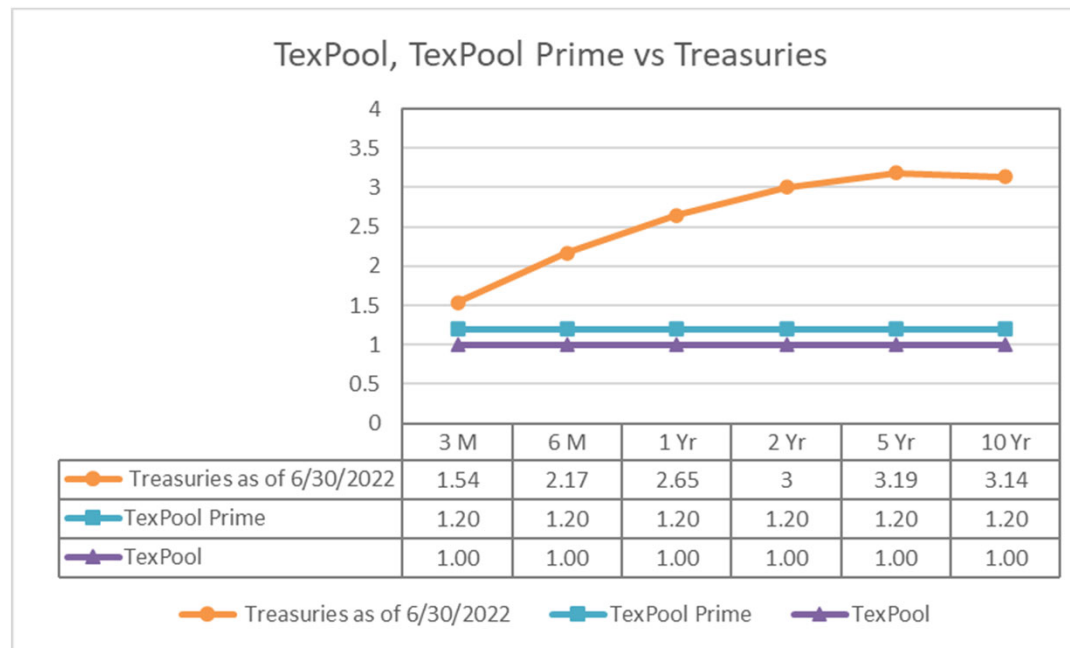
# Quarterly Investment Update

## Directly linked to the County Strategic Plan

- Investment Goals:
  - Goal 1 - Investing funds on the principles of
    1. Safety
    2. Liquidity
    3. Diversification
  - Goal 2 - Return on Investment

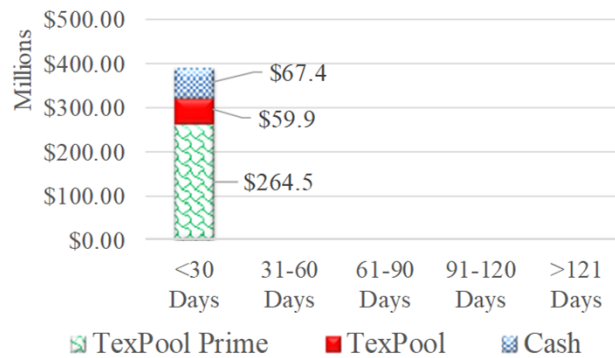
# Quarterly Investment Update

## Rate Comparison

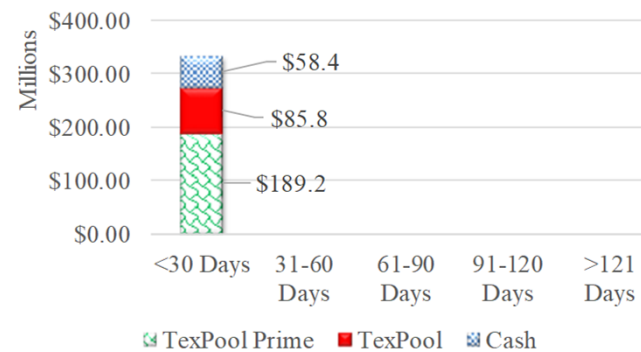


# Quarterly Investment Update

**Investment Maturity Summary  
June 30, 2022**



**Investment Maturity Summary  
June 30, 2021**



Although investment vehicles have remained the same for both years (cash, TexPool, and TexPool Prime) the percentages in each have changed. As of June 30, 2022, the percentages in cash, TexPool, and TexPool Prime were 17.2%, 15.3%, and 67.5%, respectively. The June 30, 2021, percentages in cash, TexPool, and TexPool Prime were 17.5%, 25.7% and 56.7%, respectively.

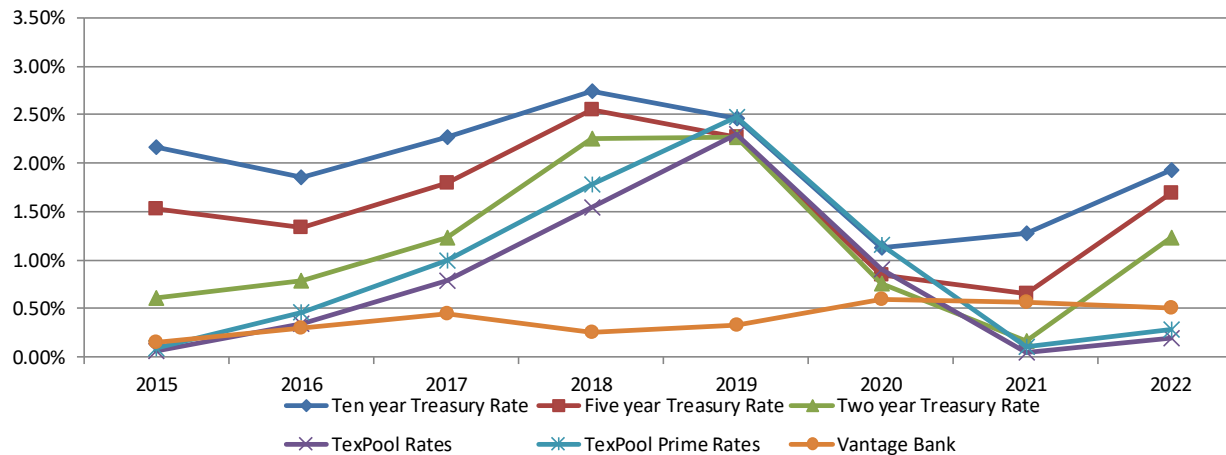
Total investments were \$391,810,626 for June 2022 compared to prior year of \$333,444,976, an increase of \$58,365,650, of which \$139.5 million is from the ARPA funds.

The interest earned this fiscal year was \$1,125,998 compared to last year of \$462,535 an increase of \$663,463 or 143.4%, which is mainly due to the change in investment mix, higher investible balances and higher interest rates.

# Quarterly Investment Update

## Historical Market Environment

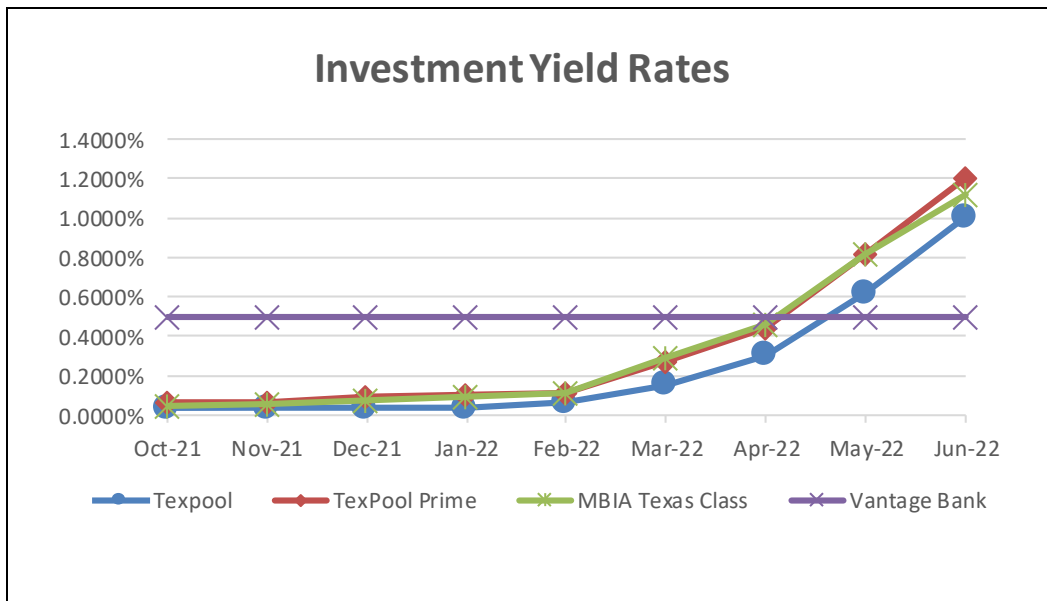
Key Interest Rates Averaged over a 12 month period



Key Interest Rates Averaged for the 12 Month period (averaged over five years)	
Ten Year Treasury	1.9%
Five Year Treasury	1.7%
Two Year Treasury	1.2%
TexPool	0.2%
TexPool Prime	0.3%
Vantage Bank	0.5%

The year began with the overnight Fed Funds target range at 0.00% to 0.25%. In March, Fed officials increased the overnight target by 25 bps. In May, fast rising inflation forced a more aggressive 50 bp hike, and in June, Fed officials increased the overnight target by another 75 bps, *the biggest move in almost 30 years*. The current expectation is the Federal Reserve will be continuing hike rates, bringing the overnight target above 3.00% by year-end.

# Quarterly Investment Update



Yields for June 2022	
Texas Class (not currently invested in)	1.12%
TexPool Prime	1.20%
TexPool	1.00%
Vantage Bank	0.50%

Above is a comparison of interest rates for the investment pools and Vantage Bank. The two highest yielding pools are TexPool Prime and Texas Class. Both contain Commercial Paper respectively consisting of approximately 58.6 and 90.7 percent of each pool's investments.

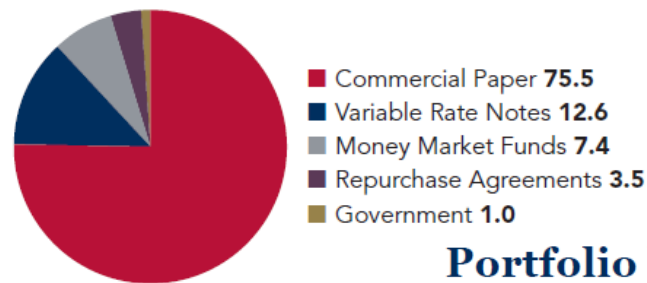
# Quarterly Investment Update

## Prime Investment Pools

### Texpool Prime:

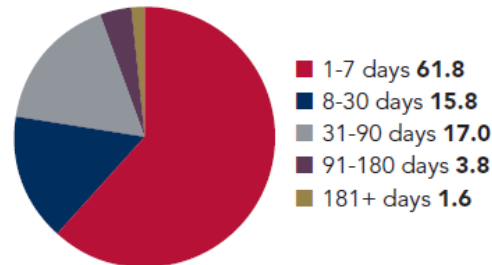
#### Portfolio by Type of Investment (%)

As of March 31, 2022



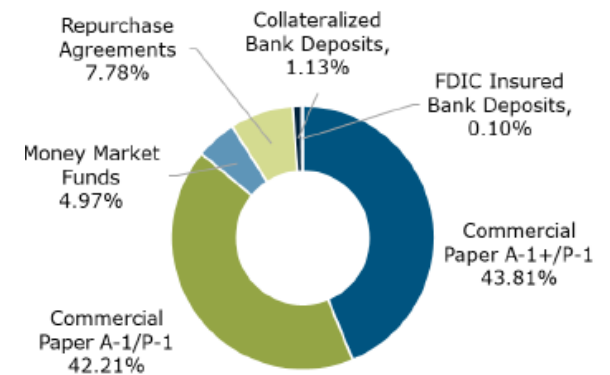
#### Portfolio by Maturity (%)

As of March 31, 2022



Source: TexPool July 1, 2022 Monthly Newsletter

### Texas Class:



#### Texas CLASS Portfolio Breakdown

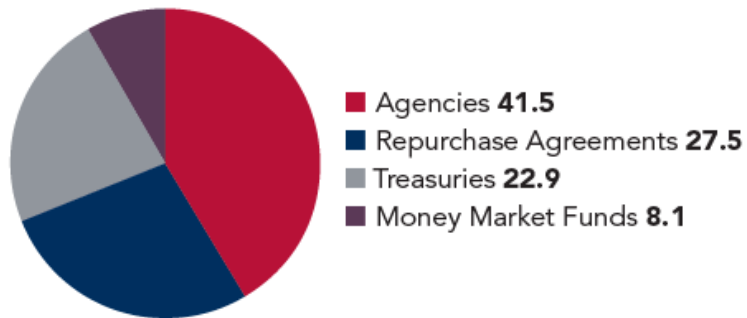
Source: Texas Class Website – Portfolio Characteristics as of June 30, 2022

# Quarterly Investment Update

## TexPool

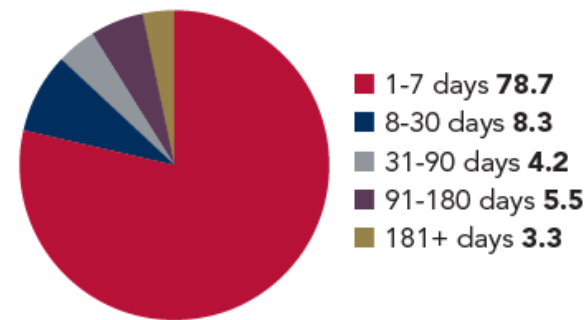
### Portfolio by Type of Investment (%)

As of June 30, 2022



### Portfolio by Maturity (%)

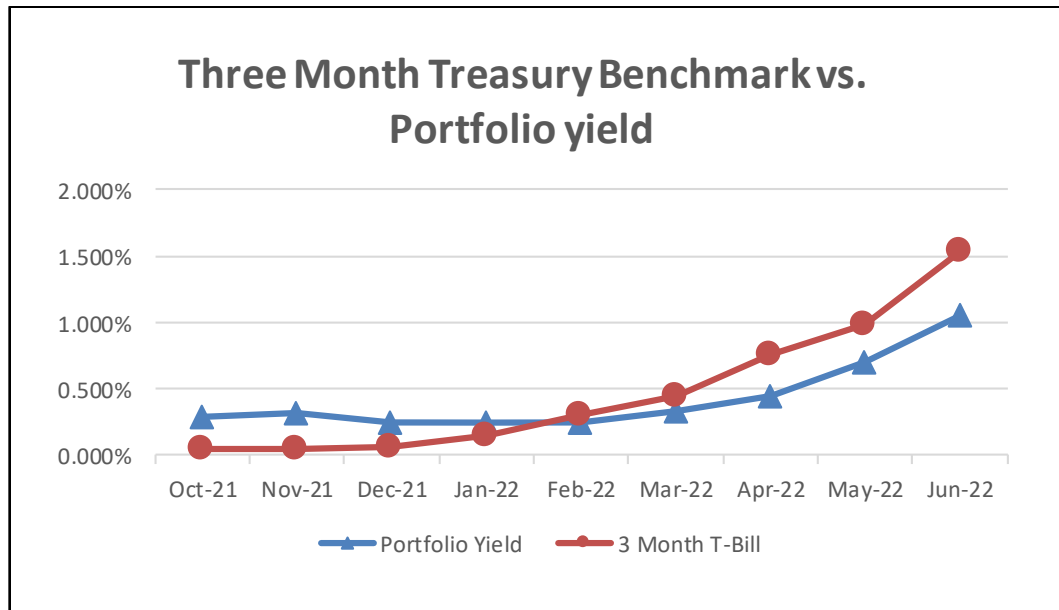
As of June 30, 2022



Source: TexPool July 1, 2022 Monthly Newsletter

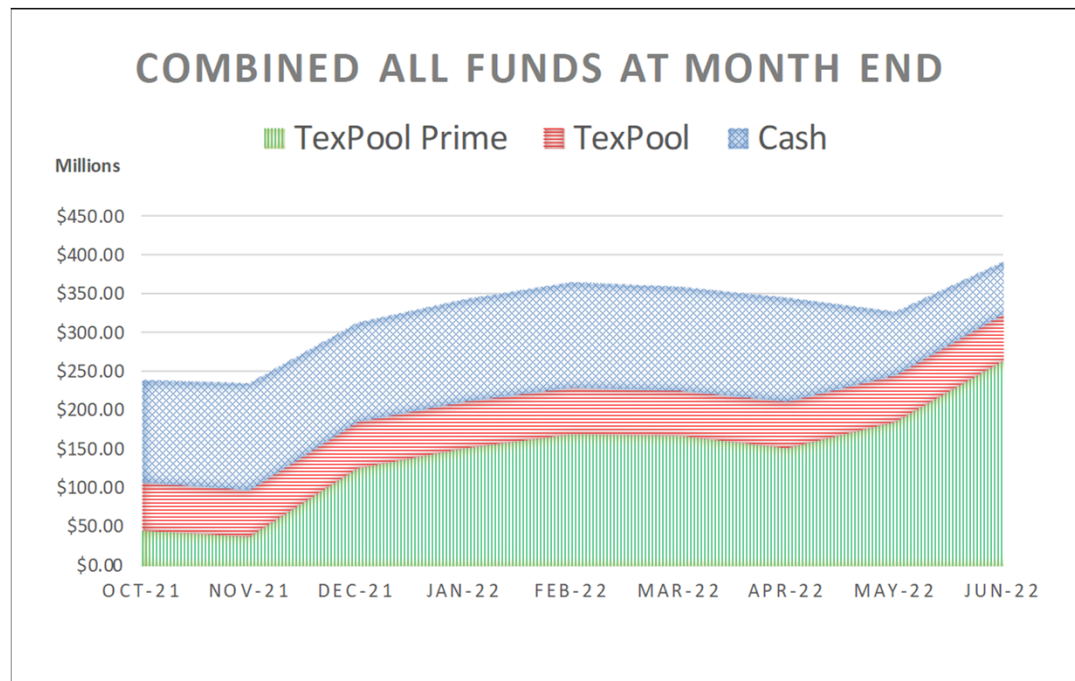


# Quarterly Investment Update



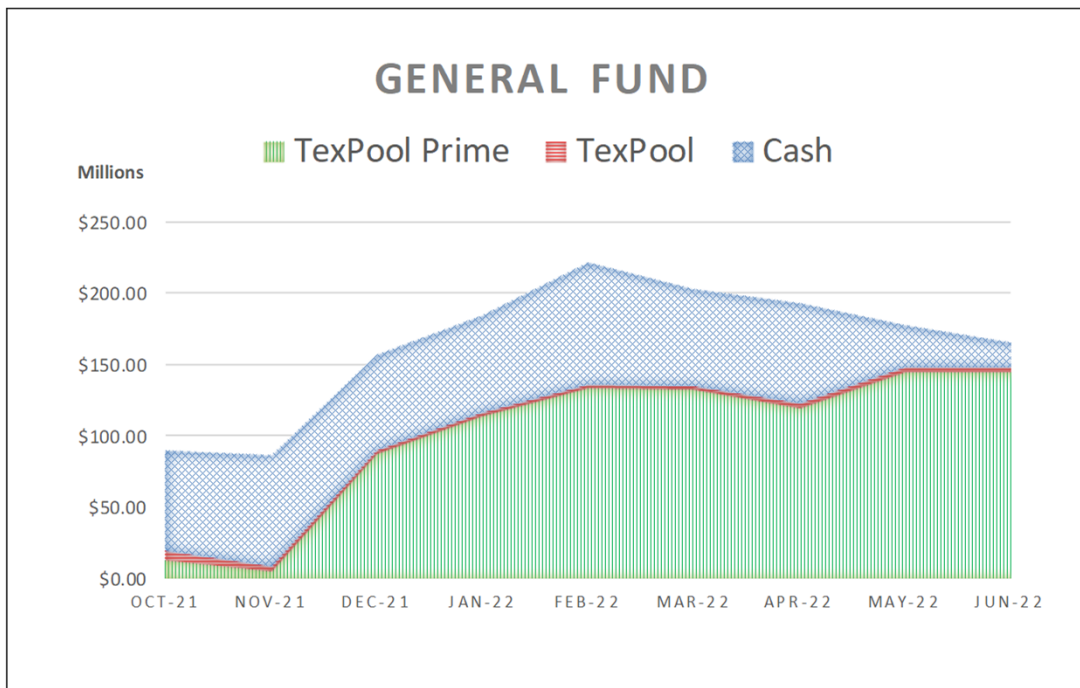
The County had a weighted average yield of 1.05% as of June 30, 2022, compared to the 90-day treasury benchmark of 1.54% resulting in the County being 49 basis points below the benchmark for the month.

# Quarterly Investment Update



The County's investable funds include the General Fund, Special Revenue Fund, Capital Projects, Internal Service, Enterprise Fund, Debt Service, and Agency Fund.

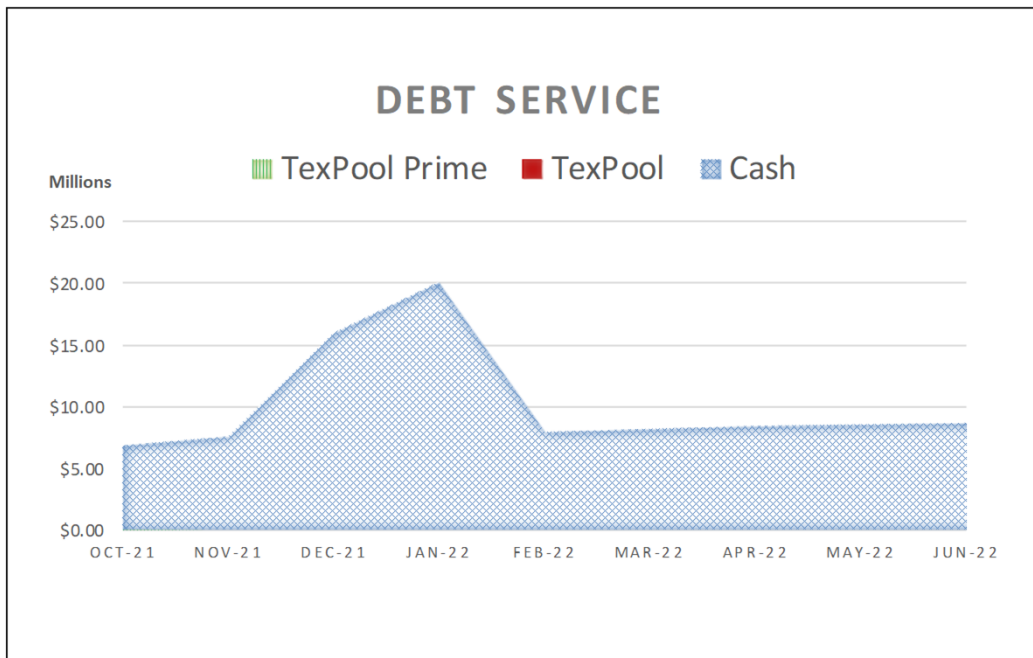
# Quarterly Investment Update



Date	Millions
October 31, 2021	\$90.0
November 30	\$86.8
December 31	\$157.0
January 31, 2022	\$184.8
February 28	\$221.2
March 31	\$203.5
April 30	\$192.9
May 31	\$178.3
June 30	\$165.4

- Investable funds reach their lowest point in mid-December and increase from late December through mid-February.
- After reaching its peak for investable funds in February, the general fund declines throughout the year until it reaches the low point in mid-December.

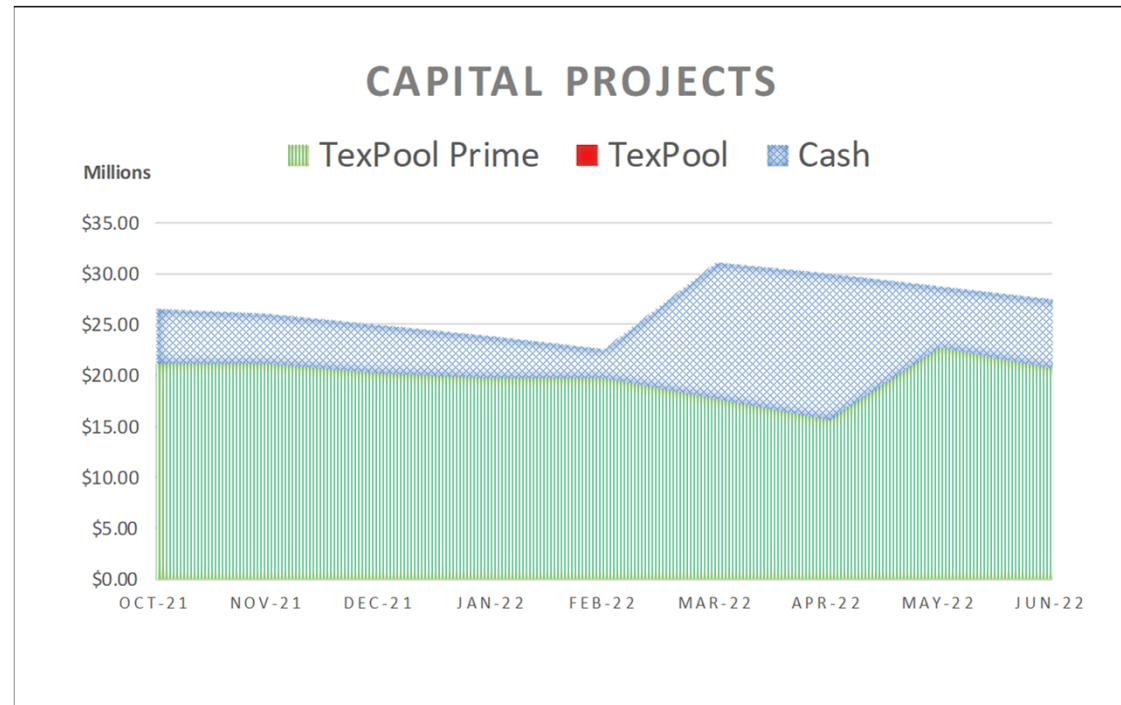
# Quarterly Investment Update



Date	Millions
October 31, 2021	\$6.9
November 30	\$7.6
December 31	\$16.0
January 31, 2022	\$20.0
February 28	\$8.0
March 31	\$8.2
April 30	\$8.4
May 31	\$8.5
June 30	\$8.7

- Debt Service follows the same cash inflow pattern as the General Fund.
- Disbursements occur in February, March, August, and September.
- The low point for the debt service fund is September 16<sup>th</sup> the day after our final interest payment for the fiscal year is made.

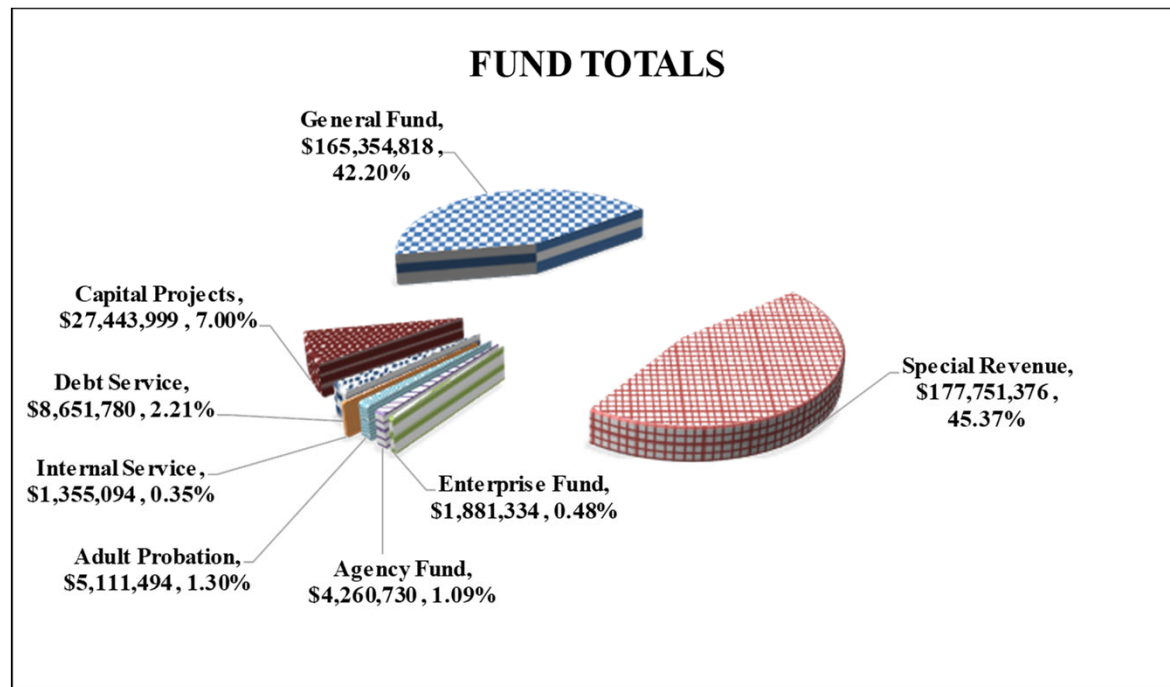
# Quarterly Investment Update



The primary funding sources for the Capital Projects Fund are bond proceeds and the two cents from the Maintenance and Operations portion of the Ad Valorem taxes which funds the Capital Improvement Fund.

# Quarterly Investment Update

## Investments by Fund Type as of June 30, 2022





# *Questions*

