

**TOWN OF LITTLE ELM
AGENDA INFORMATION SHEET:**



COUNCIL AGENDA: November 02, 2009

PROJECT: Discussion and action to approve Quarterly Investment Report for the quarter ending September 30, 2009.

BACKGROUND: The purpose of this item is to provide a report of cash and invested balances to the Town Council and to comply with the Public Funds Investment Act (as amended).

The Town's cash and invested balances as of September 30, 2009 was \$50,084,889. All funds are fully collateralized with securities in the Town's name held at a third part bank (Texas Independent Bank).

Total interest earning to date is:

1 st Quarter Ending 12-31-08:	\$117,114
2 nd Quarter Ending 03-31-09:	\$199,297
3 rd Quarter Ending 06-30-09:	\$247,537
4 th Quarter Ending 09-30-09:	<u>\$310,345</u>
Total Interest Earned:	<u>\$874,293</u>

The annual percentage yield on funds at Independent Bank was 3.04% at 09-30-09. The TexPool rate at 09-30-09 was .2822%

FISCAL IMPACT: Interest earnings go back into the respective funds for utilization in operations or capital infrastructure.

RECOMMENDED ACTION: Staff recommends receipt and approval of the Cash and Investment Report for the quarter ending September 30, 2009 as presented.

ATTACHMENTS: Quarterly Cash and Investment Report.

TOWN CONTACTS: Alan Dickerson, Finance Director - 214.975.0415
adickerson@littleelm.org

Town of Little Elm

INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

September 30, 2009

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 in a range between 0.00% and 0.25%. The stock market continued to slowly move higher. Economic data remained mixed, but many projections suggest the recession has bottomed. Overall growth may still be limited until employment numbers gain strength. The yield curve is still very positive, with CDs the best option. Re-investment of maturities and surplus funds should enhance interest income.

Quarter End Results by Investment Category:

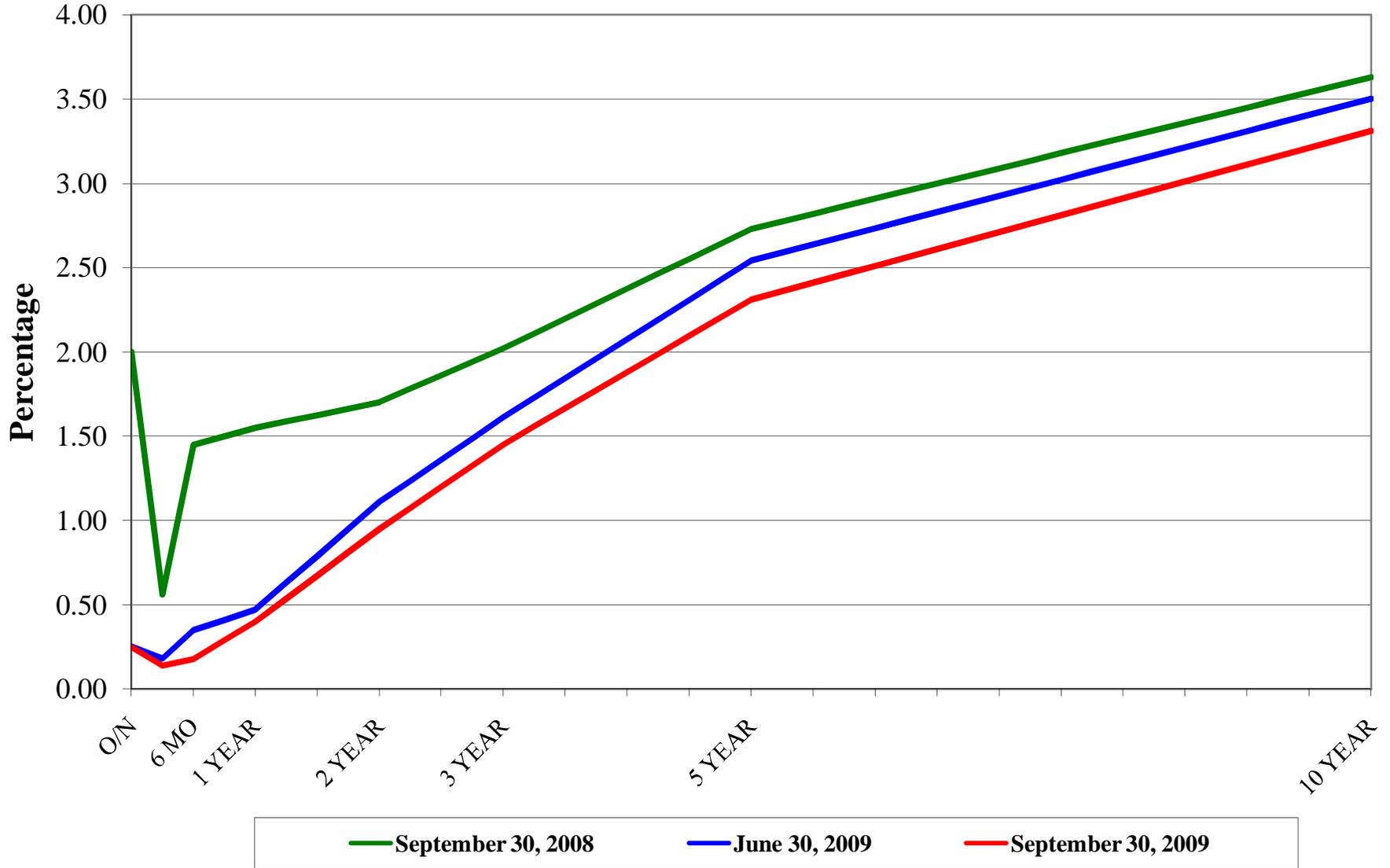
<u>Asset Type</u>	<u>Ave. Yield</u>	<u>September 30, 2009</u>		<u>June 30, 2009</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Pools/Bank	2.73%	\$28,889,889	\$28,889,889	\$43,941,144	\$43,941,144
Securities/CDs	1.82%	\$21,195,000	\$21,195,000	\$0	\$0
Totals		\$50,084,889	\$50,084,889	\$43,941,144	\$43,941,144

<u>Average Yield (1)</u>		<u>Fiscal Year-to-Date Average Yield (2)</u>	
Total Portfolio	2.34%	Total Portfolio	n/a
Rolling Three Mo. Treas. Yield	0.16%	Rolling Three Mo. Treas. Yield	0.22%
Rolling Six Mo. Treas. Yield	0.28%	Rolling Six Mo. Treas. Yield	0.64%
		Quarterly TexPool Yield	0.69%
Quarterly Interest Income	\$310,345	Approximate	
Year-to-date Interest Income	\$834,854	Approximate	

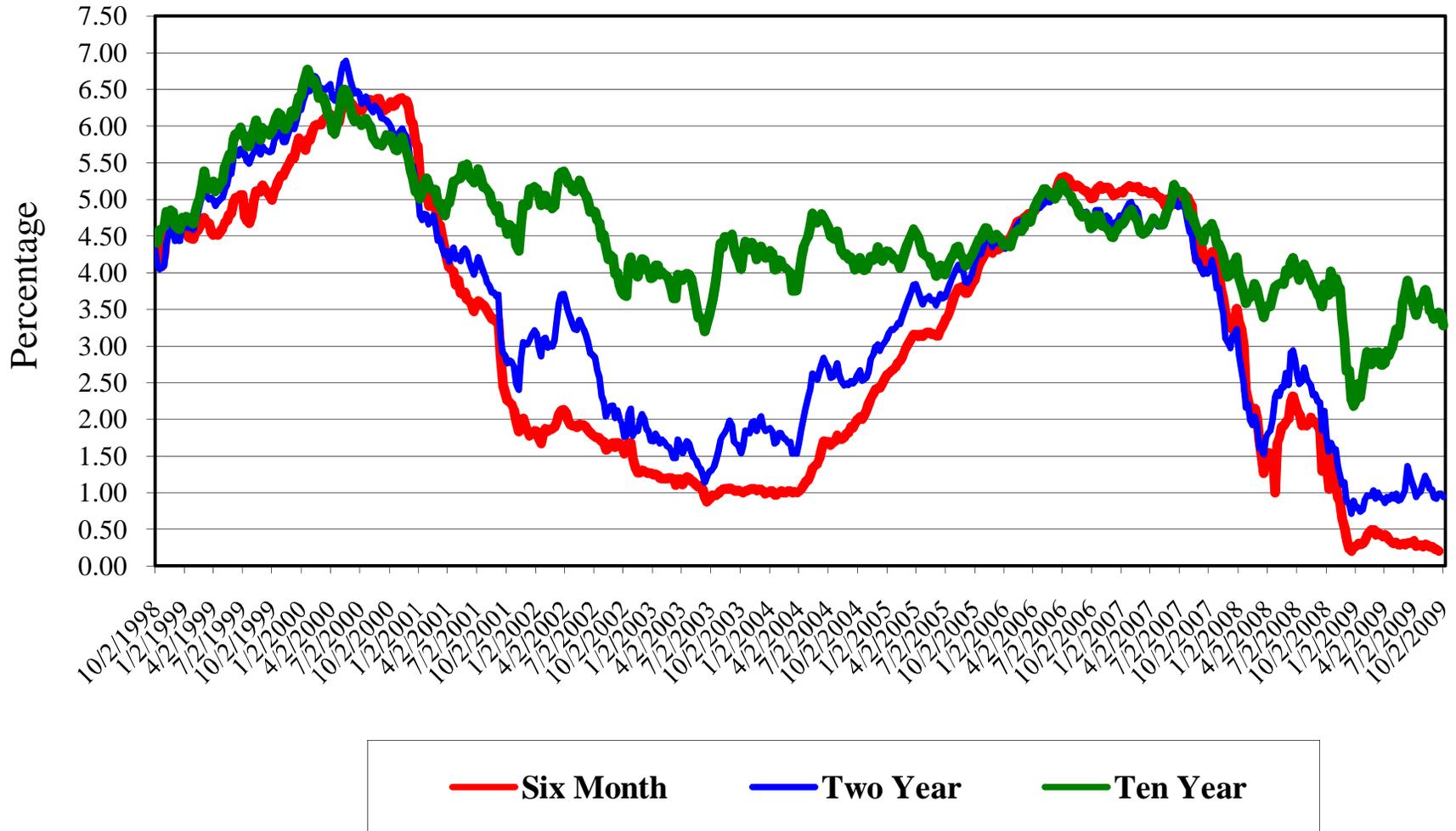
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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



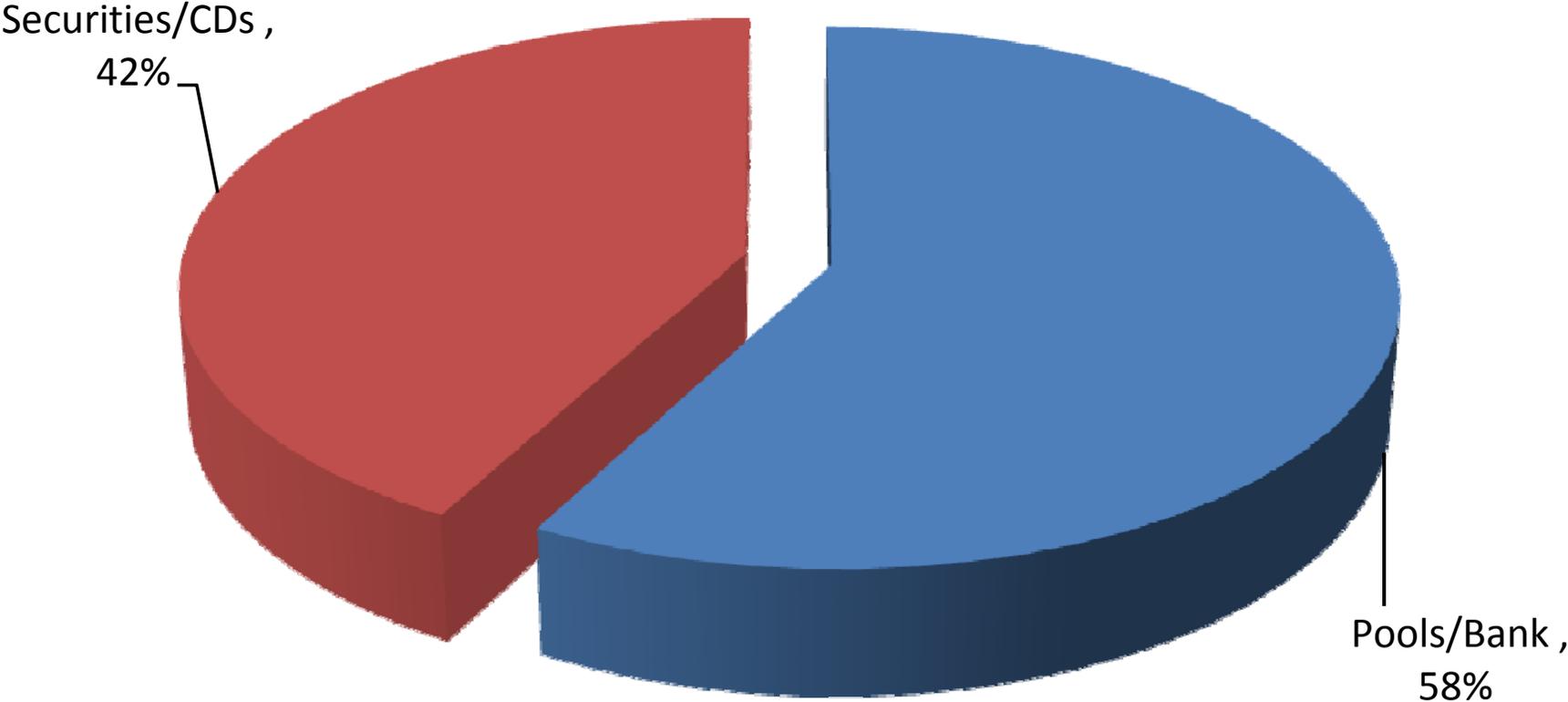
Detail of Security Holdings September 30, 2009

Security Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Purchased Value	Book Value	Market Price	Market Value	Life (mo)	Yield
DDA/MMA		3.04%	10/1/2009	9/30/2009	\$25,614,776	\$25,614,776	\$25,614,776	1.000	\$25,614,776	0.03	3.04%
TexPool	AAAm	0.28%	10/1/2009	9/30/2009	3,275,114	3,275,114	3,275,114	1.000	3,275,114	0.03	0.28%
Independent Bank CD		0.90%	10/15/2009	9/8/2009	165,000	165,000	165,000	100.000	165,000	0.49	0.90%
Independent Bank CD		1.51%	10/16/2009	7/16/2009	2,500,000	2,500,000	2,500,000	100.000	2,500,000	0.52	1.51%
Independent Bank CD		0.95%	11/15/2009	9/8/2009	180,000	180,000	180,000	100.000	180,000	1.51	0.95%
Independent Bank CD		1.00%	12/15/2009	9/8/2009	150,000	150,000	150,000	100.000	150,000	2.49	1.00%
Independent Bank CD		1.10%	1/15/2010	9/8/2009	1,500,000	1,500,000	1,500,000	100.000	1,500,000	3.51	1.10%
Point Bank CD		1.99%	1/16/2010	7/16/2009	2,500,000	2,500,000	2,500,000	100.000	2,500,000	3.54	1.99%
Independent Bank CD		1.35%	2/15/2010	9/8/2009	500,000	500,000	500,000	100.000	500,000	4.52	1.35%
Independent Bank CD		1.35%	3/15/2010	9/8/2009	500,000	500,000	500,000	100.000	500,000	5.44	1.35%
Independent Bank CD		1.40%	4/15/2010	9/8/2009	500,000	500,000	500,000	100.000	500,000	6.46	1.40%
Point Bank CD		2.26%	4/16/2010	7/16/2009	2,500,000	2,500,000	2,500,000	100.000	2,500,000	6.49	2.26%
Independent Bank CD		1.40%	5/15/2010	9/8/2009	500,000	500,000	500,000	100.000	500,000	7.44	1.40%
Independent Bank CD		1.60%	6/15/2010	9/8/2009	700,000	700,000	700,000	100.000	700,000	8.46	1.60%
Independent Bank CD		1.60%	7/15/2010	9/8/2009	500,000	500,000	500,000	100.000	500,000	9.44	1.60%
Point Bank CD		2.50%	7/16/2010	7/16/2009	2,500,000	2,500,000	2,500,000	100.000	2,500,000	9.48	2.50%
Independent Bank CD		1.60%	8/15/2010	9/8/2009	500,000	500,000	500,000	100.000	500,000	10.46	1.60%
Independent Bank CD		1.81%	9/15/2010	9/8/2009	500,000	500,000	500,000	100.000	500,000	11.48	1.81%
Independent Bank CD		1.86%	12/15/2010	9/8/2009	2,000,000	2,000,000	2,000,000	100.000	2,000,000	14.46	1.86%
Independent Bank CD		1.92%	3/15/2011	9/8/2009	3,000,000	3,000,000	3,000,000	100.000	3,000,000	17.41	1.92%
					\$50,084,889	\$50,084,889	\$50,084,889		\$50,084,889	3.43	2.34%
										(1)	(2)

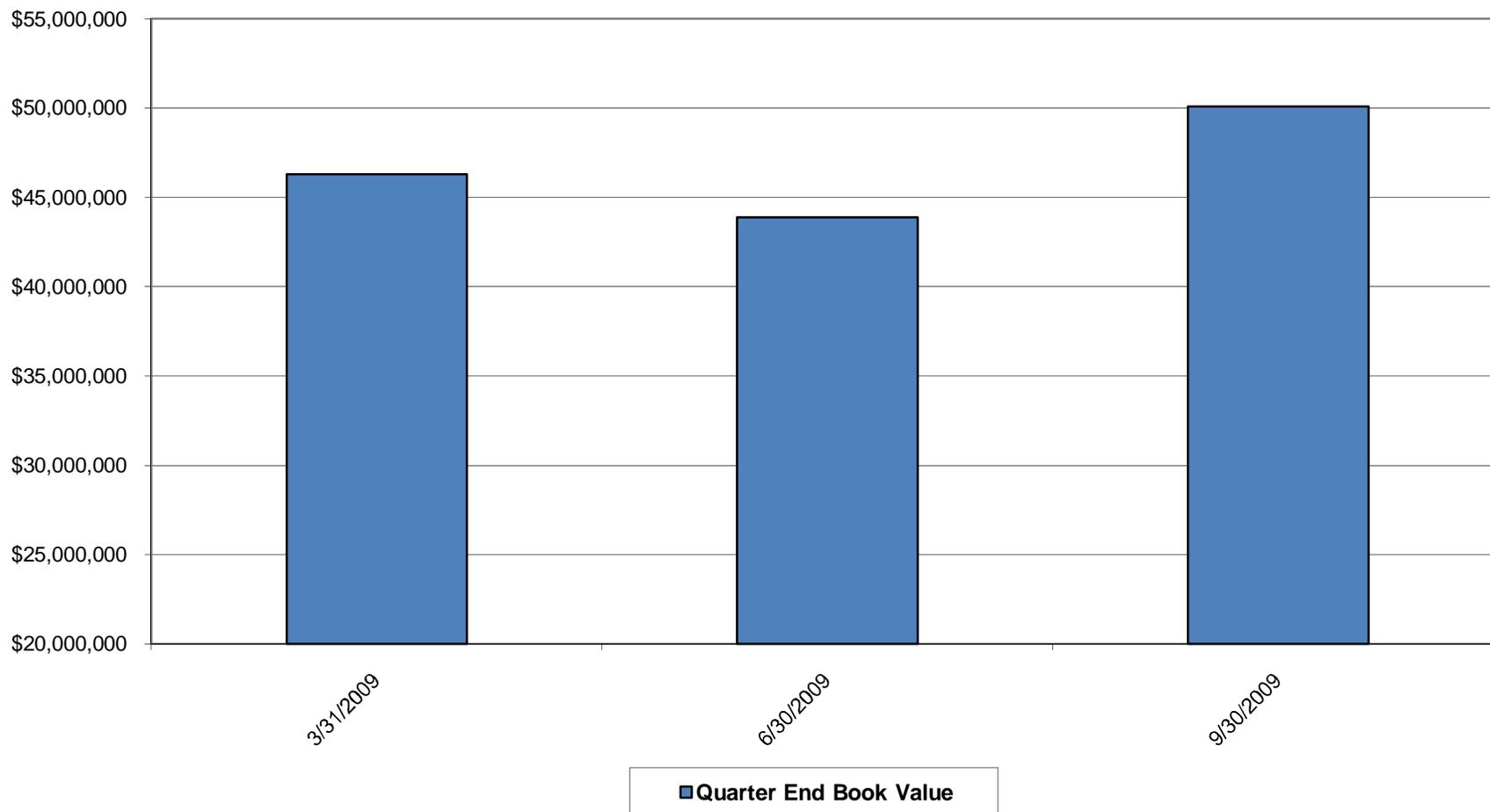
(1) Weighted average life - For purposes of calculating weighted average life, TexPool and bank account investments are assumed to have a one day maturity.

(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 investments.

Portfolio Composition



Total Portfolio



Book Value Comparison

Security Description	Coupon/Discount	Maturity Date	June 30, 2009		Purchases/Adjustments	Sales/Adjust/Maturities	September 30, 2009	
			Par Value	Book Value			Par Value	Book Value
DDA/MMA	3.04%	10/1/2009	29,955,541	29,955,541		(4,340,765.49)	25,614,776	25,614,776
TexPool	0.28%	10/1/2009	13,916,849	13,916,849		(10,641,735.48)	3,275,114	3,275,114
Independent Bank CD	0.90%	10/15/2009			165,000		165,000	165,000
Independent Bank CD	1.51%	10/16/2009			2,500,000		2,500,000	2,500,000
Independent Bank CD	0.95%	11/15/2009			180,000		180,000	180,000
Independent Bank CD	1.00%	12/15/2009			150,000		150,000	150,000
Independent Bank CD	1.10%	1/15/2010			1,500,000		1,500,000	1,500,000
Point Bank CD	1.99%	1/16/2010			2,500,000		2,500,000	2,500,000
Independent Bank CD	1.35%	2/15/2010			500,000		500,000	500,000
Independent Bank CD	1.35%	3/15/2010			500,000		500,000	500,000
Independent Bank CD	1.40%	4/15/2010			500,000		500,000	500,000
Point Bank CD	2.26%	4/16/2010			2,500,000		2,500,000	2,500,000
Independent Bank CD	1.40%	5/15/2010			500,000		500,000	500,000
Independent Bank CD	1.60%	6/15/2010			700,000		700,000	700,000
Independent Bank CD	1.60%	7/15/2010			500,000		500,000	500,000
Point Bank CD	2.50%	7/16/2010			2,500,000		2,500,000	2,500,000
Independent Bank CD	1.60%	8/15/2010			500,000		500,000	500,000
Independent Bank CD	1.81%	9/15/2010			500,000		500,000	500,000
Independent Bank CD	1.86%	12/15/2010			2,000,000		2,000,000	2,000,000
Independent Bank CD	1.92%	3/15/2011			3,000,000		3,000,000	3,000,000
TOTAL			\$43,872,390	\$43,872,390	\$21,195,000	(\$14,982,501)	\$50,084,889	\$50,084,889

Market Value Comparison

Security Description	Coupon/Discount	Maturity Date	June 30, 2009		Qtr to Qtr Change	September 30, 2009	
			Par Value	Market Value		Par Value	Market Value
DDA/MMA	3.04%	10/1/2009	29,955,541	29,955,541		25,614,776	25,614,776
TexPool	0.28%	10/1/2009	13,916,849	13,916,849		3,275,114	3,275,114
Independent Bank CD	0.90%	10/15/2009				165,000	165,000
Independent Bank CD	1.51%	10/16/2009				2,500,000	2,500,000
Independent Bank CD	0.95%	11/15/2009				180,000	180,000
Independent Bank CD	1.00%	12/15/2009				150,000	150,000
Independent Bank CD	1.10%	1/15/2010				1,500,000	1,500,000
Point Bank CD	1.99%	1/16/2010				2,500,000	2,500,000
Independent Bank CD	1.35%	2/15/2010				500,000	500,000
Independent Bank CD	1.35%	3/15/2010				500,000	500,000
Independent Bank CD	1.40%	4/15/2010				500,000	500,000
Point Bank CD	2.26%	4/16/2010				2,500,000	2,500,000
Independent Bank CD	1.40%	5/15/2010				500,000	500,000
Independent Bank CD	1.60%	6/15/2010				700,000	700,000
Independent Bank CD	1.60%	7/15/2010				500,000	500,000
Point Bank CD	2.50%	7/16/2010				2,500,000	2,500,000
Independent Bank CD	1.60%	8/15/2010				500,000	500,000
Independent Bank CD	1.81%	9/15/2010				500,000	500,000
Independent Bank CD	1.86%	12/15/2010				2,000,000	2,000,000
Independent Bank CD	1.92%	3/15/2011				3,000,000	3,000,000
TOTAL			\$43,872,390	\$43,872,390	\$6,212,499	\$50,084,889	\$50,084,889

Allocation

September 30, 2009

Book Value	Security Total	General Operating	Special Revenue	Interest & Sinking	Enterprise Funds	Enterprise Capital Projects	EDC 4A	EDC 4B	General Capital Projects
DDA/MMA	25,614,776	4,600,822	78,544	298,789	2,257,853	12,603,046	1,115,104	633,046	4,027,573
TexPool	3,275,114				940	24			3,274,150
10/15/2009	165,000								165,000
10/16/2009	2,500,000					2,500,000			
11/15/2009	180,000								180,000
12/15/2009	150,000								150,000
1/15/2010	1,500,000								1,500,000
1/16/2010	2,500,000					2,500,000			
2/15/2010	500,000								500,000
3/15/2010	500,000								500,000
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	50,084,889	4,600,822	78,544	298,789	2,258,793	22,603,069	1,115,104	633,046	18,496,723

Allocation

June 30, 2009

Book Value	Security Total	General Operating	Special Revenue	Interest & Sinking	Enterprise Funds	Enterprise Capital Projects	EDC 4A	EDC 4B	General Capital Projects
DDA/MMA	30,021,927	6,077,723	52,869	1,487,482	3,117,949	12,998,372	1,140,232	540,894	4,606,406
TexPool	13,919,217				446,661	10,006,927			3,465,628
Totals	43,941,144	6,077,723	52,869	1,487,482	3,564,610	23,005,300	1,140,232	540,894	8,072,034

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.