



City of Texarkana, Texas



QUARTERLY INVESTMENT REPORT

**For the Quarter Ended
September 30, 2022**

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.

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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

Asset Type	September 30, 2021			September 30, 2022		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
DDA/MMA	0.94%	\$ 40,935,903	\$ 40,935,903	2.96%	\$ 48,083,581	\$ 48,083,581
CDs/Securities	0.00%	—	—	0.00%	—	—
Totals		\$ 40,935,903	\$ 40,935,903		\$ 48,083,581	\$ 48,083,581
Fourth Quarter-End Yield	0.94%			2.96%		
Average Quarter-End Yields (1):						
City Funds	1.03%			1.51%		
Fiscal YTD Interest Earnings		\$ 421,675 (Approximate)			\$ 645,807 (Approximate)	

Water Utility

Asset Type	September 30, 2021			September 30, 2022		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
DDA/MMA	0.81%	\$ 15,233,700	\$ 15,233,700	2.96%	\$ 16,308,954	\$ 16,308,954
CDs/Securities	0.55%	2,169,936	2,169,936	0.65%	2,576,915	2,576,915
Totals		\$ 17,403,636	\$ 17,403,636		\$ 18,885,869	\$ 18,885,869
Fourth Quarter-End Yield	0.78%			2.64%		
Average Quarter-End Yields (1):						
Water Utility	0.75%			1.33%		
Fiscal YTD Interest Earnings		\$ 102,806 (Approximate)			\$ 166,173 (Approximate)	

Average Quarter-End Yields (1):

Rolling Three Month Treasury	0.06%	1.06%
Rolling Six Month Treasury	0.08%	1.01%
TexPool	0.04%	0.90%

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

Summary

City Funds

Asset Type	June 30, 2022		September 30, 2022		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
DDA/MMA	\$ 50,481,060	\$ 50,481,060	\$ 48,083,581	\$ 48,083,581	2.96%
CDs/Securities	-	-	-	-	0.00%
Totals	\$ 50,481,060	\$ 50,481,060	\$ 48,083,581	\$ 48,083,581	2.96%
Total Portfolio Average - Quarter					2.96%
Fiscal Year-to-Date Average Yield (2)					1.51%
Quarterly Interest Income					\$ 289,687
Year-to-date Interest Income					\$ 645,807

Water Utility

Asset Type	June 30, 2022		September 30, 2022		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
DDA/MMA	\$ 16,108,470	\$ 16,108,470	\$ 16,308,954	\$ 16,308,954	2.96%
CDs/Securities	2,569,936	2,569,936	2,576,915	2,576,915	0.65%
Totals	\$ 18,678,406	\$ 18,678,406	\$ 18,885,869	\$ 18,885,869	2.64%
Total Portfolio Average - Quarter					2.64%
Fiscal Year-to-Date Average Yield (2)					1.33%
Quarterly Interest Income					\$ 64,884
Year-to-date Interest Income					\$ 166,173

	<u>QTR</u>		<u>YTD</u>
Rolling Three Month Treasury	2.76%	Rolling Three Month Treasury	1.06%
Rolling Six Month Treasury	2.46%	Rolling Six Month Treasury	1.01%
TexPool	2.41%	TexPool	0.90%

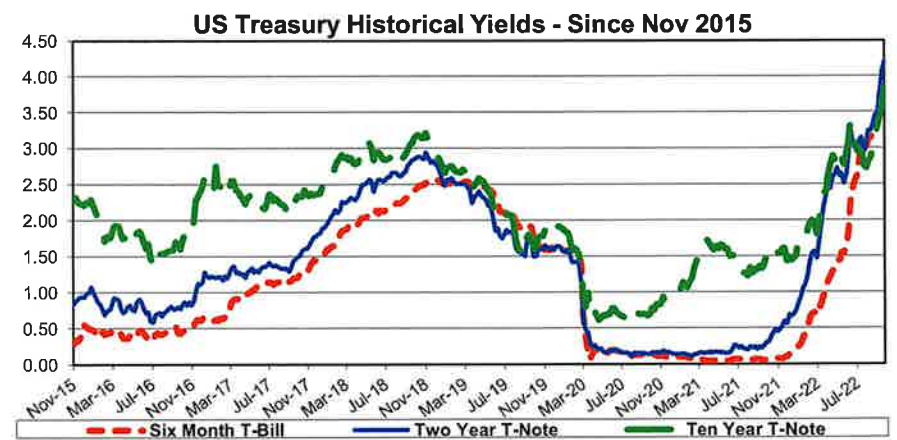
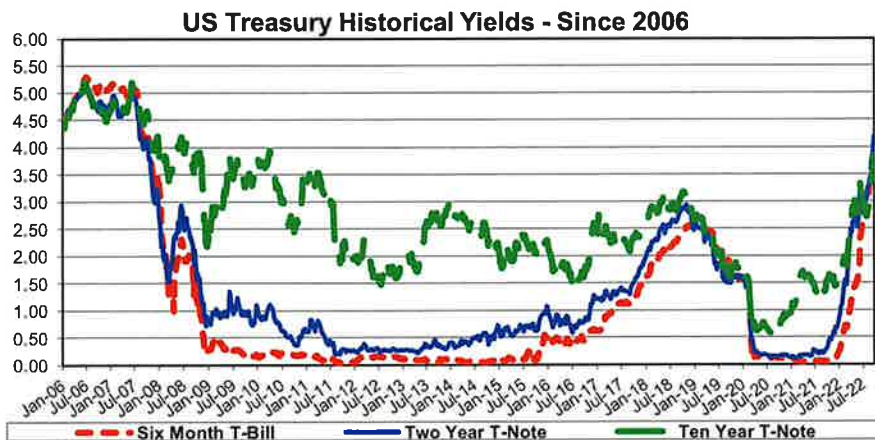
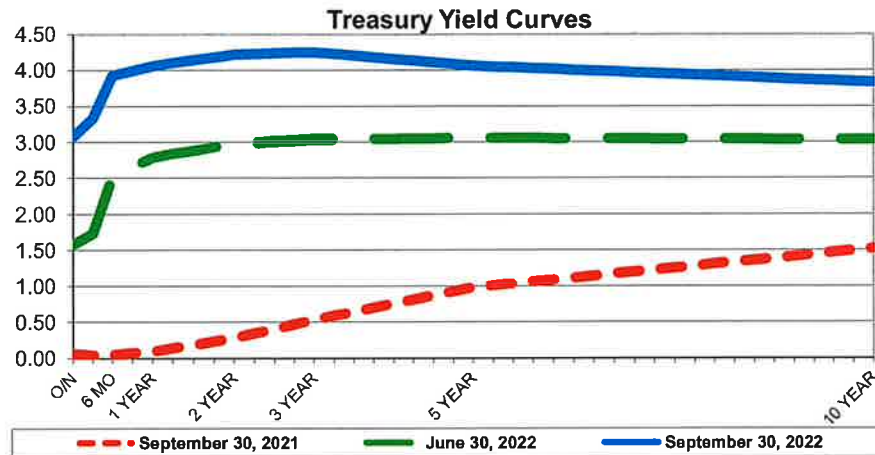
(1) **Current Quarter Weighted Average Yield** - calculated using quarter-end report yields and adjusted book values, does not reflect a total return analysis, realized or unrealized gains/losses or account for advisory fees. The yield for the reporting month is used for bank, pool, and money market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

9/30/2022

The Federal Open Market Committee (FOMC) raised the Fed Funds target range 0.75% to 3.00% - 3.25% September 21st (Effective Fed Funds are trading +/-3.10%). The FOMC continued actively reducing their balance sheet. An additional 0.50% - 0.75% increase is currently anticipated November 2nd. Second Quarter GDP was confirmed at -0.6%. Domestic and international economies are slowing. September Non-Farm Payroll added 263k new jobs with a Three Month Average of 372k. Crude oil fell below \$80 per barrel, but OPEC+ announced a target production reduction of 2 million barrels/day. The Stock Markets continued bouncing down and are +/-20% below the 2021 peak. The negatively sloped yield curve (6 months to 10 years, with peak yield at 3 years) may indicate lower future interest rates. Inflation remained well over the FOMC 2% target (Core PCE +/-4.9% and CPI exceeding 8%).



Investment Holdings
September 30, 2022

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	2.90%	10/01/22	09/30/22	\$ 30,193,789	\$ 30,193,789	1.00	\$ 30,193,789	1	2.90%
Southside Bank MMA	2.44%	10/01/22	09/30/22	6,269	6,269	1.00	6,269	1	2.44%
NexBank MMA	3.05%	10/01/22	09/30/22	36	36	1.00	36	1	3.05%
NexBank IntraFi MMA	3.05%	10/01/22	09/30/22	17,883,486	17,883,486	1.00	17,883,486	1	3.05%
Total City Funds				\$ 48,083,581	\$ 48,083,581		\$ 48,083,581	1	2.96%

Water Utility

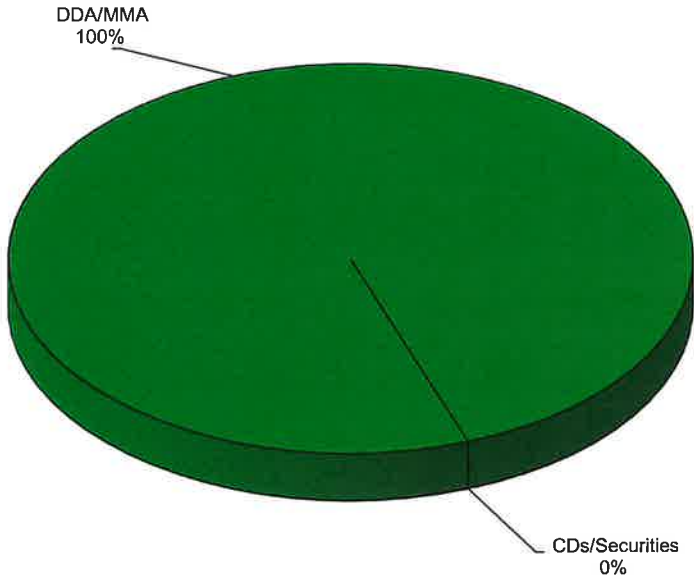
Description	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Farmer's Bank & Trust MMA	2.90%	10/01/22	09/30/22	\$ 9,915,113	\$ 9,915,113	1.00	\$ 9,915,113	1	2.90%
NexBank IntraFi MMA	3.05%	10/01/22	09/30/22	6,393,841	6,393,841	1.00	6,393,841	1	3.05%
Guaranty Bank & Trust CD	0.45%	12/02/22	12/02/20	1,882,500	1,882,500	100.00	1,882,500	63	0.45%
Farmer's B&T CD	1.20%	05/10/24	05/10/22	400,000	400,000	100.00	400,000	588	1.20%
Farmer's B&T CD	1.20%	05/16/24	05/16/22	294,415	294,415	100.00	294,415	594	1.20%
Total Water Utility				\$ 18,885,869	\$ 18,885,869		\$ 18,885,869	29	2.64%
Combined Portfolio				\$ 66,969,450	\$ 66,969,450		\$ 66,969,450	9	2.87%

(1) (2)

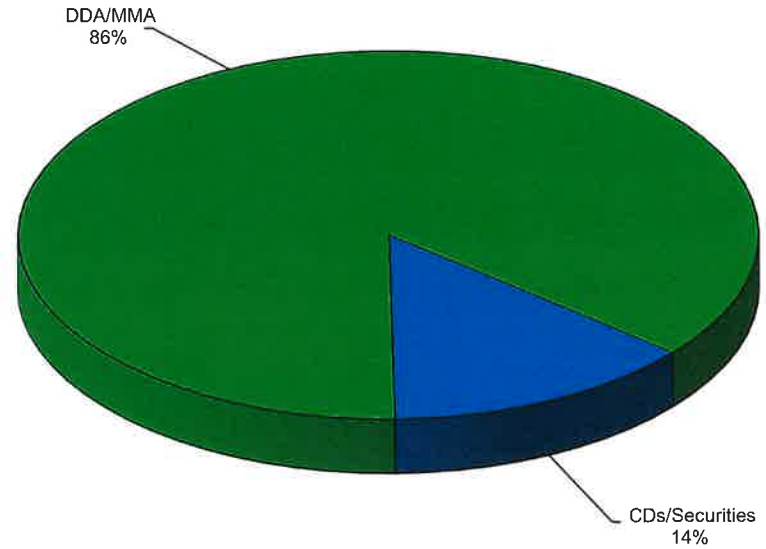
(1) **Weighted average life** - For purposes of calculating weighted average life, cash equivalent investments are assumed to have a one day maturity.

(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.

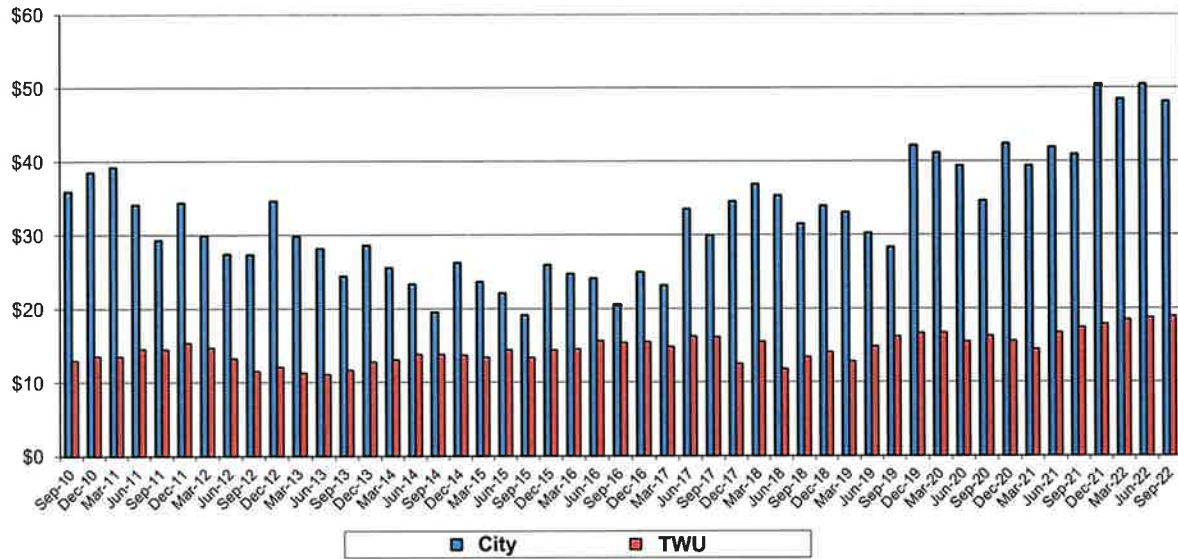
City Portfolio Composition



TWU Portfolio Composition



Quarter End Portfolio (Millions)



Book & Market Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 06/30/22	Increases	Decreases	Book Value 09/30/22	Market Value 06/30/22	Change in Market Value	Market Value 09/30/22
Farmer's Bank & Trust MMA	2.90%	10/01/22	\$ 42,438,023	\$ —	\$ (2,329,120)	\$ 40,108,903	\$ 42,438,023	\$ (2,329,120)	\$ 40,108,903
Southside Bank MMA	2.44%	10/01/22	6,237	32	—	6,269	6,237	32	6,269
NexBank MMA	3.05%	10/01/22	36	—	—	36	36	—	36
NexBank IntraFi MMA	3.05%	10/01/22	24,145,233	132,094	—	24,277,327	24,145,233	132,094	24,277,327
Guaranty Bank & Trust CD	0.45%	12/02/22	1,882,500	—	—	1,882,500	1,882,500	—	1,882,500
Farmer's B&T CD	1.20%	05/10/24	400,000	—	—	400,000	400,000	—	400,000
Farmer's B&T CD	1.20%	05/16/24	287,436	6,978	—	294,415	287,436	6,978	294,415
TOTAL / AVERAGE	2.87%		\$ 69,159,466	\$ 139,104	\$ (2,329,120)	\$ 66,969,450	\$ 69,159,466	\$ (2,190,016)	\$ 66,969,450

**City Fund Allocation
September 30, 2022
Book & Market Value**

Fund #	Fund Name	Total	Guaranty B&T MMA	Farmer's B&T MMA	Southside Bank MMA	NexBank MMA	NexBank ICS
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September allocation not available at this time.

**City Fund Allocation
June 30, 2022
Book & Market Value**

Fund #	Fund Name	Total	Guaranty B&T MMA	Farmer's B&T MMA	Southside Bank MMA	NexBank MMA	NexBank ICS
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June allocation not available at this time.

**Water Fund Allocation
Book & Market Value
September 30, 2022**

Fund Name	Total	Farmer's B&T MMA	NexBank IntraFi MMA	0.45% Guaranty	1.20%	1.20%
				B&T CD: 12/02/20 - 12/02/22	Farmer's B&T CD 5/10/22 - 5/10/24	Farmer's B&T CD 5/16/22 - 5/16/24
Revenue	\$ 1,425,611	\$ 372,043	\$ 153,567	\$ 900,000	\$ -	\$ -
Technology	693,374	316,122	377,253	-	-	-
2020A Bond	123,948	123,948	-	-	-	-
2013 Bond	28,842	28,842	-	-	-	-
LTWSC Capital Improvement	783,954	783,954	-	-	-	-
Texas Capital Improvement	1,233,286	1,233,286	-	-	-	-
Texas Corps of Engineers Cost*	11,020,739	4,863,303	5,863,021	-	-	294,415
Texas Compost	137,956	137,956	-	-	-	-
Texas Customer Deposit	903,630	303,630	-	200,000	400,000	-
Equipment Acquisition	236,196	236,196	-	-	-	-
Texas Infrastructure	860,168	860,168	-	-	-	-
Texas Personnel Policy	221,120	138,620	-	82,500	-	-
Texas Reserve	715,140	15,140	-	700,000	-	-
WWTP Depreciation	216,584	216,584	-	-	-	-
Texas Waggoner Creek CIP	285,321	285,321	-	-	-	-
	\$ 18,885,869	\$ 9,915,113	\$ 6,393,841	\$ 1,882,500	\$ 400,000	\$ 294,415

*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

**Water Fund Allocation
Book & Market Value
June 30, 2022**

Fund Name	Total	Farmer's B&T MMA	NexBank IntraFi MMA	0.45% Guaranty	1.20%	1.20%
				B&T CD: 12/02/20 - 12/02/22	Farmer's B&T CD 5/10/22 - 5/10/24	Farmer's B&T CD 5/16/22 - 5/16/24
Revenue	\$ 1,811,095	\$ 758,376	\$ 152,719	\$ 900,000	\$ -	\$ -
Technology	637,571	262,359	375,212	-	-	-
2020A Bond	74,572	74,572	-	-	-	-
2013 Bond	104,990	104,990	-	-	-	-
LTWSC Capital Improvement	579,430	579,430	-	-	-	-
Texas Capital Improvement	1,332,769	1,332,769	-	-	-	-
Texas Corps of Engineers Cost*	10,442,625	4,324,068	5,831,120	-	-	287,436
Texas Compost	410,612	410,612	-	-	-	-
Texas Customer Deposit	925,883	325,883	-	200,000	400,000	-
Equipment Acquisition	100,290	100,290	-	-	-	-
Texas Infrastructure	777,769	777,769	-	-	-	-
Texas Personnel Policy	209,421	126,921	-	82,500	-	-
Texas Reserve	727,477	27,477	-	700,000	-	-
WWTP Depreciation	236,011	236,011	-	-	-	-
Texas Waggoner Creek CIP	307,891	307,891	-	-	-	-
	\$ 18,678,406	\$ 9,749,418	\$ 6,359,052	\$ 1,882,500	\$ 400,000	\$ 287,436

*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

**Collateral Position
September 30, 2022**

	CITY			WATER UTILITY		
	Farmers B&T	Southside Bank	NexBank	Guaranty B&T	NexBank	Farmers B&T
Collateral Value	\$ 47,500,000	\$ -	\$ -	\$ 1,882,500	\$ -	\$ 13,350,000
+ FDIC Insurance (1)	250,000	250,000	18,133,486	250,000	6,643,841	250,000
Total Enhancement	\$ 47,750,000	\$ 250,000	\$ 18,133,486	\$ 2,132,500	\$ 6,643,841	\$ 13,600,000
Total Deposits	\$ 30,193,789	\$ 6,269	\$ 17,883,523	\$ 1,882,500	\$ 6,393,841	\$ 10,609,528
Excess Coverage	\$ 17,556,211	\$ 243,731	\$ 249,964	\$ 250,000	\$ 250,000	\$ 2,990,472
Percentage Coverage	158%	3988%	101%	113%	104%	128%
Collateral Type:						
Treasuries						
Agency Bullets						
Agency Callable						
Agency LOC	\$ 47,500,000			\$ 1,882,500	\$ -	\$ 13,350,000
Munis						

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