



Date: April 11, 2017

To: City Council
City Manager

From: Connie Talley, Accounting

Through: Steve Groom, Finance

Subject: Quarterly Treasury Report

Treasury Reports for the Quarter ended **March 31, 2017** are attached. Cash in Bank accounts, Government Pools, and Investments totals **\$15,988,599**. 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 \$4,700,000 invested at a range of interest rates averaging 1.01%, diversified invested funds "laddered" across 32 different maturity dates. This is an improvement over the 0.25% earned in our depository checking account at Prosperity Bank and over the 0.33% - 0.60% earned in the TexStar pool.

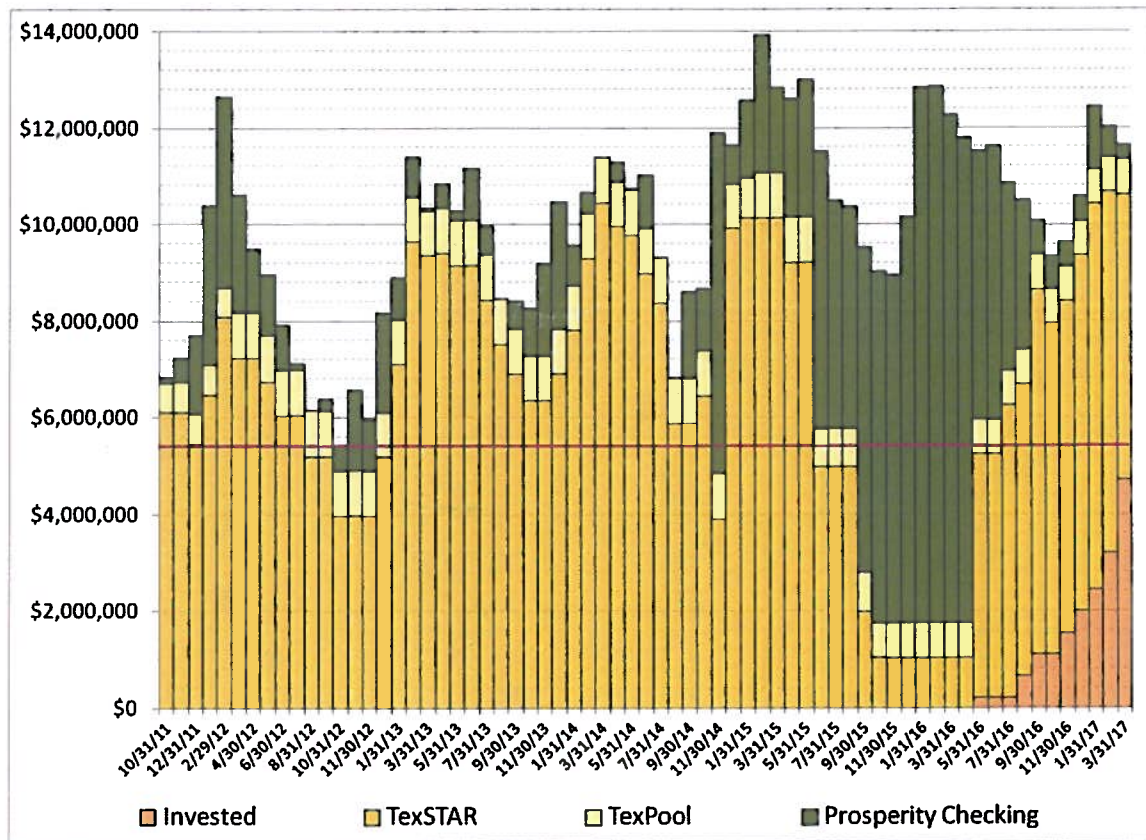
Interest rates continue to be expected to rise - the Fed has signaled a series of ¼ percent rate increases later this year. Laddering 3-year investments reduces the cost of holding investable funds at low interest rates while waiting and hoping for higher rates to lock into for 5 years.

As the initially-lower rates mature, they can be re-invested at higher current rates raising the average yield of the portfolio. For example, our next maturity, a May 2017 1-year Prosperity Bank time CD at 0.50% will likely be reinvested at a rate more in line with our most recent purchase, a 3-year JP Morgan Chase negotiable CD at 1.80%.

The City's investment policy was peer-reviewed by the Government Treasurers' Organization of Texas, for clarity of communication and compliance with Texas Public Funds Investment Act. Palestine joins 31 cities certified in 2016 and 16 cities certified in 2017 for this biannual award. Our investment policy is posted on the city website's finance page as an example 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 and TexPool are money market accounts earning more interest than checking.



The following investments were purchased during the Quarter ended March 31, 2017:

#	Bank/Issuer	Description	CUSIP	Maturity Date	Purchase Date	Settlement Date	Par Value	Purchased Value	Yield	Annualized Yield
2017-001	Prosperity Bank	Time CD	-	1/24/18	1/24/17	1/24/17	150,000	150,000	0.55%	825
2017-002	Prosperity Bank	Time CD	-	1/24/19	1/24/17	1/24/17	150,000	150,000	0.70%	1,050
2017-003	Prosperity Bank	Time CD	-	1/24/20	1/24/17	1/24/17	150,000	150,000	0.80%	1,200
2017-004	Mercantile Bank	Negotiable CD	58733ADW6	2/10/20	2/1/17	2/10/17	150,000	150,000	1.80%	2,700
2017-005	CapitalOne	Negotiable CD	140420W22	2/8/19	2/1/17	2/8/17	150,000	150,000	1.55%	2,325
2017-006	Wells Fargo Bank	Negotiable CD	949763EU6	3/15/18	2/1/17	2/15/17	150,000	150,000	1.10%	1,650
2017-007	Great Southern Bank	Negotiable CD	39120VRX4	4/23/18	2/10/17	2/22/17	150,000	150,000	1.05%	1,575
2017-008	Southwest FCU	Negotiable CD	84485EAC1	6/14/19	2/27/17	3/15/17	150,000	150,000	1.50%	2,250
2017-009	JP Morgan Chase	Negotiable CD	48126XD77	3/16/20	3/7/17	3/16/17	150,000	150,000	1.80%	2,700
2017-010	FAMCA	Federal Agency	3132X0QR5	3/19/19	3/9/17	3/19/17	150,000	150,000	1.43%	2,145
2017-011	FHLMC	Federal Agency	3134G3N30	10/31/19	3/9/17	3/13/17	150,000	150,775	1.56%	2,340
2017-012	Texas Trust CU	Negotiable CD	88283MAR5	5/29/19	3/10/17	3/29/17	150,000	150,000	1.60%	2,400
2017-013	FNMA	Federal Agency	3136G0V40	4/25/19	3/10/17	3/14/17	150,000	150,149	1.38%	2,063
2017-014	FNMA	Federal Agency	3136G3Q73	7/6/19	3/10/17	3/14/17	150,000	149,219	1.44%	2,160
2017-015	FHLB	Federal Agency	3130AARE0	10/30/18	3/14/17	3/16/17	150,000	150,124	1.19%	1,785
2017-016	FHLMC	Federal Agency	3134G66M0	6/22/18	3/14/17	3/16/17	150,000	150,775	1.07%	1,605
2017-017	FHLMC	Federal Agency	3134G9N60	7/27/18	3/14/17	3/16/17	150,000	149,798	1.20%	1,800
2017-018	FFCB	Federal Agency	3133EGAS4	2/16/18	3/16/17	3/17/17	150,000	149,756	1.00%	1,500
Total							2,700,000	2,700,596	1.26%	\$34,073

There were no maturities or divestments during the Quarter ended March 31, 2017.

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

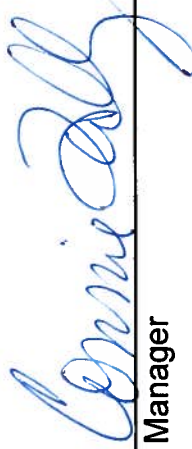
Asset Type	Yield	Prior Yr 9/30/16	Prior Qtr 12/31/16	3/31/17
Demand Deposit Accounts		3,979,143	4,288,398	3,606,569
Government Pools		9,309,407	9,299,163	7,682,030
Investments (Market Value)		1,100,000	2,000,000	4,700,000
		<u>14,388,550</u>	<u>15,587,561</u>	<u>15,988,599</u>

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.



Chief Financial Officer

4/11/2017

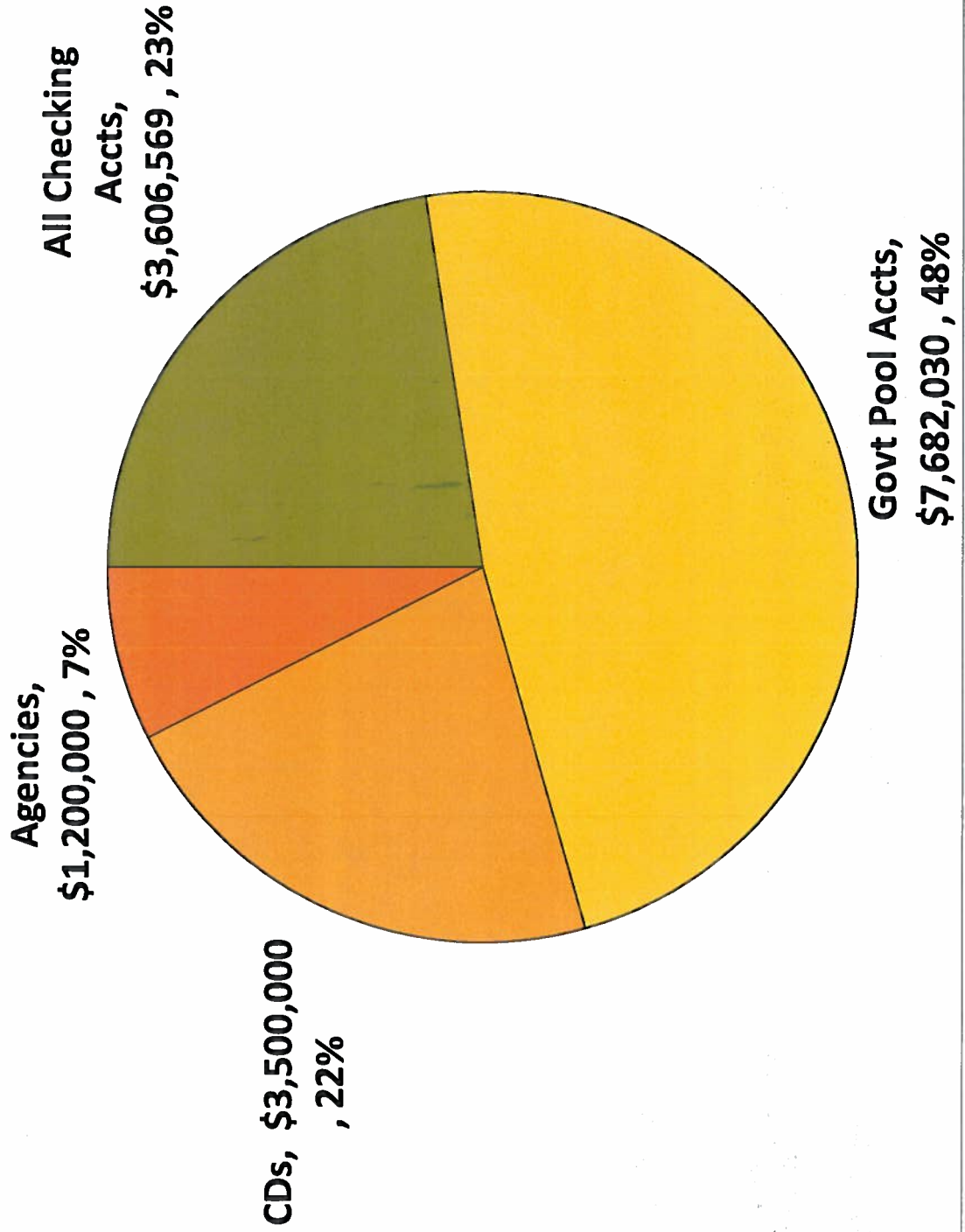


Accounting Manager

City of Palestine

Distribution of Cash and Investments

As of March 31, 2017



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

Bank/Issuer	Account	Acct #	Prior Yr 9/30/2016	Prior Qtr 12/31/16	Current 3/31/17
Prosperity Bank	City Accounts Payable	**** 686	712,928	521,830	305,225
Prosperity Bank	Economic Development	**** 822	1,565,211	1,730,289	1,595,813
Prosperity Bank	Debt Service	**** 695	60,059	219,159	148,514
Prosperity Bank	Health Insurance	**** 697	124,761	69,485	5,113
Prosperity Bank	Utility Fund	**** 693	115,596	115,519	115,440
Prosperity Bank	Home Grant	**** 994	113,969	113,969	113,969
Prosperity Bank	Project Fund Tx Exmpt	**** 111	84,003	84,056	84,108
Prosperity Bank	Library Project Fund	**** 031	66,310	53,850	53,883
Prosperity Bank	Workers Comp	**** 689	74,472	97,970	119,805
Prosperity Bank	Payroll	**** 698	17,046	10,330	19,255
Prosperity Bank	Tax Account	**** 687	2,818	240,474	14,051
Prosperity Bank	Fire Prevention Donation	**** 861	2,903	757	758
Prosperity Bank	City Federal Seizures	**** 690	8,452	52	52
BNY	Texas Water Board		1,030,615	1,030,658	1,030,583
			<u>3,979,143</u>	<u>4,288,398</u>	<u>3,606,569</u>
TexStar	General Account		7,549,011	7,536,872	5,917,240
TexStar	Debt Service		952,626	953,681	955,036
TexPool	General Account		716,645	717,391	718,407
TexPool	Workers Comp		91,124	91,219	91,348
			<u>9,309,407</u>	<u>9,299,163</u>	<u>7,682,030</u>

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

3/31/2017

#	Bank/Issuer	Description	CUSIP	Maturity Purchase Settlement		Par Value	Purchased Value	Market Value	Yield	Remaining Life (days)	Annualized Yield	Monthly Yield	FY161 7 Mos	FY1617 Revenue
				Date	Date									
2016-001	Prosperity Bank	Time CD	-	5/25/17	5/25/16	\$ 100,000	\$ 100,000	\$ 100,416	0.50%	55	\$ 502	\$ 42	12	\$ 502
2016-003	Prosperity Bank	Time CD	-	8/23/17	8/23/16	150,000	150,000	150,415	0.55%	145	827	69	12	827
2016-006	Prosperity Bank	Time CD	-	9/20/17	9/20/16	150,000	150,000	150,409	0.55%	173	827	69	12	827
2016-009	Prosperity Bank	Time CD	-	11/9/17	11/9/16	150,000	150,000	150,208	0.55%	223	826	69	10	688
2016-012	Prosperity Bank	Time CD	-	12/13/17	12/13/16	150,000	150,000	150,203	0.55%	257	826	69	9	620
2017-001	Prosperity Bank	Time CD	-	1/24/18	1/24/17	150,000	150,000	150,000	0.55%	299	825	69	8	550
2016-002	Prosperity Bank	Time CD	-	5/25/18	5/25/16	100,000	100,000	100,529	0.65%	420	653	54	12	653
2016-004	Prosperity Bank	Time CD	-	8/23/18	8/23/16	150,000	150,000	150,529	0.70%	510	1,054	88	12	1,054
2016-007	Prosperity Bank	Time CD	-	9/20/18	9/20/16	150,000	150,000	150,520	0.70%	538	1,054	88	12	1,054
2016-010	Prosperity Bank	Time CD	-	11/9/18	11/9/16	150,000	150,000	150,264	0.70%	588	1,052	88	10	877
2016-013	Prosperity Bank	Time CD	-	12/13/18	12/13/16	150,000	150,000	150,259	0.70%	622	1,052	88	9	789
2017-002	Prosperity Bank	Time CD	-	1/24/19	1/24/17	150,000	150,000	150,000	0.70%	664	1,050	88	8	700
2016-005	Prosperity Bank	Time CD	-	8/23/19	8/23/16	150,000	150,000	150,604	0.80%	875	1,205	100	12	1,205
2016-008	Prosperity Bank	Time CD	-	9/20/19	9/20/16	150,000	150,000	150,595	0.80%	903	1,205	100	12	1,205
2016-011	Prosperity Bank	Time CD	-	11/9/19	11/9/16	150,000	150,000	150,302	0.80%	953	1,202	100	10	1,002
2016-014	Prosperity Bank	Time CD	-	12/13/19	12/13/16	150,000	150,000	150,296	0.80%	987	1,202	100	9	902
2017-003	Prosperity Bank	Time CD	-	1/24/20	1/24/17	150,000	150,000	150,000	0.80%	1,029	1,200	100	8	800
						<u>2,450,000</u>	<u>2,450,000</u>	<u>2,455,549</u>						
2017-006	Wells Fargo Bank	Negotiable CD	949763EU6	3/15/18	2/11/17	150,000	150,000	149,991	1.10%	349	1,650	138	7	963
2017-007	Great Southern B	Negotiable CD	39120VRX4	4/23/18	2/10/17	150,000	150,000	149,814	1.05%	388	1,575	131	7	919
2017-005	CapitalOne	Negotiable CD	140420W22	2/8/19	2/11/17	150,000	150,000	150,134	1.55%	679	2,325	194	7	1,356
2017-012	Texas Trust CU	Negotiable CD	88283MAR5	5/29/19	3/10/17	150,000	150,000	150,032	1.60%	789	2,400	200	6	1,200
2017-008	Southwest FCU	Negotiable CD	84485EAC1	6/14/19	2/27/17	150,000	150,000	149,681	1.50%	805	2,250	188	6	1,125
2017-004	Mercantile Bank	Negotiable CD	58733ADW6	2/10/20	2/11/17	150,000	150,000	150,308	1.80%	1,046	2,700	225	7	1,575
2017-009	JP Morgan Chase	Negotiable CD	48126XD77	3/16/20	3/7/17	150,000	150,000	150,242	1.80%	1,081	2,700	225	6	1,350
						<u>1,050,000</u>	<u>1,050,000</u>	<u>1,050,200</u>						
2017-018	FFCB	Federal Agency	3133EGAS4	2/16/18	3/16/17	150,000	149,756	149,516	1.00%	322	1,500	125	6	750
2017-016	FHLMC	Federal Agency	3134G66M0	6/22/18	3/14/17	150,000	150,775	150,090	1.07%	448	1,605	134	6	803
2017-017	FHLMC	Federal Agency	3134G9N60	7/27/18	3/14/17	150,000	149,798	149,681	1.20%	483	1,800	150	6	900
2017-015	FHLB	Federal Agency	3130AARE0	10/30/18	3/14/17	150,000	150,124	149,856	1.19%	578	1,785	149	6	893
2017-010	FAMCA	Federal Agency	3132X0QR5	3/19/19	3/9/17	150,000	150,000	150,050	1.43%	718	2,145	179	6	1,073
2017-013	FNMA	Federal Agency	3136G0V40	4/25/19	3/10/17	150,000	150,149	149,363	1.38%	755	2,063	172	6	1,031
2017-014	FNMA	Federal Agency	3136G3Q73	7/6/19	3/10/17	150,000	149,219	149,124	1.44%	827	2,160	180	6	1,080
2017-011	FHLMC	Federal Agency	3134G3N30	10/31/19	3/9/17	150,000	150,775	150,003	1.56%	944	2,340	195	6	1,170
						<u>1,200,000</u>	<u>1,200,596</u>	<u>1,197,681</u>						
						<u>4,700,000</u>	<u>4,700,596</u>	<u>4,703,429</u>						
Total									1.01%		\$ 47,560	\$ 3,963		\$ 30,441