


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 December 31, 2025, 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>High Performing City Organization Providing Exceptional, People Focused Services</p>	<p>1.2 Continue to improve the efficiency and productivity of operations</p> <p>1.3 Deliver high-quality service and communications to external and internal customers</p> <p>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.</p>

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 December 31, 2025, the City's total investment portfolio had a book value of \$165,531,722 and a market value of \$165,725,338. The portfolio generated approximately \$1,767,097 in interest earnings during the quarter.

The weighted average yield of 4.01% outperformed all comparative benchmarks for the period, including the Rolling Three-Month Treasury Bill (3.85%), the Rolling Six-Month Treasury Bill (3.89%), and TexPool (3.83%).

PORTFOLIO COMPOSITION

Certificates of Deposit: 46% | Money Market Accounts: 24% | Securities: 24% | Demand Deposit (Cash): 3% | Pools: 3%

QUARTER-OVER-QUARTER HIGHLIGHTS

The portfolio book value decreased by approximately \$7.8 million from the September 30, 2025 balance of \$173,342,400, reflecting normal operating cash flows and scheduled investment maturities. Two U.S. Treasury Note positions totaling approximately \$15 million matured during the quarter, with proceeds reinvested primarily into certificates of deposit. As a result, the CD allocation increased from 29% to 46% of the portfolio.

The average portfolio yield decreased from 4.33% to 4.01%, consistent with the Federal Open Market Committee's rate cut to 3.50% - 3.75% on December 10, 2025.

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 December 31, 2025, 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 December 31, 2025 Quarterly Investment Report

FISCAL IMPACT:

N/A

STAFF CONTACT:

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