



Finance Department
 Karla Stovall, Chief Financial Officer
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 kstovall@littleelm.org

TOWN COUNCIL CONSENT AGENDA

Date July 21, 2015

PROJECT

Approve Quarterly Investment Report for the period ending June 30, 2015

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, 2015.

FISCAL IMPACT

Interest earnings for the Quarter total \$54,536. Fiscal year interest earnings total \$151,068.

RECOMMENDED ACTION

The Chief Financial Officer recommends action to accept and approve Cash and Investment Report for Quarter Ending June 30, 2015.

ATTACHMENTS

Quarterly Investment Report

Initial:

Town Manager _____ Finance *KS* 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APPROVED DENIED TABLED WITHDRAWN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, 2015
CC: MAYOR AND COUNCIL

Attached is the Quarterly Investment Report for the quarter ending June 30, 2015 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, 2015, the Town's portfolio consisted of the following investments:

Portfolio by Type	Average Yield	Total Invested	% of Total
Money Market-Independent Bank	.75%	\$29,357,523	100%
Total Portfolio (Avg)	.75%	\$29,357,523	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, 2015 was \$54,536. Year-to-date interest earnings are \$151,068.**

Total cash and investments for the period ending March 31, 2015 was \$30,232,480 and the invested balances at June 30, 2015 were \$29,357,523 a net decrease of \$874,957. 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 41% are used in daily operations; the other 59% or \$17,428,745 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%

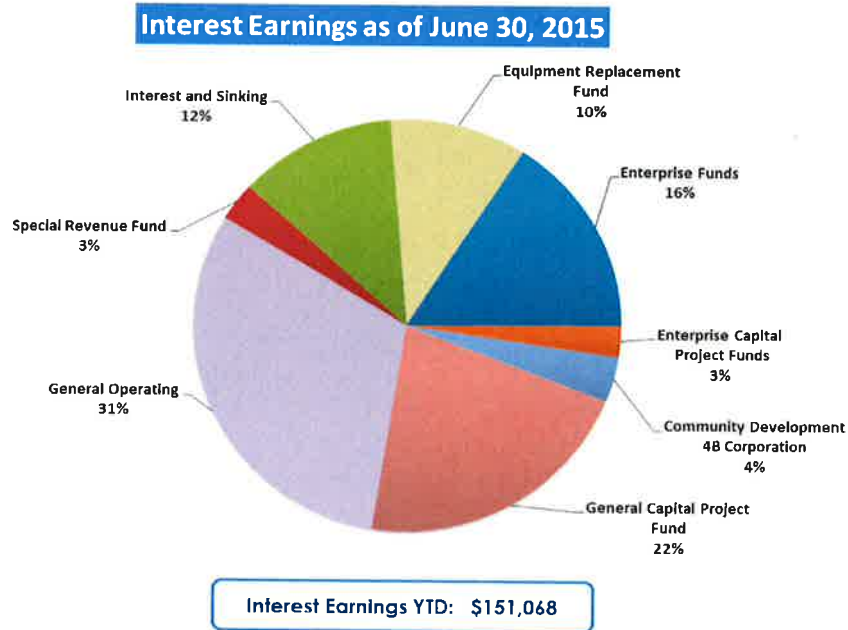
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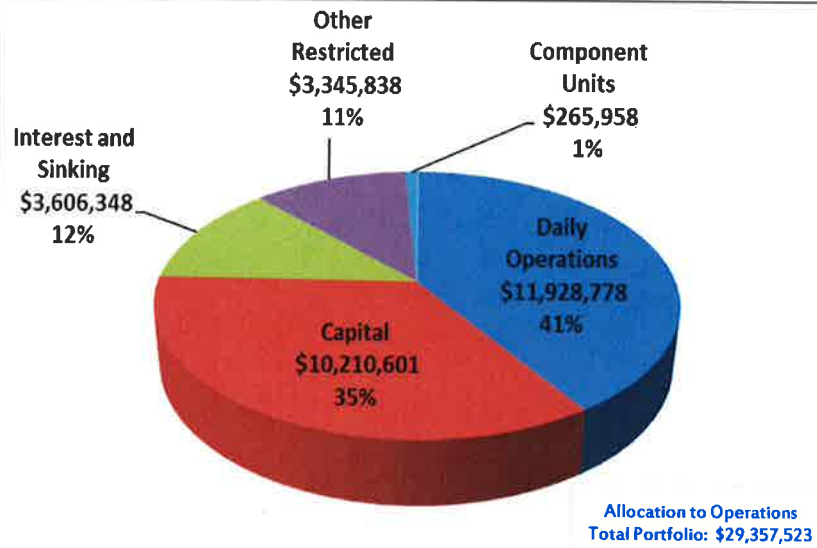
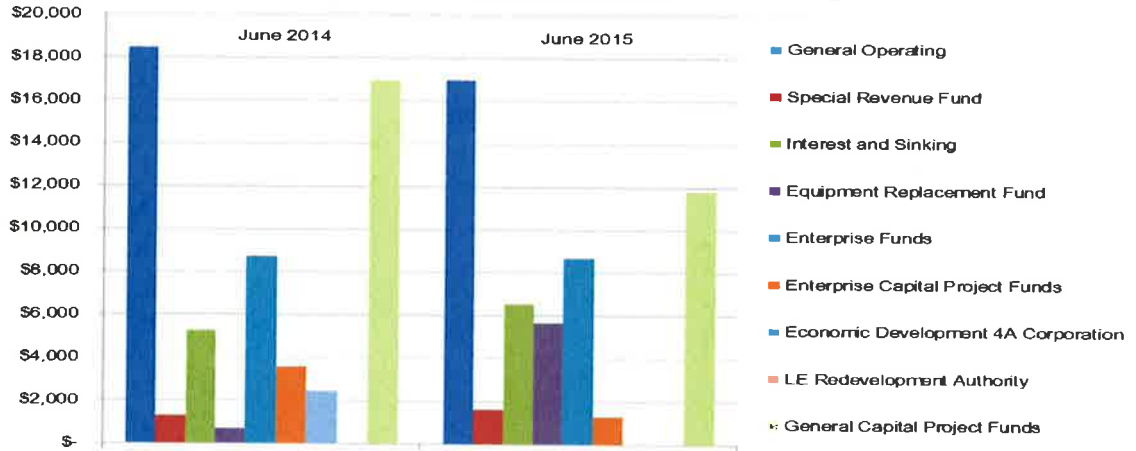
Cash and Investment Summary Comments

Portfolio Summary as of 6/30/2015

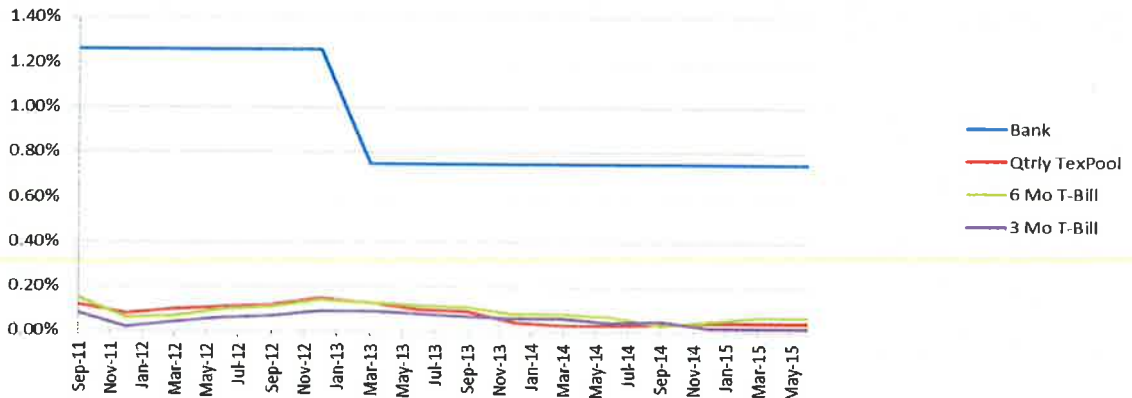
- * \$29,357,523 - Cash and Investments on hand at 6/30/2015; average yield .75%.
- * \$874,957- Change in Cash since end of Quarter at 6/30/2015 (Decrease)
- * \$54,536- Interest earned for second quarter of fiscal year; year-to-date interest earnings \$151,068
- * 100% or \$29,357,523 of portfolio is in depository bank
- * Funds on deposit with depository bank for best returns. Fully collateralized.
- * .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)



Invested Balances - Comparison Year-to-Year
 FY 2014-2015
 Quarter Ending: June 30, 2015

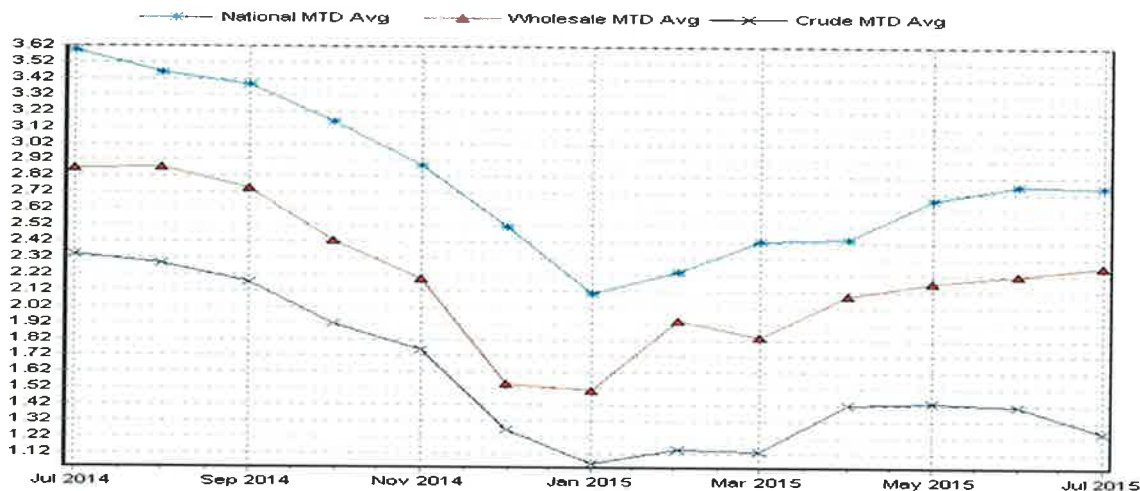


Portfolio vs Market Rates
 June 30, 2015



AAA Daily Fuel Guage Report Dallas Area

June-15	Regular	Mid	Premium	Diesel
Current	\$2.57	\$2.78	\$2.96	\$2.68
Yesterday	\$2.67	\$2.79	\$2.97	\$2.68
Week Ago	\$2.56	\$2.77	\$2.96	\$2.68
Month Ago	\$2.61	\$2.80	\$2.98	\$2.72
Year Ago	\$3.47	\$3.66	\$3.82	\$3.73



DFW Economic Indicators - Federal Reserve Bank of Dallas - June 23, 2015

Summary

The Dallas-Fort Worth economy slowed in May, with job growth dipping at a 0.6 percent annualized rate. Year to date, DFW employment grew 1.5 percent, outperforming the state's 1.1 percent rate. Home price appreciation continued at a rapid clip, and housing affordability improved in the first quarter. Unemployment in Dallas and Fort Worth fell in May. Dallas Fed business-cycle indexes point to continued growth, albeit at a slower pace, for the metroplex.

Unemployment Rate

In May, the unemployment rate fell to 3.8 percent in Dallas and 3.9 percent in Fort Worth, while edging up to 4.3 percent in Texas. All three figures are lower than the U.S. rate of 5.5 percent. Unemployment in both Dallas and Fort Worth is below precession low of 4.1 percent, suggesting a tight labor market in the metroplex. Over the past 12 months, the rate has dropped 1.3 percentage point in Dallas and 1.2 percentage points in Fort Worth.

Housing Affordability

Housing affordability improved slightly in the metroplex. The National Association of Home Builders/Wells Fargo Housing Opportunity Index (HOI) for Dallas ticked up from 56.3 to 58.7 in the first quarter 2015, suggesting that about 59 percent of the homes sold during the quarter were affordable to median-income families. The HOI for Fort Worth also rose from 65.7 to 69.8 over the same period. The indexes for both metros have been rising for two consecutive quarters.

Home Pricing

The DFW housing market remains healthy, and home prices continue to trend upward at a swift pace. Home prices rose 3.3 percent in Dallas and 4.3 percent in Fort Worth in the first quarter, according to the Federal Housing Finance Agency purchase-only house price index. This is faster than the fourth-quarter appreciation of 1.3 percent in Dallas and 0.6 percent in Fort Worth. On a year-over-year basis, prices were up 9.2 percent in Dallas and 8.5 percent in Fort Worth - both higher than the national average gain of 5 percent. Prices in the metroplex have risen to levels well above their peak before the housing bust, in part due to low inventories and continued strong demand.

Employment

DFW employment dipped 0.6 percent in May, following a solid 4.3 percent increase in April. Over the past 12 months, the metroplex has created jobs at a 3.2 percent rate, matching San Antonio's pace.

The Conference Board's Help Wanted Online Index for Dallas indicated the number of new job ads rose 10.1 percent in May following a 7.6 percent increase in April. Total job ads increased 3.2 percent in May and were up 11.8 percent year over year.

Crude Oil Prices

West Texas Intermediate crude oil continued to increase from \$54.45 per barrel in April to \$59.27 in May. The price was 42.0 percent lower year over year.

Texas Rig Count

The Texas rig count continued to decline, dropping from 422 in April to 375 in May, and was down 58.0 percent from last year.

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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	Balances 3-31-2015	Balances 6-30-2016	Changes from 3-31-2015	Use of Funds
General Operating												
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	9,378,148	8,002,601	1,375,547	Daily Operations
113-0101-00-00	113	PARKS AND RECREATION FUND	291,462	432,477	537,352	635,577	274,306	448,494	321,196	180,185	141,011	Parks and Recreation Operations
115-0101-00-00	115	CASH-STREET MAINTENANCE	6,631,714	11,067,334	11,162,169	9,725,053	8,450,355	9,515,082	9,807,357	8,419,817	(129,018)	1/4 Cent Sales Tax for Streets
Special Revenue Fund												
200-0101-00-00	200	CASH-SPECIAL REVENUE	142,278	146,507	115,673	182,007	119,195	129,181	127,236	131,584	(4,348)	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	757,247	83,510	673,737	Streetscape
203-0101-00-00	203	CASH-PEG FUNDS	67,752	75,585	39,496	5,453	19,858	34,401	49,706	65,875	(16,169)	PEG Program
205-0101-00-00	205	CASH-TRAFFIC SAFETY	201,738	127,995	123,497	79,877	110,711	9,046	(25,987)	74,134	(100,121)	Red Light Camera Program
211-0101-00-00	211	CASH-FARMERS MARKET GRANT	18,194	20,657	11,711	(1,502)	100	8,194	8,209	8,225	(15)	Farmers Market grant
250-0101-00-00	250	CASH-GRANTS AND DONATIONS	19,532	30,734	21,832	19,561	20,848	22,892	27,352	14,867	12,486	Library, Police and Fire Restricted
412-0101-00-00	412	CASH-FORFEITURE	30,061	32,392	42,094	47,386	23,952	23,995	30,224	16,430	13,794	Police - restricted
890,033			837,186	703,143	720,020	994,865	1,011,624	973,987	394,625	579,363		
Interest and Sinking												
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	3,411,214	3,606,348	(195,133)	Restricted for debt payments
504,258			2,693,801	2,914,157	2,829,591	343,337	3,201,399	3,411,214	3,606,348	(195,133)		
Internal Service Fund												
500-0101-00-00	500	EQUIPMENT REPLACEMENT FUND	194,094	194,437	395,131	395,848	430,115	4,524,728	3,058,436	2,786,648	271,788	Restricted for vehicle/equipment replacement
501-0101-00-00	501	FIRE EQUIPMENT REPLACEMENT FUND	194,094	194,437	395,131	395,848	430,115	4,718,747	3,252,816	2,951,213	29,814	Restricted for Fire equipment replacement
Enterprise Funds												
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	2,569,910	2,777,553	(207,643)	Daily Operations and Debt Payments
712-0101-00-00	712	CASH-SOLID WASTE	187,749	225,139	39,158	87,599	0	28,163	200,353	225,001	(24,648)	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	547,570	506,407	41,164	
3,096,009			4,172,471	2,932,438	3,539,607	1,599,184	2,697,594	3,317,833	3,508,961	(191,128)		
Enterprise Capital Project Funds												
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	707,882	705,999	1,883	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	625,868	795,832	(173,964)	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	596,880	766,092	(169,212)	Restricted for Water and Sewer CIP
4,814,796			4,214,003	3,723,794	2,765,682	2,410,321	1,732,603	1,930,630	2,271,923	(341,293)		
Economic Development 4A Corporation												
811-0101-00-00	811	CASH-ECONOMIC DEVELOPMENT	1,900,467	1,603,482	1,384,860	1,457,239	1,213,574	0	0	0	0	Restricted for 4A Purposes
1,900,467			1,603,482	1,384,860	1,457,239	1,213,574	0	0	0	0	0	As of October 1, 2014 separated from Town reporting
Community Development 4B Corporation												
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	1,301,466	265,959	1,035,506	Restricted for 4B Purposes
1,200,569			1,342,994	1,235,349	1,358,022	1,032,261	1,139,013	1,301,466	265,959	1,035,506		
General Capital Project Funds												
828-0101-00-00	828	CASH IN BANK - STREET IMPACT FEES	620,602	717,802	263,398	399,404	449,722	327,274	431,965	1,166,113	(734,148)	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	0	0	0	Restricted for 09 GO Bond Projects
871-0101-00-00	871	CASH IN BANK-GEN CAP PROJ FUND #2	6,017,151	8,940,774	9,969,405	8,154,714	6,930,332	6,884,619	5,805,212	6,772,565	(967,353)	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	6,237,176	7,938,678	(1,701,501)		
26,012,217			35,910,047	34,788,639	31,728,343	24,254,469	31,227,955	30,232,480	29,357,523	874,957		

Interest Earnings

INTEREST ALLOCATION	1st Qtr 2014		2nd Qtr 2014		3rd Qtr 2014		4th Qtr 2014		VTU FY 2014		1st Qtr 2015			2nd Qtr 2015			3rd Qtr 2015			
General Operating	13,895.25	19,254.72	18,467.49	17,989.44	69,606.90	3,352.82	2,669.24	3,682.47	9,704.53	6,591.06	6,257.68	5,483.21	18,331.95	6,018.38	5,800.04	5,155.10	16,973.52			
Special Revenue Fund	1,412.19	1,163.09	1,311.31	1,619.91	5,506.50	618.87	576.77	388.11	1,583.75	612.10	570.41	559.60	1,742.11	659.15	722.25	233.76	1,615.16			
Interest and Sinking	2,222.21	4,692.67	5,256.76	627.84	12,799.48	271.62	316.77	1,242.09	1,830.48	1,945.76	1,943.08	1,899.91	5,788.75	2,140.93	2,278.80	2,136.30	6,556.03			
Equipment Replacement Fund	343.39	675.67	716.43	832.00	2,567.49	1,879.55	1,754.55	1,830.79	5,464.89	2,925.56	2,683.21	1,811.69	7,420.46	1,974.00	1,967.01	1,748.21	5,689.22			
Enterprise Funds	8,725.09	6,533.05	8,713.51	5,888.50	29,860.15	2,141.27	2,313.89	1,366.83	5,821.99	2,334.47	2,388.18	2,448.63	7,171.28	2,657.81	3,018.41	2,999.50	8,675.72			
Enterprise Capital Project Funds	6,356.72	4,878.72	3,576.40	2,489.97	17,301.81	592.15	503.65	344.69	1,440.49	448.50	413.37	466.22	1,328.09	438.71	463.35	418.21	1,320.27			
Economic Development 4A Corporation	2,748.79	2,753.30	2,456.06	2,790.17	10,748.32	-	-	-	-	-	-	-	-	-	-	-	-			
Community Development 4B Corporation	2,407.60	2,089.49	2,191.78	1,964.68	8,653.55	696.38	708.65	574.75	1,979.78	1,098.73	722.58	720.86	2,542.17	832.81	924.20	161.87	1,918.88			
LE Redevelopment Authority	0.00	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-	-			
General Capital Project Funds	13,423.97	20,013.83	15,982.76	16,113.77	66,534.33	5,328.83	4,753.62	2,798.09	12,880.54	4,494.24	3,532.82	3,473.88	11,500.94	3,638.09	3,446.05	4,702.65	11,786.79			
Total Cash and Investments by Portfolio Fund Type:	51,535.21	62,054.54	59,672.50	50,316.28	223,578.53	14,881.49	13,597.14	12,227.82	40,706.45	20,450.42	18,511.33	16,864.00	55,825.75	18,359.88	17,555.60	17,555.60	54,535.59			



LITTLE ELM

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

June 30, 2015

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

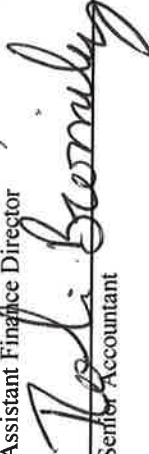
The investment portfolio of the Town of Little Elm is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.



Chief Financial Officer



Assistant Finance Director



Scriber 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 2015 first quarter GDP was re-revised to -0.2%. The European Central Bank (ECB) Quantitative Easing plan continues. The June new payroll numbers recorded 223k with downward revisions of the previous two months. US stock markets maintained current levels. Greece debt default, and the referendum vote rejecting austerity plans, increased Euro uncertainty. Slower Chinese economic activity and stock market declines hamper long term outlooks. The FOMC met June 16 and 17 with no change in policy. With excess cash, continuing to ladder provides strategic advantage. Municipal bonds and financial institution deposits generally provide the best interest earnings opportunity, if available.

Quarter End Results by Investment Category:

<u>Asset Type</u>	<u>June 30, 2015</u>		<u>March 31, 2015</u>	
	<u>Ave. Yield</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>
Pools/Bank DDA	0.75%	\$ 29,357,523	\$ 29,357,523	\$ 30,232,480
Securities/CDs		-	-	-
Totals		\$ 29,357,523	\$ 29,357,523	\$ 30,232,480

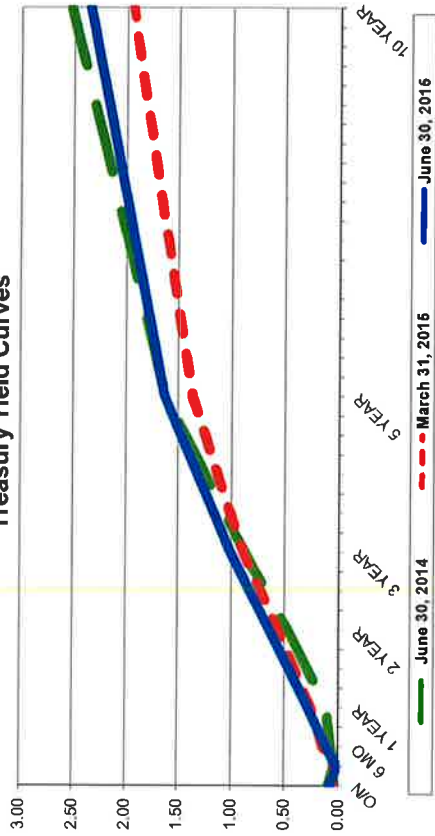
Average Yield (1)	Total Portfolio	0.75%	Fiscal Year-to-Date Average Yield (2)	Total Portfolio	0.75%
Rolling Three Mo. Treas. Yield		0.02%	Rolling Three Mo. Treas. Yield		0.02%
Rolling Six Mo. Treas. Yield		0.09%	Rolling Six Mo. Treas. Yield		0.07%
			Quarterly TexPool Yield		0.04%

Quarterly Interest Income \$ 54,536
 Year-to-date Interest Income \$ 151,068

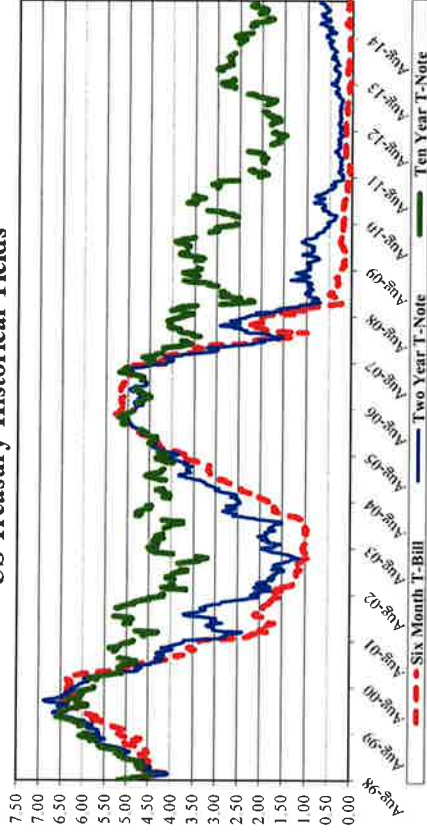
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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.

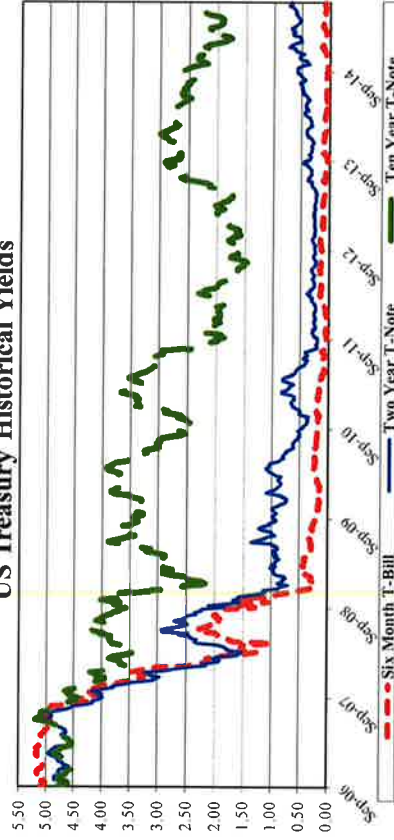
Treasury Yield Curves



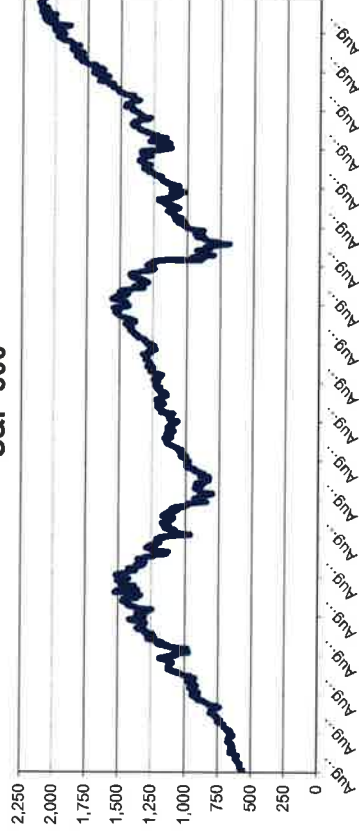
US Treasury Historical Yields



US Treasury Historical Yields



S&P 500



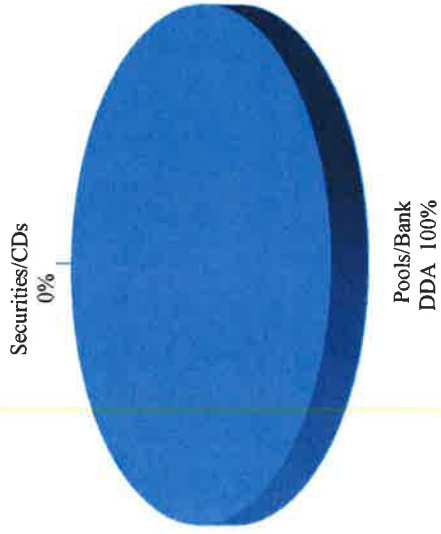
Detail of Holdings
June 30, 2015

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA		0.75%	07/01/2015	06/30/2015	\$ 29,357,523	\$ 29,357,523	1.000	\$ 29,357,523	1	0.75%
					<u>\$ 29,357,523</u>	<u>\$ 29,357,523</u>		<u>\$ 29,357,523</u>	<u>1</u>	<u>0.75%</u>
									(1)	(2)

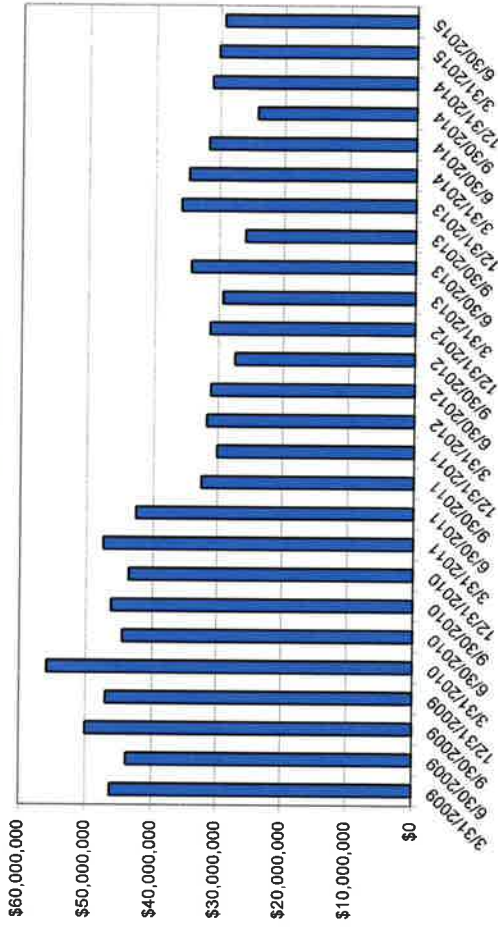
(1) **Weighted average life** - For purposes of calculating weighted average life, pool and bank account investments are assumed to have a one day maturity.

(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



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2015			June 30, 2015		
			Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Maturities	Par Value	Book Value
DDA	0.75%	07/01/2015	\$ 30,232,480	\$ 30,232,480	\$	(874,957)	\$ 29,357,523	\$ 29,357,523
TOTAL			\$ 30,232,480	\$ 30,232,480	\$ -	(874,957)	\$ 29,357,523	\$ 29,357,523

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2015			June 30, 2015		
			Par Value	Market Value	Qtr to Qtr Change	Par Value	Market Value	
DDA	0.75%	07/01/2015	\$ 30,232,480	\$ 30,232,480	\$	(874,957)	\$ 29,357,523	\$ 29,357,523
TOTAL			\$ 30,232,480	\$ 30,232,480	\$	(874,957)	\$ 29,357,523	\$ 29,357,523

Allocation

June 30, 2015

Book & Market Value	Total	General Operating	Special Revenue	Interest & Sinking	Internal Service Fund	Enterprise Funds	Enterprise Capital Projects	CDC 4B	General Capital Projects
DDA	\$ 29,357,523	\$ 8,419,817	\$ 394,625	\$ 3,606,348	\$ 2,951,213	\$ 3,508,961	\$ 2,271,923	\$ 265,959	\$ 7,938,678
Totals	\$ 29,357,523	\$ 8,419,817	\$ 394,625	\$ 3,606,348	\$ 2,951,213	\$ 3,508,961	\$ 2,271,923	\$ 265,959	\$ 7,938,678

Allocation

March 31, 2015

Book & Market Value	Total	General Operating	Special Revenue	Interest & Sinking	Internal Service Fund	Enterprise Funds	Enterprise Capital Projects	CDC 4B	General Capital Projects
DDA	\$ 30,232,480	\$ 9,807,357	\$ 973,987	\$ 3,411,214	\$ 3,252,816	\$ 3,317,833	\$ 1,930,630	\$ 1,301,466	\$ 6,237,176
Totals	\$ 30,232,480	\$ 9,807,357	\$ 973,987	\$ 3,411,214	\$ 3,252,816	\$ 3,317,833	\$ 1,930,630	\$ 1,301,466	\$ 6,237,176

Total Portfolio Performance

