



Date: January 12, 2018

To: City Council
City Manager

From: Steve Groom

Subject: Quarterly Treasury Report

Our cash has increased \$704,000 from last quarter and our investment portfolio average yield is now 1.31%, up from 1.22% last quarter. CDs matured earning 0.55%, bought because they doubled what we earned in our 0.25% checking, are being now reinvested at 2.00% or above.

Treasury Reports for the Quarter ended December 31, 2017 are attached. Cash in Bank accounts, Government Pools, and Investments totals \$13,532,012. A detail of all accounts and investments are on the attached report, with comparison to last month and end of last fiscal year are shown for comparison.

The City now has \$5,450,000 invested at a range of interest rates averaging 1.31%, diversified invested funds laddered across 36 different maturity dates. Our depository checking accounts at Prosperity Bank earn 0.25%, TexPool is at 1.2800% (weighted avg. life of 89 days) and TexStar is at 1.2930% (weighted avg. life of 77 days).

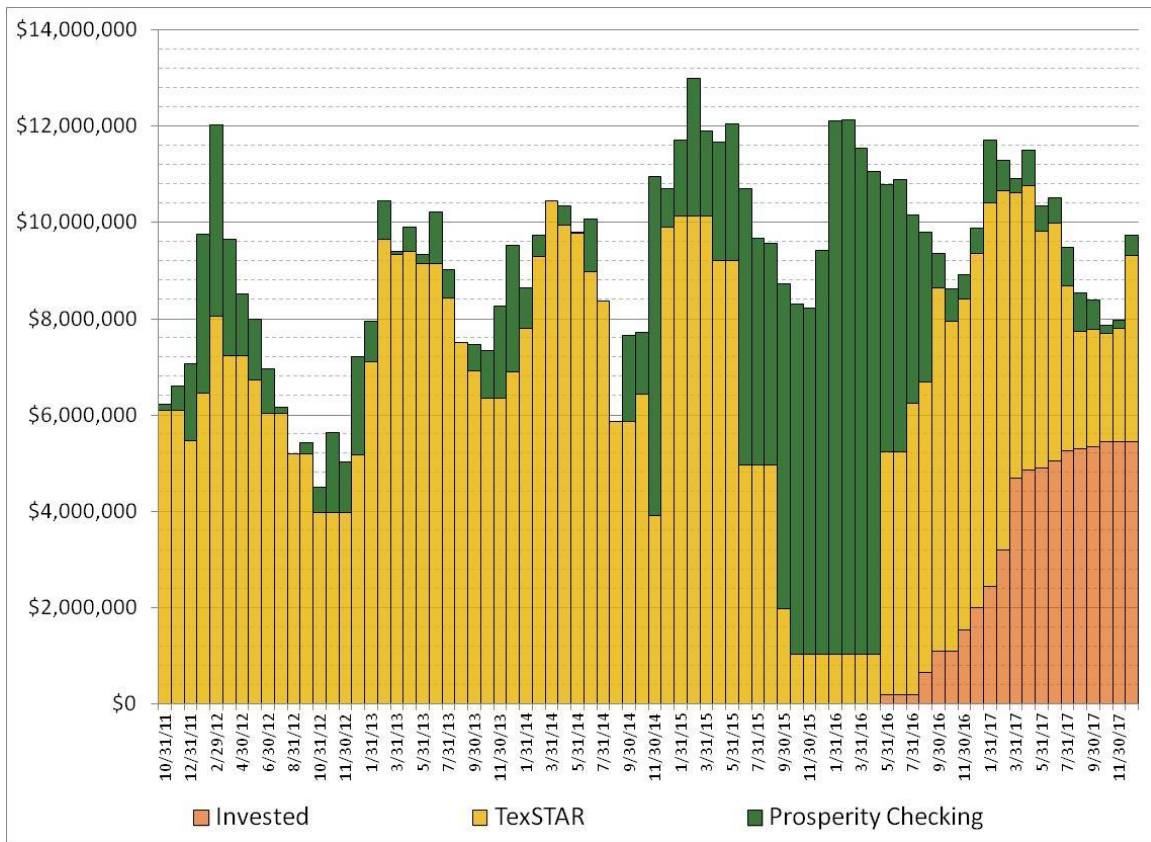
Interest rates continue to be expected to rise - the Fed has signaled a series of ¼ percent rate increases in the coming months. Laddering 3-year investments reduces the cost of holding investable funds at low interest rates while waiting and hoping for higher rates to lock into for the maximum 5 years our policy permits.

The initial portfolio ladder was essentially filled in April 2017 with initially-lower rates and some shorter maturities. As these mature, they can be re-invested at higher current rates raising the average yield of the portfolio. For example, our next maturity, a January 2018 Prosperity Bank 1-year time CD at 0.55% will be reinvested at a rate of 2.30% with a 3-year Morgan Stanley Bank negotiable CD.

The City's investment policy earned recognition from the Government Treasurers' Organization of Texas, for clarity of communication and compliance with Texas Public Funds Investment Act. Our investment policy is posted on the city website's finance page as an example for our citizens to read any time and for other cities to use as a model.



As the following graph shows, we have improved the amount of cash invested, minimizing the amount in the city's general fund checking account and starting to systematically invest in a laddered-maturities process. TexSTAR is a money market account earning more interest than checking.

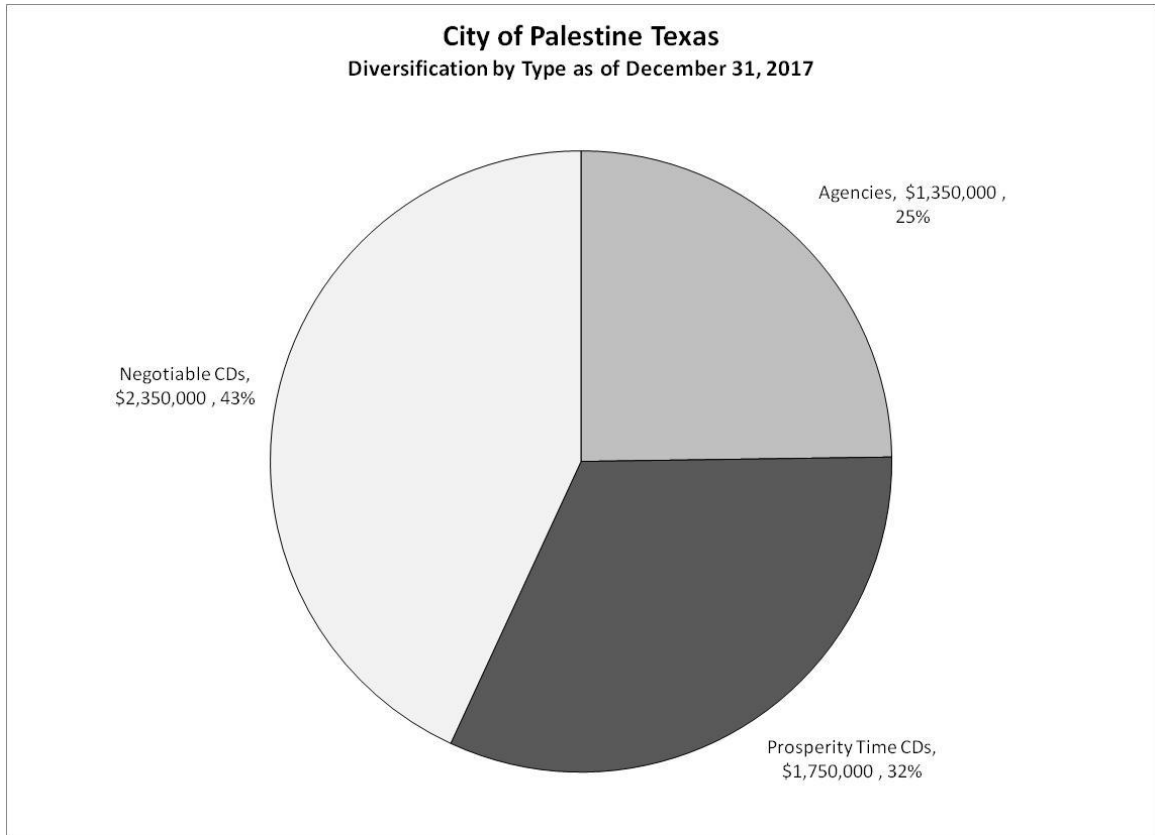
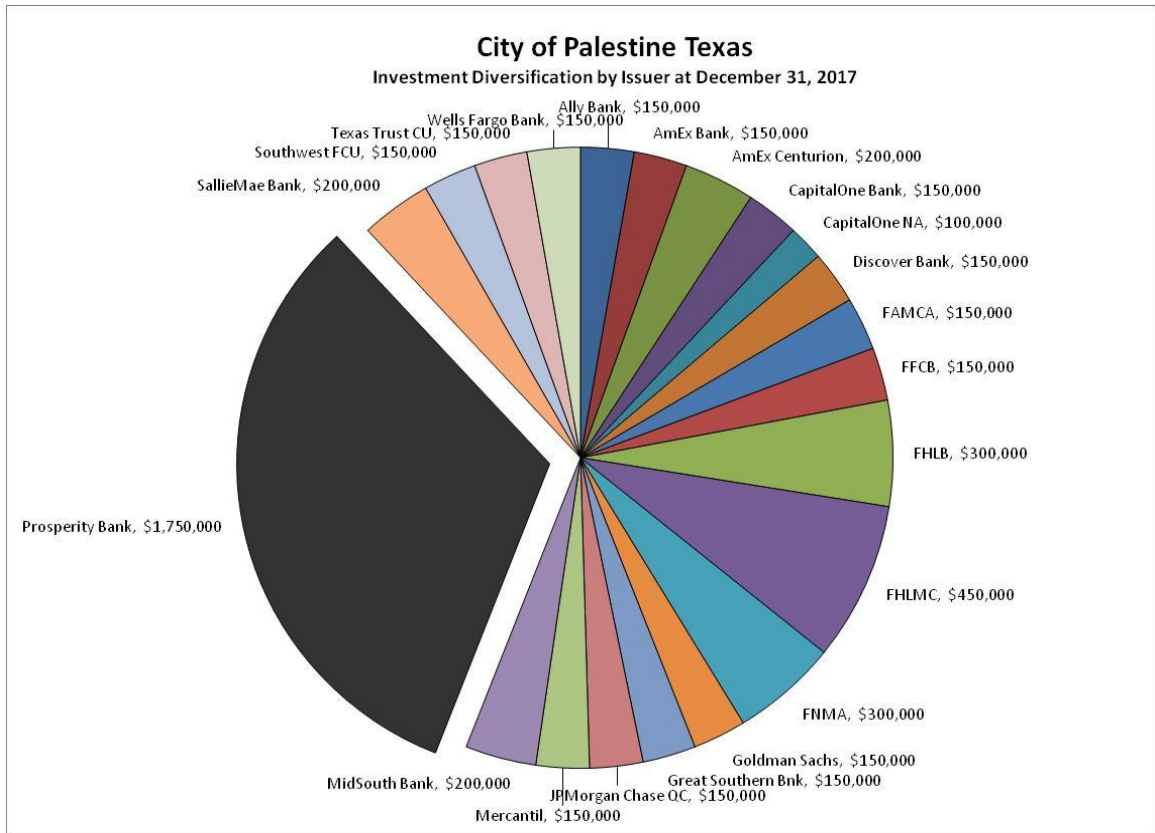


The following investments were purchased during the Quarter:

#	Bank/Issuer	Description	CUSIP	Maturity Date	Purchase Date	Settlement Date	Par Value	Purchased Value	Market Value	Yield	Annualized Yield
2017-025	CapitalOneNA	Negotiable CD	14042RJH5	10/12/20	10/4/17	10/12/17	100,000	100,000	99,598	2.00%	2,000
2017-026	Discover Bank	Negotiable CD	254673GQ3	11/16/20	11/9/17	11/15/17	150,000	150,000	149,312	2.00%	3,000
2017-027	FHLB	Federal Agency	3130ACVY7	12/15/20	12/15/17	12/15/17	150,000	150,000	149,420	2.05%	3,075

The following investments matured during the Quarter :

#	Bank/Issuer	Description	CUSIP	Maturity Date	Purchase Date	Settlement Date	Par Value	Purchased Value	Market Value	Yield	Annualized Yield
2016-009	Prosperity Bank	Time CD	182001543	11/9/17	11/9/16	11/9/16	150,000	150,000	150,618	0.55%	828
2016-012	Prosperity Bank	Time CD	182001552	12/13/17	12/13/16	12/13/16	150,000	150,000	150,620	0.55%	828



City of Palestine
 Treasury Report
 For the quarter ended December 31, 2017

Asset Type	Yield	Prior Yr	Prior Qtr	12/31/17
		9/30/16	9/30/17	
Demand Deposit Accounts		3,979,143	3,261,970	3,768,625
Government Pools		9,309,407	4,215,282	4,313,387
Investments (Market Value)		1,100,000	5,350,000	5,450,000
		14,388,550	12,827,252	13,532,012

The investment portfolio of the City of Palestine is in compliance with the Public Funds Investment Act and the City of Palestine's investment policy.



 Finance Director

1/11/2018



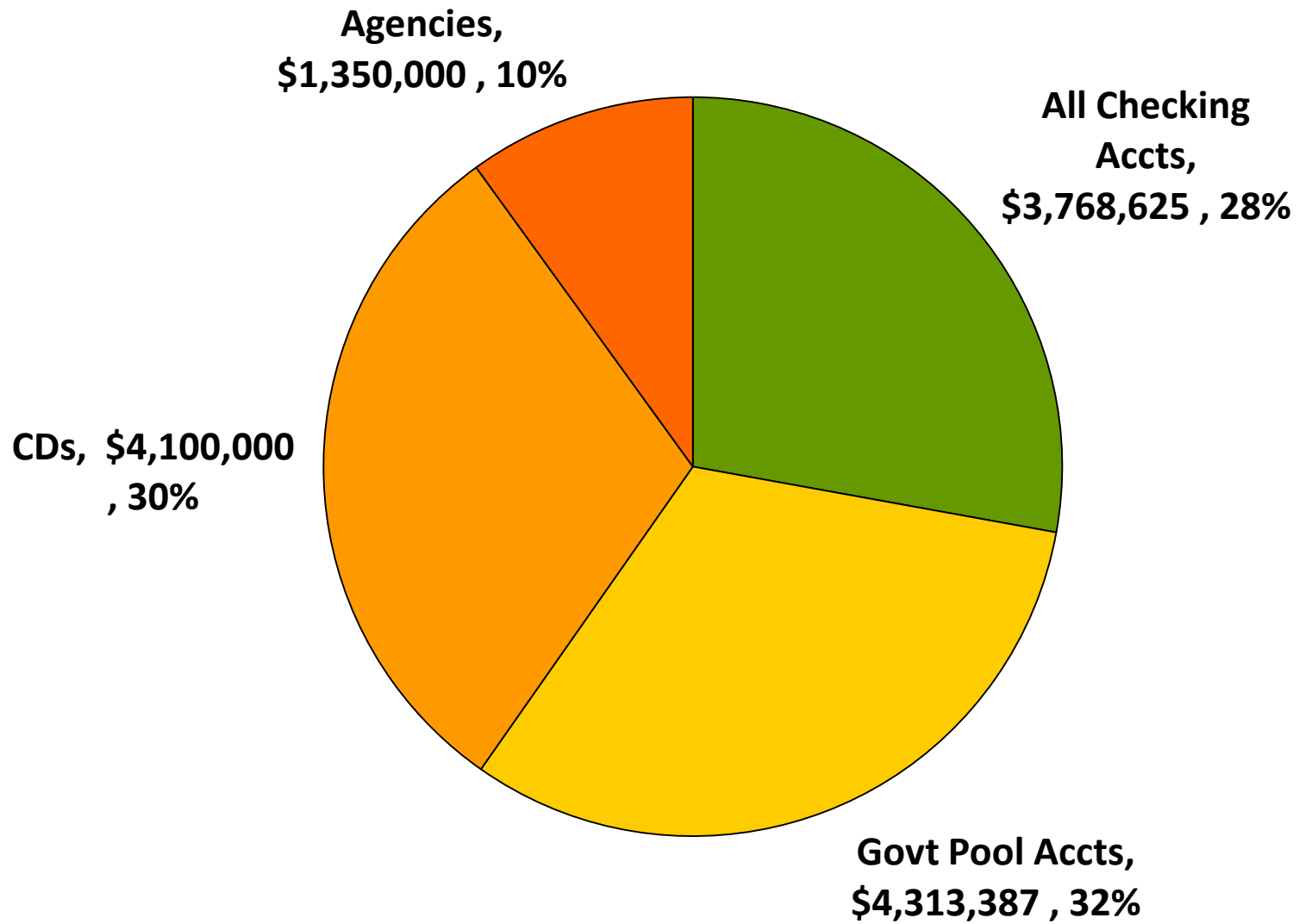
 Accounting Manager

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City of Palestine

Distribution of Cash and Investments

As of December 31, 2017



City of Palestine
 Treasury Report
 For the quarter ended December 31, 2017

Bank/Issuer	Account	Acct #	Prior Yr 9/30/2016	Prior Qtr 9/30/17	Current 12/31/17
Prosperity Bank	City Accounts Payable	**** 686	712,928	599,528	427,360
Prosperity Bank	Economic Development	**** 822	1,565,211	1,539,218	1,606,988
Prosperity Bank	Debt Service	**** 695	60,059	71,261	384,341
Prosperity Bank	Health Insurance	**** 697	124,761	336,889	75,698
Prosperity Bank	Utility Fund	**** 693	115,596	115,285	115,207
Prosperity Bank	Home Grant	**** 994	113,969	113,969	113,969
Prosperity Bank	Project Fund Tx Exmpt	**** 111	84,003	6,189	6,193
Prosperity Bank	Library Project Fund	**** 031	66,310	53,951	53,985
Prosperity Bank	Workers Comp	**** 689	74,472	160,752	44,829
Prosperity Bank	Texas CDBG	**** 461	-	0	402,501
Prosperity Bank	Payroll	**** 698	17,046	19,140	15,113
Prosperity Bank	Tax Account	**** 687	2,818	16,968	293,614
Prosperity Bank	Fire Prevention Donation	**** 861	2,903	0	0
Prosperity Bank	City Federal Seizures	**** 690	8,452	52	0
BNY	Texas Water Board		1,030,615	228,770	228,827
			<u>3,979,143</u>	<u>3,261,970</u>	<u>3,768,625</u>
TexStar	General Account		7,549,011	2,436,080	3,859,610
TexStar	Debt Service		952,626	959,344	43,140
TexPool	General Account		716,645	721,624	318,628
TexPool	Workers Comp		91,124	91,757	92,009
FNC	Brokerage Account (Int)		-	5,404	-
Mutual Securities	Brokerage Account (Int)		-	1,073	-
			<u>9,309,407</u>	<u>4,215,282</u>	<u>4,313,387</u>

City of Palestine
 Treasury Report
 For the quarter ended December 31, 2017

#	Bank/Issuer	Description	CUSIP	Maturity Date	Purchase Date	Settlement Date	Par Value	Purchased Value	Market Value	Yield	Annualized Yield
2017-001	Prosperity Bank	Time CD	182001555	1/24/18	1/24/17	1/24/17	150,000	150,000	150,618	0.55%	828
2016-002	Prosperity Bank	Time CD	182001528	5/25/18	5/25/16	5/25/16	100,000	100,000	101,056	0.65%	657
2016-004	Prosperity Bank	Time CD	182001536	8/23/18	8/23/16	8/23/16	150,000	150,000	151,318	0.70%	1,059
2016-007	Prosperity Bank	Time CD	182001540	9/20/18	9/20/16	9/20/16	150,000	150,000	151,316	0.70%	1,059
2016-010	Prosperity Bank	Time CD	182001544	11/14/18	11/9/16	11/9/16	150,000	150,000	151,052	0.70%	1,057
2016-013	Prosperity Bank	Time CD	182001554	12/13/18	12/13/16	12/13/16	150,000	150,000	151,053	0.70%	1,057
2017-002	Prosperity Bank	Time CD	182001556	1/24/19	1/24/17	1/24/17	150,000	150,000	150,787	0.70%	1,056
2016-005	Prosperity Bank	Time CD	182001537	8/23/19	8/23/16	8/23/16	150,000	150,000	151,507	0.80%	1,212
2016-008	Prosperity Bank	Time CD	182001541	9/20/19	9/20/16	9/20/16	150,000	150,000	151,504	0.80%	1,212
2016-011	Prosperity Bank	Time CD	182001545	11/14/19	11/9/16	11/9/16	150,000	150,000	151,203	0.80%	1,210
2016-014	Prosperity Bank	Time CD	182001553	12/13/19	12/13/16	12/13/16	150,000	150,000	151,203	0.80%	1,210
2017-003	Prosperity Bank	Time CD	182001557	1/24/20	1/24/17	1/24/17	150,000	150,000	150,899	0.80%	1,207
							<u>1,750,000</u>	<u>1,750,000</u>	<u>1,763,517</u>		
2017-006	Wells Fargo Bank	Negotiable CD	949763EU6	3/15/18	2/1/17	2/15/17	150,000	150,000	149,924	1.10%	1,650
2017-007	Great Southern Bar	Negotiable CD	39120VRX4	4/23/18	2/10/17	2/22/17	150,000	150,000	149,822	1.05%	1,575
2017-005	CapitalOne	Negotiable CD	140420W22	2/8/19	2/1/17	2/8/17	150,000	150,000	149,642	1.55%	2,325
2017-012	Texas Trust CU	Negotiable CD	88283MAR5	5/29/19	3/10/17	3/29/17	150,000	150,000	149,474	1.60%	2,400
2017-008	Southwest FCU	Negotiable CD	84485EAC1	6/14/19	2/27/17	3/15/17	150,000	150,000	149,217	1.50%	2,250
2017-004	Mercantil Bank	Negotiable CD	58733ADW6	2/10/20	2/1/17	2/10/17	150,000	150,000	149,277	1.80%	2,700
2017-009	JP Morgan Chase	Negotiable CD	48126XD77	3/16/20	3/7/17	3/16/17	150,000	150,000	149,190	1.80%	2,700
2017-019	Ally Bank	Negotiable CD	02006L2A0	4/13/20	4/12/17	4/13/17	150,000	150,000	149,121	1.80%	2,700
2017-020	Goldman Sachs	Negotiable CD	381848PJQ1	5/3/20	4/24/17	5/3/17	150,000	150,000	149,237	1.85%	2,775
2017-021	American Express	Negotiable CD	02587CFK1	6/1/20	5/25/17	6/1/17	150,000	150,000	148,815	1.90%	2,850
2017-022	MidSouth Bank	Negotiable CD	59805FAA7	7/13/20	7/6/17	7/12/17	200,000	200,000	198,738	1.85%	3,700
2017-023	SallieMae Bank	Negotiable CD	79545OB87	8/9/17	8/2/17	8/7/17	200,000	200,000	198,914	1.90%	3,800
2017-024	AmEx Centurion	Negotiable CD	02587DY69	9/8/20	8/29/17	9/6/17	200,000	200,000	198,272	1.95%	3,900
2017-025	CapitalOneNA	Negotiable CD	14042RJH5	10/12/20	10/4/17	10/12/17	100,000	100,000	99,598	2.00%	2,000
2017-026	Discover Bank	Negotiable CD	254673GQ3	11/16/20	11/9/17	11/15/17	150,000	150,000	149,312	2.00%	3,000
							<u>2,350,000</u>	<u>2,350,000</u>	<u>2,338,550</u>		
2017-018	FFCB	Federal Agency	3133EGAS4	2/16/18	3/16/17	3/17/17	150,000	149,756	149,912	1.00%	1,500
2017-016	FHLMC	Federal Agency	3134G66M0	6/22/18	3/14/17	3/16/17	150,000	150,775	149,757	1.07%	1,605
2017-017	FHLMC	Federal Agency	3134G9N60	7/27/18	3/14/17	3/16/17	150,000	149,798	149,405	1.20%	1,800
2017-015	FHLB	Federal Agency	3130AARE0	10/30/18	3/14/17	3/16/17	150,000	150,124	149,283	1.19%	1,785
2017-010	FAMCA	Federal Agency	3132X0QR5	3/19/19	3/9/17	3/19/17	150,000	150,000	149,451	1.43%	2,145
2017-013	FNMA	Federal Agency	3136G0V40	4/25/19	3/10/17	3/14/17	150,000	150,149	148,799	1.38%	2,063
2017-014	FNMA	Federal Agency	3136G3Q73	7/6/19	3/10/17	3/14/17	150,000	149,219	148,281	1.44%	2,160
2017-011	FHLMC	Federal Agency	3134G3N30	10/31/19	3/9/17	3/13/17	150,000	150,775	148,895	1.56%	2,340
2017-027	FHLB	Federal Agency	3130ACVY7	12/15/20	12/15/17	12/15/17	150,000	150,000	149,420	2.05%	3,075
							<u>1,350,000</u>	<u>1,350,596</u>	<u>1,343,201</u>		
Total							<u><u>5,450,000</u></u>	<u><u>5,450,596</u></u>	<u><u>5,445,268</u></u>	1.31%	\$ 71,622