
MEMORANDUM

TO: MATTHEW MUELLER, TOWN MANAGER
FROM: KELLY WILSON, CHIEF FINANCIAL OFFICER
SUBJECT: INVESTMENT REPORT FOR QUARTER ENDING JUNE 30, 2021
CC: MAYOR AND COUNCIL

Attached is the Quarterly Investment Report for the first quarter ending March 31, 2021 Fiscal Year 2020-2021. 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, 2021, the Town's portfolio consisted of the following investments:

Portfolio by Type	Average Yield	Total Invested	Percent of Total
Money Market - Independent Financial	0.75%	\$83,033,130.42	78.43%
TexPool/TexPool Prime	0.05%	18,416,694.57	17.40%
Certificate of Deposit	1.16%	\$4,443,458.53	4.17%
Total Portfolio (Avg)	0.66%	\$105,893,283.52	100.00%

The Town has been actively diversifying the investment portfolio in order to minimize risk of over 50% of funds in one portfolio type as well as capturing a better yield. However, due to the market rates on investments, Finance has maintained higher balances in the Money Market investments at Independent Bank. All Funds on deposit with Independent Financial are fully secured and safeguarded. Total interest earned for the first quarter ending June 30, 2021 was \$167,363. Year-to-date interest earnings for Fiscal Year 2020-2021 is \$510,019.

Total cash and investments for the period ending March 31, 2021 was \$101,893,283.52. The variance increase of \$4,409,763.51 from the last quarterly investment report is primarily due to the Town's receipt of TIRZ 5 closing proceeds and the American Recovery Act Plan grant proceeds. The cash flow is important for Finance to monitor the remainder of the year in order to provide cash availability for expenditures for the remainder of the year while minimizing risk, preventing early redemptions of investments, and maximizing interest earnings.

The Town's current portfolio has significant resources available for same day access in order 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 but investing in other instruments in order to capitalize on interest earnings while keeping risk to a minimum. The Town's funds are swept to the above accounts and withdrawn as needed for operational cash flow requirements.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 0.66%. While some benchmarks to reference the US Treasury T-bill rates for 3 months is 0.05%; 1 year is 0.09%; and a 2 year is 0.25% as of the date of this report. The Town's portfolio yield far exceeds these benchmarks.

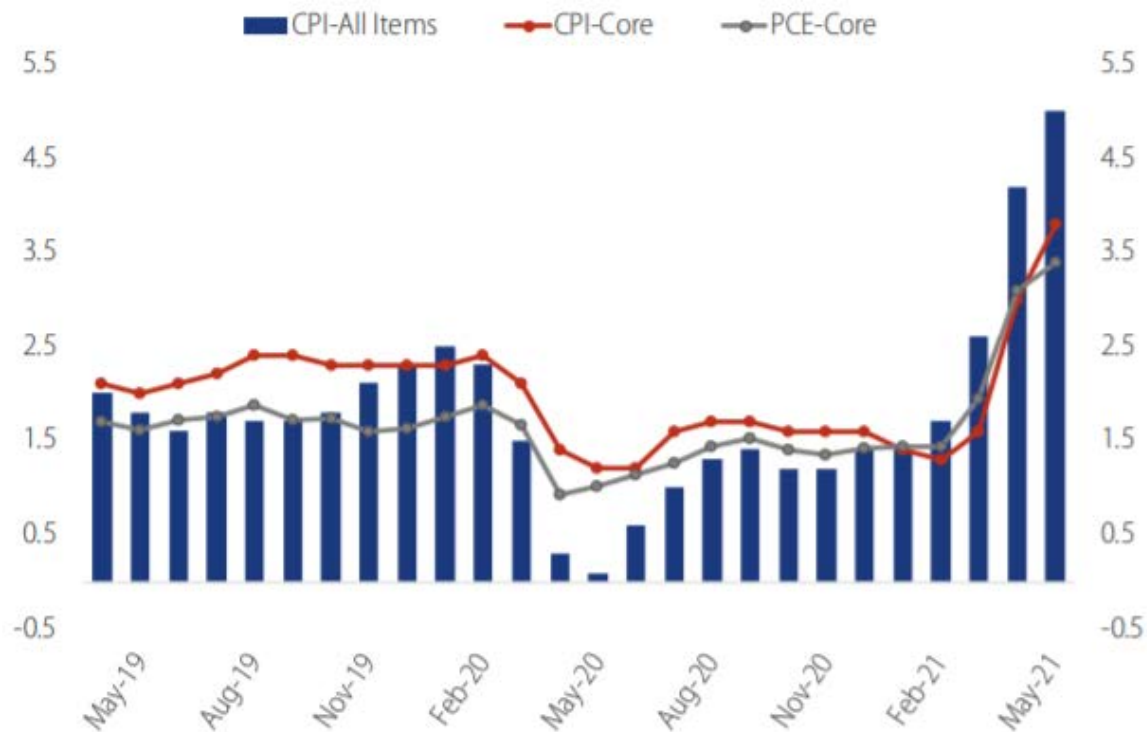
FINANCE DEPARTMENT
QUARTERLY INVESTMENT REPORT

2021 Q2 Economic Recap and Rate Outlook

One of the more remarkable tales of the pandemic has been the financial health of the nation as a whole. The Federal Reserve reported the net wealth of U.S. households increased by a staggering \$13.5 trillion last year, the biggest increase in three decades of recordkeeping. The Wall Street Journal (WSJ) pointed out the sharp contrast with 2008 when U.S. households lost \$8 trillion. The fact that GDP growth was so anemic following “the Great Recession” was a reflection of that lost wealth and a massive hangover from the housing bubble.

The current path forward is considerably less bumpy, while at the same time more uneven as the majority of pandemic wealth accrued to homeowners and stockholders. The stock market has been steadily climbing since the November election with the S&P 500 up almost +45% year-over-year. The pandemic housing story has been told many times. There has not been nearly enough supply on the market to meet demand, sending home values skyrocketing. The S&P CoreLogic Case-Shiller 20-city home price index rose +14.8% year-over-year in the most recent April report. The biggest gain in 33 years of record keeping absolutely crushed the +2.5% pre-covid increase from 2019.

Inflation Indicators (Year-Over-Year Percent Change)

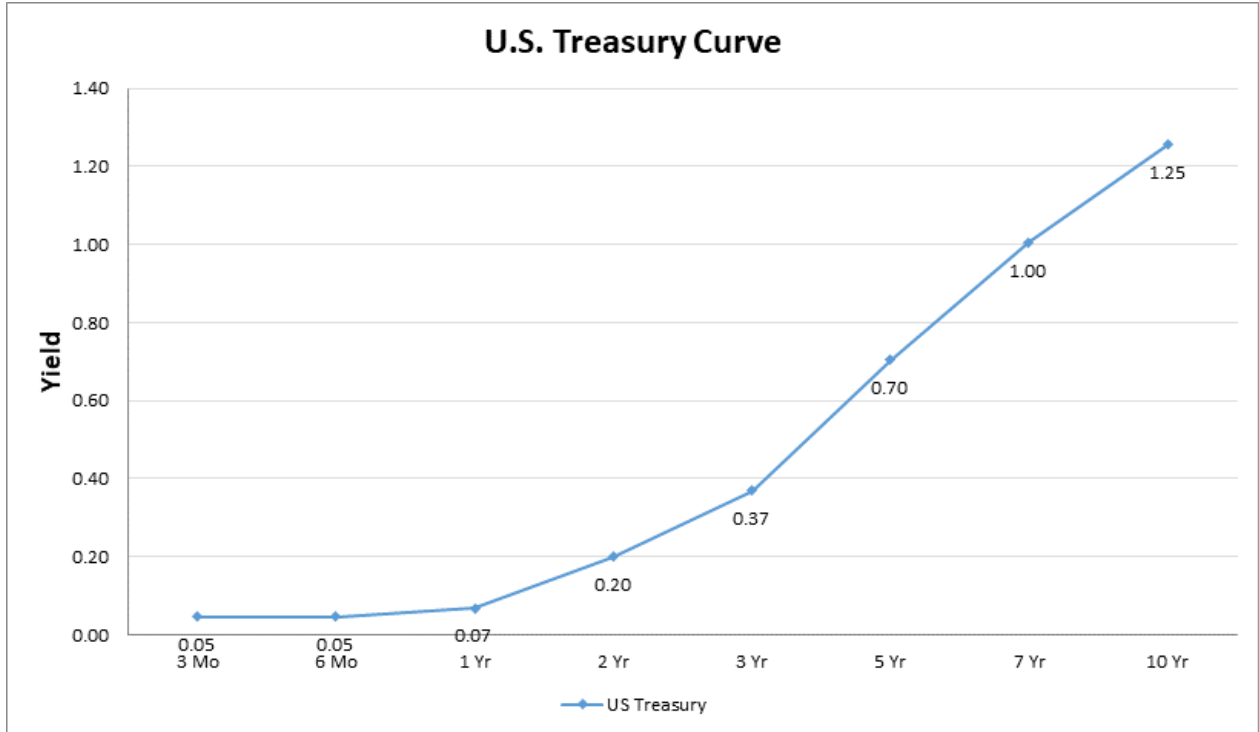


Source: Bureau of Labor Statistics and Bureau of Economic Analysis.

FINANCE DEPARTMENT
QUARTERLY INVESTMENT REPORT

Investment Strategies

Finance's new discipline will be to ladder the portfolios and this strategy will help sustain the yield for a longer period of time. We will continue this strategy as much as possible. Finance will continue to monitor our cash needs as revenue streams has been reflected for the property tax collections received in the first two quarters of the fiscal year.



FINANCE DEPARTMENT
QUARTERLY INVESTMENT REPORT



LITTLE ELM

Quarterly Investment Report

For the Quarter Ended

June 30, 2021

Prepared by the Town of Little Elm Finance Department

Overview of the Quarterly Investment Report

Funds on deposit with depository bank are fully collateralized.

- **YTD Cash and Investments on hand: \$105,893,283.52**
 - 78.43% in depository bank
 - 17.40% invested in Pools
 - 4.17% invested in CDs
- **Interest Earnings**
 - \$510,019YTD
 - \$167,363 April to June 2021
- **Average Yield on Portfolio**
 - 0.66% YTD
 - 0.68% at end of 2nd Quarter – FY 2020-2021
- **Average Yield Benchmarks**
 - 0.05% Three Month Rolling Treasury Yield
 - 0.09% One Year Rolling Treasury Yield
 - 0.052% TexPool Average Yield
- **Certification of Investment Policy (Government Treasurers' Organization of Texas)**
 - Awarded for 2-year period ending January 31, 2022

The investment portfolio of the Town of Little Elm is in compliance with the Public Funds Investment Act and the investment Policy and Strategies.

Kelly Wilson

Kelly Wilson, Chief Financial Officer

Dianne Lawson

Dianne Lawson, Assistant Director of Finance

TOWN OF LITTLE ELM

Investment Portfolio Summary

Quarter Ending 6/30/2021



PERFORMANCE	3/31/2021	6/30/2021
Yield to Maturity @ Cost	0.68%	0.66%
TREASURY		
3 Month	0.02%	0.05%
1 Year	0.06%	0.09%
2 Year	0.17%	0.25%

Investment Policy Compliance

Authorized Investments	Compliance
Certificate of Deposit Negotiable	Yes
Commercial Paper	Yes
Guaranteed Investment Contracts	Yes
Local Government Investment Pools	Yes
Municipal Bonds Texas	Yes
Municipal United States	Yes
Mutual Funds	Yes
Repurchase Agreements	Yes
US Agency	Yes
US Treasury	Yes
	Days
	Compliance
Maturity Range not to exceed 2 Years	65
	Yes

MISSION

Effective cash management is recognized as essential to good fiscal management. A comprehensive and effective cash management system will be pursued to optimize investment interest as viable and material revenue to all operating and capital funds. The Town's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with local, state and federal law.

The Town of Little Elm, Texas, is in full compliance with the investment policy and strategy, and the Public Funds Investment Act | Chapter 2256.005 (n), Government Code, Section 404.024.

Kelly Wilson

Kelly Wilson, Chief Finance Officer

Dianne Lawson

Dianne Lawson, Assistant Director of Finance

Investment Portfolio Summary

Quarter Ending 6/30/2021



Investment Policy Compliance

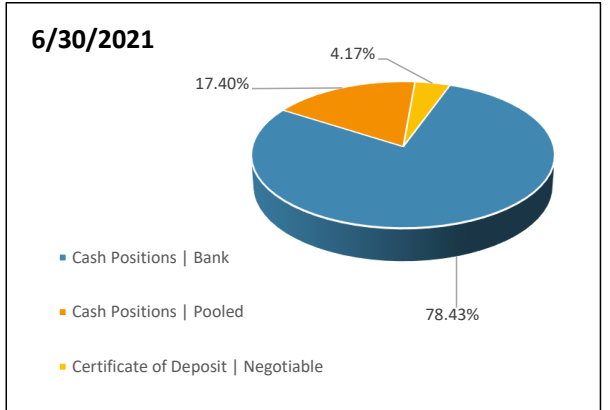
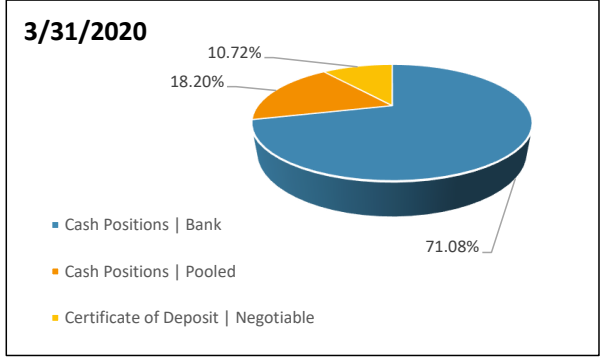
Asset Category	% of Portfolio	YTM @Cost	Days to Maturity	Par Value	Book Value	Market Value
Cash Positions Bank	71.08%	0.75	1	71,919,127.20	71,919,127.20	71,919,127.20
Cash Positions Pooled	18.20%	0.07	1	18,414,368.98	18,414,368.98	18,414,368.98
Certificate of Deposit Negotiable	10.72%	1.22	226	10,845,000.00	10,845,000.00	11,150,023.83
	100.00%	0.68%	76	101,178,496.18	101,178,496.18	101,483,520.01

Asset Category	% of Portfolio	YTM @Cost	Days to Maturity	Par Value	Book Value	Market Value
Cash Positions Bank	78.43%	0.75	1	83,033,130.42	83,033,130.42	83,033,130.42
Cash Positions Pooled	17.40%	0.05	1	18,416,694.57	18,416,694.57	18,416,694.57
Certificate of Deposit Negotiable	4.17%	1.16	194	4,416,000.00	4,416,000.00	4,443,458.53
	100.00%	0.66%	65	105,865,824.99	105,865,824.99	105,893,283.52

Investment Policy Compliance

Authorized Investments	Compliance
Certificate of Deposit Negotiable	Yes
Commercial Paper	Yes
Guaranteed Investment Contracts	Yes
Local Government Investment Pools	Yes
Municipal Bonds Texas	Yes
Municipal United States	Yes
Mutual Funds	Yes
Repurchase Agreements	Yes
US Agency	Yes
US Treasury	Yes

Maturity Range not to exceed 2 Years	65	Yes
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Town of Little Elm
Portfolio Holdings
Investment Portfolio - by Asset Category
As of 6/30/2021

Description	CUSIP/Ticker	Settlement Date	YTM @ Cost	Face Amount/Shares	Cost Value	Book Value	Market Value	Maturity Date	Days To Maturity	Accrued Interest	% of Portfolio
Cash Positions Bank Investments											
Independent Bank Pooled Cash MM	MM5236	06/30/2021	0.750	78,642,365.59	78,642,365.59	78,642,365.59	78,642,365.59	N/A	1	0	74.28%
Independent Bank Section 125 MM	MM3949	06/30/2021	0.750	54,596.93	54,596.93	54,596.93	54,596.93	N/A	1	0	0.05%
Independent Bank Dispersal Funds MM	MM3595	06/30/2021	0.760	886.05	886.05	886.05	886.05	N/A	1	0	0.00%
Independent Bank American Recovery Act MM	MM7177	06/30/2021	0.050	2,201,468.54	2,201,468.54	2,201,468.54	2,201,468.54	N/A	1	0	2.08%
Independent Bank CIP Reserve MM	MM7607	06/30/2021	0.050	2,133,813.31	2,133,813.31	2,133,813.31	2,133,813.31	N/A	1	0	2.02%
Sub Total / Average Cash Positions Bank Investments			0.753	83,033,130.42	83,033,130.42	83,033,130.42	83,033,130.42		1	0.00	78.43%
Cash Positions Pool Investments											
TexPool Consolidated Ops LGIP	LGIP449	06/30/2021	0.013	7,514,833.95	7,514,833.95	7,514,833.95	7,514,833.95	N/A	1	0	7.10%
TexPool Prime Consolidated Ops LGIP	LGIP590	06/30/2021	0.071	7,257,690.23	7,257,690.23	7,257,690.23	7,257,690.23	N/A	1	0	6.86%
TexPool Prime 2020 CO Bond LGIP	LGIP590	06/30/2021	0.071	3,644,170.39	3,644,170.39	3,644,170.39	3,644,170.39	N/A	1	0	3.44%
Sub Total / Average Cash Positions Pool Investments			0.052	18,416,694.57	18,416,694.57	18,416,694.57	18,416,694.57		1	0.00	17.40%
Certificate of Deposit Negotiable											
Centric Bank	15643KAG1	03/27/2020	1.050	245,000.00	245,000.00	245,000.00	245,605.15	09/27/2021	89	669.55	5.55%
Berkshire Bank	084601WX7	03/27/2020	1.200	245,000.00	245,000.00	245,000.00	247,124.15	03/31/2022	274	765.21	5.55%
Transportation Alliance Bank, Inc. BDA TAB Bank	89388CDU9	03/30/2020	1.000	245,000.00	245,000.00	245,000.00	245,588.00	09/30/2021	92	0.00	5.55%
Nicolet National Bank	654062JU3	03/30/2020	1.150	245,000.00	245,000.00	245,000.00	247,004.10	03/30/2022	273	0.00	5.55%
Marlin Business Bank	57116ATY4	03/30/2020	1.050	245,000.00	245,000.00	245,000.00	245,649.25	09/30/2021	92	0.00	5.55%
Lakeland Bank	511640BA1	03/30/2020	1.100	245,000.00	245,000.00	245,000.00	245,656.60	09/30/2021	92	671.90	5.55%
Connectone Bank	20786ACZ6	03/30/2020	1.050	245,000.00	245,000.00	245,000.00	245,619.85	09/30/2021	92	0.00	5.55%
Village Bank	92705YAU4	03/31/2020	1.050	245,000.00	245,000.00	245,000.00	245,619.85	09/30/2021	92	0.00	5.55%
Merrick Bank	59013KGR1	03/31/2020	1.200	245,000.00	245,000.00	245,000.00	247,109.45	03/31/2022	274	0.00	5.55%
Investors Bank	46176PMY8	03/31/2020	1.250	245,000.00	245,000.00	245,000.00	247,214.80	04/01/2022	275	763.53	5.55%
First Bank	31931TGJ8	03/31/2020	1.050	245,000.00	245,000.00	245,000.00	245,619.85	09/30/2021	92	0.00	5.55%
Celtic Bank	15118RUN5	03/31/2020	1.050	245,000.00	245,000.00	245,000.00	245,619.85	09/30/2021	92	0.00	5.55%
BMW Bank of North America	05580AWB6	03/31/2020	1.350	245,000.00	245,000.00	245,000.00	247,393.65	03/31/2022	274	824.61	5.55%
Blue Ridge Bank, National Association	09582YAD4	03/31/2020	1.200	245,000.00	245,000.00	245,000.00	247,116.80	03/31/2022	274	732.99	5.55%
Bank Leumi USA	063248KP2	03/31/2020	1.250	245,000.00	245,000.00	245,000.00	247,410.80	03/31/2022	274	815.55	5.55%
Cadence Bank	12738RFX7	03/31/2020	1.200	245,000.00	245,000.00	245,000.00	247,131.50	04/01/2022	275	724.93	5.55%
Capital One National Bank	14042RPL9	04/08/2020	1.350	248,000.00	248,000.00	248,000.00	250,487.44	04/08/2022	282	761.33	5.62%
Capital One Bank	14042TDG9	04/08/2020	1.350	248,000.00	248,000.00	248,000.00	250,487.44	04/08/2022	282	761.33	5.62%
Sub Total / Average Certificate of Deposit Negotiable			1.161	4,416,000.00	4,416,000.00	4,416,000.00	4,443,458.53		194	7,490.93	4.17%
Total / Average			0.66	105,865,824.99	105,865,824.99	105,865,824.99	105,893,283.52		65	7,490.93	1.00

Investment Portfolio Summary

Quarter Ending 6/30/2021

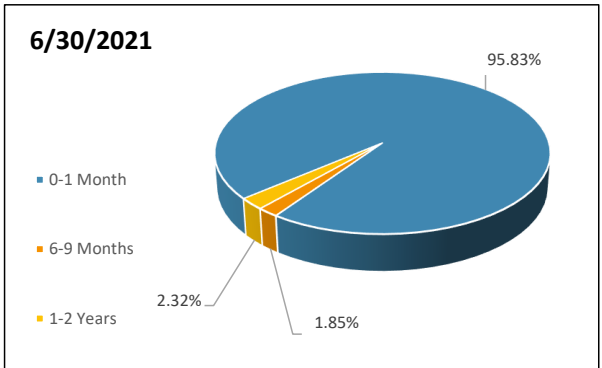
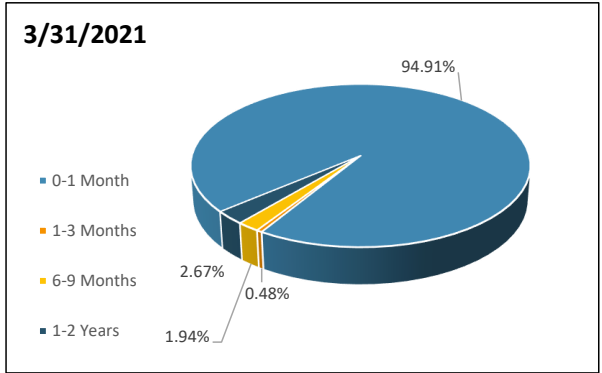


Investment Policy Compliance | Maturity Range

Maturity Range	% of Portfolio	YTM @Cost	Days to Maturity	Book Value
0-1 Month	94.91%	1.13	1	96,023,496.18
1-3 Months	0.48%	1.10	73	490,000.00
6-9 Months	1.94%	1.05	182.5714	1,960,000.00
1-2 Years	2.67%	1.26	367.1818	2,705,000.00
	100.00%	1.04%	88	101,178,496.18

Maturity Range	% of Portfolio	YTM @Cost	Days to Maturity	Book Value
0-1 Month	95.83%	0.27	1	101,449,824.99
6-9 Months	1.85%	1.05	92	1,960,000.00
1-2 Years	2.32%	1.25	276	2,456,000.00
	100.00%	0.86%	65	105,865,824.99

Investment Policy Compliance		
Authorized Investments	Days	Compliance
Maturity Range not to exceed 2 Years	65	Yes



Town of Little Elm
Portfolio Holdings
Investment Portfolio - by Maturity Range
As of 6/30/2021

Description	CUSIP/Ticker	Maturity Date	Days To Maturity	Settlement Date	Book Value	Market Value	% of Portfolio
0-1 Month							
Independent Bank Pooled Cash MM	MM5236	6/30/2021	1		78,642,365.59	78,642,365.59	74.28%
Independent Bank Section 125 MM	MM3949	06/30/2021	1		54,596.93	54,596.93	0.05%
Independent Bank Dispersal Funds MM	MM3595	06/30/2021	1		886.05	886.05	0.00%
Independent Bank American Recovery Act MM	MM7177	06/30/2021	1		2,201,468.54	2,201,468.54	2.08%
Independent Bank CIP Reserve MM	MM7607	06/30/2021	1		2,133,813.31	2,133,813.31	2.02%
TexPool Consolidated Ops LGIP	LGIP449	06/30/2021	1		7,514,833.95	7,514,833.95	7.10%
TexPool Prime Consolidated Ops LGIP	LGIP590	06/30/2021	1		7,257,690.23	7,257,690.23	17.40%
TexPool Prime 2020 CO Bond LGIP	LGIP590	06/30/2021	1		3,644,170.39	3,644,170.39	3.44%
Total / Average 0-1 Month			1		101,449,824.99	101,449,824.99	95.83%
6-9 Months							
Centric Bank	15643KAG1	09/27/2021	89	09/27/2021	245,000.00	245,605.15	5.55%
Transportation Alliance Bank, Inc. BDA TAB Bank	89388CDU9	09/30/2021	92	09/30/2021	245,000.00	245,588.00	5.55%
Marlin Business Bank	57116ATY4	09/30/2021	92	09/30/2021	245,000.00	245,649.25	5.55%
Lakeland Bank	511640BA1	09/30/2021	92	09/30/2021	245,000.00	245,656.60	5.55%
Connectone Bank	20786ACZ6	09/30/2021	92	09/30/2021	245,000.00	245,619.85	5.55%
Village Bank	92705YAU4	09/30/2021	92	09/30/2021	245,000.00	245,619.85	5.55%
First Bank	31931TGJ8	09/30/2021	92	09/30/2021	245,000.00	245,619.85	5.55%
Celtic Bank	15118RUN5	09/30/2021	92	09/30/2021	245,000.00	245,619.85	5.55%
Total / Average 6-9 Months			92		1,960,000.00	1,964,978.40	1.85%
1-2 Years							
Berkshire Bank	084601WX7	03/31/2022	274	03/27/2020	245,000.00	247,124.15	5.55%
Nicolet National Bank	654062JU3	03/30/2022	273	03/30/2020	245,000.00	247,004.10	5.55%
Merrick Bank	59013KGR1	03/31/2020	274	03/31/2022	245,000.00	247,109.45	5.55%
Investors Bank	46176PMY8	03/31/2020	275	04/01/2022	245,000.00	247,214.80	5.55%
BMW Bank of North America	05580AWB6	03/31/2022	274	03/31/2020	245,000.00	247,393.65	5.55%
Blue Ridge Bank, National Association	09582YAD4	03/31/2022	274	03/31/2020	245,000.00	247,116.80	5.55%
Bank Leumi USA	063248KP2	03/31/2022	274	03/31/2020	245,000.00	247,410.80	5.55%
Cadence Bank	12738RFX7	04/01/2022	275	03/31/2020	245,000.00	247,131.50	5.55%
Capital One National Bank	14042RPL9	04/08/2022	282	04/08/2020	248,000.00	250,487.44	5.62%
Capital One Bank	14042TDG9	04/08/2022	282	04/08/2020	248,000.00	250,487.44	5.62%
Total / Average 1-2 Years			276		2,456,000.00	2,478,480.13	2.32%
Total / Average					105,865,824.99	105,893,283.52	1.00

TOWN OF LITTLE ELM

Investment Portfolio Summary

Quarter Ending 6/30/2021



Funds		Par Value	Book Value	Market Value	Accrued Interest
Cash Positions Bank					
Value at	3/31/2021	71,919,127.20	71,919,127.20	71,919,127.20	-
	Net Change	11,114,003.22	11,114,003.22	11,114,003.22	-
Value at	6/30/2021	83,033,130.42	83,033,130.42	83,033,130.42	-
Cash Positions Pool Investments					
Value at	3/31/2021	18,414,368.98	18,414,368.98	18,414,368.98	-
	Net Change	2,325.59	2,325.59	2,325.59	-
Value at	6/30/2021	18,416,694.57	18,416,694.57	18,416,694.57	-
Certificate of Deposit Negotiable					
Value at	3/31/2021	10,845,000.00	10,845,000.00	11,150,023.83	262,837.11
	Net Change	(6,429,000.00)	(6,429,000.00)	(6,706,565.30)	(255,346.18)
Value at	6/30/2021	4,416,000.00	4,416,000.00	4,443,458.53	7,490.93
Total Portfolio					
Value at	3/31/2021	101,178,496.18	101,178,496.18	101,483,520.01	262,837.11
	Net Change	4,687,328.81	4,687,328.81	4,409,763.51	(255,346.18)
Value at	6/30/2021	105,865,824.99	105,865,824.99	105,893,283.52	7,490.93

TOWN OF LITTLE ELM

Investment Portfolio Interest Earnings

Quarter Ending 6/30/2021



Interest Earnings

Funds	FY 2020 Interest Earnings	1st Qtr FY 2021	2nd Qtr FY 2021	Apr-21	May-21	Jun-21	3rd Qtr FY 2021
General Operating	408,184	32,589	57,383	18,928	14,261	13,331	46,520
Special Revenue Fund	63,758	12,258	13,255	5,542	5,033	5,340	15,915
Interest and Sinking	41,213	3,127	8,784	3,347	2,839	3,082	9,269
Equipment Replacement Fund	53,632	7,847	8,229	3,250	2,678	2,716	8,644
Enterprise Funds	424,323	62,325	79,127	21,217	17,356	18,565	57,137
Economic Agreements/TIRZ	66,432	4,304	3,698	1,851	715	1,121	3,687
Community Development 4B Corporation	9,095	1,835	2,798	877	788	875	2,540
General Capital Project Funds	303,605	22,272	22,825	8,279	7,632	7,741	23,652
Total Cash and Investments	1,324,115	146,557	196,099	63,291	51,302	52,770	167,363

Interest Earnings

Investment Type	FY 2020 Interest Earnings	1st Qtr FY 2021	2nd Qtr FY 2021	Apr-21	May-21	Jun-21	3rd Qtr FY 2021
Cash Positions Bank	922,000	95,219	127,560	47,991	50,306	48,470	146,767
Cash Positions Pooled	185,688	7,354	3,725	578	544	503	1,625
Certificate of Deposit Negotiable	216,427	43,984	64,814	14,722	453	3,797	18,971
Total Cash and Investments	1,324,115	146,557	196,099	63,291	51,302	52,770	167,363