City of Colleyville
Audit Committee
Agenda

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

Tuesday, August 28, 2018 — City Manager's Conference Room
5:00 p.m. — Third Floor – City Hall

1. CALL TO ORDER

2. REPORTS

Quarterly Investment Report for the quarter ended June 30, 2018

3. REGULAR AGENDA ITEMS

3a Meet with representatives(s) from the City's audit firm, Weaver and Tidwell, to discuss the Fiscal Year September 30, 2018 audit

4. ADJOURNMENT

I hereby certify this agenda was posted on City Hall bulletin boards Wednesday, August 22, 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
City Council
Agenda Briefing

City Hall
100 Main Street
Colleyville, Texas 76034
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Agenda Number **Agenda Date** 08/28/2018 **Number**
Type Presentation
Department City Manager

Title
Quarterly Investment Report for the quarter ended June 30, 2018

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 March 31, 2018:

Cash & Cash Equivalents (Local Government Investment Pools) were $67,748,552. The total funds held by the City equaled $85,354,654 and were allocated as follows:

Logic	$26,412,554	30%
Government Issues	16,582,311	19%
CDARS	3,065,355	3%
CD'S	744,000	1%
Cash	41,335,998	47%

Investment Benchmark 1.84%

Logic	2.02%
Government Issues	1.48%
CDARS	0.47%
CD'S	2.53%
Bank Earned Income Credit	1.79%
Portfolio	1.68%

Interest earnings for the quarter were $207,864 with an average yield of 1.68% versus $188,306 and 1.48% for the prior quarter. These percentages are within the guidelines of the City investment policy.

Attachments
1. Quarterly Investment Report As of June 30, 2018-signed

QUARTERLY INVESTMENT REPORT

FOR QUARTER ENDING JUNE 30, 2018

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

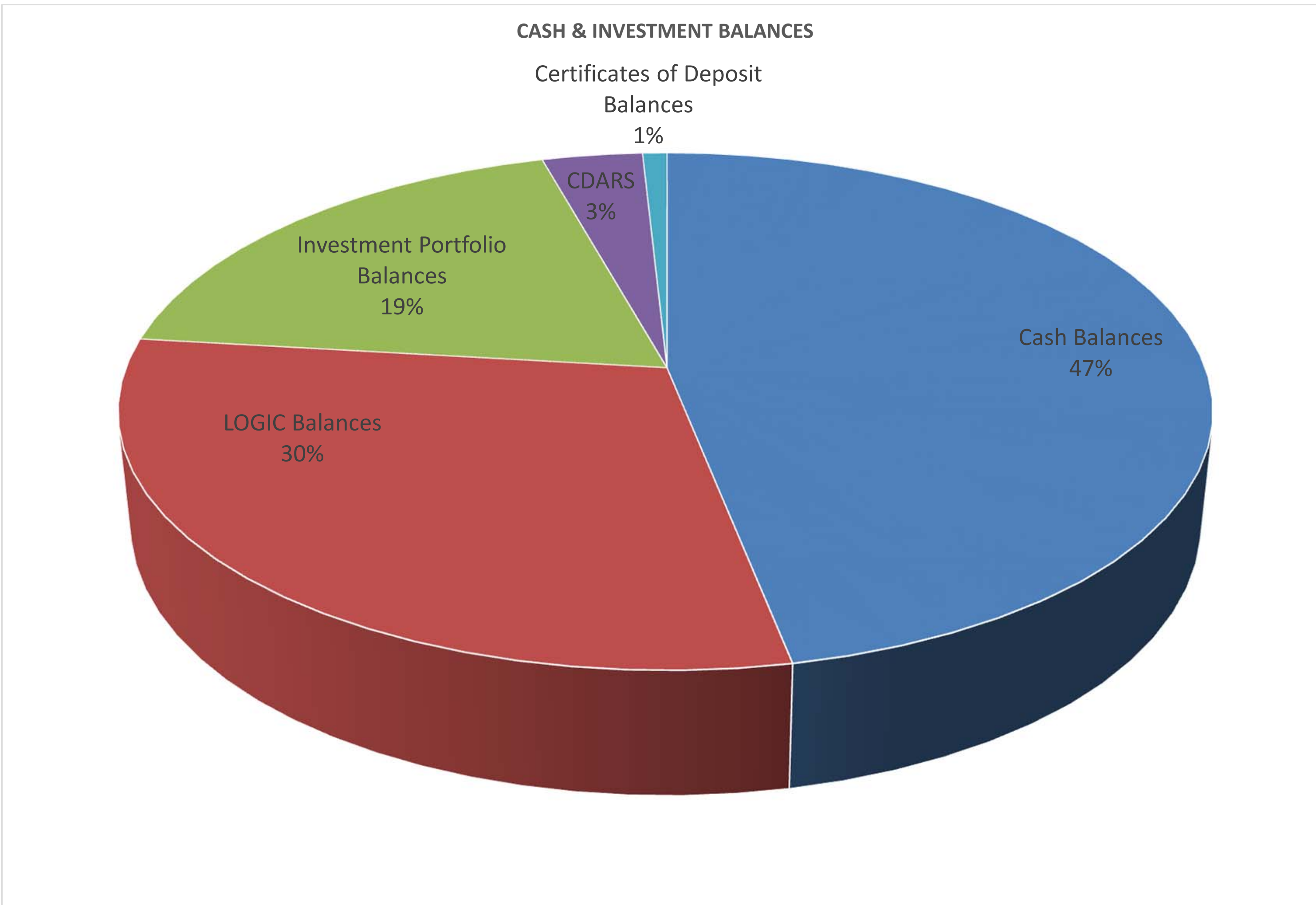
Shereen Gendy
Karen Hines

Portfolio Investment Report
for the Quarter Ending June 30, 2018
CONSOLIDATED INVESTMENT REPORT

Cash and Investment Balances	Current As of 6/30/2018	Last Quarter As of 3/31/2018
Cash Balances	$ 41,335,998	$ 34,220,412
LOGIC Balances	$ 26,412,554	$ 26,279,887
Investment Portfolio Balances	$ 16,582,311	$ 20,782,071
CDARS	$ 3,065,355	$ 3,576,284
Certificates of Deposit Balances	$ 744,000	$ 496,000
Total Cash, Logic, & Other Investments	$ 88,140,217	$ 85,354,654

Investment Yields, Maturities, and Interest	Current As of 6/30/2018	Last Quarter As of 3/31/2018
Bank Earned Income Credit	1.79%	1.45%
13 Week Treasury Benchmark	1.84%	1.56%
Logic Average Quarterly Yield	2.02%	1.61%
Logic Quarter's Average Weighted Maturity	29	29
Average Weighted Yield: Agency	1.48%	1.34%
Average Weighted Maturity in Days: Agency	406	373
Average Weighted Yield: CDARS	0.47%	0.52%
Average Weighted Maturity in Days: CDARS	166	256
Average Weighted Yield: CD'S	2.53%	2.53%
Average Weighted Maturity in Days: CD'S	644	730
Interest Earnings - Quarter	$ 207,864	$ 188,306
Bank Earnings Allowance	$ 26,062	$ 20,917
Interest Rate/Yield for the Quarter	1.68%	1.48%

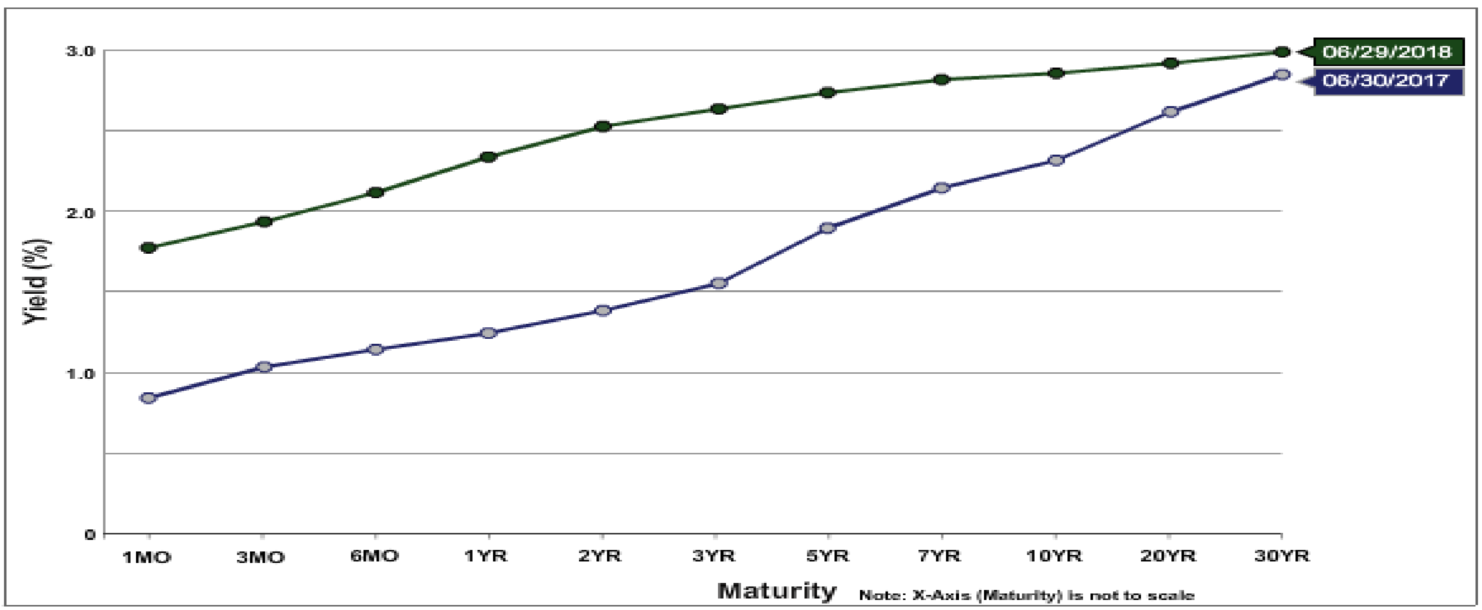
Portfolio Investment Report
for the Quarter Ending June 30, 2018
CONSOLIDATED INVESTMENT REPORT



Portfolio Investment Report
for the Quarter Ending June 30, 2018
CONSOLIDATED INVESTMENT REPORT

Outstanding Security Portfolio		Purchase Price		Percent (Value)	Market Value	
Distribution by Maturity	Number					
1 to 90 days	1	$	999,300	6.03%	$	999,503.00
91 to 180 days	1	$	1,000,580	6.03%	$	997,102.00
181 to 365 days	3	$	2,999,812	18.09%	$	2,981,000.00
Over 365 days	11	$	11,582,619	69.85%	$	11,497,313.20
Total	16	$	16,582,311	100%	$	16,474,918

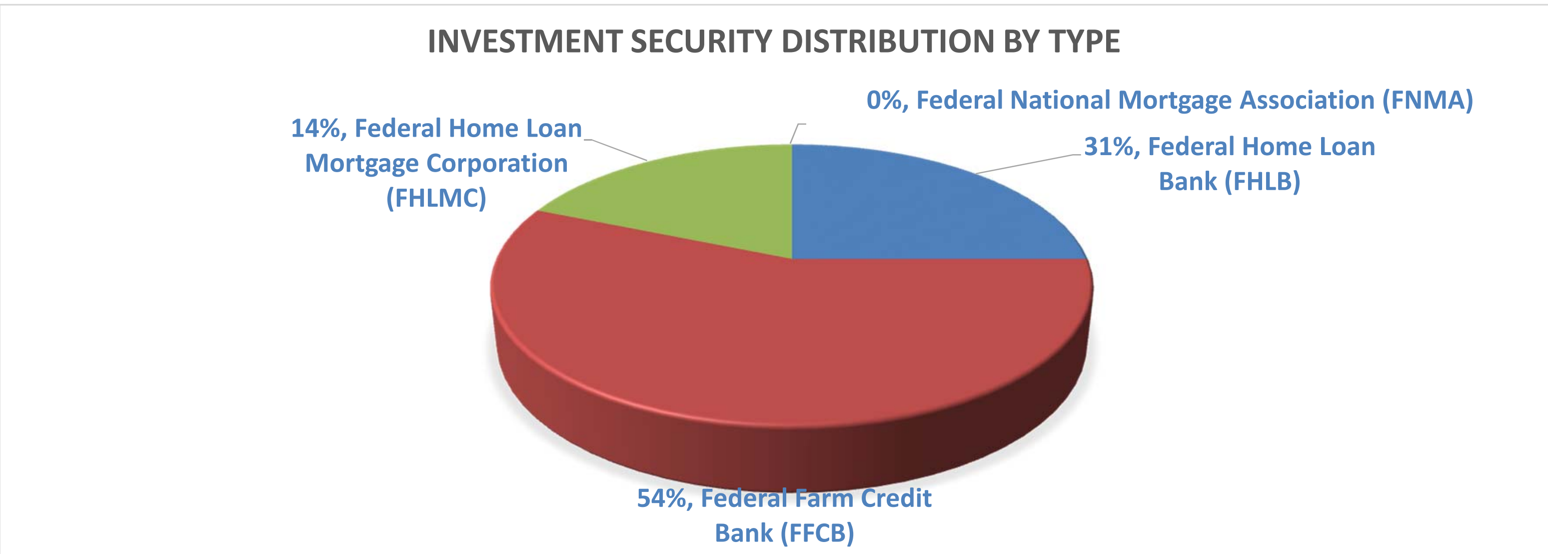
Treasury Yield Curve



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 June 30, 2018
CONSOLIDATED INVESTMENT REPORT

Outstanding Security Portfolio Distribution by Type of Investment	Number	Purchase Price	Percent (Value)	Market Value
Federal Home Loan Bank (FHLB)	4	$5,197,645	31%	$5,151,299
Federal Farm Credit Bank (FFCB)	9	$8,989,796	54%	$8,958,343
Federal Home Loan Mortgage Corporation (FHLMC)	3	$2,394,870	14%	$2,365,276
Federal National Mortgage Association (FNMA)	0	$0	0%	$0
Total	16	$ 16,582,311	100%	$ 16,474,918



	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

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

		CASH	LOGIC	TEXPOOL	CASH & INVESTMENT INVESTMENTS	CDARS	CD'S	AS OF June 30, 2018
								Ran 8.16.18
GOVERNMENTAL FUNDS								
001	GENERAL FUND	$ 7,866,972	$ 538,407	$ -	$ 3,794,835	$ 2,044,165	$ 744,000	$ 14,988,380
036	STRATEGIC INITIATIVE	38,582	497,998	-	-	-	-	536,580
004	DEBT SERVICE FUND	734,772	34,828	-	-	-	-	769,600
003	CAPITAL PROJECTS	13,232,879	261,509	-	2,289,216	508,787	-	16,292,391
012	PARK LAND DEDICATION	113,520	-	-	1,325,973	-	-	1,439,493
032	VEHICLE AND CAPITAL REPLACEMENT	842,400	84,196	-	514,300	-	-	1,440,896
034	COLLEYVILLE TOMORROW	606,948	1,715,461	-	125,092	-	-	2,447,500
035	PARKS TOMORROW	2,331	1,044,127	-	-	-	-	1,046,458
005	VOLUNTARY PARK FUND	303,348	-	-	750,000	-	-	1,053,348
007	DONATIONS FUND	60,789	-	-	-	-	-	60,789
011	VOLUNTARY LIBRARY FUND	84,711	-	-	359,643	-	-	444,353
015	POLICE ASSET FORFEITURE	13,378	-	-	-	-	-	13,378
016	GRANTS (ADVANCE PAYMENTS)	(20,262)	-	-	-	-	-	(20,262)
018	TREE PRESERVATION	316,668	-	-	-	-	-	316,668
019	LIBRARY DONATION	141,644	-	-	-	-	-	141,644
020	RECREATIONAL EVENT	19,341	-	-	-	-	-	19,341
023	LEOSE	2,164	-	-	-	-	-	2,164
027	CRIME DISTRICT	177,590	781,919	-	-	-	-	959,509
028	KIDSVILLE MAINTENANCE	5,813	-	-	-	-	-	5,813
029	COURT TECHNOLOGY	7,196	-	-	-	-	-	7,196
030	COURT SECURITY	63,256	-	-	-	-	-	63,256
033	PUBLIC ART	7,904	-	-	-	-	-	7,904
037	JUVENILE CASE MANAGER	14,908	-	-	-	-	-	14,908
038	HOTEL / MOTEL FUND	257,143	-	-	-	-	-	257,143
ENTERPRISE FUNDS								
002	UTILITY FUND	$ 1,895,783	$ 2,716,357	$ -	$ 2,698,792	$ 512,403	$ -	$ 7,823,335
039	UTILITY CAPITAL PROJECTS FUND	7,297,586	2,976,954	-	62,117	-	-	10,336,657
017	DRAINAGE FEE	599,495	1,511,412	-	400,000	-	-	2,510,907
FIDUCIARY FUNDS								
006	SESQUICENTINIAL FUND	$ 20,868	$ -	$ -	$ -	$ -	$ -	$ 20,868
008	EMPLOYEE ACTIVITY	5,012	-	-	-	-	-	5,012
040	INSURANCE TRUST FUND (ADV PMNT)	(42,105)	-	-	-	-	-	(42,105)
COMPONENT UNIT								
026	TIF FUND	$ 4,836,434	$ 13,222,517	$ -	$ 2,762,344	$ -	$ -	$ 20,821,295
		$ 39,507,068	**$ 25,385,685**	**$ -**	**$ 15,082,311**	**$ 3,065,355**	**$ 744,000**	**$ 83,784,418**
COLLEYVILLE ECON DEV CORP								
024	CEDC	$ 1,828,930	$ 1,026,869	$ -	$ 1,500,000	$ -	$ -	$ 4,355,799
GRAND TOTAL		**$ 41,335,998**	**$ 26,412,554**	**$ -**	**$ 16,582,311**	**$ 3,065,355**	**$ 744,000**	**$ 88,140,218**

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.

This is a management report prepared not in accordance with GASB

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

Fund	Name	Available Unrestricted	Available for Restricted Purpose	Approved Projects	Restricted Unavailable	CASH & INVESTMENTS AS OF June 30, 2018 Ran 8.16.18
	GOVERNMENTAL FUNDS					
001	GENERAL FUND	14,870,918	32,548	-	84,913	**14,988,380**
036	STRATEGIC INITIATIVE	536,580	-	-	-	**536,580**
004	DEBT SERVICE FUND	-	769,600	-	-	**769,600**
003	CAPITAL PROJECTS	6,430,312	6,815,625	2,895,832	150,623	**16,292,391**
012	PARK LAND DEDICATION	-	1,439,493	-	-	**1,439,493**
032	VEHICLE AND CAPITAL REPLACEMENT	-	1,440,896	-	-	**1,440,896**
034	COLLEYVILLE TOMORROW	2,447,500	-	-	-	**2,447,500**
035	PARKS TOMORROW	1,046,458	-	-	-	**1,046,458**
005	VOLUNTARY PARK FUND	-	1,053,348	-	-	**1,053,348**
007	DONATIONS FUND	-	60,789	-	-	**60,789**
011	VOLUNTARY LIBRARY FUND	-	444,353	-	-	**444,353**
015	POLICE ASSET FORFEITURE		13,378			**13,378**
016	GRANTS	-	(20,262)	-	-	**(20,262)**
018	TREE PRESERVATION	-	316,668	-	-	**316,668**
019	LIBRARY DONATION	-	141,644	-	-	**141,644**
020	RECREATIONAL EVENT	-	19,341	-	-	**19,341**
023	LEOSE	-	2,164	-	-	**2,164**
027	CRIME DISTRICT	-	959,509	-	-	**959,509**
028	KIDSVILLE MAINTENANCE	-	5,813	-	-	**5,813**
029	COURT TECHNOLOGY	-	7,196	-	-	**7,196**
030	COURT SECURITY	-	63,256	-	-	**63,256**
033	PUBLIC ART	-	7,904	-	-	**7,904**
037	JUVENILE CASE MANAGER	-	14,908	-	-	**14,908**
038	HOTEL / MOTEL FUND	-	257,143	-	-	**257,143**
	ENTERPRISE FUNDS					
002	UTILITY FUND	7,350,652	-	-	472,683	**7,823,335**
039	UTILITY CAPITAL PROJECTS FUND	4,404,426	4,079,736	1,790,378	62,117	**10,336,657**
017	DRAINAGE FEE	2,387,911	-	-	122,996	**2,510,907**
	FIDUCIARY FUNDS					
006	SESQUICENTINIAL FUND	-	20,868	-	-	**20,868**
008	EMPLOYEE ACTIVITY	-	-	-	5,012	**5,012**
040	INSURANCE TRUST FUND				(42,105)	**(42,105)**
	COMPONENT UNIT					
026	TIF FUND	18,933,417	-	1,887,878	-	**20,821,295**
		58,408,174	**17,945,918**	**6,574,088**	**856,239**	**83,784,418**
	COLLEYVILLE ECON DEV CORP					
024	CEDC	$ 4,355,799	$ -	$ -	$ -	**$ 4,355,799**
	GRAND TOTAL	**62,763,973**	**17,945,918**	**6,574,088**	**856,239**	**88,140,218**

COLOR CODE
DEBT SERVICE FUNDS
CAPITAL PROJECT FUNDS
SPECIAL REVENUE FUNDS
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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

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%	$511
GENERAL FUND	$1,534,117	9/21/2017	9/20/2018	0.60%	$2,288
GENERAL FUND	$510,048	9/22/2016	9/20/2018	0.50%	$636
CAPITAL PROJECTS	$508,787	9/21/2017	9/19/2019	0.58%	$736
PURCHASED DURING THIS QUARTER					
NA					$0
OUTSTANDING CDARS AT THE END OF THE QUARTER	**$3,065,355**				**$4,171**
MATURED DURING THIS QUARTER					
GENERAL FUND	$510,929	6/23/2016	6/21/2018	0.40%	$459
CDARS MATURED DURING THE QUARTER	**$510,929**				**$459**
GRAND TOTAL	**3,576,284**				**4,630**

CD'S - CERTIFICATES OF DEPOSIT

FUND ALLOCATION	AMOUNT	PURCHASE DATE	MATURITY DATE	INTEREST RATE	INTEREST EARNED DURING QUARTER
GENERAL FUND - CITIBANK	$248,000	3/29/2018	3/30/2020	2.50%	$1,546
GENERAL FUND - MORGAN STANLEY BANK	$248,000	3/29/2018	3/30/2020	2.55%	$1,577
GENERAL FUND - GOLDMAN SACHS BANK	$248,000	4/11/2018	4/13/2020	2.55%	$1,577
PURCHASED DURING THIS QUARTER					
NA					$0
OUTSTANDING CD'S AT THE END OF THE QUARTER	**$744,000**				**$4,699**
MATURED DURING THIS QUARTER					
NA					$0
CD'S MATURED DURING THE QUARTER	**-**				**-**
GRAND TOTAL	**744,000**				**4,699**

CITY OF COLLEYVILLE INVESTMENT SECURITIES HELD MARCH 31 - JUNE 30, 2018

CUSIP	SECURITY	PURCHASE DATE	MATURITY DATE	PURCHASE PRICE	PAR VALUE	MARKET VALUE 3/31/2018	LESS MATURITY PROCEEDS	PLUS PERIOD PURCHASES	MARKET VALUE 6/30/2018	YIELD ON INVESTMENT	INTEREST	INTEREST TO MATURITY
3133EGML6	FFCB NOTE	7/18/2016	7/18/2018	$999,300	$1,000,000	$996,722			$999,503	0.785%	$1,957	$15,700
3133EFX69	FFCB NOTE	10/17/2016	10/5/2018	$1,000,580	$1,000,000	$995,209			$997,102	0.930%	$2,319	$18,294
3133EG5Q4	FFCB NOTE	2/1/2017	2/1/2019	$1,000,000	$1,000,000	$993,463			$994,737	1.300%	$3,241	$26,000
3133EHHN6	FFCB NOTE	5/3/2017	5/2/2019	$1,000,000	$1,000,000	$991,392			$992,031	1.350%	$3,366	$26,963
3130AAS41	FHLB NOTE	3/24/2017	2/8/2019	$999,812	$1,000,000	$992,693			$994,232	1.280%	$3,191	$24,057
3133EHP98	FFCB NOTE	11/6/2017	11/6/2019	$1,000,000	$1,000,000	$989,790			$988,254	1.600%	$3,989	$32,000
3137EAEH8	FHLMC NOTE	7/31/2017	8/15/2019	$500,000	$500,000	$494,179			$494,145	1.475%	$1,839	$15,053
313380FB8	FHLB NOTE	8/29/2017	9/13/2019	$1,000,000	$1,000,000	$987,714			$988,026	1.375%	$3,428	$28,065
3137EADM8	FHLMC NOTE	9/14/2017	10/2/2019	$998,788	$1,000,000	$907,619			$907,435	1.250%	$3,116	$25,616
3137EADM8	FHLMC NOTE	10/13/2017	10/2/2019	$896,082	$900,000	$963,892			$963,696	1.475%	$3,310	$26,150
3130ACLS1	FHLB NOTE	10/26/2017	10/11/2019	$2,200,000	$2,200,000	$2,176,574			$2,175,149	1.550%	$8,501	$66,794
3133EHV75	FFCB NOTE	12/8/2017	11/21/2019	$749,711	$750,000	$743,510			$742,176	1.730%	$3,235	$25,346
3133EGJ30	FFCB NOTE	12/29/2017	11/18/2019	$1,238,775	$1,255,000	$1,232,312			$1,255,000	1.100%	$3,442	$26,059
3133EJCN7	FFCB NOTE	2/14/2018	2/14/2020	$1,000,000	$1,000,000	$995,119			$992,624	2.070%	$5,161	$41,400
3130ADN32	FHLB NOTE	3/7/2018	2/11/2020	$997,834	$1,000,000	$995,858			$993,892	2.240%	$5,585	$43,327
PURCHASED DURING THIS QUARTER												
3133EJHL6	FFCB NOTE	4/9/2018	3/27/2020	$1,001,430	$1,000,000				$996,916	2.300%	$5,167	$45,244
OUTSTANDING SECURITIES AT THE END OF THE QUARTER				**16,582,311**	**16,605,000**	**15,456,047**	**-**	**-**	**16,474,918**		**60,846**	**486,068**
MATURED DURING THIS QUARTER												
3137EAEA3	FHLMC NOTE	4/12/2016	4/9/2018	$999,850	$1,000,000	$999,806	$1,000,000			0.785%	$194	$15,635
3136G0V57	FNMA NOTE	5/9/2016	4/30/2018	$1,003,700	$1,000,000	$999,464	$1,000,000			0.300%	$247	$5,926
3133EGAF2	FFCB NOTE	5/20/2016	5/16/2018	$997,400	$1,000,000	$998,898	$1,000,000			0.630%	$794	$12,531
3130A8EJ8	FHLB NOTE	6/10/2016	6/5/2018	$1,200,000	$1,200,000	$1,198,003	$1,200,000			0.811%	$1,760	$19,331
313379DT3	FHLB NOTE	7/5/2017	6/8/2018	$1,000,240	$1,000,000	$999,014	$1,000,000			1.072%	$2,027	$9,927
SECURITIES MATURED DURING THE QUARTER				**5,201,190**	**5,200,000**	**5,195,185**	**5,200,000**				**5,020**	**63,350**
GRAND TOTAL				**21,783,501**	**21,805,000**	**20,651,232**	**5,200,000**	**-**	**16,474,918**		**65,866**	**549,418**

CITY OF COLLEYVILLE
GENERAL LEDGER SECURITIES ALLOCATION

ACCOUNT	ALLOCATION OF INVESTMENT	INVESTMENT- G/L TOTAL
001-1172	GENERAL FUND OPERATING	$3,794,835.42
002-1166	UTILITY DEBT SERVICE RESERVE	$0.00
002-1172	UTILITY FUND OPERATING	$2,226,108.70
002-1178	CUSTOMER DEPOSITS	$472,683.04
039-1186	UTILITY LINE RENEWAL	$0.00
039-1557	THE RESERVE LIFT STATION	$62,116.76
003-1121	INV-PERIMETER FEES	$1,965,370.14
003-1307	INV-ROAD RECONSTRUCTION	$323,845.40
003-1340	CASTLETON MANOR	$0.00
005-1172	VOLUNTARY PARK FUND	$750,000.00
011-1172	LIBRARY DONATIONS FUND	$359,642.52
012-1172	PARK LAND DEDICATION FUND	$1,325,973.26
017-1172	DRAINAGE FUND OPERATING	$400,000.00
024-1172	CEDC OPERATING	$1,500,000.00
026-1172	TIF OPERATING	$2,762,344.19
032-1519	CAPITAL EQUIPMENT RESERVE	$514,300.00
034-1172	COLLEYVILLE TOMORROW	$125,091.76
PER GENERAL LEDGER		$16,582,311.19

INVESTMENT		FFCB NOTE	FFCB NOTE	FFCB NOTE	FHLB NOTE	FFCB NOTE	TREASURY NOTE	FHLB NOTE	FHLMC NOTE
DATE ACQUIRED		18-Jul-16	17-Oct-16	01-Feb-17	24-Mar-17	03-May-17	31-Jul-17	29-Aug-17	14-Sep-17
MATURITY DATE		18-Jul-18	05-Oct-18	01-Feb-19	08-Feb-19	02-May-19	15-Aug-19	13-Sep-19	02-Oct-19
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.430%	0.480%	0.640%	0.870%	0.980%	1.110%	1.130%	1.170%
YIELD TO MATURITY		0.785%	0.930%	1.300%	1.280%	1.350%	1.475%	1.375%	1.250%
CUSIP#		**3133EGML6**	**3133EFX69**	**3133EG5Q4**	**3130AAS41**	**3133EHHN6**	**3137EAEH8**	**313380FB8**	**3137EADM8**
ACCOUNT	**ALLOCATION OF INVESTMENT**								
001-1172	GENERAL FUND OPERATING		0.00	1,000,000.00	500,000.00				
002-1166	UTILITY DEBT SERVICE RESERVE								
002-1172	UTILITY FUND OPERATING							2,465.01	
002-1178	CUSTOMER DEPOSITS								
039-1186	UTILITY LINE RENEWAL								
039-1557	THE RESERVE LIFT STATION							62,116.76	
003-1121	INV-PERIMETER FEES							712,932.38	998,788.00
003-1307	INV-ROAD RECONSTRUCTION							222,485.85	
003-1340	CASTLETON MANOR								
005-1172	VOLUNTARY PARK FUND								
011-1172	LIBRARY DONATIONS FUND		359,642.52						
012-1172	PARK LAND DEDICATION FUND		115,973.26						
017-1172	DRAINAGE FUND OPERATING	200,000.00							
024-1172	CEDC OPERATING					1,000,000.00	500,000.00		
026-1172	TIF OPERATING	549,300.00	499,872.46		499,811.73				
032-1519	CAPITAL EQUIPMENT RESERVE	150,000.00							
034-1172	COLLEYVILLE TOMORROW	100,000.00	25,091.76						
PER GENERAL LEDGER		999,300.00	1,000,580.00	1,000,000.00	999,811.73	1,000,000.00	500,000.00	1,000,000.00	998,788.00

INVESTMENT		FHLMC NOTE	FHLB	FFCB NOTE	FFCB NOTE	FFCB NOTE	FFCB NOTE	FHLB NOTE	FFCB NOTE
DATE ACQUIRED		13-Oct-17	26-Oct-17	06-Nov-17	08-Dec-17	29-Dec-17	14-Feb-18	07-Mar-18	09-Apr-18
MATURITY DATE		02-Oct-19	11-Oct-19	06-Nov-19	21-Nov-19	18-Nov-19	14-Feb-20	11-Feb-20	27-Mar-20
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		1.250%	1.260%	1.280%	1.420%	1.500%	1.770%	1.830%	0.520%
YIELD TO MATURITY		1.475%	1.550%	1.600%	1.730%	1.100%	2.070%	2.240%	2.300%
CUSIP#		**3137EADM8**	**3130ACLS1**	**3133EHP98**	**3133EHV75**	**3133EGJ30**	**3133EJCN7**	**3130ADN32**	**3133EJHL6**
ACCOUNT	**ALLOCATION OF INVESTMENT**								
001-1172	GENERAL FUND OPERATING				0.00	255,571.93	1,000,000.00	37,833.62	1,001,429.87
002-1166	UTILITY DEBT SERVICE RESERVE					0.00			
002-1172	UTILITY FUND OPERATING	18,422.28	500,000.00	250,985.36	503,143.19	951,092.86			
002-1178	CUSTOMER DEPOSITS			194,005.33	246,567.66	32,110.05			
039-1186	UTILITY LINE RENEWAL								
039-1557	THE RESERVE LIFT STATION								
003-1121	INV-PERIMETER FEES			253,649.76					
003-1307	INV-ROAD RECONSTRUCTION			101,359.55					
003-1340	CASTLETON MANOR			0.00					
005-1172	VOLUNTARY PARK FUND		500,000.00					250,000.00	
011-1172	LIBRARY DONATIONS FUND								
012-1172	PARK LAND DEDICATION FUND		300,000.00	200,000.00				710,000.00	
017-1172	DRAINAGE FUND OPERATING		200,000.00						
024-1172	CEDC OPERATING								
026-1172	TIF OPERATING	513,360.00	700,000.00						
032-1519	CAPITAL EQUIPMENT RESERVE	364,300.00							
034-1172	COLLEYVILLE TOMORROW								
PER GENERAL LEDGER		896,082.28	2,200,000.00	1,000,000.00	749,710.85	1,238,774.84	1,000,000.00	997,833.62	1,001,429.87

LOCAL GOVERNMENT INVESTMENT COOPERATIVE / "LOGIC"
ACCOUNT ALLOCATION AT JUNE 2018

DESCRIPTION	BALANCE
GENERAL FUND	
LOGIC POOL- OPERATING CASH	$538,407
UTILITY FUND	
LOGIC POOL- OPERATING CASH	$2,716,357
UTILITY FUND - CAPITAL PROJECTS	
LOGIC POOL- WATER IMPACT FEES	$2,295,650
LOGIC-RES CASH-UTILITY LINE RE	$1,180
LOGIC - WW IMPACT FEES	$680,124
CAPITAL PROJECTS FUND	
LOGIC POOL-ROADS SA I CASH	$21,798
LOGIC-CAPITAL PROJ/STREET RESU	$239,711
DEBT SERVICE FUND	
LOGIC POOL- OPERATING CASH	$34,828
DRAINAGE FUND	
LOGIC POOL- OPERATING CASH	$1,388,416
LOGIC- I&S FUND/DRAINAGE	$122,996
LOGIC-2001 DRAINAGE BONDS	$0
TIF FUND	
LOGIC POOL- OPERATING CASH	$13,222,517
LOGIC-2001 TIF BONDS/CITY HALL	$0
CCCPD FUND	
LOGIC POOL- OPERATING CASH	$781,919
LOGIC - 99 CO BONDS	$0

LOCAL GOVERNMENT INVESTMENT COOPERATIVE / "LOGIC"
ACCOUNT ALLOCATION AT JUNE 2018

CAPITAL EQUIPMENT REPLACEMENT FUND	
LOGIC POOL- OPERATING CASH	$84,196
COLLEYVILLE TOMORROW FUND	
LOGIC POOL- OPERATING CASH	$1,715,461
PARKS TOMORROW FUND	
LOGIC POOL- OPERATING CASH	$1,044,127
STRATEGIC INITIATIVES FUND	
LOGIC POOL- OPERATING CASH	$497,998
Subtotal - LOGIC balances excluding CEDC	**$25,385,685**
CEDC Logic Balance	
LOGIC POOL- OPERATING CASH	$1,026,869
LOGIC - 97 BONDS	$0
Total LOGIC Balance	**$26,412,554**
INTEREST EARNED	**$132,669**

LOGIC Newsletter

June 2018

Performance

As of June 30, 2018

Current Invested Balance	$6,880,746,236.77
Weighted Average Maturity (1)*	30 Days
Weighted Average Maturity (2)*	63 Days
Net Asset Value	1.000058
Total Number of Participants	571
Management Fee on Invested Balance	0.0975%
Interest Distributed	$12,663,149.74
Management Fee Collected	$560,439.82
% of Portfolio Invested Beyond 1 Year	0.00%
Standard & Poor's Current Rating	AAAm

June Averages:

Average Invested Balance	$6,986,546,746.13
Average Monthly Yield, on a simple basis	2.1078%
Average Weighted Average Maturity (1)*	28 Days
Average Weighted Average Maturity (2)*	64 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 June:

- ★ Sabine County
- ★ Trinity County
- ★ Wheeler County

Audit Confirmations

Please provide our address to your auditors for any audit confirmations they may send to LOGIC regarding your account.

LOGIC Participant Services
1201 Elm Street, Suite 3500
Dallas, Texas 75270

Economic Commentary

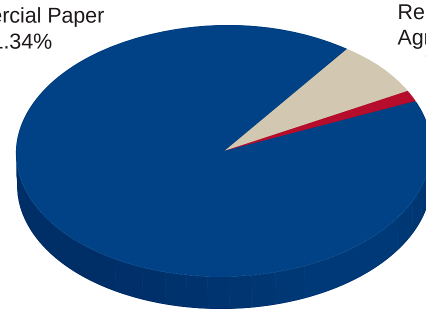
After a typical seasonally slower first quarter, U.S. growth rebounded in the second quarter as Europe and Japan struggled to regain momentum. Markets reacted nervously to further escalation in the China-U.S. trade dispute, a recommitment by China to retaliate in kind to U.S. tariffs, a widening of the scope of tariffs by the U.S., and China's comments that it will target U.S. firms' operations in China. Negotiations between Washington and Beijing were largely unsuccessful, culminating in the Trump administration threatening to impose tariffs on up to $450 billion of Chinese goods. However, so far, 25% tariffs on $34 billion of Chinese imports are set to go into effect in early July. Additionally, the steel/aluminum tariff exemptions granted in March to the European Union, Canada and Mexico were allowed to expire, prompting retaliation against a variety of U.S. goods. The Federal Reserve (Fed) raised rates by 25bps to 1.75%-2.00% at its June Federal Open Market Committee (FOMC) meeting, a move that was widely anticipated. However, the median interest rate forecast "dot plot" increased from a total of three to four hikes in 2018, a decision that was more hawkish than expected. In addition, starting in January 2019 there will be a press conference after every meeting. The description of the economy was upbeat and there was no longer a reference to inflation expectations being low in the statement. Unemployment rate projections were lowered further while growth and inflation for 2018 were revised up slightly.

A deep dive into the data tells us the global economy is just fine. The U.S. should likely post about 4% GDP growth in the second quarter and 3.5% over the balance of 2018, with the labor market likely to be especially tight. Our base case scenario remains above trend growth. Although the Fed has been raising rates for 2 ½ years, and will likely end the hiking cycle in 12 to 18 months with the fed funds rate at about 3%, the impact of U.S. tax reform and fiscal stimulus has yet to be fully felt. While we expect 3.5% 10-year Treasury yields at the end of 2018, our quantitative models are still flashing 4%. Low global real rates, U.S. stimulus and a stable global banking system don't seem to be the ingredients of recession. Although the trade and tariff front and geopolitical risks remain in flux, perhaps the biggest risk to the market will occur in the fourth quarter, when the Fed finishes transforming quantitative easing (QE) to quantitative tightening (QT) and the aggregate central bank balance sheet shifts from net expansion to contraction. Then we will see if QE was more about asset price inflation than price inflation.

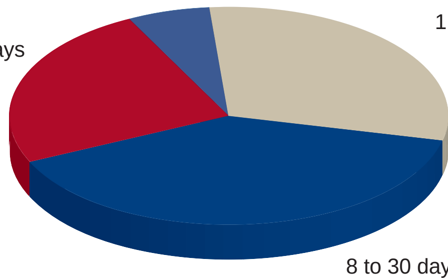
This information is an excerpt from an economic report dated June 2018 provided to LOGIC by JPMorgan Asset Management, Inc., the investment manager of the LOGIC pool.

Information at a Glance

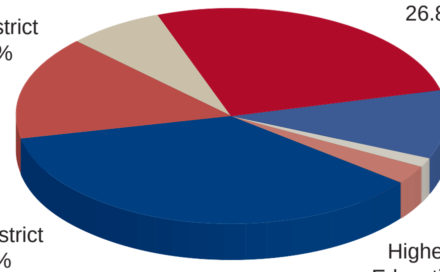
Portfolio by Type of Investment As of June 30, 2018



Portfolio by Maturity As of June 30, 2018



Distribution of Participants by Type As of June 30, 2018



History

Historical Program Information

Month	Average Rate	Book Value	Market Value	Net Asset Value	WAM (1)*	WAM (2)*	Number of Participants
Jun 18	2.1078%	$6,880,746,236.77	$6,881,359,093.55	1.000058	28	64	571
May 18	2.0273%	6,972,924,126.20	6,973,895,573.35	1.000139	30	66	568
Apr 18	1.9293%	6,434,872,331.82	6,434,646,379.96	0.999964	28	66	565
Mar 18	1.7228%	6,902,175,938.22	6,900,336,026.44	0.999705	28	71	563
Feb 18	1.5898%	7,170,298,263.14	7,170,001,932.73	0.999958	29	78	563
Jan 18	1.5224%	7,365,857,458.60	7,365,850,519.17	0.999999	29	80	561
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

Assets

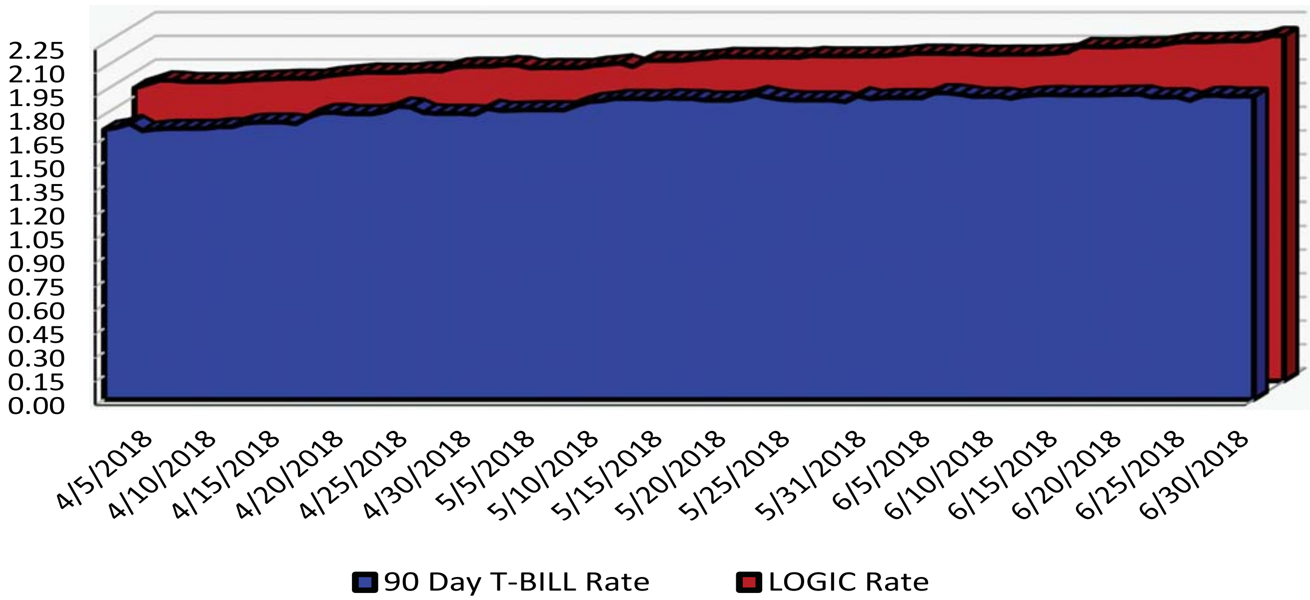
Portfolio Asset Summary as of June 30, 2018

	Book Value	Market Value
Uninvested Balance	$ 208,178.95	$ 208,178.95
Accrual of Interest Income	2,530,203.32	2,530,203.32
Interest and Management Fees Payable	(12,772,985.06)	(12,772,985.06)
Payable for Investment Purchased	(49,706,791.67)	(49,706,791.67)
Receivable for Investment Sold	0.00	0.00
Repurchase Agreements	501,407,999.90	501,407,999.90
Commercial Paper	6,339,474,297.99	6,340,073,710.11
Government Securities	99,605,333.34	99,618,778.00
Total	**$ 6,880,746,236.77**	**$ 6,881,359,093.55**

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

LOGIC versus 90-Day Treasury Bill



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 may 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 June 2018

Date	Mny Mkt Fund Equiv. [SEC Std.]	Daily Allocation Factor	LOGIC Invested Balance	Market Value Per Share	WAM Days (1)*	WAM Days (2)*
6/1/2018	2.0705%	0.000056727	$7,003,079,286.19	1.000075	30	65
6/2/2018	2.0705%	0.000056727	$7,003,079,286.19	1.000075	30	65
6/3/2018	2.0705%	0.000056727	$7,003,079,286.19	1.000075	30	65
6/4/2018	2.0679%	0.000056655	$7,039,486,276.81	1.000148	29	65
6/5/2018	2.0697%	0.000056704	$7,038,207,138.69	1.000150	28	64
6/6/2018	2.0652%	0.000056581	$7,008,464,635.64	1.000156	28	65
6/7/2018	2.0642%	0.000056553	$6,982,421,467.41	1.000154	28	65
6/8/2018	2.0654%	0.000056585	$7,024,765,504.98	1.000078	27	64
6/9/2018	2.0654%	0.000056585	$7,024,765,504.98	1.000078	27	64
6/10/2018	2.0654%	0.000056585	$7,024,765,504.98	1.000078	27	64
6/11/2018	2.0675%	0.000056645	$6,999,517,375.69	1.000131	28	64
6/12/2018	2.0708%	0.000056733	$7,005,448,024.01	1.000130	28	64
6/13/2018	2.0777%	0.000056924	$6,967,888,115.45	1.000128	27	64
6/14/2018	2.1142%	0.000057922	$7,011,042,811.55	1.000137	27	64
6/15/2018	2.1124%	0.000057874	$6,972,942,559.31	1.000056	26	63
6/16/2018	2.1124%	0.000057874	$6,972,942,559.31	1.000056	26	63
6/17/2018	2.1124%	0.000057874	$6,972,942,559.31	1.000056	26	63
6/18/2018	2.1179%	0.000058024	$6,979,419,062.16	1.000125	25	63
6/19/2018	2.1177%	0.000058019	$7,006,285,312.08	1.000115	26	63
6/20/2018	2.1191%	0.000058057	$7,031,374,089.98	1.000111	26	63
6/21/2018	2.1332%	0.000058444	$6,999,885,502.75	1.000117	29	66
6/22/2018	2.1443%	0.000058749	$6,973,223,162.33	1.000061	29	66
6/23/2018	2.1443%	0.000058749	$6,973,223,162.33	1.000061	29	66
6/24/2018	2.1443%	0.000058749	$6,973,223,162.33	1.000061	29	66
6/25/2018	2.1479%	0.000058846	$7,015,362,180.46	1.000135	29	64
6/26/2018	2.1501%	0.000058906	$6,987,835,554.87	1.000136	29	64
6/27/2018	2.1484%	0.000058861	$6,952,136,721.31	1.000131	28	63
6/28/2018	2.1582%	0.000059129	$6,888,104,103.16	1.000123	31	65
6/29/2018	2.1829%	0.000059806	$6,880,746,236.77	1.000058	30	63
6/30/2018	2.1829%	0.000059806	$6,880,746,236.77	1.000058	30	63
Average	2.1078%	0.000057747	$6,986,546,746.13		28	64

LOGIC

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

LOGIC Board

Contacts

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

HilltopSecurities
A Hilltop Holdings Company.

J.P.Morgan
Asset Management

EYE ON THE ECONOMY

Dallas–Fort Worth Economic Indicators

Federal Reserve Bank of Dallas

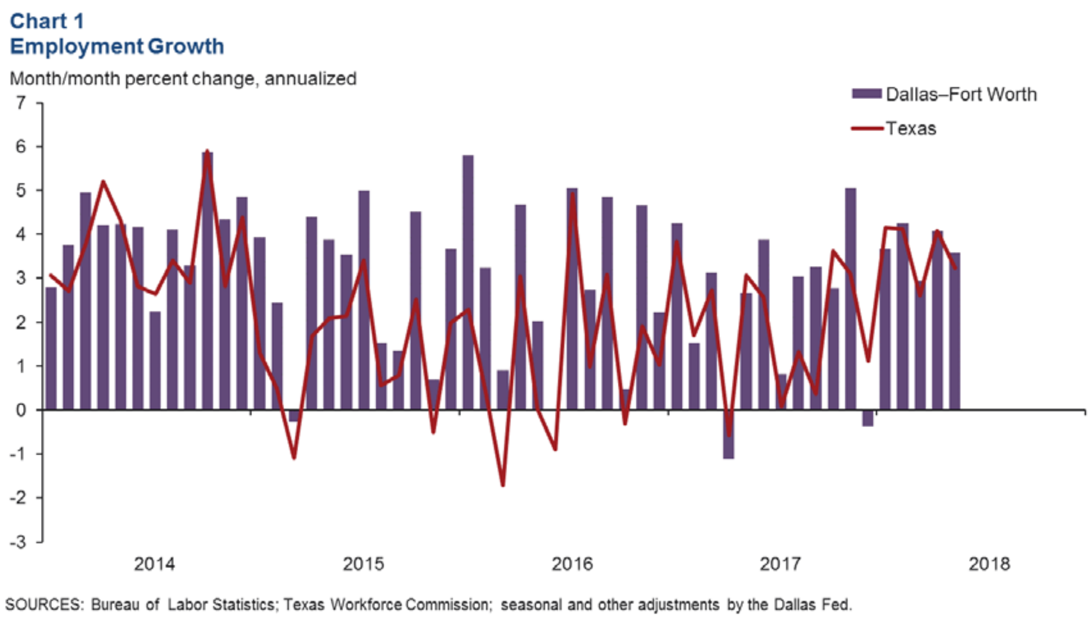
June 19, 2018

The Dallas–Fort Worth economy continued to expand at a torrid pace. The May jobs report showed the metro area growing at a 3.7 percent annualized rate in the first five months of the year, adding a total of 55,500 net new jobs. The unemployment rate remained near record lows, and the Dallas and Fort Worth business-cycle indexes posted above-trend growth. Home-price appreciation moderated in Dallas in the first quarter but stayed strong in Fort Worth. Housing affordability improved slightly in the first quarter but was lower in Dallas relative to other major Texas metros as well as the U.S.

Labor Market

Solid Payroll Expansion Ongoing

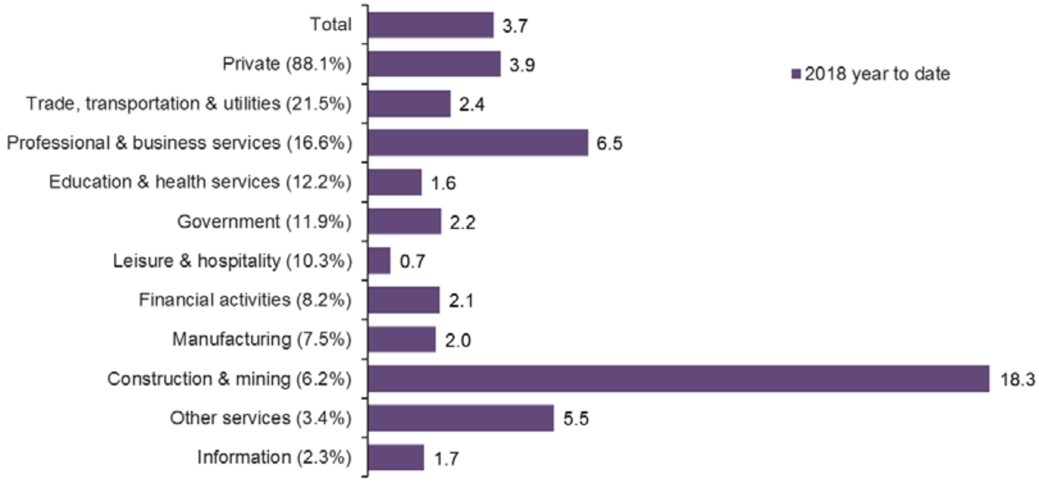
DFW payrolls grew by 10,800 jobs in May or a 3.6 percent annualized increase following gains of over 12,000 in April (*Chart 1*). Employment in Dallas rose an annualized 3.5 percent (7,600 jobs), and Fort Worth saw 3.7 percent growth (3,200 jobs) last month. DFW year-to-date employment growth of 3.7 percent (annual rate) is ahead of last year's 2.4 percent pace and second only to Houston among the major Texas metros.



Employment Growth Broad Based

Employment gains have been widespread across sectors, with payrolls in construction and mining leading growth (*Chart 2*). Dallas serves as the business and financial services hub of the state, and the metroplex has posted rapid growth in professional and business services (15,800 jobs) thus far in 2018. Trade, transportation and utilities, financial activities, manufacturing and government have all added jobs at a healthy clip. Employment growth in education and health services and leisure and hospitality has slowed from last year's pace.

Chart 2
Employment Growth by Sector

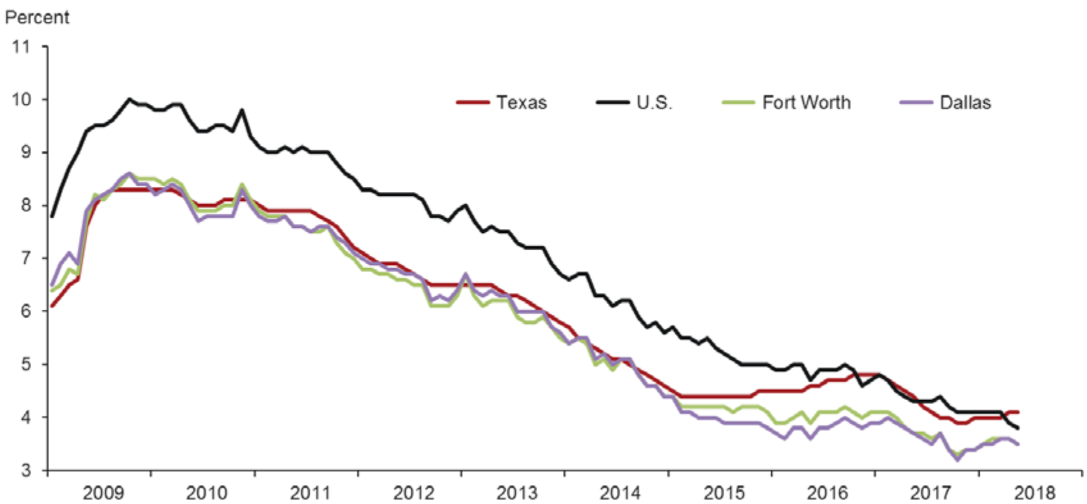


NOTES: Data show seasonally adjusted annualized percentage growth by sector December 2017–May 2018. Numbers in parentheses are shares of total Dallas–Fort Worth nonfarm employment in May 2018 and may not sum to 100 due to rounding.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Dallas Fed.

Unemployment Dips

The labor market remained tight. The jobless rate in Dallas and Fort Worth dipped to 3.5 percent in May, a low level not seen consistently since the high-tech boom (*Chart 3*). Unemployment in both metros remains lower than the state and U.S. rates. Unemployment held steady at 4.1 percent in Texas but edged down to 3.8 percent in the U.S.

Chart 3
Unemployment Rate

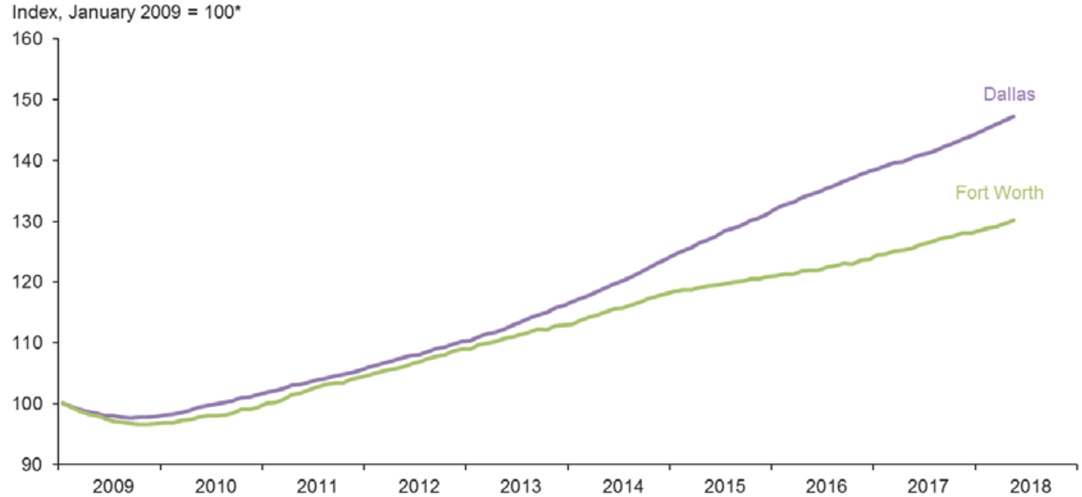


SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal adjustments by the Dallas Fed.

Business-Cycle Indexes

Growth in the Dallas and Fort Worth business-cycle indexes remained strong in May, supported by solid job growth and low unemployment in the metroplex (*Chart 4*). The Dallas index expanded an annualized 5.5 percent in May, following April's 6.0 percent increase. Growth in the Fort Worth index came in at 4.8 percent, faster than April's 4.1 percent rate. Expansion in both indexes was above their long-term averages. Year over year in May, the Dallas index was up 4.9 percent, and the Fort Worth index rose 3.6 percent.

Chart 4
Business-Cycle Indexes



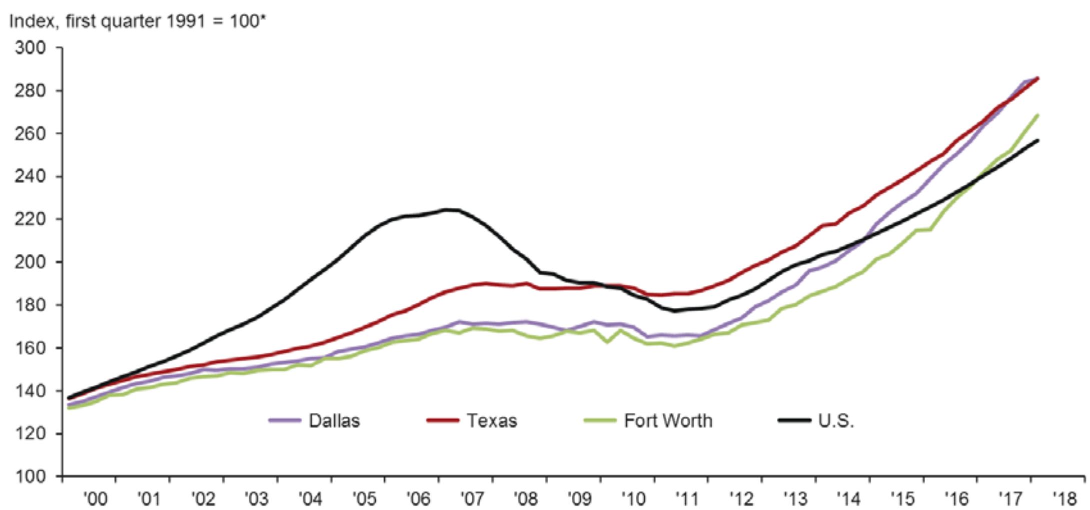
*Monthly, seasonally adjusted.
SOURCE: Dallas Fed.

Housing Market

Home Prices Climb Further

DFW home prices continued to rise in first quarter 2018, but gains in Dallas lagged the nation's increase for the first time in four years (*Chart 5*). Prices rose 0.6 percent in Dallas in the first quarter, slower than the state's and nation's 1.7 percent gain each, according to the Federal Housing Finance Agency purchase-only house price index. Conversely, prices in Fort Worth rose 3.0 percent, eclipsing growth at the state and national level. On a year-over-year basis, prices were up 8.3 percent in Dallas and 11.0 percent in Fort Worth—both faster than the Texas rate of 7.4 percent and the nation's 6.9 percent figure. Continued healthy job creation and tight home inventories have propelled price increases in the area.

Chart 5
House Price Indexes

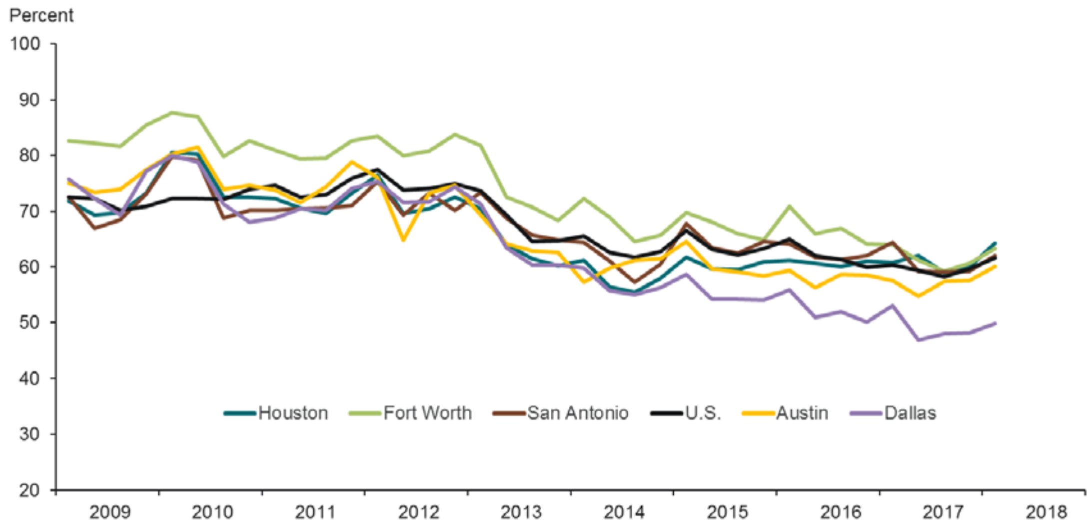


*Quarterly, seasonally adjusted.
SOURCE: Federal Housing Finance Agency.

Affordability in Dallas Remains Low

Housing affordability remains low due to record home-price appreciation in the metroplex, particularly in Dallas, following the Great Recession. According to the National Association of Home Builders/Wells Fargo Housing Opportunity indexes, half of the homes (new and existing) sold in Dallas in first quarter 2018 were affordable for a median-income family (*Chart 6*). This is well below the national figure of 61.6 percent. Affordability has been declining in Dallas since 2010. Despite having a lower median home sales price than Austin, Dallas has the lowest affordability among major Texas metros. Affordability in Fort Worth improved in the first quarter, with the percentage of homes sold that the median-income family could afford rising to 63.3 percent from 60.7 percent in fourth quarter 2017.

Chart 6
Housing Opportunity Indexes



SOURCE: National Association of Home Builders/Wells Fargo.

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

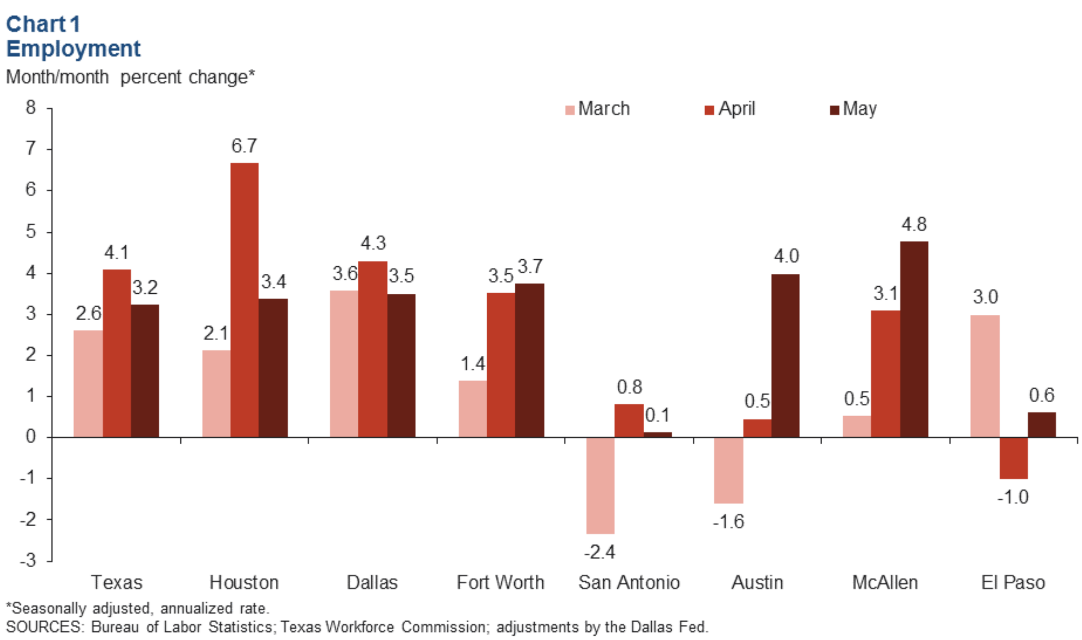
June 18, 2018

The Texas economy continued to expand at a solid pace in May. The state posted strong job gains, and unemployment remained low. The headline indexes of the Dallas Fed's Texas Business Outlook Surveys indicated accelerating growth. The state's oil production continued to rise in March, and exports and existing-home sales rose in April.

Labor Market

Employment Growth Robust

Texas employment grew at a brisk 3.2 percent annualized rate in May, after April's steep 4.1 percent growth (*Chart 1*). Year to date, Texas jobs have expanded 3.6 percent. The Dallas Fed's Texas Employment Forecast suggests 3.3 percent job growth in 2018 (December/December).



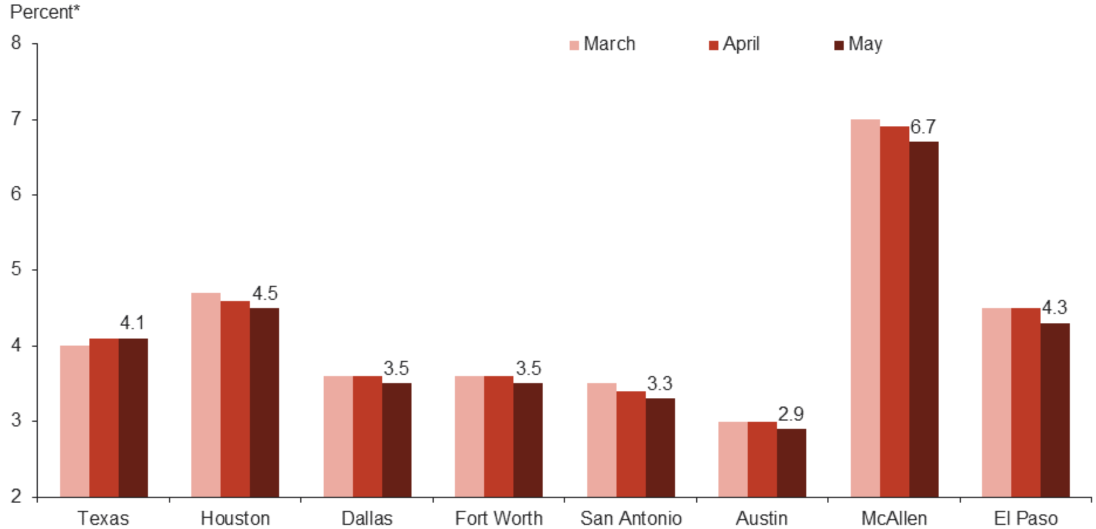
Payrolls expanded in all major metros in May. Jobs in McAllen surged 4.8 percent in the month, the strongest increase among the major metros, while San Antonio posted the slowest growth. Employment in all major metros has expanded this year through May, led by Houston's 4.4 percent growth.

All large sectors except information added jobs in May. Payrolls in the energy sector soared 11.9 percent following 27.8 percent growth in April. Year to date, the energy sector has grown the fastest at 20.5 percent, followed by construction at 7.3 percent. The information sector shed 1.4 percent of its jobs this year through May, while employment expanded in all other sectors.

Unemployment Remains Near Historic Low

The Texas unemployment rate held steady at 4.1 percent in May, near the four-decade low of 3.9 it reached in late 2017 (*Chart 2*). Unemployment ticked down in all of the major metros in May and was well below its postrecession average as well.

Chart 2
Unemployment

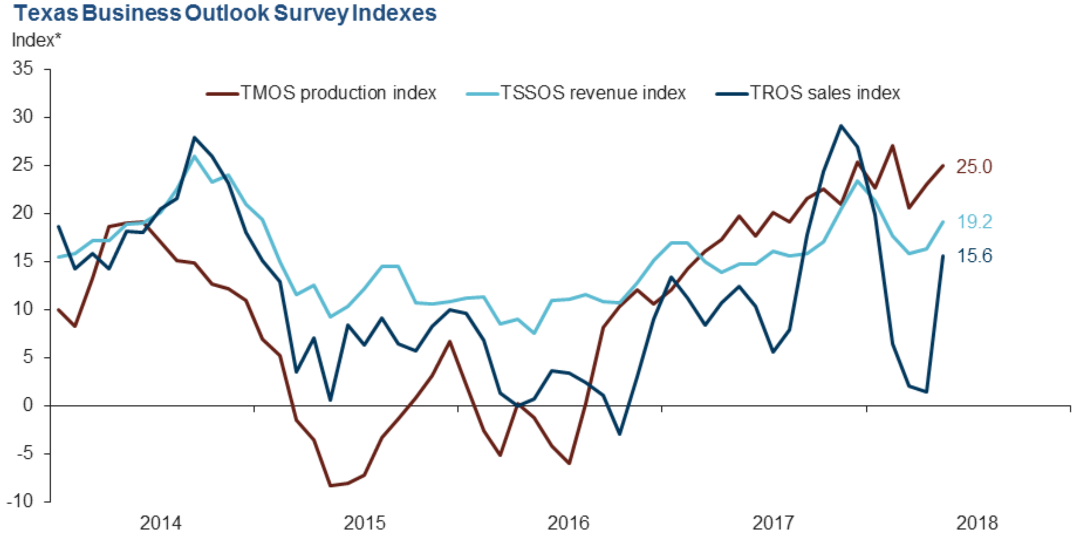


*Seasonally adjusted.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Dallas Fed.

Texas Business Outlook Surveys

The headline indexes of the Dallas Fed's Texas Business Outlook Surveys indicated strengthening expansion in the manufacturing and service sectors in May (*Chart 3*). The Texas Manufacturing Outlook Survey (TMOS) production index surged to a 12-year high of 35.2 in the month, and its three-month moving average advanced to 25.0. The Texas Service Sector Outlook Survey (TSSOS) revenue index and the Texas Retail Outlook Survey (TROS) sales index also rose sharply. All three indexes were above their 2017 averages.

Chart 3
Texas Business Outlook Survey Indexes

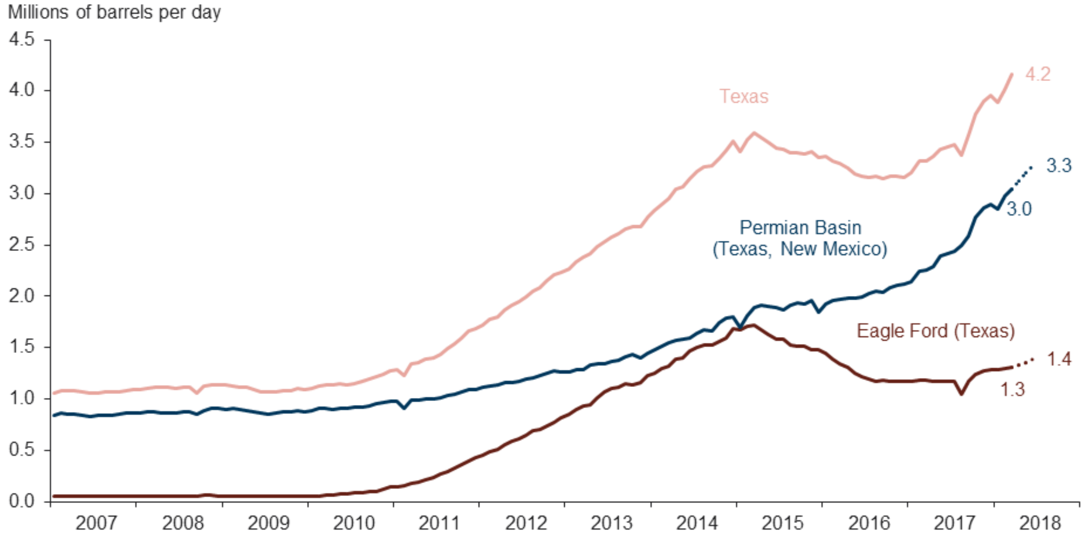


*Seasonally adjusted, three-month moving average.
NOTE: TMOS is the Texas Manufacturing Outlook Survey; TSSOS is the Texas Service Sector Outlook Survey; TROS is the Texas Retail Outlook Survey.
SOURCE: Dallas Fed.

Energy Sector Activity

Texas daily crude oil production, representing 39.8 percent of all U.S. production, increased 4.0 percent in March to 4.2 million barrels per day (*Chart 4*). Texas' average daily production this year through March was 22.7 percent above its average production during the same period last year. In March, the state's daily oil production posted its highest level in the history of the series, which dates back to January 1981.

Chart 4
Oil Production



NOTE: Actual data are through March 2018; estimated data are through June 2018.
SOURCE: Energy Information Administration.

Daily oil production in the Permian Basin, representing 29.1 percent of U.S. production, was 3.0 million barrels per day in March, and the Energy Information Administration (EIA) estimates that production will reach 3.3 million barrels per day in June. The Permian Basin's average daily production this year through March was 33.5 percent higher than average production during the same period last year.

Daily production in the Eagle Ford, representing 12.5 percent of U.S. oil production, was 1.3 million barrels per day in March, and the EIA estimates that production will reach 1.4 million barrels per day in June. The Eagle Ford's average daily production this year through March was 9.9 percent above average production during the same period last year.

Exports

Texas exports climbed 2.2 percent in April, while U.S. exports dropped 1.6 percent (*Chart 5*). This year through April, exports are up 13.2 percent for Texas and 5.0 percent for the U.S. compared with the same period in 2017.

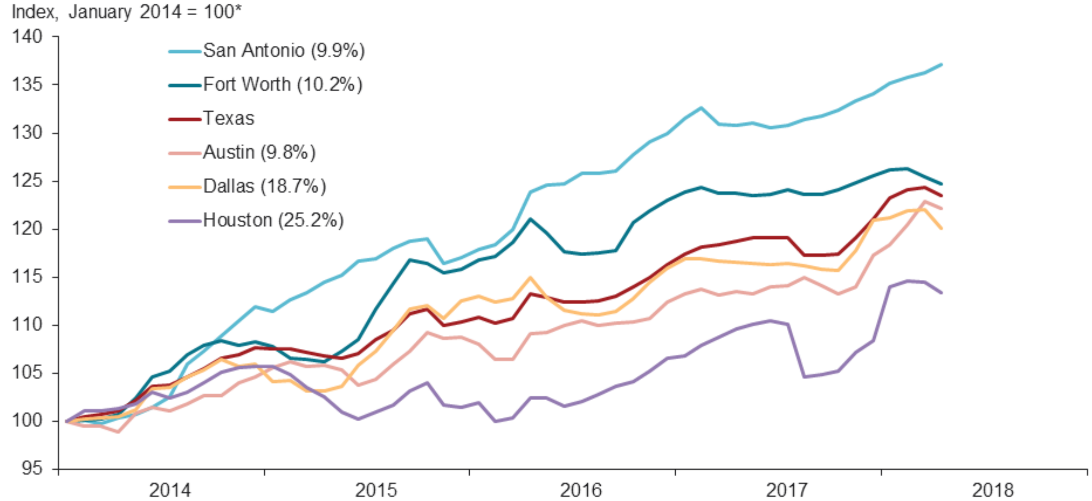
Chart 5
Exports

*Seasonally adjusted, real 2016 dollars.
SOURCES: Census Bureau; WISERTrade; Bureau of Labor Statistics; adjustments by the Dallas Fed.

Housing Market

Texas' existing-home sales grew 1.1 percent in April, but the five-month moving average inched down 0.7 percent in the month (*Chart 6*). The five-month moving averages of existing-home sales edged down in Austin, Dallas, Fort Worth and Houston as well but ticked up in San Antonio. This year through April, existing-home sales climbed 2.8 percent in Texas; they expanded in Austin, San Antonio, Houston and Dallas but dipped in Fort Worth compared with the same period in 2017.

Chart 6
Existing-Home Sales



*Seasonally adjusted, five-month moving average.
NOTE: Numbers in parentheses represent share of April 2018 home sales in Texas.
SOURCES: The Real Estate Center at Texas A&M University; Multiple Listing Service.

The inflation-adjusted median home sales price in Texas slipped 1.5 percent in April but remains up 1.0 percent year over year. Home inventories in the state were stable at 3.4 months, remaining well below the six months of supply considered balanced. Building permits for single-family housing inched up 0.8 percent in the month, and housing starts, which include multifamily construction, soared 21.9 percent.

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

About Texas Economic Indicators

Questions can be addressed to Stephanie Gullo at stephanie.gullo@dal.frb.org. *Texas Economic Indicators* is published every month on the Monday after Texas employment data are released.

Economic Update

UNITED STATES

Federal Reserve Bank of Dallas

U.S. Economic Picture Unchanged in Second Quarter 2018

June 20, 2018

Economic data released since May point to continued growth in economic activity due to robust consumer spending, strong employment growth and diminishing labor market slack. Forecasted gross domestic product (GDP) growth for the rest of the year is strong. Inflation has picked up slightly, while inflation expectations have been little changed in the past three months.

Moderate Real GDP Growth in First Quarter

The second release of real (inflation-adjusted) GDP growth in first quarter 2018 stood at 2.2 percent, down from the initial release of 2.3 percent. Chart 1 shows contributions to real GDP growth across multiple years; 2018 growth so far has come mainly from fixed investment as opposed to consumption. However, real consumption spending has been strong thus far in the second quarter compared with the first, with real personal consumption expenditures (PCE) growth reaching an annualized 4.3 percent in April.

The latest Survey of Professional Forecasters (SPF) released on May 11 shows a modest upward revision to growth expectations for the remainder of the year (*Chart 2*). According to the report, forecasters expect real GDP growth to hit 3 percent for both second and third quarter 2018. This projection improves on the February forecast of 2.9 and 2.8 percent, respectively, for the second and third quarters. On an annual basis, 2018 growth is expected to continue at 2.8 percent, then gradually slow down to 2.7 percent in 2019 and 1.9 percent in 2020.

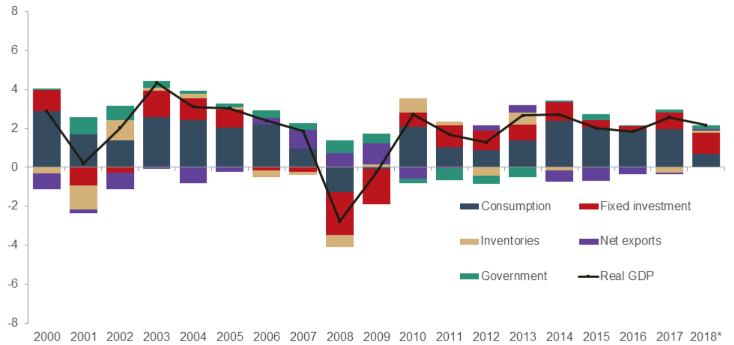
Survey-based indicators for investment and consumption have overall either stayed the same or improved. The Institute for Supply Management's nonmanufacturing composite index rose from 56.8 in April to 58.6 in May, and the manufacturing composite index rose from 57.3 to 58.7. A reading above 50 indicates expansion. These new readings remain near postrecession highs. Regional Fed manufacturing surveys, such as the Dallas Fed's Texas Manufacturing Outlook Survey and the New York Fed's Empire State Manufacturing Survey, also point to robust growth in May.

Consumer confidence remains high, as the Conference Board's Consumer Confidence Index increased from 125.6 in April to 128 in May. Similarly, the University of Michigan's Consumer Sentiment Index increased from 98.0 in May to 99.3 in June. Overall, these elevated indicators suggest sustained optimism about future growth.

Labor Market Slack Declines Further, Wage Growth Struggles to Catch Up

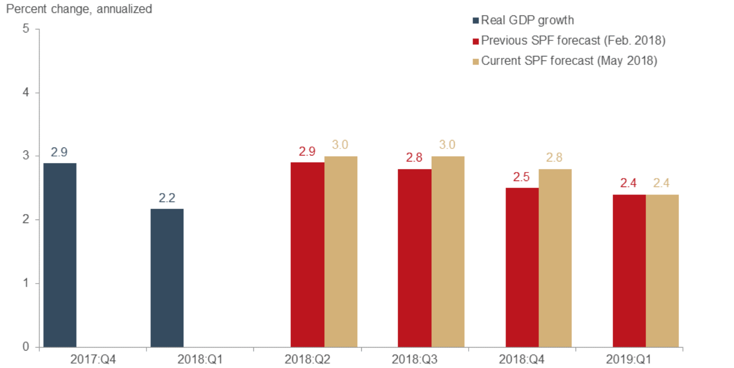
Nonfarm payrolls rose by 223,000 in May, making average payroll gains 207,000 per month so far this

Chart 1
Consumption and Investment Drive Gross Domestic Product Growth



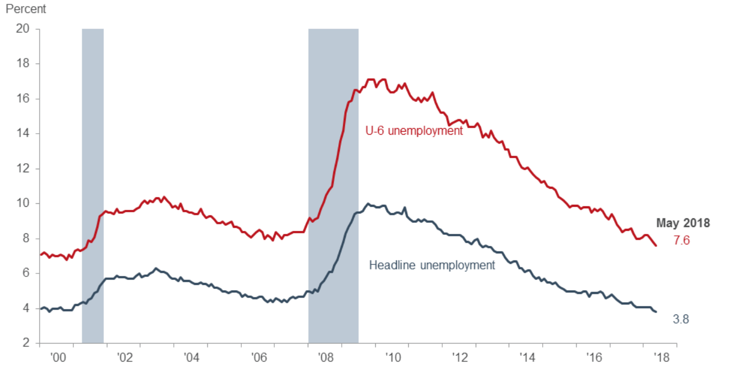
*Year to date.
SOURCE: Bureau of Economic Analysis.

Chart 2
Gross Domestic Product Growth Forecast Rises



NOTE: SPF is Survey of Professional Forecasters.
SOURCES: Bureau of Economic Analysis; Federal Reserve Bank of Philadelphia.

Chart 3
Unemployment Rate Reaches New Low



NOTE: Shaded areas indicate National Bureau of Economic Research (NBER) recession.
SOURCES: Bureau of Labor Statistics; NBER.

year. In comparison, average payroll gains in 2017 stood at 182,000 per month. The unemployment rate dropped further to 3.8 percent in May, the lowest point since April 2000 (*Chart 3*). The last time the unemployment rate was below

4 percent for a sustained period of time was 1966–69. However, long-run demographic trends—in particular changes in the age composition of the labor force—make a direct comparison to this time period inadvisable.

The broader U-6 rate, which includes discouraged workers, other marginally attached workers and those working part time for economic reasons, dropped to 7.6 percent, the lowest point since May 2001. The latest SPF release forecasts headline unemployment (U-3) to decline even further to 3.7 percent in second quarter 2019.

Different measures of wage growth have either moved sideways or gradually improved (*Chart 4*). On a year-over-year basis, growth in average hourly earnings ticked up to 2.7 percent in May from 2.6 percent in April, and the private wages and salaries component of the Employment Cost Index rose 0.1 percentage points to 2.9 percent in first quarter 2018. In contrast, wage growth measured by the Atlanta Fed Wage Growth Tracker ticked down to 3.2 percent in May, compared with 3.3 percent in April.

Inflation Measures Continue Upward Trend

Most inflation measures still remain below levels consistent with the Federal Reserve's 2 percent long-run goal, but recent releases suggest that inflation is on an upward trajectory. Core Consumer Price Index (CPI) inflation, which excludes food and energy, increased to 2.2 percent on a year-over-year basis in May (*Chart 5*). Likewise, the Cleveland Fed Median CPI measure increased to 2.7 percent in May, up from 2.6 percent in April. Year over year, core PCE inflation and the Dallas Fed's Trimmed Mean PCE held steady in April at 1.8 percent and 1.7 percent, respectively.

Long-run inflation expectations remain largely unchanged since the last Federal Open Market Committee meeting in May. The SPF forecasts core PCE inflation to hit 2 percent by second quarter 2018 and rise to 2.1 percent in the third, compared with the previous estimate of 1.9 percent for both quarters. The SPF implied five-year/five-year-forward (expected average inflation over the five-year period that begins five years from now) CPI inflation rate stands at 2.4 percent, up from the previous forecast of 2.3 percent in February. In contrast, the market-based five-year/five-year-forward Treasury Inflation-Protected Securities breakeven inflation rate hovered around 2.2 percent as of June 11, little changed from May.

—Daniel Chapman

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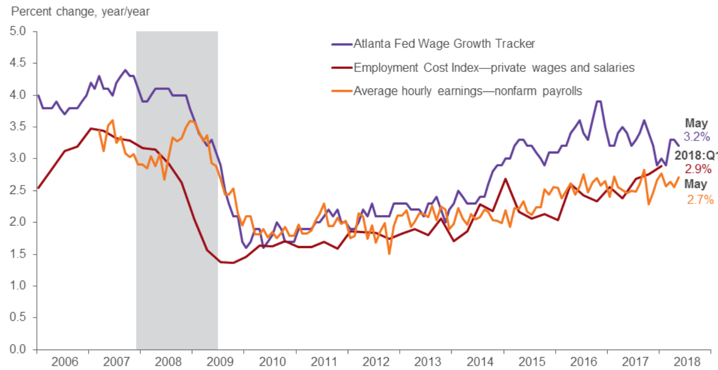
About the Author

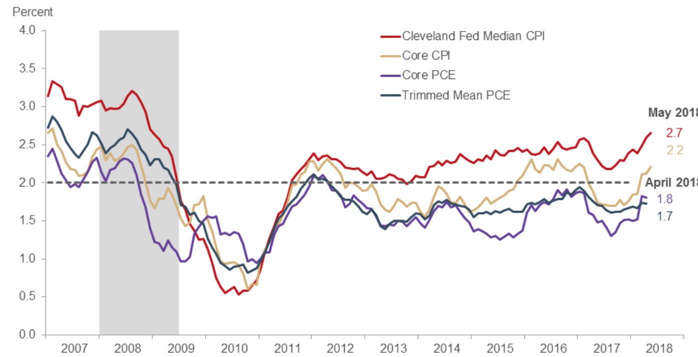
Chapman was previously a research assistant in the Research Department at the Federal Reserve Bank of Dallas.

Chart 4
Wage Growth Steady or Slightly Up



NOTE: Shaded area indicates National Bureau of Economic Research (NBER) recession.
SOURCES: Bureau of Labor Statistics; Federal Reserve Bank of Atlanta; NBER.

Chart 5
Inflation Rising Modestly



NOTES: Shaded area indicates National Bureau of Economic Research (NBER) recession. CPI is consumer price index. PCE is personal consumption expenditures.
SOURCES: Bureau of Labor Statistics; Bureau of Economic Analysis; Federal Reserve Bank of Cleveland; Federal Reserve Bank of Dallas; NBER.

City of Colleyville
Audit Committee
Agenda Briefing

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

Agenda Number 3a **Agenda Date** 08/28/2018 **Number** 3a
Type Regular Agenda Items
Department City Manager

Title
Meet with representatives(s) from the City's audit firm, Weaver and Tidwell. to discuss the Fiscal Year September 30, 2018 audit

Strategic Plan
1.4 Communicate thoroughly and strategically
2.4 Demonstrate stewardship of public resources

Explanation
Jennifer Ripka, who is a audit partner with the City's audit firm Weaver and Tidwell, will meet with the Audit Committee to discuss the Fiscal Year September 30, 2018 audit.

Attachments