



4th Quarter Investment Report
(For the Quarter Ended September 30, 2014)
Fiscal Year 2013-14
City of Richardson, Texas

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

Portfolio Balance

The Market Value of the City’s Investment Portfolio as of September 30, 2014 was \$84,156,246.

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 September 30, 2014, above the benchmark of the 91-day Treasury bill at 0.02% 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 September 17 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 continues to anticipate, based on its assessment of these factors, that it likely will be appropriate to maintain the current target range for the federal funds rate for a considerable time after the asset purchase program ends, currently scheduled for the end of 2014.

Investment Type	Yield
Total Portfolio	0.13%
Securities and Certificates of Deposit	0.18%
Money Market Mutual Funds and Local Investment Pools	0.04%
<i>Reference: Benchmark 91-day Treasury Bill</i>	0.02%

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 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 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 \$31,790. The City also receives an Earnings Allowance on the cash deposited at Frost Bank. For the fourth quarter the City was credited a net earnings allowance of \$977. 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.

Portfolio	Interest 1st Quarter	Interest 2nd Quarter	Interest 3rd Quarter	Interest 4th Quarter	Interest YTD
Operating	\$14,033	\$22,687	\$24,979	\$26,855	\$88,554
Bond Proceeds	5,129	3,837	3,113	3,288	15,367
Deposit	928	1,117	1,098	1,100	4,243
Debt Service	538	970	661	547	2,716
Total	\$20,628	\$28,611	\$29,851	\$31,790	\$110,880

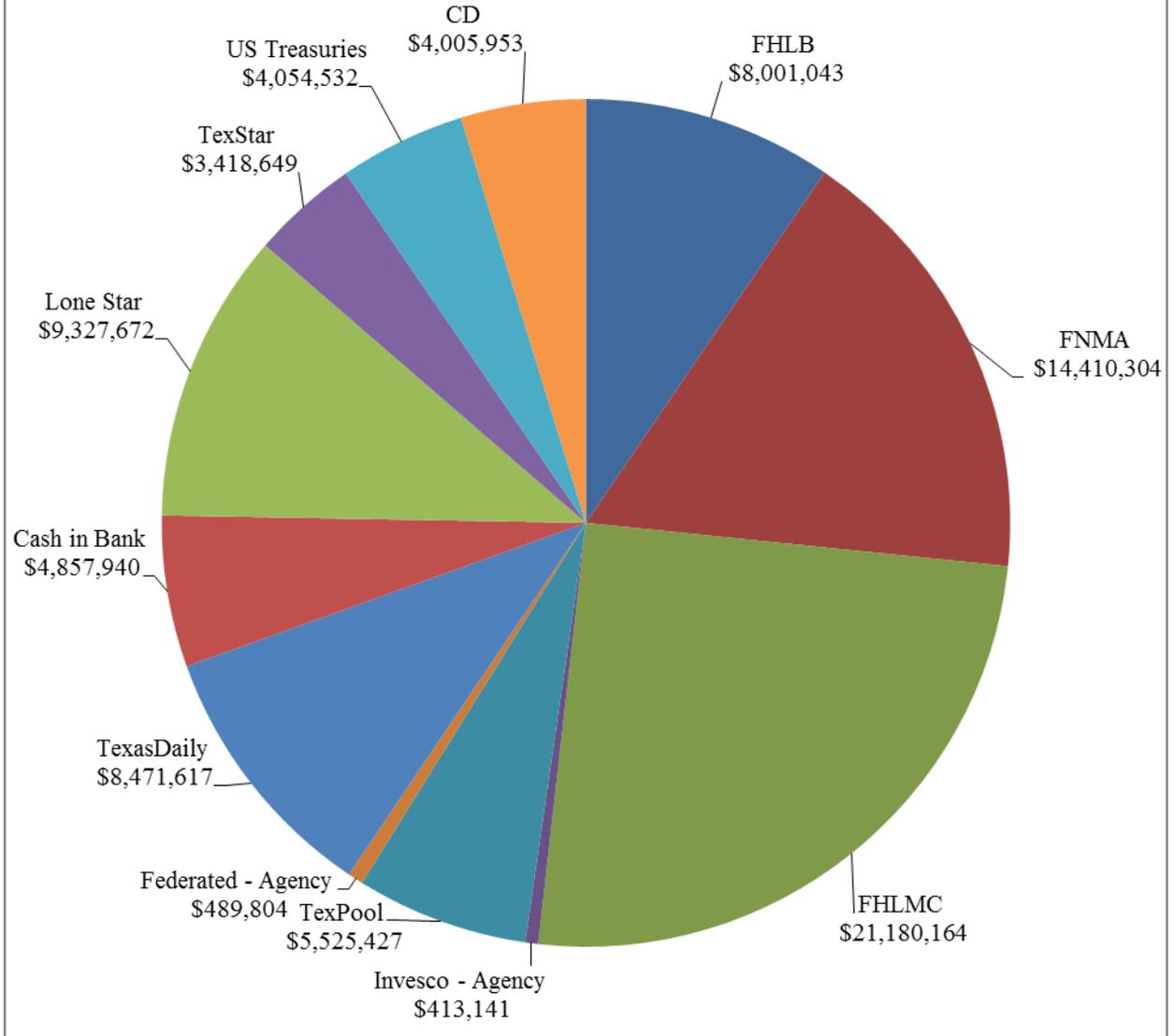
Additional information on interest earned can be found on pages 9-10 of this report.

Abbreviations

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

Abbreviation	Official Name
FNMA	Federal National Mortgage Association
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
T-Note	United States Treasury Note
CD	Certificate of Deposit

Total Portfolio as of September 30, 2014
\$84,156,246



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

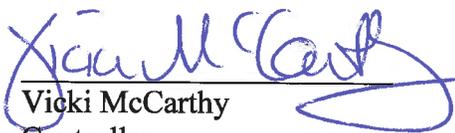
Prepared on: October 20, 2014



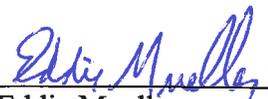
Kent Pfeil
Director of Finance



Keith Dagen
Assistant Director of Finance

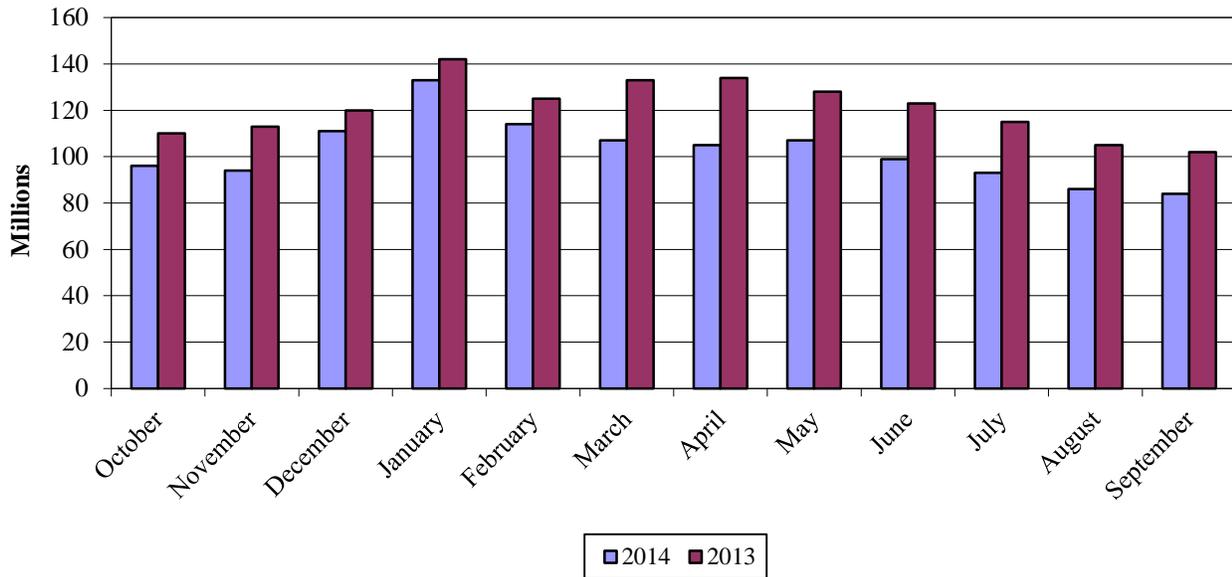


Vicki McCarthy
Controller

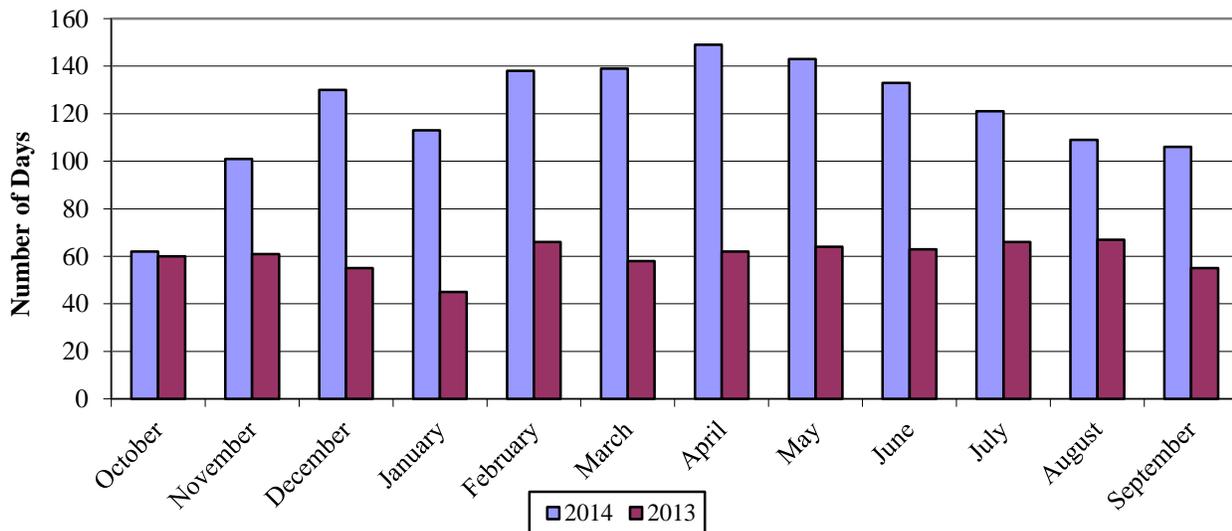


Eddie Mueller
Treasury Accountant

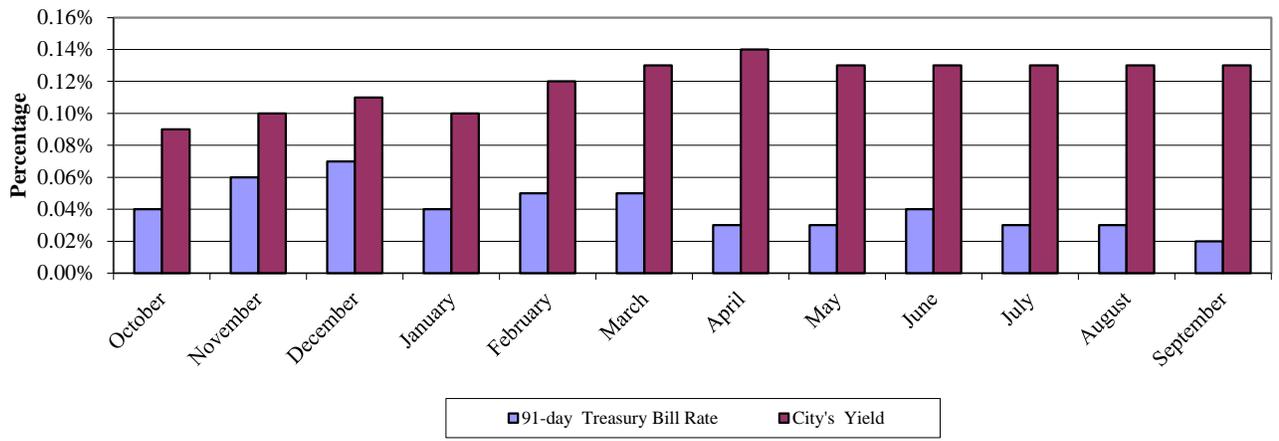
Investment Portfolio Balance



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

September 30, 2014

Securities & CD's										
Source of Funds	Type		Purchase Date	Maturity Date	# of Days	Market Value	Book Value	Yield	Callable	Purchased From
Deposit	Agency Bond	FHLMC	11/08/13	10/24/14	350	\$ 2,999,673	\$ 2,999,673	0.1420%	N/A	Coastal
Bond Proceeds	Agency Bond	FHLB	05/06/14	11/06/14	184	3,999,951	3,999,951	0.0825%	N/A	Coastal
Operating	Agency Bond	FHLMC	11/18/13	11/25/14	372	4,004,200	4,004,200	0.1685%	N/A	Cantor-Fitzgerald
Operating	Agency Bond	FNMA	12/18/13	12/19/14	366	3,388,612	3,388,612	0.1838%	N/A	Cantor-Fitzgerald
Operating	Agency Bond	FHLMC	11/22/13	01/26/15	430	3,603,200	3,603,200	0.1860%	N/A	Duncan-Williams
Operating	Agency Bond	FHLB	01/30/14	02/18/15	384	4,001,092	4,001,092	0.1700%	N/A	Coastal
Bond Proceeds	Agency Bond	FNMA	05/16/14	02/27/15	287	4,000,825	4,000,825	0.0700%	N/A	Cantor-Fitzgerald
Operating	Certificate of Dep.	CD	03/13/14	03/13/15	365	4,005,953	4,005,953	0.3000%	N/A	Independent Bank
Operating	Agency Bond	FHLMC	12/05/13	03/18/15	468	4,005,436	4,005,436	0.2190%	N/A	Cantor-Fitzgerald
Operating	Agency Bond	FHLMC	01/02/14	04/17/15	470	2,435,271	2,435,271	0.2460%	N/A	Coastal
Operating	Treasury Note	T- Note	12/12/13	05/31/15	535	4,054,532	4,054,532	0.2190%	N/A	Duncan-Williams
Operating	Agency Bond	FHLMC	02/25/14	07/17/15	507	4,132,384	4,132,384	0.1970%	N/A	Cantor-Fitzgerald
Operating	Agency Bond	FNMA	04/23/14	09/28/15	523	4,011,924	4,011,924	0.2040%	N/A	Wells-Fargo
Bond Proceeds	Agency Bond	FNMA	09/26/14	09/28/15	367	3,008,943	3,008,943	0.1940%	N/A	Wells-Fargo
Total						\$ 51,651,996	\$ 51,651,996			

Money Market Funds, State Pools and Uninvested Balances			
Source of Funds	Type	Market Value	Purchased From
Operating	State Pool	\$ 5,023,638	TexPool
Deposit	State Pool	186,519	TexPool
Bond Proceeds	State Pool	315,270	TexPool
Operating	State Pool	1,248,649	TexStar
Deposit	State Pool	340,783	TexStar
Bond Proceeds	State Pool	1,829,217	TexStar
Operating	State Pool	4,666,191	Texas Daily
Debt Service	State Pool	415,059	Texas Daily
Bond Proceeds	State Pool	3,390,367	Texas Daily
Operating	State Pool	3,381,695	Lone Star
Bond Proceeds	State Pool	4,135,603	Lone Star
Debt Service	State Pool	1,810,374	Lone Star
Bond Proceeds	Money Market	489,804	Federated - Agency
Bond Proceeds	Money Market	413,141	Invesco - Agency
Operating	Cash in Bank	3,182,893	Legacy Bank
Operating	Cash in Bank	205,105	Frost Bank
Deposit	Cash in Bank	70,325	Legacy Bank
Bond Proceeds	Cash in Bank	717,158	Legacy Bank
Debt Service	Cash in Bank	682,459	Legacy Bank
Total		\$ 32,504,250	

Type	Market Value	Percentage
Securities		
Agency Bonds	\$ 43,591,511	51.8%
Treasury Note	4,054,532	4.8%
CD's	4,005,953	4.8%
TexPool	5,525,427	6.5%
TexStar	3,418,649	4.0%
Texas Daily	8,471,617	10.1%
Lone Star	9,327,672	11.1%
Invesco - Agency	413,141	0.5%
Federated - Agency	489,804	0.6%
Cash in Bank	4,857,940	5.8%
Total Investments	\$ 84,156,246	100%

City of Richardson Investment Report

Schedule of Beginning and Ending Market Value and Interest Earned

September 30, 2014

Portfolio	Quarter Beginning Market Value	Quarter Ending Market Value	Interest Income Earned Quarter	Interest Income Earned YTD
Operating Portfolio				
General Fund	\$ 26,105,799	\$ 18,874,331	\$ 14,003	\$ 49,045
Special Police Funds	269,236	305,633	139	336
Municipal Court Building Security Fund	239,713	247,313	128	309
Technology Fund	103,382	111,775	54	129
Wireless 911 Fund	328,580	271,960	163	422
Judicial Efficiency Fund	18,718	19,462	10	24
Traffic Safety Fund	674,403	578,755	329	853
Hotel/ Motel Tax Fund	1,622,287	2,015,657	917	1,971
Tax Increment Financing Fund #1	1,224,244	1,187,261	716	1,810
Tax Increment Financing Fund #2	294,750	50,084	88	256
Tax Increment Financing Fund #3	3,882	4	1	4
Franchise PEG Fund	399,009	463,348	221	520
Drainage Fee Fund	2,593,609	2,779,326	1,370	3,122
State Grants Fund	9,929	(3,784)	-	-
Federal Grant Funds (1)	(121,573)	(52,459)	-	-
Capital Projects - Special Projects Fund (2)	14,669,550	11,529,329	2,551	8,600
Eisemann Center Capital Fund	14,948	41,248	10	15
Capital Projects - Street Rehab Fund	1,393,275	911,799	670	1,692
Water and Sewer Operating Fund	2,354,937	7,649,074	1,845	9,142
Water and Sewer Rate Stabilization Fund	2,152,380	2,153,297	1,137	3,619
Water and Sewer Special Projects Fund	304,328	132,302	117	442
Golf Fund	16,019	-	15	100
Golf - Capital Projects Fund	308,167	275,221	153	367
Solid Waste Services Fund	1,891,397	2,316,924	988	2,694
Solid Waste Special Projects Fund	1,666,224	1,573,392	216	619
Central Services Fund	72,594	160,513	69	150
Insurance and Flexible Spending Fund	1,674,673	1,759,010	945	2,313
Payroll Liability Fund	2,079,808	-	-	-
Total Operating Portfolio	\$ 62,364,268	\$ 55,350,775	\$ 26,855	\$ 88,554

(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

September 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	\$ 4,585,995	\$ 670	\$ 1,343
Capital Projects - Major Projects Funds	16,702,777	14,192,503	2,087	11,953
Water and Sewer - Capital Project Funds	3,785,870	3,265,785	473	1,948
Solid Waste - Capital Projects Funds	525,800	255,996	58	123
Total Bond Proceeds Portfolio	\$ 26,652,447	\$ 22,300,279	\$ 3,288	\$ 15,367

Debt Service Portfolio				
General Debt Service Fund	\$ 6,716,660	\$ 2,289,722	\$ 517	\$ 2,490
Water and Sewer Debt Service Fund	28,405	447,067	25	182
Solid Waste Debt Service Fund	-	171,103	5	44
Total Debt Service Portfolio	\$ 6,745,065	\$ 2,907,892	\$ 547	\$ 2,716

Deposit Portfolio				
Water and Sewer Deposit Fund	\$ 3,579,957	\$ 3,597,300	\$ 1,100	\$ 4,243
Total Deposit Portfolio	\$ 3,579,957	\$ 3,597,300	\$ 1,100	\$ 4,243

Total All Portfolios	\$ 99,341,737	\$ 84,156,246	\$ 31,790	\$ 110,880
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