



Date: November 6, 2017

To: City Council
City Manager

From: Steve Groom

Subject: Quarterly Treasury Report

Treasury Reports for the Quarter ended September 30, 2017 are attached. Cash in Bank accounts, Government Pools, and Investments totals \$12,827,252. 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 \$5,350,000 invested at a range of interest rates averaging 1.22%, diversified invested funds laddered across 35 different maturity dates. Our depository checking accounts at Prosperity Bank earn 0.25%, TexPool is at 1.0300% and TexStar is at 1.0380%.

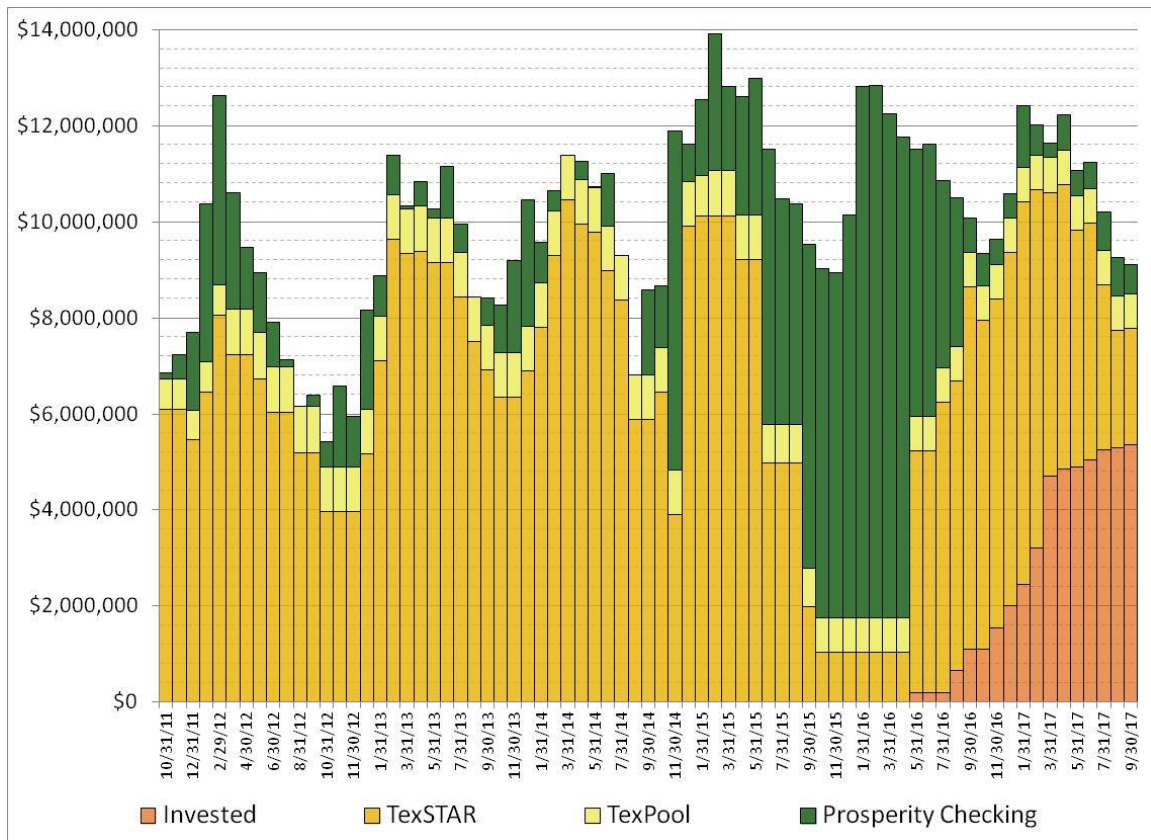
Interest rates continue to be expected to rise - the Fed has signaled a series of ¼ percent rate increases in the coming months. Laddering 3-year investments reduces the cost of holding investable funds at low interest rates while waiting and hoping for higher rates to lock into for 5 years.

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 November 2016 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 CapitalOne NA negotiable CD at 2.00%.

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
2017-022	MidSouth Bank	Negotiable CD	59805FAA7	7/13/20	7/6/17	7/12/17	200,000	200,000	199,932	1.85%	1,017	3,700
2017-023	SallieMae Bank	Negotiable CD	79545OB87	8/9/17	8/2/17	8/7/17	200,000	200,000	200,138	1.90%	(52)	3,800
2017-024	AmEx Centurion	Negotiable CD	02587DY69	9/8/20	8/29/17	9/6/17	200,000	200,000	199,458	1.95%	1,074	3,900

The following investments matured 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
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

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

Asset Type	Yield	Prior Yr	Prior Qtr	
		9/30/16	6/30/17	9/30/17
Demand Deposit Accounts		3,979,143	4,006,003	3,261,970
Government Pools		9,309,407	6,699,131	4,215,282
Investments (Market Value)		1,100,000	5,050,000	5,350,000
		<u>14,388,550</u>	<u>15,755,133</u>	<u>12,827,252</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.

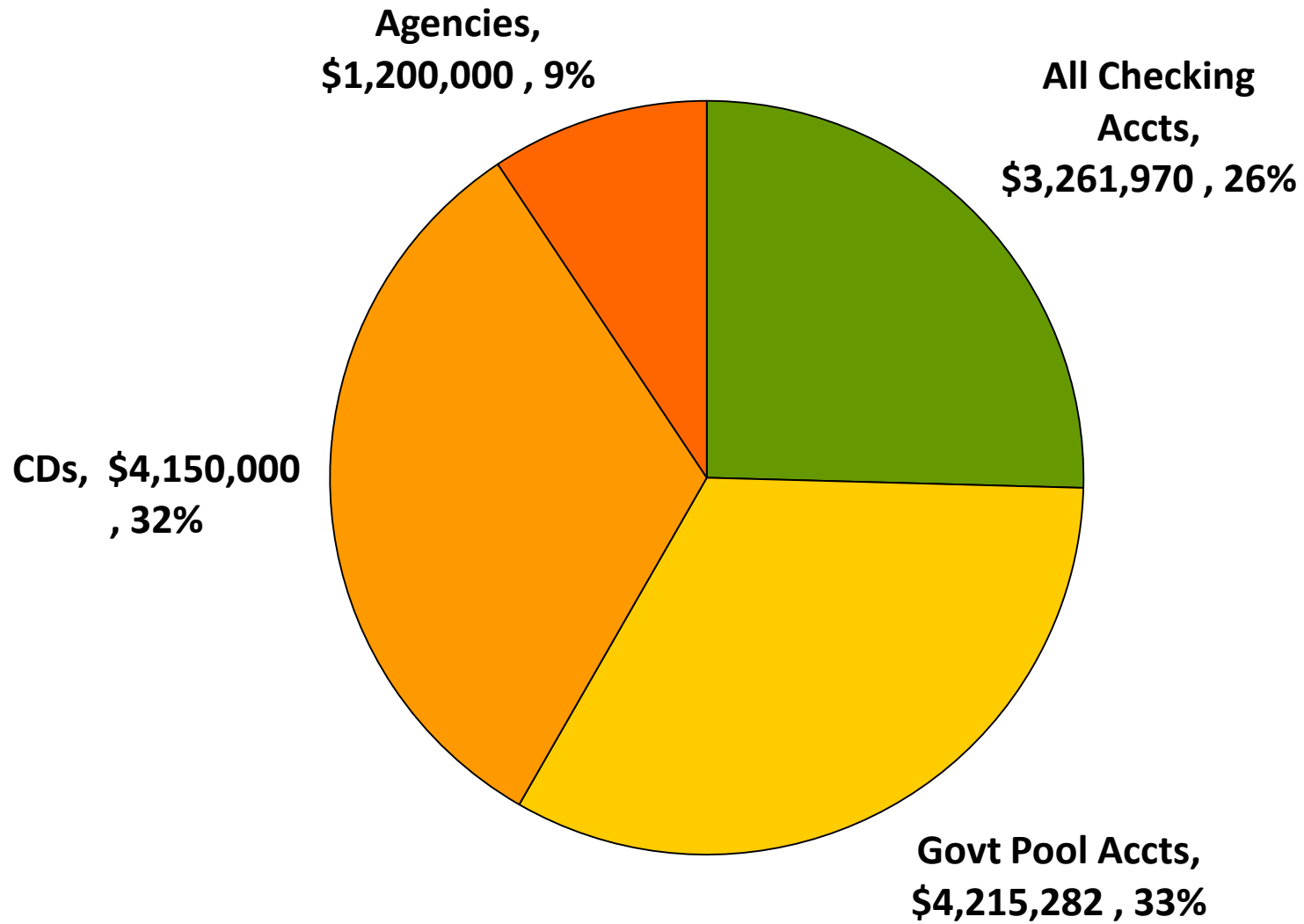

 _____ 11/6/2017
 Chief Financial Officer


 _____ 11-6-17
 Accounting Manager

City of Palestine

Distribution of Cash and Investments

As of September 30, 2017



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

Bank/Issuer	Account	Acct #	Prior Yr 9/30/2016	Prior Qtr 6/30/17	Current 9/30/17
Prosperity Bank	City Accounts Payable	**** 686	712,928	542,158	599,528
Prosperity Bank	Economic Development	**** 822	1,565,211	1,850,197	1,539,218
Prosperity Bank	Debt Service	**** 695	60,059	304,975	71,261
Prosperity Bank	Health Insurance	**** 697	124,761	489,477	336,889
Prosperity Bank	Utility Fund	**** 693	115,596	115,362	115,285
Prosperity Bank	Home Grant	**** 994	113,969	113,969	113,969
Prosperity Bank	Project Fund Tx Exmpt	**** 111	84,003	84,160	6,189
Prosperity Bank	Library Project Fund	**** 031	66,310	53,917	53,951
Prosperity Bank	Workers Comp	**** 689	74,472	139,124	160,752
Prosperity Bank	Payroll	**** 698	17,046	12,771	19,140
Prosperity Bank	Tax Account	**** 687	2,818	3,642	16,968
Prosperity Bank	Fire Prevention Donation	**** 861	2,903	0	0
Prosperity Bank	City Federal Seizures	**** 690	8,452	52	52
BNY	Texas Water Board		1,030,615	296,200	228,770
			<u>3,979,143</u>	<u>4,006,003</u>	<u>3,261,970</u>
TexStar	General Account		7,549,011	4,928,057	2,436,080
TexStar	Debt Service		952,626	956,886	959,344
TexPool	General Account		716,645	719,818	721,624
TexPool	Workers Comp		91,124	91,528	91,757
FNC	Brokerage Account (Int)		-	573	5,404
Mutual Securities	Brokerage Account (Int)		-	2,269	1,073
			<u>9,309,407</u>	<u>6,699,131</u>	<u>4,215,282</u>

#	Bank/Issuer	Description	CUSIP	Maturity Date	Purchase Date	Settlement Date	Par Value	Purchased Value	Market Value	Yield	Remaining Life (days)	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%	40	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%	74	828
2017-001	Prosperity Bank	Time CD	182001555	1/24/18	1/24/17	1/24/17	150,000	150,000	150,409	0.55%	116	827
2016-002	Prosperity Bank	Time CD	182001528	5/25/18	5/25/16	5/25/16	100,000	100,000	100,878	0.65%	237	656
2016-004	Prosperity Bank	Time CD	182001536	8/23/18	8/23/16	8/23/16	150,000	150,000	151,052	0.70%	327	1,057
2016-007	Prosperity Bank	Time CD	182001540	9/20/18	9/20/16	9/20/16	150,000	150,000	151,052	0.70%	355	1,057
2016-010	Prosperity Bank	Time CD	182001544	11/14/18	11/9/16	11/9/16	150,000	150,000	150,786	0.70%	410	1,056
2016-013	Prosperity Bank	Time CD	182001554	12/13/18	12/13/16	12/13/16	150,000	150,000	150,789	0.70%	439	1,056
2017-002	Prosperity Bank	Time CD	182001556	1/24/19	1/24/17	1/24/17	150,000	150,000	150,521	0.70%	481	1,054
2016-005	Prosperity Bank	Time CD	182001537	8/23/19	8/23/16	8/23/16	150,000	150,000	151,202	0.80%	692	1,210
2016-008	Prosperity Bank	Time CD	182001541	9/20/19	9/20/16	9/20/16	150,000	150,000	151,203	0.80%	720	1,210
2016-011	Prosperity Bank	Time CD	182001545	11/14/19	11/9/16	11/9/16	150,000	150,000	150,899	0.80%	775	1,207
2016-014	Prosperity Bank	Time CD	182001553	12/13/19	12/13/16	12/13/16	150,000	150,000	150,902	0.80%	804	1,207
2017-003	Prosperity Bank	Time CD	182001557	1/24/20	1/24/17	1/24/17	150,000	150,000	150,596	0.80%	846	1,205
							<u>2,050,000</u>	<u>2,050,000</u>	<u>2,061,528</u>			
2017-006	Wells Fargo Bank	Negotiable CD	949763EU6	3/15/18	2/1/17	2/15/17	150,000	150,000	149,913	1.10%	166	1,650
2017-007	Great Southern Bar	Negotiable CD	39120VRX4	4/23/18	2/10/17	2/22/17	150,000	150,000	149,810	1.05%	205	1,575
2017-005	CapitalOne	Negotiable CD	140420W22	2/8/19	2/1/17	2/8/17	150,000	150,000	149,943	1.55%	496	2,325
2017-012	Texas Trust CU	Negotiable CD	88283MAR5	5/29/19	3/10/17	3/29/17	150,000	150,000	149,912	1.60%	606	2,400
2017-008	Southwest FCU	Negotiable CD	84485EAC1	6/14/19	2/27/17	3/15/17	150,000	150,000	149,637	1.50%	622	2,250
2017-004	Mercantil Bank	Negotiable CD	58733ADW6	2/10/20	2/1/17	2/10/17	150,000	150,000	150,083	1.80%	863	2,700
2017-009	JP Morgan Chase	Negotiable CD	48126XD77	3/16/20	3/7/17	3/16/17	150,000	150,000	150,017	1.80%	898	2,700
2017-019	Ally Bank	Negotiable CD	02006L2A0	4/13/20	4/12/17	4/13/17	150,000	150,000	149,958	1.80%	926	2,700
2017-020	Goldman Sachs	Negotiable CD	381848PJQ1	5/3/20	4/24/17	5/3/17	150,000	150,000	150,100	1.85%	946	2,775
2017-021	American Express	Negotiable CD	02587CFK1	6/1/20	5/25/17	6/1/17	150,000	150,000	149,652	1.90%	975	2,850
2017-022	MidSouth Bank	Negotiable CD	59805FAA7	7/13/20	7/6/17	7/12/17	200,000	200,000	199,932	1.85%	1,017	3,700
2017-023	SallieMae Bank	Negotiable CD	79545OB87	8/9/17	8/2/17	8/7/17	200,000	200,000	200,138	1.90%	(52)	3,800
2017-024	AmEx Centurion	Negotiable CD	02587DY69	9/8/20	8/29/17	9/6/17	200,000	200,000	199,458	1.95%	1,074	3,900
							<u>2,100,000</u>	<u>2,100,000</u>	<u>2,098,551</u>			
2017-018	FFCB	Federal Agency	3133EGAS4	2/16/18	3/16/17	3/17/17	150,000	149,756	149,732	1.00%	139	1,500
2017-016	FHLMC	Federal Agency	3134G66M0	6/22/18	3/14/17	3/16/17	150,000	150,775	149,969	1.07%	265	1,605
2017-017	FHLMC	Federal Agency	3134G9N60	7/27/18	3/14/17	3/16/17	150,000	149,798	149,580	1.20%	300	1,800
2017-015	FHLB	Federal Agency	3130AARE0	10/30/18	3/14/17	3/16/17	150,000	150,124	149,655	1.19%	395	1,785
2017-010	FAMCA	Federal Agency	3132X0QR5	3/19/19	3/9/17	3/19/17	150,000	150,000	149,765	1.43%	535	2,145
2017-013	FNMA	Federal Agency	3136G0V40	4/25/19	3/10/17	3/14/17	150,000	150,149	149,237	1.38%	572	2,063
2017-014	FNMA	Federal Agency	3136G3Q73	7/6/19	3/10/17	3/14/17	150,000	149,219	148,850	1.44%	644	2,160
2017-011	FHLMC	Federal Agency	3134G3N30	10/31/19	3/9/17	3/13/17	150,000	150,775	149,834	1.56%	761	2,340
							<u>1,200,000</u>	<u>1,200,596</u>	<u>1,196,619</u>			
Total	35						<u>5,350,000</u>	<u>5,350,596</u>	<u>5,356,698</u>	1.22%		\$ 65,180