4th Quarter Investment Report

(For the Quarter Ended September 30, 2013)

Fiscal Year 2012-13

City of Richardson, Texas

Investment Report
Overview
Quarter Ending September 30, 2013

Portfolio Balance

The Fair Market Value of the City's Investment Portfolio as of September 30, 2013 was $102,582,598.

Investment and Interest Rate Information

The City's yield on the total portfolio was 0.08% as of September 30, 2013, above the benchmark of the 91-day Treasury bill at 0.02% 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 September 2013 meeting to keep the target range for the federal funds rate unchanged. The majority of FOMC members expect no change in the Fed Funds rate through the end of 2014 and most FOMC members see the Funds rate below 1% at the end of 2015 and below 2% at the end of 2016.

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. 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	0.08%
Agencies	0.15%
Money Market Mutual Funds and Local Investment Pools	0.03%
Reference: Benchmark 91-day Treasury Bill	0.02%

Earnings

Total interest earned on the City's investments for the quarter was $23,071. During the budget revision process in April staff reevaluated projected interest earnings. The General Fund and the Water and Sewer Operating Fund are shown below with the revised amounts, and the FY 2013 actual results. Interest earnings for the General Fund were stronger than the revised forecast due to higher investable balances. Interest earnings for the Water and Sewer Operating Fund were slightly below revised projections.

Fund	Original Budget	Revised Forecast	FY 2013 Actual Interest Earnings
General	$ 28,588	$ 32,545	$ 37,462
Water and Sewer Operating	$ 8,268	$ 11,477	$ 11,175

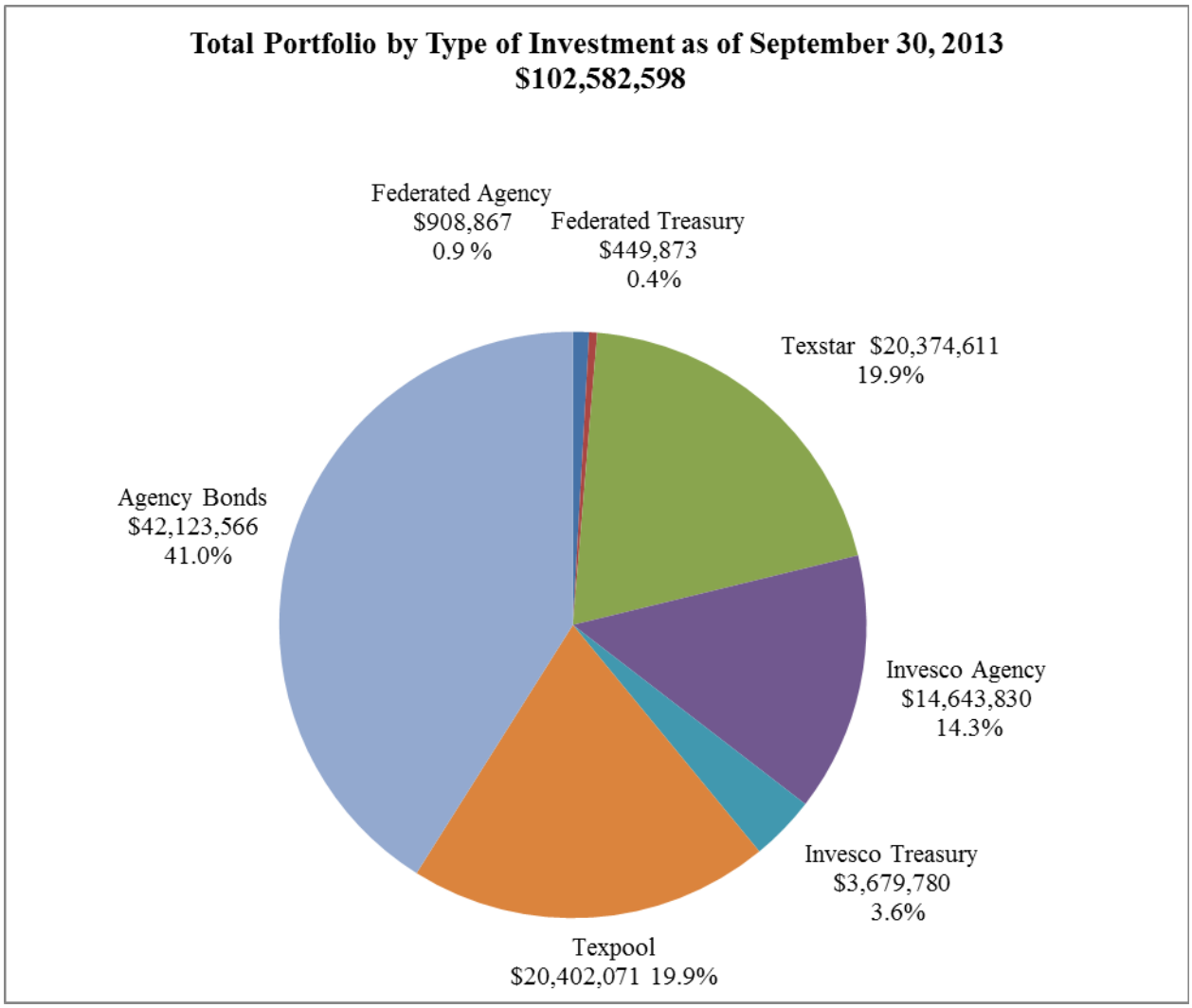
Purchases and Maturities

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

	Agencies	Federated	Invesco	TexPool	TexStar	Totals
Purchases	$ 8,999,543	$ 57	$ 8,450,872	$ 8,202,455	$ 3,802,411	$ 29,455,338
Maturities	$ 18,004,253	$ 2,380,000	$10,587,000	$11,595,000	$ 7,550,000	$ 50,116,253
Int. Ernd (1)	$ 17,276	$ 57	$ 872	$ 2,455	$ 2,411	$ 23,071

(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 September 30, 2013
$102,582,598
Federated Agency
$908,867
0.9 %
Federated Treasury
$449,873
0.4%
Texstar $20,374,611
19.9%
Agency Bonds
$42,123,566
41.0%
Invesco Agency
$14,643,830
14.3%
Invesco Treasury
$3,679,780
3.6%
Texpool
$20,402,071 19.9%

City of Richardson
Investment Report for Quarter Ending September 30, 2013
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CITY OF RICHARDSON, TEXAS
INVESTMENT REPORT
QUARTER ENDING September 30, 2013

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: November 7, 2013

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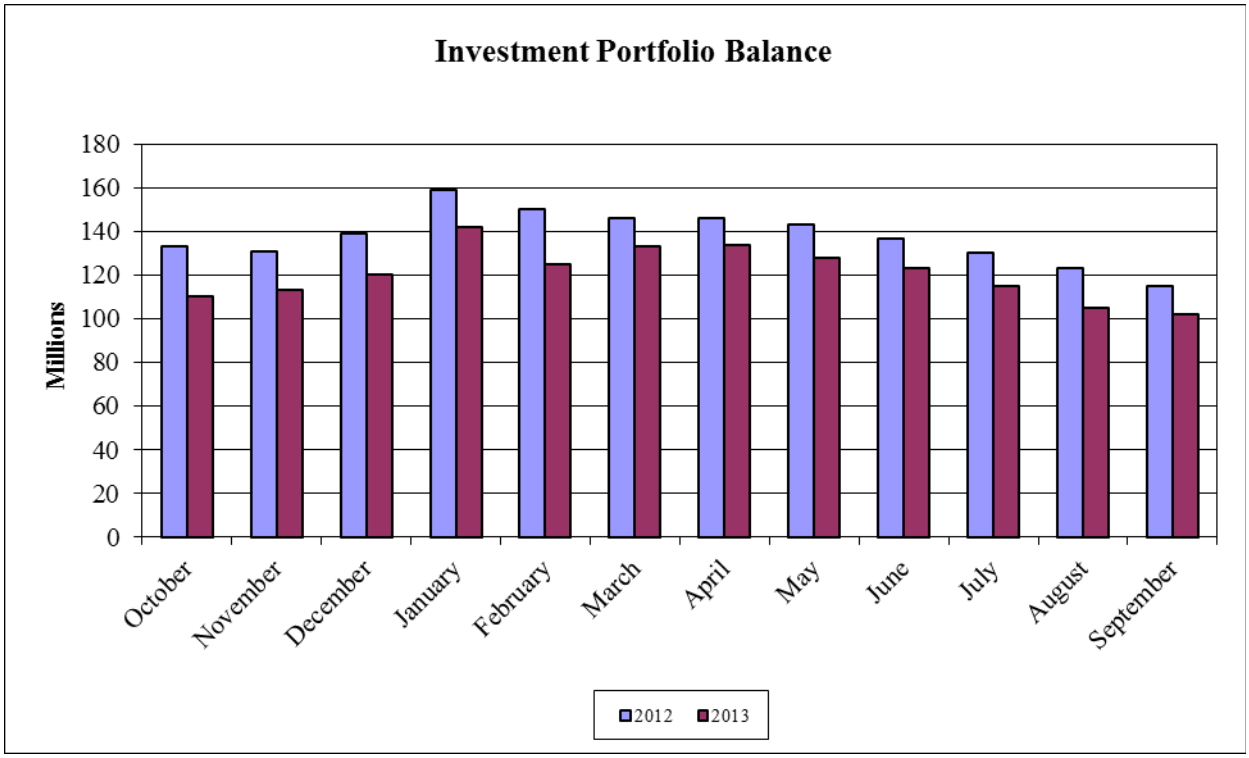
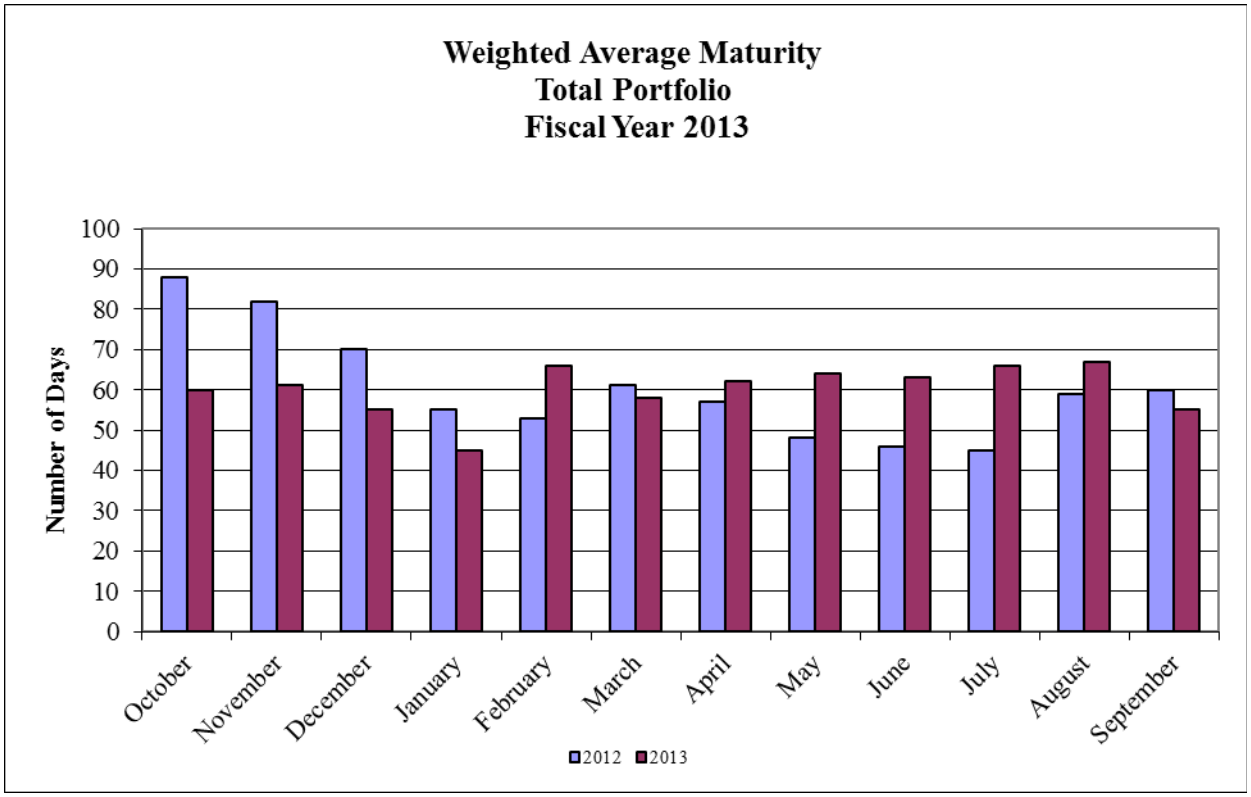
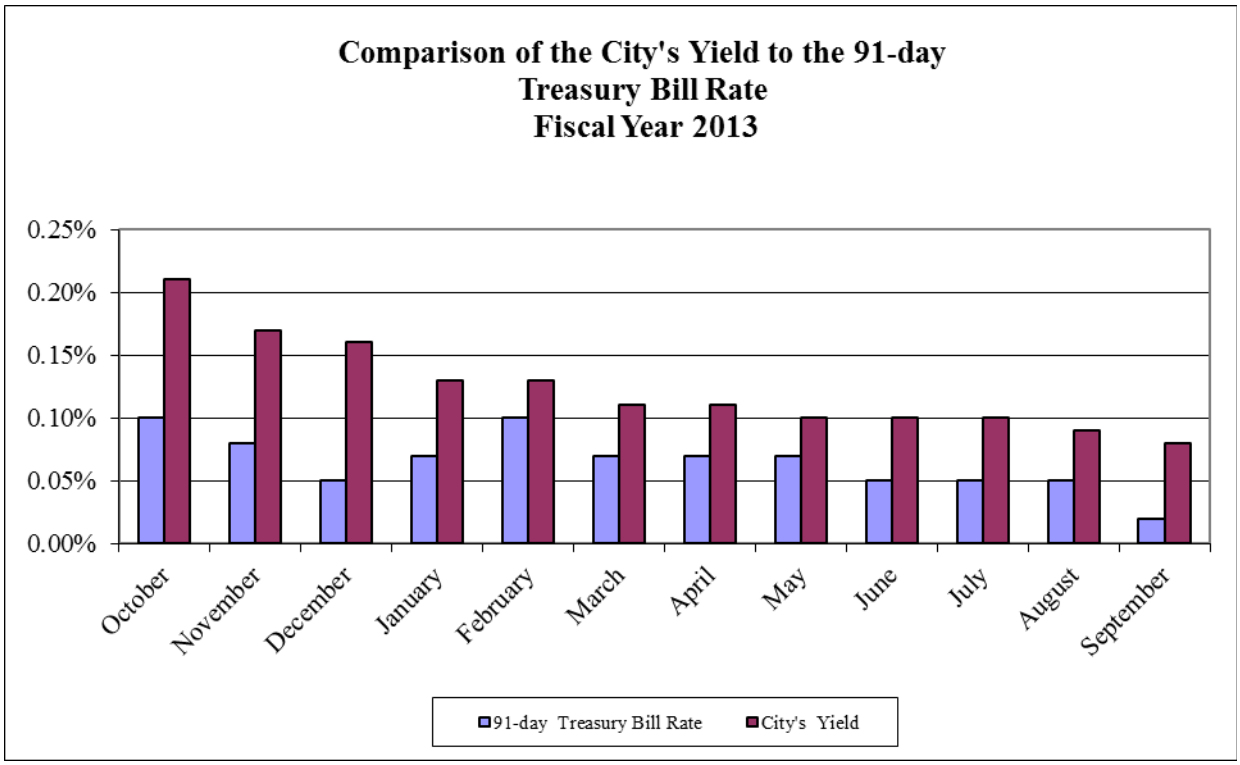
Assistant Director of Finance

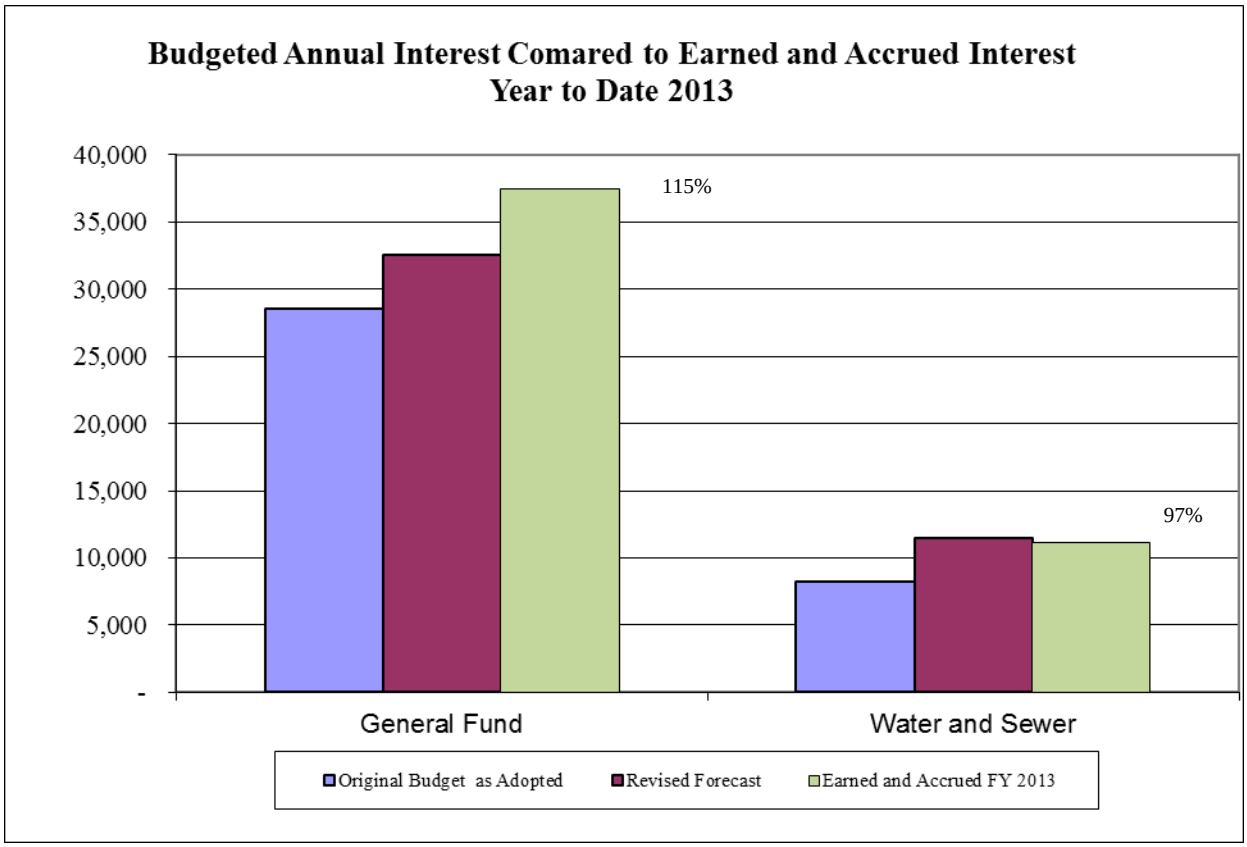
Vicki McCarthy
Controller

Eddie Mueller
Treasury Accountant


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
100
90
80
70
60
50
40
30
20
10
0
October
November
December
January
February
March
April
May
June
July
August
September
2012
2013


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 Comared to Earned and Accrued Interest
Year to Date 2013
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
115%
97%
General Fund
Water and Sewer
Original Budget as Adopted
Revised Forecast
Earned and Accrued FY 2013

City of Richardson, Texas
Schedule of Investments by Source of Funds
September 30, 2013

SECURITIES

Source of Funds	Type		Purchase Date	Maturity Date	# of Days	Fair Value	Book Value	Yield	Callable	Purchased From
GO2010	Agency Bond	FHLB	04/24/13	10/23/13	182	$ 2,999,828	$ 2,999,828	0.0913%	N/A	Cantor-Fitzgerald
Consolidated	Agency Bond	FHLMC	11/19/12	10/28/13	343	3,001,319	3,001,319	0.2065%	N/A	Coastal
CO2013&Prior	Agency Bond	FHLMC	04/25/13	11/27/13	216	3,001,336	3,001,336	0.1070%	N/A	Cantor-Fitzgerald
Consolidated	Agency Bond	FHLB	12/21/12	11/29/13	343	3,001,318	3,001,318	0.1775%	N/A	Cantor-Fitzgerald
Consolidated	Agency Bond	FNMA	01/18/13	12/11/13	327	3,015,310	3,015,310	0.1760%	N/A	Duncan-Williams
GO2010	Agency Bond	FHLB	05/22/13	12/13/13	205	3,017,726	3,017,726	0.1100%	N/A	Wells-Fargo
Consolidated	Agency Bond	FNMA	02/21/13	01/02/14	315	3,037,737	3,037,737	0.1931%	N/A	Duncan-Williams
GO2010	Agency Bond	FHLMC	07/26/13	01/31/14	189	2,999,182	2,999,182	0.0810%	N/A	Cantor-Fitzgerald
Consolidated	Agency Bond	FHLMC	03/27/13	02/25/14	335	3,014,584	3,014,584	0.1740%	N/A	Cantor-Fitzgerald
Consolidated	Agency Bond	FNMA	04/23/13	03/13/14	324	3,035,673	3,035,673	0.1520%	N/A	Wells-Fargo
Consolidated	Agency Bond	FHLB	05/22/13	04/23/14	336	3,000,048	3,000,048	0.1470%	N/A	Cantor-Fitzgerald
Consolidated	Agency Bond	FHLB	07/18/13	05/22/14	308	2,999,904	2,999,904	0.1450%	N/A	Coastal
Consolidated	Agency Bond	FHLB	06/26/13	06/20/14	359	2,998,765	2,998,765	0.1820%	N/A	Coastal
Consolidated	Agency Bond	FFCB	08/28/13	07/30/14	336	3,000,836	3,000,836	0.1663%	N/A	Samco
					Total	$ 42,123,566	$ 42,123,566			

MONEY MARKET FUNDS AND STATE POOLS

Source of Funds	Type	Fair Value	Purchased From
Consolidated	State Pool	$ 16,082,578	TexPool
GO 2010	State Pool	4,319,493	TexPool
Consolidated	State Pool	18,228,588	TexStar
GO 2010	State Pool	1,527,379	TexStar
CO 2013	State Pool	298,365	TexStar
CO 2012&Prior	State Pool	320,279	TexStar
GO 2010	Money Market	74,153	Federated - Agency
CO 2013	Money Market	389,350	Federated - Agency
CO 2012 & Prior	Money Market	445,364	Federated - Agency
GO 2010	Money Market	449,873	Federated - Treasury
GO 2010	Money Market	8,667,133	Invesco - Agency
CO 2013	Money Market	1,542,296	Invesco - Agency
CO 2012 & Prior	Money Market	4,434,401	Invesco - Agency
GO 2010	Money Market	2,431,890	Invesco - Treasury
CO 2012 & Prior	Money Market	1,247,890	Invesco - Treasury
	Total	$ 60,459,032	

Type	Fair Value	Percentage
Agencies:		
Bonds	$ 42,123,566	41.0%
TexPool	20,402,071	19.9%
TexStar	20,374,611	19.9%
Invesco - Treasury	3,679,780	3.6%
Invesco - Agency	14,643,830	14.3%
Federated - Treas.	449,873	0.4%
Federated - Agency	908,867	0.9%
Total Investments	$ 102,582,598	100%

City of Richardson
Summary of Investment Portfolio Activity
As of September 30, 2013

All Portfolios Activity

	Book Value	Fair Value	Ratio
Investments at beginning of quarter	$ 123,365,391	$ 123,365,391	100.00%
Investment Purchases	29,455,338		
Increase (Decrease) in Book Value	(121,878)		
Investment Maturities	(50,116,253)		
Investments at end of quarter	$ 102,582,598	$ 102,582,598	100.00%

Consolidated Portfolio Activity

	Book Value	Fair Value	Ratio
Investments at beginning of quarter	$ 77,437,617	$ 77,437,617	100.00%
Investment Purchases	20,121,641		
Increase (Decrease) in Book Value	(96,861)		
Investment Maturities	(33,045,739)		
Investments at end of quarter	$ 64,416,658	$ 64,416,658	100.00%

General Obligation 2010

	Book Value	Fair Value	Ratio
Investments at beginning of quarter	$ 30,257,975	$ 30,257,975	100.00% `
Investment Purchases	9,333,177		
Increase (Decrease) in Book Value	(23,045)		
Investment Maturities	(13,081,449)		
Investments at end of quarter	$ 26,486,658	$ 26,486,658	100.00%

City of Richardson
Summary of Investment Portfolio Activity
As of September 30, 2013

General Obligation 2006

	Book Value	Fair Value	Ratio
Investments at beginning of quarter	$ 1,542,249	$ 1,542,249	100.00%
Investment Purchases	26		
Increase (Decrease) in Book Value	-		
Investment Maturities	(1,542,275)		
Investments at end of quarter	$ -	$ -	100.00%

Certificates of Obligation 2013

	Book Value	Fair Value	Ratio
Investments at beginning of quarter	$ 5,046,226	$ 5,046,226	100.00%
Investment Purchases	145		
Increase (Decrease) in Book Value	(986)		
Investment Maturities	(1,314,706)		
Investments at end of quarter	$ 3,730,679	$ 3,730,679	100.00%

Certificates of Obligation 2012 & Prior Portfolio Activity

	Book Value	Fair Value	Ratio
Investments at beginning of quarter	$ 9,081,324	$ 9,081,324	100.00%
Investment Purchases	349		
Increase (Decrease) in Book Value	(986)		
Investment Maturities	(1,132,084)		
Investments at end of quarter	$ 7,948,603	$ 7,948,603	100.00%

City of Richardson
Schedule of Interest Income by Portfolios and Funds (1)
September 30, 2013

Consolidated Portfolio

Fund Name	Actual Amount
General	$ 37,462
General Debt Service	6,165
Water and Sewer Operating	11,175
Water and Sewer - Debt Service	706
Hotel Motel	871
Golf Operating	118
Golf Debt Service	77
Solid Waste Operating	2,216
Solid Waste Debt Service	107
COR Plan	2,112
Technology Fund	175
Wireless 911 Fund	289
General Special Projects	3,278
Street Rehabilitation	1,006
Water and Sewer - Others	3,264
Water & Sewer Special Projects	1,397
Water and Sewer - Deposit	5,988
Other Funds	4,134
Total - Consolidated Portfolio	$ 80,540

General Obligation 2010

Fund Name	Actual Amount	
G.O. 2010	$ 31,532	(2)
Total - G.O. 2010	$ 31,532	

General Obligation 2006 Portfolio

Fund Name	Actual Amount
G.O. 2006	$ 966
Total - G.O. 2006	$ 966

Certificates of Obligation 2013 Portfolio

Fund Name	Actual Amount
General Government C.O. 2013	$ 410
Utility Projects C.O. 2013	855
Total - C.O. 2013 Portfolio	$ 1,265

Certificates of Obligation 2012 Portfolio & Prior

Fund Name	Actual Amount
General Government C.O. 2012 & Pr	$ 1,432
Utility Projects C.O. 2012 & Prior	2,063
Solid Waste C.O. 2012 & Prior	311
Total - C.O. 2012 & Prior Portfolio	$ 3,806

Interest Earned - All Portfolios

Interest Earned per Quarter	Actual Amount	
1st Quarter	$ 92,162	
2nd Quarter	(24,050)	(2)
3rd Quarter	26,926	
4th Quarter	23,071	
Total Interest Earned All Portfolios	$ 118,109	

(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.

(2) Interest earned for the General Obligation 2010 Portfolio was adjusted due to mark-to-market calculations on a security that matured in February. Additional details of this transaction can be found in the March 31, 2013 Quarterly Investment Report.

City of Richardson
Schedule of Market Value of Investments by Maturity Date
September 30, 2013

Purchase Date	Description (1)	Yield	Maturity Date	Book Value	Par Value	Market Value (2)
04/24/13	FHLB	0.0913%	10/23/13	$ 2,999,828	$ 3,000,000	2,999,828
11/19/12	FHLMC	0.2065%	10/28/13	3,001,319	3,000,000	3,001,319
04/25/13	FHLMC	0.1070%	11/27/13	3,001,336	3,000,000	3,001,336
12/21/12	FHLB	0.1775%	11/29/13	3,001,318	3,000,000	3,001,318
01/18/13	FNMA	0.1760%	12/11/13	3,015,310	3,000,000	3,015,310
05/22/13	FHLB	0.1100%	12/13/13	3,017,726	3,000,000	3,017,726
02/21/13	FNMA	0.1931%	01/02/14	3,037,737	3,000,000	3,037,737
07/26/13	FHLMC	0.0810%	01/31/14	2,999,182	3,000,000	2,999,182
03/27/13	FHLMC	0.1740%	02/25/14	3,014,584	3,000,000	3,014,584
04/23/13	FNMA	0.1520%	03/13/14	3,035,673	3,000,000	3,035,673
05/22/13	FHLB	0.1470%	04/23/14	3,000,048	3,000,000	3,000,048
07/18/13	FHLB	0.1450%	05/22/14	2,999,904	3,000,000	2,999,904
06/26/13	FHLB	0.1820%	06/20/14	2,998,765	3,000,000	2,998,765
08/28/13	FFCB	0.1663%	07/30/14	3,000,836	3,000,000	3,000,836
-	Federated - Trea.	Varies	-	449,873	449,873	449,873
-	Federated - Agen.	Varies	-	908,867	908,867	908,867
-	Invesco - Treas.	Varies	-	3,679,780	3,679,780	3,679,780
-	Invesco - Agen.	Varies	-	14,643,830	14,643,830	14,643,830
-	TexStar	Varies	-	20,374,611	20,374,611	20,374,611
-	TexPool	Varies	-	20,402,071	20,402,071	20,402,071
				$102,582,598	$ 102,459,032	$ 102,582,598

(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
FFCB	Federal Farm Credit 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 September 30, 2013

Purchase Date	Description	Yield	Maturity Date	Par Value	Book Value
08/28/12	FHLB	0.2120%	07/18/13	$ 3,000,000	$ 3,000,066
02/21/13	FHLMC	0.1319%	07/26/13	3,000,000	2,999,735
02/22/13	FNMA	0.1410%	08/20/13	3,000,000	3,001,837
09/24/12	FHLB	0.1985%	08/28/13	3,000,000	3,000,694
02/21/13	FHLMC	0.1522%	09/27/13	3,000,000	2,999,638
10/24/12	FNMA	0.2080%	09/30/13	3,000,000	3,002,283
-	FEDERATED AGENCY	-	07/12/13	500,000	500,000
-	FEDERATED AGENCY	-	07/19/13	100,000	100,000
-	FEDERATED AGENCY	-	07/26/13	200,000	200,000
-	FEDERATED AGENCY	-	07/31/13	900,000	900,000
-	FEDERATED AGENCY	-	08/02/13	50,000	50,000
-	FEDERATED AGENCY	-	08/30/13	600,000	600,000
-	FEDERATED AGENCY	-	09/20/13	30,000	30,000
-	INVESCO AGENCY	-	07/01/13	300,000	300,000
-	INVESCO AGENCY	-	07/16/13	400,000	400,000
-	INVESCO AGENCY	-	07/19/13	200,000	200,000
-	INVESCO AGENCY	-	07/26/13	300,000	300,000
-	INVESCO AGENCY	-	07/31/13	1,030,000	1,030,000
-	INVESCO AGENCY	-	08/02/13	750,000	750,000
-	INVESCO AGENCY	-	08/23/13	900,000	900,000
-	INVESCO AGENCY	-	08/30/13	3,180,000	3,180,000
-	INVESCO AGENCY	-	09/06/13	2,000,000	2,000,000
-	INVESCO AGENCY	-	09/20/13	300,000	300,000
-	INVESCO TREASURY	-	07/11/13	700,000	700,000
-	INVESCO TREASURY	-	07/19/13	17,000	17,000
-	INVESCO TREASURY	-	07/26/13	400,000	400,000
-	INVESCO TREASURY	-	09/19/13	110,000	110,000
-	TEXPOOL	-	07/05/13	1,400,000	1,400,000
-	TEXPOOL	-	07/15/13	1,000,000	1,000,000
-	TEXPOOL	-	07/19/13	450,000	450,000
-	TEXPOOL	-	07/31/13	70,000	70,000
-	TEXPOOL	-	08/02/13	450,000	450,000
-	TEXPOOL	-	08/14/13	3,500,000	3,500,000
-	TEXPOOL	-	08/15/13	1,675,000	1,675,000
-	TEXPOOL	-	08/16/13	1,800,000	1,800,000
-	TEXPOOL	-	09/06/13	650,000	650,000
-	TEXPOOL	-	09/30/13	600,000	600,000
-	TEXSTAR	-	07/03/13	600,000	600,000
-	TEXSTAR	-	07/15/13	900,000	900,000
-	TEXSTAR	-	07/19/13	450,000	450,000
-	TEXSTAR	-	07/30/13	900,000	900,000
-	TEXSTAR	-	08/02/13	450,000	450,000
-	TEXSTAR	-	08/07/13	700,000	700,000
-	TEXSTAR	-	08/09/13	2,400,000	2,400,000
-	TEXSTAR	-	09/06/13	650,000	650,000
-	TEXSTAR	-	09/30/13	500,000	500,000
			Total	$ 50,112,000	$ 50,116,253

City of Richardson
Schedule of Investment Purchases
for Quarter Ending September 30, 2013

Purchase Date	Description	Yield	Maturity Date	Par Value	Total Cost
07/18/13	FHLB	0.1450%	05/22/14	$ 3,000,000	$ 2,999,873
07/26/13	FHLMC	0.0810%	01/31/14	3,000,000	2,998,740
08/28/13	FFCB	0.1663%	07/30/14	3,000,000	3,000,930
07/31/13	FEDERATED AGENCY	-	-	24	24
08/31/13	FEDERATED AGENCY	-	-	13	13
09/30/13	FEDERATED AGENCY	-	-	8	8
07/31/13	FEDERATED TREASURY	-	-	4	4
08/31/13	FEDERATED TREASURY	-	-	4	4
09/30/13	FEDERATED TREASURY	-	-	4	4
07/31/13	INVESCO AGENCY	-	-	254	254
08/08/13	INVESCO AGENCY	-	-	800,000	800,000
08/09/13	INVESCO AGENCY	-	-	2,000,000	2,000,000
08/31/13	INVESCO AGENCY	-	-	243	243
09/09/13	INVESCO AGENCY	-	-	650,000	650,000
09/23/13	INVESCO AGENCY	-	-	400,000	400,000
09/27/13	INVESCO AGENCY	-	-	3,500,000	3,500,000
09/30/13	INVESCO AGENCY	-	-	1,100,000	1,100,000
09/30/13	INVESCO AGENCY	-	-	175	175
07/31/13	INVESCO TREASURY	-	-	74	74
08/31/13	INVESCO TREASURY	-	-	64	64
09/30/13	INVESCO TREASURY	-	-	62	62
07/10/13	TEXPOOL	-	-	1,000,000	1,000,000
07/23/13	TEXPOOL	-	-	250,000	250,000
07/24/13	TEXPOOL	-	-	500,000	500,000
07/31/13	TEXPOOL	-	-	1,026	1,026
08/13/13	TEXPOOL	-	-	400,000	400,000
08/19/13	TEXPOOL	-	-	500,000	500,000
08/20/13	TEXPOOL	-	-	2,800,000	2,800,000
08/21/13	TEXPOOL	-	-	800,000	800,000
08/26/13	TEXPOOL	-	-	550,000	550,000
08/28/13	TEXPOOL	-	-	600,000	600,000
08/31/13	TEXPOOL	-	-	758	758
09/10/13	TEXPOOL	-	-	400,000	400,000
09/19/13	TEXPOOL	-	-	200,000	200,000
09/25/13	TEXPOOL	-	-	200,000	200,000
09/30/13	TEXPOOL	-	-	671	671
07/29/13	TEXSTAR	-	-	600,000	600,000
07/31/13	TEXSTAR	-	-	949	949
08/05/13	TEXSTAR	-	-	600,000	600,000
08/06/13	TEXSTAR	-	-	400,000	400,000
08/29/13	TEXSTAR	-	-	600,000	600,000
08/31/13	TEXSTAR	-	-	807	807
09/03/13	TEXSTAR	-	-	600,000	600,000
09/05/13	TEXSTAR	-	-	400,000	400,000
09/18/13	TEXSTAR	-	-	300,000	300,000
09/24/13	TEXSTAR	-	-	300,000	300,000
09/30/13	TEXSTAR	-	-	655	655
			Total	29,455,795	29,455,338