

City of Texarkana, Texas

QUARTERLY INVESTMENT REPORT

For the Quarter Ended
March 31, 2013

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.


CFO/Finance Director (City)


CEO/CITY MANAGER (CITY)


Financial Services Manager (City)


Controller/Accounting Manager (City)


Director of Finance (Water Utilities Department)


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.

Strategy Summary:

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range between 0.00% and 0.25% (actual Fed Funds are trading +/-15 bps). The FOMC continued monthly easing operations with the objectives of unemployment below 6.5% and inflation less than 2.0%. The Federal budget, deficit and debt ceiling are in various stages of temporary resolution. The European credit crisis gained headlines as Cyprus nearly collapsed. Domestic employment growth is erratic but modestly positive. Overall economic activity remains low to moderate. The US stock markets reached new highs. Financial institution deposits and laddering targeted cash flows still provide the best interest earnings opportunity.

Quarter End Results by Investment Category:

<u>Asset Type</u>	<u>Ave. Yield</u>	<u>March 31, 2013</u>		<u>December 31, 2012</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
DDA/MMA/Pools	0.25%	\$ 39,254,874	\$ 39,254,874	\$ 41,857,773	\$ 41,857,773
CDs/Securities	0.48%	1,803,619	1,803,619	4,775,943	4,775,943
Totals		\$ 41,058,493	\$ 41,058,493	\$ 46,633,716	\$ 46,633,716

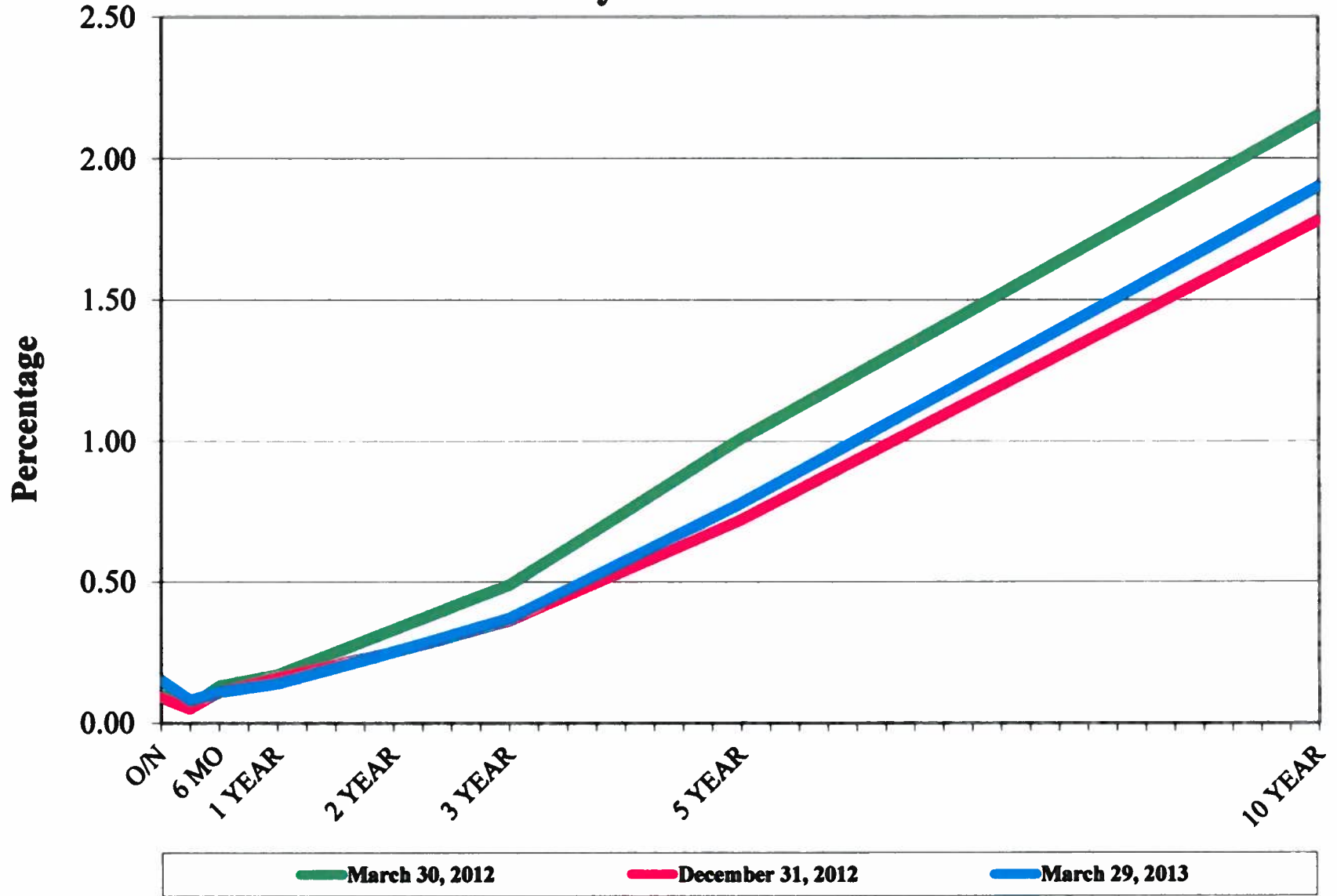
Average Yield (1)		Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	0.35%	Total Portfolio	0.42%
Rolling Three Mo. Treas. Yield	0.09%	Rolling Three Mo. Treas. Yield	0.09%
Rolling Six Mo. Treas. Yield	0.13%	Rolling Six Mo. Treas. Yield	0.13%
		Quarterly TexPool Yield	0.13%
Quarterly Interest Income	\$ 47,985		
Year-to-date Interest Income	\$ 84,621		

(1) 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.

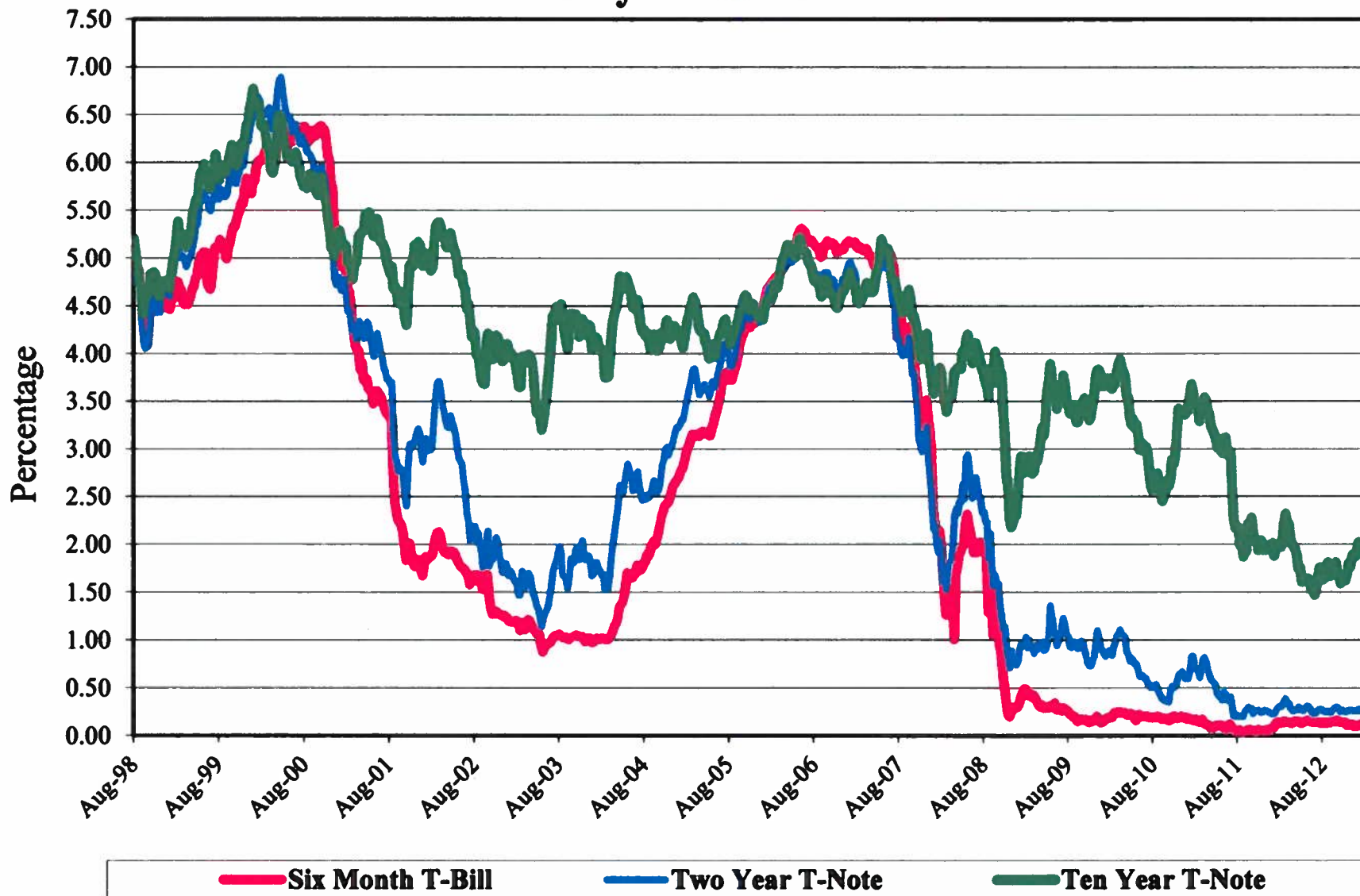
(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

Valley View Consulting, L.L.C. currently provides advisory services to the City.

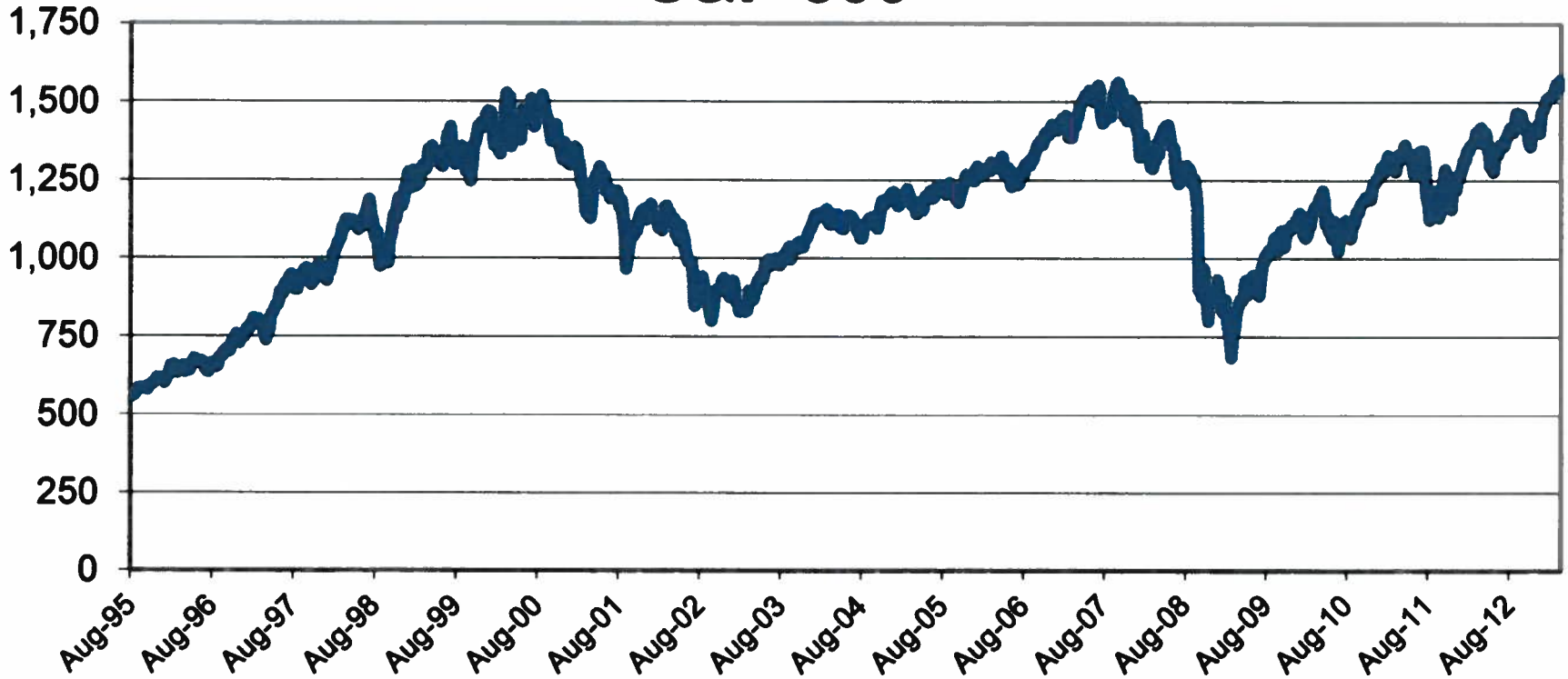
Treasury Yield Curves



US Treasury Historical Yields



S&P 500



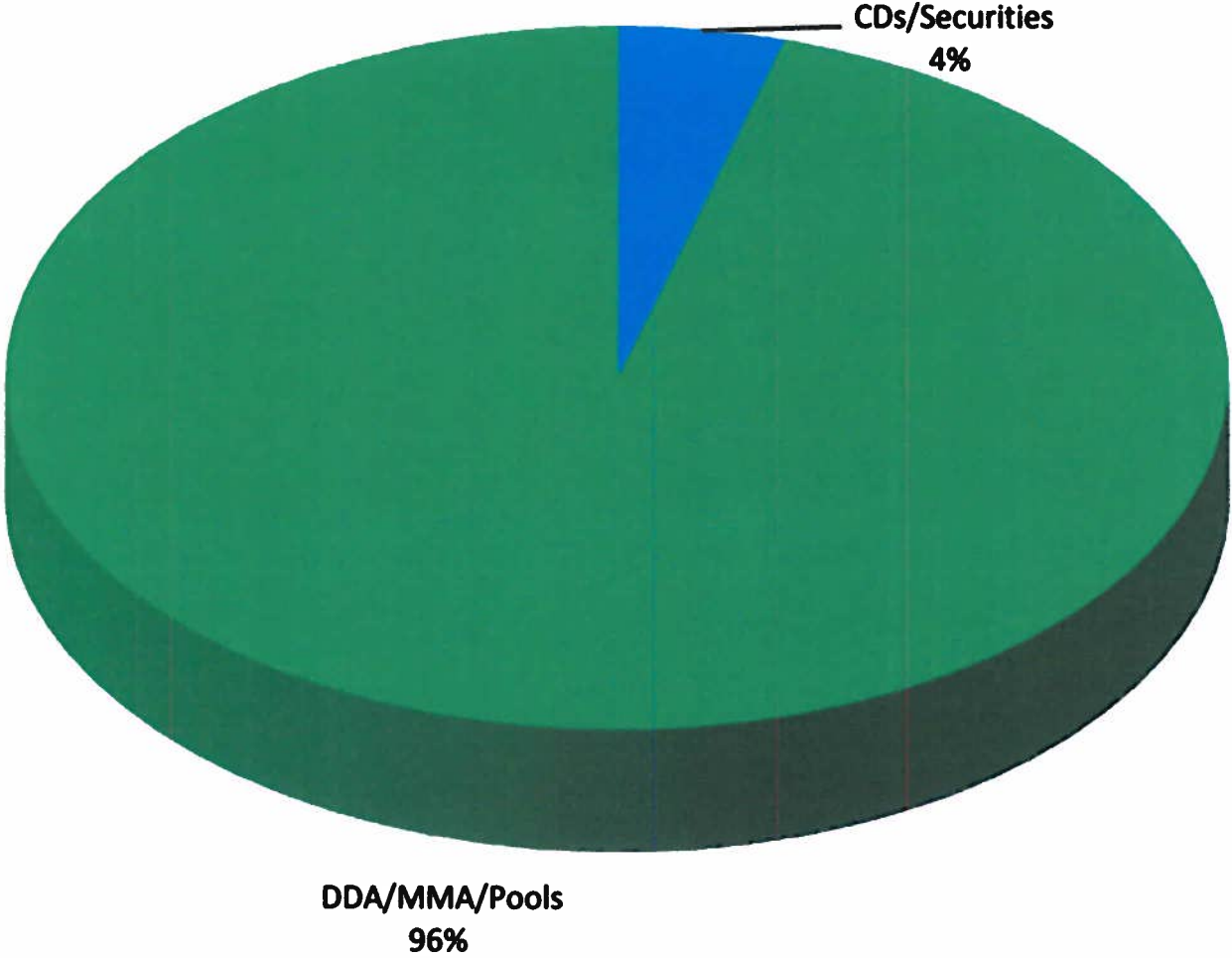
Detail of Investment Holdings March 31, 2013

Description	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Wells Fargo DDA	0.00%	04/01/13	03/31/13	\$ 4,535,273	\$ 4,535,273	1.00	\$ 4,535,273	1	0.00%
Guaranty Bond DDA	0.00%	04/01/13	03/31/13	2,362,718	2,362,718	1.00	2,362,718	1	0.00%
Wells Fargo MMA	0.50%	04/01/13	03/31/13	19,578,249	19,578,249	1.00	19,578,249	1	0.50%
Guaranty Bond MMA	0.30%	04/01/13	03/31/13	12,778,635	12,778,635	1.00	12,778,635	1	0.30%
Wells Fargo CD	0.19%	04/03/13	10/03/12	750,000	750,000	100.00	750,000	3	0.19%
Guaranty Bond CD	0.75%	04/06/13	04/06/12	508,041	508,041	100.00	508,041	6	0.75%
Wells Fargo CD	0.34%	07/07/13	07/17/12	100,000	100,000	100.00	100,000	98	0.34%
Guaranty Bond CD	0.70%	08/01/13	08/01/12	447,578	447,578	100.00	447,578	123	0.70%
				\$ 41,058,493	\$ 41,058,493		\$ 41,058,493	3	0.35%
								(1)	(2)

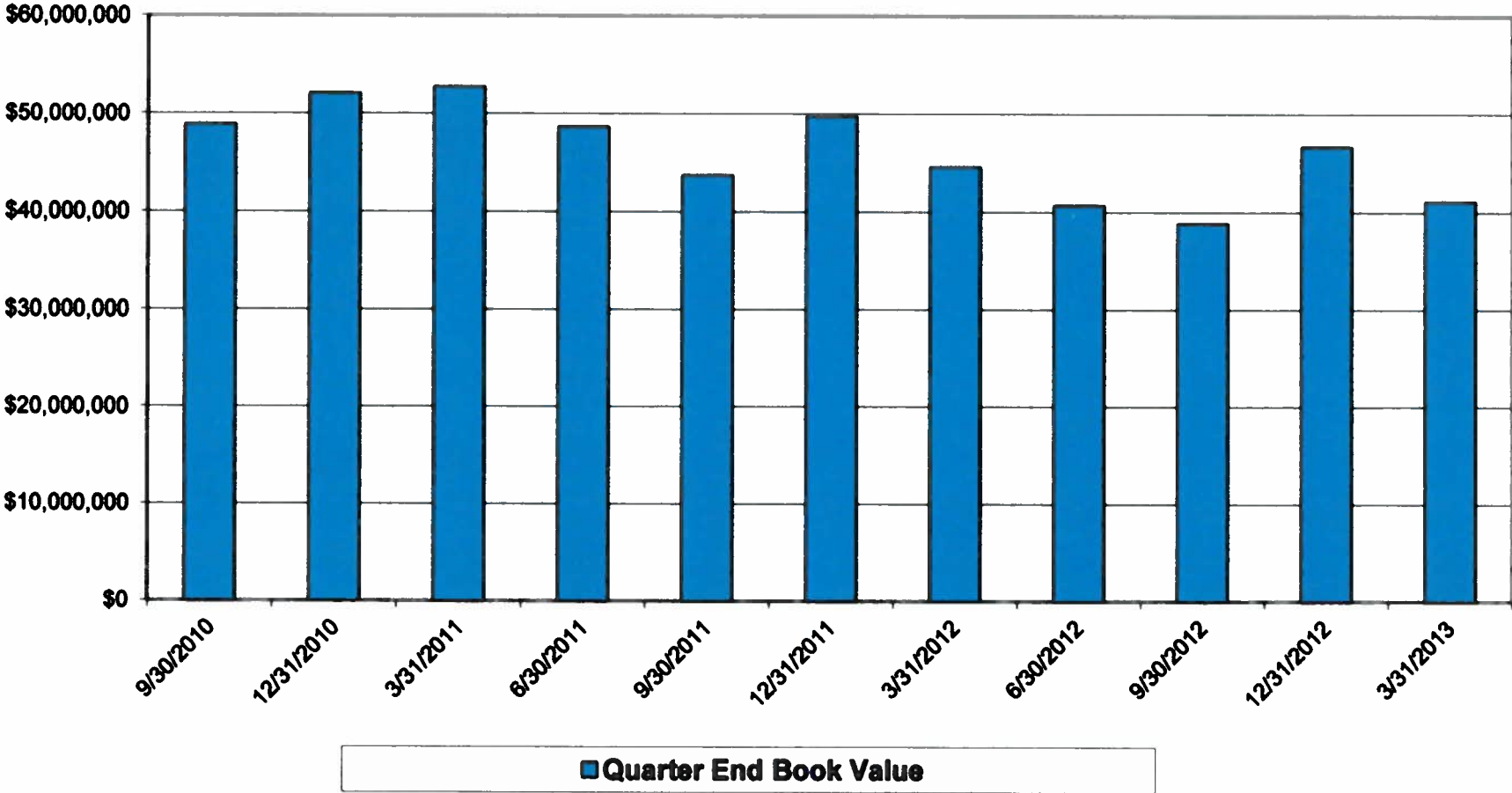
(1) Weighted average life - For purposes of calculating weighted average life, cash equivalent investments are assumed to have a one day maturity.

(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.

Portfolio Composition



Total Portfolio



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	December 31, 2012			March 31, 2013		
			Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Maturities	Par Value	Book Value
Wells Fargo DDA	0.00%	04/01/13	\$ 1,880,978	\$ 1,880,978	\$ 2,674,295	\$ -	\$ 4,535,273	\$ 4,535,273
Guaranty Bond DDA	0.00%	04/01/13			2,362,718		2,362,718	2,362,718
Wells Fargo MMA	0.50%	04/01/13	39,996,795	39,996,795		(20,418,545)	19,578,249	19,578,249
Guaranty Bond MMA	0.30%	04/01/13			12,778,635		12,778,635	12,778,635
Wells Fargo CD	0.34%	01/07/13	325,000	325,000		(325,000)		
Wells Fargo CD	0.34%	01/08/13	850,000	850,000		(850,000)		
Wells Fargo CD	0.34%	01/09/13	100,000	100,000		(100,000)		
Wells Fargo CD	0.34%	01/17/13	1,050,000	1,050,000		(1,050,000)		
Wells Fargo CD	0.20%	03/10/13	400,000	400,000		(400,000)		
Wells Fargo CD	0.20%	03/14/13	250,000	250,000		(250,000)		
Wells Fargo CD	0.19%	04/03/13	750,000	750,000			750,000	750,000
Guaranty Bond CD	0.75%	04/06/13	504,154	504,154	1,887		506,041	506,041
Wells Fargo CD	0.34%	07/07/13	100,000	100,000			100,000	100,000
Guaranty Bond CD	0.70%	08/01/13	446,789	446,789	788		447,578	447,578
TOTAL			\$ 46,633,716	\$ 46,633,716	\$ 17,818,323	\$ (23,393,545)	\$ 41,058,493	\$ 41,058,493

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	December 31, 2012		Qtr to Qtr Change	March 31, 2013	
			Par Value	Market Value		Par Value	Market Value
Wells Fargo DDA	0.00%	04/01/13	\$ 1,860,978	\$ 1,860,978	\$ 2,674,295	\$ 4,535,273	\$ 4,535,273
Guaranty Bond DDA	0.00%	04/01/13			2,362,718	2,362,718	2,362,718
Wells Fargo MMA	0.50%	04/01/13	39,996,795	39,996,795	(20,418,545)	19,578,249	19,578,249
Guaranty Bond MMA	0.30%	04/01/13			12,778,635	12,778,635	12,778,635
Wells Fargo CD	0.34%	01/07/13	325,000	325,000	(325,000)		
Wells Fargo CD	0.34%	01/08/13	850,000	850,000	(850,000)		
Wells Fargo CD	0.34%	01/09/13	100,000	100,000	(100,000)		
Wells Fargo CD	0.34%	01/17/13	1,050,000	1,050,000	(1,050,000)		
Wells Fargo CD	0.20%	03/10/13	400,000	400,000	(400,000)		
Wells Fargo CD	0.20%	03/14/13	250,000	250,000	(250,000)		
Wells Fargo CD	0.19%	04/03/13	750,000	750,000		750,000	750,000
Guaranty Bond CD	0.75%	04/08/13	504,154	504,154	1,887	508,041	508,041
Wells Fargo CD	0.34%	07/07/13	100,000	100,000		100,000	100,000
Guaranty Bond CD	0.70%	08/01/13	446,789	446,789	788	447,578	447,578
TOTAL			\$ 46,633,716	\$ 46,633,716	\$ (6,576,223)	\$ 41,058,493	\$ 41,058,493

City Fund Allocation
Book & Market Value

March 31, 2013

Fund #	Fund Name	Total	Wells Fargo DDA	Wells Fargo MMA	Guaranty Bond DDA	Guaranty Bond MMA	Guaranty Bond Bank CD 4/8/12- 4/8/13	Guaranty Bond Bank CD 8/1/12 - 8/1/13
101	GENERAL FUND	\$ 7,181,474	\$ -	\$ 7,058,479	\$ -	\$ 102,995	\$ -	\$ -
101	GENERAL FUND	2,237	-	-	-	2,237	-	-
101	GENERAL FUND	178,041	-	27,779	-	150,261	-	-
102	NARCOTICS DIVISION OPERATIONS AC	199,918	-	77	-	199,841	-	-
103	PERSONNEL POLICY	225,128	-	145	-	224,983	-	-
104	WORKER'S COMP	420,098	-	136	-	419,963	-	-
105	PAYROLL DISBURSEMENT FUND	182,154	137,166	-	44,987	-	-	-
108	A/P DISBURSEMENT FUND	261,855	261,855	-	-	-	-	-
108	TUTD PAYROLL ACCOUNT	1,107	1,107	-	-	-	-	-
109	GENERAL PROPERTY & LIAB	33,160	-	39	-	33,122	-	-
110	BIC	216	-	-	-	216	-	-
111	POLICE EVIDENCE ESCROW FUND	23,553	-	9	-	23,543	-	-
113	ENERGY CONSERVATION REVOLVING	19,164	-	8	-	19,157	-	-
115	TECHNOLOGY FUND	-	-	-	-	-	-	-
116	TIRZ #2	185,042	-	41	-	185,001	-	-
202	POLICE DOG FUND	-	-	-	-	-	-	-
204	HCD FUND	(118)	-	-	-	(118)	-	-
209	HOME PROGRAM	50,273	-	-	-	50,273	-	-
210	TEEN COURT	-	-	-	-	-	-	-
211	THEATRE FUND	95,460	-	55	-	95,405	-	-
212	HOTEL/MOTEL TAX FD	617,265	-	229	-	617,036	-	-
213	PEROT THEATRE BLDG MAINT	725,574	-	293	-	725,281	-	-
215	HOUSING FUND	13,787	-	-	-	13,787	-	-
217	LAW ENFORCEMENT BLOCK GRANT	39,448	-	39,448	-	2	-	-
219	LAW ENFORCEMENT PROGRAM	10,070	-	4	-	10,066	-	-
220	METRO PLANNING ORG	74,507	-	52,725	-	21,782	-	-
221	TEXARKANA URBAN TRANSIT	165,628	-	66	-	165,562	-	-
223	ECONOMIC DEVELOPMENT	1,773,125	-	493	-	1,266,591	506,041	-
224	JAG - RECOVERY ACT GRANTS	-	-	-	-	-	-	-
225	EPA BROWNFIELD GRANT	-	-	-	-	-	-	-
226	STORMWATER MANAGEMENT	-	-	-	-	-	-	-
230	ROTARY SPLASH PARK FUND	-	-	-	-	-	-	-
301	INTEREST & SINKING	71,079	-	1,388	-	69,691	-	-
410	1998 BOND FUND	3	-	-	-	3	-	-
415	2003 BOND FUND	689,135	-	279	-	688,856	-	-
417	2005 BOND FUND	731,156	-	115	-	283,464	-	447,578
418	2008 TAX NOTE	-	-	-	-	-	-	-
420	2009 BOND FUND	8,477,114	-	7,597,693	-	879,422	-	-
421	2010 CONV CTR BOND FUND	7	-	-	-	7	-	-
422	TIRZ BOND FUND	3,950,078	-	2,999,997	-	950,081	-	-
501	HEALTH FUND	133,263	-	81,703	-	51,560	-	-
502	PUBLIC LIBRARY	25,255	-	10	-	25,245	-	-
503	PUBLIC HEALTH PERS POLICY	-	-	-	-	-	-	-
509	HEALTH PROPERTY & LIAB	-	-	-	-	-	-	-
601	DRUG ESCROW	27,042	-	14	-	27,027	-	-
605	FEDERAL ASSET FORFEITURE	4,631	-	1,085	-	3,546	-	-
701	EMPLOYEE BENEFIT	1,924,911	-	769	-	1,924,142	-	-
702	BENEFIT PAYMENT	104,604	-	104,604	-	-	-	-
702	BENEFIT PAYMENT	-	-	-	0.04	-	-	-
703	FLEET SERVICES	70,435	-	-	-	70,435	-	-
704	CAPITAL REPLACEMENT	1,012,737	-	397	-	1,012,340	-	-
810	MEMBER CITY WATER REVENUE	124,539	-	27	-	124,511	-	-
		\$ 29,804,157	\$ 400,128	\$ 17,968,086	\$ 44,987	\$ 10,437,337	\$ 606,041	\$ 447,578

City Fund Allocation
Book & Market Value

December 31, 2012

Fund #	Fund Name	Total	Wells Fargo DDA	Wells Fargo MMA	Guaranty Bond Bank CD 4/8/12- 4/8/13	Guaranty Bond Bank CD 8/1/12 - 8/1/13
101	GENERAL FUND	\$ 2,237	\$ -	\$ 2,237	\$ -	\$ -
101	GENERAL FUND	85,126	-	85,126	-	-
101	GENERAL FUND	7,225,995	-	7,225,995	-	-
102	NARCOTICS DIVISION OPERATIONS ACCT.	192,199	-	192,199	-	-
103	PERSONNEL POLICY	382,466	-	382,466	-	-
104	WORKER'S COMP	367,069	-	367,069	-	-
105	PAYROLL DISBURSEMENT FUND	1,107,318	1,107,318	-	-	-
106	A/P DISBURSEMENT FUND	(65,689)	(65,689)	-	-	-
108	TUTD PAYROLL ACCOUNT	1,107	1,107	-	-	-
109	GENERAL PROPERTY & LIAB	71,272	-	71,272	-	-
110	BIC	216	-	216	-	-
111	POLICE EVIDENCE ESCROW FUND	23,531	-	23,531	-	-
113	ENERGY CONSERVATION REVOLVING LOAN	19,146	-	19,146	-	-
115	TECHNOLOGY FUND	-	-	-	-	-
116	TIRZ #2	101,913	-	101,913	-	-
202	POLICE DOG FUND	-	-	-	-	-
204	HCD FUND	82	-	82	-	-
209	HOME PROGRAM	56,558	-	56,558	-	-
210	TEEN COURT	-	-	-	-	-
211	THEATRE FUND	148,121	-	148,121	-	-
212	HOTEL/MOTEL TAX FD	530,174	-	530,174	-	-
213	PEROT THEATRE BLDG MAINT	726,296	-	726,296	-	-
215	HOUSING FUND	0	-	0	-	-
217	LAW ENFORCEMENT BLOCK GRANT	922	-	922	-	-
219	LAW ENFORCEMENT PROGRAM	10,061	-	10,061	-	-
220	METRO PLANNING ORG	15,511	-	15,511	-	-
221	TEXARKANA URBAN TRANSIT	165,562	-	165,562	-	-
223	ECONOMIC DEVELOPMENT	1,715,359	-	1,211,205	504,154	-
224	JAG - RECOVERY ACT GRANTS	-	-	-	-	-
225	EPA BROWNFIELD GRANT	-	-	-	-	-
226	STORMWATER MANAGEMENT	11,769	-	11,769	-	-
230	ROTARY SPLASH PARK FUND	-	-	-	-	-
301	INTEREST & SINKING	3,300,564	-	3,300,564	-	-
410	1998 BOND FUND	3	-	3	-	-
415	2003 BOND FUND	692,624	-	692,624	-	-
417	2005 BOND FUND	745,702	-	298,912	-	446,789
418	2008 TAX NOTE	-	-	-	-	-
420	2009 BOND FUND	8,746,860	-	8,746,860	-	-
421	2010 CONV CTR BOND FUND	0	-	0	-	-
422	TIRZ BOND FUND	3,999,989	-	3,999,989	-	-
501	HEALTH FUND	80,309	-	80,309	-	-
502	PUBLIC LIBRARY	45,259	-	45,259	-	-
503	PUBLIC HEALTH PERS POLICY	-	-	-	-	-
509	HEALTH PROPERTY & LIAB	0	-	0	-	-
601	DRUG ESCROW	36,023	-	36,023	-	-
605	FEDERAL ASSET FORFEITURE	3,564	-	3,564	-	-
701	EMPLOYEE BENEFIT	1,890,000	-	1,890,000	-	-
702	BENEFIT PAYMENT	812,525	818,242	(5,717)	-	-
703	FLEET SERVICES	7,627	-	7,627	-	-
704	CAPITAL REPLACEMENT	1,130,939	-	1,130,939	-	-
810	MEMBER CITY WATER REVENUE	179,395	-	179,395	-	-
		\$ 34,664,703	\$ 1,880,978	\$ 31,783,782	\$ 604,164	\$ 446,789

**Water Fund Allocation
March 31, 2013**

Book & Market Value	Total	Disbursement Fund	Payroll Fund	Revenue	Customer Loan	Water Plant Construction	Technology	1996-B Bond
Wells Fargo DDA	\$ 4,135,145	\$ 3,192	\$ -	\$ -	\$ -		\$ 350,182	\$ -
Wells Fargo MMA	1,610,164	-	-	602,919				
Guaranty Bond DDA	2,317,731	33,927	471,968	-	39,175	45	50,452	
Guaranty Bond MMA	2,341,298			561,149				
04/03/13	750,000			200,000				
07/07/13	100,000							
	\$ 11,254,337	\$ 37,119	\$ 471,968	\$ 1,364,068	\$ 39,175	\$ 45	\$ 400,634	\$ -

**Water Fund Allocation
March 31, 2013**

Book & Market Value	1996-B Construction	2002 Bond	2004 Bond	2004 Construction	2005 Bond	LTWSC Capital Improvement	Capital Improvement	Compost
Wells Fargo DDA	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ 569,141	\$ 785,162	\$ 309,073
Wells Fargo MMA								
Guaranty Bond DDA				3,491		465,857	110,028	39,411
Guaranty Bond MMA			26,971		15,858			
04/03/13								
07/07/13								
	\$ -	\$ -	\$ 26,971	\$ 3,494	\$ 15,858	\$ 1,034,998	\$ 895,190	\$ 348,484

**Water Fund Allocation
March 31, 2013**

Book & Market Value	Customer Deposit	Equipment Acquisition	Infrastructure	Personnel	Reserve	WWTP Depreciation	Waggoner Creek CIP
Wells Fargo DDA	\$ 256,504	\$ 443,902	\$ 1,029,952	\$ 87,879		\$ 300,155	\$ -
Wells Fargo MMA							1,007,244
Guaranty Bond DDA	406,595	58,353	527,905	79,262	-	31,261	-
Guaranty Bond MMA					696,526		1,040,793
04/03/13		200,000	200,000			150,000	
07/07/13	100,000						
	\$ 763,099	\$ 702,256	\$ 1,757,857	\$ 167,142	\$ 696,526	\$ 481,416	\$ 2,048,037

**Water Fund Allocation
December 31, 2012**

Book & Market Value	Total	Revenue	Customer Loan	Water Plant Construction	Technology	1996-B Bond	1996-B Construction	2002 Bond
Wells Fargo MMA	\$ 8,243,013	\$ 2,329,249	\$ 38,938	\$ 45	\$ 327,016	\$ 10,552	\$ 1,828,698	\$ 74,998
01/07/13	325,000							
01/08/13	850,000							
01/09/13	100,000							
01/17/13	1,050,000							
03/10/13	400,000	200,000						
03/14/13	250,000							
04/03/13	750,000	200,000						
07/07/13	100,000							
	\$ 12,068,013	\$ 2,729,249	\$ 38,938	\$ 45	\$ 327,016	\$ 10,552	\$ 1,828,698	\$ 74,998

**Water Fund Allocation
December 31, 2012**

Book & Market Value	2004 Bond	2004 Construction	2005 Bond	LTWSC Capital Improvement	Capital Improvement	Compost	Customer Deposit
Wells Fargo MMA	\$ 147,328	\$ 123,401	\$ 33,179	\$ 377,412	\$ 668,960	\$ 213,802	\$ 302,330
01/07/13							
01/08/13				500,000			
01/09/13						100,000	
01/17/13				250,000			250,000
03/10/13						200,000	
03/14/13							
04/03/13							
07/07/13							100,000
	\$ 147,328	\$ 123,401	\$ 33,179	\$ 1,127,412	\$ 668,960	\$ 513,802	\$ 652,330

**Water Fund Allocation
December 31, 2012**

Book & Market Value	Equipment Acquisition	Infrastructure	Personnel	Reserve	WWTP Depreciation
Wells Fargo MMA	\$ 531,627	\$ 715,904	\$ 123,689	\$ 44,882	\$ 282,003
01/07/13		250,000	75,000		
01/08/13				350,000	
01/09/13					
01/17/13		250,000		300,000	
03/10/13					
03/14/13		250,000			
04/03/13	200,000	200,000			150,000
07/07/13					
	\$ 731,627	\$ 1,665,904	\$ 198,689	\$ 694,882	\$ 432,003

Collateral Position

March 31, 2013

	Wells Fargo - City	Guaranty Bond - City	Wells Fargo - Water	Guaranty Bond - Water
Collateral Value	\$ 32,444,030	\$ 8,958,980	\$ 7,079,976	\$ 5,061,154
+ FDIC Insurance	500,000	252,195	253,211	250,000
Total Enhancement	\$ 32,944,030	\$ 9,211,175	\$ 7,333,187	\$ 5,311,154
Total Deposits	\$ 29,404,029	\$ 8,903,140	\$ 6,556,527	\$ 5,054,018
Excess Coverage	\$ 3,540,001	\$ 308,034	\$ 776,660	\$ 257,136
Percentage Coverage	112%	103%	112%	105%
Collateral Type:				
	Treasuries			
	Agency Bullets			
	Agency Callable			
	Mortgage Backed Securities	\$ 32,444,030	\$ 8,958,980	\$ 7,079,976
	Real Estate Mortgage Investment Conduits/ Collateralized Mortgage Obligations (2)			\$ 5,061,154

(2) The Public Funds Collateral Act requires all REMIC/CMOs to have an expected weighted average life of 10 years or less and not constitute a high-risk security as determined by a 300 basis point market movement stress test.