


**City Council Regular Meeting**

**DEPARTMENT:** Finance  
**FROM:** Natalie Turner, Chief Accountant  
**MEETING:** June 1, 2026

**SUBJECT:**

Consider and take possible action on a resolution accepting the Quarterly Investment Report for March 31, 2026, as submitted in accordance with the Public Funds Investment Act (PFIA).  
*(Staff Contact: Natalie Turner, Chief Accountant)*

**STRATEGIC PRIORITY AND GOAL(S):**

Strategic Priority	Strategic Goal
 <p><b>High Performing City Organization</b> Providing Exceptional, People Focused Services</p>	<ul style="list-style-type: none"> <li>1.2 Continue to improve the efficiency and productivity of operations</li> <li>1.3 Deliver high-quality service and communications to external and internal customers</li> <li>1.4 Be a responsible steward of the city's financial resources by providing rates and fees that represent a strong value to our citizens; providing timely, accurate and transparent financial reporting; and utilizing long-range planning.</li> </ul>

**SUMMARY:**

To comply with the Public Funds Investment Act (PFIA), staff is required to report quarterly to the City Council on the activities of its cash and investment holdings. The information required by the PFIA includes investment results for the quarter, economic summary and investment strategy, investment holdings, and book vs. market comparisons.

**PORTFOLIO OVERVIEW**

As of March 31, 2026, the City's total investment portfolio had a book value of \$160,625,176 and a market value of \$160,652,610. The portfolio generated approximately \$1,667,442 in interest earnings during the quarter.

The weighted average yield of 3.93% outperformed all comparative benchmarks for the period, including the Rolling Three-Month Treasury Bill (3.69%), the Rolling Six-Month Treasury Bill (3.69%), and TexPool (3.79%).

#### PORTFOLIO COMPOSITION

Certificates of Deposit: 35% | Money Market Accounts: 22% | Securities: 37% | Demand Deposit (Cash): 2% | Pools: 4%

#### QUARTER-OVER-QUARTER HIGHLIGHTS

The portfolio book value decreased by approximately \$4.9 million from the December 31, 2025 balance of \$165,531,722, reflecting normal operating cash flows and scheduled investment maturities. Two certificate of deposit positions totaling approximately \$21.2 million matured during the quarter, with proceeds reinvested primarily into securities. As a result, the Securities allocation increased from 24% to 37% of the portfolio, while the CD allocation decreased from 46% to 35%.

The average portfolio yield decreased from 4.01% to 3.93%, consistent with the Federal Open Market Committee maintaining the Fed Funds target rate at 3.50% - 3.75% at their January 2026 meeting.

The City's buy-and-hold investment strategy aligns maturities with anticipated cash flow needs. The City plans maturities utilizing a two-year laddering approach.

#### **RECOMMENDATION:**

Approve the resolution accepting the Quarterly Investment Report for March 31, 2026, as submitted in accordance with the Public Funds Investment Act (PFIA).

#### **PRIOR ACTION/INPUT (Council, Boards, Citizens):**

N/A

#### **REFERENCE:**

Attached is a copy of the March 31, 2026 Quarterly Investment Report

#### **FISCAL IMPACT:**

N/A

#### **STAFF CONTACT:**

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