
MEMORANDUM

TO: IVAN LANGFORD, TOWN MANAGER
FROM: ALAN DICKERSON, FINANCE DIRECTOR
SUBJ: INVESTMENT REPORT FOR QUARTER ENDING JUNE 30, 2010
CC: MAYOR AND COUNCIL

Attached is the Quarterly Investment Report for the quarter ending June 30, 2010 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 June 30, 2010, the City's portfolio consisted of the following investments:

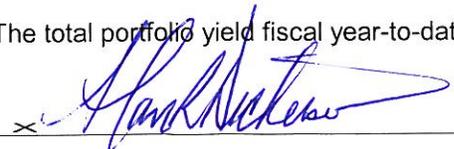
Portfolio by Type	Average Yield	Total Invested	% of Total
Money Market- Independent Bank & Texpool	1.21%	\$23,425,076	56%
Certificates of Deposit	1.08%	\$18,106,411	44%
Total Portfolio	1.24%	\$41,531,484	100%

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, Point Bank and TexPool are fully secured and safeguarded. **Total interest earned for the quarter ending June 30, 2010 was \$118,677. The Town's depository bank lowered the interest earnings rate from 3.04% to 1.25% effective February 1, 2010.**

Total cash and investments for the period ending March 31, 2010 was \$55,903,033 and the invested balances at June 30, 2010 was \$41,531,484, a net change of \$14,371,549. 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 the Public Funds Investment Act.

Over 50% 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 The Town's funds are swept to the above accounts and withdrawn as needed for operational cash flow requirements.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 1.58%

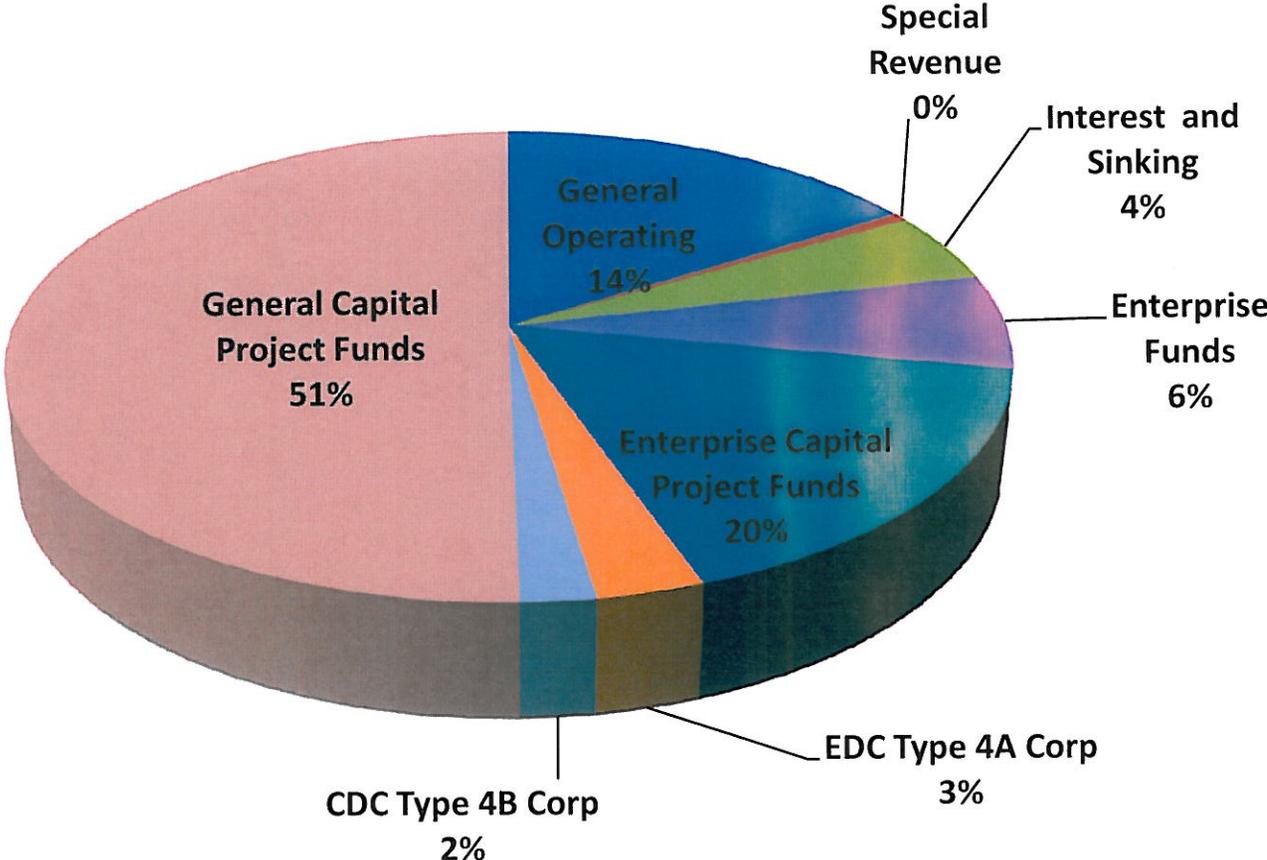


CASH AND INVESTEMENTS BY PORTFOLIO <i>(All Funds are in interest bearing accounts.)</i>			Balances 12-31-09	Balances 03-31-10	Balances 06-30-10	Changes from 03-31-10	Use of Funds
Fund	#	Fund Description					
General Operating							
112-0101-00-00	112	CASH-GENERAL FUND	2,768,205.75	7,664,973.55	6,179,558.18	(1,485,415.37)	Daily Operations
115-0101-00-00	115	CASH-STREET MAINTENANCE	312,035.34	467,979.87	567,248.24	99,268.37	Restricted 1/4 Cent Sales Tax for Streets
			3,080,241.09	8,132,953.42	6,746,806.42	(1,386,147.00)	
Special Revenue Fund							
200-0101-00-00	200	CASH-SPECIAL REVENUE	58,117.81	72,389.43	150,475.41	78,085.98	Library, Police and Fire Restricted
205-0101-00-00	205	CASH-TRAFFIC SAFETY	0.00	0.00	36,523.00	36,523.00	Red Light Camera Program
250-0101-00-00	250	CASH-GRANTS AND DONATIONS	27,269.14	29,261.14	31,535.30	2,274.16	Library, Police and Fire Restricted
412-0101-00-00	412	CASH-FORFEITURE	7,805.75	7,690.99	7,712.10	21.11	Police - restricted
			93,192.70	109,341.56	226,245.81	116,904.25	
Interest and Sinking							
312-0101-00-00	312	CASH-DEBT SERVICE FUND	590,464.09	1,920,510.50	1,977,118.76	56,608.26	Restricted for debt payments
312-1380-00-00	312	TEXPOOL-2010 GO I&S	0.00	10,604.27	10,609.28	5.01	Restricted for 2010 GO Interest
			590,464.09	1,931,114.77	1,987,728.04	56,613.27	
Enterprise Funds							
612-0101-00-00	612	CASH-UTILITY OPERATING	2,390,412.40	2,128,520.63	1,804,751.44	(323,769.19)	Daily Operations and Debt Payments
612-1374-00-00	612	TEXPOOL-BOND RESERVE	807,293.47	807,607.05	807,988.18	381.13	Restricted for Revenue Bonds
712-0101-00-00	712	CASH-SOLID WASTE	74,451.76	94,963.55	87,891.35	(7,072.20)	Restricted for Operations of Dump Site
			3,272,157.63	3,031,091.23	2,700,630.97	(330,460.26)	
Enterprise Capital Project Funds							
612-0101-00-76	612	RESTRICTED CASH-CO'S \$16.770M	3,412,985.28	4,896,682.54	0.00	(4,896,682.54)	Restricted for Water and Sewer CIP
612-1381-00-76	612	INVESTMENTS - POINT BANK -CD's	10,009,452.05	5,000,000.00	2,500,000.00	(2,500,000.00)	Restricted for Water and Sewer CIP
816-0101-00-00	816	CASH IN BANK CONSOLIDATED	9,205.51	9,243.94	9,269.32	25.38	Restricted for Water and Sewer CIP
819-0101-00-00	819	CASH IN BANK - CONSOLIDATED	319,660.15	361,734.15	404,109.11	42,374.96	Restricted for Water and Sewer CIP
829-0101-00-00	829	CASH IN BANK	6,434.22	6,461.08	12,300.83	5,839.75	Restricted for Water and Sewer CIP
831-0101-00-00	831	CASH IN BANK - CONSOLIDATED	0.00	78.21	0.00	(78.21)	Restricted for Water and Sewer CIP
840-0101-00-00	840	CASH IN BANK - CONSOLIDATED	4,495,517.85	2,376,703.26	2,383,229.50	6,526.24	Restricted for Water and Sewer CIP
840-1370-00-00	840	TEXPOOL-2004 W/WW REV BONDS	0.00	0.00	0.00	0.00	Restricted for Water and Sewer CIP
913-0101-00-00	913	CASH IN BANK - CONSOLIDATED	1,551,820.98	1,612,475.72	1,612,164.11	(311.61)	Restricted for Water and Sewer CIP
			19,805,076.04	14,263,378.90	6,921,072.87	(7,342,306.03)	
Economic Development 4A Corporation							
811-0101-00-00	811	CASH-ECONOMIC DEVELOPMENT	1,165,548.59	1,147,039.20	1,228,970.20	81,931.00	Restricted for 4A Purposes
			1,165,548.59	1,147,039.20	1,228,970.20	81,931.00	

CASH AND INVESTMENTS BY PORTFOLIO <i>(All Funds are in interest bearing accounts.)</i>			Balances 12-31-09	Balances 03-31-10	Balances 06-30-10	Changes from 03-31-10	Use of Funds
Fund	#	Fund Description					
Community Development 4B Corporation							
814-0101-00-00	814	CASH-CDC	726,157.25	760,686.43	857,886.13	97,199.70	Restricted for 4B Purposes
			726,157.25	760,686.43	857,886.13	97,199.70	
General Capital Project Funds							
822-0101-00-00	822	CASH IN BANK - STREET IMPACT FEES	12,211.64	12,262.62	12,296.29	33.67	Restricted for Street Projects
825-0101-00-00	825	CASH IN BANK - PARK DEV FEES	153,947.81	162,444.35	162,890.41	446.06	Restricted for Park Projects
828-0101-00-00	828	CASH IN BANK - STREET IMPACT FEES	92,563.10	134,250.59	115,682.41	(18,568.18)	Restricted for Street Projects
850-0101-00-00	850	CASH IN BANK - 2004 GO BONDS	(94,376.63)	2,638,959.42	1,023,008.15	(1,615,951.27)	Restricted for 04 GO Bond Projects
850-1115-00-00	850	CD-Sterling Bank	0.00	0.00	1,500,000.00	1,500,000.00	Restricted for 04 GO Bond Projects
850-1372-00-00	850	TEXPOOL S2006 G.O.BONDS \$6.25M	3,276,727.57	0.00	0.00	0.00	Restricted for 04 GO Bond Projects
870-0101-00-00	870	CASH IN BANK - 2009 GO BONDS	1,429,269.66	1,005,291.30	140,272.62	(865,018.68)	Restricted for 09 GO Bond Projects
870-0101-00-87	870	RESTRICTED CASH-09 GO BONDS	842,430.56	845,947.62	848,426.72	2,479.10	Restricted for 09 GO Bond Projects
870-1110-00-00	870	2009 GO BOND FUND-#1000062461	1,367,829.56	4,382,125.09	2,953,156.00	(1,428,969.09)	Restricted for 09 GO Bond Projects
870-1115-00-00	870	INVESTMENTS-CD'S	11,195,000.00	8,200,000.00	3,500,000.00	(4,700,000.00)	Restricted for 09 GO Bond Projects
870-1118-00-00	870	INVESTMENTS-CD'-STERLING BANK	0.00	0.00	10,606,411.00	10,606,411.00	Restricted for 09 GO Bond Projects
870-1380-00-00	870	TEXPOOL-2010 GO BONDS	0.00	9,146,146.18	0.00	(9,146,146.18)	Restricted for 09-10 Bond Projects
			18,275,603.27	26,527,427.17	20,862,143.60	(5,665,283.57)	
Total Cash and Investments at 09-30-09			47,008,440.66	55,903,032.68	41,531,484.04	(14,371,548.64)	
Summary by Fund Type: Invested Balances			12/31/2009	3/31/2010	6/30/2010		
General Operating			3,080,241.09	8,132,953.42	6,746,806.42	(1,386,147.00)	Operations-General
Special Revenue Fund			93,192.70	109,341.56	226,245.81	116,904.25	Restricted for special uses
Interest and Sinking			590,464.09	1,931,114.77	1,987,728.04	56,613.27	Restricted for debt
Enterprise Funds			3,272,157.63	3,031,091.23	2,700,630.97	(330,460.26)	Operations-Utility
Enterprise Capital Project Funds			19,805,076.04	14,263,378.90	6,921,072.87	(7,342,306.03)	Restricted-Bond CIP Program
Economic Development 4A Corporation			1,165,548.59	1,147,039.20	1,228,970.20	81,931.00	Restricted to Type 4A Expenses
Community Development 4B Corporation			726,157.25	760,686.43	857,886.13	97,199.70	Restricted to Type 4B Expenses
General Capital Project Funds			18,275,603.27	26,527,427.17	20,862,143.60	(5,665,283.57)	Restricted-Bond CIP Program
Total Cash and Investments by Portfolio Fund Type:			47,008,440.66	55,903,032.68	41,531,484.04	(14,371,548.64)	

CASH AND INVESTMENTS BY PORTFOLIO		Balances	Balances	Balances	Changes	Use of Funds
<i>(All Funds are in interest bearing accounts.)</i>		12-31-09	03-31-10	06-30-10	from 03-31-10	
Fund	# Fund Description					
Summary by Fund Type: Earnings		12/31/2009	3/31/2010	6/30/2010		
	General Operating	27,542.24	32,203.08	19,488.11	(12,714.97)	
	Special Revenue Fund	645.76	417.65	385.37	(32.28)	
	Interest and Sinking	3,281.60	9,133.13	5,282.95	(3,850.18)	
	Enterprise Funds	19,172.50	8,949.30	7,415.51	(1,533.79)	
	Enterprise Capital Project Funds	90,957.21	75,523.71	48,344.29	(27,179.42)	
	Economic Development 4A Corporation	7,101.29	4,369.69	3,136.07	(1,233.62)	
	Community Development 4B Corporation	5,510.91	3,358.59	2,402.11	(956.48)	
	General Capital Project Funds	29,985.56	30,039.22	32,222.73	2,183.51	CD Interest not accrued until maturity
	Total Cash and Investments by Portfolio Fund Type:	184,197.07	163,994.37	118,677.14	(45,317.23)	
	Interest Checking	21,719,967.57	32,738,675.18	22,606,475.58	(10,132,199.60)	
	Investment Pool	4,084,021.04	9,964,357.50	818,597.46	(9,145,760.04)	
	Certificates of Deposit	21,204,452.05	13,200,000.00	18,106,411.00	4,906,411.00	
		47,008,440.66	55,903,032.68	41,531,484.04	(14,371,548.64)	

Cash and Investments by Fund Type at June 30, 2010



Town of Little Elm

INVESTMENT PORTFOLIO SUMMARY

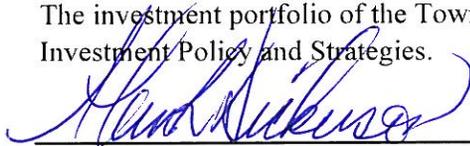
For the Quarter Ended

June 30, 2010

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.



Finance Director and Investment Officer

Strategy Summary:

The Federal Open Market Committee (FOMC) maintained the Fed Funds target at a range between 0.00% and 0.25% and have pledged to continue the current policy for the foreseeable future. Investment Pools and short term investments earn +/-0.20%. The stock market has fallen recently on reoccurring domestic and international economic uncertainty. The rate of growth and resulting employment are the main bond market concerns. The yield curve remains steep, but has fallen to lower yields.

Quarter End Results by Investment Category:

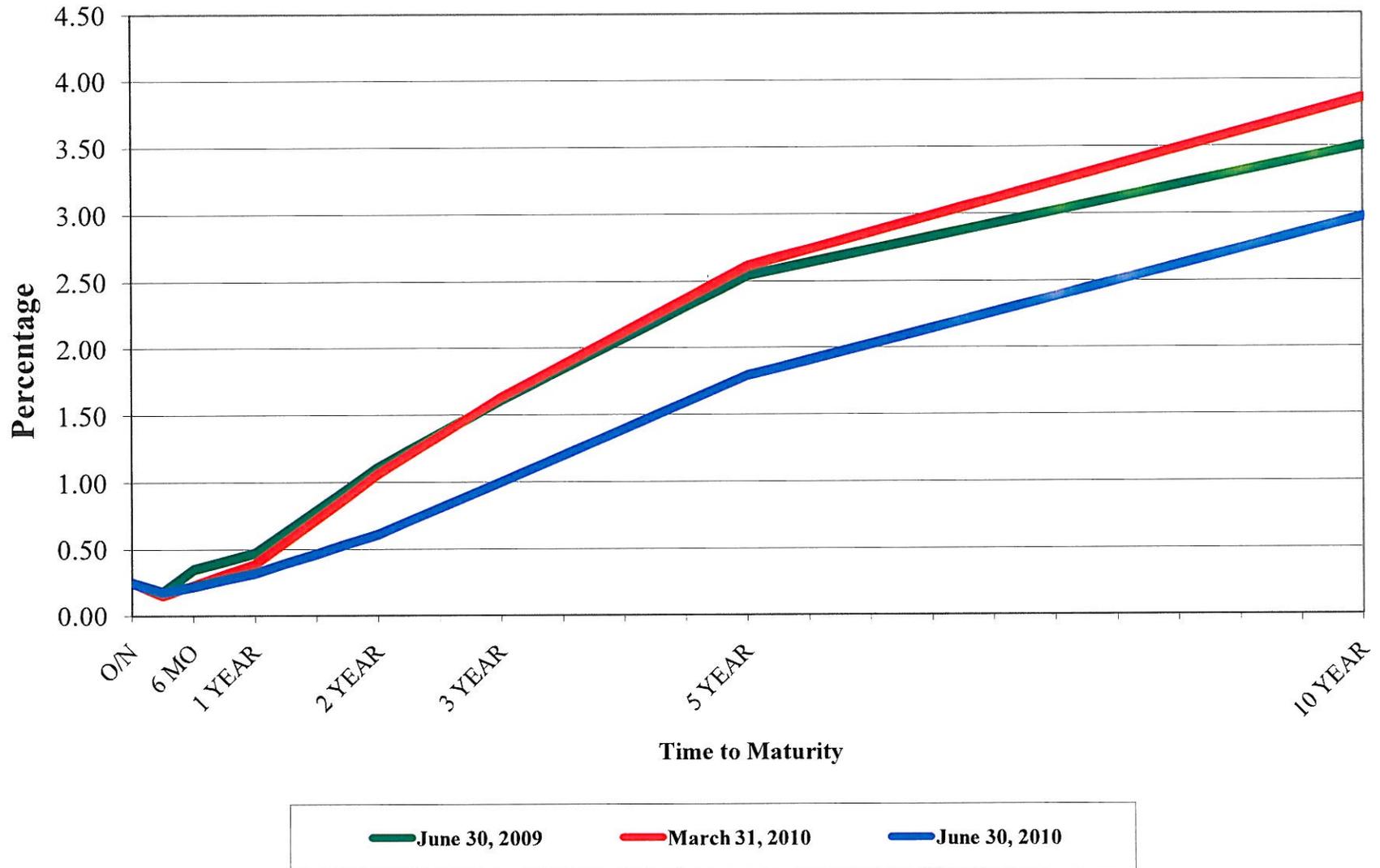
<u>Asset Type</u>	<u>Ave. Yield</u>	<u>June 30, 2010</u>		<u>March 31, 2010</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Pools/Bank	1.21%	\$23,425,073	\$23,425,073	\$42,703,033	\$42,703,033
Securities/CDs	1.08%	18,106,411	18,106,411	13,200,000	13,200,000
Totals		\$41,531,484	\$41,531,484	\$55,903,033	\$55,903,033

Average Yield (1)		Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	1.24%	Total Portfolio	1.58%
Rolling Three Mo. Treas. Yield	0.15%	Rolling Three Mo. Treas. Yield	0.11%
Rolling Six Mo. Treas. Yield	0.20%	Rolling Six Mo. Treas. Yield	0.20%
		Quarterly TexPool Yield	0.19%
Quarterly Interest Income	\$118,677		
Year-to-date Interest Income	\$466,869		

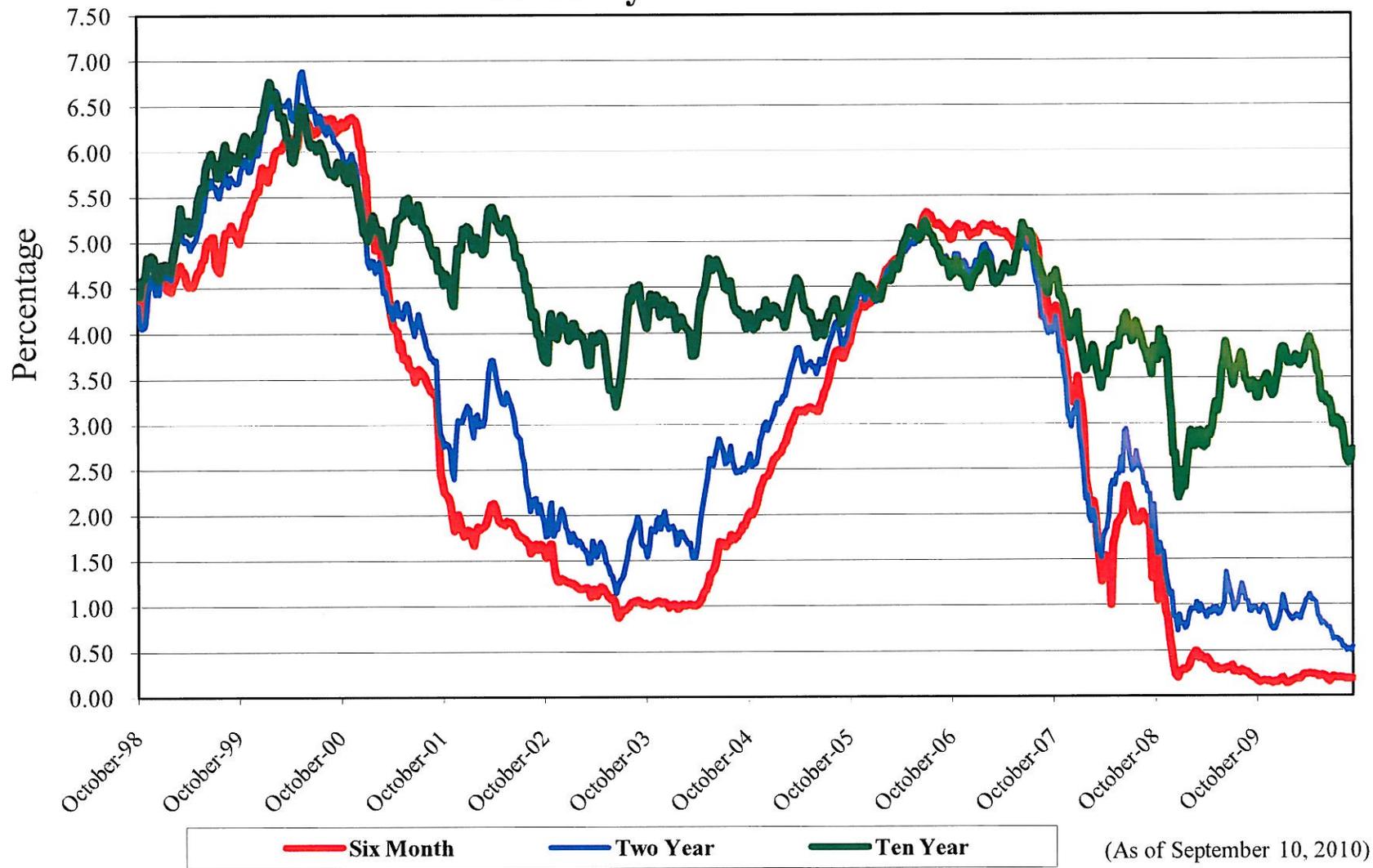
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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.

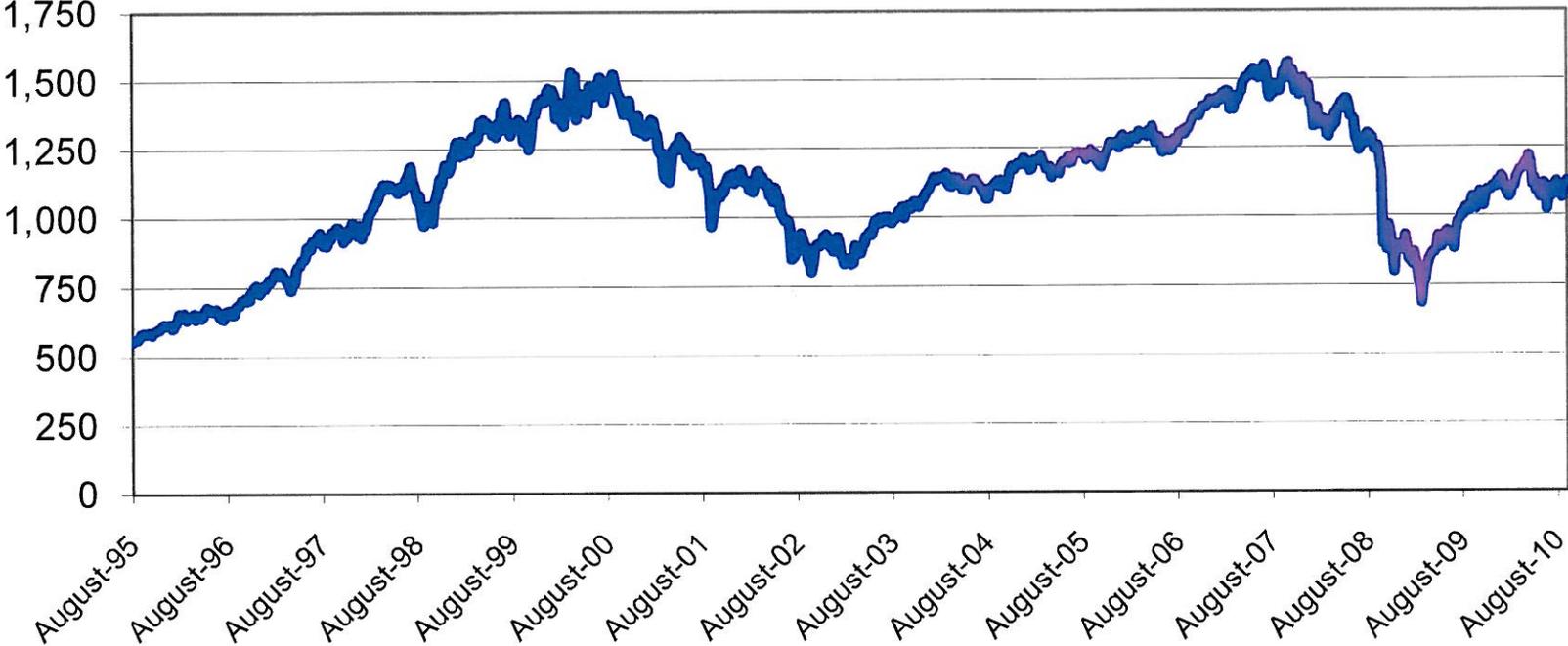
Treasury Yield Curves



US Treasury Historical Yields



S&P 500



Detail of Holdings

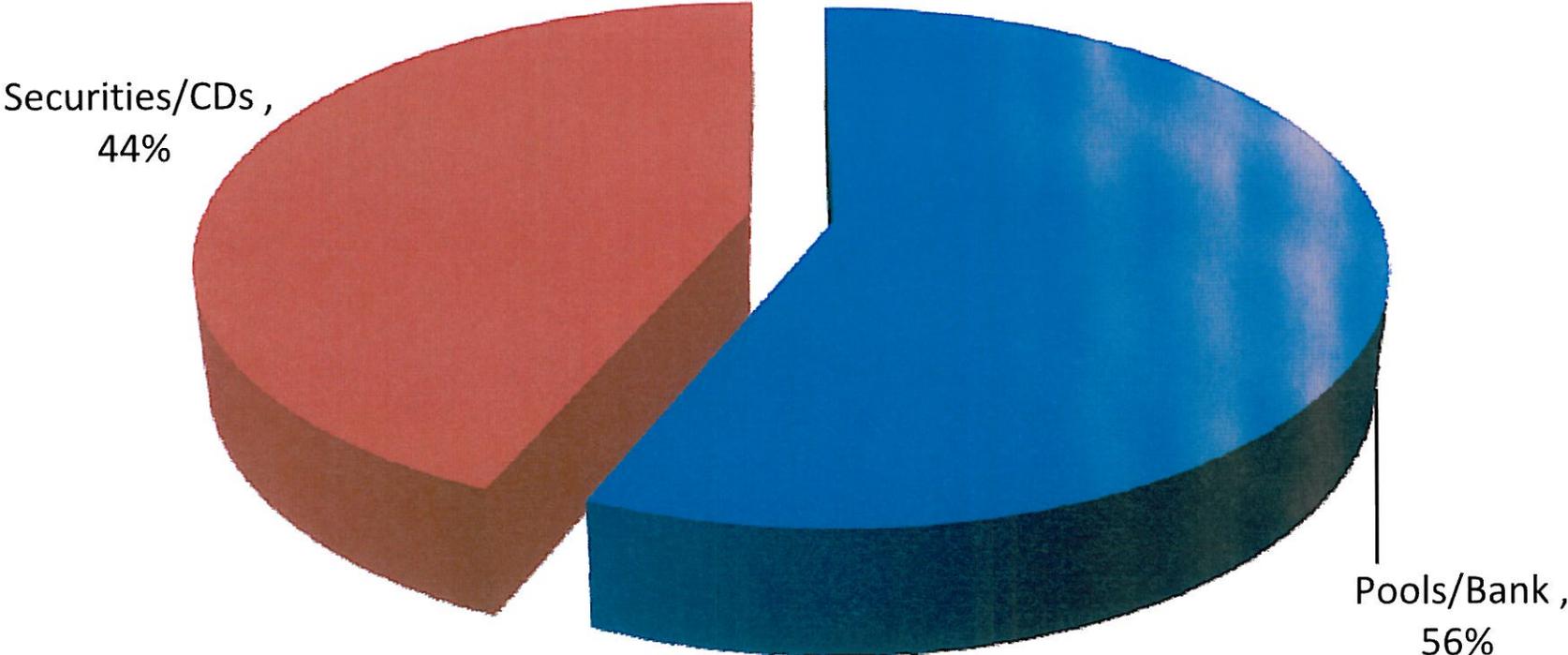
June 30, 2010

Security Description	Ratings	Coupon/Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (mo)	Yield
DDA/MMA		1.25%	7/1/2010	6/30/2010	\$22,606,476	\$22,606,476	1.000	\$22,606,476	0.03	1.25%
TexPool	AAAm	0.16%	7/1/2010	6/30/2010	818,597	818,597	1.000	818,597	0.03	0.16%
Independent Bank CD		1.60%	7/15/2010	9/8/2009	500,000	500,000	100.000	500,000	0.49	1.60%
Point Bank		2.50%	7/16/2010	7/16/2009	2,500,000	2,500,000	100.000	2,500,000	0.52	2.50%
Independent Bank CD		1.60%	8/15/2010	9/8/2009	500,000	500,000	100.000	500,000	1.51	1.60%
Independent Bank CD		1.81%	9/15/2010	9/8/2009	500,000	500,000	100.000	500,000	2.52	1.81%
Sterling Bank		0.35%	10/12/2010	7/14/2010	4,006,411	4,006,411	100.000	4,006,411	3.41	0.35%
Sterling Bank		0.85%	10/12/2010	4/15/2010	6,600,000	6,600,000	100.000	6,600,000	3.41	0.85%
Independent Bank CD		1.86%	12/15/2010	9/8/2009	2,000,000	2,000,000	100.000	2,000,000	5.51	1.86%
Sterling Bank		0.95%	1/10/2011	4/15/2010	1,500,000	1,500,000	100.000	1,500,000	6.36	0.95%
Independent Bank CD		1.92%	3/15/2011	9/8/2009	3,000,000	3,000,000	100.000	3,000,000	8.46	1.92%
					\$44,531,484	\$44,531,484		\$44,531,484	1.94	1.24%
									(1)	(2)

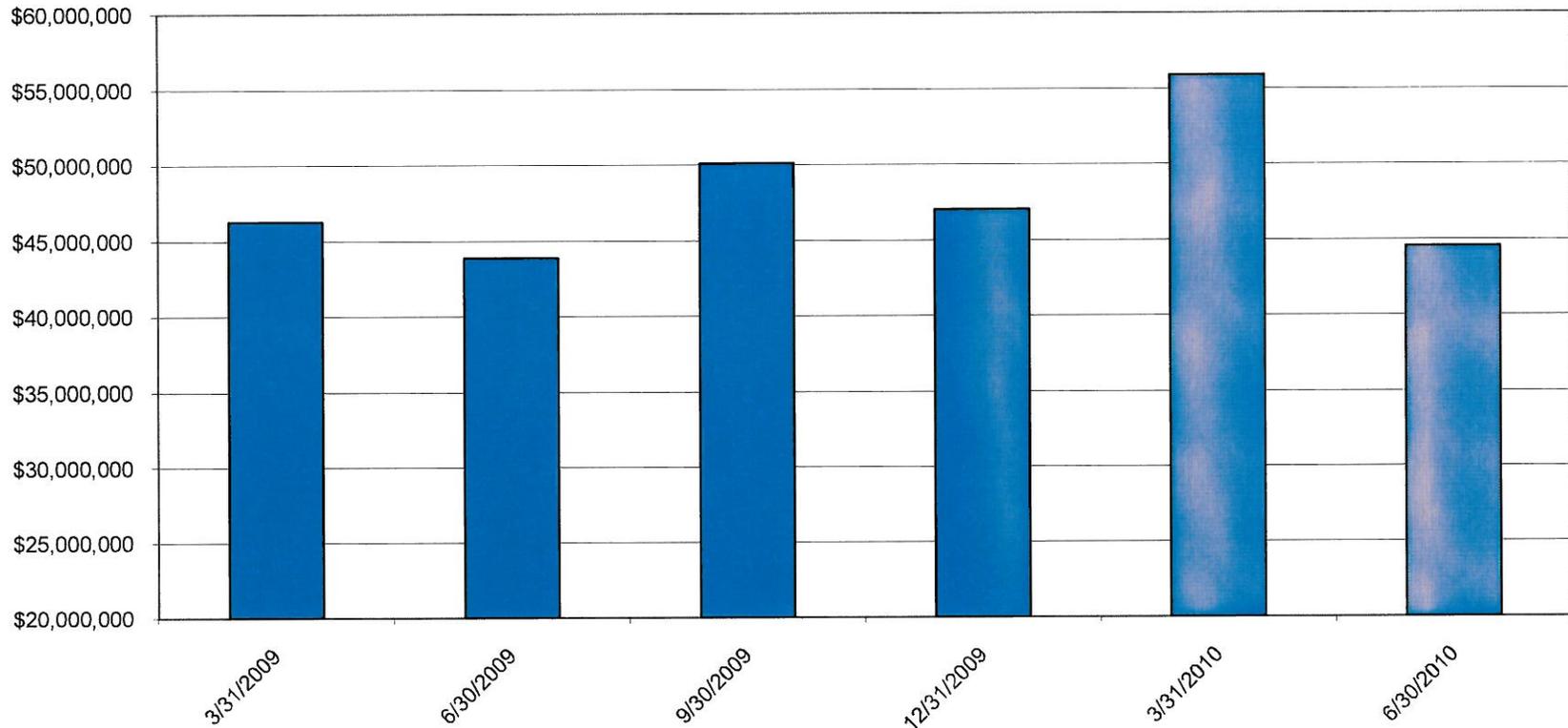
(1) **Weighted average life** - For purposes of calculating weighted average life, TexPool and bank account investments are assumed to have a one day maturity.

(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 TexPool and bank account

Portfolio Composition



Total Portfolio



Book Value Comparison

Security Description	Coupon/Discount	Maturity Date	March 31, 2010		Purchases/Adjustments	Sales/Adjust/Maturities	June 30, 2010	
			Par Value	Book Value			Par Value	Book Value
DDA/MMA	1.25%	7/1/2010	\$33,546,282.23	\$33,546,282.23		(\$10,939,806.65)	\$22,606,475.58	\$22,606,475.58
TexPool	0.16%	7/1/2010	9,156,750	9,156,750		(8,338,153)	818,597	818,597
Independent Bank CD	1.40%	4/15/2010	500,000	500,000		(500,000.00)		
Point Bank CD	2.26%	4/16/2010	2,500,000	2,500,000		(2,500,000.00)		
Independent Bank CD	1.40%	5/15/2010	500,000	500,000		(500,000.00)		
Independent Bank CD	1.60%	6/15/2010	700,000	700,000		(700,000.00)		
Independent Bank CD	1.60%	7/15/2010	500,000	500,000			500,000	500,000 ✓
Point Bank CD	2.50%	7/16/2010	2,500,000	2,500,000			2,500,000	2,500,000
Independent Bank CD	1.60%	8/15/2010	500,000	500,000			500,000	500,000
Independent Bank CD	1.81%	9/15/2010	500,000	500,000			500,000	500,000
Sterling Bank	0.35%	10/12/2010			4,006,411		4,006,411	4,006,411
Sterling Bank	0.85%	10/12/2010			6,600,000		6,600,000	6,600,000
Independent Bank CD	1.86%	12/15/2010	2,000,000	2,000,000			2,000,000	2,000,000
Sterling Bank	0.95%	1/10/2011			1,500,000		1,500,000	1,500,000 ✓
Independent Bank CD	1.92%	3/15/2011	3,000,000	3,000,000			3,000,000	3,000,000
TOTAL			\$55,903,033	\$55,903,033	\$12,106,411	(\$23,477,960)	\$44,531,484	\$44,531,484

Market Value Comparison

Security Description	Coupon/Discount	Maturity Date	March 31, 2010		Qtr to Qtr Change	June 30, 2010	
			Par Value	Market Value		Par Value	Market Value
DDA/MMA	1.25%	7/1/2010	\$33,546,282.23	\$33,546,282.23	(\$10,939,806.65)	\$22,606,475.58	\$22,606,475.58
TexPool	0.16%	7/1/2010	9,156,750	9,156,750	(8,338,153)	818,597	818,597
Independent Bank CD	1.40%	4/15/2010	500,000	500,000	(500,000.00)		
Point Bank CD	2.26%	4/16/2010	2,500,000	2,500,000	(2,500,000.00)		
Independent Bank CD	1.40%	5/15/2010	500,000	500,000	(500,000.00)		
Independent Bank CD	1.60%	6/15/2010	700,000	700,000	(700,000.00)		
Independent Bank CD	1.60%	7/15/2010	500,000	500,000	-	500,000	500,000
Point Bank CD	2.50%	7/16/2010	2,500,000	2,500,000	-	2,500,000	2,500,000
Independent Bank CD	1.60%	8/15/2010	500,000	500,000	-	500,000	500,000
Independent Bank CD	1.81%	9/15/2010	500,000	500,000	-	500,000	500,000
Sterling Bank	0.35%	10/12/2010			4,006,411	4,006,411	4,006,411
Sterling Bank	0.85%	10/12/2010			6,600,000	6,600,000	6,600,000
Independent Bank CD	1.86%	12/15/2010	2,000,000	2,000,000	-	2,000,000	2,000,000
Sterling Bank	0.95%	1/10/2011			1,500,000	1,500,000	1,500,000
Independent Bank CD	1.92%	3/15/2011	3,000,000	3,000,000	-	3,000,000	3,000,000
TOTAL			\$55,903,033	\$55,903,033	(\$11,371,549)	\$44,531,484	\$44,531,484

Allocation

June 30, 2010

Book & Market Value	Security Total	General Operating	Special Revenue	Interest & Sinking	Enterprise Funds	Enterprise Capital Projects	EDC 4A	EDC 4B	General Capital Projects
DDA/MMA	\$22,606,476	\$6,746,806	\$226,246	\$1,977,119	\$1,892,643	\$4,421,073	\$1,228,970	\$857,886	\$5,255,733
TexPool	818,597			10,609	807,988				
7/15/2010	500,000								500,000
7/16/2010	2,500,000					2,500,000			
8/15/2010	500,000								500,000
9/15/2010	500,000								500,000
10/12/2010	6,600,000								6,600,000
10/12/2010	4,006,411								4,006,411
12/15/2010	2,000,000								2,000,000
1/10/2011	1,500,000								1,500,000
3/15/2011	3,000,000								3,000,000
Totals	\$44,531,484	\$6,746,806	\$226,246	\$1,987,728	\$2,700,631	\$6,921,073	\$1,228,970	\$857,886	\$23,862,144

Allocation

March 31, 2010

Book Value	Security Total	General Operating	Special Revenue	Interest & Sinking	Enterprise Funds	Enterprise Capital Projects	EDC 4A	EDC 4B	General Capital Projects
DDA/MMA	33,546,282	8,132,953	109,342	1,920,511	3,031,091	9,263,379	1,147,039	760,686	9,181,281
TexPool	9,156,750			10,604	-	-			9,146,146
4/15/2010	500,000								500,000
4/16/2010	2,500,000					2,500,000			
5/15/2010	500,000								500,000
6/15/2010	700,000								700,000
7/15/2010	500,000								500,000
7/16/2010	2,500,000					2,500,000			
8/15/2010	500,000								500,000
9/15/2010	500,000								500,000
12/15/2010	2,000,000								2,000,000
3/15/2010	3,000,000								3,000,000
Totals	55,903,033	8,132,953	109,342	1,931,115	3,031,091	14,263,379	1,147,039	760,686	26,527,427

Disclaimer

These reports were compiled using information provided by the Town. 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.