

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



COUNCIL AGENDA: July 11, 2012

PROJECT: Approve Quarterly Investment Report for the period ending June 30, 2012.

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 June 30, 2012.

FISCAL IMPACT: Interest earnings for the Quarter total \$92,177. Fiscal year interest earnings total \$283,542.

RECOMMENDED ACTION: The Finance Director recommends action to accept and approve Cash and Investment Report for Quarter Ending June 30, 2012.

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 JUNE 30, 2012
CC: MAYOR AND COUNCIL

Attached is the Quarterly Investment Report for the quarter ending June 30, 2012 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, 2012, the City's portfolio consisted of the following investments:

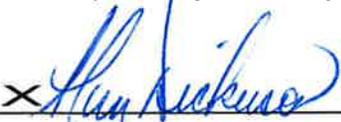
Portfolio by Type	Average Yield	Total Invested	% of Total
Money Market- Independent Bank & Texpool	1.26%	\$31,166,226	100%
Total Portfolio (Avg)	1.26%	\$31,166,226	100%

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, 2012 was \$92,177.**

Total cash and investments for the period ending March 31, 2012 was \$31,755,645 and the invested balances at June 30, 2012 was \$31,166,226, a net decrease of \$589,420. 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%



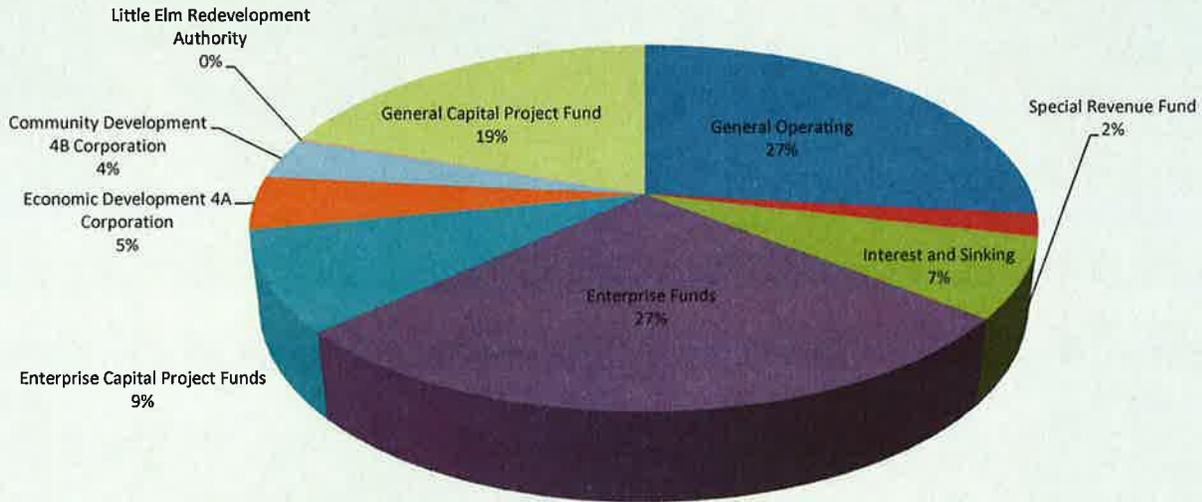


Cash and Investment Summary Comments

Portfolio Summary as of 6/30/2012

- * \$31,166,226 - Cash and Investments on hand at 6/30/2012; average yield 1.26%
- * (\$589,420) - Change in Cash since end of Quarter at 3/31/2012 (Decrease)
- * \$283,542 - Interest earned for three quarters of fiscal year
- * 100% or \$31,165,226 of portfolio is in depository bank; \$1,000 in TexPool
- * Funds on deposit with depository bank for best returns. Fully collateralized.
- * \$1,000 on deposit with TexPool to preserve accounts for diversification opportunities.
- * 1.26% - Average Fiscal Year-to-Date Average Yield on Portfolio
- * Benchmarks: 3 Month Treasury Rolling Yield is .09%; 6 Month Treasury Rolling Yield is .13%.

Interest Earnings as of June 30, 2012



Interest Earnings YTD: \$283,542

CASH AND INVESTMENTS BY PORTFOLIO
(All Funds are in Interest bearing accounts.)

Fund	#	Fund Description	Balances 3-31-2012	Balances 6-30-2012	Changes from 3-31-12	Use of Funds
General Operating						
112-0101-00-00	112	CASH-GENERAL FUND	9,387,299	7,481,282	(1,906,016)	Daily Operations
115-0101-00-00	115	CASH-STREET MAINTENANCE	314,136	426,118	111,982	1/4 Cent Sales Tax for Streets
			<u>9,701,435</u>	<u>7,907,400</u>	<u>(1,794,035)</u>	
Special Revenue Fund						
200-0101-00-00	200	CASH-SPECIAL REVENUE	116,870	129,805	12,934	Library, Police and Fire Restricted
201-0101-00-00	201	CASH-TEEN COURT FUND	6,074	3,222	(2,852)	Teen Court
202-0101-00-00	202	CASH-STREETScape FUND	286,044	328,525	42,481	Streetscape
205-0101-00-00	205	CASH-TRAFFIC SAFETY	145,135	188,417	43,282	Red Light Camera Program
210-0101-00-00	210	CASH-SOLAR GRANT FUND	0	0	0	Solar Grant Fund
250-0101-00-00	250	CASH-GRANTS AND DONATIONS	36,357	35,789	(568)	Library, Police and Fire Restricted
412-0101-00-00	412	CASH-FORFEITURE	9,351	36,683	27,333	Police - restricted
815-0101-00-00	815	LE REDEVELOPMENT AUTHORITY	39,324	39,182	(142)	LE Redevelopment Authority
			<u>639,154</u>	<u>761,623</u>	<u>122,468</u>	
Interest and Sinking						
312-0101-00-00	312	CASH-DEBT SERVICE FUND	2,776,871	2,818,743	41,872	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	
			<u>2,776,871</u>	<u>2,818,743</u>	<u>41,872</u>	
Enterprise Funds						
612-0101-00-00	612	CASH-UTILITY OPERATING	3,918,884	3,223,082	(695,803)	Daily Operations and Debt Payments
612-0101-00-74	612	CASH-RESERVE FOR I&S	895,818	898,949	3,131	Restricted for Revenue Bonds
612-1374-00-00	612	TEXPOOL-BPND 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	369,817	389,367	19,551	Restricted for Courtesy Site
715-0101-00-00	715	CASH-STORM DRAINING FUND	89,770	176,061	86,291	
			<u>5,274,288</u>	<u>4,687,459</u>	<u>(586,829)</u>	
Enterprise Capital Project Funds						
612-0101-00-76	612	RESTRICTED CASH-CO'S \$16,770M	2,274,162	1,936,557	(337,605)	Restricted for Water and Sewer CIP
612-0101-00-61	612	RESTRICTED CASH-2012 CO'S	0	5,961,594	5,961,594	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	734,817	778,104	43,287	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	1,862,207	1,914,639	52,432	Restricted for Water and Sewer CIP
			<u>4,892,809</u>	<u>10,612,516</u>	<u>5,719,708</u>	
Economic Development 4A Corporation						
811-0101-00-00	811	CASH-ECONOMIC DEVELOPMENT	1,414,540	1,579,526	164,986	Restricted for 4A Purposes
			<u>1,414,540</u>	<u>1,579,526</u>	<u>164,986</u>	
Community Development 4B Corporation						
814-0101-00-00	814	CASH-CDC	1,079,886	1,185,417	105,531	Restricted for 4B Purposes
			<u>1,079,886</u>	<u>1,185,417</u>	<u>105,531</u>	
General Capital Project Funds						
822-0101-00-00	822	CASH IN BANK - STREET IMPACT FEES	13,238	13,284	46	Restricted for Street Projects
825-0101-00-00	825	CASH IN BANK - PARK DEV FEES	96,004	96,340	336	Restricted for Park Projects
828-0101-00-00	828	CASH IN BANK - STREET IMPACT FEES	719,314	767,712	48,398	Restricted for Street Projects
850-0101-00-00	850	CASH IN BANK - 2004 GO BONDS	0	0	0	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 S2006 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	783,710	(867,093)	(1,650,803)	Restricted for 09 GO Bond Projects
870-0101-00-01	870	CASH-WITT ROAD BRIDGE ESCROW	3,847,174	1,268,576	(2,578,598)	
870-0101-00-02	870	CASH-SMOTHERMAN ESCROW	517,222	334,723	(182,499)	
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	0	0	0	Restricted for 09 GO Bond Projects
870-1111-00-00	870	2010 GO BOND FUND-#1000064293	0	0	0	
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
			<u>5,976,661</u>	<u>1,613,542</u>	<u>(4,363,119)</u>	
					0	
Total Cash and Investments at 6-30-2012			<u>31,755,645</u>	<u>31,166,226</u>	<u>(589,420)</u>	
Summary by Fund Type: Invested Balances						
			3/31/12	6/30/12		
General Operating			9,701,435	7,907,400	25.4%	
Special Revenue Fund			639,154	761,623	2.4%	
Interest and Sinking			2,776,871	2,818,743	9.0%	
Enterprise Funds			5,274,288	4,687,459	15.0%	
Enterprise Capital Project Funds			4,892,809	10,612,516	34.1%	
Economic Development 4A Corporation			1,414,540	1,579,526	5.1%	
Community Development 4B Corporation			1,079,886	1,185,417	3.8%	
General Capital Project Funds			5,976,661	1,613,542	5.2%	
Total Cash and Investments by Portfolio Fund Type:			<u>31,755,645</u>	<u>31,166,226</u>	<u>100.0%</u>	
Summary by Fund Type: Earnings						
			3/31/12	6/30/12		
General Operating			31,004.99	27,920.14		
Special Revenue Fund			1,621.84	2,238.62		
Interest and Sinking			7,901.05	9,518.67		
Enterprise Funds			25,011.62	25,690.30		
Enterprise Capital Project Funds			7,187.90	7,088.63		
Economic Development 4A Corporation			4,430.70	4,013.41		
Community Development 4B Corporation			3,512.63	3,531.14		
LE Redevelopment Authority			99.66	137.08		
General Capital Project Funds			19,945.58	12,038.53		
Total Cash and Investments by Portfolio Fund Type:			<u>100,716</u>	<u>92,177</u>		

INTEREST ALLOCATION	1st Qtr 2012				2nd Qtr 2012				3rd Qtr 2012				YTD FY 2012	
	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	3rd Qtr 2012	YTD FY 2012			
General Operating	5,968.45	5,213.11	5,900.64	17,082.20	9,105.06	10,678.53	11,221.40	31,004.99	8,629.16	9,487.43	9,803.55	27,920.14	76,007.33	27%
Special Revenue Fund	606.02	611.63	549.05	1,795.22	455.30	531.53	608.26	1,621.84	578.29	770.48	889.85	2,238.62	5,655.68	2%
Interest and Sinking	564.85	631.23	1,218.57	2,414.65	2,188.90	2,710.88	3,001.27	7,901.05	2,636.00	3,230.81	3,651.86	9,518.67	19,834.37	7%
Enterprise Funds	8,526.65	8,570.72	9,691.68	26,789.05	7,168.84	8,750.03	9,092.75	25,011.62	7,028.50	8,657.78	10,004.02	25,690.30	77,490.97	27%
Enterprise Capital Project Funds	4,187.27	3,519.04	3,215.80	10,922.11	2,318.59	2,339.06	2,530.25	7,187.90	2,317.78	2,244.71	2,526.14	7,088.63	25,198.64	9%
Economic Development 4A Corporation	1,937.29	1,442.14	1,393.18	4,772.61	1,377.50	1,544.25	1,508.95	4,430.70	1,004.86	1,486.71	1,521.84	4,013.41	13,216.72	5%
Community Development 4B Corporation	1,068.36	1,076.65	1,109.85	3,254.86	970.18	1,210.16	1,332.29	3,512.63	1,038.74	1,244.33	1,248.07	3,531.14	10,298.63	4%
LE Redevelopment Authority	18.13	17.14	181.77	217.04	16.52	39.64	43.50	99.66	40.98	45.34	50.76	137.08	453.78	0%
General Capital Project Funds	8,970.37	7,559.46	6,871.27	23,401.30	8,071.51	6,234.92	5,699.15	19,945.58	4,978.08	3,814.90	3,245.55	12,038.53	55,385.41	20%
Total Cash and Investments by Portfolio Fund Type:	31,847.59	28,641.12	30,131.81	90,649.04	31,672.40	34,039.00	34,977.82	100,715.97	28,252.39	30,982.49	32,941.64	92,176.52	283,541.53	100%



LITTLE ELM

INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

June 30, 2012

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.

Frank Dickson
Finance Director

Diane Laussman
Assistant Finance Director

Robin Bromberg
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.

Strategy Summary:

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range between 0.00% and 0.25% (actual Fed Funds are trading +/-15bps). The FOMC reiterated their projected lower interest rate environment through late 2014. The European environment is trying to stabilize although difficulties remain. Chinese growth estimates reveal reductions from recent years. Unfavorable employment and unemployment trends pushed the stock markets and interest rates lower in late May and early June. Generally the economy shows modest (albeit unsteady) growth. Financial institution deposits still provide the best earnings opportunity.

Quarter End Results by Investment Category:

Asset Type	Ave. Yield	June 30, 2012		March 31, 2012	
		Book Value	Market Value	Book Value	Market Value
Pools/Bank DDA	1.26%	\$ 31,166,226	\$ 31,166,226	\$ 31,755,645	\$ 31,755,645
Securities/CDs		-	-	-	-
Totals		\$ 31,166,226	\$ 31,166,226	\$ 31,755,645	\$ 31,755,645

Average Yield (1)

Total Portfolio 1.26%

Rolling Three Mo. Treas. Yield 0.09%
Rolling Six Mo. Treas. Yield 0.13%

Quarterly Interest Income \$ 92,177
Year-to-date Interest Income \$ 283,542

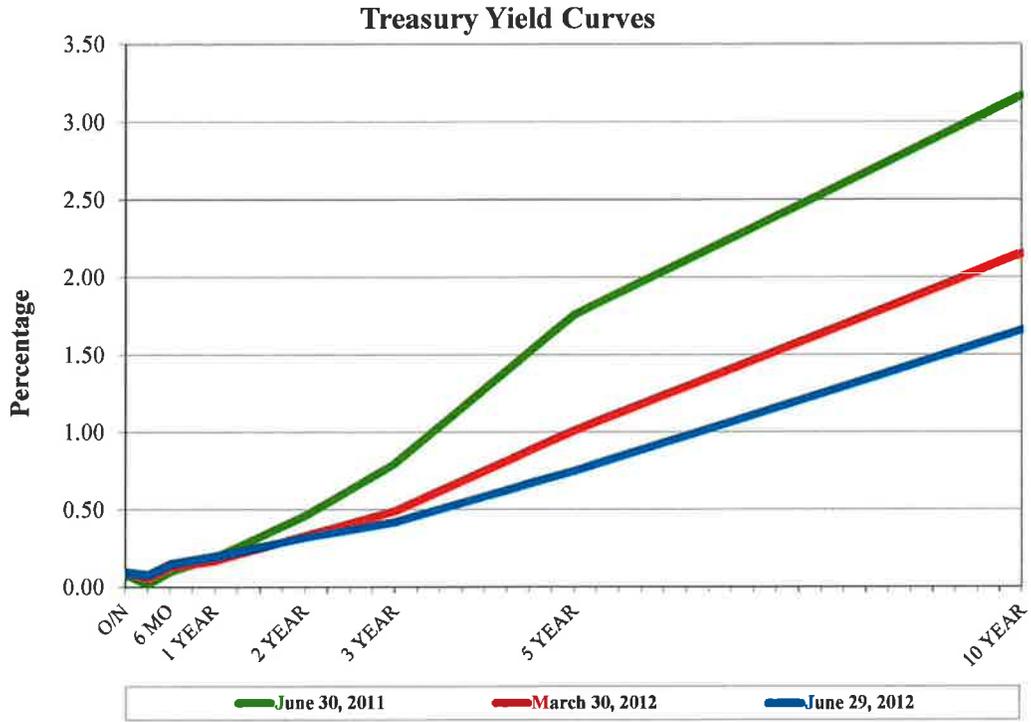
Fiscal Year-to-Date Average Yield (2)

Total Portfolio 1.26%

Rolling Three Mo. Treas. Yield 0.06%
Rolling Six Mo. Treas. Yield 0.10%
Quarterly TexPool Yield 0.11%

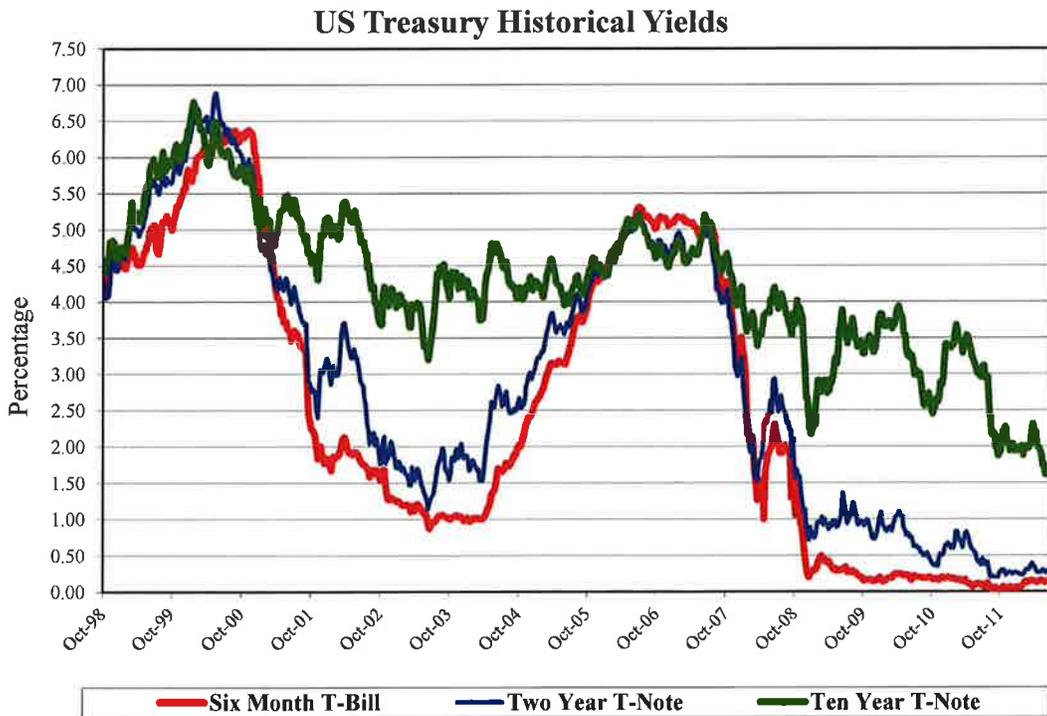
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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.



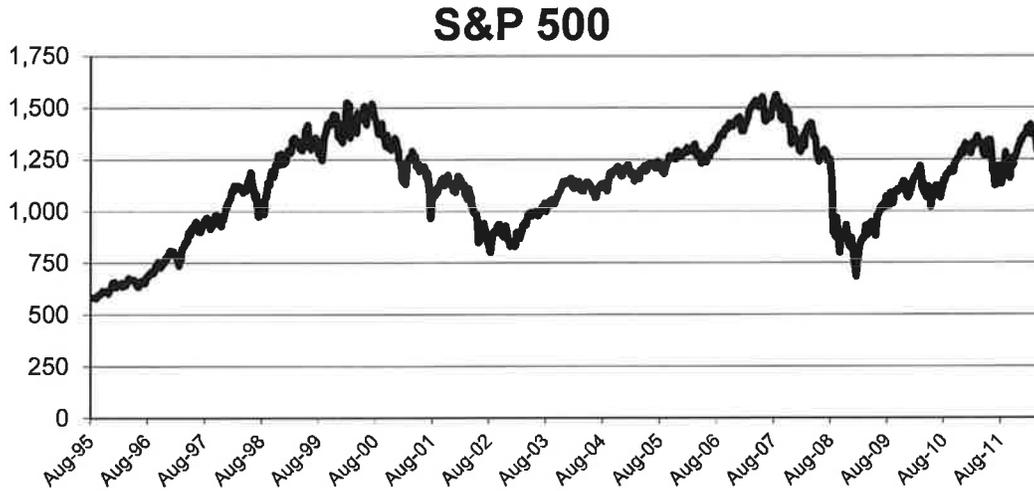
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Detail of Holdings June 30, 2012

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (mo)	Yield
DDA		1.26%	07/01/2012	06/30/2012	\$ 31,166,226	\$ 31,166,226	1.000	\$ 31,166,226	0.03	1.26%
					<u>\$ 31,166,226</u>	<u>\$ 31,166,226</u>		<u>\$ 31,166,226</u>	<u>0.03</u>	<u>1.26%</u>
									(1)	(2)

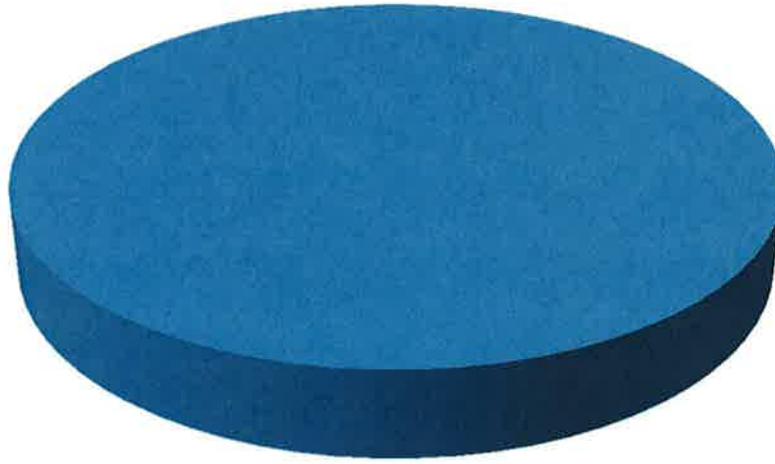
(1) **Weighted average life** - For purposes of calculating weighted average life, pool and bank account investments are assumed to have a one day maturity.

(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

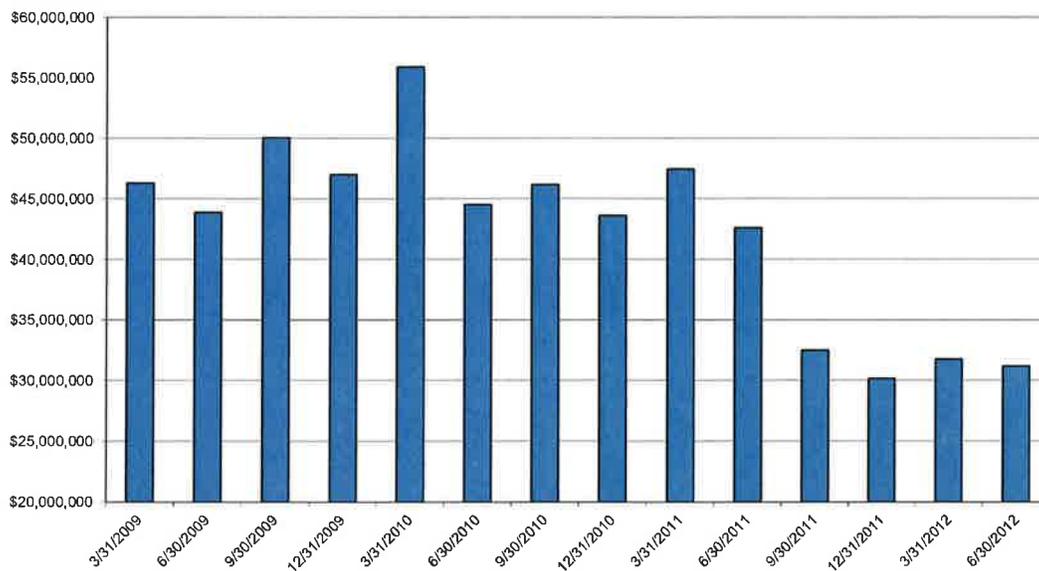
0%



Pools/Bank

DDA 100%

Total Portfolio



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2012		Purchases/ Adjustments	Sales/Adjust/ Maturities	June 30, 2012	
			Par Value	Book Value			Par Value	Book Value
DDA	1.26%	07/01/2012	\$ 31,755,645	\$ 31,755,645	\$ -	\$ (589,420)	\$ 31,166,226	\$ 31,166,226
TOTAL			\$ 31,755,645	\$ 31,755,645	\$ -	\$ (589,420)	\$ 31,166,226	\$ 31,166,226

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2012		Qtr to Qtr Change	June 30, 2012	
			Par Value	Market Value		Par Value	Market Value
DDA	1.26%	07/01/2012	\$ 31,755,645	\$ 31,755,645	\$ (589,420)	\$ 31,166,226	\$ 31,166,226
TOTAL			\$ 31,755,645	\$ 31,755,645	\$ (589,420)	\$ 31,166,226	\$ 31,166,226

Allocation

Book & Market Value	Total	General Operating	Special Revenue	Interest & Sinking	Enterprise Funds	Enterprise Capital Projects				General Capital Projects
						EDC 4A	EDC 4B	June 30, 2012		
DDA	\$ 31,166,226	\$ 7,907,400	\$ 761,623	\$ 2,818,743	\$ 4,687,459	\$ 10,612,516	\$ 1,579,526	\$ 1,185,417	\$ 1,613,542	
Totals	\$ 31,166,226	\$ 7,907,400	\$ 761,623	\$ 2,818,743	\$ 4,687,459	\$ 10,612,516	\$ 1,579,526	\$ 1,185,417	\$ 1,613,542	

Allocation

March 31, 2012

Book & Market Value	Total	General Operating	Special Revenue	Interest & Sinking	Enterprise Funds	Enterprise Capital Projects	EDC 4A	EDC 4B	General Capital Projects
DDA	\$ 31,755,645	\$ 9,701,435	\$ 639,154	\$ 2,776,871	\$ 5,274,288	\$ 4,892,809	\$ 1,414,540	\$ 1,079,886	\$ 5,976,661
Totals	\$ 31,755,645	\$ 9,701,435	\$ 639,154	\$ 2,776,871	\$ 5,274,288	\$ 4,892,809	\$ 1,414,540	\$ 1,079,886	\$ 5,976,661

Total Portfolio Performance

