

Nueces County
Quarterly Investment Report
June 30, 2024
(Unaudited)

*Prepared by Nueces County
Auditor's Office
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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 June 30, 2024

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 June 30, 2024, have a current value of \$194,104,365. As compared to last report of March 31, 2024, total balances have Decreased by \$(23,640,209) Down from \$217,744,574.

Compliance Measures

- The weighted average maturity of the operating portfolio is 63 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 March 31, 2024, the average maturity decreased by -2 days, due to the maturity of Eight CD's this 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 97.66% and the remainder is invested in brokered CDs, municipal bonds, and US Treasury Notes which are 1.09%, 0.44%, and 0.81%, respectively.
- Cash and Cash Equivalents have exceeded the investment policy maximum of 90%. The interest rates for Texas Class are 5.43%, and the interest rates for the depository bank are 3.15%. With these rates still at the top of the liquid rates, yet our investments holdings down \$2 million it might make fiscal sense to invest some funds in mid- and long-term investments yielding around a 5% to 6% Return Rate not to exceed 2 years. 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 June 30, 2024. Brokered CD's, Treasury Notes, US agencies and Municipal bonds are being carried at market value.

Current quarterly earnings are \$2,245,902. Compared to the quarterly earnings ending March 31, 2024, earnings show a decrease of \$(49,240.67) down from \$2,295,142. The decrease in earnings is due primarily to slow decrease in interest rates during this period and maturity on our investments during the quarter.

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.

Connie Scott, County Judge
Investment Committee Chair

Dale Atchley, CPA
County Auditor

Lorenzo Hernandez, III - Chief Accountant

Lucio Cruz, III - Revenue/Cash Manager



Cash, Cash Equivalents and Investments
3rd Quarter - April - June 2024
(Unaudited)

	Main Account		Coastal Parks		Capital Project Funds		Other - Payroll, Jury, ARP, Veterans Cemetery		Total	
Cash in Bank	\$63,290,189	67.30%	\$937,753	65.193%	\$7,812,428	18.4%	\$8,157,368	15%	\$80,197,739	41.317%
Cash Equivalents:							*ARPA			
Texas Class	\$28,988,910	30.82%	\$17	0.001%	\$34,326,818	80.7%	\$47,921,432	85%	\$111,237,177	57.308%
Investments:										
Brokered CDs	\$1,245,483	1.32%	\$0	0.000%	\$0	0.0%	\$0	0%	\$1,245,483	0.642%
Municipal Bonds	\$0	0.00%	\$500,665	34.806%	\$0	0.0%	\$0	0%	\$500,665	0.258%
Treasury Bills	\$523,300	0.56%	\$0	0.000%	\$400,001	0.9%	\$0	0%	\$923,301	0.476%
US Agencies	\$0	0.00%	\$0	0.000%	\$0	0.0%	\$0	0%	\$0	0.000%
Total Investments	\$1,768,783	1.88%	\$500,665	34.806%	\$400,001	0.9%	\$0	0%	\$2,669,449	1.375%
Total Cash, Cash Equivalents & Investments	\$94,047,882	100%	\$1,438,435	100%	\$42,539,247	100%	\$56,078,800	100%	\$194,104,365	100%

Interest Total	Main Account	Coastal Parks	Capital Project Funds	Other	Total
Frost Bank	\$507,312.30	\$6,028.37	\$42,828.55	\$57,822.21	\$613,991.43
Texas Class	\$388,541.89	\$0.12	\$473,096.23	\$666,174.96	\$1,527,813.20

CALCULATION OF WEIGHTED DAYS TO Maturity
AS OF 06/30/24

Days to Maturity	Yield	Portfolio Diversity
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			(A) 6/30/2024	Purchase Date	Maturity Date	(B)		
WF	Discover Bank CD	CUSIP	PAR					
		2546734J2	250,000.00	5/3/2023	5/4/2026	673		4.50%
RJ	B1Bank Baton Rouge LA CD	098079AGI	250,000.00	5/1/2023	10/28/2024	120		4.85%
RJ	Comerica BK Dallas TEX CD	200339FS3	250,000.00	5/4/2023	11/4/2024	127		4.95%
RJ	First National Bank Damariscotta ME CD	32117BFV5	250,000.00	5/12/2023	11/12/2024	135		4.95%
RJ	Popular BK New York BRH IN CD	73317ACB6	250,000.00	5/3/2023	5/1/2025	305		4.70%
	CD Total		1,250,000.00			271		4.790%
								1.09%
	TREASURY BILLS							
		CUSIP	PAR	MKT	Purchase Date	Maturity Date		
	US Treasury N/B	91282CAB7	250,000.00	237,441	7/25/2023	7/31/2025	396	0.25%
	US Treasury Bonds	91282CCP4	250,000.00	229,980	7/25/2023	7/31/2026	761	0.63%
	US Treasury N/B	91282CCR0	250,000.00	218,467	7/25/2023	7/31/2028	1492	1.00%
	US Treasury N/B	91282CFB2	250,000.00	237,412	7/25/2023	7/31/2027	1126	2.75%
			1,000,000.00	923,301			933.95	1.17%
								0.81%
	TexPool, Texas Class							
	Cash Equivalents			111,237,177			53	5.43%
	Cash Equivale		-	111,237,177			53	
								97.66%
	MUNICIPAL BONDS							
FTN	Washington Biomedical	CUSIP	PAR	MKT	Purchase Date	Maturity Date		
		93730PAM8	500,000.00	500,665	7/26/2023	7/1/2025	366	6.03%
	TTL MUNI		500,000.00	500,665			366	6.03%
								0.44%
	Grand TTL		2,750,000.00	113,906,626			63.91	5.38%
								100%

Prepared by I Cruz III

7/12/2024

**Investments Performance
Compared to One-Year Treasury
June 30, 2024
(Unaudited)**

Quarter Ended	County Qrtly 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%
Mar-24	1.128%	4.513%	5.03%
Jun-24	1.041%	4.164%	5.09%

*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

**Investments Performance
Compared to Two-Year Treasury
June 30, 2024
(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%
Mar-24	4.919%	4.590%
Jun-24	4.486%	4.710%

*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

Comparison of Interest Rates on Liquid Investments
June 30, 2024
(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%
January '24	5.3455%	5.5480%	5.54%	3.26%
February '24	5.3251%	5.5038%	5.48%	3.23%
March '24	5.3161%	5.4891%	5.47%	3.14%
April '24	5.3142%	5.4765%	5.43%	3.14%
May '24	5.3161%	5.4549%	5.43%	3.14%
June '24	5.3120%	5.4600%	5.43%	3.15%

Note 1: The interest rate paid on demand deposits for the current month is based on the previous month's weighted average of the 13-week T-Bill auction rate less 35 basis points.