



LITTLE ELM

**Finance Department**

Karla Stovall, Chief Financial Officer

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# TOWN COUNCIL CONSENT AGENDA

Date February 7, 2017

**PROJECT**

Approve Quarterly Investment Report for the period ending December 31, 2016.

**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, 2016.

**FISCAL IMPACT**

Interest earnings for the Quarter total \$87,149. Fiscal year interest earnings total \$87,149.

**RECOMMENDED ACTION**

The Chief Financial Officer recommends action to accept and approve Cash and Investment Report for Quarter Ending December 31, 2016.

**ATTACHMENTS**

Quarterly Investment Report

Initial:

Town Manager  \_\_\_\_\_ Finance  *KS* 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APPROVED  DENIED  TABLED  WITHDRAWN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, 2016  
**CC:** MAYOR AND COUNCIL

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Attached is the Quarterly Investment Report for the quarter ending December 31, 2016 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, 2016, 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%	\$53,820,985	100%
Total Portfolio (Avg)	.75%	\$53,820,985	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, 2016 was \$87,149. Year-to-date interest earnings are \$87,149.**

Total cash and investments for the period ending September 30, 2016 was \$44,968,703 and the invested balances at December 31, 2016 were \$53,820,985 a net increase of \$8,852,283. 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 58% are used in daily operations; the other 42% or \$22,309,037 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%

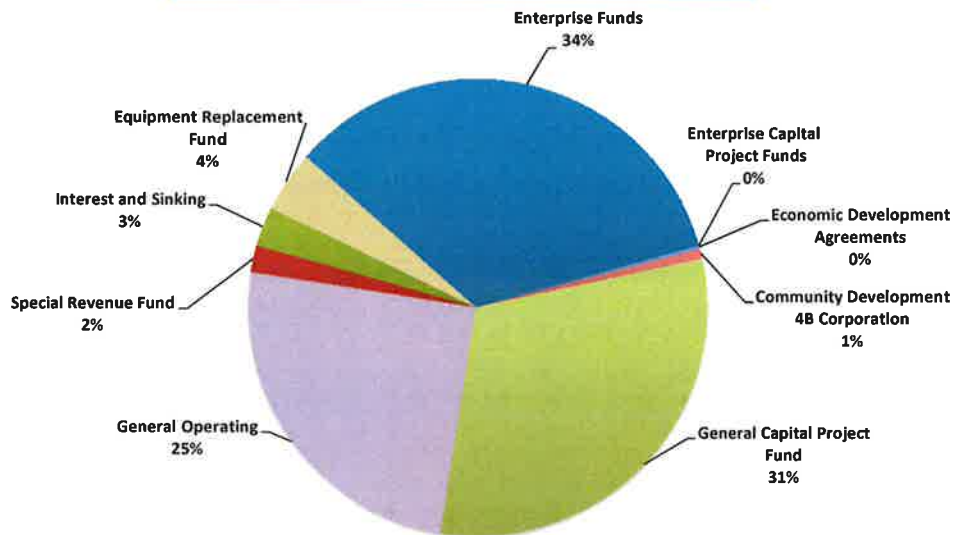


# Cash and Investment Summary Comments

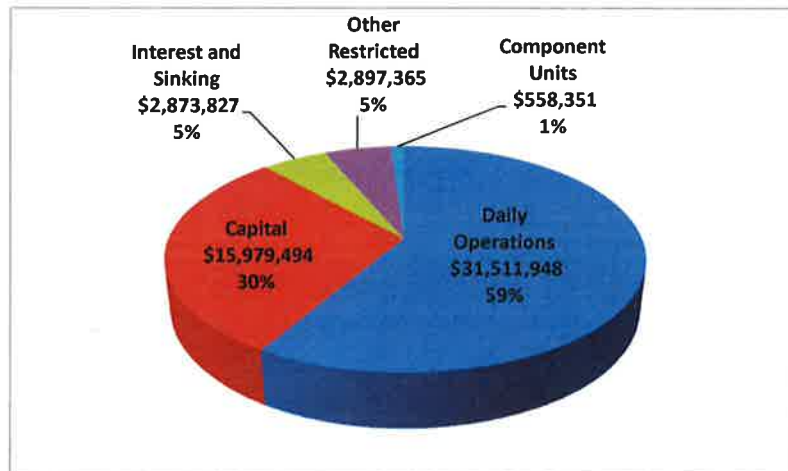
Portfolio Summary as of 12/31/2016

- \* \$53,820,985 - Cash and Investments on hand at 12/31/2016; average yield .75%.
- \* \$8,841,095 Change in Cash since end of Quarter at 9/30/2016 (increase)
- \* \$87,149 interest earned for first quarter of fiscal year; year-to-date interest earnings \$87,149
- \* 100% or \$53,820,985 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 .43%; 6 Month Treasury Rolling Yield is .50%.

## Interest Earnings as of December 31, 2016



## Interest Earnings Y-T-D: \$87,149.08



## Allocation of Operations at 12/31/2016

Interest Earnings

INTEREST EARNINGS	1st Qtr 2016	2nd Qtr 2016	3rd Qtr 2016	4th Qtr 2016	FY 2016 Interest Earnings	Oct-16	Nov-16	Dec-16	1st Qtr 2017	FY 2017 Interest Earnings
General Operating	12,724.24	26,304.80	23,601.12	21,472.63	84,102.79	6,478.53	6,378.70	8,885.86	21,743.09	21,743.09
Special Revenue Fund	945.14	911.90	1,070.05	1,053.02	3,980.11	499.17	592.64	538.85	1,630.66	1,630.66
Interest and Sinking	1,958.83	7,008.25	6,499.69	3,383.57	18,850.34	363.81	458.95	1,612.11	2,434.87	2,434.87
Equipment Replacement Fund	2,649.26	2,405.64	3,932.72	4,087.36	13,074.98	1,318.90	1,285.65	1,160.38	3,764.93	3,764.93
Enterprise Funds	8,350.90	10,463.13	29,583.30	29,319.41	77,716.74	10,068.32	10,179.33	9,557.00	29,804.65	29,804.65
Enterprise Capital Project Funds	724.41	785.49	764.82	295.02	2,569.74	-	-	-	-	-
Economic Agreements	24.60	59.22	132.40	99.58	315.80	43.37	63.79	62.86	170.02	170.02
Economic Development 4A Corporation	-	-	-	-	0.00	-	-	-	-	-
Community Development 4B Corporation	422.05	693.71	452.46	1,405.75	2,973.97	175.45	225.03	257.57	658.05	658.05
LE Redevelopment Authority	-	-	-	-	0.00	-	-	-	-	-
General Capital Project Funds	16,869.23	30,406.86	23,267.39	31,124.52	101,668.00	9,892.83	8,833.05	8,216.93	26,942.81	26,942.81
<b>Total Cash and Investments by Portfolio Fund Type:</b>	<b>\$ 44,668.66</b>	<b>\$ 79,039.00</b>	<b>\$ 89,303.95</b>	<b>\$ 92,240.86</b>	<b>\$ 305,252.47</b>	<b>\$ 28,840.38</b>	<b>\$ 28,017.14</b>	<b>\$ 30,291.56</b>	<b>\$ 87,149.08</b>	<b>\$ 87,149.08</b>



**LITTLE ELM**

## **QUARTERLY INVESTMENT REPORT**

**For the Quarter Ended**

**December 31, 2016**

**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, 2016		September 30, 2016		
	Ave. Yield	Book Value	Market Value	Book Value	Market Value
Pools/Bank DDA	0.75%	\$ 53,820,985	\$ 53,820,985	\$ 44,968,703	\$ 44,968,703
Securities/CDs		-	-	-	-
<b>Totals</b>		<b>\$ 53,820,985</b>	<b>\$ 53,820,985</b>	<b>\$ 44,968,703</b>	<b>\$ 44,968,703</b>

Average Yield (1)	Total Portfolio	0.75%	Fiscal Year-to-Date Average Yield (2)	Total Portfolio	0.75%
Rolling Three Mo. Treas. Yield		0.43%	Rolling Three Mo. Treas. Yield		0.43%
Rolling Six Mo. Treas. Yield		0.50%	Rolling Six Mo. Treas. Yield		0.50%
			Quarterly TexPool Yield		0.46%
Quarterly Interest Income	\$	87,149			
Year-to-date Interest Income	\$	87,149			

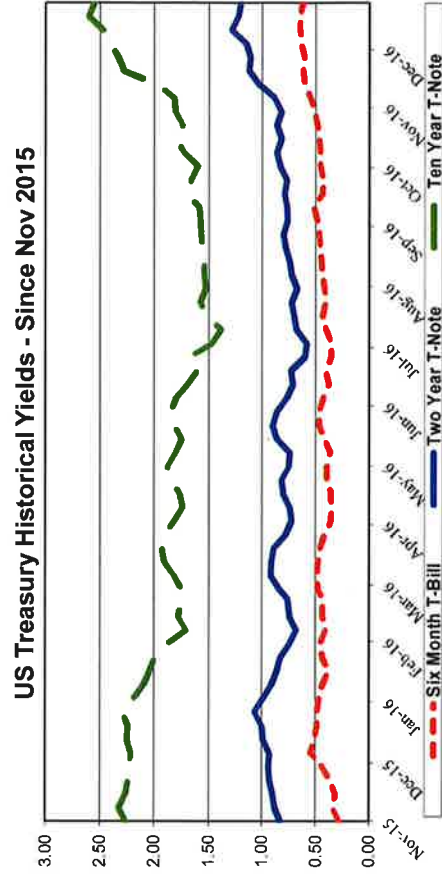
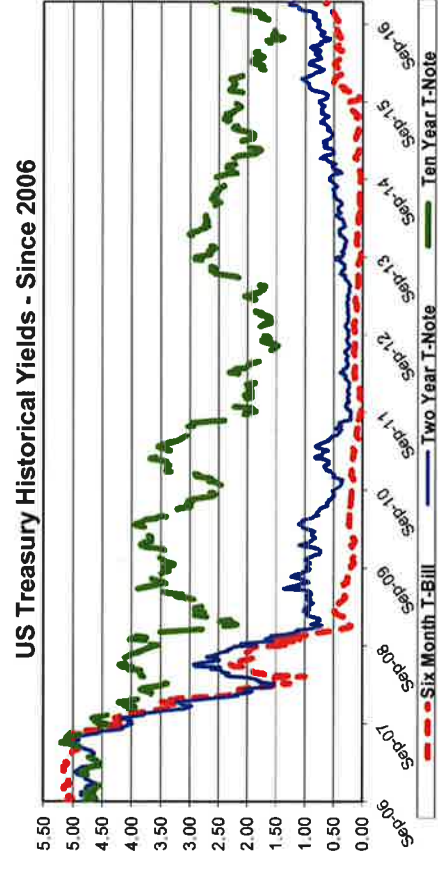
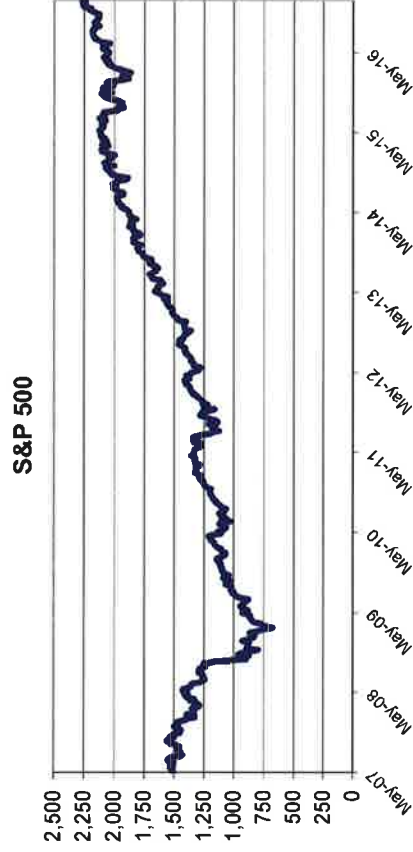
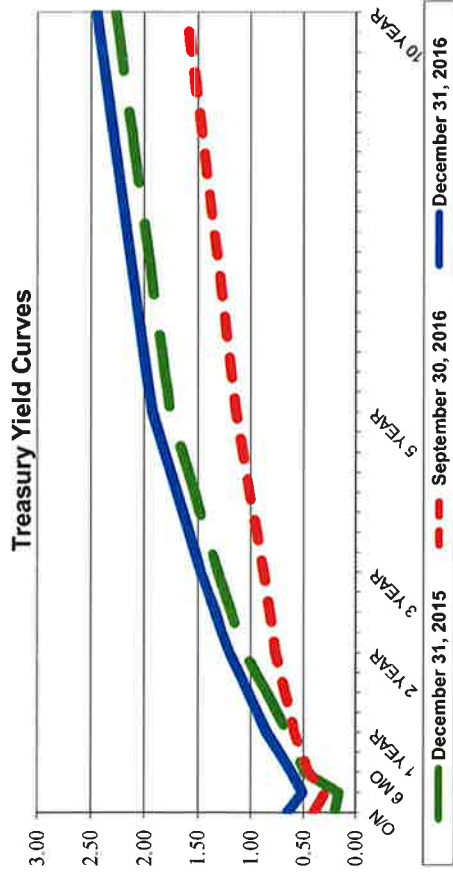
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

12/31/2016

The Federal Open Market Committee (FOMC) raised the Fed Funds target range to 0.50% - 0.75% (actual Fed Funds currently trading +/-.65 bps). The FOMC also projected the possibility of three additional increases during 2017. Third Quarter US GDP revised up to 3.5%. Other economic data recorded mixed results. December Non Farm Payroll Employment provided 156,000 new jobs. The US Stock markets recorded record highs. Treasury yields peaked and settled slightly lower. When available, CD and Taxable Municipal yields generally exceed government securities. The banks' reactions to recent market movements will determine if MMAs and CDs continue to be attractive.



**Investment Holdings  
December 31, 2016**

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA		0.75%	01/01/2017	12/31/2016	\$ 53,820,985	\$ 53,820,985	1.000	\$ 53,820,985	1	0.75%
					<b>\$ 53,820,985</b>	<b>\$ 53,820,985</b>		<b>\$ 53,820,985</b>	<b>1</b>	<b>0.75%</b>
									<b>(1)</b>	<b>(2)</b>

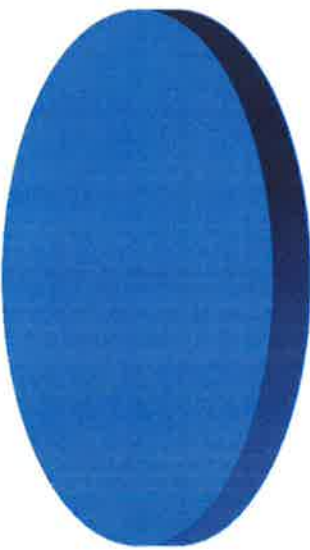
(1) **Weighted average life** - For purposes of calculating weighted average life, pool and bank account investments are assumed to have a one day maturity.

(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.

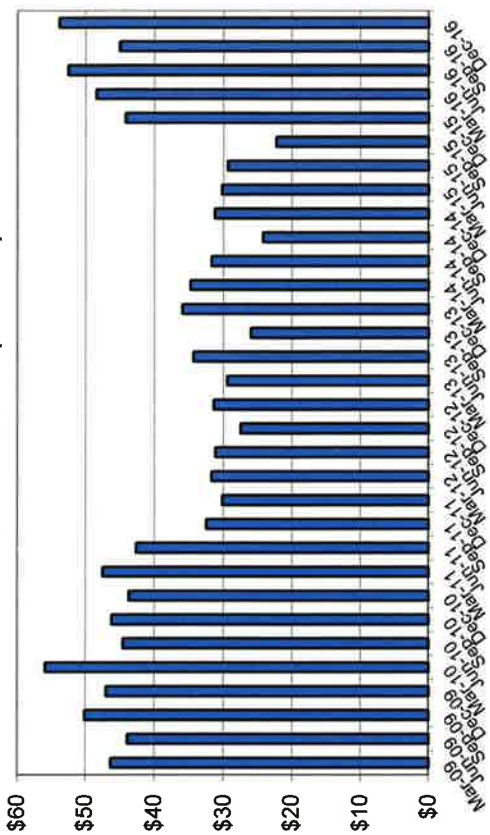


### Portfolio Composition

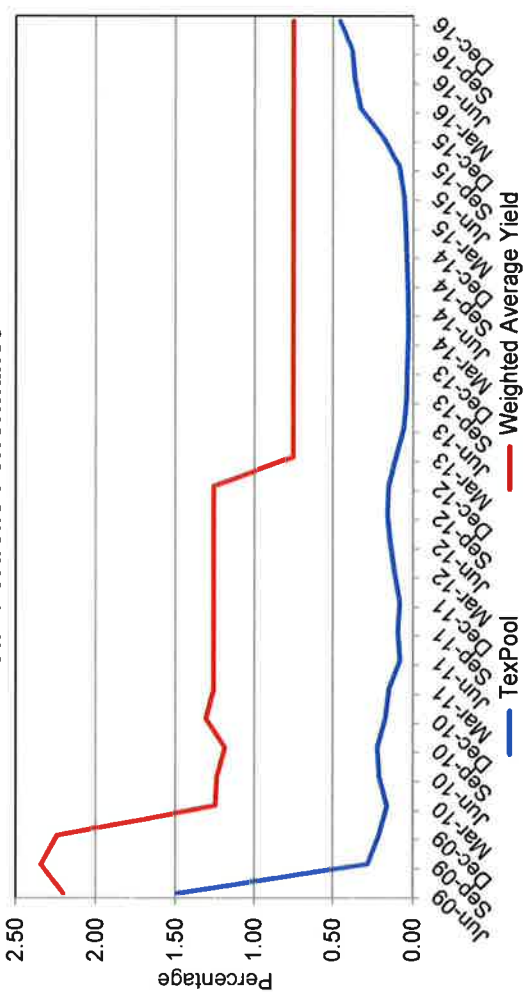
Pools/Bank  
DDA 100%



### Total Portfolio (Millions)



### Total Portfolio Performance



**Book Value Comparison**

Description	Coupon/ Discount	Maturity Date	September 30, 2016			December 31, 2016		
			Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Maturities	Par Value	Book Value
DDA	0.75%	01/01/2017	\$ 44,968,703	\$ 44,968,703	\$ 8,852,283	\$ -	\$ 53,820,985	\$ 53,820,985
<b>TOTAL</b>			<b>\$ 44,968,703</b>	<b>\$ 44,968,703</b>	<b>\$ 8,852,283</b>	<b>\$ -</b>	<b>\$ 53,820,985</b>	<b>\$ 53,820,985</b>

**Market Value Comparison**

Description	Coupon/ Discount	Maturity Date	September 30, 2016		December 31, 2016	
			Par Value	Market Value	Qtr to Qtr Change	Par Value
DDA	0.75%	01/01/2017	\$ 44,968,703	\$ 44,968,703	\$ 8,852,283	\$ 53,820,985
<b>TOTAL</b>			<b>\$ 44,968,703</b>	<b>\$ 44,968,703</b>	<b>\$ 8,852,283</b>	<b>\$ 53,820,985</b>

**Allocation**

**December 31, 2016**

Book & Market Value	Total	General Operating	Special Revenue	Interest & Sinking	Internal Service Fund	Enterprise Funds	Enterprise Capital		General Capital	
							Projects	Projects	CDC 4B	Projects
DDA	\$ 53,820,985	\$ 15,788,039	\$ 828,775	\$ 2,873,827	\$ 2,068,590	\$ 15,723,909	\$ 1,331,262	\$ 434,852	\$ 123,500	\$ 14,648,232
<b>Totals</b>	<b>\$ 53,820,985</b>	<b>\$ 15,788,039</b>	<b>\$ 828,775</b>	<b>\$ 2,873,827</b>	<b>\$ 2,068,590</b>	<b>\$ 15,723,909</b>	<b>\$ 1,331,262</b>	<b>\$ 434,852</b>	<b>\$ 123,500</b>	<b>\$ 14,648,232</b>

**Allocation**

**September 30, 2016**

Book & Market Value	Total	General Operating	Special Revenue	Interest & Sinking	Internal Service Fund	Enterprise Funds	Enterprise Capital Projects	CDC 4B	Economic Agreements	General Capital Projects
DDA	\$ 44,968,703	\$ 9,581,495	\$ 419,126	\$ 414,128	\$ 2,115,883	\$ 15,172,040	\$ 1,132,561	\$ 802,656	\$ 43,943	\$ 15,286,871
<b>Totals</b>	<b>\$ 44,968,703</b>	<b>\$ 9,581,495</b>	<b>\$ 419,126</b>	<b>\$ 414,128</b>	<b>\$ 2,115,883</b>	<b>\$ 15,172,040</b>	<b>\$ 1,132,561</b>	<b>\$ 802,656</b>	<b>\$ 43,943</b>	<b>\$ 15,286,871</b>