



*City of DeSoto*

**QUARTERLY INVESTMENT REPORT**

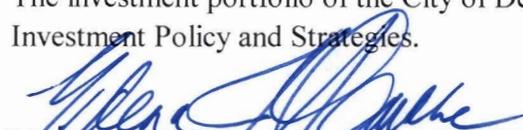
**For the Quarter Ended**

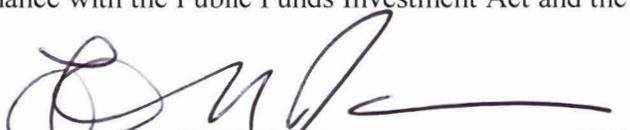
**June 30, 2015**

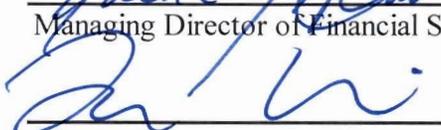
**Prepared by**

**Valley View Consulting, L.L.C.**

The investment portfolio of the City of DeSoto is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

  
\_\_\_\_\_  
Managing Director of Financial Services

  
\_\_\_\_\_  
Assistant Finance Director

  
\_\_\_\_\_  
City Manager

  
\_\_\_\_\_  
Assistant City Manager

These reports were compiled using information provided by the City. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

**Strategy Summary:**

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range between 0.00% and 0.25% (actual Fed Funds traded +/-10 bps). The 2015 first quarter GDP was re-revised to -0.2%. The European Central Bank (ECB) Quantitative Easing plan continues. The June new payroll numbers recorded 223k with downward revisions of the previous two months. US stock markets maintained current levels. Greece debt default, and the referendum vote rejecting austerity plans, increased Euro uncertainty. Slower Chinese economic activity and stock market declines hamper long term outlooks. The FOMC met June 16 and 17 with no change in policy. With excess cash, continuing to ladder provides strategic advantage. Municipal bonds and financial institution deposits generally provide the best interest earnings opportunity, if available.

**Quarter End Results by Investment Category:**

<u>Asset Type</u>	<u>Ave. Yield</u>	<u>June 30, 2015</u>		<u>March 31, 2015</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
DDA	0.00%	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
MMA/NOW	0.25%	24,411,694	24,411,694	25,310,801	25,310,801
Pools	0.15%	10,744,014	10,744,014	5,842,397	5,842,397
CDs/Securities	0.74%	22,578,375	22,578,089	18,550,082	18,548,332
<b>Totals</b>		<b>\$ 58,234,083</b>	<b>\$ 58,233,797</b>	<b>\$ 50,203,279</b>	<b>\$ 50,201,530</b>

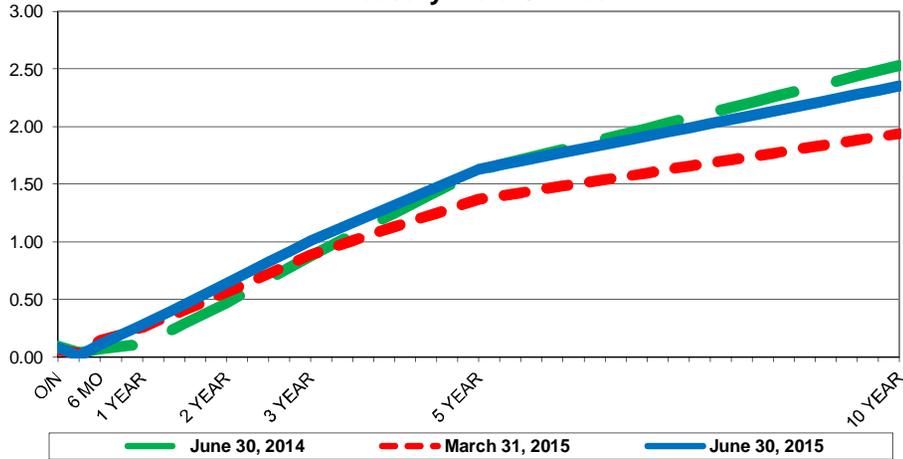
Average Yield (1)		Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	0.42%	Total Portfolio	0.40%
Rolling Three Mo. Treas. Yield	0.02%	Rolling Three Mo. Treas. Yield	0.02%
Rolling Six Mo. Treas. Yield	0.09%	Rolling Six Mo. Treas. Yield	0.08%
		Quarterly TexPool Yield	0.05%

Quarterly Interest Income \$ 62,582 Approximate  
 Year-to-date Interest Income \$ 156,715 Approximate

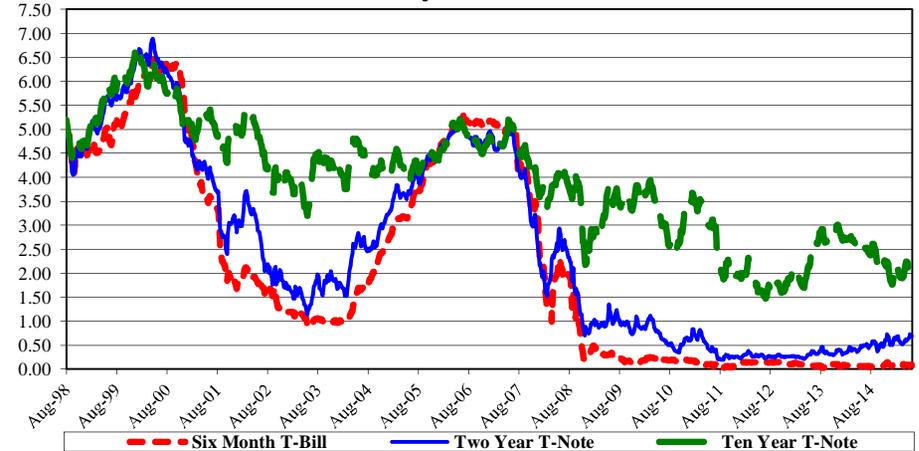
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

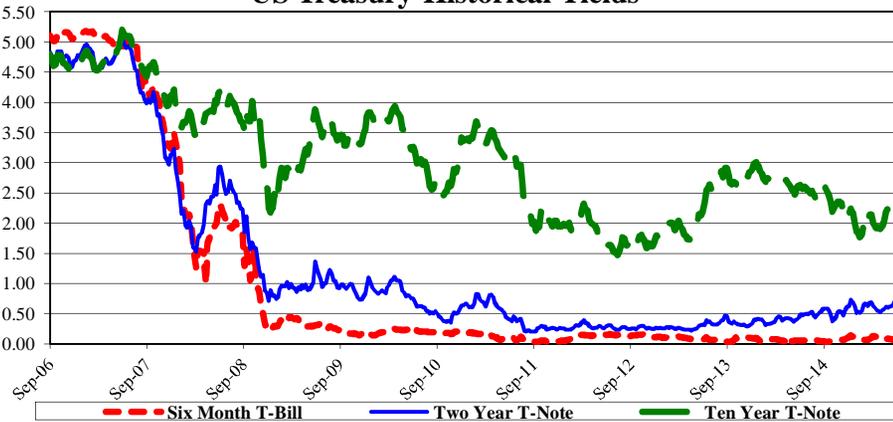
**Treasury Yield Curves**



**US Treasury Historical Yields**



**US Treasury Historical Yields**



**S&P 500**



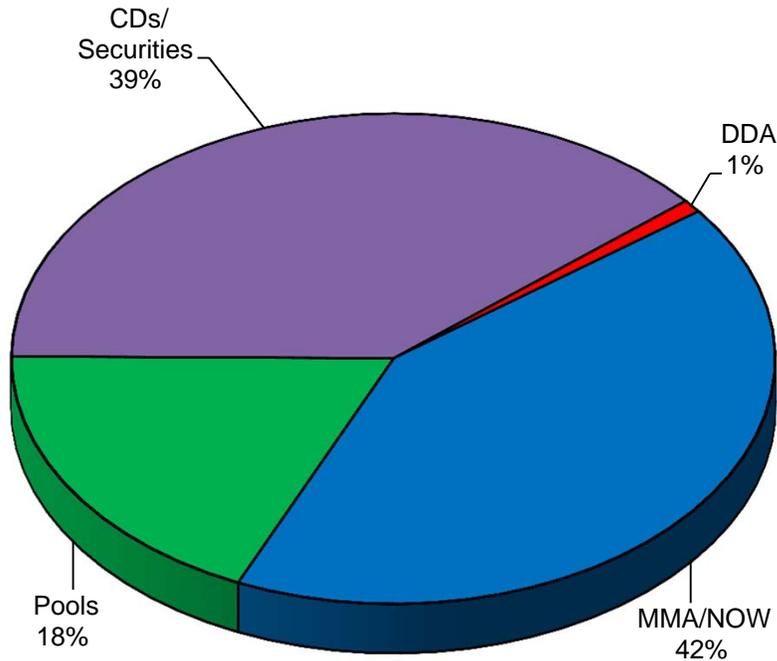
## Detail of Investment Holdings June 30, 2015

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Wells Fargo DDA		0.00%	07/01/15	06/30/15	\$ 500,000	\$ 500,000	1	\$ 500,000	1	0.00%
Wells Fargo MMA		0.21%	07/01/15	06/30/15	18,821,838	18,821,838	1	18,821,838	1	0.21%
BTH Bank MMA		0.49%	07/01/15	06/30/15	245,099	245,099	1	245,099	1	0.49%
BTH Bank ICS		0.51%	07/01/15	06/30/15	3,019,566	3,019,566	1	3,019,566	1	0.51%
Southside Bank MMA		0.21%	07/01/15	06/30/15	2,325,191	2,325,191	1	2,325,191	1	0.21%
Texas Class	AAAm	0.15%	07/01/15	06/30/15	10,664,368	10,664,368	1	10,664,368	1	0.15%
TexPool	AAAm	0.06%	07/01/15	06/30/15	79,647	79,647	1	79,647	1	0.06%
Comerica CD		0.29%	08/06/15	10/22/13	1,003,860	1,003,860	100	1,003,860	37	0.29%
Comerica CD		0.29%	08/06/15	02/06/14	2,710,423	2,710,423	100	2,710,423	37	0.29%
Comerica CD		0.55%	10/22/15	10/22/13	2,018,403	2,018,403	100	2,018,403	114	0.55%
Comerica CD		0.56%	02/08/16	02/06/14	1,712,694	1,712,694	100	1,712,694	223	0.56%
Inter National Bank CD		0.63%	05/08/16	05/08/14	503,401	503,401	100	503,401	313	0.63%
BTH Bank CD		0.70%	05/20/16	11/20/14	1,004,286	1,004,286	100	1,004,286	325	0.70%
Inter National Bank CD		0.90%	08/08/16	05/08/14	1,009,754	1,009,754	100	1,009,754	405	0.90%
BTH Bank CD		0.75%	08/20/16	11/20/14	1,004,593	1,004,593	100	1,004,593	417	0.75%
Comerica CD		0.50%	09/13/16	03/13/15	2,002,522	2,002,522	100	2,002,522	441	0.50%
Inter National Bank CD		0.95%	11/08/16	05/08/14	1,515,534	1,515,534	100	1,515,534	497	0.95%
BTH Bank CD		0.85%	11/20/16	11/20/14	1,005,207	1,005,207	100	1,005,207	509	0.85%
Dallas Co Schools - Muni	Aa3	1.50%	12/01/16	05/22/14	1,035,000	1,042,531	101	1,042,245	520	0.98%
Inter National Bank CD		1.05%	02/08/17	05/08/14	2,022,904	2,022,904	100	2,022,904	589	1.05%
Comerica CD		0.86%	03/13/17	03/13/15	1,002,169	1,002,169	100	1,002,169	622	0.86%
Inter National Bank CD		1.35%	05/08/17	05/08/14	1,014,746	1,014,746	100	1,014,746	678	1.35%
Comerica CD		0.99%	06/13/17	03/13/15	1,002,497	1,002,497	100	1,002,497	714	0.99%
Comerica CD		1.13%	09/13/17	03/13/15	1,002,851	1,002,851	100	1,002,851	806	1.13%
					<b>\$ 58,226,552</b>	<b>\$ 58,234,083</b>		<b>\$ 58,233,797</b>	<b>151</b>	<b>0.42%</b>
									<b>(1)</b>	<b>(2)</b>

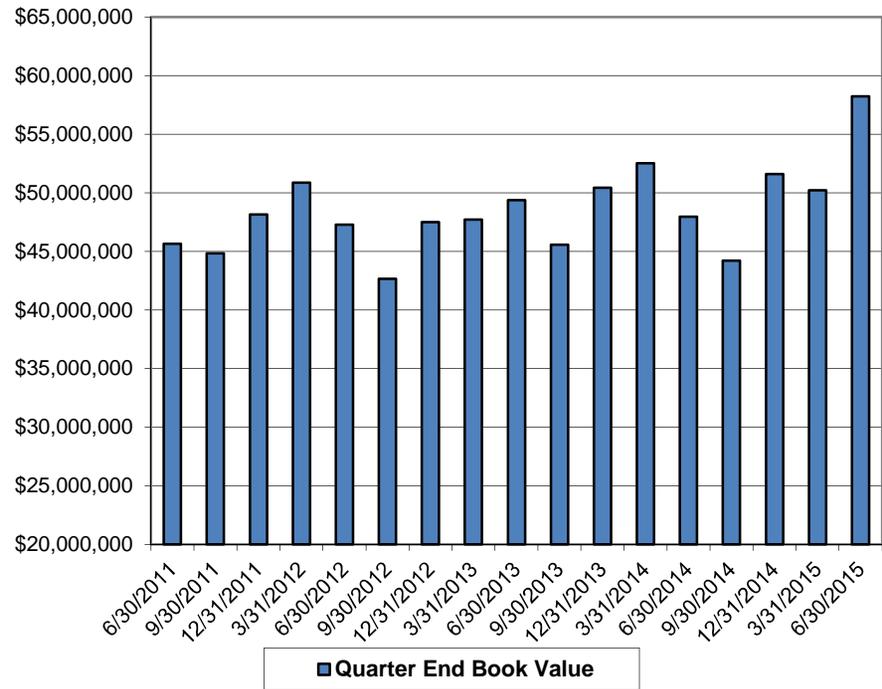
(1) **Weighted average life** - For purposes of calculating weighted average life, bank accounts, pools and money market funds are assumed to have an one day maturity.

(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank accounts, pools and money market funds.

**Portfolio Composition**



**Total Portfolio**



## Book Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2015		Purchases/ Adjustments	Sales/Adjust/ Call/Maturity	June 30, 2015	
			Par Value	Book Value			Par Value	Book Value
Wells Fargo DDA	0.00%	07/01/15	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ 500,000	\$ 500,000
Wells Fargo MMA	0.21%	07/01/15	21,484,528	21,484,528		(2,662,690)	18,821,838	18,821,838
BTH Bank MMA	0.49%	07/01/15	245,098	245,098	1		245,099	245,099
BTH Bank ICS	0.51%	07/01/15	1,257,171	1,257,171	1,762,394		3,019,566	3,019,566
Southside Bank MMA	0.21%	07/01/15	2,324,004	2,324,004	1,187		2,325,191	2,325,191
Texas Class	0.15%	07/01/15	4,162,922	4,162,922	6,501,446		10,664,368	10,664,368
TexPool	0.06%	07/01/15	1,679,475	1,679,475		(1,599,828)	79,647	79,647
Texas Security Bank CD	0.55%	06/21/15	1,009,653	1,009,653		(1,009,653)		
Comerica CD	0.29%	08/06/15	1,003,127	1,003,127	733		1,003,860	1,003,860
Comerica CD	0.29%	08/06/15	2,708,443	2,708,443	1,980		2,710,423	2,710,423
Comerica CD	0.55%	10/22/15	2,015,608	2,015,608	2,796		2,018,403	2,018,403
Comerica CD	0.56%	02/08/16	1,710,279	1,710,279	2,415		1,712,694	1,712,694
Inter National Bank CD	0.63%	05/08/16	502,609	502,609	792		503,401	503,401
BTH Bank CD	0.70%	05/20/16	1,002,515	1,002,515	1,771		1,004,286	1,004,286
Inter National Bank CD	0.90%	08/08/16	1,007,479	1,007,479	2,274		1,009,754	1,009,754
BTH Bank CD	0.75%	08/20/16	1,002,694	1,002,694	1,898		1,004,593	1,004,593
Comerica CD	0.50%	09/13/16			2,002,522		2,002,522	2,002,522
Inter National Bank CD	0.95%	11/08/16	1,511,911	1,511,911	3,623		1,515,534	1,515,534
BTH Bank CD	0.85%	11/20/16	1,003,054	1,003,054	2,153		1,005,207	1,005,207
Dallas Co Schools - Muni	1.50%	12/01/16	1,035,000	1,043,849		(1,318)	1,035,000	1,042,531
Inter National Bank CD	1.05%	02/08/17	2,017,559	2,017,559	5,344		2,022,904	2,022,904
Comerica CD	0.86%	03/13/17			1,002,169		1,002,169	1,002,169
Inter National Bank CD	1.35%	05/08/17	1,011,301	1,011,301	3,445		1,014,746	1,014,746
Comerica CD	0.99%	06/13/17			1,002,497		1,002,497	1,002,497
Comerica CD	1.13%	09/13/17			1,002,851		1,002,851	1,002,851
<b>TOTAL</b>			<b>\$ 50,194,430</b>	<b>\$ 50,203,279</b>	<b>\$ 13,304,293</b>	<b>\$ (5,273,490)</b>	<b>\$ 58,226,552</b>	<b>\$ 58,234,083</b>

## Market Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2015		Qtr to Qtr Change	June 30, 2015	
			Par Value	Market Value		Par Value	Market Value
Wells Fargo DDA	0.00%	07/01/15	\$ 500,000	\$ 500,000	\$ -	\$ 500,000	\$ 500,000
Wells Fargo MMA	0.21%	07/01/15	21,484,528	21,484,528	(2,662,690)	18,821,838	18,821,838
Bank Texas MMA	0.49%	07/01/15	245,098	245,098	1	245,099	245,099
Bank Texas ICS	0.51%	07/01/15	1,257,171	1,257,171	1,762,394	3,019,566	3,019,566
Southside Bank MMA	0.21%	07/01/15	2,324,004	2,324,004	1,187	2,325,191	2,325,191
Texas Class	0.15%	07/01/15	4,162,922	4,162,922	6,501,446	10,664,368	10,664,368
TexPool	0.06%	07/01/15	1,679,475	1,679,475	(1,599,828)	79,647	79,647
Texas Security Bank CD	0.55%	06/21/15	1,009,653	1,009,653	(1,009,653)		
Comerica CD	0.29%	08/06/15	1,003,127	1,003,127	733	1,003,860	1,003,860
Comerica CD	0.29%	08/06/15	2,708,443	2,708,443	1,980	2,710,423	2,710,423
Comerica CD	0.55%	10/22/15	2,015,608	2,015,608	2,796	2,018,403	2,018,403
Comerica CD	0.56%	02/08/16	1,710,279	1,710,279	2,415	1,712,694	1,712,694
Inter National Bank CD	0.63%	05/08/16	502,609	502,609	792	503,401	503,401
Bank Texas CD	0.70%	05/20/16	1,002,515	1,002,515	1,771	1,004,286	1,004,286
Inter National Bank CD	0.90%	08/08/16	1,007,479	1,007,479	2,274	1,009,754	1,009,754
Bank Texas CD	0.75%	08/20/16	1,002,694	1,002,694	1,898	1,004,593	1,004,593
Bank Texas CD	0.75%	09/13/16			2,002,522	2,002,522	2,002,522
Inter National Bank CD	0.95%	11/08/16	1,511,911	1,511,911	3,623	1,515,534	1,515,534
Bank Texas CD	0.75%	11/20/16	1,003,054	1,003,054	2,153	1,005,207	1,005,207
Dallas Co Schools - Muni	1.50%	12/01/16	1,035,000	1,042,100	145	1,035,000	1,042,245
Inter National Bank CD	1.05%	02/08/17	2,017,559	2,017,559	5,344	2,022,904	2,022,904
Comerica CD	0.86%	03/13/17			1,002,169	1,002,169	1,002,169
Inter National Bank CD	1.35%	05/08/17	1,011,301	1,011,301	3,445	1,014,746	1,014,746
Comerica CD	0.99%	06/13/17			1,002,497	1,002,497	1,002,497
Comerica CD	1.13%	09/13/17			1,002,851	1,002,851	1,002,851
<b>TOTAL</b>			<b>\$ 50,194,430</b>	<b>\$ 50,201,530</b>	<b>\$ 8,032,267</b>	<b>\$ 58,226,552</b>	<b>\$ 58,233,797</b>

**Book Value  
June 30, 2015**

	<b>Maturity</b>	<b>Total</b>	<b>Concentration Fund</b>	<b>2006 Drainage Improvements</b>	<b>2009 Street Improvements</b>	<b>2009 Water CIP CO</b>	<b>2011B CO - Water CIP</b>
Wells Fargo DDA		\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -
Wells Fargo MMA		18,821,838	18,821,838				
Bank Texas MMA		245,099	245,099				
Bank Texas ICS		3,019,566	3,019,566				
Southside Bank MMA		2,325,191	1,319,457			1,005,735	
Texas Class		10,664,368	994,013	50,465	656,605	648,673	1,012,885
TexPool		79,647	37,143				
Comerica CD	08/06/15	1,003,860	1,003,860				
Comerica CD	08/06/15	2,710,423	2,710,423				
Comerica CD	10/22/15	2,018,403	2,018,403				
Comerica CD	02/08/16	1,712,694	1,712,694				
Inter National Bank CD	05/08/16	503,401	503,401				
BTH Bank CD	05/20/16	1,004,286	1,004,286				
Inter National Bank CD	08/08/16	1,009,754	1,009,754				
BTH Bank CD	08/20/16	1,004,593	1,004,593				
Comerica CD	09/13/16	2,002,522	2,002,522				
Inter National Bank CD	11/08/16	1,515,534	1,515,534				
BTH Bank CD	11/20/16	1,005,207	1,005,207				
Dallas Co Schools - Muni	12/01/16	1,042,531	1,042,531				
Inter National Bank CD	02/08/17	2,022,904	2,022,904				
Comerica CD	03/13/17	1,002,169	1,002,169				
Inter National Bank CD	05/08/17	1,014,746	1,014,746				
Comerica CD	06/13/17	1,002,497	1,002,497				
Comerica CD	09/13/17	1,002,851	902,566				
<b>Total</b>		<b>\$ 58,234,083</b>	<b>\$ 47,415,204</b>	<b>\$ 50,465</b>	<b>\$ 656,605</b>	<b>\$ 1,654,407</b>	<b>\$ 1,012,885</b>

**Book Value  
June 30, 2015**

	<b>Maturity</b>	<b>2013 Water-Sewer CIP</b>	<b>2015 Fire Improvements</b>	<b>2015 Land Acquisition</b>	<b>2015 Park Improvements</b>	<b>2015 Street Improvements</b>	<b>DPDC Bonds</b>
Wells Fargo DDA		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wells Fargo MMA							
Bank Texas MMA							
Bank Texas ICS							
Southside Bank MMA							
Texas Class		801,728	1,000,000	2,000,000	1,000,000	2,500,000	
TexPool							8,038
Comerica CD	08/06/15						
Comerica CD	08/06/15						
Comerica CD	10/22/15						
Comerica CD	02/08/16						
Inter National Bank CD	05/08/16						
BTH Bank CD	05/20/16						
Inter National Bank CD	08/08/16						
BTH Bank CD	08/20/16						
Comerica CD	09/13/16						
Inter National Bank CD	11/08/16						
BTH Bank CD	11/20/16						
Dallas Co Schools - Muni	12/01/16						
Inter National Bank CD	02/08/17						
Comerica CD	03/13/17						
Inter National Bank CD	05/08/17						
Comerica CD	06/13/17						
Comerica CD	09/13/17						
<b>Total</b>		<b>\$ 801,728</b>	<b>\$ 1,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 2,500,000</b>	<b>\$ 8,038</b>

**Book Value  
June 30, 2015**

	<b>Maturity</b>	<b>Health Facilities Corporation</b>	<b>Health Finance Corporation</b>	<b>Industrial Development Board</b>
Wells Fargo DDA		\$ -	\$ -	\$ -
Wells Fargo MMA				
Bank Texas MMA				
Bank Texas ICS				
Southside Bank MMA				
Texas Class				
TexPool		13,088		21,378
Comerica CD	08/06/15			
Comerica CD	08/06/15			
Comerica CD	10/22/15			
Comerica CD	02/08/16			
Inter National Bank CD	05/08/16			
BTH Bank CD	05/20/16			
Inter National Bank CD	08/08/16			
BTH Bank CD	08/20/16			
Comerica CD	09/13/16			
Inter National Bank CD	11/08/16			
BTH Bank CD	11/20/16			
Dallas Co Schools - Muni	12/01/16			
Inter National Bank CD	02/08/17			
Comerica CD	03/13/17			
Inter National Bank CD	05/08/17			
Comerica CD	06/13/17			
Comerica CD	09/13/17		100,285	
<b>Total</b>		<b>\$ 13,088</b>	<b>\$ 100,285</b>	<b>\$ 21,378</b>

**Market Value  
June 30, 2015**

	<b>Maturity</b>	<b>Total</b>	<b>Concentration Fund</b>	<b>2006 Drainage Improvements</b>	<b>2009 Street Improvements</b>	<b>2009 Water CIP CO</b>	<b>2011B CO - Water CIP</b>
Wells Fargo DDA		\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -
Bank Texas MMA		245,099	245,099				
Bank Texas ICS		3,019,566	3,019,566				
Wells Fargo MMA		18,821,838	18,821,838				
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Texas Class		10,664,368	994,013	50,465	656,605	648,673	1,012,885
TexPool		79,647	37,143				
Comerica CD	08/06/15	1,003,860	1,003,860				
Comerica CD	08/06/15	2,710,423	2,710,423				
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Inter National Bank CD	05/08/17	1,014,746	1,014,746				
Comerica CD	06/13/17	1,002,497	1,002,497				
Comerica CD	09/13/17	1,002,851	902,566				
<b>Total</b>		<b>\$ 58,233,797</b>	<b>\$ 47,414,918</b>	<b>\$ 50,465</b>	<b>\$ 656,605</b>	<b>\$ 1,654,407</b>	<b>\$ 1,012,885</b>

**Market Value  
June 30, 2015**

	<b>Maturity</b>	<b>2013 Water- Sewer CIP</b>	<b>2015 Fire Improvements</b>	<b>2015 Land Acquisition</b>	<b>2015 Park Improvements</b>	<b>2015 Street Improvements</b>	<b>DPDC Bonds</b>
Wells Fargo DDA		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank Texas MMA							
Bank Texas ICS							
Wells Fargo MMA							
Southside Bank MMA							
Texas Class		801,728	1,000,000	2,000,000	1,000,000	2,500,000	
TexPool							8,038
Comerica CD	08/06/15						
Comerica CD	08/06/15						
Comerica CD	10/22/15						
Comerica CD	02/08/16						
Inter National Bank CD	05/08/16						
BTH Bank CD	05/20/16						
Inter National Bank CD	08/08/16						
BTH Bank CD	08/20/16						
Comerica CD	09/13/16						
Inter National Bank CD	11/08/16						
BTH Bank CD	11/20/16						
Dallas Co Schools - Muni	12/01/16						
Inter National Bank CD	02/08/17						
Comerica CD	03/13/17						
Inter National Bank CD	05/08/17						
Comerica CD	06/13/17						
Comerica CD	09/13/17						
<b>Total</b>		<b>\$ 801,728</b>	<b>\$ 1,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 2,500,000</b>	<b>\$ 8,038</b>

**Market Value  
June 30, 2015**

	<b>Maturity</b>	<b>Health Facilities Corporation</b>	<b>Health Finance Corporation</b>	<b>Industrial Development Board</b>
Wells Fargo DDA		\$ -	\$ -	\$ -
Bank Texas MMA				
Bank Texas ICS				
Wells Fargo MMA				
Southside Bank MMA				
Texas Class				
TexPool		13,088		21,378
Comerica CD	08/06/15			
Comerica CD	08/06/15			
Comerica CD	10/22/15			
Comerica CD	02/08/16			
Inter National Bank CD	05/08/16			
BTH Bank CD	05/20/16			
Inter National Bank CD	08/08/16			
BTH Bank CD	08/20/16			
Comerica CD	09/13/16			
Inter National Bank CD	11/08/16			
BTH Bank CD	11/20/16			
Dallas Co Schools - Muni	12/01/16			
Inter National Bank CD	02/08/17			
Comerica CD	03/13/17			
Inter National Bank CD	05/08/17			
Comerica CD	06/13/17			
Comerica CD	09/13/17		100,285	
<b>Total</b>		<b>\$ 13,088</b>	<b>\$ 100,285</b>	<b>\$ 21,378</b>

**Book Value  
March 31, 2015**

	<b>Maturity</b>	<b>Total</b>	<b>Concentration Fund</b>	<b>2006 Drainage Improvements</b>	<b>2009 Street Improvements</b>	<b>2009 Water CIP CO</b>	<b>2011B CO - Water CIP</b>
<b>Wells Fargo DDA</b>		\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -
<b>Wells Fargo MMA</b>		21,484,528	21,484,528				
<b>Bank Texas MMA</b>		245,098	245,098				
<b>Bank Texas ICS</b>		1,257,171	1,257,171				
<b>Southside Bank MMA</b>		2,324,004	1,318,783			1,005,221	
<b>Texas Class</b>		4,162,922	993,668	50,447	656,377	648,447	1,012,534
<b>TexPool</b>		1,679,475	1,636,976				
<b>Texas Security Bank CD</b>	<b>06/21/15</b>	1,009,653					
<b>Comerica CD</b>	<b>08/06/15</b>	1,003,127	1,003,127				
<b>Comerica CD</b>	<b>08/06/15</b>	2,708,443	2,708,443				
<b>Comerica CD</b>	<b>10/22/15</b>	2,015,608	2,015,608				
<b>Comerica CD</b>	<b>02/08/16</b>	1,710,279	1,710,279				
<b>Inter National Bank CD</b>	<b>05/08/16</b>	502,609	502,609				
<b>Bank Texas CD</b>	<b>05/20/16</b>	1,002,515	1,002,515				
<b>Inter National Bank CD</b>	<b>08/08/16</b>	1,007,479	1,007,479				
<b>Bank Texas CD</b>	<b>08/20/16</b>	1,002,694	1,002,694				
<b>Inter National Bank CD</b>	<b>11/08/16</b>	1,511,911	1,511,911				
<b>Bank Texas CD</b>	<b>11/20/16</b>	1,003,054	1,003,054				
<b>Dallas Co Schools - Muni</b>	<b>12/01/16</b>	1,043,849	1,043,849				
<b>Inter National Bank CD</b>	<b>02/08/17</b>	2,017,559	2,017,559				
<b>Inter National Bank CD</b>	<b>05/08/17</b>	1,011,301	1,011,301				
<b>Total</b>		<b>\$ 50,203,279</b>	<b>\$ 44,976,652</b>	<b>\$ 50,447</b>	<b>\$ 656,377</b>	<b>\$ 1,653,669</b>	<b>\$ 1,012,534</b>

**Book Value  
March 31, 2015**

	<b>Maturity</b>	<b>2013 Water- Sewer CIP</b>	<b>DPDC Bonds</b>	<b>Health Facilities Corporation</b>	<b>Industrial Development Board</b>
Wells Fargo DDA		\$ -	\$ -	\$ -	\$ -
Wells Fargo MMA					
Bank Texas MMA					
Bank Texas ICS					
Southside Bank MMA					
Texas Class		801,449			
TexPool			8,037	13,087	21,375
Texas Security Bank CD	06/21/15	1,009,653			
Comerica CD	08/06/15				
Comerica CD	08/06/15				
Comerica CD	10/22/15				
Comerica CD	02/08/16				
Inter National Bank CD	05/08/16				
Bank Texas CD	05/20/16				
Inter National Bank CD	08/08/16				
Bank Texas CD	08/20/16				
Inter National Bank CD	11/08/16				
Bank Texas CD	11/20/16				
Dallas Co Schools - Muni	12/01/16				
Inter National Bank CD	02/08/17				
Inter National Bank CD	05/08/17				
<b>Total</b>		<b>\$ 1,811,103</b>	<b>\$ 8,037</b>	<b>\$ 13,087</b>	<b>\$ 21,375</b>

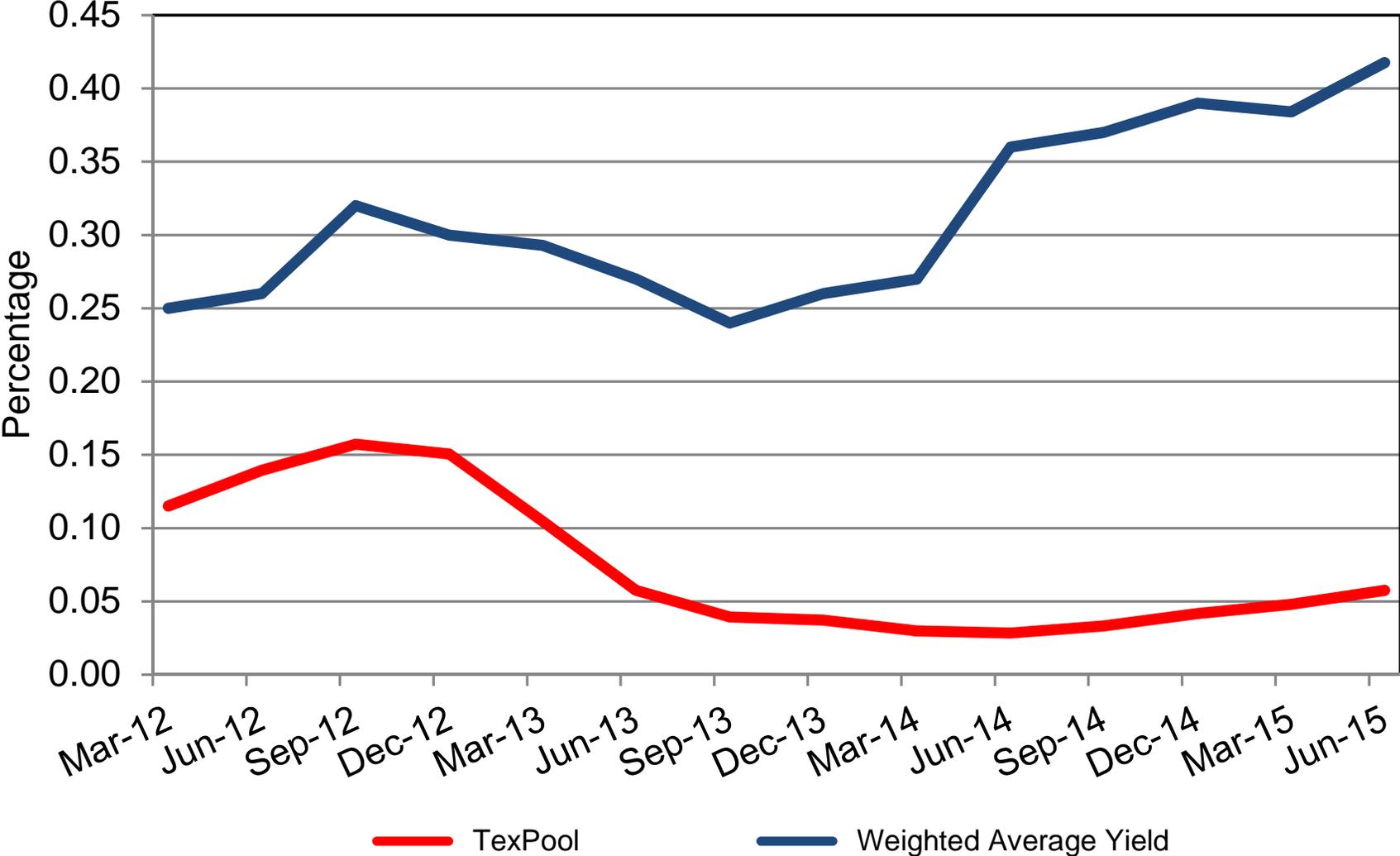
**Market Value  
March 31, 2015**

	<b>Maturity</b>	<b>Total</b>	<b>Concentration Fund</b>	<b>2006 Drainage Improvements</b>	<b>2009 Street Improvements</b>	<b>2009 Water CIP CO</b>	<b>2011B CO - Water CIP</b>
Wells Fargo DDA		\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -
Bank Texas MMA		245,098	245,098				
Bank Texas ICS		1,257,171	1,257,171				
Wells Fargo MMA		21,484,528	21,484,528				
Southside Bank MMA		2,324,004	1,318,783			1,005,221	
Texas Class		4,162,922	993,668	50,447	656,377	648,447	1,012,534
TexPool		1,679,475	1,636,976				
<b>Texas Security Bank CD</b>	<b>06/21/15</b>	1,009,653					
Comerica CD	08/06/15	1,003,127	1,003,127				
Comerica CD	08/06/15	2,708,443	2,708,443				
Comerica CD	10/22/15	2,015,608	2,015,608				
Comerica CD	02/08/16	1,710,279	1,710,279				
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Inter National Bank CD	08/08/16	1,007,479	1,007,479				
Bank Texas CD	08/20/16	1,002,694	1,002,694				
Inter National Bank CD	11/08/16	1,511,911	1,511,911				
Bank Texas CD	11/20/16	1,003,054	1,003,054				
Dallas Co Schools - Muni	12/01/16	1,042,100	1,042,100				
Inter National Bank CD	02/08/17	2,017,559	2,017,559				
Inter National Bank CD	05/08/17	1,011,301	1,011,301				
<b>Total</b>		<b>\$ 50,201,530</b>	<b>\$ 44,974,903</b>	<b>\$ 50,447</b>	<b>\$ 656,377</b>	<b>\$ 1,653,669</b>	<b>\$ 1,012,534</b>

**Market Value  
March 31, 2015**

	<b>Maturity</b>	<b>2013 Water- Sewer CIP</b>	<b>DPDC Bonds</b>	<b>Health Facilities Corporation</b>	<b>Industrial Development Board</b>
Wells Fargo DDA		\$ -	\$ -	\$ -	\$ -
Bank Texas MMA					
Bank Texas ICS					
Wells Fargo MMA					
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Texas Class		801,449			
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Comerica CD	02/08/16				
Inter National Bank CD	05/08/16				
BTH Bank CD	05/20/16				
Inter National Bank CD	08/08/16				
BTH Bank CD	08/20/16				
Inter National Bank CD	11/08/16				
BTH Bank CD	11/20/16				
Dallas Co Schools - Muni	12/01/16				
Inter National Bank CD	02/08/17				
Inter National Bank CD	05/08/17				
<b>Total</b>		<b>\$ 1,811,103</b>	<b>\$ 8,037</b>	<b>\$ 13,087</b>	<b>\$ 21,375</b>

# Total Portfolio Performance





## Market Outlook

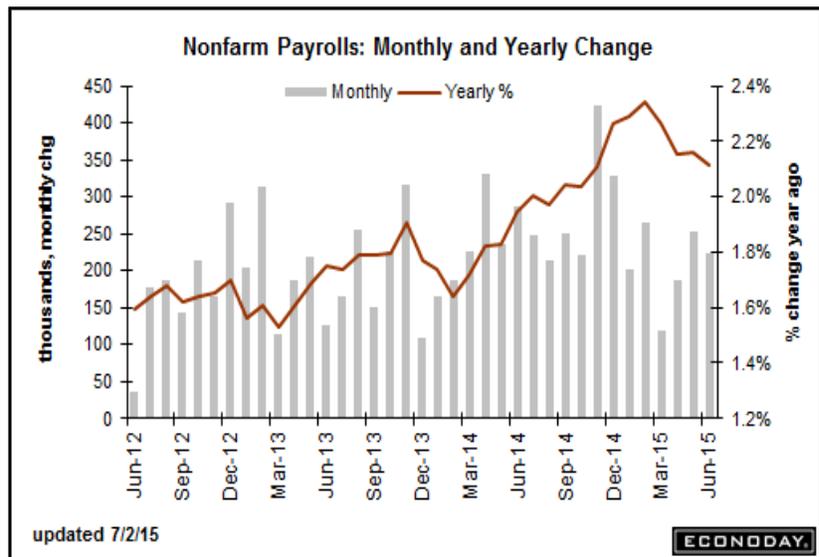
July 2, 2015

**Happy Birthday America!** The domestic economic reports indicate that the U.S. is on a slow but fairly steady path to a brighter future. But if you are living in Greece, Puerto Rico or China, the future outlook is a little more somber. The conditions and the news headlines from these regions are causing some investor angst globally, but the uncertainty regarding the final resolution of each situation is not yet completely factored in. Greece is running out of cash and its citizens are facing a critical decision this weekend – do they stay with the European Union (EU) and play by the rules that the other members dictate to pay back their debt or do they leave to go it alone. Either way, the pain that the Greek citizen will feel will be unlike any that most U.S. citizens have known during this latest economic crisis. Many fear that if Greece leaves the EU, other weak EU members will choose the same path and weaken the European region. However, it is unlikely that the picture of life in Greece after an exit will be a tempting display of life after exit. China is another country that is feeling the pain of economic downturn and the central bank has lowered interest rates in an attempt to stem the tide. Chinese stocks have been extremely volatile and China's central bank appears to be trying to support the markets. With the unreliability of Chinese economic releases, it is unclear about how deep the downturn has been and whether the “good times” in China were really as good as reported. It has reached a point when China cannot disguise the fact that their economy is faltering. Puerto Rico has announced that they will likely default on a large loan payment this summer and should be considered insolvent. Because Puerto Rico is a U.S. territory (not a state), it is more difficult to declare bankruptcy and to garner support from the U.S. government. The biggest implication of a large-scale Puerto Rican default is the impact that it may have on domestic mutual funds and pension funds that have considered Puerto Rico as an “American” holding in their portfolios with a commensurate risk profile.

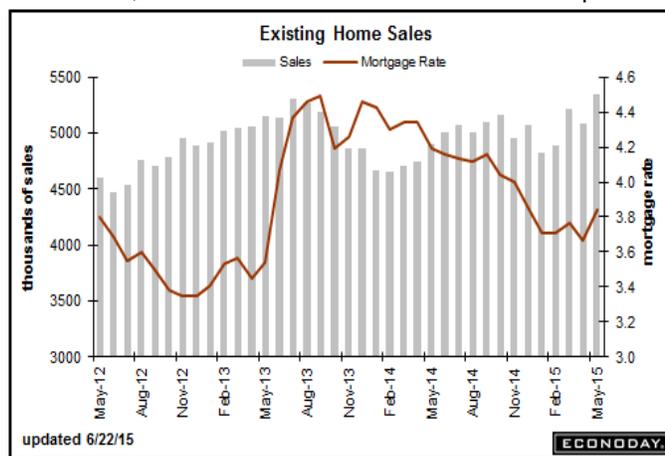
The Employment reports for June indicate that job creation continues to be moving in the right direction. The June report showed that 223,000 jobs were added, but there were downward adjustments made to

reports in May (revised to +254,000 versus the previously reported +280,000) and April (revised to +187,000 from the previously reported +221,000). The first quarter of 2015 had an average of 195,000 jobs added each month and the second quarter has averaged 221,000 jobs added each month. These are considered to be relatively strong gains. The Unemployment Rate fell to 5.3% from last month's report of 5.5%. Digging into the report, the bulk of unemployment is for the 16- to 24-year old potential worker. In this age span, the 16-19 year-olds face unemployment of

18.1%, while the 20-24 year-olds are experiencing a 9.9% unemployment rate. Moving to the 25-54 year-old range, the unemployment rate is 4.4% and the 55+ year-old range is at 3.7%. When looking at these statistics, it appears that in the age-ranges when consumers are supporting households and purchasing durable goods, unemployment does not appear to be a significant problem. This should be a good indicator of future consumption of homes, cars, appliances, etc. While improvement in the unemployment rate is a positive, the economy is still not experiencing an uptick in the Average Hourly Earnings Rate, which was flat in June. Year-over-year, the Average Hourly Earnings Rate is up 2.0%, and still in the target range of the Federal Open Market Committee (FOMC).



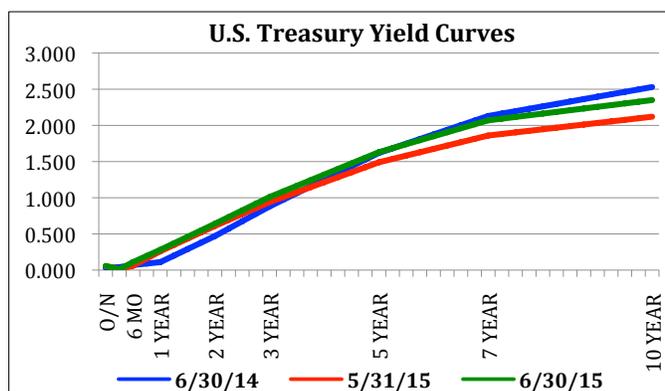
The housing sector improved again in May/June. In June, homebuilders recorded their most optimistic assessment of the market since the recovery began and Housing Starts and Permits reports support this optimism. Existing Home Sales rose 5.1% in May after falling 2.3% in April and May's report was the strongest in nearly two years. The biggest constraint on continued sales is the declining supply (at 5.1 months versus April's 5.2 months) and the rising prices (+7.9% year-over-year). First time buyers came in very strong, making up 32% of all sales. This is a very positive indicator that consumers are feeling more secure in taking on a large and long-term obligation. New Home Sales rose 2.2% in May after rising an impressive +8.1% in April. Supply is most critical in this sector, with only 4.5 months of supply available as compared to 4.6 months in April. Prices of New Homes fell 2.9%, but the mismatch between supply and new demand could begin to force prices higher. Construction Spending rose 0.8% in May after showing an increase of 2.1% in April, a sign that builders are attempting to meet the demand. The only negative indicator was the S&P Case Shiller report of home prices in the 20 metropolitan areas for May. Although the report indicated a 0.3% rise overall, there were price contractions reported in eight of the twenty cities.



Prices of New Homes fell 2.9%, but the mismatch between supply and new demand could begin to force prices higher. Construction Spending rose 0.8% in May after showing an increase of 2.1% in April, a sign that builders are attempting to meet the demand. The only negative indicator was the S&P Case Shiller report of home prices in the 20 metropolitan areas for May. Although the report indicated a 0.3% rise overall, there were price contractions reported in eight of the twenty cities.

The production side of the economy remains weak. The final reading of Gross Domestic Product (GDP) for the first quarter of 2015 came in at negative 0.2%, which was an improvement from the initial reading of negative 0.7%. Next month the advance reading of second quarter GDP will be released and the market is expecting an improvement, which would prove that the first quarter had negative results due to transitory factors. The headline numbers for most of the production indicators were negative, but many were impacted by a decline in airplane orders (which tend to whipsaw reports) and orders for energy-related equipment (resulting from a decline in gas prices). Once these two sectors are filtered out, the production reports for other sectors are not as negative. Purchasing managers for both manufacturing and service sectors remain optimistic. The Producer Price Index (PPI) rose 0.5% in May (following a decline of 0.4% in April) and the Consumer Price Index rose 0.4% in May after rising 0.1% in April. On the consumption front, Retail Sales rose 1.2% in May after rising 0.2% in April. Consumer Sentiment and Consumer Confidence reports indicate that consumers remain positive and reached the highest levels of the recovery.

The FOMC met on June 16<sup>th</sup> to 17<sup>th</sup> and both the announcement and Chair Janet Yellen's subsequent press conference implied that the FOMC remained cautiously optimistic that economic recovery would continue. When polled, fifteen of the FOMC members expect that the Fed Funds Rate will be increased during 2015. The announcement mentioned global economic stress, but was vague as to whether any further deterioration abroad would deter a Fed Funds Rate increase in the near term.



Current Government Security Investment Pool rates remained static, ranging in the +/-0.05% to +/-0.11% area in June. Certificate of Deposit rates finished June with the 2-year between 0.60% and 0.65%, slightly lower than in May. U.S. Treasury and Agency rates moved up and down during the month. The 1-year Treasury hit a high of 0.30%, but fell back to 0.26% (where it started the month). The two-year rose to 0.75% before falling back to 0.64% by the end of June (it started the month at 0.61%).

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