



# MONTHLY FINANCIAL REPORT

## PERFORMANCE SUMMARY

July 2016

	Current Month	Year to Date	Chart
<b>GENERAL FUND</b>			
Total Revenues as a % of Budget Compared to Prior Year	N/A	POSITIVE	A
Total Expenditures as a % Budget Compared to Prior Year	N/A	NEGATIVE	B
Property Tax Collection Analysis	NEGATIVE	POSITIVE	C
Sales Tax Collection Analysis	POSITIVE	POSITIVE	D
Expenditure Analysis	POSITIVE	NEGATIVE	E
<b>ENTERPRISE FUND</b>			
Water Billing Analysis	NEGATIVE	NEGATIVE	F
Sewer Billing Analysis	NEGATIVE	NEUTRAL	G
Expense Analysis	POSITIVE	POSITIVE	H
<b>HOTEL OCCUPANCY TAX REVENUE</b>			
Hotel Tax Revenue Analysis (most recent quarter)	N/A	N/A	I
Hotel Tax Revenue Analysis (quarterly comparison for year)	N/A	N/A	J
<b>SEDC</b>			
Sales Tax Collection Analysis	POSITIVE	POSITIVE	J
Expenditure Analysis	POSITIVE	POSITIVE	K
<b>CRIME DISTRICT</b>			
Sales Tax Collection Analysis	POSITIVE	POSITIVE	L
Expenditure Analysis	POSITIVE	POSITIVE	M
<b>INVESTMENTS</b>			
Investment Report	N/A	N/A	N

**PERFORMANCE INDICATORS:**

<b>POSITIVE</b>
<b>NEGATIVE</b>
<b>NEUTRAL</b>

Positive = Positive variance as compared to seasonal trend.

Negative = Negative variance as compared to seasonal trend.

Neutral = Variance is less than 1%

# GENERAL FUND



CHART A

## TOTAL REVENUE THROUGH JUNE 2016

	Budget	YTD Revenue	% of Budget Collected	Prior YTD % of Total Collected
Ad Valorem Taxes	4,358,162	4,360,902	100.06%	98.98%
Penalties & Interest	40,000	32,693	81.73%	82.22%
Sales Tax	1,600,000	1,491,455	93.22%	100.00%
Franchise Tax	725,000	640,687	88.37%	86.10%
Other Tax	150,000	139,347	92.90%	70.81%
License & Permits	225,000	116,858	51.94%	85.96%
Charges for Services	56,000	53,742	95.97%	76.77%
DOT Fines	30,000	79,594	265.31%	58.02%
Other Municipal Court Fees	369,100	355,538	96.33%	83.97%
Interest Income	750	17,877	2383.59%	68.34%
Intergovernmental	368,184	392,115	106.50%	83.86%
Other Revenue	32,500	47,259	145.41%	97.99%
Transfers from Enterprise Fund	1,756,685	1,463,905	83.33%	83.33%
Payment for Services-EDC	<u>200,000</u>	<u>166,667</u>	<u>83.33%</u>	<u>83.33%</u>
<b>Total Revenues</b>	<b>9,911,381</b>	<b>9,358,639</b>	<b>94.42%</b>	<b>89.42%</b>

\$1,600,000 unbudgeted payment from PHA not included for comparison purposes

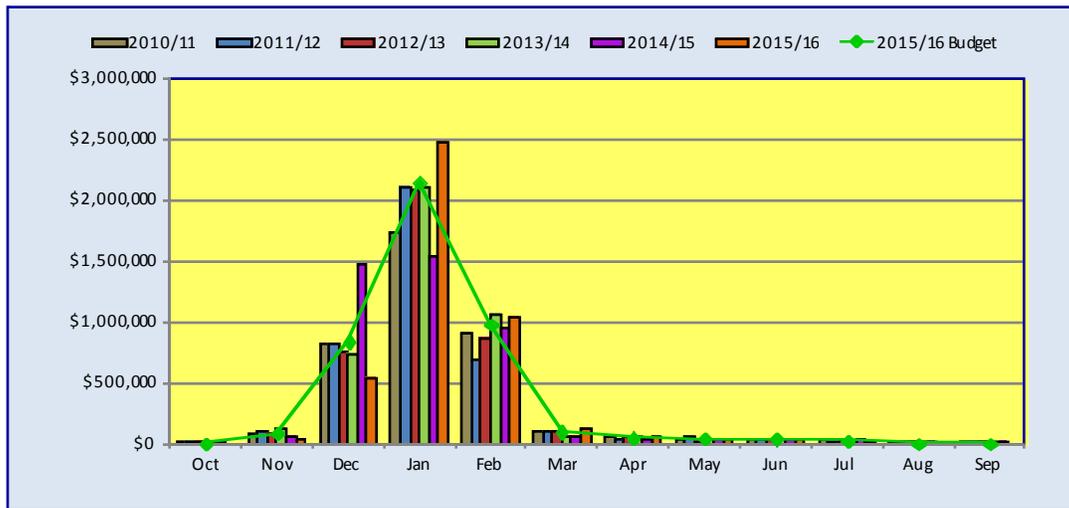
CHART B

## TOTAL EXPENDITURES THROUGH JULY 2016

	Budget	YTD Expenditures	% of Budget Expended	Prior YTD % of Total Expended
Personnel	6,576,490	5,322,317	80.93%	85.38%
Supplies	314,240	192,040	61.11%	77.72%
Services	2,652,709	2,144,698	80.85%	79.69%
Capital	247,680	320,322	129.33%	79.33%
Oper Transfer to Other Funds	0	0	0.00%	0.00%
<b>Total Expenditures</b>	<b>9,791,119</b>	<b>7,979,377</b>	<b>81.50%</b>	<b>75.55%</b>

CHART C

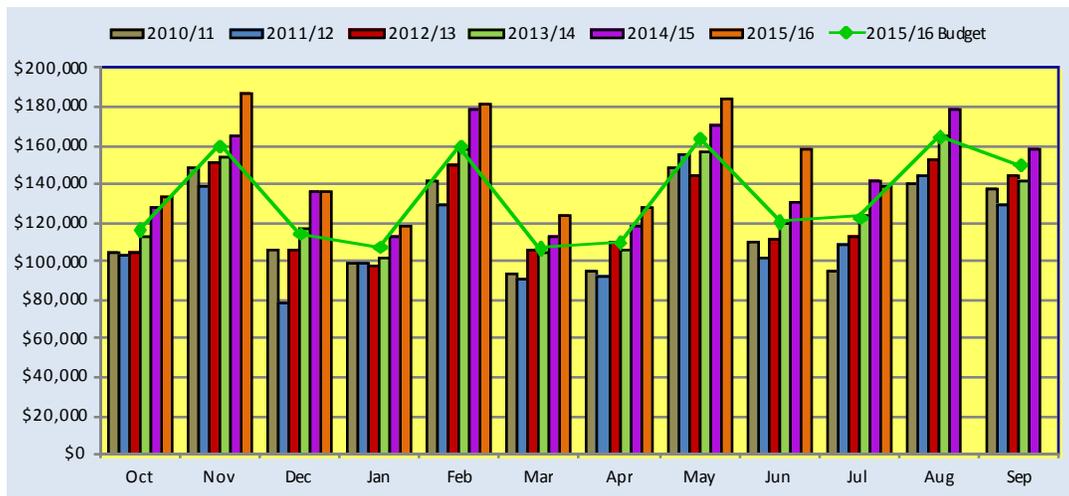
PROPERTY TAX ANALYSIS



Budget is divided into months based on the monthly percentages of the last 5 years' collections.  
 2014/15 December collections were higher than the trend but were offset by lower collections in January

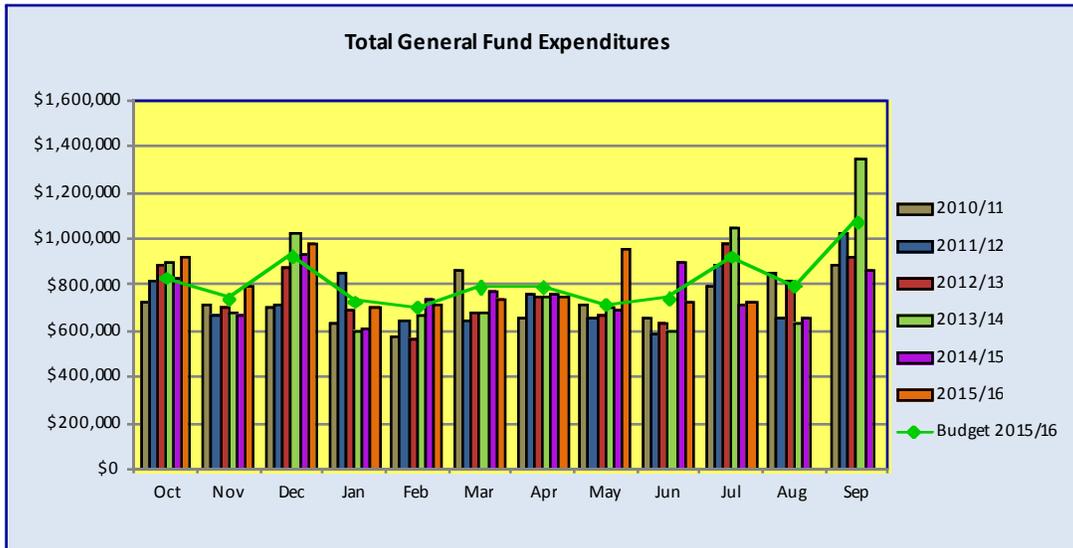
CHART D

SALES TAX ANALYSIS



2013/14 Budget is divided into months based on the monthly percentages of the last 5 years' activity of sales tax revenue.

EXPENDITURE ANALYSIS



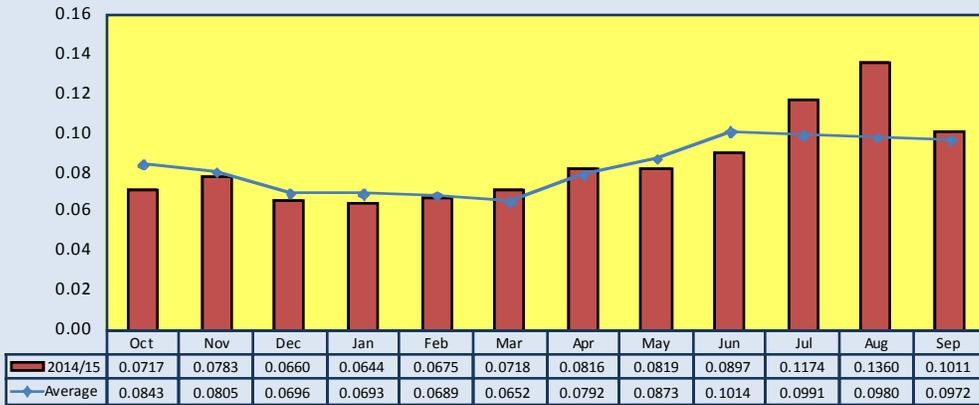
High expenditures in September 2010 are due to city hall A/C replacement.  
 High expenditures in September 2014 are due to Seascapes road construction



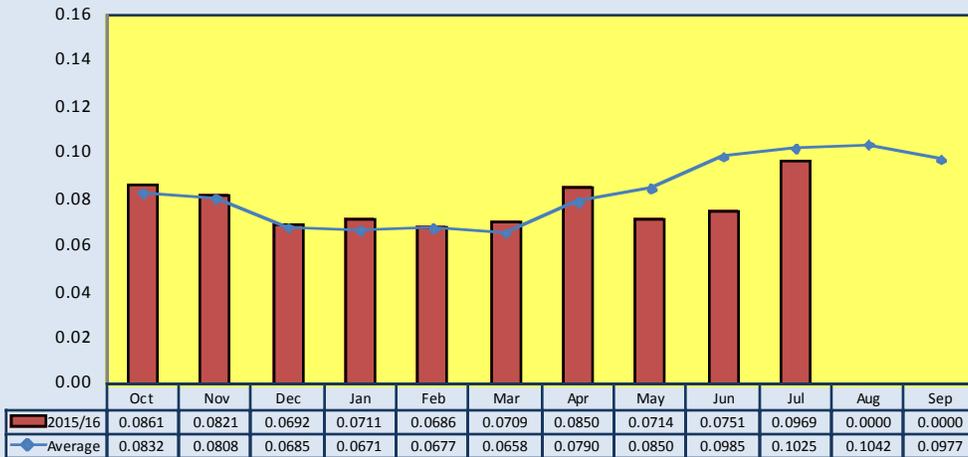
CHART F

WATER BILLING ANALYSIS

Average Percent of Water Billings by Month vs.  
2014/15 Percent of Budgeted Billings

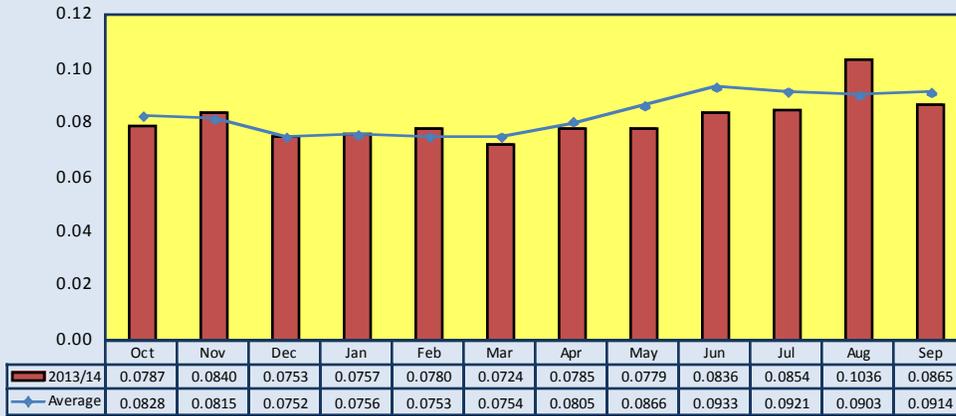


Average Percent of Water Billings by Month vs.  
2015/16 Percent of Budgeted Billings

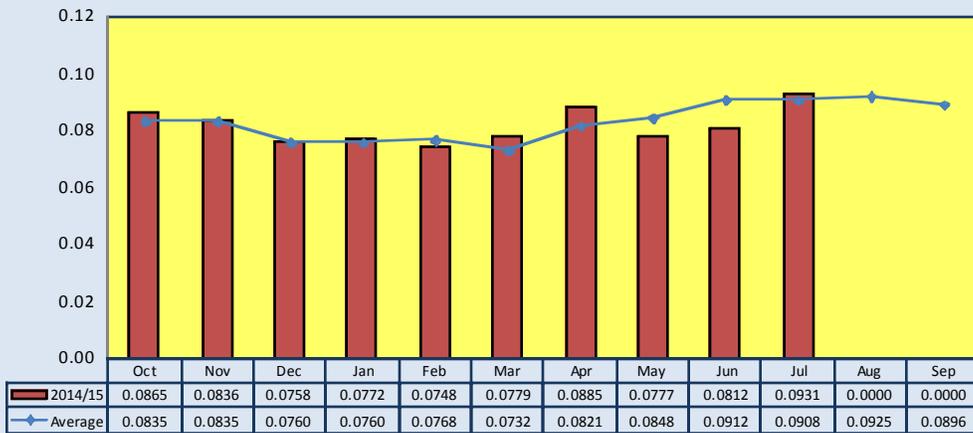


WASTEWATER BILLING ANALYSIS

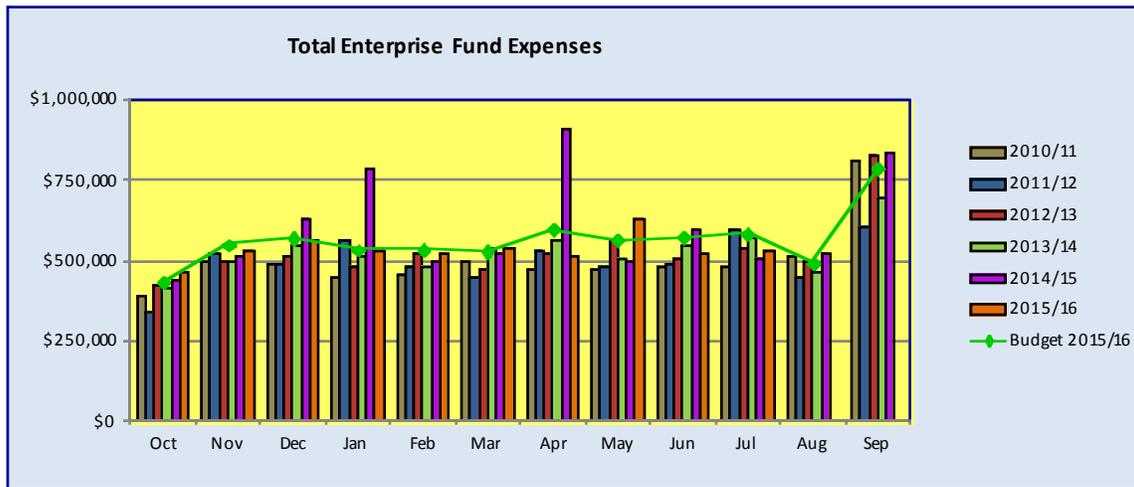
**Average Percent of Wastewater Billings by Month vs. 2014/15 Percent of Budgeted Billings**



**Average Percent of Wastewater Billings by Month vs. 2015/16 Percent of Budgeted Billings**



EXPENDITURE ANALYSIS



Sept 2013 and Nov 2013 EXCLUDE property acquisition

December 2014 & January 2015 expenses much higher than budgeted due to Lakeside lift station repairs

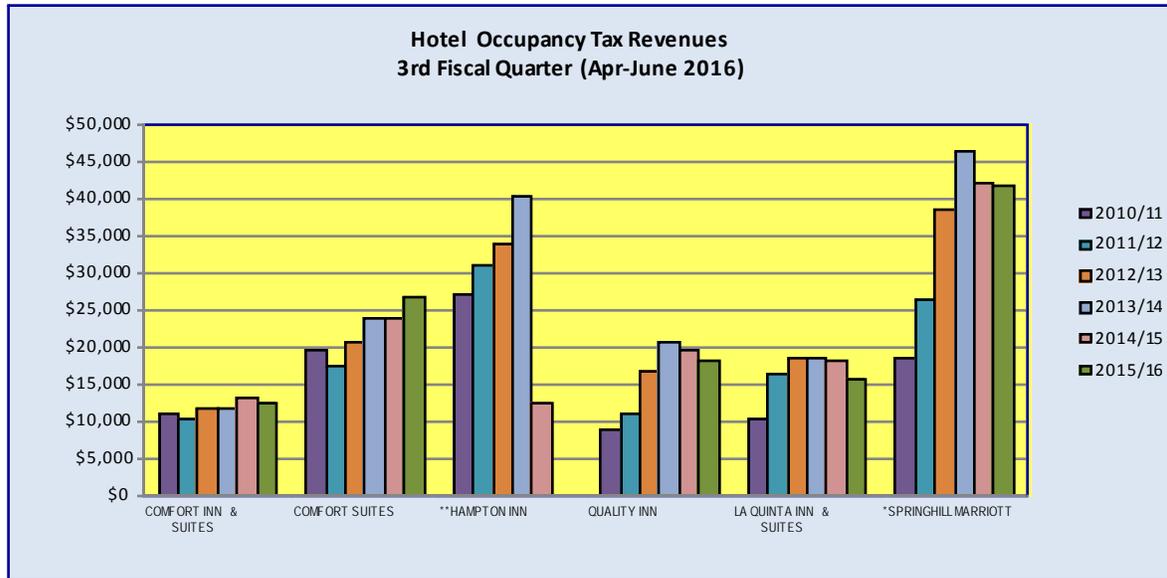
April 2015 expenses due to wastewater treatment plant upgrades

# HOTEL TAX FUND



CHART I

## HOTEL TAX REVENUE ANALYSIS

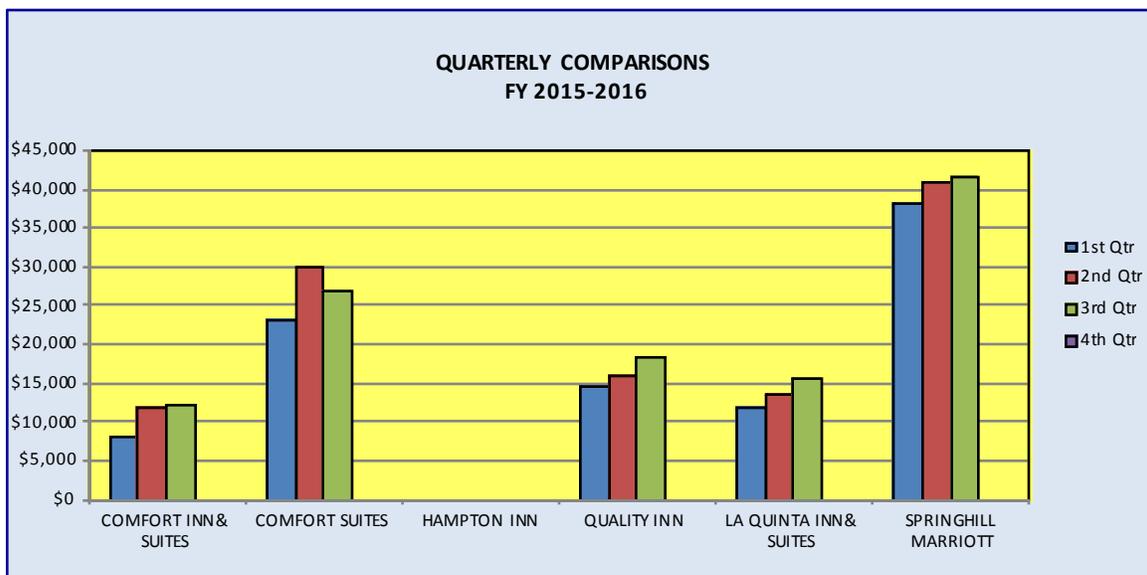


\*Springhill Marriott opened last quarter 2010

\*\* Hampton Inn closed 3rd quarter 2015 due to fire

CHART J

## HOTEL TAX REVENUE



\*\* Hampton Inn closed 3rd quarter 2015 due to fire

# SEABROOK EDC



CHART K

## SALES TAX REVENUE ANALYSIS

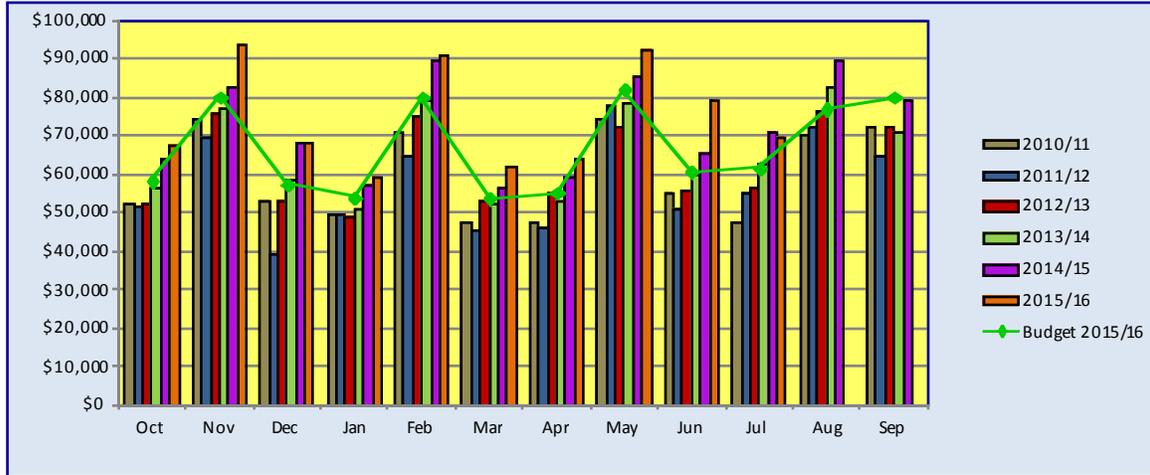


CHART L

## EXPENDITURE ANALYSIS



2015/16 September budget reflects appropriations for incentives and Business relocation off HWY 146  
 High exp in Nov 2011 was due to Gateway sign. High exp Nov 2014 was for the waterfront project July expenditures prior to 2013/14 included debt service payments.

# CRIME DISTRICT



CHART M

## SALES TAX REVENUE ANALYSIS

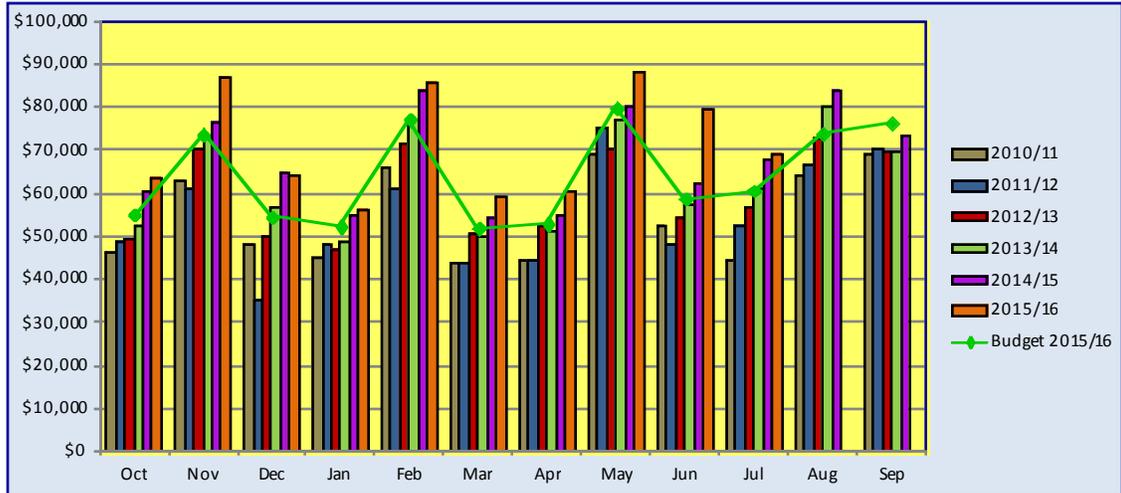
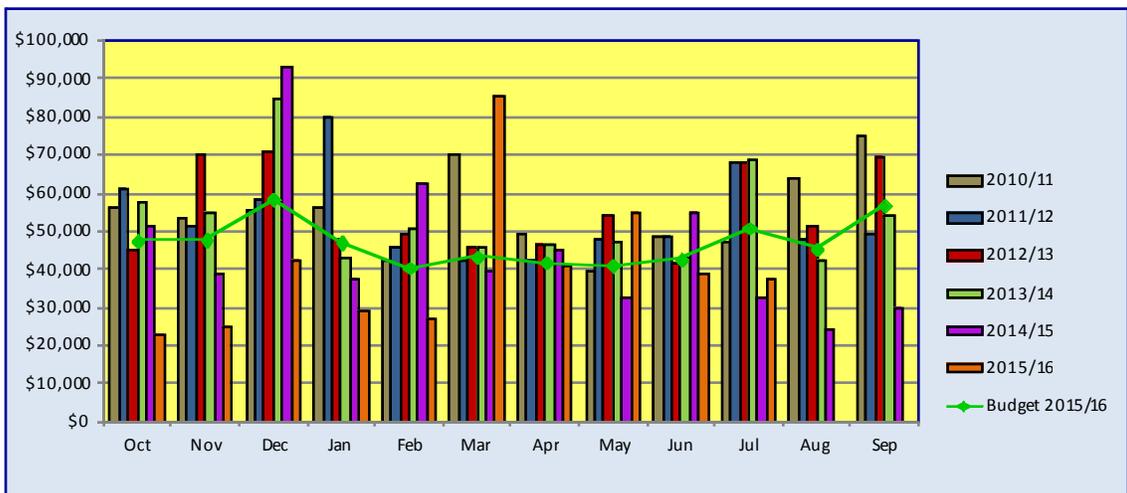


CHART N

## EXPENDITURE ANALYSIS



Large December expenditures included vehicles. March 2016 includes reallocation of personnel expense.

# INVESTMENTS



CHART 0

## MONTHLY INVESTMENT REPORT

### TEXPOOL REPORT

MONTH OF JULY 2016  
0.0037%

	BEGINNING BALANCE	TRANSFER IN/(OUT)	INT EARNED (Posted July)	ENDING BALANCE	PURPOSE OF FUND
GENERAL FUND - UNRESTRICTED	6,626,637.19	(397,226.07)	2,544.37	6,231,955.49	Working capital
GENERAL FUND - RESTRICTED	1,600,000.00	0.00	incl in above	1,600,000.00	
ENTERPRISE FUND - UNRESTRIC	2,107,883.15	(296,555.30)	703.90	1,812,031.75	Working capital
ENTERPRISE FUND - RESTRICTE	300,000.00	0.00	incl in above	300,000.00	Customer liability
CAPITAL IMPACT FEES	2,471,786.20	0.00	774.59	2,472,560.79	Water & sewer lines extensions & expansions
PARK FEES	83,298.34	(3,000.00)	26.02	80,324.36	Reserved for acquisition & development of park land
SEIZURE	92,779.54	0.00	29.07	92,808.61	Solely to purchase equipment for Law Enforcement
CHILD SAFETY PROGRAMS	32,204.80	0.00	10.09	32,214.89	Reserved for Child Safety/School Zones
FEDERAL SEIZURE	15,043.69	0.00	4.71	15,048.40	Criminal Investigation - Federal Funds
HOTEL/MOTEL FUND	1,248,878.64	(685.76)	391.18	1,248,584.06	Restricted for promotion of tourism
DEBT SERVICE FUND	3,359,614.61	(1,121,062.52)	845.45	2,239,397.54	Restricted for General fund reserves & yearly debt service
WTR/SWR BONDS	2,761,233.52	0.00	865.29	2,762,098.81	Funds transferred from Bond Mkt Acct to allow liquidity
IT BONDS	72,632.38	0.00	22.76	72,655.14	Fiber Optics
PD & GF BONDS	6,583,431.19	(195,000.00)	2,057.42	6,390,488.61	Public Wokrks Facility
FIRE BONDS	23,630.51	(3,000.00)	7.32	20,637.83	Fire Engine
PARK BONDS	0.01	(0.01)	0.00	0.00	Splash Pad
LIBRARY BONDS	70.69	(70.69)	0.00	(0.00)	Funds transferred from Bond Mkt Acct to allow liquidity
LAKESIDE DRIVE CERT DEP	88,281.70	(20,000.00)	27.09	68,308.79	
CAROTHERS	79,562.88	(2,000.00)	24.87	77,587.75	
CRIME DISTRICT	922,971.46	(2,797.85)	288.49	920,462.10	Funds transferred from Bond Mkt Acct to allow liquidity
SEDC II - UNRESTRICTED	3,001,952.19	41,398.20	1,006.96	3,044,357.35	Seabrook Economic Development Corporation II
SEDC II - RESTRICT FOR EMERG	180,000.00	0.00	incl in above	180,000.00	Emergency Reserve
STEP FUND	70,632.38	0.00	22.13	70,654.51	
PUBLIC SAFETY	213,763.16	0.00	66.99	213,830.15	
MUNI COURT - SECURITY FUND	23,855.82	0.00	7.48	23,863.30	Funds from fines to be used for security
COURT - TIME PAYMENT FEES	14,975.48	0.00	4.69	14,980.17	Funds from fines to be used to improve court
MUNI COURT - TECHNOLOGY FUNI	6,361.34	0.00	1.99	6,363.33	
PEG Fund	88,809.40	0.00	27.83	88,837.23	
STABILIZATION FUND	803,532.78	0.00	251.80	803,784.58	
<b>TOTAL TEXPOOL FUND</b>	<b>32,873,823.05</b>	<b>(2,000,000.00)</b>	<b>10,012.49</b>	<b>\$30,883,835.54</b>	

The investment portfolio of the City of Seabrook is in compliance with the investment strategies expressed in the City's Investment Policy and relevant provisions of Chapter 2256 of the Local Government Code.

*Pam Lab*

Finance Director



# Monthly Newsletter: August 2016

## ANNOUNCEMENTS

**We would like to recognize and welcome the following entities who joined the TexPool program in July 2016:**

**TexPool**

- Mexia Economic Development Corp.
- Pilot Knob MUD 3
- Killeen Economic Development Corp.

**Upcoming Events**

- 8/24/16 - 8/26/16, Austin  
TAC Legislative Conference
- 9/19/16 - 9/22/16, South Padre  
CIAT Annual Conference
- 9/23/16 - 9/24/16, Houston  
TASA/TASB Annual Conference

**TexPool Advisory Board Members**

- |                    |                 |
|--------------------|-----------------|
| Jose Elizondo, Jr. | Vivian Wood     |
| Georgia Sanchez    | Jerry Dale      |
| Patrick Krishock   | Sharon Matthews |
| Michele Tuttle     | David Landeros  |

Overseen by the State of Texas Comptroller of Public Accounts Glenn Hegar.

Operated under the supervision of the Texas Treasury Safekeeping Trust Company

For more information visit [www.texpool.com](http://www.texpool.com).

## Economic and Market Commentary: Fed optimism comes at opportune time

August 1, 2016

The statement released by the Federal Reserve after each of its policy-setting meetings is intentionally ambiguous so as not to tip its hand or rattle markets if it doesn't take action on rates, as was the case last week. One trick of the trade for deciphering "Fedspeak" is to look for what is not said as much as what is said. The lack of any mention in last week's statement of the surprise U.K. vote to leave the European Union is a good sign. Most expected the Fed to cite global sources of volatility and weakness as factors for why it did not hike rates. Not only does the absence of a Brexit reference suggest that Chair Janet Yellen and company were not spooked by the global volatility that followed, it also lends more weight to their optimism about the signs of strength in the U.S. economy. The domestic economy must be doing well if it is able to overshadow concerns the Fed might have about the U.K. split.

Economic statistics over the last month did exceed most expert's expectations, especially those concerning employment, housing and consumers. Even certain measures of inflation are finally warming up. All of this is why we continue to be of the opinion the Fed likely will raise the target rate by 25 basis points sometime this year.

The optimistic tone of the Federal Open Market Committee (FOMC) statement could hardly come at a better time for cash managers, considering the uncertainty for money markets as the Oct. 14 implementation date of the SEC's money fund reforms creeps

*(continued page 6)*

Performance as of July 31, 2016		
	TexPool	TexPool Prime
Current Invested Balance	\$14,325,209,856.52	\$1,943,653,375.30
Weighted Average Maturity**	39 Days	38 Days
Weighted Average Life**	80 Days	48 Days
Net Asset Value	1.00016	1.00013
Total Number of Participants	2,364	207
Management Fee on Invested Balance	0.0473%	0.0638%
Interest Distributed	\$4,556,055.63	\$1,004,529.91
Management Fee Collected	\$543,853.30	\$87,520.80
Standard & Poor's Current Rating	AAAm	AAAm
<b>Month Averages</b>		
Average Invested Balance	\$14,546,622,530.94	\$2,072,076,356.99
Average Monthly Rate*	0.37%	0.57%
Average Weighted Average Maturity**	42	34
Average Weighted Average Life**	75	44

\*This average monthly rate for TexPool Prime for each date may reflect a waiver of some portion or all of each of the management fees.  
\*\*See page 2 for definitions.

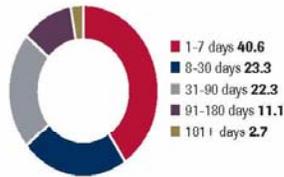
TexPool Participant Services  
1001 Texas Avenue, Suite 1400 · Houston, TX 77002  
Phone: 1-866-TEXPOOL (839-7665) · Fax: 1-866-839-3291 · [TexPool.com](http://TexPool.com)

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G35884-24 (8/16)



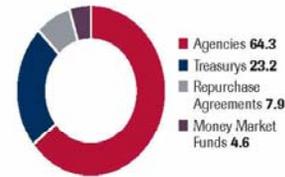
### Portfolio by Maturity (%)

As of July 31, 2016



### Portfolio by Type of Investment (%)

As of July 31, 2016



#### Portfolio Asset Summary as of July 31, 2016

	Book Value	Market Value
Uninvested Balance	-166.99	-166.99
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	22,663,250.58	22,663,250.58
Interest and Management Fees Payable	-4,556,045.82	-4,556,045.82
Payable for Investments Purchased	-200,000,000.00	-200,000,000.00
Accrued Expenses & Taxes	-51,686.61	-51,686.61
Repurchase Agreements	1,141,795,000.00	1,141,795,000.00
Mutual Fund Investments	670,022,103.88	670,022,103.88
Government Securities	6,752,722,668.73	6,754,491,359.88
US Treasury Bills	0.00	0.00
US Treasury Notes	5,942,614,732.75	5,943,187,310.68
<b>Total</b>	<b>\$14,325,209,856.52</b>	<b>\$14,327,551,125.60</b>

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Federated Investment Counseling and the assets are safe kept in a separate custodial account at State Street Bank in the name of TexPool. The only source of payment to the Participants is the assets of TexPool. There is no secondary source of payment for the pool such as insurance or State guarantee. Should you require a copy of the portfolio, please contact TexPool Participant Services.

#### Participant Summary

	Number of Participants	Balance
School District	575	\$4,091,511,748.17
Higher Education	57	\$1,112,688,461.09
Healthcare	81	\$565,366,510.38
Utility District	741	\$2,240,394,854.11
City	455	\$3,777,183,600.31
County	180	\$1,131,659,434.83
Other	275	\$1,406,300,061.05

#### \*\*Definition of Weighted Average Maturity and Weighted Average Life

WAM is the mean average of the periods of time remaining until the securities held in TexPool (a) are scheduled to be repaid, (b) would be repaid upon a demand by TexPool, or (c) are scheduled to have their interest rate readjusted to reflect current market rates. Securities with adjustable rates payable upon demand are treated as maturing on the earlier of the two dates set forth in (b) and (c) if their scheduled maturity is 397 days or less; and the later of the two dates set forth in (b) and (c) if their scheduled maturity is more than 397 days. The mean is weighted based on the percentage of the amortized cost of the portfolio invested in each period.

WAL is calculated in the same manner as WAM, but is based solely on the periods of time remaining until the securities held in TexPool (a) are scheduled to be repaid or (b) would be repaid upon a demand by TexPool, without reference to when interest rates of securities within TexPool are scheduled to be readjusted.



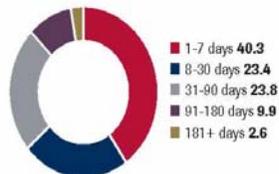
Daily Summary						
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
7/1/2016	0.3624%	0.000009930	\$14,583,979,466.29	1.00013	46	79
7/2/2016	0.3624%	0.000009930	\$14,583,979,466.29	1.00013	46	79
7/3/2016	0.3624%	0.000009930	\$14,583,979,466.29	1.00013	46	79
7/4/2016	0.3624%	0.000009930	\$14,583,979,466.29	1.00013	46	79
7/5/2016	0.3580%	0.000009908	\$14,770,316,924.74	1.00014	45	76
7/6/2016	0.3587%	0.000009828	\$14,661,669,217.42	1.00014	45	77
7/7/2016	0.3586%	0.000009826	\$14,688,676,909.12	1.00012	44	76
7/8/2016	0.3604%	0.000009873	\$14,667,119,968.10	1.00012	44	76
7/9/2016	0.3604%	0.000009873	\$14,667,119,968.10	1.00012	44	76
7/10/2016	0.3604%	0.000009873	\$14,667,119,968.10	1.00012	44	76
7/11/2016	0.4043%	0.000011076	\$14,722,275,183.47	1.00013	42	73
7/12/2016	0.3689%	0.000010132	\$14,895,670,587.58	1.00012	43	73
7/13/2016	0.3722%	0.000010198	\$14,576,263,373.80	1.00012	43	73
7/14/2016	0.3742%	0.000010251	\$14,446,165,674.35	1.00012	42	73
7/15/2016	0.3753%	0.000010282	\$14,455,984,375.34	1.00012	43	73
7/16/2016	0.3753%	0.000010282	\$14,455,984,375.34	1.00012	43	73
7/17/2016	0.3753%	0.000010282	\$14,455,984,375.34	1.00012	43	73
7/18/2016	0.3736%	0.000010235	\$14,534,019,314.21	1.00011	41	70
7/19/2016	0.3671%	0.000010057	\$14,713,228,253.93	1.00011	42	73
7/20/2016	0.3741%	0.000010250	\$14,398,969,638.58	1.00011	43	75
7/21/2016	0.3747%	0.000010266	\$14,405,966,705.91	1.00012	43	75
7/22/2016	0.3784%	0.000010366	\$14,346,151,019.13	1.00011	41	73
7/23/2016	0.3784%	0.000010366	\$14,346,151,019.13	1.00011	41	73
7/24/2016	0.3784%	0.000010366	\$14,346,151,019.13	1.00011	41	73
7/25/2016	0.3770%	0.000010328	\$14,736,779,591.22	1.00010	38	73
7/26/2016	0.3796%	0.000010401	\$14,636,556,917.10	1.00010	39	73
7/27/2016	0.3811%	0.000010442	\$14,541,029,068.39	1.00012	38	73
7/28/2016	0.3688%	0.000010105	\$14,498,397,576.97	1.00013	39	80
7/29/2016	0.3514%	0.000009628	\$14,325,209,856.52	1.00016	39	80
7/30/2016	0.3514%	0.000009628	\$14,325,209,856.52	1.00016	39	80
7/31/2016	0.3514%	0.000009628	\$14,325,209,856.52	1.00016	39	80
<b>Average:</b>	<b>0.3690%</b>	<b>0.000010109</b>	<b>\$14,546,622,530.94</b>	<b>1.00012</b>	<b>42</b>	<b>75</b>



## TEXPOOL PRIME

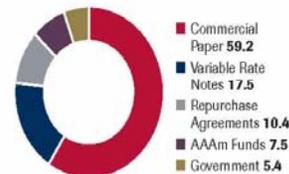
### Portfolio by Maturity (%)

As of July 31, 2016



### Portfolio by Type of Investment (%)

As of July 31, 2016



### Portfolio Asset Summary as of July 31, 2016

	Book Value	Market Value
Uninvested Balance	-39.63	-39.63
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	619,509.71	619,509.71
Interest and Management Fees Payable	-1,004,539.68	-1,004,539.68
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-8,772.96	-8,772.96
Repurchase Agreements	201,922,000.00	201,922,000.00
Commercial Paper	1,150,471,715.41	1,150,618,730.90
Bank Instruments	0.00	0.00
Mutual Fund Investments	146,014,192.88	146,014,192.88
Government Securities	105,233,162.85	105,271,480.00
Variable Rate Notes	340,406,146.72	340,465,780.70
<b>Total</b>	<b>\$1,943,653,375.30</b>	<b>\$1,943,898,341.92</b>

*Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Federated Investment Counseling and the assets are safe kept in a separate custodial account at State Street Bank in the name of TexPool Prime. The assets of TexPool Prime are the only source of payments to the Participants. There is no secondary source of payment for the pool such as insurance or State guarantee. Should you require a copy of the portfolio, please contact TexPool Participant Services*

### Participant Summary

	Number of Participants	Balance
School District	87	\$1,073,812,837.47
Higher Education	9	\$164,378,162.48
Healthcare	10	\$33,982,730.81
Utility District	9	\$122,849,149.14
City	43	\$206,011,970.79
County	25	\$189,219,847.84
Other	24	\$153,395,554.90



## TEXPOOL *PRIME*

### Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Prime Invested Balance	NAV	WAM Days	WAL Days
7/1/2016	0.5507%	0.000015087	\$2,247,587,824.45	1.00016	36	46
7/2/2016	0.5507%	0.000015087	\$2,247,587,824.45	1.00016	36	46
7/3/2016	0.5507%	0.000015087	\$2,247,587,824.45	1.00016	36	46
7/4/2016	0.5507%	0.000015087	\$2,247,587,824.45	1.00016	36	46
7/5/2016	0.5636%	0.000015442	\$2,235,430,005.06	1.00018	35	44
7/6/2016	0.5731%	0.000015702	\$2,139,628,162.99	1.00019	35	46
7/7/2016	0.5781%	0.000015838	\$2,076,680,280.13	1.00019	36	47
7/8/2016	0.5844%	0.000016011	\$2,065,785,997.79	1.00016	36	47
7/9/2016	0.5844%	0.000016011	\$2,065,785,997.79	1.00016	36	47
7/10/2016	0.5844%	0.000016011	\$2,065,785,997.79	1.00016	36	47
7/11/2016	0.5625%	0.000015412	\$2,090,853,684.33	1.00018	34	43
7/12/2016	0.5724%	0.000015682	\$2,097,432,808.22	1.00018	33	43
7/13/2016	0.5709%	0.000015641	\$2,070,271,853.46	1.00018	33	43
7/14/2016	0.5789%	0.000015857	\$2,037,961,669.92	1.00019	33	43
7/15/2016	0.5805%	0.000015905	\$2,026,317,459.24	1.00017	33	43
7/16/2016	0.5805%	0.000015905	\$2,026,317,459.24	1.00017	33	43
7/17/2016	0.5805%	0.000015905	\$2,026,317,459.24	1.00017	33	43
7/18/2016	0.5778%	0.000015831	\$2,024,817,742.03	1.00019	30	40
7/19/2016	0.5759%	0.000015777	\$2,011,442,388.04	1.00019	32	41
7/20/2016	0.5782%	0.000015842	\$1,997,616,265.57	1.00019	32	41
7/21/2016	0.5653%	0.000015489	\$2,042,949,278.79	1.00017	31	40
7/22/2016	0.5617%	0.000015388	\$2,024,116,805.22	1.00014	31	40
7/23/2016	0.5617%	0.000015388	\$2,024,116,805.22	1.00014	31	40
7/24/2016	0.5617%	0.000015388	\$2,024,116,805.22	1.00014	31	40
7/25/2016	0.5467%	0.000014079	\$2,066,306,373.84	1.00015	28	37
7/26/2016	0.5651%	0.000015483	\$2,089,138,042.03	1.00014	35	44
7/27/2016	0.5637%	0.000015443	\$2,064,463,146.22	1.00014	37	46
7/28/2016	0.5817%	0.000015938	\$2,019,503,755.60	1.00015	37	46
7/29/2016	0.5962%	0.000016335	\$1,943,653,375.30	1.00013	38	48
7/30/2016	0.5962%	0.000016335	\$1,943,653,375.30	1.00013	38	48
7/31/2016	0.5962%	0.000016335	\$1,943,653,375.30	1.00013	38	48
<b>Average:</b>	<b>0.5718%</b>	<b>0.000015665</b>	<b>\$2,072,076,356.99</b>	<b>1.00016</b>	<b>34</b>	<b>44</b>

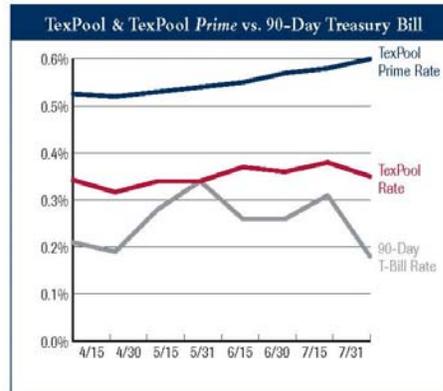


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closer. While the requirement that institutional prime and tax-free money funds float their net asset value (NAV) is at the heart of the changes, cash managers are currently more concerned about whether or not clients in their prime products will move funds to government ones. That unknown has most prime funds being conservative and favoring liquidity, all of which has narrowed spreads. We have our weighted average maturity targeted at 40-50 days for government portfolios and 35-45 for prime, but specifically for what we believe to be the core assets of each portfolio. The London interbank offered rate has risen across the curve.

Federated's broad strategy for this unique time in U.S. financial history is to have a bucket for all participants to transfer their funds into, including government, private, retail and separate accounts. And we stick to our opinion that spreads for prime portfolios will eventually grow enough to entice some clients back into them.

It is worth noting that the New York Fed's reverse repo program will be crucial to this period. If cash flows to government securities are so great as to push down their yields to extremely low levels, cash managers can instead go to the Fed at a floor of 25 basis points, as long as they have access to this facility, as we do. This program has been, and continues to be, vital to nightly operations. You might even say unambiguously so.



*90-Day Treasury Bill is a short-term debt instrument backed by the national government. These are used to collect immediate cash to meet outstanding obligations.*

*Any private investor can invest in a Treasury bill. The 90-Day Treasury Bill is a weighted average rate of the weekly auctions of 90-Day Treasury Bills.*