



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

# TOWN COUNCIL CONSENT AGENDA

Date November 17, 2015

**PROJECT**

Approve Quarterly Investment Report for the period ending September 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 September 30, 2015.

**FISCAL IMPACT**

Interest earnings for the Quarter total \$47,069. Fiscal year interest earnings total \$195,157.

**RECOMMENDED ACTION**

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

**ATTACHMENTS**

Quarterly Investment Report

Initial: \_\_\_\_\_  
 Town Manager  \_\_\_\_\_ Finance  \_\_\_\_\_ Library  \_\_\_\_\_ Public Works  \_\_\_\_\_ Parks  \_\_\_\_\_  
 Town Secretary  \_\_\_\_\_ Police  \_\_\_\_\_ Fire  \_\_\_\_\_ HR  \_\_\_\_\_ Development Services  \_\_\_\_\_

APPROVED  DENIED  TABLED  WITHDRAWN

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**MEMORANDUM**

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**TO:** MATTHEW MUELLER, TOWN MANAGER  
**FROM:** KARLA STOVALL, CHIEF FINANCIAL OFFICER  
**SUBJ:** INVESTMENT REPORT FOR QUARTER ENDING SEPTEMBER 30, 2015  
**CC:** MAYOR AND COUNCIL

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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 September 30, 2015, 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	.75%	\$22,236,273	100%
Total Portfolio (Avg)	.75%	\$22,236,273	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 September 30, 2015 was \$47,069. Year-to-date interest earnings are \$195,157.**

Total cash and investments for the period ending June 30, 2015 was \$29,357,523 and the invested balances at September 30, 2015 were \$22,236,273 a net decrease of \$7,121,251. 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 45% are used in daily operations; the other 55% or \$12,132,771 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 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 6-30-2015	Balances 9-30-2015	Changes from 6-30-2015	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	9,378,148	8,002,601	5,259,805	2,742,796	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	493,083	(312,898)	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	5,988,595	2,431,222	1/4 Cent Sales Tax for Streets
<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	127,236	131,584	134,182	(2,598)	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	200,251	(116,741)	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	79,877	(14,001)	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	115,263	(41,129)	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	0	8,225	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	23,173	(8,306)	Library, Police and Fire Restricted
412-0101-00-00	412	CASH-FORFEITURE	30,061	32,392	42,094	47,386	23,952	30,224	16,430	16,192	238	238	Police - restricted
890,033			837,186	703,143	720,020	994,865	1,011,624	973,987	394,625	568,937	(174,313)		
<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	3,201,999	3,411,214	3,606,348	399,676	3,266,672	Restricted for debt payments
504,258			2,693,801	2,914,157	2,829,591	343,337	3,201,999	3,411,214	3,606,348	399,676	3,266,672		
<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	3,058,436	2,786,648	2,720,797	65,851	Restricted for vehicle/equipment replacement
501-0101-00-00	501	FIRE EQUIPMENT REPLACEMENT FUND	194,094	194,437	395,131	395,848	430,115	4,524,728	3,058,436	2,786,648	2,720,797	65,851	Restricted for Fire equipment replacement
194,094			194,437	395,131	395,848	430,115	4,524,728	3,058,436	2,786,648	2,720,797	65,851		
<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	2,569,910	2,777,553	3,358,745	(581,192)	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	207,120	17,881	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	549,041	(42,634)	
3,096,009			4,172,471	2,932,438	3,539,607	1,599,184	2,697,594	3,317,833	3,508,961	4,114,906	(605,945)		
<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	707,882	705,999	491,939	214,060	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	799,832	72,800	727,032	72,800	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	77,798	688,294	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	642,537	1,629,386		
<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	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	0	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	1,301,466	265,959	106,354	159,606	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	106,354	159,606		
<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	431,965	1,166,113	1,644,874	(478,762)	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	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	6,930,352	6,884,619	5,805,212	6,772,565	6,000,607	771,958	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	7,645,481	293,196		
26,012,217			35,910,047	34,788,639	31,728,343	24,254,469	31,227,955	30,232,480	29,357,523	22,236,273	7,121,251		



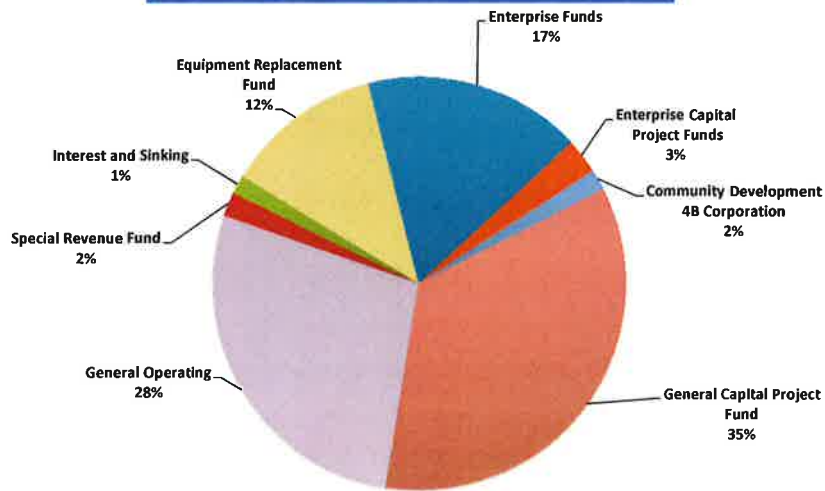


# Cash and Investment Summary Comments

Portfolio Summary as of 9/30/2015

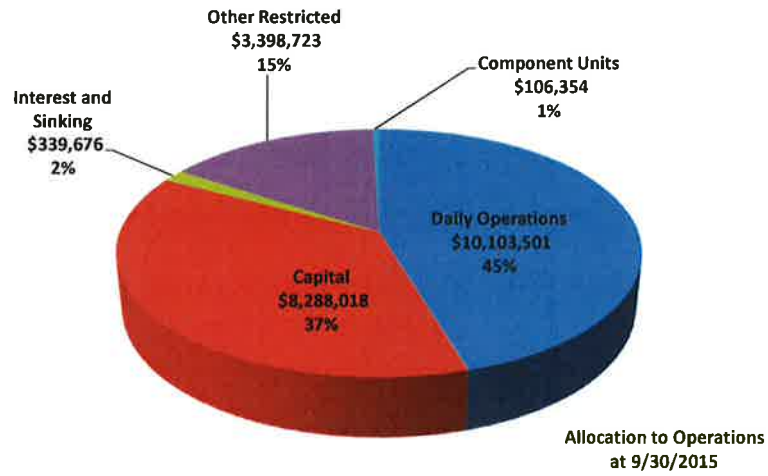
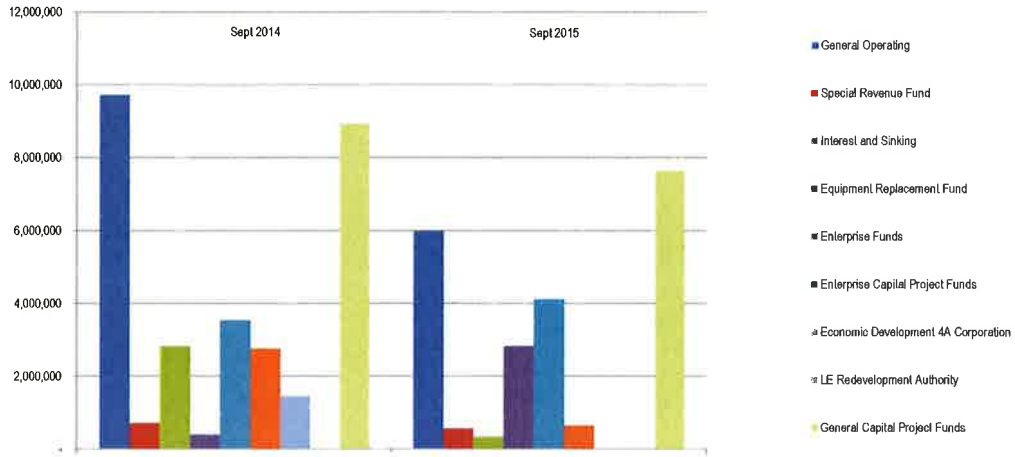
- \* \$22,236,273 - Cash and Investments on hand at 9/30/2015; average yield .75%.
- \* \$7,121,251 Change in Cash since end of Quarter at 9/30/2015 (Decrease)
- \* \$47,069- Interest earned for second quarter of fiscal year; year-to-date interest earnings \$195,157
- \* 100% or \$22,236,273 of portfolio 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 .04%; 6 Month Treasury Rolling Yield is .13%.
- \* First time recipient of the GTOT Investment Policy Certification (Expires: September 2015)

## Interest Earnings as of September 30, 2015



Interest Earnings YTD: \$195,157

**Invested Portfolio Balance  
Comparison FY 2014 to FY 2015  
Period Ending September 30th**





# QUARTERLY INVESTMENT REPORT

For the Quarter Ended

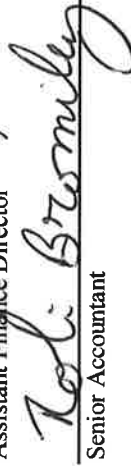
**September 30, 2015**

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.

  
Paula Swall  
Chief Financial Officer

  
Diane Jayson  
Assistant Finance Director

  
Todd Bromley  
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.

## Annual Comparison of Portfolio Performance

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range between 0.00% and 0.25% (actual Fed Funds traded +/- 10 bps). Although the domestic employment and economic conditions reflect moderate growth, longer term uncertainty and international conditions influenced the FOMC to delay "lift-off." The US stock markets retrenched from their peaks, but seem to have stabilized. International military conflicts require ongoing concern. Financial institution deposits and laddering targeted cash flows still provide the best interest earnings opportunity.

### FYE Results by Investment Category:

Asset Type	September 30, 2015			September 30, 2014		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
Pools/Bank DDA	0.75%	\$ 22,236,273	\$ 22,236,273	0.75%	\$ 24,254,469	\$ 24,254,469
Securities/CDs						
<b>Totals</b>		<b>\$ 22,236,273</b>	<b>\$ 22,236,273</b>		<b>\$ 24,254,469</b>	<b>\$ 24,254,469</b>
			<u>2015</u>	<u>2014</u>	<u>Change</u>	
Total Portfolio (1)			0.75%	0.75%	0.00%	
Rolling Three Mo. Treas. Yield			0.03%	0.04%	-0.02%	
Rolling Six Mo. Treas. Yield			0.09%	0.07%	0.02%	
Quarterly TexPool Yield			0.06%	0.03%	0.03%	

(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.



## Summary

### Quarter End Results by Investment Category:

Asset Type	September 30, 2015		June 30, 2015	
	Book Value	Market Value	Book Value	Market Value
Pools/Bank DDA	\$ 22,236,273	\$ 22,236,273	\$ 29,357,523	\$ 29,357,523
Securities/CDS	-	-	-	-
<b>Totals</b>	<b>\$ 22,236,273</b>	<b>\$ 22,236,273</b>	<b>\$ 29,357,523</b>	<b>\$ 29,357,523</b>

Average Yield (1)	Total Portfolio	0.75%	Fiscal Year-to-Date Average Yield (2)	Total Portfolio	0.75%
	Rolling Three Mo. Treas. Yield	0.04%		Rolling Three Mo. Treas. Yield	0.03%
	Rolling Six Mo. Treas. Yield	0.13%		Rolling Six Mo. Treas. Yield	0.09%
				Quarterly TexPool Yield	0.06%

Quarterly Interest Income \$ 47,069  
 Year-to-date Interest Income \$ 195,157

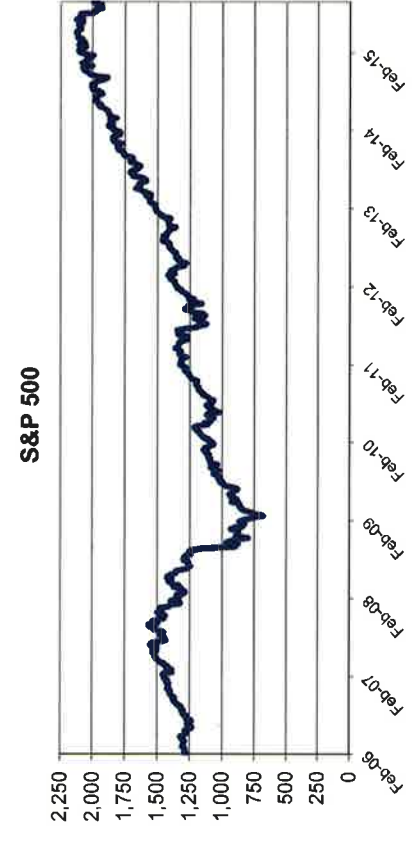
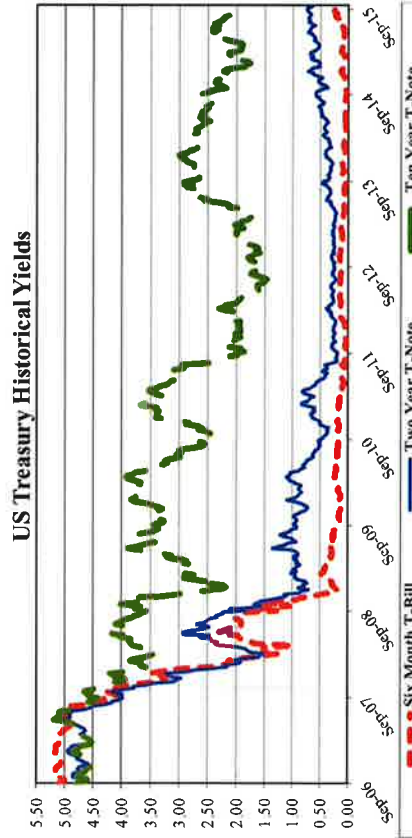
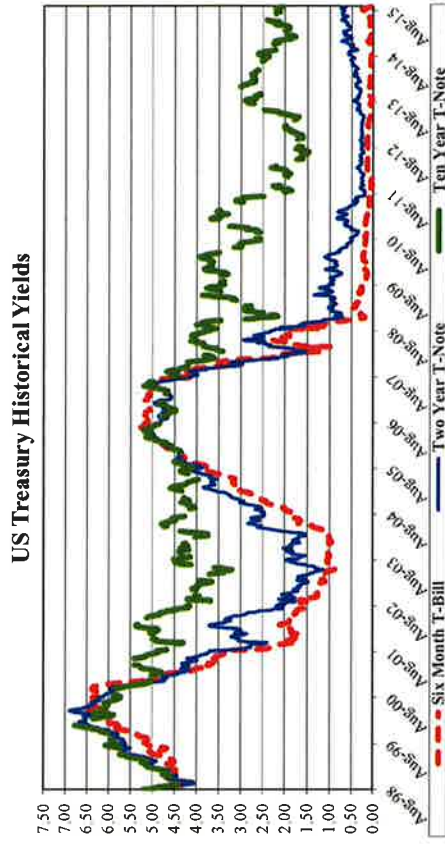
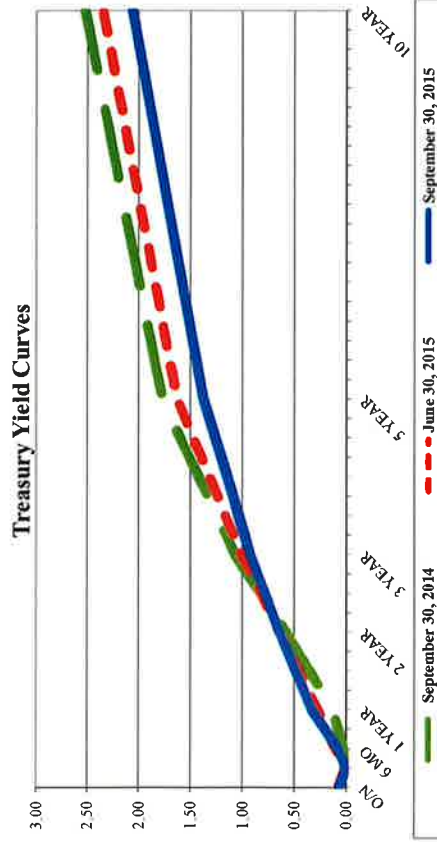
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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.

**Economic Overview**

9/30/2015

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 met 9/16 & 17 and chose to delay "lift-off" citing global economic concerns for the first time. The September new payroll numbers were a disappointing +142k and included downward Aug and July revisions. The overall unemployment rate remained 5.1%. US stock markets experienced volatility, but did stem the decline and advanced slightly. Chinese stock market and economic concerns continue. Continuing to ladder provides strategic advantage. Municipal bonds and financial institution deposits generally provide the best interest earnings opportunity, if available. Short to medium term US Government security yields fell on the non-FOMC action and, then again, on the September payroll weakness.



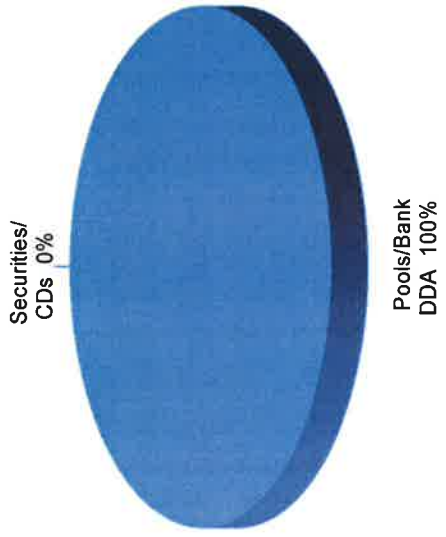
**Detail of Holdings  
September 30, 2015**

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA		0.75%	10/01/2015	09/30/2015	\$ 22,236,273	\$ 22,236,273	1.000	\$ 22,236,273	1	0.75%
					<u>\$ 22,236,273</u>	<u>\$ 22,236,273</u>		<u>\$ 22,236,273</u>	<u>1</u>	<u>0.75%</u>
									(1)	(2)

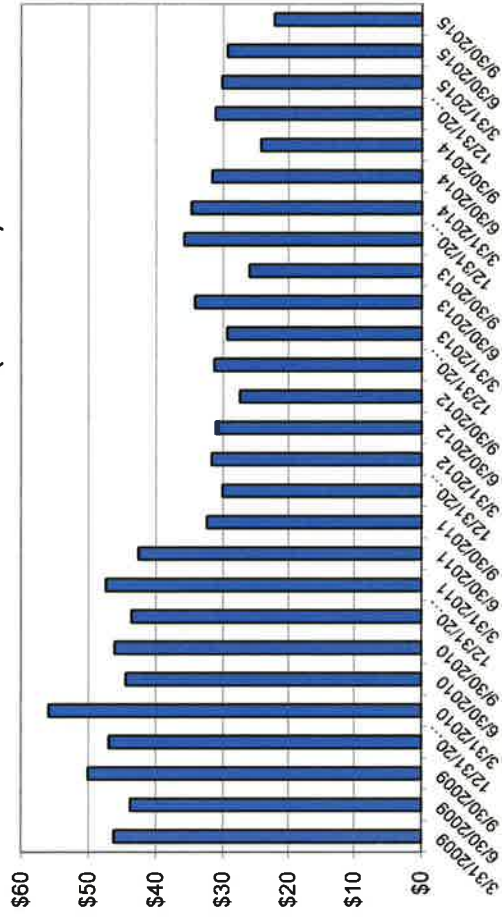
(1) **Weighted average life** - For purposes of calculating weighted average life, pool and bank account investments are assumed to have a one day maturity.

(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 (in Millions)



**Book Value Comparison**

Description	Coupon/ Discount	Maturity Date	June 30, 2015			September 30, 2015		
			Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Maturities	Par Value	Book Value
DDA	0.75%	10/01/2015	\$ 29,357,523	\$ 29,357,523	\$ -	\$ (7,121,251)	\$ 22,236,273	\$ 22,236,273
<b>TOTAL</b>			<b>\$ 29,357,523</b>	<b>\$ 29,357,523</b>	<b>\$ -</b>	<b>\$ (7,121,251)</b>	<b>\$ 22,236,273</b>	<b>\$ 22,236,273</b>

**Market Value Comparison**

Description	Coupon/ Discount	Maturity Date	June 30, 2015			September 30, 2015		
			Par Value	Market Value	Qtr to Qtr Change	Par Value	Market Value	
DDA	0.75%	10/01/2015	\$ 29,357,523	\$ 29,357,523	\$ -	\$ (7,121,251)	\$ 22,236,273	\$ 22,236,273
<b>TOTAL</b>			<b>\$ 29,357,523</b>	<b>\$ 29,357,523</b>	<b>\$ -</b>	<b>\$ (7,121,251)</b>	<b>\$ 22,236,273</b>	<b>\$ 22,236,273</b>

**September 30, 2015**

**Allocation**

Book & Market Value	Total	General Operating	Special Revenue	Interest & Sinking	Internal Service Fund	Enterprise Funds	Enterprise Capital Projects	CDC 4B	General Capital Projects
DDA	\$ 22,236,273	\$ 5,988,595	\$ 568,937	\$ 339,676	\$ 2,829,786	\$ 4,114,906	\$ 642,537	\$ 106,354	\$ 7,645,481
<b>Totals</b>	<b>\$ 22,236,273</b>	<b>\$ 5,988,595</b>	<b>\$ 568,937</b>	<b>\$ 339,676</b>	<b>\$ 2,829,786</b>	<b>\$ 4,114,906</b>	<b>\$ 642,537</b>	<b>\$ 106,354</b>	<b>\$ 7,645,481</b>

**June 30, 2015**

**Allocation**

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
<b>Totals</b>	<b>\$ 29,357,523</b>	<b>\$ 8,419,817</b>	<b>\$ 394,625</b>	<b>\$ 3,606,348</b>	<b>\$ 2,951,213</b>	<b>\$ 3,508,961</b>	<b>\$ 2,271,923</b>	<b>\$ 265,959</b>	<b>\$ 7,938,678</b>

# Total Portfolio Performance

