



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

# TOWN COUNCIL CONSENT AGENDA

Date November 1, 2016

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**PROJECT**

Approve Quarterly Investment Report for the period ending September 30, 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 September 30, 2016.

**FISCAL IMPACT**

Interest earnings for the Quarter total \$92,241. Fiscal year interest earnings total \$305,231.

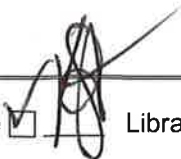
**RECOMMENDED ACTION**

The Chief Financial Officer recommends action to accept and approve Cash and Investment Report for Quarter Ending September 30, 2016.

**ATTACHMENTS**

Quarterly Investment Report

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

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APPROVED  DENIED  TABLED  WITHDRAWN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, 2016  
**CC:** MAYOR AND COUNCIL

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Attached is the Quarterly Investment Report for the quarter ending September 30, 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 September 30, 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%	\$44,968,703	100%
Total Portfolio (Avg)	.75%	\$44,968,703	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, 2016 was \$92,241. Year-to-date interest earnings are \$305,231.**

Total cash and investments for the period ending June 30, 2016 was \$52,519,376 and the invested balances at September 30, 2016 were \$44,968,703 a net decrease of \$7,550,673. 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 55% are used in daily operations; the other 45% or \$20,215,168 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%

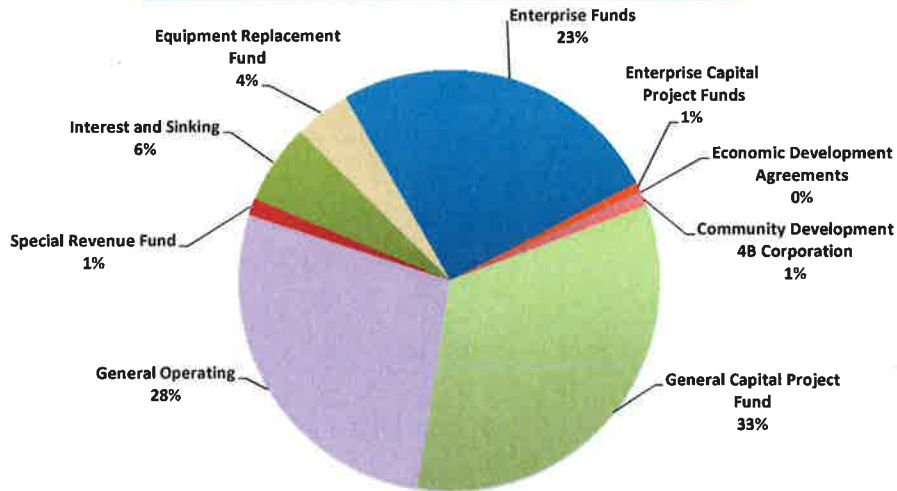


# Cash and Investment Summary Comments

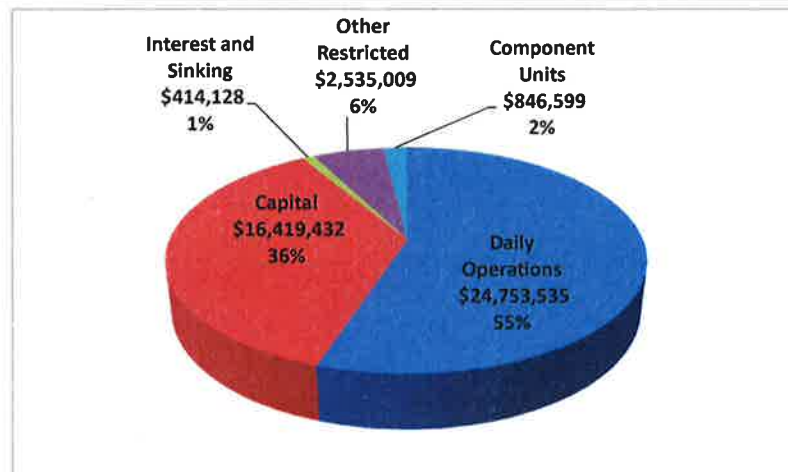
Portfolio Summary as of 9/30/2016

- \* \$44,968,703 - Cash and Investments on hand at 9/30/2016; average yield .75%.
- \* \$7,550,673 Change in Cash since end of Quarter at 6/30/2016 (decrease)
- \* \$92,241 interest earned for fourth quarter of fiscal year; year-to-date interest earnings \$305,231
- \* 100% or \$44,968,703 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 .30%; 6 Month Treasury Rolling Yield is .42%.

## Interest Earnings as of September 30, 2016



Interest Earnings Y-T-D: \$305,231



## Allocation of Operations at 9/30/2016

**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	Balances 3-31-2016	Balances 6-30-2016	Balances 9-30-2016	Changes from 6-30-2016	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	15,047,650	11,151,623	8,656,993	(2,494,631)	Daily Operations
113-0101-00-00	113	PARKS AND RECREATION FUND	448,494	321,196	180,185	493,083	352,582	996,883	895,964	757,353	(138,611)	Parks and Recreation Operations
115-0101-00-00	115	CASH-STREET MAINTENANCE	51,264	108,013	237,031	235,707	352,477	359,180	271,045	167,150	(103,896)	1/4 Cent Sales Tax for Streets
			9,515,082	9,807,357	8,419,817	5,988,595	13,327,283	16,403,714	12,318,632	9,581,495	(2,737,137)	
<b>Special Revenue Fund</b>												
200-0101-00-00	200	CASH-SPECIAL REVENUE	129,181	127,236	131,584	134,182	140,526	144,944	138,176	141,874	3,698	Library, Police and Fire Restricted
202-0101-00-00	202	CASH-STREETScape FUND	783,916	757,247	83,510	200,251	185,461	207,481	99,444	51,367	(48,077)	Streetscape
203-0101-00-00	203	CASH-PEG FUNDS	34,401	49,706	65,875	79,877	97,223	107,134	116,045	128,512	12,467	PEG Program
205-0101-00-00	205	CASH-TRAFFIC SAFETY	9,046	(25,987)	74,134	115,263	106,484	130,674	137,178	145,584	8,406	Red Light Camera Program
211-0101-00-00	211	CASH-FARMERS MARKET GRANT	8,194	8,209	8,225	0	0	(43,174)	(71,983)	(101,433)	(29,450)	Farmers Market grant
250-0101-00-00	250	CASH-GRANTS AND DONATIONS	22,892	27,352	14,867	23,173	24,203	25,709	25,713	25,418	(294)	Library, Police and Fire Restricted
412-0101-00-00	412	CASH-FORFEITURE	23,995	30,224	16,430	16,192	36,204	38,630	33,087	27,804	(5,283)	Police - restricted
			1,011,624	973,987	394,625	568,937	590,101	611,398	477,660	419,126	(58,534)	
<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	3,946,734	3,579,550	414,128	(3,165,422)	Restricted for debt payments
			3,201,399	3,411,214	3,606,348	339,676	3,691,623	3,946,734	3,579,550	414,128	(3,165,422)	
<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	2,144,171	1,863,090	1,829,057	(34,032)	Restricted for vehicle/equipment replacement
501-0101-00-00	501	FIRE EQUIPMENT REPLACEMENT FUND	194,020	194,380	164,565	108,989	99,162	302,047	290,311	286,826	(3,485)	Restricted for Fire equipment replacement
			4,718,747	3,252,816	2,951,213	2,829,786	1,581,969	2,446,218	2,153,401	2,115,883	(37,517)	
<b>Enterprise Funds</b>												
612-0101-00-00	612	CASH-UTILITY OPERATING	2,194,717	2,569,910	2,777,559	3,358,745	4,452,856	4,754,524	6,178,529	6,102,437	(76,092)	Daily Operations and Debt Payments
641-0101-00-00	641	CASH - 2016 CO REV W/S BOND \$7.6M							8,017,174	7,958,956	(58,217)	Restricted for 2016 W/S Bond Projects
712-0101-00-00	712	CASH-SOLID WASTE	28,163	200,353	225,001	207,120	355,489	518,813	660,700	826,610	165,910	Restricted for Courtesy Site
715-0101-00-00	715	CASH-STORM DRAINING FUND	474,714	547,570	506,407	549,041	524,329	519,453	254,130	284,037	29,907	
			2,697,594	3,317,833	3,508,961	4,114,906	5,332,674	5,792,790	15,110,533	15,172,040	61,507	
<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	431,818	427,663	0	(427,663)	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	324,831	441,141	590,910	149,769	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	314,345	416,035	541,651	125,616	Restricted for Water and Sewer CIP
			1,732,603	1,930,630	2,271,923	642,537	830,892	1,070,994	1,284,839	1,132,561	(152,278)	
<b>Lakefront TIRZ #3</b>												
810-0101-00-00	810	CASH-LAKEFRONT TIRZ #3	0	0	0	0	32,497	32,556	68,642	40,161	(28,481)	Restricted for TIRZ #3
			0	0	0	0	32,497	32,556	68,642	40,161	(28,481)	
<b>HWY 380 MMD #1</b>												
809-0101-00-00	809	CASH - HWY 380 MMD #1							417	418	1	Restricted for MMD #1
									417	418	1	
<b>TIRZ #5</b>												
813-0101-00-00	813	CASH - TIRZ #5							3,358	3,365	7	Restricted for TIRZ #5
									3,358	3,365	7	
<b>Economic Development 4A Corporation</b>												
811-0101-00-00	811	CASH-ECONOMIC DEVELOPMENT	0	0	0	0	0	0	0	0	0	Restricted for 4A Purposes
			0	0	0	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	388,349	588,384	802,656	214,272	Restricted for 4B Purposes
			1,139,013	1,301,466	265,959	106,354	298,513	388,349	588,384	802,656	214,272	
<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	2,155,631	1,620,367	1,626,934	6,567	Restricted for Street Projects
841-0101-00-00	841	CASH IN BANK - 2015 CO BONDS	0	0	0	0	9,658,459	9,609,282	9,414,005	8,653,592	(760,413)	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	5,956,177	5,899,590	5,006,345	(893,244)	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	17,721,090	16,933,962	15,286,871	(1,647,090)	Restricted for CIP Proj after 6/2013
			31,227,955	30,232,480	29,357,523	22,236,273	44,137,998	48,413,843	52,519,376	44,968,703	(7,550,673)	
<b>Total Cash and Investments at 9-30-2016</b>												

Interest Earnings

	1st Qtr 2016			2nd Qtr 2016			3rd Qtr 2016			4th Qtr 2016			YTD Totals			
	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16				
General Operating	4,426.20	3,868.49	4,429.55	12,724.24	8,055.71	9,441.52	8,807.57	26,304.80	8,784.13	8,264.70	6,552.29	23,601.12	8,116.78	7,203.41	6,152.44	21,472.63
Special Revenue Fund	370.64	363.19	211.31	945.14	268.71	344.35	298.84	911.90	399.78	371.41	298.86	1,070.05	386.73	335.14	331.15	1,053.02
Interest and Sinking	248.99	387.87	1,321.97	1,958.83	2,202.21	2,373.17	2,432.87	7,008.25	2,460.52	2,137.89	1,901.28	6,495.69	1,055.48	253.59	2,074.50	3,383.57
Equipment Replacement Fund	1,104.74	978.02	566.50	2,649.26	533.71	909.11	962.82	2,405.64	1,502.82	1,311.22	1,118.68	3,932.72	1,433.19	1,306.17	1,346.00	4,087.36
Enterprise Funds	2,888.41	3,417.04	2,045.45	8,350.90	3,262.72	4,120.09	3,080.32	10,463.13	4,224.46	13,221.63	12,137.21	29,583.30	9,214.68	9,740.14	10,364.59	29,319.41
Enterprise Capital Project Funds	300.15	269.13	155.13	724.41	260.49	251.08	273.92	785.49	269.89	233.81	261.12	764.82	295.02	-	-	295.02
Economic Agreements	6.43	6.53	11.64	24.60	19.64	18.93	20.65	59.22	45.45	43.63	43.32	132.40	41.86	29.76	27.96	99.58
Economic Development 4A Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Development 4B Corporation	116.43	147.71	157.91	422.05	208.09	261.31	224.31	693.71	275.31	118.64	58.51	452.46	439.06	460.10	506.59	1,405.75
LE Redevelopment Authority	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General Capital Project Funds	5,053.28	5,208.12	6,607.83	16,869.23	9,987.04	10,769.76	9,650.06	30,406.86	10,783.05	6,909.97	5,574.37	23,267.39	11,051.40	10,348.52	9,724.60	31,124.52
<b>Total Cash and Investments by Portfolio Fund Type:</b>	<b>14,515.27</b>	<b>14,646.10</b>	<b>15,507.29</b>	<b>44,668.86</b>	<b>24,798.32</b>	<b>28,489.32</b>	<b>25,751.36</b>	<b>79,039.00</b>	<b>28,745.41</b>	<b>32,611.90</b>	<b>27,945.64</b>	<b>89,303.95</b>	<b>37,034.20</b>	<b>29,678.83</b>	<b>30,527.83</b>	<b>92,240.86</b>
																101,868.00
																<b>305,252.47</b>



# QUARTERLY INVESTMENT REPORT

For the Quarter Ended

September 30, 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.

*Karla Skelton*  
Chief Financial Officer

*Diane Dawson*  
Assistant Finance Director

*Toti Szemily*  
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

### FYE Results by Investment Category:

	September 30, 2016			September 30, 2015		
Asset Type	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
Pools/Bank DDA	0.75%	\$ 44,968,703	\$ 44,968,703	0.75%	\$ 22,236,273	\$ 22,236,273
Securities/CDs		-	-		-	-
<b>Totals</b>		<b>\$ 44,968,703</b>	<b>\$ 44,968,703</b>		<b>\$ 22,236,273</b>	<b>\$ 22,236,273</b>
		<b>2016</b>		<b>2015</b>	<b>Change</b>	
Total Portfolio (1)		0.75%		0.75%	0.00%	
Rolling Three Mo. Treas. Yield		0.30%		0.03%	0.27%	
Rolling Six Mo. Treas. Yield		0.42%		0.09%	0.33%	
Quarterly TexPool Yield		0.38%		0.06%	0.32%	

(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, 2016		June 30, 2016		
	Ave. Yield	Book Value	Market Value	Book Value	Market Value
Pools/Bank DDA	0.75%	\$ 44,968,703	\$ 44,968,703	\$ 52,519,376	\$ 52,519,376
Securities/CDS		-	-	-	-
<b>Totals</b>		<b>\$ 44,968,703</b>	<b>\$ 44,968,703</b>	<b>\$ 52,519,376</b>	<b>\$ 52,519,376</b>

Average Yield (1)	Total Portfolio	0.75%	Fiscal Year-to-Date Average Yield (2)	Total Portfolio	0.75%
Rolling Three Mo. Treas. Yield		0.30%	Rolling Three Mo. Treas. Yield		0.25%
Rolling Six Mo. Treas. Yield		0.42%	Rolling Six Mo. Treas. Yield		0.37%
			Quarterly TexPool Yield		0.31%

Quarterly Interest Income	\$ 92,241
Year-to-date Interest Income	\$ 308,615

(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.

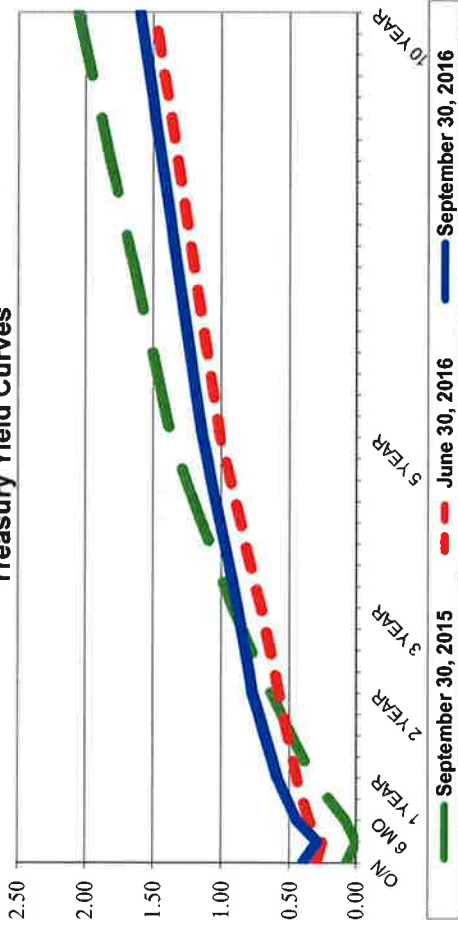


## Economic Overview

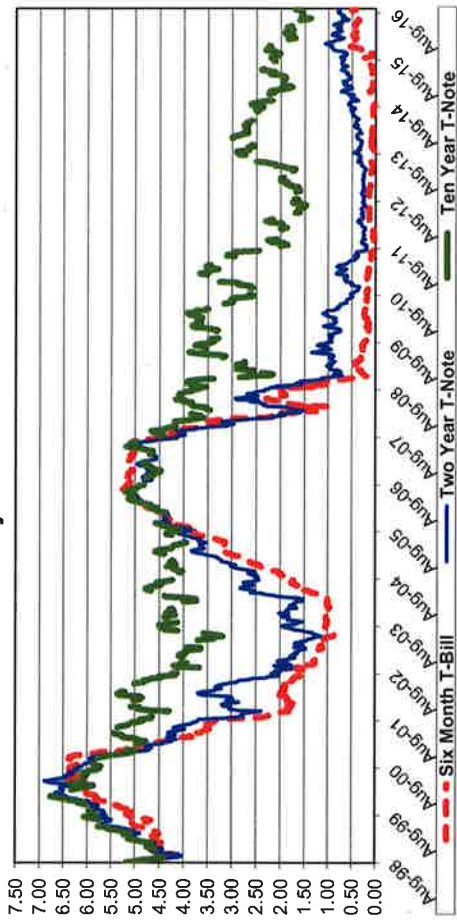
9/30/2016

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range of 0.25% - 0.50% (actual Fed Funds traded +/-40 bps). The September FOMC meeting recorded dissenting votes for maintaining rates. More hawkish members wanted to raise the range by 0.25%. The current probability of a December FOMC meeting vote to raise the Fed Funds target is +/-60%. Second Quarter US GDP revised to 1.4% (from 1.1%, no more revision is expected). Other economic data reflected modest, yet inconsistent, growth. The US Stock markets have maintained higher levels. Treasury yields drifted slightly higher on tightening rumors. Taxable municipal bonds or CDs offer the best interest earnings opportunity, if available.

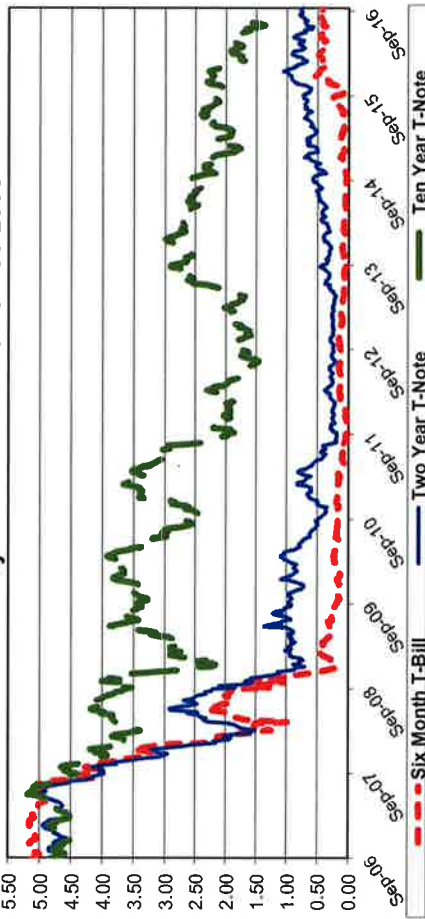
### Treasury Yield Curves



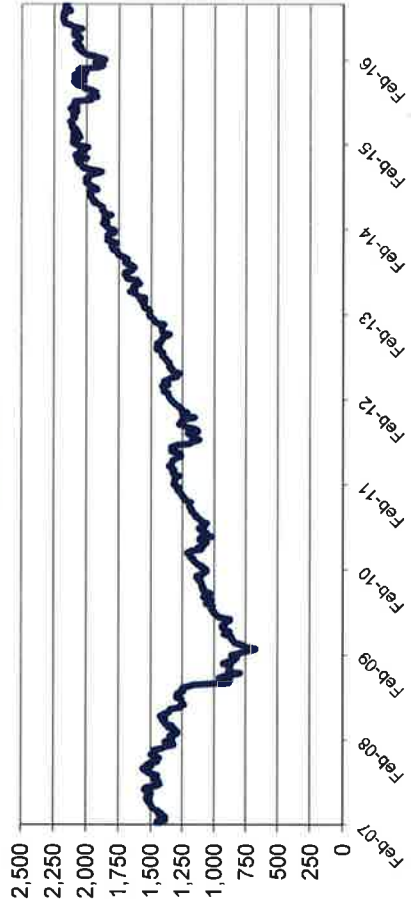
### US Treasury Historical Yields - Since 1998



### US Treasury Historical Yields - Since 2006



### S&P 500



**Investment Holdings  
September 30, 2016**

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA	0.75%	10/01/2016	09/30/2016	\$ 44,968,703	\$ 44,968,703	1.000	\$ 44,968,703	1	0.75%	
				<b>\$ 44,968,703</b>	<b>\$ 44,968,703</b>		<b>\$ 44,968,703</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.

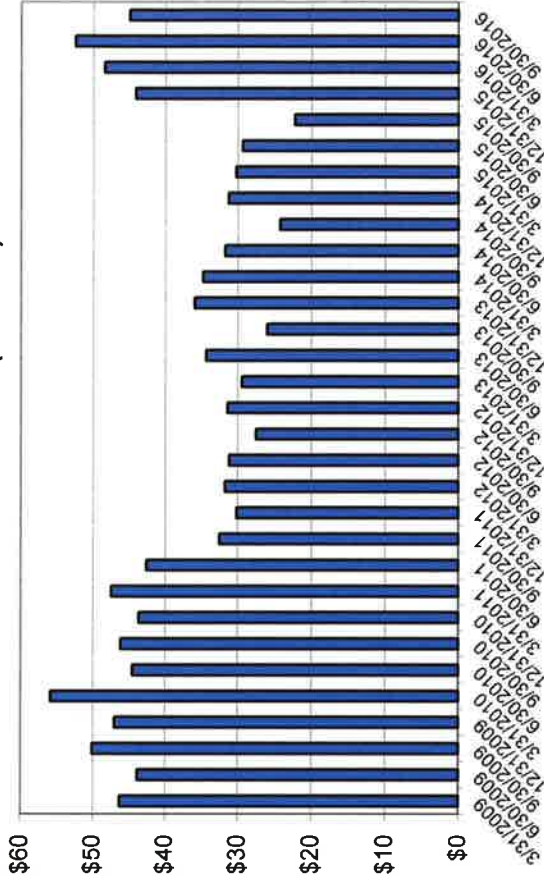
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for pool and bank account investments.

### Portfolio Composition

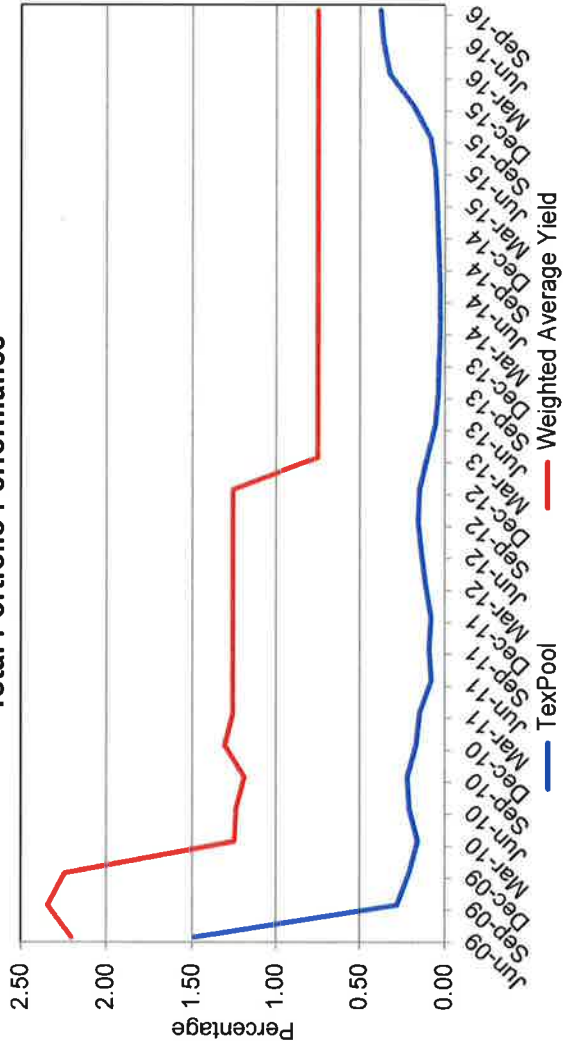
Pools/Bank  
DDA 100%



### Total Portfolio (Millions)



### Total Portfolio Performance



**Book Value Comparison**

		June 30, 2016			September 30, 2016			
Description	Coupon/ Discount	Maturity Date	Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Maturities	Par Value	Book Value
DDA	0.75%	10/01/2016	\$ 52,519,376	\$ 52,519,376	\$ -	\$ (7,550,673)	\$ 44,968,703	\$ 44,968,703
<b>TOTAL</b>			<b>\$ 52,519,376</b>	<b>\$ 52,519,376</b>	<b>\$ -</b>	<b>\$ (7,550,673)</b>	<b>\$ 44,968,703</b>	<b>\$ 44,968,703</b>

**Market Value Comparison**

		June 30, 2016			September 30, 2016		
Description	Coupon/ Discount	Maturity Date	Par Value	Market Value	Qtr to Qtr Change	Par Value	Market Value
DDA	0.75%	10/01/2016	\$ 52,519,376	\$ 52,519,376	\$ (7,550,673)	\$ 44,968,703	\$ 44,968,703
<b>TOTAL</b>			<b>\$ 52,519,376</b>	<b>\$ 52,519,376</b>	<b>\$ (7,550,673)</b>	<b>\$ 44,968,703</b>	<b>\$ 44,968,703</b>

**Allocation**

**September 30, 2016**

Book & Market Value	Total	General Operating	Special Revenue	Interest & Sinking	Internal		Enterprise		Lakefront		General Capital	
					Service Fund	Enterprise Funds	Capital Projects	CDC 4B	TIRZ #3	Projects	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>		

**Allocation**

**June 30, 2016**

Book & Market Value	Total	General Operating	Special Revenue	Interest & Sinking	Internal Service Fund	Enterprise Funds	Enterprise Capital		Lakefront TIRZ #3		General Capital Projects	
							Projects	CDC 4B	TIRZ #3	Projects	Projects	
DDA	\$ 52,519,376	\$ 12,318,632	\$ 477,660	\$ 3,579,550	\$ 2,153,401	\$ 15,110,533	\$ 1,284,839	\$ 588,384	\$ 72,417	\$ 16,933,962		
<b>Totals</b>	<b>\$ 52,519,376</b>	<b>\$ 12,318,632</b>	<b>\$ 477,660</b>	<b>\$ 3,579,550</b>	<b>\$ 2,153,401</b>	<b>\$ 15,110,533</b>	<b>\$ 1,284,839</b>	<b>\$ 588,384</b>	<b>\$ 72,417</b>	<b>\$ 16,933,962</b>		