



**FARMERS
BRANCH**

MEMORANDUM

FINANCE

TO: Mayor Robert C. Dye and the
City Council

THRU: Charles S. Cox
City Manager

FROM: Sherrelle Evans-Jones, CPA
Director of Finance

DATE: April 13, 2018

SUBJECT: Financial Report – March 2018

Revenue and Expenditure Reports for March 2018 are attached. Revenues for this report include a column entitled "Expected as % of Budget Year-to-Date." This column, used primarily for revenues with budgets exceeding \$200,000, is used to more quickly identify revenue fluctuations based on a five-year historical trend.

The attached Pooled Cash and Investments report represents cash and investment totals by fund as of the end of March 2018.

Attachments

**GENERAL FUND
STATEMENT OF REVENUES
March 2018
(UNAUDITED)**

	ACTUAL REVENUES FY 15/16	ACTUAL REVENUES FY 16/17	ADOPTED BUDGET 2017-18	ACTUAL REVENUES Y-T-D 03/31/18	ACTUAL AS % OF BUDGET (Y-T-D)	EXPECTED AS % OF BUDGET (Y-T-D)	ACTUAL AS % OF EXPECTED (Y-T-D)
TAXES							
PROPERTY TAXES	\$22,306,338	\$24,078,709	\$25,650,000	\$25,605,519	99.83%	99.00%	100.83%
SALES & USE TAXES	13,554,926	13,853,566	13,600,000	7,103,964	52.24%	50.00%	104.47%
MIXED BEVERAGE	84,915	82,770	100,000	45,010	45.01%		
FRANCHISE FEES	4,235,295	4,187,078	4,331,000	2,093,844	48.35%	51.00%	94.80%
PENALTIES & INTEREST	79,358	84,936	100,000	81,943	81.94%		
<i>SUB-TOTAL</i>	<u>\$40,260,832</u>	<u>\$42,287,059</u>	<u>\$43,781,000</u>	<u>\$34,930,280</u>	<u>79.78%</u>	<u>79.00%</u>	<u>100.99%</u>
LICENSES & PERMITS							
HEALTH	\$44,445	\$49,765	\$53,000	\$18,840	35.55%		
BUILDING	996,792	1,508,010	2,489,000	1,754,617	70.49%	46.00%	153.25%
PLUMBING	93,610	131,367	105,000	104,315	99.35%		
ELECTRICAL	110,601	129,061	125,000	96,087	76.87%		
HVAC	87,763	101,582	90,000	59,788	66.43%		
MULTI-FAMILY INSPECTION	94,590	104,668	100,000	89,120	89.12%		
INTERGOVT'L REVENUE	150,000	150,000	0	0	0.00%		
<i>SUB-TOTAL</i>	<u>\$1,577,801</u>	<u>\$2,174,453</u>	<u>\$2,962,000</u>	<u>\$2,122,767</u>	<u>71.67%</u>	<u>47.00%</u>	<u>152.48%</u>
CHARGES FOR SERVICES							
ZONING	\$24,675	\$24,630	\$24,000	\$22,630	94.29%		
PRINTING & DUPLICATING	14,879	11,822	12,500	7,197	57.58%		
POLICE SERVICES	153,042	203,913	240,000	121,427	50.59%	50.00%	101.19%
AMBULANCE & 911	1,493,317	1,449,237	1,530,000	610,765	39.92%	47.00%	84.93%
FIRE SERVICES	22,745	23,027	25,000	16,161	64.64%		
REFUSE SERVICES	2,467,090	2,587,264	3,914,000	1,298,818	33.18%	45.00%	73.74%
HEALTH & INSPECTION FEE	83,742	30,612	50,000	17,065	34.13%		
ANIMAL CONTROL & SHELTER	30,134	25,975	30,000	16,542	55.14%		
AQUATIC CENTER FEES	310,997	367,187	325,000	61,426	18.90%	20.00%	94.50%
SENIOR CENTER FEES	36,706	29,004	30,000	12,525	41.75%		
PARKS & REC CONCESSIONS	231,951	212,498	223,200	106,819	47.86%	50.00%	95.72%
BUILDING USE FEES	508,979	486,762	535,000	176,574	33.00%	34.00%	97.07%
EVENTS	29,504	35,449	100,500	36,239	36.06%		
<i>SUB-TOTAL</i>	<u>\$5,407,761</u>	<u>\$5,487,380</u>	<u>\$7,039,200</u>	<u>\$2,504,188</u>	<u>35.57%</u>	<u>45.00%</u>	<u>79.06%</u>
FINES, FORFEITS & ASSESSMENTS							
COURT	\$2,102,468	\$2,140,085	\$2,335,000	\$884,143	37.86%	49.00%	77.28%
LIBRARY	152,745	112,960	110,000	42,104	38.28%		
<i>SUB-TOTAL</i>	<u>\$2,255,213</u>	<u>\$2,253,045</u>	<u>\$2,445,000</u>	<u>\$926,247</u>	<u>37.88%</u>	<u>49.00%</u>	<u>77.31%</u>

**GENERAL FUND
STATEMENT OF REVENUES
March 2018
(UNAUDITED)**

	ACTUAL REVENUES FY 15/16	ACTUAL REVENUES FY 16/17	ADOPTED BUDGET 2017-18	ACTUAL REVENUES Y-T-D 03/31/18	ACTUAL AS % OF BUDGET (Y-T-D)	EXPECTED AS % OF BUDGET (Y-T-D)	ACTUAL AS % OF EXPECTED (Y-T-D)
<u>INTEREST/RENTS/CONTRIBUTIONS</u>							
INTEREST	\$171,394	\$207,404	\$188,000	\$126,728	67.41%		
RENTS	538,474	545,394	530,000	307,535	58.03%	54.00%	107.45%
<i>SUB-TOTAL</i>	<u>\$709,868</u>	<u>\$752,798</u>	<u>\$718,000</u>	<u>\$434,263</u>	<u>60.48%</u>	<u>53.00%</u>	<u>114.12%</u>
<u>MISCELLANEOUS</u>							
MISCELLANEOUS	\$39,570	\$81,801	\$63,000	\$58,786	93.31%		
RECYCLING	9,797	9,066	8,000	4,598	57.48%		
SALE OF ASSETS	16,811	23,607	20,000	17,094	85.47%		
INSURANCE RECOVERY	4,712	59,927	20,000	8,913	44.57%		
<i>SUB-TOTAL</i>	<u>\$70,890</u>	<u>\$174,401</u>	<u>\$111,000</u>	<u>\$89,391</u>	<u>80.53%</u>	<u>50.00%</u>	<u>161.06%</u>
GRAND TOTAL	<u><u>\$50,282,365</u></u>	<u><u>\$53,129,136</u></u>	<u><u>\$57,056,200</u></u>	<u><u>\$41,007,136</u></u>	<u><u>71.87%</u></u>	<u><u>71.00%</u></u>	<u><u>101.23%</u></u>

**ENTERPRISE FUNDS
STATEMENT OF REVENUES
March 2018
(UNAUDITED)**

	ACTUAL REVENUES FY 15/16	ACTUAL REVENUES FY 16/17	ADOPTED BUDGET 2017-18	ACTUAL REVENUES Y-T-D 03/31/18	ACTUAL AS % OF BUDGET (Y-T-D)	EXPECTED AS % OF BUDGET (Y-T-D)	ACTUAL AS % OF EXPECTED (Y-T-D)
<u>INTEREST/RENTS/CONTRIBUTIONS</u>							
INTEREST	(\$4,858)	(\$6,660)	\$0	(\$3,633)	0.00%		
<i>SUB-TOTAL</i>	(\$4,858)	(\$6,660)	\$0	(\$3,633)	0.00%	0.00%	0.00%
<u>MISCELLANEOUS</u>							
RECONNECTS/SVC CHARGE	\$42,975	\$43,075	\$43,000	\$20,225	47.03%		
LATE FEES	171,972	177,895	169,000	125,587	74.31%		
SALE OF ASSETS	0	644	1,000	0	0.00%		
INSURANCE RECOVERY	0	0	0	606	N/A		
MISCELLANEOUS	3,718	3,839	3,600	4,787	132.97%		
<i>SUB-TOTAL</i>	\$218,665	\$225,453	\$216,600	\$151,205	69.81%	50.00%	139.62%
<u>WATER/SEWER SALES</u>							
WATER SALES	\$12,608,979	\$13,460,167	\$14,929,200	\$7,071,905	47.37%	45.00%	105.27%
SEWER SERVICE	5,612,534	6,203,535	6,914,000	3,520,620	50.92%	48.00%	106.08%
ADDISON SEWER	16,623	20,969	19,400	12,433	64.09%		
BACKFLOW PROGRAM	32,750	35,165	30,000	19,070	63.57%		
TAPPING FEES	1,450	2,300	4,000	1,700	42.50%		
<i>SUB-TOTAL</i>	\$18,272,336	\$19,722,136	\$21,896,600	\$10,625,728	48.53%	46.00%	105.49%
<u>STORMWATER UTILITIES</u>							
CHARGES FOR SERVICES	\$1,302,476	\$1,322,296	\$1,314,000	\$680,127	51.76%	50.00%	103.52%
<i>SUB-TOTAL</i>	\$1,302,476	\$1,322,296	\$1,314,000	\$680,127	51.76%	50.00%	103.52%
GRAND TOTAL	\$19,788,619	\$21,263,225	\$23,427,200	\$11,453,427	48.89%	46.00%	106.28%

HOTEL/MOTEL FUND
STATEMENT OF REVENUES
March 2018
(UNAUDITED)

	ACTUAL REVENUES FY 15/16	ACTUAL REVENUES FY 16/17	ADOPTED BUDGET 2017-18	ACTUAL REVENUES Y-T-D 03/31/18	ACTUAL AS % OF BUDGET (Y-T-D)	EXPECTED AS % OF BUDGET (Y-T-D)	ACTUAL AS % OF EXPECTED (Y-T-D)
<u>OTHER TAXES</u>							
HOTEL/MOTEL TAX	\$2,959,670	\$2,892,656	\$3,000,000	\$1,342,606	44.75%	47.00%	95.22%
SUB-TOTAL	<u>\$2,959,670</u>	<u>\$2,892,656</u>	<u>\$3,000,000</u>	<u>\$1,342,606</u>	<u>44.75%</u>	<u>47.00%</u>	<u>95.22%</u>
<u>INTEREST/RENTS/CONTRIBUTIONS</u>							
INTEREST	\$19,608	\$29,075	\$25,000	\$14,318	57.27%		
SUB-TOTAL	<u>\$19,608</u>	<u>\$29,075</u>	<u>\$25,000</u>	<u>\$14,318</u>	<u>57.27%</u>	<u>50.00%</u>	<u>114.54%</u>
<u>SPECIAL REVENUES</u>							
MISCELLANEOUS	\$3,484	\$2,824	\$2,000	\$966	48.30%		
HISTORICAL PARK RENTALS	12,248	15,761	15,000	4,165	27.77%		
HISTORICAL PARK TEAS	4,951	5,650	5,700	5,275	92.54%		
EVENTS	20,307	21,735	25,000	32,167	128.67%		
SUB-TOTAL	<u>\$40,990</u>	<u>\$45,970</u>	<u>\$47,700</u>	<u>\$42,573</u>	<u>89.25%</u>	<u>50.00%</u>	<u>178.50%</u>
GRAND TOTAL	<u><u>\$3,020,268</u></u>	<u><u>\$2,967,701</u></u>	<u><u>\$3,072,700</u></u>	<u><u>\$1,399,497</u></u>	<u><u>45.55%</u></u>	<u><u>47.00%</u></u>	<u><u>96.91%</u></u>

**GENERAL FUND
STATEMENT OF EXPENDITURES
March 2018
(UNAUDITED)**

DIVISION	ACTUAL EXPENDITURES FY 15/16	ACTUAL EXPENDITURES FY 16/17	ADJUSTED BUDGET 2017-18	ACTUAL EXPENDITURES AND ENCUMBRANCES 3/31/2018	ACTUAL AS % OF BUDGET (Y-T-D)
GENERAL GOVERNMENT	\$143,683	\$181,071	\$174,200	\$108,347	62.20%
GENERAL CONTRACTS	292,000	292,000	292,000	287,000	98.29%
ADMINISTRATION	1,393,825	671,385	997,700	478,981	48.01%
LEGAL	333,216	443,147	412,200	185,002	44.88%
NON-DEPARTMENTAL	(2,429,424)	(3,607,691)	(1,986,700)	(1,224,241)	61.62%
COMMUNICATIONS	372,929	614,133	654,400	262,549	40.12%
ECONOMIC DEVELOPMENT	570,366	607,475	445,200	208,887	46.92%
HUMAN RESOURCES	961,618	899,901	1,044,100	434,779	41.64%
FINANCE ADMINISTRATION	669,510	695,219	735,300	422,459	57.45%
ACCOUNTING	594,904	787,702	844,800	406,404	48.11%
INFORMATION SERVICES	2,278,788	2,701,935	2,659,100	1,383,887	52.04%
MUNICIPAL COURT	604,060	588,407	638,100	273,299	42.83%
PURCHASING	117,344	120,676	126,500	60,263	47.64%
PLANNING	410,043	353,658	427,900	183,001	42.77%
COMMUNITY SERVICES ADMIN.	469,952	417,361	434,900	208,918	48.04%
BUILDING INSPECTION	1,042,438	1,130,637	1,408,200	571,745	40.60%
PUBLIC WORKS ADMINISTRATION	714,367	663,793	748,900	335,464	44.79%
SOLID WASTE COLLECTION	2,088,967	2,483,063	3,146,900	1,835,426	58.32%
STREET MAINTENANCE	3,705,555	3,886,553	4,163,100	2,372,726	56.99%
ANIMAL SERVICES	631,852	771,723	755,700	337,572	44.67%
ENVIRONMENTAL SERVICES	406,403	350,847	433,900	172,052	39.65%
POLICE ADMINISTRATION	1,547,898	1,436,590	1,683,500	822,135	48.83%
POLICE INVESTIGATIONS	1,921,051	1,997,853	2,070,800	1,034,227	49.94%
POLICE PATROL	6,417,523	6,542,508	7,125,400	3,363,599	47.21%
POLICE DETENTION	1,052,578	1,145,241	1,215,700	628,838	51.73%
POLICE COMMUNICATIONS	1,995,551	1,665,618	1,888,300	1,301,419	68.92%
POLICE TRAINING	171,327	150,272	155,400	80,100	51.54%
FIRE ADMINISTRATION	1,168,267	1,337,402	1,294,000	675,869	52.23%
FIRE PREVENTION	493,662	542,216	572,400	279,197	48.78%
FIRE OPERATIONS	8,446,750	9,883,181	9,650,000	4,828,371	50.03%
PARKS & RECREATION ADMIN.	526,897	520,531	555,600	255,856	46.05%
PARK MAINTENANCE	5,143,170	4,989,440	5,521,400	2,487,808	45.06%
RECREATION	1,770,214	1,747,113	1,860,900	816,664	43.89%
AQUATICS CENTER	819,154	998,848	1,107,400	390,068	35.22%
SENIOR CENTER	830,287	721,841	869,800	377,491	43.40%
PARK BOARD	3,418	3,388	9,800	1,910	19.49%
SENIOR ADVISORY BOARD	3,667	3,647	4,800	1,518	31.63%
EVENTS	555,803	920,555	916,200	414,304	45.22%
LIBRARY	1,838,096	1,777,288	1,883,000	1,551,411	82.39%
GRAND TOTAL	\$50,077,709	\$51,436,527	\$56,940,800	\$28,615,305	50.25%

ENTERPRISE FUNDS
STATEMENT OF EXPENDITURES
March 2018
(UNAUDITED)

DIVISION	ACTUAL EXPENDITURES FY 15/16	ACTUAL EXPENDITURES FY 16/17	ADJUSTED BUDGET 2017-18	ACTUAL EXPENDITURES AND ENCUMBRANCES 03/31/18	ACTUAL AS % OF BUDGET (Y-T-D)
WATER & SEWER ADMINISTRATION	\$4,497,013	\$4,597,366	\$4,673,300	\$2,291,172	49.03%
WATER & SEWER OPERATIONS	14,675,573	15,386,315	17,347,100	8,636,093	49.78%
STORMWATER UTILITIES	<u>983,080</u>	<u>261,954</u>	<u>1,299,000</u>	<u>88,769</u>	<u>6.83%</u>
GRAND TOTAL	<u><u>\$20,155,666</u></u>	<u><u>\$20,245,635</u></u>	<u><u>\$23,319,400</u></u>	<u><u>\$11,016,034</u></u>	<u><u>47.24%</u></u>

HOTEL/MOTEL FUND
STATEMENT OF EXPENDITURES
March 2018
(UNAUDITED)

DIVISION	ACTUAL EXPENDITURES FY 15/16	ACTUAL EXPENDITURES FY 16/17	ADJUSTED BUDGET 2017-18	ACTUAL EXPENDITURES AND ENCUMBRANCES 03/31/18	ACTUAL AS % OF BUDGET (Y-T-D)
HISTORICAL PRESERVATION	\$1,097,852	\$2,305,788	\$1,963,700	\$943,663	48.06%
PROMOTION OF TOURISM	1,195,564	1,135,789	1,376,200	761,170	55.31%
CONVENTION CENTER	6,606	393,558	19,000	0	0.00%
GRAND TOTAL	\$2,300,022	\$3,835,135	\$3,358,900	\$1,704,833	50.76%

Pooled Cash and Investments
Including Premiums/(Discounts)



March, 2018 (unaudited)

Cash and Investments

**FARMERS
BRANCH**

<u>Fund No.</u>	<u>Fund Name</u>	<u>Mar-31-2017</u>	<u>Oct-01-2017</u>	<u>Mar-31-2018</u>
<u>General Fund:</u>				
101	General	\$18,181,305	\$7,088,470	\$21,727,858
102	Payroll	1,032,850	1,184,533	1,054,312
103	Fixed Assets	105,220	1,075,139	1,747,180
105	Economic Development	2,507,013	2,874,141	2,171,350
Sub-Total		21,826,388	12,222,284	26,700,701
<u>Special Revenue Fund:</u>				
201	Hotel-Motel	1,801,067	1,223,862	1,162,212
202	Police Forfeitures	200,866	173,672	147,113
203	Special Revenue Donations	185,350	193,416	447,440
205	Youth Scholarship	17,575	17,609	17,762
206	Grant	4,354	(15,149)	4,125
207	Building Security	37,419	39,060	30,582
208	LF Closure/Post Closure	3,417,630	3,038,772	2,304,210
209	Court Technology	49,091	70,938	23,661
212	Cemetery	4,206	4,219	5,456
214	Photographic Light System	740,015	877,473	829,843
215	Dangerous Structures	5,988	0	0
216	PEG Access Channel	103,569	141,747	136,812
217	Farmers Branch Local Government Corp.	40,683	40,683	40,683
218	Joint Fire Training	0	15,983	31,843
222	Police Forfeitures - Federal	(19,627)	7,029	47,568
223	TIF District #3	0	80,074	162,350
228	Huffines Extension	701,416	701,210	706,567
233	Fixed Assets	177,754	206,756	212,968
Sub-Total		7,467,356	6,817,355	6,311,195
<u>Capital Fund:</u>				
301	Non-Bond Capital Improvement Programs	1,346,724	2,389,155	3,184,181
303	Hotel/Motel Capital Improvement	34,145	1,021,002	1,303,505
309	Radio System	640,767	636,659	(1,052,591)
323	Aquatics Center	220,309	215,221	13,390
327	* Non-Bond Utility	4,889,572	5,367,707	5,044,544
328	TIF District #1	361,984	6,757	881,618
329	TIF District #2	432,669	518,874	341,125
330	Consolidated Dispatch	458,019	162,381	99,191
331	Justice Center Improvements	2,634,907	2,432,442	88,314
332	Street Improvements	5,174,577	3,716,918	2,712,099
Sub-Total		16,193,673	16,467,116	12,615,376
<u>Debt Service Fund:</u>				
401	Debt Service	1,120,153	222,725	1,354,948
403	Stars Center	1,200,605	498,310	271,765
Sub-Total		2,320,758	721,036	1,626,713
<u>Enterprise Fund:</u>				
501	Water and Sewer	(1,225,007)	(980,040)	(1,558,123)
503	Fixed Assets - Water and Sewer	660,379	700,235	572,615
511	Stormwater Utility	960,778	1,462,303	2,060,151
513	Fixed Assets - Stormwater	53	53	53
Sub-Total		396,203	1,182,552	1,074,696
<u>Internal Service Fund:</u>				
601	Internal Services	1,013,313	897,717	1,002,529
602	Workers' Compensation	785,434	756,379	825,557
603	Fixed Assets	134,221	163,552	142,415
604	Health Claims	1,156,751	1,233,320	969,775
Sub-Total		3,089,718	3,050,968	2,940,277
GRAND TOTAL		\$51,294,097	\$40,461,310	\$51,268,957

* Reported in Enterprise Fund at year-end.

**City of Farmers Branch
Portfolio Summary Report
Quarter ending 3/31/18**

This quarterly report is in full compliance with the City of Farmers Branch's investment strategy as established for operating and pooled funds and the Public Funds Investment Act (Chapter 2256). Beginning period information is as of December 31, 2017.

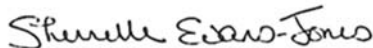
Beginning Book Value	\$40,565,497
Beginning Market Value	\$40,432,860
WAM ¹ at Beginning Date	263 days
Ending Book Value	\$52,437,704
Ending Market Value	\$52,258,648
Unrealized Gain/(Loss)	\$ (179,056)
WAM at Ending Date	324 days
Change in Market Value	\$ 11,825,788 ²
Yield Calculated on Weighted Average of Total Portfolio's Average Daily Balance	1.565%
Fiscal Year to Date Average Monthly Yield	1.402%
324 Day T-Bill at 3/31/18	2.108%

¹ WAM = Weighted Average Maturity

² Change in market value is due primarily to cash flow changes or new investments and investment maturities during the period. Cash from maturing investments is either reinvested or used to pay the City's bills.

The City follows a policy of holding investments to maturity. This policy would prevent any unrealized loss (or gain) noted above from actually occurring.

Approved by:



Sherrelle Evans-Jones
Finance Director

The City of Farmers Branch

Investment Portfolio

March 31, 2018

Trade Date	Maturity Date	Rating Moody/S&P	Type/ Broker Dealer	CUSIP	Weighted Average Maturity	Coupon	Yield	PAR Value	Purchase Principal	Market Value Mar-2018	Current Book Value	Unrealized Gain/(Loss)	Accrued Interest Receivable	Percent of Total Portfolio
Feb-01-2018	Apr-30-2020	Aaa	US Treasury BOSC/Bank of Tx	912828K58	761	1.375%	2.194%	7,600,000	7,464,625	7,455,496	7,472,435	(16,939)	43,878	14.48%
TOTAL US TREASURY NOTES					761	1.375%	2.194%	7,600,000	7,464,625	7,455,496	7,472,435	(16,939)	43,878	14.48%
Mar-21-2017	Aug-01-2018	/AA-	Louisiana St Raymond James	546415Z37	4	1.260%	1.310%	1,000,000	999,320	997,810	999,820	(2,010)	1,050	1.91%
Feb-20-2015	Nov-01-2018	Aa1/AAA	NYC TRANS FIN Auth Wells Fargo	64971QH55	49	1.280%	1.363%	7,200,000	7,178,472	7,161,408	7,196,412	(35,004)	30,720	13.72%
Jan-15-2015	Nov-01-2018	Aa1/AA	Mass. ST BDS Raymond James	57582RAN6	27	1.400%	1.321%	4,000,000	4,011,600	3,984,960	4,001,891	(16,931)	18,667	7.62%
Feb-13-2015	Dec-01-2018	/AA	St. Clair CO SD Raymond James	788420FS1	2	1.700%	1.329%	285,000	288,905	283,376	285,721	(2,346)	1,211	0.54%
Jan-09-2017	Jul-01-2019	Aa3/AA	Florida State Board of Admin Wells Fargo	341271AA2	90	2.163%	1.850%	6,255,000	6,302,163	6,239,488	6,279,367	(39,880)	22,549	11.92%
Jan-16-2018	Dec-01-2019	Aa2/AA	Columbus OH City School Hilltop Securities	1995072R4	56	2.286%	2.075%	2,900,000	2,911,165	2,895,534	2,909,951	(14,417)	20,717	5.53%
Jan-16-2018	Feb-01-2020	Aaa/AAA	Georgia St GO Hilltop Securities	373384K88	45	2.750%	2.050%	2,090,000	2,119,093	2,102,519	2,116,184	(13,664)	4,790	3.98%
Feb-01-2018	Apr-01-2020	Aaa/AAA	Texas ST Trans Comm Cantor Fitzgerald	882722VG3	9	3.373%	2.300%	400,000	409,012	407,940	408,492	(552)	5,996	0.76%
TOTAL MUNICIPAL OBLIGATIONS					283	1.816%	1.640%	24,130,000	24,219,729	24,073,034	24,197,839	(124,805)	105,700	45.98%
Jul-07-2016	Jul-05-2018	FDIC Ins	CDAR (2-yr) BOSC/Bank of Tx	1003743426	49	0.800%	0.800%	2,000,000	2,000,000	2,000,000	2,000,000	0	27,333	3.81%
Sep-28-2016	Sep-27-2018	FDIC Ins	CDAR (2-yr) BOSC/Bank of Tx	1003743426	88	0.830%	0.830%	1,900,000	1,900,000	1,900,000	1,900,000	0	24,312	3.62%
TOTAL CERTIFICATES of DEPOSITS					137	0.815%	0.815%	3,900,000	3,900,000	3,900,000	3,900,000	0	51,645	7.43%
Mar-17-2017	Sep-18-2018	Aaa/AA+	FNMA Wells Fargo	3135G0YM9	80	1.875%	1.250%	3,000,000	3,027,828	2,998,623	3,008,503	(9,880)	0	5.72%
Jan-15-2015	Jan-04-2019	Aaa/AA+	FHLB Raymond James	3130A0G87	149	1.670%	1.171%	3,450,000	3,518,437	3,435,732	3,463,165	(27,432)	9,603	6.57%
TOTAL AGENCY OBLIGATIONS					229	1.765%	1.208%	6,450,000	6,546,264	6,434,355	6,471,667	(37,312)	9,603	12.29%
Mar-31-2018	May-31-2014	FDIC/Col	DEPOSITORY JPMorgan-Chase		1	0.300%	0.300%	689,952	689,952	689,952	689,952	0	0	1.31%
TOTAL DEPOSITORY (Collateralized)					1	0.300%	0.300%	689,952	689,952	689,952	689,952	0	0	1.31%
Mar-31-2018	Mar-31-2018	AAAm	POOL TexPool		35	1.516%	1.516%	9,705,810	9,705,810	9,705,810	9,705,810	0	0	18.50%
TOTAL REPO AGREEMENTS (Collateralized)					35	1.516%	1.516%	9,705,810	9,705,810	9,705,810	9,705,810	0	0	18.50%
TOTAL INVESTMENTS						1.592%		52,475,762	52,526,381	52,258,648	52,437,704	(179,056)	210,826	100.00%

This Month's Yield Calculated on Weighted Average of Total Portfolio 1.565%

Year to Date Average Monthly Yield through March 31, 2018 1.402%

324 Day T-Bill Dated As of March 31, 2018 Feb-2019 2.108%

Portfolio Weighted Average Maturity (WAM) in Days 324

Portfolio Market to Book Value Percentage Gain/Loss -0.34%

All securities are recorded in a commingled pool entitled "Pooled Equity Fund".

For purposes of this report, all repurchase agreements are assumed to mature as of the reporting period end date.

Key: CDAR = Certificate of Deposit Account Registry Service, TB= US Treasury Bill, TN = US Treasury Note, FHLB = Federal Home Loan Bank Note, Repo = Repurchase Agreement, FFCB - Federal Farm Credit Bank Note.
 FNDN = Fannie Mae Discount Note, SLMA = Student Loan Marketing Association Note, FNMA = Fannie Mae Note, FHLMC = Freddie Mac, FAMCA = Farmer Mac Note

Sherrille Evans-Jones

Director of Finance

ALL INSTRUMENTS ARE HELD TO MATURITY

Texas Economic Expansion Continues; Tight Labor Market Could Limit Stronger Growth

March 30, 2018

The Texas economy's broad expansion continues. Year-to-date employment growth has been widespread across metros and industries. Additionally, the Federal Reserve Bank of Dallas' [Texas Business Outlook Surveys \(TBOS\)](#) indicate continued expansion in manufacturing and services in the first quarter. Tight labor market conditions could limit the strength of future economic growth, however, as a growing percentage of companies responding to TBOS report difficulty filling positions due to a lack of applicants.

Recent federal tax law changes are a tailwind for the regional economy and projected to boost investment. However, a lack of clarity on trade policy could damp the high optimism among Texas firms, curtailing investment plans and overall growth in 2018.

Robust Employment Growth in Early 2018

[Texas employment](#) increased at a 3.2 percent annualized rate in February after growing 4.0 percent in January. The Dallas Fed's [Texas employment forecast](#) anticipates annual job growth of 3.4 percent in 2018 (December/December). [Unemployment](#) held steady at 4.0 percent in February, near its historic low and below the nation's 4.1 percent rate.

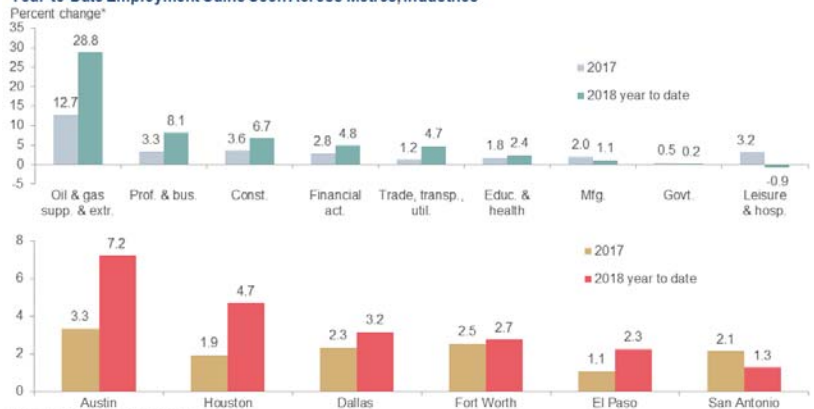
Year to date, employment has grown at a 28.8 percent annualized rate in the energy sector (*Chart 1*). Construction and professional and business services also experienced notable expansions during the first two months of the year, with gains exceeding 8 percent in services and close to 7 percent in construction. Job growth was solid across Texas' major metropolitan areas. Austin remained the fastest-growing major metro, with 7.2 percent year-to-date employment expansion. Growth has accelerated in every major metro except San Antonio in the year to date compared with 2017.

Business Executives Report Difficulty Hiring

Tightness in the Texas labor market was corroborated by the [supplemental questions to TBOS](#) in February. More than half of the 362 executives surveyed said they planned to increase employment over the next six to 12 months (*Chart 2*). This was the highest share expecting to increase employment in the 10 times the question has been asked since 2011.

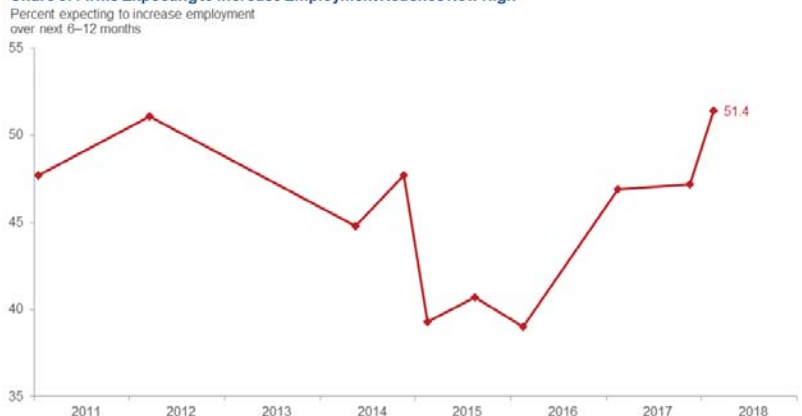
Among survey respondents, 64.8 percent reported difficulties finding qualified workers. The problem persisted across skill levels but was concentrated among mid-skill positions, which typically require some college or technical schooling. Nevertheless, lack of applicants is the main issue firms have faced when trying to fill vacant positions since 2017 (*Chart 3*). This suggests that consistent low unemployment along with a skills mismatch could restrain employment growth going forward.

Chart 1
Year-to-Date Employment Gains Seen Across Metros, Industries



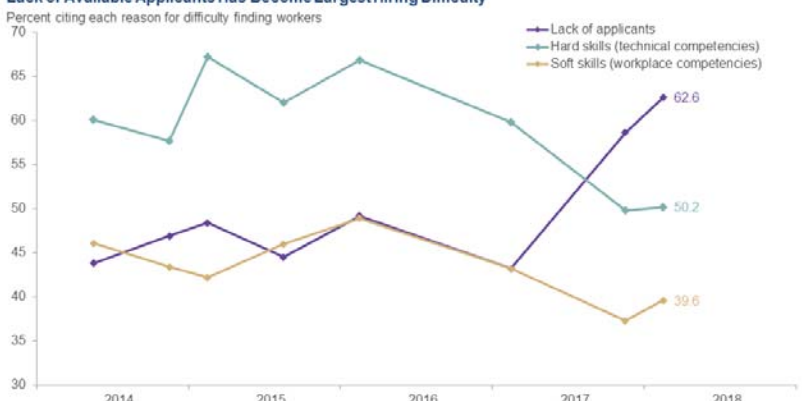
*Seasonally adjusted, annualized rate.
NOTES: 2017 growth is December/December; 2018 year-to-date growth is February/December.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Federal Reserve Bank of Dallas.

Chart 2
Share of Firms Expecting to Increase Employment Reaches New High



NOTES: This special question is asked occasionally as a supplement to monthly Texas Business Outlook Surveys (TBOS). Last data point is February 2018.
SOURCE: Federal Reserve Bank of Dallas TBOS.

Chart 3
Lack of Available Applicants Has Become Largest Hiring Difficulty



NOTES: This special question is asked occasionally as a supplement to monthly Texas Business Outlook Surveys (TBOS). The question is only posed to respondents who reported difficulty finding qualified workers. Last data point is February 2018.
SOURCE: Federal Reserve Bank of Dallas TBOS.

Wages Decline After Steady Rise in Early 2017

Texas wages increased faster than the nation during the oil boom but stalled in 2015 and 2016. Last year, Texas wage growth sped up during the first half of 2017 but slowed at year-end. Still, Texas wages grew faster than they did nationally in 2017 (*Chart 4*).

Consistent with tight labor conditions, wage growth expectations are bullish for 2018 (*Chart 5*). In March, the three-month moving average of the six-months-ahead wage and benefits index for manufacturing reached the highest level since September 2004, while the future wage and benefits index for services was at its highest since November 2007.

Manufacturing Production Growth and Service Activity Remain High

Texas factory activity continued to expand in March but at a slower pace than last month, according to the [Texas Manufacturing Outlook Survey \(TMOS\)](#). Texas service sector activity picked up in March, according to the [Texas Service Sector Outlook Survey \(TSSOS\)](#). The three-month moving averages for both manufacturing production and service revenue remained elevated and above the postrecession average.

Texas Export Growth Exhibits Strong Momentum

Texas exports edged down 1 percent in January after climbing 11 percent in 2017, the highest growth rate since 2011 (*Chart 6*). Exports of petroleum and coal products expanded 17 percent, propelling last year's activity. Chemicals exports increased 6.9 percent. Exports of computers and electronics fell 2.9 percent, and transportation equipment declined 6.8 percent during the year. Texas exports should continue growing as the Texas trade-weighted value of the dollar has fallen and global growth continues to improve. A lower value of the dollar makes Texas goods less expensive abroad. Nevertheless, the impact of recently announced tariffs on Texas exports remains unclear.

Texas Inflation Moderates, Expectations Elevated

The 12-month change in the Texas core consumer price index (CPI), which excludes volatile energy and food prices, dropped to 2.0 percent in January (*Chart 7*). The U.S. core CPI was 1.8 percent in January and ticked up to 1.9 percent in February.

Looking ahead, TBOS six-months-ahead price measures suggest that firms expect inflation in Texas to rise. The three-month moving average of the future finished goods price index for manufacturing remained close to its highest point since 2008 when Texas CPI growth averaged 3.9 percent. The three-month moving average of the service sector future selling prices index reached its highest point since 2007.

—Jesus Cañas and Stephanie Gullo

About the Authors

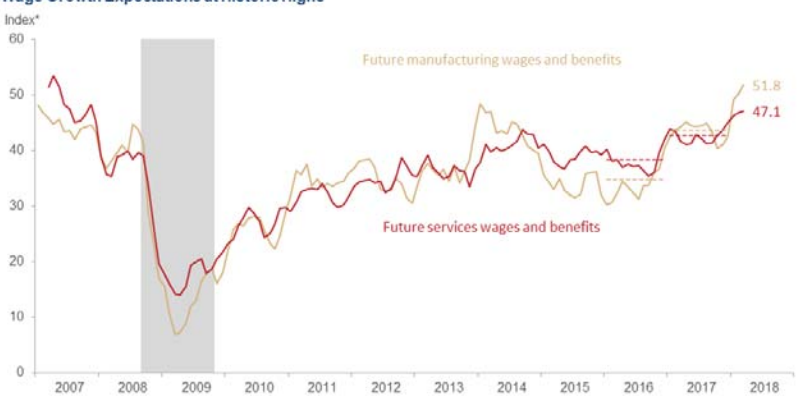
Cañas is a senior business economist, and Gullo is a research analyst in the Research Department at the Federal Reserve Bank of Dallas.

Chart 4
Wage Growth Accelerated Then Receded in 2017



*Five-month moving average, seasonally adjusted, real 2017 dollars.
**December/December, seasonally adjusted, real dollars.
NOTES: Deflated using CPI-W. Shaded area represents Texas recession. Texas data are through January 2018; U.S. data are through February 2018.
SOURCES: Bureau of Labor Statistics, adjustments by the Federal Reserve Bank of Dallas.

Chart 5
Wage Growth Expectations at Historic Highs



*Three-month moving average, seasonally adjusted.
NOTES: Shaded area represents Texas recession. Dashed lines represent yearly averages. Firms are asked about expectations six months from now.
SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.

Chart 6
Export Growth Boosted by Falling Texas Trade-Weighted Value of the Dollar



*Seasonally adjusted, real dollars.
NOTE: Shaded areas represent Texas recessions.
SOURCES: Census Bureau; WISERtrade; Federal Reserve Bank of Dallas.

Chart 7
Price Pressures Abate at Start of 2018



*Seasonally adjusted.
NOTES: Shaded areas represent Texas recessions. Lines depict core consumer price index.
SOURCES: Bureau of Labor Statistics, adjustments by the Federal Reserve Bank of Dallas.