



3<sup>rd</sup> Quarter Investment Report  
*(For the Quarter Ended June 30, 2014)*  
Fiscal Year 2013-14  
City of Richardson, Texas

**Investment Report  
Overview  
Quarter Ending June 30, 2014**

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**Portfolio Balance**

The Market Value of the City’s Investment Portfolio as of June 30, 2014 was \$99,341,737.

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, Deposit and Debt Service. More information on the funds and fund groups in each portfolio can be found on pages 9-10 of this report.

**Investment and Interest Rate Information**

The City’s yield on the total portfolio was 0.13% as of June 30, 2014, above the benchmark of the 91-day Treasury bill at 0.04% 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, at its June 18 meeting reaffirmed its view that a highly accommodative stance of monetary policy remains appropriate. In determining how long to maintain the current 0.00% to 0.25% target range for the federal funds rate, the FOMC will assess progress—both realized and expected—toward its objectives of maximum employment and two percent inflation. The FOMC currently anticipates that, even after employment and inflation are near objective levels, economic conditions may, for some time, warrant keeping the target federal funds rate below levels the FOMC views as normal in the long-run.

<b>Investment Type</b>	<b>Yield</b>
Total Portfolio	0.13%
Securities and Certificates of Deposit	0.17%
Money Market Mutual Funds and Local Investment Pools	0.04%
<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. Treasury and Agency Securities, 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 U.S. Treasury or Agency Securities. 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 U.S. Treasury and Agency Securities or Certificates of Deposit for funds that will be used in the future.

**Earnings**

Total interest earned on the City’s investments for the quarter was \$29,851. The City also receives an Earnings Allowance on the cash deposited at Frost Bank. For the third quarter the City was credited a net earnings allowance of \$2,267. This is not recorded as interest income by the City but is used to offset the bank’s monthly charges.

The interest earned by Portfolio is listed in the chart below.

<b>Portfolio</b>	<b>Interest 1st Quarter</b>	<b>Interest 2nd Quarter</b>	<b>Interest 3rd Quarter</b>	<b>Interest 4th Quarter</b>	<b>Interest YTD</b>
Operating	\$13,959	\$22,547	\$24,790		\$61,296
Bond Proceeds	5,203	3,977	3,302		12,482
Deposit	928	1,117	1,098		3,143
Debt Service	538	970	661		2,169
Total	\$20,628	\$28,611	\$29,851		\$79,090

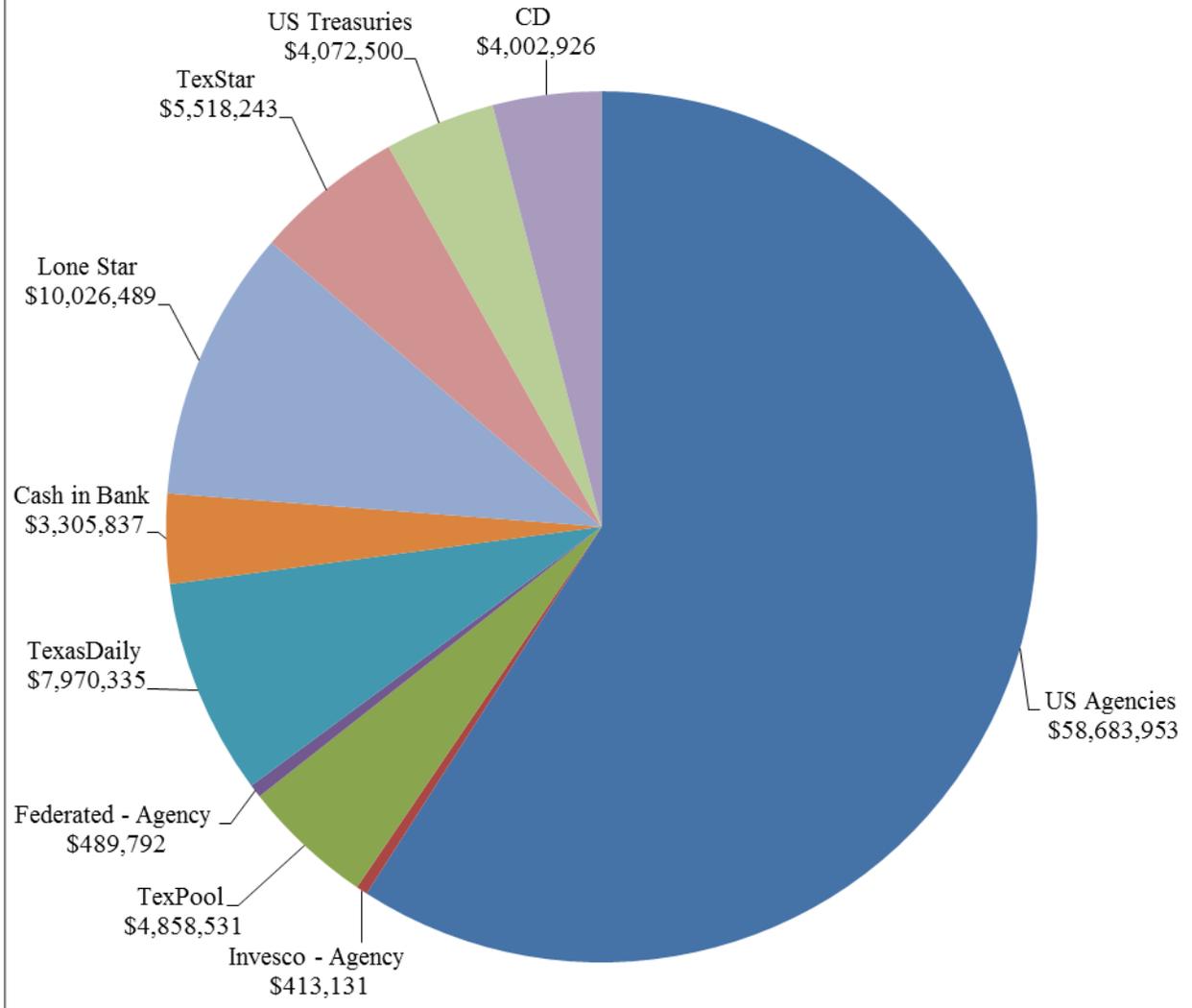
Additional information on interest earned can be found on pages 9-10 of this report.

**Abbreviations**

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

<b>Abbreviation</b>	<b>Official Name</b>
FNMA	Federal National Mortgage Association
FHLB	Federal Home Loan Bank
FFCB	Federal Farm Credit Bank
FHLMC	Federal Home Loan Mortgage Corporation
T-Note	United States Treasury Note
CD	Certificate of Deposit

**Total Portfolio by Type of Investments as of June 30, 2014**  
**\$99,341,737**



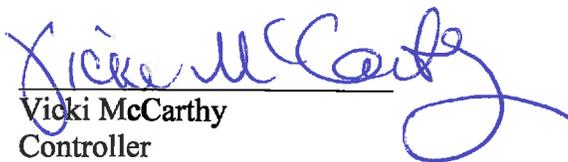
**City of Richardson, Texas  
Investment Report  
Investment Officers Signature Page  
Quarter Ending June 30, 2014**

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: July 22, 2014

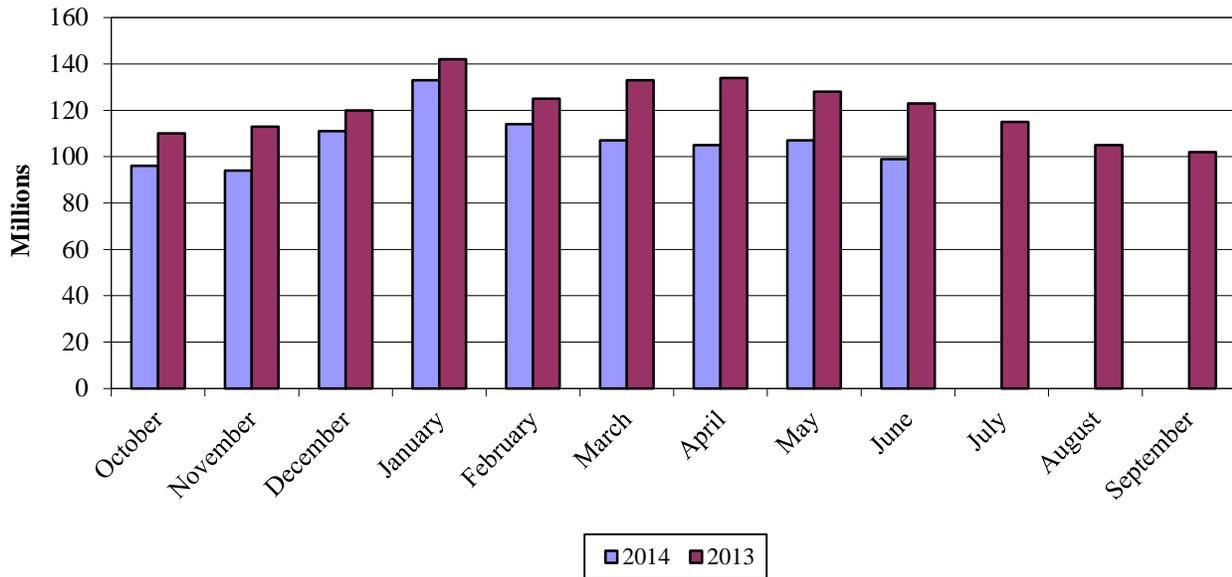
  
\_\_\_\_\_  
Kent Pfeil  
Director of Finance

  
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Keith Dagen  
Assistant Director of Finance

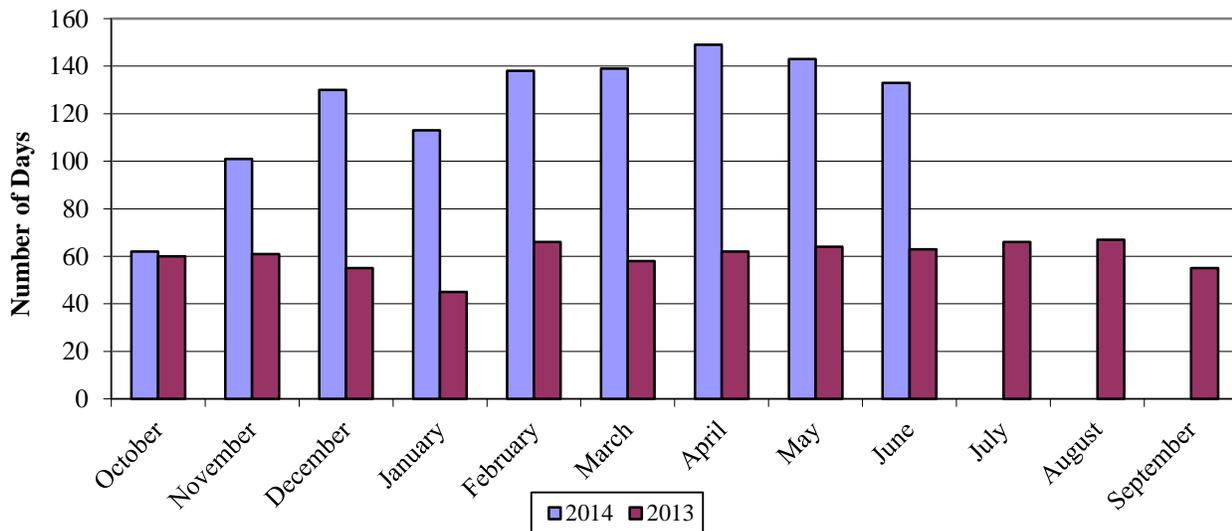
  
\_\_\_\_\_  
Vicki McCarthy  
Controller

  
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Eddie Mueller  
Treasury Accountant

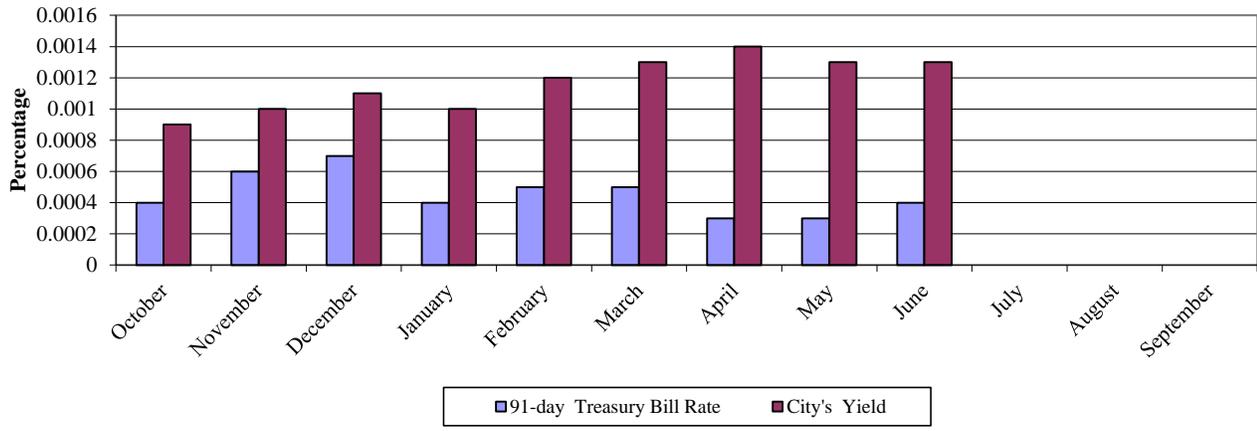
### Investment Portfolio Balance



### Weighted Average Maturity Total Portfolio Fiscal Year 2014



**Comparison of the City's Yield to the 91-day  
Treasury Bill Rate  
Fiscal Year 2014**



# City of Richardson Investment Report

## Schedule of Investments by Source of Funds

June 30, 2014

Securities & CD's										
Source of Funds	Type		Purchase Date	Maturity Date	# of Days	Market Value	Book Value	Yield	Callable	Purchased From
Debt Service	Agency Bond	FNMA	02/25/14	07/10/14	135	3,999,955	3,999,955	0.0400%	N/A	Wells-Fargo
Operating	Agency Bond	FFCB	08/28/13	07/30/14	336	3,000,088	3,000,088	0.1663%	N/A	Samco
Operating	Agency Bond	FHLB	12/31/13	08/25/14	237	4,002,148	4,002,148	0.1499%	N/A	Wells-Fargo
Operating	Agency Bond	FHLB	10/28/13	09/18/14	325	4,000,148	4,000,148	0.1535%	N/A	Coastal
Bond Proceeds	Agency Bond	FHLMC	04/02/14	09/26/14	177	2,999,377	2,999,377	0.0852%	N/A	Wells-Fargo
Deposit	Agency Bond	FHLMC	11/08/13	10/24/14	350	2,998,623	2,998,623	0.1420%	N/A	Coastal
Bond Proceeds	Agency Bond	FHLB	05/06/14	11/06/14	184	3,999,829	3,999,829	0.0825%	N/A	Coastal
Operating	Agency Bond	FHLMC	11/18/13	11/25/14	372	4,010,448	4,023,680	0.1685%	N/A	Cantor-Fitzgerald
Operating	Agency Bond	FNMA	12/18/13	12/19/14	366	3,394,007	3,403,187	0.1838%	N/A	Cantor-Fitzgerald
Operating	Agency Bond	FHLMC	11/22/13	01/26/15	430	3,646,170	3,750,946	0.1860%	N/A	Duncan-Williams
Operating	Agency Bond	FHLB	01/30/14	02/18/15	384	4,001,456	4,001,678	0.1700%	N/A	Coastal
Bond Proceeds	Agency Bond	FNMA	05/16/14	02/27/15	287	4,000,125	4,000,125	0.0700%	N/A	Cantor-Fitzgerald
Operating	Certificate of Dep.	CD	03/13/14	03/13/15	365	4,002,926	4,002,926	0.3000%	N/A	Independent Bank
Operating	Agency Bond	FHLMC	12/05/13	03/18/15	468	4,006,500	4,006,720	0.2190%	N/A	Cantor-Fitzgerald
Operating	Agency Bond	FHLMC	01/02/14	04/17/15	470	2,437,003	2,437,954	0.2460%	N/A	Coastal
Operating	Treasury Note	T- Note	12/12/13	05/31/15	535	4,072,500	4,111,809	0.2190%	N/A	Duncan-Williams
Operating	Agency Bond	FHLMC	02/25/14	07/17/15	507	4,174,728	4,232,612	0.1970%	N/A	Cantor-Fitzgerald
Operating	Agency Bond	FNMA	04/23/14	09/28/15	523	4,013,348	4,016,913	0.2040%	N/A	Wells-Fargo
<b>Total</b>						<b>\$ 66,759,379</b>	<b>\$ 66,988,718</b>			

Money Market Funds, State Pools and Uninvested Balances			
Source of Funds	Type	Market Value	Purchased From
Operating	State Pool	\$ 1,304,427	TexPool
Deposit	State Pool	186,502	TexPool
Bond Proceeds	State Pool	3,367,602	TexPool
Operating	State Pool	1,631,488	TexStar
Deposit	State Pool	340,750	TexStar
Bond Proceeds	State Pool	3,546,005	TexStar
Operating	State Pool	3,589,918	Texas Daily
Debt Service	State Pool	398,203	Texas Daily
Bond Proceeds	State Pool	3,982,214	Texas Daily
Operating	State Pool	3,227,767	Lone Star
Bond Proceeds	State Pool	4,488,780	Lone Star
Debt Service	State Pool	2,309,942	Lone Star
Bond Proceeds	Money Market	489,792	Federated - Agency
Bond Proceeds	Money Market	413,131	Invesco - Agency
Operating	Cash in Bank	2,182,974	Frost Bank
Deposit	Cash in Bank	54,082	Frost Bank
Bond Proceeds	Cash in Bank	1,031,816	Frost Bank
Debt Service	Cash in Bank	36,965	Frost Bank
<b>Total</b>		<b>\$ 32,582,358</b>	

Type	Market Value	Percentage
Securities		
Agency Bonds	\$ 58,683,953	59.2%
Treasury Note	4,072,500	4.0%
CD's	4,002,926	3.9%
TexPool	4,858,531	5.0%
TexStar	5,518,243	5.6%
Texas Daily	7,970,335	8.0%
Lone Star	10,026,489	10.1%
Invesco - Agency	413,131	0.4%
Federated - Agency	489,792	0.5%
Cash in Bank	3,305,837	3.3%
<b>Total Investments</b>	<b>\$ 99,341,737</b>	<b>100%</b>

# City of Richardson Investment Report

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

June 30, 2014

Portfolio	Quarter Beginning Market Value	Quarter Ending Market Value	Interest Income Earned Quarter	Interest Income Earned YTD
<b>Operating Portfolio</b>				
General Fund	\$ 34,433,224	\$ 26,105,799	\$ 13,133	\$ 35,042
Special Police Funds	266,599	269,236	107	197
Municipal Court Building Security Fund	234,413	239,713	101	181
Technology Fund	89,561	103,382	40	75
Wireless 911 Fund	344,561	328,580	143	259
Judicial Efficiency Fund	17,963	18,718	8	14
Traffic Safety Fund	667,073	674,403	289	524
Hotel/ Motel Tax Fund	1,192,945	1,622,287	638	1,054
Tax Increment Financing Fund #1	1,717,205	1,224,244	677	1,094
Tax Increment Financing Fund #2	228,762	294,750	111	168
Tax Increment Financing Fund #3	3,878	3,882	2	3
Franchise PEG Fund	336,237	399,009	156	299
Drainage Fee Fund	2,228,026	2,593,609	1,024	1,752
State Grants Fund	16,696	9,929	-	-
Federal Grant Funds (1)	(197,056)	(121,573)	-	-
Capital Projects - Special Projects Fund (2)	16,003,665	14,669,550	3,630	6,049
Eisemann Center Capital Fund	6,481	14,948	3	5
Capital Projects - Street Rehab Fund	1,345,812	1,393,275	605	1,022
Water and Sewer Operating Fund	3,092,066	2,354,937	1,364	7,297
Water and Sewer Rate Stabilization Fund	2,150,814	2,152,380	910	2,482
Water and Sewer Special Projects Fund	458,271	304,328	154	325
Golf Fund	-	16,019	14	85
Golf - Capital Projects Fund	322,404	308,167	133	214
Solid Waste Services Fund	1,432,437	1,891,397	704	1,706
Central Services Fund	120,208	72,594	41	81
Insurance and Flexible Spending Fund	2,385,102	1,674,673	803	1,368
Payroll Liability Fund	1,824,620	2,079,808	-	-
<b>Total Operating Portfolio</b>	<b>\$ 70,721,967</b>	<b>\$ 60,698,044</b>	<b>\$ 24,790</b>	<b>\$ 61,296</b>

(1) These Federal Grants are reimbursement grants. The City expends the funds first and then bills the appropriate Federal Agency for reimbursements.

(2) This Fund includes the Regional Toll Revenue Grant funds which are used for street and trail infrastructure. The interest attributed to the RTR funds is not available for City use and is not considered city interest income.

# City of Richardson Investment Report

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

June 30, 2014

Portfolio	Quarter Beginning Market Value	Quarter Ending Market Value	Interest Income Earned Quarter	Interest Income Earned YTD
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Bond Proceeds Portfolio				
Capital Projects - Equipment Funds	\$ -	\$ 5,638,000	\$ 431	\$ 673
Capital Projects - Major Projects Funds	21,084,809	16,702,777	2,193	9,866
Water and Sewer - Capital Project Funds	4,195,090	3,785,870	450	1,475
Solid Waste - Capital Projects Funds	1,278,516	2,192,024	228	468
<b>Total Bond Proceeds Portfolio</b>	<b>\$ 26,558,415</b>	<b>\$ 28,318,671</b>	<b>\$ 3,302</b>	<b>\$ 12,482</b>

Debt Service Portfolio				
General Debt Service Fund	\$ 7,115,173	\$ 6,716,660	\$ 660	\$ 1,973
Water and Sewer Debt Service Fund		28,405	1	157
Solid Waste Debt Service Fund		-	-	39
<b>Total Debt Service Portfolio</b>	<b>\$ 7,115,173</b>	<b>\$ 6,745,065</b>	<b>\$ 661</b>	<b>\$ 2,169</b>

Deposit Portfolio				
Water and Sewer Deposit Fund	\$ 3,539,462	\$ 3,579,957	\$ 1,098	\$ 3,143
<b>Total Deposit Portfolio</b>	<b>\$ 3,539,462</b>	<b>\$ 3,579,957</b>	<b>\$ 1,098</b>	<b>\$ 3,143</b>

<b>Total All Portfolios</b>	<b>\$ 107,935,017</b>	<b>\$ 99,341,737</b>	<b>\$ 29,851</b>	<b>\$ 79,090</b>
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