1st Quarter Investment Report

(For the Quarter Ended December 31, 2012)

Fiscal Year 2012-13

City of Richardson, Texas

Investment Report
Overview
Quarter Ending December 31, 2012

Portfolio Balance

The Fair Market Value of the City's Investment Portfolio as of December 31, 2012 was $119,868,775.

Investment and Interest Rate Information

The City's yield on the total portfolio was 0.16% as of December 31, above the benchmark of the 91-day Treasury bill at 0.05% and in line with the Fed Funds rate of between 0.00% and 0.25%. The Federal Open Market Committee (FOMC), a committee of the Federal Reserve Board, decided at its December meeting to keep the target range for the federal funds rate unchanged and currently anticipates that this exceptionally low range for the federal funds rate will be appropriate at least as long as the unemployment rate remains above 6-1/2 percent, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee's 2 percent longer-run goal, and longer-term inflation expectations continue to be well anchored. When the Committee decides to begin to remove the policy accommodation, it will take a balanced approach consistent with its longer-run goals of maximum employment and inflation of 2 percent.

The City has focused on preserving the safety of the investment portfolio while trying to keep a balance between maintaining adequate liquidity for ongoing operations and the ability to earn interest. The City continues to invest in U.S. Government Agency Securities and money market funds and local government investment pools which invest only in U.S. Treasuries and Agencies. The City requires that bank deposits are fully collateralized with U.S. Treasury or Agency Securities. Investments in U.S. Treasury and Agency securities are considered the safest investments under the Public Funds Investment Act due to the backing of the Federal Government. The portfolio contains a mix of investments in money market funds and local government investment pools for funds that will be used in the short term, and investments in U.S. Government Agency Securities for funds that will be used in the future.

Investment Type	Yield
Total Portfolio	0.16%
Agencies	0.28%
Money Market Mutual Funds and Local Investment Pools	0.10%
Reference: Benchmark 91-day Treasury Bill	0.05%

Earnings

Total interest earned on the City's investments for the quarter was $92,162. The General Fund and the Water and Sewer Operating Fund are shown below.

Fund	Original Budget	FY 2013 Interest Earnings
General	$ 28,588	$ 6,570
Water and Sewer Operating	$ 8,268	$ 3,575

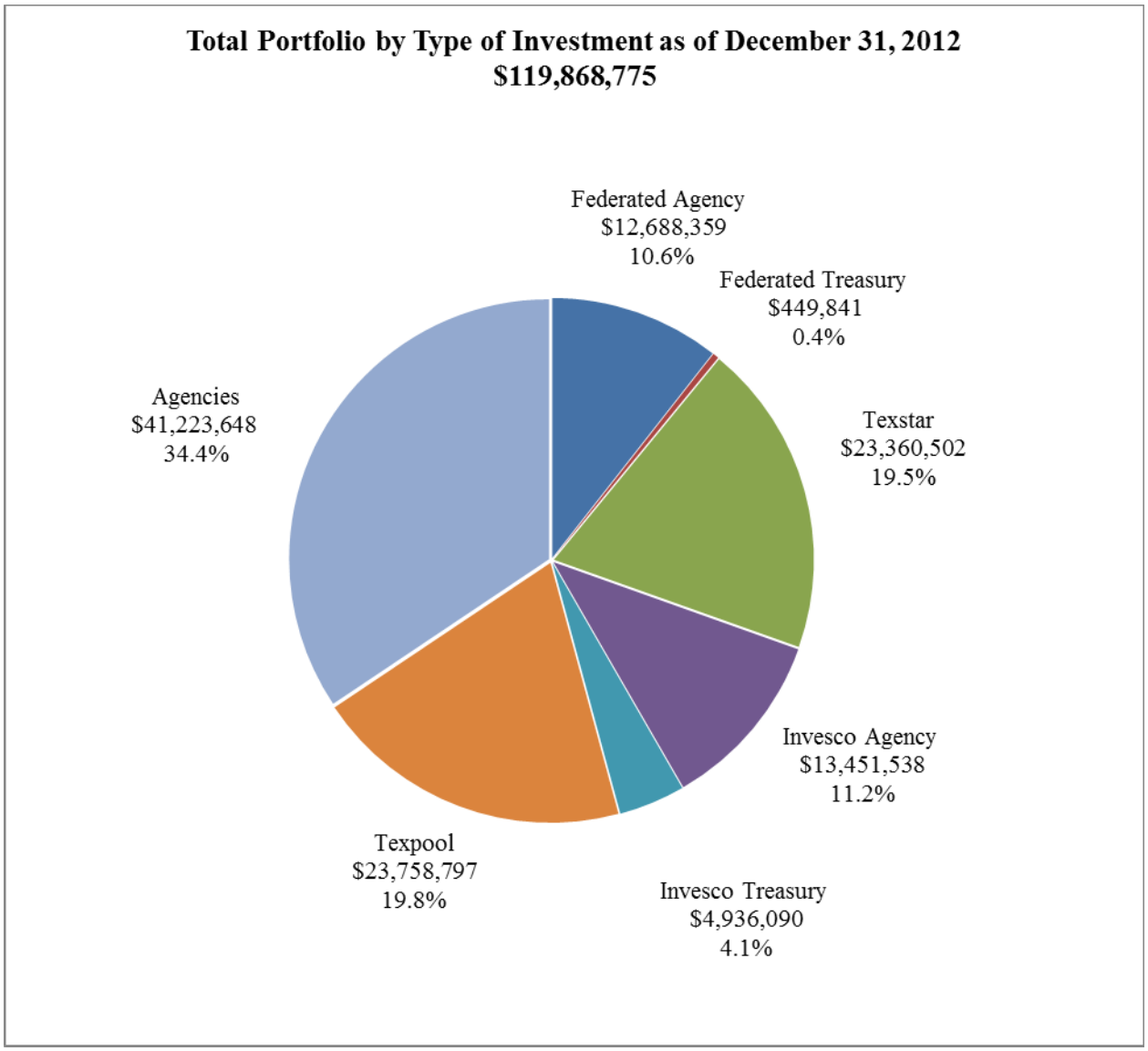
Purchases and Maturities

The following are the purchases, maturities, and interest earnings transactions for this quarter:

	Agencies	Federated	Invesco	TexPool	TexStar	Totals
Purchases	$ 12,106,147	$11,700,473	$ 7,002,259	$12,683,484	$11,459,217	$ 54,951,580
Maturities	$ 13,908,976	$10,771,000	$ 6,196,000	$10,430,000	$ 8,899,000	$ 50,204,976
Int. Ernd (1)	$ 71,729	$ 473	$ 2,259	$ 8,484	$ 9,217	$ 92,162

(1) The Interest Earned is interest that has been received and/or accrued as revenue.

This report is in compliance with the investment strategy as established in the City's Investment Policy and the Public Funds Investment Act, Chapter 2256, Texas Government Code.


Total Portfolio by Type of Investment as of December 31, 2012
$119,868,775
Federated Agency
$12,688,359
10.6%
Federated Treasury
$449,841
0.4%
Texstar
$23,360,502
19.5%
Invesco Agency
$13,451,538
11.2%
Invesco Treasury
$4,936,090
4.1%
Texpool
$23,758,797
19.8%
Agencies
$41,223,648
34.4%

City of Richardson
Investment Report for Quarter Ending December 31, 2012
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CITY OF RICHARDSON, TEXAS
INVESTMENT REPORT
QUARTER ENDING December 31, 2012

This report is in compliance with the investment strategy as established in the City's Investment Policy and the Public Funds Investment Act, Chapter 2256, Texas Government Code.

Prepared on: February 4, 2013

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Controller

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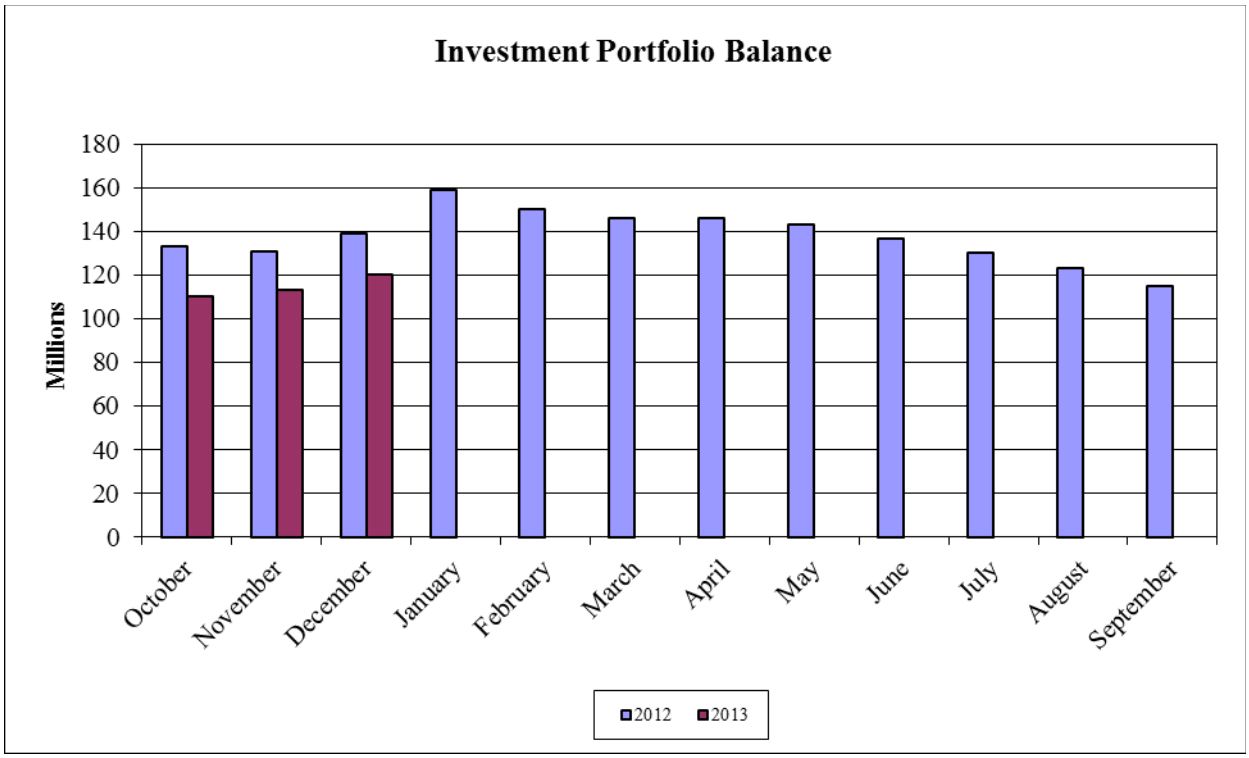
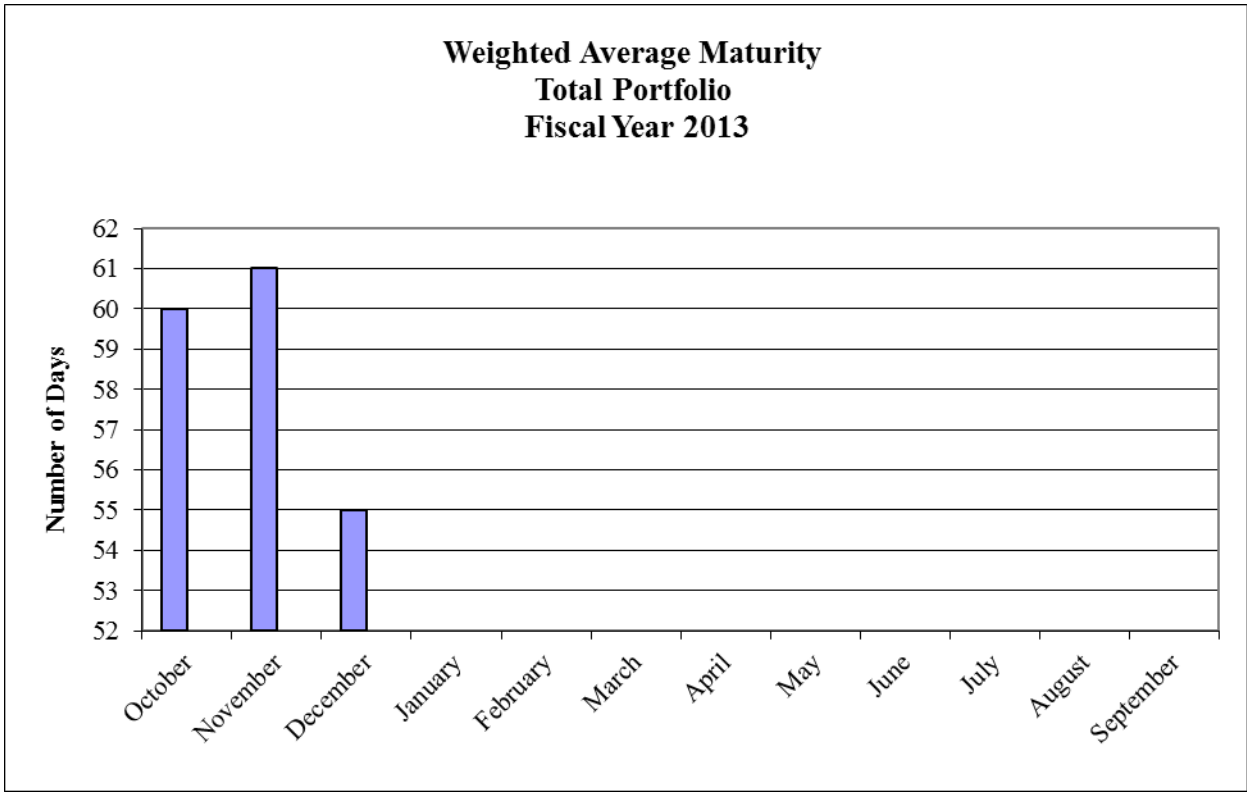
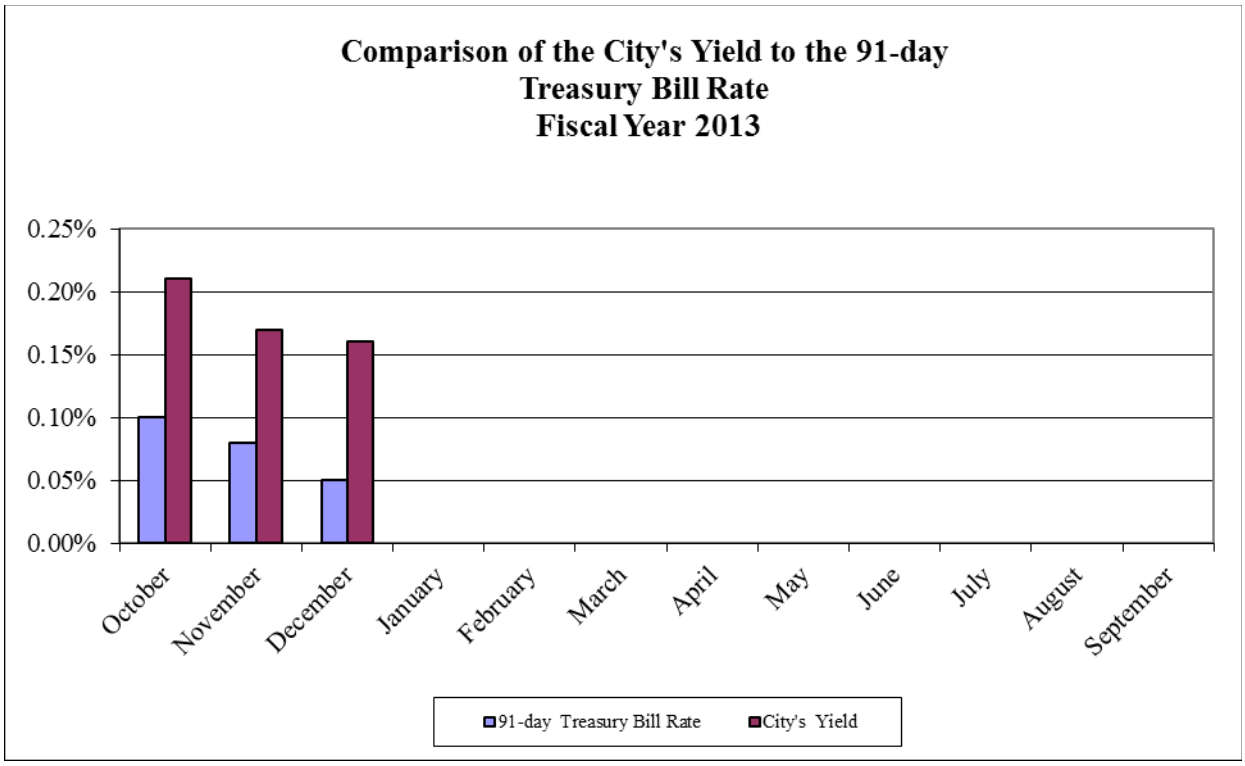
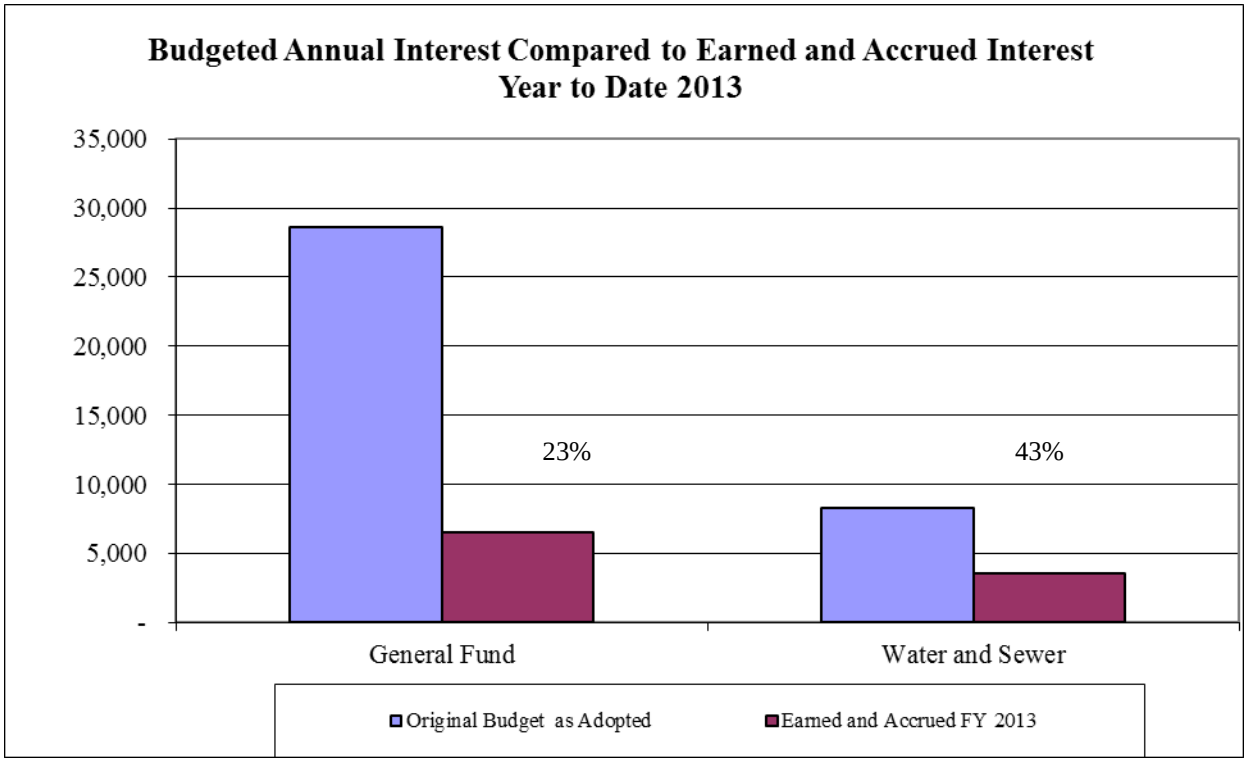

Investment Portfolio Balance
Millions
180
160
140
120
100
80
60
40
20
0
October
November
December
January
February
March
April
May
June
July
August
September
2012
2013


Weighted Average Maturity
Total Portfolio
Fiscal Year 2013
Number of Days
62
61
60
59
58
57
56
55
54
53
52
October
November
December
January
February
March
April
May
June
July
August
September


Comparison of the City's Yield to the 91-day
Treasury Bill Rate
Fiscal Year 2013
0.25%
0.20%
0.15%
0.10%
0.05%
0.00%
October
November
December
January
February
March
April
May
June
July
August
September
91-day Treasury Bill Rate
City's Yield


Budgeted Annual Interest Compared to Earned and Accrued Interest
Year to Date 2013
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
23%
43%
General Fund
Water and Sewer
Original Budget as Adopted
Earned and Accrued FY 2013

City of Richardson, Texas
Schedule of Investments by Source of Funds
December 31, 2012

SECURITIES

Source of Funds	Type		Purchase Date	Maturity Date	# of Days	Fair Value	Book Value	Yield	Callable	Purchased From
Consolidated	Agency Bond	FHLB	03/23/12	01/18/13	301	$ 2,999,950	$ 2,999,950	0.2281%	N/A	Duncan-Williams
GO 2010	Agency Bond	FNMA	08/03/10	02/21/13	933	5,031,210	5,088,385	0.8380%	N/A	Duncan-Williams
Consolidated	Agency Bond	FHLB	04/24/12	02/27/13	309	3,014,969	3,014,969	0.1920%	N/A	Samco
Consolidated	Agency Bond	FHLMC	06/22/12	03/28/13	279	3,003,998	3,003,998	0.2160%	N/A	Duncan-Williams
Consolidated	Agency Bond	FHLB	07/27/12	04/23/13	270	3,010,082	3,010,082	0.1900%	N/A	First Soutwest
Consolidated	Agency Bond	FHLMC	08/17/12	05/22/13	278	3,048,072	3,048,072	0.1950%	N/A	Coastal
GO 2010	Agency Bond	FHLB	11/21/12	05/29/13	189	3,042,909	3,042,909	0.1709%	N/A	Cantor-Fitzgerald
GO 2010	Agency Bond	FNMA	08/28/12	06/26/13	302	3,021,867	3,021,867	0.2080%	N/A	First Soutwest
GO 2010	Agency Bond	FHLB	08/28/12	07/18/13	324	3,000,633	3,000,633	0.2120%	N/A	Duncan-Williams
Consolidated	Agency Bond	FHLB	09/24/12	08/28/13	338	3,005,900	3,005,900	0.1985%	N/A	Coastal
Consolidated	Agency Bond	FNMA	10/24/12	09/30/13	341	3,020,544	3,020,544	0.2080%	N/A	Cantor-Fitzgerald
Consolidated	Agency Bond	FHLMC	11/19/12	10/28/13	343	3,016,162	3,016,162	0.2065%	N/A	Coastal
Consolidated	Agency Bond	FHLB	12/21/12	11/29/13	343	3,007,352	3,007,352	0.1775%	N/A	Cantor-Fitzgerald
					Total	$ 41,223,648	$ 41,280,823			

MONEY MARKET FUNDS AND STATE POOLS

Source of Funds	Type	Fair Value	Purchased From
Consolidated	State Pool	$ 19,973,720	TexPool
GO 2010	State Pool	3,699,612	TexPool
CO 2011 & Prior	State Pool	85,465	TexPool
Consolidated	State Pool	13,053,247	TexStar
GO 2010	State Pool	7,321,645	TexStar
CO 2011 & Prior	State Pool	2,985,610	TexStar
GO 2010	Money Market	10,603,038	Federated - Agency
CO 2011 & Prior	Money Market	2,085,321	Federated - Agency
GO 2006 & Prior	Money Market	449,841	Federated - Treasury
GO 2010	Money Market	5,877,099	Invesco - Agency
GO 2006 & Prior	Money Market	3,152,061	Invesco - Agency
CO 2012	Money Market	3,282,019	Invesco - Agency
CO 2011 & Prior	Money Market	1,140,359	Invesco - Agency
GO 2010	Money Market	1,892,561	Invesco - Treasury
GO 2006 & Prior	Money Market	1,363,399	Invesco - Treasury
CO 2011 & Prior	Money Market	1,680,130	Invesco - Treasury
	Total	$ 78,645,127	

Type	Fair Value	Percentage
Agencies:		
Bonds	$ 41,223,648	34.4%
TexPool	23,758,797	19.8%
TexStar	23,360,502	19.5%
Invesco - Treasury	4,936,090	4.1%
Invesco - Agency	13,451,538	11.2%
Federated - Treas.	449,841	0.4%
Federated - Agency	12,688,359	10.6%
Total Investments	$ 119,868,775	100%

City of Richardson
Summary of Investment Portfolio Activity
As of December 31, 2012

All Portfolios Activity

	Book Value	Fair Value	Ratio
Investments at beginning of quarter	$ 115,287,608	$ 115,287,608	100.00%
Investment Purchases	54,951,580		
Increase (Decrease) in Book Value	(108,262)		
Investment Maturities	(50,204,976)		
Investments at end of quarter	$ 119,925,950	$ 119,868,775	99.95%

Consolidated Portfolio Activity

	Book Value	Fair Value	Ratio
Investments at beginning of quarter	$ 47,154,225	$ 47,154,225	100.00%
Investment Purchases	54,923,642		
Increase (Decrease) in Book Value	(87,159)		
Investment Maturities	(41,836,711)		
Investments at end of quarter	$ 60,153,997	$ 60,153,997	100.00%

General Obligation 2010

	Book Value	Fair Value	Ratio
Investments at beginning of quarter	$ 49,687,214	$ 49,687,214	100.00% `
Investment Purchases	19,882		
Increase (Decrease) in Book Value	(21,103)		
Investment Maturities	(6,138,245)		
Investments at end of quarter	$ 43,547,748	$ 43,490,573	99.87%

City of Richardson
Summary of Investment Portfolio Activity
As of December 31, 2012

General Obligation 2006 & Prior

	Book Value	Fair Value	Ratio
Investments at beginning of quarter	$ 5,948,406	$ 5,948,406	100.00%
Investment Purchases	524		
Increase (Decrease) in Book Value	-		
Investment Maturities	(983,629)		
Investments at end of quarter	$ 4,965,301	$ 4,965,301	100.00%

Certificates of Obligation 2012

	Book Value	Fair Value	Ratio
Investments at beginning of quarter	$ 3,544,672	$ 3,544,672	100.00%
Investment Purchases	6,281		
Increase (Decrease) in Book Value	-		
Investment Maturities	(268,934)		
Investments at end of quarter	$ 3,282,019	$ 3,282,019	100.00%

Certificates of Obligation 2011 & Prior Portfolio Activity

	Book Value	Fair Value	Ratio
Investments at beginning of quarter	$ 8,953,091	$ 8,953,091	100.00%
Investment Purchases	1,251		
Increase (Decrease) in Book Value	-		
Investment Maturities	(977,457)		
Investments at end of quarter	$ 7,976,885	$ 7,976,885	100.00%

City of Richardson
Schedule of Interest Income by Portfolios and Funds
December 31, 2012

Consolidated Portfolio

Fund Name	Actual Amount
General	$ 6,570
General Debt Service	1,762
Water and Sewer Operating	3,575
Water and Sewer - Debt Service	433
Hotel Motel	372
Golf Operating	44
Golf Debt Service	46
Solid Waste Operating	728
Solid Waste Debt Service	45
COR Plan	775
Technology Fund	79
Wireless 911 Fund	118
General Special Projects	1,961
Street Rehabilitation	407
Water and Sewer - Others	799
Water & Sewer Special Projects	602
Water and Sewer - Deposit	1,653
Other Funds	1,669
Total - Consolidated Portfolio	$ 21,638

General Obligation 2010

Fund Name	Actual Amount
G.O. 2010	$ 68,226
Total - G.O. 2010	$ 68,226

General Obligation 2006 Portfolio & Prior

Fund Name	Actual Amount
G.O. 2006 & Prior	$ 610
Total - G.O. 2006 & Prior	$ 610

Certificates of Obligation 2012 Portfolio

Fund Name	Actual Amount
General Government CO 2012	$ 426
Solid Waste CO 2012	10
Total - C.O. 2012 Portfolio	$ 436

Certificates of Obligation 2011 Portfolio & Prior

Fund Name	Actual Amount
General Government CO 2011 & Pr	$ 391
Utility Projects CO 2011 & Prior	687
Solid Waste CO 2011 & Prior	174
Total - C.O. 2010 & Prior Portfolio	$ 1,252

Interest Earned - All Portfolios

Interest Earned per Quarter	Actual Amount
1st Quarter	$ 92,162
2nd Quarter	
3rd Quarter	
4th Quarter	
Total Interest Earned All Portfolios	$ 92,162

(1) Interest income is earned through two methods - direct payments and changes in investment value:

Direct Payments - Investment pools and money market mutual funds pay dividends at the end of each monthly reporting period. Certificates of Deposit pay interest at agreed-upon intervals, usually quarterly. Bonds issued by the U.S. Government and U.S. Agencies pay interest every six months.

Changes in Investment Value - Under generally accepted accounting principles, the difference between the purchase price of a security and its redemption value at any point in time is considered an addition to ("gain") or reduction of ("loss")interest income. For securities with a maturity date of less than a year at the time of purchase, the difference between the purchase price and redemption value is recorded as an increase or decrease to interest income each month. For securities with a maturity date of greater than a year at the time of purchase, the book value is adjusted to the market value of the security at September 30th, and interest income is adjusted by the increase or decrease, which is classified as an unrealized gain/(loss). This is not a monetary gain or loss, only a book entry which reflects the estimated gain or loss if the security were sold early. If the security is held to maturity, there is no recognized gain or loss on the transaction. The City purchases all securities with the intent to hold them until maturity.

As reported above, interest earned for each quarter includes an accrual for each direct payment that the City will be entitled to, as well as the net effect of monthly changes in investment value for securities with a maturity date of less than a year at the time of purchase. Any unrealized gain or loss recorded at year-end is added to these amounts to reflect the interest earned for the full year.

City of Richardson
Schedule of Market Value of Investments by Maturity Date
December 31, 2012

Purchase Date	Description (1)	Yield	Maturity Date	Book Value	Par Value	Market Value (2)
03/23/12	FHLB	0.2281%	01/18/13	2,999,950	3,000,000	2,999,950
08/03/10	FNMA	0.8380%	02/21/13	5,088,385	5,000,000	5,031,210
04/24/12	FHLB	0.1920%	02/27/13	3,014,969	3,000,000	3,014,969
06/22/12	FHLMC	0.2160%	03/28/13	3,003,998	3,000,000	3,003,998
07/27/12	FHLB	0.1900%	04/23/13	3,010,082	3,000,000	3,010,082
08/17/12	FHLMC	0.1950%	05/22/13	3,048,072	3,000,000	3,048,072
11/21/12	FHLB	0.1709%	05/29/13	3,042,909	3,000,000	3,042,909
08/28/12	FNMA	0.2080%	06/26/13	3,021,867	3,003,000	3,021,867
08/28/12	FHLB	0.2120%	07/18/13	3,000,633	3,000,000	3,000,633
09/24/12	FHLB	0.1985%	08/28/13	3,005,900	3,000,000	3,005,900
10/12/12	FNMA	0.2080%	09/30/13	3,020,544	3,000,000	3,020,544
11/19/12	FHLMC	0.2065%	10/28/13	3,016,162	3,000,000	3,016,162
12/21/12	FHLB	0.1775%	11/29/13	3,007,352	3,000,000	3,007,352
-	Federated - Trea.	Varies	-	449,841	449,841	449,841
-	Federated - Agen.	Varies	-	12,688,359	12,688,359	12,688,359
-	Invesco - Treas.	Varies	-	4,936,090	4,936,090	4,936,090
-	Invesco - Agen.	Varies	-	13,451,538	13,451,538	13,451,538
-	TexStar	Varies	-	23,360,502	23,360,502	23,360,502
-	TexPool	Varies	-	23,758,797	23,758,797	23,758,797
				$119,925,950	$ 119,648,127	$ 119,868,775

(1) The following table shows the abbreviation and the full name of the Federal Agencies whose securities are currently held in the City's Portfolio.

Abbreviation	Official Name
FNMA	Federal National Mortgage Association
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation

(2) Following the guidelines of the Governmental Accounting Standards Board Statement No. 31, the City reports investments, which have a remaining maturity at time of purchase of one year or less, at amortized cost (book value). For securities with a remaining maturity at time of purchase of greater than one year, the book value is adjusted to the market value at September 30th of each year.

City of Richardson
Schedule of Maturities
for Quarter Ending December 31, 2012

Purchase Date	Description	Yield	Maturity Date	Par Value	Book Value
02/28/12	FHLMC	0.1545%	10/25/12	$ 3,000,000	$ 3,010,291
03/02/12	FNMA	0.1755%	11/19/12	3,000,000	3,008,963
08/03/10	FHLB	0.7370%	11/21/12	4,885,000	4,894,795
03/23/12	FHLB	0.2088%	12/28/12	2,995,000	2,994,927
-	FEDERATED AGENCY	-	10/05/12	1,650,000	1,650,000
-	FEDERATED AGENCY	-	10/19/12	400,000	400,000
-	FEDERATED AGENCY	-	10/26/12	400,000	400,000
-	FEDERATED AGENCY	-	10/29/12	400,000	400,000
-	FEDERATED AGENCY	-	12/07/12	1,500,000	1,500,000
-	FEDERATED AGENCY	-	12/14/12	421,000	421,000
-	FEDERATED AGENCY	-	12/31/12	6,000,000	6,000,000
-	INVESCO AGENCY	-	10/16/12	700,000	700,000
-	INVESCO AGENCY	-	10/19/12	36,000	36,000
-	INVESCO AGENCY	-	10/26/12	400,000	400,000
-	INVESCO AGENCY	-	10/29/12	210,000	210,000
-	INVESCO AGENCY	-	11/15/12	2,000,000	2,000,000
-	INVESCO AGENCY	-	11/30/12	100,000	100,000
-	INVESCO AGENCY	-	12/14/12	1,050,000	1,050,000
-	INVESCO AGENCY	-	12/21/12	400,000	400,000
-	INVESCO AGENCY	-	12/31/12	1,300,000	1,300,000
-	TEXPOOL	-	10/02/12	160,000	160,000
-	TEXPOOL	-	10/15/12	650,000	650,000
-	TEXPOOL	-	10/19/12	320,000	320,000
-	TEXPOOL	-	10/23/12	350,000	350,000
-	TEXPOOL	-	10/29/12	1,500,000	1,500,000
-	TEXPOOL	-	11/23/12	600,000	600,000
-	TEXPOOL	-	11/30/12	1,100,000	1,100,000
-	TEXPOOL	-	12/14/12	750,000	750,000
-	TEXPOOL	-	12/21/12	5,000,000	5,000,000
-	TEXSTAR	-	10/15/12	650,000	650,000
-	TEXSTAR	-	10/19/12	320,000	320,000
-	TEXSTAR	-	10/26/12	400,000	400,000
-	TEXSTAR	-	10/31/12	1,500,000	1,500,000
-	TEXSTAR	-	11/16/12	450,000	450,000
-	TEXSTAR	-	11/30/12	400,000	400,000
-	TEXSTAR	-	12/07/12	1,000,000	1,000,000
-	TEXSTAR	-	12/14/12	1,179,000	1,179,000
-	TEXSTAR	-	12/21/12	3,000,000	3,000,000
			Total	$ 50,176,000	$ 50,204,976

City of Richardson
Schedule of Investment Purchases
for Quarter Ending December 31, 2012

Purchase Date	Description	Yield	Maturity Date	Par Value	Total Cost
10/24/12	FNMA	0.2080%	09/30/13	$ 3,000,000	$ 3,025,560
11/19/12	FHLMC	0.2065%	10/28/13	3,000,000	3,018,856
11/21/12	FHLB	0.1709%	05/29/13	3,000,000	3,054,066
12/21/12	FHLB	0.1775%	11/29/13	3,000,000	3,007,665
10/31/12	FEDERATED AGENCY	-	-	178	178
11/30/12	FEDERATED AGENCY	-	-	150	150
12/19/12	FEDERATED AGENCY	-	-	5,800,000	5,800,000
12/20/12	FEDERATED AGENCY	-	-	900,000	900,000
12/31/12	FEDERATED AGENCY	-	-	5,000,000	5,000,000
12/31/12	FEDERATED AGENCY	-	-	133	133
10/31/12	FEDERATED TREASURY	-	-	4	4
11/30/12	FEDERATED TREASURY	-	-	4	4
12/31/12	FEDERATED TREASURY	-	-	4	4
10/31/12	INVESCO AGENCY	-	-	208	208
11/14/12	INVESCO AGENCY	-	-	1,500,000	1,500,000
11/21/12	INVESCO AGENCY	-	-	2,500,000	2,500,000
11/25/12	INVESCO AGENCY	-	-	1,200,000	1,200,000
11/30/12	INVESCO AGENCY	-	-	201	201
12/12/12	INVESCO AGENCY	-	-	1,800,000	1,800,000
12/14/12	INVESCO AGENCY	-	-	1,152	1,152
12/31/12	INVESCO AGENCY	-	-	252	252
10/31/12	INVESCO TREASURY	-	-	84	84
11/30/12	INVESCO TREASURY	-	-	81	81
12/14/12	INVESCO TREASURY	-	-	197	197
12/31/12	INVESCO TREASURY	-	-	84	84
10/01/12	TEXPOOL	-	-	1,300,000	1,300,000
10/10/12	TEXPOOL	-	-	400,000	400,000
10/24/12	TEXPOOL	-	-	625,000	625,000
10/31/12	TEXPOOL	-	-	3,144	3,144
11/02/12	TEXPOOL	-	-	800,000	800,000
11/29/12	TEXPOOL	-	-	600,000	600,000
11/30/12	TEXPOOL	-	-	2,759	2,759
12/05/12	TEXPOOL	-	-	1,000,000	1,000,000
12/26/12	TEXPOOL	-	-	1,400,000	1,400,000
12/28/12	TEXPOOL	-	-	4,550,000	4,550,000
12/31/12	TEXPOOL	-	-	2,000,000	2,000,000
12/31/12	TEXPOOL	-	-	2,581	2,581
10/03/12	TEXSTAR	-	-	600,000	600,000
10/09/12	TEXSTAR	-	-	1,200,000	1,200,000
10/18/12	TEXSTAR	-	-	450,000	450,000
10/25/12	TEXSTAR	-	-	400,000	400,000
10/31/12	TEXSTAR	-	-	3,248	3,248
11/07/12	TEXSTAR	-	-	800,000	800,000
11/15/12	TEXSTAR	-	-	1,500,000	1,500,000
11/30/12	TEXSTAR	-	-	3,074	3,074
12/10/12	TEXSTAR	-	-	800,000	800,000
12/13/12	TEXSTAR	-	-	700,000	700,000
12/31/12	TEXSTAR	-	-	5,000,000	5,000,000
12/31/12	TEXSTAR	-	-	2,895	2,895
			Total	$ 54,845,433	$ 54,951,580