



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

# TOWN COUNCIL CONSENT AGENDA

Date February 2, 2016

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## PROJECT

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

## FISCAL IMPACT

Interest earnings for the Quarter total \$45,052. Fiscal year interest earnings total \$45,052.

## RECOMMENDED ACTION

The Chief Financial Officer recommends action to accept and approve Cash and Investment Report for Quarter Ending December 31, 2015.

## ATTACHMENTS

Quarterly Investment Report

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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APPROVED  DENIED  TABLED  WITHDRAWN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 DECEMBER 31, 2015  
**CC:** MAYOR AND COUNCIL

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Attached is the Quarterly Investment Report for the quarter ending December 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 December 31, 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%	\$44,137,998	100%
Total Portfolio (Avg)	.75%	\$44,137,998	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 December 31, 2015 was \$45,052. Year-to-date interest earnings are \$45,052.**

Total cash and investments for the period ending September 30, 2015 was \$22,236,273 and the invested balances at December 31, 2015 were \$44,137,998 a net increase of \$21,901,725. 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 43% are used in daily operations; the other 57% or \$25,478,041 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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**LITTLE ELM**

## **QUARTERLY INVESTMENT REPORT**

**For the Quarter Ended**

**December 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.

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
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.

**Summary**

**Quarter End Results by Investment Category:**

Asset Type	December 31, 2015		September 30, 2015		
	Ave. Yield	Book Value	Market Value	Book Value	Market Value
Pools/Bank DDA	0.75%	\$ 44,137,998	\$ 44,137,998	\$ 22,236,273	\$ 22,236,273
Securities/CDs					
<b>Totals</b>		<b>\$ 44,137,998</b>	<b>\$ 44,137,998</b>	<b>\$ 22,236,273</b>	<b>\$ 22,236,273</b>

Average Yield (1)		Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	0.75%	Total Portfolio	0.75%
Rolling Three Mo. Treas. Yield	0.13%	Rolling Three Mo. Treas. Yield	0.13%
Rolling Six Mo. Treas. Yield	0.25%	Rolling Six Mo. Treas. Yield	0.25%
		Quarterly TexPool Yield	0.19%

Quarterly Interest Income \$ 45,052  
 Year-to-date Interest Income \$ 45,052

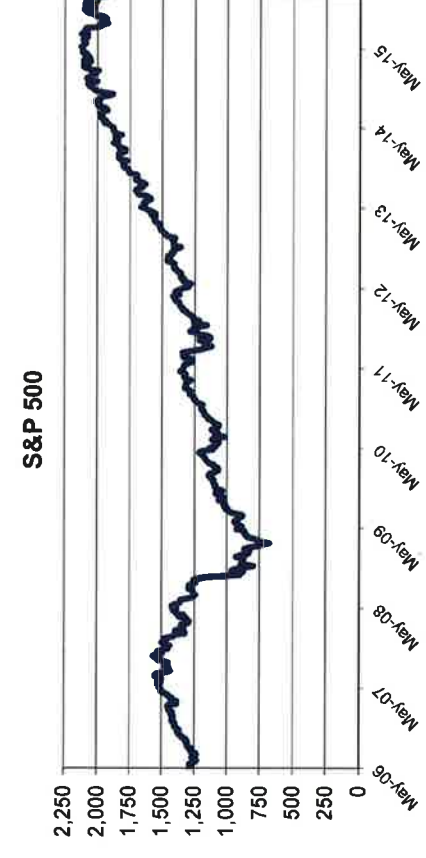
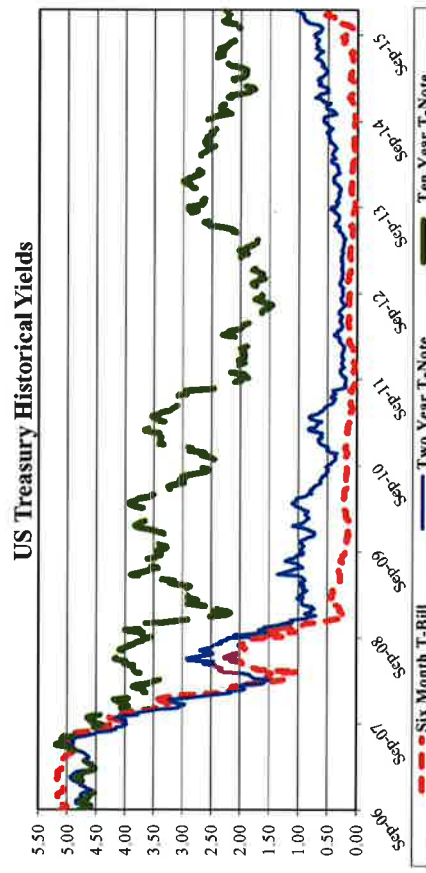
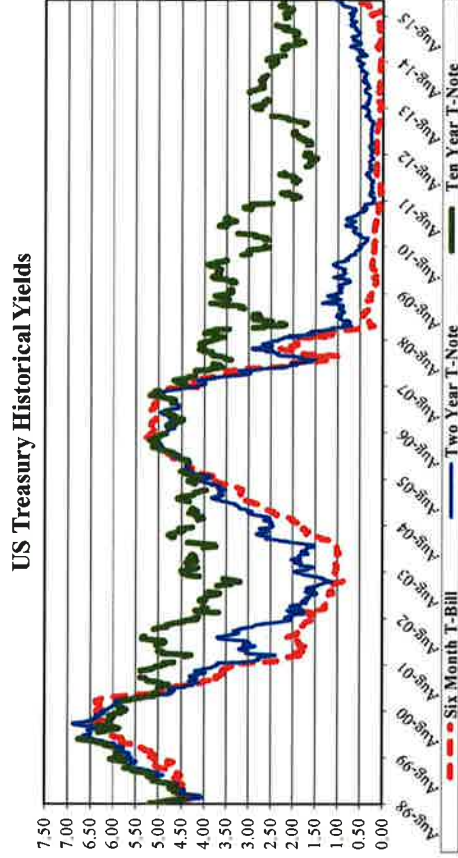
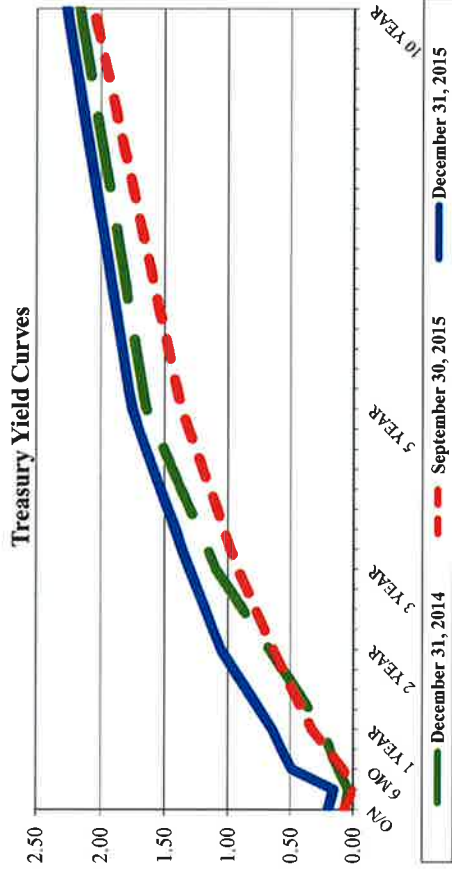
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

12/31/2015

The Federal Open Market Committee (FOMC) raised the Fed Funds target range to 0.25% - 0.50% (actual Fed Funds traded +/-30 bps). The market reacted with higher short to medium term yields. Ten year and longer yields did not increase beyond the current trading range. The December new payroll numbers jumped +292k, with additional positive Oct/Nov adjustments. The Chinese economy and stock market turmoil grabbed international attention. US stock markets dropped in sympathy, but tried to stabilize. Broader international social and economic concerns continue, with the European Central Bank continuing its easing program. Treasury and Agency security yields are attractive for cash-flow based laddering. Although Bank CDs and municipal bonds may still offer the best interest earnings opportunity, if available.



**Detail of Holdings  
December 31, 2015**

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA		0.75%	01/01/2016	12/31/2015	\$ 44,137,998	\$ 44,137,998	1.000	\$ 44,137,998	1	0.75%
					<u>\$ 44,137,998</u>	<u>\$ 44,137,998</u>		<u>\$ 44,137,998</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.

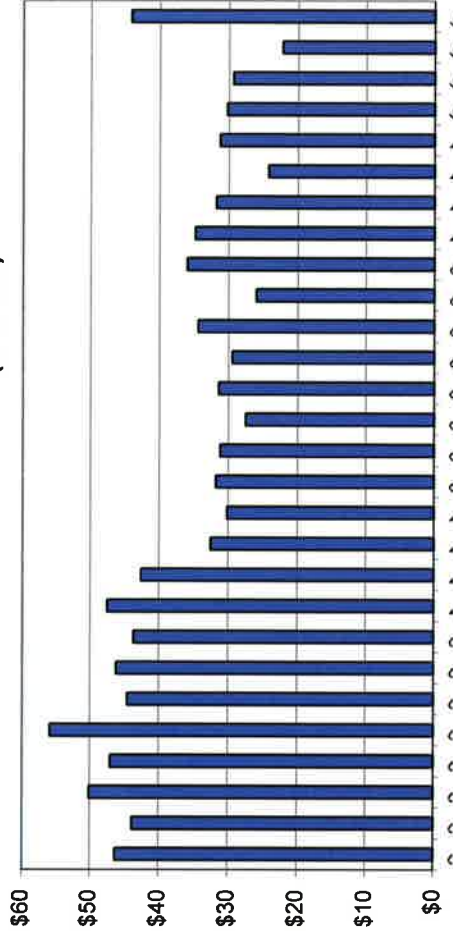
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for pool and bank account investments.

### Portfolio Composition

Pools/Bank  
DDA 100%



### Total Portfolio (Millions)



**Book Value Comparison**

Description	Coupon/ Discount	Maturity Date	September 30, 2015			December 31, 2015		
			Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Maturities	Par Value	Book Value
DDA	0.75%	01/01/2016	\$ 22,236,273	\$ 22,236,273	\$ 21,901,725	\$ -	\$ 44,137,998	\$ 44,137,998
<b>TOTAL</b>			<b>\$ 22,236,273</b>	<b>\$ 22,236,273</b>	<b>\$ 21,901,725</b>	<b>\$ -</b>	<b>\$ 44,137,998</b>	<b>\$ 44,137,998</b>

**Market Value Comparison**

Description	Coupon/ Discount	Maturity Date	September 30, 2015		December 31, 2015	
			Par Value	Market Value	Qtr to Qtr Change	Par Value
DDA	0.75%	01/01/2016	\$ 22,236,273	\$ 22,236,273	\$ 21,901,725	\$ 44,137,998
<b>TOTAL</b>			<b>\$ 22,236,273</b>	<b>\$ 22,236,273</b>	<b>\$ 21,901,725</b>	<b>\$ 44,137,998</b>



**Allocation**

**December 31, 2015**

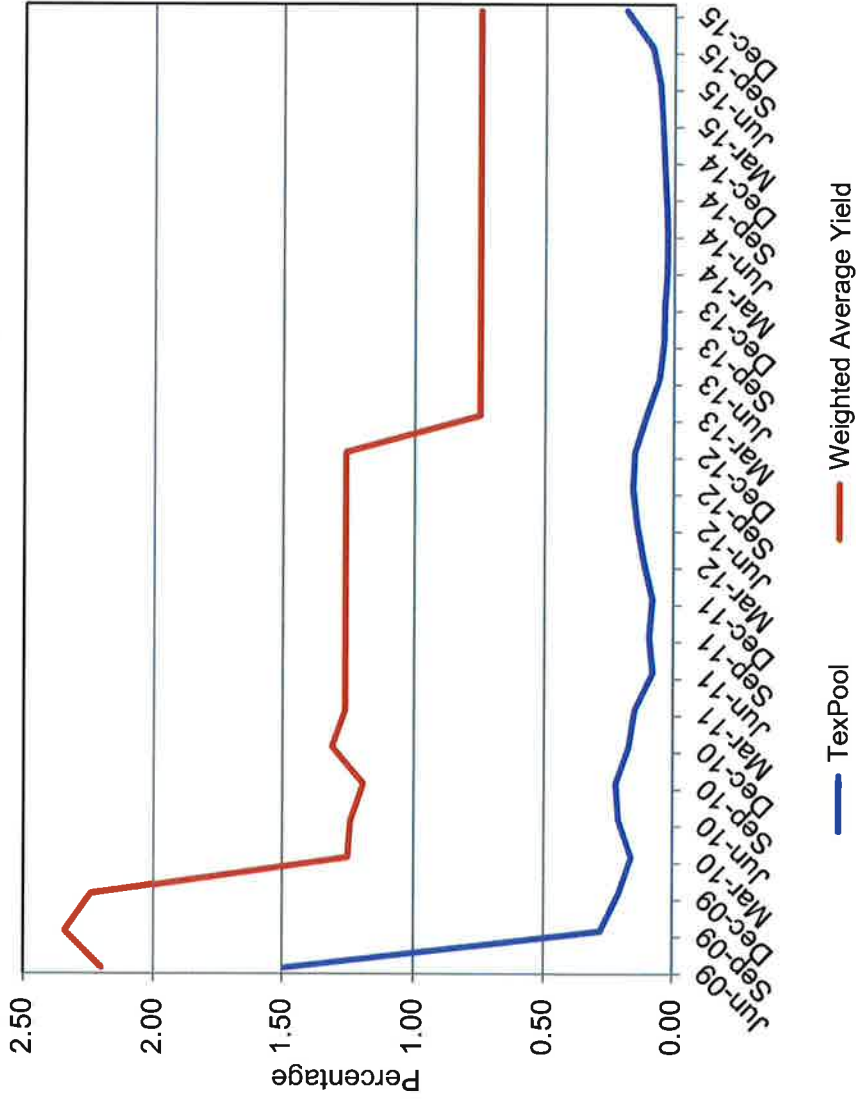
<b>Book &amp; Market Value</b>	<b>Total</b>	<b>General Operating</b>	<b>Special Revenue</b>	<b>Interest &amp; Sinking</b>	<b>Internal Service Fund</b>	<b>Enterprise Funds</b>	<b>Enterprise Capital Projects</b>	<b>CDC 4B</b>	<b>Lakefront TIRZ #3</b>	<b>General Capital Projects</b>
DDA	\$ 44,137,998	\$ 13,327,283	\$ 590,101	\$ 3,691,623	\$ 1,581,969	\$ 5,332,674	\$ 830,892	\$ 298,513	\$ 32,497	\$ 18,452,447
<b>Totals</b>	<b>\$ 44,137,998</b>	<b>\$ 13,327,283</b>	<b>\$ 590,101</b>	<b>\$ 3,691,623</b>	<b>\$ 1,581,969</b>	<b>\$ 5,332,674</b>	<b>\$ 830,892</b>	<b>\$ 298,513</b>	<b>\$ 32,497</b>	<b>\$ 18,452,447</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>

# Total Portfolio Performance



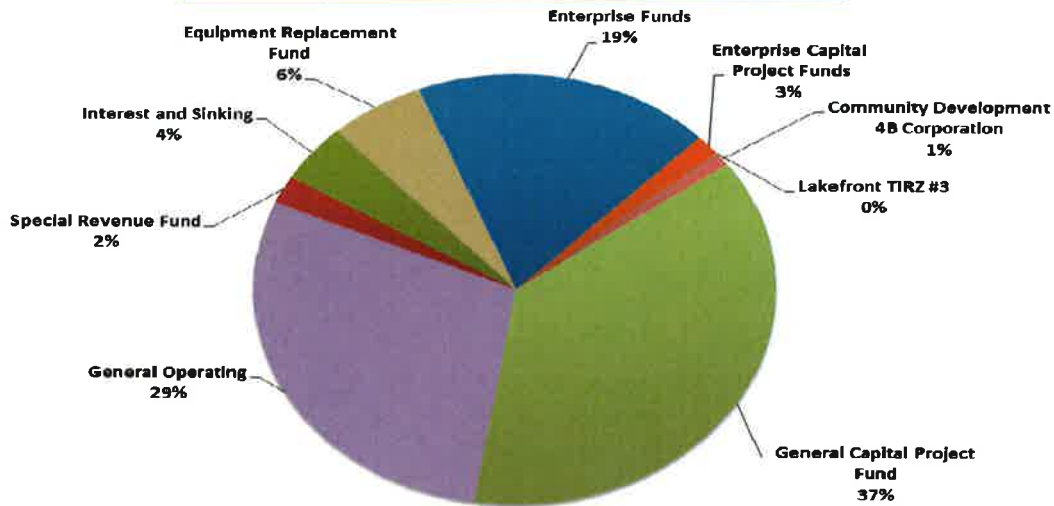


# Cash and Investment Summary Comments

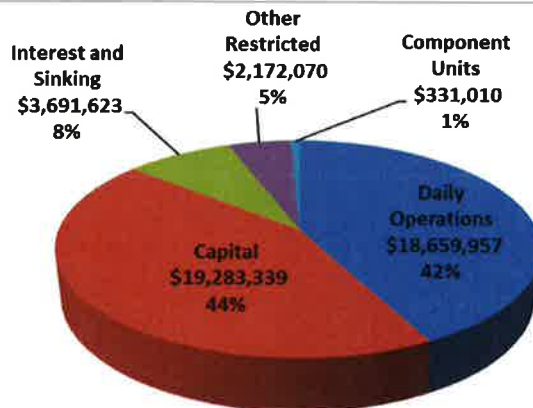
Portfolio Summary as of 12/31/2015

- \* \$44,137,998 - Cash and Investments on hand at 12/31/2015; average yield .75%.
- \* \$22,236,273 Change in Cash since end of Quarter at 12/31/2015 (Increase)
- \* \$45,052- Interest earned for first quarter of fiscal year; year-to-date interest earnings \$45,052
- \* 100% or \$44,137,998 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 .13%; 6 Month Treasury Rolling Yield is .25%.

## Interest Earnings as of December 31, 2015



**Interest Earnings YTD: \$45,052**



## Allocation of Operations at 12/31/2015

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

Fund	#	Fund Description	Balances 12-31-2014	Balances 3-31-2015	Balances 6-30-2016	Balances 9-30-2015	Balances 12-31-2015	Changes from 9-30-2015	Use of Funds
<b>General Operating</b>									
112-0101-00-00	112	CASH-GENERAL FUND	9,015,323	9,378,148	8,002,601	5,259,805	12,622,224	7,362,419	Daily Operations
113-0101-00-00	113	PARKS AND RECREATION FUND	448,494	371,196	180,185	493,083	352,582	(140,501)	Parks and Recreation Operations
115-0101-00-00	115	CASH-STREET MAINTENANCE	51,264	108,013	237,031	235,707	352,477	116,770	1/4 Cent Sales Tax for Streets
			9,515,082	9,807,357	8,419,817	5,988,595	13,327,283	7,338,688	
<b>Special Revenue Fund</b>									
200-0101-00-00	200	CASH-SPECIAL REVENUE	129,181	127,236	131,584	134,182	140,526	6,345	Library, Police and Fire Restricted
202-0101-00-00	202	CASH-STREETScape FUND	783,916	757,247	83,510	200,251	185,461	(14,790)	Streetscape
203-0101-00-00	203	CASH-PEG FUNDS	34,401	49,706	65,875	79,877	97,223	17,346	PEG Program
205-0101-00-00	205	CASH-TRAFFIC SAFETY	9,046	(25,987)	74,134	115,263	106,484	(8,779)	Red Light Camera Program
211-0101-00-00	211	CASH-FARMERS MARKET GRANT	8,194	8,209	8,225	0	0	0	Farmers Market grant
250-0101-00-00	250	CASH-GRANTS AND DONATIONS	22,892	27,352	14,867	23,173	24,203	1,030	Library, Police and Fire Restricted
412-0101-00-00	412	CASH-FORFEITURE	23,995	30,224	16,430	16,192	36,204	20,012	Police - restricted
			1,011,624	973,987	394,625	568,937	590,101	21,164	
<b>Interest and Sinking</b>									
312-0101-00-00	312	CASH-DEBT SERVICE FUND	3,201,399	3,411,214	3,606,348	339,676	3,691,623	3,351,946	Restricted for debt payments
			3,201,399	3,411,214	3,606,348	339,676	3,691,623	3,351,946	
<b>Internal Service Fund</b>									
500-0101-00-00	500	EQUIPMENT REPLACEMENT FUND	4,524,728	3,058,436	2,786,648	2,720,797	1,482,807	(1,237,991)	Restricted for vehicle/equipment replacement
501-0101-00-00	501	FIRE EQUIPMENT REPLACEMENT FUND	194,020	194,380	164,565	108,989	99,162	(9,826)	Restricted for Fire equipment replacement
			4,718,747	3,252,816	2,951,213	2,829,786	1,581,969	(1,247,817)	
<b>Enterprise Funds</b>									
612-0101-00-00	612	CASH-UTILITY OPERATING	2,194,717	2,569,910	2,777,553	3,358,745	4,452,856	1,094,111	Daily Operations and Debt Payments
712-0101-00-00	712	CASH-SOLID WASTE	28,163	200,353	225,001	207,120	355,489	148,368	Restricted for Courtesy Site
715-0101-00-00	715	CASH-STORM DRAINING FUND	474,714	547,570	506,407	549,041	524,329	(24,712)	
			2,697,594	3,317,833	3,508,961	4,114,906	5,332,674	1,217,767	
<b>Enterprise Capital Project Funds</b>									
612-0101-00-61	612	RESTRICTED CASH-2012 CO'S	722,898	707,882	705,999	491,939	433,193	(58,746)	Restricted for Water and Sewer CIP
819-0101-00-00	819	CASH IN BANK CONSOLIDATED	520,862	625,868	799,832	72,800	191,886	119,086	Restricted for Water and Sewer CIP
913-0101-00-00	913	CASH IN BANK CONSOLIDATED	488,843	596,880	766,092	77,798	205,813	128,015	Restricted for Water and Sewer CIP
			1,732,603	1,930,630	2,271,923	642,537	830,892	188,355	
<b>Lakefront TIRZ #3</b>									
810-0101-00-00	810	CASH-LAKEFRONT TIRZ #3	0	0	0	0	32,497	32,497	Restricted for TIRZ #3
			0	0	0	0	32,497	32,497	
<b>Economic Development 4A Corporation</b>									
811-0101-00-00	811	CASH-ECONOMIC DEVELOPMENT	0	0	0	0	0	0	Restricted for 4A Purposes
			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	1,139,013	1,301,466	265,959	106,354	298,513	192,159	Restricted for 4B Purposes
			1,139,013	1,301,466	265,959	106,354	298,513	192,159	
<b>General Capital Project Funds</b>									
828-0101-00-00	828	CASH IN BANK - STREET IMPACT FEES	327,274	431,965	1,166,113	1,644,874	1,900,785	255,911	Restricted for Street Projects
841-0101-00-00	841	CASH IN BANK - 2015 CO BONDS	0	0	0	0	9,658,459	9,658,459	Restricted for 2015 CO Bond Projects
870-0101-00-00	870	CASH IN BANK - 2009 GO BONDS	6,884,619	5,805,212	6,772,565	6,000,607	6,893,203	892,596	Restricted for 09 GO Bond Projects
871-0101-00-00	871	CASH IN BANK-GEN CAP PROJ FUND #2	7,211,893	6,237,176	7,938,678	7,645,481	18,452,447	10,806,965	Restricted for CIP Proj after 6/2013
			31,227,955	30,232,480	29,357,523	22,236,273	44,137,998	21,901,725	
<b>Total Cash and Investments at 12-31-2015</b>									

Interest Earnings

INTEREST ALLOCATION	1st Qtr 2016			YTD Totals
	Oct-15	Nov-15	Dec-15	
General Operating	4,426.20	3,868.49	4,812.50	13,107.19
Special Revenue Fund	370.64	363.19	211.31	945.14
Interest and Sinking	248.99	387.87	1,321.97	1,958.83
Equipment Replacement Fund	1,104.74	978.02	566.50	2,649.26
Enterprise Funds	2,888.41	3,417.04	2,045.45	8,350.90
Enterprise Capital Project Funds	300.15	269.13	155.13	724.41
Lakefront TIRZ #3	6.43	6.53	11.64	24.60
Economic Development 4A Corporation	-	-	-	-
Community Development 4B Corporation	116.43	147.71	157.91	422.05
LE Redevelopment Authority	-	-	-	-
General Capital Project Funds	5,053.28	5,208.12	6,607.83	16,869.23
<b>Total Cash and Investments by Portfolio Fund Type:</b>	<b>14,515.27</b>	<b>14,646.10</b>	<b>15,890.24</b>	<b>45,051.61</b>