



RICHARDSON, TX

FINANCE

4th Quarter Investment Report
(For the Quarter Ended September 30, 2021)
Fiscal Year 2020-21
City of Richardson, Texas

Investment Report Overview Quarter Ending September 30, 2021

Portfolio Balance

The Market Value of the City’s Investment Portfolio as of September 30, 2021 was \$251,758,161

The City of Richardson maintains portfolios which utilize four specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolios. (Article XIII of the City’s Investment Policy) The four portfolios are Operating, Bond Proceeds and Capital Projects, Deposit and Debt Service. More information on the funds and fund groups in each portfolio can be found on page 8 of this report.

Investment and Interest Rate Information

At their November 3, 2021 meeting, the Federal Open Market Committee (FOMC), a committee of the Federal Reserve Board, decided to maintain the target range for the federal fund rate of between 0.00% to 0.25%. The FOMC judged it will be appropriate to maintain this target range until labor market conditions have reached levels consistent with the FOMC’s assessments of maximum employment and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time. In assessing the appropriate stance of monetary policy, the FOMC will continue to monitor the implications of incoming information for the economic outlook and is prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede attainment of the FOMC’s goals. The committee’s assessment will consider a wide range of information, including readings on public health, labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

The portfolio yield was 0.03%, which is slightly below the 0.04% 91-day Treasury Bill benchmark. At the end of the year, a significant portion of the City’s funds were invested in local government investment pools and money market mutual funds to provide liquidity until tax receipts are received in the fall. These instruments try to match the 91-day Treasury Bill but their internal investment costs kept their yield below the benchmark in the current low interest rate environment. As new Treasury and U.S. Agency securities are purchased for the portfolio this fall, the overall yield will increase and more closely mirror or exceed the benchmark.

Investment Type	Yield
Total Portfolio	0.03%
Securities	0.06%
Money Market Mutual Funds and Local Investment Pools	0.02%
<i>Reference: Benchmark 91-day Treasury Bill</i>	0.04%

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. Agency Securities, U.S Treasury Notes, Certificates of Deposit, 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 Obligations, including letters of credit, of the United States or its agencies and instrumentalities. 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 direct investments in Treasury and Agency Securities or Certificates of Deposit for funds that will be used in the future.

Earnings

Total interest on the City’s investments for the quarter was \$26,879. The interest by Portfolio is listed in the chart below.

Portfolio	Interest 1st Quarter	Interest 2nd Quarter	Interest 3rd Quarter	Interest 4th Quarter	Interest YTD
Operating	\$102,447	\$43,947	\$14,534	\$16,436	\$177,364
Bond Proceeds & Capital Projects	110,653	42,151	12,930	9,772	175,505
Debt Service	1,705	2,346	1,020	436	5,506
Deposit	2,047	720	412	235	3,414
Total	\$216,852	\$89,164	\$28,895	\$26,879	\$361,790

Additional information on interest earned can be found on page 8 of this report.

Restatement

During the preparation of the fourth quarter report, it was discovered that the amortization of fair market value for securities held more than one year were not previously shown in prior fiscal year 2021 quarterly reports. The amounts in the chart above show interest income as restated for the prior quarters with the appropriate amortization included. This amortization was being recorded in the general ledger but not acknowledged on the report, overstating prior quarters’ earnings for the purposes of the quarterly reports. An updated schedule for each of the prior quarters has been appended to those reports showing the actual interest earned by fund in accordance with generally accepted accounting principles.

Abbreviations


Throughout this report, the following common abbreviations are used for securities which are held in the City’s Portfolio.

Abbreviation	Official Name
FFCB	Federal Farm Credit Bank
FHLB	Federal Home Loan Bank
T-Note	U.S. Treasury Note


**City of Richardson, Texas
Investment Report
Investment Officers Signature Page
Quarter Ending September 30, 2021**

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 9, 2021



Kent Pfeil
Chief Financial Officer

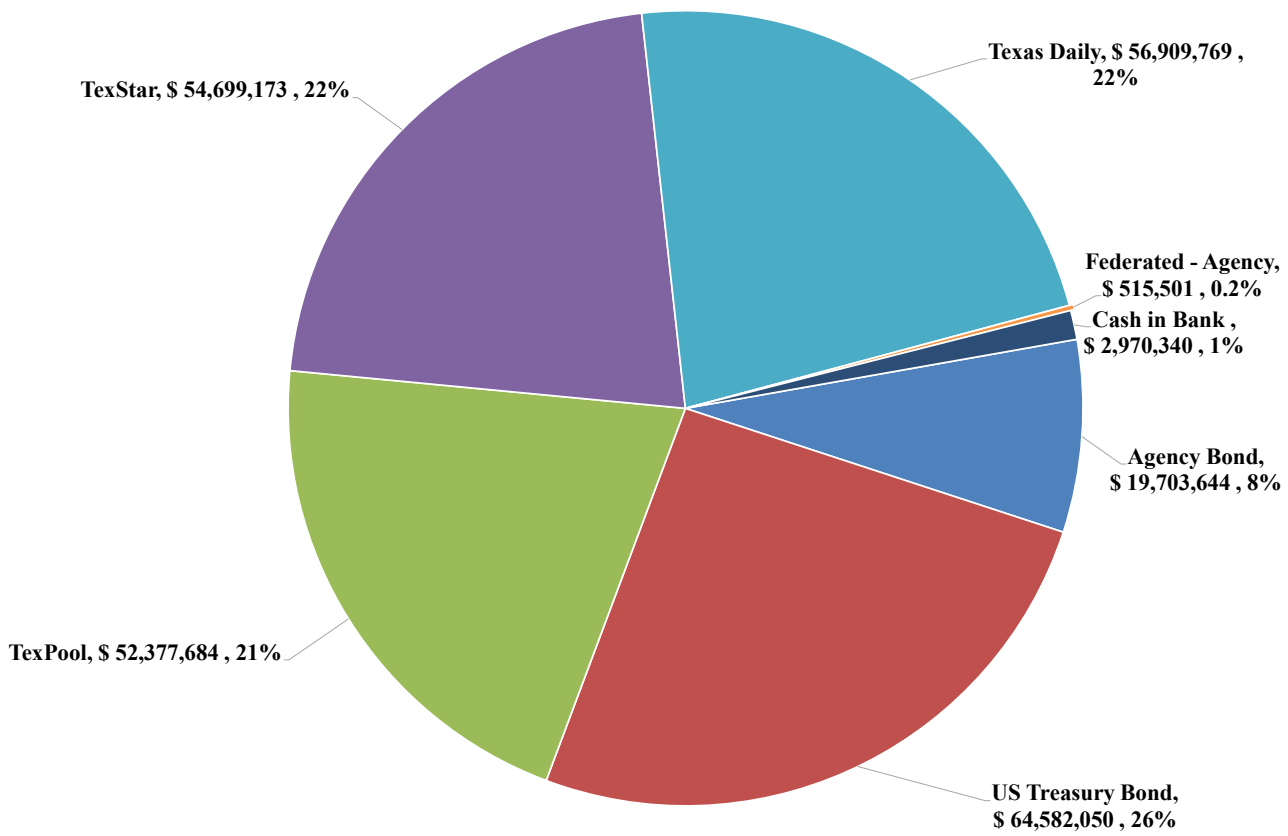


Keith Dagen
Director of Finance

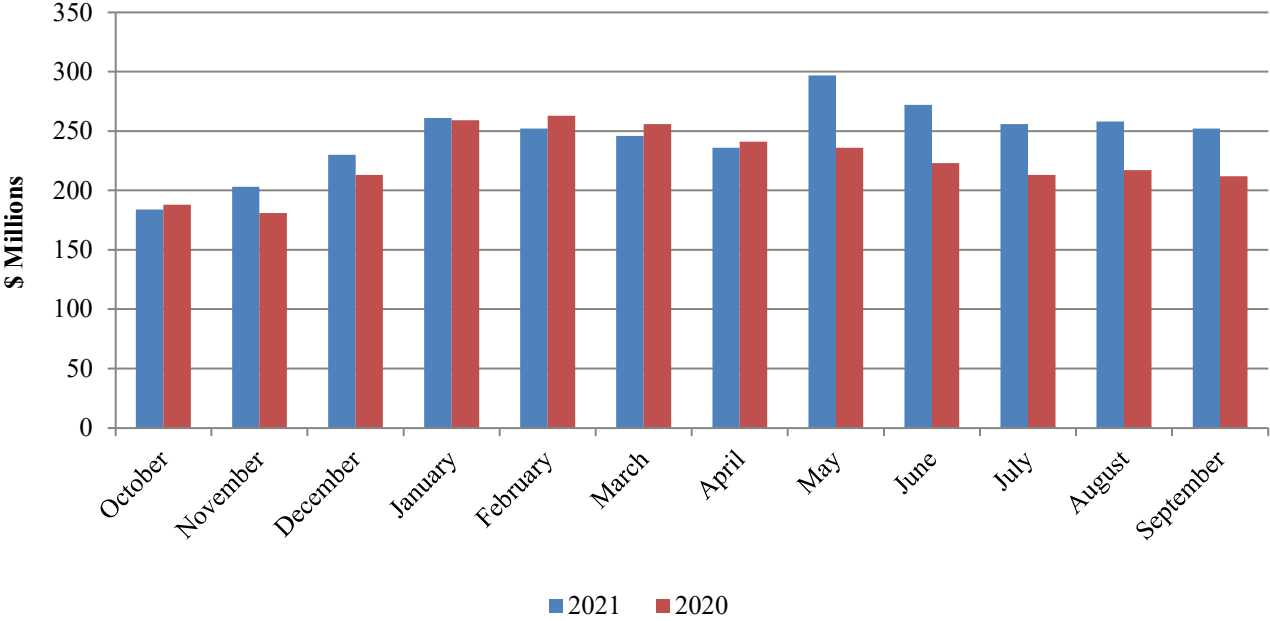


Yesenia Lopez
Controller

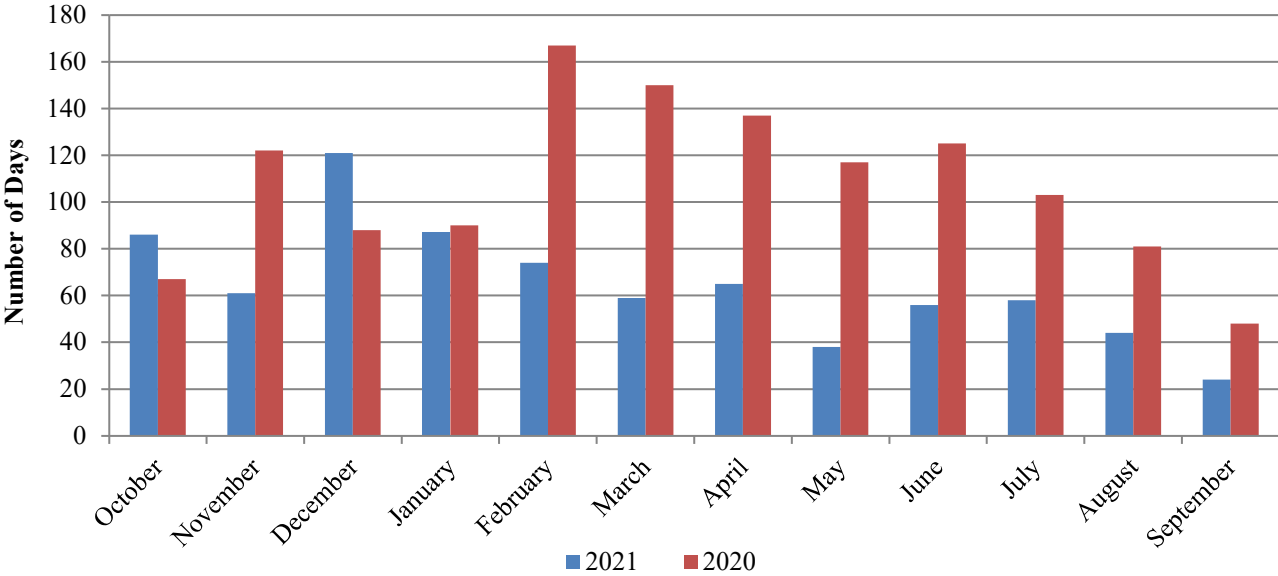
Securities by Type
As of September 30, 2021
\$251,758,161



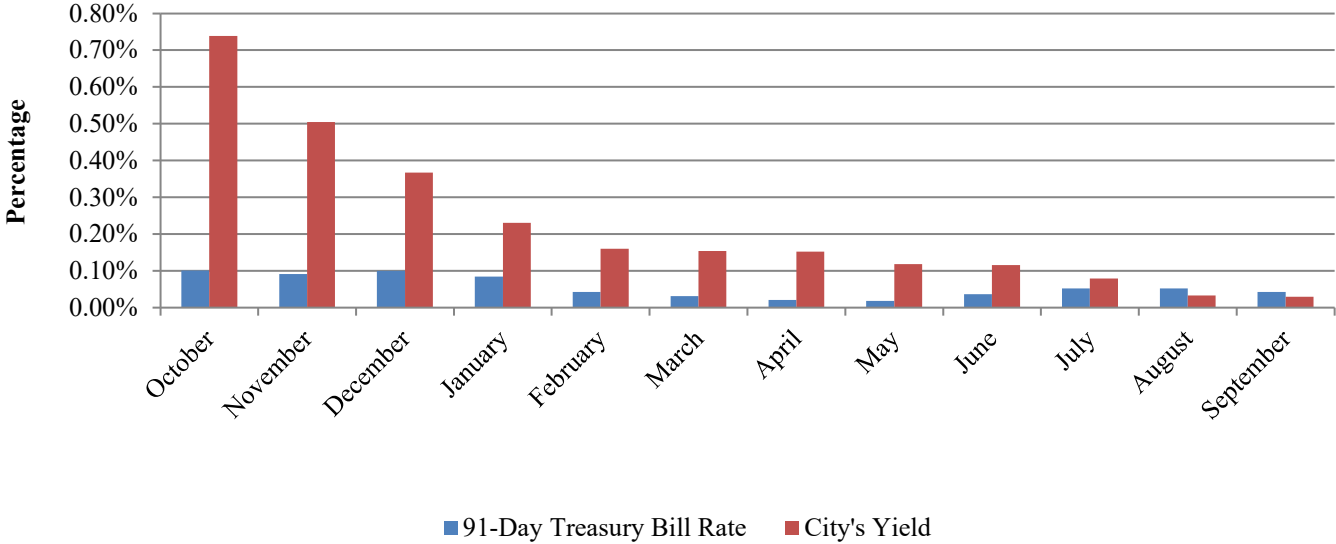
Investment Portfolio Balance Fiscal Year 2021



Weighted Average Maturity Total Portfolio Fiscal Year 2021



Comparison of the City's Yield to the 91-day Treasury Bill Rate Fiscal Year 2021



Securities & CD's										
Source of Funds	Type		Purchase Date	Maturity Date	# of Days	Market Value	Book Value	Yield	Callable	Purchased From
Bond & Cap Proj.	US Treasury Bond	T-Note	12/30/20	10/07/21	281 days	11,999,926	11,999,820	0.09%	N/A	V Sparks
Operating	Agency Bond	FHLB	04/08/21	10/12/21	187 days	1,416,270	1,416,282	0.03%	N/A	V Sparks
Operating	US Treasury Bond	T-Note	04/08/21	10/15/21	190 days	5,305,709	5,305,765	0.03%	N/A	Samco
Bond & Cap Proj.	US Treasury Bond	T-Note	12/30/20	11/04/21	309 days	3,999,717	3,999,651	0.09%	N/A	Samco
Operating	US Treasury Bond	T-Note	04/09/21	11/15/21	220 days	8,027,550	8,027,795	0.03%	N/A	Samco
Operating	Agency Bond	FHLB	04/22/21	12/10/21	232 days	4,370,749	4,371,538	0.04%	N/A	Oppenheimer
Bond & Cap Proj.	US Treasury Bond	T-Note	06/17/21	12/16/21	182 days	9,999,240	9,999,261	0.04%	N/A	Samco
Operating	Agency Bond	FFCB	04/22/21	12/17/21	239 days	3,905,227	3,905,568	0.05%	N/A	Oppenheimer
Operating	US Treasury Bond	T-Note	06/11/21	01/15/22	218 days	10,070,611	10,071,045	0.03%	N/A	V Sparks
Operating	US Treasury Bond	T-Note	06/02/21	06/15/22	378 days	10,117,188	10,119,008	0.06%	N/A	V Sparks
Operating	Agency Bond	T-Note	07/15/21	07/13/22	363 days	10,011,397	10,009,847	0.07%	N/A	Samco
Operating	US Treasury Bond	T-Note	09/22/21	08/15/22	327 days	5,062,110	5,062,316	0.07%	N/A	JP Morgan
Total						\$ 84,285,693	\$ 84,287,894			

Money Market Funds, State Pools and Uninvested Balances			
Source of Funds	Type	Market Value	Purchased From
Operating	State Pool	\$ 26,251,614	TexPool
Bond Proceeds & Capital Projects	State Pool	26,126,070	TexPool
Debt Service	State Pool	-	TexPool
Operating	State Pool	8,974,939	TexStar
Bond Proceeds & Capital Projects	State Pool	40,619,285	TexStar
Debt Service	State Pool	1,376,233	TexStar
Deposit	State Pool	3,728,716	TexStar
Operating	State Pool	34,163,848	Texas Daily
Bond Proceeds & Capital Projects	State Pool	15,743,984	Texas Daily
Debt Service	State Pool	6,114,565	Texas Daily
Deposit	State Pool	887,372	Texas Daily
Operating	Money Market	515,501	Federated - Agency
Operating	Cash in Bank	(17,232)	Bank of America
Operating	Cash in Bank	102,894	Frost
Deposit	Cash in Bank	396,147	Bank of America
Debt Service	Cash in Bank	1,787,531	Bank of America
Bond Proceeds & Capital Projects	Cash in Bank	701,000	Bank of America
Total		\$ 167,472,467	

Type	Market Value	Percentage
Securities		
Agency Bond	19,703,644	7.8%
US Treasury Bond	64,582,050	25.7%
TexPool	52,377,684	20.8%
TexStar	54,699,173	21.7%
Texas Daily	56,909,769	22.6%
Federated - Agency	515,501	0.2%
Cash in Bank	2,970,340	1.2%
Total Investments	\$ 251,758,161	100.0%

City of Richardson Investment Report

Schedule of Beginning and Ending Market Value and Interest Earned

September 30, 2021

Portfolio	Quarter Beginning Market Value	Quarter Ending Market Value	Interest Income Quarter	Interest Income YTD
Operating Portfolio				
General Fund	\$ 66,670,783	\$ 55,500,496	\$ 7,483	\$ 79,650
Special Police Funds	575,977	597,317	69	813
Municipal Court Building Security Fund	109,508	110,919	14	121
Technology Fund	247,969	262,846	32	372
Wireless 911 Fund	539,359	539,689	68	849
Municipal Jury Fund	2,599	2,505	0	2
Juvenile Case Manager Fund	120,971	125,206	15	123
Judicial Efficiency Fund	62,731	72,372	8	64
Federal Grants - American Recovery Plan Act	7,183,306	8,439,621	1,147	1,629
Hotel/ Motel Tax Fund	2,790,164	3,074,060	368	4,277
Tax Increment Financing Fund #1	10,920,143	10,123,934	1,319	15,123
Tax Increment Financing Fund #2	1,894,541	1,881,244	237	2,785
Tax Increment Financing Fund #3	387,285	339,502	46	575
Franchise PEG Fund	712,039	720,423	90	985
Drainage Fee Fund	4,488,488	4,169,554	543	6,948
Economic Development	4,568,156	4,198,327	550	7,147
Eisemann Endowment Fund	235,919	236,318	30	363
Water and Sewer Operating Fund	9,350,372	15,269,882	1,544	21,337
Water and Sewer Rate Stabilization Fund	3,023,228	3,011,552	378	3,955
Golf Fund	913,706	1,039,719	122	983
Solid Waste Services Fund	1,450,490	2,024,058	218	2,935
Central Services Fund	383,409	325,842	44	773
Insurance and Flexible Spending Fund	14,642,550	13,956,185	1,793	21,482
Tech Replacement Fund	2,817,510	2,256,807	318	4,071
Total Operating Portfolio	\$ 134,091,203	\$ 128,278,376	\$ 16,436	\$ 177,364

Bond Proceeds and Capital Projects Portfolio				
Capital Projects - Equipment Funds	\$ 4,716,681	\$ 3,314,822	\$ 296	\$ 2,907
Capital Projects - Major Projects Funds	61,920,131	57,052,811	5,103	91,031
Water and Sewer - Capital Project Funds	21,062,431	19,952,651	1,750	20,906
Solid Waste - Capital Projects Funds	1,382,572	815,806	94	1,222
Non-Bond Capital Projects:				
Special Projects Fund	10,315,284	9,040,277	826	19,132
Eisemann Center Capital Fund	300,252	296,548	25	657
Capital Equipment Replacement Fund	6,608,527	7,225,730	637	13,919
Golf Special Projects Fund	425,214	425,191	36	735
Street Rehabilitation Fund	4,917,534	3,511,549	360	11,559
Water Sewer Special Projects Fund	4,843,792	4,844,499	413	8,376
Solid Waste Special Projects Fund	2,711,419	2,709,337	231	5,062
Total Bond Proceeds & Capital Projects Portfolio	\$ 119,203,837	\$ 109,189,221	\$ 9,772	\$ 175,505

Debt Service Portfolio				
General Debt Service Fund	\$ 11,357,742	\$ 6,274,291	\$ 335	\$ 4,989
Water and Sewer Debt Service Fund	1,629,686	2,431,853	82	316
Solid Waste Debt Service Fund	334,640	572,185	18	202
Total Debt Service Portfolio	\$ 13,322,068	\$ 9,278,329	\$ 436	\$ 5,506

Deposit Portfolio				
Water and Sewer Deposit Fund	\$ 4,976,181	\$ 5,012,235	\$ 235	\$ 3,414
Total Deposit Portfolio	\$ 4,976,181	\$ 5,012,235	\$ 235	\$ 3,414

Total All Portfolios	\$ 271,593,289	\$ 251,758,161	\$ 26,879	\$ 361,790
-----------------------------	-----------------------	-----------------------	------------------	-------------------