

Central Texas Regional Mobility Authority
Income Statement
For the Period Ending January 31, 2023

	Budget Amount FY 2023	Actual Year to Date	Percent of Budget	Actual Prior Year to Date
REVENUE				
Operating Revenue				
Toll Revenue Kansas 183A	61,100	48,375	79.17%	32,160
Toll Revenue Oklahoma 183A	145,500	91,336	62.77%	86,567
Toll Revenue-TxTag-183A	39,337,900	25,829,740	65.66%	23,147,254
Toll Revenue-HCTRA-183A	5,818,000	3,880,209	66.69%	3,303,962
Toll Revenue-NTTA-183A	4,294,300	3,328,013	77.50%	2,334,953
Toll Revenue-TxTag-MoPac ML	5,304,300	4,056,310	76.47%	2,775,293
Toll Revenue-Kansas MoPAC ML	6,300	10,066	159.78%	2,848
Toll Revenue Oklahoma MoPac ML	16,400	12,550	76.52%	8,467
Toll Revenue-HCTRA MoPac ML	765,100	603,896	78.93%	372,794
Toll Revenue-NTTA-Mopac ML	749,000	647,626	86.47%	360,664
Toll Revenue-TxTag-Manor	14,900,400	9,627,519	64.61%	8,280,671
Toll Revenue-Kansas Manor	56,100	37,181	66.28%	24,091
Toll Revenue Oklahoma Manor	101,500	69,505	68.48%	58,402
Toll Revenue-HCTRA Manor	4,862,000	3,246,974	66.78%	2,625,440
Toll Revenue-NTTA-Manor	1,888,000	1,407,474	74.55%	973,302
Toll Revenue-TxTag-71E	4,153,500	2,816,880	67.82%	2,539,983
Toll Revenue-Kansas 71E	14,100	8,841	62.70%	7,183
Toll Revenue Oklahoma 71E	29,500	22,816	77.34%	19,000
Toll Revenue-HCTRA 71E	2,076,300	1,395,170	67.20%	1,235,165
Toll Revenue-NTTA-71E	574,800	440,163	76.58%	321,532
Toll Revenue TxTAG 45SW	3,497,400	2,409,926	68.91%	1,992,389
Toll Revenue Kansas 45SW	3,400	3,420	100.59%	1,666
Toll Revenue Oklahoma 45SW	7,400	4,800	64.86%	4,244
Toll Revenue HCTRA 45SW	445,500	300,423	67.44%	242,882
Toll Revenue NTTA 45SW	314,300	253,255	80.58%	165,453
Toll Revenue TxTAG 183S	21,566,600	14,785,042	68.56%	11,383,367
Toll Revenue Kansas 183S	53,400	44,249	82.86%	24,972
Toll Revenue Oklahoma 183S	130,500	115,718	88.67%	71,834
Toll Revenue HCTRA 183S	5,491,800	4,017,157	73.15%	2,726,988
Toll Revenue NTTA 183S	2,946,400	2,299,190	78.03%	1,413,667
Video Tolls 183A	18,165,900	14,518,179	79.92%	10,507,946
Video Tolls Manor Expressway	8,678,700	6,596,220	76.00%	4,668,370
Video Tolls MoPac ML	2,381,300	2,303,043	96.71%	1,333,268
Video Tolls 71E	2,726,100	2,149,704	78.86%	1,612,552
Video Tolls 183S	13,036,800	10,829,939	83.07%	6,709,163
Video Tolls 45SW	1,754,500	1,475,131	84.08%	971,913

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Fee Revenue 183A	4,285,200	2,324,306	54.24%	2,572,606
Fee Revenue Manor Expressway	3,291,500	1,752,113	53.23%	1,858,544
Fee Revenue MoPac ML	477,600	238,603	49.96%	283,309
Fee Revenue 71E	884,700	451,331	51.02%	547,966
Fee Revenue 183S	4,472,300	2,397,770	53.61%	2,364,203
Fee Revenue 45SW	434,600	221,737	51.02%	230,761
Total Operating Revenue	180,200,000	127,071,900.50	70.52%	100,197,791
Other Revenue				
Interest Income	3,190,301	15,831,522	496.24%	736,974
Grant Revenue	1,359,833	267,971	19.71%	350,649
Misc Revenue	130,000	16,467	12.67%	138,785
Gain/Loss on Sale of Asset	-	-	-	6,568
Total Other Revenue	4,680,134	16,115,960	344.35%	1,232,976
TOTAL REVENUE	\$184,880,134	\$143,187,860	77.45%	101,430,767

EXPENSES

Salaries and Benefits				
Salary Expense-Regular	4,621,321	2,105,892	45.57%	2,217,693
Salary Reserve	80,000	-	-	-
TCDRS	1,046,269	612,673	58.56%	458,146
FICA	232,304	88,369	38.04%	103,501
FICA MED	67,009	30,719	45.84%	33,206
Health Insurance Expense	580,271	235,916	40.66%	229,378
Life Insurance Expense	5,972	2,477	41.47%	3,626
Auto Allowance Expense	10,200	5,313	52.08%	5,525
Other Benefits	126,590	46,458	36.70%	94,061
Unemployment Taxes	4,608	(1,583)	-34.35%	10,580
Total Salaries and Benefits	6,774,544	3,126,232	46.15%	3,155,714

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Administrative				
Administrative and Office Expenses				
Accounting	9,500	4,508	47.45%	4,996
Auditing	190,000	138,655	72.98%	100,975
Financial Advisors	108,000	115,200	106.67%	14,400
Human Resources	30,000	49,753	165.84%	14,473
Legal	70,000	22,184	31.69%	-
IT Services	350,000	271,014	77.43%	69,427
Internet	150	-	-	-
Software Licenses	557,500	411,775	73.86%	281,751
Cell Phones	24,200	9,530	39.38%	11,433
Local Telephone Service	10,000	55,845	558.45%	51,720
Overnight Delivery Services	250	40	16.06%	57
Copy Machine	15,500	8,904	57.45%	7,632
Repair & Maintenance-General	8,000	-	-	2,273
Meeting Expense	12,750	6,524	51.17%	552
Toll Tag Expense	3,000	300	10.00%	1,020
Parking / Local Ride Share	2,800	444	15.84%	-
Mileage Reimbursement	3,950	678	17.17%	76
Insurance Expense	651,250	324,650	49.85%	324,914
Rent Expense	731,203	381,803	52.22%	341,633
Building Parking	3,500	1,020	29.13%	270
Legal Services	443,000	150,576	33.99%	175,094
Total Administrative and Office Expenses	3,224,553	1,953,402	60.58%	1,402,696
Office Supplies				
Books & Publications	3,250	1,367	42.07%	1,797
Office Supplies	7,750	1,526	19.70%	824
Misc Office Equipment	4,500	8,470	188.21%	732
Computer Supplies	221,950	194,006	87.41%	27,494
Other Reports-Printing	5,000	-	-	-
Office Supplies-Printed	3,100	1,041	33.58%	171
Postage Expense	550	244	44.40%	288
Total Office Supplies	246,100	206,655	83.97%	31,307

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Communications and Public Relations				
Graphic Design Services	75,000	-	-	-
Website Maintenance	111,500	32,577	29.22%	29,647
Research Services	140,000	-	-	10,109
Communications and Marketing	400,000	-	-	12,827
Advertising Expense	500,000	115,477	23.10%	128,265
Direct Mail	65,000	-	-	-
Video Production	82,500	29,097	35.27%	8,820
Photography	25,000	11,895	47.58%	199
Radio	50,000	-	-	-
Other Public Relations	2,500	1,200	48.00%	-
Promotional Items	520,000	12,682	2.44%	-
Annual Report printing	1,500	-	-	780
Direct Mail Printing	26,000	-	-	-
Other Communication Expenses	15,000	19,018	126.79%	12,160
Total Communications and Public Relations	2,014,000	221,946	11.02%	202,806
Employee Development				
Subscriptions	50,700	1,278	2.52%	123
Agency Memberships	78,550	60,479	76.99%	36,375
Continuing Education	4,800	650	13.54%	334
Professional Development	19,150	4,275	22.32%	-
Other Licenses	1,900	577	30.36%	554
Seminars and Conferences	118,500	42,623	35.97%	1,915
Travel	93,500	4,698	5.02%	8,567
Total Employee Development	367,100	114,580	31.21%	47,868
Financing and Banking Fees				
Trustee Fees	60,000	43,000	71.67%	34,038
Bank Fee Expense	3,240	706	21.80%	2,103
Continuing Disclosure	7,000	9,018	128.82%	6,184
Arbitrage Rebate Calculation	15,000	16,300	108.67%	13,967
Rating Agency Expense	50,000	43,000	86.00%	12,000
Total Financing and Banking Fees	135,240	112,024	82.83%	68,291
Total Administrative	5,986,993	2,608,606	43.57%	1,752,967

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Operations and Maintenance				
Operations and Maintenance Consulting				
GEC-Trust Indenture Support	763,997	419,419	54.90%	337,145
GEC-Financial Planning Support	275,000	153,097	55.67%	117,562
GEC-Toll Ops Support	2,550,000	432,160	16.95%	453,926
GEC-Roadway Ops Support	1,411,139	543,315	38.50%	513,940
GEC-Technology Support	654,369	253,465	38.73%	306,617
GEC-Public Information Support	200,000	87,071	43.54%	109,904
GEC-General Support	1,360,000	408,820	30.06%	509,576
General System Consultant	1,159,640	493,086	42.52%	623,000
Traffic Modeling	150,000	-	-	24,361
Traffic and Revenue Consultant	500,000	595,200	119.04%	279,700
Total Operations and Maintenance Consulting	9,024,145	3,385,634	37.52%	3,275,732
Roadway Operations and Maintenance				
Roadway Maintenance	1,868,052	1,652,492	88.46%	1,054,267
Landscape Maintenance	2,949,320	2,154,895	73.06%	599,268
Maintenance Supplies-Roadway	300,000	-	-	47,497
Tools & Equipment Expense	25,000	444	1.78%	110
Gasoline	30,000	10,747	35.82%	8,485
Repair & Maintenance - Vehicles	10,000	(5,926)	-59.26%	2,843
Natural Gas	2,500	3,333	133.34%	2,975
Electricity - Roadways	250,000	160,866	64.35%	104,008
Total Roadway Operations and Maintenance	5,434,872	3,976,852	73.17%	1,819,453
Toll Processing and Collection Expense				
Image Processing	4,208,340	1,930,594	45.88%	2,187,592
Tag Collection Fees	8,453,846	5,757,258	68.10%	4,908,071
Court Enforcement Costs	10,000	-	-	-
DMV Lookup Fees	200	-	-	-
Total Processing and Collection Expense	12,672,387	7,687,852	60.67%	7,095,663

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Toll Operations Expense				
Generator Fuel	3,000	853	28.44%	-
Fire and Burglar Alarm	500	288	57.57%	247
Refuse	2,180	1,122	51.45%	966
Telecommunications	-	2,240	-	-
Water - Irrigation	7,500	4,520	60.27%	3,358
Electricity	500	461	92.27%	405
ETC spare parts expense	200,000	-	-	(33,850)
Repair & Maintenance Toll Equip	50,000	78,097	156.19%	5,197
Law Enforcement	500,000	251,655	50.33%	220,455
ETC Maintenance Contract	6,000,000	4,102,246	68.37%	1,731,420
Transaction Processing Maintenance Contract	1,500,000	-	-	-
ETC Toll Management Center System Operation	875,000	357,620	40.87%	363,577
ETC Development	559,000	34,175	6.11%	259,991
ETC Testing	275,000	-	-	-
Total Toll Operations Expense	9,972,680	4,833,277	48.47%	2,551,766
Total Operations and Maintenance	37,104,083	19,883,615	53.59%	14,742,613
Other Expenses				
Special Projects and Contingencies				
HERO	149,000	86,234	57.87%	86,234
Special Projects	100,000	-	-	-
71 Express Net Revenue Payment	5,000,000	3,334,734	66.69%	2,735,391
Customer Relations	3,000	-	-	-
Technology Initiatives	75,000	43,834	58.45%	41,395
Other Contractual Svcs	370,000	211,140	57.06%	121,925
Contingency	300,000	-	-	-
Total Special Projects and Contingencies	5,997,000	3,675,942	61.30%	2,984,944

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	Budget	Actual Year to	Percent	Actual Prior
	Amount FY	Date	of Budget	Year to Date
	2023			
Non Cash Expenses				
Amortization Expense	2,020,950	745,346	36.88%	816,149
Amort Expense - Refund Savings	9,073,105	3,147,906	34.69%	5,174,082
Dep Exp - Furniture & Fixtures	2,178	1,525	70.01%	1,525
Dep Expense - Equipment	-	-	-	1,458
Dep Expense - Autos & Trucks	46,496	31,121	66.93%	14,649
Dep Expense - Building & Toll Fac	176,748	103,103	58.33%	103,103
Dep Expense - Highways & Bridges	53,479,102	29,529,234	55.22%	29,529,234
Dep Expense - Toll Equipment	4,736,604	2,139,513	45.17%	2,376,753
Dep Expense - Signs	1,052,717	593,000	56.33%	593,000
Dep Expense - Land Improvements	884,934	516,212	58.33%	516,212
Depreciation Expense - Computers	64,319	63,512	98.74%	110,297
Total Non Cash Expenses	71,537,153	36,870,470	51.54%	39,236,461
Total Other Expenses	77,534,153	40,546,412	52.29%	42,221,405
Non Operating Expenses				
Bond Issuance Expense	1,250,000	308,173	24.65%	4,740,802
Loan Fee Expense	14,500	32,000	220.69%	14,500
Interest Expense	83,664,454	44,953,187	53.73%	46,813,766
CAMPO RIF Payment	-	-	-	5,000,000
Community Initiatives	150,000	22,500	15.00%	17,550
Total Non Operating Expenses	\$85,078,954	\$45,315,859	53.26%	\$56,586,618
TOTAL EXPENSES				
	212,478,727	111,480,724	52.47%	118,459,318
Net Income	\$ (27,598,593)	\$ 31,707,136		\$ (17,028,551)

Central Texas Regional Mobility Authority
Balance Sheet
as of January 31, 2023

	as of 01/31/2023		as of 01/31/2022	
ASSETS				
Current Assets				
Cash				
Regions Operating Account	\$ 1,564,061		\$ 1,148,712	
Cash in TexStar	43,462		540,257	
Regions Payroll Account	102,511		396,338	
Restricted Cash				
Goldman Sachs FSGF 465	1,068,614,662		622,264,868	
Restricted Cash - TexSTAR	13,560,169		12,424,169	
Overpayments account	291,024		620,089	
Total Cash and Cash Equivalents		<u>1,084,175,889</u>		<u>637,394,433</u>
Accounts Receivable				
Accounts Receivable	2,770,089		2,770,089	
Due From Other Agencies	68,894		65,069	
Due From TTA	1,072,795		5,526,893	
Due From NTTA	1,185,338		1,014,369	
Due From HCTRA	3,861,175		1,488,688	
Due From TxDOT	164,602		-	
Interest Receivable	693,342		2,275,224	
Total Receivables		<u>9,816,236</u>		<u>13,140,331</u>
Short Term Investments				
Treasuries	(0)		317,519,984	
Agencies	(0)		169,014,056	
Total Short Term Investments		<u>(0)</u>		<u>486,534,040</u>
Total Current Assets		<u>1,093,992,125</u>		<u>1,137,068,804</u>
Total Construction in Progress		338,066,902		249,869,046
Fixed Assets (Net of Depreciation and Amortization)				
Computers	34,995		177,291	
Computer Software	1,059,480		1,993,145	
Furniture and Fixtures	653		3,267	
Equipment	9,624		10,665	
Autos and Trucks	62,761		116,112	
Buildings and Toll Facilities	4,313,916		4,490,663	
Highways and Bridges	1,687,674,536		1,736,661,885	
Toll Equipment	19,475,100		20,249,133	
Signs	12,854,976		13,184,763	
Land Improvements	5,683,057		6,567,991	
Right of way	88,149,606		88,149,606	
Leasehold Improvements	19,286		63,938	
Total Fixed Assets		<u>1,819,337,992</u>		<u>1,871,668,460</u>
Other Assets				
Intangible Assets-Net	172,144,278		182,278,101	
2005 Bond Insurance Costs	3,125,752		3,522,886	
Prepaid Insurance	392,247		339,609	
Deferred Outflows (pension related)	675,913		641,074	
Pension Asset	2,549,818		591,247	
Total Other Assets		<u>178,888,008</u>		<u>187,372,917</u>
Total Assets		<u><u>\$ 3,430,285,027</u></u>		<u><u>\$ 3,445,979,227</u></u>

Central Texas Regional Mobility Authority
Balance Sheet
as of January 31, 2023

	as of 01/31/2023	as of 01/31/2022
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 43,799,156	\$ 39,812,002
Construction Payable	5,088,769	7,535,784
Overpayments	294,629	623,474
Interest Payable	6,329,349	18,120,146
TCDRS Payable	76,511	89,051
Due to other Agencies	15,153	2,898
Due to TTA	592,076	492,180
Due to HCTRA	132,984	106,592
Due to Other Entities	55,330	886,509
71E TxDOT Obligation - ST	5,152,841	4,259,082
Total Current Liabilities	61,536,799	71,927,717
Long Term Liabilities		
Compensated Absences	240,954	287,164
Deferred Inflows (pension related)	1,481,361	109,052
	1,722,315	396,217
Long Term Payables		
Bonds Payable		
Senior Lien Revenue Bonds:		
Senior Lien Revenue Bonds 2010	91,506,338	84,929,946
Senior Lien Revenue Bonds 2011	15,786,767	18,360,274
Senior Refunding Bonds 2013	-	3,475,000
Senior Lien Revenue Bonds 2015	10,000,000	10,000,000
Senior Lien Refunding Revenue Bonds 2016	59,340,000	70,790,000
Senior Lien Revenue Bonds 2018	44,345,000	44,345,000
Senior Lien Revenue Bonds 2020A	50,265,000	50,265,000
Senior Lien Refunding Bonds 2020B	54,970,000	55,600,000
Senior Lien Refunding Bonds 2020C	138,435,000	138,435,000
Senior Lien Revenue Bonds 2020E	167,160,000	167,160,000
Senior Lien Revenue Bonds 2021B	255,075,000	255,075,000
Senior Lien Refunding Bonds 2021D	274,625,000	274,625,000
Senior Lien Refunding Bonds 2021E	332,585,000	335,610,000
Sn Lien Rev Bnd Prem/Disc 2013	(0)	1,640,024
Senior Lien Premium 2016 Revenue Bonds	7,103,571	7,966,754
Sn Lien Revenue Bond Premium 2018	2,994,290	3,260,863
Senior Lien Revenue Bond Premium 2020A	11,247,218	11,402,494
Senior Lien Refunding Bond Premium 2020B	11,459,528	11,994,604
Senior Lien Revenue Bonds Premium 2020E	24,855,280	26,570,667
Senior Lien Revenue Bonds Premium 2021B	53,253,278	53,646,313
Senior Lien Refunding Bonds Premium 2021D	44,138,000	44,929,549
Total Senior Lien Revenue Bonds	1,649,144,272	1,670,081,487

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as of January 31, 2023

	as of 01/31/2023	as of 01/31/2022
Sub Lien Revenue Bonds:		
Sub Lien Refunding Bonds 2013	-	2,725,000
Sub Lien Refunding Bonds 2016	71,435,000	72,605,000
Sub Lien Refunding Bonds 2020D	97,440,000	98,580,000
Subordinated Lien BANs 2020F	110,875,000	110,875,000
Subordinate Lien Refunding Bonds 2020G	61,570,000	61,570,000
Subordinated Lien BANs 2021C	244,185,000	244,185,000
Sub Refunding 2013 Prem/Disc	0	349,935
Sub Refunding 2016 Prem/Disc	5,318,000	6,132,422
Subordinated Lien BANs 2020F Premium	7,672,157	11,675,022
Subordinated Lien Refunding Bonds Premium 2020G	6,932,569	7,336,541
Sub Lien BANS 2021C Premium	29,812,403	37,424,080
Total Sub Lien Revenue Bonds	635,240,129	653,458,001
Other Obligations		
TIFIA Note 2021	355,184,077	347,778,243
71E TxDOT Obligation - LT	55,077,264	57,263,411
Regions 2017 MoPAC Note	-	24,990,900
Regions 2022 MoPac Loan	24,690,900	-
Total Other Obligations	434,952,241	430,032,554
Total Long Term Liabilities	2,721,058,957	2,753,968,258
Total Liabilities	2,782,595,756	2,825,895,975
NET ASSETS		
Contributed Capital	121,462,104	121,462,104
Net Assets Beginning	494,531,895	515,649,438
Current Year Operations	31,695,272	(17,028,289)
Total Net Assets	647,689,271	620,083,253
Total Liabilities and Net Assets	\$ 3,430,285,027	\$ 3,445,979,227

Central Texas Regional Mobility Authority
Statement of Cash Flow
as of January 2023

Cash flows from operating activities:

Receipts from toll revenues	129,532,537
Receipts from Other Sources	284,438
Payments to vendors	(35,257,283)
Payments to employees	(3,157,446)
Net cash flows provided by (used in) operating activities	91,402,246

Cash flows from capital and related financing activities:

Prepaid payment on Intangible assets	(3,147,906)
Issuance Expense	(5,128,229)
Payments on bonds / loans	(25,795,520)
RIF Contribution	(5,000,000)
Acquisition of capital assets - non project	(3,587,413)
Acquisitions of construction in progress	(49,853,992)
Net cash flows provided by (used in) capital and related financing activities	(92,513,060)

Cash flows from investing activities:

Interest income	15,830,113
Purchase of investments	(231,548,896)
Proceeds from sale or maturity of investments	157,044,443
Net cash flows provided by (used in) investing activities	(58,674,340)

Net increase (decrease) in cash and cash equivalents	(59,785,154)
Cash and cash equivalents at beginning of period	1,153,777,279
Cash and cash equivalents at end of period	1,093,992,125

Reconciliation of change in net assets to net cash provided by operating activities:

Operating income	31,695,010
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	36,870,470
Changes in assets and liabilities:	
Decrease in accounts receivable	2,460,637
Increase in prepaid expenses and other assets	264,184
(Decrease) increase in accounts payable	
Decrease in accrued expenses	(9,388,044)
Decrease in Interest expense	45,331,859
Increase in interest receivable	(15,832,131)
Difference between Operating statement and Trial balance	262
Total adjustments	59,707,236
Net cash flows provided by (used in) operating activities	\$ 91,402,246

Reconciliation of cash and cash equivalents:

Unrestricted cash and cash equivalents	11,817,294
Restricted cash and cash equivalents	1,082,174,831
Total	1,093,992,125

INVESTMENTS by FUND

		Balance January 31, 2023	
Renewal & Replacement Fund			
TexSTAR	1,828.16		13,603,630.98
Goldman Sachs	28,079.85		1,063,434,678.87
Agencies/ Treasuries		29,908.01	-
Grant Fund			\$ 1,077,038,309.85
TexSTAR	463,231.23		
Goldman Sachs	9,767,587.46		
Agencies/ Treasuries		10,230,818.69	
MATURED			
Senior Debt Service Reserve Fund			
TexSTAR	1,005,356.14		
Goldman Sachs	108,591,001.06		
Agencies/ Treasuries		109,596,357.20	
MATURED			
2010 Senior Lien Debt Service Account			
Goldman Sachs	61,612.69	61,612.69	
2011 Sr Debt Service Accountt			
Goldman Sachs	637,008.97	637,008.97	
2013 Sr Debt Service Accountt			
Goldman Sachs	40,033.53	40,033.53	
2013 Sub Debt Service Account			
Goldman Sachs	31,509.94	31,509.94	
2013 Sub Debt Service Reserve Fund			
Goldman Sachs	125.23	795,676.10	
TexSTAR	795,550.87		
2015 Sr Debt Service Account			
Goldman Sachs	4,302,261.82	4,302,261.82	
2016 Sr Lien Rev Refunding Debt Service Account			
Goldman Sachs	1,825,700.60	1,825,700.60	
2016 Sub Lien Rev Refunding Debt Service Account			
Goldman Sachs	490,192.62	490,192.62	
2016 Sub Lien Rev Refunding DSR			
Goldman Sachs	7,107,773.35		
Agencies/ Treasuries		7,107,773.35	
Operating Fund			
TexSTAR	43,461.80		
TexSTAR-Trustee	8,119,628.21		
Goldman Sachs	8,139,143.39	16,302,233.40	
Revenue Fund			
Goldman Sachs	7,375,311.52	7,375,311.52	
General Fund			
TexSTAR	1,160,120.50		
Goldman Sachs	147,794,124.63		
Agencies/ Treasuries		148,954,245.13	
71E Revenue Fund			
Goldman Sachs	28,300,285.03	28,300,285.03	
MoPac Revenue Fund			
Goldman Sachs	312,415.00	312,415.00	
MoPac General Fund			
Goldman Sachs	11,064,884.33	11,064,884.33	
MoPac Operating Fund			
Goldman Sachs	245,563.65	245,563.65	
MoPac Loan Repayment Fund			
Goldman Sachs	613,476.37	613,476.37	
2015B Project Account			
Goldman Sachs	42,527,960.90		
TexSTAR	356,567.30	42,884,528.20	
2015 TIFIA Project Account			
Goldman Sachs	38,105,500.17		
TexSTAR	708,377.19		
Agencies/ Treasuries		38,813,877.36	
2011 Sr Financial Assistance Fund			
Goldman Sachs	502,399.23	502,415.31	
TexSTAR	16.08		
2018 Sr Lien Debt Service Account			
Goldman Sachs	192,865.97	192,865.97	
2018 Sr Lien Project Cap I			
Goldman Sachs	677.73	677.73	
2018 Sr Lien Project Account			
Goldman Sachs	12,600,608.36		
TexSTAR	949,493.50	13,550,101.86	
2020A Senior Lien Debt Service Account			
Goldman Sachs	221,334.41	221,334.41	
2020B Senior Lien Debt Service Account			
Goldman Sachs	292,481.94	292,481.94	
2020C Senior Lien Debt Service Account			
Goldman Sachs	374,833.70	374,833.70	
2020D Sub Lien Debt Service Account			
Goldman Sachs	601,250.16	601,250.16	
2020D Sub Debt Service Reserve Fund			
Goldman Sachs	8,250,579.76	8,250,579.76	
2020E Senior Lien Project Account			
Goldman Sachs	153,930,294.40	153,930,294.40	
2020E Senior Lien Project Cap Interest			
Goldman Sachs	18,334,163.24	18,334,163.24	
2020F Sub Lien Project Account			
Goldman Sachs	10,199,621.06	10,199,621.06	
2020F Sub Lien Deb Service Account			
Goldman Sachs	481,421.60	481,421.60	
2020G Sub Lien Debt Service Account			
Goldman Sachs	221,668.84	221,668.84	
2020G Sub Lien Debt Service Reserve Account			
Goldman Sachs	3,167,097.88	3,167,097.88	
2021A Sub Lien Debt Service Reserve Account			
Goldman Sachs	13,959,512.13	13,959,512.13	33,280,639.22
2021A Sub Debt Service Account			
Goldman Sachs	97.26	97.26	
2021B Senior Lien Cap I Project Fund			
Goldman Sachs	40,841,501.81	40,841,501.81	
2021B Senior Lien Project Account			
Goldman Sachs	233,427,862.30		
Agencies/ Treasuries		233,427,862.30	
2021C Sub Lien Cap I Project Fund			
Goldman Sachs	1,357.59	1,357.59	
2021C Sub Lien Project Account			
Goldman Sachs	145,266,867.58	145,266,867.58	
2021C Sub Lien Debt Service Account			
Goldman Sachs	1,059,908.75	1,059,908.75	
2021D Senior Lien Debt Service Account			
Goldman Sachs	1,018,001.94	1,018,001.94	
2021E Senior Lien Debt Service Account			
Goldman Sachs	1,126,719.12	1,126,719.12	
		\$ 1,077,038,309.85	

CTRMA INVESTMENT REPORT

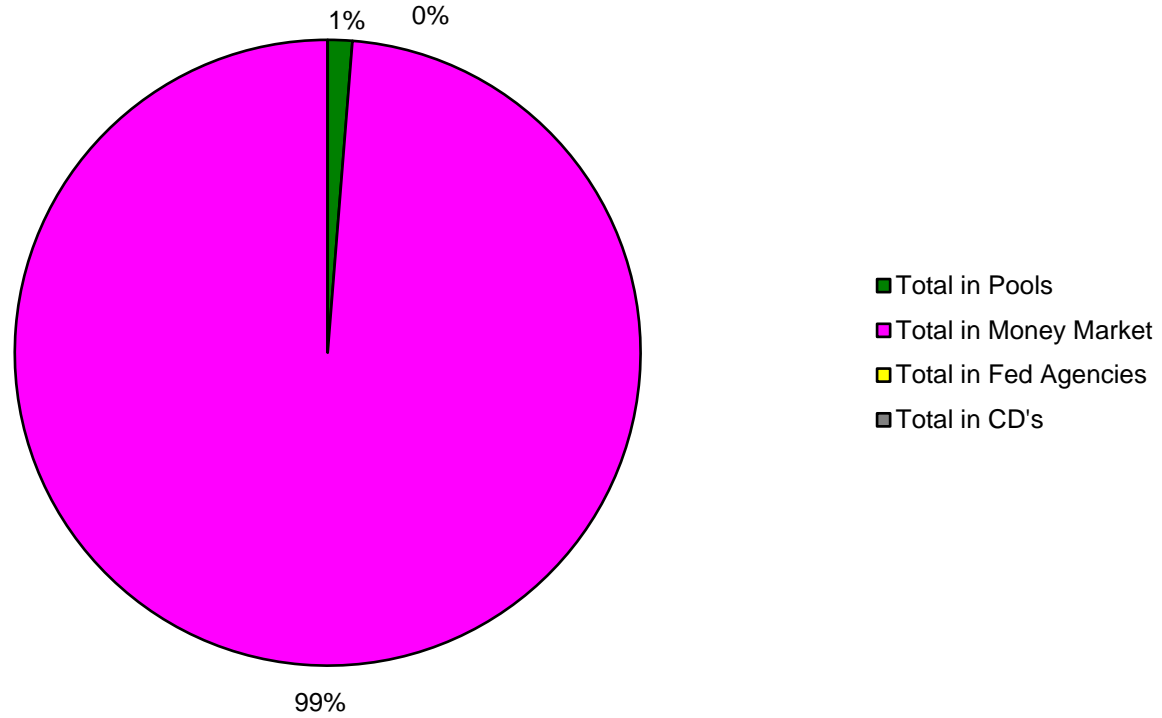
Month Ending 1/31/2023						
Balance 1/1/2023	Additions	Discount Amortization	Accrued Interest	Withdrawals	Balance 1/31/2023	Rate January
Amount in Trustee TexStar						
2011 Sr Lien Financial Assist Fund	16.04		0.04		16.08	4.2515%
2013 Sub Lien Debt Service Reserve General Fund	792,689.17 1,155,947.39		2,861.70 4,173.11		795,550.87 1,160,120.50	4.2515%
Trustee Operating Fund	7,593,378.33	4,000,000.00	26,249.88	3,500,000.00	8,119,628.21	4.2515%
Renewal and Replacement	1,821.61		6.55		1,828.16	4.2515%
TxDOT Grant Fund	461,564.92		1,666.31		463,231.23	4.2515%
Senior Lien Debt Service Reserve Fund	1,001,739.75		3,616.39		1,005,356.14	4.2515%
2015B Sr Ln Project	355,284.68		1,282.62		356,567.30	4.2515%
2015C TIFIA Project	705,829.05		2,548.14		708,377.19	4.2515%
2018 Sr Lien Project Account	946,078.05		3,415.45		949,493.50	4.2515%
	13,014,348.99	4,000,000.00	45,820.19	3,500,000.00	13,560,169.18	
Amount in TexStar Operating Fund						
	43,305.47	3,500,000.00	156.33	3,500,000.00	43,461.80	4.2515%
Goldman Sachs						
Operating Fund	8,111,366.93	4,000,740.29	27,036.17	4,000,000.00	8,139,143.39	4.1900%
2020A Senior Lien Debt Service Account	1,266,797.87	207,058.12	4,103.42	1,256,625.00	221,334.41	4.1900%
2020B Senior Lien Debt Service Account	1,988,081.84	274,033.61	6,266.49	1,975,900.00	292,481.94	4.1900%
2020C Senior Lien Debt Service Account	1,899,557.24	358,929.03	5,915.55	1,889,568.12	374,833.70	4.1900%
2020D Sub Lien Debt Service Account	2,641,102.59	575,873.28	8,361.03	2,624,086.74	601,250.16	4.1900%
2020D Sub Debt Service Reserve Fund	8,223,027.76		27,552.00		8,250,579.76	4.1900%
2020E Sr Lien Project Account	153,416,259.27		514,035.13		153,930,294.40	4.1900%
2020E Sr Ln Project Cap Interest	21,979,219.86		73,643.38	3,718,700.00	18,334,163.24	4.1900%
2020F Sub Lien Project Account	15,418,757.78		53,077.06	5,272,213.78	10,199,621.06	4.1900%
2020F Sub Lien Debt Service Account	2,786,528.21	458,090.68	8,677.71	2,771,875.00	481,421.60	4.1900%
2020G Sub Lien Debt Service Account	1,283,046.99	210,926.23	3,995.62	1,276,300.00	221,668.84	4.1900%
2020G Sub Debt Service Reserve Fund	3,064,761.27	92,204.74	10,131.87		3,167,097.88	4.1900%
2021A Sub Debt Service Reserve Fund	13,353,826.37	561,724.77	43,960.99		13,959,512.13	4.1900%
2021A Sub Debt Service Account	96.94		0.32		97.26	4.1900%
2021B Senior Lien Cap I Project Fund	46,552,423.68		155,978.13	5,866,900.00	40,841,501.81	4.1900%
2021B Senior Lien Project Account	232,648,352.74		779,509.56		233,427,862.30	4.1900%
2021C Sub Lien Cap I Project Fund	1,353.06		4.53		1,357.59	4.1900%
2021C Sub Lien Project Account	150,307,265.22		508,587.74	5,548,985.38	145,266,867.58	4.1900%
2021C Sub Lien Debt Service Account	6,136,480.80	1,008,943.25	19,109.70	6,104,625.00	1,059,908.75	4.1900%
2021D Senior Lien Debt Service Account	6,116,971.31	965,799.61	19,106.02	6,083,875.00	1,018,001.94	4.1900%
2021E Senior Lien Debt Service Account	7,948,703.08	1,051,969.46	25,114.99	7,899,068.41	1,126,719.12	4.1900%
2011 Sr Financial Assistance Fund	985,399.26		3,301.97	486,302.00	502,399.23	4.1900%
2010 Senior DSF	61,406.92		205.77		61,612.69	4.1900%
2011 Senior Lien Debt Service Account	3,759,755.58	595,098.21	12,155.18	3,730,000.00	637,008.97	4.1900%
2013 Senior Lien Debt Service Account	3,590,311.57		11,596.96	3,561,875.00	40,033.53	4.1900%
2013 Sub Debt Service Reserve Fund	124.81		0.42		125.23	4.1900%
2013 Subordinate Debt Service Account	2,815,540.56		9,094.38	2,793,125.00	31,509.94	4.1900%
2015A Sr Lien Debt Service Account	4,537,058.61		15,203.21	250,000.00	4,302,261.82	4.1900%
2015B Project Account	42,445,286.69		142,334.04	59,659.83	42,527,960.90	4.1900%
2015C TIFIA Project Account	37,978,158.60		127,341.57		38,105,500.17	4.1900%
2016 Sr Lien Rev Refunding Debt Service Account	13,107,976.22	1,666,287.17	42,955.96	12,991,518.75	1,825,700.60	4.1900%
2016 Sub Lien Rev Refunding Debt Service Account	2,833,421.91	463,187.73	8,964.23	2,815,381.25	490,192.62	4.1900%
2016 Sub Lien Rev Refunding DSR	7,084,035.48		23,737.87		7,107,773.35	4.1900%
2018 Sr Lien Project Cap I	202,271.98		677.73	202,271.98	677.73	4.1900%
2018 Sr Lien Debt Service Account	913,223.56	385,423.79	2,843.62	1,108,625.00	192,865.97	4.1900%
2018 Sr Lien Project Account	12,564,736.66		38,929.70	3,058.00	12,600,608.36	4.1900%
TxDOT Grant Fund	9,734,966.60		32,620.86		9,767,587.46	4.1900%
Renewal and Replacement	8,553.29	150,000.00	75.47	130,548.91	28,079.85	4.1900%
Revenue Fund	5,734,259.57	15,923,236.07	30,883.67	14,313,067.79	7,375,311.52	4.1900%
General Fund	147,199,318.66	318,775.40	476,634.43	200,603.86	147,794,124.63	4.1900%
Senior Lien Debt Service Reserve Fund	108,228,339.15		362,661.91		108,591,001.06	4.1900%
71E Revenue Fund	27,182,386.75	1,182,466.98	88,961.37	153,530.07	28,300,285.03	4.1900%
MoPac Revenue Fund	76,310.20	1,346,887.07	1,079.92	1,111,862.19	312,415.00	4.1900%
MoPac General Fund	10,363,999.22	668,984.46	32,684.85	784.20	11,064,884.33	4.1900%
MoPac Operating Fund	314,119.52	300,000.00	680.05	369,235.92	245,563.65	4.1900%
MoPac Loan Repayment Fund	869,395.65	142,877.73	2,512.41	401,309.42	613,476.37	4.1900%
	1,127,734,337.83	32,909,517.68	0.00	3,762,304.96	1,063,434,678.87	
Amount in Fed Agencies and Treasuries						
Amortized Principal	0.00			0.00	0.00	
	0.00				0.00	
Certificates of Deposit						
Total in Pools	13,016,013.78	7,500,000.00	45,976.52	7,000,000.00	13,603,630.98	
Total in GS FSGF	1,117,367,502.58	32,909,517.68	3,762,304.96	100,971,481.60	1,063,434,678.87	
Total in Fed Agencies and Treasuries	0.00			0.00	0.00	
Total Invested	1,130,383,516.36	40,409,517.68		3,808,281.48	1,077,038,309.85	

All Investments in the portfolio are in compliance with the CTRMA's Investment policy and the relevant provisions of the Public Funds Investment Act Chapter 2256.023

José Hernández, CFO
Ann Zigmund, Controller

1/31/2023

Allocation of Funds



ESCROW FUNDS

Travis County Escrow Fund - Elroy Road

	Balance		Accrued		Balance
	1/1/2023	Additions	Interest	Withdrawals	1/31/2023
Goldman Sachs	3,708,464.00		12,465.28	15,018.45	3,705,910.83

Travis County Escrow Fund - Ross Road

	Balance		Accrued		Balance
	1/1/2023	Additions	Interest	Withdrawals	1/31/2023
Goldman Sachs	212,019.89		711.88	595.31	212,136.46

Travis County Escrow Fund - Old San Antonio Road

	Balance		Accrued		Balance
	1/1/2023	Additions	Interest	Withdrawals	1/31/2023
Goldman Sachs	41,301.12		143.23		41,444.35

Travis County Escrow Fund - Old Lockhart Road

	Balance		Accrued		Balance
	1/1/2023	Additions	Interest	Withdrawals	1/31/2023
Goldman Sachs	175,564.08		597.22		176,161.30

Travis County Escrow Fund - County Line Road

	Balance		Accrued		Balance
	1/1/2023	Additions	Interest	Withdrawals	1/31/2023
Goldman Sachs	303,078.68		1,041.10	11,696.61	292,423.17

Travis County Escrow Fund - South Pleasant Valley Road

	Balance		Accrued		Balance
	1/1/2023	Additions	Interest	Withdrawals	1/31/2023
Goldman Sachs	318,379.14		1,072.18	3,482.14	315,969.18

Travis County Escrow Fund - Thaxton Road

	Balance		Accrued		Balance
	1/1/2023	Additions	Interest	Withdrawals	1/31/2023
Goldman Sachs	133,827.82		451.59	2,803.96	131,475.45

Travis County Escrow Fund - Pearce Lane Road

	Balance		Accrued		Balance
	1/1/2023	Additions	Interest	Withdrawals	1/31/2023
Goldman Sachs	307,732.35		1,033.82	4,160.27	304,605.90



PERFORMANCE

As of January 31, 2023

Current Invested Balance	\$ 10,451,037,339.95
Weighted Average Maturity (1)	6 Days
Weighted Average Life (2)	40 Days
Net Asset Value	0.999905
Total Number of Participants	1003
Management Fee on Invested Balance	0.06%*
Interest Distributed	\$36,668,512.50
Management Fee Collected	\$510,187.16
% of Portfolio Invested Beyond 1 Year	2.73%
Standard & Poor's Current Rating	AAAm

January Averages

Average Invested Balance	\$10,011,955,172.89
Average Monthly Yield, on a simple basis	4.2515%
Average Weighted Maturity (1)	6 Days
Average Weighted Life (2)	41 Days

Definition of Weighted Average Maturity (1) & (2)

(1) This weighted average maturity calculation uses the SEC Rule 2a-7 definition for stated maturity for any floating rate instrument held in the portfolio to determine the weighted average maturity for the pool. This Rule specifies that a variable rate instruction to be paid in 397 calendar days or less shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate.
(2) This weighted average maturity calculation uses the final maturity of any floating rate instruments held in the portfolio to calculate the weighted average maturity for the pool.

The maximum management fee authorized for the TexSTAR Cash Reserve Fund is 12 basis points. This fee may be waived in full or in part in the discretion of the TexSTAR co-administrators at any time as provided for in the TexSTAR Information Statement.

Rates reflect historical information and are not an indication of future performance.

NEW PARTICIPANTS

We would like to welcome the following entities who joined the TexSTAR program in January:

- * Denton County Development District No. 4
- * City of Levelland
- * City of Marfa Parks and Recreation Development Corp.
- * West Jefferson County Municipal Water District

HOLIDAY REMINDER

In observance of Presidents Day, **TexSTAR will be closed Monday, February 20, 2023.** All ACH Transactions initiated on Friday, February 17th will settle on Tuesday, February 21st.

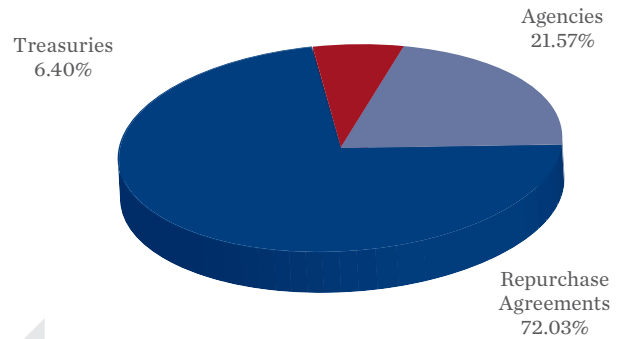
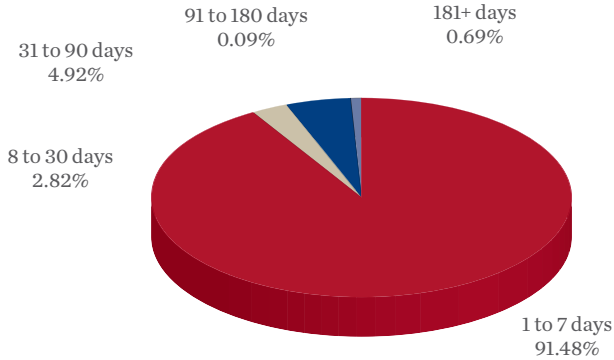
ECONOMIC COMMENTARY

Market review

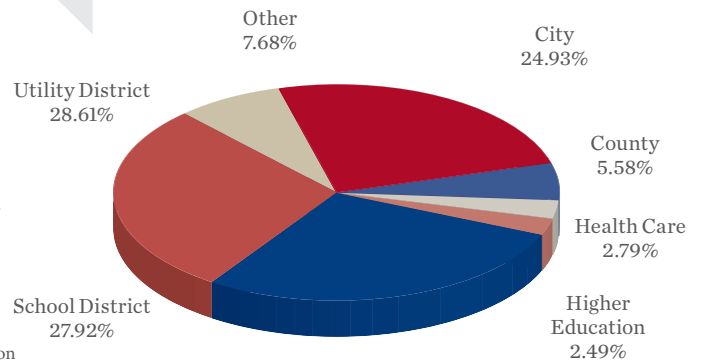
2023 began on a strong positive note, as broader Treasury yields rallied while front end rates remained elevated and credit spreads tightened. Investor sentiment improved, boosted by favorable economic data releases and Federal Reserve (Fed) commentary. Recent CPI and PCE readings indicated a deceleration in inflation, which led to growing market confidence the Fed's aggressive rate hikes are working and that the inflection in policy is near. Risk assets rallied throughout the month. On the growth front, the Bureau of Economic Analysis (BEA) reported that real GDP increased at a 2.9% seasonally adjusted annual rate (saar) in Q4 2022, modestly stronger than the 2.6% consensus expectation. While this reflects a slowdown from 3.2% growth in the third quarter, it concludes a year of 1.0% annual growth, even with the economy contracting for two consecutive quarters in the first half. That said, the details of the report were less favorable than expected, with a bigger inventory build in 4Q (\$130bn saar) but less growth in real final sales (1.4% saar). Spending was stronger in services than goods and reflected a strong start to the quarter with weakening momentum in December. Real final sales to private domestic purchases rose only 0.2% saar in 4Q, the weakest quarterly gain since the recovery began, illustrating softer demand. Meanwhile, the effects of higher rates continued to weigh on the economy, as December housing starts declined 1.4% to 1.382mn saar and housing permits declined 1.6% to 1.33mn saar. Overall, the six-month change through December saw declines of 23% and 39% saar in total starts and total permits respectively, with noticeable declines tied to both single-family and multifamily units. Furthermore, the Institute for Supply Management (ISM) manufacturing index fell by 1.0 pt to 47.4 in January, slightly below markets expectations. The underlying composition was weak, as the production, new orders and employment components all declined. Despite economic momentum slowing, the labor market remained resilient, as the Job Openings and Labor Turnover Survey (JOLTS) showed job openings increasing by 572k to 11.012 million in December. This was partly driven by strength in accommodation and food services (+409k) and retail trade (+134k), while the largest declines were in the information (-107k) and other services (-32k) sectors. *(continued page 4)*

INFORMATION AT A GLANCE

PORTFOLIO BY TYPE OF INVESTMENT AS OF JANUARY 31, 2023



PORTFOLIO BY MATURITY AS OF JANUARY 31, 2023 (1)



DISTRIBUTION OF PARTICIPANTS BY TYPE AS OF JANUARY 31, 2023

(1) Portfolio by Maturity is calculated using WAM (1) definition for stated maturity. See page 1 for definition

HISTORICAL PROGRAM INFORMATION

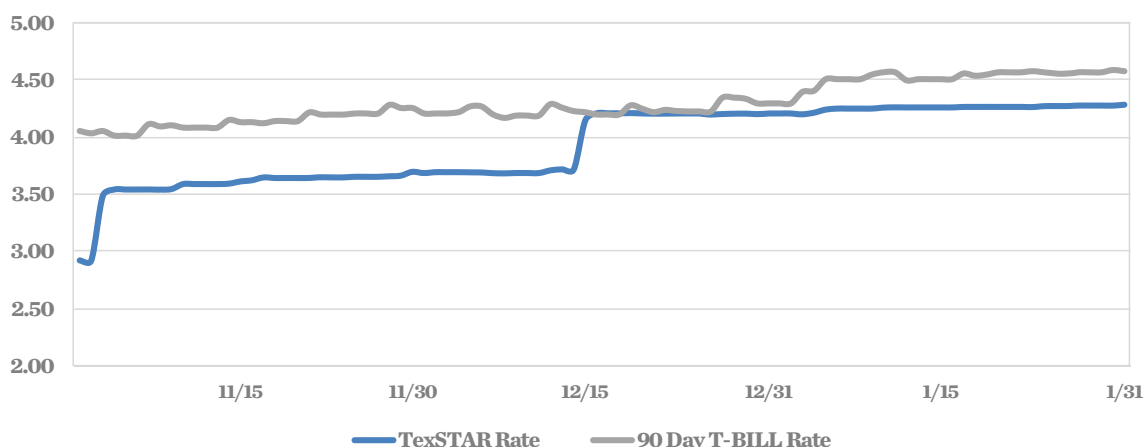
MONTH	AVERAGE RATE	BOOK VALUE	MARKET VALUE	NET ASSET VALUE	WAM (1)	WAL (2)	NUMBER OF PARTICIPANTS
Jan 23	4.2515%	\$10,451,037,339.95	\$10,450,044,625.54	0.999905	6	41	1003
Dec 22	3.9681%	9,016,826,910.67	9,015,709,981.89	0.999855	5	43	999
Nov 22	3.5588%	8,393,118,851.17	8,390,786,906.73	0.999722	6	47	998
Oct 22	2.8531%	8,388,414,626.87	8,384,901,873.82	0.999581	10	46	996
Sep 22	2.2941%	8,448,258,598.47	8,444,307,157.72	0.999510	16	43	994
Aug 22	1.9469%	8,988,292,520.61	8,983,610,837.50	0.999479	27	50	991
Jul 22	1.4010%	9,799,798,062.32	9,793,880,215.07	0.999396	34	49	990
Jun 22	0.9850%	9,799,299,684.61	9,793,062,348.93	0.999363	42	57	989
May 22	0.6459%	9,701,777,049.61	9,700,243,468.41	0.999841	43	61	988
Apr 22	0.3225%	8,985,925,505.16	8,984,338,322.90	0.999818	39	60	986
Mar 22	0.1070%	9,050,970,696.95	9,050,137,013.72	0.999907	27	38	981
Feb 22	0.0104%	9,779,113,455.23	9,778,353,196.78	0.999922	26	32	979

PORTFOLIO ASSET SUMMARY AS OF JANUARY 31, 2023

	BOOK VALUE	MARKET VALUE
Uninvested Balance	\$ 852.08	\$ 852.08
Accrual of Interest Income	10,814,819.73	10,814,819.73
Interest and Management Fees Payable	(36,668,085.22)	(36,668,085.22)
Payable for Investment Purchased	(50,000,000.00)	(50,000,000.00)
Repurchase Agreement	7,581,901,999.76	7,581,901,999.76
Government Securities	2,944,987,753.60	2,943,995,039.19
TOTAL	\$ \$10,451,037,339.95	\$ \$10,450,044,625.54

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by J.P. Morgan Chase & Co. and the assets are safekept in a separate custodial account at the Federal Reserve Bank in the name of TexSTAR. The only source of payment to the Participants are the assets of TexSTAR. There is no secondary source of payment for the pool such as insurance or guarantee. Should you require a copy of the portfolio, please contact TexSTAR Participant Services.

TEXSTAR VERSUS 90-DAY TREASURY BILL



This material is for information purposes only. This information does not represent an offer to buy or sell a security. The above rate information is obtained from sources that are believed to be reliable; however, its accuracy or completeness may be subject to change. The TexSTAR management fee may be waived in full or in part at the discretion of the TexSTAR co-administrators and the TexSTAR rate for the period shown reflects waiver of fees. This table represents historical investment performance/return to the customer, net of fees, and is not an indication of future performance. An investment in the security is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the issuer seeks to preserve the value of an investment of \$1.00 per share, it is possible to lose money by investing in the security. Information about these and other program details are in the fund's Information Statement which should be read carefully before investing. The yield on the 90-Day Treasury Bill ("T-Bill Yield") is shown for comparative purposes only. When comparing the investment returns of the TexSTAR pool to the T-Bill Yield, you should know that the TexSTAR pool consists of allocations of specific diversified securities as detailed in the respective Information Statements. The T-Bill Yield is taken from Bloomberg Finance L.P. and represents the daily closing yield on the then current 90-Day T-Bill. The TexSTAR yield is calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940 as promulgated from time to time by the federal Securities and Exchange Commission.

DAILY SUMMARY FOR JANUARY 2023

DATE	MNY MKT FUND EQUIV. [SEC Std.]	DAILY ALLOCATION FACTOR	INVESTED BALANCE	MARKET VALUE PER SHARE	WAM DAYS (1)	WAL DAYS (2)
1/1/2023	4.2031%	0.000115153	\$9,016,826,910.67	0.999855	4	42
1/2/2023	4.2031%	0.000115153	\$9,016,826,910.67	0.999855	4	42
1/3/2023	4.1959%	0.000114955	\$9,347,295,185.06	0.999874	4	41
1/4/2023	4.2092%	0.000115320	\$9,473,584,390.44	0.999854	5	40
1/5/2023	4.2357%	0.000116047	\$9,818,171,372.07	0.999845	6	41
1/6/2023	4.2450%	0.000116300	\$9,816,995,556.25	0.999846	6	41
1/7/2023	4.2450%	0.000116300	\$9,816,995,556.25	0.999846	6	41
1/8/2023	4.2450%	0.000116300	\$9,816,995,556.25	0.999846	6	41
1/9/2023	4.2453%	0.000116310	\$9,925,861,503.97	0.999856	6	41
1/10/2023	4.2535%	0.000116535	\$9,999,654,103.71	0.999888	5	41
1/11/2023	4.2557%	0.000116594	\$10,119,228,669.08	0.999902	5	40
1/12/2023	4.2549%	0.000116572	\$10,123,914,717.27	0.999916	5	40
1/13/2023	4.2551%	0.000116579	\$10,100,096,984.14	0.999932	5	39
1/14/2023	4.2551%	0.000116579	\$10,100,096,984.14	0.999932	5	39
1/15/2023	4.2551%	0.000116579	\$10,100,096,984.14	0.999932	5	39
1/16/2023	4.2551%	0.000116579	\$10,100,096,984.14	0.999932	5	39
1/17/2023	4.2594%	0.000116697	\$10,139,323,856.69	0.999934	6	41
1/18/2023	4.2596%	0.000116700	\$9,989,468,265.71	0.999920	7	43
1/19/2023	4.2599%	0.000116709	\$9,987,067,380.02	0.999920	7	43
1/20/2023	4.2597%	0.000116705	\$10,115,243,416.47	0.999920	7	43
1/21/2023	4.2597%	0.000116705	\$10,115,243,416.47	0.999920	7	43
1/22/2023	4.2597%	0.000116705	\$10,115,243,416.47	0.999920	7	43
1/23/2023	4.2583%	0.000116665	\$10,187,871,452.61	0.999915	7	43
1/24/2023	4.2661%	0.000116880	\$10,279,870,155.02	0.999922	7	42
1/25/2023	4.2671%	0.000116907	\$10,480,453,815.79	0.999919	7	41
1/26/2023	4.2725%	0.000117055	\$10,492,138,367.31	0.999906	7	41
1/27/2023	4.2714%	0.000117024	\$10,313,136,304.79	0.999904	7	41
1/28/2023	4.2714%	0.000117024	\$10,313,136,304.79	0.999904	7	41
1/29/2023	4.2714%	0.000117024	\$10,313,136,304.79	0.999904	7	41
1/30/2023	4.2710%	0.000117014	\$10,385,502,194.57	0.999893	6	41
1/31/2023	4.2786%	0.000117222	\$10,451,037,339.95	0.999905	6	40
Average	4.2515%	0.000116480	\$10,011,955,172.89		6	41



ECONOMIC COMMENTARY (cont.)

The job openings rate increased by 0.3% to 6.7%, and the quits rate was flat at 2.7%. Similarly, initial jobless claims data came in at very low levels, continuing to suggest labor market strength. During the week ending January 28th, initial claims declined from 186k to 183k. Inflation continued to show signs of moderating, as the December CPI report came in close to expectations with headline CPI falling by -0.1% month-over-month (m/m) and core CPI rising by 0.3% m/m. Falling energy prices (- 4.5% m/m) and moderation in food price increases (+ 0.3% m/m) helped lower inflation. However, inflation was also dragged lower by falling new and used vehicle prices, lower health insurance rates and lower airline fares, contributing to a third consecutive monthly decline in CPI ex food, energy, and shelter. The general decline in inflation was partly offset by a 0.8% increase in shelter which accounts for almost 33% of CPI. However, most of this increase was centered in owner's equivalent rent, which reflects a very lagged measurement of supply and demand conditions in the rental market. Similarly, the PCE price index rose 0.1% m/m in December (5.0% oya) while the core PCE price index increased 0.3% (4.4% oya).

In line with market expectations, the Federal Open Market Committee (FOMC) voted unanimously to raise the federal funds rate target range by 0.25% to 4.50%-4.75% at its February meeting. In the statement, the committee softened its tone on inflation, stating that inflation pressures have eased but remain elevated, and removed the Russia/Ukraine war and COVID-19 pandemic as contributing to higher prices. Elsewhere, the committee still sees "ongoing increases in the target range will be appropriate in order to attain a stance of monetary policy that is sufficiently restrictive." However, their new focus is now on the "extent" of increases, and not the "pace" in determining future hikes, suggesting the Fed may be close to being done. Chair Powell also noted if the economy performs as expected, that it would "not be appropriate to cut rates this year." At the press conference, Powell did not strike as hawkish a tone as the market expected. While his prepared comments asserted that high prices are still causing hardship and that the Fed's job was not done yet, he did not push back on the recent easing of financial conditions since December. Instead, he said they "haven't changed much" and that the committee is not focused "on short-term moves but on sustained changes to broader financial conditions."

Separately, the U.S. Treasury announced that it reached its debt limit on January 19th. Consequently, the Treasury will now utilize its cash balances and "extraordinary measures" to prevent the United States from defaulting on its payment obligations, something that has never happened in the past. The precise timing of the "X-Date," or the date at which the federal government cannot meet its obligations, is still unclear. Treasury Secretary Janet Yellen stated that "It is unlikely that cash and extraordinary measures will be exhausted before early June," while early market estimates for the X-Date window range from July through Early-November. It is important to note that prior debt limit episodes have never resulted in a default by the U.S. Treasury, but the uncertainty associated with the politics can induce both market volatility and client anxiety. If a political resolution is not reached in time, we believe the Treasury would take steps to prioritize the payment of principal and interest on U.S. Treasury securities over other required federal payments. If payment were ultimately delayed on a Treasury security, the technical default would be limited to the specific maturity date/coupon date (i.e., no cross defaults). It is still early days, but the debt limit will likely be in the headlines in the months ahead. The U.S. Treasury yield curve continued to invert between the three-month Treasury bill and 10-year note yields, ending the month at -115 basis points (bps) as front-end Treasury bill yields rose and longer Treasury yields declined. In the money market space, the three-month Treasury bill yield increased 29 bps on the month to 4.67%, while the six-month Treasury bill yields rose 6 bps to 4.83%. The 1-year T-bill and 2-year Treasury yields declined by 4 bps and 23 bps to 4.67% and 4.20%, respectively.

Outlook

The main message from the February FOMC meeting was that the Fed continues to focus on fighting inflation. Powell recognized the good news: a long-awaited disinflationary impulse in the goods sector has finally arrived, disinflation in the housing component is clearly in the ongoing despite being a lagged measure, and inflation expectations among the public and investors have fallen. This has all been achieved without an increase in the unemployment rate. That said, the committee still sees a greater risk in not doing enough to return inflation back to its 2% target; and while the disinflation process has begun, particularly in core goods and energy, it still feels like there is more work to do. This keeps the probability of recession sometime this year elevated. Market consensus that US inflation has rolled over and will likely continue to decline has been a key driver of yields and returns so far this year.



ECONOMIC COMMENTARY (cont.)

The market's attention has now shifted to the US Employment Cost Index (ECI), the broadest measure of labor costs, which is showing tentative signs that wage growth – although typically a stickier component of inflation – is slowing down. In 4Q 2022, US labor costs rose by 1%, the smallest increase since the fourth quarter 2021 (as of 31 January 2022). Slowing wage growth and the recent material slowdown in house price growth indicate that the aggressive hiking policy of the Fed is working and could potentially slow the pace of monetary policy tightening in the coming months. Already, the Fed increased the interest rate by just 25 bps on February 1, 2023, in contrast to the December hike of 50 bps. The January Jobs data, reported on February 3rd, came in significantly above expectations, with nonfarm payrolls surging by 517,000, well above the consensus view of 188K, with gains strongest in leisure and hospitality, healthcare and professional business services. The release shows a resilient labor market with strong momentum in filling job openings and contributing to the lowest unemployment rate we've seen since May 1969 at 3.4%. Still, even at these low levels of unemployment, tightness is not contributing to a rebound in wage inflation, with wage growth moderating to 0.3% for all workers. On a year-over-year basis, wage growth has now fallen to 4.4% after peaking at 5.9% in March of 2022.

The labor market is clearly still a bastion of strength in an economy with elevated recession risks. The Fed should be cheered by the continued strength in job growth without rising wage inflation, but continued labor market tightness may also give them confidence that they can keep policy tighter for longer. We still think it's an open question as to whether the Fed raises rates for a third time this year in May. With inflation coming down and aggregate demand cooling across the economy, the Fed would be wise to exercise patience and assess the lagged impact of the enormous monetary tightening already done. If subsequent jobs and inflation reports continue to reflect this cooling, hopes of a Fed pause after March may not be dashed.

This information is an excerpt from an economic report dated January 2023 provided to TexSTAR by JP Morgan Asset Management, Inc., the investment manager of the TexSTAR pool.

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