



Weatherford City Council

AGENDA REPORT

Meeting Date: January 23, 2024

Item Number: 2024-86-AR

Staff Contact: Dawn Brooks, Director of Finance

Phone: 817-598-4130

SUBJECT: Consider acceptance of the FY24 1st Quarter Investment Report for quarter ended December 31, 2023.

BACKGROUND/DISCUSSION

As required by the Public Funds Investment Act, a quarterly investment report must be accepted by the governing body. The investment report is a brief report discussing compliance and performance of the City's cash and investments. Chapter 2256 of the Texas Government Code states the primary objective of investing public funds as safety, liquidity, diversification and yield, listed in order of importance. However, even with yield being listed as the fourth primary objective, we strive to generate as much yield as possible while remaining safe and liquid. We competitively bid our investments and maintain internal controls to reasonably assure our assets are safe.

Our cash balances totaled \$141,653,790 for all funds compared to \$114,204,611 this time last year. In addition to, the City is holding impact investments, land purchases, in the amount of \$25,657,505.

The City's returns have suffered in the last few years with interest rates at historic lows; just recently, the City has begun to see increased returns and is now experiencing historically high returns. Our investment income earnings were \$1,672,039 in the first quarter of the fiscal year, compared to \$913,002 in the same period for last fiscal year, and \$45,102 in the same period two years ago. Our Weighted Average Maturity is currently at 218 days. Now that interest rates are more attractive and the City is more comfortable with investing in longer term securities, we have begun to purchase securities that lengthen the weighted average maturity of the portfolio. The US Treasury Bill is our typical benchmark for a yield comparison; the one-year yield decreased this quarter by 0.7%. We outperformed our benchmark; the portfolio's overall yield was 5.244% compared to the benchmark of 4.79%

We are a buy and hold investor and we are not as concerned about current market rate on our current investments as we are about the the re-investment rate when they mature. We ladder maturities based on cash flow needs and we are not sophisticated investors, but rather simple in our approach, which matches liquidity, needs and yield. The Finance Department is constantly monitoring our cash flow needs, and invests to provide sufficient cash flow to meet the City's goals and obligations. This approach allows the City to comfortably go to the market for better yields.

This report is in compliance with the investment policy adopted by the Council on August 22, 2023.

FINANCIAL IMPACT

The City earned \$1,672,039 across all funds in the first quarter of the fiscal year.

SUGGESTED ACTION

Staff recommends acceptance of the report.

ATTACHMENTS

- [FY24 Q1 Investment Report.pdf](#)