

**RICHARDSON, TX**

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**FINANCE**

**2nd Quarter Investment Report**  
*(For the Quarter Ended March 31, 2022)*  
**Fiscal Year 2021-22**  
**City of Richardson, Texas**

# Investment Report Overview Quarter Ending March 31, 2022

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## Portfolio Balance

The Market Value of the City’s Investment Portfolio as of March 31, 2022 was \$302,996,957.

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 May 4, 2022 meeting, the Federal Open Market Committee (FOMC), a committee of the Federal Reserve Board, decided to raise the target range for the federal funds rate to between 0.75% and 1.00%. This target rate started 2022 at a level of between 0.00% and 0.25% and was previously raised to a range of between 0.25% to 0.50% at the FOMC’s March 16 meeting. Rapid increases in the federal funds rate result in securities previously purchased having a discounted market value to compensate for the higher interest rates. Although the City’s market value of securities is lower than the book value as reported on page 7, the City will receive full value for securities held to their maturity. The investment portfolio is structured so that all securities are held to maturity through staggering the maturities of the securities purchased and keeping adequate liquidity in pooled investments.

The FOMC believes that with appropriate firming in the stance of monetary policy, inflation should return to its 2 percent objective while keeping the labor market strong. To support this goal, the FOMC anticipates that ongoing rate increases will be required. The City will continue to monitor this situation closely for potential impacts.

The portfolio yield was 0.33%, which is above the 0.31% 91-day Treasury Bill benchmark.

Investment Type	Yield
Total Portfolio	0.33%
Securities	0.47%
Money Market Mutual Funds and Local Investment Pools	0.13%
<i>Reference: Benchmark 91-day Treasury Bill</i>	0.31%

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, 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 for funds that will be used in the future.

**Earnings**

Total interest earned on the City’s investments for the quarter was \$167,178. As interest rates have risen sharply, yields for investment pools and money market funds have adjusted, resulting in greater earnings during the quarter for the City’s liquid investments. Also, securities purchased during the quarter have had higher yields. Combined, these factors resulted in interest earnings significantly higher than the first quarter of the year. 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	\$23,069	\$99,284			\$122,353
Bond Proceeds & Capital Projects	16,316	67,281			83,597
Debt Service	454	287			741
Deposit	199	326			525
Total	\$40,038	\$167,178			\$207,216

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

**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
T-Note	U.S. Treasury Note

**City of Richardson, Texas  
Investment Report  
Investment Officers Signature Page  
Quarter Ending March 31, 2022**

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: May 6, 2022



Kent Pfeil  
Chief Financial Officer

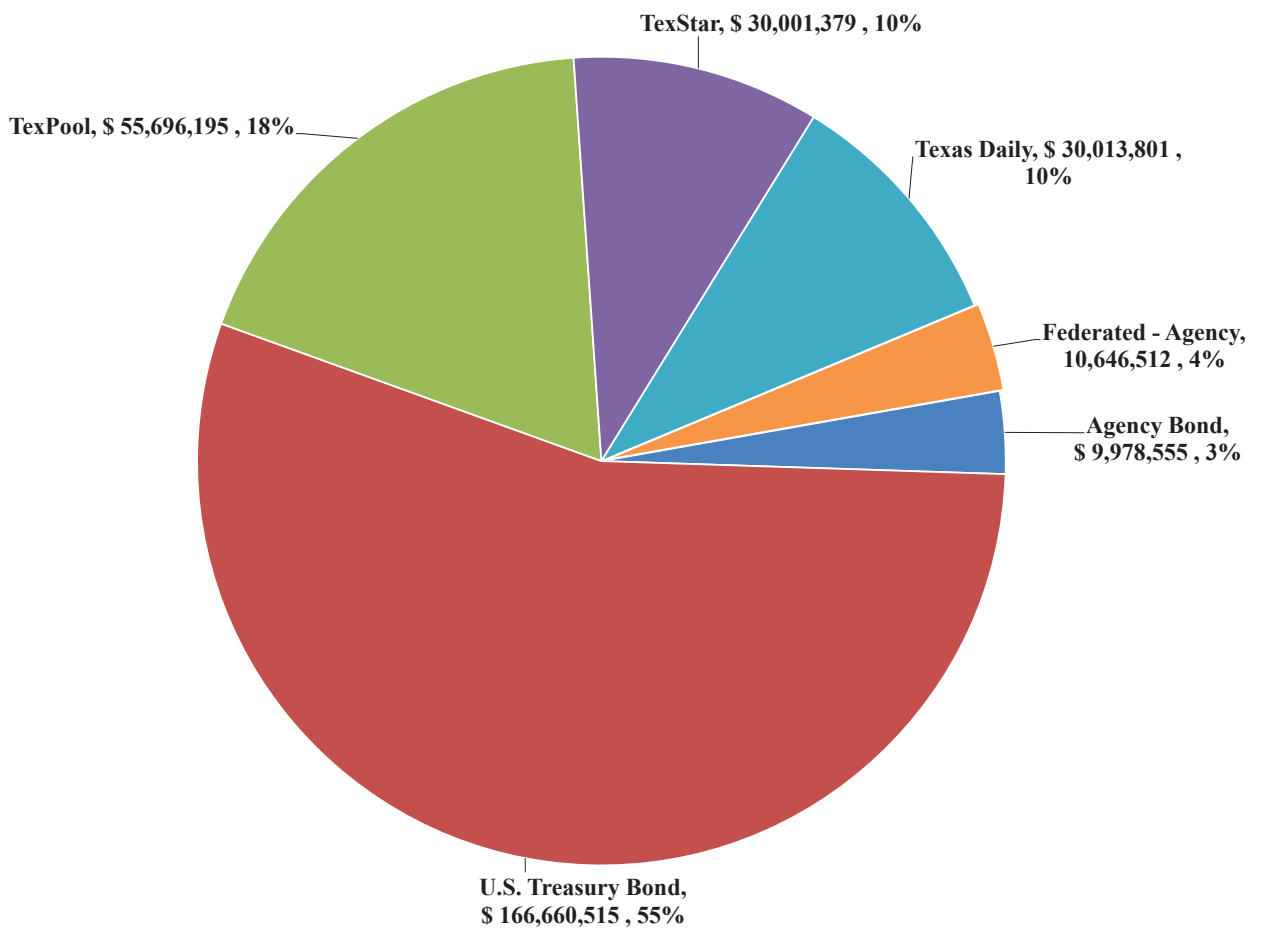


Keith Dagen  
Director of Finance

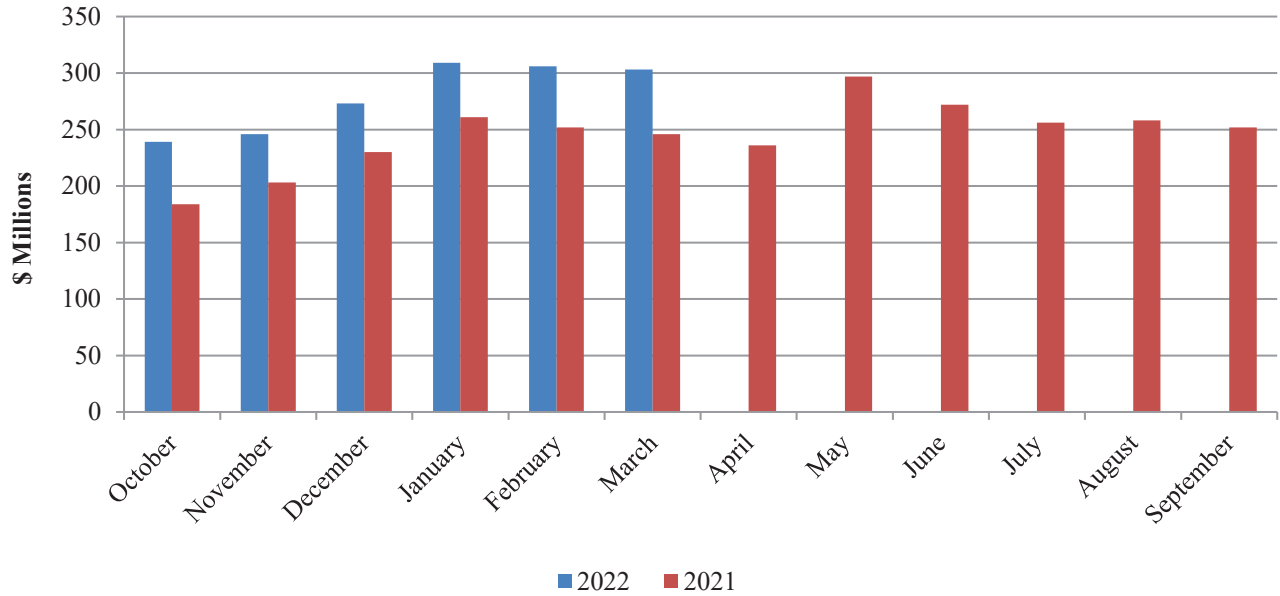


Todd Gastorf  
Assistant Director of Finance

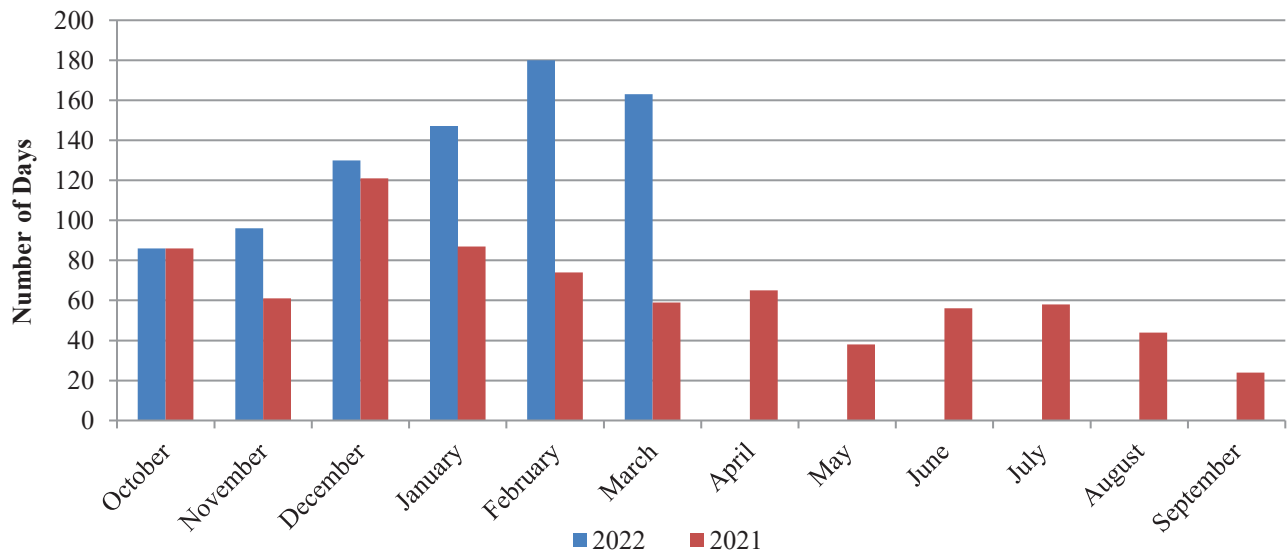
**Securities by Type  
As of March 31, 2022  
\$302,996,957**



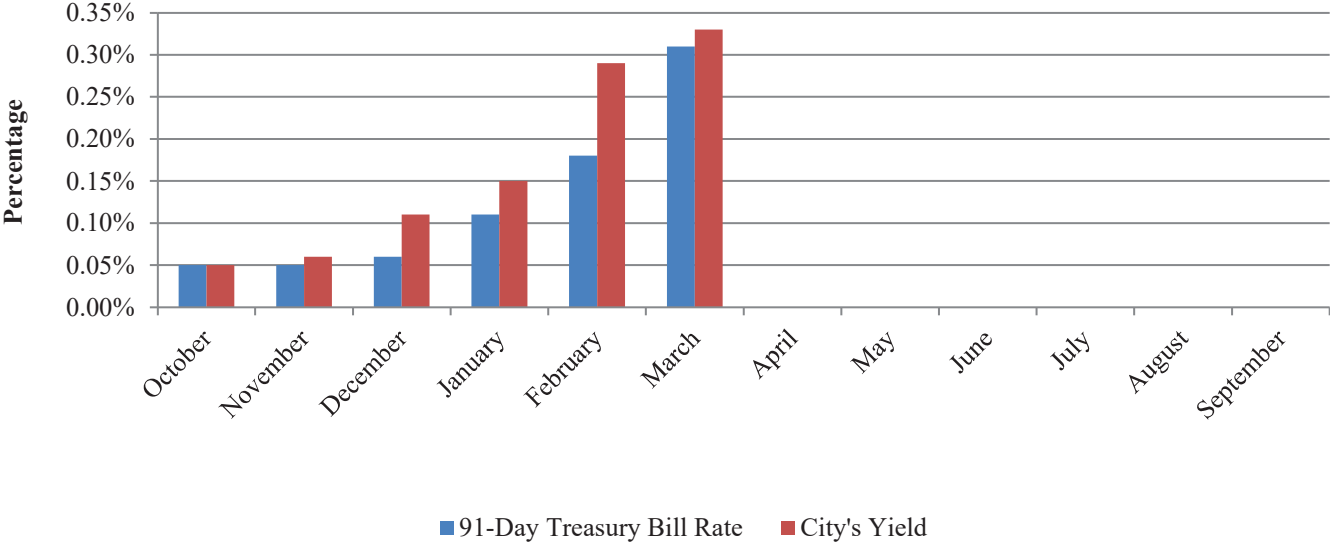
## Investment Portfolio Balance Fiscal Year 2022



## Weighted Average Maturity Total Portfolio Fiscal Year 2022



# Comparison of the City's Yield to the 91-day Treasury Bill Rate Fiscal Year 2022



U.S. Treasury and Agency Securities										
Source of Funds	Type	Issue	Purchase Date	Maturity Date	# of Days	Market Value	Book Value	Yield	Callable	Purchased From
Bond Proceeds	U.S. Treasury Bond	T-Note	10/08/21	05/31/22	235 days	4,997,816	5,000,499	0.06%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	06/02/21	06/15/22	378 days	10,025,000	10,034,788	0.06%	N/A	V Sparks
Operating	Agency Bond	FFCB	07/15/21	07/13/22	363 days	9,978,555	10,003,562	0.07%	N/A	Samco
Bond Proceeds	U.S. Treasury Bond	T-Note	10/12/21	07/15/22	276 days	5,015,235	5,024,288	0.08%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	09/22/21	08/15/22	327 days	5,011,328	5,026,843	0.07%	N/A	JP Morgan
Bond Proceeds	U.S. Treasury Bond	T-Note	02/22/22	08/31/22	190 days	9,966,797	9,977,511	0.67%	N/A	Morgan Stanley
Operating	U.S. Treasury Bond	T-Note	10/01/21	09/15/22	349 days	5,011,914	5,031,907	0.09%	N/A	Goldman Sachs
Bond Proceeds	U.S. Treasury Bond	T-Note	10/08/21	09/30/22	357 days	4,977,149	5,000,795	0.09%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	01/18/22	10/15/22	270 days	5,006,055	5,026,342	0.39%	N/A	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	02/22/22	10/31/22	251 days	9,938,281	9,957,646	0.86%	N/A	Daiwa
Bond Proceeds	U.S. Treasury Bond	T-Note	10/12/21	11/30/22	414 days	4,960,352	4,999,771	0.13%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	10/29/21	11/30/22	397 days	4,960,351	4,999,164	0.15%	N/A	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	02/22/22	11/30/22	281 days	9,920,703	9,949,004	0.90%	N/A	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	02/22/22	12/15/22	296 days	10,019,141	10,049,030	0.93%	N/A	Daiwa
Bond Proceeds	U.S. Treasury Bond	T-Note	11/04/21	01/31/23	453 days	4,940,820	4,995,265	0.24%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	02/09/22	01/31/23	356 days	9,881,641	9,934,139	0.92%	N/A	Daiwa
Bond Proceeds	U.S. Treasury Bond	T-Note	12/16/21	02/15/23	426 days	4,990,820	5,043,599	0.38%	N/A	Bank of America
Operating	U.S. Treasury Bond	T-Note	11/15/21	03/31/23	501 days	7,875,313	7,985,245	0.31%	N/A	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	12/03/21	03/31/23	483 days	4,922,070	4,985,722	0.41%	N/A	Royal Bank of Canada
Operating	U.S. Treasury Bond	T-Note	10/15/21	04/15/23	547 days	5,218,636	5,300,143	0.25%	N/A	Goldman Sachs
Bond Proceeds	U.S. Treasury Bond	T-Note	12/16/21	04/15/23	485 days	4,923,241	4,988,705	0.47%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	12/03/21	05/31/23	544 days	4,897,852	4,980,161	0.47%	N/A	Royal Bank of Canada
Operating	U.S. Treasury Bond	T-Note	12/17/21	06/15/23	545 days	4,902,344	4,983,756	0.52%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	12/10/21	07/15/23	582 days	4,880,273	4,972,385	0.56%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	01/10/22	08/15/23	582 days	4,868,555	4,957,427	0.75%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	01/10/22	09/15/23	613 days	4,858,008	4,952,548	0.78%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	01/18/22	10/15/23	635 days	4,845,898	4,945,182	0.84%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	01/18/22	11/15/23	666 days	4,844,922	4,951,324	0.86%	N/A	Wells Fargo
<b>Total</b>						<b>\$ 176,639,070</b>	<b>\$ 178,056,751</b>			

Money Market Funds and State Pools			
Source of Funds	Type	Market Value	Purchased From
Bond Proceeds & Capital Projects	State Pool	\$ 8,685,974	TexPool
Operating	State Pool	47,010,221	TexPool
Bond Proceeds & Capital Projects	State Pool	24,895,977	TexStar
Debt Service	State Pool	1,376,355	TexStar
Deposit	State Pool	3,729,047	TexStar
Bond Proceeds & Capital Projects	State Pool	29,011,402	Texas Daily
Debt Service	State Pool	114,902	Texas Daily
Deposit	State Pool	887,497	Texas Daily
Bond Proceeds & Capital Projects	Money Market	7,002,604	Federated - Agency
Operating	Money Market	3,643,908	Federated - Agency
<b>Total</b>		<b>\$ 126,357,887</b>	

Type	Market Value	Percentage
Securities		
Agency Bond	9,978,555	3.3%
U.S. Treasury Bond	166,660,515	55.0%
TexPool	55,696,195	18.4%
TexStar	30,001,379	9.9%
Texas Daily	30,013,801	9.9%
Federated - Agency	10,646,512	3.5%
<b>Total Investments</b>	<b>\$ 302,996,957</b>	<b>100.0%</b>



# City of Richardson Investment Report

## Schedule of Beginning and Ending Market Value and Interest Earned

March 31, 2022

Portfolio	Quarter Beginning Market Value	Quarter Ending Market Value	Interest Income Quarter	Interest Income YTD
<b>Operating Portfolio</b>				
General Fund	\$ 39,616,207	\$ 69,767,611	\$ 44,036	\$ 51,164
Special Police Funds	655,657	665,487	375	495
Municipal Court Building Security Fund	102,880	101,366	65	87
Technology Fund	231,068	234,996	150	201
Wireless 911 Fund	533,633	527,890	326	439
Municipal Jury Fund	2,132	1,773	2	2
Juvenile Case Manager Fund	125,073	123,069	80	106
Judicial Efficiency Fund	77,422	80,484	51	67
Federal Grants - American Recovery Plan Act	8,414,486	8,188,417	5,881	7,810
Hotel/ Motel Tax Fund	4,481,193	4,815,211	3,010	3,922
Tax Increment Financing Fund #1	8,671,540	13,842,768	8,542	10,543
Tax Increment Financing Fund #2	1,880,512	7,233,842	3,873	4,270
Tax Increment Financing Fund #3	340,886	1,193,709	695	767
Franchise PEG Fund	752,052	777,994	498	669
Drainage Fee Fund	4,353,072	4,486,279	2,838	3,727
Economic Development	4,905,030	4,970,356	3,159	3,985
Eisemann Endowment Fund	247,069	248,478	160	210
Water and Sewer Operating Fund	16,405,282	14,481,645	9,973	13,333
Water and Sewer Rate Stabilization Fund	3,016,288	3,018,440	1,941	2,577
Golf Fund	526,617	581,050	338	475
Solid Waste Services Fund	1,593,203	2,600,159	1,335	1,665
Central Services Fund	705,941	594,607	423	563
Insurance and Flexible Spending Fund	13,438,710	14,677,102	9,084	12,057
Tech Replacement Fund	3,953,513	3,715,590	2,449	3,219
<b>Total Operating Portfolio</b>	<b>\$ 115,029,465</b>	<b>\$ 156,928,323</b>	<b>\$ 99,284</b>	<b>\$ 122,353</b>

<b>Bond Proceeds and Capital Projects Portfolio</b>				
Capital Projects - Equipment Funds	\$ 2,084,191	\$ 1,730,577	\$ 1,085	\$ 1,461
Capital Projects - Major Projects Funds	53,453,019	45,971,846	27,863	35,116
Water and Sewer - Capital Project Funds	16,922,834	13,741,471	9,373	11,802
Solid Waste - Capital Projects Funds	622,172	370,932	319	406
Non-Bond Capital Projects:				
Special Projects Fund	25,626,826	24,693,876	10,460	13,390
Eisemann Center Capital Fund	485,328	494,129	287	345
Capital Equipment Replacement Fund	11,133,290	10,854,363	6,527	7,373
Golf Special Projects Fund	922,332	882,633	533	641
Street Rehabilitation Fund	9,208,529	8,060,346	4,935	6,103
Water Sewer Special Projects Fund	4,809,279	7,912,709	4,034	4,679
Solid Waste Special Projects Fund	3,240,966	3,067,435	1,865	2,281
<b>Total Bond Proceeds &amp; Capital Projects Portfolio</b>	<b>\$ 128,508,767</b>	<b>\$ 117,780,317</b>	<b>\$ 67,281</b>	<b>\$ 83,597</b>

<b>Debt Service Portfolio</b>				
General Debt Service Fund	\$ 23,184,855	\$ 18,529,832	\$ 262	\$ 593
Water and Sewer Debt Service Fund	4,209,232	-	21	121
Solid Waste Debt Service Fund	914,255	-	4	27
<b>Total Debt Service Portfolio</b>	<b>\$ 28,308,342</b>	<b>\$ 18,529,832</b>	<b>\$ 287</b>	<b>\$ 741</b>

<b>Deposit Portfolio</b>				
Water and Sewer Deposit Fund	\$ 5,053,260	\$ 5,082,806	\$ 326	\$ 525
<b>Total Deposit Portfolio</b>	<b>\$ 5,053,260</b>	<b>\$ 5,082,806</b>	<b>\$ 326</b>	<b>\$ 525</b>

<b>Total All Portfolios</b>	<b>\$ 276,899,835</b>	<b>\$ 298,321,278</b>	<b>\$ 167,178</b>	<b>\$ 207,216</b>
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Note: Portfolio balances include (\$4,675,679) of cash in the bank on March 31, 2022. Negative cash is caused by the City writing checks that have not yet been presented for payment. The City accounts for these checks in its records but doesn't have to fund them until they are presented for payment.