



# **2022 Investment Highlights**

## **4th Quarter ending September 30, 2022**

*County Auditor's Office*

*Commissioners Court Meeting*

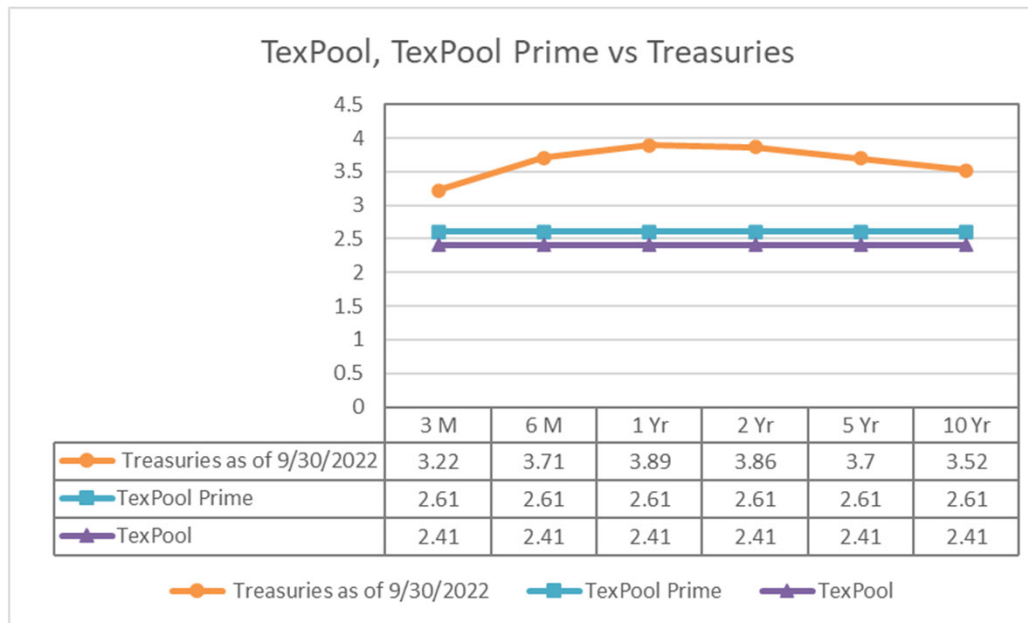
# Quarterly Investment Update

## Directly linked to the County Strategic Plan

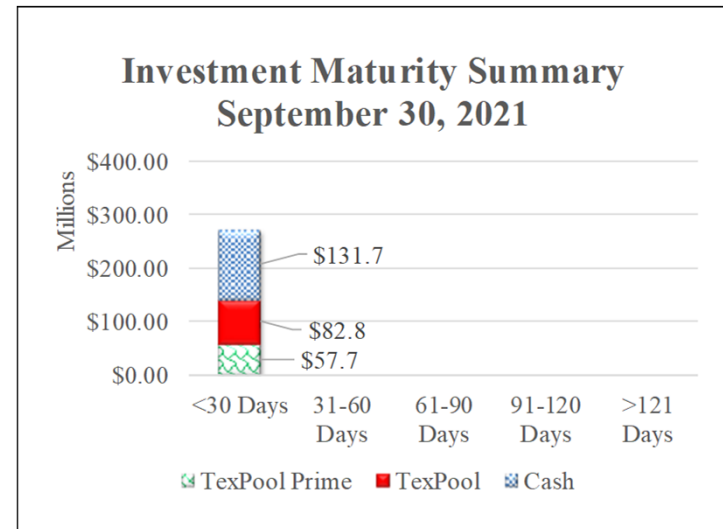
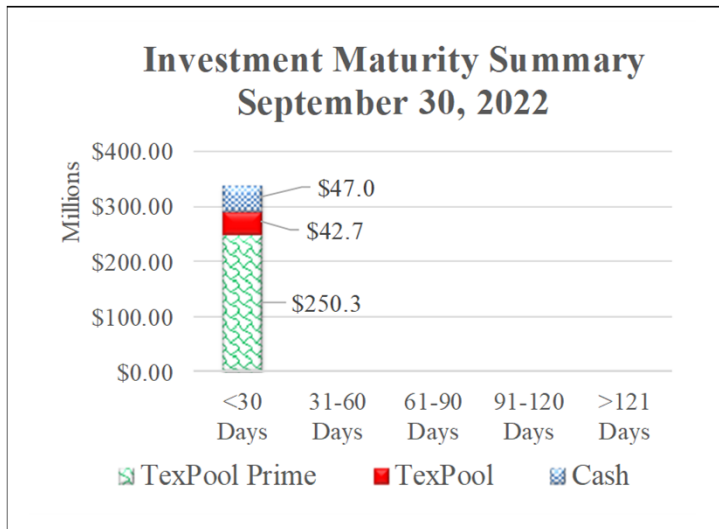
- Investment Goals:
  - Goal 1 - Investing funds on the principles of
    1. Safety
    2. Liquidity
    3. Diversification
  - Goal 2 - Return on Investment

# Quarterly Investment Update

## Rate Comparison



# Quarterly Investment Update



Although investment vehicles have remained the same for both years (cash, TexPool, and TexPool Prime) the percentages in each have changed. As of September 30, 2022, the percentages in cash, TexPool, and TexPool Prime were 13.82%, 12.55%, and 73.63%, respectively. The September 30, 2021, percentages in cash, TexPool, and TexPool Prime were 48.39%, 30.42% and 21.18%, respectively.

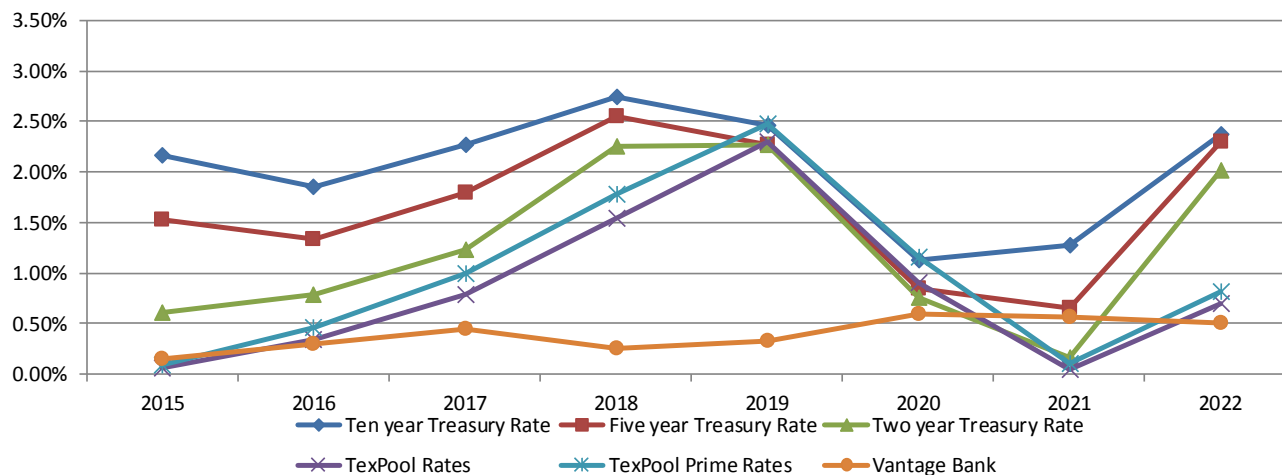
Total investments were \$339,944,930 for September 2022 compared to prior year of \$272,224,875, an increase of \$67,720,055, of which \$120.9 million is from the ARPA funds.

The interest earned this fiscal year was \$2,876,543 compared to last year of \$663,813 an increase of \$2,212,730 or 333.34%, which is mainly due to the change in investment mix, higher investible balances and higher interest rates.

# Quarterly Investment Update

## Historical Market Environment

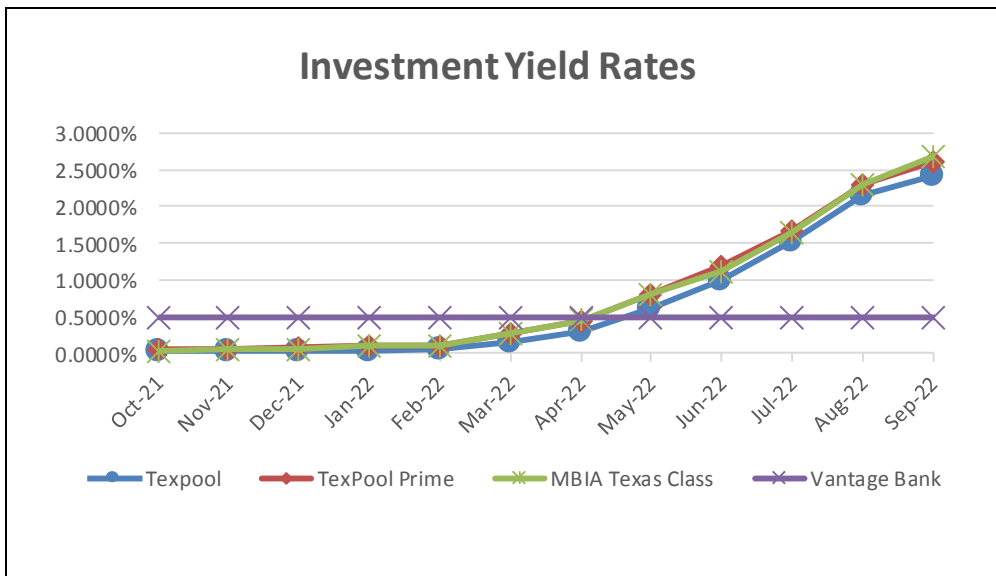
Key Interest Rates Averaged over a 12 month period



Key Interest Rates Averaged for the 12 Month period (averaged over five years)	
Ten Year Treasury	2.4%
Five Year Treasury	2.3%
Two Year Treasury	2.0%
TexPool	0.7%
TexPool Prime	0.8%
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*. In July, Fed officials raised the overnight target rate by 75 bps and again in September. As of September 2022, the overnight target is 3.00-3.25%. The current expectation is the Federal Reserve will continue hike rates, bringing the overnight target above 4.00% by year-end.

# Quarterly Investment Update



Yields for September 2022	
Texas Class (not currently invested in)	2.68%
TexPool Prime	2.61%
TexPool	2.41%
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 56.1 and 85.5 percent of each pool's investments.

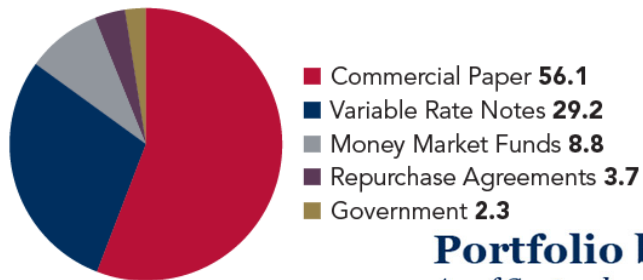
# Quarterly Investment Update

## Prime Investment Pools

Texpool Prime:

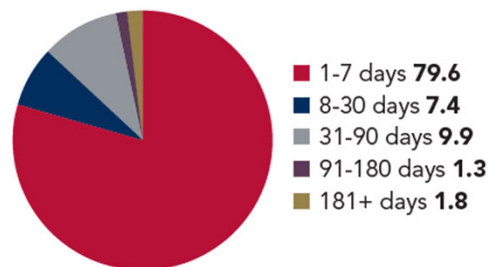
### Portfolio by Type of Investment (%)

As of September 30, 2022



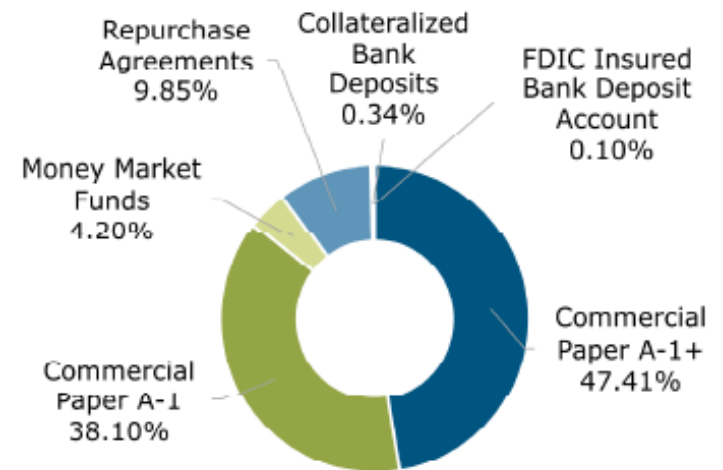
### Portfolio by Maturity (%)

As of September 30, 2022



Source: TexPool October 1, 2022 Monthly Newsletter

Texas Class:

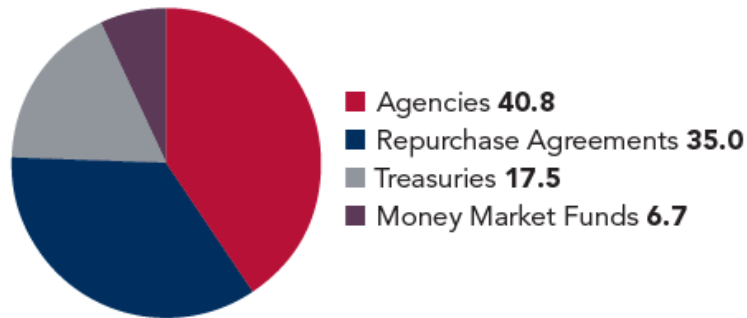


Source: Texas Class Website – Portfolio Characteristics as of September 30, 2022

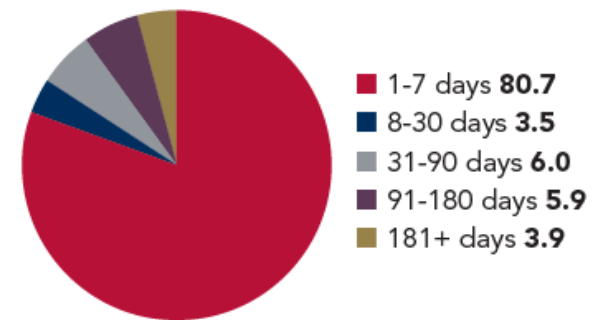
# Quarterly Investment Update

## TexPool

**Portfolio by Type of Investment (%)**  
*As of September 30, 2022*



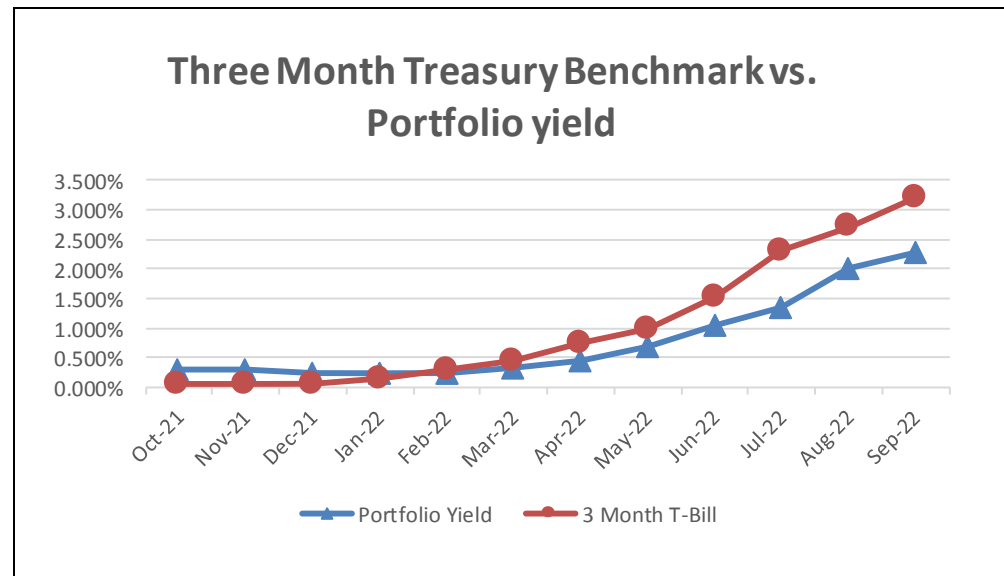
**Portfolio by Maturity (%)**  
*As of September 30, 2022*



Source: TexPool October 1, 2022 Monthly Newsletter

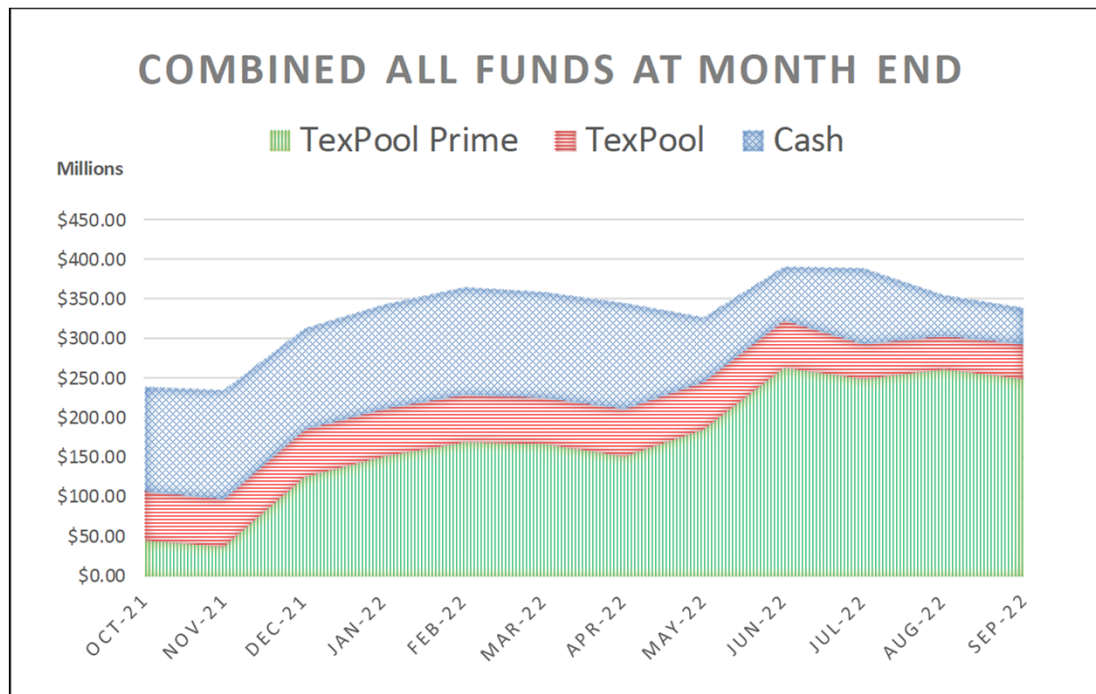


# Quarterly Investment Update



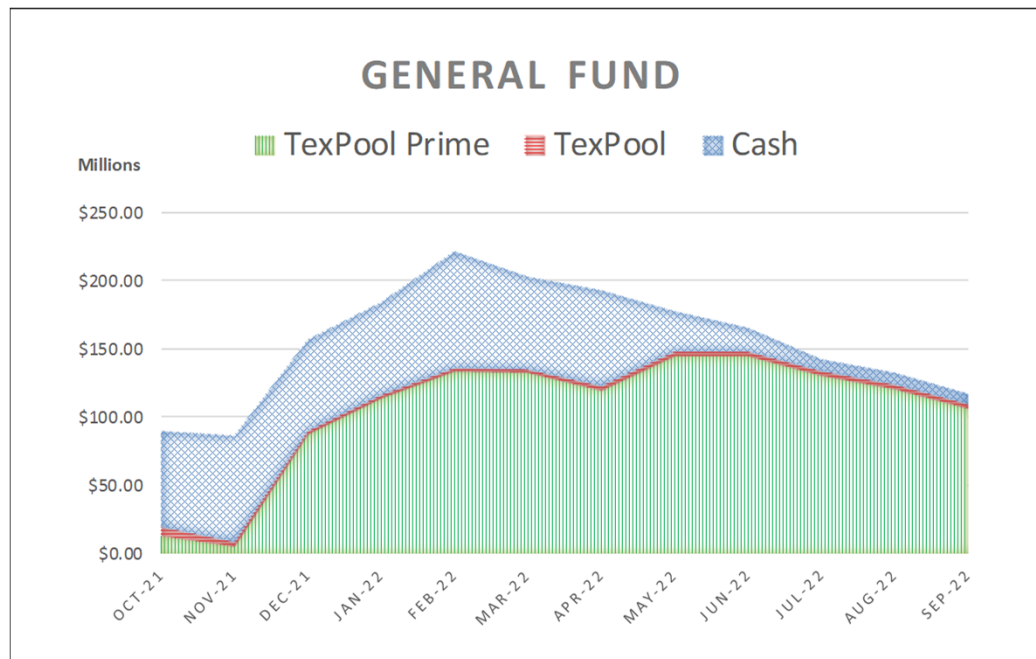
The County had a weighted average yield of 2.3% as of September 30, 2022, compared to the 90-day treasury benchmark of 3.2% resulting in the County being 92 basis points below the benchmark for the month.

# 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.

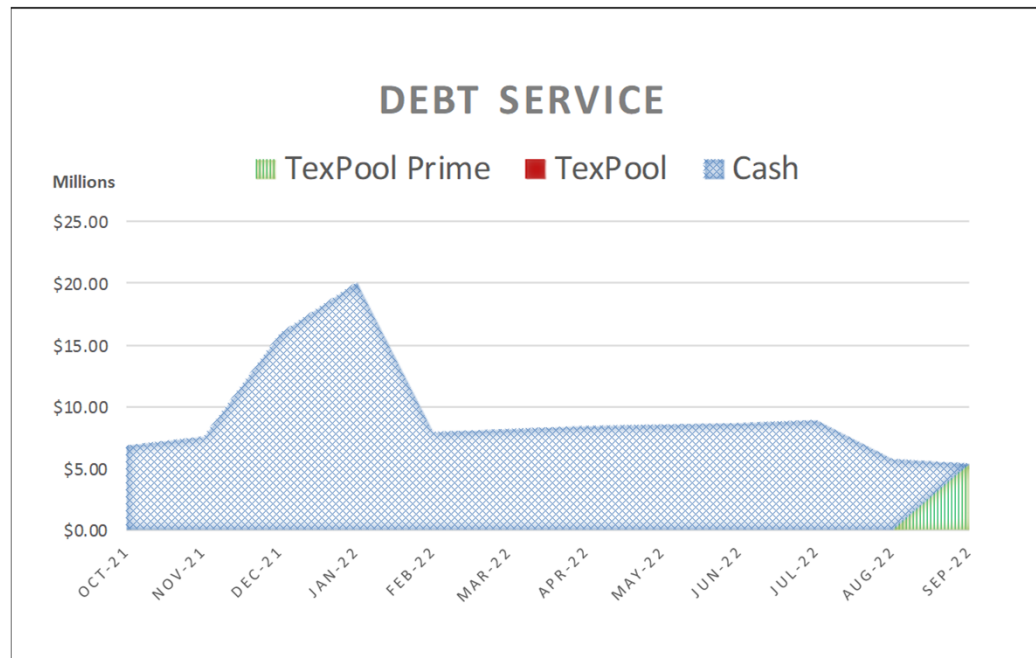
# Quarterly Investment Update



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
July 31	\$142.8
August 31	\$132.8
September 30	\$117.7

- 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.

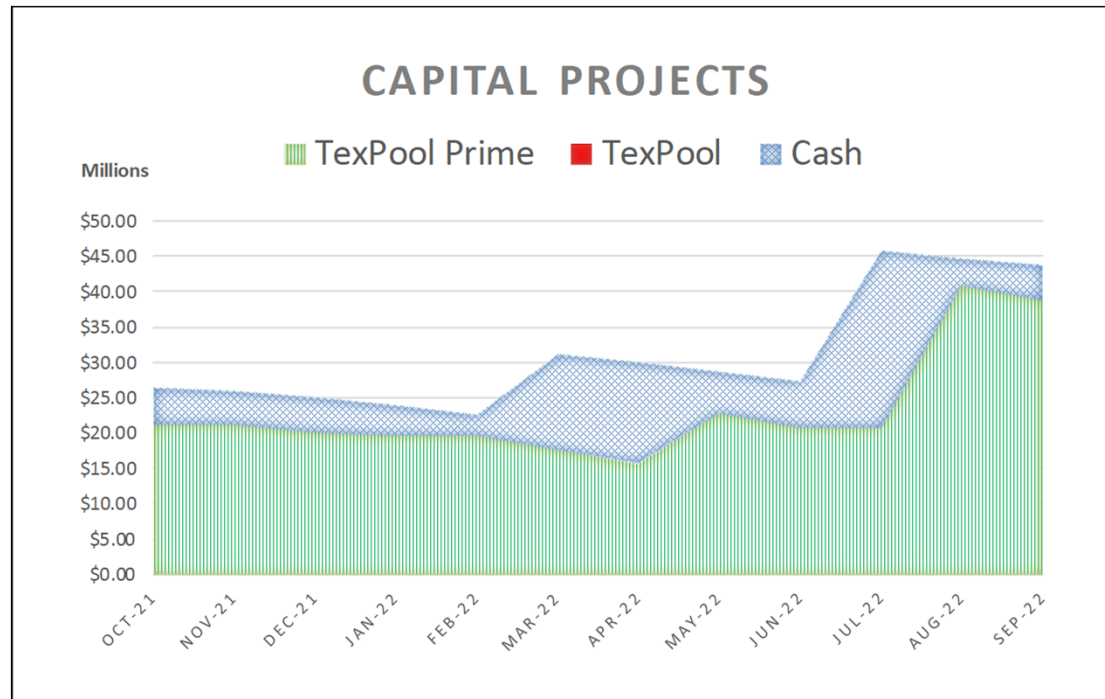
# Quarterly Investment Update



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
July 31	\$9.0
Aug 31	\$5.8
September 30	\$5.4

- 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.

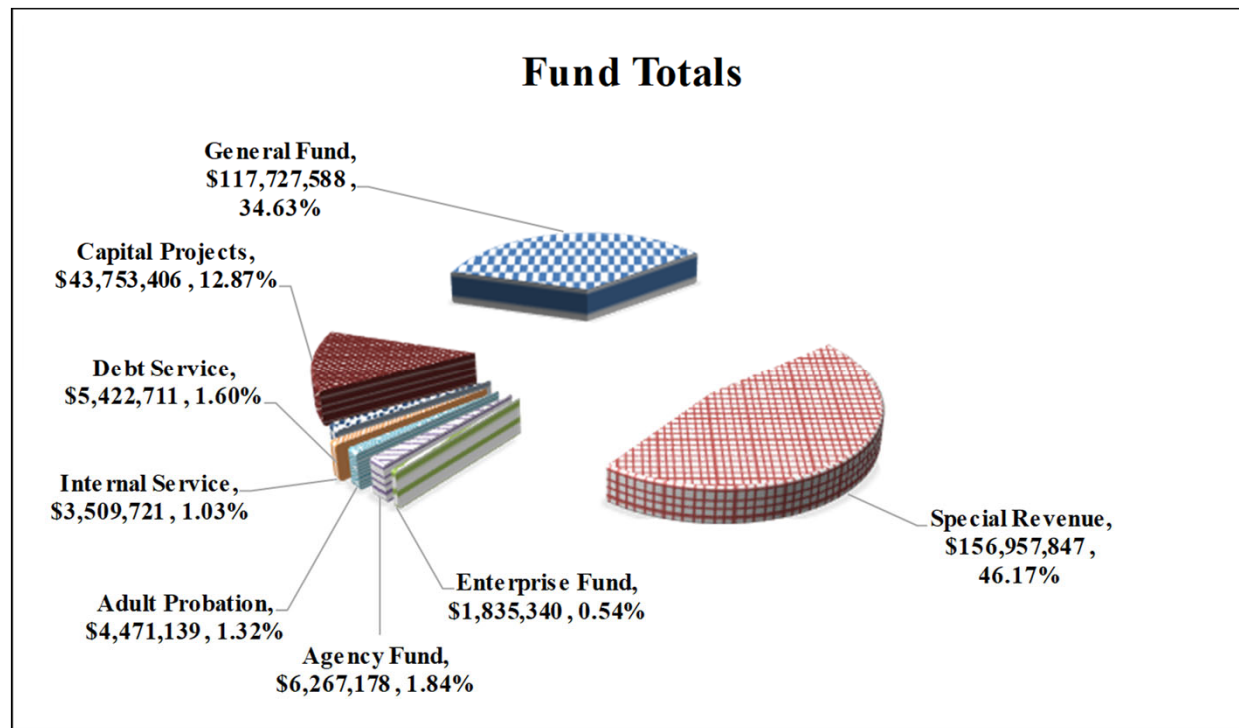
# Quarterly Investment Update



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 September 30, 2022





# *Questions*

