



Finance Department

Dianne Lawson, Asst. Finance Director

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TOWN COUNCIL CONSENT AGENDA

Date April 21, 2015

PROJECT

Approve Quarterly Investment Report for the period ending March 31, 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 March 31, 2015.

FISCAL IMPACT

Interest earnings for the Quarter total \$58,899. Fiscal year interest earnings total \$102,379.

RECOMMENDED ACTION

The Assistant Finance Director recommends action to accept and approve Cash and Investment Report for Quarter Ending March 31, 2015.

ATTACHMENTS

Quarterly Investment Report

Initial:

Town Manager ___ Finance *DL* Library ___ Public Works ___ Parks ___

Town Secretary ___ Police ___ Fire ___ HR ___ Development Services ___

APPROVED DENIED TABLED WITHDRAWN

MEMORANDUM

TO: MATTHEW MUELLER, TOWN MANAGER
FROM: DIANNE LAWSON, ASST. FINANCE DIRECTOR
SUBJ: INVESTMENT REPORT FOR QUARTER ENDING MARCH 31, 2015
CC: MAYOR AND COUNCIL

Attached is the Quarterly Investment Report for the quarter ending March 31, 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 March 31, 2015, the Town's portfolio consisted of the following investments:

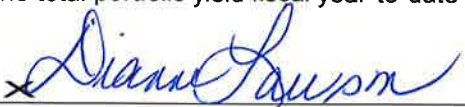
Portfolio by Type	Average Yield	Total Invested	% of Total
Money Market-Independent Bank	.75%	\$30,232,480	100%
Total Portfolio (Avg)	.75%	\$30,232,480	100%

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 March 31, 2015 was \$58,899. Year-to-date interest earnings are \$102,379.**

Total cash and investments for the period ending December 31, 2014 was \$31,227,955 and the invested balances at March 31, 2015 were \$30,232,480, a net decrease of \$995,475. 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 32% are used in daily operations; the other 68% or \$20,425,123 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 INVESTMENTS BY PORTFOLIO
(All Funds are in interest bearing accounts.)

Fund	#	Fund Description	Balances 3-31-2014	Balances 6-30-2014	Balances 9-30-2014	Balances 12-31-2014	Balances 3-31-2015	Changes from 12-31-2014	Use of Funds
General Operating									
112-0101-00-00	112	CASH-GENERAL FUND	10,624,817	9,089,475	8,176,049	9,015,323	9,378,148	362,825	Daily Operations
113-0101-00-00	113	PARKS AND RECREATION FUND			0	448,494	321,196	(127,299)	Parks and Recreation Operations
115-0101-00-00	115	CASH-STREET MAINTENANCE	537,352	635,577	274,306	51,264	108,013	56,749	1/4 Cent Sales Tax for Streets
			11,162,169	9,725,053	8,450,355	9,515,082	9,807,357	292,276	
Special Revenue Fund									
200-0101-00-00	200	CASH-SPECIAL REVENUE	115,673	182,007	119,195	129,181	127,236	(1,945)	Library, Police and Fire Restricted
202-0101-00-00	202	CASH-STREETScape FUND	348,840	387,238	700,201	783,916	757,247	(26,669)	Streetscape
203-0101-00-00	203	CASH-PEG FUNDS	39,496	5,453	19,858	34,401	49,706	15,305	PEG Program
205-0101-00-00	205	CASH-TRAFFIC SAFETY	123,497	79,877	110,711	9,046	(25,987)	(35,033)	Red Light Camera Program
211-0101-00-00	211	CASH-FARMERS MARKET GRANT	11,711	(1,502)	100	8,194	8,209	15	Farmers Market grant
250-0101-00-00	250	CASH-GRANTS AND DONATIONS	21,832	19,561	20,848	22,892	27,352	4,460	Library, Police and Fire Restricted
412-0101-00-00	412	CASH-FORFEITURE	42,094	47,386	23,952	23,995	30,224	6,229	Police - restricted
			703,143	720,020	994,865	1,011,624	973,987	(37,637)	
Interest and Sinking									
312-0101-00-00	312	CASH-DEBT SERVICE FUND	2,914,157	2,829,591	343,337	3,201,399	3,411,214	209,815	Restricted for debt payments
			2,914,157	2,829,591	343,337	3,201,399	3,411,214	209,815	
Internal Service Fund									
500-0101-00-00	500	EQUIPMENT REPLACEMENT FUND	395,131	395,848	430,115	4,524,728	3,058,436	(1,466,292)	Restricted for vehicle/equipment replacement
501-0101-00-00	501	FIRE EQUIPMENT REPLACEMENT FUND	395,131	395,848	430,115	4,718,747	3,252,816	(1,465,932)	Restricted for Fire equipment replacement
Enterprise Funds									
612-0101-00-00	612	CASH-UTILITY OPERATING	2,264,453	3,040,804	1,162,884	2,194,717	2,569,910	375,193	Daily Operations and Debt Payments
712-0101-00-00	712	CASH-SOLID WASTE	39,158	87,599	0	28,163	200,353	172,190	Restricted for Courtesy Site
715-0101-00-00	715	CASH-STORM DRAINING FUND	353,828	411,028	436,123	474,714	547,570	72,856	
			2,932,438	3,539,607	1,599,184	2,697,594	3,317,833	620,239	
Enterprise Capital Project Funds									
612-0101-00-61	612	RESTRICTED CASH-2012 CO'S	2,426,481	1,763,232	1,123,598	722,898	707,882	(15,016)	Restricted for Water and Sewer CIP
819-0101-00-00	819	CASH IN BANK CONSOLIDATED	424,843	485,794	615,565	520,862	625,868	105,006	Restricted for Water and Sewer CIP
913-0101-00-00	913	CASH IN BANK CONSOLIDATED	872,470	516,656	671,158	488,843	596,880	108,037	Restricted for Water and Sewer CIP
			3,723,794	2,765,682	2,410,321	1,732,603	1,930,630	198,027	
Economic Development 4A Corporation									
811-0101-00-00	811	CASH-ECONOMIC DEVELOPMENT	1,384,860	1,457,239	1,213,574	0	0	0	Restricted for 4A Purposes
			1,384,860	1,457,239	1,213,574	0	0	0	As of October 1, 2014 separated from Town reporting
Community Development 4B Corporation									
814-0101-00-00	814	CASH-CDC	1,235,349	1,358,022	1,032,261	1,139,013	1,301,466	162,453	Restricted for 4B Purposes
			1,235,349	1,358,022	1,032,261	1,139,013	1,301,466	162,453	
General Capital Project Funds									
828-0101-00-00	828	CASH IN BANK - STREET IMPACT FEES	263,398	399,404	449,722	327,274	431,965	104,691	Restricted for Street Projects
870-0101-00-00	870	CASH IN BANK - 2009 GO BONDS	104,796	383,164	400,403	0	0	0	Restricted for 09 GO Bond Projects
871-0101-00-00	871	CASH IN BANK-GEN CAP PROJ FUND #2	9,969,405	8,154,714	6,930,332	6,884,619	5,805,212	(1,079,408)	Restricted for CIP Proj after 6/2013
			10,337,599	8,937,282	7,780,458	7,211,893	6,237,176	(568,565)	
			34,788,639	31,728,343	24,254,469	31,227,955	30,232,480	(995,475)	

Interest Earnings

INTEREST ALLOCATION	2014		2014		2014		2014		2014		2014		2015		2015		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	
General Operating	13,895.25	19,254.72	18,467.49	17,989.44	69,606.90	3,352.82	2,669.24	4,527.74	10,549.80	6,591.06	6,257.68	6,480.10	19,328.84	6,480.10	19,328.84	6,480.10	19,328.84
Special Revenue Fund	1,412.19	1,163.09	1,311.31	1,619.91	5,506.50	618.87	576.77	477.98	1,673.62	612.10	570.41	658.60	1,841.11	658.60	1,841.11	658.60	1,841.11
Interest and Sinking	2,222.21	4,692.67	5,256.76	627.84	12,799.48	271.62	316.77	1,526.48	2,114.87	1,945.76	1,943.08	2,246.65	6,135.49	2,246.65	6,135.49	2,246.65	6,135.49
Equipment Replacement Fund	343.39	675.67	716.43	832.00	2,567.49	1,879.55	1,754.55	2,249.98	5,884.08	2,925.56	2,683.21	2,142.33	7,751.10	2,142.33	7,751.10	2,142.33	7,751.10
Enterprise Funds	8,725.09	6,533.05	8,713.51	5,888.50	29,860.15	2,141.27	2,313.89	1,760.38	6,215.54	2,334.47	2,388.18	2,982.12	7,704.77	2,982.12	7,704.77	2,982.12	7,704.77
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	466.22	1,328.09	466.22	1,328.09
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	675.93	2,080.96	1,098.73	722.58	853.15	2,674.46	853.15	2,674.46	853.15	2,674.46
LE Redevelopment Authority	0.00	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-	-
General Capital Project Funds	13,423.97	20,013.83	16,982.76	16,113.77	66,534.33	5,328.83	4,753.62	3,438.76	13,521.21	4,494.24	3,532.82	4,107.85	12,134.91	4,107.85	12,134.91	4,107.85	12,134.91
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	15,001.94	43,480.57	20,450.42	18,511.33	19,937.02	58,898.77	19,937.02	58,898.77	19,937.02	58,898.77

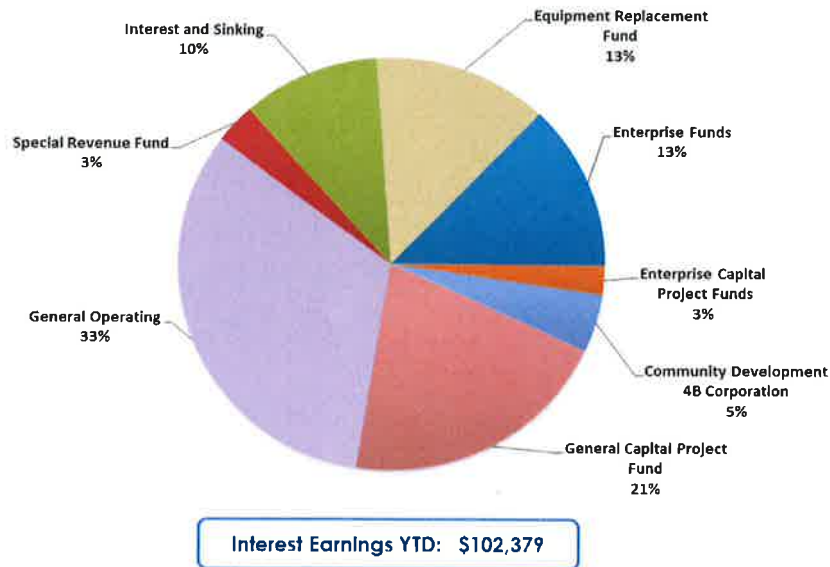


Cash and Investment Summary Comments

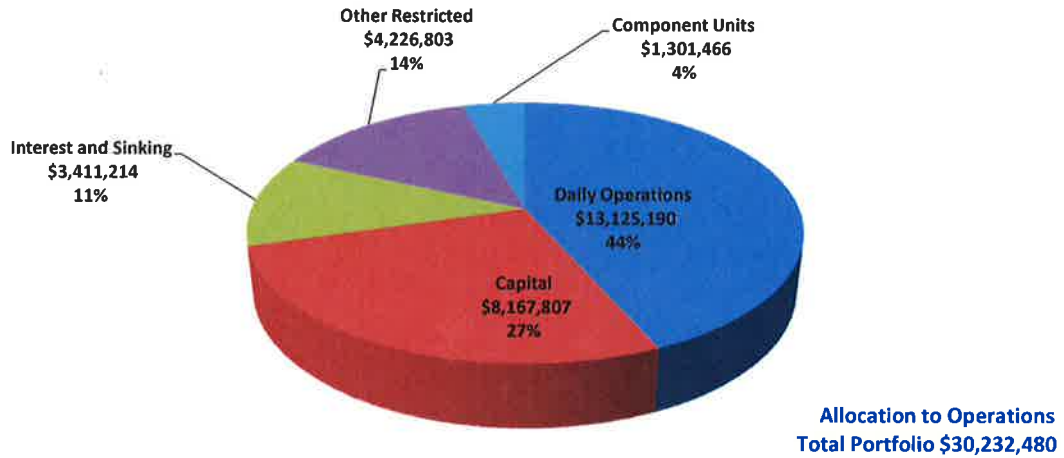
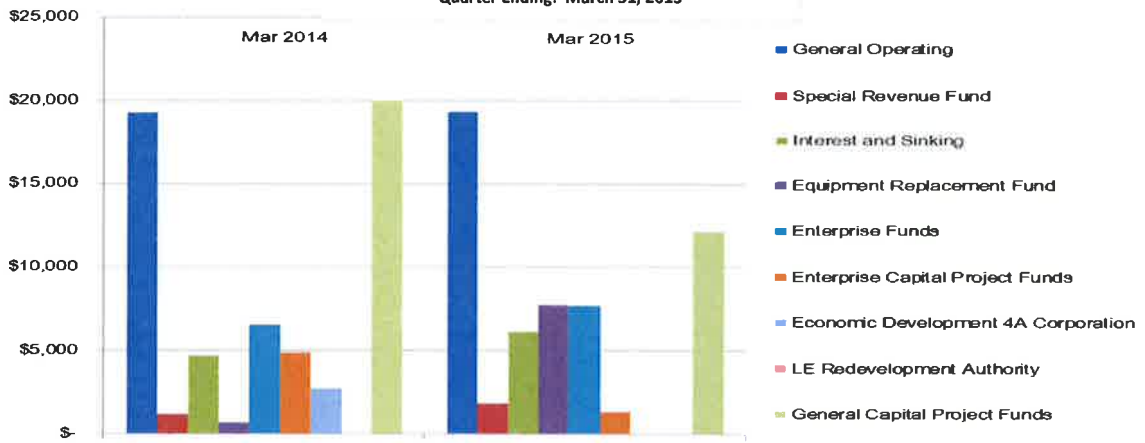
Portfolio Summary as of 3/31/2015

- * \$30,232,480 - Cash and Investments on hand at 3/31/2015; average yield .75%.
- * \$995,475- Change in Cash since end of Quarter at 3/31/2015 (Decrease)
- * \$58,899 - Interest earned for second quarter of fiscal year; year-to-date interest earnings \$102,379
- * 100% or \$30,232,480 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 .03%; 6 Month Treasury Rolling Yield is .08%.
- * First time recipient of the GTOT Investment Policy Certification (Expires September 2015)

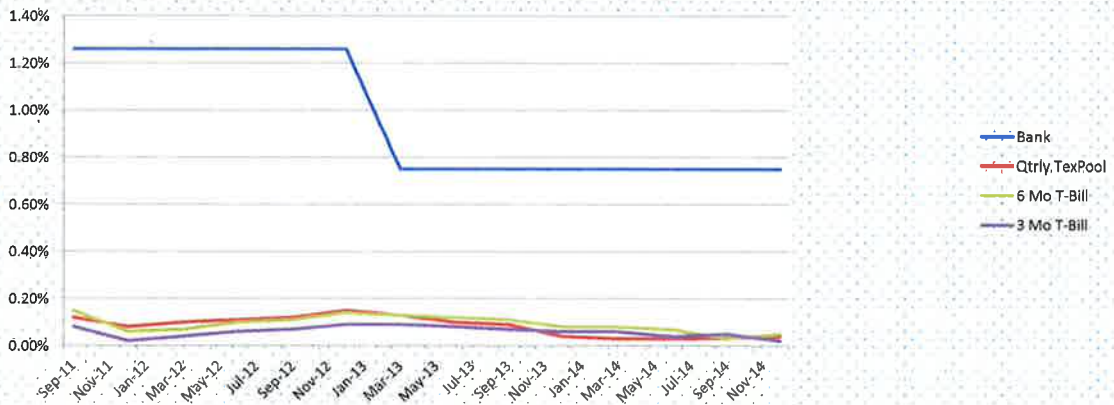
Interest Earnings as of March 31, 2015



**Invested Balances
Comparison Year-to-Year
FY 2014-2015
Quarter Ending: March 31, 2015**

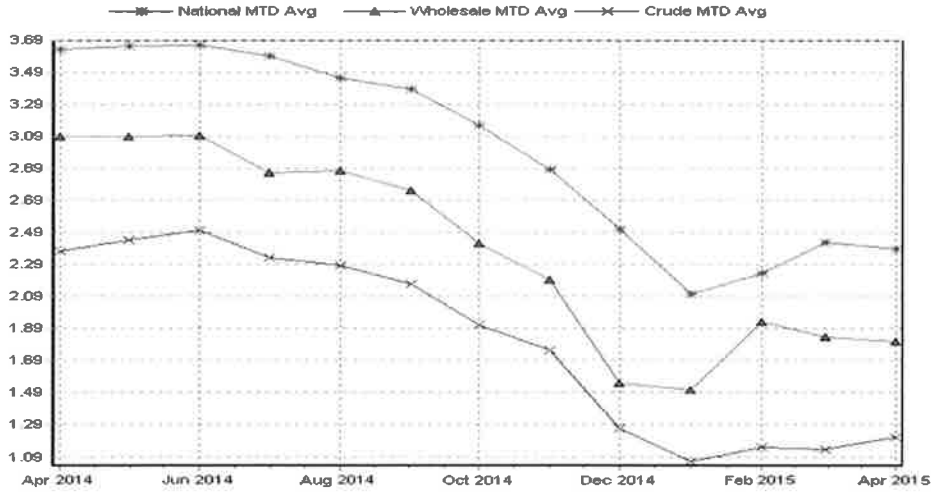


Portfolio vs Market Rates



**AAA Daily Fuel Gauge Report
Dallas Area**

	Regular	Mid	Premium	Diesel
Current	\$2.31	\$2.52	\$2.70	\$2.60
Yesterday	\$2.32	\$2.53	\$2.70	\$2.60
Week Ago	\$2.28	\$2.48	\$2.66	\$2.63
Month Ago	\$2.26	\$2.46	\$2.64	\$2.69
Year Ago	\$3.58	\$3.75	\$3.92	\$3.74





QUARTERLY INVESTMENT REPORT

For the Quarter Ended

March 31, 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.

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 European Central Bank (ECB) announced and began a Quantitative Easing plan. The Dollar reacted very strongly - dropping from +/--\$1.40 per Euro to +/--\$1.05 per Euro. This strength could have severe US export implications. New payroll growth plummeted to +126,000, but the unemployment rate remained unchanged. The FOMC met and deleted "patient" from their statement text, then added they would not be "impatient" regarding increasing interest rates. Unfortunately they also reduced their overall growth and interest rate expectations for 2015. The stock markets continue to maintain current levels. Financial institution deposit yields generally provide the best interest earnings opportunity.

Quarter End Results by Investment Category:

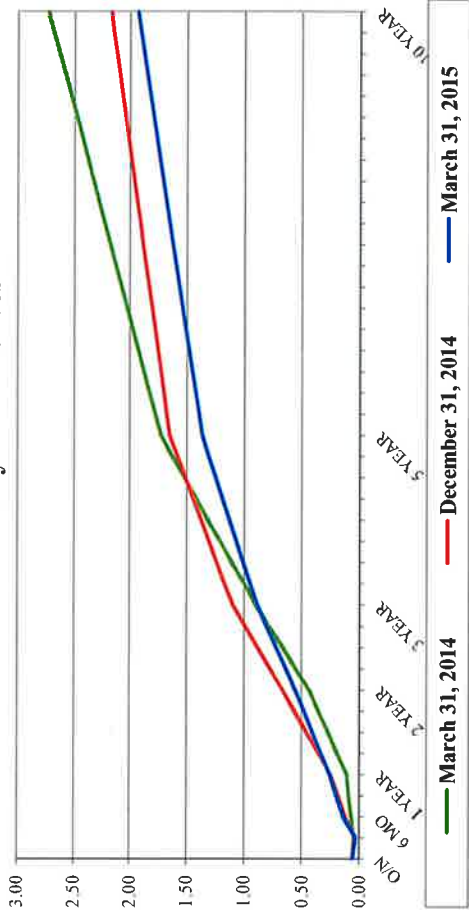
<u>Asset Type</u>	<u>March 31, 2015</u>		<u>December 31, 2014</u>	
	<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Pools/Bank DDA	\$ 30,232,480	\$ 30,232,480	\$ 31,227,955	\$ 31,227,955
Securities/CDs	-	-	-	-
Totals	\$ 30,232,480	\$ 30,232,480	\$ 31,227,955	\$ 31,227,955

Average Yield (1)	Total Portfolio	0.75%	Fiscal Year-to-Date Average Yield (2)	Total Portfolio	0.75%
Rolling Three Mo. Treas. Yield		0.03%	Rolling Three Mo. Treas. Yield		0.02%
Rolling Six Mo. Treas. Yield		0.08%	Rolling Six Mo. Treas. Yield		0.07%
			Quarterly TexPool Yield		0.04%

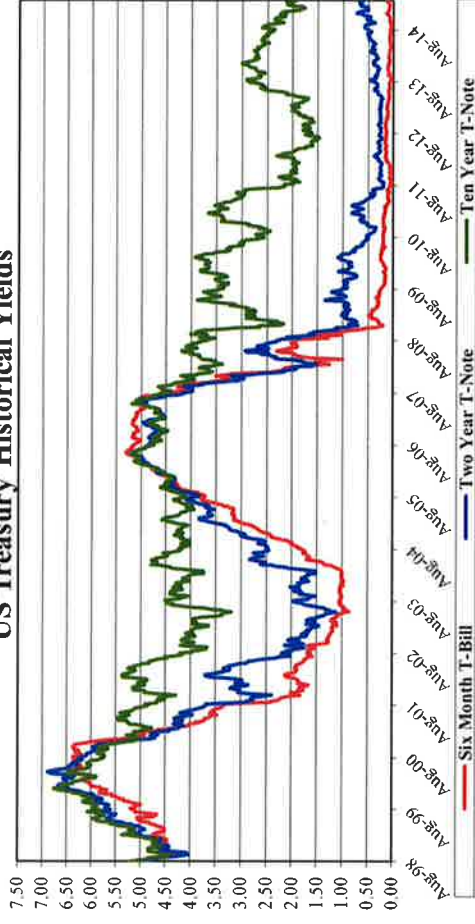
Quarterly Interest Income	\$ 58,899
Year-to-date Interest Income	\$ 102,379

(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.

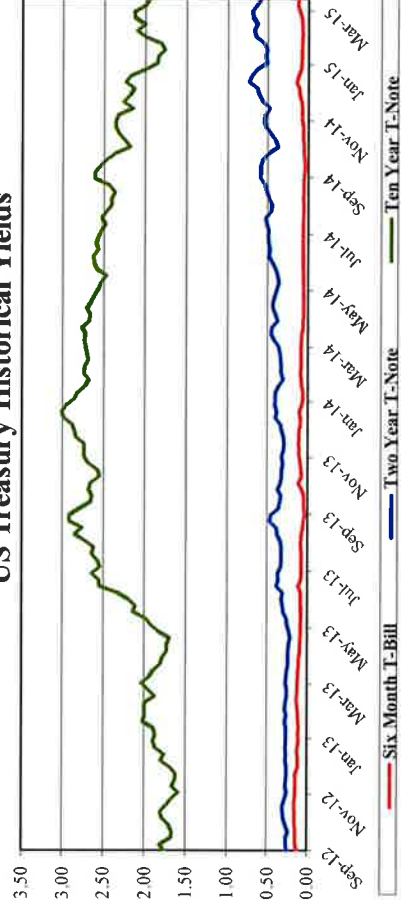
Treasury Yield Curves



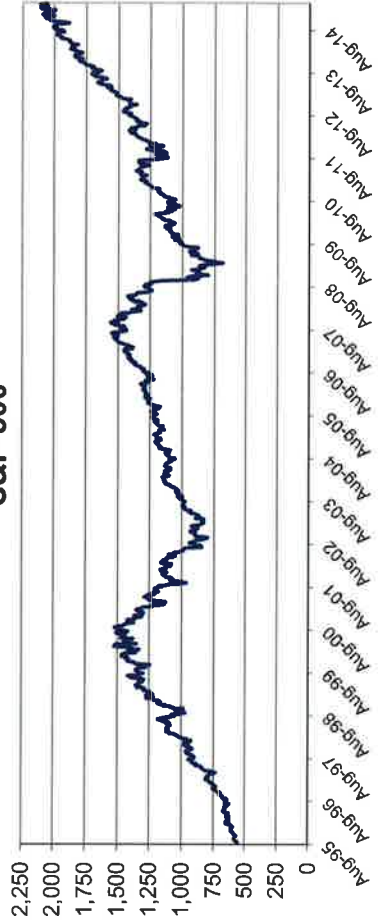
US Treasury Historical Yields



US Treasury Historical Yields



S&P 500



Detail of Holdings March 31, 2015

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA		0.75%	04/01/2015	03/31/2015	\$ 30,232,480	\$ 30,232,480	1.000	\$ 30,232,480	1	0.75%
					<u>\$ 30,232,480</u>	<u>\$ 30,232,480</u>		<u>\$ 30,232,480</u>	<u>1</u>	<u>0.75%</u>
									(1)	(2)

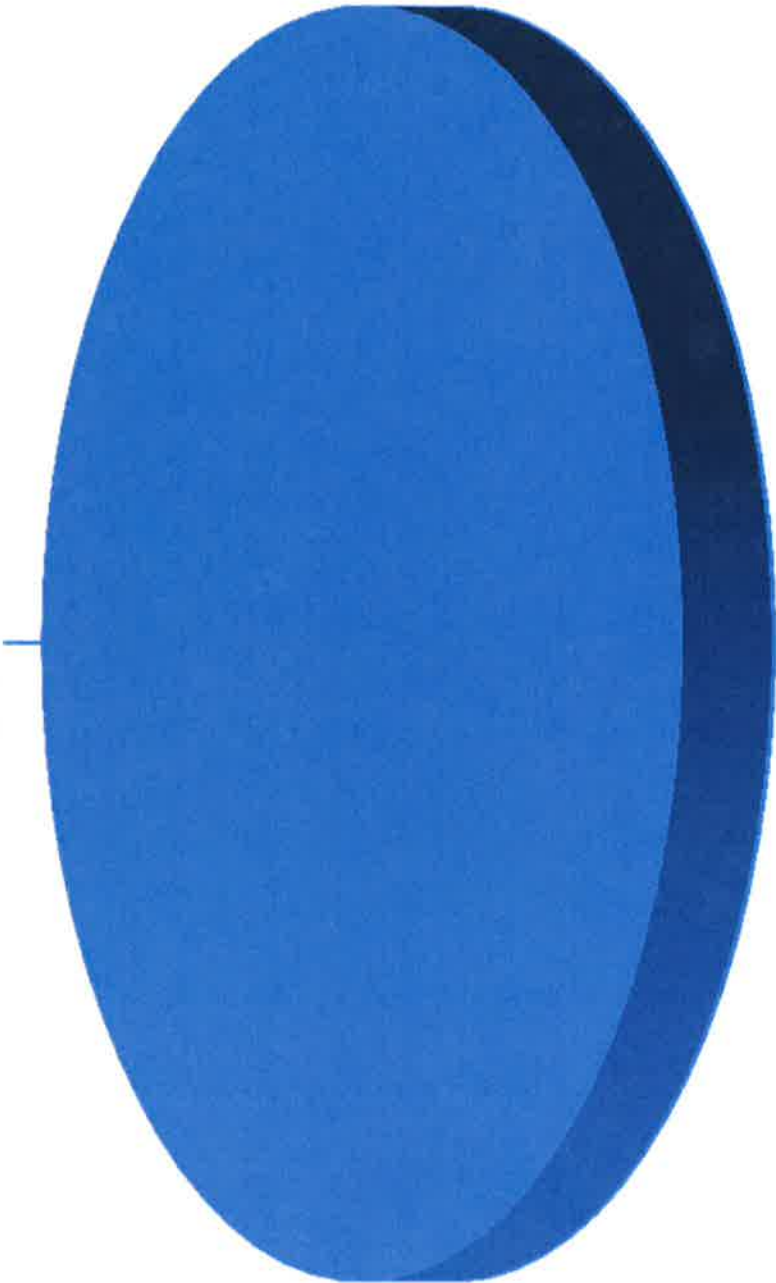
(1) **Weighted average life** - For purposes of calculating weighted average life, pool and bank account investments are assumed to have a one day maturity.

(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

Securities/CDs

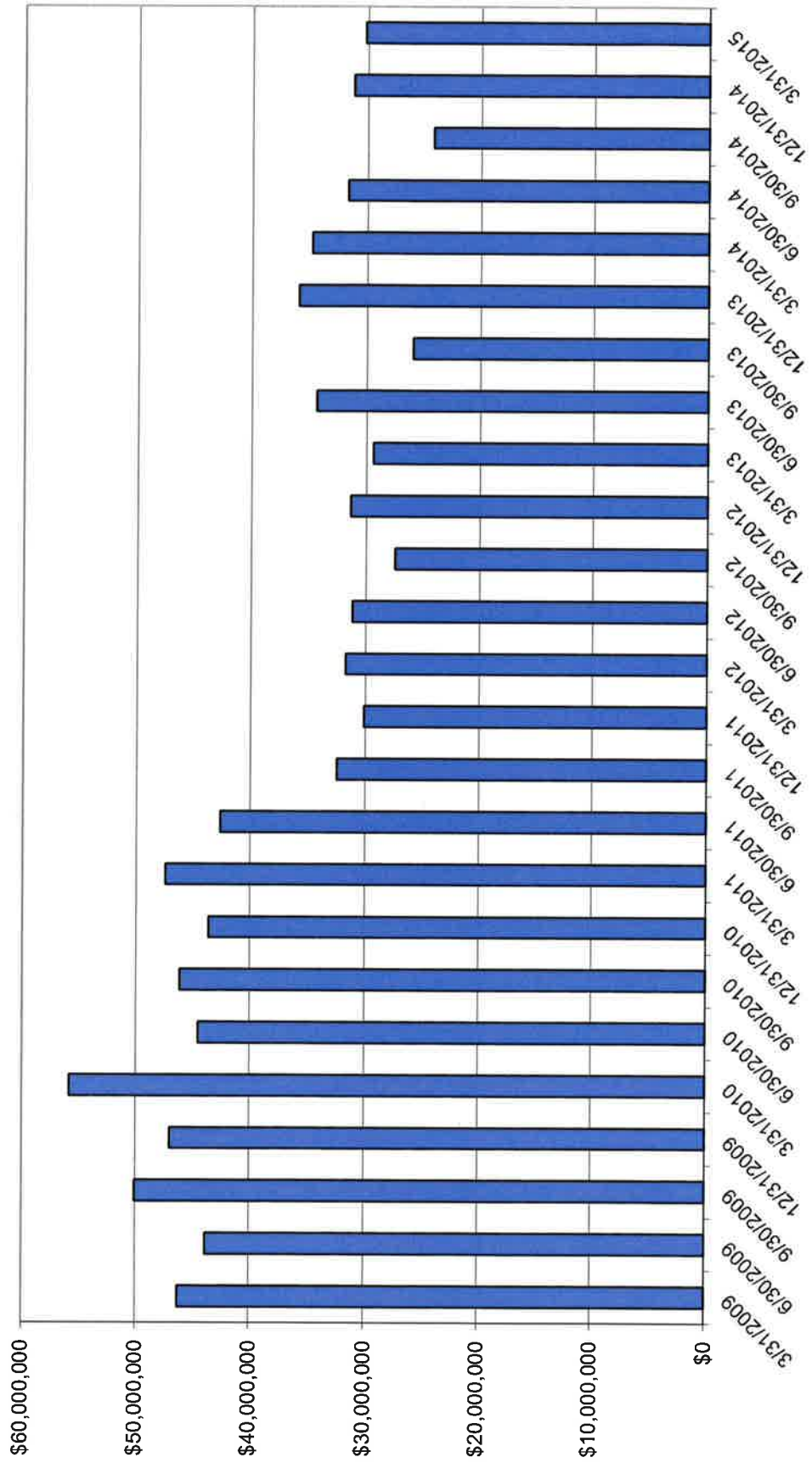
0%



Pools/Bank

DDA 100%

Total Portfolio



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	December 31, 2014			March 31, 2015		
			Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Maturities	Par Value	Book Value
DDA	0.75%	04/01/2015	\$ 31,227,955	\$ 31,227,955	\$	(995,475)	\$ 30,232,480	\$ 30,232,480
TOTAL			\$ 31,227,955	\$ 31,227,955	\$ -	(995,475)	\$ 30,232,480	\$ 30,232,480

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	December 31, 2014			March 31, 2015		
			Par Value	Market Value	Qtr to Qtr Change	Par Value	Market Value	
DDA	0.75%	04/01/2015	\$ 31,227,955	\$ 31,227,955	\$	(995,475)	\$ 30,232,480	\$ 30,232,480
TOTAL			\$ 31,227,955	\$ 31,227,955	\$	(995,475)	\$ 30,232,480	\$ 30,232,480

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

Allocation

September 30, 2014

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
Totals	\$ 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

Total Portfolio Performance

