



RICHARDSON, TX

FINANCE

3rd Quarter Investment Report
(For the Quarter Ended June 30, 2023)
Fiscal Year 2022-23
City of Richardson, Texas

Investment Report Overview Quarter Ending June 30, 2023

Portfolio Balance

The Market Value of the City’s Investment Portfolio as of June 30, 2023 was \$439,907,548.

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 July 26, 2023 meeting from the prior quarter’s level of between 5.0% to 5.25% to the current target range of 5.25% to 5.5%. Rates last exceeded this current target range in January 2001, and the pace of rate changes has not been seen since the 1980s. 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 will continue to monitor the implications of incoming information for the economic outlook. The FOMC will consider the cumulative tightening of monetary policy to determine whether additional policy firming may be appropriate to reduce inflation to its 2 percent objective.

The portfolio yield was 4.57%, which is below the 5.08% 91-day Treasury Bill benchmark. The City should outpace the benchmark as older-yielding securities mature, and the City is able to replace them with securities yielding at or above the benchmark, thereby increasing the total portfolio yield.

Investment Type	Yield
Total Portfolio	4.57%
Securities	4.29%
Money Market Mutual Funds and Local Investment Pools	5.07%
<i>Reference: Benchmark 91-day Treasury Bill</i>	5.08%

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 \$4,249,212. 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 compared to prior years. Also, securities purchased during the quarter have had higher yields. 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	\$ 934,637	\$ 1,518,355	\$ 2,045,644		\$ 4,498,636
Bond Proceeds & Capital Projects	955,829	1,547,943	2,151,566		4,655,338
Debt Service	23,831	79,387	31,666		134,884
Deposit	12,104	20,062	20,336		52,502
Total	\$ 1,926,401	\$ 3,165,747	\$ 4,249,212		\$ 9,341,360

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
FNMA	Federal National Mortgage Association
T-Note	U.S. Treasury Note

**City of Richardson, Texas
Investment Report
Investment Officers Signature Page
Quarter Ending June 30, 2023**

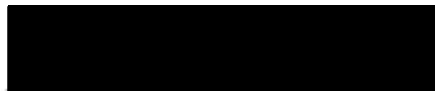
This report is in compliance with the investment strategy as established in the City's Investment Policy and the Public Funds Investment Act, Chapter 2256, Texas Government Code.

Prepared on: August 8, 2023

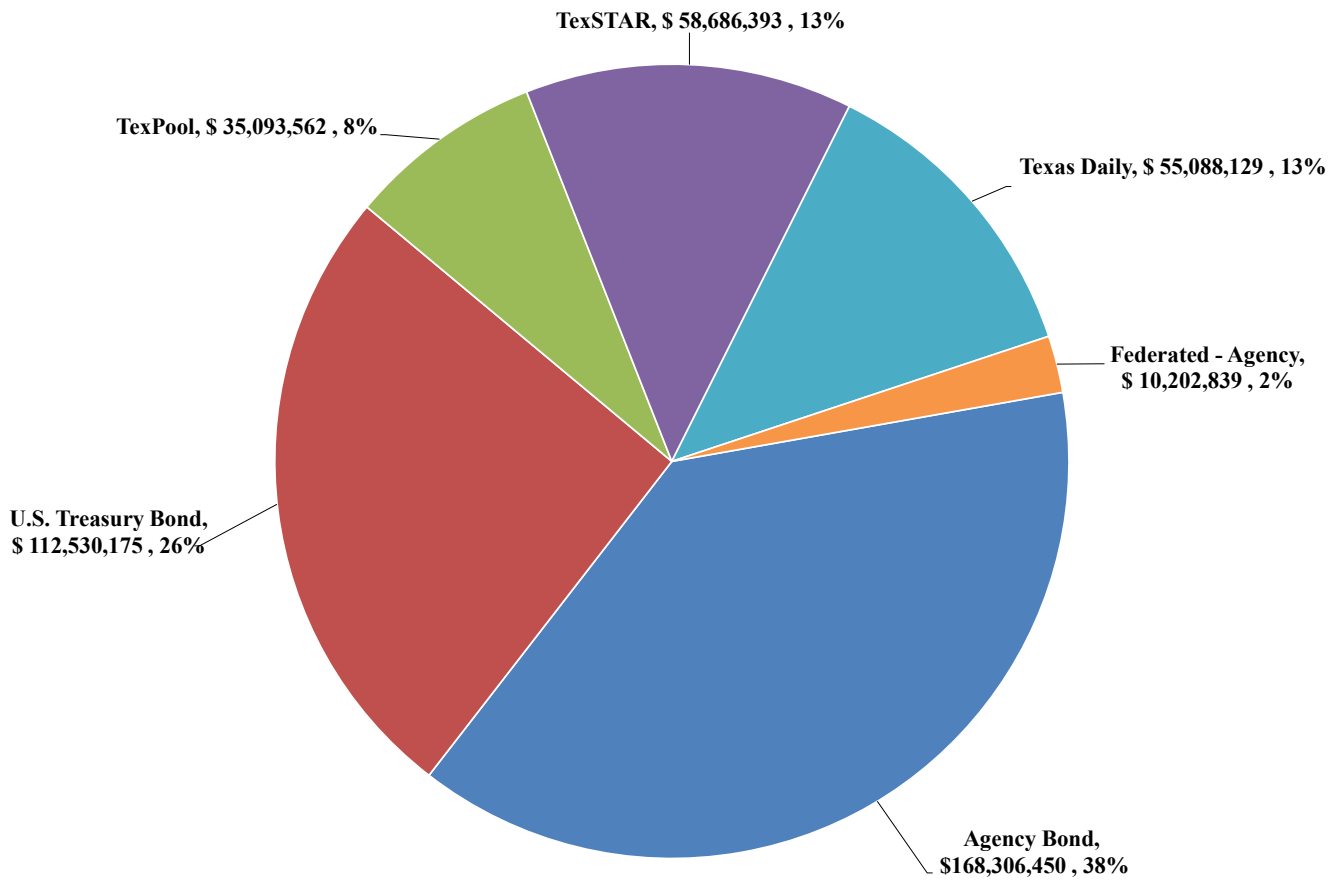

Kent Pfeil
Chief Financial Officer


Keith Dagen
Director of Finance

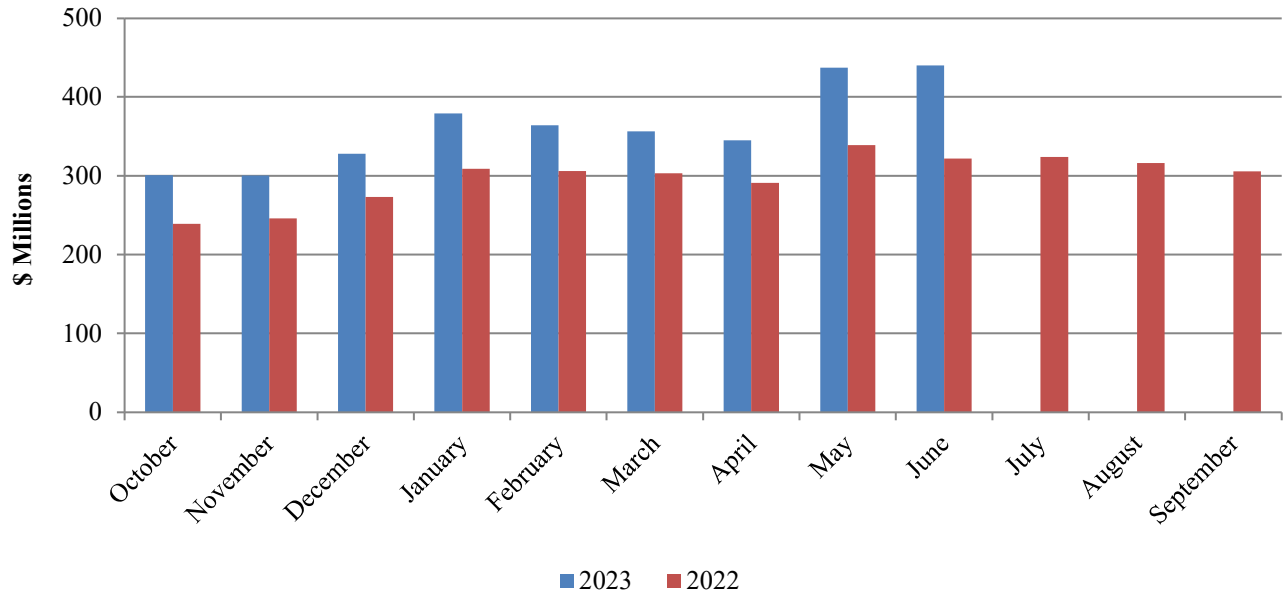

Todd Gastorf
Assistant Director of Finance


Herman Chavez
Controller

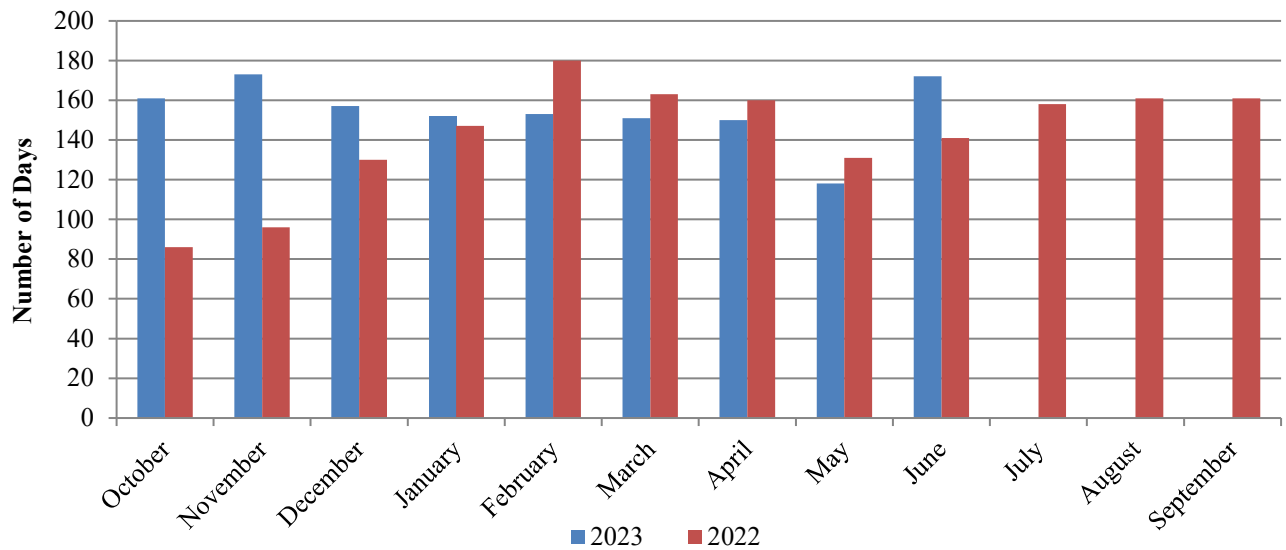
**Securities by Type
As of June 30, 2023
\$439,907,548**



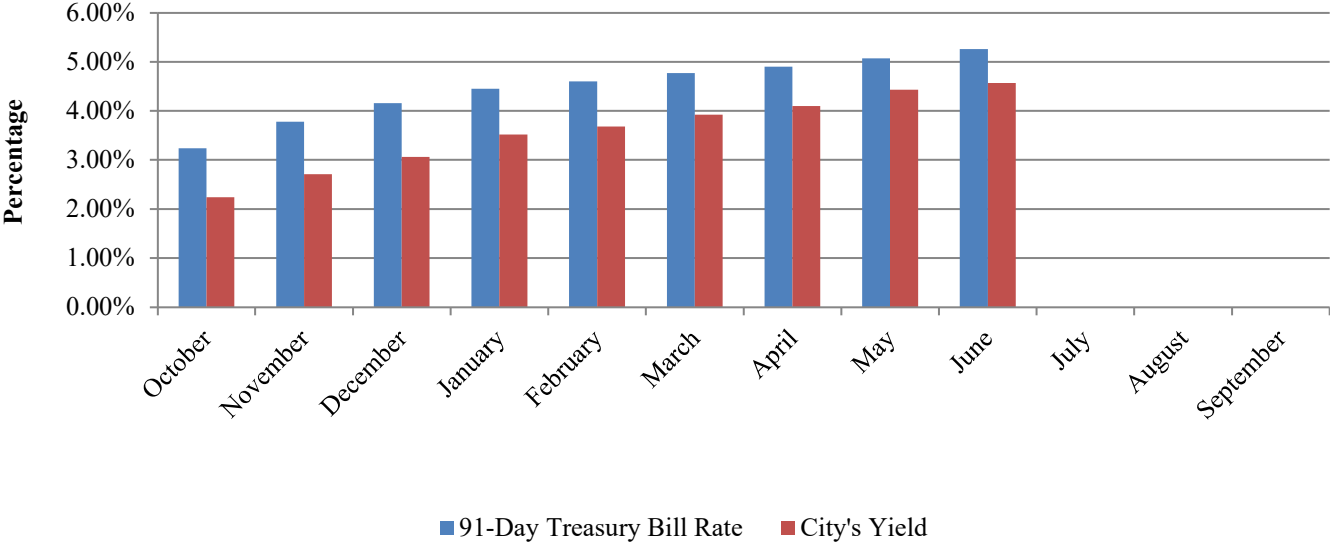
Investment Portfolio Balance Fiscal Year 2023



Weighted Average Maturity Total Portfolio Fiscal Year 2023



Comparison of the City's Yield to the 91-day Treasury Bill Rate Fiscal Year 2023



City of Richardson Investment Report

Schedule of Investments by Source of Funds

June 30, 2023

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	Agency Bond	FFCB	07/15/22	07/11/23	361 days	\$ 4,997,365	\$ 4,999,768	3.17%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	12/10/21	07/15/23	582 days	4,989,844	4,999,170	0.56%	N/A	Goldman Sachs
Bond Proceeds	Agency Bond	FHLB	01/26/23	07/20/23	175 days	4,988,530	4,987,469	4.81%	N/A	Piper Sandler
Operating	Agency Bond	FHLB	01/26/23	07/20/23	175 days	4,988,530	4,987,469	4.81%	N/A	Piper Sandler
Bond Proceeds	U.S. Treasury Bond	T-Note	04/13/23	08/08/23	117 days	4,974,150	4,974,007	5.09%	N/A	StoneX
Operating	U.S. Treasury Bond	T-Note	04/13/23	08/08/23	117 days	4,974,150	4,974,007	5.09%	N/A	StoneX
Operating	U.S. Treasury Bond	T-Note	01/10/22	08/15/23	582 days	4,969,531	4,996,141	0.75%	N/A	Goldman Sachs
Bond Proceeds	Agency Bond	FFCB	08/31/22	08/18/23	352 days	9,973,390	9,996,453	3.52%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	01/10/22	09/15/23	613 days	4,948,438	4,993,234	0.78%	N/A	Goldman Sachs
Bond Proceeds	Agency Bond	FFCB	09/30/22	09/29/23	364 days	4,937,500	4,947,285	4.29%	N/A	TD Securities
Operating	U.S. Treasury Bond	T-Note	01/18/22	10/15/23	635 days	4,927,344	4,989,635	0.84%	N/A	Goldman Sachs
Bond Proceeds	Agency Bond	FHLB	10/31/22	10/23/23	357 days	9,839,630	9,858,872	4.54%	N/A	UBS
Operating	U.S. Treasury Bond	T-Note	01/18/22	11/15/23	666 days	4,907,031	4,988,772	0.86%	N/A	Wells Fargo
Bond Proceeds	Agency Bond	FHLB	11/30/22	11/30/23	365 days	14,966,160	14,997,492	4.92%	N/A	Royal Bank of Canada
Operating	Agency Bond	FHLB	11/30/22	11/30/23	365 days	4,988,720	4,999,164	4.92%	N/A	Royal Bank of Canada
Operating	Agency Bond	FFCB	06/15/22	12/01/23	534 days	9,798,410	9,882,564	3.36%	N/A	Wells Fargo
Bond Proceeds	Agency Bond	FHLB	12/15/22	12/15/23	365 days	9,966,390	9,999,620	4.76%	N/A	Wells Fargo
Bond Proceeds	Agency Bond	FHLB	01/09/23	01/03/24	359 days	4,981,940	4,996,547	4.89%	N/A	Wells Fargo
Operating	Agency Bond	FHLB	01/09/23	01/03/24	359 days	4,981,940	4,996,547	4.89%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	07/01/22	01/31/24	579 days	4,907,813	4,979,312	2.97%	N/A	Daiwa
Operating	U.S. Treasury Bond	T-Note	07/13/22	02/15/24	582 days	4,917,969	4,990,633	3.06%	N/A	Daiwa
Bond Proceeds	Agency Bond	FHLB	02/21/23	02/21/24	365 days	4,986,695	4,998,619	5.09%	N/A	Wells Fargo
Operating	Agency Bond	FHLB	09/16/22	02/28/24	530 days	4,938,690	4,983,071	4.15%	08/28/23	Wells Fargo
Operating	Agency Bond	FHLB	08/15/22	03/08/24	571 days	4,925,875	4,996,225	3.36%	N/A	Wells Fargo
Bond Proceeds	Agency Bond	FHLB	01/31/23	03/08/24	402 days	4,975,195	4,995,971	4.87%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	07/13/22	03/15/24	611 days	4,822,656	4,902,340	3.07%	N/A	Daiwa
Bond Proceeds	Agency Bond	FNMA	03/31/23	03/28/24	363 days	4,981,940	5,000,000	5.12%	09/28/23	Piper Sandler
Operating	Agency Bond	FNMA	03/31/23	03/28/24	363 days	9,963,880	10,000,000	5.12%	09/28/23	Piper Sandler
Bond Proceeds	Agency Bond	FHLB	04/17/23	04/17/24	366 days	4,971,745	4,999,552	4.76%	N/A	Wells Fargo
Operating	Agency Bond	FHLB	04/17/23	04/17/24	366 days	4,971,745	4,999,552	4.76%	N/A	Wells Fargo
Operating	Agency Bond	FHLB	12/15/22	06/14/24	547 days	4,972,915	5,012,610	4.60%	N/A	Piper Sandler
Bond Proceeds	U.S. Treasury Bond	T-Note	06/29/23	06/15/24	352 days	7,616,250	7,620,887	5.40%	N/A	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	06/30/23	07/15/24	381 days	7,597,500	7,603,528	5.34%	N/A	JPMorgan Chase
Operating	U.S. Treasury Bond	T-Note	06/15/23	07/15/24	396 days	4,748,438	4,758,639	5.21%	N/A	JPMorgan Chase
Operating	Agency Bond	FFCB	02/28/23	08/15/24	534 days	4,886,105	4,903,271	5.09%	N/A	Piper Sandler
Operating	Agency Bond	FHLB	01/31/23	09/13/24	591 days	9,937,430	10,025,704	4.65%	N/A	KeyBank
Operating	Agency Bond	FHLB	05/11/23	09/17/24	495 days	4,734,235	4,783,507	4.72%	9/17/2023	KeyBank
Bond Proceeds	U.S. Treasury Bond	T-Note	06/23/23	10/31/24	496 days	7,902,500	7,917,582	5.18%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	06/23/23	10/31/24	496 days	4,939,063	4,948,489	5.18%	N/A	Goldman Sachs
Bond Proceeds	U.S. Treasury Bond	T-Note	06/29/23	11/15/24	505 days	7,680,000	7,695,864	5.15%	N/A	JPMorgan Chase
Bond Proceeds	U.S. Treasury Bond	T-Note	06/30/23	12/15/24	534 days	7,528,750	7,544,271	5.11%	N/A	JPMorgan Chase
Operating	Agency Bond	FHLB	05/23/23	12/23/24	580 days	4,698,550	4,731,300	5.02%	9/23/2023	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	06/30/23	02/15/25	596 days	7,612,500	7,633,417	4.97%	N/A	StoneX
Bond Proceeds	U.S. Treasury Bond	T-Note	06/29/23	03/15/25	625 days	7,566,250	7,584,717	4.96%	N/A	Goldman Sachs
Bond Proceeds	Agency Bond	FHLB	05/12/23	07/18/25	798 days	4,952,945	4,992,809	4.95%	10/18/23	KeyBank
Total						\$ 280,836,625	\$ 282,166,086			

Money Market Funds and State Pools			
Source of Funds	Type	Market Value	Purchased From
Bond Proceeds & Capital Projects	State Pool	\$ 20,113,981	TexPool
Debt Service	State Pool	642,299	TexPool
Deposit	State Pool	412,252	TexPool
Operating	State Pool	13,925,030	TexPool
Bond Proceeds & Capital Projects	State Pool	33,636,282	TexSTAR
Debt Service	State Pool	1,074,107	TexSTAR
Deposit	State Pool	689,403	TexSTAR
Operating	State Pool	23,286,601	TexSTAR
Bond Proceeds & Capital Projects	State Pool	31,573,927	Texas Daily
Debt Service	State Pool	1,008,249	Texas Daily
Deposit	State Pool	647,133	Texas Daily
Operating	State Pool	21,858,820	Texas Daily
Bond Proceeds & Capital Projects	Money Market	5,847,788	Federated - Agency
Debt Service	Money Market	186,737	Federated - Agency
Deposit	Money Market	119,855	Federated - Agency
Operating	Money Market	4,048,459	Federated - Agency
Total		\$ 159,070,923	

Type	Market Value	Percentage
Securities		
Agency Bond	\$ 168,306,450	38.3%
U.S. Treasury Bond	112,530,175	25.6%
TexPool	35,093,562	8.0%
TexSTAR	58,686,393	13.3%
Texas Daily	55,088,129	12.5%
Federated - Agency	10,202,839	2.3%
Total Investments	\$ 439,907,548	100.0%

City of Richardson Investment Report

Schedule of Beginning and Ending Market Value and Interest Earned

June 30, 2023

Portfolio	Quarter Beginning Market Value	Quarter Ending Market Value	Interest Income Quarter	Interest Income YTD
Operating Portfolio				
General Fund	\$ 76,680,936	\$ 68,334,648	\$ 1,102,119	\$ 2,004,020
Special Police Funds	668,326	762,190	6,568	16,561
Municipal Court Building Security Fund	72,328	59,266	665	1,964
Technology Fund	235,918	239,491	2,334	6,477
Wireless 911 Fund	543,073	563,456	5,580	14,659
Municipal Jury Fund	1,852	1,744	17	48
Juvenile Case Manager Fund	116,051	114,831	1,167	3,150
Judicial Efficiency Fund	103,810	110,717	1,084	2,737
Federal Grants - American Recovery Plan Act	13,153,358	10,310,014	82,672	323,160
Hotel/ Motel Tax Fund	7,248,141	8,280,075	62,865	180,569
Tax Increment Financing Fund #1	16,319,992	17,532,551	151,935	383,228
Tax Increment Financing Fund #2	8,004,710	9,157,754	82,166	158,972
Tax Increment Financing Fund #3	1,415,989	1,619,986	15,437	29,930
Franchise PEG Fund	886,530	939,682	9,256	23,515
Drainage Fee Fund	2,702,933	3,108,847	24,817	68,096
Economic Development	5,934,538	5,984,724	49,741	148,906
Eisemann Endowment Fund	230,068	234,979	2,343	6,194
Water and Sewer Operating Fund	19,545,004	16,953,275	177,686	426,024
Water and Sewer Rate Stabilization Fund	2,995,147	2,904,180	29,396	79,468
Golf Fund	473,525	772,275	6,901	17,728
Solid Waste Services Fund	2,684,247	2,924,472	30,810	69,064
Central Services Fund	1,181,579	1,125,008	11,258	28,144
Insurance and Flexible Spending Fund	14,992,681	15,155,557	145,538	385,629
Tech Replacement Fund	4,441,548	4,190,578	43,288	120,394
Total Operating Portfolio	\$ 180,632,284	\$ 171,380,302	\$ 2,045,644	\$ 4,498,636
Bond Proceeds and Capital Projects Portfolio				
Capital Projects - Equipment Funds	\$ 2,491,536	\$ 1,553,350	\$ 18,485	\$ 61,549
Capital Projects - Major Projects Funds	53,933,455	132,494,237	768,675	1,682,716
Water and Sewer - Capital Project Funds	17,119,584	31,162,067	215,753	496,749
Solid Waste - Capital Projects Funds	507,064	2,215,513	2,081	13,978
Non-Bond Capital Projects:				
Special Projects Fund	44,143,980	43,833,281	788,255	1,371,850
Eisemann Center Capital Fund	574,050	574,504	5,318	13,938
Capital Equipment Replacement Fund	12,305,394	11,982,269	88,191	286,976
Golf Special Projects Fund	1,372,815	1,369,094	12,275	32,400
Street Rehabilitation Fund	8,782,379	5,858,311	63,544	203,256
Water Sewer Special Projects Fund	16,815,021	17,447,652	155,527	401,240
Solid Waste Special Projects Fund	3,728,676	3,748,793	33,462	90,686
Total Bond Proceeds & Capital Projects Portfolio	\$ 161,773,953	\$ 252,239,071	\$ 2,151,566	\$ 4,655,338
Debt Service Portfolio				
General Debt Service Fund	\$ 9,199,583	\$ 7,358,333	\$ 31,353	\$ 125,950
Water and Sewer Debt Service Fund	(1,375,263)	460,806	313	7,543
Solid Waste Debt Service Fund	(558,321)	(205,139)	-	1,391
Total Debt Service Portfolio	\$ 7,265,998	\$ 7,614,000	\$ 31,666	\$ 134,884
Deposit Portfolio				
Water and Sewer Deposit Fund	\$ 5,205,011	\$ 5,262,645	\$ 20,336	\$ 52,502
Total Deposit Portfolio	\$ 5,205,011	\$ 5,262,645	\$ 20,336	\$ 52,502
Total All Portfolios	\$ 354,877,246	\$ 436,496,018	\$ 4,249,212	\$ 9,341,360

Note: Portfolio balances include (\$3,411,530) of cash in the bank on June 30, 2023. 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 does not have to fund them until they are presented for payment.