



Date: July 14, 2017

To: City Council
City Manager

From: Steve Groom *SG*

Subject: Quarterly Treasury Report

Treasury Reports for the Quarter ended June 30, 2017 are attached. Cash in Bank accounts, Government Pools, and Investments totals \$15,752,291. 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 \$5,050,000 invested at a range of interest rates averaging 1.10%, diversified invested funds laddered across 34 different maturity dates. Our depository checking accounts at Prosperity Bank earn 0.25%, TexPool is at 0.8660% and TexStar is at 0.8631%.

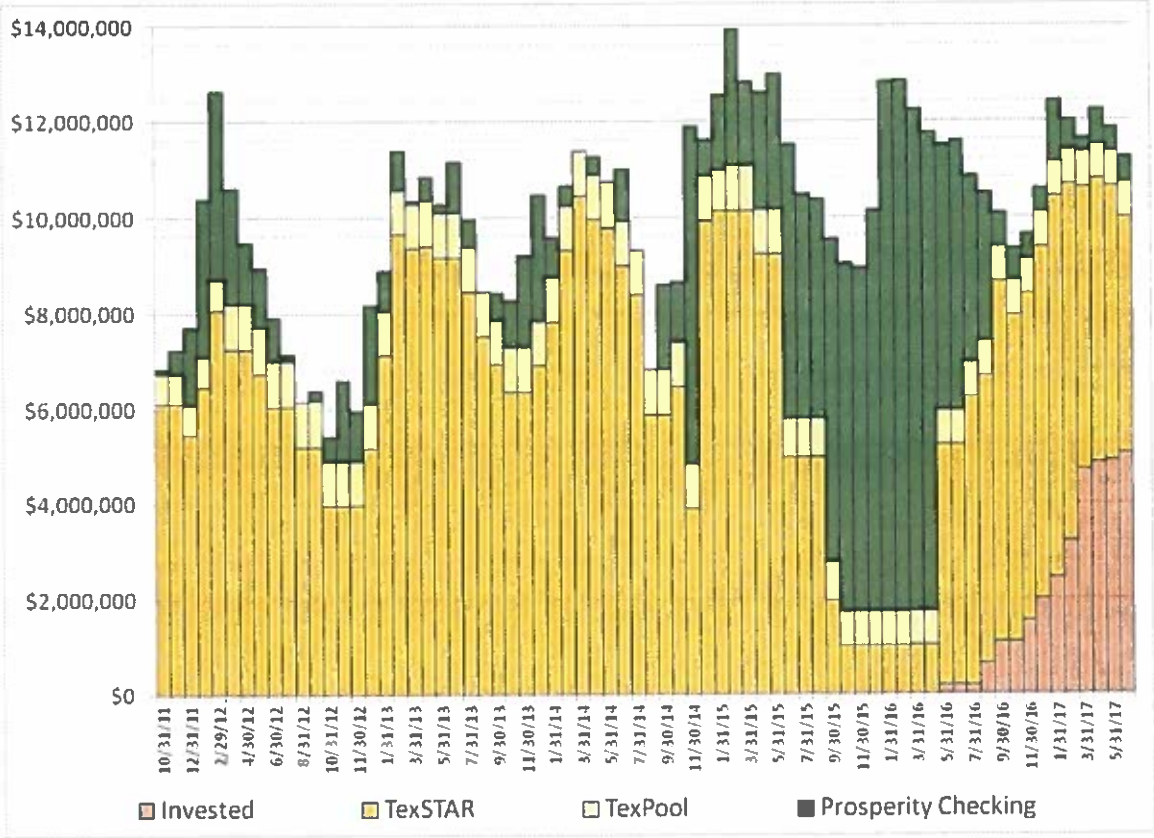
Interest rates continue to be expected to rise - the Fed has signaled a series of ¼ percent rate increases later this year. Laddering 3-year investments reduces the cost of holding investable funds at low interest rates while waiting and hoping for higher rates to lock into for 5 years.

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, an August 2017 1-year Prosperity Bank time CD at 0.55% will likely be reinvested at a rate more in line with our most recent purchase, a 3-year MidSouth Bank negotiable CD at 1.85%.

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 and TexPool are money market accounts 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	Remaining Life (days)	Annualized Yield
2017-019	Ally Bank	Negotiable CD	02006L2A0	4/13/20	4/12/17	4/13/17	150,000	150,000	150,000	1.80%	1,018	2,700
2017-020	Goldman Sachs	Negotiable CD	381848PJO1	5/3/20	4/24/17	5/3/17	150,000	150,000	150,000	1.85%	1,038	2,775
2017-021	American Express	Negotiable CD	02587CFK1	6/1/20	5/25/17	6/1/17	150,000	150,000	150,000	1.90%	1,067	2,850

The following investments matured during the Quarter :

#	Bank/Issuer	Description	Maturity Date	Purchase Date	Settlement Date	Par Value	Purchased Value	Market Value	Yield	Annualized Yield
2016-001	Prosperity Bank	Time CD	5/25/17	5/25/16	5/25/16	\$ 100,000	\$ 100,000	\$ 100,416	0.50%	\$ 502

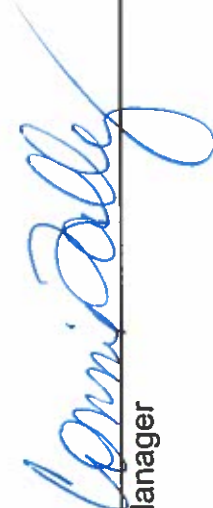
City of Palestine
 Treasury Report
 For the quarter ended June 30, 2017

Asset Type	Yield	Prior Yr 9/30/16	Prior Qtr 3/31/17	6/30/17
Demand Deposit Accounts		3,979,143	3,606,569	4,006,003
Government Pools		9,309,407	7,682,030	6,696,289
Investments (Market Value)		1,100,000	4,900,000	5,050,000
		14,388,550	16,188,599	15,752,291

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.

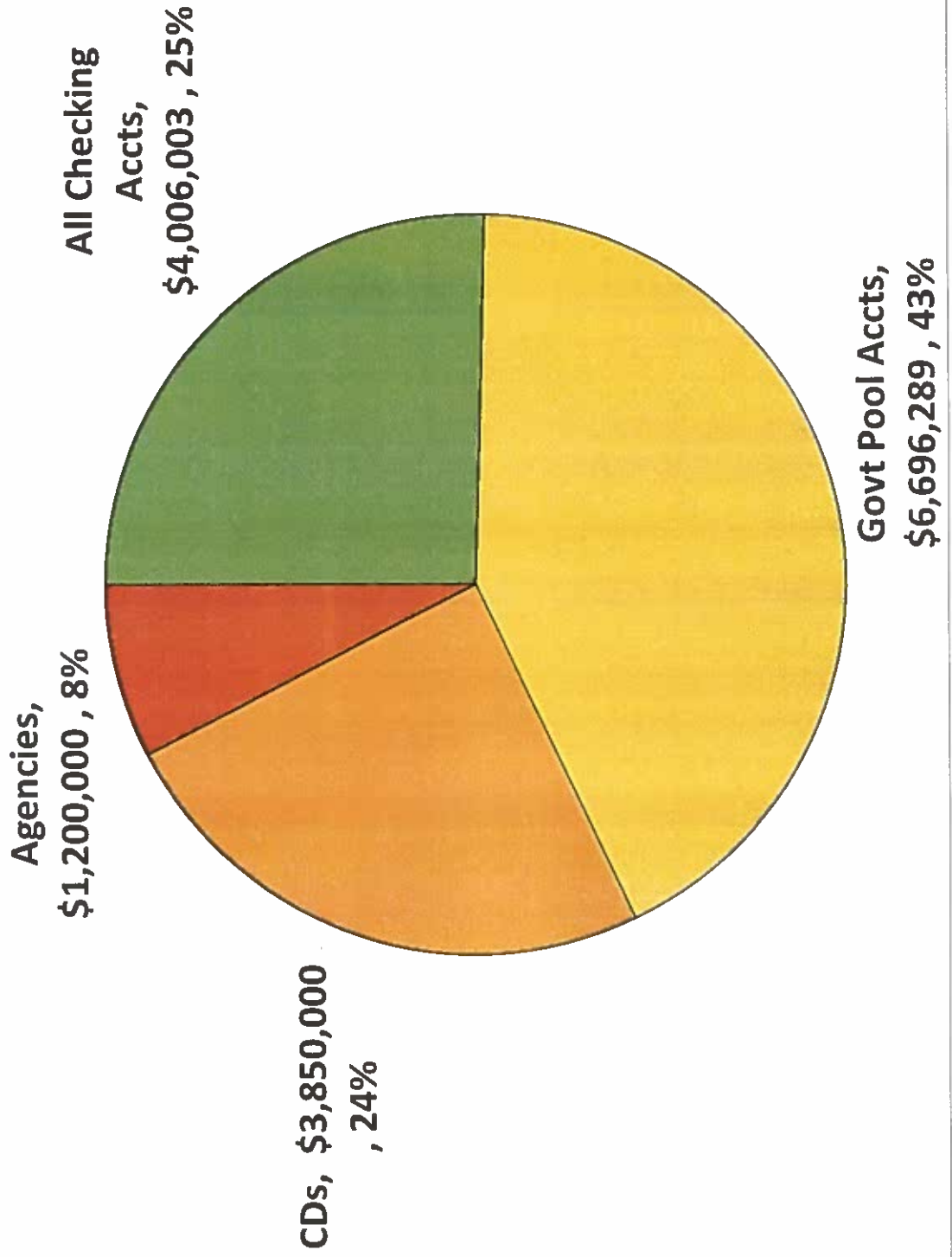

 Chief Financial Officer

7/14/2017


 Accounting Manager

City of Palestine

Distribution of Cash and Investments
As of March 30, 2017



City of Palestine
 Treasury Report
 For the quarter ended June 30, 2017

Bank/Issuer	Account	Acct #	Prior Yr 9/30/2016	Prior Qtr 3/31/17	Current 6/30/17
Prosperity Bank	City Accounts Payable	**** 686	712,928	305,225	542,158
Prosperity Bank	Economic Development	**** 822	1,565,211	1,595,813	1,850,197
Prosperity Bank	Debt Service	**** 695	60,059	148,514	304,975
Prosperity Bank	Health Insurance	**** 697	124,761	5,113	489,477
Prosperity Bank	Utility Fund	**** 693	115,596	115,440	115,362
Prosperity Bank	Home Grant	**** 994	113,969	113,969	113,969
Prosperity Bank	Project Fund Tx Exmpt	**** 111	84,003	84,108	84,160
Prosperity Bank	Library Project Fund	**** 031	66,310	53,883	53,917
Prosperity Bank	Workers Comp	**** 689	74,472	119,805	139,124
Prosperity Bank	Payroll	**** 698	17,046	19,255	12,771
Prosperity Bank	Tax Account	**** 687	2,818	14,051	3,642
Prosperity Bank	Fire Prevention Donation	**** 861	2,903	758	0
Prosperity Bank	City Federal Seizures	**** 690	8,452	52	52
BNY	Texas Water Board		1,030,615	1,030,583	296,200
			<u>3,979,143</u>	<u>3,606,569</u>	<u>4,006,003</u>
TexStar	General Account		7,549,011	5,917,240	4,928,057
TexStar	Debt Service		952,626	955,036	956,886
TexPool	General Account		716,645	718,407	719,818
TexPool	Workers Comp		91,124	91,348	91,528
			<u>9,309,407</u>	<u>7,682,030</u>	<u>6,696,289</u>

City of Palestine
 Treasury Report
 For the quarter ended June 30, 2017

6/30/2017

#	Bank/Issuer	Description	CUSIP	Maturity Date	Purchase Date	Settlement Date	Par Value	Purchased Value	Market Value	Yield	Remaining Life (days)	Annualized Yield
2016-003	Prosperity Bank	Time CD	-	8/23/17	8/23/16	8/23/16	150,000	150,000	150,415	0.55%	54	827
2016-006	Prosperity Bank	Time CD	-	9/20/17	9/20/16	9/20/16	150,000	150,000	150,409	0.55%	82	827
2016-009	Prosperity Bank	Time CD	-	11/9/17	11/9/16	11/9/16	150,000	150,000	150,208	0.55%	132	826
2016-012	Prosperity Bank	Time CD	-	12/13/17	12/13/16	12/13/16	150,000	150,000	150,203	0.55%	166	826
2017-001	Prosperity Bank	Time CD	-	1/24/18	1/24/17	1/24/17	150,000	150,000	150,000	0.55%	208	825
2016-002	Prosperity Bank	Time CD	-	5/25/18	5/25/16	5/25/16	100,000	100,000	100,529	0.65%	329	653
2016-004	Prosperity Bank	Time CD	-	8/23/18	8/23/16	8/23/16	150,000	150,000	150,529	0.70%	419	1,054
2016-007	Prosperity Bank	Time CD	-	9/20/18	9/20/16	9/20/16	150,000	150,000	150,520	0.70%	447	1,054
2016-010	Prosperity Bank	Time CD	-	11/9/18	11/9/16	11/9/16	150,000	150,000	150,264	0.70%	497	1,052
2016-013	Prosperity Bank	Time CD	-	12/13/18	12/13/16	12/13/16	150,000	150,000	150,259	0.70%	531	1,052
2017-002	Prosperity Bank	Time CD	-	1/24/19	1/24/17	1/24/17	150,000	150,000	150,000	0.70%	573	1,050
2016-005	Prosperity Bank	Time CD	-	8/23/19	8/23/16	8/23/16	150,000	150,000	150,604	0.80%	784	1,205
2016-008	Prosperity Bank	Time CD	-	9/20/19	9/20/16	9/20/16	150,000	150,000	150,595	0.80%	812	1,205
2016-011	Prosperity Bank	Time CD	-	11/9/19	11/9/16	11/9/16	150,000	150,000	150,302	0.80%	862	1,202
2016-014	Prosperity Bank	Time CD	-	12/13/19	12/13/16	12/13/16	150,000	150,000	150,296	0.80%	896	1,202
2017-003	Prosperity Bank	Time CD	-	1/24/20	1/24/17	1/24/17	150,000	150,000	150,000	0.80%	938	1,200
							<u>2,350,000</u>	<u>2,350,000</u>	<u>2,355,133</u>			
2017-006	Wells Fargo Bank	Negotiable CD	949763EU6	3/15/18	2/11/17	2/15/17	150,000	150,000	149,991	1.10%	258	1,650
2017-007	Great Southern Bank	Negotiable CD	39120VRX4	4/23/18	2/10/17	2/22/17	150,000	150,000	149,814	1.05%	297	1,575
2017-005	CapitalOne	Negotiable CD	140420W22	2/8/19	2/11/17	2/8/17	150,000	150,000	150,134	1.55%	588	2,325
2017-012	Texas Trust CU	Negotiable CD	88283MAR5	5/29/19	3/10/17	3/29/17	150,000	150,000	150,032	1.60%	698	2,400
2017-008	Southwest FCU	Negotiable CD	84485EAC1	6/14/19	2/27/17	3/15/17	150,000	150,000	149,681	1.50%	714	2,250
2017-004	Mercantile Bank	Negotiable CD	58733ADW6	2/10/20	2/11/17	2/10/17	150,000	150,000	150,308	1.80%	955	2,700
2017-009	JP Morgan Chase	Negotiable CD	48126XD77	3/16/20	3/7/17	3/16/17	150,000	150,000	150,242	1.80%	990	2,700
2017-019	Ally Bank	Negotiable CD	02006L2A0	4/13/20	4/12/17	4/13/17	150,000	150,000	150,000	1.80%	1,018	2,700
2017-020	Goldman Sachs	Negotiable CD	381848PQJ1	5/3/20	4/24/17	5/3/17	150,000	150,000	150,000	1.85%	1,038	2,775
2017-021	American Express	Negotiable CD	02587CFK1	6/1/20	5/25/17	6/1/17	150,000	150,000	150,000	1.90%	1,067	2,850
							<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,200</u>			
2017-018	FFCB	Federal Agency	3133EGAS4	2/16/18	3/16/17	3/17/17	150,000	149,756	149,516	1.00%	231	1,500
2017-016	FHLMC	Federal Agency	3134G66M0	6/22/18	3/14/17	3/16/17	150,000	150,775	150,090	1.07%	357	1,605
2017-017	FHLMC	Federal Agency	3134G9N60	7/27/18	3/14/17	3/16/17	150,000	149,798	149,681	1.20%	392	1,800
2017-015	FHLB	Federal Agency	3130AARE0	10/30/18	3/14/17	3/16/17	150,000	150,124	149,856	1.19%	487	1,785
2017-010	FAMCA	Federal Agency	3132X0QR5	3/19/19	3/9/17	3/19/17	150,000	150,000	150,050	1.43%	627	2,145
2017-013	FNMA	Federal Agency	3136G0V40	4/25/19	3/10/17	3/14/17	150,000	150,149	149,363	1.38%	664	2,063
2017-014	FNMA	Federal Agency	3136G3Q73	7/6/19	3/10/17	3/14/17	150,000	149,219	149,124	1.44%	736	2,160
2017-011	FHLMC	Federal Agency	3134G3N30	10/31/19	3/9/17	3/13/17	150,000	150,775	150,003	1.56%	853	2,340
							<u>1,200,000</u>	<u>1,200,596</u>	<u>1,197,681</u>			
							<u>5,050,000</u>	<u>5,050,596</u>	<u>5,053,014</u>	1.10%		\$ 55,383

Total 34