



STAFF REPORT

DATE: December 7, 2021

TO: Kent Cagle, City Manager

FROM: Jonathan Locke, Executive Director of Finance

SUBJECT: Quarterly Investment Report

BACKGROUND AND FINDINGS:

The attached investment report summarizes all investment activity for the quarter ended September 30, 2021. The highlights of the report are as follows:

	Apr. - Jun. 2021	Jul. - Sep. 2021	Change
Interest Income	\$197,034	\$111,479	-43.42%
Investment Balance	\$168,016,888	\$141,304,268	-15.90%
Average Yield	0.45%	0.29%	-35.56%

Total annual interest income in FY 2021 was \$829,379, which is down \$1.1 million or 57% from FY 2020. The low interest rate environment caused by the COVID-19 pandemic significantly impacted interest revenue. As the economy rebounds and interest rates rise the City's interest income will increase as well.

THE ALTERNATIVES CONSIDERED:

Which alternative is recommended? Why?

N/A

CONFORMITY TO CITY POLICY:

The City of Killeen's investment policy requires that a quarterly report of investment activity be submitted to the City Council within a reasonable time after the end of each quarter. The quarterly report includes a detailed description of the investment position of the City, summarizes the investment activity in each pooled fund group, states the total rate of return on the investment portfolio, and contains information regarding the market value and book value of each separately invested asset.

FINANCIAL IMPACT:

Our investment portfolio directly impacts our interest earnings and aligns with current budgeted amounts.

What is the amount of the expenditure in the current fiscal year? For future years?

N/A

Is this a one-time or recurring expenditure?

N/A

Is this expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

N/A

RECOMMENDATION:

City Council approve the attached investment report for the quarter that ended September 30, 2021.

DEPARTMENTAL CLEARANCES:

Legal

ATTACHED SUPPORTING DOCUMENTS:

Quarterly Investment Report