

MONTHLY FINANCIAL REPORT

PERFORMANCE SUMMARY

September 2016

	Current Month	Year to Date	Chart
GENERAL FUND			
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	POSITIVE	POSITIVE	C
Sales Tax Collection Analysis	POSITIVE	POSITIVE	D
Expenditure Analysis	NEGATIVE	NEGATIVE	E
ENTERPRISE FUND			
Water Billing Analysis	NEGATIVE	NEGATIVE	F
Sewer Billing Analysis	NEGATIVE	POSITIVE	G
Expense Analysis	NEGATIVE	NEUTRAL	H
HOTEL OCCUPANCY TAX REVENUE			
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
SEDC			
Sales Tax Collection Analysis	POSITIVE	POSITIVE	J
Expenditure Analysis	POSITIVE	POSITIVE	K
CRIME DISTRICT			
Sales Tax Collection Analysis	POSITIVE	POSITIVE	L
Expenditure Analysis	NEGATIVE	POSITIVE	M
INVESTMENTS			
Investment Report	N/A	N/A	N

PERFORMANCE INDICATORS:

POSITIVE
NEGATIVE
NEUTRAL

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 SEPTEMBER 2016

	Budget	YTD Revenue	% of Budget Collected	Prior YTD % of Total Collected
Ad Valorem Taxes	4,358,162	4,390,158	100.73%	100.00%
Penalties & Interest	40,000	38,889	97.22%	100.00%
Sales Tax	1,600,000	1,830,686	114.42%	100.00%
Franchise Tax	725,000	796,501	109.86%	100.00%
Other Tax	150,000	189,090	126.06%	100.00%
License & Permits	225,000	162,395	72.18%	100.00%
Charges for Services	56,000	65,648	117.23%	100.00%
DOT Fines	30,000	94,506	315.02%	100.00%
Other Municipal Court Fees	369,100	436,300	118.21%	100.00%
Interest Income	750	22,275	2970.02%	100.00%
Intergovernmental	368,184	484,424	131.57%	100.00%
Other Revenue	32,500	51,210	157.57%	100.00%
Transfers from Enterprise Fund	1,756,685	1,756,686	100.00%	100.00%
Payment for Services-EDC	<u>200,000</u>	<u>200,000</u>	<u>100.00%</u>	<u>100.00%</u>
Total Revenues	9,911,381	10,518,768	106.13%	100.00%

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

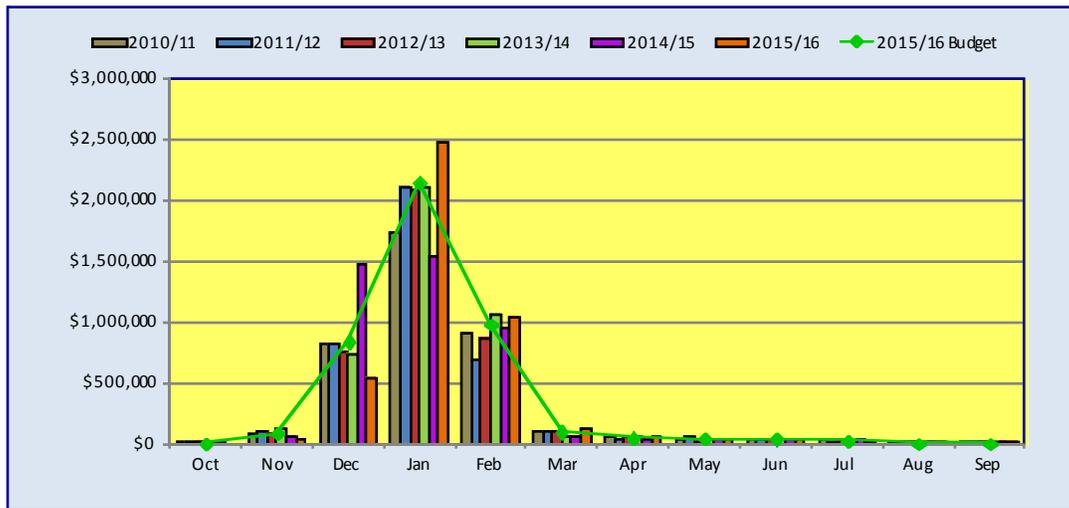
CHART B

TOTAL EXPENDITURES THROUGH SEPTEMBER 2016

	Budget	YTD Expenditures	% of Budget Expended	Prior YTD % of Total Expended
Personnel	6,576,490	6,382,119	97.04%	100.00%
Supplies	314,240	265,811	84.59%	100.00%
Services	2,652,709	2,673,253	100.77%	100.00%
Capital	<u>247,680</u>	<u>553,845</u>	<u>223.61%</u>	<u>100.00%</u>
Total Expenditures	9,791,119	9,875,028	100.86%	90.58%

CHART C

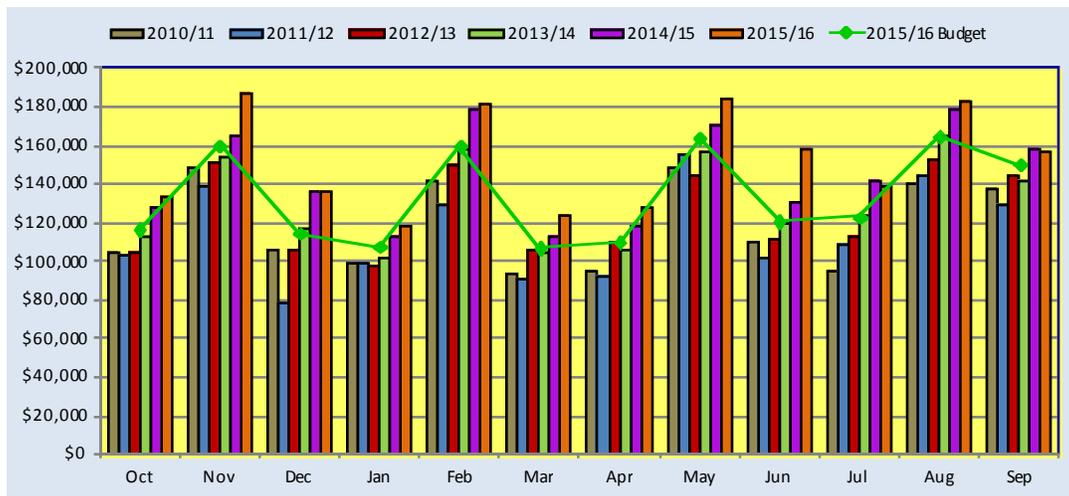
PROPERTY TAX ANALYSIS



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

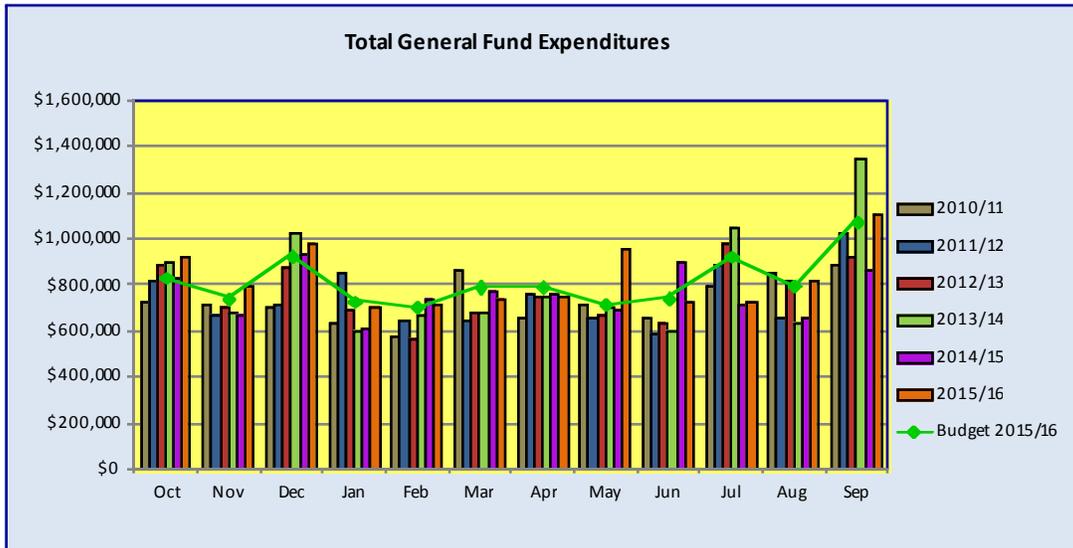
CHART D

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



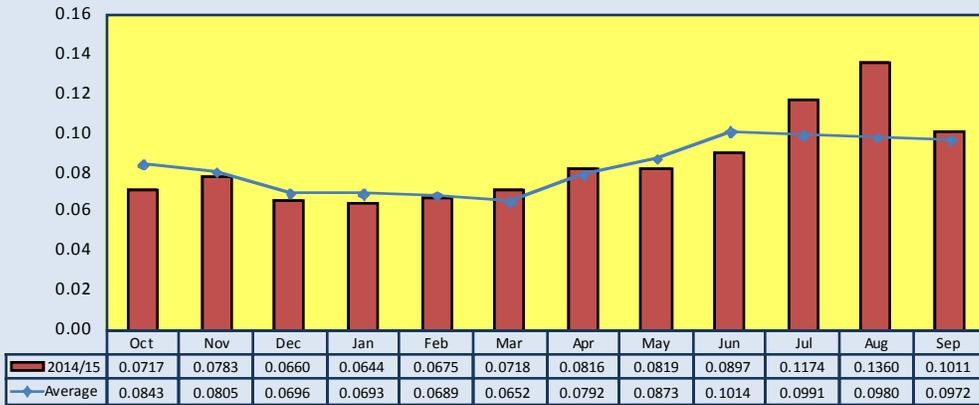
High expenditures in September 2010 are due to city hall A/C replacement.
High expenditures in September 2014 are due to Seascapes road construction



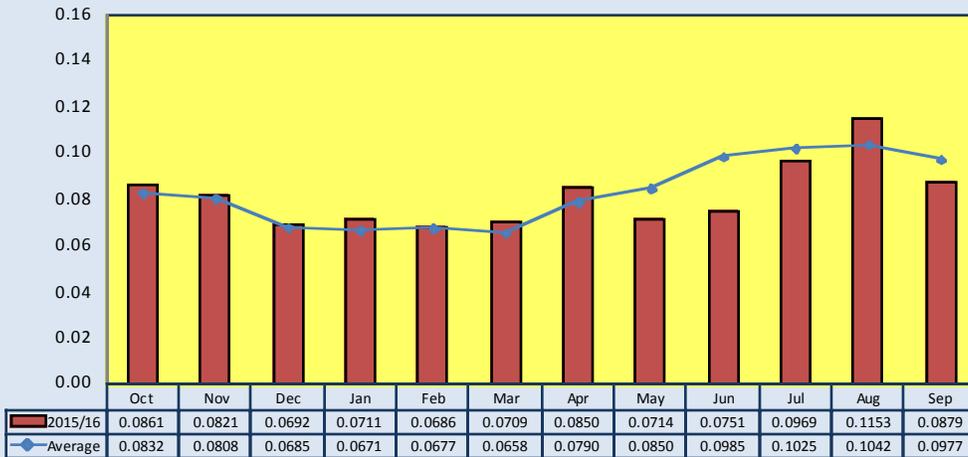
CHART F

WATER BILLING ANALYSIS

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

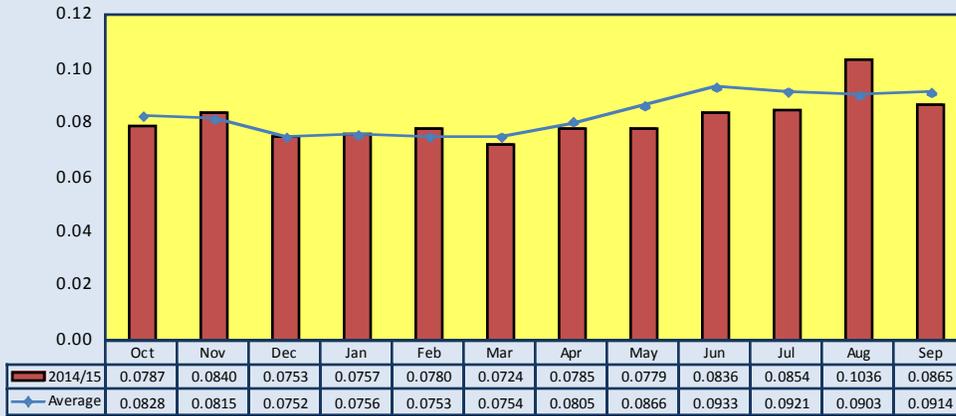


Average Percent of Water Billings by Month vs.
2015/16 Percent of Budgeted Billings

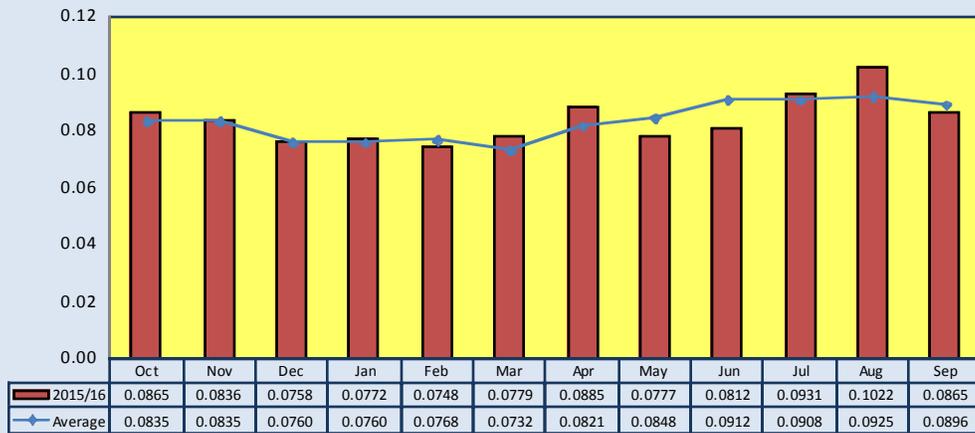


WASTEWATER BILLING ANALYSIS

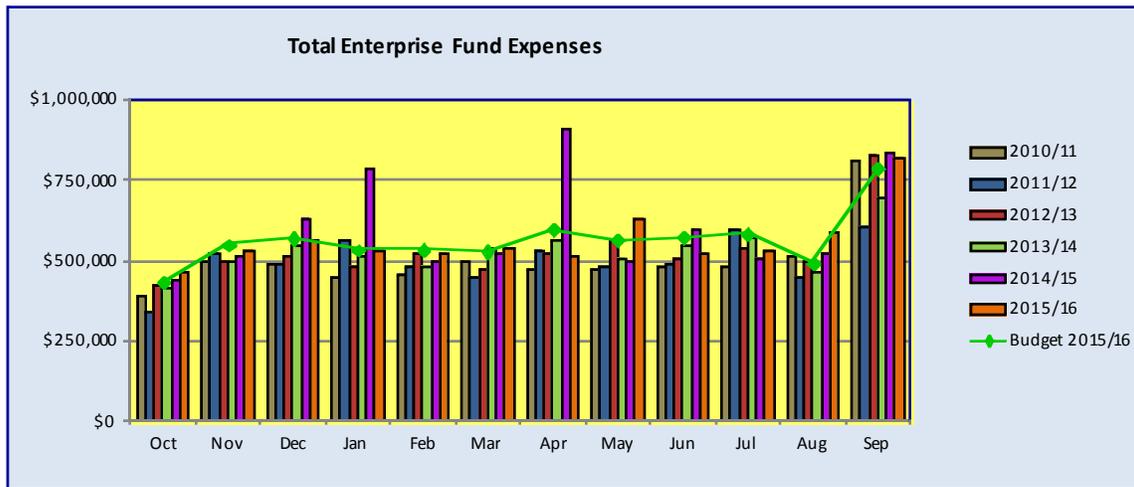
Average Percent of Wastewater Billings by Month vs. 2014/15 Percent of Budgeted Billings



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

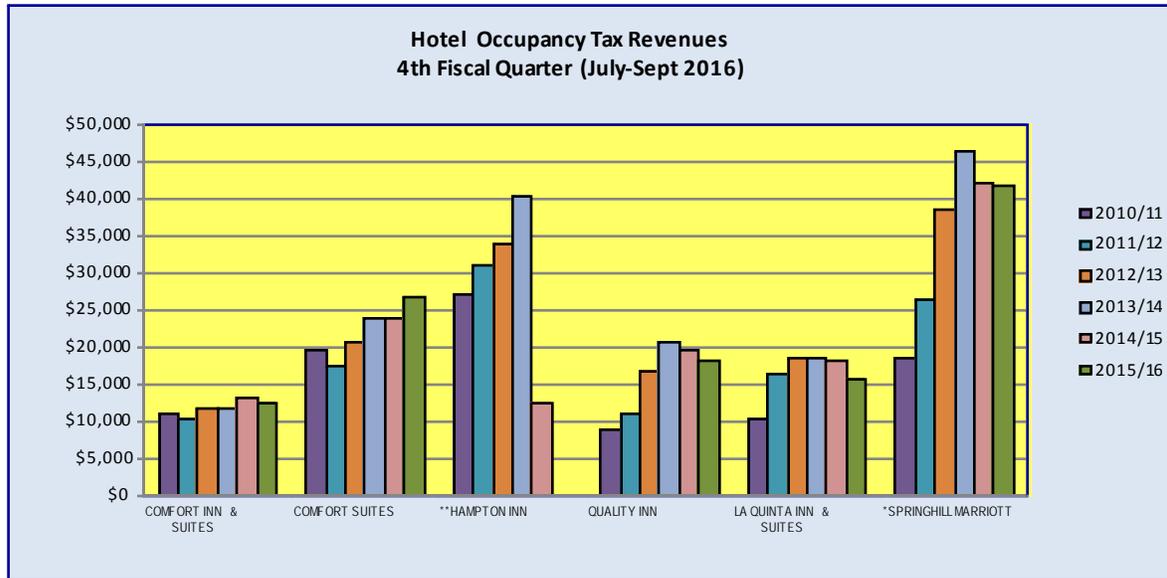
April 2015 expenses due to wastewater treatment plant upgrades

HOTEL TAX FUND



CHART I

HOTEL TAX REVENUE ANALYSIS

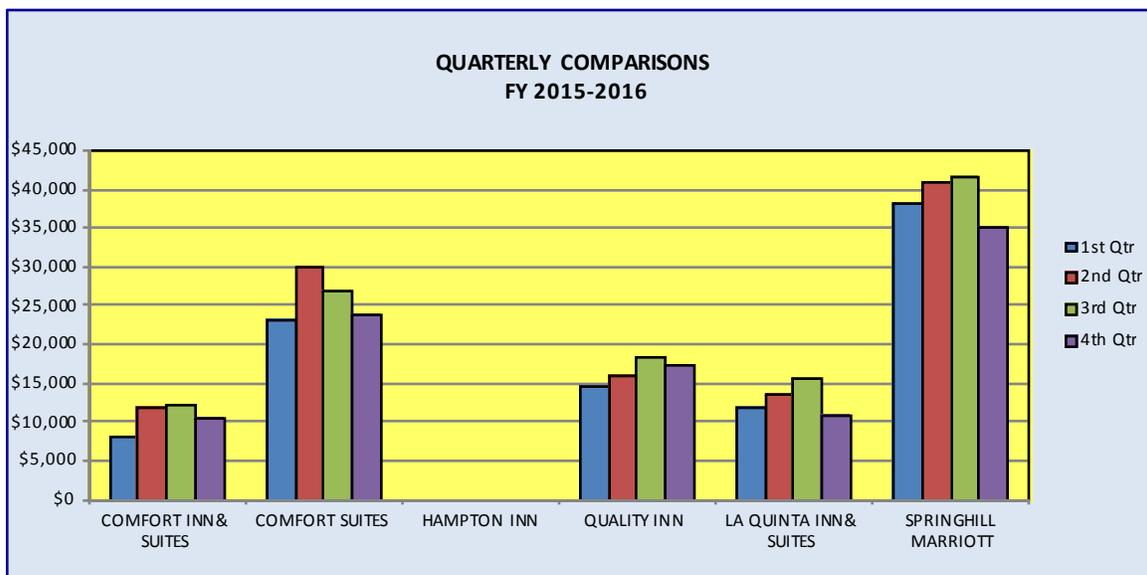


*Springhill Marriott opened last quarter 2010

** 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

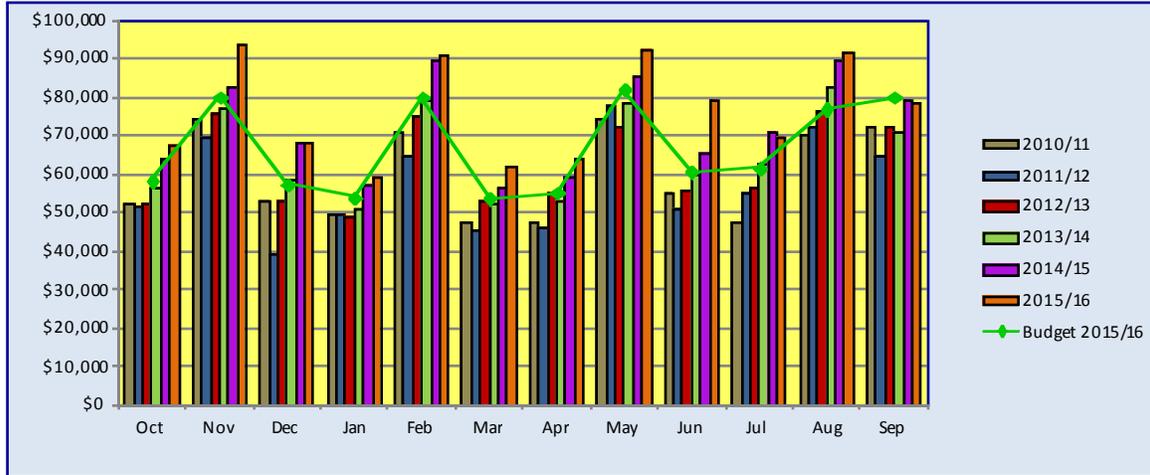
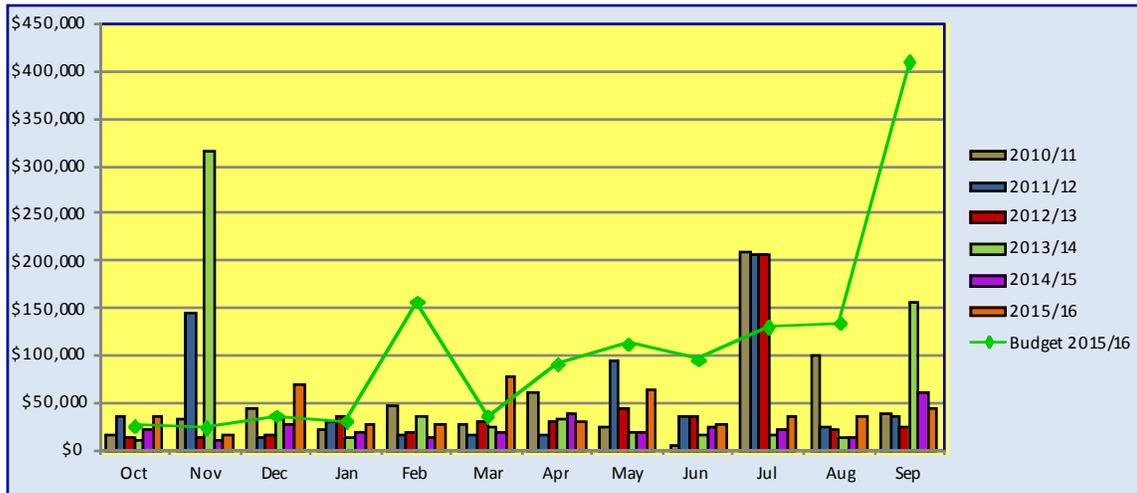


CHART L

EXPENDITURE ANALYSIS



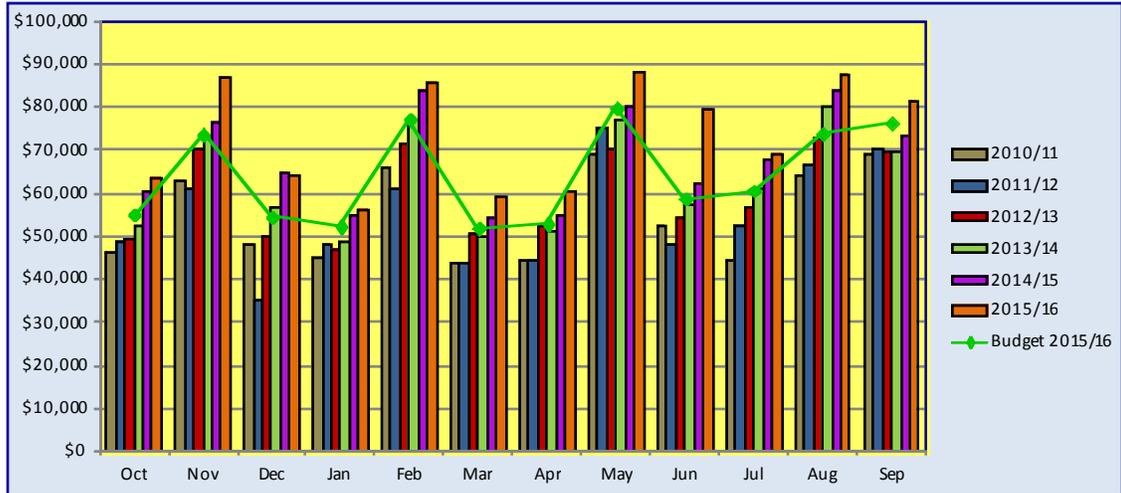
2015/16 September budget reflects appropriations for incentives and Business relocation off HWY 146
 High exp in Nov 2011 was due to Gateway sign. High exp Nov 2014 was for the waterfront project July expenditures prior to 2013/14 included debt service payments.

CRIME DISTRICT



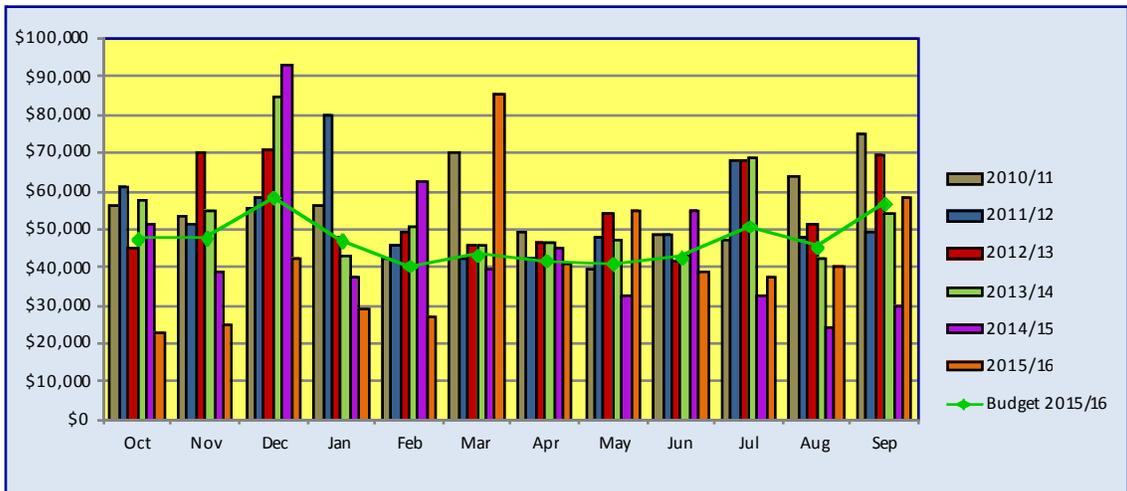
SALES TAX REVENUE ANALYSIS

CHART M



EXPENDITURE ANALYSIS

CHART N



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

INVESTMENTS



CHART O

MONTHLY INVESTMENT REPORT

TEXPOOL REPORT

MONTH OF SEPTEMBER 2016
0.3799%

	BEGINNING BALANCE	TRANSFER IN/(OUT)	INT EARNED (Posted Sept)	ENDING BALANCE	PURPOSE OF FUND
GENERAL FUND - UNRESTRICTED	5,383,096.52	(879,958.27)	2,052.61	4,505,190.86	Working capital
GENERAL FUND - RESTRICTED	1,600,000.00	0.00	incl in above	1,600,000.00	
ENTERPRISE FUND - UNRESTRIC	1,978,988.76	(303,268.36)	651.38	1,676,371.78	Working capital
ENTERPRISE FUND - RESTRICTEI	300,000.00	0.00	incl in above	300,000.00	Customer liability
CAPITAL IMPACT FEES	2,509,345.93	8,621.00	784.36	2,518,751.29	Water & sewer lines extensions & expansions
PARK FEES	85,350.16	(10,000.00)	25.71	75,375.87	Reserved for acquisition & development of park land
SEIZURE	73,523.22	(10,000.00)	22.01	63,545.23	Solely to purchase equipment for Law Enforcement
CHILD SAFETY PROGRAMS	32,225.13	0.00	10.06	32,235.19	Reserved for Child Safety/School Zones
FEDERAL SEIZURE	15,053.18	0.00	4.70	15,057.88	Criminal Investigation - Federal Funds
HOTEL/MOTEL FUND	1,433,979.55	(45,002.55)	446.44	1,389,423.44	Restricted for promotion of tourism
DEBT SERVICE FUND	1,782,630.85	6,164.64	556.70	1,789,352.19	Restricted for General fund reserves & yearly debt service
WTR/SWR BONDS	2,762,975.51	0.00	862.75	2,763,838.26	Funds transferred from Bond Mkt Acct to allow liquidity
IT BONDS	72,678.20	0.00	22.69	72,700.89	Fiber Optics
PD & GF BONDS	6,388,171.03	(650,000.00)	1,933.36	5,740,104.39	Public Wokrks Facility
PD & GF BONDS (GEN FUND Reser	776,246.30	0.00	242.38	776,488.68	Public Wokrks Facility funds provided by GF Reserve
FIRE BONDS	25,226.12	0.00	7.88	25,234.00	Fire Engine
PINE GULLY PARK BONDS	0.00	0.00	0.00	0.00	Funds transferred from Bond Mkt Acct to allow liquidity
LIBRARY BONDS	(0.00)	0.00	0.00	(0.00)	Funds transferred from Bond Mkt Acct to allow liquidity
LAKESIDE DRIVE CERT DEP	55,202.59	(30,090.72)	14.40	25,126.27	
CAROTHERS	77,612.38	(500.00)	24.23	77,136.61	
CRIME DISTRICT	1,008,669.95	3,860.34	313.85	1,012,844.14	Funds transferred from Bond Mkt Acct to allow liquidity
SEDC II - RESTRICTED FOR BONI	0.00	0.00	incl in above	0.00	SEDC II - Reserve for revenue bond debt service
SEDC II - RESTRICT FOR EMERG	180,000.00	0.00	incl in above	180,000.00	Emergency Reserve
STEP FUND	61,295.96	0.00	19.14	61,315.10	
PUBLIC SAFETY	213,898.02	0.00	66.79	213,964.81	
MUNI COURT - SECURITY FUND	34,387.18	0.00	10.74	34,397.92	Funds from fines to be used for security
COURT - TIME PAYMENT FEES	14,984.92	0.00	4.68	14,989.60	Funds from fines to be used to improve court
MUNI COURT - TECHNOLOGY FUNI	26,365.54	0.00	8.23	26,373.77	
PEG Fund	97,750.38	(15,000.00)	29.52	82,779.90	
STABILIZATION FUND	804,039.70	0.00	251.06	804,290.76	
TOTAL TEXPOOL FUND	30,893,638.18	(1,900,000.00)	9,391.75	\$29,003,029.93	

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: October 2016

ANNOUNCEMENTS

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

TexPool

- Harris County MUD 449
- Hayes County MUD 4
- Rains County
- Driftwood Economic Development Municipal Management District

TexPool Prime

- City of Cedar Park
- Era ISD
- Rains County
- Permian Basin Community Centers for MHMR
- Gregg County
- Clear Creek ISD
- City of McAllen
- City of McAllen Public Utilities

Upcoming Events

- Oct 18, 2016 - Oct 21, 2016
- TACA Annual Conference
- Fort Worth

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.

Economic and Market Commentary: Time for Prime

October 1, 2016

The lion's share of investor and media focus this month is on the SEC money fund reforms. But for cash managers and institutional investors, October's also the month in which institutional prime and municipal funds can finally get back to acting like themselves as the industry serves notice it is just as robust as before the reforms.

After weeks of shortening the maturity dates of securities we buy to ensure ample liquidity for the prime clients moving assets to government funds due to the floating net asset value (NAV) requirement, portfolio managers can now reacquaint themselves with attractive spreads and the good ol' London interbank offered rate (Libor). We can go back to making purchasing decisions based on relative value and not just liquidity. At Federated, this means that instead of having weighted average maturities (WAM) of, say, nine days, we will go back to targeting 40-50 days. Yields should follow, potentially jumping from the single digits to a 40-50 basis-point spread. This is all possible because the Libor curve is far above the Treasury curve.

During the run up to the reforms, institutional prime investors and managers have watched in envy as all sorts of non-2a-7 investors—local government investment pools (LGIPs), private accounts, collective accounts, offshore accounts, separately managed accounts and more—capture these spreads. But now they will finally get to take advantage of what is an extremely attractive prime money market yield curve. It is not going to happen overnight,

(continued page 6)

Performance as of September 30, 2016

	TexPool	TexPool Prime
Current Invested Balance	\$13,342,868,248.34	\$2,366,773,314.32
Weighted Average Maturity**	44 Days	48 Days
Weighted Average Life**	79 Days	66 Days
Net Asset Value	1.00031	1.00017
Total Number of Participants	2,372	216
Management Fee on Invested Balance	0.0473%	0.0638%
Interest Distributed	\$4,061,388.99	\$1,230,773.97
Management Fee Collected	\$491,587.23	\$95,433.10
Standard & Poor's Current Rating	AAAm	AAAm

Month Averages

Average Invested Balance	\$13,152,979,432.43	\$2,118,269,814.78
Average Monthly Rate*	0.38%	0.71%
Average Weighted Average Maturity**	45	48
Average Weighted Average Life**	83	66

* 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.

Past performance is no guarantee of future results.

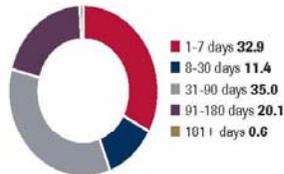
TexPool Participant Services
 1001 Texas Avenue, Suite 1400 • Houston, TX 77002
 Phone: 1-866-TEXPOOL (839-7665) • Fax: 1-866-839-3291 • TexPool.com

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 G35884-24 (10/16)



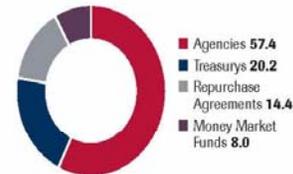
Portfolio by Maturity (%)

As of September 30, 2016



Portfolio by Type of Investment (%)

As of September 30, 2016



Portfolio Asset Summary as of September 30, 2016

	Book Value	Market Value
Uninvested Balance	483,354.85	483,354.85
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	10,088,047.48	10,088,047.48
Interest and Management Fees Payable	-4,086,432.05	-4,086,432.05
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-491,587.23	-491,587.23
Repurchase Agreements	1,920,167,000.00	1,920,167,000.00
Mutual Fund Investments	1,070,022,103.88	1,070,022,103.88
Government Securities	3,953,113,234.07	3,955,704,844.11
US Treasury Bills	0.00	0.00
US Treasury Notes	6,393,562,527.34	6,395,077,730.71
Total	\$13,342,868,248.34	\$13,346,975,061.75

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	\$3,767,397,804.97
Higher Education	57	\$1,168,061,513.79
Healthcare	81	\$479,553,776.40
Utility District	745	\$1,816,315,174.89
City	455	\$3,544,640,791.72
County	181	\$1,141,573,663.94
Other	278	\$1,422,671,519.63

**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.



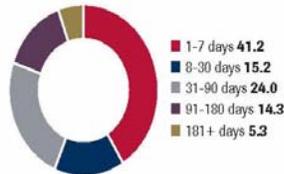
Daily Summary						
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
9/1	0.3736%	0.000010235	\$13,157,492,163.39	1.00022	42	80
9/2	0.3763%	0.000010310	\$13,105,323,974.19	1.00023	46	85
9/3	0.3763%	0.000010310	\$13,105,323,974.19	1.00023	46	85
9/4	0.3763%	0.000010310	\$13,105,323,974.19	1.00023	46	85
9/5	0.3763%	0.000010310	\$13,105,323,974.19	1.00023	46	85
9/6	0.3759%	0.000010299	\$13,143,885,463.02	1.00023	44	82
9/7	0.3762%	0.000010306	\$13,103,495,060.06	1.00023	44	82
9/8	0.3770%	0.000010328	\$13,065,342,104.54	1.00024	44	81
9/9	0.3771%	0.000010332	\$12,873,613,194.45	1.00024	47	85
9/10	0.3771%	0.000010332	\$12,873,613,194.45	1.00024	47	85
9/11	0.3771%	0.000010332	\$12,873,613,194.45	1.00024	47	85
9/12	0.3786%	0.000010373	\$12,921,424,231.86	1.00023	45	83
9/13	0.3802%	0.000010417	\$12,834,476,089.90	1.00023	45	82
9/14	0.3804%	0.000010421	\$12,680,958,456.21	1.00023	45	84
9/15	0.3845%	0.000010534	\$12,699,678,499.54	1.00027	47	86
9/16	0.3837%	0.000010512	\$12,844,685,757.76	1.00026	49	89
9/17	0.3837%	0.000010512	\$12,844,685,757.76	1.00026	49	89
9/18	0.3837%	0.000010512	\$12,844,685,757.76	1.00026	49	89
9/19	0.3810%	0.000010437	\$12,982,180,657.54	1.00026	45	84
9/20	0.3791%	0.000010386	\$12,931,999,191.99	1.00027	47	85
9/21	0.3769%	0.000010325	\$13,220,940,195.71	1.00028	46	83
9/22	0.3787%	0.000010376	\$13,083,138,272.85	1.00033	46	83
9/23	0.3756%	0.000010291	\$13,711,674,799.79	1.00033	44	79
9/24	0.3756%	0.000010291	\$13,711,674,799.79	1.00033	44	79
9/25	0.3756%	0.000010291	\$13,711,674,799.79	1.00033	44	79
9/26	0.3731%	0.000010221	\$13,859,683,247.54	1.00033	42	76
9/27	0.3853%	0.000010557	\$13,695,095,501.56	1.00031	43	78
9/28	0.3920%	0.000010741	\$13,644,805,006.42	1.00030	42	77
9/29	0.3953%	0.000010829	\$13,510,803,429.68	1.00031	43	77
9/30	0.3950%	0.000010822	\$13,342,868,248.34	1.00031	44	79
Average:	0.3798%	0.000010408	\$13,152,979,432.43	1.00027	45	83



TEXPOOL PRIME

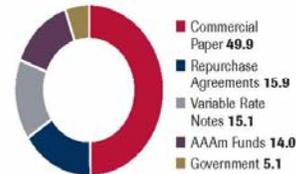
Portfolio by Maturity (%)

As of September 30, 2016



Portfolio by Type of Investment (%)

As of September 30, 2016



Portfolio Asset Summary as of September 30, 2016

	Book Value	Market Value
Uninvested Balance	96,334.39	96,334.39
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	592,516.38	592,516.38
Interest and Management Fees Payable	-1,230,772.98	-1,230,772.98
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-95,433.10	-95,433.10
Repurchase Agreements	377,234,000.00	377,234,000.00
Commercial Paper	1,270,507,852.58	1,270,781,619.73
Bank Instruments	120,154,979.70	120,199,020.00
Mutual Fund Investments	331,014,192.88	331,014,192.88
Government Securities	0.00	0.00
Variable Rate Notes	268,400,644.47	268,576,790.00
Total	\$2,366,773,314.32	\$2,367,168,267.30

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	89	\$1,105,302,479.82
Higher Education	9	\$181,474,555.47
Healthcare	11	\$169,616,912.38
Utility District	10	\$215,073,652.04
City	45	\$323,483,196.84
County	27	\$186,669,677.10
Other	25	\$185,150,928.79



TEXPOOL *PRIME*

Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Prime Invested Balance	NAV	WAM Days	WAL Days
9/1	0.6409%	0.000017805	\$2,083,578,523.98	1.00013	42	56
9/2	0.6658%	0.000018241	\$2,079,674,056.18	1.00010	48	61
9/3	0.6658%	0.000018241	\$2,079,674,056.18	1.00010	48	61
9/4	0.6658%	0.000018241	\$2,079,674,056.18	1.00010	48	61
9/5	0.6658%	0.000018241	\$2,079,674,056.18	1.00010	48	61
9/6	0.6690%	0.000018330	\$2,040,233,423.23	1.00015	47	62
9/7	0.7040%	0.000019287	\$1,988,555,098.60	1.00016	49	66
9/8	0.7374%	0.000020202	\$2,011,999,578.06	1.00015	48	65
9/9	0.7204%	0.000019738	\$2,007,512,435.05	1.00012	49	66
9/10	0.7204%	0.000019738	\$2,007,512,435.05	1.00012	49	66
9/11	0.7204%	0.000019738	\$2,007,512,435.05	1.00012	49	66
9/12	0.6798%	0.000018625	\$2,039,946,984.34	1.00015	46	63
9/13	0.7331%	0.000020084	\$2,034,542,642.35	1.00016	48	68
9/14	0.7556%	0.000020701	\$2,023,081,310.23	1.00017	48	69
9/15	0.7550%	0.000020684	\$2,041,028,095.00	1.00017	48	69
9/16	0.7267%	0.000019909	\$2,040,679,492.66	1.00015	51	71
9/17	0.7267%	0.000019909	\$2,040,679,492.66	1.00015	51	71
9/18	0.7267%	0.000019909	\$2,040,679,492.66	1.00015	51	71
9/19	0.6869%	0.000018819	\$2,030,864,511.64	1.00019	48	68
9/20	0.6894%	0.000018888	\$2,161,987,567.09	1.00019	47	66
9/21	0.6902%	0.000018910	\$2,159,414,949.00	1.00018	47	66
9/22	0.7058%	0.000019338	\$2,161,103,087.27	1.00018	47	66
9/23	0.7009%	0.000019202	\$2,235,460,386.96	1.00016	47	66
9/24	0.7009%	0.000019202	\$2,235,460,386.96	1.00016	47	66
9/25	0.7009%	0.000019202	\$2,235,460,386.96	1.00016	47	66
9/26	0.6990%	0.000019152	\$2,251,099,398.12	1.00020	45	63
9/27	0.7104%	0.000019464	\$2,310,492,244.31	1.00019	45	63
9/28	0.7094%	0.000019435	\$2,350,449,063.16	1.00017	46	63
9/29	0.7614%	0.000020860	\$2,313,291,473.25	1.00017	48	66
9/30	0.7592%	0.000020799	\$2,366,773,314.32	1.00017	48	65
Average:	0.7068%	0.000019363	\$2,118,269,814.76	1.00015	48	65



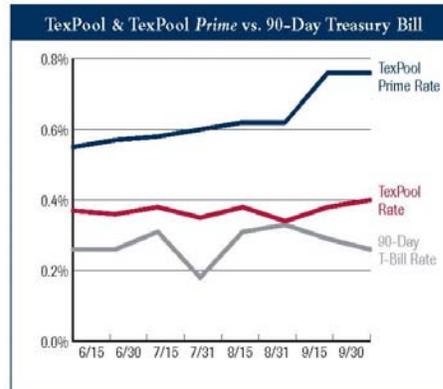
Participant Services
1001 Texas Ave. 14th Floor
Houston, TX 77002

of course, because of the need to be diversified. But over some short period of time, the expectation is that prime 2a-7 funds will start to emulate prime non-2a-7 funds.

What about Libor itself? We think it will remain at current elevated levels through at least the end of this year, and most likely much of 2017. The peak of the curve has probably passed us already, but it is not going to trend down quickly because the assets that have shifted to the government space can't fund around that curve. It is going to take issuers offering robust yields and returns to entice some of those assets back, and that is going to happen in a slow manner. Also, there are clients legally able to use a floating NAV fund that has the potential for gates and fees, but none of them want to be the guinea pig. I think they will watch how much the fourth digit in the floating NAV moves (i.e., the last digit in the \$1.0000 reporting requirement) before acting. Does it move daily, or just once in a while? What are the reasons for a move?

Speaking of moves, the Fed again did not do so at its latest policy-setting meeting in September, but it edged closer to one. That's not just because of the hawkish language of its statement, but that there were three dissenters, which is unusual in a voting group of just 10. We think the elections will be kept in mind and look to the December meeting for a hike.

Looking at the money market industry as a whole, it is important to point out that far from demolishing money funds as many experts thought, at the end of the day the industry and Federated's total assets under management in this class of securities is basically identical to what it was before the reforms. What has changed is the components. Government funds grew; municipal and prime



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.

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Past performance is no guarantee of future results.

funds shrank. Assets will shift back between these sectors, but not to the sizes they once totaled. But all told, the industry is healthy and continues to provide a diverse set of desired offerings to investors.

We at Federated are certainly thrilled to go back to tending our own complete offering of money market products and to continue being a leader in cash management.