



# INVESTMENT PORTFOLIO SUMMARY

**For the Quarter Ended**

**September 30, 2021**

**Prepared by**

**Valley View Consulting, L.L.C.**

The investment portfolio of the City of Lufkin is in compliance with the Public Funds Investment Act and the City of Lufkin  
Investi

 City Manager

\_\_\_\_\_  
Director of Finance

\_\_\_\_\_  
Senior Accountant

**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:

Asset Type	September 30, 2020			September 30, 2021		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
DDA/MMA/Pools	0.27%	\$ 15,962,643	\$ 15,962,643	0.14%	\$ 35,727,254	\$ 35,727,254
Securities/CDs	1.77%	26,245,000	26,245,000	0.47%	20,285,476	20,285,476
<b>Totals</b>		<b>\$ 42,207,643</b>	<b>\$ 42,207,643</b>		<b>\$ 56,012,730</b>	<b>\$ 56,012,730</b>
Fourth Quarter-End Yield	<b>1.21%</b>			<b>0.26%</b>		

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

	2020 Fiscal Year	2021 Fiscal Year
Lufkin	1.71%	0.52%
Rolling Three Month Treasury	0.76%	0.06%
Rolling Six Month Treasury	0.99%	0.08%
TexPool	0.75%	0.04%

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

## Summary

### Quarter End Results by Investment Category:

Asset Type	June 30, 2021		September 30, 2021		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
DDA/MMA/Pools	\$ 36,943,747	\$ 36,943,747	\$ 35,727,254	\$ 35,727,254	0.14%
Securities/CDs	20,245,000	20,245,000	20,285,476	20,285,476	0.47%
<b>Totals</b>	<b>\$ 57,188,747</b>	<b>\$ 57,188,747</b>	<b>\$ 56,012,730</b>	<b>\$ 56,012,730</b>	<b>0.26%</b>

#### Current Quarter Average Yield (1)

Total Portfolio	0.26%
Rolling Three Month Treasury	0.05%
Rolling Six Month Treasury	0.05%
TexPool	0.03%

#### Fiscal Year-to-Date Average Yield (2)

Total Portfolio	0.52%
Rolling Three Month Treasury	0.06%
Rolling Six Month Treasury	0.08%
TexPool	0.04%

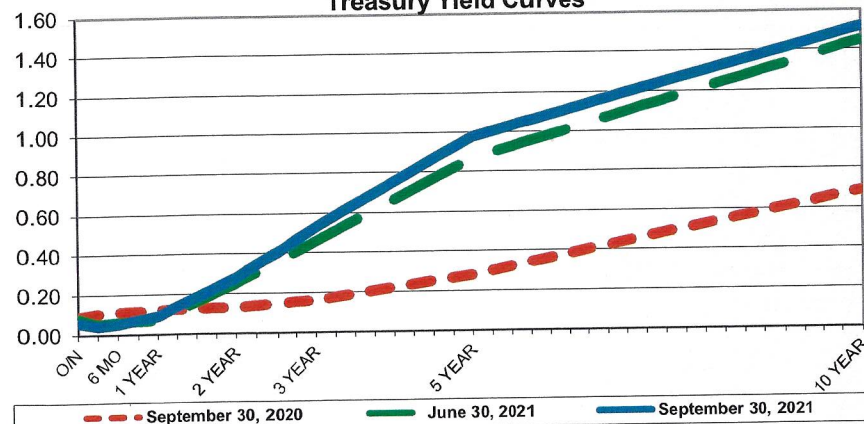
(1) **Current Quarter Average Yield** - based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.

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

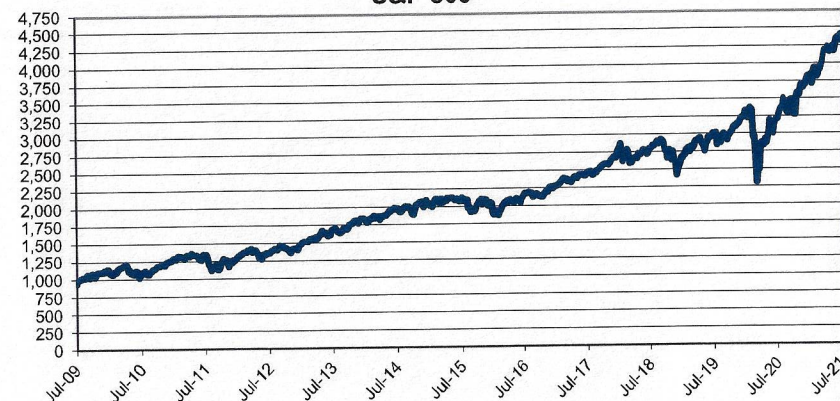
## Economic Overview

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.

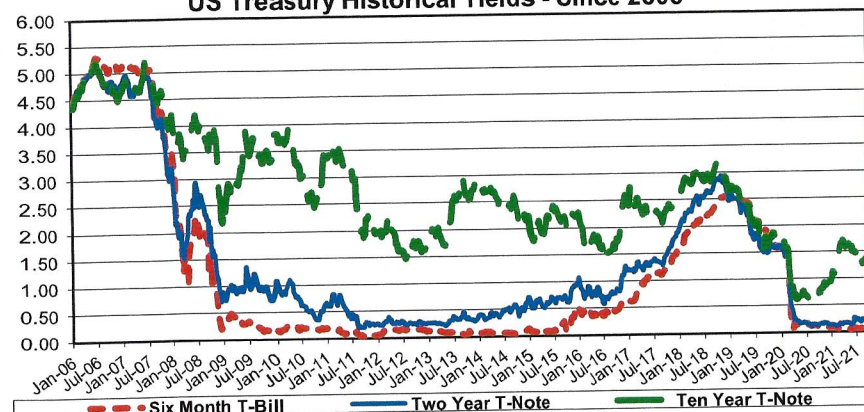
### Treasury Yield Curves



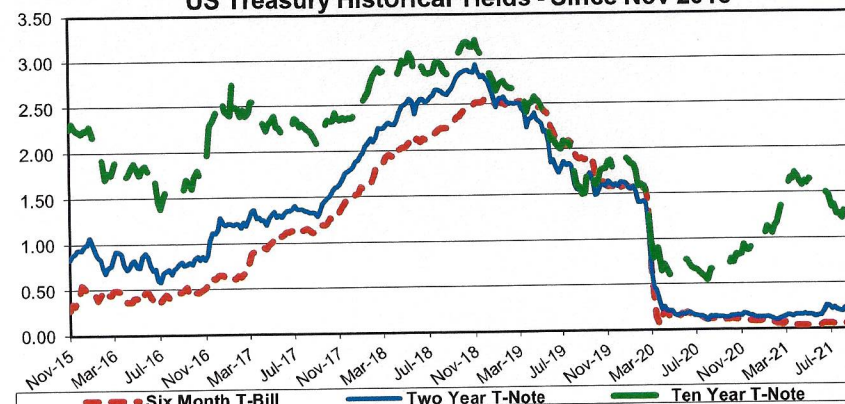
### S&P 500



### US Treasury Historical Yields - Since 2006



### US Treasury Historical Yields - Since Nov 2015





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

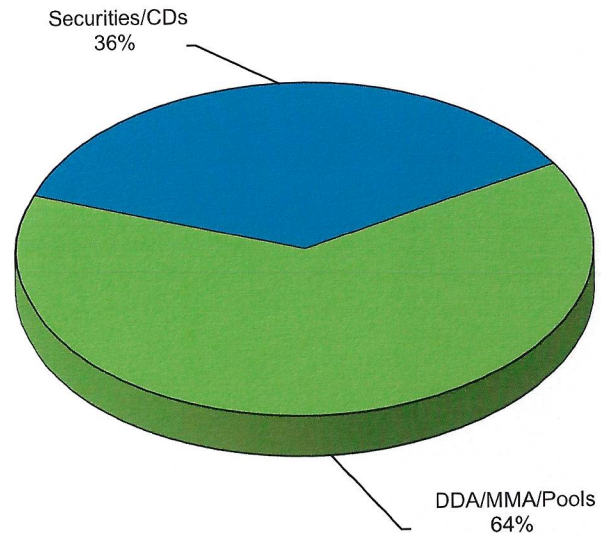
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA (3)		0.18%	10/01/21	09/30/21	\$ 9,133,538	\$ 9,133,538	1	\$ 9,133,538	1	0.18%
DDA Debit Card		0.00%	10/01/21	09/30/21	101,218	101,218	1	101,218	1	0.00%
Southside Bank MMA		0.18%	10/01/21	09/30/21	16,443,045	16,443,045	1	16,443,045	1	0.18%
BTH Bank MMA / ICS		0.02%	10/01/21	09/30/21	107,732	107,732	1	107,732	1	0.02%
TexPool	AAAm	0.03%	10/01/21	09/30/21	9,785,791	9,785,791	1	9,785,791	1	0.03%
TexSTAR	AAAm	0.01%	10/01/21	09/30/21	155,931	155,931	1	155,931	1	0.01%
Bank OZK CD		0.85%	11/05/21	05/05/20	2,000,000	2,000,000	100	2,000,000	36	0.85%
East West Bank CD		0.27%	11/20/21	11/20/20	2,000,000	2,000,000	100	2,000,000	51	0.27%
Texas Bank CD		0.90%	01/28/22	07/28/20	245,000	245,000	100	245,000	120	0.90%
Prosperity Bank CD		0.20%	03/02/22	03/02/21	2,000,000	2,000,000	100	2,000,000	153	0.20%
Bank OZK CD		0.67%	05/29/22	05/29/20	2,000,000	2,000,000	100	2,000,000	241	0.67%
Texas Bank Financial CDARS		0.75%	07/28/22	07/29/21	2,020,432	2,020,432	100	2,020,432	301	0.75%
Texas Bank Financial CDARS		0.75%	08/04/22	08/05/21	2,020,044	2,020,044	100	2,020,044	308	0.75%
Bank OZK CD		0.40%	09/05/22	09/04/20	2,000,000	2,000,000	100	2,000,000	340	0.40%
Prosperity Bank CD		0.20%	10/11/22	03/11/21	2,000,000	2,000,000	100	2,000,000	376	0.20%
Allegiance Bank CD		0.30%	11/20/22	11/20/20	2,000,000	2,000,000	100	2,000,000	416	0.30%
Prosperity Bank CD		0.25%	03/13/23	03/11/21	2,000,000	2,000,000	100	2,000,000	529	0.25%
					<b>\$ 56,012,730</b>	<b>\$ 56,012,730</b>		<b>\$ 56,012,730</b>	<b>100</b>	<b>0.26%</b>
									(1)	(2)

(1) **Weighted average life** - For purposes of calculating weighted average life, TexPool, TexSTAR, and Money Market investments are assumed to have a one day maturity.

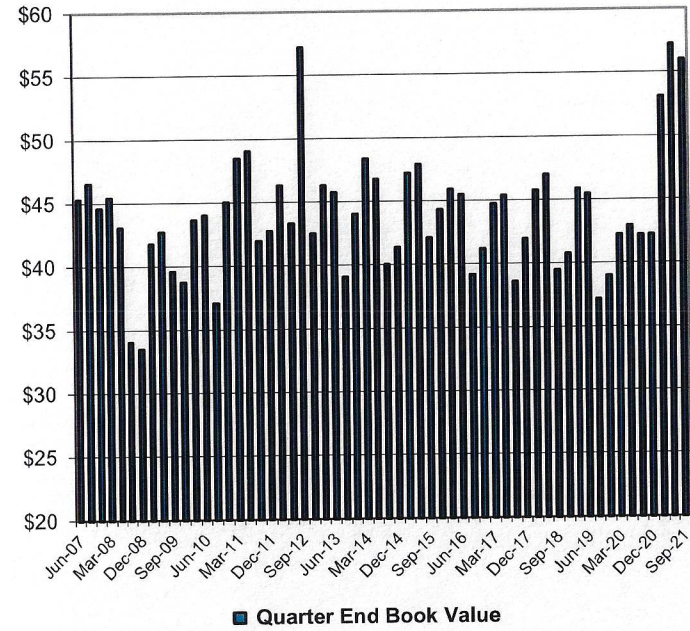
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for TexPool, TexSTAR, and Money Market investments.

(3) **Earnings Credit Rate** - The City's DDA accrues earnings credit to offset service charges and fees. Rate estimated.

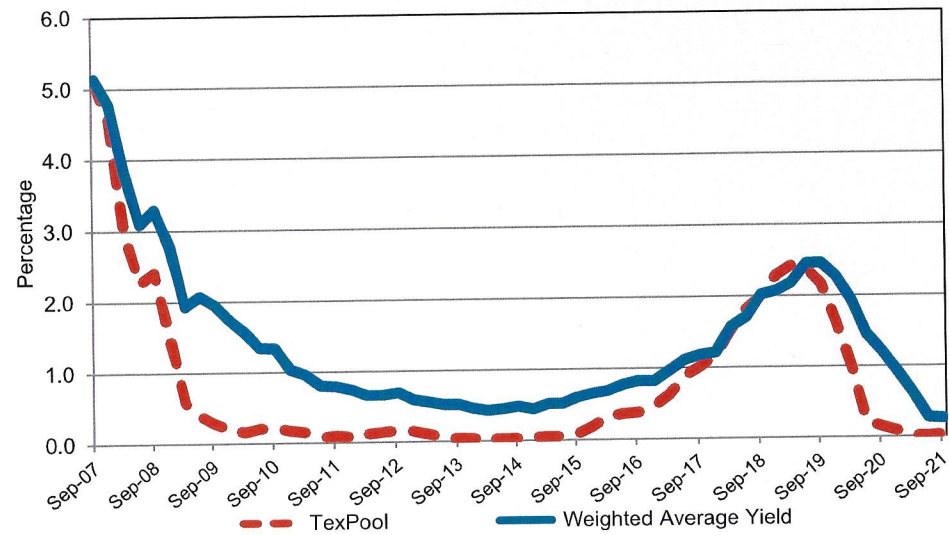
**Portfolio Composition**



**Total Portfolio (Millions)**



**Total Portfolio Performance**





## Book & 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
DDA	0.18%	10/01/21	\$ 14,556,359	\$ —	\$ (5,422,821)	\$ 9,133,538	\$ 14,556,359	\$ (5,422,821)	\$ 9,133,538
DDA Debit Card	0.00%	10/01/21	100,875	343	—	101,218	100,875	343	101,218
Southside Bank MMA	0.18%	10/01/21	16,435,922	7,123	—	16,443,045	16,435,922	7,123	16,443,045
BTH Bank MMA / ICS	0.02%	10/01/21	107,726	5	—	107,732	107,726	5	107,732
TexPool	0.03%	10/01/21	5,586,938	4,198,853	—	9,785,791	5,586,938	4,198,853	9,785,791
TexSTAR	0.01%	10/01/21	155,927	4	—	155,931	155,927	4	155,931
Texas Bank Financial CDARS	1.00%	07/29/21	2,000,000	—	(2,000,000)	—	2,000,000	(2,000,000)	—
Texas Bank Financial CDARS	1.00%	08/06/21	2,000,000	—	(2,000,000)	—	2,000,000	(2,000,000)	—
Bank OZK CD	0.85%	11/05/21	2,000,000	—	—	2,000,000	2,000,000	—	2,000,000
East West Bank CD	0.27%	11/20/21	2,000,000	—	—	2,000,000	2,000,000	—	2,000,000
Texas Bank CD	0.90%	01/28/22	245,000	—	—	245,000	245,000	—	245,000
Prosperity Bank CD	0.20%	03/02/22	2,000,000	—	—	2,000,000	2,000,000	—	2,000,000
Bank OZK CD	0.67%	05/29/22	2,000,000	—	—	2,000,000	2,000,000	—	2,000,000
Texas Bank Financial CDARS	0.75%	07/28/22	—	2,020,432	—	2,020,432	—	2,020,432	2,020,432
Texas Bank Financial CDARS	0.75%	08/04/22	—	2,020,044	—	2,020,044	—	2,020,044	2,020,044
Bank OZK CD	0.40%	09/05/22	2,000,000	—	—	2,000,000	2,000,000	—	2,000,000
Prosperity Bank CD	0.20%	10/11/22	2,000,000	—	—	2,000,000	2,000,000	—	2,000,000
Allegiance Bank CD	0.30%	11/20/22	2,000,000	—	—	2,000,000	2,000,000	—	2,000,000
Prosperity Bank CD	0.25%	03/13/23	2,000,000	—	—	2,000,000	2,000,000	—	2,000,000
<b>TOTAL / AVERAGE</b>	<b>0.26%</b>		<b>\$ 57,188,747</b>	<b>\$ 8,246,804</b>	<b>\$ (9,422,821)</b>	<b>\$ 56,012,730</b>	<b>\$ 57,188,747</b>	<b>\$ (1,176,017)</b>	<b>\$ 56,012,730</b>

# FUND EQUITY IN POOLED CASH AND INVESTMENTS

FUND NO	FUND NAME	6/30/2021	9/30/2021
101	GENERAL FUND	\$ 20,385,528	\$ 15,308,522
206	CONVENTION CENTER-HOTEL/MOTEL TAX FUND	1,036,761	1,155,549
217	PROPERTY INSURANCE LOSS FUND	19,594	(44,072)
221	SPECIAL RECREATION FUND	11,011	(9,001)
225	PINES THEATER SPECIAL EVENTS FUND	(70,013)	(51,235)
226	ELLEN TROUT ZOO FUND	1,994,482	2,185,495
227	POLICE FORFEITURE FUND	240,776	243,444
228	COURT SECURITY/TECHNOLOGY FUND	95,039	99,679
230	POLICE DARE CONTRIBUTION FUND	109	109
232	DRAINAGE MITIGATION	27,770	36,771
234	COMMUNITY DEV/DWNTWN IMPROVEMENT	42,159	40,251
241	ANIMAL CONTROL - KURTH GRANT	48,497	82,485
242	ANIMAL'S ATTIC GIFT SHOP	58,831	58,899
250	POLICE GRANTS & PROPERTY	(9,281)	(9,543)
251	FIRE GRANTS	13,683	12,992
252	FEMA FUNDED GRANTS	26,106	26,138
253	CARES ACT FUND	-	4,338,856
290	ECONOMIC DEVELOPMENT	(2,880)	(32,049)
295	LCVB FUND	345	974
300	GF STREET CONSTRUCTION FUND	26,080	1,798,036
308	CONVENTION CENTER - EDI	29,899	29,909
313	2010 CAPITAL IMPROVEMENTS FUND	2,131	2,169
314	2012 CAPITAL IMPROVEMENTS FUND	(2,931)	(2,921)
315	2020 CAPITAL IMPROVEMENTS FUND	3,936,523	3,936,523
340	TEXAS CAPITAL GRANT FUND	53	53
341	ECONOMIC DEVELOPMENT PROJECTS/GRANTS	(128,270)	112
348	SOLID WASTE DEPRECIATION	683,163	695,900
357	2009 WATER/SEWER CO'S	16,155	16,345
358	2013 WWATER/SEWER CO'S	(600,265)	(603,534)
380	WATER & WASTEWATER DEPRECIATION	8,753,498	9,184,452
401	GENERAL OBLIGATION DEBT SERVICE	6,550,300	2,383,412
451	REVENUE BOND DEBT SERVICE	1,744	1,746
501	WATER/WASTEWATER FUND	5,194,629	5,550,598
548	SOLID WASTE DISPOSAL FUND	2,487,365	2,643,782
615	HEALTH INSURANCE - ACTIVE	2,459,807	2,189,280
616	RETIREEES HEALTH INSURANCE FUND	23,315	24,577
641	EQUIPMENT ACQ & REPLACEMENT FUND	3,833,627	3,464,622
642	TECHNOLOGY AMORTIZATION	-	1,250,000
747	MEDICAL SAVINGS FUND	3,407	3,407
<b>TOTAL POOLED CASH &amp; INVESTMENTS</b>		<b>\$ 57,188,747</b>	<b>\$ 56,012,730</b>



**Investment Holdings - EDC**  
**September 30, 2021**

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
TexPool - EDC	AAAm	0.03%	10/01/21	09/30/21	\$ 4,042,462	\$ 4,042,462	1.00	\$ 4,042,462	1	0.03%
					<u>\$ 4,042,462</u>	<u>\$ 4,042,462</u>		<u>\$ 4,042,462</u>	<u>1</u>	<u>0.03%</u>
									(1)	(2)

(1) **Weighted average life** - For purposes of calculating weighted average life, TexPool, TexSTAR, and Money Market 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 TexPool, TexSTAR, and Money Market investments.