City of Colleyville
Audit Committee
Agenda

City Hall
100 Main Street
Colleyville, Texas 76034
817.503.1000
www.colleyville.com

Tuesday, February 20, 2018
4:00 p.m.

City Manager's Conference Room
Third Floor – City Hall

1. CALL TO ORDER

2. APPROVAL OF MINUTES

November 21, 2017

3. PRESENTATIONS AND DISCUSSION

3a Discussion of the draft Fiscal Year 2017 (FY17) Audit and SAS 114 Letter

3b Quarterly Investment Report for the quarter ended December 31, 2017

4. ADJOURNMENT

I hereby certify this agenda was posted on City Hall bulletin boards Friday, February 16, 2018, by 5:00 p.m.

Christine Loven, TRMC
City Secretary

A quorum of the Colleyville City Council and/or any other Colleyville Board, Commission, or Committee may be in attendance at this meeting.

Any matter on this agenda may, at the discretion of the governing body, be opened for public comment and discussion.

If you plan to attend this public meeting and have a disability that requires special accommodations, please advise Executive Secretary at least 48 hours in advance at 817.503.1111, and reasonable accommodations will be made to assist you.

City of Colleyville
Audit Committee
Agenda

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Tuesday, November 21, 2017 — City Manager's Conference Room
4:30 p.m. — Third Floor – City Hall

Chief Financial Officer Shereen Gendy called the Audit Committee to order on September 5, 2017, at 4:30 p.m.

ROLL CALL: Committee members Tammy Nakamura, Bobby Lindamood and Susan Mathisen were present.

Absent: Committee member Nancy Coplen

Also Present: Chief Financial Officer Shereen Gendy, Accounting Manager Karen Hines, Assistant City Manager Adrienne Lothery arrived at 4:45 p.m., and City Secretary Christine Loven were also present.

2. APPROVAL OF MINUTES
September 5, 2017

Committee member Mathisen made a motion to approve the September 5, 2017, meeting minutes. Committee member Nakamura seconded. All approved by acclamation.

3. PRESENTATION AND DISCUSSION

3a Meet with representatives(s) from the City's audit firm, Pattillo, Brown & Hill, L.L.P. to discuss the progress of the year-end audit for Fiscal Year ended September 30, 2017

John Manning, Pattillo, Brown and Hill, L.L.P., Manager for the Government Audit Division, the City's audit firm, discussed the September 30, 2017 year-end audit process and progress and answered questions of the committee.

Mr. Manning stated the field work has begun and he has received a lot of information from the City. He also noted this is the second year of using the portal, which is a way to exchange information securely electronically. Mr. Manning noted CFO Shereen and Accounting Manager Karen Hines are working on a trial balance, and 90-percent of the report has been filled in using the trial balance numbers. Mr. Manning said the Governmental Accounting Standards Board (GASB) is always making changes to the process and this year GASB 77 is a footnote disclosure regarding property, sales, or hotel tax abatements. He stated they are looking at growing cities which state their sales tax is up, but they are not showing sales tax abatement. Mr. Manning noted the worksheet was given to CFO Gendy and she has reached out to economic development staff and GCISD, and has found there has been no property tax abatements on record, but there is one sales tax rebate agreement, which he is not sure if it will need to be foot noted as it is not for materials. CFO Gendy clarified last quarter's abatement was about $9,000, which would average under the $40,000, when an entire year is paid, and is not material, but she believes it could be overlooked in the future if not reported now. Committee member Mathisen agreed stating she felt excluding it even though not material, may give the appearance of a lack of transparency. Committee members Lindamood and Nakamura agreed and Committee member Mathisen added it would be good to state the term of the commitment as well.

Assistant City Manager Lothery gave a condensed recap of the rebate.

Mr. Manning reviewed the fund balance, debt, and assets.

Mr. Manning noted this year, the test of controls is over water and sewer billing and stated all internal controls are working very well.

Committee member Mathisen asked Mr. Manning if any other department procedures will be reviewed, or just the water and sewer billing. Mr. Manning stated they had performed walk-throughs on several departments, to include permits and municipal court.

Mr. Manning stated it has been CFO Gendy's priority to account for grants by tracking them in the accounting system, rather than off the books by the departments. CFO Gendy stated that a grant fund has been created for that purpose and began tracking October 1, 2017, at the start of the fiscal year. Mr. Manning stated he is supportive of this goal and suggested the City may wish to begin thinking about having a centralized procurement/purchasing department; explaining the rules are becoming more astringent and narrow.

Manager Lothery stated the City has never had a centralized purchasing department, but noted everyone can imagine how difficult it is for departments to be familiar with all purchasing regulations.

Mr. Manning noted to date, there has not been a lack of compliance, but being compliant is going to become more difficult and having someone to oversee purchasing who is familiar with the regulations and new mandates could be of value to the City.

3b Quarterly Investment Report for the quarter ended September 30, 2017

Chief Financial Officer Shereen Gendy presented this item and provided an overview to the committee.

Mr. Manning thanked everyone for their time.

4. ADJOURNMENT

The Audit Committee adjourned at 5:00 p.m.

APPROVED BY A VOTE OF _ AYES, _ NAYS, AND _ ABSTENTIONS ON THIS THE 20TH DAY OF FEBRUARY 2018.

Minutes taken and prepared by:

Christine Loven, TRMC
City Secretary

City of Colleyville
Audit Committee
Agenda Briefing

City Hall
100 Main Street
Colleyville, Texas 76034
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Agenda Number 3a **Agenda Date** 02/20/2018 **Number**
Type Presentation and Discussion
Department City Manager

Title
Discussion of the draft Fiscal Year 2017 (FY17) Audit and SAS 114 Letter

Strategic Plan
F1- Protect and preserve the City's top financial ratings

Explanation
John Manning, Partner with Pattillo, Brown & Hill, L.L.P., will meet with the Audit Committee to discuss the draft of the Fiscal Year September 30, 2017 audit and SAS 114 Letter.

Attachments

City of Colleyville
City Council
Agenda Briefing

City Hall
100 Main Street
Colleyville, Texas 76034
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Agenda Number 3b **Agenda Date** 02/20/2018 **Number**
Type Presentation
Department City Manager

Title
Quarterly Investment Report for the quarter ended December 31, 2017

Strategic Plan
1.4 Communicate thoroughly and strategically
1.3 Assure convenient access to public information
2.4 Demonstrate stewardship of public resources

Explanation

Investment Summary for period ending December 31, 2017:
Cash & Cash Equivalents (Logic) were $55,692,279. Investments other than CD's totaled $20,783,848 and the CD's totaled $4,591,089. Total funds held by the City equaled $81,067,216 and were allocated as follows:

- Logic 32%
- Government Issues 26%
- Certificates of Deposit 6%
- Cash 36%

Investment Benchmark 1.21%

- Logic 1.32%
- Agencies 1.21%
- CD's 0.50%
- Portfolio 1.15%

Interest earnings for the quarter were $154,188 with an average yield of 1.15% versus $147,235 and 1.09% for the prior quarter. These percentages are within the guidelines of the City investment policy.

Attachments
1. Cash & Investment Report Dec 2017

QUARTERLY INVESTMENT REPORT

FOR QUARTER ENDING DECEMBER 31, 2017

THIS REPORT IS IN COMPLIANCE WITH THE PUBLIC FUNDS INVESTMENT ACT
AND ADOPTED INVESTMENT POLICY STRATEGY

Shereen Gendy

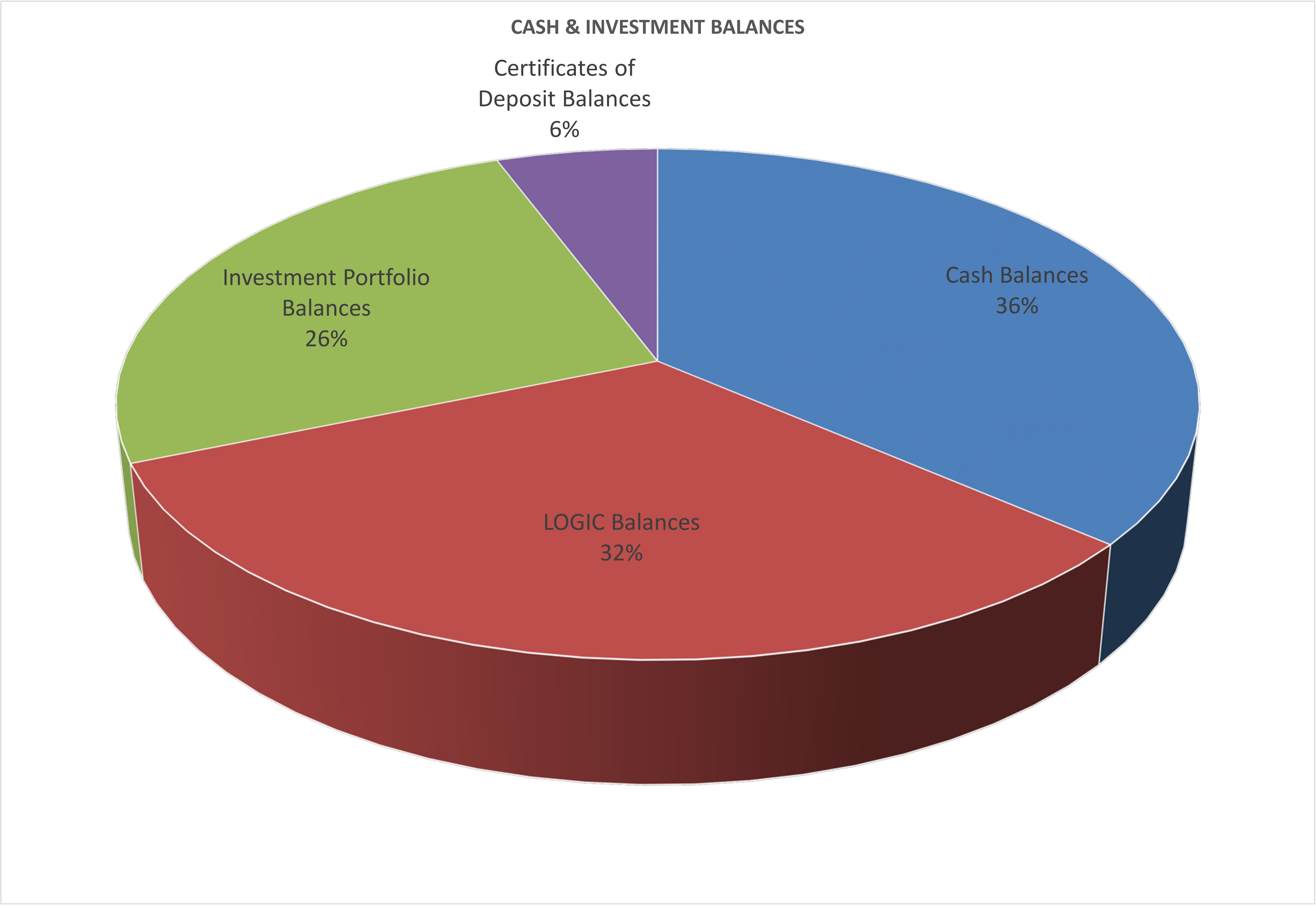
Karen Hines

Portfolio Investment Report
for the Quarter Ending December 31, 2017
CONSOLIDATED INVESTMENT REPORT

Cash and Investment Balances	Current As of 12/31/2017	Last Quarter As of 9/30/2017
Cash Balances	$ 29,516,598	$ 23,964,203
LOGIC Balances	$ 26,175,681	$ 28,086,079
Investment Portfolio Balances	$ 20,783,848	$ 20,665,048
Certificates of Deposit Balances	$ 4,591,089	$ 4,591,089
Total Cash, Logic, & Other Investments	$ 81,067,216	$ 77,306,419

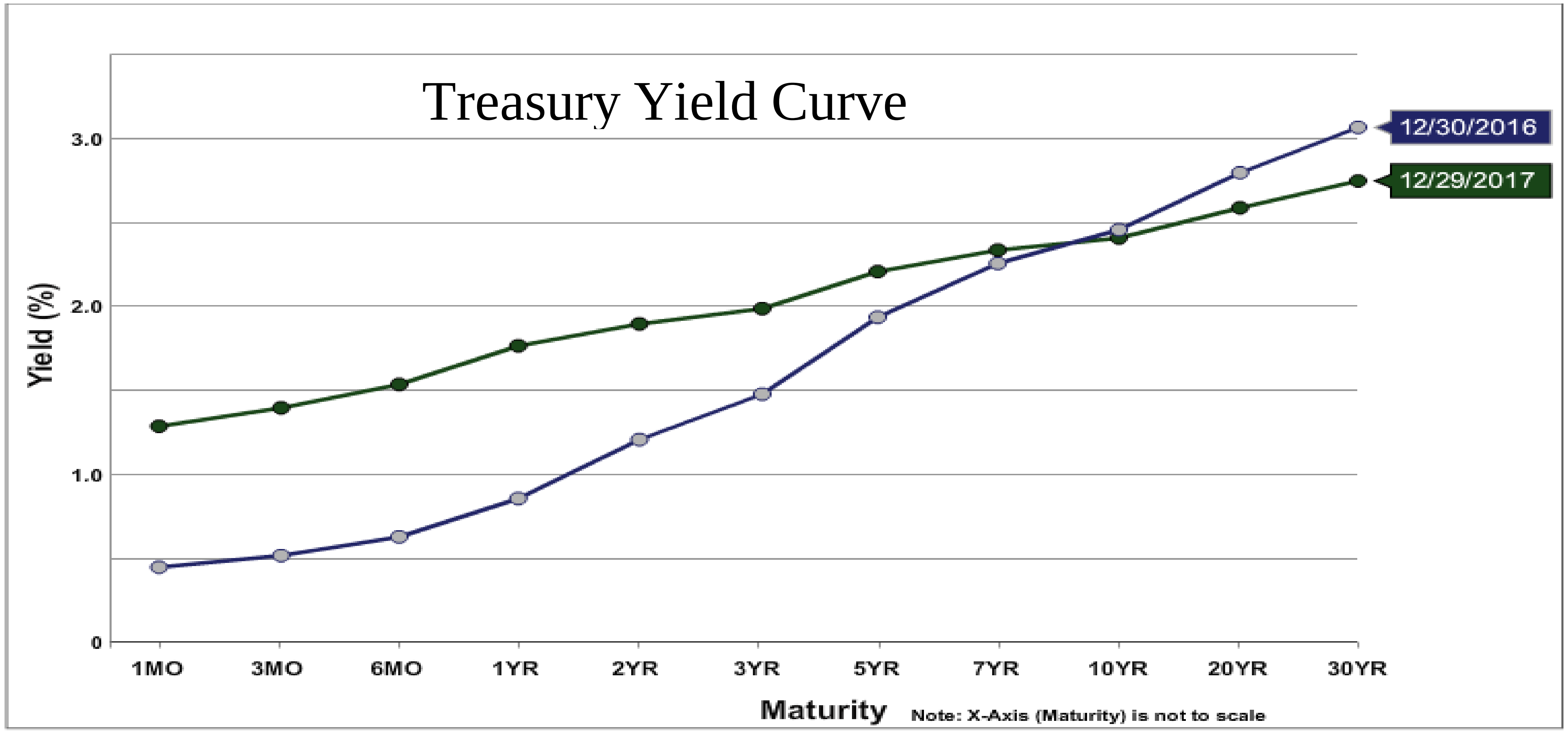
Investment Yields, Maturities, and Interest	Current As of 12/31/2017	Last Quarter As of 9/30/2017
Bank Earned Income Credit	1.10%	1.03%
13 Week Treasury Benchmark	1.21%	1.04%
Logic Average Quarterly Yield	1.32%	1.26%
Logic Quarter's Average Weighted Maturity	35	34
Average Weighted Yield: Agency	1.21%	0.95%
Average Weighted Maturity: Agency	393	257
Average Weighted Yield: CDARS	0.50%	0.50%
Average Weighted Maturity: CDARS	287	379
Interest Earnings - Quarter	$ 154,188	$ 147,235
Interest Rate/Yield for the Quarter	1.15%	1.09%

Portfolio Investment Report
for the Quarter Ending December 31, 2017
CONSOLIDATED INVESTMENT REPORT



Portfolio Investment Report
for the Quarter Ending December 31, 2017
CONSOLIDATED INVESTMENT REPORT

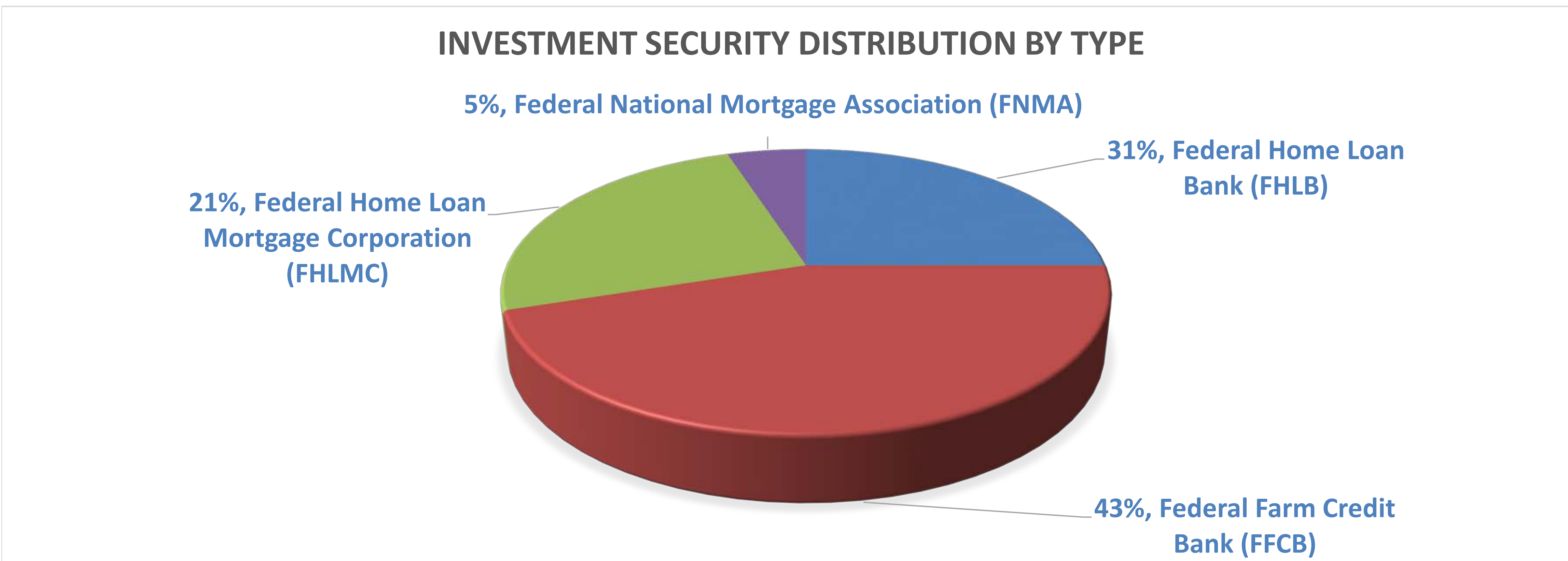
Outstanding Security Portfolio		Purchase Price		Percent	Market Value	
Distribution by Maturity	Number			(Value)		
1 to 90 days	2	$	1,999,610	9.62%	$	1,998,674.00
91 to 180 days	5	$	5,201,190	25.03%	$	5,188,727.60
181 to 365 days	2	$	1,999,880	9.62%	$	1,989,306.00
Over 365 days	11	$	11,583,168	55.73%	$	11,506,043.71
Total	20	$	20,783,848	100%	$	20,682,751



Source: https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/Historic-Yield-Data-Visualization.aspx

Portfolio Investment Report
for the Quarter Ending December 31, 2017
CONSOLIDATED INVESTMENT REPORT

Outstanding Security Portfolio		Purchase Price	Percent (Value)	Market Value
Distribution by Type of Investment	**Number**			
Federal Home Loan Bank (FHLB)	5	$6,400,052	31%	$6,364,368
Federal Farm Credit Bank (FFCB)	9	$8,986,346	43%	$8,949,673
Federal Home Loan Mortgage Corporation (FHLMC)	5	$4,393,750	21%	$4,370,376
Federal National Mortgage Association (FNMA)	1	$1,003,700	5%	$998,334
Total	20	$ 20,783,848	100%	$ 20,682,751



	S&P	Moody's
Federal Home Loan Bank	AA+	Aaa
Federal Farm Credit Bank	AA+	Aaa
Federal Home Loan Mortgage Corporation	AA+	Aaa
Federal National Mortgage Association	AA+	Aaa

AA+ = high quality, very low credit risk
Aaa = highest quality, lowest level of credit risk

ALL FUNDS CASH & INVESTMENT REPORTS

ALL FUNDS CASH & INVESTMENTS REPORT BY TYPE
AS OF DECEMBER 31, 2017

	GOVERNMENTAL FUNDS	CASH	LOGIC	INVESTMENTS	CDARS	TOTAL
001	GENERAL FUND	4,277,027	216,904	4,792,432	3,569,899	12,856,262
036	STRATEGIC INITIATIVES	48,773	493,532	0	0	542,305
004	DEBT SERVICE FUND	895,002	34,516	0	0	929,518
003	CAPITAL PROJECTS	11,350,147	1,879,366	2,493,119	508,787	16,231,419
012	PARK LAND DEDICATION	103,892	0	1,325,973	0	1,429,866
032	VEHICLE AND CAPITAL REPLACEMENT	431,912	83,441	514,300	0	1,029,653
034	COLLEYVILLE TOMORROW	191,296	1,700,076	475,442	0	2,366,814
035	PARKS TOMORROW	2,331	1,034,763	0	0	1,037,094
005	VOLUNTEER PARK FUND	168,875	0	750,000	0	918,875
007	DONATIONS FUND	59,884	0	0	0	59,884
011	LIBRARY FUND	67,116	0	359,643	0	426,758
015	POLICE ASSET FORFEITURE	9,077	0	0	0	9,077
016	TDPA GRANT	9,059	0	0	0	9,059
018	TREE PRESERVATION	311,696	0	0	0	311,696
019	LIBRARY DONATION	144,326	0	0	0	144,326
020	RECREATIONAL EVENT	12,501	0	0	0	12,501
023	LEOSE	3,397	0	0	0	3,397
027	CRIME DISTRICT	531,275	929,850	0	0	1,461,126
028	KIDSVILLE MAINTENANCE	8,408	0	0	0	8,408
029	COURT TECHNOLOGY	55,923	0	0	0	55,923
030	COURT SECURITY	61,483	0	0	0	61,483
033	PUBLIC ART	7,904	0	0	0	7,904
037	JUVENILE CASE MANAGER	25,239	0	0	0	25,239
038	HOTEL / MOTEL FUND	146,273	0	0	0	146,273
	ENTERPRISE FUNDS					
002	UTILITY FUND	732,799	2,736,818	2,698,792	512,403	6,680,811
039	UTILITY CAPITAL PROJECTS FUND	6,907,119	2,950,256	62,117	0	9,919,492
017	DRAINAGE FEE	502,488	1,500,228	400,000	0	2,402,716
	FIDUCIARY FUNDS					
006	SESQUICENTINIAL FUND	20,687	0	0	0	20,687
008	EMPLOYEE ACTIVITY	4,360	0	0	0	4,360
040	INSURANCE TRUST FUND	(47,596)	0	0	0	(47,596)
	COMPONENT UNIT					
026	TIF FUND	735,648	11,598,271	5,412,031	0	17,745,950
		27,778,322	25,158,020	19,283,848	4,591,089	76,811,278
	COLLEYVILLE ECON DEV CORP					
024	CEDC	1,737,573	952,569	1,500,000	0	4,190,143
025	CEDC - CAPITAL	703	65,091	0	0	65,794
		1,738,277	1,017,660	1,500,000	0	4,255,937
	GRAND TOTAL	29,516,598	26,175,681	20,783,848	4,591,089	81,067,215

COLOR CODE
DEBT SERVICE FUNDS
CAPITAL PROJECT FUNDS
SPECIAL REVENUE FUNDS
ENTERPRISE FUNDS
FIDUCIARY FUNDS

Cash and cash equivalents are just one aspect of the City's overall financial status, and it is necessary to look at the complete financial statements/CAFR for a comprehensive assessment.

CITY OF COLLEYVILLE
ALL FUNDS CASH & INVESTMENT REPORT - RESTRICTIONS BY FUND

		Available Unrestricted	Available for Restricted Purpose	CASH & INVESTMENTS Approved Projects	Restricted Unavailable	AS OF DEC 31, 2017 Ran 2.1.18
GOVERNMENTAL FUNDS						
001	GENERAL FUND	12,738,800	32,548	-	84,913	**12,856,262**
036	STRATEGIC INITIATIVE	542,305	-	-	-	**542,305**
004	DEBT SERVICE FUND	-	929,818	-	-	**929,818**
003	CAPITAL PROJECTS	4,285,863	6,605,003	5,189,931	150,623	**16,231,419**
012	PARK LAND DEDICATION	-	1,429,866	-	-	**1,429,866**
032	VEHICLE AND CAPITAL REPLACEMENT	-	1,029,653	-	-	**1,029,653**
034	COLLEYVILLE TOMORROW	2,366,814	-	-	-	**2,366,814**
035	PARKS TOMORROW	1,037,094	-	-	-	**1,037,094**
005	VOLUNTARY PARK FUND	-	918,875	-	-	**918,875**
007	DONATIONS FUND	-	59,884	-	-	**59,884**
011	VOLUNTARY LIBRARY FUND	-	426,758	-	-	**426,758**
015	POLICE ASSET FORFEITURE		9,077			**9,077**
016	GRANTS	-	9,059	-	-	**9,059**
018	TREE PRESERVATION	-	311,696	-	-	**311,696**
019	LIBRARY DONATION	-	144,326	-	-	**144,326**
020	RECREATIONAL EVENT	-	12,501	-	-	**12,501**
023	LEOSE	-	3,397	-	-	**3,397**
027	CRIME DISTRICT	-	1,461,043	-	82	**1,461,126**
028	KIDSVILLE MAINTENANCE	-	8,408	-	-	**8,408**
029	COURT TECHNOLOGY	-	55,923	-	-	**55,923**
030	COURT SECURITY	-	61,483	-	-	**61,483**
033	PUBLIC ART	-	7,904	-	-	**7,904**
037	JUVENILE CASE MANAGER	-	25,239	-	-	**25,239**
038	HOTEL / MOTEL FUND	-	146,273	-	-	**146,273**
ENTERPRISE FUNDS						
002	UTILITY FUND	6,206,758	-	-	472,683	**6,679,441**
039	UTILITY CAPITAL PROJECTS FUND	5,047,980	3,478,444	1,330,951	62,117	**9,919,492**
017	DRAINAGE FEE	2,245,108	37,085	-	121,893	**2,404,086**
FIDUCIARY FUNDS						
006	SESQUICENTINIAL FUND	-	20,687	-	-	**20,687**
008	EMPLOYEE ACTIVITY	-	-	-	4,360	**4,360**
040	INSURANCE TRUST FUND				(47,596)	**(47,596)**
COMPONENT UNIT						
026	TIF FUND	15,742,414	115,357	1,887,878	-	**17,745,650**
		50,213,136	**17,340,307**	**8,408,760**	**849,075**	**76,811,278**
COLLEYVILLE ECON DEV CORP						
024	CEDC	$ 4,190,143	$ -	$ -	$ -	**$ 4,190,143**
025	CEDC - CAPITAL	-	65,794	-	-	**65,794**
GRAND TOTAL		**54,392,680**	**17,406,101**	**8,408,760**	**849,075**	**81,067,215**

COLOR CODE
DEBT SERVICE FUNDS
CAPITAL PROJECT FUNDS
SPECIAL REVENUE FUNDS
ENTERPRISE FUNDS
FIDUCIARY FUNDS

Cash and cash equivalents are just one aspect of the City's overall financial status, and it is necessary to look at the complete financial statements/CAFR for a comprehensive assessment.

CITY FUNDS - BACKGROUND

GOVERNMENTAL FUNDS	REVENUE SOURCE	PURPOSE/RESTRICTION
001 GENERAL FUND	M&O portion of tax rate, sales tax, charges for service, etc.	General government purposes
036 STRATEGIC INITIATIVES	Transfers from the General Fund	Programs/projects linked to the strategic plan; primarily used on eco. dev. incentives
004 DEBT SERVICE	Debt (I&S) portion of the tax rate	Payments on debt issued
003 CAPITAL PROJECTS	Transfers from the General Fund, street impact fees, escrows	Capital projects; some funding sources have restricted uses
012 PARK LAND DEDICATION	Fees on new residential & commercial development	Acquisition of land for new park sites or improvements/expansions of existing parks (no M&O)
032 VEHICLE AND CAPITAL REPLACEMENT	Transfers from the General Fund	Committed to server, equipment, and vehicle replacements
034 COLLEYVILLE TOMORROW	Gas leases on City property	Capital purchases/at Council discretion
035 PARKS TOMORROW	Gas leases on City park property	Parks capital projects
005 VOLUNTARY PARK FUND	Donations through utility bills	New or existing park capital costs (no M&O)
007 DONATIONS FUND	Donations	Only restricted if specified by donor
011 VOLUNTARY LIBRARY FUND	Donations through utility bills	Library activities- primarily purchase of books and materials (no M&O)
015 POLICE ASSET FORFEITURE	Seizures	Police operations as restricted by law
016 TDPA GRANT (EECBG GRANT)	U.S. Dept. of Energy	Energy efficiency projects
018 TREE PRESERVATION	Tree mitigation fees	Tree replanting on city-owned property
019 LIBRARY DONATION	Donations	Library needs or as specified by donor
020 RECREATIONAL EVENT	Event revenue (like sale of tables)	Special events expenses
023 LEOSE	State of Texas	Police training
027 CRIME DISTRICT (CCCPD)	0.5 cent sales tax	Public safety and crime control activities
028 KIDSVILLE MAINTENANCE	Remaining donations	Kidsville maintenance
029 COURT TECHNOLOGY	Municipal court technology fee	Court technology repairs, replacements, and upgrades
030 COURT SECURITY	Municipal court building security fee	Security-related expenses for the court (Bailiff)
033 PUBLIC ART	2008-9 Transfers from General, Utility, Drainage, CEDC Funds	Public Art
037 JUVENILE CASE MANAGER	Juvenile case manager fee	Staff who handle juvenile defendants and their training
038 HOTEL/MOTEL FUND	Hotel/Motel tax	Attract "heads in beds"; specific uses outlined in state law
ENTERPRISE FUNDS		
002 UTILITY OPERATING FUND	Water and wastewater base rates and volumetric rates	Utility operations and payments to TRA
039 UTILITY CAPITAL PROJECTS FUND	Transfers from Utility Operating Fund, impact fees, CIP base rate	Utility capital projects; water and wastewater impact fees have restricted uses
017 DRAINAGE FEE FUND	Monthly drainage fee	Operations and capital projects related to drainage maintenance and improvement
FIDUCIARY FUNDS		
006 SESQUICENTINIAL FUND	Currently, sale of the Colleyville History book	Created for fund raising for festivities related to 150th anniversary of Texas' independence from Mexico (1986)
008 EMPLOYEE ACTIVITY	Employee contributions	Employee luncheons and other employee activities; governed by by-laws
040 INSURANCE TRUST FUND	Payroll deductions and city's contributions	Pass through trust fund used to account for employee insurance costs. Created cost savings for the city.
COMPONENT UNIT		
026 TIF FUND	Incremental A/V revenue in the TIF District	Projects in the Project Plan approved by all TIF partners
COLLEYVILLE ECON DEV CORP		
024 CEDC	0.5 cent sales tax	For Library, Parks, and Colleyville Center; max. 10% on promotional expenses and special events
025 CEDC - CAPITAL	Bond proceeds	Bond projects: Library, City Park, McPherson Park, Colleyville Center capital projects

COLOR CODE
DEBT SERVICE FUNDS
CAPITAL PROJECT FUNDS
SPECIAL REVENUE FUNDS
ENTERPRISE FUNDS
FIDUCIARY FUNDS

LISTING OF INVESTMENTS

BY TYPE

CITY OF COLLEYVILLE INVESTMENT SECURITIES HELD SEPT 30 - DEC 31, 2017

CUSIP	SECURITY	PURCHASE DATE	MATURITY DATE	PURCHASE PRICE	PAR VALUE	MARKET VALUE 9/30/2017	LESS MATURITY PROCEEDS	PLUS PERIOD PURCHASES	MARKET VALUE 12/31/2017	YIELD ON INVESTMENT	INTEREST
3133EFZR1	FFCB NOTE	2/17/2016	2/12/2018	$1,000,580	$1,000,000	$998,977			$999,539	0.771%	$1,943
3137EADP1	FHLMC NOTE	3/23/2016	3/7/2018	$999,030	$1,000,000	$998,578			$999,135	0.925%	$2,332
3137EAEA3	FHLMC NOTE	4/12/2016	4/9/2018	$999,850	$1,000,000	$997,243			$998,159	0.758%	$1,911
3136G0V57	FNMA NOTE	5/9/2016	4/30/2018	$1,003,700	$1,000,000	$998,448			$998,334	0.811%	$2,044
3133EGAF2	FFCB NOTE	5/20/2016	5/16/2018	$997,400	$1,000,000	$997,520			$997,306	0.882%	$2,223
3130A8EJ8	FHLB NOTE	6/10/2016	6/5/2018	$1,200,000	$1,200,000	$1,196,081			$1,196,338	0.850%	$2,571
313379DT3	FHLB NOTE	7/5/2017	6/8/2018	$1,000,240	$1,000,000	$999,745			$998,591	1.224%	$3,085
3133EGML6	FFCB NOTE	7/18/2016	7/18/2018	$999,300	$1,000,000	$995,725			$995,257	0.785%	$1,979
3133EFX69	FFCB NOTE	10/17/2016	10/5/2018	$1,000,580	$1,000,000	$996,048			$994,049	0.930%	$2,344
3133EG5Q4	FFCB NOTE	2/1/2017	2/1/2019	$1,000,000	$1,000,000	$997,081			$994,656	1.300%	$3,277
3130AAS41	FHLB NOTE	3/24/2017	2/8/2019	$999,812	$1,000,000	$996,275			$993,986	1.280%	$3,226
3133EHHN6	FFCB NOTE	3/5/2017	5/2/2019	$1,000,000	$1,000,000	$996,128			$993,425	1.350%	$3,403
3137EAEH8	FHLMC NOTE	7/31/2017	8/15/2019	$500,000	$500,000	$498,499			$495,710	1.375%	$1,733
313380FB8	FHLB NOTE	8/29/2017	9/13/2019	$1,000,000	$1,000,000	$996,975			$990,732	1.375%	$3,466
3137EADM8	FHLMC NOTE	9/14/2017	10/2/2019	$998,788	$1,000,000	$996,011			$988,091	1.250%	$3,151
PURCHASED DURING THIS QUARTER											
3137EADM8	FHLMC NOTE	10/13/2017	10/2/2019	$896,082	$900,000			$896,426	$889,282	1.475%	$2,873
3130ACLS1	FHLB NOTE	10/11/2017	10/11/2019	$2,200,000	$2,200,000			$2,201,421	$2,184,721	1.550%	$7,567
3133EHP98	FFCB NOTE	11/6/2017	11/6/2019	$1,000,000	$1,000,000			$1,000,000	$993,668	1.600%	$2,411
3133EGJ30	FFCB NOTE	12/29/2017	11/18/2019	$1,238,775	$1,255,000			$1,240,347	$1,235,061	1.800%	$124
3133EHV75	FFCB NOTE	12/8/2017	11/21/2019	$749,711	$750,000			$750,324	$746,713	1.750%	$827
OUTSTANDING SECURITIES AT THE END OF THE QUARTER				**20,783,848**	**20,805,000**	**14,659,333**	**-**	**6,088,518**	**20,682,751**		**52,488**
MATURED DURING THIS QUARTER											
3133EFHY6	FFCB NOTE	11/4/2015	10/13/2017	$897,660	$900,000	$893,387	$902,925			0.785%	$252
3135G0PQ0	FNMA NOTE	11/13/2015	10/26/2017	$999,800	$1,000,000	$995,780	$1,004,375			0.300%	$214
3130A6LZ8	FHLB NOTE	10/19/2015	10/26/2017	$1,199,868	$1,200,000	$1,189,264	$1,203,750			0.630%	$539
3133EFNE3	FFCB NOTE	11/12/2015	11/6/2017	$999,000	$1,000,000	$993,135	$1,003,800			0.811%	$822
3130A3HF4	FHLB NOTE	1/5/2016	12/8/2017	$750,750	$750,000	$750,077	$754,219			1.072%	$1,520
3130A6UK1	FHLB NOTE	12/29/2015	12/29/2017	$1,200,000	$1,200,000	$1,199,698	$1,206,060			1.010%	$2,988
SECURITIES MATURED DURING THE QUARTER				**6,047,078**	**6,050,000**	**6,021,340**	**6,075,129**				**6,334**
GRAND TOTAL				**26,830,926**	**26,855,000**	**20,680,673**	**6,075,129**	**6,088,518**	**20,682,751**		**58,823**

Interest received to maturity $485,867

CDARS CERTIFICATES OF DEPOSIT

FUND ALLOCATION	AMOUNT	PURCHASE DATE	MATURITY DATE	INTEREST RATE	INTEREST EARNED DURING QUARTER
UTILITY FUND	$512,403	7/27/2017	7/25/2019	0.40%	$517
GENERAL FUND	$510,929	6/23/2016	6/21/2018	0.40%	$515
GENERAL FUND	$509,806	3/23/2017	3/22/2018	0.30%	$385
GENERAL FUND	$1,534,117	9/21/2017	9/20/2018	0.60%	$2,313
GENERAL FUND	$510,048	9/22/2016	9/20/2018	0.50%	$643
GENERAL FUND	$504,999	3/24/2016	3/22/2018	0.50%	$636
CAPITAL PROJECTS	$508,787	9/21/2017	9/19/2019	0.58%	$744
PURCHASED DURING THIS QUARTER					
NA					$0
MATURED DURING THIS QUARTER					
NA					$0
TOTAL	**$4,591,089**				**$5,753.49**

LOCAL GOVERNMENT INVESTMENT COOPERATIVE / "LOGIC"
ACCOUNT ALLOCATION AT DECEMBER 2017

DESCRIPTION	BALANCE
GENERAL FUND	
LOGIC POOL- OPERATING CASH	$216,904
UTILITY FUND	
LOGIC POOL- OPERATING CASH	$2,736,818
UTILITY FUND - CAPITAL PROJECTS	
LOGIC POOL- WATER IMPACT FEES	$2,275,062
LOGIC-RES CASH-UTILITY LINE RE	$1,170
LOGIC - WW IMPACT FEES	$674,025
CAPITAL PROJECTS FUND	
LOGIC POOL-ROADS SA I CASH	$21,602
LOGIC-CAPITAL PROJ/STREET RESU	$1,857,764
DEBT SERVICE FUND	
LOGIC POOL- OPERATING CASH	$34,516
DRAINAGE FUND	
LOGIC POOL- OPERATING CASH	$1,375,964
LOGIC- I&S FUND/DRAINAGE	$121,893
LOGIC-2001 DRAINAGE BONDS	$2,371
TIF FUND	
LOGIC POOL- OPERATING CASH	$11,483,732
LOGIC-2001 TIF BONDS/CITY HALL	$114,539
CCCPD FUND	
LOGIC POOL- OPERATING CASH	$929,768
LOGIC - 99 CO BONDS	$82

LOCAL GOVERNMENT INVESTMENT COOPERATIVE / "LOGIC"
ACCOUNT ALLOCATION AT DECEMBER 2017

CAPITAL EQUIPMENT REPLACEMENT FUND	
LOGIC POOL- OPERATING CASH	$83,441
COLLEYVILLE TOMORROW FUND	
LOGIC POOL- OPERATING CASH	$1,700,076
PARKS TOMORROW FUND	
LOGIC POOL- OPERATING CASH	$1,034,763
STRATEGIC INITIATIVES FUND	
LOGIC POOL- OPERATING CASH	$493,532
Subtotal - LOGIC balances excluding CEDC	**$25,158,020**
CEDC Logic Balance	
LOGIC POOL- OPERATING CASH	$952,569
LOGIC - 97 BONDS	$65,091
Total LOGIC Balance	**$26,175,681**
INTEREST EARNED	**$89,612**

LOGIC Newsletter

December 2017

Performance

As of December 31, 2017

Current Invested Balance	**$6,465,455,192.00**
Weighted Average Maturity (1)*	**26 Days**
Weighted Average Maturity (2)*	**68 Days**
Net Asset Value	**0.999820**
Total Number of Participants	**559**
Management Fee on Invested Balance	**0.0975%**
Interest Distributed	**$7,820,581.73**
Management Fee Collected	**$516,803.61**
% of Portfolio Invested Beyond 1 Year	**0.00%**
Standard & Poor's Current Rating	**AAAm**

December Averages:

Average Invested Balance	**$6,234,513,621.18**
Average Monthly Yield, on a simple basis	**1.3784%**
Average Weighted Average Maturity (1)*	**29 Days**
Average Weighted Average Maturity (2)*	**76 Days**

*Definition of Weighted Average Maturity (1) & (2)

(1) This weighted average maturity calculation uses the SEC Rule 2a-7 definition for stated maturity for any floating rate instrument held in the portfolio to determine the weighted average maturity for the pool. This Rule specifies that a variable rate instrument to be paid in 397 calendar days or less shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate.

(2) This weighted average maturity calculation uses the final maturity of any floating rate instruments held in the portfolio to calculate the weighted average maturity for the pool.

Rates reflect historical information and are not an indication of future performance.

News

New Participants

We would like to welcome the following entities who joined the LOGIC program in December:

- ★ Liberty County
- ★ YES Prep Public Schools Inc

Holiday Reminder

In observance of Martin Luther King Jr. holiday, **LOGIC will be closed Monday, January 15, 2018.** All ACH transactions initiated on Friday, January 12th will settle on Tuesday, January 16th.

Conferences

LOGIC Representatives will be attending the following upcoming conference. We look forward to visiting with those of you attending this event.

- ★ Texas Association of School Business Officials (TASBO) Annual Conference - February 26- March 2, Fort Worth

Economic Commentary

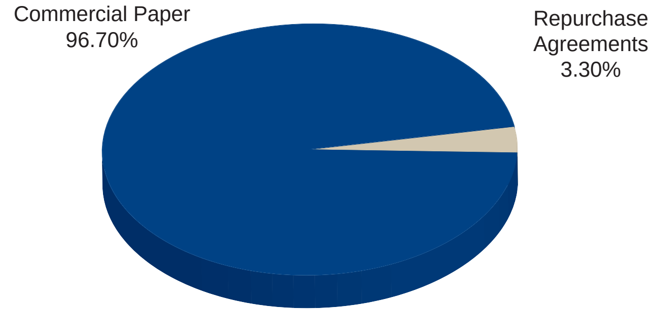
U.S. Tax reform dominated most of the quarter as both Houses of Congress worked expeditiously to pass their respective versions of the tax bill. While expectations of passage had drifted lower as the year progressed, the GOP successfully passed a reconciled version of the bill which was signed into law in December. The highlights of the bill on the corporate side were lower tax rates for corporations and small business pass-throughs as well as changes to interest and capital investment deductibility. The highlights on the individual side were lower effective tax rates, higher standard deductions, offset by the removal of most state and local deductions. Fiscal policy has the potential to pro¬vide additional stimulus to an already strong economy. In addition, the government has passed legislation to extend government spending until January in order to give the congress more time to debate the 2018 fiscal budget (which began in September '17). Inflation levels are caught in a tug-of-war between downward structural forces (technology improvements, price transparency) and upward cyclical forces (economic growth, tight labor mar¬kets), with the structural pressures continuing to deliver inflation disappointments.

The Federal Reserve (Fed) raised rates by 25 bps to 1.25%-1.50% at its December Federal Open Market Committee (FOMC) meeting. The committee reiterated its positive assessment of the labor market and the U.S. economy. It also indicated that inflation was below its 2% target, but that the weakness appeared transitory. The committee expects 3 rate hikes in 2018, 2 in 2019 and slightly less than 2 in 2020. For now, our view remains consistent with the Fed's projections— growth will remain strong (despite the typical negative seasonali¬ty in the first quarter), inflation will stay contained and the Fed will remain on a gradual path towards normalized real yields by raising the fed funds rate three times. We believe that the yield on the U.S. 10-year Treasury will also rise modestly, ending 2018 at 2.75%–3.25%. If inflation does start coming in above target, we could easily see the Fed raise rates four times in 2018, not the three times the market is expecting. If both the European Central Bank and the Bank of Japan also start moving to higher rates at the same time that central bank balance sheet expan¬sion turns negative (currently projected for around October 2018), then bond investors are not being compensated for the risks, volatility will rise and the second half of 2018 could be much more difficult for the markets.

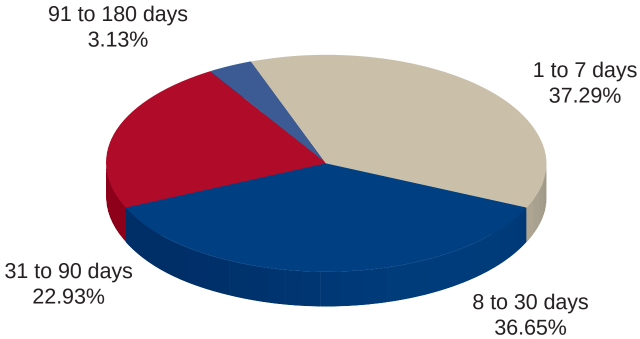
This information is an excerpt from an economic report dated December 2017 provided to LOGIC by JPMorgan Asset Management, Inc., the investment manager of the LOGIC pool.

Information at a Glance

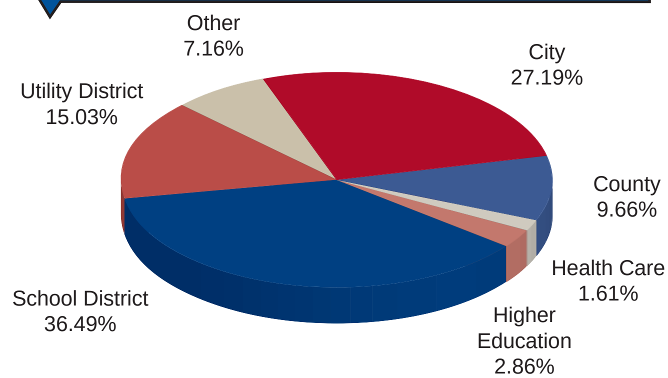
Portfolio by Type of Investment As of December 31, 2017



Portfolio by Maturity As of December 31, 2017



Distribution of Participants by Type As of December 31, 2017



History

Historical Program Information

Month	Average Rate	Book Value	Market Value	Net Asset Value	WAM (1)*	WAM (2)*	Number of Participants
Dec 17	1.3784%	$6,465,455,192.00	$6,464,452,719.35	0.999820	29	76	559
Nov 17	1.2913%	6,037,285,391.70	6,037,616,463.25	1.000054	35	75	557
Oct 17	1.2845%	6,047,571,709.48	6,047,976,206.51	1.000066	42	75	556
Sep 17	1.2827%	5,995,123,374.79	5,995,667,106.47	1.000070	40	77	551
Aug 17	1.2660%	5,912,248,825.24	5,912,933,387.09	1.000115	32	70	548
Jul 17	1.2408%	6,097,733,914.84	6,098,596,876.56	1.000141	29	71	543
Jun 17	1.1333%	5,904,028,106.60	5,904,946,555.34	1.000122	25	75	539
May 17	1.0761%	6,257,671,308.91	6,259,334,715.43	1.000265	27	71	535
Apr 17	1.0739%	6,573,201,990.89	6,574,453,965.11	1.000190	32	69	528
Mar 17	1.0089%	6,727,258,315.21	6,728,526,958.13	1.000151	35	74	522
Feb 17	0.9716%	6,899,050,894.78	6,900,939,892.08	1.000273	38	75	515
Jan 17	0.9642%	6,257,691,371.71	6,259,008,532.09	1.000210	33	68	509

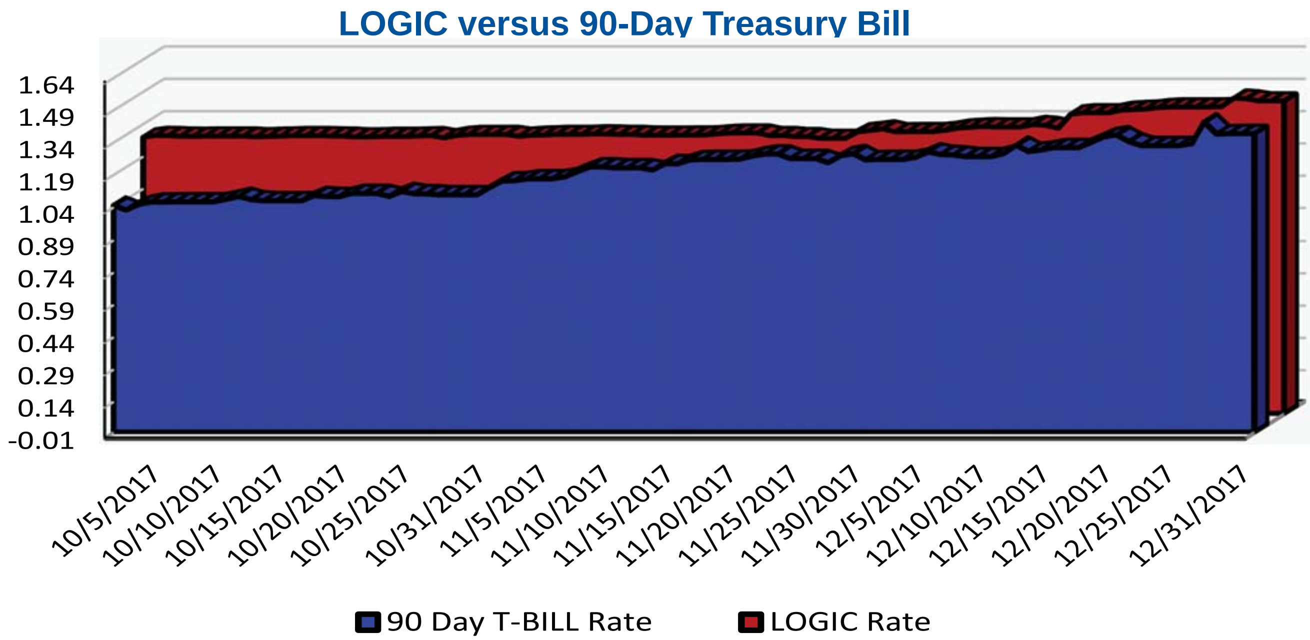
Assets

Portfolio Asset Summary as of December 31, 2017

	Book Value	Market Value
Uninvested Balance	$ (128,049.27)	$ (128,049.27)
Accrual of Interest Income	1,761,231.54	1,761,231.54
Interest and Management Fees Payable	(7,943,388.76)	(7,943,388.76)
Payable for Investment Purchased	0.00	0.00
Receivable for Investment Sold	0.00	0.00
Repurchase Agreements	213,513,999.97	213,513,999.97
Commercial Paper	6,258,251,398.52	6,257,248,925.87
Government Securities	0.00	0.00
Total	**$ 6,465,455,192.00**	**$ 6,464,452,719.35**

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by J.P. Morgan Chase & Co. and the assets are safekept in a separate custodial account at the Federal Reserve Bank in the name of LOGIC. The only source of payment to the Participants are the assets of LOGIC. There is no secondary source of payment for the pool such as insurance or guarantee. Should you require a copy of the portfolio, please contact LOGIC Participant Services.

Daily Rates



This material is for information purposes only. This information does not represent an offer to buy or sell a security. The above rate information is obtained from sources that are believed to be reliable; however, its accuracy or completeness may be subject to change. The LOGIC management fee be waived in full or in part at the discretion of the LOGIC co-administrators and the LOGIC rate for the period shown reflects waiver of fees. This table represents historical investment performance/return to the customer, net of fees, and is not an indication of future performance. An investment in the security is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the issuer seeks to preserve the value of an investment at $1.00 per share, it is possible to lose money by investing in the security. Information about these and other program details are in the fund's Information Statement which should be read carefully before investing. The yield on the 90-Day Treasury Bill ("T-Bill Yield") is shown for comparative purposes only. When comparing the investment returns of the LOGIC pool to the T-Bill Yield, you should know that the LOGIC pool consist of allocations of specific diversified securities as detailed in the respective Information Statements. The T-Bill Yield is taken from Bloomberg Finance L.P. and represents the daily closing yield on the then current 90-day T-Bill. The LOGIC yield is calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940 as promulgated from time to time by the federal Securities and Exchange Commission.

Daily Summary

Daily Summary for December 2017

Date	Mny Mkt Fund Equiv. [SEC Std.]	Daily Allocation Factor	LOGIC Invested Balance	Market Value Per Share	WAM Days (1)*	WAM Days (2)*
12/1/2017	1.3048%	0.000035748	$6,064,763,925.82	1.000007	31	79
12/2/2017	1.3048%	0.000035748	$6,064,763,925.82	1.000007	31	79
12/3/2017	1.3048%	0.000035748	$6,064,763,925.82	1.000007	31	79
12/4/2017	1.3110%	0.000035919	$6,021,613,469.52	1.000054	30	78
12/5/2017	1.3214%	0.000036202	$6,010,906,100.37	1.000041	32	80
12/6/2017	1.3251%	0.000036303	$6,071,035,660.19	1.000038	33	81
12/7/2017	1.3281%	0.000036386	$6,070,719,084.48	1.000033	33	84
12/8/2017	1.3261%	0.000036331	$6,036,588,307.77	0.999978	31	82
12/9/2017	1.3261%	0.000036331	$6,036,588,307.77	0.999978	31	82
12/10/2017	1.3261%	0.000036331	$6,036,588,307.77	0.999978	31	82
12/11/2017	1.3379%	0.000036654	$6,037,727,464.85	1.000008	31	82
12/12/2017	1.3334%	0.000036532	$6,114,678,495.49	0.999996	30	80
12/13/2017	1.3209%	0.000036189	$6,464,136,658.52	0.999951	38	75
12/14/2017	1.3863%	0.000037980	$6,559,942,990.17	0.999928	30	76
12/15/2017	1.3925%	0.000038151	$6,490,992,352.44	0.999860	29	75
12/16/2017	1.3925%	0.000038151	$6,490,992,352.44	0.999860	29	75
12/17/2017	1.3925%	0.000038151	$6,490,992,352.44	0.999860	29	75
12/18/2017	1.4039%	0.000038462	$6,249,205,281.62	0.999910	29	77
12/19/2017	1.4073%	0.000038557	$6,189,422,100.19	0.999895	29	77
12/20/2017	1.4095%	0.000038616	$6,175,294,526.34	0.999883	29	77
12/21/2017	1.4166%	0.000038811	$6,208,404,774.81	0.999850	29	77
12/22/2017	1.4193%	0.000038884	$6,234,168,141.65	0.999785	26	73
12/23/2017	1.4193%	0.000038884	$6,234,168,141.65	0.999785	26	73
12/24/2017	1.4193%	0.000038884	$6,234,168,141.65	0.999785	26	73
12/25/2017	1.4193%	0.000038884	$6,234,168,141.65	0.999785	26	73
12/26/2017	1.4206%	0.000038920	$6,235,171,355.46	0.999876	25	72
12/27/2017	1.4607%	0.000040020	$6,348,907,073.78	0.999876	28	73
12/28/2017	1.4571%	0.000039921	$6,402,685,319.97	0.999887	27	72
12/29/2017	1.4474%	0.000039654	$6,465,455,192.00	0.999820	26	68
12/30/2017	1.4474%	0.000039654	$6,465,455,192.00	0.999820	26	68
12/31/2017	1.4474%	0.000039654	$6,465,455,192.00	0.999820	26	68
Average	1.3784%	0.000037763	$6,234,513,621.18		29	76

LOGIC
LOGIC Participant Services
Hilltop Securities Inc.
1201 Elm Street, Suite 3500
Dallas, TX 75270

LOGIC Board

LOGIC Board Members

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Greg Jordan	**City of Grapevine**	**Board Member**

Contacts

For more information contact LOGIC Participant Services ★ 1-800-895-6442 ★ www.logic.org

HilltopSecurities
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J.P.Morgan
Asset Management

EYE ON THE ECONOMY

Dallas–Fort Worth Economic Indicators

Federal Reserve Bank of Dallas

December 27, 2017

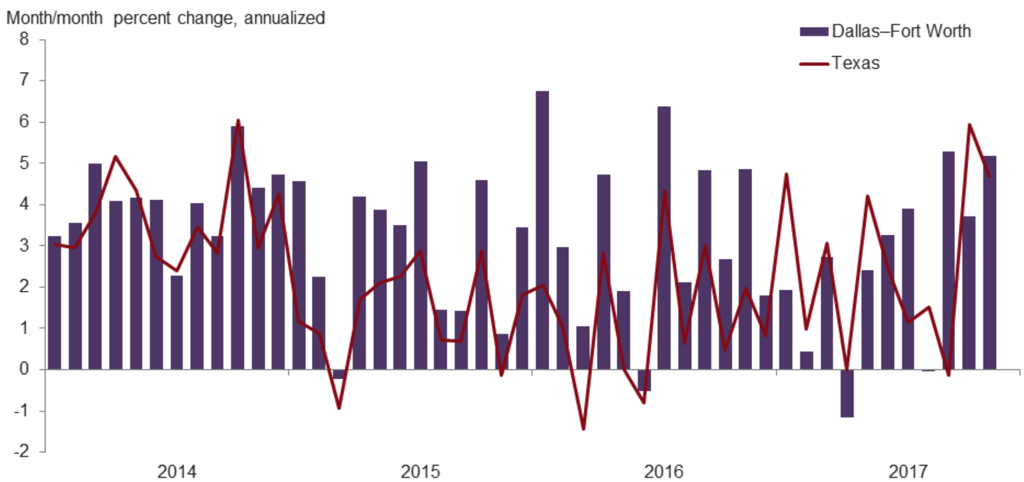
The Dallas–Fort Worth economy expanded at a rapid clip in November. The Dallas and Fort Worth business-cycle indexes continued to post above-trend gains, as job growth was strong. Home affordability stayed low in Dallas in the third quarter and dipped in Fort Worth. Home prices rose further in both metros in part due to continued healthy job creation, which has been a driver for the DFW housing market.

Labor Market

Payrolls Expand

DFW jobs grew at a 5.2 percent annualized rate in November, up from October's 3.7 percent increase (*Chart* 1). Payrolls in Dallas rose 6.4 percent and expanded 2.2 percent in Fort Worth for the month. Year-to-date employment in DFW has expanded at a 2.5 percent annual rate, similar to the state's 2.6 percent growth this year but somewhat slower than the metro's 3.3 percent growth in 2016 (December/December).

Chart 1
Employment Growth



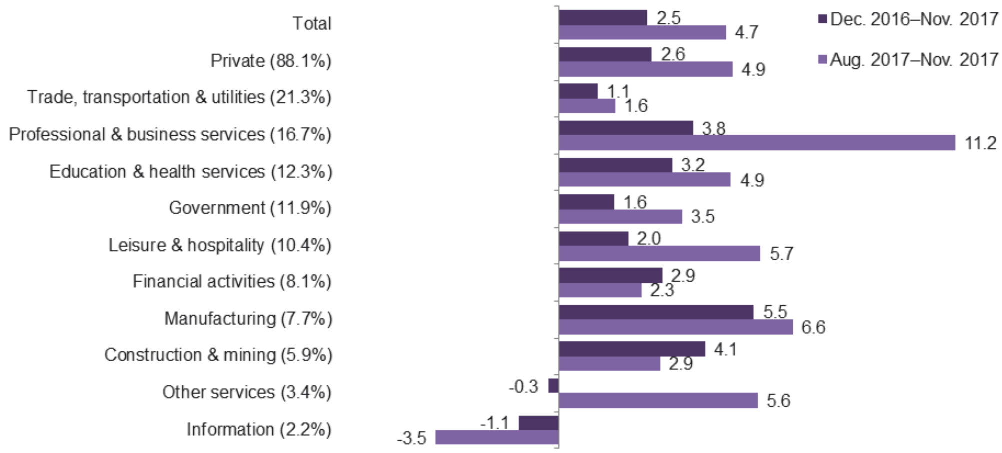
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Dallas Fed.

The labor market remained tight. Unemployment in Dallas edged up to 3.3 percent in November but remained well below the state and U.S. rates. The jobless rate in Fort Worth held steady at 4.1 percent. Unemployment dipped to 3.8 percent in Texas—a new record low for the state.

Job Growth Strengthens

DFW employment growth accelerated to a 4.7 percent annualized rate over the three months through November, compared with the 2.5 percent increase seen year to date (*Chart 2*). Job gains have been generally broad based and have picked up the pace in most sectors from August to November. Growth (three-month annualized change) in professional and business services employment surged at its fastest rate since early 1999. Employment in other large sectors such as education and health services, leisure and hospitality, and manufacturing has been healthy as well in the past three months. The exception has been information services, where employment has declined both in the past three months and year to date.

Chart 2
Employment Growth by Sector

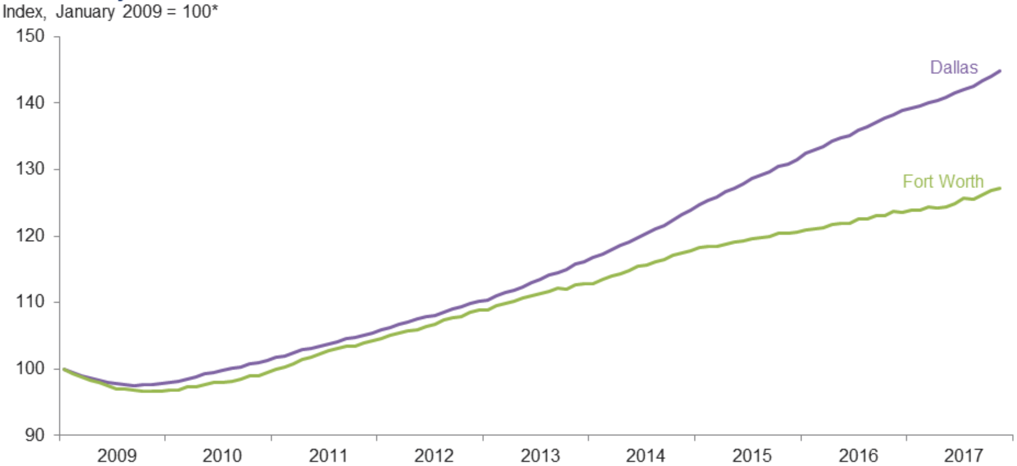


NOTES: Data show seasonally adjusted annualized percentage growth by sector. Numbers in parentheses are shares of total Dallas–Fort Worth nonfarm employment in November 2017 and may not sum to 100 due to rounding.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Dallas Fed.

Business-Cycle Indexes

Gains in the Dallas and Fort Worth business-cycle indexes remained robust in November (*Chart 3*). The Dallas index climbed an annualized 7.3 percent in November following October's 5.8 percent pace. This is above its long-term trend of growth and is the fastest the index has expanded since mid-2016. Fort Worth's index climbed 3.4 percent after expanding 5.3 percent in October. Year over year, the Dallas index was up a solid 4.8 percent, and the Fort Worth index rose 2.8 percent in part due to continued job creation and declining unemployment.

Chart 3
Business-Cycle Indexes
Index, January 2009 = 100*



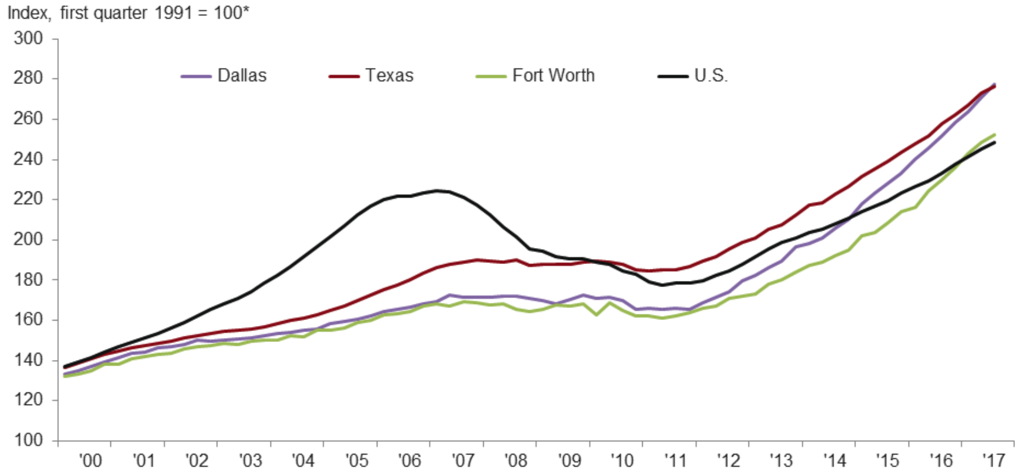
*Monthly, seasonally adjusted.
SOURCE: Dallas Fed.

Housing Market

Home Prices Continue to Climb

Home price gains in the metroplex continued to outpace those in the U.S. (*Chart 4*). Prices rose 2.6 percent in Dallas and 1.6 percent in Fort Worth in third quarter 2017, faster than the state's 1.2 percent and the nation's 1.4 percent increase, according to the Federal Housing Finance Agency purchase-only house price index. On a year-over-year basis, prices were up 10.4 percent in Dallas and 9.8 percent in Fort Worth—both higher than the Texas rate of 7.1 percent and the nation's 6.5 percent figure.

Chart 4
House Price Indexes

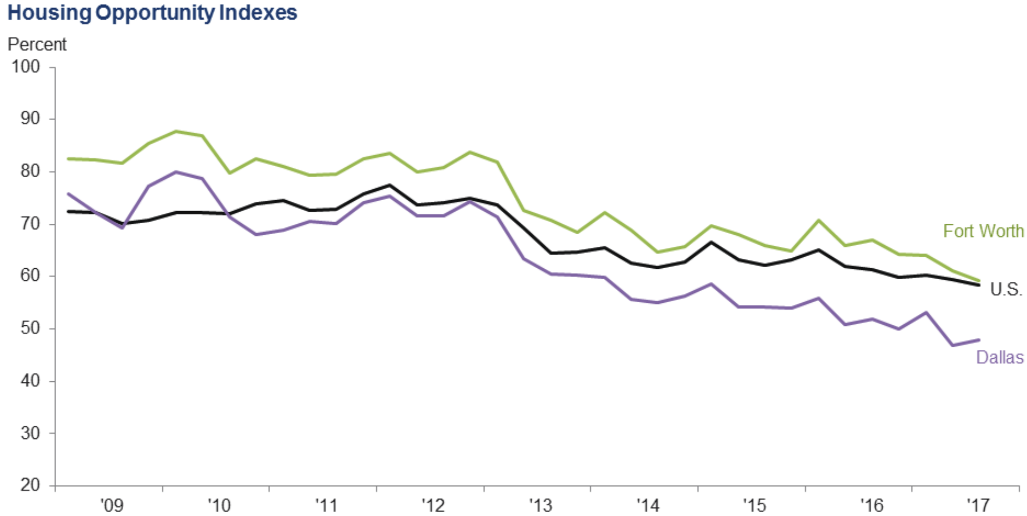


*Quarterly; seasonally adjusted.
SOURCE: Federal Housing Finance Agency.

Affordability in Dallas Remains Low

Record home-price appreciation following the Great Recession has eroded housing affordability in the metroplex. According to the National Association of Home Builders/Wells Fargo Housing Opportunity indexes, only 48 percent of the homes (new and existing) sold in Dallas in third quarter 2017 were affordable for a median-income family; this is below the national figure of 58.3 percent (*Chart 5*). Affordability has been declining in Dallas since 2010, and the index has dropped markedly from its peak set in first quarter 2010. Despite having a lower median home sales price than Austin, affordability in Dallas is the lowest among major Texas metros. Affordability in Fort Worth dipped from 61.2 percent in the second quarter to 59.3 percent in the third, but the metro remains more affordable relative to Dallas and the nation.

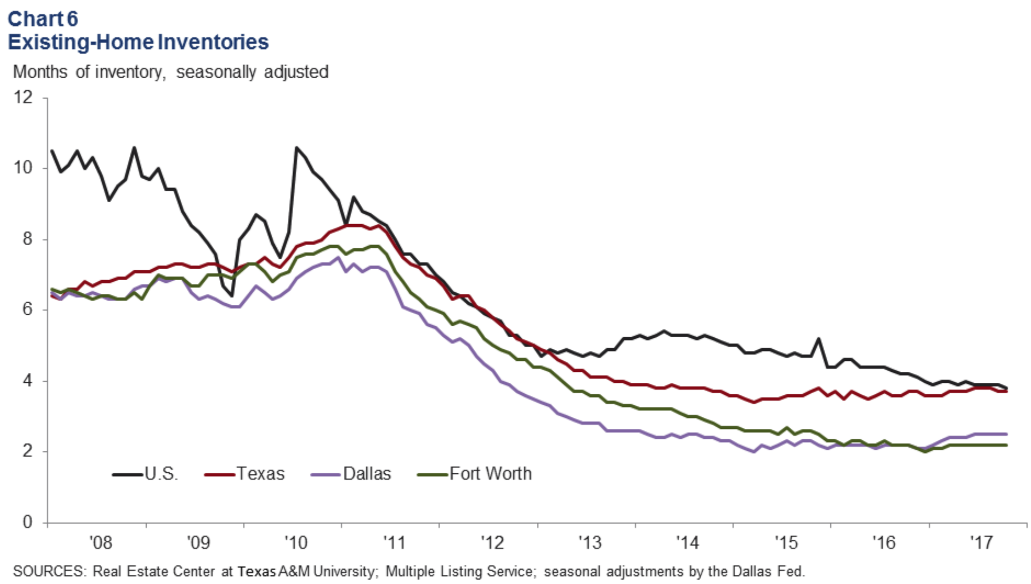
Chart 5
Housing Opportunity Indexes



SOURCE: National Association of Home Builders/Wells Fargo.

Existing-Home Inventories Still Tight

DFW existing-home inventories remain tight at just over two months, well below the six months' supply typically associated with a balanced market. In October, inventories were at 2.5 months in Dallas and 2.2 months in Fort Worth (*Chart 6*). Inventories in both Dallas and Fort Worth are the lowest among Texas major metros and have been under three months since late 2014.



NOTE: Data may not match previously published numbers due to revisions.

About Dallas–Fort Worth Economic Indicators

Questions can be addressed to Laila Assanie at laila.assanie@dal.frb.org. *Dallas–Fort Worth Economic Indicators* is published every month on the Tuesday after state and metro employment data are released.

Texas Economic Indicators

Federal Reserve Bank of Dallas

December 27, 2017

Texas economic growth was robust in November. The state posted strong job gains, and the unemployment rate fell to a record low for the second month in a row. The Dallas Fed's Texas Business Outlook Surveys indicated expansion in manufacturing and service sector activity in November and December. Texas oil production resumed growth in September, and the state's exports and construction activity have improved this year.

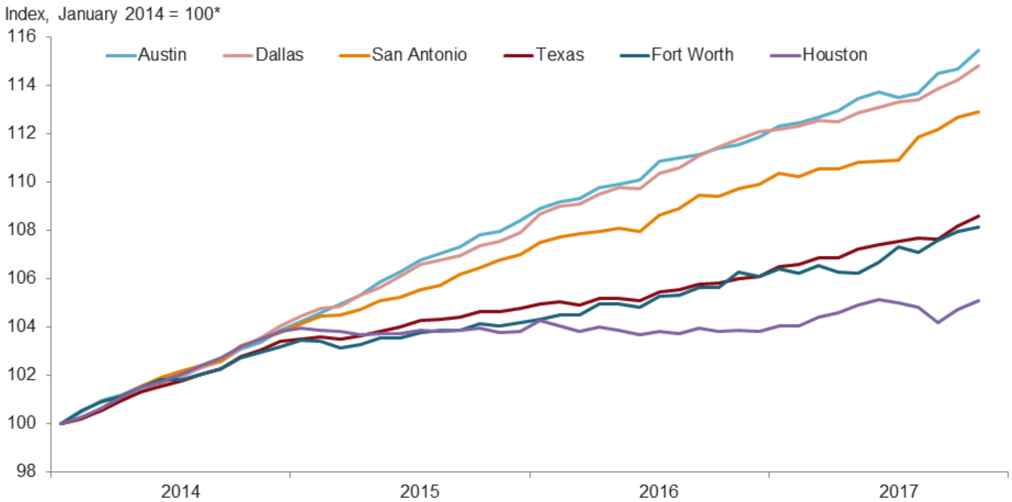
Labor Market

Employment Strengthens

Texas employment expanded an annualized 4.7 percent in November, faster than the nation's 1.9 percent increase. Year to date, Texas employment has grown at a 2.6 percent annual rate. The Dallas Fed's Texas Employment Forecast suggests 2.5 percent job growth in 2017 (December/December).

Payroll expansion was broad based across the major metros in November, led by Austin's 8.2 percent surge and followed by Dallas' 6.4 percent growth (*Chart 1*). Employment has expanded in all Texas major metros year to date, with Austin leading at 3.5 percent.

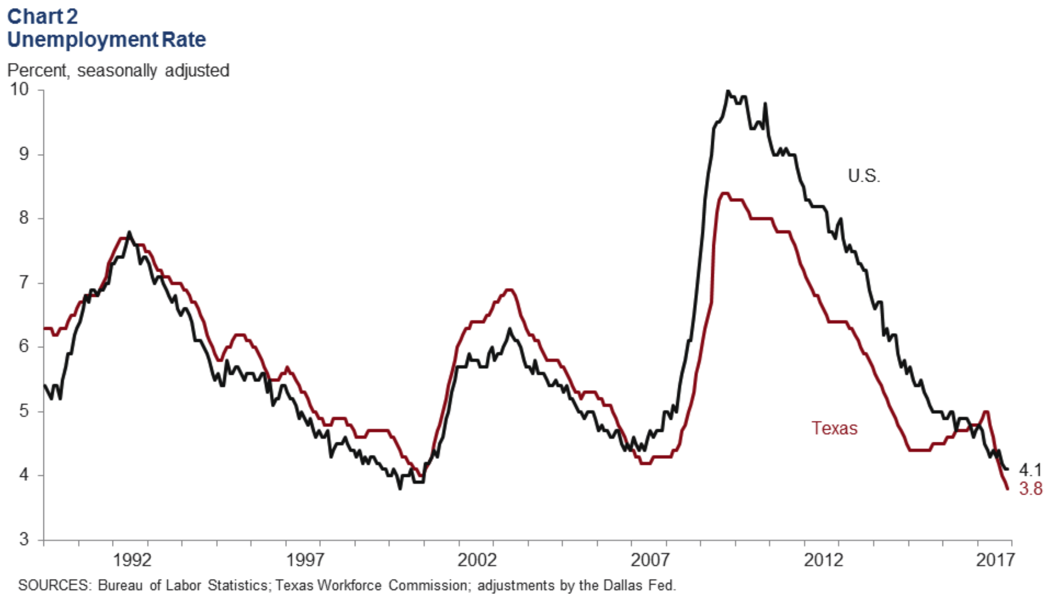
Chart 1
Employment Growth



*Seasonally adjusted.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Dallas Fed.

Unemployment Drops to Record Low

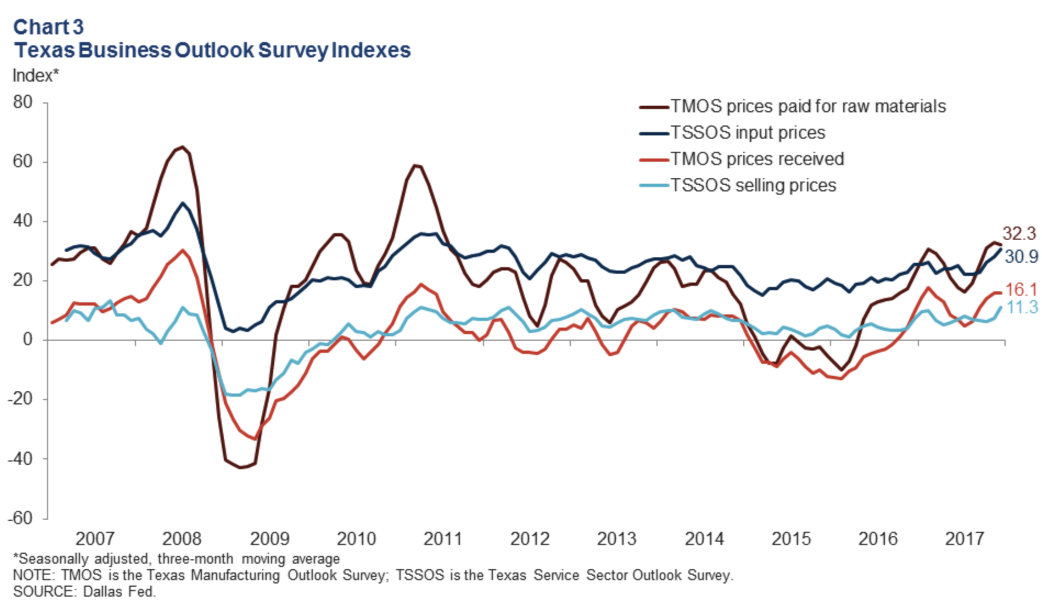
The Texas unemployment rate dipped to 3.8 percent in November—once again setting a record low for the series, which dates back to 1976 (*Chart 2*). Unemployment ticked up in Austin, Dallas, El Paso and Houston but held steady in Fort Worth and San Antonio.



Texas Business Outlook Survey Indexes

The headline indexes of the Dallas Fed's Texas Business Outlook Surveys indicated continued expansion in the manufacturing, service and retail sectors in December. The three-month moving average of the Texas Manufacturing Outlook Survey (TMOS) production index strengthened to its highest point since mid-2006. The three-month moving average of the Texas Service Sector Outlook Survey (TSSOS) revenue index ticked up while that of the Texas Retail Outlook Survey sales index fell but remained strongly positive. All three are well above their 2010–16 post-recession averages.

Upward pressure on prices continued in December (*Chart 3*). The three-month moving average of the TMOS prices paid index inched down after reaching its highest point since 2011 in November, while the three-month moving average of the TMOS prices received index held steady. The three-month moving averages of the TSSOS input prices and selling prices indexes rose again in December. All four indexes are above their post-recession averages.



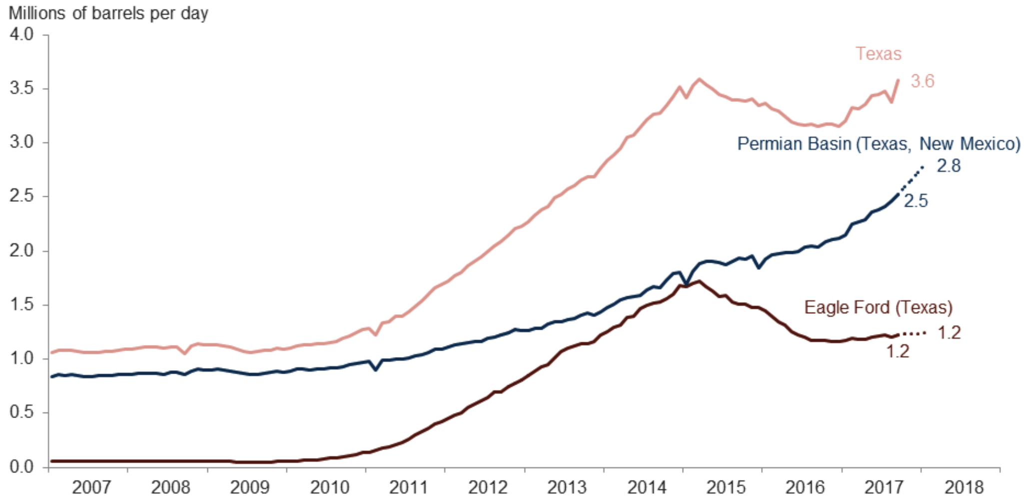
Energy Sector Activity

Texas daily crude oil production, representing 37.7 percent of all U.S. production, increased 5.7 percent in September to 3.6 million barrels per day (*Chart 4*). Texas' average daily production this year through September was 5.0 percent above the average production during the same period last year.

Daily oil production in the Permian Basin, representing 26.6 percent of U.S. oil production, was 2.5 million barrels per day in September, and the Energy Information Administration (EIA) forecasts production to reach 2.8 million barrels per day in January 2018. The Permian Basin's average daily production this year through September was 17.5 percent higher than average production during the same period last year.

Daily production in the Eagle Ford, representing 12.9 percent of U.S. oil production, was 1.2 million barrels per day in September, and the EIA forecasts production to remain nearly flat. The Eagle Ford's average daily production this year through September was 6.3 percent below average production during the same period last year.

Chart 4
Oil Production



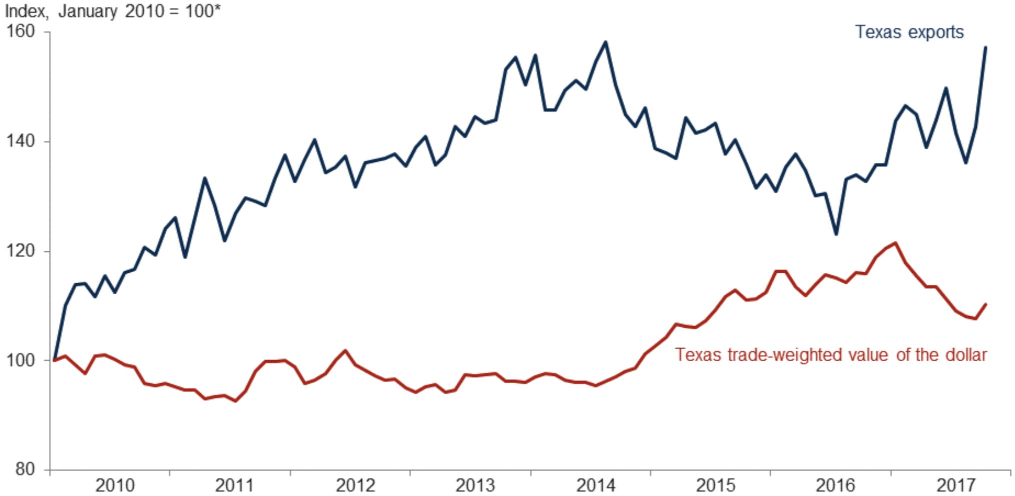
NOTE: Actual data are through September 2017, forecast through January 2018.
SOURCE: Energy Information Administration.

Exports

Texas exports increased 10.1 percent in October—the largest jump since October 2008—while U.S. exports edged down 0.3 percent (*Chart 5*). Year to date through October, Texas exports have expanded 9.4 percent, and U.S. exports were up 3.5 percent compared with the same period in 2016.

The Texas trade-weighted value of the dollar rose 2.4 percent in October but remained 4.8 percent below year-ago levels. A lower trade-weighted value of the dollar supports growth in exports by making domestic products more affordable to consumers abroad.

Chart 5
Exports



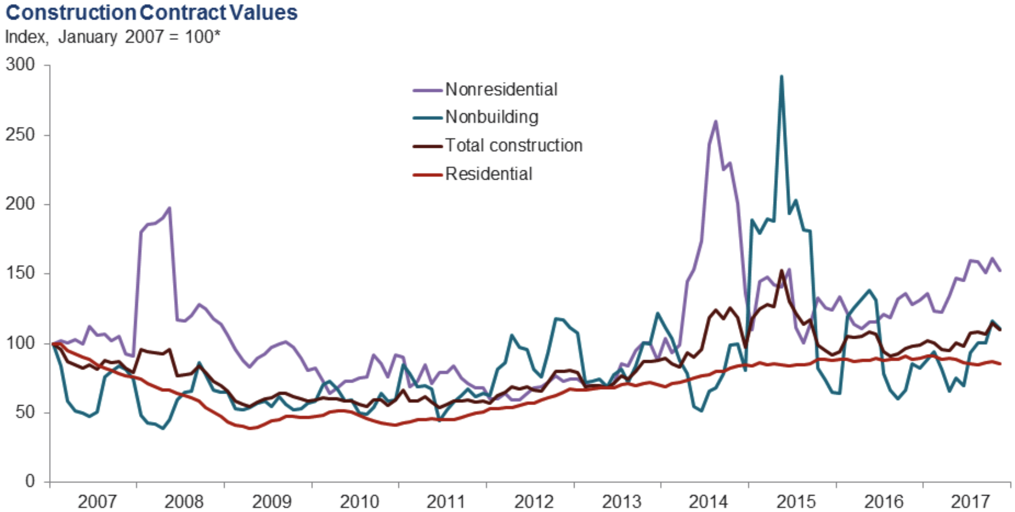
*Texas exports are in seasonally adjusted real dollars.
SOURCES: Census Bureau; WISERTrade; Dallas Fed.

Construction

The five-month moving average of total Texas construction contracts fell 4.0 percent in November after a 6.8 percent increase in October (*Chart 6*). The five-month moving average of Texas nonresidential construction contracts dropped 5.6 percent in the month, that of nonbuilding construction declined 4.7 percent and that of residential construction dipped 1.9 percent.

Year to date through November, the value of Texas total construction contracts is 2.0 percent higher than the same period last year. While nonresidential construction contract values climbed 21.6 percent in the first 11 months of 2017 compared with the same period in 2016, nonbuilding construction declined 15.8 percent and residential construction dipped 1.8 percent.

Chart 6
Construction Contract Values



*Five-month moving average; seasonally adjusted, real dollars.
NOTE: Nonresidential, residential and nonbuilding construction are the components of total construction.
SOURCES: F.W. Dodge; adjustments by the Dallas Fed.

NOTE: Data may not match previously published numbers due to revisions.

About Texas Economic Indicators

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Texas Economic Indicators

Federal Reserve Bank of Dallas

December 27, 2017

Texas economic growth was robust in November. The state posted strong job gains, and the unemployment rate fell to a record low for the second month in a row. The Dallas Fed's Texas Business Outlook Surveys indicated expansion in manufacturing and service sector activity in November and December. Texas oil production resumed growth in September, and the state's exports and construction activity have improved this year.

Labor Market

Employment Strengthens

Texas employment expanded an annualized 4.7 percent in November, faster than the nation's 1.9 percent increase. Year to date, Texas employment has grown at a 2.6 percent annual rate. The Dallas Fed's Texas Employment Forecast suggests 2.5 percent job growth in 2017 (December/December).

Payroll expansion was broad based across the major metros in November, led by Austin's 8.2 percent surge and followed by Dallas' 6.4 percent growth (*Chart 1*). Employment has expanded in all Texas major metros year to date, with Austin leading at 3.5 percent.

Chart 1
Employment Growth

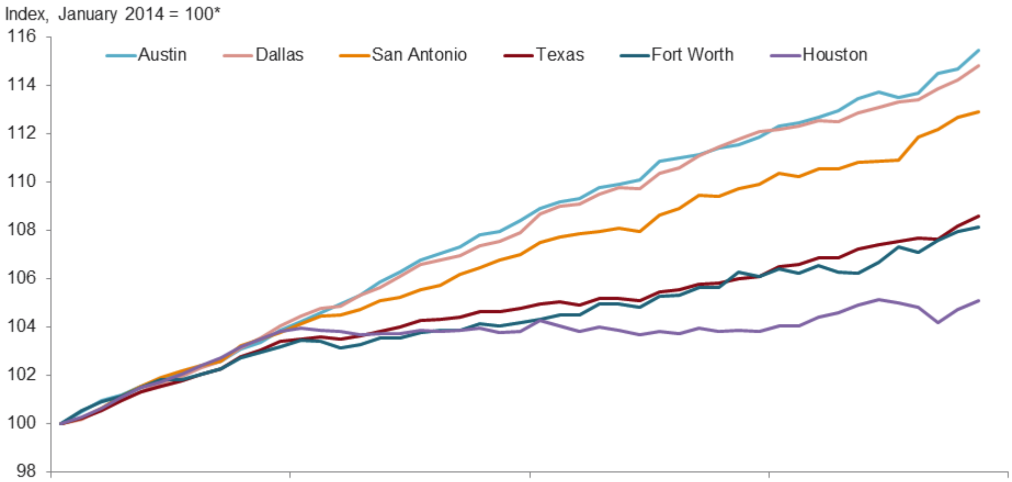

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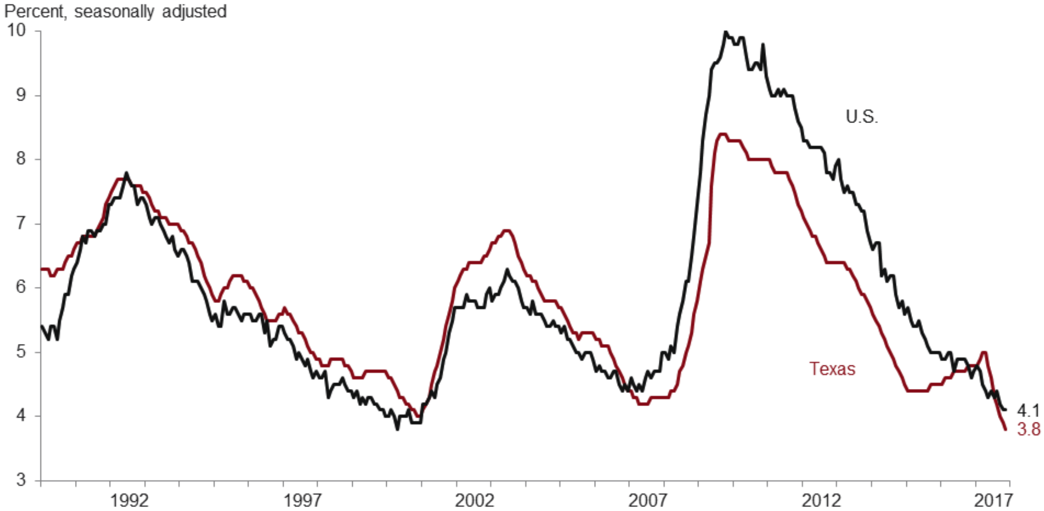
Chart 2
Unemployment Rate



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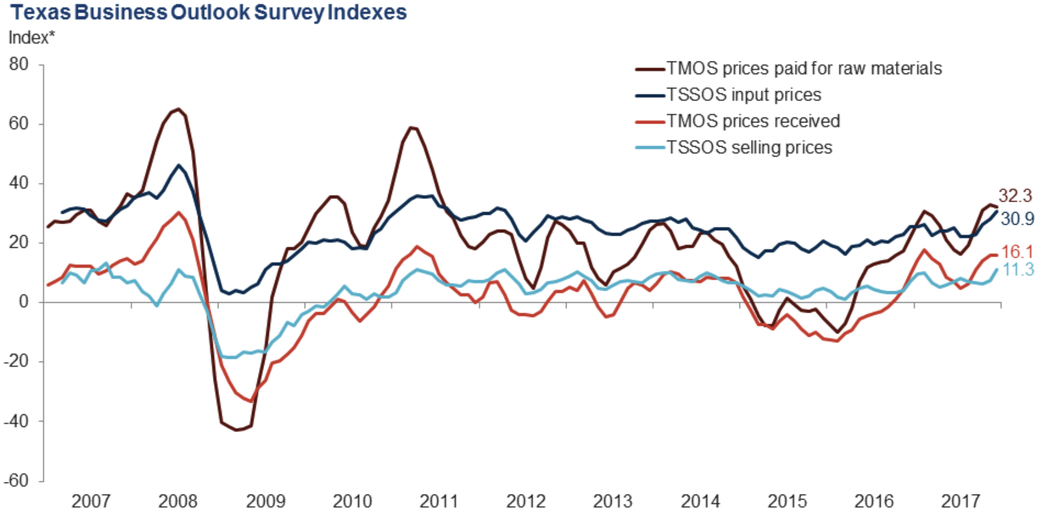

*Seasonally adjusted, three-month moving average
NOTE: TMOS is the Texas Manufacturing Outlook Survey; TSSOS is the Texas Service Sector Outlook Survey.
SOURCE: Dallas Fed.

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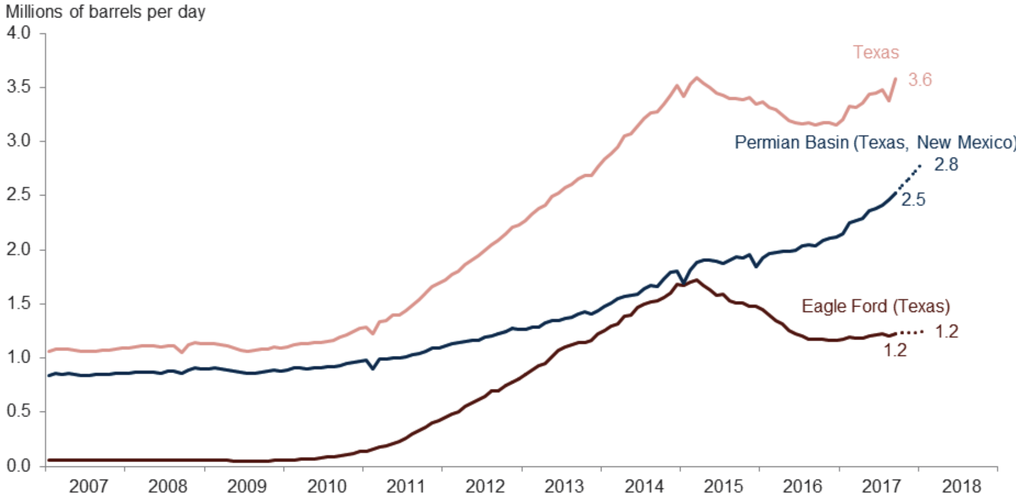

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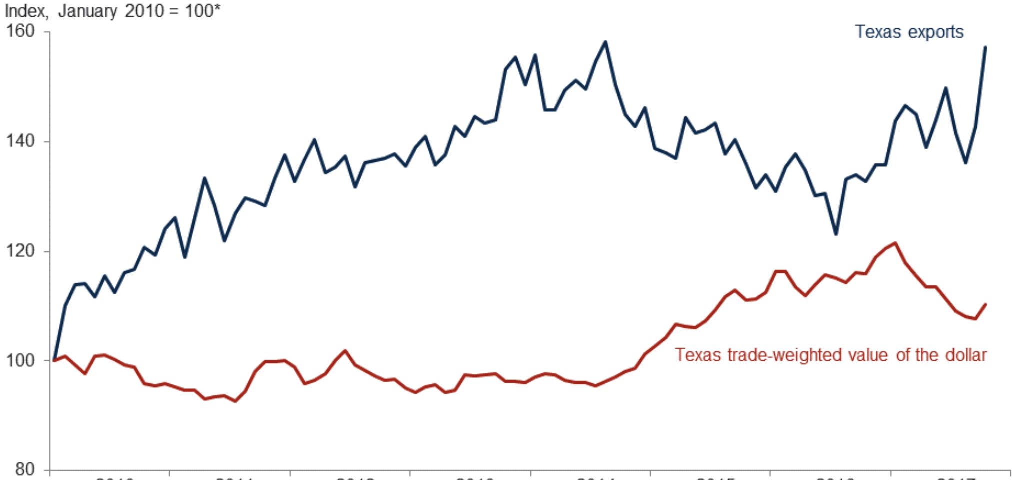

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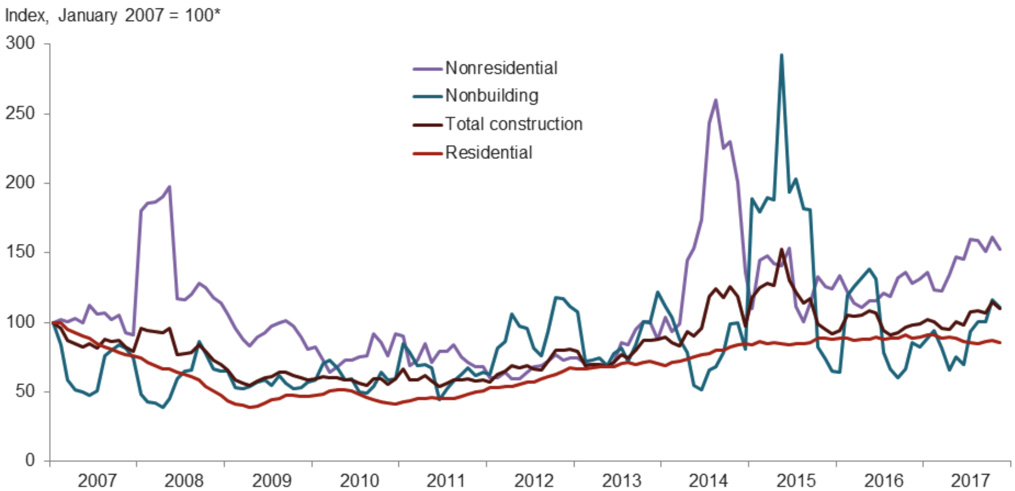

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