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

LITTLE ELM

**COUNCIL AGENDA:** February 7, 2012

**PROJECT:** Approve Quarterly Investment Report for the period ending December 31, 2011.

**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, 2011.

**FISCAL IMPACT:** Interest earnings for the Quarter total $90,649. Fiscal year interest earnings total $90,649.

**RECOMMENDED ACTION:** The Finance Director recommends consent action to accept and approve Cash and Investment Report for Quarter Ending December 31, 2011.

**ATTACHMENTS:** Quarterly Investment Report

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

# MEMORANDUM

**TO:** DOUG PEACH, INTERIM TOWN MANAGER

**FROM:** ALAN DICKERSON, FINANCE DIRECTOR

**SUBJ:** INVESTMENT REPORT FOR QUARTER ENDING DEC 31, 2011

**CC:** MAYOR AND COUNCIL

Attached is the Quarterly Investment Report for the quarter ending Dec 31, 2011 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 Dec 31, 2011, the City's portfolio consisted of the following investments:

| Portfolio by Type | Average Yield | Total Invested | % of Total |
|---|---|---|---|
| Money Market-Independent Bank & Texpool | 1.26% | $30,141,910 | 100% |
| Total Portfolio (Avg) | 1.26% | $30,141,910 | 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 Dec 31, 2011 was $90,649.**

Total cash and investments for the period ending Sept 30, 2011 was $32,471,094 and the invested balances at Dec 31, 2011 was $30,141,910, a net change of $2,329,184.00. 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 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 1.26%

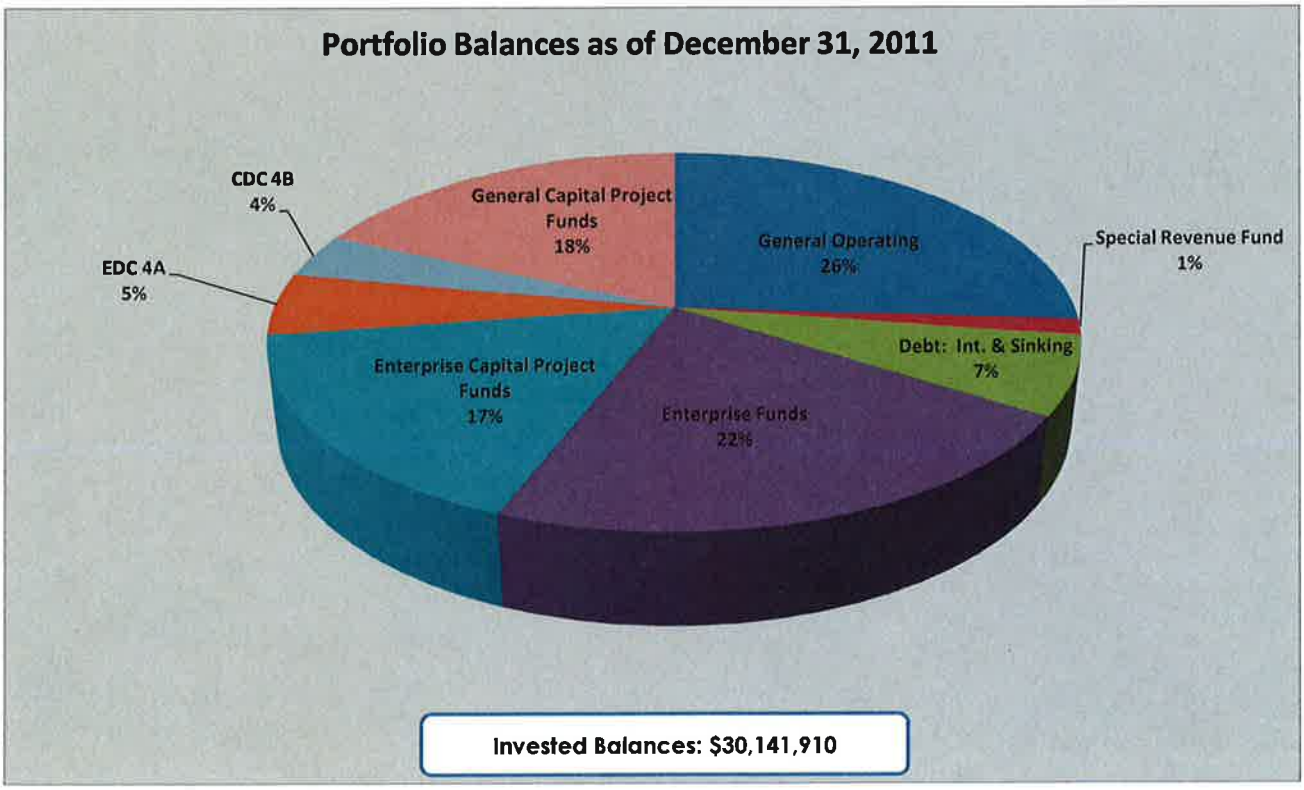
x _____

LITTLE ELM

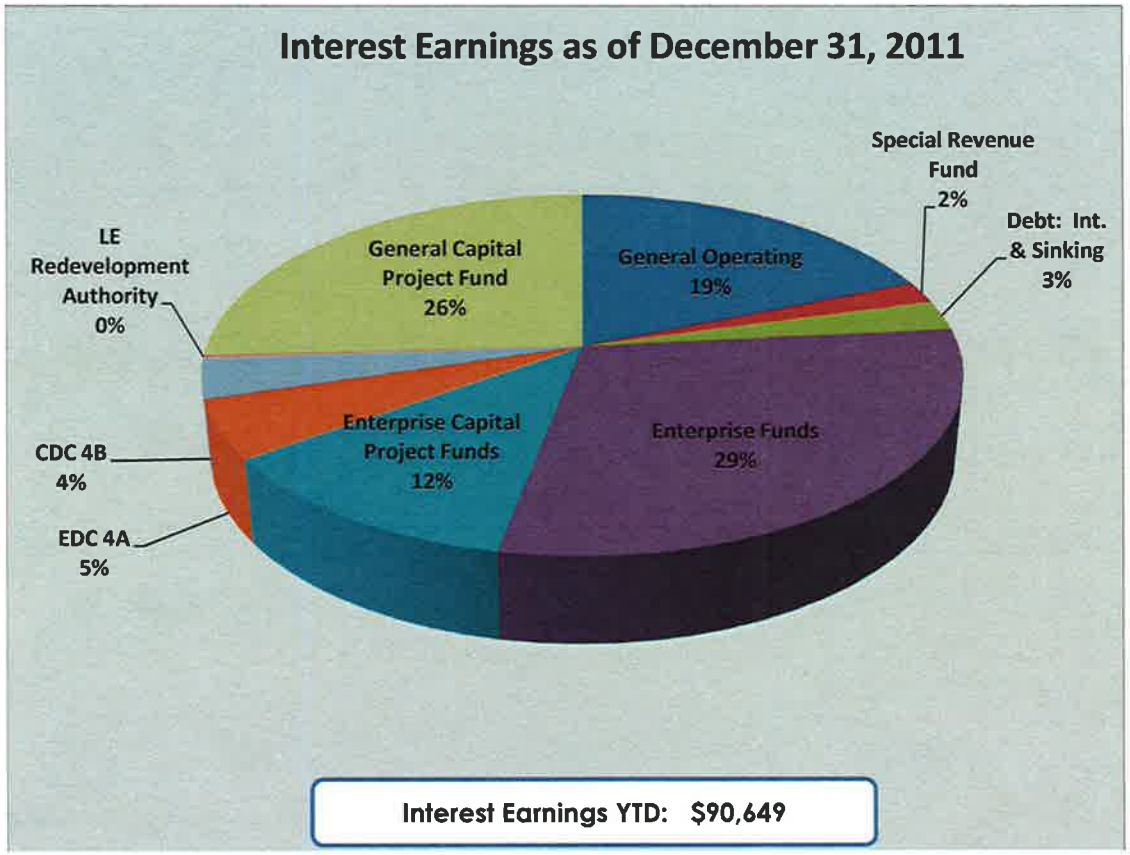
# Cash and Investment Summary Comments

Portfolio Summary as of 12-30-2011

* $30,141,910- Cash and Investments on hand at 12/30/2011; average yield 1.26%
* $2,329,182 - Change in Cash since end of Quarter at 9/30/2011 (Decrease)
* $90,649 - Interest earned for 1st Quarter of fiscal year
* 100% or $30,141,910 of portfolio is in depository bank
* All funds on deposit with depository bank. Offering best returns. Fully collateralized.
* 1.26% - Average Fiscal Year-to-Date Average Yield on Portfolio
* Benchmarks: 3 Month Treasury Rolling Yield is .02%; 6 Month Treasury Rolling Yeild is .06



| INTEREST ALLOCATION | YTD FY 2011 | Oct-11 | Nov-11 | Dec-11 | 1st Qtr 2011 | YTD FY 2012 |
|---|---|---|---|---|---|---|
| General Operating | 79,786.13 | 5,968.45 | 5,213.11 | 5,900.64 | 17,082.20 | 17,082.20 |
| Special Revenue Fund | 5,277.45 | 606.02 | 611.63 | 549.05 | 1,795.22 | 1,795.22 |
| Interest and Sinking | 17,933.65 | 564.85 | 631.23 | 1,218.57 | 2,414.65 | 2,414.65 |
| Enterprise Funds | 79,946.03 | 8,526.65 | 8,570.72 | 9,691.68 | 26,789.05 | 26,789.05 |
| Enterprise Capital Project Funds | 72,231.04 | 4,187.27 | 3,519.04 | 3,215.80 | 10,922.11 | 10,922.11 |
| Economic Development 4A Corporation | 15,605.08 | 1,937.29 | 1,442.14 | 1,393.18 | 4,772.61 | 4,772.61 |
| Community Development 4B Corporation | 11,464.70 | 1,068.36 | 1,076.65 | 1,109.85 | 3,254.86 | 3,254.86 |
| LE Redevelopment Authority | 34.31 | 18.13 | 17.14 | 181.77 | 217.04 | 217.04 |
| General Capital Project Funds | 171,270.18 | 8,970.57 | 7,559.46 | 6,871.27 | 23,401.30 | 23,401.30 |
| Total Cash and Investments by Portfolio Fund Type: | 453,548.57 | 31,847.59 | 28,641.12 | 30,131.81 | 90,649.04 | 90,649.04 |



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

| Fund | # | Fund Description | Balances 9-30-11 | Balances 12-31-11 | Changes from 9-30-11 | Use of Funds |
|---|---|---|---|---|---|---|
| **General Operating** | | | | | | |
| 112-0101-00-00 | 112 | CASH-GENERAL FUND | 5,220,241 | 7,647,977 | 2,427,736 | Daily Operations |
| 115-0101-00-00 | 115 | CASH-STREET MAINTENANCE | 212,183 | 202,282 | (9,901) | 1/4 Cent Sales Tax for Streets |
| | | | 5,432,424 | 7,850,259 | 2,417,835 | |
| **Special Revenue Fund** | | | | | 0 | |
| 200-0101-00-00 | 200 | CASH-SPECIAL REVENUE | 299,228 | 332,940 | 33,712 | Library, Police and Fire Restricted |
| 201-0101-00-00 | 201 | CASH-TEEN COURT FUND | | (954) | (954) | Teen Court |
| 202-0101-00-00 | 202 | CASH-STREETSCAPE FUND | | 12,287 | 12,287 | Streetscape |
| 205-0101-00-00 | 205 | CASH-TRAFFIC SAFETY | 198,913 | 174,969 | (23,944) | Red Light Camera Program |
| 210-0101-00-00 | 210 | CASH-SOLAR GRANT FUND | | (153,560) | (153,560) | Solar Grant Fund |
| 250-0101-00-00 | 250 | CASH-GRANTS AND DONATIONS | 30,479 | 30,493 | 14 | Library, Police and Fire Restricted |
| 412-0101-00-00 | 412 | CASH-FORFEITURE | 9,293 | 9,322 | 29 | Police - restricted |
| 815-0101-00-00 | 815 | LE REDEVELOPMENT AUTHORITY | 16589.87 | 16806.91 | 217 | LE Redevelopment Authority |
| | | | 554,503 | 422,304 | (132,199) | |
| **Interest and Sinking** | | | | | | |
| 312-0101-00-00 | 312 | CASH-DEBT SERVICE FUND | 496,133 | 2,021,712 | 1,525,579 | Restricted for debt payments |
| 312-1380-00-00 | 312 | TEXPOOL-2010 GO I&S | 0 | 0 | 0 | Restricted for 2010 GO Interest |
| 861-0101-00-00 | 861 | CASH - Tax Notes | 0 | 0 | 0 | |
| 862-0101-00-00 | 862 | CASH - Tax Notes | 0 | 0 | 0 | |
| | | | 496,133 | 2,021,712 | 1,525,579 | |
| **Enterprise Funds** | | | | | | |
| 612-0101-00-00 | 612 | CASH-UTILITY OPERATING | 3,211,686 | 5,335,953 | 2,124,267 | Daily Operations and Debt Payments |
| 612-0101-00-74 | 612 | CASH-RESERVE FOR I&S | 890,258 | 893,046 | 2,788 | Restricted for Revenue Bonds |
| 612-1374-00-00 | 612 | TEXPOOL-BOND RESERVE | 0 | 0 | 0 | Closed |
| 612-1380-00-76 | 612 | TEXPOOL-RESTRICTED BOND FUNDS | 0 | 0 | 0 | Closed |
| 712-0101-00-00 | 712 | CASH-SOLID WASTE | 188,291 | 340,964 | 152,673 | Restricted for Courtesy Site |
| 715-0101-00-00 | 715 | CASH-STORM DRAINING FUND | | 738 | 738 | |
| | | | 4,290,236 | 6,570,701 | 2,280,466 | |
| **Enterprise Capital Project Funds** | | | | | | |
| 612-0101-00-76 | 612 | RESTRICTED CASH-CO'S $16.770M | 3,830,883 | 2,560,393 | (1,270,490) | Restricted for Water and Sewer CIP |
| 612-1381-00-76 | 612 | INVESTMENTS - POINT BANK -**CD's** | 0 | 0 | 0 | Restricted for Water and Sewer CIP |
| 816-0101-00-00 | 816 | CASH IN BANK CONSOLIDATED | 9,292 | 9,292 | 0 | Restricted for Water and Sewer CIP |
| 819-0101-00-00 | 819 | CASH IN BANK - CONSOLIDATED | 719,411 | 689,242 | (30,169) | Restricted for Water and Sewer CIP |
| 829-0101-00-00 | 829 | CASH IN BANK | 12,331 | 12,331 | 0 | Restricted for Water and Sewer CIP |
| 831-0101-00-00 | 831 | CASH IN BANK - CONSOLIDATED | 0 | 0 | 0 | Restricted for Water and Sewer CIP |
| 840-0101-00-00 | 840 | CASH IN BANK - CONSOLIDATED | 0 | 0 | 0 | Restricted for Water and Sewer CIP |
| 840-1370-00-00 | 840 | TEXPOOL-2004 W/WW REV BONDS | 0 | 0 | 0 | Restricted for Water and Sewer CIP |
| 913-0101-00-00 | 913 | CASH IN BANK - CONSOLIDATED | 1,808,738 | 1,798,201 | (10,537) | Restricted for Water and Sewer CIP |
| | | | 6,380,655 | 5,069,459 | (1,311,197) | |
| **Economic Development 4A Corporation** | | | | | | |
| 811-0101-00-00 | 811 | CASH-ECONOMIC DEVELOPMENT | 1,505,630 | 1,583,979 | 78,349 | Restricted for 4A Purposes |
| | | | 1,505,630 | 1,583,979 | 78,349 | |
| **Community Development 4B Corporation** | | | | | | |
| 814-0101-00-00 | 814 | CASH-CDC | 967,443 | 1,131,821 | 164,378 | Restricted for 4B Purposes |
| | | | 967,443 | 1,131,821 | (164,378) | |
| **General Capital Project Funds** | | | | | | |
| 822-0101-00-00 | 822 | CASH IN BANK - STREET IMPACT FEES | 12,481 | 13,197 | 716 | Restricted for Street Projects |
| 825-0101-00-00 | 825 | CASH IN BANK - PARK DEV FEES | 95,492 | 95,707 | 216 | Restricted for Park Projects |
| 828-0101-00-00 | 828 | CASH IN BANK - STREET IMPACT FEES | 219,117 | 647,069 | 427,952 | Restricted for Street Projects |
| 850-0101-00-00 | 850 | CASH IN BANK - 2004 GO BONDS | 2,504,798 | 2,743 | (2,502,055) | Restricted for 04 GO Bond Projects |
| 850-1115-00-00 | 850 | CD-Sterling Bank | 0 | 0 | 0 | Restricted for 04 GO Bond Projects |
| 850-1372-00-00 | 850 | TEXPOOL $2006 G.O.BONDS $6.25M | 0 | 0 | 0 | Restricted for 04 GO Bond Projects |
| 870-0101-00-00 | 870 | CASH IN BANK - 2009 GO BONDS | 4,325,547 | (957,305) | (5,282,852) | Restricted for 09 GO Bond Projects |
| 870-0101-00-87 | 870 | RESTRICTED CASH-09 GO BONDS | 0 | 0 | 0 | Restricted for 09 GO Bond Projects |
| 870-1110-00-00 | 870 | 2009 GO BOND FUND-#1000062461 | 3,535 | 0 | (3,535) | Restricted for 09 GO Bond Projects |
| 870-1111-00-00 | 870 | 2010 GO BOND FUND-#1000064293 | 5,683,100 | 5,690,265 | 7,165 | |
| 870-1115-00-00 | 870 | INVESTMENTS-CD'S | 0 | 0 | 0 | Restricted for 09 GO Bond Projects |
| 870-1115-00-00 | 870 | INVESTMENTS-CD'-STERLING BANK | 0 | 0 | 0 | Restricted for 09 GO Bond Projects |
| 870-1380-00-00 | 870 | TEXPOOL-2010 GO BONDS | 0 | 0 | 0 | Restricted for 09-10 Bond Projects |
| | | | 12,844,070 | 5,491,676 | (7,352,394) | |
| **Total Cash and Investments at 12-30-2011** | | | 32,471,092 | 30,141,910 | (2,329,182) | |

| Summary by Fund Type: Invested Balances | 9/30/11 | 12/31/11 | |
|---|---|---|---|
| **General Operating** | 5,432,424 | 7,850,259 | 26.04% |
| **Special Revenue Fund** | 554,503 | 422,304 | 1.40% |
| **Interest and Sinking** | 496,133 | 2,021,712 | 6.71% |
| **Enterprise Funds** | 4,290,236 | 6,570,701 | 21.80% |
| **Enterprise Capital Project Funds** | 6,380,655 | 5,069,459 | 16.82% |
| **Economic Development 4A Corporation** | 1,505,630 | 1,583,979 | 5.26% |
| **Community Development 4B Corporation** | 967,443 | 1,131,821 | 3.75% |
| **General Capital Project Funds** | 12,844,070 | 5,491,676 | 18.22% |
| **Total Cash and Investments by Portfolio Fund Type:** | 32,471,092 | 30,141,910 | 100.00% |

LITTLE ELM

# INVESTMENT PORTFOLIO SUMMARY

**For the Quarter Ended**

## December 31, 2011

**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

Assistant Finance Director

**Strategy Summary:**

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range between 0.00% and 0.25% (actual Fed Funds traded below 10bps). The European Union crisis has been the main market focus. Continuing deterioration and uncertainty of individual country credit ratings, and the political and financial costs of stabilization, dampened any positive domestic news. The FOMC initiated Operation Twist in a attempt to reduce longer-term interest rates by selling shorter securities and buying longer securities. There is also discussion of a potential QE3. The Bank DDA, with 1.26% minimum rate, is still the best option.

**Quarter End Results by Investment Category:**

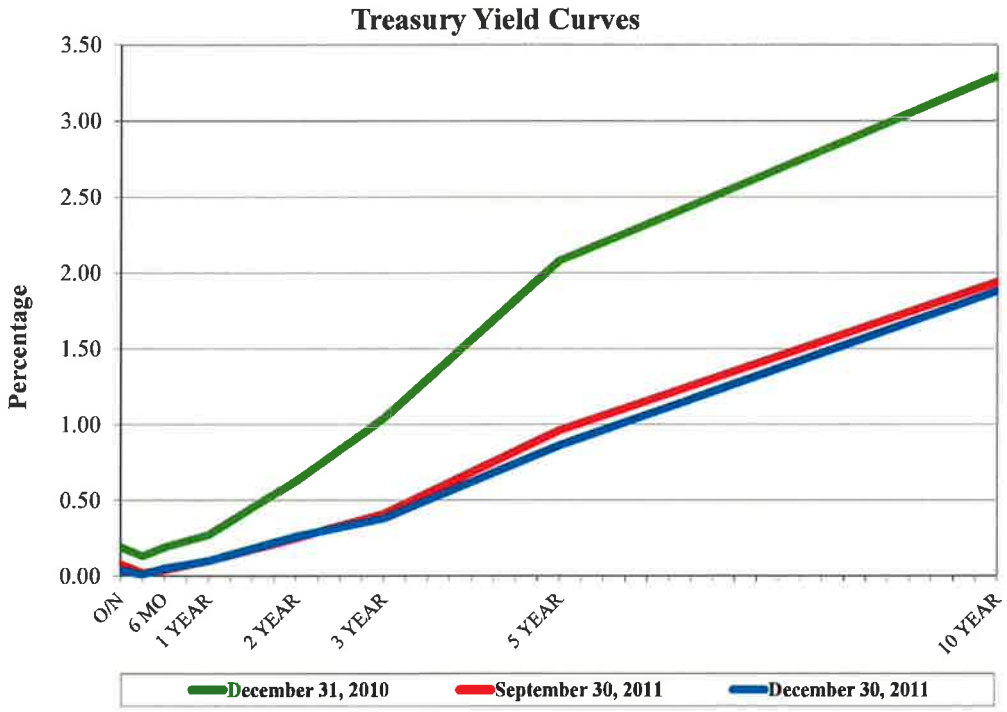
| | | December 31, 2011 | | September 30, 2011 | |
|---|---|---|---|---|---|
| **Asset Type** | **Ave. Yield** | **Book Value** | **Market Value** | **Book Value** | **Market Value** |
| Pools/Bank DDA | 1.26% | $ 30,141,910 | $ 30,141,910 | $ 32,471,094 | $ 32,471,094 |
| Securities/CDs | | - | - | - | - |
| **Totals** | | **$ 30,141,910** | **$ 30,141,910** | **$ 32,471,094** | **$ 32,471,094** |

| Average Yield (1) | |
|---|---|
| Total Portfolio | 1.26% |
| Rolling Three Mo. Treas. Yield | 0.02% |
| Rolling Six Mo. Treas. Yield | 0.06% |
| Quarterly Interest Income | $ 90,649 |
| Year-to-date Interest Income | $ 90,649 |

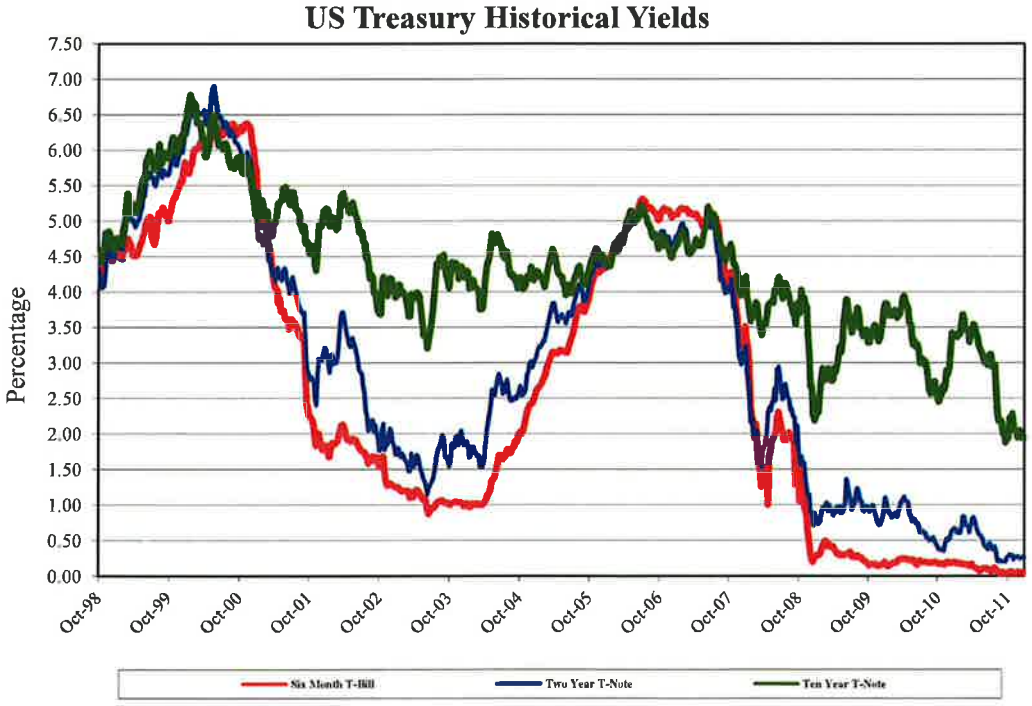
| Fiscal Year-to-Date Average Yield (2) | |
|---|---|
| Total Portfolio | 1.26% |
| Rolling Three Mo. Treas. Yield | 0.02% |
| Rolling Six Mo. Treas. Yield | 0.06% |
| Quarterly TexPool Yield | 0.08% |

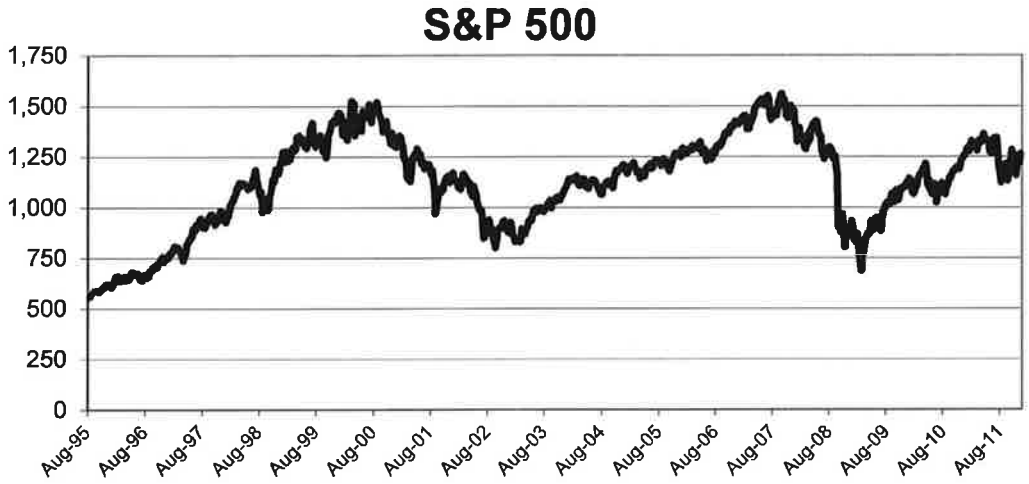
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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
Percentage
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0.00
O/N
6 MO
1 YEAR
2 YEAR
3 YEAR
5 YEAR
10 YEAR
December 31, 2010
September 30, 2011
December 30, 2011




US Treasury Historical Yields
Percentage
7.50
7.00
6.50
6.00
5.50
5.00
4.50
4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0.00
Oct-98
Oct-99
Oct-00
Oct-01
Oct-02
Oct-03
Oct-04
Oct-05
Oct-06
Oct-07
Oct-08
Oct-09
Oct-10
Oct-11
Six Month T-Bill
Two Year T-Note
Ten Year T-Note






## Detail of Holdings
### December 31, 2011

| Description | Ratings | Coupon/ Discount | Maturity Date | Settlement Date | Par Value | Book Value | Market Price | Market Value | Life (mo) | Yield |
|---|---|---|---|---|---|---|---|---|---|---|
| DDA | | 1.26% | 1/1/2012 | 12/31/2011 | $ 30,141,910 | $ 30,141,910 | 1.000 | $ 30,141,910 | 0.03 | 1.26% |
| | | | | | **$ 30,141,910** | **$ 30,141,910** | | **$ 30,141,910** | **0.03** | **1.26%** |
| | | | | | | | | | **(1)** | **(2)** |

**(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

Securities/CDs
0%

Pools/Bank
DDA 100%

## Book Value Comparison

| Description | Coupon/ Discount | Maturity Date | September 30, 2011 Par Value | September 30, 2011 Book Value | Purchases/ Adjustments | Sales/Adjust/ Maturities | December 31, 2011 Par Value | December 31, 2011 Book Value |
|---|---|---|---|---|---|---|---|---|
| DDA | 1.26% | 1/1/2012 | $ 32,471,094 | $ 32,471,094 | $ - | $ (2,329,184) | $ 30,141,910 | $ 30,141,910 |
| **TOTAL** | | | **$ 32,471,094** | **$ 32,471,094** | **$ -** | **$ (2,329,184)** | **$ 30,141,910** | **$ 30,141,910** |

## Market Value Comparison

| Description | Coupon/ Discount | Maturity Date | September 30, 2011 Par Value | September 30, 2011 Market Value | Qtr to Qtr Change | December 31, 2011 Par Value | December 31, 2011 Market Value |
|---|---|---|---|---|---|---|---|
| DDA | 1.26% | 1/1/2012 | $ 32,471,094 | $ 32,471,094 | $ (2,329,184) | $ 30,141,910 | $ 30,141,910 |
| **TOTAL** | | | **$ 32,471,094** | **$ 32,471,094** | **$ (2,329,184)** | **$ 30,141,910** | **$ 30,141,910** |



## Allocation

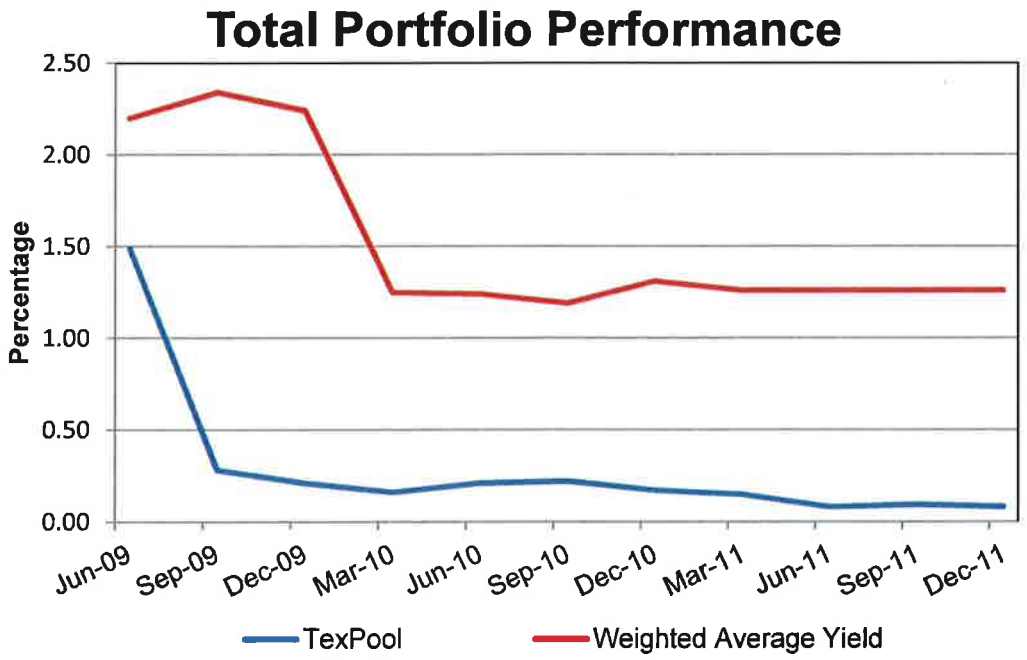
**December 31, 2011**

| Book & Market Value | Total | General Operating | Special Revenue | Interest & Sinking | Enterprise Funds | Enterprise Capital Projects | EDC 4A | EDC 4B | General Capital Projects |
|---|---|---|---|---|---|---|---|---|---|
| DDA | $ 30,141,910 | $ 7,850,259 | $ 422,304 | $ 2,021,712 | $ 6,570,701 | $ 5,069,459 | $ 1,583,979 | $ 1,131,821 | $ 5,491,676 |
| **Totals** | **$ 30,141,910** | **$ 7,850,259** | **$ 422,304** | **$ 2,021,712** | **$ 6,570,701** | **$ 5,069,459** | **$ 1,583,979** | **$ 1,131,821** | **$ 5,491,676** |

**Allocation** **September 30, 2011**

| Book & Market Value | Total | General Operating | Special Revenue | Interest & Sinking | Enterprise Funds | Enterprise Capital Projects | EDC 4A | EDC 4B | General Capital Projects |
|---|---|---|---|---|---|---|---|---|---|
| DDA | $ 32,471,094 | $ 5,432,424 | $ 554,503 | $ 496,133 | $ 4,290,236 | $ 6,380,655 | $ 1,505,630 | $ 967,443 | $ 12,844,070 |
| **Totals** | **$ 32,471,094** | **$ 5,432,424** | **$ 554,503** | **$ 496,133** | **$ 4,290,236** | **$ 6,380,655** | **$ 1,505,630** | **$ 967,443** | **$ 12,844,070** |





***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.