

RICHARDSON, TX

FINANCE

4th Quarter Investment Report
(For the Quarter Ended September 30, 2022)
Fiscal Year 2021-22
City of Richardson, Texas

Investment Report Overview Quarter Ending September 30, 2022

Portfolio Balance

The Market Value of the City’s Investment Portfolio as of September 30, 2022 was \$305,473,526.

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

The Federal Open Market Committee (FOMC), a committee of the Federal Reserve Board, raised the target range for the federal funds rate at its September 21 and November 2 meetings from the prior quarter’s level of between 2.25% to 2.50% to the current target range of 3.75% to 4%. Rates last exceeded this current target range in December 2007, and the pace of rate changes has not been seen since 1994. 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 is strongly committed to reducing inflation and continues to anticipate that ongoing rate increases will be appropriate before inflation can be reduced to its 2 percent objective. The City will continue to monitor this situation closely for potential impacts.

The portfolio yield was 1.81%, which is below the 2.71% 91-day Treasury Bill benchmark. The City should outpace the benchmark once rapid federal fund rate increases begin to slow or taper off.

Investment Type	Yield
Total Portfolio	1.81%
Securities	1.56%
Money Market Mutual Funds and Local Investment Pools	2.32%
<i>Reference: Benchmark 91-day Treasury Bill</i>	2.71%

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 \$1,188,591. 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 combined earnings of the first three quarters 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	\$253,950	\$710,314	\$1,086,617
Bond Proceeds & Capital Projects	16,316	67,281	208,668	\$444,689	736,954
Debt Service	454	287	19,134	\$26,549	46,424
Deposit	199	326	5,461	\$7,039	13,025
Total	\$40,038	\$167,178	\$487,213	\$1,188,591	\$1,883,020

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
FHLB	Federal Home Loan Bank
T-Note	U.S. Treasury Note

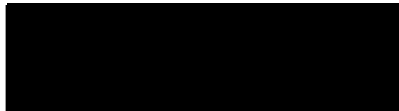
**City of Richardson, Texas
Investment Report
Investment Officers Signature Page
Quarter Ending September 30, 2022**

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.

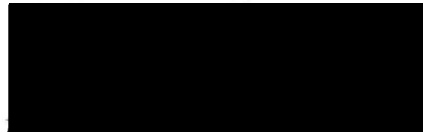
Prepared on: November 9, 2022



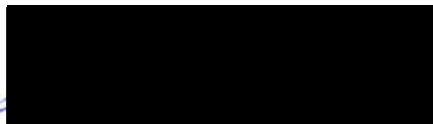
Kent Pfeil
Chief Financial Officer



Keith Dagen
Director of Finance

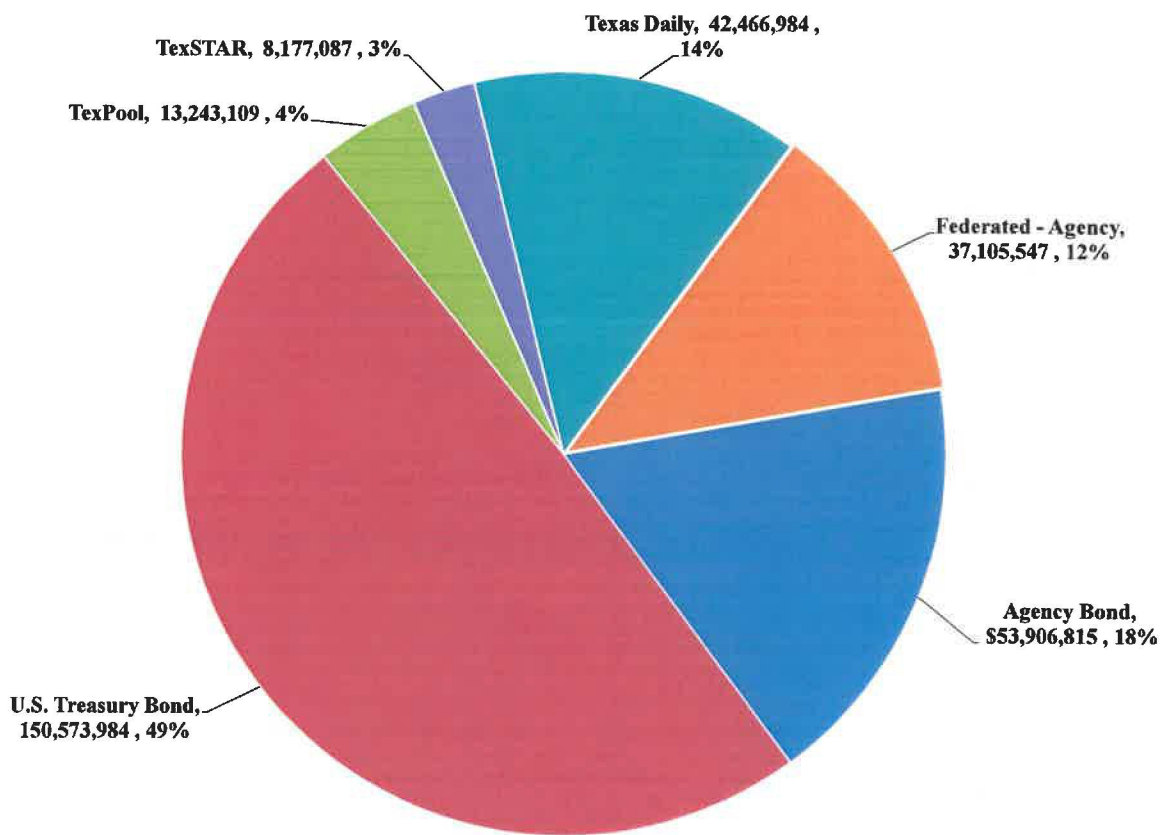


Todd Gastori
Assistant Director of Finance

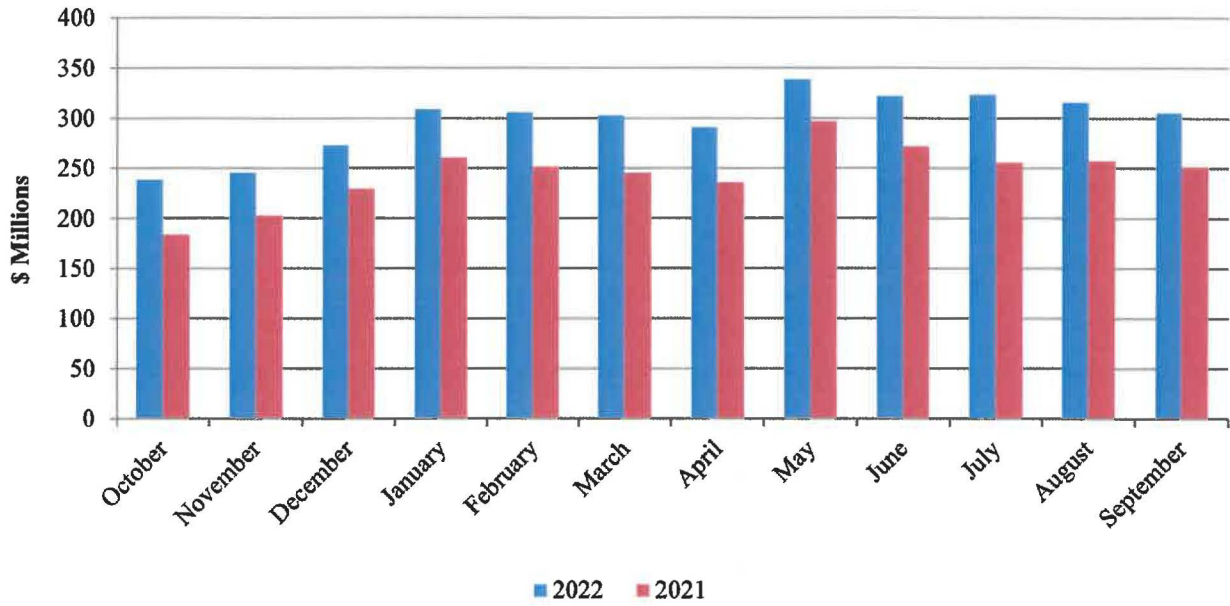


Herman Chavez
Controller

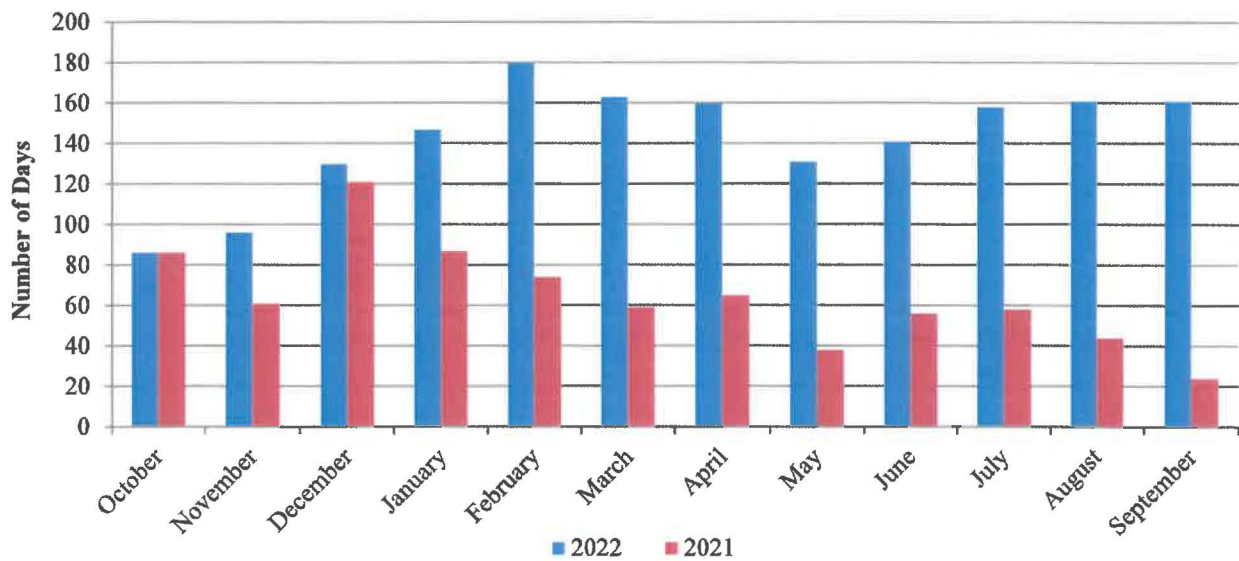
**Securities by Type
As of September 30, 2022
\$305,473,526**



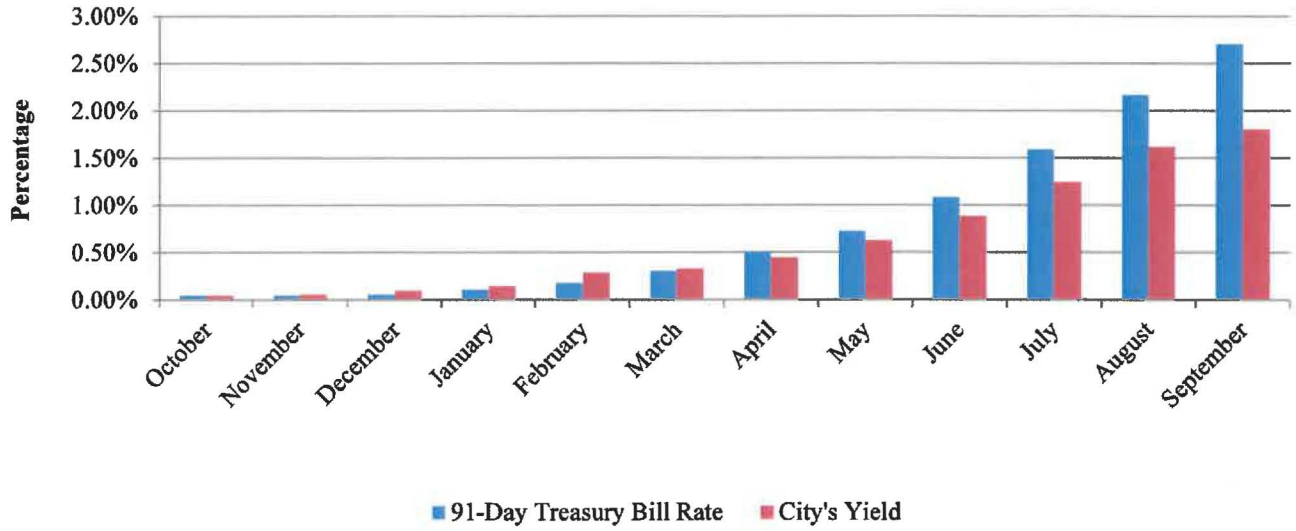
Investment Portfolio Balance Fiscal Year 2022



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
Operating	U.S. Treasury Bond	T-Note	01/18/22	10/15/22	270 days	\$ 4,996,094	\$ 5,001,872	0.39%	N/A	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	02/22/22	10/31/22	251 days	9,975,000	9,994,046	0.86%	N/A	Daiwa
Bond Proceeds	U.S. Treasury Bond	T-Note	10/12/21	11/30/22	414 days	14,920,313	14,987,360	0.13%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	10/29/21	11/30/22	397 days	4,973,438	4,999,794	0.15%	N/A	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	02/22/22	12/15/22	296 days	9,965,625	10,014,257	0.93%	N/A	Daiwa
Operating	U.S. Treasury Bond	T-Note	04/07/22	12/15/22	252 days	4,982,813	5,001,928	1.44%	N/A	Daiwa
Bond Proceeds	U.S. Treasury Bond	T-Note	11/04/21	01/31/23	453 days	4,940,625	4,998,118	0.24%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	02/09/22	01/31/23	356 days	9,881,250	9,973,789	0.92%	N/A	Daiwa
Bond Proceeds	U.S. Treasury Bond	T-Note	12/16/21	02/15/23	426 days	4,954,688	5,018,551	0.38%	N/A	Bank of America
Operating	U.S. Treasury Bond	T-Note	04/07/22	02/28/23	327 days	4,925,000	4,967,038	1.73%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	11/15/21	03/31/23	501 days	7,852,500	7,992,637	0.31%	N/A	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	12/03/21	03/31/23	483 days	4,907,813	4,992,874	0.41%	N/A	Royal Bank of Canada
Operating	U.S. Treasury Bond	T-Note	05/18/22	03/31/23	317 days	4,940,625	4,986,670	2.04%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	10/15/21	04/15/23	547 days	5,196,484	5,300,075	0.25%	N/A	Goldman Sachs
Bond Proceeds	U.S. Treasury Bond	T-Note	12/16/21	04/15/23	485 days	4,902,344	4,994,140	0.47%	N/A	Wells Fargo
Bond Proceeds	Agency Bond	FHLB	05/31/22	05/12/23	346 days	4,943,215	5,001,946	2.06%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	12/03/21	05/31/23	544 days	4,871,094	4,988,681	0.47%	N/A	Royal Bank of Canada
Operating	U.S. Treasury Bond	T-Note	12/17/21	06/15/23	545 days	4,865,625	4,990,496	0.52%	N/A	Wells Fargo
Operating	Agency Bond	FHLB	06/23/22	06/23/23	365 days	4,940,145	5,000,000	2.50%	12/23/22	Piper Sandler
Bond Proceeds	Agency Bond	FFCB	07/01/22	06/26/23	360 days	4,915,100	4,955,673	3.00%	N/A	Royal Bank of Canada
Bond Proceeds	Agency Bond	FFCB	07/15/22	07/11/23	361 days	4,956,905	4,993,506	3.17%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	12/10/21	07/15/23	582 days	4,843,750	4,983,112	0.56%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	01/10/22	08/15/23	582 days	4,825,000	4,972,961	0.75%	N/A	Goldman Sachs
Bond Proceeds	Agency Bond	FFCB	08/31/22	08/18/23	352 days	9,919,700	9,976,560	3.52%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	01/10/22	09/15/23	613 days	4,809,375	4,968,745	0.78%	N/A	Goldman Sachs
Bond Proceeds	Agency Bond	FFCB	09/30/22	09/29/23	364 days	4,789,765	4,790,759	4.29%	N/A	TD Securities
Operating	U.S. Treasury Bond	T-Note	01/18/22	10/15/23	635 days	4,791,406	4,962,931	0.84%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	01/18/22	11/15/23	666 days	4,778,906	4,966,247	0.86%	N/A	Wells Fargo
Operating	Agency Bond	FFCB	06/15/22	12/01/23	534 days	9,569,820	9,676,133	3.36%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	07/01/22	01/31/24	579 days	4,866,406	4,953,244	2.97%	N/A	Daiwa
Operating	U.S. Treasury Bond	T-Note	07/13/22	02/15/24	582 days	4,892,969	4,979,629	3.06%	N/A	Daiwa
Operating	Agency Bond	FHLB	09/16/22	02/28/24	530 days	4,947,660	4,964,244	4.14%	11/28/22	Wells Fargo
Operating	Agency Bond	FHLB	08/15/22	03/08/24	571 days	4,924,505	4,992,202	3.36%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	07/13/22	03/15/24	611 days	4,714,844	4,800,825	3.07%	N/A	Daiwa
Total						\$ 204,480,799	\$ 207,141,041			

Money Market Funds and State Pools			
Source of Funds	Type	Market Value	Purchased From
Bond Proceeds & Capital Projects	State Pool	\$ 3,976,751	TexPool
Debt Service	State Pool	265,797	TexPool
Deposit	State Pool	128,975	TexPool
Operating	State Pool	8,871,586	TexPool
Bond Proceeds & Capital Projects	State Pool	2,455,483	TexSTAR
Debt Service	State Pool	164,119	TexSTAR
Deposit	State Pool	79,637	TexSTAR
Operating	State Pool	5,477,847	TexSTAR
Bond Proceeds & Capital Projects	State Pool	12,752,338	Texas Daily
Debt Service	State Pool	852,339	Texas Daily
Deposit	State Pool	413,587	Texas Daily
Operating	State Pool	28,448,720	Texas Daily
Bond Proceeds & Capital Projects	Money Market	744,732	Federated - Agency
Debt Service	Money Market	11,142,361	Federated - Agency
Deposit	Money Market	361,372	Federated - Agency
Operating	Money Market	24,857,082	Federated - Agency
Total		\$ 100,992,727	

Type	Market Value	Percentage
Securities		
Agency Bond	\$ 53,906,815	17.6%
U.S. Treasury Bond	150,573,984	49.3%
TexPool	13,243,109	4.3%
TexSTAR	8,177,087	2.7%
Texas Daily	42,466,984	13.9%
Federated - Agency	37,105,547	12.1%
Total Investments	\$ 305,473,526	100.0%

City of Richardson Investment Report

Schedule of Beginning and Ending Market Value and Interest Earned

September 30, 2022

Portfolio	Quarter Beginning Market Value	Quarter Ending Market Value	Interest Income Quarter	Interest Income YTD
Operating Portfolio				
General Fund	\$ 47,363,202	\$ 38,045,102	\$ 274,117	\$ 435,738
Special Police Funds	562,959	564,897	2,529	3,714
Municipal Court Building Security Fund	91,193	81,542	388	628
Technology Fund	245,425	255,319	1,125	1,711
Wireless 911 Fund	582,377	531,714	2,797	4,077
Municipal Jury Fund	1,738	1,813	8	13
Juvenile Case Manager Fund	121,190	119,526	538	841
Judicial Efficiency Fund	86,255	92,467	402	602
Federal Grants - American Recovery Plan Act	16,319,653	15,058,230	71,125	92,110
Hotel/ Motel Tax Fund	6,262,050	7,028,749	29,379	42,713
Tax Increment Financing Fund #1	13,264,708	11,796,058	55,126	88,225
Tax Increment Financing Fund #2	2,833,843	2,840,295	12,702	29,985
Tax Increment Financing Fund #3	535,497	537,900	2,402	5,330
Franchise PEG Fund	783,489	819,753	3,537	5,469
Drainage Fee Fund	4,578,417	2,941,490	16,011	26,983
Economic Development	4,978,320	4,659,371	21,429	33,378
Eisemann Endowment Fund	248,927	232,021	1,072	1,680
Water and Sewer Operating Fund	15,724,643	18,628,109	104,379	141,031
Water and Sewer Rate Stabilization Fund	3,023,285	2,968,436	13,457	20,879
Golf Fund	898,938	616,483	4,324	5,881
Solid Waste Services Fund	2,991,018	2,457,746	15,329	21,305
Central Services Fund	468,162	388,145	1,864	3,283
Insurance and Flexible Spending Fund	14,879,711	14,710,425	64,025	99,744
Tech Replacement Fund	3,478,187	3,277,210	12,250	21,298
Total Operating Portfolio	\$ 140,323,185	\$ 128,652,802	\$ 710,314	\$ 1,086,617

Bond Proceeds and Capital Projects Portfolio				
Capital Projects - Equipment Funds	\$ 3,087,432	\$ 3,063,162	\$ 9,297	\$ 14,798
Capital Projects - Major Projects Funds	71,236,704	67,605,991	209,217	332,798
Water and Sewer - Capital Project Funds	23,161,441	20,720,112	67,088	109,206
Solid Waste - Capital Projects Funds	1,094,225	1,075,704	3,270	5,254
Non-Bond Capital Projects:				
Special Projects Fund	23,888,998	38,753,627	72,385	120,579
Eisemann Center Capital Fund	546,615	528,004	1,591	2,745
Capital Equipment Replacement Fund	10,651,944	9,390,309	30,336	55,168
Golf Special Projects Fund	883,051	1,372,867	2,661	4,738
Street Rehabilitation Fund	6,256,479	4,086,241	15,845	33,874
Water Sewer Special Projects Fund	7,925,562	18,199,532	23,969	41,501
Solid Waste Special Projects Fund	2,986,416	3,998,447	9,032	16,293
Total Bond Proceeds & Capital Projects Portfolio	\$ 151,718,868	\$ 168,793,996	\$ 444,689	\$ 736,954

Debt Service Portfolio				
General Debt Service Fund	\$ 21,202,563	\$ 3,816,251	\$ 25,485	\$ 45,212
Water and Sewer Debt Service Fund	(176,337)	599,267	968	1,090
Solid Waste Debt Service Fund	(128,277)	115,356	95	123
Total Debt Service Portfolio	\$ 20,897,949	\$ 4,530,874	\$ 26,549	\$ 46,424

Deposit Portfolio				
Water and Sewer Deposit Fund	\$ 5,127,792	\$ 5,135,935	\$ 7,039	\$ 13,025
Total Deposit Portfolio	\$ 5,127,792	\$ 5,135,935	\$ 7,039	\$ 13,025

Total All Portfolios	\$ 318,067,793	\$ 307,113,607	\$ 1,188,591	\$ 1,883,020
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Restatement

The quarterly ending market value by individual fund was not available at the time of the initial report on November 9, 2022. The individual fund information was delayed due to the financial system conversion and year-end close process. The amounts shown above present the quarterly ending market value by individual fund, and portfolio balances include \$1,640,081 of cash in the bank on September 30, 2022.