

Nueces County  
Quarterly Investment Report  
December 31, 2023  
(Unaudited)

*Prepared by Nueces County  
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Corpus Christi TX  
78401*



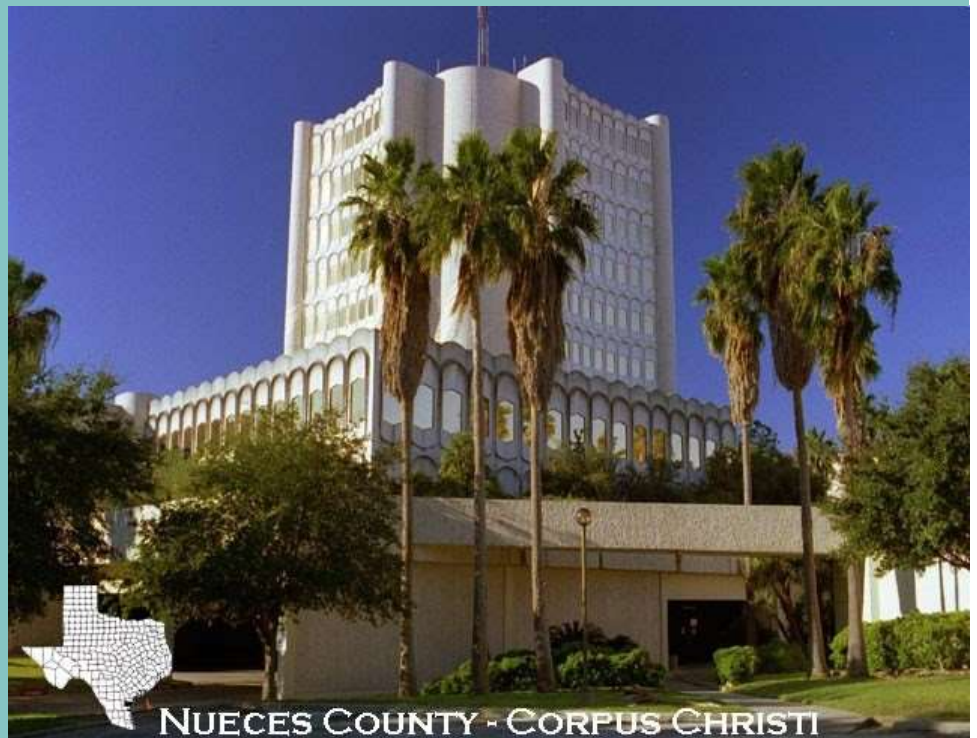
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County**

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Presented to Nueces County  
Commissioners Court in  
accordance with Government  
Code 2255.023

Investment Committee Members

Connie Scott – County Judge

Kara Sands – County Clerk

Jenny P. Dorsey – County Attorney

Kevin Kieschnick – Tax Assessor/Collector

Dale Atchley, CPA – County Auditor

Theresa C. McLemore – Commissioner Court Representative

County Investment Officers

Lorenzo Hernandez, III – Treasury Accountant

Lucio Cruz III – Revenue/Cash Manager

# Investment Report

As of December 31, 2023

Investments have been made in accordance with the requirements of the Nueces County Investment Policy and Government Code 2256. The investment committee is directed by the investment policy to meet certain requirements regarding investment strategy, earnings, diversity and liquidity. This report is presented in conformity with generally accepted accounting principles.

This report covers investment results on county-wide treasury accounts only. Interest income on departmental accounts such as the tax office, sheriff, and district clerk checking accounts are not included in this report.

## Summary of Cash, Cash Equivalents and Investments

Total cash, cash equivalents, and investments as of December 31, 2023, have a current value of \$198,560,545. As compared to last report of September 30, 2023, total balances have decreased by \$(12,838,411) down from \$211,398,956.

## Compliance Measures

- The weighted average maturity of the operating portfolio is 69 days, and the county is in compliance with the investment policy. The policy limits the weighted average to 364 days. Compared to last report of September 30, 2023, the average maturity decreased by -1 days, due to the maturity of one CD during the quarter.
- Portfolio diversity is a test which indicates the county is in compliance with the percentages allowed by the investment policy for each investment type. The largest investment type is in cash equivalents which is 96% and the remainder is invested in brokered CDs, municipal bonds, and US Treasury Notes which are 2.80%, 0.40%, and 0.80%, respectively.
- Cash and Cash Equivalents have exceeded the investment policy maximum of 90%. The interest rates for Texas Class are 5.57%, and the interest rates for the depository bank are 3.28%. With these rates on the higher end of the spectrum, it does not make fiscal sense to reduce liquidity by investing a lot of funds in either mid- or long-term investments. All other investments are in compliance with the Public Investment Act and the Nueces County Investment Policy.

## Summary of Investment Results

Investment earnings are calculated under Government Accounting Standards Board (GASB) Statement #31. GASB #31 mandates that changes in the fair market value of investments longer than 1 year should be reported as revenues in the financial statements. Since our investment strategy has been to buy and hold until maturity, changes in market value are reflected as gains or losses in the value of the portfolios as if they had been liquidated on December 31, 2023. Brokered CD's, Treasury Notes, US agencies and Municipal bonds are being carried at market value.

Current quarterly earnings are \$2,371,356. Compared to the quarterly earnings ending September 30, 2023, earnings show an increase of \$544,078 up from \$1,827,278. The increase in earnings is due primarily to slow increases in interest rates during this period.

## Investment Strategy

Only eligible investments, as defined by the Investment Policy may be used. Preservation and safety of principal is the number one consideration in selecting an investment instrument followed by the availability of funds (liquidity), diversification for further safeguarding of funds and laddering investments with varying maturity dates. While maximizing return on investment is an objective of the county investment policy, safety is always the first consideration in selecting investments.

This report has been prepared jointly by the County Auditor’s Office and the County Clerk Treasury Division and in accordance with Government Code 2256.023. The investment committee approved this report on 7/17/24 and herein presents to the Commissioners Court for final approval. Thank you.

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Connie Scott, County Judge  
Investment Committee Chair

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Dale Atchley, CPA  
County Auditor

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Lorenzo Hernandez, III - Chief Accountant

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Lucio Cruz, III - Revenue/Cash Manager



**Cash, Cash Equivalents and Investments**  
**1st Quarter - October - December 2023**  
**(Unaudited)**

	Main Account		Coastal Parks		Capital Project Funds		Other - Payroll, Jury, ARP, Veterans Cemetery		Total	
Cash in Bank	\$63,571,467	66.5%	\$215,779	29.963%	\$9,569,724	21%	\$8,366,382	15%	\$81,723,352	41%
Cash Equivalents:							*ARPA			
Texas Class	\$28,212,209	29.5%	\$16	0.002%	\$35,367,121	78%	\$48,586,774	85%	\$112,166,121	56%
Investments:										
Brokered CDs	\$3,243,241	3.4%	\$0	0.000%	\$0	0%	\$0	0%	\$3,243,241	1.63%
Municipal Bonds	\$0	0.0%	\$504,365	70.035%	\$0	0%	\$0	0%	\$504,365	0.25%
Treasury Bills	\$500,467	0.5%	\$0	0.000%	\$423,000	1%	\$0	0%	\$923,467	0.47%
US Agencies	\$0	0.0%	\$0	0.000%	\$0	0%	\$0	0%	\$0	0.00%
Total Investments	\$3,743,708	3.9%	\$504,365	70.035%	\$423,000	1%	\$0	0%	\$4,671,073	2.35%
Total Cash, Cash Equivalents & Investments	\$95,527,384	100%	\$720,160	100%	\$45,359,845	100%	\$56,953,156	100%	\$198,560,546	100%

Interest Total	Main Account	Coastal Parks	Capital Project Funds	Other	Total
Frost Bank	\$534,189.84	\$1,482.77	\$89,531.53	\$112,515.23	\$737,719.37
Texas Class	\$388,148.05	\$48.77	\$515,978.66	\$692,762.52	\$1,596,938.00

CALCULATION OF WEIGHTED DAYS TO Maturity AS OF 12/31/23

Days to Maturity	Yield	Portfolio Diversity
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			(A) 12/31/2023	Purchase Date	Maturity Date	(B)			
	CUSIP	PAR							
FR	Dallas Capital Bank CD	23455DL6	250,000.00	249,591.00	4/28/2023	4/26/2024	117	4.85%	
FR	Fifth Third Bank CD	316777YL9	250,000.00	249,708.00	5/1/2023	4/30/2024	121	5.00%	
FR	Goldman Sachs Bank USA CD	38150VGV5	250,000.00	249,708.00	5/3/2023	5/2/2024	123	5.00%	
FR	Key Bank NA CD	49306SK54	250,000.00	249,706.00	4/28/2023	5/1/2024	122	5.00%	
WF	BMO Harris BK NA CD	05600XPD6	250,000.00	249,707.00	5/3/2023	5/6/2024	127	5.00%	
WF	Discover Bank CD	2546734J2	250,000.00	248,218.00	5/3/2023	5/4/2026	855	4.50%	
WF	US Bank Natl Assoc CD	90354KBH0	250,000.00	249,708.00	5/3/2023	5/2/2024	123	5.00%	
WF	wells fargo Bank NA CD	949764BM5	250,000.00	249,749.00	5/2/2023	5/1/2024	122	5.05%	
RJ	B1Bank Baton Rouge LA CD	098079AGI	250,000.00	249,421.00	5/1/2023	10/28/2024	302	4.85%	
RJ	Comerica BK Dallas TEX CD	200339FS3	250,000.00	249,562.00	5/4/2023	11/4/2024	309	4.95%	
RJ	First National Bank Damariscotta ME CD	32117BFV5	250,000.00	249,591.00	5/12/2023	11/12/2024	317	4.95%	
RJ	Manufactures & traders TR CO CD	564759SK5	250,000.00	249,708.00	5/1/2023	4/26/2024	117	5.00%	
RJ	Popular BK New York BRH IN CD	73317ACB6	250,000.00	248,864.00	5/3/2023	5/1/2025	487	4.70%	
	<b>CD Total</b>	<b>3,250,000.00</b>	<b>3,243,241.00</b>				<b>249</b>	<b>4.91%</b>	<b>2.8%</b>
	<b>TREASURY BILLS</b>			<b>MKT</b>	<b>Purchase Date</b>	<b>Maturity Date</b>			
	US Treasury N/B	91282CAB7	250,000.00	234,160.00	7/25/2023	7/31/2025	578	0.25%	
	US Treasury Bonds	91282CCP4	250,000.00	229,072.00	7/25/2023	7/31/2026	943	0.63%	
	US Treasury N/B	91282CCR0	250,000.00	220,098.00	7/25/2023	7/31/2028	1674	1.00%	
	US Treasury N/B	91282CFB2	250,000.00	240,137.00	7/25/2023	7/31/2027	1308	2.75%	
		<b>1,000,000.00</b>	<b>923,467.00</b>				<b>1120</b>	<b>1.17%</b>	<b>0.8%</b>
	<b>TexPool, Texas Class</b>								
	Cash Equivalents			112,166,121.00			53	5.57%	
	Cash Equivalents tot	-		<b>112,166,121.00</b>			<b>53</b>		<b>96.0%</b>
	<b>MUNICIPAL BONDS</b>			<b>MKT</b>	<b>Purchase Date</b>	<b>Maturity Date</b>			
FTN	Washington Biomedical	93730PAM8	500,000.00	504,365.00	7/26/2023	7/1/2025	548	6.03%	
	<b>TTL MUNI</b>	<b>500,000.00</b>	<b>504,365.00</b>				<b>548</b>	<b>6.03%</b>	<b>0.4%</b>
	<b>Grand TTL</b>	<b>4,750,000.00</b>	<b>116,837,194.00</b>				<b>69.01</b>	<b>5.52%</b>	<b>100%</b>

Prepared by L. Cruz III

7/10/2024

**Investments Performance  
Compared to One-Year Treasury  
December 31, 2023  
(Unaudited)**

Quarter Ended	County Qtly. Avg Yield	Projected Annual County Yield	* 1yr Treasury
Dec-21	0.009%	0.035%	0.26%
Mar-22	0.056%	0.223%	1.63%
Jun-22	0.262%	1.046%	2.80%
Sep-22	1.292%	5.166%	4.05%
Dec-23	1.524%	6.097%	4.73%
Mar-23	1.076%	4.303%	4.64%
Jun-23	1.247%	4.987%	5.40%
Sep-23	1.379%	5.515%	5.46%
Dec-23	1.152%	4.610%	4.79%

\*An average of the 3 months for the presented of the market yields on the 1-year Treasury Constant Maturity (CMT), quoted on investment basis.

Source: [www.Federalreserve.gov](http://www.Federalreserve.gov)

**Investments Performance  
Compared to Two-Year Treasury  
December 31, 2023  
(Unaudited)**

Quarter Ended	County Two Year Moving Avg Annual Yield	* 2 yr Treasury (CMT)
Dec-21	0.358%	0.300%
Mar-22	0.200%	2.280%
Jun-22	0.233%	2.920%
Sep-22	0.840%	4.220%
Dec-23	1.588%	4.410%
Mar-23	2.118%	4.060%
Jun-23	2.737%	4.870%
Sep-23	3.422%	5.030%
Dec-23	3.994%	4.230%

\*2-year treasury rates are adjusted to a 24 month Quarterly average yield. Twenty-Four month moving average based on the 2 year (CMT) that changes monthly.

Source: [www.Federalreserve.gov](http://www.Federalreserve.gov)

**Comparison of Interest Rates on Liquid Investments**

**December 31, 2023**

**(Unaudited)**

<u>Month</u>	<u>TexPool Average Monthly Rates</u>	<u>TexPool Prime Average Monthly Rates</u>	<u>Texas Class Average Monthly Rates</u>	<u>Depository (Note 1) Bank Rates</u>
December '21	0.0376%	0.0904%	0.07%	0.01%
January '22	0.0376%	0.0975%	0.10%	0.01%
February '22	0.0632%	0.1137%	0.12%	0.01%
March '22	0.1536%	0.2716%	0.49%	0.01%
April '22	0.3420%	0.4443%	0.52%	0.01%
May '22	0.6228%	0.8125%	0.92%	0.01%
June '22	1.0013%	1.2031%	1.48%	0.01%
July '22	1.5206%	1.6723%	2.02%	0.01%
August '22	2.1627%	2.3026%	2.38%	0.01%
September '22	2.4126%	2.6131%	3.14%	2.28%
October '22	2.9336%	3.2103%	3.34%	2.75%
November '22	3.6110%	3.9170%	4.02%	3.30%
December '22	3.9799%	4.2847%	4.52%	3.81%
January '23	4.2443%	4.5200%	4.61%	3.94%
February '23	4.4991%	4.7326%	4.79%	4.17%
March '23	4.6108%	4.8006%	5.01%	4.31%
April '23	4.7984%	4.9916%	5.07%	4.37%
May '23	5.0035%	5.2054%	5.24%	4.61%
June '23	5.0543%	5.3038%	5.30%	4.81%
July '23	5.1238%	5.3597%	5.44%	4.84%
August '23	5.3047%	5.5628%	5.49%	4.90%
September '23	5.3218%	5.5512%	5.54%	4.94%
October '23	5.3589%	5.5864%	5.55%	4.98%
November '23	5.3724%	5.6138%	5.58%	4.98%
December '23	5.3694%	5.5951%	5.57%	3.28%

Note 1: The Interest Rate Paid on demand deposits for the current month is based on the previous months weighted average of the 13-week T-bill auction rate less 35 Basis points.