



INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

December 31, 2014

Prepared by

Valley View Consulting, L.L.C.

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

City Manager

Deputy City Manager

Director of Finance

Senior Accountant

Disclaimer: 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 FOMC ended Quantitative Easing (QE3) in October. Third quarter 2014 GDP was a very strong 5.0. New payroll and unemployment data also very positive. The FOMC remains concerned by lack of wage growth and overall participation. The US stock markets again touched new highs, but have recently retrenched. Shorter interest rates are rising, while International economical and political struggles weigh on longer term US interest rates. Financial institution deposit yields generally provide the best interest earnings opportunity, although spreads to security yields have tightened.

Quarter End Results by Investment Category:

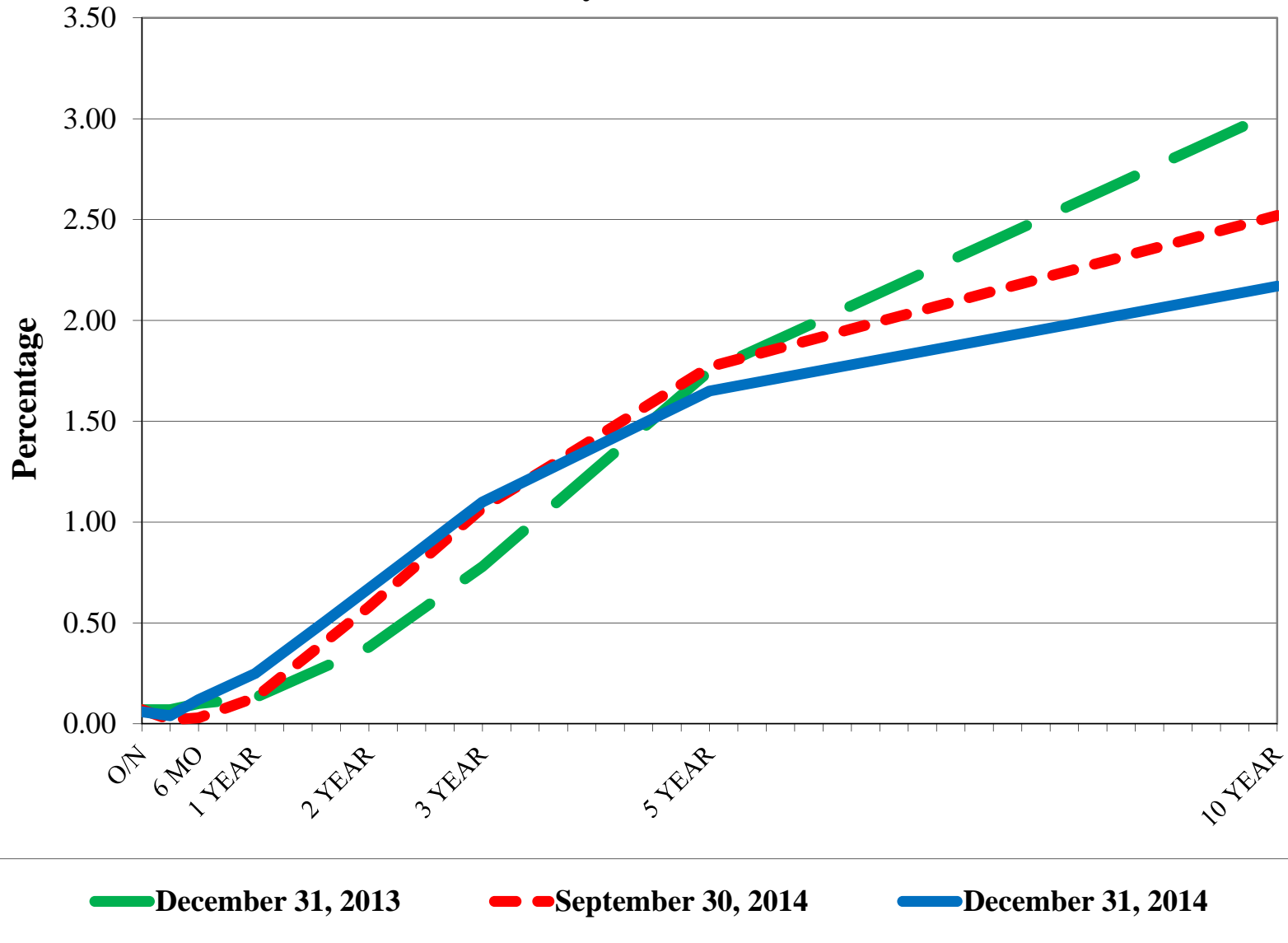
<u>Asset Type</u>	<u>Ave. Yield</u>	<u>December 31, 2014</u>		<u>September 30, 2014</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
DDA/MMA/Pools	0.21%	\$ 12,358,928	\$ 12,358,928	\$ 11,030,324	\$ 11,030,324
Securities/CDs	0.55%	29,008,311	29,008,311	29,006,004	29,006,004
Totals		\$ 41,367,239	\$ 41,367,239	\$ 40,036,328	\$ 40,036,328

<u>Average Yield (1)</u>		<u>Fiscal Year-to-Date Average Yield (2)</u>	
Total Portfolio	0.44%	Total Portfolio	0.44%
Rolling Three Mo. Treas. Yield	0.02%	Rolling Three Mo. Treas. Yield	0.02%
Rolling Six Mo. Treas. Yield	0.07%	Rolling Six Mo. Treas. Yield	0.07%
		Quarterly TexPool Yield	0.04%

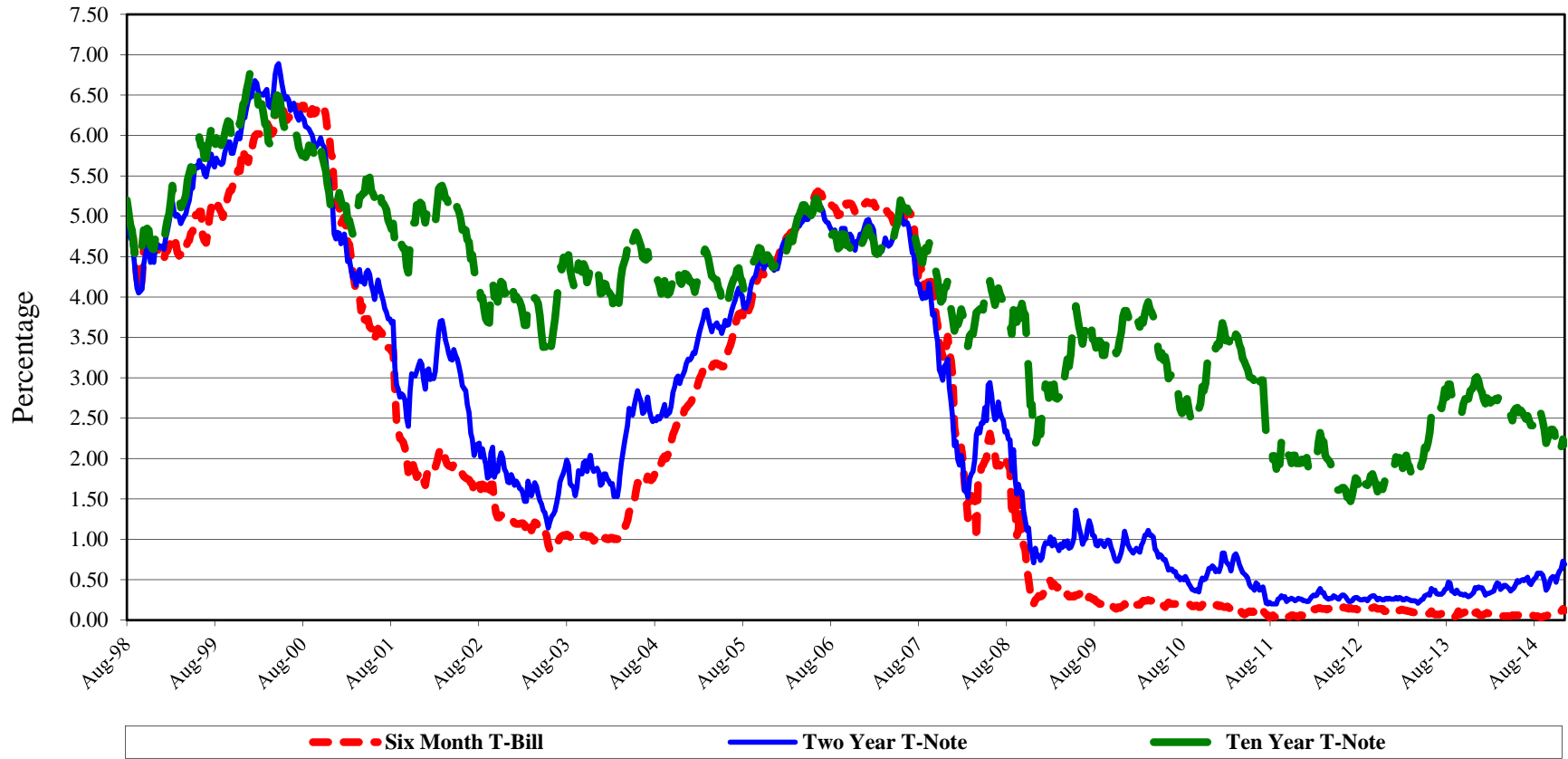
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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



S&P 500



Detail of Investment Holdings

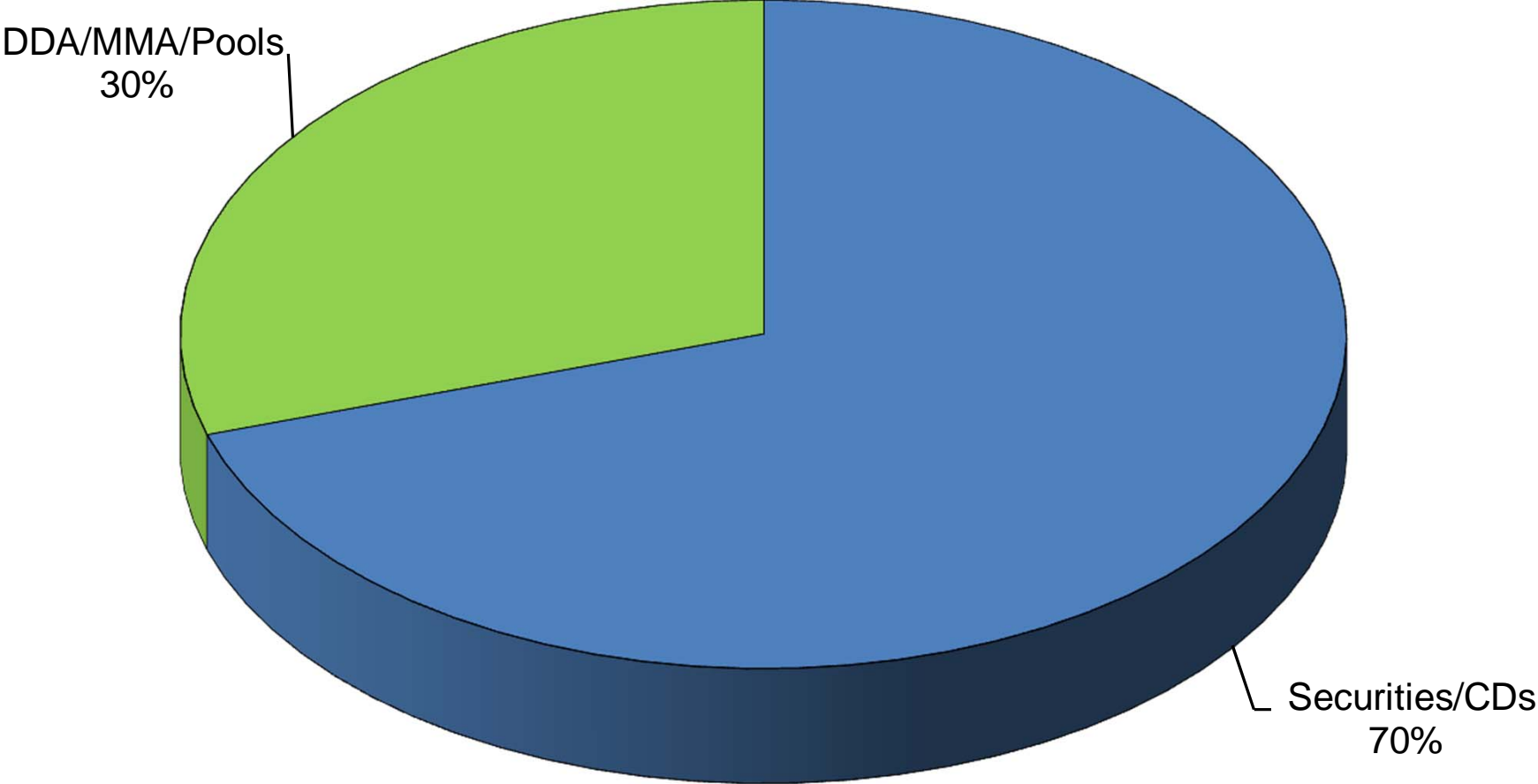
December 31, 2014

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Purchased Value	Book Value	Market Price	Market Value	Life (days)	Yield
TexPool	AAAm	0.04%	01/01/15	12/31/14	\$ 4,530,264	\$ 4,530,264	\$ 4,530,264	1	\$ 4,530,264	1	0.04%
TexSTAR	AAAm	0.05%	01/01/15	12/31/14	147,118	147,118	147,118	1	147,118	1	0.05%
Capital One MMA		0.25%	01/01/15	12/31/14	2,504,597	2,504,597	2,504,597	1	2,504,597	1	0.25%
SSB MMA		0.19%	01/01/15	12/31/14	1,586,642	1,586,642	1,586,642	1	1,586,642	1	0.19%
DDA Debit Card		0.00%	01/01/15	12/31/14	108,851	108,851	108,851	1	108,851	1	0.00%
DDA		0.41%	01/01/15	12/31/14	3,481,455	3,481,455	3,481,455	1	3,481,455	1	0.41%
Comerica CD		0.57%	02/19/15	02/19/13	2,000,000	2,000,000	2,000,000	100	2,000,000	50	0.57%
Cadence CD		0.25%	03/05/15	03/05/14	245,000	245,000	245,000	100	245,000	64	0.25%
Comerica CD		0.55%	03/13/15	03/14/13	2,000,000	2,000,000	2,000,000	100	2,000,000	72	0.55%
Comerica CD		0.52%	05/03/15	05/06/13	2,000,000	2,000,000	2,000,000	100	2,000,000	123	0.52%
Comerica CD		0.53%	05/21/15	05/21/13	2,000,000	2,000,000	2,000,000	100	2,000,000	141	0.53%
Bank Texas CD		0.45%	06/17/15	03/17/13	2,000,000	2,000,000	2,000,000	100	2,000,000	168	0.45%
Bank Texas CD		0.50%	09/17/15	03/17/13	2,000,000	2,000,000	2,000,000	100	2,000,000	260	0.50%
Southside CD		0.50%	10/02/15	09/30/13	2,000,000	2,000,000	2,000,000	100	2,000,000	275	0.50%
Citizen's State CD		0.55%	10/21/15	10/21/14	243,501	243,501	243,501	100	243,501	294	0.55%
Bancorp South CD		0.30%	10/24/15	10/24/14	244,239	244,239	244,239	100	244,239	297	0.30%
FB&T CD		0.45%	11/24/15	11/23/13	2,028,180	2,028,180	2,028,180	100	2,028,180	328	0.45%
Southside CD		0.52%	12/16/15	12/16/13	2,000,000	2,000,000	2,000,000	100	2,000,000	350	0.52%
Texas Bank CD		0.50%	01/28/16	07/28/14	247,392	247,392	247,392	100	247,392	393	0.50%
Bank Texas CD		0.60%	03/17/16	03/17/14	2,000,000	2,000,000	2,000,000	100	2,000,000	442	0.60%
Comerica CD		0.64%	05/20/16	05/20/14	2,000,000	2,000,000	2,000,000	100	2,000,000	506	0.64%
Bank Texas CD		0.75%	08/27/16	08/27/14	2,000,000	2,000,000	2,000,000	100	2,000,000	605	0.75%
Comerica CD		0.57%	11/26/16	11/26/14	2,000,000	2,000,000	2,000,000	100	2,000,000	696	0.57%
Comerica CD		0.57%	12/22/16	12/21/14	2,000,000	2,000,000	2,000,000	100	2,000,000	722	0.57%
					\$ 41,367,239	\$ 41,367,239	\$ 41,367,239			236	0.44%
										(1)	(2)

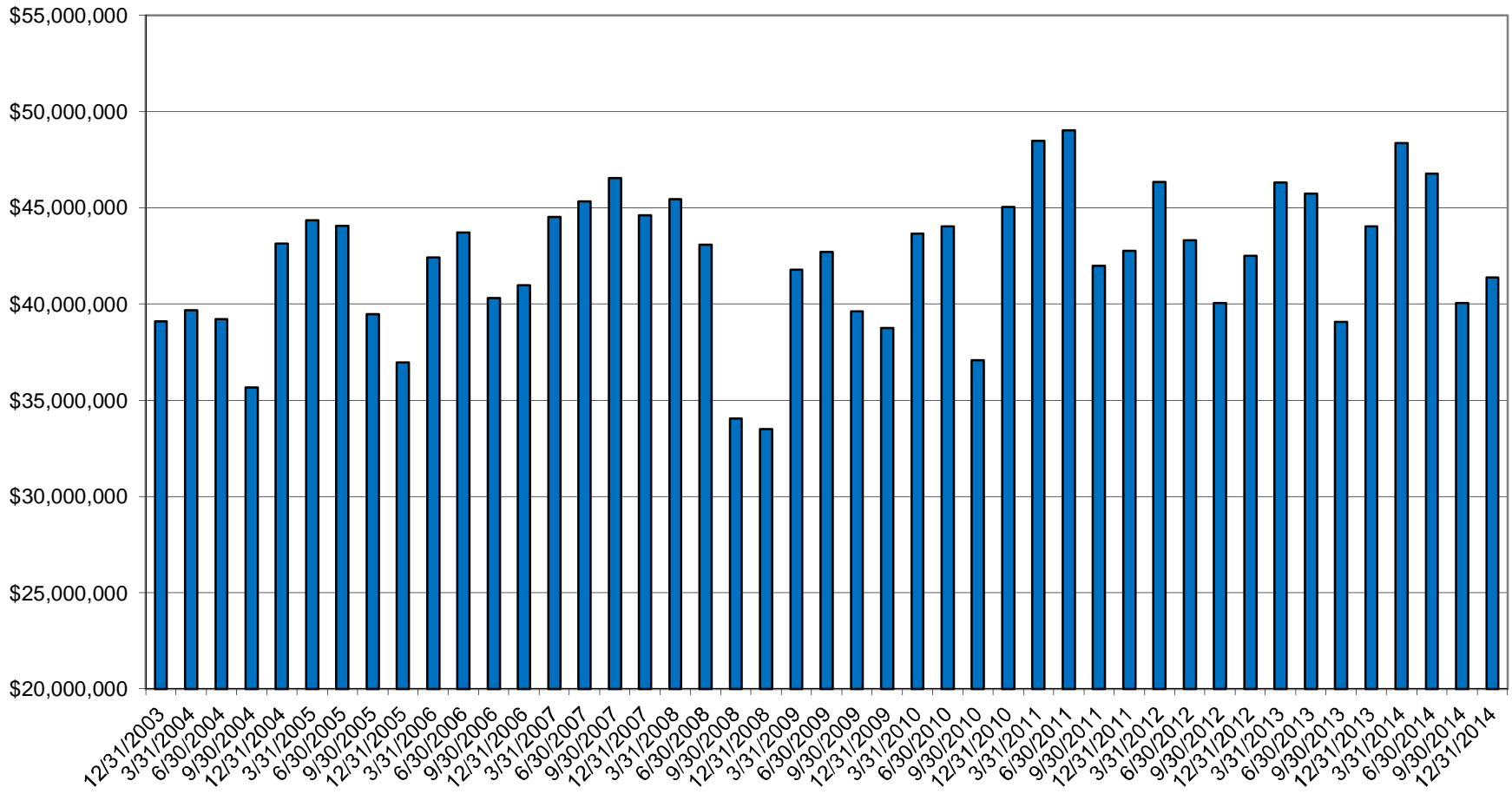
(1) **Weighted average life** - For purposes of calculating weighted average life, TexPool, TexSTAR, and Money Market investments are assumed to have a one day maturity.

(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 TexPool, TexSTAR, and Money Market investments.

Portfolio Composition



Total Portfolio



Book Value Comparison

Investment Description	Coupon/Discount	Maturity Date	September 30, 2014			December 31, 2014		
			Par Value	Book Value	Purchases/Adjustments	Sales/Adjust/Maturities	Par Value	Book Value
TexPool	0.04%	01/01/15	\$ 1,112,917	\$ 1,112,917	\$ 3,417,347	\$	\$ 4,530,264	\$ 4,530,264
TexSTAR	0.05%	01/01/15	147,103	147,103	16		147,118	147,118
Capital One MMA	0.25%	01/01/15	2,503,055	2,503,055	1,542		2,504,597	2,504,597
SSB MMA	0.19%	01/01/15	1,585,916	1,585,916	727		1,586,642	1,586,642
DDA Debit Card	0.00%	01/01/15	100,643	100,643	8,208		108,851	108,851
DDA	0.41%	01/01/15	5,580,691	5,580,691		(2,099,236)	3,481,455	3,481,455
Citizen's State CD	0.65%	10/21/14	241,925	241,925		(241,925)		
Bancorp South CD	0.30%	10/24/14	243,507	243,507		(243,507)		
Comerica CD	0.57%	11/26/14	2,000,000	2,000,000		(2,000,000)		
Comerica CD	0.57%	12/22/14	2,000,000	2,000,000		(2,000,000)		
Comerica CD	0.57%	02/19/15	2,000,000	2,000,000			2,000,000	2,000,000
Cadence CD	0.25%	03/05/15	245,000	245,000			245,000	245,000
Comerica CD	0.55%	03/13/15	2,000,000	2,000,000			2,000,000	2,000,000
Comerica CD	0.52%	05/03/15	2,000,000	2,000,000			2,000,000	2,000,000
Comerica CD	0.53%	05/21/15	2,000,000	2,000,000			2,000,000	2,000,000
Bank Texas CD	0.45%	06/17/15	2,000,000	2,000,000			2,000,000	2,000,000
Bank Texas CD	0.50%	09/17/15	2,000,000	2,000,000			2,000,000	2,000,000
Southside CD	0.50%	10/02/15	2,000,000	2,000,000			2,000,000	2,000,000
Citizen's State CD	0.55%	10/21/15			243,501		243,501	243,501
Bancorp South CD	0.30%	10/24/15			244,239		244,239	244,239
FB&T CD	0.45%	11/24/15	2,028,180	2,028,180			2,028,180	2,028,180
Southside CD	0.52%	12/16/15	2,000,000	2,000,000			2,000,000	2,000,000
Texas Bank CD	0.50%	01/28/16	247,392	247,392			247,392	247,392
Bank Texas CD	0.60%	03/17/16	2,000,000	2,000,000			2,000,000	2,000,000
Comerica CD	0.64%	05/20/16	2,000,000	2,000,000			2,000,000	2,000,000
Texas Bank CD	0.75%	08/27/14	2,000,000	2,000,000			2,000,000	2,000,000
Comerica CD	0.57%	11/26/16			2,000,000		2,000,000	2,000,000
Comerica CD	0.57%	12/22/16			2,000,000		2,000,000	2,000,000
TOTAL			\$ 40,036,328	\$ 40,036,328	\$ 7,915,580	\$ (6,584,669)	\$ 41,367,239	\$ 41,367,239

Market Value Comparison

Investment Description	Coupon/Discount	Maturity Date	September 30, 2014		Qtr to Qtr Change	December 31, 2014	
			Par Value	Market Value		Par Value	Market Value
TexPool	0.04%	01/01/15	\$ 1,112,917	\$ 1,112,917	\$ 3,417,347	\$ 4,530,264	\$ 4,530,264
TexSTAR	0.05%	01/01/15	147,103	147,103	16	147,118	147,118
Capital One MMA	0.25%	01/01/15	2,503,055	2,503,055	1,542	2,504,597	2,504,597
SSB MMA	0.19%	01/01/15	1,585,916	1,585,916	727	1,586,642	1,586,642
DDA Debit Card	0.00%	01/01/15	100,643	100,643	8,208	108,851	108,851
DDA	0.41%	01/01/15	5,580,691	5,580,691	(2,099,236)	3,481,455	3,481,455
Citizen's State CD	0.65%	10/21/14	241,925	241,925	(241,925)		
Bancorp South CD	0.30%	10/24/14	243,507	243,507	(243,507)		
Comerica CD	0.57%	11/26/14	2,000,000	2,000,000	(2,000,000)		
Comerica CD	0.57%	12/22/14	2,000,000	2,000,000	(2,000,000)		
Comerica CD	0.57%	02/19/15	2,000,000	2,000,000		2,000,000	2,000,000
Cadence CD	0.25%	03/05/15	245,000	245,000		245,000	245,000
Comerica CD	0.55%	03/13/15	2,000,000	2,000,000		2,000,000	2,000,000
Comerica CD	0.52%	05/03/15	2,000,000	2,000,000		2,000,000	2,000,000
Comerica CD	0.53%	05/21/15	2,000,000	2,000,000		2,000,000	2,000,000
Bank Texas CD	0.45%	06/17/15	2,000,000	2,000,000		2,000,000	2,000,000
Bank Texas CD	0.50%	09/17/15	2,000,000	2,000,000		2,000,000	2,000,000
Southside CD	0.50%	10/02/15	2,000,000	2,000,000		2,000,000	2,000,000
Citizen's State CD	0.55%	10/21/15			243,501	243,501	243,501
Bancorp South CD	0.30%	10/24/15			244,239	244,239	244,239
FB&T CD	0.45%	11/24/15	2,028,180	2,028,180		2,028,180	2,028,180
Southside CD	0.52%	12/16/15	2,000,000	2,000,000		2,000,000	2,000,000
Texas Bank CD	0.50%	01/28/16	247,392	247,392		247,392	247,392
Bank Texas CD	0.60%	03/17/16	2,000,000	2,000,000		2,000,000	2,000,000
Comerica CD	0.64%	05/20/16	2,000,000	2,000,000		2,000,000	2,000,000
Texas Bank CD	0.75%	08/27/14	2,000,000	2,000,000		2,000,000	2,000,000
Comerica CD	0.57%	11/26/16			2,000,000	2,000,000	2,000,000
Comerica CD	0.57%	12/22/16			2,000,000	2,000,000	2,000,000
TOTAL			\$ 40,036,328	\$ 40,036,328	\$ 1,330,911	\$ 41,367,239	\$ 41,367,239

FUND EQUITY IN POOLED CASH AND INVESTMENTS

FUND NO	FUND NAME	9/30/2014	12/31/2014
101	GENERAL FUND	\$ 10,575,445	\$ 9,487,648
206	CIVIC CENTER FUND	130,411	131,316
217	PROPERTY INSURANCE LOSS FUND	(2,154)	13,750
221	SPECIAL RECREATION FUND	108,662	73,008
225	PINES THEATER SPECIAL EVENTS FUND	25,945	50,085
226	ELLEN TROUT ZOO FUND	1,918,774	1,881,153
227	POLICE SEIZED FUND	103,686	107,279
228	COURT SECURITY/TECHNOLOGY FUND	5,409	(3,778)
230	POLICE DARE CONTRIBUTION FUND	109	109
232	DRAINAGE MITIGATION	18,305	18,332
234	HERITAGE FESTIVAL CONTRIBUTIONS	1,810	1,378
241	ANIMAL CONTROL - KURTH GRANT	416,713	376,805
242	ANIMAL'S ATTIC GIFT SHOP	41,908	40,488
250	POLICE GRANTS	3,022	3,026
252	FEMA FUNDED GRANTS	24,060	24,095
290	ECONOMIC DEVELOPMENT	1,819,339	1,926,345
295	LCVB FUND	129,120	149,401
300	GF STREET CONSTRUCTION FUND	77,440	129,522
308	CONVENTION CENTER - EDI	17,926	78,710
313	2010 CAPITAL IMPROVEMENTS FUND	519,133	517,635
314	2012 CAPITAL IMPROVEMENTS FUND	1,530,720	1,434,321
340	TEXAS CAPITAL GRANT FUND	53	53
348	SOLID WASTE DEPRECIATION	1,018,864	946,997
357	2009 WATER/SEWER CO'S	190,329	126,712
358	2013 WWATER/SEWER CO'S	4,851,444	4,692,173
380	WATER & SEWER DEPRECIATION	3,268,173	3,863,271
401	GENERAL OBLIGATION DEBT SERVICE	1,704,401	3,659,015
451	REVENUE BOND DEBT SERVICE	1,307,890	1,309,832
501	WATER/WASTEWATER FUND	2,869,922	2,214,707
548	SOLID WASTE DISPOSAL FUND	4,020,497	3,701,491
615	GROUP HOSPITALIZATION FUND	2,260,858	3,190,813
616	RETIREEES PENSION FUND	290,138	362,462
641	EQUIPMENT ACQ & REPLACEMENT FUND	792,134	866,600
747	MEDICAL SAVINGS FUND	(4,156)	(7,514)
TOTAL POOLED CASH & INVESTMENTS		\$ 40,036,328	\$ 41,367,239

Allocation
December 31, 2014

Book & Market Value	Investment Total	Pooled Cash & Investments
TexPool	\$ 4,530,264	\$ 4,530,264
TexStar	147,118	147,118
Capital One MMA	2,504,597	2,504,597
SSB MMA	1,586,642	1,586,642
DDA Debit Card	108,851	108,851
DDA	3,481,455	3,481,455
02/19/2015	2,000,000	2,000,000
03/05/2015	245,000	245,000
03/13/2015	2,000,000	2,000,000
05/03/2015	2,000,000	2,000,000
05/21/2015	2,000,000	2,000,000
06/17/2015	2,000,000	2,000,000
09/17/2015	2,000,000	2,000,000
10/02/2015	2,000,000	2,000,000
10/21/2015	243,501	243,501
10/24/2014	244,239	244,239
11/24/2015	2,028,180	2,028,180
12/16/2013	2,000,000	2,000,000
01/28/2016	247,392	247,392
03/17/2016	2,000,000	2,000,000
05/20/2016	2,000,000	2,000,000
08/27/2016	2,000,000	2,000,000
11/26/2016	2,000,000	2,000,000
12/22/2016	2,000,000	2,000,000
Totals	\$ 41,367,239	\$ 41,367,239

Allocation
September 30, 2014

Book & Market Value	Investment Total	Pooled Cash & Investments
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10/21/2014	241,925	241,925
10/24/2014	243,507	243,507
11/26/2014	2,000,000	2,000,000
12/22/2014	2,000,000	2,000,000
02/19/2015	2,000,000	2,000,000
03/05/2015	245,000	245,000
03/13/2015	2,000,000	2,000,000
05/03/2015	2,000,000	2,000,000
05/21/2015	2,000,000	2,000,000
06/17/2015	2,000,000	2,000,000
09/17/2015	2,000,000	2,000,000
10/02/2015	2,000,000	2,000,000
11/24/2015	2,028,180	2,028,180
12/16/2015	2,000,000	2,000,000
01/28/2016	247,392	247,392
03/17/2016	2,000,000	2,000,000
05/20/2016	2,000,000	2,000,000
08/27/2016	2,000,000	2,000,000
Totals	\$ 40,036,328	\$ 40,036,328

Total Portfolio Performance

