



# MEMORANDUM

**DATE:** August 17, 2007

**TO:** Mayor Phelps and the  
City Council

**THRU:** Gary D. Greer  
City Manager

**FROM:** Charles S. Cox  
Director of Finance

**SUBJECT:** Monthly Financial Reports (June 2007)

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Attached are the June 2007 Revenue and Expenditure reports. This month's revenue report includes a column entitled "Expected as % of Budget Year-to-Date." This column, used only for revenues with budgets exceeding \$200,000, is used to more quickly identify revenue fluctuations based on a five-year historical trend.

The attached Pooled Cash and Investments report represents cash and investment totals by fund as of the end of June 2007.

CSC/sp

attachments

# City of Farmers Branch, Texas

**Third Quarter 2006-07**

## **Financial Report**

The City's financial operations are outlined in the attached unaudited budget basis reports for the second quarter of the fiscal year through June 30, 2007.

Performances of operating funds are detailed below with explanations for significant variances from budget or prior year-to-date (ytd) actuals.

### **Budget figures are based upon the amended budget.**

The revenue reports include several percentage columns that are used to better understand trend patterns and develop forecasts from those trends. These columns, used only for budgets exceeding \$200,000, are based on historical trends.

The column entitled "Actual as % of Budget" is helpful in reviewing revenues that are constant throughout the year such as ambulance and library fees. Revenue collections for these types of fees are generally the same from month to month.

The column entitled "Expected as % of Budget YTD" is helpful in reviewing revenues that are not constant throughout the year such as property taxes and building permits fees. Revenue collections of these types of fees tend to be concentrated in certain months of the year. The "expected" revenues are based on historical collections (as of the quarterly reporting date) as a percent of total budgeted revenues.

The column entitled "Actual as % of Expected YTD" is helpful in determining an annualized forecast of revenues if current trends continue.

### **General Fund Revenues**

Revenue collections overall are at expected levels.

An analysis of information provided by the State Comptroller's office indicates a change in annual average taxable sales for the two largest industry classifications in the City. Furniture & Home-furnishing stores, the largest category, decreased by 6%. Miscellaneous retail stores, the second largest source of sales tax revenues, increased by 7%. Other large industry classifications which exhibited significant change include: plumbing/HVAC (+7%); electrical parts & equipment (+117%); industrial machinery & equipment (+15%); and computer integrated system design (-41%). Percent change is a comparison of the most recent four quarters with the four quarters preceding that period. The miscellaneous retail store business category represented 9% of the City's sales tax revenue and furniture & homefurnishings (retail and wholesale) represented 13%. The information provided by the Comptroller's office is six months old however, the trends provide useful information for strategic planning purposes.

### **Building Permit Activity**

Building permit information often provides an early indication of economic activity and potential for change in the overall property values of the City. Through the third quarter of 2006-07, the value of construction for which permits are issued and the percent change from prior year are: new residential construction totaled \$10.4 million versus \$4.8 million through the third quarter of 2005-06; new non-residential construction totaled \$5.9 million versus \$36 million issued through the third quarter of 2005-06; additions and remodels totaled \$39 million (-43%).

### **Unemployment Rate**

The June 2007 City unemployment rate at 4% is up from the 3.5% level at the end of last quarter.

### **General Fund Expenditures**

Third quarter expenditures indicate that City departments have expended 73% of budget compared with 73% last year. Departments and divisions were at or near planned expenditure levels.

### **Utility Fund Revenues**

Water and Sewer revenues are 2% greater than expected levels thru the quarter however wet and moderate weather conditions are expected to result in reduced consumption during the summer months. The City's water and sewer rate structure is designed to fluctuate according to typical consumption patterns matching revenues with changes in water purchase and wastewater treatment costs.

Third quarter consumption decreased by 24% (87 million gallons) from third quarter last year. Year-to-date consumption decreased by 18% compared to prior year. The adopted 2006-07 budget assumed a consumption decrease of 12.5% for the year. During the quarter, residential consumption decreased by 30%, commercial consumption decreased by 14% and apartment consumption decreased by 21%. The following major water consumers had decreased consumption during the third quarter when compared with prior year: Brookhaven Country Club (sprinkler), Dr. Pepper/Star Center (sprinkler), Dallas Semiconductor, and Parish Day School.

### **Utility Fund Expenditures**

Expenditures are at 69% of budget compared to a 73% level for the same period last year.

### **Special Revenue Fund Revenues**

Hotel/Motel revenue collections overall are 5% above expected levels.

Other Special Revenue Fund revenues are at anticipated levels.

### **Special Revenue Funds/Expenditures**

#### **Hotel/Motel Fund**

Expenditures are at anticipated levels. Total expenditures were at 68% of budget.

### **Other Funds**

Donation and Police forfeiture funds are within anticipated expenditure levels.

### **Cash Management**

The City continued to maintain satisfactory cash management policies during the third quarter. Diversification by financial instrument and institution has been accomplished. Cash temporarily idle during the quarter was invested (according to City and State investment policies) in demand deposits, obligations of the U.S. Treasury, obligations of Agencies of the U.S. government, and repurchase agreements. A listing of the City's investment portfolio as of the end of the third quarter is attached. The City's weighted average yield for the fiscal year was 4.996% that compares with the benchmark 260 day T-Bill interest rate of 5.080% (on June 30, 2007). Interest rates are expected to increase gradually throughout the remaining portion of the calendar year.

**GENERAL FUND  
STATEMENT OF REVENUE  
June 2007  
(UNAUDITED)**

	AMENDED BUDGET 2006-07	ACTUAL REVENUES Y-T-D 06/30/07	ACTUAL AS % OF BUDGET (Y-T-D)	EXPECTED AS % OF BUDGET (Y-T-D)	ACTUAL AS % OF EXPECTED (Y-T-D)
<b><u>TAXES</u></b>					
PROPERTY - CURRENT	\$14,220,000	\$14,003,363	98.48%	99.00%	99.47%
PROPERTY - PRIOR YEAR	75,000	92,653	123.54%		
SALES & USE TAXES	12,450,000	9,295,637	74.66%	74.00%	100.90%
MIXED BEVERAGE	60,000	43,857	73.10%		
BINGO	200	0	0.00%		
FRANCHISE FEES	4,463,000	3,570,331	80.00%	87.00%	91.95%
PENALTIES & INTEREST	115,000	144,857	125.96%		
<i>SUB-TOTAL</i>	<u>\$31,383,200</u>	<u>\$27,150,698</u>	<u>86.51%</u>	<u>87.00%</u>	<u>99.44%</u>
<b><u>LICENSES &amp; PERMITS</u></b>					
HEALTH	\$25,000	\$19,915	79.66%		
BUILDING	578,000	475,489	82.26%	75.00%	109.69%
PLUMBING	62,000	65,648	105.88%		
ELECTRICAL	74,000	68,391	92.42%		
HVAC	41,000	40,695	99.26%		
MULTI-FAMILY INSPECTION	32,000	29,790	93.09%		
<i>SUB-TOTAL</i>	<u>\$812,000</u>	<u>\$699,928</u>	<u>86.20%</u>	<u>75.00%</u>	<u>114.93%</u>
<b><u>CHARGES FOR SERVICES</u></b>					
ZONING	\$18,500	\$13,246	71.60%		
PRINTING & DUPLICATING	17,500	14,213	81.22%		
POLICE SERVICES	106,000	98,534	92.96%		
AMBULANCE & 911 SERVICES	1,155,000	879,177	76.12%	73.00%	104.27%
REFUSE SERVICES	2,800,000	1,743,940	62.28%	68.00%	91.59%
HEALTH & INSPECTION FEE	30,000	21,036	70.12%		
ANIMAL CONTROL & SHELTER	3,000	6,474	215.80%		
SWIMMING POOL FEES	40,000	24,000	60.00%		
SENIOR CENTER FEES	53,000	44,887	84.69%		
PARKS & REC CONCESSIONS	155,000	128,751	83.07%		
BUILDING USE FEES	565,300	399,914	70.74%		
<i>SUB-TOTAL</i>	<u>\$4,943,300</u>	<u>\$3,374,172</u>	<u>68.26%</u>	<u>70.00%</u>	<u>97.51%</u>
<b><u>FINES, FORFEITS &amp; ASSESSMENTS</u></b>					
COURT	\$3,017,000	\$1,788,795	59.29%	80.00%	74.11%
LIBRARY	82,000	62,533	76.26%		
<i>SUB-TOTAL</i>	<u>\$3,099,000</u>	<u>\$1,851,328</u>	<u>59.74%</u>	<u>80.00%</u>	<u>74.67%</u>

**GENERAL FUND  
STATEMENT OF REVENUE  
June 2007  
(UNAUDITED)**

	AMENDED BUDGET 2006-07	ACTUAL REVENUES Y-T-D 06/30/07	ACTUAL AS % OF BUDGET (Y-T-D)	EXPECTED AS % OF BUDGET (Y-T-D)	ACTUAL AS % OF EXPECTED (Y-T-D)
<b><u>INTEREST/RENTS/CONTRIBUTIONS</u></b>					
INTEREST	\$710,000	\$567,608	79.94%	78.00%	102.49%
RENTS	278,000	229,323	82.49%		
SUB-TOTAL	\$988,000	\$796,931	80.66%	77.00%	104.75%
<b><u>MISCELLANEOUS</u></b>					
MISCELLANEOUS	\$118,000	\$42,903	36.36%		
RECYCLING	20,000	16,346	81.73%		
SUB-TOTAL	\$138,000	\$59,249	42.93%	75.00%	57.25%
<b>GRAND TOTAL</b>	<b>\$41,363,500</b>	<b>\$33,932,306</b>	<b>82.03%</b>	<b>84.00%</b>	<b>97.66%</b>

**PUBLIC UTILITY FUND  
STATEMENT OF REVENUE  
June 2007  
(UNAUDITED)**

	AMENDED BUDGET 2006-07	ACTUAL REVENUES Y-T-D 06/30/07	ACTUAL AS % OF BUDGET (Y-T-D)	EXPECTED AS % OF BUDGET (Y-T-D)	ACTUAL AS % OF EXPECTED (Y-T-D)
<b><u>INTEREST/RENTS/CONTRIBUTIONS</u></b>					
INTEREST	\$160,000	\$145,431	90.89%	79.00%	115.06%
SUB-TOTAL	<u>\$160,000</u>	<u>\$145,431</u>	<u>90.89%</u>	<u>79.00%</u>	<u>115.06%</u>
<b><u>MISCELLANEOUS</u></b>					
RECONNECTS/SVC CHARGE	\$28,000	\$19,925	71.16%		
LATE FEES	60,000	68,282	113.80%		
MISCELLANEOUS	2,800	1,586	56.64%		
SUB-TOTAL	<u>\$90,800</u>	<u>\$89,793</u>	<u>98.89%</u>	<u>75.00%</u>	<u>131.85%</u>
<b><u>WATER/SEWER SALES</u></b>					
WATER SALES	\$9,461,200	\$6,156,843	65.07%	66.00%	98.60%
SEWER SERVICE	3,490,400	2,679,003	76.75%	72.00%	106.60%
ADDISON SEWER	18,000	14,600	81.11%		
BACKFLOW PROGRAM	25,000	22,875	91.50%		
TAPPING FEES	2,000	3,650	182.50%		
SUB-TOTAL	<u>\$12,996,600</u>	<u>\$8,876,971</u>	<u>68.30%</u>	<u>67.00%</u>	<u>101.94%</u>
<b>GRAND TOTAL</b>	<b><u><u>\$13,247,400</u></u></b>	<b><u><u>\$9,112,195</u></u></b>	<b><u><u>68.78%</u></u></b>	<b><u><u>67.00%</u></u></b>	<b><u><u>102.66%</u></u></b>

**HOTEL/MOTEL FUND  
STATEMENT OF REVENUE  
June 2007  
(UNAUDITED)**

	AMENDED BUDGET 2006-07	ACTUAL REVENUES Y-T-D 06/30/07	ACTUAL AS % OF BUDGET (Y-T-D)	EXPECTED AS % OF BUDGET (Y-T-D)	ACTUAL AS % OF EXPECTED (Y-T-D)
<b><u>OTHER TAXES</u></b>					
HOTEL/MOTEL TAX	\$2,300,000	\$1,836,191	79.83%	76.00%	105.05%
<i>SUB-TOTAL</i>	<u>\$2,300,000</u>	<u>\$1,836,191</u>	<u>79.83%</u>	<u>76.00%</u>	<u>105.05%</u>
<b><u>INTEREST/RENTS/CONTRIBUTIONS</u></b>					
INTEREST	\$120,000	\$105,951	88.29%		
<i>SUB-TOTAL</i>	<u>\$120,000</u>	<u>\$105,951</u>	<u>88.29%</u>	<u>58.00%</u>	<u>152.23%</u>
<b><u>SPECIAL REVENUES</u></b>					
MISCELLANEOUS	\$24,300	\$14,382	59.19%		
<i>SUB-TOTAL</i>	<u>\$24,300</u>	<u>\$14,382</u>	<u>59.19%</u>	<u>75.00%</u>	<u>78.91%</u>
<b>GRAND TOTAL</b>	<b><u><u>\$2,444,300</u></u></b>	<b><u><u>\$1,956,524</u></u></b>	<b><u><u>80.04%</u></u></b>	<b><u><u>75.00%</u></u></b>	<b><u><u>106.73%</u></u></b>

**GENERAL FUND  
STATEMENT OF EXPENDITURES  
June 2007  
(UNAUDITED)**

<b>DIVISION</b>	<b>AMENDED BUDGET 2006-07</b>	<b>ACTUAL EXPENDITURES AND ENCUMBRANCES 06/30/07</b>	<b>ACTUAL AS % OF BUDGET (Y-T-D)</b>
GENERAL GOVERNMENT	\$127,200	\$74,667	58.70%
GENERAL CONTRACTS	191,000	191,000	100.00%
ADMINISTRATION	1,017,800	799,545	78.56%
LEGAL	770,400	530,713	68.89%
NON-DEPARTMENTAL	(1,803,500)	(1,288,287)	71.43%
COMMUNICATIONS	456,000	339,300	74.41%
ECONOMIC DEVELOPMENT	387,900	243,587	62.80%
HUMAN RESOURCES	806,300	552,674	68.54%
FINANCE ADMINISTRATION	608,300	481,233	79.11%
ACCOUNTING	473,800	353,233	74.55%
INFORMATION SERVICES	1,177,200	945,602	80.33%
PURCHASING	145,800	105,956	72.67%
COMMUNITY SERVICES ADMIN.	757,400	503,003	66.41%
BUILDING INSPECTION	957,600	710,514	74.20%
ENVIRONMENTAL HEALTH	778,300	573,683	73.71%
ENGINEERING	1,358,000	1,006,424	74.11%
TRAFFIC	989,900	650,762	65.74%
PUBLIC WORKS ADMINISTRATION	396,700	293,450	73.97%
SOLID WASTE COLLECTION	2,067,300	1,540,786	74.53%
STREET MAINTENANCE	2,852,200	2,054,664	72.04%
POLICE ADMINISTRATION	475,500	302,048	63.52%
POLICE INVESTIGATIONS	1,333,500	1,003,988	75.29%
POLICE PATROL	6,458,000	4,647,220	71.96%
POLICE COMMUNICATIONS	1,838,700	1,419,217	77.19%
MUNICIPAL COURT	549,200	353,332	64.34%
FIRE ADMINISTRATION	728,900	512,185	70.27%
FIRE PREVENTION	460,800	339,995	73.78%
FIRE OPERATIONS	5,976,600	4,437,060	74.24%
BUILDING MAINTENANCE	1,042,900	812,494	77.91%
PARKS & RECREATION ADMIN.	532,300	381,753	71.72%
PARK MAINTENANCE	3,888,600	2,834,077	72.88%
RECREATION	1,664,300	1,137,545	68.35%
SWIMMING POOL	208,300	122,120	58.63%
SENIOR CENTER	604,400	417,828	69.13%
PARK BOARD	10,600	4,999	47.16%
SENIOR ADVISORY BOARD	9,400	3,456	36.77%
CHRISTMAS	151,600	90,275	59.55%
LIBRARY	1,843,400	1,274,969	69.16%
<b>GRAND TOTAL</b>	<b><u>\$42,292,600</u></b>	<b><u>\$30,757,070</u></b>	<b><u>72.72%</u></b>



**PUBLIC UTILITY FUND**  
**STATEMENT OF EXPENDITURES**  
 June 2007  
 (UNAUDITED)

DIVISION	AMENDED BUDGET 2006-07	ACTUAL EXPENDITURES AND ENCUMBRANCES 06/30/07	ACTUAL AS % OF BUDGET (Y-T-D)
ADMINISTRATION	\$2,515,700	\$1,784,627	70.94%
OPERATIONS	<u>11,183,900</u>	<u>7,715,191</u>	<u>68.98%</u>
<b>GRAND TOTAL</b>	<b><u><u>\$13,699,600</u></u></b>	<b><u><u>\$9,499,818</u></u></b>	<b><u><u>69.34%</u></u></b>

HOTEL/MOTEL FUND  
STATEMENT OF EXPENDITURES  
June 2007  
(UNAUDITED)

DIVISION	AMENDED BUDGET 2006-07	ACTUAL EXPENDITURES AND ENCUMBRANCES 06/30/07	ACTUAL AS % OF BUDGET (Y-T-D)
HISTORICAL PRESERVATION	\$699,100	\$451,525	64.59%
PROMOTION OF TOURISM	1,079,600	755,270	69.96%
CONVENTION CENTER	<u>540,900</u>	<u>377,318</u>	<u>69.76%</u>
<b>GRAND TOTAL</b>	<b><u><u>\$2,319,600</u></u></b>	<b><u><u>\$1,584,113</u></u></b>	<b><u><u>68.29%</u></u></b>

**Pooled Cash and Investments**  
Including Premiums/(Discounts)



June, 2007 (unaudited)

**Cash and Investments**

<u>Fund No.</u>	<u>Fund Name</u>	<u>Jun-30-2006</u>	<u>Oct-01-2006</u>	<u>Jun-30-2007</u>
<b>General Fund:</b>				
101	General	\$15,106,414	\$11,985,066	\$12,039,927
102	Payroll	34,829	53,158	27,044
103	Fixed Assets	854,827	1,095,632	1,742,004
Sub-Total		<u>15,996,070</u>	<u>13,133,856</u>	<u>13,808,975</u>
<b>Special Revenue Fund:</b>				
201	Hotel-Motel	1,829,597	2,292,307	1,969,359
202	Police Forfeitures	234,581	249,609	22,234
203	Special Revenue Donations	156,035	150,738	123,954
204	Dividend	8,330	0	0
205	Youth Scholarship	16,012	16,306	19,362
206	Grant	6,318	929	13,102
207	Building Security	170,756	176,755	163,586
208	LF Closure/Post Closure	6,247,506	6,600,204	7,416,504
209	Court Technology Fund	167,681	276,591	306,480
210	Local Law Enforcement Block Grant	2,284	0	0
211	Stars Center	646,327	693,270	759,327
213	Legal Defense	0	0	12,644
222	Police Forfeitures - Federal	0	0	192,000
233	Fixed Assets	145,621	58,236	71,715
Sub-Total		<u>9,631,046</u>	<u>10,514,944</u>	<u>11,070,265</u>
<b>Capital Fund:</b>				
301	Non-Bond Capital Improvement Programs	10,056,377	9,380,472	10,232,228
302	DART	298,100	1,456,089	880,929
303	Hotel/Motel Capital Improvement	164,805	167,722	150,998
304	* PID Debt Service	2,706,150	3,036,148	2,771,383
305	Hotel/Motel Bond	376,539	0	0
313	Non-Bond Convention Center	0	0	0
318	Street Bond	0	0	0
321	Stars/Conference Cntr Bond	0	0	0
324	Drainage Bond	0	0	0
325	Water Bond	125,338	35,325	38,262
326	* Sewer Interceptor Bond	0	0	0
327	* Non-Bond Utility fund	5,507,122	7,761,893	8,195,391
328	TIF District #1	3,152,127	2,261,900	4,094,929
329	TIF District #2	200,482	178,012	184,200
Sub-Total		<u>22,587,040</u>	<u>24,277,561</u>	<u>26,548,321</u>
<b>Debt Service Fund:</b>				
401	Debt Service	3,039,689	(2,529)	3,099,637
402	Debt Service Convention Center	344,656	78,795	356,653
403	Stars Center	(54,867)	75,614	(293,391)
Sub-Total		<u>3,329,477</u>	<u>151,880</u>	<u>3,162,899</u>
<b>Enterprise Fund:</b>				
501	Water And Sewer	2,500,881	2,232,884	1,022,270
503	Fixed Assets	767,686	967,512	950,186
Sub-Total		<u>3,268,568</u>	<u>3,200,395</u>	<u>1,972,456</u>
<b>Internal Service Fund:</b>				
601	Internal Services	16,796	1,724	(162,177)
602	Worker's Comp	740,763	794,937	927,372
603	Fixed Assets	106,057	142,549	264,874
Sub-Total		<u>863,616</u>	<u>939,209</u>	<u>1,030,070</u>
<b>GRAND TOTAL</b>		<u>\$55,675,817</u>	<u>\$52,217,846</u>	<u>\$57,592,987</u>

\* Reported in Enterprise Fund at year-end.

**City of Farmers Branch  
Portfolio Summary Report  
Quarter ending 06/30/07**

This quarterly report is in full compliance with the City of Farmers Branch's investment strategy as established for operating and pooled funds and the Public Funds Investment Act (Chapter 2256). Beginning period information is as of March 31, 2007.

Beginning Book Value	\$61,574,342
Beginning Market Value	\$61,500,448
WAM <sup>1</sup> at Beginning Date	276 days
Ending Book Value	\$60,018,831
Ending Market Value	\$59,869,391
Unrealized Gain/(Loss)	\$ (149,441)
WAM at Ending Date	260 days
Change in Market Value	\$(1,631,057) <sup>2</sup>


Yield Calculated on Weighted Average of Total Portfolio's Average Daily Balance	4.996%
Fiscal Year to Date Average Monthly Yield	4.942%
260 Day T-Bill at June 30, 2007	5.080%

<sup>1</sup> WAM = Weighted Average Maturity

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

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

Approved by:

  
Charles S. Cox  
Director of Finance

**The City of Farmers Branch  
Investment Portfolio  
June 30, 2007**

Trade Date	Maturity Date	Type/ Broker Dealer	CUSIP	Weighted Average Maturity	Coupon	Yield	PAR Value	Purchase Principal	Market Value 06/30/07	Current Book Value	Unrealized Gain/(Loss)	Accrued Interest Receivable	Percent of Total Portfolio
Jan-11-2006	Jul-31-2007	<b>TN</b> Merrill Lynch	912828EB2	8	3.875%	4.404%	3,000,000	2,976,328	<b>2,998,140</b>	2,999,342	(1,202)	48,438	4.96%
Jul-06-2006	Nov-15-2007	<b>TN</b> JP Morgan	912828AN0	22	3.000%	5.290%	2,000,000	1,940,625	<b>1,985,160</b>	1,983,301	1,859	5,000	3.31%
Jan-04-2007	Sep-30-2007	<b>TN</b> Merrill Lynch	912828EH9	37	4.000%	4.992%	5,000,000	4,964,258	<b>4,988,300</b>	4,988,831	(531)	50,000	8.27%
Feb-15-2007	Dec-31-2007	<b>TN</b> JP Morgan	912828ER7	19	4.375%	5.036%	1,300,000	1,292,688	<b>1,296,243</b>	1,295,978	265	0	2.15%
Jan-11-2007	Dec-31-2007	<b>TN</b> Merrill Lynch	912828ER7	15	4.375%	5.017%	1,000,000	993,984	<b>997,110</b>	996,992	118	0	1.65%
<b>TOTAL U.S. TREASURY OBLIGATIONS</b>				<b>102</b>	<b>3.877%</b>	<b>4.904%</b>	<b>12,300,000</b>	<b>12,167,883</b>	<b>12,264,953</b>	<b>12,264,444</b>	<b>509</b>	<b>103,437</b>	<b>20.34%</b>
Oct-19-2006	Aug-03-2007	<b>FNMA Disc</b> Morgan Keegan	31359MG56	2	4.750%	5.275%	2,250,000	2,240,820	<b>2,248,605</b>	2,248,623	(18)	35,625	3.72%
Dec-06-2006	Sep-07-2007	<b>FNMA</b> BOSC/Bank of Tx	31359MZB2	4	4.375%	5.116%	2,300,000	2,287,412	<b>2,295,699</b>	2,296,503	(804)	25,156	3.80%
Apr-05-2007	Jan-15-2008	<b>FNMA</b> BOSC/Bank of Tx	31359MU43	28	5.500%	5.187%	5,900,000	5,913,394	<b>5,905,546</b>	5,909,673	(4,127)	139,715	9.75%
Feb-02-2007	Apr-07-2008	<b>FHLB</b> Deutsche Bank	3133XBEE1	30	4.430%	5.201%	4,500,000	4,460,445	<b>4,470,480</b>	4,473,159	(2,679)	33,225	7.44%
Jan-11-2007	May-16-2008	<b>FHLB</b> BOSC/Bank of Tx	3133XBSD8	34	4.250%	5.150%	4,500,000	4,447,665	<b>4,460,625</b>	4,465,655	(5,030)	15,938	7.44%
Jan-04-2007	Jun-02-2008	<b>FHLMC</b> BOSC/Bank of Tx	3128X4BD2	55	4.350%	5.005%	6,900,000	6,838,863	<b>6,842,661</b>	6,858,643	(15,982)	0	11.41%
Jul-21-2006	Jul-01-2008	<b>FHLB</b> Morgan Keegan	3133XG3T9	47	5.530%	5.364%	5,300,000	5,315,847	<b>5,313,250</b>	5,308,254	4,996	122,121	8.76%
May-17-2007	Sep-02-2008	<b>FNMA</b> BOSC/Bank of Tx	31359MSY0	43	4.000%	5.151%	4,250,000	4,189,353	<b>4,188,928</b>	4,195,038	(6,111)	55,250	7.03%
Sep-29-2006	Sep-12-2008	<b>FHLB</b> JP Morgan	3133XEZP7	34	5.000%	4.968%	3,250,000	3,251,820	<b>3,238,820</b>	3,251,100	(12,280)	40,625	5.37%
Nov-05-2003	Oct-15-2008	<b>FHLMC-PID Resv</b> JP Morgan	3134A2UJ5	7	5.125%	3.585%	600,000	641,526	<b>599,628</b>	610,909	(11,281)	5,125	0.99%
Mar-11-2004	Feb-15-2009	<b>FAMCA</b> Paine Weber	31315PJU4	31	3.375%	3.002%	2,250,000	2,288,138	<b>2,183,670</b>	2,262,605	(78,935)	25,313	3.72%
Nov-03-2004	May-15-2029	<b>FNMA</b> Wells Fargo	31359YBH9	27	0.000%	5.620%	470,000	120,658	<b>140,389</b>	158,088	(17,699)	0	0.78%
<b>TOTAL AGENCY OBLIGATIONS</b>				<b>341</b>	<b>4.603%</b>	<b>5.024%</b>	<b>42,470,000</b>	<b>41,995,941</b>	<b>41,888,301</b>	<b>42,038,250</b>	<b>(149,950)</b>	<b>498,092</b>	<b>70.21%</b>
Jun-30-2007	Jun-30-2007	Repo/Merrill-Flexicash		1	<b>4.990%</b>	4.990%	<b>5,716,137</b>	5,716,137	5,716,137	5,716,137	0	0	9.45%
<b>TOTAL REPO AGREEMENTS (Collateralized)</b>				<b>1</b>	<b>4.990%</b>	<b>4.990%</b>	<b>5,716,137</b>	<b>5,716,137</b>	<b>5,716,137</b>	<b>5,716,137</b>	<b>0</b>	<b>0</b>	<b>9.45%</b>
<b>TOTAL INVESTMENTS</b>					<b>4.492%</b>		<b>60,486,137</b>	<b>59,879,961</b>	<b>59,869,391</b>	<b>60,018,831</b>	<b>(149,441)</b>	<b>601,530</b>	<b>100.00%</b>

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

4.996%

Year to Date Average Monthly Yield through

June 30, 2007

4.942%

**260 Day T-Bill Dated** As of **6/30/2007**

Mar-2008

**5.080%**

Portfolio Weighted Average Maturity (WAM) in Days

260

Portfolio Market to Book Value Percentage Gain/Loss

-0.25%

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

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

Key: TB= US Treasury Bill, TN = US Treasury Note, FHLB = Federal Home Loan Bank Note, Repo = Repurchase Agreement, FFCB - Federal Farm Credit Bank Note, FNND = Fannie Mae Discount Note, SLMA = Student Loan Marketing Association Note, FNMA = Fannie Mae Note, FHLMC = Freddie Mac, FAMCA = Farmer Mac Note

**ALL INSTRUMENTS ARE HELD TO MATURITY**

Director of Finance