



Weatherford City Council

AGENDA REPORT

Meeting Date: January 25, 2022

Item Number: 2022-20-AR

Staff Contact: Dawn Brooks, Director of Finance

Phone: 817-598-4130

SUBJECT: Consider acceptance of the FY22 1st Quarter Investment Report for quarter ended December 31, 2021.

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 on 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 investment income earned \$45,102 in the first quarter of the fiscal year, which is a 92% decrease compared to the the same period for last fiscal year. Our cash balances totaled \$128,598,356 for all funds compared to \$106,572,906 this time last year. Our Weighted Average Maturity, currently at 189 days, is improving now that interest rates are becoming more attractive and the City is more comfortable with investing in longer term securities. The US Treasury Bill is our typical benchmark for a yield comparison; the one-year yield showed dramatic improvement this quarter increasing by 0.30%. We underperformed our benchmark; the portfolio's overall yield was 0.224% compared to the benchmark of 0.39%.

Unfortunately, with interest rates at historic lows for close to two years the City's returns have suffered. However, 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 February 9, 2021.

FINANCIAL IMPACT

The City earned \$45,102 across all funds in the second quarter of the fiscal year, quarter ending December 31, 2021.

SUGGESTED ACTION

Staff recommends acceptance of the report.

ATTACHMENTS

- [FY22 Q1 Investment Report.pdf](#)