



City of Texarkana, Texas



### QUARTERLY INVESTMENT REPORT

For the Quarter Ended  
September 30, 2021

Prepared by

Valley View Consulting, L.L.C.

The investment portfolio of the City of Texarkana, TX is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

*Kristin Peoples*  
\_\_\_\_\_  
CFO/Finance Director (City)

*Jediphee*  
\_\_\_\_\_  
Assistant CEO (City)

*Shelia D...*  
\_\_\_\_\_  
Director of Finance (Water Utilities Department)

*Cheryl Y. Dracue*  
\_\_\_\_\_  
Customer Service/Accounting/Human Resources Manager (Water Utilities Department)

**Disclaimer:** These reports were compiled using information provided by the City. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

## Annual Comparison of Portfolio Performance

### FYE Results by Investment Category:

City Funds	September 30, 2020			September 30, 2021		
	Asset Type	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value
DDA/MMA	0.91%	\$ 32,061,648	\$ 32,061,648	0.94%	\$ 40,935,903	\$ 40,935,903
CDs/Securities	3.30%	2,612,001	2,612,001	0.00%	–	–
<b>Totals</b>		<b>\$ 34,673,648</b>	<b>\$ 34,673,648</b>		<b>\$ 40,935,903</b>	<b>\$ 40,935,903</b>

Fourth Quarter-End Yield 1.09% 0.94%

#### Average Quarter-End Yields (1):

City Funds 1.37% 1.03%

Fiscal YTD Interest Earnings \$ 566,274 (Approximate) \$ 421,675 (Approximate)

Water Utility	September 30, 2020			September 30, 2021		
	Asset Type	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value
DDA/MMA	0.75%	\$ 13,611,816	\$ 13,611,816	0.81%	\$ 15,233,700	\$ 15,233,700
CDs/Securities	1.53%	2,662,436	2,662,436	0.55%	2,169,936	2,169,936
<b>Totals</b>		<b>\$ 16,274,252</b>	<b>\$ 16,274,252</b>		<b>\$ 17,403,636</b>	<b>\$ 17,403,636</b>

Fourth Quarter-End Yield 0.88% 0.78%

#### Average Quarter-End Yields (1):

Water Utility 1.21% 0.75%

Fiscal YTD Interest Earnings \$ 153,613 (Approximate) \$ 102,806 (Approximate)

#### Average Quarter-End Yields (1):

Rolling Three Month Treasury 0.76% 0.06%  
 Rolling Six Month Treasury 0.85% 0.08%  
 TexPool 0.75% 0.04%

(1) Average Quarterly Yield calculated using quarter-end report average yield and adjusted book value.

## Summary

### City Funds

Asset Type	June 30, 2021		September 30, 2021		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
DDA/MMA	\$ 40,805,200	\$ 40,805,200	\$ 40,935,903	\$ 40,935,903	0.94%
CDs/Securities	1,059,046	1,059,046	-	-	0.00%
<b>Totals</b>	<b>\$ 41,864,245</b>	<b>\$ 41,864,245</b>	<b>\$ 40,935,903</b>	<b>\$ 40,935,903</b>	0.94%
Total Portfolio Average - Quarter					0.94%
Fiscal Year-to-Date Average Yield (2)					1.03%
Quarterly Interest Income					\$ 98,154
Year-to-date Interest Income					\$ 421,675

### Water Utility

Asset Type	June 30, 2021		September 30, 2021		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
DDA/MMA	\$ 14,523,067	\$ 14,523,067	\$ 15,233,700	\$ 15,233,700	0.81%
CDs/Securities	2,169,936	2,169,936	2,169,936	2,169,936	0.55%
<b>Totals</b>	<b>\$ 16,693,003</b>	<b>\$ 16,693,003</b>	<b>\$ 17,403,636</b>	<b>\$ 17,403,636</b>	0.78%
Total Portfolio Average - Quarter					0.78%
Fiscal Year-to-Date Average Yield (2)					0.75%
Quarterly Interest Income					\$ 23,482
Year-to-date Interest Income					\$ 102,806

	<u>QTR</u>		<u>YTD</u>
Rolling Three Month Treasury	0.05%	Rolling Three Month Treasury	0.06%
Rolling Six Month Treasury	0.05%	Rolling Six Month Treasury	0.08%
TexPool	0.03%	TexPool	0.04%

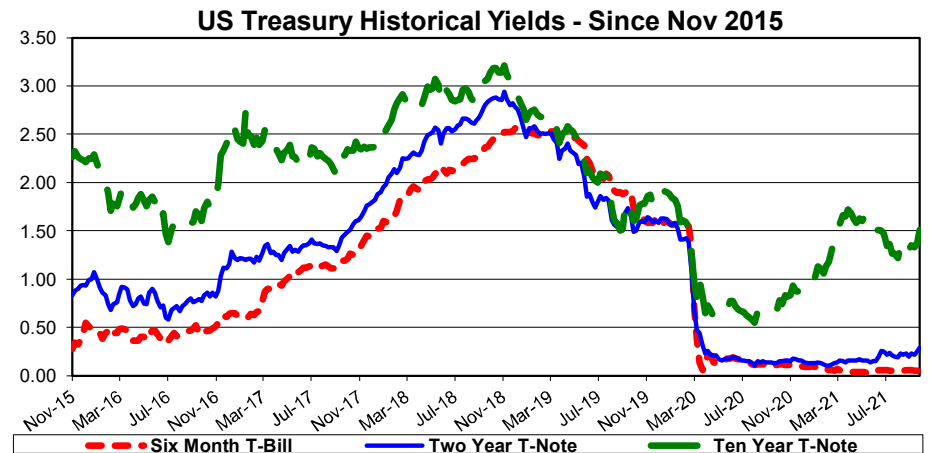
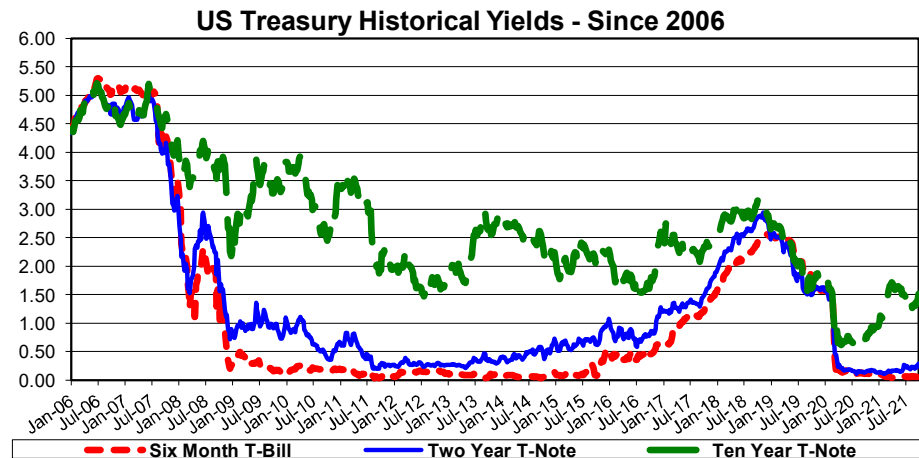
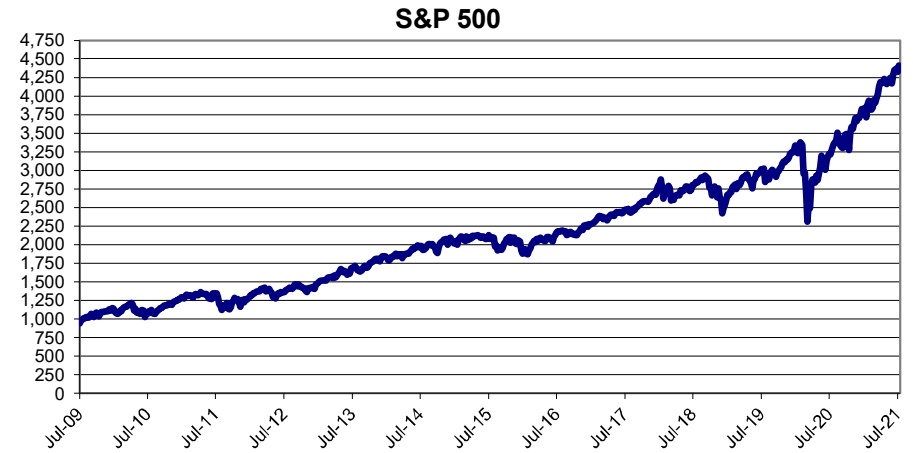
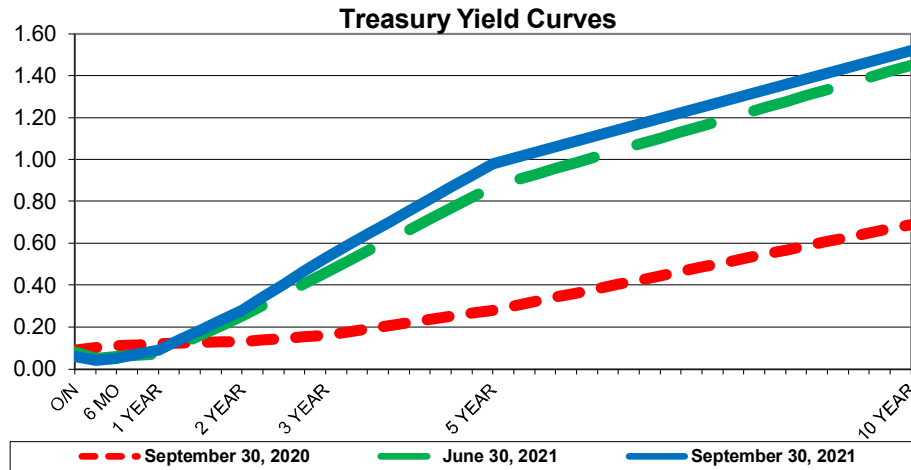
(1) **Current Quarter Weighted Average Yield** - calculated using quarter-end report yields and adjusted book values, does not reflect a total return analysis, realized or unrealized gains/losses or account for advisory fees. The yield for the reporting month is used for bank, pool, and money market balances.

(2) **Fiscal Year-to-Date Weighted Average Yields** calculated using quarter-end report yields and adjusted book values. Does not reflect a total return analysis or account for advisory fees.

## Economic Overview

9/30/2021

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range at 0.00% to 0.25% (Effective Fed Funds are trading <0.10%), and projects that reduced rates could remain into 2023. Monthly government security purchases may begin tapering as early as Nov 2021. Second Quarter GDP posted +6.7% (Final). Employment recovery/growth has moderated, but job openings remain high. August Non-Farm Payroll only added 194k net new jobs. Crude oil bounced up to +/- \$77 per barrel, with fuel shortages in England and other countries. The Stock Markets reached new highs, but have retrenched slightly. Housing, Industrial Production, Durable Goods, Consumer Spending, and other indicators remain positive but constrained. The Biden administration and Congress continue to negotiate infrastructure, fiscal and debt limit packages. Inflation remained over the FOMC 2+% target and may not be as temporary as initially projected. The Yield Curve rose slightly from two years to ten years.



**Investment Holdings**  
**September 30, 2021**

**City Funds**

Description	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Farmer's Bank & Trust MMA	1.07%	10/01/21	09/30/21	\$ 33,179,912	\$ 33,179,912	1.00	\$ 33,179,912	1	1.07%
Southside Bank MMA	0.08%	10/01/21	09/30/21	6,131	6,131	1.00	6,131	1	0.08%
NexBank MMA	0.40%	10/01/21	09/30/21	61,942	61,942	1.00	61,942	1	0.40%
NexBank ICS Savings	0.40%	10/01/21	09/30/21	7,687,918	7,687,918	1.00	7,687,918	1	0.40%
<b>Total City Funds</b>				<b>\$ 40,935,903</b>	<b>\$ 40,935,903</b>		<b>\$ 40,935,903</b>	<b>1</b>	<b>0.94%</b>

**Water Utility**

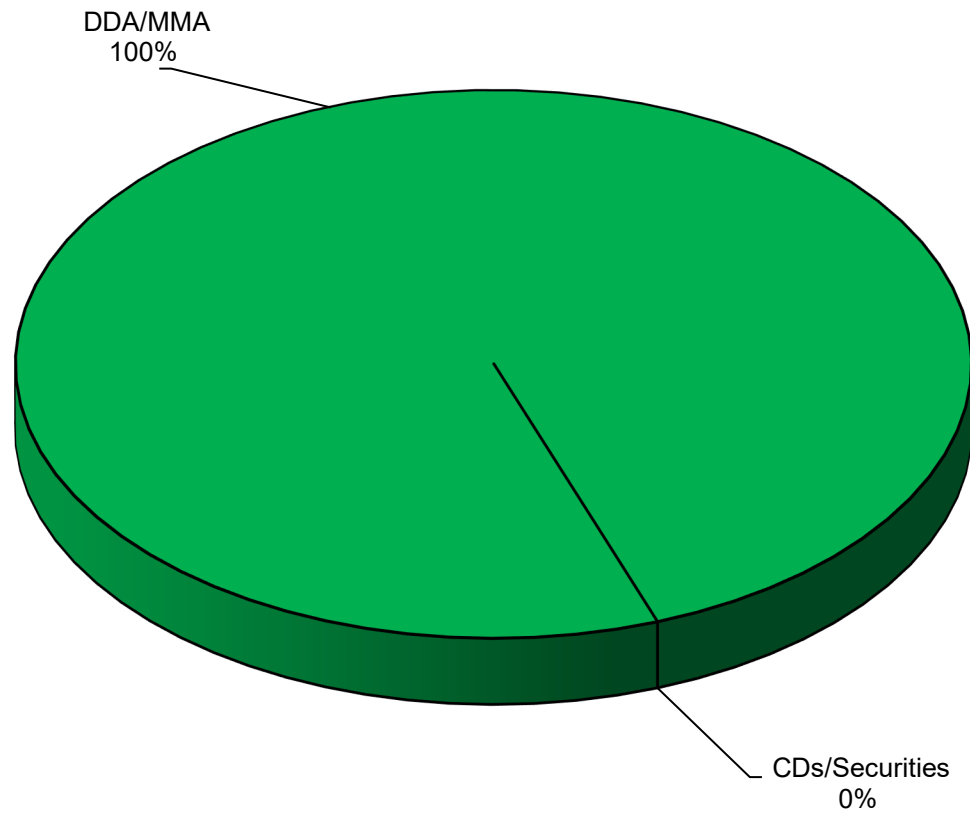
Description	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Farmer's Bank & Trust MMA	1.07%	10/01/21	09/30/21	\$ 8,906,983	\$ 8,906,983	1.00	\$ 8,906,983	1	1.07%
NexBank MMA	0.45%	10/01/21	09/30/21	6,326,717	6,326,717	1.00	6,326,717	1	0.45%
Farmer's Bank & Trust CD	1.20%	05/16/22	05/16/20	287,436	287,436	100.00	287,436	228	1.20%
Guaranty Bank & Trust CD	0.45%	12/02/22	12/02/20	1,882,500	1,882,500	100.00	1,882,500	428	0.45%
<b>Total Water Utility</b>				<b>\$ 17,403,636</b>	<b>\$ 17,403,636</b>		<b>\$ 17,403,636</b>	<b>51</b>	<b>0.78%</b>
<b>Combined Portfolio</b>				<b>\$ 58,339,539</b>	<b>\$ 58,339,539</b>		<b>\$ 58,339,539</b>	<b>16</b>	<b>0.89%</b>

(1) (2)

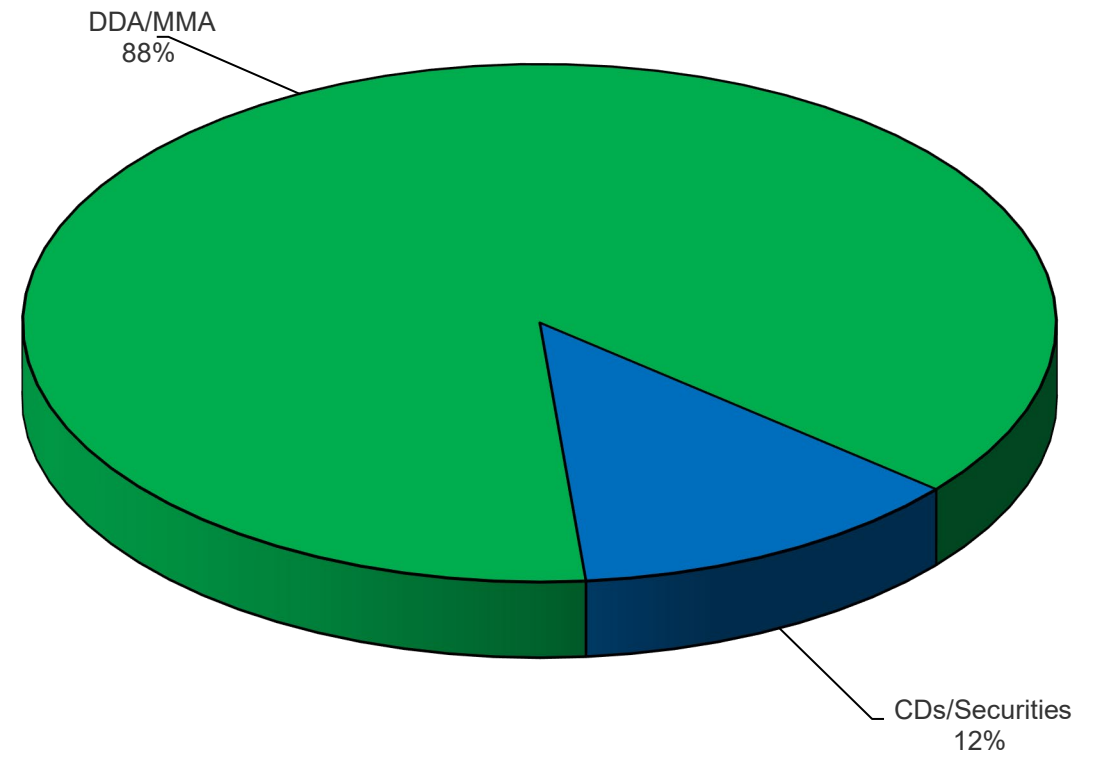
(1) **Weighted average life** - For purposes of calculating weighted average life, cash equivalent investments are assumed to have a one day maturity.

(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for cash equivalent investments.

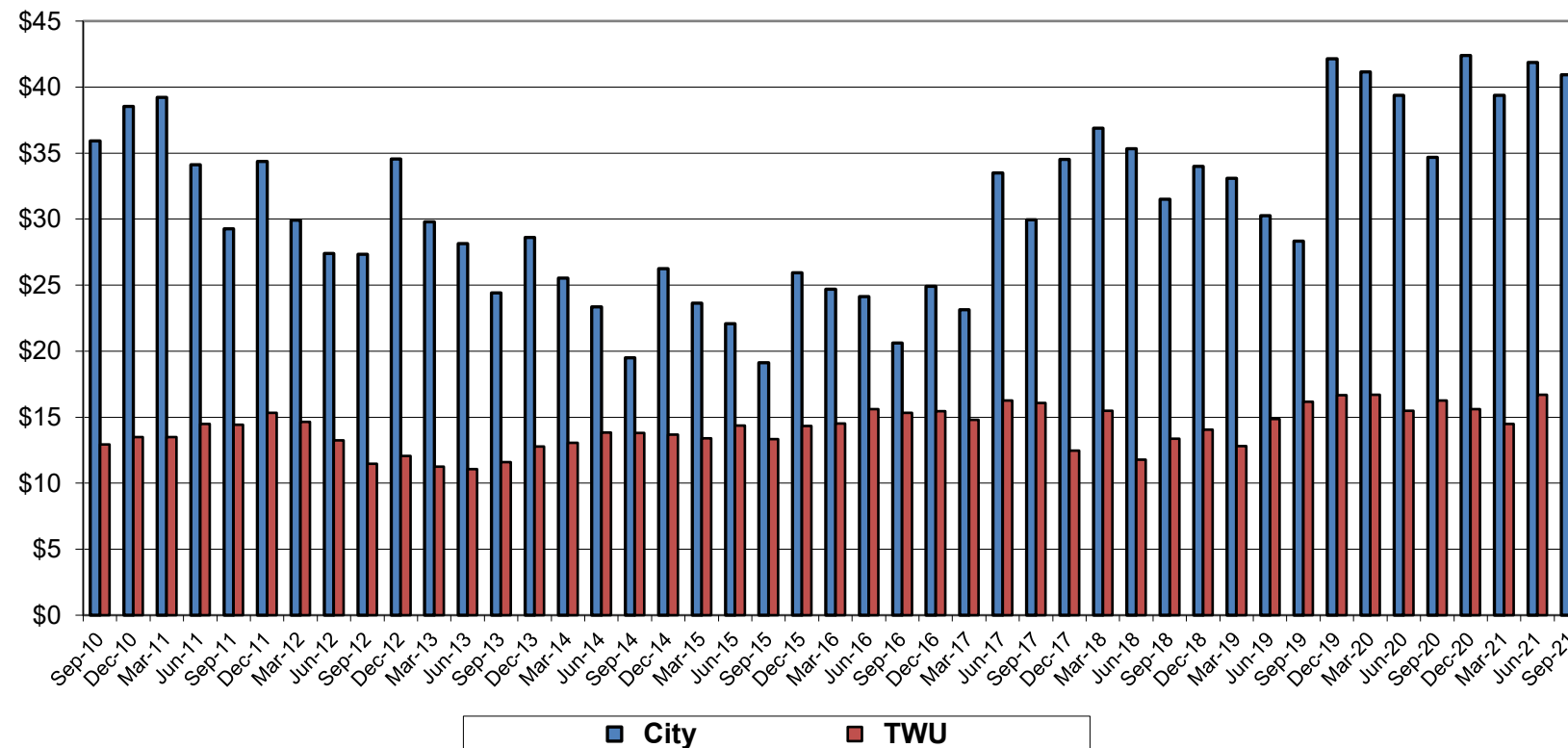
**City Portfolio Composition**



**TWU Portfolio Composition**



**Quarter End Portfolio (Millions)**



## Book & Market Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 06/30/21	Increases	Decreases	Book Value 09/30/21	Market Value 06/30/21	Change in Market Value	Market Value 09/30/21
Farmer's Bank & Trust MMA	1.07%	10/01/21	\$ 41,253,898	\$ 832,997	\$ -	\$ 42,086,895	\$ 41,253,898	\$ 832,997	\$ 42,086,895
Southside Bank MMA	0.08%	10/01/21	6,130	1	-	6,131	6,130	1	6,131
NexBank MMA	0.40%	10/01/21	6,388,067	592	-	6,388,659	6,388,067	592	6,388,659
NexBank ICS Savings	0.40%	10/01/21	7,680,172	7,746	-	7,687,918	7,680,172	7,746	7,687,918
Farmer's Bank & Trust CD	3.00%	07/26/21	1,059,046	-	(1,059,046)	-	1,059,046	(1,059,046)	-
Farmer's Bank & Trust CD	1.20%	05/16/22	287,436	-	-	287,436	287,436	-	287,436
Guaranty Bank & Trust CD	0.45%	12/02/22	1,882,500	-	-	1,882,500	1,882,500	-	1,882,500
<b>TOTAL / AVERAGE</b>	<b>0.89%</b>		<b>\$ 58,557,248</b>	<b>\$ 841,336</b>	<b>\$ (1,059,046)</b>	<b>\$ 58,339,539</b>	<b>\$ 58,557,248</b>	<b>\$ (217,709)</b>	<b>\$ 58,339,539</b>

**City Fund Allocation  
September 30, 2021  
Book & Market Value**

<b>Fund #</b>	<b>Fund Name</b>	<b>Total</b>	<b>Guaranty B&amp;T MMA</b>	<b>Farmer's B&amp;T MMA</b>	<b>Southside Bank MMA</b>	<b>NexBank MMA</b>	<b>NexBank ICS</b>
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**September allocation not available at this time.**

**City Fund Allocation  
June 30, 2021  
Book & Market Value**

<b>Fund #</b>	<b>Fund Name</b>	<b>Total</b>	<b>Guaranty B&amp;T MMA</b>	<b>Farmer's B&amp;T MMA</b>	<b>Southside Bank MMA</b>	<b>NexBank MMA</b>	<b>NexBank ICS</b>	<b>3.0% Farmer's B&amp;T CD: 07/26/19 07/26/21</b>
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**June allocation not available at this time.**

**Water Fund Allocation  
Book & Market Value  
September 30, 2021**

Fund Name	Total	Farmer's B&T MMA	NexBank MMA	1.20% Farmer's	0.45% Guaranty
				B&T CD: 05/16/20 - 05/16/22	B&T CD: 12/02/20 - 12/02/22
Revenue	\$ 1,387,589	\$ 335,518	\$ 152,072	\$ -	\$ 900,000
Technology	802,464	428,803	373,661	-	-
2020A Bond	126,394	126,394	-	-	-
2013 Bond	36,041	36,041	-	-	-
LTWSC Capital Improvement	673,061	673,061	-	-	-
Texas Capital Improvement	936,669	936,669	-	-	-
Texas Corps of Engineers Cost*	9,501,426	3,413,006	5,800,984	287,436	-
Texas Compost	364,818	364,818	-	-	-
Texas Customer Deposit	879,038	679,038	-	-	200,000
Equipment Acquisition	585,072	585,072	-	-	-
Texas Infrastructure	584,734	584,734	-	-	-
Texas Personnel Policy	195,127	112,627	-	-	82,500
Texas Reserve	727,457	27,457	-	-	700,000
WWTP Depreciation	174,171	174,171	-	-	-
Texas Waggoner Creek CIP	429,574	429,574	-	-	-
	<b>\$ 17,403,636</b>	<b>\$ 8,906,983</b>	<b>\$ 6,326,717</b>	<b>\$ 287,436</b>	<b>\$ 1,882,500</b>

\*All funds in this account are dedicated for payment to the Corps of Engineers for water rights and related costs for implementation of the Ultimate Rule Curve of Lake Wright Patman.

**Water Fund Allocation  
Book & Market Value  
June 30, 2021**

Fund Name	Total	Farmer's B&T MMA	NexBank MMA	1.20% Farmer's	0.45% Guaranty
				B&T CD: 05/16/20 - 05/16/22	B&T CD: 12/02/20 - 12/02/22
Revenue	\$ 2,050,624	\$ 998,711	\$ 151,913	\$ -	\$ 900,000
Technology	650,381	277,091	373,290	-	-
2020A Bond	81,243	81,243	-	-	-
2013 Bond	107,289	107,289	-	-	-
2013 Construction	13,782	13,782	-	-	-
LTWSC Capital Improvement	438,842	438,842	-	-	-
Texas Capital Improvement	676,534	676,534	-	-	-
Texas Corps of Engineers Cost*	8,835,795	2,747,375	5,800,984	287,436	-
Texas Compost	434,226	434,226	-	-	-
Texas Customer Deposit	872,916	672,916	-	-	200,000
Equipment Acquisition	575,782	575,782	-	-	-
Texas Infrastructure	313,422	313,422	-	-	-
Texas Personnel Policy	229,040	146,540	-	-	82,500
Texas Reserve	740,380	40,380	-	-	700,000
WWTP Depreciation	244,754	244,754	-	-	-
Texas Waggoner Creek CIP	427,992	427,992	-	-	-
	<b>\$ 16,693,003</b>	<b>\$ 8,196,880</b>	<b>\$ 6,326,187</b>	<b>\$ 287,436</b>	<b>\$ 1,882,500</b>

\*All funds in this account are dedicated for payment to the Corps of Engineers for water rights and related costs for implementation of the Ultimate Rule Curve of Lake Wright Patman.

**Collateral Position  
September 30, 2021**

	CITY			WATER UTILITY		
	Farmers B&T	Southside Bank	NexBank	Guaranty B&T	NexBank	Farmers B&T
Collateral Value	\$ 40,500,000	\$ -	\$ -	\$ 1,882,500	\$ 6,500,000	\$ 12,550,000
+ FDIC Insurance (1)	250,000	250,000	7,937,918	250,000	250,000	250,000
<b>Total Enhancement</b>	<b>\$ 40,750,000</b>	<b>\$ 250,000</b>	<b>\$ 7,937,918</b>	<b>\$ 2,132,500</b>	<b>\$ 6,750,000</b>	<b>\$ 12,800,000</b>
Total Deposits	\$ 33,179,912	\$ 6,131	\$ 7,749,860	\$ 1,882,500	\$ 6,326,717	\$ 9,194,420
<b>Excess Coverage</b>	<b>\$ 7,570,088</b>	<b>\$ 243,869</b>	<b>\$ 188,058</b>	<b>\$ 250,000</b>	<b>\$ 423,283</b>	<b>\$ 3,605,580</b>
Percentage Coverage	123%	4078%	102%	113%	107%	139%
Collateral Type:						
Treasuries						
Agency Bullets						
Agency Callable						
Agency LOC	\$ 40,500,000			\$ 1,882,500	\$ 6,500,000	\$ 12,550,000
Munis						

(1) Includes Certificate of Deposit Account Registry Service and Insured Cash Sweep balances less than \$250,000 per institution.