



Weatherford City Council

AGENDA REPORT

Meeting Date: July 25, 2023
Item Number: 2023-377-AR

Staff Contact: Dawn Brooks, Director of Finance
Phone: 817-598-4130

SUBJECT: Consider acceptance of the FY23 3rd Quarter Investment Report for quarter ended June 30, 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 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 has skyrocketed, earning \$1,556,311 in the third quarter of the fiscal year, compared to \$241,489 in the same period for last fiscal year. Our cash balances totaled \$135,852,580 for all funds compared to \$132,249,534 this time last year. Our Weighted Average Maturity is currently at 66 days. Now that interest rates are becoming more attractive and the City is more comfortable with investing in longer term securities we will begin to purchase securities that will lengthen the weighted average maturity of the portfolio. The US Treasury Bill is our typical benchmark for a yield comparison; the one-year yield showed slight improvement this quarter increasing by 0.78%. We underperformed our benchmark; the portfolio's overall yield was 4.447% compared to the benchmark of 5.42%

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. 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 April 12, 2022.

FINANCIAL IMPACT

The City earned \$1,556,311 across all funds in the second quarter of the fiscal year, quarter ending June 30, 2023.

SUGGESTED ACTION

Staff recommends acceptance of the report.

ATTACHMENTS

- [FY23 Q3 Investment Report.pdf](#)