



# **INVESTMENT PORTFOLIO SUMMARY**

**For the Quarter Ended**

**December 31, 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 Investment Policy and Strategies.

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City Manager

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Director of Finance

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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.

## Summary

### Quarter End Results by Investment Category:

Asset Type	September 30, 2021		December 31, 2021		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
DDA/MMA/Pools	\$ 35,727,254	\$ 35,727,254	\$ 34,886,334	\$ 34,886,334	0.18%
Securities/CDs	20,285,476	20,285,476	22,285,476	22,285,476	0.39%
<b>Totals</b>	<b>\$ 56,012,730</b>	<b>\$ 56,012,730</b>	<b>\$ 57,171,810</b>	<b>\$ 57,171,810</b>	0.26%

#### Current Quarter Average Yield (1)

Total Portfolio	0.26%
Rolling Three Month Treasury	0.06%
Rolling Six Month Treasury	0.08%
TexPool	0.04%

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

Total Portfolio	0.26%
Rolling Three Month Treasury	0.06%
Rolling Six Month Treasury	0.08%
TexPool	0.04%

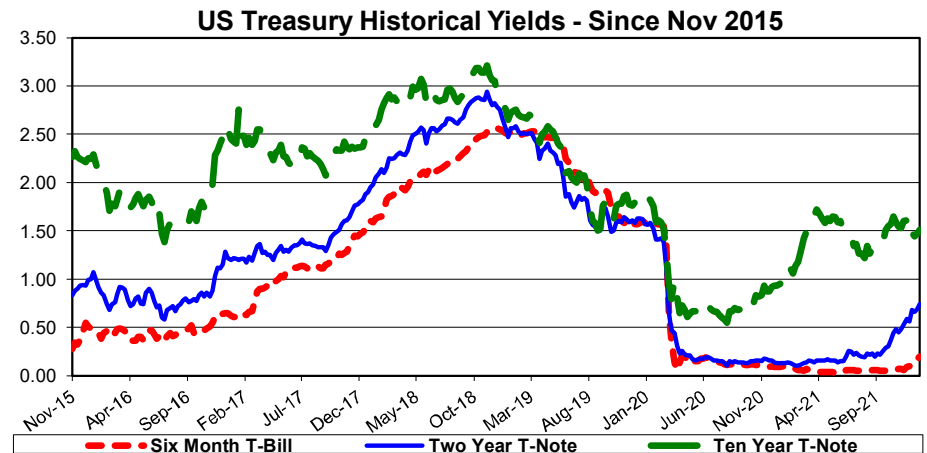
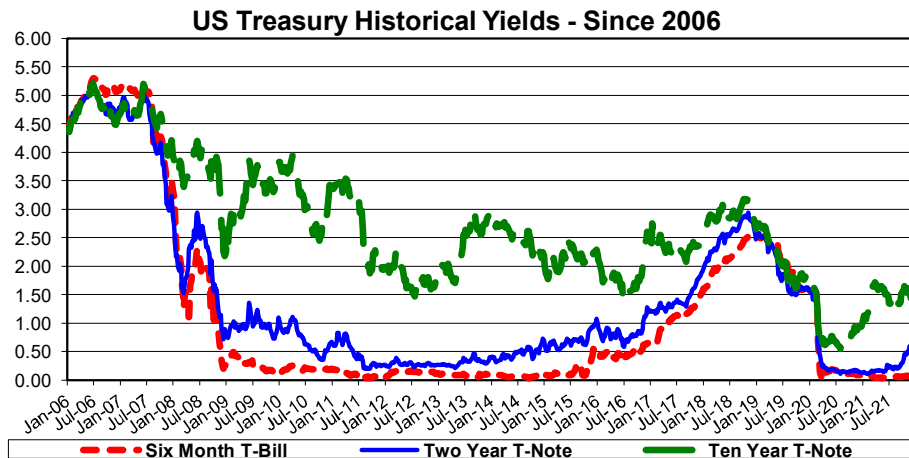
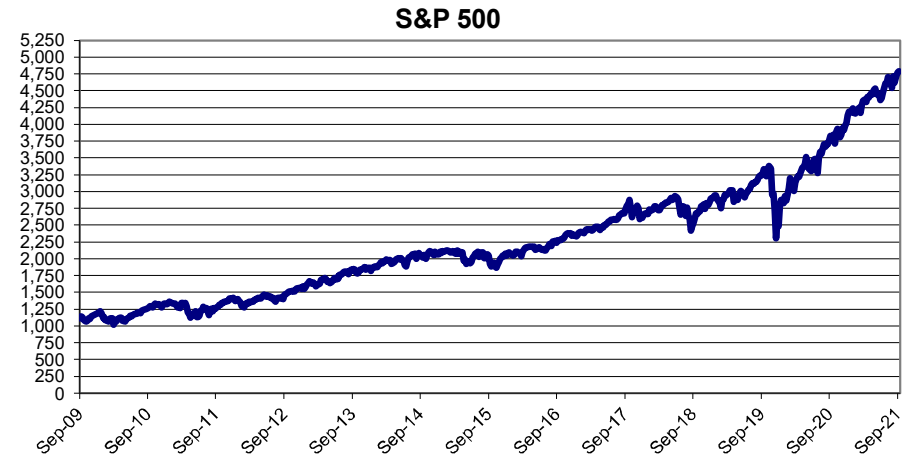
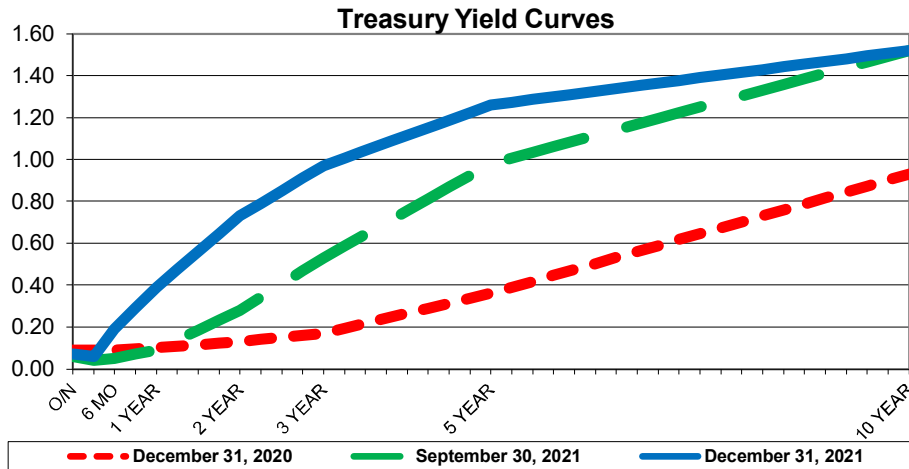
(1) **Current Quarter Average Yield** - based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.

(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

12/31/2021

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%). The FOMC began reducing monthly security purchases during Nov 2021 and then increased the paced at the December meeting. Projections for target range increases shortened to late spring or early summer 2022. Third Quarter GDP posted +2.3% (Final). December employment reflected U-2 dropping to 3.9% and Non-Farm Payroll adding 199k net new jobs (Three Month Average NFP = 365). Crude oil reversed recent declines and bounced back to +/- \$75 per barrel. The Stock Markets reached new highs. Many domestic economic indicators remain positive. The Build Back Better legislation stalled in the Senate. The Debt Ceiling was increased to \$31+ trillion, easing any near-term funding pressures. Inflation remained well over the FOMC 2% target and does not appear positioned to decline in the near term. The Yield Curve shifted higher primarily six months and longer.



**Investment Holdings**  
**December 31, 2021**

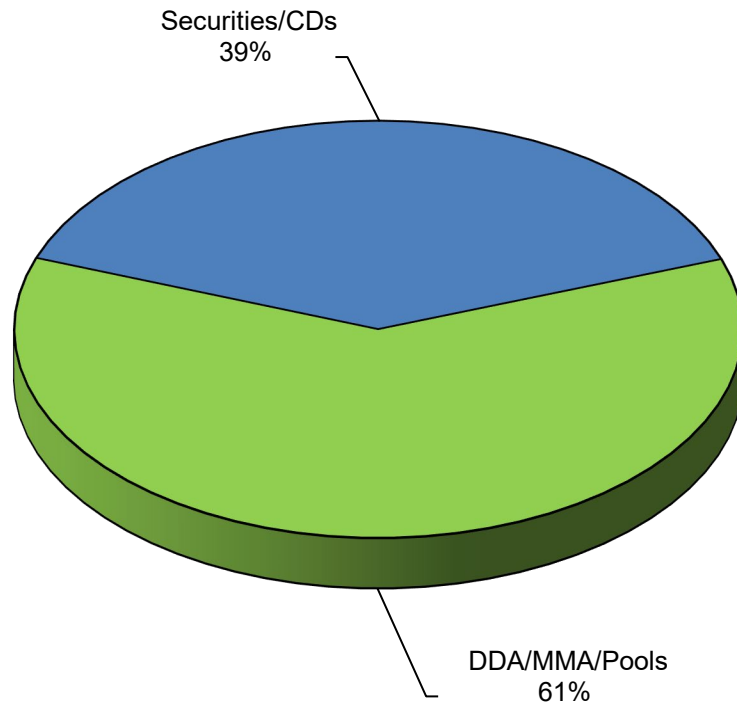
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA (3)		0.23%	01/01/22	12/31/21	\$ 6,294,146	\$ 6,294,146	1	\$ 6,294,146	1	0.23%
DDA Debit Card		0.00%	01/01/22	12/31/21	99,269	99,269	1	99,269	1	0.00%
Southside Bank MMA		0.18%	01/01/22	12/31/21	14,450,204	14,450,204	1	14,450,204	1	0.18%
NexBank IntraFi MMA		0.40%	01/01/22	12/31/21	5,001,260	5,001,260	1	5,001,260	1	0.40%
BTH Bank IntraFi MMA		0.04%	01/01/22	12/31/21	107,743	107,743	1	107,743	1	0.04%
TexPool	AAAm	0.04%	01/01/22	12/31/21	8,777,776	8,777,776	1	8,777,776	1	0.04%
TexSTAR	AAAm	0.01%	01/01/22	12/31/21	155,936	155,936	1	155,936	1	0.01%
Texas Bank CD		0.90%	01/28/22	07/28/20	245,000	245,000	100	245,000	28	0.90%
Prosperity Bank CD		0.20%	03/02/22	03/02/21	2,000,000	2,000,000	100	2,000,000	61	0.20%
Bank OZK CD		0.67%	05/29/22	05/29/20	2,000,000	2,000,000	100	2,000,000	149	0.67%
Texas Bank Fin IntraFi CD		0.75%	07/28/22	07/29/21	2,020,432	2,020,432	100	2,020,432	209	0.75%
Texas Bank Fin IntraFi CD		0.75%	08/04/22	08/05/21	2,020,044	2,020,044	100	2,020,044	216	0.75%
Southside Bank CD		0.20%	08/05/22	11/05/21	2,000,000	2,000,000	100	2,000,000	217	0.20%
Bank OZK CD		0.40%	09/05/22	09/04/20	2,000,000	2,000,000	100	2,000,000	248	0.40%
Prosperity Bank CD		0.20%	10/11/22	03/11/21	2,000,000	2,000,000	100	2,000,000	284	0.20%
Southside Bank CD		0.22%	11/05/22	11/05/21	2,000,000	2,000,000	100	2,000,000	309	0.22%
Allegiance Bank CD		0.30%	11/20/22	11/20/20	2,000,000	2,000,000	100	2,000,000	324	0.30%
East West Bank		0.23%	11/24/22	11/24/21	2,000,000	2,000,000	100	2,000,000	328	0.23%
Prosperity Bank CD		0.25%	03/13/23	03/11/21	2,000,000	2,000,000	100	2,000,000	437	0.25%
						<b>\$ 57,171,810</b>	<b>\$ 57,171,810</b>	<b>\$ 57,171,810</b>	<b>98</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.

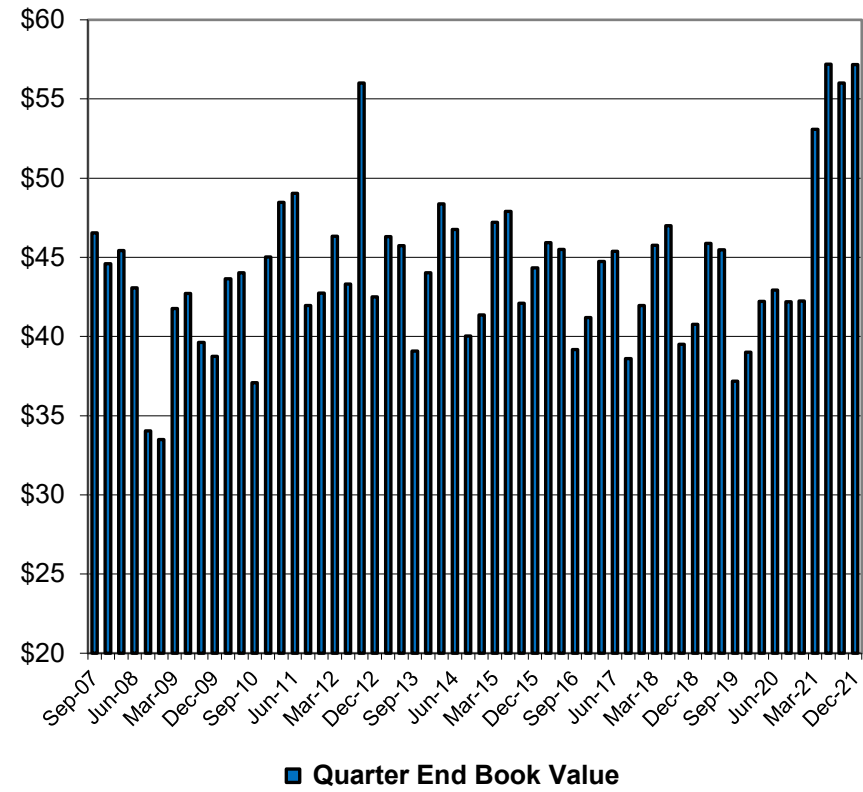
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for TexPool, TexSTAR, and Money Market investments.

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

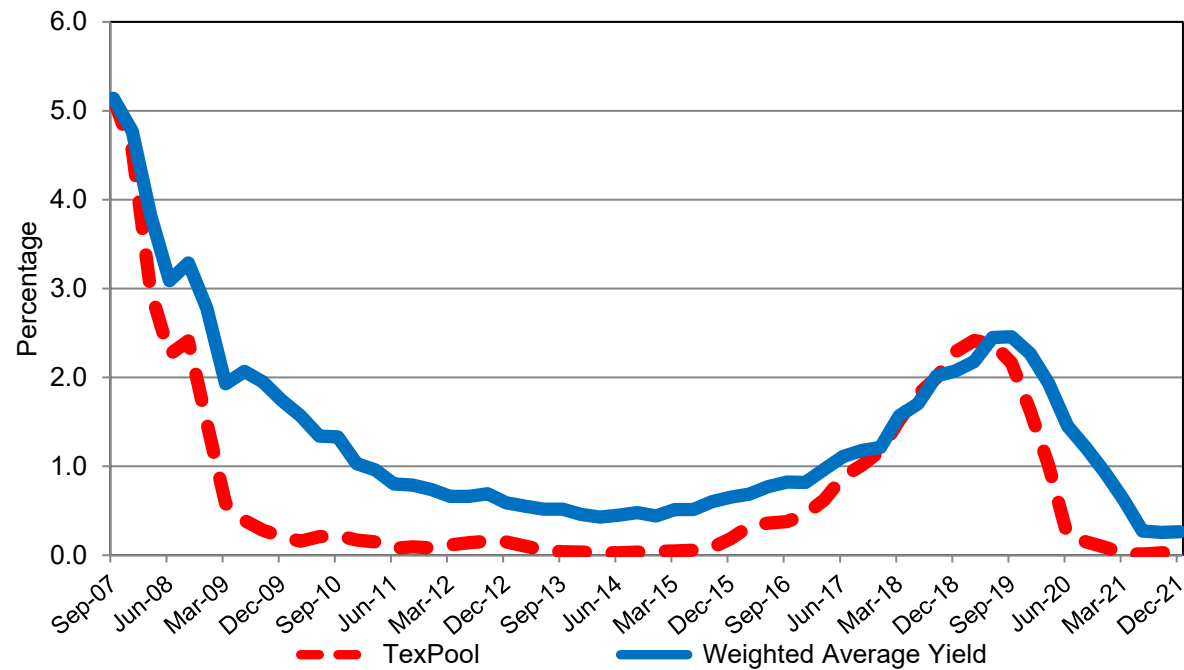
**Portfolio Composition**



**Total Portfolio (Millions)**



**Total Portfolio Performance**



## Book & Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 09/30/21	Increases	Decreases	Book Value 12/31/21	Market Value 09/30/21	Change in Market Value	Market Value 12/31/21
DDA	0.23%	01/01/22	\$ 9,133,538	\$ -	\$ (2,839,392)	\$ 6,294,146	\$ 9,133,538	\$ (2,839,392)	\$ 6,294,146
DDA Debit Card	0.00%	01/01/22	101,218	-	(1,948)	99,269	101,218	(1,948)	99,269
Southside Bank MMA	0.18%	01/01/22	16,443,045	-	(1,992,840)	14,450,204	16,443,045	(1,992,840)	14,450,204
NexBank IntraFi MMA	0.40%	01/01/22	-	5,001,260	-	5,001,260	-	5,001,260	5,001,260
BTH Bank IntraFi MMA	0.04%	01/01/22	107,732	11	-	107,743	107,732	11	107,743
TexPool	0.04%	01/01/22	9,785,791	-	(1,008,015)	8,777,776	9,785,791	(1,008,015)	8,777,776
TexSTAR	0.01%	01/01/22	155,931	4	-	155,936	155,931	4	155,936
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 Fin IntraFi CD	0.75%	07/28/22	2,020,432	-	-	2,020,432	2,020,432	-	2,020,432
Texas Bank Fin IntraFi CD	0.75%	08/04/22	2,020,044	-	-	2,020,044	2,020,044	-	2,020,044
Southside Bank CD	0.20%	08/05/22	-	2,000,000	-	2,000,000	-	2,000,000	2,000,000
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
Southside Bank CD	0.22%	11/05/22	-	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
East West Bank	0.23%	11/24/22	-	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>\$ 56,012,730</b>	<b>\$ 11,001,276</b>	<b>\$ (9,842,196)</b>	<b>\$ 57,171,810</b>	<b>\$ 56,012,730</b>	<b>\$ 1,159,080</b>	<b>\$ 57,171,810</b>

**FUND EQUITY IN POOLED CASH AND INVESTMENTS**

<b>FUND NO</b>	<b>FUND NAME</b>	<b>9/30/2021</b>	<b>12/31/2021</b>
101	GENERAL FUND	\$ 15,308,522	\$ 15,330,957
206	CONVENTION CENTER-HOTEL/MOTEL TAX FUND	1,155,549	482,244
207	CONVENTION SERVICES FUND	-	327,479
217	PROPERTY INSURANCE LOSS FUND	(44,072)	(53,017)
221	SPECIAL RECREATION FUND	(9,001)	(11,934)
225	PINES THEATER SPECIAL EVENTS FUND	(51,235)	46,173
226	ELLEN TROUT ZOO FUND	2,185,495	2,173,478
227	POLICE FORFEITURE FUND	243,444	203,108
228	COURT SECURITY/TECHNOLOGY FUND	99,679	101,532
230	POLICE DARE CONTRIBUTION FUND	109	109
232	DRAINAGE MITIGATION	36,771	36,802
234	COMMUNITY DEV/DWNTWN IMPROVEMENT	40,251	39,736
241	ANIMAL CONTROL - KURTH GRANT	82,485	82,183
242	ANIMAL'S ATTIC GIFT SHOP	58,899	90,558
250	POLICE GRANTS & PROPERTY	(9,543)	(24,562)
251	FIRE GRANTS	12,992	11,144
252	FEMA FUNDED GRANTS	26,138	26,159
253	CARES ACT FUND	4,338,856	4,263,907
290	ECONOMIC DEVELOPMENT	(32,049)	146,342
295	LCVB FUND	974	386,704
300	GF STREET CONSTRUCTION FUND	1,798,036	1,431,413
308	CONVENTION CENTER - EDI	29,909	29,919
313	2010 CAPITAL IMPROVEMENTS FUND	2,169	2,170
314	2012 CAPITAL IMPROVEMENTS FUND	(2,921)	(2,921)
315	2020 CAPITAL IMPROVEMENTS FUND	3,936,523	3,907,623
340	TEXAS CAPITAL GRANT FUND	53	53
341	ECONOMIC DEVELOPMENT PROJECTS/GRANTS	112	112
348	SOLID WASTE DEPRECIATION	695,900	708,626
357	2009 WATER/SEWER CO'S	16,345	16,359
358	2013 WWATER/SEWER CO'S	(603,534)	(603,777)
380	WATER & WASTEWATER DEPRECIATION	9,184,452	9,573,342
401	GENERAL OBLIGATION DEBT SERVICE	2,383,412	3,702,786
451	REVENUE BOND DEBT SERVICE	1,746	1,748
501	WATER/WASTEWATER FUND	5,550,598	5,808,887
548	SOLID WASTE DISPOSAL FUND	2,643,782	2,764,346
615	HEALTH INSURANCE - ACTIVE	2,189,280	1,584,883
616	RETIREEES HEALTH INSURANCE FUND	24,577	10,518
641	EQUIPMENT ACQ & REPLACEMENT FUND	3,464,622	3,635,644
642	TECHNOLOGY AMORTIZATION	1,250,000	937,572
747	MEDICAL SAVINGS FUND	3,407	3,407
	<b>TOTAL POOLED CASH &amp; INVESTMENTS</b>	<b>\$ 56,012,730</b>	<b>\$ 57,171,810</b>

**Investment Holdings - EDC**  
**December 31, 2021**

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
TexPool - EDC	AAAm	0.04%	01/01/22	12/31/21	\$ 4,429,405	\$ 4,429,405	1.00	\$ 4,429,405	1	0.04%
					<u>\$ 4,429,405</u>	<u>\$ 4,429,405</u>		<u>\$ 4,429,405</u>	<u>1</u>	<u>0.04%</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.