

INVESTMENT REPORTING

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TOPICS FOR INVESTMENT REPORTING

Overview

Public Funds Investment Act (PFIA) Requirements

PFIA Checklist

Tools for Effective Reporting

Benchmarking Concept

Reporting Options

Governmental Accounting Standard Board (GASB) 31

PFIA REQUIREMENTS

- **Chapter 2256.023**
- **Written report submitted to Commissioners Court**
- **Report must include:**
 - 1. Investment position**
 - 2. Prepared jointly by all investment officers**
 - 3. Signed by all investment officers**
 - 4. Summary Statement:**
 - a. Beginning market value**
 - b. Ending market value**
 - c. Accrued interest**
 - d. Book value and market value**
 - e. Maturity date**
 - f. Account or fund**
 - g. Statement of compliance with investment strategy and the Act.**

PFIA REQUIREMENTS (CONTINUED)

- **Not less than quarterly and within a reasonable time after the end of the period**
- **Include a statement to the effect that the investment portfolio is in**
 - **Compliance as it relates to the investment policy strategy which defines your government's risk tolerance, and**
 - **Accordance to the Public Funds Investment Act provisions**
- **Annual Independent Auditor's Review and Report (External Auditors) of Investment Reports**

TOOLS FOR EFFECTIVE REPORTING



Single page snapshot should be your goal



If multi-page use

Table of contents

Transmittal letter

Utilize colored graphics



Simple, clean, and uncluttered format



Along with required information add optional standard calculations to better inform your readers



Use Excel Templates or Investment Software

TOOLS FOR EFFECTIVE REPORTING (CONTINUED)

Proof report for possible typos, or math errors and reconciling with the general ledger cash accounts

PFIA DOES NOT require a report of performance. However, governing bodies typically focus on this therefore, an indicator (benchmark) may be important.

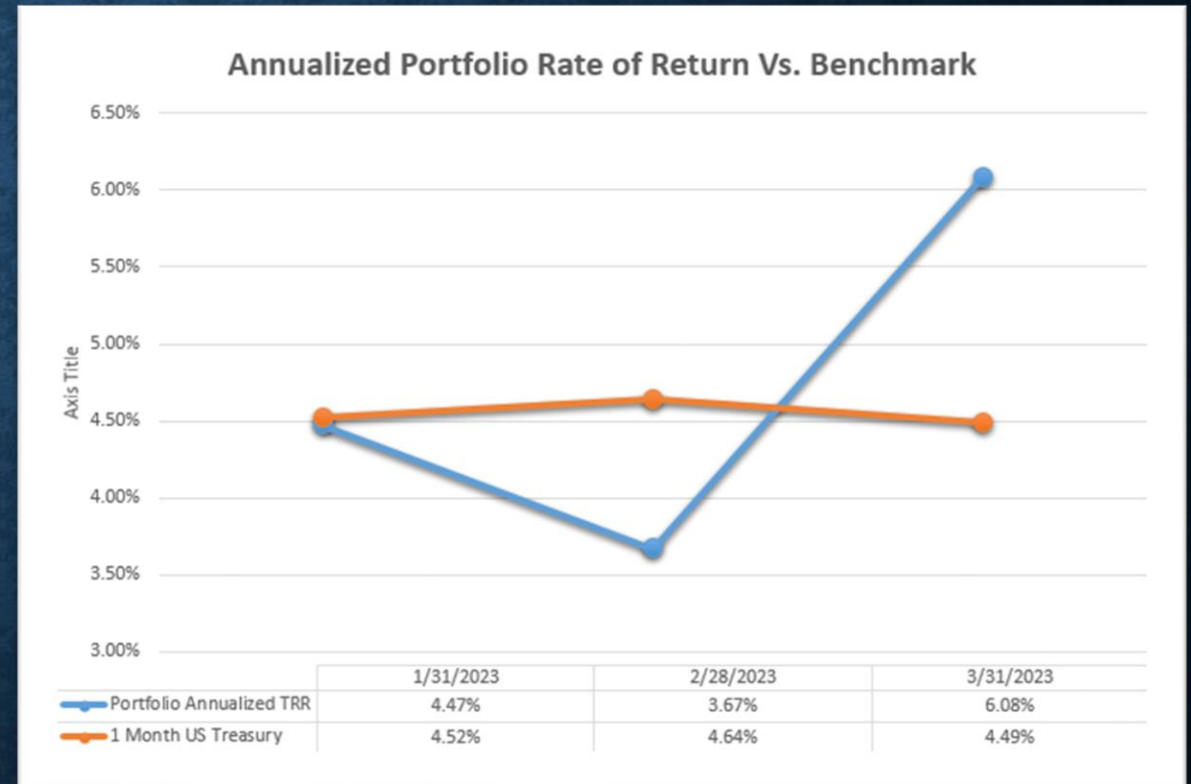
Formulas

Additional calculations such as Average Yield to Maturity (YTM) to represent the long term return while the Investment Officer knows actual performance for analytical and decision purposes.

Use prior report to start creating the current report

BENCHMARKING

- **Benchmarking is a comparison of your portfolio to a standard external criteria which can be discretionary.**
- **Adds another level of measurement to relate to the investment return.**
- **Should not jeopardize the objective of ensuring investments as suitable and consistent with local investment policy and PFIA.**



BENCHMARKING (CONTINUED)

- **Defines information of what a comparable return is for your portfolio for that particular period.**
- **Allows for monitoring and possibly re-evaluating:**
 - **Authorized investments or strategies**
 - **Different benchmark - more appropriate benchmark that more closely resembles the portfolio in weighted average maturity and asset type**
- **A benchmark should be familiar and verifiable - usually a comparable U.S. Treasury is used**

REPORTING OPTIONS

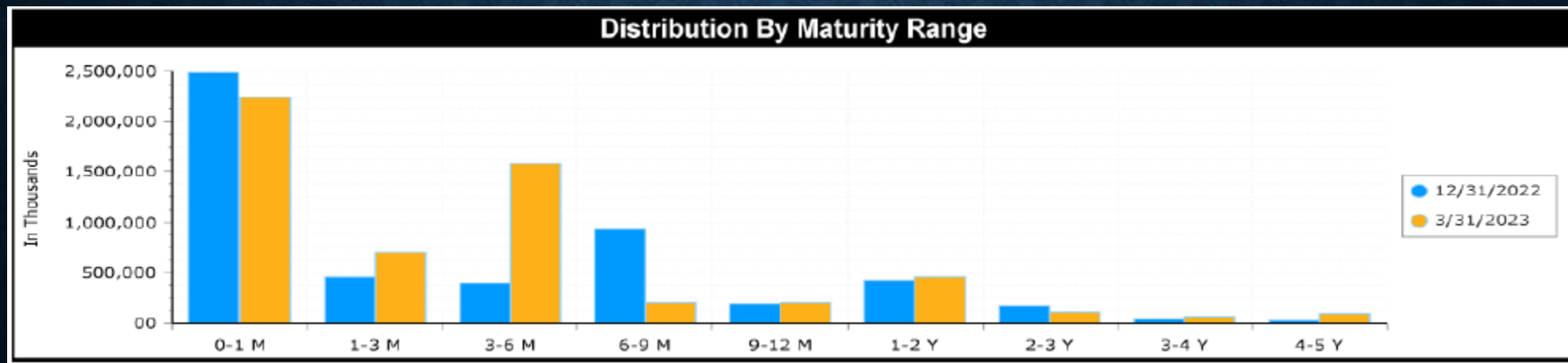
- **Charts –**
 - **Investment Portfolio Chart of All Funds**
 - **Investment Portfolio Chart-Major Funds (General Fund, Capital Projects, Etc.)**
- **Monthly Market Value of Total Investments by Fund and Type**
- **Investment Portfolio by Investment Maturity**
- **Other Comparisons:**
 - **Investment Yield Rates for Quarter Ended (Various Pools)**
 - **Investment Yield Rates for Quarter Ended (benchmark vs portfolio return)**
 - **3 Month Treasury Benchmark vs Portfolio**

REPORTING OPTIONS (CONTINUED)

- **Monthly Cash Balances by Fund (Beg Bal, Receipts, Disbursement, Ending Bal)**
- **Quarterly Investment Additions and Deletions by Fund (Prepared for each Investment Type, Fund, Beg Bal, Deposits, Withdrawals, Interest, End Bal)**
- **Monthly Investment Additions and Deletions by Fund (Prepared for each Investment Type, Fund, Beg Bal, Deposits, Withdrawals, Interest, End Bal)**

REPORTING OPTIONS (CONTINUED)

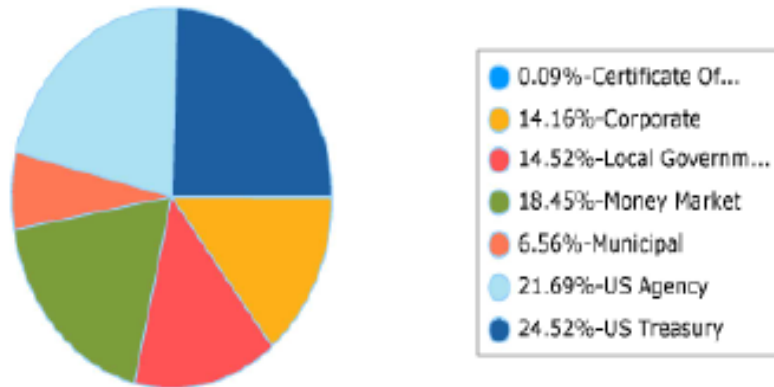
Book & Market Value Comparison							
Month	Market Value	Book Value	Unrealized Gain/Loss	YTM @ Cost	YTM @ Market	Duration	Days To Maturity
Beginning	5,086,793,258.77	5,122,506,211.68	-35,712,952.91	3.28	4.28	0.43	160
1/31/2023	7,056,094,927.52	7,087,203,553.82	-31,108,626.30	3.75	4.38	0.33	124
2/28/2023	5,644,750,283.79	5,681,620,295.01	-36,870,011.22	3.87	4.93	0.44	166
3/31/2023	5,590,490,314.46	5,616,457,067.05	-25,966,752.59	4.04	4.86	0.43	162
Average	6,097,111,842.01	6,128,426,972.05	-31,315,130.04	3.89	4.72	0.40	151



REPORTING OPTIONS (CONTINUED)

PORTFOLIO DISTRIBUTION & EARNINGS BY SECTOR

Portfolio Distribution by Sector



Quarterly Investment Income By Sector

	Ending BV + Accrued Interest	Investment Income-BV
Certificate of Deposit	\$5,050,718.68	\$21,333.42
Corporate	\$795,171,582.06	\$8,268,759.58
Local Government	\$815,757,372.51	\$8,269,144.87
Investment Pool		
Money Market	\$1,036,495,213.91	\$15,352,620.05
Municipal	\$371,241,578.55	\$2,107,835.78
US Agency	\$1,224,723,234.26	\$10,127,718.18
US Treasury	\$1,378,830,804.35	\$8,789,762.98
Total	\$5,627,270,504.32	\$52,937,174.86

REPORTING OPTIONS (CONTINUED)

Investment Pool Yields:		TexPool	TexSTAR
Previous Day:		4.792%	4.821%
7 Day Moving Avg:		4.785%	4.810%
Agency Discount Note Yields			
	Current	Week Ago	Month Ago
1 Mo	4.647%	4.697%	4.577%
2 Mo	4.717%	4.719%	4.685%
3 Mo	4.807%	4.752%	4.840%
6 Mo	NQ	NQ	5.068%
9 Mo	NQ	NQ	5.218%
12 Mo	4.660%	NQ	NQ
Commercial Paper Yields			
	Current	Week Ago	Month Ago
1 Mo	NQ	NQ	4.587%
2 Mo	NQ	NQ	4.727%
3 Mo	NQ	NQ	4.879%
4 Mo	NQ	NQ	NQ
5 Mo	NQ	NQ	NQ
6 Mo	NQ	NQ	NQ
9 Mo	5.291%	NQ	NQ
Agency Bullet Yields			
	Current	Week Ago	Month Ago
1 Yr	4.770%	4.570%	5.300%
1.5 Yr	4.512%	4.381%	5.249%
2 Yr	4.342%	4.191%	4.999%
2.5 Yr	4.322%	4.161%	4.964%
3 Yr	4.072%	4.021%	4.701%

GASB 31 REQUIREMENTS

- **Increase transparency and accountability in government financial reporting, allowing stakeholders to better understand the risks associated with a government's investments.**
- **Accounting and Financial Reporting for Certain Investments and for External Investment Pools.**
- **Issue 03/97**

GASB 31 (CONTINUED)

- **Under GASB 31, governments are required to disclose information about their investments in debt securities, including the type of security, its maturity date, interest rate, and any credit enhancements.**
- **Governments must report the fair value of their investments, which is the estimated market value of the security on a given date.**

GASB 31 (CONTINUED)

- **GASB 31 requires year end reporting investments at fair value (Mark to Market) which is also required by state, local, accounting, and rating agencies (Financial Reports)**
- **In contrast, (GFOA) recommends determining the market value at least on a *quarterly* basis (investment reports)**
- **Market Values should be obtained from a reputable and independent source**
 - **Not the one who sold you the security**



QUESTIONS