



**Finance Department**  
Karla Stovall, Chief Financial Officer  
Phone: 214-975-0415  
kstovall@littleelm.org

# TOWN COUNCIL CONSENT AGENDA

Date August 7, 2018

---

## PROJECT

Approve Quarterly Investment Report for the period ending June 30, 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 June 30, 2018.

## FISCAL IMPACT

Interest earnings for the Quarter total \$254,228. Fiscal year interest earnings total \$522,025.

## RECOMMENDED ACTION

The Chief Financial Officer recommends action to accept and approve Cash and Investment Report for Quarter Ending June 30, 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APPROVED  DENIED  TABLED  WITHDRAWN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 JUNE 30, 2018  
**CC:** MAYOR AND COUNCIL

---

---

Attached is the Quarterly Investment Report for the quarter ending June 30, 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 June 30, 2018, the Town's portfolio consisted of the following investments:

<b>Portfolio by Type</b>	<b>Average Yield</b>	<b>Total Invested</b>	<b>% of Total</b>
Money Market-Independent Bank	1.75%	\$64,473,941	99%
TexPool/TexPool Prime	1.75%	\$1,005,684	1%
Total Portfolio (Avg)	1.75%	\$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 June 30, 2018 was \$254,228. Year-to-date interest earnings are \$522,025.

Total cash and investments for the period ending March 31, 2018 was \$66,960,567 and the invested balances at June 30, 2018 were \$65,479,625 a net decrease of \$1,480,942. 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 65% are used in daily operations; the other 35% or \$23,182,722 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 1.27%



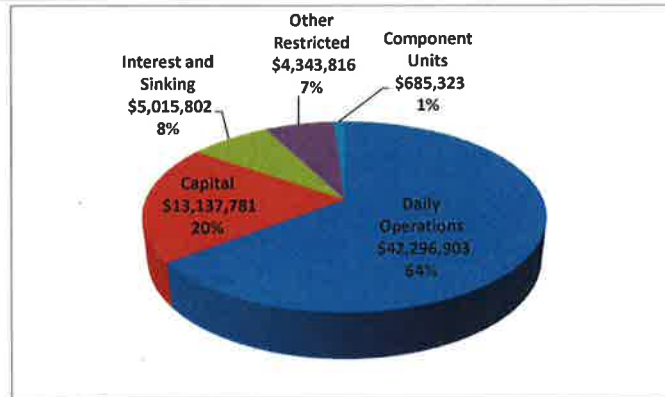
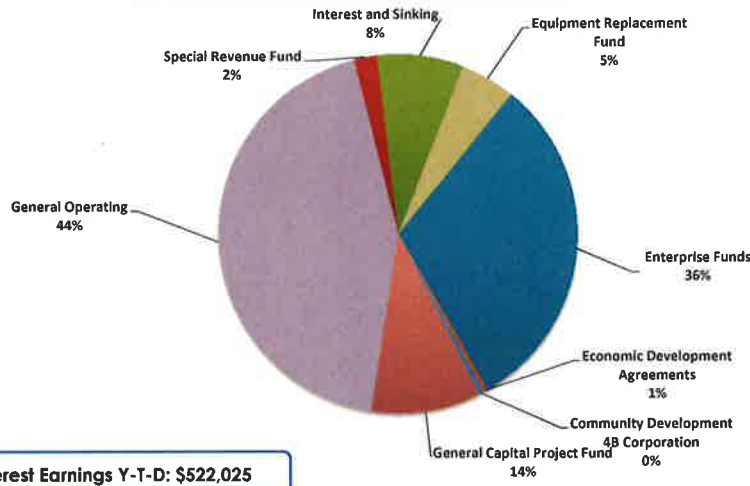
# Quarterly Investment Report

For the quarter ended: 6.30.2018

Prepared by the Town of Little Elm Finance Department

- \* \$65,479,625 - Cash and Investments on hand at 6.30.2018; average yield 1.75%.
- \* \$1,480,942 Change in Cash since end of Quarter at 3.31.2018 (decrease)
- \* \$254,227.81 interest earned quarter April - June 2018; year-to-date interest earnings \$522,025.24
- \* 99% or \$64,473,941 of portfolio is in depository bank - 1% or \$1,005,684 invested with TexPool
- \* Town awarded Certification of Investment Policy for a period of two-years - ending March 31, 2020
- \* Funds on deposit with depository bank. Fully collateralized.
- \* 1.27% - Average Fiscal Year-to-Date Average Yield on Portfolio. Current rate at end of Qtr was 1.75%
- \* Benchmarks: 3 Mo Treasury Rolling Yield is 1.56%; 6 Mo Treasury Rolling Yield is 1.58%; TexPool Avg 1.50%

## Interest Earnings as of June 30, 2018



## Allocation of Operations at 6.30.2018

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

**Karla Stovall**

Karla Stovall, Chief Financial Officer

**Dianne Lawson**

Dianne Lawson, Assistant Director of Finance

**Robin Bromiley**

Robin Bromiley, Controller

**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	Balances 6-30-2018	Changes from 3-31-2018	Use of Funds
<b>General Operating</b>																
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	23,243,655	(1,101,564)	Daily Operations
113-0101-00-00	113	PARKS AND RECREATION FUND	495,083	352,582	996,883	895,964	757,353	610,439	1,071,741	1,005,620	864,668	675,611	558,979	1,077,006	518,026	Parks and Recreation Operations
115-0101-00-00	115	CASH-STREET MAINTENANCE	235,707	352,477	359,180	271,045	167,150	256,802	106,264	329,567	191,004	426,559	484,772	723,233	238,551	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	25,043,963	(344,987)				
<b>Special Revenue Fund</b>																
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	251,908	15,367	Library, Police and Fire Restricted
202-0101-00-00	202	CASH-STREETScape FUND	200,251	185,461	207,481	51,367	499,444	447,466	394,281	495,045	409,743	376,052	409,743	573,652	163,909	Streetscape
203-0101-00-00	203	CASH-PEG FUNDS	79,877	97,223	116,044	116,044	128,512	137,904	150,982	155,738	169,398	185,559	179,412	(16,143)	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	43,360	Red Light Camera Program	
210-1113-00-00	210	CASH-HONOR PARK	0	0	0	0	0	0	0	0	0	0	0	0	Honor Park Donations	
211-0101-00-00	211	CASH-SAFER GRANT	23,173	24,203	25,709	25,418	25,418	50,799	54,320	50,930	49,310	49,728	52,356	4,337	Farmers Market grant	
250-0101-00-00	250	CASH-GRANTS AND DONATIONS	16,192	36,204	36,630	33,087	27,804	31,688	30,782	46,214	46,306	44,589	(3,510)	2,628	Library, Police and Fire Restricted	
412-0101-00-00	412	CASH-FORFEITURE	568,937	590,101	611,398	477,660	419,126	828,775	846,947	840,977	789,809	646,792	966,225	1,185,796	219,570	Police - restricted
<b>Interest and Sinking</b>																
312-0101-00-00	312	CASH-DEBT SERVICE FUND	398,676	3,691,623	3,946,734	3,579,550	414,128	2,873,827	3,741,595	3,766,150	657,231	4,737,045	5,141,646	5,015,802	(125,844)	Restricted for debt payments
			399,676	3,691,623	3,946,734	3,579,550	414,128	2,873,827	3,741,595	3,766,150	657,231	4,737,045	5,141,646	5,015,802	(125,844)	
<b>Internal Service Fund</b>																
500-0101-00-00	500	EQUIPMENT REPLACEMENT FUND	2,720,787	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	2,752,335	774,878	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	433,539	414,357	308,562	286,550	405,685	119,135	Restricted for Fire equipment replacement
2,829,786	1,581,969	2,446,218	2,153,401	2,115,883	2,668,590	3,001,697	2,693,946	2,553,640	2,404,097	2,264,008	3,158,020	894,013				
<b>Enterprise Funds</b>																
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	11,601,017	498,869	Daily Operations and Debt Payments
641-0101-00-00	641	CASH - 2016 CO REV W/S BOND \$7.6M	207,120	355,489	516,813	660,700	826,610	453,230	409,598	538,672	325,369	478,382	627,041	570,885	(56,156)	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	304,862	446,797	524,129	605,751	81,622	Restricted for Courtesy Site
4,114,906	5,332,674	5,792,790	15,110,533	15,172,040	15,723,909	26,586,275	27,996,262	14,612,114	16,722,718	17,494,164	17,252,920	(241,244)				
<b>Enterprise Capital Project Funds</b>																
612-0101-00-51	612	RESTRICTED CASH-2012 CO'S	491,939	433,193	431,818	427,663	0	0	0	0	0	0	0	0	0	Restricted for Water and Sewer CIP
642-0101-00-00	642	2017 CO REV W/S BOND \$11.83M	72,800	191,886	324,831	441,141	590,910	697,620	806,215	956,409	1,063,149	1,159,114	1,303,319	1,632,975	329,656	Restricted for Water and Sewer CIP
913-0101-00-00	913	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	1,472,558	304,396	Restricted for Water and Sewer CIP
642,537	803,892	1,070,994	1,284,839	1,132,561	1,530,494	1,812,556	12,359,015	9,990,009	7,752,472	6,800,648	(951,824)					
<b>Lakefront TIRZ #3</b>																
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	205,452	(38,110)	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	205,452	(38,110)	
<b>HWY 380 MMD #1</b>																
809-0101-00-00	809	CASH - HWY 380 MMD #1	417	418	418	418	2,049	2,196	2,196	2,204	2,204	2,209	7,772	8,070	298	Restricted for MMD #1
			417	418	418	418	2,049	2,196	2,196	2,204	2,204	2,209	7,772	8,070	298	
<b>TIRZ #4</b>																
812-0101-00-00	812	CASH - TIRZ #4	0	0	0	11,187	27	27	42,932	54	54	54	54	54	0	Restricted for TIRZ #5
			0	0	0	11,187	27	27	42,932	54	54	54	54	54	0	
<b>TIRZ #5</b>																
813-0101-00-00	813	CASH - TIRZ #5	3,358	3,365	3,615	3,615	3,622	3,631	3,638	3,631	3,638	0	0	0	0	Restricted for TIRZ #5
801-0101-00-00	801	CASH - TIRZ #5 FUND 1	0	0	0	0	0	0	0	0	0	0	0	0	0	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	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	0	Restricted for TIRZ #5
<b>Economic Development-4A Corporation</b>																
811-0101-00-00	811	CASH-ECONOMIC DEVELOPMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	Restricted for 4A Purposes
			0	0	0	0	0	0	0	0	0	0	0	0	0	As of October 1, 2014 separated from Town reporting
<b>Community Development 4B Corporation</b>																
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	428,155	82,864	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	428,155	82,864	
<b>General Capital Project Funds</b>																
825-0101-00-00	825	CASH IN BANK - PARK DEV FUNDS	1,644,874	1,800,785	2,155,631	1,620,367	1,626,934	1,240,092	1,289,529	1,794,175	409,582	722,097	797,861	922,460	(157,660)	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	599,454	(882,865)	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	0	Restricted for 2015 CO Bond Projects
870-0101-00-00	870	CASH IN BANK - 2009 GO BONDS	6,000,607	6,895,203	5,956,177	5,895,590	5,006,945	4,913,001	4,000,128	2,773,292	3,620,049	3,974,533	4,853,022	4,793,127	(59,895)	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	6,337,133	(975,851)	Restricted for CIP Proj after 6/2013
22,236,273	44,137,998	48,413,843	52,519,376	44,968,703	53,810,985	67,511,658	65,719,441	53,895,497	66,370,897	66,960,567	65,475,625	(1,480,942)				

Total Cash and Investments at 6.30.2018

**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	Balances 6-30-2018	Changes from 3-31-2018
<b>Summary by Fund Type: Invested Balances</b>															
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	25,043,983	38%
Special Revenue Fund			568,937	590,101	611,398	477,660	419,126	828,775	846,947	840,977	789,809	646,792	966,225	1,185,796	2%
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	2,553,640	4,757,045	5,141,646	5,015,802	8%
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	2,404,097	2,404,097	2,264,008	3,158,020	5%
Enterprise Funds			4,114,906	5,332,674	5,792,790	15,110,533	15,172,040	15,723,909	26,586,275	27,996,262	14,612,114	16,722,718	17,494,164	17,252,920	26%
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	6,800,648	10%
Economic Agreements			0	32,497	32,556	72,417	43,943	123,500	86,299	157,254	192,253	260,258	294,808	257,168	0%
Economic Development 4A Corporation			0	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	428,155	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	6,337,133	10%
<b>Total Cash and Investments by Portfolio Fund Type:</b>			<b>22,236,273</b>	<b>44,137,998</b>	<b>48,413,843</b>	<b>52,519,376</b>	<b>44,968,703</b>	<b>53,820,985</b>	<b>67,511,658</b>	<b>65,719,441</b>	<b>53,895,497</b>	<b>66,370,897</b>	<b>66,960,567</b>	<b>65,479,625</b>	<b>100%</b>

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	Balances 6-30-2018	Changes from 3-31-2018
<b>Summary by Fund Type: Interest Earnings</b>															
General Operating			13,099.47	12,774.24	26,304.80	23,601.12	8,116.78	21,743.09	41,627.10	44,193.16	33,347.57	37,677.49	73,212.88	110,767.08	
Special Revenue Fund			890.41	945.14	911.90	1,070.05	386.73	1,630.66	1,960.92	2,323.35	1,806.04	2,066.30	2,925.05	5,260.90	
Interest and Sinking			684.49	1,958.83	7,008.25	6,499.69	1,055.48	2,434.87	7,055.76	8,419.46	115.61	3,979.70	13,213.81	19,805.57	
Equipment Replacement Fund			5,842.52	2,649.26	2,405.64	3,932.72	1,433.19	3,764.93	3,561.05	6,431.47	5,095.50	4,943.43	6,181.82	12,641.08	
Enterprise Funds			7,959.56	8,350.90	10,463.13	29,583.30	9,214.68	29,804.65	32,317.68	38,102.02	31,456.08	36,242.04	51,462.60	78,434.52	
Enterprise Capital Project Funds			1,304.93	724.41	785.49	764.82	295.02	0.00	0.00	-	-	-	-	-	
Economic Agreements			0.00	24.60	59.22	132.40	41.86	170.02	225.16	368.85	290.33	386.64	680.94	901.77	
Economic Development 4A Corporation			0.00	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-	-	-	
Community Development 4B Corporation			762.29	422.05	693.71	452.46	439.06	658.05	1,002.11	1,202.94	1,614.70	1,173.84	877.42	1,410.49	
LE Redevelopment Authority			0.00	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-	-	-	
General Capital Project Funds			16,525.16	16,869.23	30,406.86	23,267.39	11,051.40	26,942.81	23,301.76	23,766.35	14,546.03	14,659.57	18,113.90	25,006.40	
<b>Total Cash and Investments by Portfolio Fund Type:</b>			<b>47,068.83</b>	<b>44,568.66</b>	<b>79,039.00</b>	<b>89,303.95</b>	<b>32,034.20</b>	<b>87,149.08</b>	<b>110,051.54</b>	<b>124,807.60</b>	<b>88,211.86</b>	<b>101,129.01</b>	<b>166,668.42</b>	<b>254,227.81</b>	

Interest Earnings

INTEREST EARNINGS	Oct-17	Nov-17	Dec-17	1st QTR 2018	Jan-18	Feb-18	Mar-18	2nd QTR 2018	Apr-18	May-18	Jun-18	3rd QTR 2018	BY 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	31,076.61	40,887.12	38,803.35	110,767.08	\$ 221,657.45
Special Revenue Fund	616.33	799.34	650.63	2,066.30	801.76	900.01	1,223.28	2,925.05	1,464.34	1,939.58	1,856.98	5,260.90	\$ 10,257.25
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	5,509.48	7,232.02	7,064.07	19,805.57	\$ 36,995.08
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	3,560.76	4,632.68	4,447.64	12,641.08	\$ 23,766.33
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	21,052.21	28,732.52	28,649.79	78,434.52	\$ 166,139.16
Enterprise Capital Project Funds	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Economic Agreements	89.90	157.36	139.38	386.64	191.23	213.46	276.25	680.94	269.30	331.76	300.71	901.77	\$ 1,969.35
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	287.10	515.17	608.22	1,410.49	\$ 3,461.75
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	6,330.50	9,782.03	8,893.87	25,006.40	\$ 57,779.87
<b>Total Cash and Investments by Portfolio Fund Type:</b>	<b>\$ 28,411.38</b>	<b>\$ 34,067.23</b>	<b>\$ 38,650.40</b>	<b>\$ 101,129.01</b>	<b>\$ 45,626.89</b>	<b>\$ 51,975.14</b>	<b>\$ 69,066.39</b>	<b>\$ 166,668.42</b>	<b>\$ 69,550.30</b>	<b>\$ 94,052.88</b>	<b>\$ 90,624.63</b>	<b>\$ 254,227.81</b>	<b>\$ 522,025.24</b>



# QUARTERLY INVESTMENT REPORT

For the Quarter Ended

June 30, 2018

Prepared by  
Valley View Consulting, L.L.C.

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

---

***Karla Stovall***

Karla Stovall, Chief Financial Officer

---

***Dianne Lawson***

Dianne Lawson, Assistant Director of Finance

---

***Robin Bromiley***

Robin Bromiley, Controller

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.

## Summary

### Quarter End Results by Investment Category:

Asset Type	March 31, 2018			June 30, 2018		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
DDA/MMA/Pool	1.30%	\$ 66,960,567	\$ 66,960,567	1.75%	\$ 65,479,625	\$ 65,479,625
Securities/CDs						
<b>Totals</b>		<b>\$ 66,960,567</b>	<b>\$ 66,960,567</b>		<b>\$ 65,479,625</b>	<b>\$ 65,479,625</b>

#### Current Quarter Average Yield (1)

Total Portfolio	1.75%
Rolling Three Mo. Treas. Yield	1.88%
Rolling Six Mo. Treas. Yield	1.92%

Quarterly Interest Income \$ 224,228  
 Year-to-date Interest Income \$ 522,025

#### Fiscal Year-to-Date Average Yield (2)

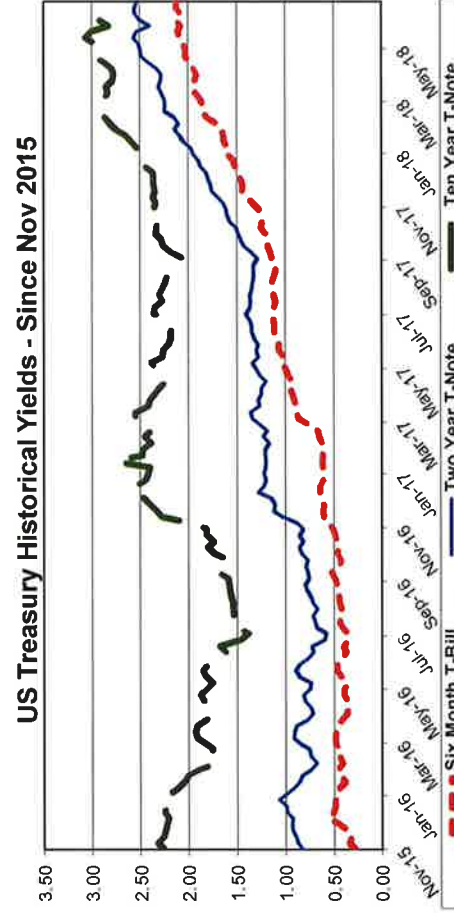
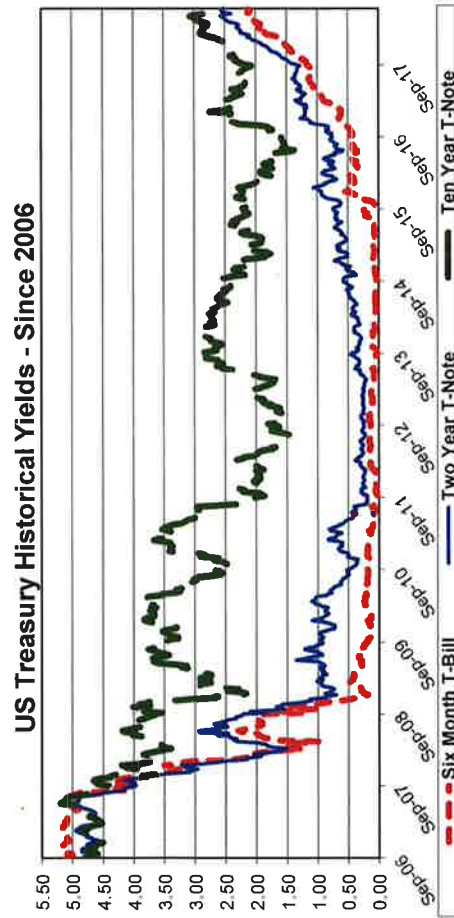
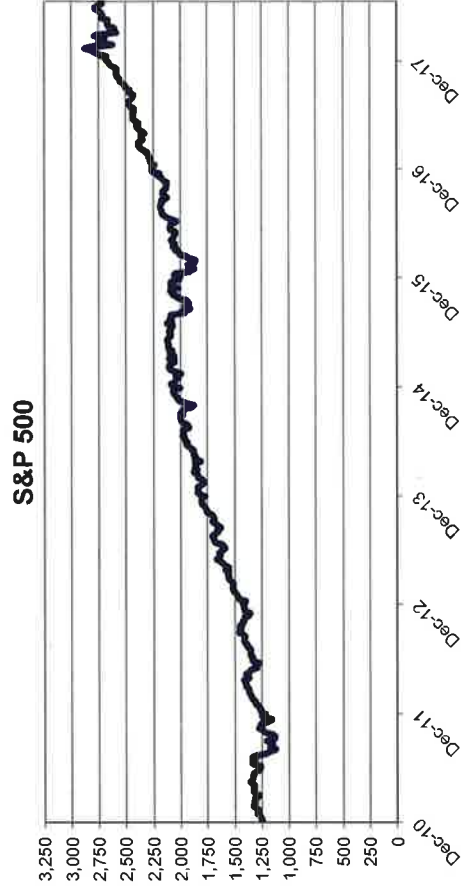
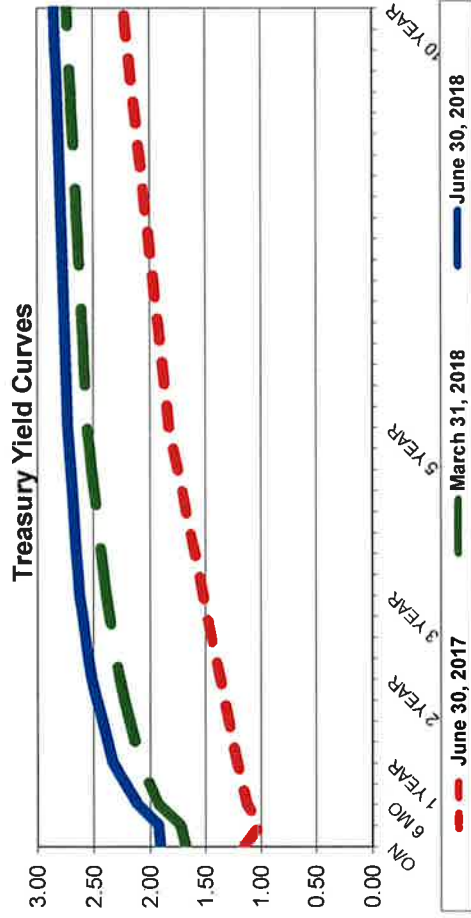
Total Portfolio	1.27%
Rolling Three Mo. Treas. Yield	1.56%
Rolling Six Mo. Treas. Yield	1.58%
Quarterly TexPool Yield	1.50%

(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.



The Federal Open Market Committee (FOMC) raised the Fed Funds target range 1.75% - 2.00% (Effective Fed Funds are trading +/-1.91%). Additional range increases are expected this calendar year (one or two) although subject to economic activity. Gradual portfolio reduction continues by limiting reinvestment of maturing holdings. The ultimate size of the balance sheet is under discussion. First Quarter 2018 GDP measured 2.0% (final estimate). Second Quarter is expected to be substantially higher. Employment/Unemployment continued to record levels. Trade war uncertainty dominated world markets. WTI Crude oil hovers at +/- \$73. The Stock Markets wiggled higher but still below recent highs.



**Investment Holdings**

**June 30, 2018**

Description	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA	1.75%	07/01/2018	06/30/2018	\$ 65,479,625	\$ 65,479,625	1.000	\$ 65,479,625	1	1.75%
				<u>\$ 65,479,625</u>	<u>\$ 65,479,625</u>		<u>\$ 65,479,625</u>	<u>1</u>	<u>1.75%</u>
								(1)	(2)

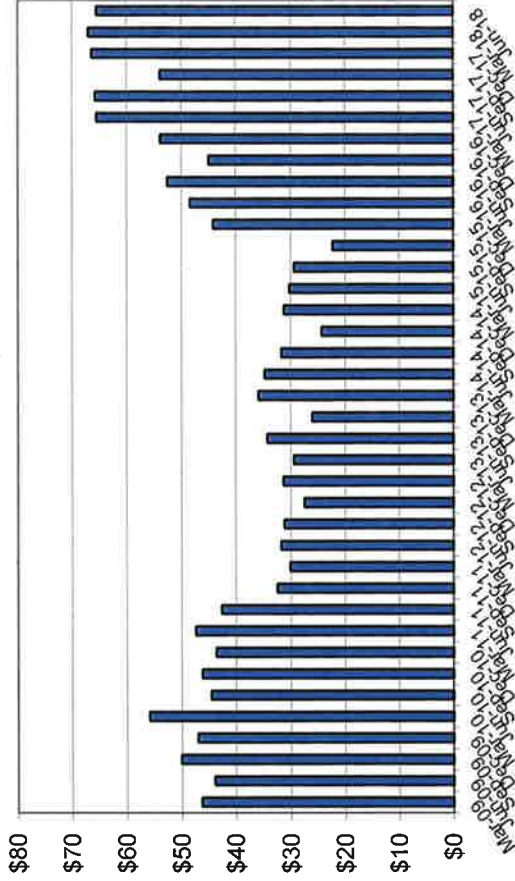
(1) **Weighted average life** - For purposes of calculating weighted average life, pool and bank account investments are assumed to have a one day maturity.

(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 pool and bank account investments.

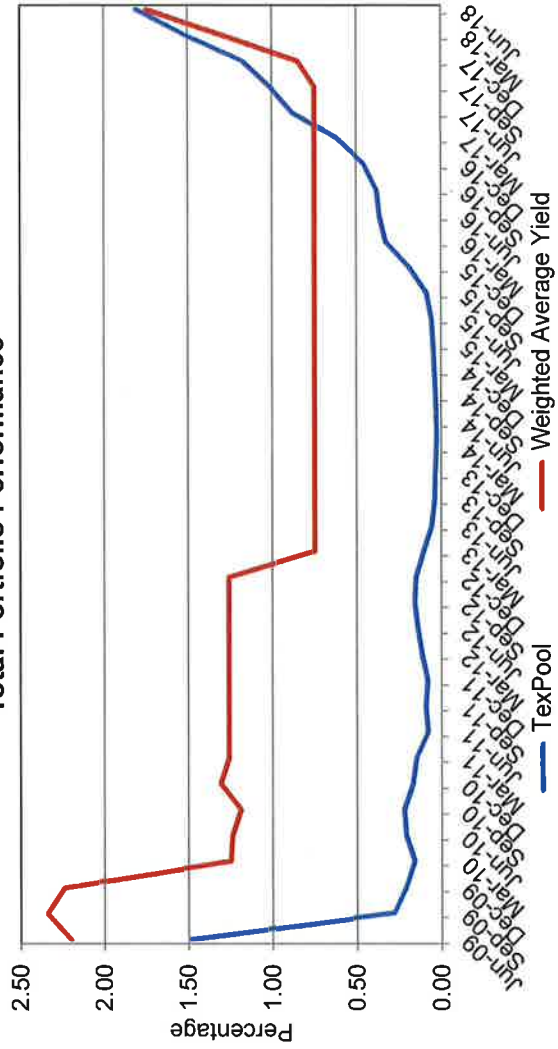
### Portfolio Composition



### Total Portfolio (Millions)



### Total Portfolio Performance



**Book Value Comparison**

		March 31, 2018			June 30, 2018			
Description	Coupon/ Discount	Maturity Date	Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Maturities	Par Value	Book Value
DDA	1.75%	07/01/2018	\$ 66,960,567	\$ 66,960,567	\$ -	\$ (1,480,942)	\$ 65,479,625	\$ 65,479,625
<b>TOTAL</b>			<b>\$ 66,960,567</b>	<b>\$ 66,960,567</b>	<b>\$ -</b>	<b>\$ (1,480,942)</b>	<b>\$ 65,479,625</b>	<b>\$ 65,479,625</b>

**Market Value Comparison**

		March 31, 2018			June 30, 2018		
Description	Coupon/ Discount	Maturity Date	Par Value	Market Value	Qtr to Qtr Change	Par Value	Market Value
DDA	1.75%	07/01/2018	\$ 66,960,567	\$ 66,960,567	\$ (1,480,942)	\$ 65,479,625	\$ 65,479,625
<b>TOTAL</b>			<b>\$ 66,960,567</b>	<b>\$ 66,960,567</b>	<b>\$ (1,480,942)</b>	<b>\$ 65,479,625</b>	<b>\$ 65,479,625</b>

**Allocation**

**June 30, 2018**

Book & Market Value	Total	General Operating	Special Revenue	Interest & Sinking	Internal Service Fund	Enterprise Funds	Enterprise Capital		General Capital	
							Projects	CDC 4B	Projects	Projects
DDA	\$ 65,479,625	\$ 25,043,983	\$ 1,185,796	\$ 5,015,802	\$ 3,158,020	\$ 17,252,920	\$ 6,800,648	\$ 428,155	\$ 257,168	\$ 6,337,133
<b>Totals</b>	<b>\$ 65,479,625</b>	<b>\$ 25,043,983</b>	<b>\$ 1,185,796</b>	<b>\$ 5,015,802</b>	<b>\$ 3,158,020</b>	<b>\$ 17,252,920</b>	<b>\$ 6,800,648</b>	<b>\$ 428,155</b>	<b>\$ 257,168</b>	<b>\$ 6,337,133</b>

**Allocation**

**March 31, 2018**

Book & Market Value	Total	General		Special		Interest & Sinking		Internal Service Fund		Enterprise Funds		Enterprise Capital Projects		Economic Agreements		General Capital Projects	
		Operating		Revenue													
DDA	\$ 66,960,567	\$ 25,388,971	\$	966,225	\$ 5,141,646	\$ 2,264,008	\$ 17,494,164	\$ 7,752,472	\$ 345,290	\$ 294,808	\$ 7,312,983						
<b>Totals</b>	<b>\$ 66,960,567</b>	<b>\$ 25,388,971</b>	<b>\$</b>	<b>966,225</b>	<b>\$ 5,141,646</b>	<b>\$ 2,264,008</b>	<b>\$ 17,494,164</b>	<b>\$ 7,752,472</b>	<b>\$ 345,290</b>	<b>\$ 294,808</b>	<b>\$ 7,312,983</b>						



## Summary of Economic Activity

The Eleventh District economy expanded at a solid pace over the past six weeks. Growth in manufacturing increased. Expansion in the energy and service sectors continued at about the same pace, while retail spending was mixed. Home sales continued to rise but apartment markets softened slightly. Hiring was solid across most sectors, and widespread labor shortages continued. Wage and price pressures remained elevated, and several contacts noted a sharp rise in the cost of steel and aluminum. Outlooks remained fairly optimistic, but tariffs and trade-related concerns were creating uncertainty.

### Employment and Wages

Employment growth was solid and widespread across sectors. Labor market tightness continued across a wide range of industries and skill levels, with some contacts saying difficulty finding workers was constraining growth to some extent. One staffing services contact noted that some firms were rehiring former retired employees on a part-time basis to meet their staffing needs. In Houston, shortages of painters, tile setters, carpet layers (workers at the backend of the home construction cycle) were noted, a departure from earlier in the year when mostly sheet rock/drywall installers were in short supply. Upstream energy firms said all skill levels were in short supply, but shortages were most acute for skilled workers.

Wage pressure remained elevated and picked up particularly among manufacturing firms. A large share of respondents noted increasing wages to recruit and retain employees. One contact reported offering large bonuses for trades, such as machinists and welders, who were willing to commit to stay for three years. A health care firm cited high vacancy rates for registered nurse positions.

### Prices

Price pressures remained elevated. Raw material prices

and other input costs continued to climb, but several firms noted they had limited ability to pass on higher costs to customers. Input cost pressures increased among energy, manufacturing, and construction firms, in part due to the new tariffs on lumber, steel and aluminum. Upstream energy firms expressed concern about the new tariffs adversely affecting their operations and costs in the near term. One energy contact reported a sharp rise in rates of drilling rigs. Some auto dealers cited a higher-than-average increase in used-vehicle prices, and transportation service firms noted rising fuel costs. Gasoline and diesel prices rose, driven largely by higher crude oil prices, while the average price for natural gas dipped during the reporting period.

### Manufacturing

Growth in the manufacturing sector strengthened after having slowed in the prior reporting period. Output growth rose, led by increases in primary metals, transportation equipment, machinery, and high tech manufacturing. Growth in food and nonmetallic mineral (stone, clay, cement and glass) production picked up. Demand for fabricated metals manufacturing increased, with one contact noting strength in oil and gas related activity. Chemical production expanded during the reporting period, and refinery utilization rates were up in April but dipped slightly in early May. Outlooks remained optimis-

tic, although several contacts noted that the new tariffs were creating uncertainty in expectations. Refiners and petrochemical producers expressed negative views about the potential impact of tariffs and quotas on exports as well as new construction projects.

### **Retail Sales**

Retail sales, including companywide internet sales, dipped in April but appear to have picked up in early May. Seasonal retailers attributed the decline in April sales to colder-than-normal weather. Reports on auto sales were mixed, with sales weakening slightly in San Antonio but increasing in Dallas and Houston. Sales growth among durable wholesalers was solid. Outlooks among retailers were positive on net.

### **Nonfinancial Services**

Broad-based expansion continued in the nonfinancial services sector. Transportation services was a particular bright spot. Rail traffic was near record levels, with the increase in shipments being broad based across business lines. Courier and sea cargo volumes expanded as well, with growth in the latter being boosted by marked increases in steel shipments as shippers rushed to bring them in before the new tariffs were implemented. Reports on airline passenger demand were mixed, but outlooks remained optimistic. Leisure and hospitality contacts said spring break activity was mixed, but Easter traffic was strong along the coastal area near Houston. Revenue at professional and technical service firms rose, and staffing services firms continued to note high levels of demand, driven by widespread increases in activity across geographies and sectors. Outlooks improved, although uncertainty surrounding trade policies and rising interest rates negatively impacted some firms' expectations.

### **Construction and Real Estate**

Home sales rose during the reporting period, with continued strength in sales at the low- to mid-price points. Year-to-date sales were generally on or ahead of plan for builders. Buyers remained price sensitive, and builders have been focused on housing affordability. One contact noted that in Houston, some builders were downsizing homes on large lots to bring the price point down. Contacts said several new deals are not being penciled in partly due to high and/or rising land, development, and other costs. Outlooks were positive, although margin compression, climbing material costs, and rising interest rates were a concern.

Ample supply coupled with modest demand has slowed apartment rent growth in most major metros. In Houston, however, net absorption has been solid and overall rent

growth has been strong as well. Some contacts noted a pickup in investment activity.

Office leasing activity and/or net absorption slowed in Dallas-Fort Worth and remained sluggish in Houston. Conditions in industrial markets were characterized as solid, while reports on retail space activity were mixed.

### **Financial Services**

Loan volumes and demand expanded at a faster pace compared with the previous reporting period. Strong growth was seen in commercial and industrial, and commercial and residential real estate lending. Consumer loan volumes increased modestly. Credit standards remained flat or ticked down, while loan pricing continued to increase. The volume of deposits increased at a slower pace than in the last report, and a few contacts noted increased competition for deposits. Banking contacts remained optimistic as they expect both loan demand and general business activity to improve.

### **Energy**

Energy activity continued to expand moderately. Drilling and completion activity increased in the Eleventh District, particularly in the Permian Basin. Large firms are driving growth, and it remained difficult for small exploration and production companies to expand operations despite high oil prices. Outlooks remained positive, supported by favorable oil prices, although contacts said pipeline capacity, labor, and supply chain constraints may limit further increases in production growth.

### **Agriculture**

Drought conditions continued to plague much of West Texas and Southern New Mexico, particularly in the Texas panhandle. Crop conditions for winter wheat were much poorer compared with last year due to the lack of soil moisture. Row crop planting continued and crops were in mostly fair to good condition, but there was concern among producers about the dry weather potentially causing below-average yields. Given the current level of prices, grain farmers need at least average yields to be profitable this year. Cotton farmers were a bit more optimistic due to higher prices over the last six weeks and because cotton yields generally hold up better than other crops during drought. Cattle prices rose, largely due to seasonal factors but also buoyed by very strong domestic and international demand. ❄

For more information about District economic conditions visit:  
[www.dallasfed.org/research/texas](http://www.dallasfed.org/research/texas)



# Dallas, Texas

## 24 Month Average Retail Price Chart

