



City of Nassau Bay  
Financial Statements  
Fiscal Year 2016

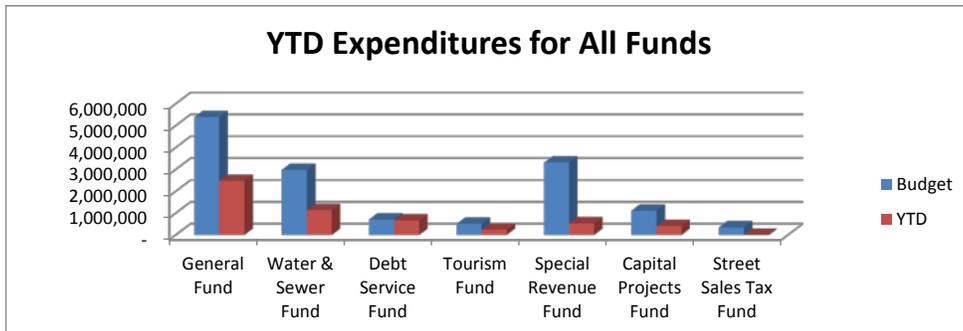
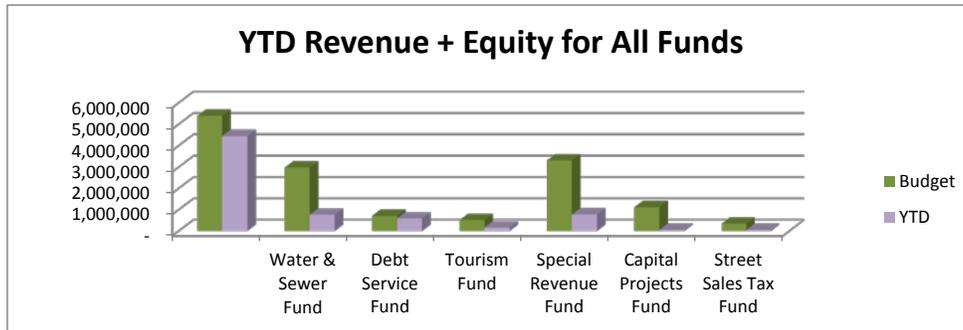
March 31, 2016

City of Nassau Bay  
Fiscal Year 2016  
Summary Financial Report  
March-2016 (50% of the fiscal year completed)

No. Department	FY16 Adopted Budget	FY16 12 Month Actual	Percent Received or Spent	5-Year Avg March each year
<b>General Fund Revenue:</b>				
Property Taxes	2,866,570	3,594,245	125% *	111%
Franchise Fees	440,000	139,869	32%	33%
Sales Taxes	552,500	196,398	36%	36%
Permits and Fees	140,840	114,842	82%	54%
Fines	111,120	43,970	40%	60%
Ambulance Fees	306,000	144,769	47%	52%
Other Revenue	336,860	151,010	45%	43%
Insurance Claims & Rebates	10,000	-	0%	51%
Interest on Investments	4,000	4,050	101%	65%
From Other Funds	117,400	58,700	50%	51%
<b>Total Current Revenue</b>	<b>4,885,290</b>	<b>4,447,852</b>	<b>91%</b>	<b>84%</b>
Transfers (To) From	-	-	0%	0%
Equity	505,680	-	0%	0%
<b>Total Revenue Budget</b>	<b>5,390,970</b>	<b>4,447,852</b>	<b>83%</b>	<b>79%</b>
*Property Tax Revenue YTD still includes TIRZ allocation. A budgeted \$825,000 will only be transferred to the TIRZ in June 2016.				
<b>General Fund Department Expenditures:</b>				
1 General & Administrative	942,880	433,243	46%	38%
2 Building Department	128,820	58,822	46%	41%
3 Emergency Management	151,310	64,034	42%	45%
4 Fire Department	364,830	243,109	67%	61%
5 Public Works	415,920	179,573	43%	43%
6 Parks and Recreation	426,230	208,455	49%	44%
7 Police Department	1,312,820	592,853	45%	45%
8 Sanitation & Recycling	236,330	98,255	42%	43%
9 Animal Control	38,670	14,381	37%	46%
10 Contingency	100,000	63,497	64%	20%
11 Information Services	284,140	112,956	40%	40%
12 Municipal Court	131,600	53,778	41%	39%
13 Emergency Medical Service	488,930	213,041	44%	46%
14 Fire Marshal	134,860	37,011	27%	40%
15 Planning & Development	15,000	7,176	48%	44%
16 Code Enforcement	-	-	0%	43%
17 Conference Center	218,630	96,656	44%	34%
<b>Total General Fund Expenditures</b>	<b>5,390,970</b>	<b>2,476,841</b>	<b>46%</b>	<b>43%</b>
<b>Water &amp; Sewer Fund Revenue:</b>				
Water Sales	1,100,000	383,814	35%	34%
Sewer Charges	1,040,000	372,089	36%	35%
Other Charges	35,300	10,763	30%	3%
<b>Total Current Revenue</b>	<b>2,175,300</b>	<b>766,667</b>	<b>35%</b>	<b>28%</b>
Equity	804,870	-	0%	0%
<b>Total W&amp;S Revenue Budget</b>	<b>2,980,170</b>	<b>766,667</b>	<b>26%</b>	<b>22%</b>
<b>W&amp;S Fund Department Expenditures:</b>				
1 General & Administrative - Water & Sewer	1,213,460	494,429	41%	45%
2 Water Department	664,030	158,373	24%	25%
3 Sewer Department	749,540	259,738	35%	17%
4 Debt Service & Depreciation	353,140	224,566	64%	59%
<b>Total W&amp;S Fund Expenditures</b>	<b>2,980,170</b>	<b>1,137,106</b>	<b>38%</b>	<b>32%</b>

City of Nassau Bay  
 Fiscal Year 2016  
 Summary Financial Report  
 March-2016 (50% of the fiscal year completed)

No. Department	FY16 Adopted Budget	FY16 12 Month Actual	Percent Received or Spent	5-Year Avg March each year
<b>Debt Service Fund - 04</b>				
Total Revenue + Equity	712,590	590,992	83%	73%
Total Expenditures	712,590	663,043	93%	93%
<b>Tourism Fund - 06</b>				
Total Revenue + Equity	511,540	167,534	33%	23%
Total Expenditures	511,540	239,264	47%	51%
<b>Special Revenue &amp; Grant Fund - 07</b>				
Total Revenue + Equity	3,312,650	776,663	23%	33%
Total Expenditures	3,312,650	530,005	16%	37%
<b>Street Sales Tax Fund - 10</b>				
Total Revenue + Equity	350,000	49,485	14%	18%
Total Expenditures	350,000	420	<1%	27%
<b>Capital Projects Fund - 09</b>				
Total Revenue + Equity	1,114,640	49,951	4%	37%
Total Expenditures	1,114,640	409,762	37%	47%
<b>Total Nassau Bay Budget</b>	<b>14,372,560</b>	<b>5,456,441</b>	<b>38%</b>	<b>42%</b>



City of Nassau Bay  
Fiscal Year 2016  
Summary Financial Report  
March-2016 (50% of the fiscal year completed)

No. Department	FY16 Adopted Budget	FY16 12 Month Actual	Percent Received or Spent	5-Year Avg March each year
<b>Combined Operating Funds Report:</b>				
<b>Operating Revenue:</b>				
General Fund	4,885,290	4,447,852	91%	84%
Water & Sewer Fund	2,175,300	766,667	35%	28%
Tourism Fund	610,600	167,534	27%	22%
Special Revenue Fund	3,314,010	776,663	23%	30%
<b>Total Revenue</b>	<b>10,985,200</b>	<b>6,158,716</b>	<b>56%</b>	<b>66%</b>
<b>(Increase)/Decrease in Balance Forward Yr/Yr</b>				
General Fund	505,680	-	0%	0%
Water & Sewer Fund	804,870	-	0%	0%
Tourism Fund	(99,060)	-	0%	0%
Special Revenue Fund	(1,360)	-	0%	0%
<b>Total Balance Forward</b>	<b>1,210,130</b>	<b>-</b>	<b>0%</b>	<b>0%</b>
<b>Total Operating Rev &amp; Bal Forward</b>	<b>12,195,330</b>	<b>6,158,716</b>	<b>51%</b>	<b>50%</b>
<b>Operating Expenditures:</b>				
General Fund	5,390,970	2,476,841	46%	43%
Water & Sewer Fund	2,980,170	1,137,106	38%	32%
Tourism Fund	511,540	239,264	47%	51%
Special Revenue Fund	3,312,650	530,005	16%	37%
<b>Total Operating Expenditures</b>	<b>12,195,330</b>	<b>4,383,216</b>	<b>36%</b>	<b>39%</b>
<b>Combined Capital Assets Funds:</b>				
<b>Capital Assets Funds Revenue:</b>				
Debt Service Fund	762,920	590,992	77%	72%
Sales Tax Streets Fund	138,500	49,485	36%	37%
Capital Projects Fund	85,450	49,951	58%	4%
<b>Total</b>	<b>986,870</b>	<b>690,427</b>	<b>70%</b>	<b>59%</b>
<b>(Increase)/Decrease in Balance Forward Yr/Yr</b>				
Debt Service Fund	(50,330)	-	0%	0%
Sales Tax Streets Fund	211,500	-	0%	0%
Capital Projects Fund	1,029,190	-	0%	0%
<b>Total Balance Forward</b>	<b>1,190,360</b>	<b>-</b>	<b>0%</b>	<b>0%</b>
<b>Total Capital Assets Funds Revenue</b>	<b>2,177,230</b>	<b>690,427</b>	<b>32%</b>	<b>45%</b>
<b>Capital Assets Funds Expenditures:</b>				
Debt Service Fund	712,590	663,043	93%	93%
Sales Tax Streets Fund	350,000	420	<1%	27%
Capital Projects Fund	1,114,640	409,762	37%	47%
<b>Total Capital Assets Expenditures</b>	<b>2,177,230</b>	<b>1,073,225</b>	<b>49%</b>	<b>58%</b>
<b>Total Nassau Bay Budget</b>	<b>14,372,560</b>	<b>5,456,441</b>	<b>38%</b>	<b>42%</b>
<b>End of Year Reserves</b>				
<b>Operating</b>				
General Fund	1,411,482			
Water & Sewer Fund	510,084			
Tourism Fund	632,745			
Special Revenue Fund	293,899			
<b>Total Operating End of Year Reserves</b>	<b>2,848,210</b>			
<b>Capital</b>				
Debt Service Fund	260,218			
Sales Tax Streets Fund	94,148			
Capital Projects Fund	884			
<b>Total Capital End of Year Reserves</b>	<b>355,250</b>			
<b>Total End of Year Reserves</b>	<b>3,203,460</b>			

**CITY OF NASSAU BAY INVESTMENT PORTFOLIO**  
**March 31, 2016**

<b>TexPool Investments</b>					
<b>Fund</b>	<b>Investments 3/1/2016</b>	<b>Additions</b>	<b>Interest</b>	<b>Withdrawals</b>	<b>Investments 3/31/2016</b>
General Fund	\$ 91,634.90	\$ -	\$ 25.41	\$ -	\$ 91,660.31
Water & Sewer Fund	\$ 12,893.32	\$ -	\$ 3.57	\$ -	\$ 12,896.89
Debt Service Fund	\$ 3,842.47	\$ -	\$ 1.03	\$ -	\$ 3,843.50
Tourism Fund	\$ 5,570.74	\$ -	\$ 1.55	\$ -	\$ 5,572.29
Special Rev. & Grants	\$ 1,022,663.83	\$ -	\$ 239.95	\$ 300,490.78	\$ 722,413.00
Capital Projects Fund	\$ 97.60	\$ -	\$ -	\$ -	\$ 97.60
Street Sales Tax	\$ 4,696.14	\$ -	\$ 1.24	\$ -	\$ 4,697.38
<b>Sub-Total</b>	<b>\$ 1,141,399.00</b>	<b>\$ -</b>	<b>\$ 272.75</b>	<b>\$ 300,490.78</b>	<b>\$ 841,180.97</b>
Nassau Bay Economic Development Corporation	\$ 233,889.06	\$ -	\$ 64.99	\$ -	\$ 233,954.05
Nassau Bay Tax Increment Reinvestment Zone No. 1	\$ -	\$ -	\$ -	\$ -	\$ -
TIRZ Revenue - RDA Equity	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Sub-Total</b>	<b>\$ 233,889.06</b>	<b>\$ -</b>	<b>\$ 64.99</b>	<b>\$ -</b>	<b>\$ 233,954.05</b>
<b>TexPool Grand Total</b>	<b>\$ 1,375,288.06</b>	<b>\$ -</b>	<b>\$ 337.74</b>	<b>\$ 300,490.78</b>	<b>\$ 1,075,135.02</b>

Texpool's weighted average maturity (\*) was 72 days and the average interest rate was 0.3273%.

(\*) TexPool WAM Days (2) To arrive at weighted average maturity, the maturity of floating rate and variable rate securities was deemed to be the final maturity of such securities.

**CITY OF NASSAU BAY INVESTMENT PORTFOLIO**  
**March 31, 2016**

<b>Logic Investments</b>					
<b>Fund</b>	<b>Investments 3/1/2016</b>	<b>Additions</b>	<b>Interest</b>	<b>Withdrawals</b>	<b>Investments 3/31/2016</b>
General Fund	\$ 2,992,249.11	\$ -	\$ 1,322.96	\$ -	\$ 2,993,572.07
Water & Sewer Fund	\$ 133,084.68	\$ -	\$ 58.84	\$ -	\$ 133,143.520
Debt Service Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Tourism Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Special Rev. & Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Projects Fund	\$ 1,077,913.71	\$ -	\$ 469.85	\$ 235,944.16	\$ 842,439.40
Street Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Sub-Total</b>	<b>\$ 4,203,247.50</b>	<b>\$ -</b>	<b>\$ 1,851.65</b>	<b>\$ 235,944.16</b>	<b>\$ 3,969,154.99</b>
Nassau Bay Economic Development Corporation	\$ -	\$ -	\$ -	\$ -	\$ -
Nassau Bay Tax Increment Reinvestment Zone No. 1	\$ -	\$ -	\$ -	\$ -	\$ -
TIRZ Revenue - RDA Equity	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Sub-Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Logic Grand Total</b>	<b>\$ 4,203,247.50</b>	<b>\$ -</b>	<b>\$ 1,851.65</b>	<b>\$ 235,944.16</b>	<b>\$ 3,969,154.99</b>

Logic's weighted average maturity (\*) was 38 days and the average interest rate was 0.5206%.

(\*) Logic WAM Days To arrive at weighted average maturity, the maturity of floating rate and variable rate securities was deemed to be the final maturity of such securities.

**CITY OF NASSAU BAY INVESTMENT PORTFOLIO**  
**March 31, 2016**

**Texas Citizens Bank - DDA**

TCB DDA Minimum Balance - Qualifies the City for a .90 earnings credit on account analysis fees  
 \$ 650,000.00

**Texas Citizens Bank - MMA Investments**

Fund	Investments 3/1/2016	Additions	Interest	Withdrawals	Investments 3/31/2016
General Fund	\$ 382,627.24	\$ 190,000.00	\$ 37.40	\$ 426,221.34	\$ 146,443.30
Water & Sewer Fund	\$ 474,485.06	\$ -	\$ 80.23	\$ 66,000.00	\$ 408,565.29
Debt Service Fund	\$ 36,656.87	\$ 87,436.93	\$ 6.71	\$ -	\$ 124,100.51
Tourism Fund	\$ 568,096.78	\$ -	\$ 96.43	\$ 12,044.16	\$ 556,149.05
Special Rev. & Grants	\$ 60,124.68	\$ 59,930.23	\$ 10.55	\$ -	\$ 120,065.46
Capital Projects Fund	\$ 1,057.40	\$ 66,848.03	\$ 0.55	\$ -	\$ 67,905.98
Street Sales Tax	\$ 410,155.92	\$ 12,050.31	\$ 69.73	\$ -	\$ 422,275.96
<b>Sub-Total</b>	<b>\$ 1,933,203.95</b>	<b>\$ 416,265.50</b>	<b>\$ 301.60</b>	<b>\$ 504,265.50</b>	<b>\$ 1,845,505.55</b>
Nassau Bay Economic Development Corporation	\$ -	\$ -	\$ -	\$ -	\$ -
Nassau Bay Tax Increment Reinvestment Zone No. 1	\$ -	\$ -	\$ -	\$ -	\$ -
TIRZ Revenue - RDA Equity	\$ -				\$ -
<b>Sub-Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>MMA Grand Total</b>	<b>\$ 1,933,203.95</b>	<b>\$ 416,265.50</b>	<b>\$ 301.60</b>	<b>\$ 504,265.50</b>	<b>\$ 1,845,505.55</b>

**CITY OF NASSAU BAY INVESTMENT PORTFOLIO**  
**March 31, 2016**

**Texas Citizens Bank - Repurchase Agreement**

TCB Repurchase Agreement - Sweep Account to collect all excess over \$650,000 minimum in DDA

Weighted Average	\$ 165,036.41
Ending Balance as of 03/31/2016	\$ 116,196.75
Interest Rate	0.15%
Interest Earned	\$ 21.03

Fund	Investments 3/1/2016	Interest	Investments 3/31/2016
General Fund	\$ 111,038.41	\$ 10.52	\$ 63,992.49
Water & Sewer Fund	\$ 93,733.04	\$ 10.51	\$ 52,204.26
Debt Service Fund	\$ -	\$ -	\$ -
Tourism Fund	\$ -	\$ -	\$ -
Special Rev. & Grants	\$ -	\$ -	\$ -
Capital Projects Fund	\$ -	\$ -	\$ -
Street Sales Tax	\$ -	\$ -	\$ -
<b>Sub-Total</b>	<b>\$ 204,771.45</b>	<b>\$ 21.03</b>	<b>\$ 116,196.75</b>
Nassau Bay Economic Development Corporation	\$ -	\$ -	\$ -
Nassau Bay Tax Increment Reinvestment Zone No. 1	\$ -	\$ -	\$ -
TIRZ Revenue - RDA Equity	\$ -	\$ -	\$ -
<b>Sub-Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Repo Grand Total</b>	<b>\$ 204,771.45</b>	<b>\$ 21.03</b>	<b>\$ 116,196.75</b>

**CITY OF NASSAU BAY INVESTMENT PORTFOLIO**  
**March 31, 2016**

**Texas Citizens Bank - CDAR**

	Investments 3/1/2016	Additions	Interest	Withdrawals	Investments 3/31/2016
TCB-TriState Capital Bank CD 26 Week 0.44%	\$ 246,139.41	\$ -	\$ 92.00	\$ -	\$ 246,231.41
TCB-United Bank CD 26 Week 0.44%	\$ 29,016.43	\$ -	\$ 10.85	\$ -	\$ 29,027.28
<b>Total CDAR Investments</b>	<b>\$ 275,155.84</b>	<b>\$ -</b>	<b>\$ 102.85</b>	<b>\$ -</b>	<b>\$ 275,258.69</b>

**CITY OF NASSAU BAY INVESTMENT PORTFOLIO**  
**March 31, 2016**

**TWDB Combination Tax and Revenue Obligations - Series 2011**

Closed - March 24, 2011	\$	2,445,000
Release of Funds - Portion of Initial	\$	(2,246,072)
<b>Investments - Portion of Initial</b>	<b>\$</b>	<b>198,928</b>

TWDB - Bank of Texas	Investments 3/1/2016	Additions	Total Dividends	Withdrawals	Investments 3/31/2016
Cavanal Hill US Treas-Admin Fd#0002	\$ 208,734.51	\$ -	\$ 1.66	\$ -	\$ 208,736.17
<b>Total TWDB Investments</b>	<b>\$ 208,734.51</b>	<b>\$ -</b>	<b>\$ 1.66</b>	<b>\$ -</b>	<b>\$ 208,736.17</b>

**CITY OF NASSAU BAY INVESTMENT PORTFOLIO**  
**March 31, 2016**

**Economic Development Corporation**

	Investments 3/1/2016	Additions	Interest	Withdrawals	Investments 3/31/2016
Texpool - Economic Development Corp.	\$ 233,889.06	\$ -	\$ 64.99	\$ -	\$ 233,954.05
TCB - City MMA	\$ -	\$ -	\$ -	\$ -	\$ -
TCB - EDC BizReward Checking	\$ 20,038.85	\$ -	\$ -	\$ -	\$ 20,038.85
TCB - EDC BizReward Savings	\$ 192,557.71	\$ 24,100.64	\$ 67.52	\$ 25,000.00	\$ 191,725.87
<b>Total EDC Investments</b>	<b>\$ 446,485.62</b>	<b>\$ 24,100.64</b>	<b>\$ 132.51</b>	<b>\$ 25,000.00</b>	<b>\$ 445,718.77</b>

**CITY OF NASSAU BAY INVESTMENT PORTFOLIO**  
**March 31, 2016**

**Nassau Bay Redevelopment Authority**

	Investments 3/1/2016	Additions	Interest	Withdrawals	Investments 3/31/2016
Texpool - Nassau Bay Redevelopment Authority	\$ -	\$ -	\$ -	\$ -	\$ -
Logic - Nassau Bay Redevelopment Authority	\$ -	\$ -	\$ -	\$ -	\$ -
Bank of America CD-08/25/16 APY 0.45%	\$ 88,114.97	\$ -	\$ 33.68	\$ -	\$ 88,148.65
TriState Capital Bank CD-08/25/16 APY 0.45%	\$ 62,576.47	\$ -	\$ 23.92	\$ -	\$ 62,600.39
TCB - RDA BizReward Checking	\$ 20,433.50	\$ -	\$ -	\$ -	\$ 20,433.50
TCB - RDA BizReward Savings	\$ 139,510.40	\$ -	\$ 47.40	\$ -	\$ 139,557.80
<b>Total RDA Investments</b>	<b>\$ 310,635.34</b>	<b>\$ -</b>	<b>\$ 105.00</b>	<b>\$ -</b>	<b>\$ 310,740.34</b>

**CITY OF NASSAU BAY INVESTMENT PORTFOLIO**  
**March 31, 2016**

**Month Ending Investment Portfolio Balances by Fund\***

Fund	TexPool	Logic	TCB - MMA	TCB Repo Agreement	TCB CDAR	TWDB Bank of Texas	Investments 3/31/2016
General Fund	\$ 91,660.31	\$ 2,993,572.07	\$ 146,443.30	\$ 63,992.49	\$ 275,258.69	\$ -	\$ 3,570,926.86
Water & Sewer Fund	\$ 12,896.89	\$ 133,143.52	\$ 408,565.29	\$ 52,204.26	\$ -	\$ 208,736.17	\$ 815,546.13
Debt Service Fund	\$ 3,843.50	\$ -	\$ 124,100.51	\$ -	\$ -	\$ -	\$ 127,944.01
Tourism Fund	\$ 5,572.29	\$ -	\$ 556,149.05	\$ -	\$ -	\$ -	\$ 561,721.34
Special Rev. & Grants	\$ 722,413.00	\$ -	\$ 120,065.46	\$ -	\$ -	\$ -	\$ 842,478.46
Capital Projects Fund	\$ 97.60	\$ 842,439.40	\$ 67,905.98	\$ -	\$ -	\$ -	\$ 910,442.98
Street Sales Tax	\$ 4,697.38	\$ -	\$ 422,275.96	\$ -	\$ -	\$ -	\$ 426,973.34
<b>Sub-Total</b>	<b>\$ 841,180.97</b>	<b>\$ 3,969,154.99</b>	<b>\$ 1,845,505.55</b>	<b>\$ 116,196.75</b>	<b>\$ 275,258.69</b>	<b>\$ 208,736.17</b>	<b>\$ 7,256,033.12</b>
Nassau Bay Economic Development Corporation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nassau Bay Tax Increment Reinvestment Zone No. 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TIRZ Revenue - RDA Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Sub-Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Grand Total</b>	<b>\$ 841,180.97</b>	<b>\$ 3,969,154.99</b>	<b>\$ 1,845,505.55</b>	<b>\$ 116,196.75</b>	<b>\$ 275,258.69</b>	<b>\$ 208,736.17</b>	<b>\$ 7,256,033.12</b>

\*City Investment Portfolio Balances exclude the EDC & RDA

This investment report is in compliance with the investment strategy as established by the City of Nassau Bay & the Public Funds Investment Act (Chapter 2256).

Prepared By: *Jairne Vasquez*  
 Jairne Vasquez, Senior Accountant

Verified By: *Csilla Stiles*  
 Csilla L. Stiles, Finance Director



# TMRS Quarterly Summary

Period Ended: December 31, 2015



Fourth Quarter Economic Environment

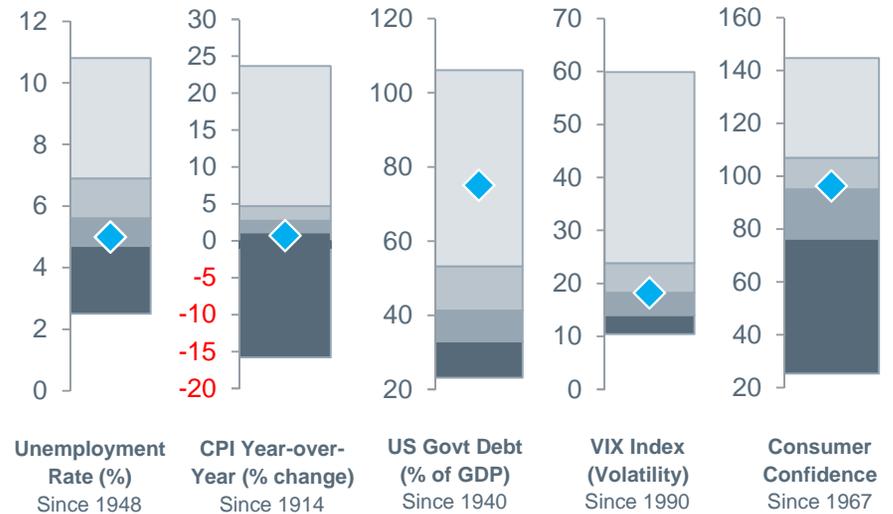
Key Economic Indicators

World equity markets rallied in October following a period of heightened volatility during the prior quarter. Positive price momentum proved to be short lived, however, as most markets gave back a significant portion of early gains by quarter's end. Headwinds included substantial US Dollar strengthening, diverging central bank monetary policies, commodity market dislocations, and emerging market asset volatility. World equity, bond, and commodity markets each ended the year in negative territory, with commodities and emerging market equities suffering the largest declines. In a move that was widely anticipated, the FOMC voted to raise the benchmark Federal Funds rate by 25 basis points during its December meeting. In Europe, Mario Draghi and the European Central Bank (ECB) expanded monetary stimulus measures. In China, pressure on foreign exchange reserves driven by the US Dollar peg led the People's Bank of China (PBoC) to formally adjust its currency management strategy, shifting to a trade-weighted basket of currencies to manage the value of the Yuan.

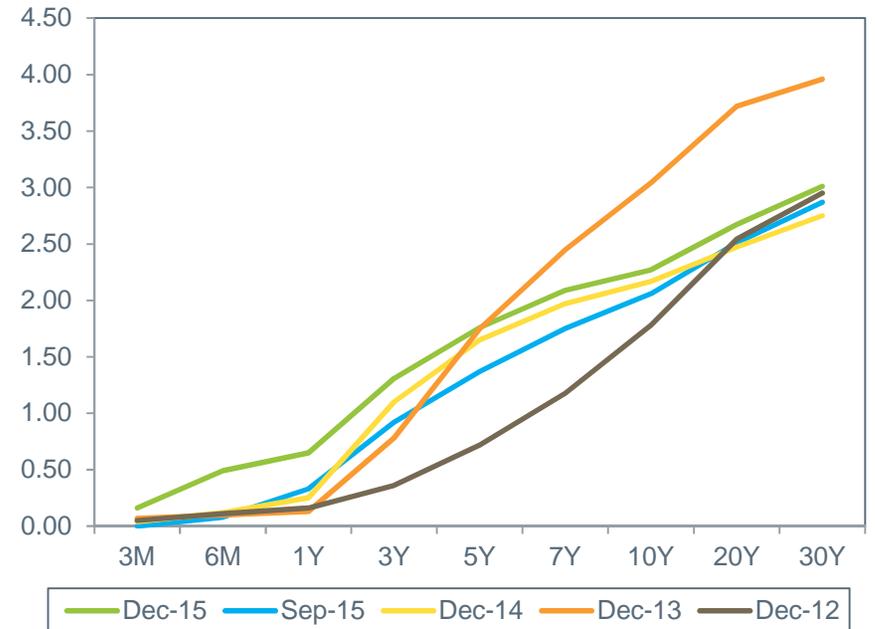
Economic Indicators	Dec-15	Sep-15	Dec-14	Dec-12	20 Yr
Federal Funds Rate (%)	0.20 ▲	0.07	0.06	0.09	2.60
Breakeven Infl. - 1 Yr (%)	0.85 ▲	-1.75	-0.21	1.31	N/A
Breakeven Infl. - 10 Yr (%)	1.58 ▲	1.43	1.68	2.45	N/A
CPI YoY (Headline) (%)	0.7 ▲	0.0	1.7	2.0	2.2
Unemployment Rate (%)	5.0 ▼	5.1	6.0	7.8	6.0
Real GDP YoY (%)	1.8 ▼	2.1	2.9	2.4	2.4
PMI - Manufacturing	48.00 ▼	50.00	55.80	51.80	52.10
USD Total Wtd Idx	94.46 ▲	92.32	85.13	73.54	86.65
WTI Crude Oil per Barrel (\$)	37 ▼	45	53	92	55
Gold Spot per Oz (\$)	1,061 ▼	1,115	1,185	1,675	741

Market Performance (%)	QTD	CYTD	1 Yr	5 Yr	10 Yr
S&P 500 (Cap Wtd)	7.04	1.38	1.38	12.57	7.31
Russell 2000	3.59	-4.41	-4.41	9.18	6.80
MSCI EAFE (Net)	4.71	-0.81	-0.81	3.60	3.03
MSCI EAFE SC (Net)	6.79	9.59	9.59	6.32	4.55
MSCI Emg Mkts (Net)	0.66	-14.92	-14.92	-4.80	3.62
Barclays US Agg Bond	-0.57	0.55	0.55	3.25	4.52
BofA ML 3 Mo US T-Bill	0.03	0.05	0.05	0.07	1.24
NCREIF ODCE (Gross)	3.34	15.01	15.01	13.66	6.53
Wilshire US REIT	7.47	4.23	4.23	12.44	7.31
HFN FOF Multi-Strat	0.19	-1.23	-1.23	1.91	1.95
Bloomberg Comdty (TR)	-10.52	-24.66	-24.66	-13.47	-6.43

Key Economic Indicators

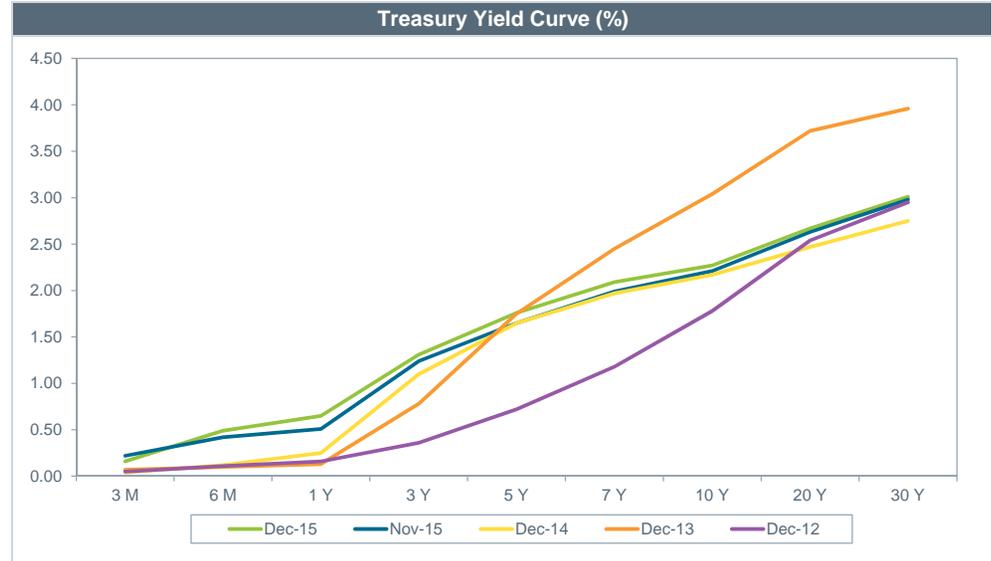


Treasury Yield Curve (%)



Treasury data courtesy of the US Department of the Treasury. Economic data courtesy of Bloomberg Professional Service. Breakeven Inflation does not have 20 years of history; therefore, its 20-year average is shown as N/A.

General Market Commentary	
•	The Fed raised the target Federal Funds rate from zero to 25 basis points, which ultimately is a target within a range of 0.25% to 0.50%. This marks the first increase in the target rate since June 2006 and marks the end of a 7-year run with the benchmark rate near zero.
•	Economic activity of the US manufacturing sector in December contracted further, as the impacts of the strong dollar and a weak global economy continue to play out. The manufacturing index fell to 48.2 in December, the lowest since June 2009.
•	Oil prices continued their year-long slide ending the month at \$37 per barrel, as big oil-producing nations continued to pump crude in an effort to defend their market share.
•	Equity markets posted negative returns in December as the S&P 500 (Cap Wtd) Index returned -1.58% and the MSCI EAFE (Net) Index returned -1.35%. Emerging markets returned -2.23% as measured by the MSCI EM (Net) Index.
•	The Barclays US Aggregate Bond Index returned -0.32% in December, underperforming the -0.19% return by the Barclays US Treasury Intermediate Term Index. International fixed income markets returned 1.46%, as measured by the Citi Non-US World Government Bond Index.
•	Public real estate, as measured by the Wilshire US REIT Index, returned 1.95% in December and 12.44% over the trailing five-year period.
•	The Cambridge US Private Equity Index returned 5.44% for the trailing one-year period and 14.16% for the trailing five-year period ending September 2015.
•	Absolute return strategies, as measured by the HFN FOF Multi-Strat Index, returned -0.69% for the month and -1.23% over the trailing one-year period.
•	Crude oil's price fell by 11.07% during the month and has decreased by 30.47% YoY.



Treasury Yield Curve (%)	Dec-15	Nov-15	Dec-14	Dec-13	Dec-12
3 Month	0.16	0.22	0.04	0.07	0.05
6 Month	0.49	0.42	0.12	0.10	0.11
1 Year	0.65	0.51	0.25	0.13	0.16
3 Year	1.31	1.24	1.10	0.78	0.36
5 Year	1.76	1.65	1.65	1.75	0.72
7 Year	2.09	1.99	1.97	2.45	1.18
10 Year	2.27	2.21	2.17	3.04	1.78
20 Year	2.67	2.63	2.47	3.72	2.54
30 Year	3.01	2.98	2.75	3.96	2.95

Economic Indicators	Dec-15	Nov-15	Dec-14	10 Yr	20 Yr
Federal Funds Rate (%)	0.20 ▲	0.08	0.06	1.28	2.60
Breakeven Inflation - 1 Year (%)	0.85 ▲	0.67	-0.21	1.00	N/A
Breakeven Inflation - 5 Year (%)	1.28 ▼	1.29	1.21	1.79	N/A
Breakeven Inflation - 10 Year (%)	1.58 ▼	1.62	1.68	2.10	N/A
Breakeven Inflation - 30 Year (%)	1.76 ▼	1.81	1.90	2.32	N/A
Barclays US Agg Bond Index - Yield (%)	2.59 ▲	2.48	2.25	3.40	4.55
Barclays US Agg Bond Index - OAS (%)	0.56 ▲	0.53	0.48	0.72	0.67
Barclays US Agg Credit Index - OAS (%)	1.55 ▲	1.47	1.25	1.66	1.52
Barclays US Corp: HY Index - OAS (%)	6.60 ▲	6.02	4.83	5.81	5.77
Capacity Utilization (%)	76.49 ▼	76.86	79.01	76.70	78.27
Unemployment Rate (%)	5.0 —	5.0	5.6	7.0	6.0
PMI - Manufacturing (%)	48.0 ▼	48.4	54.9	52.1	52.1
Baltic Dry Index - Shipping	478 ▼	584	782	2,754	2,331
Consumer Conf (Conf Board)	96.30 ▲	92.60	93.06	75.25	93.29
CPI YoY (Headline) (%)	0.7 ▲	0.5	0.8	2.0	2.2
CPI YoY (Core) (%)	2.1 ▲	2.0	1.6	1.9	2.1
PPI YoY (%)	-2.7 ▲	-3.2	-0.6	2.3	2.1
M2 YoY (%)	5.7 ▼	6.0	5.9	6.3	6.3
US Dollar Total Weighted Index	94.46 ▼	94.80	85.13	77.79	86.65
WTI Crude Oil per Barrel (\$)	37 ▼	42	53	81	55
Gold Spot per Oz (\$)	1,061 ▼	1,065	1,185	1,145	741

Market Performance (%)	MTD	QTD	CYTD	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr
S&P 500 (Cap Wtd)	-1.58	7.04	1.38	1.38	15.13	12.57	14.82	7.31
R 2000	-5.02	3.59	-4.41	-4.41	11.65	9.18	14.01	6.80
MSCI EAFE (Net)	-1.35	4.71	-0.81	-0.81	5.01	3.60	7.83	3.03
MSCI EAFE SC (Net)	0.73	6.79	9.59	9.59	10.44	6.32	13.55	4.55
MSCI EM (Net)	-2.23	0.66	-14.92	-14.92	-6.76	-4.80	7.50	3.62
Barclays US Agg Bond	-0.32	-0.57	0.55	0.55	1.44	3.25	4.09	4.52
BofA ML 3 Mo US T-Bill	0.03	0.03	0.05	0.05	0.05	0.07	0.10	1.24
NCREIF ODCE (Gross)	3.34	3.34	15.01	15.01	13.81	13.66	6.46	6.53
Wilshire US REIT	1.95	7.47	4.23	4.23	11.84	12.44	16.84	7.31
HFN FOF Multi-Strat	-0.69	0.19	-1.23	-1.23	3.55	1.91	3.40	1.95
Bloomberg Cmdty Index (TR)	-3.09	-10.52	-24.66	-24.66	-17.29	-13.47	-5.48	-6.43

Breakeven Inflation does not have 20 years of history; therefore, its 20-year average is shown as "N/A."  
 Treasury data courtesy of the US Department of the Treasury. Economic data courtesy of Bloomberg Professional Service.



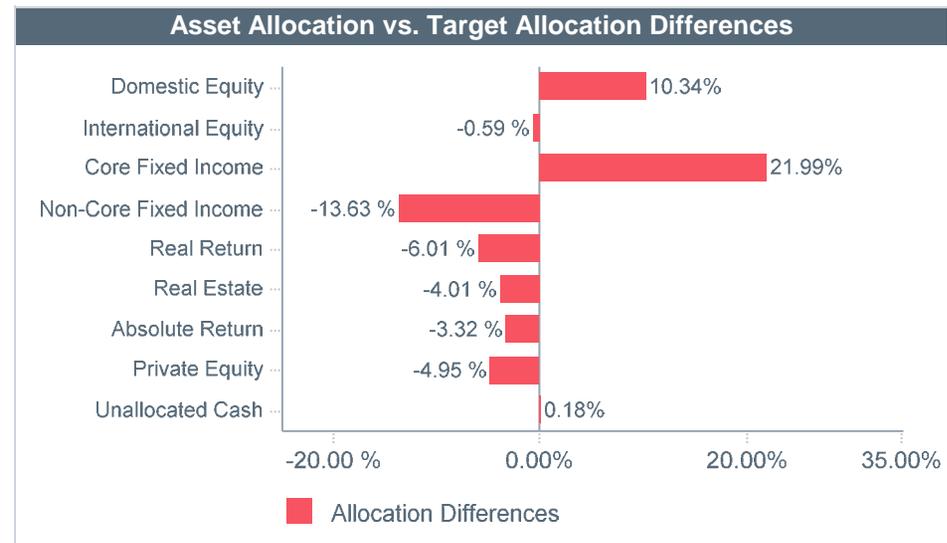
Total Fund Composite

Asset Alloc. by Manager, Asset Alloc. vs. Target, and Schedule of Investable Assets

Asset Allocation by Manager		
December 31, 2015: \$23,572,748,496		
	Market Value (\$)	Allocation (%)
■ Sasco U.S. Contrarian Value (SA)	190,441,422	0.81
■ Epoch U.S. Choice (SA)	235,086,706	1.00
■ SSgA Russell Fundamental US (CF)	283,949,672	1.20
■ UBS US Equity Min Vol Fund (CF) (NL)	306,609,950	1.30
■ Northern Trust R3000 Index (CF) (NL)	4,700,665,970	19.94
■ The Boston Company Mid Cap Opp Value (SA)	186,243,517	0.79
■ Champlain Mid-Cap Core (SA)	203,587,963	0.86
■ Wellington US Small Cap Opp (SA)	225,740,831	0.96
■ The Boston Company Small Cap Opp Value (SA)	229,879,276	0.98
■ SSgA Russell Fund. Global Ex-US (CF)	207,036,893	0.88
■ UBS World Ex US Min Vol Fund (CF) (NL)	255,766,500	1.09
■ Northern Trust ACW ex US IMI (CF) (NL)	2,327,050,582	9.87
■ Wellington International Horizons (SA)	205,151,720	0.87
■ Lazard International Equity Plus (SA)	187,549,586	0.80
■ Wasatch International Small Cap Growth (SA)	236,414,221	1.00
■ Wellington International Small Cap Opp (SA)	235,616,349	1.00
■ Acadian Emerging Markets (SA)	162,576,419	0.69
■ William Blair Emerging Markets (SA)	169,001,010	0.72
■ BlackRock, Inc. Core (SA)	5,499,067,808	23.33
■ PIMCO Core Plus Fixed Income (SA)	2,042,385,767	8.66
■ Guggenheim Bandera Strategic Credit Partners II, LP	376,403,328	1.60
■ Highland Bandera Strategic Credit Partners I, LP	363,139,238	1.54
■ Voya RMBS/CMBS (SA)	382,621,465	1.62
■ Ellington RMBS/CMBS (SA)	379,284,476	1.61
■ Colchester Global Inflation Linked Bond (SA)	939,661,781	3.99
■ Core Real Estate	713,997,715	3.03
■ Non-Core Real Estate	698,677,651	2.96
■ Blackstone Treaty Oak Fund, LP	1,575,416,819	6.68
■ Private Equity	11,704,634	0.05
■ State Street Government STIF 6 (CF) - Cash	41,647,159	0.18
■ Citigroup Global Markets, Inc.	240,984	0.00
■ Transition Account	131,085	0.00



Asset Allocation vs. Target Allocation			
	Market Value (\$)	Allocation (%)	Target (%)
Domestic Equity	6,562,446,289	27.84	17.50
International Equity	3,986,163,280	16.91	17.50
Core Fixed Income	7,541,453,575	31.99	10.00
Non-Core Fixed Income	1,501,448,507	6.37	20.00
Real Return	939,661,781	3.99	10.00
Real Estate	1,412,675,366	5.99	10.00
Absolute Return	1,575,416,819	6.68	10.00
Private Equity	11,704,634	0.05	5.00
Unallocated Cash	41,647,159	0.18	0.00
Total Fund	23,572,617,411	100.00	100.00



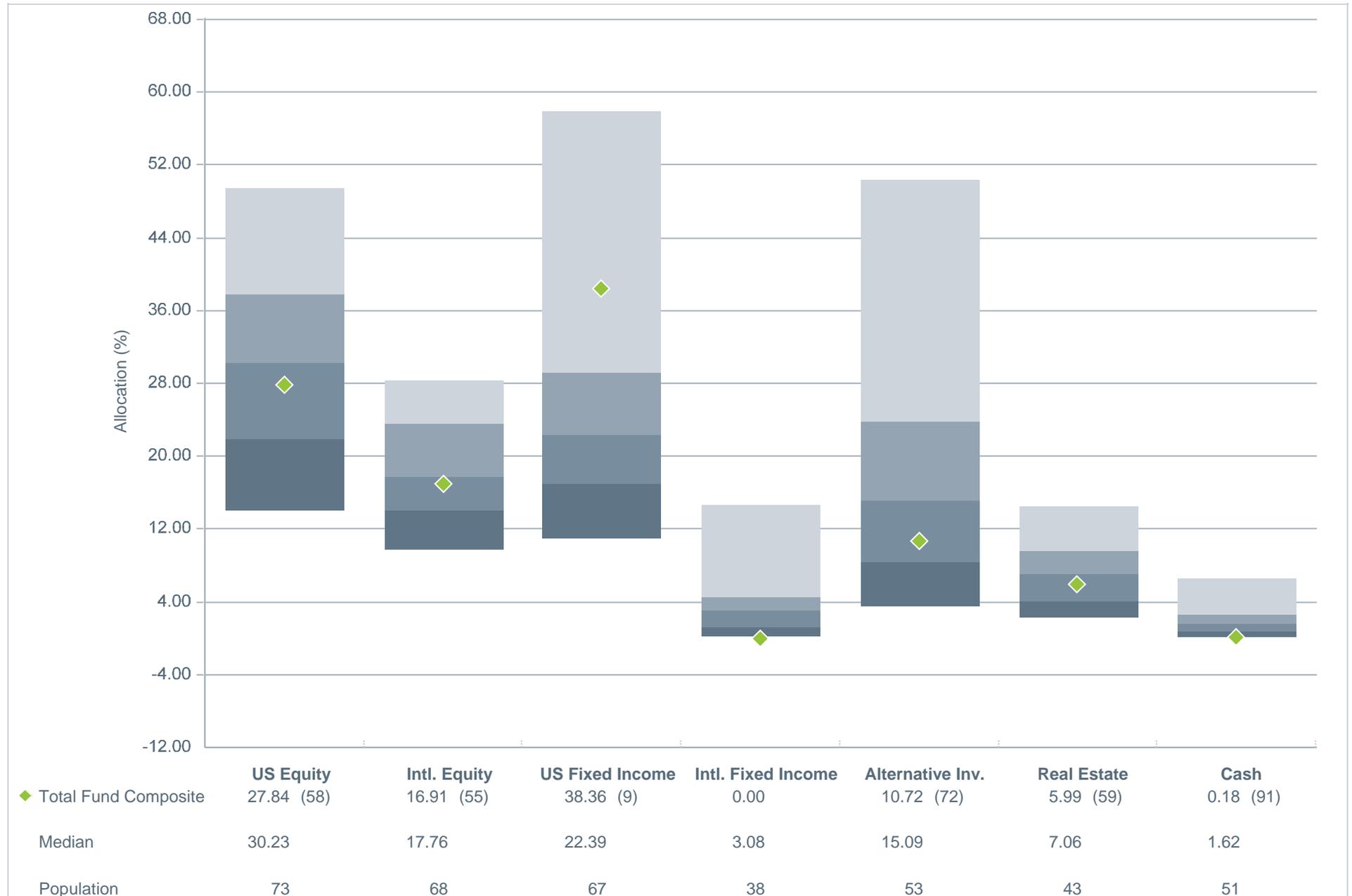
Schedule of Investable Assets						
Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	% Return	Unit Value
CYTD	23,635,673,306	-604,980,011	542,055,200	23,572,748,496	0.34	100.34

Performance shown is gross of fees and provided by State Street. Allocations shown may not sum up to 100% exactly due to rounding. Gain/Loss figure includes both realized and unrealized gains and losses. Asset Allocation vs. Target Allocation charts do not include the Transition Account. Domestic Equity includes Citi Global Markets, Inc.



**Texas Municipal Retirement System**  
**All Public Plans > \$1B-Total Fund**  
**Plan Sponsor TF Asset Allocation**

As of December 31, 2015



Parentheses contain percentile ranks. Allocations shown may not sum up to 100% exactly due to rounding.



Texas Municipal Retirement System  
Comparative Performance

As of December 31, 2015

	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	2014	Since Incep.	Inception Date
<b>Total Fund Composite</b>	<b>2.09</b>	<b>0.34</b>	<b>0.34</b>	<b>5.29</b>	<b>5.63</b>	<b>6.76</b>	<b>5.42</b>	<b>5.99</b>	<b>8.54</b>	<b>01/01/1989</b>
Actual Allocation Benchmark	1.96	-0.31	-0.31	4.95	5.32	5.65	5.33	5.70	7.93	
Difference	0.13	0.65	0.65	0.34	0.31	1.11	0.09	0.29	0.61	
<b>Global Equity Composite</b>	<b>5.09</b>	<b>-1.38</b>	<b>-1.38</b>	<b>9.08</b>	<b>7.27</b>	<b>11.06</b>	<b>N/A</b>	<b>5.39</b>	<b>3.85</b>	<b>02/01/2008</b>
Global Equity Benchmark	5.22	-1.47	-1.47	8.87	7.14	10.92	N/A	4.95	3.72	
Difference	-0.13	0.09	0.09	0.21	0.13	0.14	N/A	0.44	0.13	
<b>Domestic Equity Composite</b>	<b>5.96</b>	<b>-0.32</b>	<b>-0.32</b>	<b>14.35</b>	<b>11.93</b>	<b>14.86</b>	<b>N/A</b>	<b>12.61</b>	<b>7.41</b>	<b>02/01/2008</b>
Russell 3000 Index	6.27	0.48	0.48	14.73	12.18	15.04	7.35	12.55	7.55	
Difference	-0.31	-0.80	-0.80	-0.38	-0.25	-0.18	N/A	0.06	-0.14	
<b>International Equity Composite</b>	<b>3.50</b>	<b>-3.32</b>	<b>-3.32</b>	<b>2.90</b>	<b>2.05</b>	<b>6.79</b>	<b>N/A</b>	<b>-3.11</b>	<b>-0.11</b>	<b>02/01/2008</b>
International Equity Benchmark	3.52	-4.60	-4.60	2.02	1.47	6.28	1.99	-3.89	-0.58	
Difference	-0.02	1.28	1.28	0.88	0.58	0.51	N/A	0.78	0.47	
<b>Core Fixed Income Composite</b>	<b>-0.43</b>	<b>0.79</b>	<b>0.79</b>	<b>1.49</b>	<b>3.45</b>	<b>4.34</b>	<b>4.06</b>	<b>5.77</b>	<b>8.02</b>	<b>01/01/1989</b>
Fixed Income Benchmark	-0.57	0.55	0.55	1.44	3.25	3.28	4.06	5.97	7.44	
Difference	0.14	0.24	0.24	0.05	0.20	1.06	0.00	-0.20	0.58	
<b>Non-Core Fixed Income Composite</b>	<b>-1.27</b>	<b>1.09</b>	<b>1.09</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>1.52</b>	<b>10/01/2014</b>
Non-Core Fixed Income Benchmark	-2.08	-6.90	-6.90	N/A	N/A	N/A	N/A	N/A	-5.21	
Difference	0.81	7.99	7.99	N/A	N/A	N/A	N/A	N/A	6.73	
<b>Real Return Composite</b>	<b>-1.89</b>	<b>-5.55</b>	<b>-5.55</b>	<b>-1.82</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>4.44</b>	<b>2.39</b>	<b>02/01/2011</b>
Barclays Wrl'd Gov't Infl Lnkd Index (Unhedged)	-2.31	-4.70	-4.70	-1.91	2.24	3.98	3.85	4.08	2.15	
Difference	0.42	-0.85	-0.85	0.09	N/A	N/A	N/A	0.36	0.24	
<b>Real Estate Composite</b>	<b>3.46</b>	<b>15.25</b>	<b>15.25</b>	<b>15.71</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>20.35</b>	<b>13.41</b>	<b>01/01/2012</b>
Real Estate Benchmark	3.68	15.02	15.02	13.48	14.04	4.24	6.72	12.40	13.01	
Difference	-0.22	0.23	0.23	2.23	N/A	N/A	N/A	7.95	0.40	
<b>Absolute Return Composite</b>	<b>-0.20</b>	<b>3.39</b>	<b>3.39</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>3.00</b>	<b>08/01/2014</b>
Absolute Return Benchmark	-0.66	0.80	0.80	4.27	2.45	4.12	2.42	3.15	1.67	
Difference	0.46	2.59	2.59	N/A	N/A	N/A	N/A	N/A	1.33	

Performance shown is gross of fees and provided by State Street. Performance is annualized for periods greater than one year. Real Estate performance is available quarterly. Real Estate fund returns are calculated by Private Edge and are lagged 1 quarter. Inception date shown for the Real Estate Composite represents the first full quarter following initial funding. Inception dates for non-real estate composites represents the first full month following initial funding.



**Texas Municipal Retirement System  
Comparative Performance**

**As of December 31, 2015**

	<b>1 Quarter</b>	<b>Year To Date</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>7 Years</b>	<b>10 Years</b>	<b>2014</b>	<b>Since Incep.</b>	<b>Inception Date</b>
<b>TMRS Unallocated Cash (SA)</b>	<b>0.37</b>	<b>0.84</b>	<b>0.84</b>	<b>0.38</b>	<b>0.25</b>	<b>0.23</b>	<b>N/A</b>	<b>0.18</b>	<b>0.33</b>	<b>06/01/2008</b>
BofA ML 3 Mo US T-Bill Index	0.03	0.05	0.05	0.05	0.07	0.10	1.24	0.04	0.23	
Difference	0.34	0.79	0.79	0.33	0.18	0.13	N/A	0.14	0.10	

- Historical performance shown for the Global Equity, Domestic Equity, International Equity, and Total Fixed Income composites is provided by State Street.
- RVK cautions that for private market investments like Commercial Real Estate, for which there are no market prices, as are available for public securities, and for which an appraised value is calculated only quarterly, daily time weighted return calculations (public market return methodology) are imperfect at best and usually misleading.

Performance shown is gross of fees and provided by State Street. Performance is annualized for periods greater than one year. Real Estate performance is available quarterly. Real Estate fund returns are calculated by Private Edge and are lagged 1 quarter. Inception date shown for the Real Estate Composite represents the first full quarter following initial funding. Inception dates for non-real estate composites represents the first full month following initial funding.



Custom Benchmark Comments

- The **Actual Allocation Benchmark** is calculated monthly using beginning of month asset class weights applied to each corresponding benchmark return and currently consists of the following:
  - Russell 3000 Index
  - International Equity Benchmark
  - Fixed Income Benchmark
  - Non-Core Fixed Income Benchmark
  - Barclays World Government Inflation-Linked Index (Unhedged)\*
  - Real Estate Benchmark
  - Absolute Return Benchmark
  - BofA Merrill Lynch 3 Month US Treasury Bill Index

\*As the Real Return asset class structure becomes diversified, the performance objective will be the Consumer Price Index + 4%.

The **Global Equity Benchmark** is calculated monthly and consists of 50% Russell 3000 Index and 50% MSCI EAFE Index (Net) through July 31, 2010; a blend of the Russell 3000 Index, MSCI All Country World Excluding US Investable Market Index (Net) and MSCI EAFE Index (Net) at beginning of month investment weights through November 30, 2012; and a blend of the Russell 3000 Index and the MSCI All Country World Excluding US Investable Market Index (Net) at beginning of the month weights thereafter.

The **International Equity Benchmark** is calculated monthly and consists of the MSCI EAFE Index (Net) through July 31, 2010; a blend of the MSCI All Country World Excluding US Investable Market Index (Net) and MSCI EAFE Index (Net) at beginning of month investment weights through January 31, 2012; and the MSCI All Country World Excluding US Investable Market Index (Net) thereafter.

The **Fixed Income Benchmark** is calculated monthly and consists of the Barclays Gov't/Credit Long Term Bond Index through June 30, 2009; and Barclays US Aggregate Bond Index thereafter.

The **Non-Core Fixed Income Benchmark** consists of 50% Barclays US Corporate: High Yield Index, 25% JPM GBI-EM Global Diversified Total Return Index (USD) (Unhedged), and 25% JPM CEMBI Broad Diversified Index. As part of the transition to a non-lagged benchmark, the October 2015 return for the previously lagged portion of the Non-Core Fixed Income Benchmark includes linked returns for September and October.

Prior to October 2015, the Non-Core Fixed Income Benchmark is calculated monthly and consists of 50% Barclays US Corporate: High Yield Index, 25% JPM GBI-EM Global Diversified Total Return Index (USD) (Unhedged), and 25% JPM CEMBI Broad Diversified Index. The return is composed of lagged and un-lagged returns in the same proportion as the market value of managers whose returns are being reported on a lagged versus non-lagged basis.

The **RMBS/CMBS Custom Index** is calculated monthly and consists of 67% Barclays US Corporate: High Yield Index and 33% Barclays US Corporate: Credit Index.

The **Absolute Return Benchmark** is calculated monthly and consists of the HFRI Fund of Funds Diversified Index through November 30, 2014; the HFRI Fund of Funds Diversified Index - 1 Month Lag through October 31, 2015; and HFRI Fund of Funds Diversified Index thereafter.

The **Real Estate Benchmark** is calculated quarterly and consists of the NCREIF Open-End Diversified Core Equity Index (Gross) (AWA); interim months assume a 0.00% return. The return is composed of lagged and un-lagged returns in the same proportion as the market value of managers whose returns are being reported on a lagged versus non-lagged basis.

Real Estate Performance Comments

"Privately held real estate fund returns are one-quarter lagged and are provided by Private Edge. Quarterly returns are incorporated in the last month of that particular quarter. The returns for the first two months are zero.

Market values are previous quarter-end values as reported, rolled forward with current cash flows. Returns and market values provided by Private Edge are rolled into their respective Real Estate composite and the Total Plan composite.

Publicly traded real estate fund performance is non-lagged, reflecting monthly fluctuations. Detailed information regarding methodology can be found in the internal TMRS Performance Reporting Policy statement" (State Street Performance Team).

PORTLAND

CHICAGO

NEW YORK

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