



**Finance Department**

Dianne Lawson, Asst. Finance Director  
Phone: 972-377-1882  
dlawson@littleelm.org

# TOWN COUNCIL CONSENT AGENDA

Date February 17, 2015

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**PROJECT**

Approve Quarterly Investment Report for the period ending December 31, 2014.

**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 December 31, 2014.

**FISCAL IMPACT**

Interest earnings for the Quarter total \$43,481. Fiscal year interest earnings total \$43,481.

**RECOMMENDED ACTION**

The Finance Director recommends action to accept and approve Cash and Investment Report for Quarter Ending December 31, 2014.

**ATTACHMENTS**

Quarterly Investment Report

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Initial:

Town Manager  Finance  *DL* Library  Public Works  Parks

Town Secretary  Police  Fire  HR  Development Services

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APPROVED  DENIED  TABLED  WITHDRAWN

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**MEMORANDUM**

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**TO:** MATTHEW MUELLER, TOWN MANAGER  
**FROM:** DIANNE LAWSON, ASST. FINANCE DIRECTOR  
**SUBJ:** INVESTMENT REPORT FOR QUARTER ENDING DECEMBER 31, 2014  
**CC:** MAYOR AND COUNCIL

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Attached is the Quarterly Investment Report for the quarter ending December 31, 2014 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 December 31, 2014, the Town's portfolio consisted of the following investments:

Portfolio by Type	Average Yield	Total Invested	% of Total
Money Market- Independent Bank & Texpool	.75%	\$31,227,955	100%
Total Portfolio (Avg)	.75%	\$31,227,955	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 and TexPool are fully secured and safeguarded. **Total interest earned for the quarter ending December 31, 2014 was \$43,481. Year-to-date interest earnings are \$43,481.**

Total cash and investments for the period ending September 30, 2014 was \$24,254,469 and the invested balances at December 31, 2014 were \$31,227,955, a net increase of \$6,973,486. 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 39% are used in daily operations; the other 61% or \$19,015,280 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 .75%



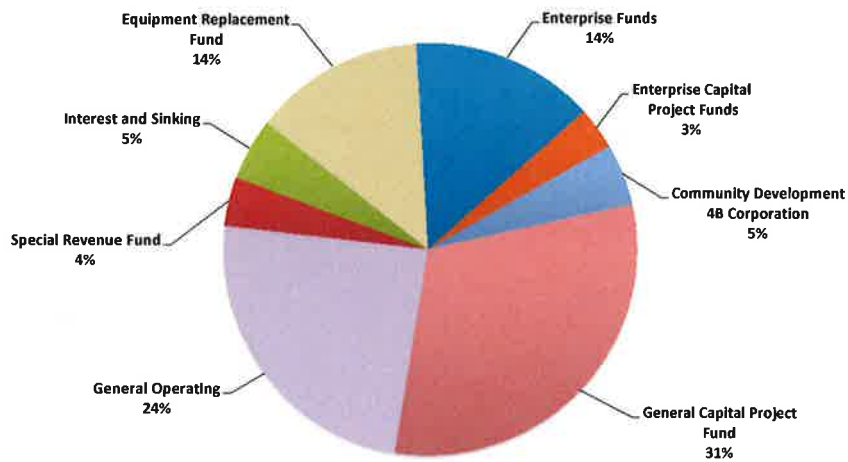


# Cash and Investment Summary Comments

Portfolio Summary as of 12/31/2014

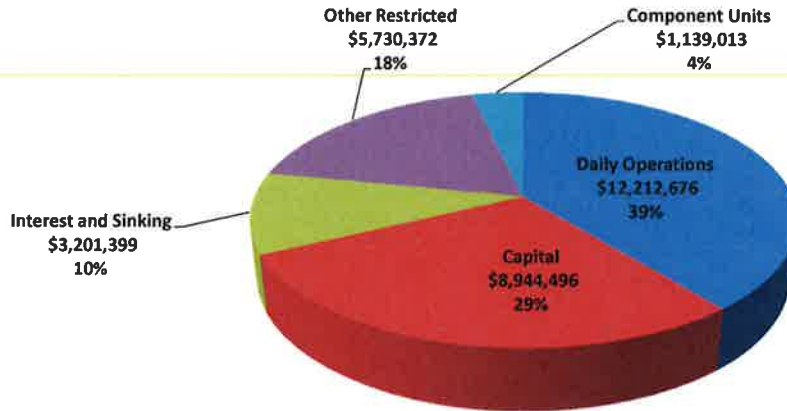
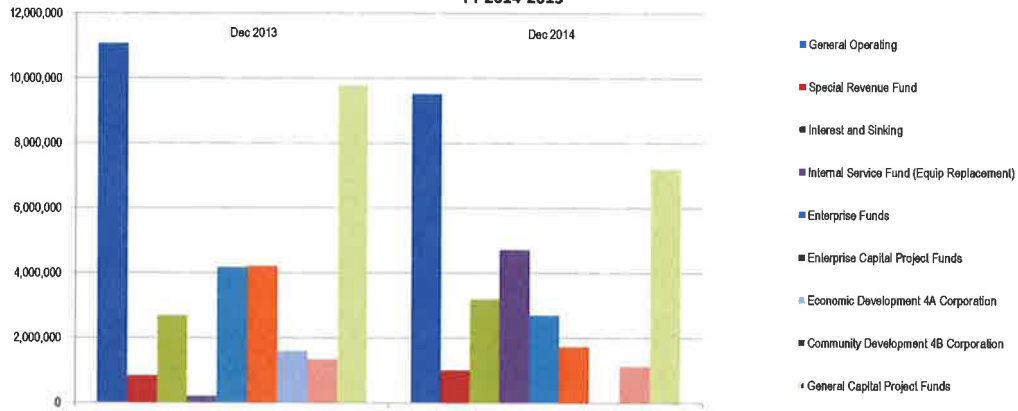
- \* \$31,227,955 - Cash and Investments on hand at 12/31/2014; average yield .75%
- \* \$6,973,486- Change in Cash since end of Quarter at 12/31/2014 (Increase)
- \* \$43,481 - Interest earned for first quarter of fiscal year; year-to-date interest earnings \$43,481
- \* 100% or \$30,227,955 of portfolio is in depository bank; \$1,000 in TexPool
- \* Funds on deposit with depository bank for best returns. Fully collateralized.
- \* \$1,000 on deposit with TexPool to preserve accounts for diversification opportunities
- \* .75% - Average Fiscal Year-to-Date Average Yield on Portfolio
- \* Benchmarks: 3 Month Treasury Rolling Yield is .02%; 6 Month Treasury Rolling Yield is .07%.
- \* First time recipient of the GTOT Investment Policy Certification (Expires September 2015)

## Interest Earnings as of December 31, 2014



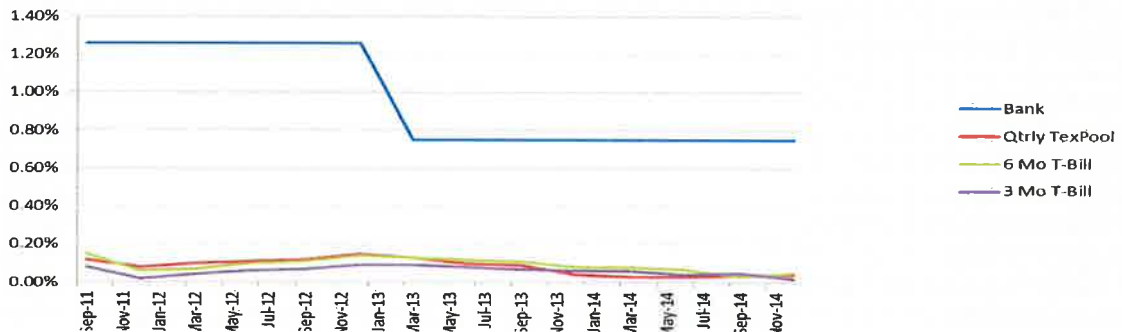
Interest Earnings YTD: \$43,481

**Invested Balance  
Comparison Year-to-Year  
FY 2014-2015**



**Allocation to Operations - Total Portfolio \$31,227,955**

**Portfolio vs Market Rates**



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

Fund	#	Fund Description	Balances 9-30-2013	Balances 12-31-2013	Balances 3-31-2014	Balances 6-30-2014	Balances 9-30-2014	Balances 12-31-2014	Changes from 9-30-2014	Use of Funds
<b>General Operating</b>										
112-0101-00-00	112	CASH-GENERAL FUND	6,340,252	10,634,857	10,624,817	9,089,475	8,176,049	9,015,323	839,274	Daily Operations
113-0101-00-00	113	PARKS AND RECREATION FUND					0	448,494	448,494	Parks and Recreation Operations
115-0101-00-00	115	CASH-STREET MAINTENANCE	291,462	432,477	537,352	635,577	274,306	51,264	(223,042)	1/4 Cent Sales Tax for Streets
			6,631,714	11,067,334	11,162,169	9,725,053	8,450,355	9,515,082	1,064,727	
<b>Special Revenue Fund</b>										
200-0101-00-00	200	CASH-SPECIAL REVENUE	142,278	146,507	115,673	182,007	119,195	129,181	9,986	Library, Police and Fire Restricted
202-0101-00-00	202	CASH-STREETSCAPE FUND	344,474	403,317	348,840	387,238	700,201	783,916	83,715	Streetscape
203-0101-00-00	203	CASH-PEG FUNDS	67,752	75,585	39,496	5,453	19,858	34,401	14,543	PEG Program
205-0101-00-00	205	CASH-TRAFFIC SAFETY	201,738	127,995	123,497	79,877	110,711	9,046	(101,665)	Red Light Camera Program
211-0101-00-00	211	CASH-FARMERS MARKET GRANT	18,194	20,657	11,711	(1,502)	100	8,194	8,094	Farmers Market grant
250-0101-00-00	250	CASH-GRANTS AND DONATIONS	19,532	30,734	21,832	19,561	20,848	22,892	2,044	Library, Police and Fire Restricted
412-0101-00-00	412	CASH-FORFEITURE	30,061	32,392	42,094	47,386	23,952	23,995	43	Police - restricted
			890,033	837,186	703,143	720,020	994,865	1,011,624	16,759	
<b>Interest and Sinking</b>										
312-0101-00-00	312	CASH-DEBT SERVICE FUND	504,258	2,693,801	2,914,157	2,829,591	343,337	3,201,399	2,858,062	Restricted for debt payments
			504,258	2,693,801	2,914,157	2,829,591	343,337	3,201,399	2,858,062	
<b>Internal Service Fund</b>										
500-0101-00-00	500	EQUIPMENT REPLACEMENT FUND	194,094	194,437	395,131	395,848	430,115	4,524,728	4,094,612	Restricted for vehicle/equipment replacement
501-0101-00-00	501	FIRE EQUIPMENT REPLACEMENT FUND	194,094	194,437	395,131	395,848	430,115	194,020	194,020	Restricted for Fire equipment replacement
								4,718,747	4,288,632	
<b>Enterprise Funds</b>										
612-0101-00-00	612	CASH-UTILITY OPERATING	1,987,739	2,980,326	2,264,453	3,040,804	1,162,884	2,194,717	1,031,833	Daily Operations and Debt Payments
712-0101-00-00	712	CASH-SOLID WASTE	187,749	225,139	39,158	87,599	0	28,163	28,163	Restricted for Courtesy Site
715-0101-00-00	715	CASH-STORM DRAINING FUND	236,671	281,946	353,828	411,028	436,123	474,714	38,591	
			3,096,009	4,172,471	2,932,438	3,539,607	1,599,184	2,697,594	1,098,411	
<b>Enterprise Capital Project Funds</b>										
612-0101-00-61	612	RESTRICTED CASH-2012 CO'S	3,953,076	3,169,031	2,426,481	1,763,232	1,123,598	722,898	(400,700)	Restricted for Water and Sewer CIP
819-0101-00-00	819	CASH IN BANK CONSOLIDATED	215,583	301,215	424,843	485,794	615,565	520,862	(94,703)	Restricted for Water and Sewer CIP
913-0101-00-00	913	CASH IN BANK CONSOLIDATED	646,137	743,757	872,470	516,656	671,158	488,843	(182,315)	Restricted for Water and Sewer CIP
			4,814,796	4,214,003	3,723,794	2,765,682	2,410,321	1,732,603	(677,718)	
<b>Economic Development 4A Corporation</b>										
811-0101-00-00	811	CASH-ECONOMIC DEVELOPMENT	1,900,467	1,603,482	1,384,860	1,457,239	1,213,574	0	(1,213,574)	Restricted for 4A Purposes
			1,900,467	1,603,482	1,384,860	1,457,239	1,213,574	0	(1,213,574)	As of October 1, 2014 separated from Town reporting
<b>Community Development 4B Corporation</b>										
814-0101-00-00	814	CASH-CDC	1,200,569	1,342,994	1,235,349	1,358,022	1,032,261	1,139,013	106,752	Restricted for 4B Purposes
			1,200,569	1,342,994	1,235,349	1,358,022	1,032,261	1,139,013	106,752	
<b>General Capital Project Funds</b>										
828-0101-00-00	828	CASH IN BANK - STREET IMPACT FEES	620,602	717,802	263,398	399,404	449,722	327,274	(122,448)	Restricted for Street Projects
870-0101-00-00	870	CASH IN BANK - 2009 GO BONDS	142,523	125,762	104,796	383,164	400,403	0	(400,403)	Restricted for 09 GO Bond Projects
871-0101-00-00	871	CASH IN BANK-GEN CAP PROJ FUND #2	6,017,451	8,940,774	9,969,405	8,154,714	6,930,332	6,884,619	(45,713)	Restricted for CIP Proj after 6/2013
			6,780,276	9,784,338	10,337,599	8,937,282	7,780,458	7,211,893	(568,565)	
			26,012,217	35,910,047	34,788,639	31,728,343	24,254,469	31,227,955	6,973,486	

Interest Earnings

INTEREST ALLOCATION	1st Qtr 2014		2nd Qtr 2014		3rd Qtr 2014		4th Qtr 2014		YTD FY 2014	1st Qtr 2015									
	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14		Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14			
General Operating	4,302.39	3,875.42	5,717.44	6,415.25	6,546.69	6,292.78	19,254.72	6,744.15	6,524.10	5,199.24	18,467.49	6,982.85	5,665.23	5,343.36	17,989.44	3,352.82	2,669.24	4,527.74	10,549.80
Special Revenue Fund	477.03	505.91	429.25	1,412.19	390.86	394.80	1,163.09	452.21	473.50	385.60	1,311.31	547.94	448.31	623.66	1,619.91	618.87	576.77	477.98	1,673.62
Interest and Sinking	387.27	453.75	1,381.19	2,227.21	1,589.05	1,636.58	4,697.67	1,828.35	1,916.82	1,511.59	5,256.76	223.73	188.86	215.25	627.84	271.62	316.77	1,526.48	2,114.87
Equipment Replacement Fund	122.01	121.69	99.69	343.39	219.48	221.90	675.67	246.90	258.06	211.47	716.43	305.14	257.20	269.66	832.00	1,879.55	1,754.55	2,249.98	5,884.08
Enterprise Funds	2,940.11	3,116.59	2,688.39	8,725.09	2,537.46	2,121.44	6,533.05	2,972.69	3,329.07	2,411.75	8,713.51	2,154.67	1,929.23	1,804.60	5,888.50	2,141.27	2,313.89	1,760.38	6,215.54
Enterprise Capital Project Funds	2,497.74	2,234.12	1,624.86	1,746.49	1,522.97	1,609.26	4,878.72	1,295.67	1,153.97	1,126.76	3,576.40	968.83	816.71	704.43	2,489.97	592.15	503.65	344.69	1,440.49
Economic Development 4A Corporation	959.78	1,598.61	189.40	2,748.79	967.82	896.47	2,753.30	751.29	945.25	759.52	2,456.06	1,040.25	998.30	751.62	2,790.17	-	-	-	-
Community Development 4B Corporation	788.51	803.66	815.43	613.21	684.30	791.98	2,089.49	649.32	840.55	701.91	2,197.78	654.82	655.24	654.62	1,964.68	696.38	706.65	675.93	2,080.96
LE Redevelopment Authority	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-	-
General Capital Project Funds	4,204.25	4,264.52	4,955.20	13,423.97	6,314.60	6,855.99	20,013.83	6,098.66	6,169.72	4,774.38	16,982.76	6,737.92	4,497.98	4,877.87	16,113.77	5,328.83	4,753.62	3,438.76	13,521.21
<b>Total Cash and Investments by Portfolio Fund Type:</b>	<b>16,679.09</b>	<b>16,975.27</b>	<b>17,880.85</b>	<b>20,460.11</b>	<b>20,773.23</b>	<b>20,821.20</b>	<b>62,054.54</b>	<b>20,979.24</b>	<b>21,611.04</b>	<b>17,082.22</b>	<b>59,672.50</b>	<b>19,616.15</b>	<b>15,455.06</b>	<b>15,245.07</b>	<b>50,316.28</b>	<b>14,881.49</b>	<b>13,597.14</b>	<b>15,001.94</b>	<b>43,480.57</b>



# QUARTERLY INVESTMENT REPORT

For the Quarter Ended

December 31, 2014

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.

**Vacant**

Finance Director

Assistant Finance Director

Senior Accountant

Disclaimer: These reports were compiled using information provided by the City. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields, and do not account for investment advisor fees.

**Strategy Summary:**

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range between 0.00% and 0.25% (actual Fed Funds traded +/-10 bps). The FOMC ended Quantitative Easing (QE3) in October. Third quarter 2014 GDP was a very strong 5.0. New payroll and unemployment data also very positive. The FOMC remains concerned by lack of wage growth and overall participation. The US stock markets again touched new highs, but have recently retrenched. Shorter interest rates are rising, while international economical and political struggles weigh on longer term US interest rates. Financial institution deposit yields generally provide the best interest earnings opportunity, although spreads to security yields have tightened.

**Quarter End Results by Investment Category:**

<u>Asset Type</u>	<u>December 31, 2014</u>		<u>September 30, 2014</u>	
	<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Pools/Bank DDA	\$ 31,227,955	\$ 31,227,955	\$ 24,254,469	\$ 24,254,469
Securities/CDs	-	-	-	-
<b>Totals</b>	<b>\$ 31,227,955</b>	<b>\$ 31,227,955</b>	<b>\$ 24,254,469</b>	<b>\$ 24,254,469</b>

Average Yield (1)		Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	0.75%	Total Portfolio	0.75%
Rolling Three Mo. Treas. Yield	0.02%	Rolling Three Mo. Treas. Yield	0.02%
Rolling Six Mo. Treas. Yield	0.07%	Rolling Six Mo. Treas. Yield	0.07%
		Quarterly TexPool Yield	0.04%

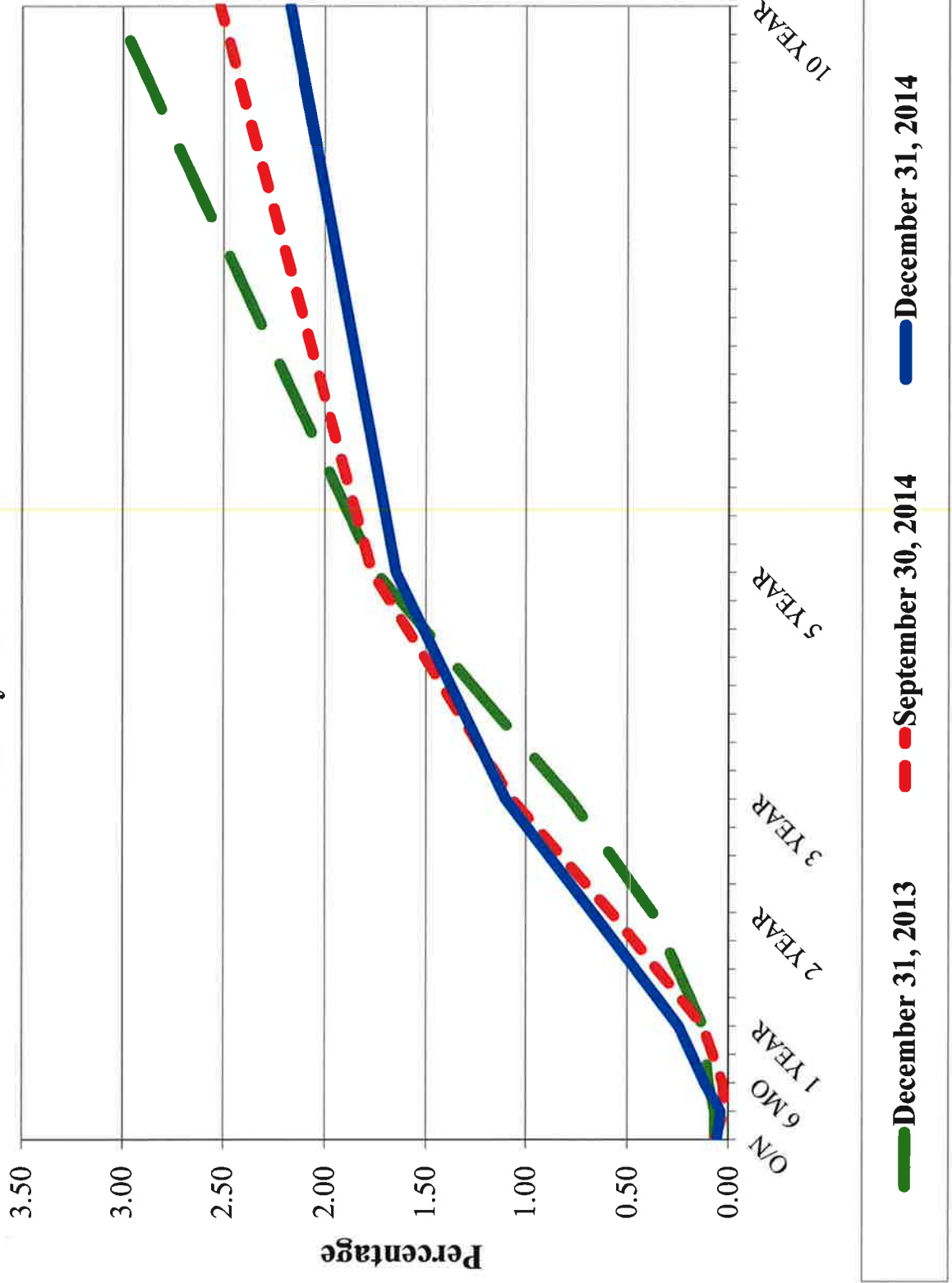
Quarterly Interest Income	\$ 43,481
Year-to-date Interest Income	\$ 43,481

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

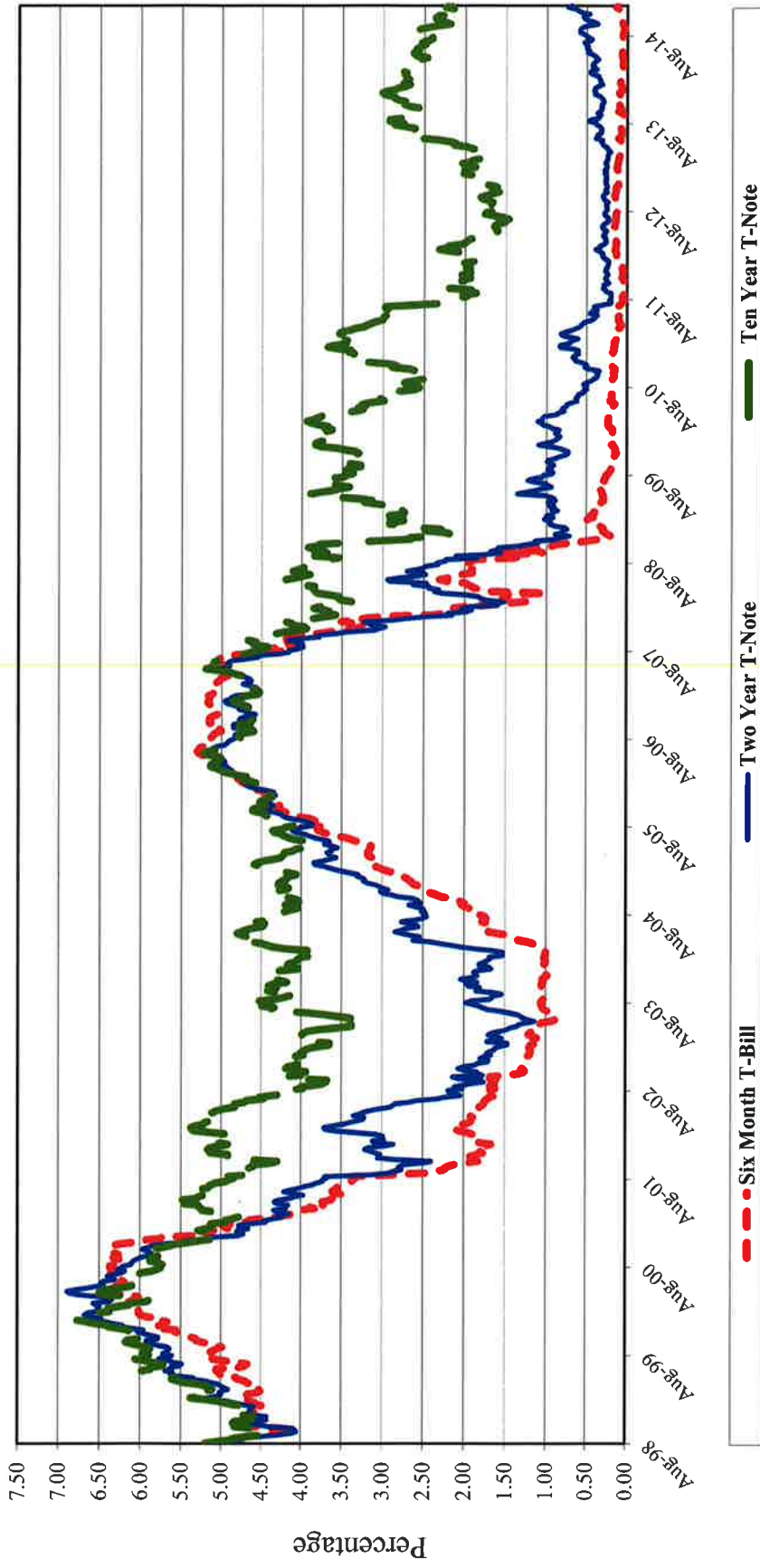
(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.



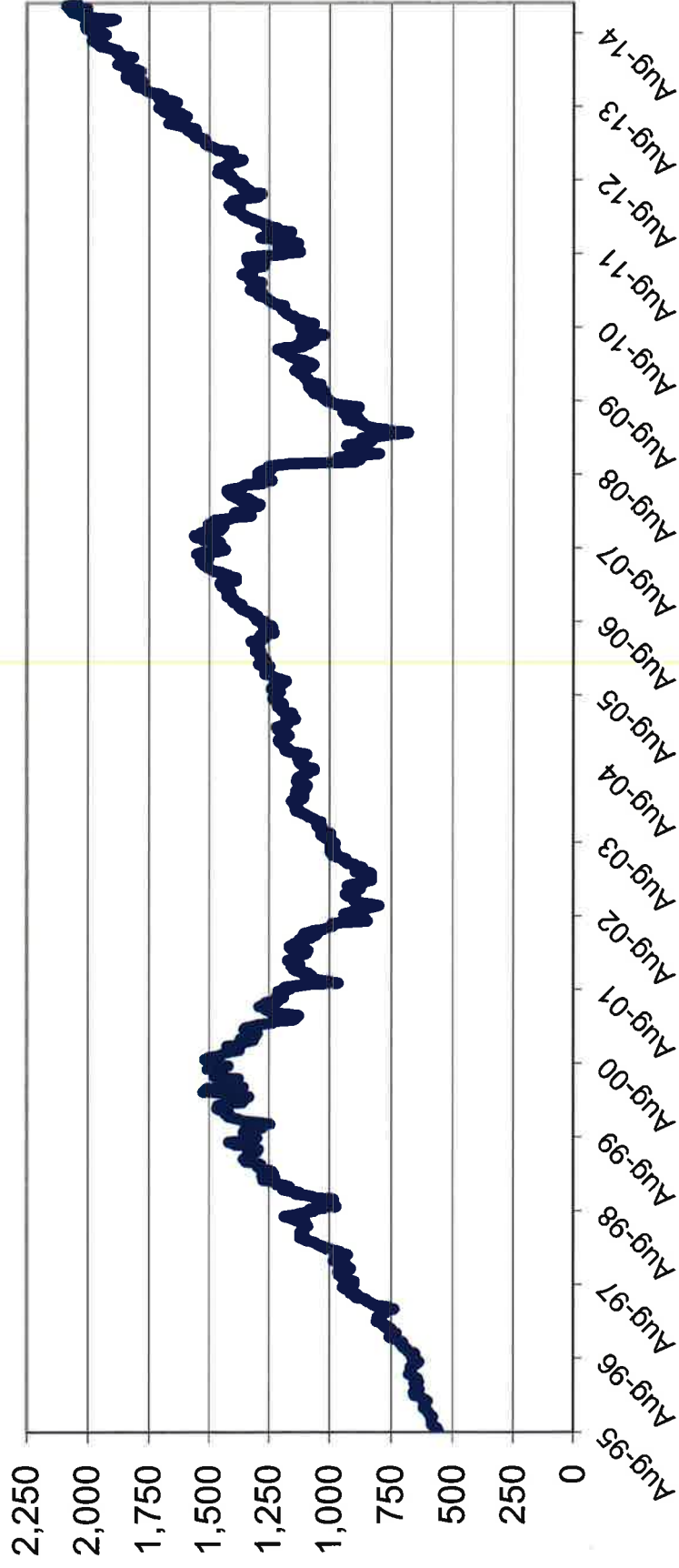
# Treasury Yield Curves



# US Treasury Historical Yields



# S&P 500



## Detail of Holdings December 31, 2014

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA		0.75%	01/01/2015	12/31/2014	\$ 31,227,955	\$ 31,227,955	1.000	\$ 31,227,955	1	0.75%
					<u>\$ 31,227,955</u>	<u>\$ 31,227,955</u>		<u>\$ 31,227,955</u>	<u>1</u>	<u>0.75%</u>
									<u>(1)</u>	<u>(2)</u>

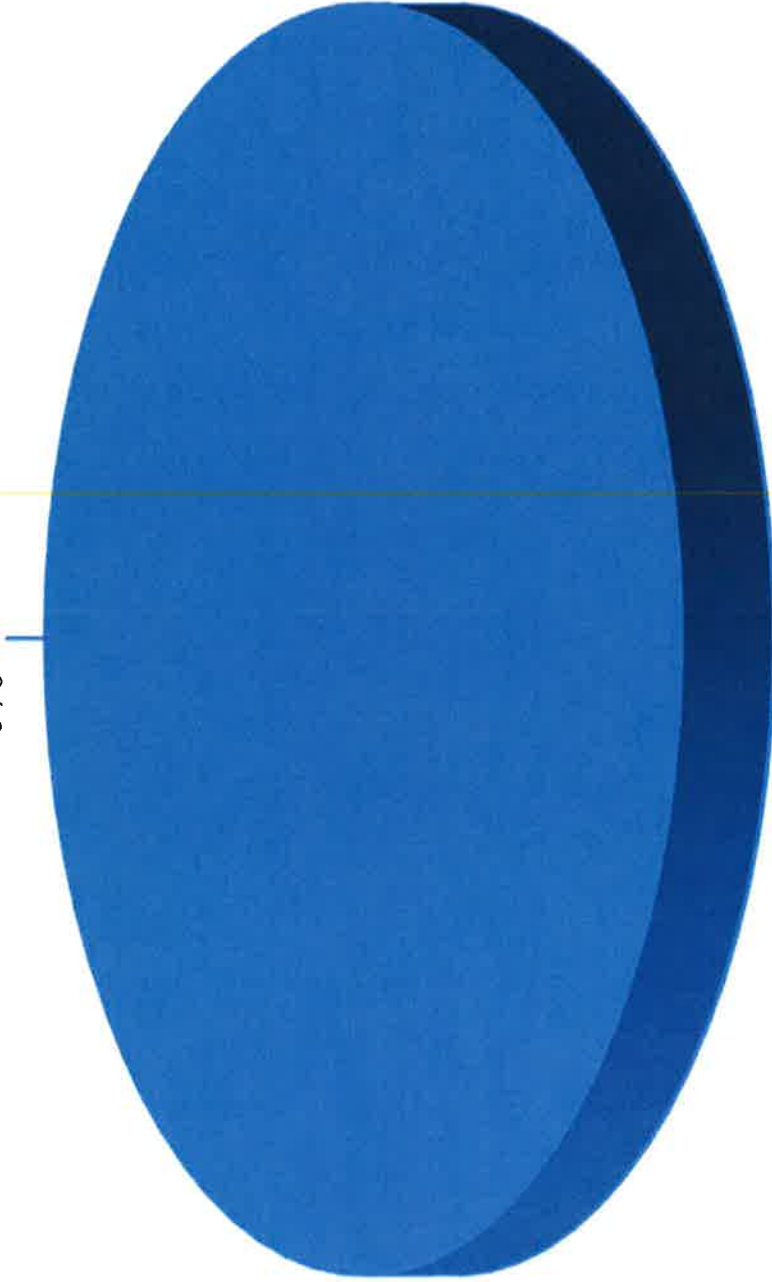
(1) **Weighted average life** - For purposes of calculating weighted average life, pool and bank account investments are assumed to have a one day maturity.

(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

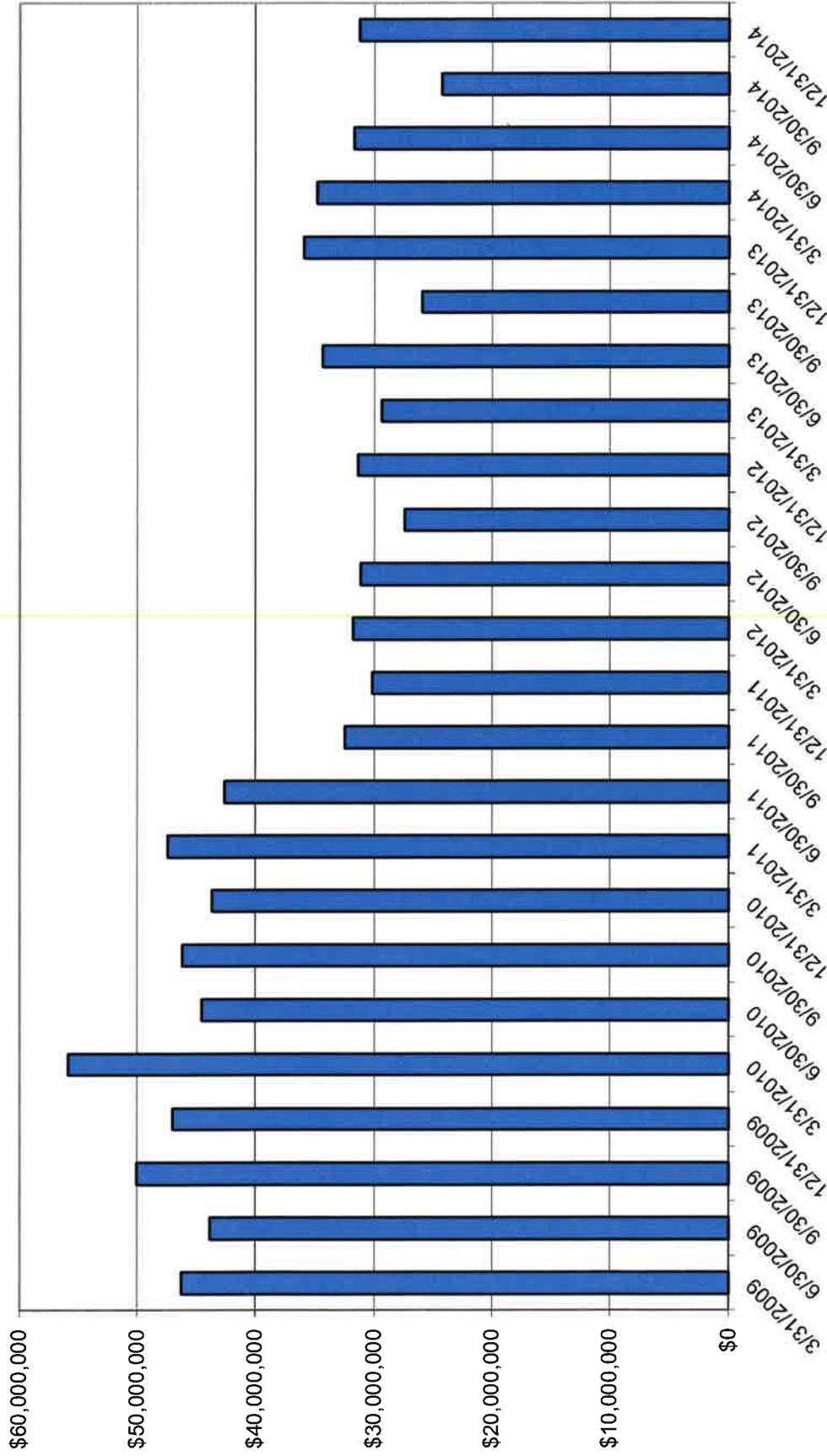
Securities/CDs

0%



Pools/Bank  
DDA 100%

# Total Portfolio



### Book Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2014			December 31, 2014		
			Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Maturities	Par Value	Book Value
DDA	0.75%	01/01/2015	\$ 24,254,469	\$ 24,254,469	\$ 6,973,486	\$	\$ 31,227,955	\$ 31,227,955
<b>TOTAL</b>			<b>\$ 24,254,469</b>	<b>\$ 24,254,469</b>	<b>\$ 6,973,486</b>	<b>\$ -</b>	<b>\$ 31,227,955</b>	<b>\$ 31,227,955</b>

### Market Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2014			December 31, 2014		
			Par Value	Market Value	Qtr to Qtr Change	Par Value	Market Value	
DDA	0.75%	01/01/2015	\$ 24,254,469	\$ 24,254,469	\$	\$ 31,227,955	\$ 31,227,955	
<b>TOTAL</b>			<b>\$ 24,254,469</b>	<b>\$ 24,254,469</b>	<b>\$ 6,973,486</b>	<b>\$ 31,227,955</b>	<b>\$ 31,227,955</b>	

**Allocation**

**December 31, 2014**

<b>Book &amp; Market Value</b>	<b>Total</b>	<b>General Operating</b>	<b>Special Revenue</b>	<b>Interest &amp; Sinking</b>	<b>Internal Service Fund</b>	<b>Enterprise Funds</b>	<b>Enterprise Capital Projects</b>	<b>EDC 4A</b>	<b>CDC 4B</b>	<b>General Capital Projects</b>
DDA	\$ 31,227,955	\$ 9,515,082	\$ 1,011,624	\$ 3,201,399	\$ 4,718,747	\$ 2,697,594	\$ 1,732,603	\$ -	\$ 1,139,013	\$ 7,211,893
<b>Totals</b>	<b>\$ 31,227,955</b>	<b>\$ 9,515,082</b>	<b>\$ 1,011,624</b>	<b>\$ 3,201,399</b>	<b>\$ 4,718,747</b>	<b>\$ 2,697,594</b>	<b>\$ 1,732,603</b>	<b>\$ -</b>	<b>\$ 1,139,013</b>	<b>\$ 7,211,893</b>



**December 31, 2014**

**Allocation**

Book & Market Value	Total	General Operating	Special Revenue	Interest & Sinking	Internal Service Fund	Enterprise Funds	Enterprise Capital Projects	EDC 4A	CDC 4B	General Capital Projects
DDA	\$ 24,254,469	\$ 8,450,355	\$ 994,865	\$ 343,337	\$ 430,115	\$ 1,599,184	\$ 2,410,321	\$ 1,213,574	\$ 1,032,261	\$ 7,780,458
<b>Totals</b>	<b>\$ 24,254,469</b>	<b>\$ 8,450,355</b>	<b>\$ 994,865</b>	<b>\$ 343,337</b>	<b>\$ 430,115</b>	<b>\$ 1,599,184</b>	<b>\$ 2,410,321</b>	<b>\$ 1,213,574</b>	<b>\$ 1,032,261</b>	<b>\$ 7,780,458</b>

# Total Portfolio Performance

