

CITY OF EULESS

INVESTMENT COMMITTEE MEETING FISCAL YEAR 2014-2015



Building on a Strong Foundation

201 North Ector Drive
Euless, Texas 76039
www.eulesstx.gov

Investment Committee Meeting

1/12/2016

- * Compliance Summary - Legislative Requirements
 - Introduction
 - Investment Strategy Compliance

- * Annual Review, Fiscal Year 2015
 - I. Portfolio Summary
 - II. Performance Summary
 - III. Interest Income Summary
 - IV. Collateral Review
 - V. Broker Selection Process
 - VI. Summary

- * Certification

- * Minutes from 1/13/2015

- * Appendices
 - Appendix A - Investment Portfolio by Fund
 - Appendix B - Investment Purchases
 - Appendix C - Investment Maturities
 - Appendix D - Investment Types and Institutions

- * Investment Policy

- * Broker / Dealers

- * Economic News

INTRODUCTION

This report is written and submitted in accordance with Chapter 2256 of the Texas Government Code entitled the "Public Funds Investment Act," which states that "at least once each year, the investment officer of a state agency or political subdivision shall prepare a written report concerning the agency's or subdivision's local funds investment transactions for the preceding year and describing in detail the investment position of the agency or subdivision as of the date of the report.

The City's investment policy designates the Investment Officers as the responsible managers for the City's investment program. The daily investment procedures are monitored by the City's Finance department and reviewed by the investment officers. This report has been signed by each investment officer as required by the Public Funds Investment Act and the City's investment policy.

In compliance with the City's investment policy, the Finance department fulfills four main objectives: compliance, safety, liquidity, and yield, in that order. Compliance is maintained through regular reporting to City management on a monthly, quarterly and annual basis. Safety is insured by 1) investing only in securities allowed by Chapter 2256 of the Texas Government Code entitled the "Public Funds Investment Act"; 2) using delivery vs. payment for all purchases; 3) protecting all non-government securities (cash and bank certificates of deposit) with collateral in the form of government securities which are pledged to the City of Euless and safekept by the Federal Reserve Bank; and 4) diversifying investment purchases into different security markets to minimize individual market risk.

Liquidity is met by matching investment terms to future operating cash needs such as payroll, accounts payable, debt service, and capital improvement disbursements. The City also utilizes money market funds and local government investment pools to provide daily liquidity needs. The yield or rate of return which the City receives is measured against the 90-day treasury bill yield as set by the investment policy.

The information contained in this report will quantitatively and graphically demonstrate the achievement of these City objectives for Fiscal Year 2014-15.

Investment Strategy Compliance

The strategy for all pooled funds is to assure that cash flows are matched with projected needs and provide adequate liquidity and safety. This may be accomplished by purchasing high quality securities in a laddered structure or utilizing an investment pool. Furthermore, the following purposes are also considered when investing.

-Operating Funds will be structured in such a way as to minimize volatility during economic cycles. This may be accomplished by purchasing high quality short-term securities. The weighted average maturity on these funds will remain within the 6 to 9 month range. These funds include:

101	General Fund	501	Water & Wastewater Fund
201	Hotel-Motel Tax Fund	504	Service Center Fund
202	Juvenile Case Fund	510	Drainage Utility Fund
210	1/2 Cent Sales Tax Operations Fund	520	Recreation Classes Fund
220	Crime Control & Prevention District Fund	521	Arbor Daze Fund
221	Police Seized Asset Fund	530	Softball World Operations Fund
230	Police Drug DEA Awards Fund	540	Golf Course Operations Fund
231	Police Drug State Awards Fund	550	Parks at Texas Star Operations Fund
240	Car Rental Tax Fund	601	Equipment Replacement Fund
245	Glade Parks PID Fund	610	Health Insurance Fund
250	Glade Parks TIRZ Fund	615	Risk Management Fund
260	Cable PEG Fund		

-Funds for Capital Improvement Projects (CIP) and Special Purposes may purchase securities which allow for flexibility and unanticipated project outlays by having a portion of their investments in highly liquid securities. The stated final maturity dates of securities held should not exceed the estimated project completion date. These funds include:

301	Developer's Escrow Fund	502	Water & Wastewater CIP Fund
305	Streets CIP Fund	505	Water Impact Fees Fund
310	1/2 Cent Sales Tax CIP Fund	508	Wastewater Impact Fees Fund
320	General Capital Projects Fund	511	Drainage CIP Fund
321	Redevelopment Fund	543	TSGC CIP Fund
325	Police Facility Construction Fund	552	TSSC CIP Fund
330	Car Rental CIP Fund	725	Glade Parks Escrow Phase III Fund
		730	Glade Parks Escrow Phase IV Fund

-Debt Service Funds should assure adequate liquidity to cover the debt service obligation on the required payment date. These funds include:

401	Debt Service/General Obligation Fund	506	Water & Wastewater Debt Service Fund
402	Star Center Debt Service Fund	531	TSSC Debt Service Fund
403	Glade Parks Debt Service Fund	541	TSGC Debt Service Fund
410	1/2 Cent Sales Tax Debt Service Fund		

-Emergency, Contingency, Operating and Debt Service Reserve funds will have the ability to generate a dependable revenue stream to the appropriate fund from securities with a low degree of volatility. Such securities will tend to hold their value during economic cycles. The stated final maturity dates of securities held should not exceed five years. These funds include:

102	General Fund Emergency Fund	507	Water & Wastewater Emergency Fund
103	General Fund Contingency Fund	509	Water & Wastewater Rate Stabilization Reserve Fund
211	1/2 Cent Sales Tax Debt Reserve Fund	532	TSSC Reserve Fund
240	Car Rental Tax Fund (\$2,000,000 Reserve)	542	TSGC Reserve Fund
503	Water & Wastewater Debt Reserve Fund	705	Star Center Escrow Fund

Based on the above strategies, the investment portfolio reported herein is in compliance with the City's adopted investment policy.



Janina Jewell
Director of Finance



Jackie Theriot
Assistant Director of Finance

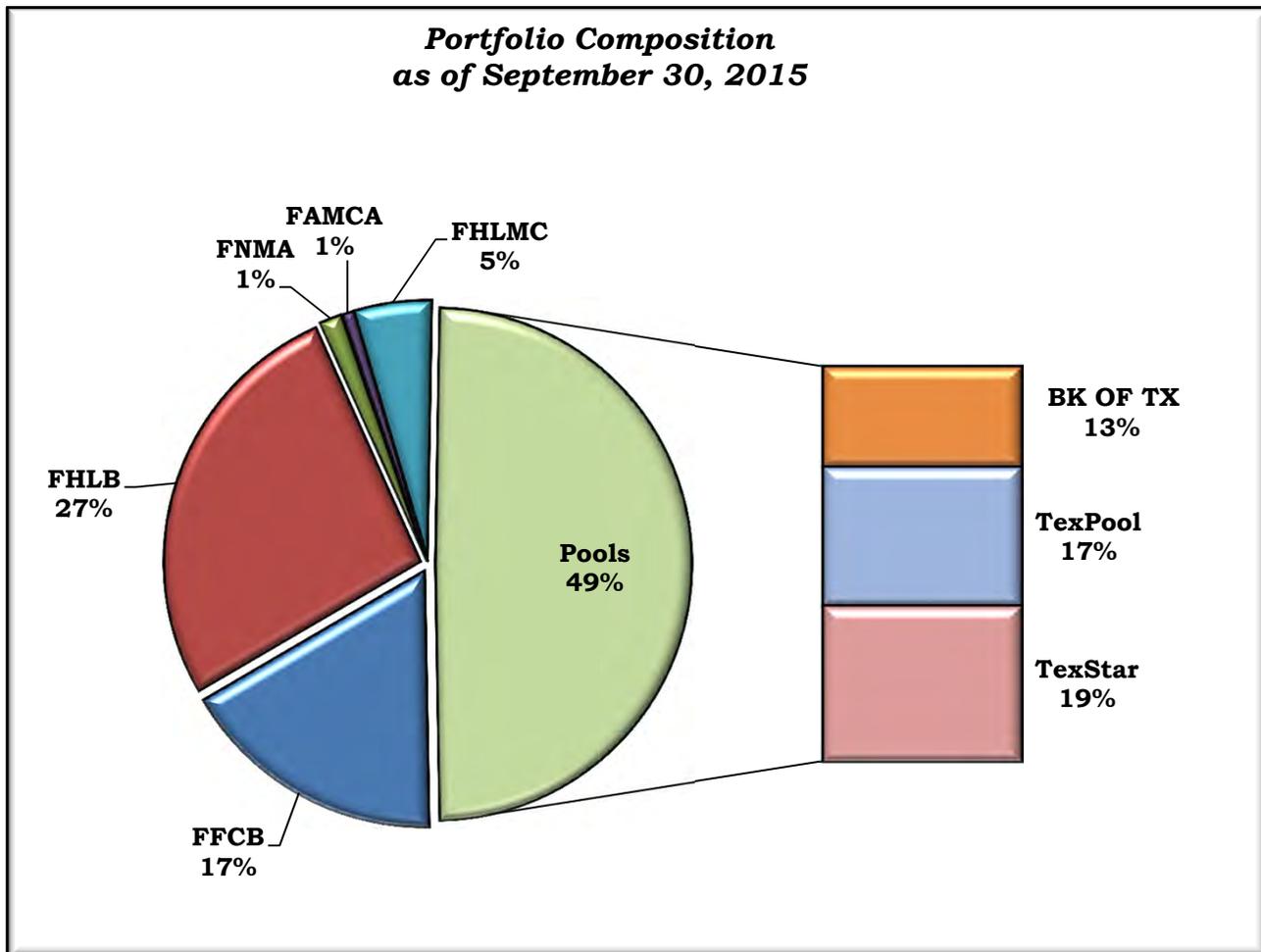
I. PORTFOLIO SUMMARY

The City's investment portfolio at the end of the fiscal year, September 30, 2015, is summarized by instrument as shown below.

Distribution by Instrument

<u>Instrument</u>	<u>\$ Cost</u>	<u>% of Portfolio</u>	<u>Average Yield</u>	<u>Avg. Yield Prior Qtr.</u>
Agencies	\$ 36,416,467	51.15%	0.31%	0.33%
Investment Pools	\$ 34,773,122	48.85%	0.04%	0.02%
	<u>\$ 71,189,589</u>	<u>100.00%</u>		

The Distribution by Instrument table shows that the majority of City funds, approximately 51% are invested in government agencies, while the remaining 49% is invested in local government investment pools. As of the date of this report, the weighted average yield on the portfolio was .35%. When compared to prior quarter levels, the yield on the portfolio has remained relatively stable. The portfolio composition below demonstrates the diversity within the portfolio.

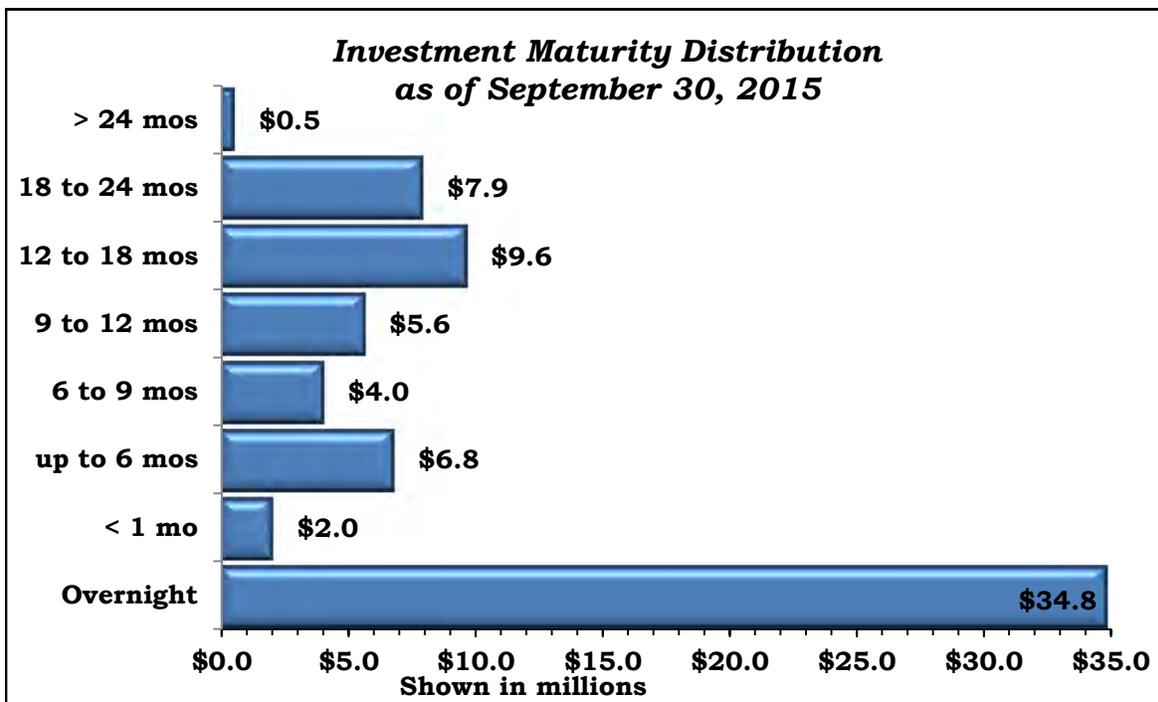


I. PORTFOLIO SUMMARY (CONTINUED)

The City's investment portfolio at the end of the fiscal year, September 30, 2015, is summarized by maturity as shown below.

# of months	\$ Cost	% of Portfolio
Overnight	\$ 34,773,122	48.8%
< 1 mo	\$ 2,000,000	2.8%
up to 6 mos	\$ 6,763,317	9.5%
6 to 9 mos	\$ 3,998,755	5.6%
9 to 12 mos	\$ 5,628,760	7.9%
12 to 18 mos	\$ 9,625,460	13.5%
18 to 24 mos	\$ 7,900,175	11.1%
> 24 mos	\$ 500,000	0.7%
	\$ 71,189,589	100.0%

The Distribution by Maturity table reflects the degree of liquidity in the City's portfolio. Currently, access to 49% of the portfolio is available within 24 hours, with an additional 12% available within 6 months. This liquidity strategy was followed to meet cash flow requirements for construction projects, payroll, debt service, and other operating expenses. An additional 13.5% of the portfolio matures within one year. Currently, the City has 13.5% of the portfolio invested between 12 - 18 months, 11% of the portfolio invested between 18 - 24 months, and an additional 1% beyond 24 months to take advantage of yields in this area of the curve. The weighted average maturity on the portfolio is currently 210.42 days.



I. PORTFOLIO SUMMARY (CONTINUED)

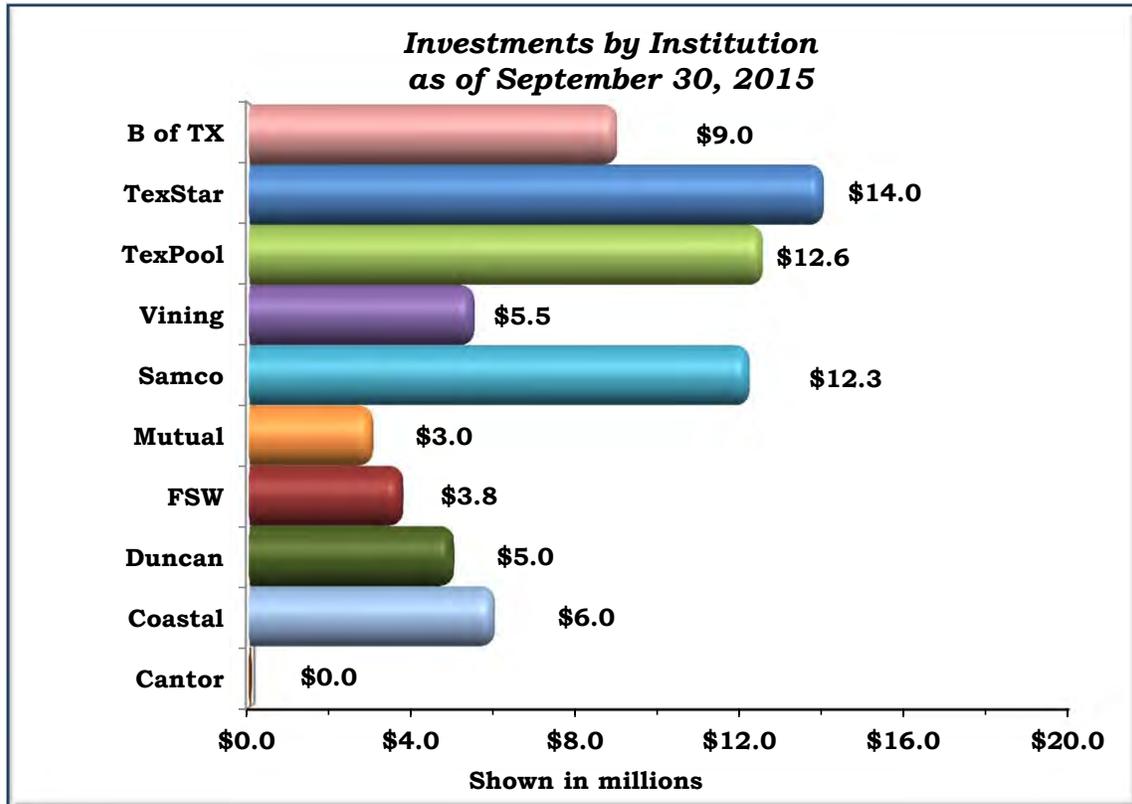
The City's investment portfolio at the end of the fiscal year, September 30, 2015, is summarized by institution as shown below.

Institution	\$ Cost	% of Portfolio
Cantor Fitzgerald	\$ -	0.0%
Coastal Securities	\$ 5,999,600	8.4%
Duncan Williams	\$ 4,999,925	7.0%
First Southwest	\$ 3,750,795	5.3%
Mutual Securities	\$ 3,008,280	4.2%
Samco Capital	\$ 12,258,087	17.2%
Vining Sparks	\$ 5,499,780	7.7%
TexPool	\$ 12,583,220	17.7%
TexStar	\$ 14,080,968	19.8%
B of TX	\$ 9,008,934	12.7%
	\$ 71,189,589	100.0%

The City strives to not only diversify the portfolio by the type of instruments that are purchased, but also by the institution in from which they are purchased. The City uses the following guidelines:

- No more than 10% in repurchase agreements,
- No more than 33% in investment pools with any single institution,
- No more than 33% in money market mutual funds, and
- No more than 33% by individual brokerage firms.

The chart below demonstrates the City's compliance with the above guidelines.



**City of Eules
Pooled Portfolio Summary
for Quarter Ending
September 30, 2015**

	<u>Cost Principal Only</u>	<u>Book Value</u>	<u>Market Value</u>
Investments at June 30, 2015	\$ 63,389,851	\$ 63,377,794	\$ 63,376,881
Investment Purchases/Dividends	\$ 26,657,685		
Investment Maturities	<u>\$ (18,857,947)</u>		
Investments at September 30, 2015	<u>\$ 71,189,589</u>	<u>\$ 71,168,045</u>	<u>\$ 71,212,549</u>



Janina Jewell
Director of Finance



Jackie Theriot
Assistant Director of Finance

Summary of Investments by Fund

The following is a summary of cash and investments held by each fund at June 30, 2015 and September 30, 2015. The changes include all investment purchases, maturities, revenues, expenses, and transfers that occurred during the fourth quarter of FY2015.

	Cash & Investment at Market Value 6/30/2015	Cash & Investment at Market Value 9/30/2015	Increase/ Decrease In Fund	
101 General Fund	10,604,093	10,288,301	(315,792)	Operating expenses
102 General Fund Emergency	499,550	500,650	1,100	
103 General Fund Contingency	500,350	500,940	590	
201 Hotel-Motel Tax Fund	184,528	181,575	(2,953)	
202 Juvenile Case Fund	186,255	198,300	12,045	
210 1/2 Cent Operations Fund	1,851,720	1,893,059	41,339	
211 1/2 Cent Debt Reserve	915,038	915,477	438	
220 CCPD	522,607	669,333	146,726	Operating revenues
221 Police Seized Asset Fund	920,126	877,521	(42,604)	Seized funds
230 Police Drug DEA Awards	141,644	141,667	22	
231 Police Drug State Awards	126,147	146,429	20,282	
235 Public Safety Grant Fund	(14,593)	(102,020)	(87,427)	
236 Police Grant Fund	3,543	3,543	-	
237 Texas Transportation Grant	65,108	(14,410)	(79,518)	
240 Car Rental Tax Fund	7,150,159	9,216,203	2,066,044	Operating Revenues
240-R Car Rental Reserve Fund	2,000,500	2,004,890	4,390	
245 Glade Parks PID	726,683	750,000	23,318	Transfer to Debt
250 Glade Parks TIRZ #3	94,572	13,342	(81,230)	Transfer to Debt
260 Cable PEG Fund	346,862	379,067	32,204	Cable Franchise PEG Fees
301 Developer's Escrow Fund	1,824,111	1,854,938	30,828	
305 Streets CIP	1,156,857	935,338	(221,519)	Capital outlay
310 1/2 Cent Sales Tax CIP	989,873	896,411	(93,462)	Capital outlay
320 General CIP Fund	1,002,380	1,028,360	25,981	
321 Redevelopment CIP Fund	214,658	202,286	(12,372)	
325 Police Facility CIP	454	454	-	
330 Car Rental CIP Fund	1,666,074	1,594,536	(71,539)	
401 Debt Service/General	1,538,946	684,235	(854,711)	Debt service payments
402 Star Center Debt Service	570,406	131,840	(438,565)	Debt service payments
403 Glade Parks Debt Service	219,312	2	(219,310)	Debt service payments
410 EDC Debt Service	674,025	2,163	(671,862)	Debt service payments
501 Water & Wastewater Fund	4,770,677	12,845,581	8,074,904	Loan proceeds received
502 Water & Wastewater-CIP	2,250,856	3,117,241	866,385	Capital outlay
503 Water & Wastewater Bond Reserve	305,287	641,351	336,064	
504 Service Center Fund	2,980	15,122	12,142	Operating expenses
505 Water Impact Fees	1,441,014	1,487,846	46,832	TRA water pmt/debt pmt
506 Water & Wastewater-Debt Service	409,914	92,212	(317,703)	Debt service payments
507 Water & Wastewater-Emergency	499,546	500,810	1,264	
508 Wastewater Impact Fees	543,194	478,979	(64,214)	TRA WW pmt/debt pmts
509 W/WW Rate Stabilization	1,245,039	797,623	(447,416)	Transfer to W/WW operations
510 Drainage Utility	264,712	303,229	38,517	Operating expenses
511 Drainage CIP	1,097,576	1,008,834	(88,743)	Capital outlay
512 Drainage Reserve	-	-	-	
520 Recreation Classes Fund	376,196	334,895	(41,301)	Operating expenses
521 Arbor Daze Fund	27,097	16,434	(10,663)	
530 Softball World Operations	(418,510)	(429,973)	(11,463)	
531 TSSC Debt	(28,644)	8,009	36,653	Transfer from operating
532 TSSC Debt Reserve	1,076,015	1,085,080	9,065	Gas royalty payments
540 TSGC Operations	85,988	207,260	121,272	Transfer from Reserve/op revs
541 TSGC Debt	(19,345)	54,721	74,066	Transfer from operating
542 TSGC Debt Reserve	1,131,609	985,765	(145,844)	Proj exps/transfer to operations
543 TSGC CIP Fund	-	172,498	172,498	
550 Parks @ Texas Star	395,857	411,409	15,552	
552 Parks @ Texas Star CIP	753,343	753,466	123	
601 Equipment Replacement	2,514,193	2,957,921	443,727	Transfer from other funds
610 Health Insurance Fund	3,753,547	3,724,034	(29,513)	Insurance claims
615 Risk Management Fund	2,018,157	2,076,662	58,505	Transfer from other funds
701 Payroll Clearing Fund	749,491	519,880	(229,610)	EOY balance will clear next mo.
705 Star Center Escrow	1,420,742	1,420,809	67	
725 Glade Park Phase III Escrow	(40,473)	-	40,473	Capital outlay
730 Glade Park Phase IV Escrow	167,282	-	(167,282)	Capital outlay
TOTAL	63,475,327	71,482,125	8,006,798	

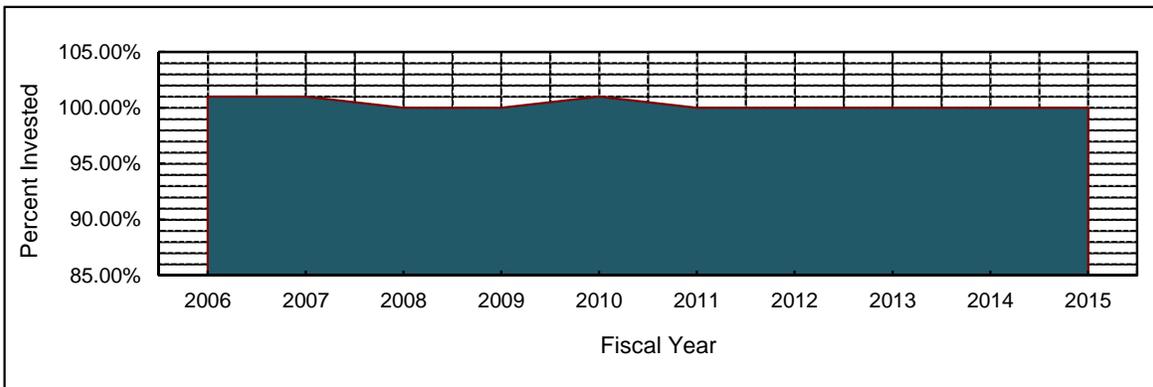
II. PERFORMANCE SUMMARY

Cash and Investment Balances-Full utilization of funds and minimization of idle cash is necessary to pursue additional interest income revenues for the City. The average percent of invested funds is 100% for FY2015. The monthly data below shows the continued utilization of City funds through investments.

FY2014	Consolidated Cash	Invested Balance	Percentage Invested
October	\$ 353,570	\$ 69,213,957	99%
November	\$ (467,867)	\$ 68,498,400	101%
December	\$ (345,724)	\$ 71,609,800	100%
January	\$ 1,260,771	\$ 75,584,854	98%
February	\$ (551,590)	\$ 76,743,544	101%
March	\$ 385,538	\$ 65,604,049	99%
April	\$ 497,660	\$ 66,134,052	99%
May	\$ 695,516	\$ 68,811,877	99%
June	\$ 185,368	\$ 67,997,489	100%
July	\$ 513,369	\$ 66,460,866	99%
August	\$ 157,817	\$ 65,102,085	100%
September	\$ 143,581	\$ 63,897,098	100%
Average	\$ 235,667	\$ 68,804,839	100%

FY2015	Consolidated Cash	Invested Balance	Percentage Invested
October	\$ (198,600)	\$ 63,731,625	100%
November	\$ 115,485	\$ 69,380,120	100%
December	\$ 220,499	\$ 67,322,792	100%
January	\$ 1,721,410	\$ 69,319,182	98%
February	\$ (226,564)	\$ 71,613,082	100%
March	\$ (162,296)	\$ 61,450,653	100%
April	\$ (401,266)	\$ 61,112,712	101%
May	\$ 131,804	\$ 62,873,859	100%
June	\$ 209,414	\$ 63,389,851	100%
July	\$ 291,362	\$ 62,990,544	100%
August	\$ 342,308	\$ 62,744,536	99%
September	\$ 269,578	\$ 71,189,589	100%
Average	\$ 192,761	\$ 65,593,212	100%

This graph shows how a greater portion of the City's funds continue to be invested, always in pursuit of 100%.



Cash management performance - effectiveness of the cash management program has been measured utilizing actual figures for FY2015 as shown below:

Month	Average 90-day T-bill Yield	City's Invested Balance	Number Days in Month	Estimated Interest Earnings
October	0.01%	\$ 63,731,625	31	\$541
November	0.02%	\$ 69,380,120	30	\$1,140
December	0.04%	\$ 67,322,792	31	\$2,287
January	0.02%	\$ 69,319,182	31	\$1,177
February	0.02%	\$ 71,613,082	28	\$1,099
March	0.03%	\$ 61,450,653	31	\$1,566
April	0.01%	\$ 61,112,712	30	\$502
May	0.01%	\$ 62,873,859	31	\$534
June	0.01%	\$ 63,389,851	30	\$521
July	0.08%	\$ 62,990,544	31	\$4,280
August	0.08%	\$ 62,744,536	31	\$4,263
September	-0.01%	\$ 71,189,589	30	(\$585)
Average	0.03%	\$ 65,593,212		\$1,444
Estimated earnings at benchmark yields:				\$17,326
Actual FY2015 interest income (un-audited)				\$167,649
Earnings over benchmark:				\$150,323

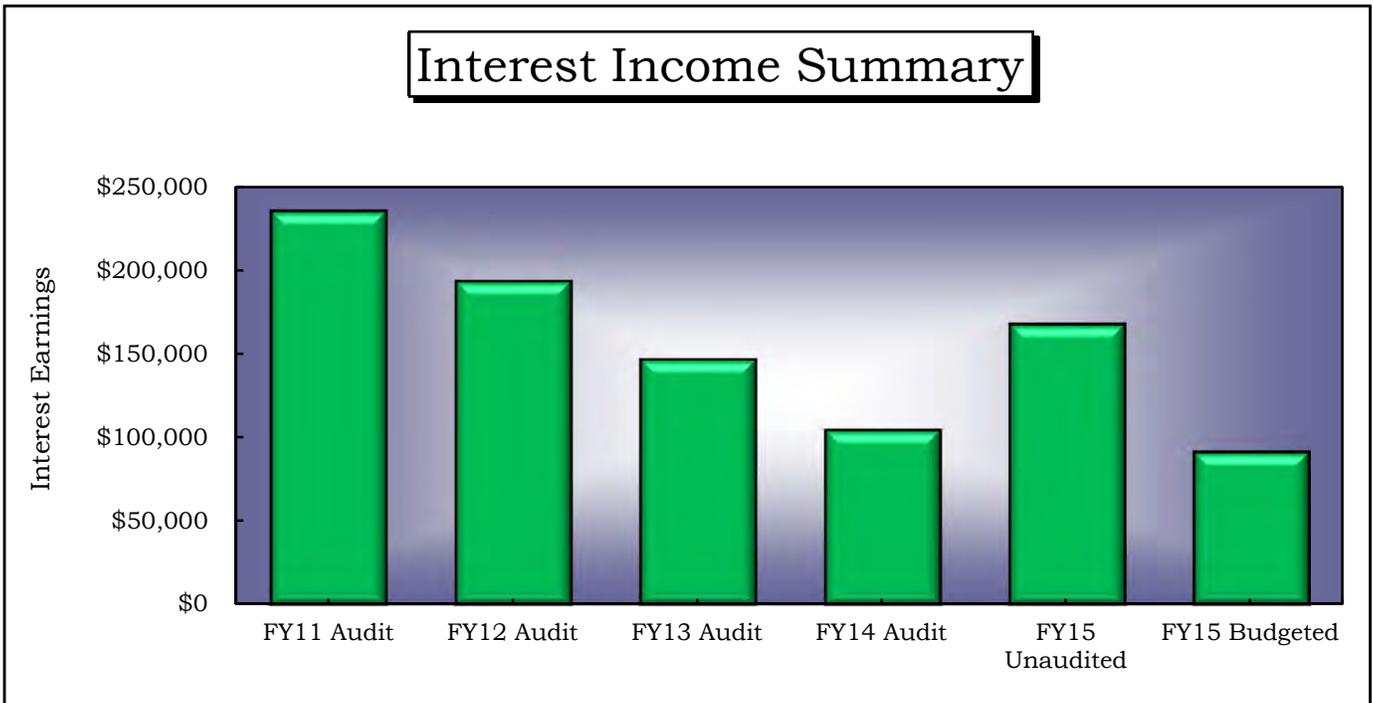
Key rate comparisons - an objective of the investment policy is for the City's average rate of return to consistently exceed that of the three-month U.S. Treasury Bill, as stated before. Therefore, returns for both have been presented for comparative purposes below.

Month	Benchmark 90-day T-bill yield	City's Avg. Portfolio Yld	Difference
October	0.01%	0.16%	0.15%
November	0.02%	0.15%	0.13%
December	0.04%	0.19%	0.15%
January	0.02%	0.21%	0.19%
February	0.02%	0.21%	0.19%
March	0.03%	0.28%	0.25%
April	0.01%	0.30%	0.29%
May	0.01%	0.33%	0.32%
June	0.01%	0.35%	0.34%
July	0.08%	0.35%	0.27%
August	0.08%	0.37%	0.29%
September	-0.01%	0.35%	0.36%
Average	0.03%	0.27%	0.24%

During FY2015, the Federal Reserve left rates unchanged. The Federal Open Market Committee has kept the target fed funds rate between 0.00% and 0.25% throughout the year and currently anticipates economic conditions are likely to warrant exceptionally low levels for the fed funds rate at least through mid-2016. The average yield on the City's portfolio has increased slightly from month-to-month throughout the year. Therefore, the City's portfolio continues to surpass the benchmark 90-day T-bill rate by an average of 24 basis points for the year.

III. INTEREST INCOME SUMMARY

FY11 Audit	\$235,087
FY12 Audit	\$193,366
FY13 Audit	\$146,562
FY14 Audit	\$104,437
FY15 Unaudited	\$167,649
FY15 Budgeted	\$91,233



Interest income exceeded the budgeted level for fiscal year 2015. When compared to prior year, interest earnings have increased. This increase can be attributed to the reinvestment of proceeds from maturing securities into slightly higher yield investments.

**Interest Income By Fund
For Fiscal Year Ending September 2015**

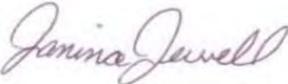
#	Fund	FY 14 Budget	FY 14 Actual Audited	FY 15 Budget	FY 15 Actual (Unaudited)	Diff FY15 Bud.-Act.
101	General	\$61,725	\$26,601	\$30,000	\$55,022	\$25,022
201	Hotel/Motel	120	41	50	105	\$55
202	Juvenile Case Fund	0	27	30	91	\$61
210	Half Cent Sales Tax-Operations	1,300	2,021	800	3,441	\$2,641
211	Half Cent Sales Tax-Reserve	6,500	9,219	9,220	10,125	\$905
220	Crime Control Prevention District	160	110	100	245	\$145
221	Police Seized Asset Funds	0	338	0	509	\$509
230	Euleess DEA Fund	500	0	500	55	(\$445)
231	Police DEA State Awards	500	32	500	63	(\$437)
240	Car Rental	21,935	8,577	15,000	25,747	\$10,747
245	Glade Parks PID	0	0	0	5	\$5
250	Glade Parks TIRZ	0	0	0	3	\$3
260	Cable PEG Fund	0	0	0	183	\$183
301	Developer's Escrow	1,000	3,137	0	3,763	\$3,763
305	Streets CIP	0	2,229	0	872	\$872
310	Half Cent Sales Tax - CIP	2,500	1,987	0	573	\$573
320	G.O. CIP	2,500	242	0	560	\$560
321	Redevelopment CIP Fund	345	36	122	163	\$41
325	Police Facility CIP	167	26	11	2	(\$9)
330	Car Rental CIP	0	2,740	0	2,898	\$2,898
401	GO Debt Service	1,000	406	500	680	\$180
402	Star Centre Debt	350	110	300	136	(\$164)
403	Glade Parks Debt Service	0	0	0	37	\$37
410	EDC Debt Service	0	0	0	167	\$167
501	Water and Wastewater	30,000	11,095	12,000	22,185	\$10,185
502	Water and Wastewater CIP	7,000	8,126	0	2,126	\$2,126
503	Water and Wastewater Reserve	0	108	0	204	\$204
504	Service Center Fund	0	0	0	0	\$0
505	Water Impact Fees	5,000	4,257	0	3,489	\$3,489
508	Wastewater Impact Fees	1,000	165	0	265	\$265
509	W/WW Rate Stabilization	5,000	4,701	5,000	5,223	\$223
510	Drainage	500	92	120	111	(\$9)
511	Drainage CIP	0	2,737	0	1,057	\$1,057
520	Recreation Classes	500	108	200	162	(\$38)
521	Arbor Daze	0	4	10	0	(\$10)
530	Softball World	0	0	0	0	\$0
531	Softball World Debt	0	0	0	0	\$0
532	TSSC Reserve	1,000	314	400	2,244	\$1,844
540	Golf Course	190	3	0	2	\$2
541	Golf Course Debt	0	12	20	14	(\$6)
542	Golf Course Reserve	1,200	1,997	950	2,614	\$1,664
543	TSGC CIP Fund	0	0	0	28	\$28
550	Parks At Texas Star	200	95	200	197	(\$3)
552	Athletic Complex - CIP	500	249	0	360	\$360
601	Equipment Replacement	3,000	3,369	3,000	4,792	\$1,792
610	Health Insurance	10,000	6,819	10,000	12,768	\$2,768
615	Risk Mgmt/Worker's Comp	1,200	2,306	2,200	4,364	\$2,164
	Total	\$166,892	\$104,437	\$91,233	\$167,650	\$76,417

Note that interest earnings are being earned on all investable City funds and great efforts are pursued to meet budgeted levels. This report points out that the un-audited interest earnings for the end of the fiscal year has exceeded the budgeted expectations due to slightly higher reinvestment rates.

Several funds were budgeted conservatively or not at all due to the volatility of revenues and expenditures. However, these funds are used for investment purposes when available. These funds include Capital Improvement Projects, DEA Funds, Grant Funds, and Debt Service Funds.

IV. COLLATERAL REVIEW

The first and most important objective of investing public funds is safety. One way to insure the City's assets is to have them fully secured with "collateral." Acceptable collateral is defined in the City's investment policy, but generally consists of types of securities in which the City would invest. Bank balances are monitored daily to assure full coverage. The amount of collateral required by the depository bank varies with the expected level of deposits (typically correlates with large receipts such as property taxes, franchise taxes and investment maturities).

City of Euless Collateral Analysis for Cash & C.D. Investments as of 09/30/15						
<u>Pledging Institution</u>	<u>Safekeeping Location</u>	<u>Pledged Sec. Description</u>	<u>Security Par Value</u>	<u>Market Value (w/FDIC Ins.)</u>	<u>Inv. Value @ Mat'y (P & I)</u>	<u>Difference Over/(Under)</u>
Frost Bank	Federal Reserve Bank	FHLMC 4/1/2018	\$1,198,662 \$1,198,662	\$1,495,165 Payroll Operating Insurance	\$409,082 \$19,813 \$292,170 \$97,098	\$1,086,084
 _____						
Produced By: Director of Finance						
 _____						
Reviewed by: Assistant Director of Finance						

This review is practiced on a regular basis assuring coverage. Another regular practice is reviewing each individual instrument purchased. This assures compliance with the investment policy and consideration of the underlying security. This separate but thorough practice has protected the City's portfolio against derivative products.

V. BROKER SELECTION PROCESS

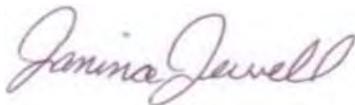
This section of the report is to provide a brief explanation of the process undertaken to select brokers with which the City invests. The broker/dealer list is reviewed annually, and additions/deletions are made as necessary. The City currently maintains a list of seven broker/dealers. The process is outlined below:

1. Brokers express an interest in doing business with the City's investment portfolio.
2. A questionnaire is sent to the broker which requests the necessary information for management to review including references, capital adequacy ratios, etc.
3. The Finance Department reviews all received questionnaires, summarizes the information and recommends the desired list of brokers with explanatory notes in conjunction with the first quarter investment report.
4. The list is presented to the investment committee annually for their approval.
5. All brokers are notified after the selection is complete.

VI. SUMMARY

The primary objectives of compliance, safety, liquidity and yield have been achieved for the reporting period as evidenced by this report. These objectives will continue to be pursued for the City of Euless as provided by the investment policy. This year proved to be another successful year for the investment program. The City of Euless, like all other local governments, is faced with the challenge of meeting benchmark levels triggered by the Fed's actions and meeting additional reporting requirements as stated by new legislation. Therefore, the City's investment program will continue to seek new techniques, instruments, etc. to enhance the return on the City's funds, as well as the return of all City funds.

The investment committee will meet on January 12, 2016 to discuss the Annual Investment Report. Once the annual report is approved by the committee, it will be forwarded to the City Council.



Janina Jewell
Director of Finance



Jackie Theriot
Assistant Director of Finance

CERTIFICATION

This report has been examined and approved by the Investment Officers of the City of Euless. Information presented in this report to the Investment Committee and City Council represents an accurate description of the City's investment activity for the fiscal year ending September 30, 2015. This report meets all requirements specified by the Public Funds Investment Act and the Policy of the City of Euless.

Investment Officers



Janina Jewell
Director of Finance



Jackie Theriot
Assistant Director of Finance



Diana L. Ayala
Budget and Treasury Manager

Minutes – 1/13/2015 Investment Committee Meeting

Members: Linda Martin, Mayor
Gary McKamie, City Manager
Loretta Getchell, Deputy City Manager
Janina Jewell, Director of Finance

Committee members present included Mayor Martin, Gary McKamie, Loretta Getchell, and Janina Jewell. Non-committee present included Chris Barker, Assistant City Manager.

Jewell presented the committee with Quarterly Investment Reports for FY2014 as well as a supplemental summary packet of the annual review. She stated that per the Investment Policy a strategy had been defined for each fund. Generally that operating funds are invested in short-term securities with a weighted average maturity, or WAM, between 6 to 9 months. Capital Improvement Project funds are invested in accordance with drawdown schedules. Debt Service funds are invested according to the required debt service payment dates and Reserve and Contingency funds are invested in securities with a final maturity date no greater than five years.

Jewell then reviewed the City's portfolio market values for the last two fiscal years where as of September 30, 2014 the total was \$64,094,617 compared to the end of June 2014's \$66,789,560. She then presented the invested portion of the portfolio for the last two years based on type of investment. The City's September 30, 2014 investments were very liquid with 44%, or over \$28M, of the portfolio invested in local government pools. The remaining 56% or \$35.69M was invested in government agencies. The 44% of pooled funds was broken down into 23% being in TexStar and 21% in TexPool.

Jewell showed the percent of invested portfolio by maturity over the last two years. For September 30, 2014, 44% was available overnight, 21% available within 6 months, and 18% available within 1 year. The remaining 17% has been invested beyond one year to take advantage of higher yields and consists primarily of emergency, contingency, and reserve funds.

Next, she presented the WAM for the last two fiscal years and noted that the City's investment policy gives staff a 365 day guideline to follow. As of September 30, 2014 the overall WAM of the portfolio was 152.76 days, well within the limits of the investment policy.

Jewell next showed graphically that as of September 30th diversification by institution was met and that although the City's policy is to hold all investments to maturity, if the entire portfolio were to have been liquidated, we would have had a loss of almost \$21K or 0.03% of the invested portfolio. The City strives to be 100% invested and the average for Fiscal Year 2014 was 100%.

The City's portfolio had significantly outperformed the benchmark rate, the 90 day Treasury Bill (T-Bill), for each month during Fiscal Year 2014. Overall, the City averaged 0.13% greater than the 90 Day T-Bill. This equated to about \$76,222 over the fiscal year. Jewell also stated that in keeping with the requirements of the investment policy, every quarter's collateral analysis documented sufficient collateral to cover all depository accounts.

Jewell noted that interest income did not meet the budgeted level for Fiscal Year 2014 and, when compared to the prior year, interest earnings had decreased. This decrease was attributed to the reinvestment of proceeds from maturing securities into lower yielding investments.

The committee took more time to review the reports and with a motion by Ms. Getchell and a second by the Mayor, unanimously accepted all reports and referred to City Council the annual report.

Jewell brought up the discussion that the investment policy requires a significant amount of work for the Finance Staff that does not seem to be of value to the users and are not required by PFIA. Mr. McKamie made a motion to request a change from City Council to the policy to removed detailed requirements and just make a statement to be compliant with PFIA therefore not needing a change every time the PFIA is changed. Ms. Getchell seconded the motion and the motion was approved unanimously.

Mayor Martin moved for approval of the minutes from January 14, 2014, which was seconded by Ms. Getchell and approved unanimously.

Ms. Getchell motioned to reaffirm the list of brokers/dealers as all were helpful and compliant over the last fiscal year. The Mayor seconded the motion and the committee approved unanimously.

The meeting was adjourned.

APPENDIX

City of Euless
Change in Portfolio Values by Asset and Investment Fund
For the Quarter Ending September 30, 2015

Inv. Type	CUSIP Number	Maturity/Call Date	Par Value	Market Value 09/30/2015	Market Value 06/30/2015	Change in Market Value	Book Value 09/30/2015	Book Value 06/30/2015	Change in Book Value
OPERATING FUNDS:									
FFCB	3133ED4A7	10/07/2015	1,000,000	1,000,300	1,000,700	(400)	1,000,000	1,000,000	-
FHLB	3130A1UC0	11/23/2015	1,000,000	1,000,260	999,900	360	1,000,000	1,000,000	-
FHLB	3130A2ZY5	10/09/2015	1,000,000	1,000,020	1,000,100	(80)	1,000,000	1,000,000	-
FHLB	3130A2YY6	02/01/2016	1,000,000	1,000,510	1,000,000	510	1,000,000	1,000,000	-
FFCB	3133EDU83	03/02/2016	1,000,000	1,000,890	1,000,100	790	1,000,000	1,000,000	-
FFCB	3133EDHS4	03/28/2016	745,000	745,820	745,224	597	745,447	745,447	-
FFCB	3133EDV66	04/18/2016	1,000,000	1,000,900	999,200	1,700	1,000,000	1,000,000	-
FFCB	3133EDTM4	02/26/2016	1,000,000	1,000,370	999,500	870	999,550	999,550	-
FFCB	3133EEDQ0	12/01/2016	500,000	500,995	499,500	1,495	500,000	500,000	-
FHLB	3130A3P32	07/01/2016	1,000,000	1,000,980	1,000,100	880	1,000,470	1,000,470	-
FHLB	3130A3HQ0	06/30/2016	1,000,000	1,000,530	1,000,000	530	997,270	997,270	-
FHLB	3130A3M43	12/23/2016	1,000,000	1,000,390	999,100	1,290	997,300	997,300	-
FHLB	3130A3QU1	12/30/2016	1,000,000	1,001,470	1,001,700	(230)	1,000,000	1,000,000	-
FHLB	3130A3VW1	05/09/2016	500,000	500,400	500,050	350	500,000	500,000	-
FHLB	3130A45N8	08/09/2016	500,000	500,310	499,850	460	500,000	500,000	-
FFCB	3133EEND8	09/16/2015	1,000,000	1,000,460	1,000,100	360	1,000,000	1,000,000	-
FFCB	3133EESZ4	07/12/2016	500,000	500,350	500,550	(200)	500,000	500,000	-
FFCB	3133EETK6	08/16/2016	500,000	500,445	500,300	145	500,000	500,000	-
FHLB	3130A4GS5	03/23/2017	1,000,000	1,002,660	999,100	3,560	1,000,000	1,000,000	-
FHLB	313382UZ4	11/14/2016	500,000	499,940	499,100	840	498,815	498,815	-
FHLB	3130A4Y63	04/15/2016	500,000	500,125	499,900	225	499,250	499,250	-
FHLB	3130A56G9	02/24/2017	500,000	500,225	500,200	25	500,000	500,000	-
FHLB	3130A5CH0	11/30/2016	500,000	500,265	499,300	965	500,000	500,000	-
FHLB	3130A4F72	02/24/2014	750,000	751,245	748,350	2,895	750,795	750,795	-
FHLB	3130A52C2	05/12/2017	1,000,000	1,000,100	997,900	2,200	1,000,000	1,000,000	-
FHLMC	3134G6W66	06/16/2017	1,000,000	1,003,100	1,000,200	2,900	1,000,250	1,000,250	-
Purchases									
FHLB	3130A5AU3	04/29/2016	500,000	499,990	-	499,990	500,000	-	500,000
FHLB	3130A5D97	05/11/2016	500,000	499,710	-	499,710	499,745	-	499,745
FAMCA	31315PA25	07/27/2016	500,000	506,430	-	506,430	506,558	-	506,558
FHLB	3130A5ZX0	07/22/2016	500,000	500,075	-	500,075	500,000	-	500,000
FHLB	3130A4ZF2	04/20/2017	500,000	500,380	-	500,380	499,355	-	499,355
FFCB	3133EE6A3	02/06/2017	1,000,000	1,001,820	-	1,001,820	1,000,000	-	1,000,000
FHLB	3133XTEE2	03/24/2016	1,000,000	1,016,330	-	1,016,330	1,015,789	-	1,015,789
FFCB	3133EFBT3	09/01/2016	1,000,000	1,000,250	-	1,000,250	1,000,000	-	1,000,000
Maturities									
FHLB	3130A0QG8	07/29/2015	1,000,000	-	1,000,200	(1,000,200)	-	1,000,374	(1,000,374)
FHLB	3130A1UD8	08/05/2015	1,000,000	-	1,000,000	(1,000,000)	-	999,550	(999,550)
FHLMC	3134G6AA1	01/30/2017	1,000,000	-	999,700	(999,700)	-	1,000,000	(1,000,000)
FHLMC	3134G5YD1	01/27/2017	1,000,000	-	1,000,400	(1,000,400)	-	1,000,000	(1,000,000)
FFCB	3133EDEK4	09/10/2015	500,000	-	500,150	(500,150)	-	500,000	(500,000)
FHLB	3130A4JN3			-	1,001,400	(1,001,400)	-	1,000,000	(1,000,000)
Total Operating:			\$ 26,495,000	\$ 26,538,045	\$ 26,491,874	\$ 46,172	\$ 26,510,594	\$ 26,489,071	\$ 21,523
Par total does not include maturities									

City of Euless
Change in Portfolio Values by Asset and Investment Fund
For the Quarter Ending September 30, 2015

Inv. Type	CUSIP Number	Maturity/Call Date	Par Value	Market Value 09/30/2015	Market Value 06/30/2015	Change in Market Value	Book Value 09/30/2015	Book Value 06/30/2015	Change in Book Value
CIP FUNDS:									
FHLB	3130A4FR8	03/02/2017	500,000	501,435	500,550	885	499,340	499,340	-
FFCB	31331YP95	10/16/2016	150,000	156,371	157,245	(874)	156,035	157,544	(1,509)
FHLMC	3134G6E82	05/26/2017	500,000	500,510	500,000	510	500,000	500,000	-
FHLB	3130A3NM2	12/30/2016	1,000,000	1,000,920	1,001,300	(380)	1,001,425	1,001,710	(285)
Purchases									
None									
Maturities									
None									
Total CIP:		Par total does not include maturities	\$ 2,150,000	\$ 2,159,236	\$ 2,159,095	\$ 141	\$ 2,156,800	\$ 2,158,594	\$ (1,794)
RESERVE FUNDS:									
FNMA	3136G1ZD4	09/28/2017	900,000	903,555	898,110	5,445	900,000	900,000	-
FFCB	3133EDM82	11/27/2015	1,000,000	1,000,010	999,200	810	998,800	998,800	-
FHLMC	3134G5RS6	11/28/2016	500,000	500,940	500,350	590	501,195	501,195	-
FFCB	31331JX32	10/28/2016	500,000	507,245	507,100	145	506,485	507,981	(1,496)
FHLB	3130A4MS8	06/30/2017	1,000,000	1,003,200	1,000,800	2,400	1,000,000	1,000,000	-
FHLMC	3134G6UC5	04/28/2017	500,000	500,810	499,450	1,360	500,000	500,000	-
FNMA	3136FPJQ1	09/21/2016	117,000	118,931	119,387	(456)	118,839	119,340	(501)
FFCB	31331J2M4	11/22/2016	200,000	203,174	203,620	(446)	203,069	203,778	(708)
FFCB	3133EEG53	08/04/2017	500,000	500,320	499,650	670	498,500	498,500	-
FHLMC	3134G6G49	05/08/2017	1,000,000	1,001,690	999,600	2,090	1,000,640	1,000,640	-
FHLB	3130A5C98	08/21/2017	500,000	500,375	499,500	875	500,000	500,000	-
Purchases									
FHLB	3130A5VE6	10/13/2017	500,000	501,245	-	501,245	500,000	-	500,000
FFCB	3133EE5T3	08/03/2017	500,000	500,650	-	500,650	500,000	-	500,000
Maturities									
FHLMC	3130A4UY6	07/28/2015	500,000	-	499,550	(499,550)	-	500,000	(500,000)
FHLMC	3134G6W58	09/18/2015	1,000,000	-	999,700	(999,700)	-	1,000,000	(1,000,000)
Total Reserve:		Par total does not include maturities	\$ 7,717,000	\$ 7,742,145	\$ 8,226,017	\$ (483,872)	\$ 7,727,528	\$ 8,230,234	\$ (502,706)
OVERNIGHT INVESTMENTS:									
		Beginning Bal	Ending Bal						
Texpool	Balance	13,764,817	12,583,221	12,583,220	13,764,816	(1,181,596)	12,583,220	13,764,816	(1,181,596)
	Purchases	3,426,126				-			-
	Maturities	4,607,723				-			-
Texstar	Balance	12,728,275	14,080,967	14,080,968	12,728,276	1,352,692	14,080,968	12,728,276	1,352,692
	Purchases	8,602,692				-			-
	Maturities	7,250,000				-			-
B of T Escrov	Balance	-	8,102,131	8,102,131	-	8,102,131	8,102,131	-	8,102,131
	Purchases	8,102,131				-			-
	Maturities	-				-			-
B of T	Balance	6,803	6,803	6,803	6,803	-	6,803	6,803	-
	Purchases	0				-			-
	Maturities	-				-			-
Total Overnight:			\$ 34,773,123	\$ 34,773,123	\$ 26,499,895	\$ 8,273,227	\$ 34,773,123	\$ 26,499,895	\$ 8,273,227

City of Euless
Change in Portfolio Values by Asset and Investment Fund
For the Quarter Ending September 30, 2015

Inv. Type	CUSIP Number	Maturity/ Call Date	Par Value	Market Value 09/30/2015	Market Value 06/30/2015	Change in Market Value	Book Value 09/30/2015	Book Value 06/30/2015	Change in Book Value
Total Portfolio		Par total does not include maturities	\$ 71,135,123	\$ 71,212,549	\$ 63,376,881	\$ 7,835,668	\$ 71,168,045	\$ 63,377,794	\$ 7,790,250

APPENDIX B

City of Euless
Schedule of Purchases
FY2015 4th Quarter

Inv. Type	CUSIP Number	Purchase Date	Maturity Date	Call Date	Term (in days)	Price Per \$100	Par Value	Cost Book Value (Prin. Only)	YTM	Coupon Rate	Accrued Interest Purchased	Seller Inst.	Discount	Premium	Fund	Total Cost of Investment
Texpool	July						\$ 841,250	\$ 841,250							Various	\$ 841,250
Texpool	August						1,150,000	1,150,000							Various	1,150,000
Texpool	September						1,432,500	1,432,500							Various	1,432,500
Texstar	July						1,750,000	1,750,000							Various	1,750,000
Texstar	August						3,250,000	3,250,000							Various	3,250,000
Texstar*	September						3,600,000	3,600,000							Various	3,600,000
B of T Escrow	BOT S/T Cash Fund						8,102,027	8,102,027				B of T	-	-	502	8,102,027
FHLB	3130A5VE6	07/08/15	10/13/17	10/13/16	815	100.0000	500,000	500,000	0.90%	0.900%	\$ -	FSW	-	-	532	500,000
FHLB	3130A5AU3	07/10/15	04/29/16	N/C	289	100.0000	500,000	500,000	0.25%	0.250%	\$ 239.58	Mutual	-	-	101	500,240
FHLB	3130A5D97	07/10/15	05/11/16	N/C	301	99.9830	500,000	499,915	0.27%	0.250%	\$ 416.67	Mutual	(85.00)	-	101	500,332
FAMCA	31315PA25	07/10/15	07/27/16	N/C	377	101.7230	500,000	508,615	0.35%	2.000%	\$ 4,527.78	Mutual	-	8,615.00	240	513,143
FHLB	3130A5ZX0	07/27/15	07/22/16	N/C	355	100.0000	500,000	500,000	0.38%	0.375%	\$ 26.04	FSW	-	-	101	500,026
FHLB	3130A4ZF2	07/29/15	04/20/17	06/16/16	621	99.9570	500,000	499,785	0.65%	0.625%	\$ 859.38	Duncan	(215.00)	-	501	500,644
FFCB	3133EE5T3	08/03/15	08/03/17	N/C	720	100.0000	500,000	500,000	0.75%	0.750%	\$ -	Samco	-	-	102	500,000
FFCB	3133EE6A3	08/06/15	02/06/17	N/C	540	100.0000	1,000,000	1,000,000	0.59%	0.590%	\$ -	Coastal	-	-	601	1,000,000
FHLB	3133XTEE2	08/27/15	03/24/16	N/C	207	101.8420	1,000,000	1,018,420	0.30%	3.510%	\$ 14,917.50	Samco	-	18,420.00	240	1,033,338
FFCB	3133EFBT3	09/01/15	09/01/16	N/C	360	100.0000	1,000,000	1,000,000	0.42%	0.420%	\$ -	Coastal	-	-		1,000,000
Totals							\$ 26,625,777	\$ 26,652,512	0.44%		\$ 20,987		\$ (300)	\$ 27,035		\$ 26,673,499
B of T Escrow Dividends Reinvested							104	104				B of T	-	-	502	104
Texpool Dividends Reinvested																
July							712	712				Texpool	-	-	Various	712
August							802	802				Texpool	-	-	Various	802
September							862	862				Texpool	-	-	Various	862
Texstar Dividends Reinvested																
July							765	765				Texstar	-	-	Various	765
August							897	897				Texstar	-	-	Various	897
September							1,030	1,030				Texstar	-	-	Various	1,030
B of T EDC Reserve Dividends Reinvested							-	-				B of T	-	-	211	-
Totals including Dividends							\$ 26,630,950	\$ 26,657,685			\$ 20,987		\$ (300)	\$ 27,035		\$ 26,678,672

* excludes transfers

APPENDIX C

City of Euless
 Schedule of Maturities
 FY2015 4th Quarter

Inv. Type	CUSIP Number	Purchase Date	Maturity Date	Call Date	Term to Mat'y (in days)	Price Per \$100	Par Value	Cost Book Value (Prin. Only)	Yield To Maturity	Coupon Rate	Accrued Interest Purchased	Seller Inst.	Discount	Premium	Fund	Total Cost of Investment
Texpool	July						\$ 841,445	\$ 841,445			\$ -		\$ -	\$ -	Various	\$ 841,445
Texpool	August						2,366,278	2,366,278			-		-	-	Various	\$ 2,366,278
Texpool	September						1,400,000	1,400,000			-		-	-	Various	\$ 1,400,000
Texstar	July						1,650,000	1,650,000			-		-	-	Various	\$ 1,650,000
Texstar	August						3,800,000	3,800,000			-		-	-	Various	\$ 3,800,000
Texstar*	September						1,800,000	1,800,000			-		-	-	Various	\$ 1,800,000
B of T Escrow	BOT S/T Cash Fund						0	0			-		-	-	502	\$ -
FHLB	3130A0QG8	01/29/14	07/29/15	N/C	540	100.0374	1,000,000	1,000,374	0.26%	0.280%	0	Coastal	-	374.05	101	1,000,374
FHLMC	3134G5YD1	01/27/15	07/27/15	07/27/15	180	100.0000	1,000,000	1,000,000	0.80%	0.800%	0	Duncan	-	-	501	1,000,000
FHLMC	3130A4UY6	04/28/15	07/28/15	Qtr	90	100.0000	500,000	500,000	0.53%	0.530%	0	Duncan	-	-	102	500,000
FHLMC	3134G6AA1	01/30/15	07/30/15	07/30/15	180	100.0000	1,000,000	1,000,000	0.70%	0.700%	0	Samco	-	-	101	1,000,000
FHLB	3130A1UD8	05/05/14	08/05/15	N/C	450	99.9850	1,000,000	999,850	0.15%	0.140%	0	Samco	(150.00)	-	601	999,850
FFCB	3133EDEK4	03/12/14	09/10/15	N/C	538	100.0000	500,000	500,000	0.25%	0.250%	7	Duncan	-	-	601	500,007
FHLMC	3134G6W58	06/18/15	09/18/17	09/18/15	810	100.0000	1,000,000	1,000,000	1.00%	1.000%	0	Samco	-	-	240R	1,000,000
FHLB	3130A4JN3	03/30/15	09/30/17	09/30/15	180	100.0000	1,000,000	1,000,000	0.85%	0.850%	0	Duncan	-	-	610	1,000,000
TOTAL							\$ 18,857,723	\$ 18,857,947	0.57%		6.94		(150.00)	374.05		\$ 18,857,954

* excludes transfers

APPENDIX D

City of Euless
Investment Portfolio General Information
Investment Types and Institutions

Investment Types

LOGIC	Local Gov't Pool	FNMA	Fed. Nat'l Mort. Assoc.	FHLMC	Fed. Home Loan Mort. Corp
Texstar	Local Gov't Pool	FFCB	Fed. Farm Credit Bank	CD	Certificates of Deposit
Texpool	Local Gov't Pool	FHLB	Fed. Home Loan Bank	TBILL	Treasury Bill
FGIC	Money Mkt Fund				

Institution

LOGIC	Local Gov't Invest. Coop.	Vining	Vining Sparks	FSW	First Southwest
Texstar	TexSTAR	Coastal	Coastal Securities	Cantor	Cantor Fitzgerald
Texpool	TEXPOOL	Samco	Samco Capital	Duncan	Duncan Williams
FGIC	Federated Investors Trust	Mutual	Mutual Securities		