



Finance Department
Karla Stovall, Chief Financial Officer
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TOWN COUNCIL CONSENT AGENDA

Date May 1, 2018

PROJECT

Approve Quarterly Investment Report for the period ending March 31, 2018.

BACKGROUND

The purpose of this item is to provide Town Council an overview of the Town's cash and invested balances for the fiscal period ending March 31, 2018.

FISCAL IMPACT

Interest earnings for the Quarter total \$166,668. Fiscal year interest earnings total \$267,797.

RECOMMENDED ACTION

The Chief Financial Officer recommends action to accept and approve Cash and Investment Report for Quarter Ending March 31, 2018.

ATTACHMENTS

Quarterly Investment Report

Initial:

Town Manager Finance Library Public Works Parks

Town Secretary Police Fire HR Development Services

APPROVED DENIED TABLED WITHDRAWN

MEMORANDUM

TO: MATTHEW MUELLER, TOWN MANAGER
FROM: KARLA STOVALL, CHIEF FINANCIAL OFFICER
SUBJ: INVESTMENT REPORT FOR QUARTER ENDING MARCH 31, 2018
CC: MAYOR AND COUNCIL

Attached is the Quarterly Investment Report for the quarter ending March 31, 2018 of the fiscal year. This report complies with the requirements of the Town's Investment Policy and the Public Fund's Investment Act as amended. For the period ending March 31, 2018, the Town's portfolio consisted of the following investments:

Portfolio by Type	Average Yield	Total Invested	% of Total
Money Market-Independent Bank	1.02%	\$66,960,567	100%
Total Portfolio (Avg)	1.02%	\$66,960,567	100%

The Town does not carry any security instruments (investment type) on its books that are traded on the open market; therefore all investments are listed at 100% of market value. All Funds on deposit with Independent Bank are fully secured and safeguarded. **Total interest earned for the quarter ending March 31, 2018 was \$166,668. Year-to-date interest earnings are \$267,797.**

Total cash and investments for the period ending December 29, 2017 was \$66,370,897 and the invested balances at March 31, 2018 were \$66,960,567 a net increase of \$598,670. It is the strategy of the Finance Department to maintain a high percentage of its idle funds invested in safe and secure investment securities and pooled investment types in accordance with 64% are used in daily operations; the other 35% or \$24,077,432 is for capital infrastructure and other restricted cash and policy commitments.

Over 100% of the Town's current portfolio has same day access which is sufficient to cover normal and seasonal operational costs. The Town's investment and cash management strategy will be to maintain operational and capital needs in money market accounts and liquid asset pools. The Town's funds are swept to the above accounts and withdrawn as needed for operational cash flow requirements.

The total portfolio yield fiscal year-to-date is 1.02%



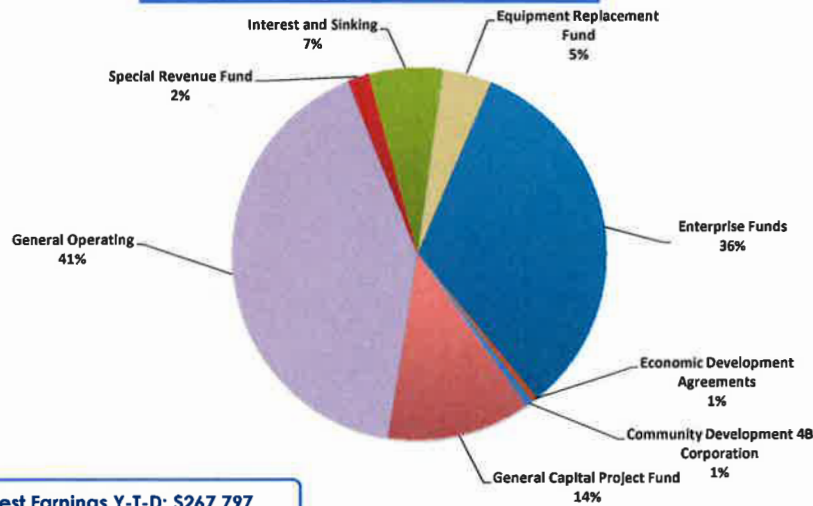
Quarterly Investment Report

For the quarter ended: 3.31.2018

Prepared by the Town of Little Elm Finance Department

- * \$66,960,567 - Cash and Investments on hand at 3.31.2018; average yield 1.02%.
- * \$598,670 Change in Cash since end of Quarter at 12.31.2017 (increase)
- * \$166,668 interest earned quarter January - March 2018; year-to-date interest earnings \$267,797
- * 100% or \$66,960,567 of portfolio is in depository bank
- * Town awarded Certification of Investment Policy for a period of two-years - ending March 31, 2020
- * Funds on deposit with depository bank. Fully collateralized.
- * 1.02% - Average Fiscal Year-to-Date Average Yield on Portfolio. Current rate at end of Qtr was 1.3%
- * Benchmarks: 3 Mo Treasury Rolling Yield is 1.61%; 6 Mo Treasury Rolling Yield is 1.82%; TexPool Avg 1.39%

Interest Earnings as of March 31, 2018



Interest Earnings Y-T-D: \$267,797



Allocation of Operations at 3.31.2018

The investment portfolio of the Town of Little Elm is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

[Redacted Signature]

[Redacted Title]

Robin Bromiley, Controller

CASH AND INVESTMENTS BY PORTFOLIO
(All Funds are in interest bearing accounts.)

Fund	#	Fund Description	9/30/15	12/31/15	3/31/16	6/30/16	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3-31-2018	Changes from 12.31.2017
Summary by Fund Type: Invested Balances														
General Operating			5,988,595	13,327,283	16,403,714	12,318,632	9,581,495	15,788,039	19,204,470	18,029,015	14,703,047	23,993,044	25,388,970	27%
Special Revenue Fund			588,937	590,101	611,398	477,660	419,126	828,775	846,947	840,977	789,809	646,792	966,225	1%
Interest and Sinking			339,676	3,691,623	3,946,734	3,579,550	414,128	2,873,827	3,741,595	3,766,150	657,231	4,757,045	5,141,646	6%
Internal Service Fund			2,829,786	1,581,969	2,446,218	2,153,401	2,115,883	2,068,590	3,001,697	2,693,946	2,553,640	2,404,097	2,264,008	4%
Enterprise Funds			4,114,906	5,332,674	5,792,790	15,170,533	15,172,040	15,723,909	26,586,275	27,996,262	14,612,114	16,722,718	17,494,164	43%
Enterprise Capital Project Funds			642,537	830,892	1,070,994	1,284,839	1,132,561	1,331,262	1,530,494	1,812,556	12,359,015	9,990,009	7,752,472	3%
Economic Agreements				32,497	32,556	72,417	43,943	123,500	86,299	157,254	192,253	260,258	294,808	0%
Economic Development 4A Corporation			0	0	0	0	0	0	0	0	0	0	0	0%
Community Development 4B Corporation			106,354	298,513	388,349	588,384	802,656	434,852	483,111	687,548	261,728	457,841	345,290	1%
General Capital Project Funds			7,645,481	18,452,447	17,721,090	16,933,962	15,286,871	14,648,232	12,030,769	9,735,733	7,766,660	7,139,094	7,312,983	15%
Total Cash and Investments by Portfolio Fund Type:			22,236,273	44,137,998	48,413,843	52,519,376	44,968,703	53,820,985	67,511,658	65,719,441	53,895,497	66,370,897	66,960,567	100%

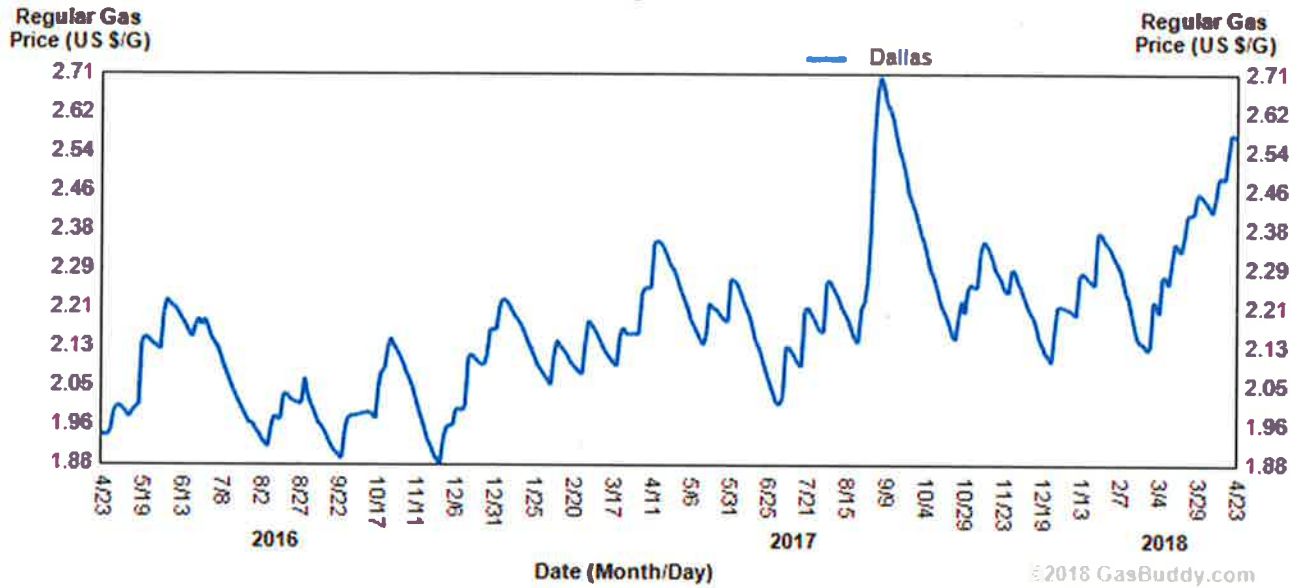
CASH AND INVESTMENTS BY PORTFOLIO
(All Funds are in interest bearing accounts.)

Fund	#	Fund Description	Balances 9-30-2015	Balances 12-31-2015	Balances 3-31-2016	Balances 6-30-2016	Balances 9-30-2016	Balances 12-31-2016	Balances 3-31-2017	Balances 6-30-2017	Balances 9-30-2017	Balances 12-31-2017	Balances 3-31-2018	Changes from 12.31.2017	Use of Funds
General Operating															
112-0101-00-00	112	CASH-GENERAL FUND	5,259,805	12,622,224	15,047,650	11,151,623	8,656,993	14,920,798	18,026,464	16,693,828	13,647,375	22,890,875	24,345,219	1,454,344	Daily Operations
113-0101-00-00	113	PARKS AND RECREATION FUND	493,083	352,582	996,883	895,964	757,353	610,439	1,071,741	1,005,620	864,668	675,611	558,979	(116,632)	Parks and Recreation Operations
115-0101-00-00	115	CASH-STREET MAINTENANCE	235,707	352,477	357,180	271,045	167,150	256,802	406,264	329,567	191,004	426,559	484,772	58,213	1/4 Cent Sales Tax for Streets
			5,988,595	13,327,283	16,403,714	12,318,632	9,581,495	15,788,039	19,204,470	18,029,015	14,703,047	23,993,044	25,388,970	1,395,926	
Special Revenue Fund															
200-0101-00-00	200	CASH-SPECIAL REVENUE	134,182	140,526	144,944	138,176	141,874	170,412	180,366	191,234	186,314	218,500	236,541	18,041	Library, Police and Fire Restricted
202-0101-00-00	202	CASH-STREETScape FUND	200,251	185,461	107,481	99,444	57,367	494,152	447,466	394,281	495,045	376,052	409,743	33,691	Streetscape
203-0101-00-00	203	CASH-PEG FUNDS	79,877	97,223	107,134	116,045	128,512	137,904	150,892	155,738	169,398	182,859	195,555	12,697	PEG Program
205-0101-00-00	205	CASH-TRAFFIC SAFETY	115,263	106,484	130,674	137,178	145,584	92,180	156,824	192,102	217,404	139,449	173,254	33,805	Red Light Camera Program
211-0101-00-00	211	CASH-SAFER GRANT	0	0	(43,174)	(71,983)	(101,433)	(131,844)	(171,089)	(177,479)	(375,497)	(365,683)	(146,695)	218,988	Farmers Market grant
250-0101-00-00	250	CASH-GRANTS AND DONATIONS	23,173	24,203	25,709	25,418	38,117	50,799	54,320	50,310	49,730	46,306	48,099	418	Library, Police and Fire Restricted
412-0101-00-00	412	CASH-FORFEITURE	36,204	36,204	38,630	33,087	27,804	31,688	30,782	46,214	46,306	48,099	48,099	1,793	Police - restricted
			568,937	590,101	611,398	477,660	419,126	828,775	846,947	840,977	789,809	646,792	966,225	319,433	
Interest and Sinking															
312-0101-00-00	312	CASH-DEBT SERVICE FUND	339,676	3,691,623	3,946,734	3,579,550	414,128	2,873,827	3,741,595	3,766,150	657,231	4,757,045	5,141,646	384,602	Restricted for debt payments
			339,676	3,691,623	3,946,734	3,579,550	414,128	2,873,827	3,741,595	3,766,150	657,231	4,757,045	5,141,646	384,602	
Internal Service Fund															
500-0101-00-00	500	EQUIPMENT REPLACEMENT FUND	2,720,797	1,482,807	2,144,171	1,863,090	1,829,057	1,822,657	2,565,542	2,270,417	2,139,283	2,095,535	1,977,457	(118,078)	Restricted for vehicle/equipment replacement
501-0101-00-00	501	FIRE EQUIPMENT REPLACEMENT FUND	108,989	99,162	302,047	290,311	286,826	245,932	436,155	423,529	414,357	308,562	286,550	(22,011)	Restricted for Fire equipment replacement
			2,829,786	1,581,969	2,446,218	2,153,401	2,115,883	2,068,590	3,001,697	2,693,946	2,553,640	2,404,097	2,264,008	(140,688)	
Enterprise Funds															
612-0101-00-00	612	CASH-UTILITY/OPERATING	3,358,745	4,452,856	4,754,524	6,178,529	6,102,437	8,450,886	19,745,435	21,076,164	8,223,815	10,447,247	11,102,148	654,900	Daily Operations and Debt Payments
641-0101-00-00	641	CASH - 2016 CO REV W/S BOND \$7.6M	207,120	355,489	518,813	660,700	826,610	453,230	409,598	538,672	325,369	478,382	627,041	(109,446)	Restricted for 2016 W/S Bond Projects
712-0101-00-00	712	CASH-SOLID WASTE	549,041	524,329	519,453	254,130	284,037	294,571	394,367	324,510	340,862	446,797	524,129	148,659	Restricted for Courtesy Site
715-0101-00-00	715	CASH-STORM DRAINING FUND	4,114,906	5,332,674	5,792,790	15,110,333	15,172,040	15,723,909	26,586,275	27,996,262	14,612,114	16,722,718	17,494,164	771,446	
			491,939	433,193	431,818	427,663	0	0	0	0	0	0	0	0	Restricted for Water and Sewer CIP
642-0101-00-00	642	RESTRICTED CASH-2012 CO'S	72,800	191,886	324,831	441,141	590,910	697,620	806,215	996,409	1,063,149	1,159,114	1,303,319	(2,511,222)	Restricted for Water and Sewer CIP
819-0101-00-00	819	CASH IN BANK CONSOLIDATED	77,798	205,813	314,345	416,035	541,651	633,642	724,279	856,147	951,521	1,038,682	1,168,162	129,480	Restricted for Water and Sewer CIP
913-0101-00-00	913	CASH IN BANK CONSOLIDATED	642,537	830,892	1,070,994	1,284,839	1,132,561	1,331,262	1,530,494	1,832,556	12,359,015	9,990,009	7,752,472	(2,237,537)	Restricted for Water and Sewer CIP
Lakefront TIRZ #3															
810-0101-00-00	810	CASH-LAKEFRONT TIRZ #3	0	32,497	32,556	68,642	40,161	108,279	80,601	151,401	143,480	214,690	243,562	28,872	Restricted for TIRZ #3
			0	32,497	32,556	68,642	40,161	108,279	80,601	151,401	143,480	214,690	243,562	28,872	
HWY 380 MMD #1															
809-0101-00-00	809	CASH - HWY 380 MMD #1	417	417	418	418	2,049	2,196	2,196	2,204	2,209	7,772	5,564	5,564	Restricted for MMD #1
			417	417	418	418	2,049	2,196	2,196	2,204	2,209	7,772	5,564	5,564	
TIRZ #4															
812-0101-00-00	812	CASH - TIRZ #4	0	0	0	0	11,187	27	27	42,932	54	54	54	0	Restricted for TIRZ #5
			0	0	0	0	11,187	27	27	42,932	54	54	54	0	
TIRZ #5															
813-0101-00-00	813	CASH - TIRZ #5	0	3,358	3,365	3,615	3,615	3,622	3,631	3,638	0	0	0	0	Restricted for TIRZ #5
801-0101-00-00	801	CASH - TIRZ #5 FUND 1	0	9,658,459	9,609,282	9,414,005	8,653,592	8,495,138	6,740,902	4,995,127	3,736,355	2,441,682	1,482,319	(959,364)	Restricted for TIRZ #5
802-0101-00-00	802	CASH - TIRZ #5 FUND 2	0	0	0	0	0	0	0	0	0	0	0	0	Restricted for TIRZ #5
803-0101-00-00	803	CASH - TIRZ #5 FUND 2.1	0	0	0	0	0	0	0	0	0	0	0	0	Restricted for TIRZ #5
			0	0	0	0	0	0	0	0	0	0	0	0	
			0	0	0	0	0	0	0	0	0	0	0	0	Restricted for 4A Purposes
Economic Development 4A Corporation															
811-0101-00-00	811	CASH-ECONOMIC DEVELOPMENT	106,354	298,513	388,349	588,384	802,656	434,852	483,111	687,548	261,728	457,841	345,290	(112,551)	Restricted for 4B Purposes
			106,354	298,513	388,349	588,384	802,656	434,852	483,111	687,548	261,728	457,841	345,290	(112,551)	
Community Development 4B Corporation															
814-0101-00-00	814	CASH-CDC	106,354	298,513	388,349	588,384	802,656	434,852	483,111	687,548	261,728	457,841	345,290	(112,551)	Restricted for 4B Purposes
			106,354	298,513	388,349	588,384	802,656	434,852	483,111	687,548	261,728	457,841	345,290	(112,551)	
General Capital Project Funds															
825-0101-00-00	825	CASH IN BANK - PARK DEV FUNDS	1,644,874	1,900,785	2,155,631	1,620,367	1,626,934	1,240,092	1,289,529	1,794,175	409,582	732,097	797,861	179,001	Restricted for Park Projects
828-0101-00-00	828	CASH IN BANK - STREET IMPACT FEES	0	9,658,459	9,609,282	9,414,005	8,653,592	8,495,138	6,740,902	4,995,127	3,736,355	2,441,682	1,482,319	(959,364)	Restricted for Street Projects
841-0101-00-00	841	CASH IN BANK - 2015 CO BONDS	0	0	0	0	0	0	0	0	0	0	0	0	Restricted for 2015 CO Bond Projects
870-0101-00-00	870	CASH IN BANK - 2009 CO BONDS	6,000,607	6,893,203	5,956,177	5,899,590	5,006,345	4,913,001	4,000,128	2,773,292	3,620,049	3,974,533	4,853,022	878,489	Restricted for 09 GO Bond Projects
871-0101-00-00	871	CASH IN BANK-GEN CAP PROJ FUND #2	7,645,481	18,452,447	17,721,090	16,933,962	15,286,871	14,648,232	12,030,769	9,735,733	7,766,660	7,139,094	7,312,983	173,889	Restricted for CIP Proj after 6/2013
			22,236,273	44,137,998	48,413,843	52,519,376	44,968,703	53,820,985	67,511,658	65,719,441	53,895,497	66,370,897	66,960,567	589,670	

Interest Earnings

INTEREST EARNINGS	Oct-17	Nov-17	Dec-17	1st QTR 2018	Jan-18	Feb-18	Mar-18	2nd QTR 2018	FY 2018 Interest Earnings
General Operating	9,850.90	11,593.46	16,233.13	37,677.49	20,543.30	23,342.11	29,327.47	73,212.88	\$ 110,890.37
Special Revenue Fund	616.33	799.34	650.63	2,066.30	801.76	900.01	1,223.28	2,925.05	\$ 4,991.35
Interest and Sinking	128.43	794.36	3,056.91	3,979.70	3,414.33	4,147.99	5,651.49	13,213.81	\$ 17,193.51
Equipment Replacement Fund	1,561.45	1,837.10	1,544.88	4,943.43	1,747.88	1,945.44	2,488.50	6,181.82	\$ 11,125.25
Enterprise Funds	10,882.55	13,214.24	12,145.25	36,242.04	13,667.68	15,860.24	21,934.68	51,462.60	\$ 87,704.64
Enterprise Capital Project Funds	-	-	-	-	-	-	-	-	\$ -
Economic Agreements	89.90	157.36	139.38	386.64	191.23	213.46	276.25	680.94	\$ 1,067.58
Economic Development 4A Corporation	-	-	-	-	-	-	-	-	\$ -
Community Development 4B Corporation	610.13	270.61	293.10	1,173.84	371.09	182.13	324.20	877.42	\$ 2,051.26
LE Redevelopment Authority	-	-	-	-	-	-	-	-	\$ -
General Capital Project Funds	4,671.69	5,400.76	4,587.12	14,659.57	4,889.62	5,383.76	7,840.52	18,113.90	\$ 32,773.47
Total Cash and Investments by Portfolio Fund Type:	\$ 28,411.38	\$ 34,067.23	\$ 38,650.40	\$ 101,129.01	\$ 45,626.89	\$ 51,975.14	\$ 69,066.39	\$ 166,668.42	\$ 267,797.43

Dallas, Texas 24 Month Average Retail Price Chart



Dallas–Fort Worth Economic Indicators

Federal Reserve
Bank of Dallas

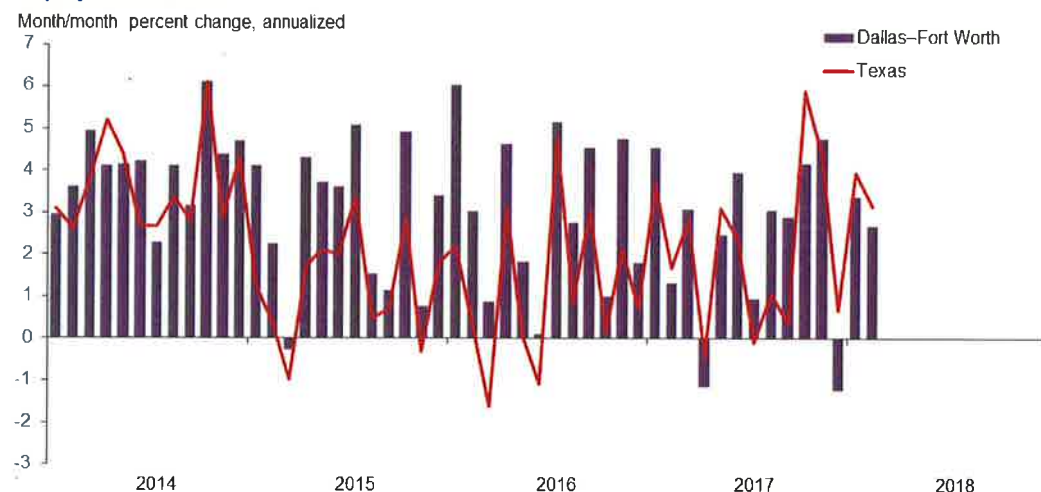
March 28, 2018

DFW economic growth continued in February, with payroll employment expanding and unemployment staying low. Looking at the two-month period, employment growth has been strong at 3.0 percent. The Dallas and Fort Worth business-cycle indexes expanded last month. Housing affordability remained low in Dallas but improved slightly in Fort Worth in the fourth quarter. DFW house price gains outstripped those nationally last year, and home inventories remained very tight in February.

Labor Market

DFW employment continued to post strong growth in February, expanding an annualized 2.7 percent (8,000 jobs) following an upwardly revised 3.4 percent increase in January (*Chart 1*). Payrolls rose 2.2 percent (4,750 jobs) in Dallas and 3.9 percent (3,300 jobs) in Fort Worth last month.

Chart 1
Employment Growth



SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Dallas Fed

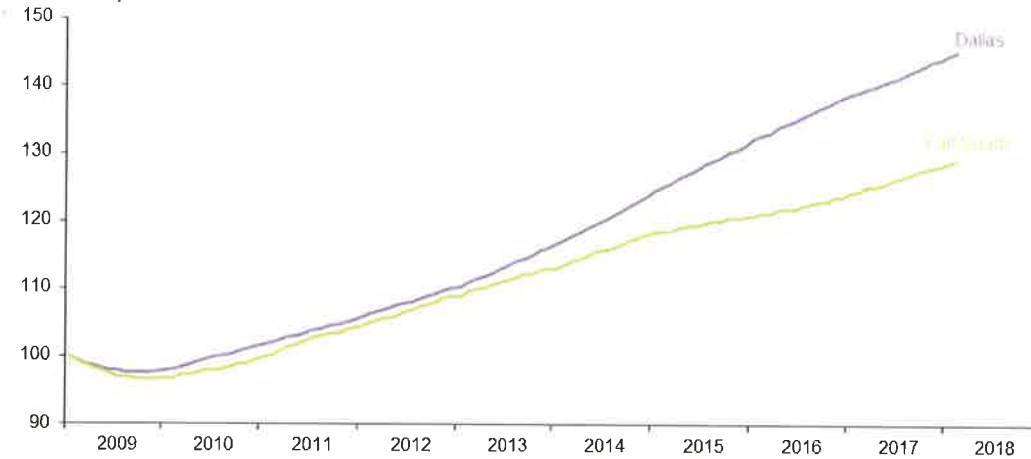
The labor market continued to be tight. Unemployment in February edged up to 3.6 percent in Dallas and in Fort Worth; however, the jobless rate in both metros remains near historic lows and is lower than the state and U.S. rates.

Business-Cycle Indexes

The business-cycle indexes for Dallas and Fort Worth continued to expand in February (*Chart 2*). The Dallas index rose 4.1 percent, and growth in the Fort Worth index accelerated to 4.4 percent in February following January's 2.9 percent increase. The Dallas index was up 4.3 percent and the Fort Worth index was 3.6 percent higher from year-ago levels, in part due to continued healthy job creation in the metroplex.

Chart 2
Business-Cycle Indexes

Index, January 2009 = 100*

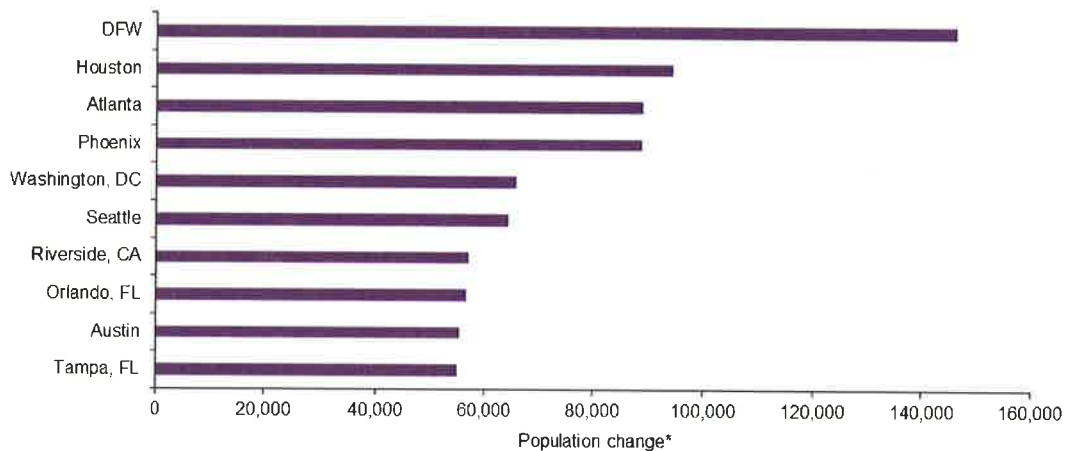


*Monthly, seasonally adjusted.
SOURCE: Dallas Fed

Population

The Dallas–Fort Worth population continued to climb in 2017. Recently released census data show that from July 2016 to July 2017, the metroplex grew by 146,000 people—the largest numerical increase among metro areas in the U.S. (*Chart 3*). DFW's 2 percent gain was ahead of Texas' 1.4 percent increase last year. Net domestic migration accounted for 41 percent of the growth in DFW's population in 2017, and international migrants made up nearly 18 percent. This means that approximately 235 people moved to DFW every day last year. Collin, Dallas, Denton and Tarrant counties placed among the nation's top 10 counties with the largest numerical increase. DFW is the fourth-largest metropolitan statistical area in the U.S., with a population of 7.4 million in 2017.

Chart 3
Major U.S. Metro Areas with Largest Population Gains, 2016–17



*July 1, 2016 to July 1, 2017
NOTE: Data for each city cover the broader metropolitan statistical area.
SOURCE: Census Bureau

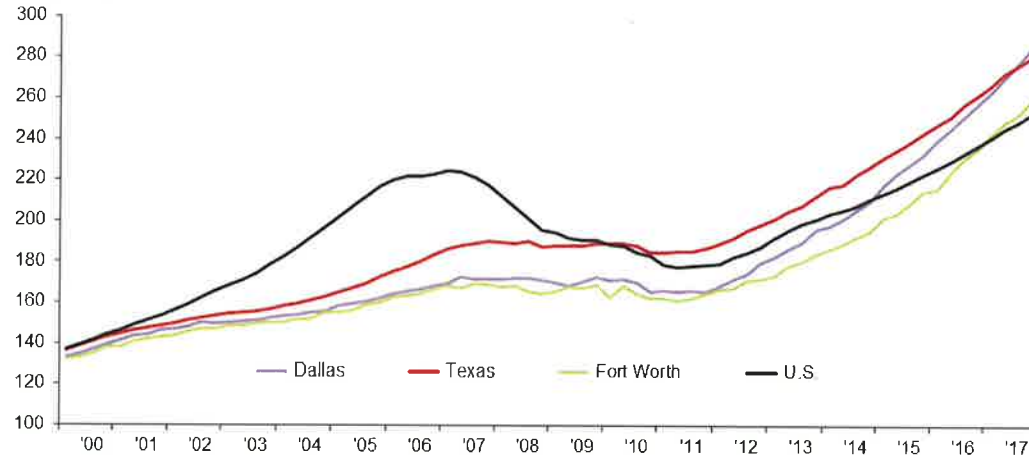
Housing Market

Home Prices Climb Further

Home price gains in the metroplex continue to outpace those in the U.S. (*Chart 4*). Prices rose 2.7 percent in both Dallas and Fort Worth in fourth quarter 2017, faster than the state's 1.7 percent gain and the nation's 1.6 percent increase, according to the most recent Federal Housing Finance Agency purchase-only house price index. On a year-over-year basis, prices rose 10.8 percent in Dallas and 10.3 percent in Fort Worth—both faster than the Texas rate of 7.3 percent and the nation's 6.7 percent figure. Continued healthy job creation and tight home inventories have propelled price increases in the area.

Chart 4
House Price Indexes

Index, first quarter 1991 = 100*



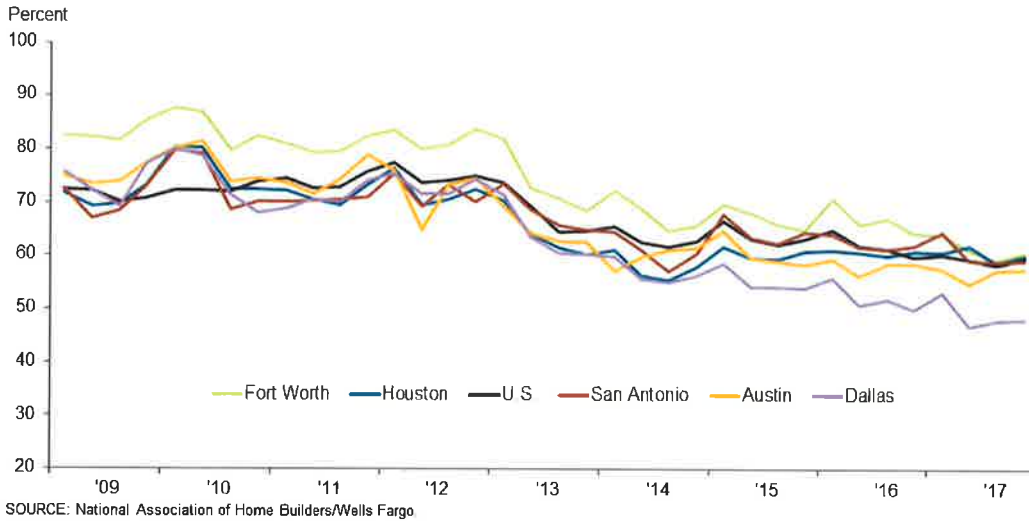
*Quarterly, seasonally adjusted

SOURCE: Federal Housing Finance Agency

Affordability in Dallas Remains Low

Record home-price appreciation following the Great Recession has eroded housing affordability in the metroplex. According to the National Association of Home Builders/Wells Fargo Housing Opportunity indexes, 48.2 percent of the homes (new and existing) sold in Dallas in fourth quarter 2017 were affordable for a median-income family (*Chart 5*). This is well below the national figure of 59.6 percent. Affordability has been declining in Dallas since 2010, and the index has dropped markedly from its peak, set in first quarter 2010. Despite having a lower median home sales price than Austin, Dallas has the lowest affordability among major Texas metros. Affordability in Fort Worth improved slightly to 60.7 percent in the fourth quarter.

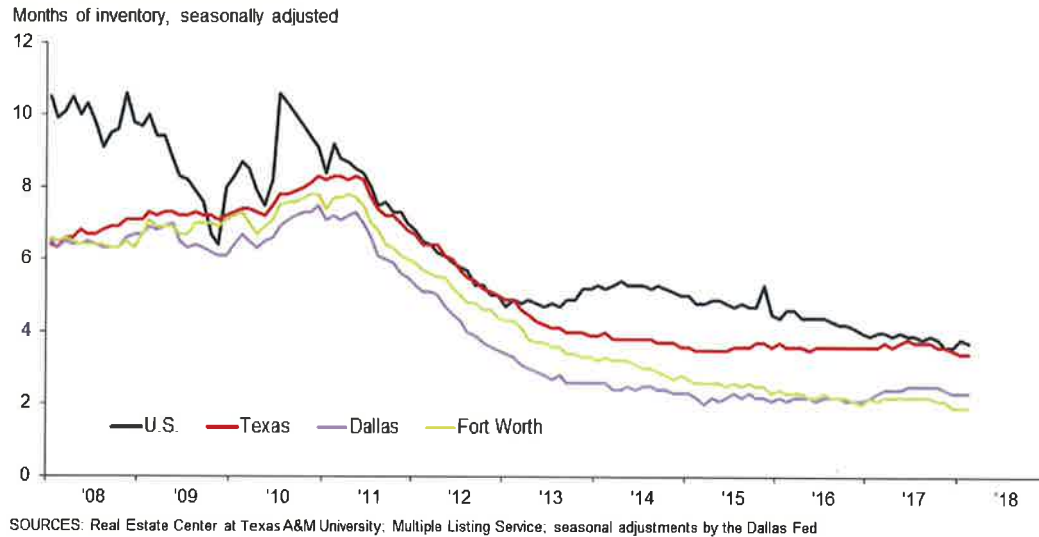
**Chart 5
Housing Opportunity Indexes**



Existing-Home Inventories Still Very Tight

DFW existing-home inventories remain tight at around two months, well below the six months' supply typically associated with a balanced market. In February, inventories were at 2.3 months in Dallas and 1.9 months in Fort Worth (Chart 6). Inventories in both Dallas and Fort Worth are the lowest among Texas' major metros and have been under three months since late 2014.

**Chart 6
Existing-Home Inventories**



NOTE: Data may not match previously published numbers due to revisions.

About Dallas-Fort Worth Economic Indicators

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