
MEMORANDUM

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

Attached is the Quarterly Investment Report for the fourth quarter ending September 30, 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 September 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	0.65%	\$74,877,668.12	62.91%
TexPool/TexPool Prime	0.05%	41,683,974.73	35.02%
Certificate of Deposit	1.25%	\$2,470,479.53	2.06%
Total Portfolio (Avg)	0.65%	\$119,032,122.38	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 fourth quarter ending September 30, 2021 was \$145,078. Year-to-date interest earnings for Fiscal Year 2020-2021 is \$655,096.

Total cash and investments for the period ending September 30, 2021 was \$119,032,122.38. The variance increase of \$13,138,838.86 from the last quarterly investment report is primarily due to the Town's issuance of the 2021 CO Bonds for \$24 million along and offsetting operating money market accounts reduced for cash flowing CIP projects and operational expenses. The cash flow is important for Finance to monitor in order to provide cash availability for expenditures 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 The Town's funds are swept to the above accounts and withdrawn as needed for operational cash flow requirements.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 0.65%. While some benchmarks to reference the US Treasury T-bill rates for 3 months is 0.04%; 1 year is 0.08%; and a 2 year is 0.24% as of the date of this report. The Town's portfolio yield far exceeds these benchmarks.

FINANCE DEPARTMENT
QUARTERLY INVESTMENT REPORT

2021 Q4 Economic Recap and Rate Outlook

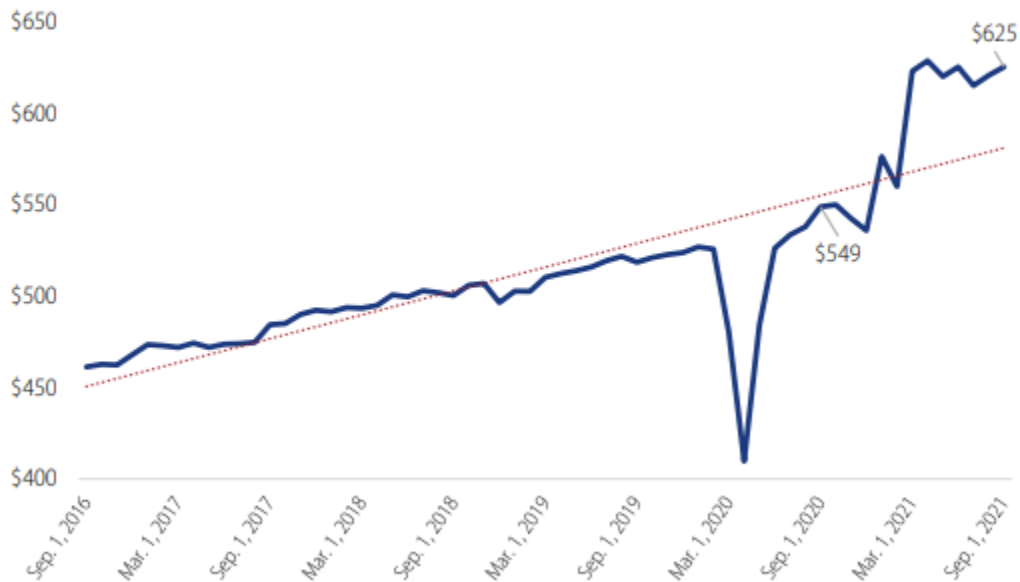
GDP growth has clearly slowed in the third quarter, but consumer spending should enter the final quarter of the year with solid momentum. Retail sales were up +0.7% in September, well above the -0.2% median forecast as shoppers focused less on services and more on goods. Sales in the two previous months were revised upward with July revised from -1.8% to -1.6% and August from +0.7% to +0.9%.

Although the report was significantly better than expected with 11 of 13 spending categories posting gains last month, elevated prices made a considerable contribution to the overall value of sales. In particular, spending at auto dealers (+0.6%) and gasoline stations (+1.8%) reflected higher prices rather than increased sales. It's also important to note that the retail sales report focuses almost exclusively on goods, including only restaurant and bar sales in the service category. The lingering COVID wave has curtailed overall service spending and cash-flush consumers simply shifted spending to goods. This creates the impression that overall spending is stronger than it is. The reality is that third quarter consumption is somewhere in the neighborhood of +2.0%, while second quarter consumption was +12.0%. Since consumers contribute roughly two-thirds of economic growth, the sharp deceleration will be reflected in a weaker GDP report in two weeks.

On a positive note, the total dollar value of retail sales is up \$76 billion year-over-year, and spending capacity remains high. The major impediment for shoppers entering the holiday season continues to be depleted inventories. This story isn't likely to fade away.

Retail & Food Services Sales Total (\$ Billions)(Seasonally Adjusted)

The total dollar value of September retail sales was \$76 billion above last year with sales running well above trend.

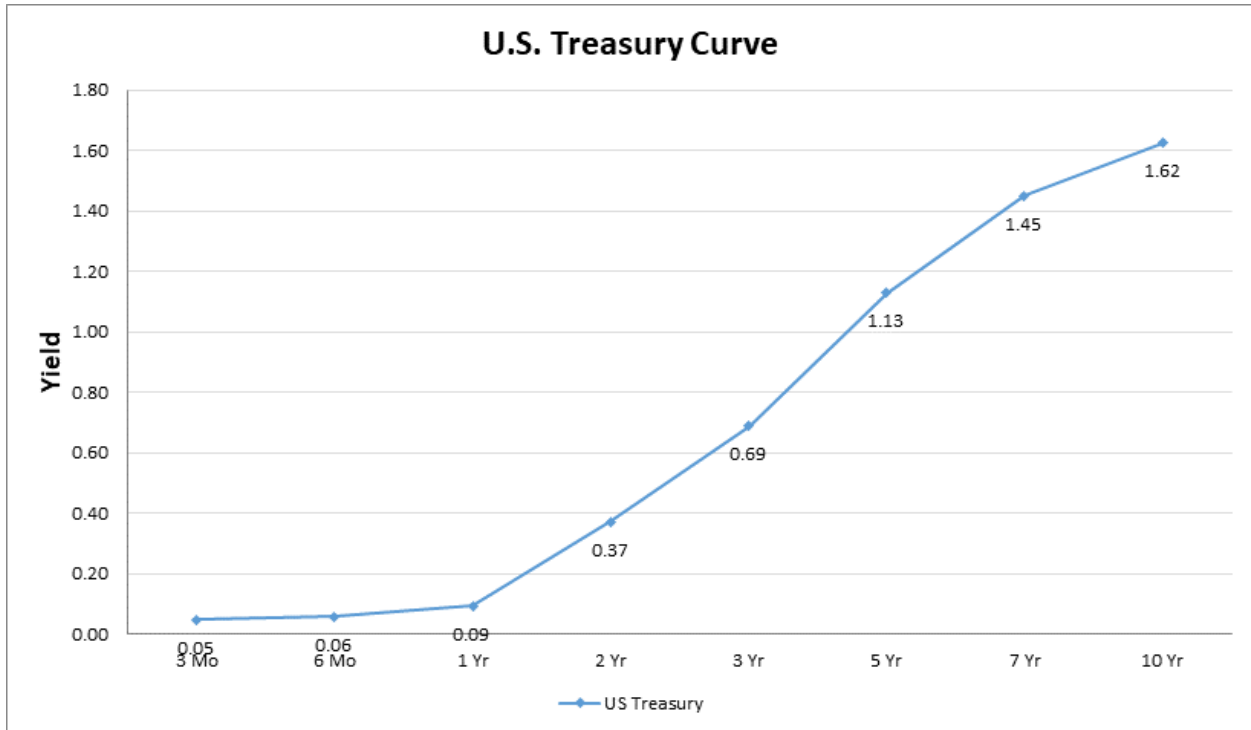


Source: U.S. Census Bureau.

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 and utilization of bond proceeds for CIP projects.



FINANCE DEPARTMENT
QUARTERLY INVESTMENT REPORT



LITTLE ELM

Quarterly Investment Report

For the Quarter Ended

September 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: \$119,032,122.38**
 - 62.91% in depository bank
 - 35.02% invested in Pools
 - 2.06% invested in CDs
- **Interest Earnings**
 - \$655,096 YTD
 - \$145,078 July to September 2021
- **Average Yield on Portfolio**
 - 0.65% YTD
 - 0.66% at end of 3rd Quarter – FY 2020-2021
- **Average Yield Benchmarks**
 - 0.04% Three Month Rolling Treasury Yield
 - 0.08% One Year Rolling Treasury Yield
 - 0.048% 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 9/30/2021



PERFORMANCE	6/30/2021	9/30/2021
Yield to Maturity @ Cost	0.66%	0.65%
TREASURY		
3 Month	0.05%	0.04%
1 Year	0.09%	0.08%
2 Year	0.25%	0.24%

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	62
	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

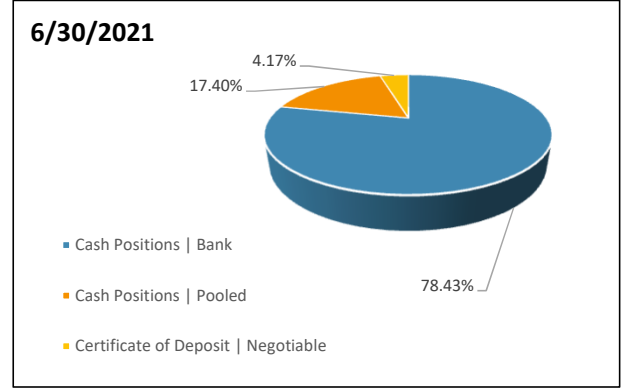
Investment Portfolio Summary

Quarter Ending 9/30/2021

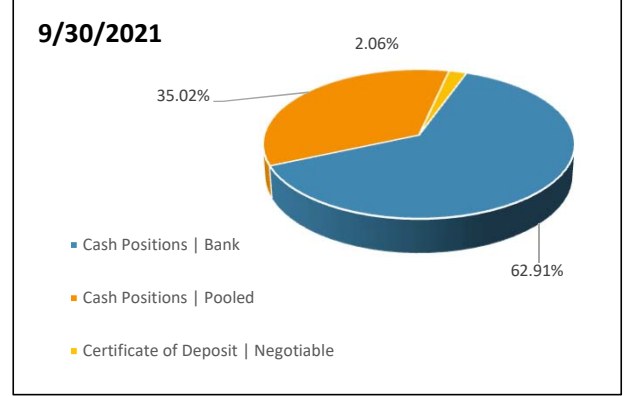


Investment Policy Compliance

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



Asset Category	% of Portfolio	YTM @Cost	Days to Maturity	Par Value	Book Value	Market Value
Cash Positions Bank	62.91%	0.65	1	74,877,668.12	74,877,668.12	74,877,668.12
Cash Positions Pooled	35.02%	0.05	1	41,683,974.73	41,683,974.73	41,683,974.73
Certificate of Deposit Negotiable	2.06%	1.25	184	2,456,000.00	2,456,000.00	2,470,479.53
	100.00%	0.65%	62	119,017,642.85	119,017,642.85	119,032,122.38



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	62	Yes

Town of Little Elm
Portfolio Holdings
Investment Portfolio - by Asset Category
As of 9/30/2021

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	09/30/2021	0.650	70,636,764.16	70,636,764.16	70,636,764.16	70,636,764.16	N/A	1	0	59.35%
Independent Bank Section 125 MM	MM3949	09/30/2021	0.650	31,743.73	31,743.73	31,743.73	31,743.73	N/A	1	0	0.03%
Independent Bank Dispersal Funds MM	MM3595	09/30/2021	0.650	1,450.40	1,450.40	1,450.40	1,450.40	N/A	1	0	0.00%
Independent Bank American Recovery Act MM	MM7177	09/30/2021	0.650	2,069,072.43	2,069,072.43	2,069,072.43	2,069,072.43	N/A	1	0	1.74%
Independent Bank CIP Reserve MM	MM7607	09/30/2021	0.650	2,138,637.40	2,138,637.40	2,138,637.40	2,138,637.40	N/A	1	0	1.80%
Sub Total / Average Cash Positions Bank Investments			0.650	74,877,668.12	74,877,668.12	74,877,668.12	74,877,668.12		1	0.00	62.91%
Cash Positions Pool Investments											
TexPool Consolidated Ops LGIP	LGIP449	09/30/2021	0.028	7,515,268.27	7,515,268.27	7,515,268.27	7,515,268.27	N/A	1	0	6.31%
TexPool Prime Consolidated Ops LGIP	LGIP590	09/30/2021	0.063	7,258,850.19	7,258,850.19	7,258,850.19	7,258,850.19	N/A	1	0	6.10%
TexPool Prime 2020 CO Bond LGIP	LGIP590	09/30/2021	0.063	2,909,443.85	2,909,443.85	2,909,443.85	2,909,443.85	N/A	1	0	2.44%
LOGIC Prime 2021 CO Bond LGIP	LGIP6001	09/30/2021	0.036	24,000,412.42	24,000,412.42	24,000,412.42	24,000,412.42	N/A	1	0	20.17%
Sub Total / Average Cash Positions Pool Investments			0.048	41,683,974.73	41,683,974.73	41,683,974.73	41,683,974.73		1	0.00	35.02%
Certificate of Deposit Negotiable											
Berkshire Bank	084601WX7	03/27/2020	1.200	245,000.00	245,000.00	245,000.00	246,362.20	03/31/2022	182	24.16	9.98%
Nicolet National Bank	654062JU3	03/30/2020	1.150	245,000.00	245,000.00	245,000.00	246,281.34	03/30/2022	181	0.00	9.98%
Merrick Bank	59013KGR1	03/31/2020	1.200	245,000.00	245,000.00	245,000.00	246,354.85	03/31/2022	182	0.00	9.98%
Investors Bank	46176PMY8	03/31/2020	1.250	245,000.00	245,000.00	245,000.00	246,416.10	04/01/2022	183	0.00	9.98%
BMW Bank of North America	05580AWB6	03/31/2020	1.350	245,000.00	245,000.00	245,000.00	246,548.40	03/31/2022	182	0.00	9.98%
Blue Ridge Bank, National Association	09582YAD4	03/31/2020	1.200	245,000.00	245,000.00	245,000.00	246,362.20	03/31/2022	182	0.00	9.98%
Bank Leumi USA	063248KP2	03/31/2020	1.250	245,000.00	245,000.00	245,000.00	246,548.40	03/31/2022	182	1,649.22	9.98%
Cadence Bank	12738RFX7	03/31/2020	1.200	245,000.00	245,000.00	245,000.00	246,362.20	04/01/2022	183	1,465.97	9.98%
Capital One National Bank	14042RPL9	04/08/2020	1.350	248,000.00	248,000.00	248,000.00	249,621.92	04/08/2022	190	1,605.21	10.10%
Capital One Bank	14042TDG9	04/08/2020	1.350	248,000.00	248,000.00	248,000.00	249,621.92	04/08/2022	190	1,605.21	10.10%
Sub Total / Average Certificate of Deposit Negotiable			1.250	2,456,000.00	2,456,000.00	2,456,000.00	2,470,479.53		184	6,349.77	2.06%
Total / Average			0.65	119,017,642.85	119,017,642.85	119,017,642.85	119,032,122.38		62	6,349.77	1.00

Investment Portfolio Summary

Quarter Ending 9/30/2021

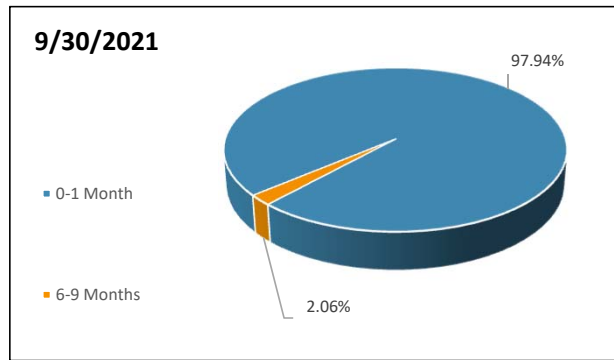
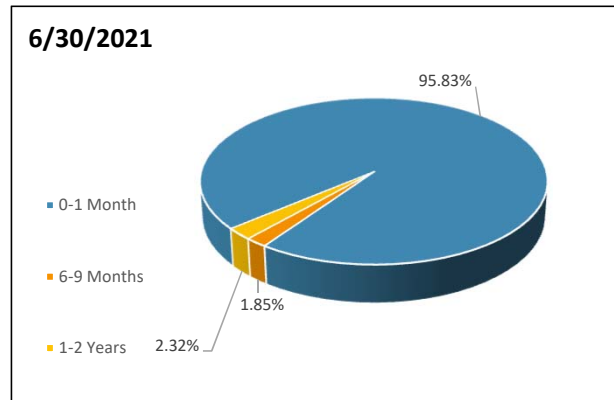


Investment Policy Compliance | Maturity Range

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

Maturity Range	% of Portfolio	YTM @Cost	Days to Maturity	Book Value
0-1 Month	97.94%	0.35	1	116,561,642.85
6-9 Months	2.06%	1.25	184	2,456,000.00
	100.00%	0.80%	62	119,017,642.85

Investment Policy Compliance		
Authorized Investments	Days	Compliance
Maturity Range not to exceed 2 Years	62	Yes



Town of Little Elm
Portfolio Holdings
Investment Portfolio - by Maturity Range
As of 9/30/2021

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	9/30/2021	1		70,636,764.16	70,636,764.16	59.35%
Independent Bank Section 125 MM	MM3949	09/30/2021	1		31,743.73	31,743.73	0.03%
Independent Bank Dispersal Funds MM	MM3595	09/30/2021	1		1,450.40	1,450.40	0.00%
Independent Bank American Recovery Act MM	MM7177	09/30/2021	1		2,069,072.43	2,069,072.43	1.74%
Independent Bank CIP Reserve MM	MM7607	09/30/2021	1		2,138,637.40	2,138,637.40	1.80%
TexPool Consolidated Ops LGIP	LGIP449	09/30/2021	1		7,515,268.27	7,515,268.27	6.31%
TexPool Prime Consolidated Ops LGIP	LGIP590	09/30/2021	1		7,258,850.19	7,258,850.19	35.02%
TexPool Prime 2020 CO Bond LGIP	LGIP590	09/30/2021	1		2,909,443.85	2,909,443.85	2.44%
LOGIC Prime 2021 CO Bond LGIP	LGIP6001	09/30/2021	1		24,000,412.42	24,000,412.42	20.17%
Total / Average 0-1 Month			1		116,561,642.85	116,561,642.85	97.94%
6-9 Months							
Berkshire Bank	084601WX7	03/31/2022	182	03/27/2020	245,000.00	246,362.20	9.98%
Nicolet National Bank	654062JU3	03/30/2022	181	03/30/2020	245,000.00	246,281.34	9.98%
Merrick Bank	59013KGR1	03/31/2020	182	03/31/2022	245,000.00	246,354.85	9.98%
Investors Bank	46176PMY8	03/31/2020	183	04/01/2022	245,000.00	246,416.10	9.98%
BMW Bank of North America	05580AWB6	03/31/2022	182	03/31/2020	245,000.00	246,548.40	9.98%
Blue Ridge Bank, National Association	09582YAD4	03/31/2022	182	03/31/2020	245,000.00	246,362.20	9.98%
Bank Leumi USA	063248KP2	03/31/2022	182	03/31/2020	245,000.00	246,548.40	9.98%
Cadence Bank	12738RFX7	04/01/2022	183	03/31/2020	245,000.00	246,362.20	9.98%
Capital One National Bank	14042RPL9	04/08/2022	190	04/08/2020	248,000.00	249,621.92	10.10%
Capital One Bank	14042TDG9	04/08/2022	190	04/08/2020	248,000.00	249,621.92	10.10%
Total / Average 6-9 Months			184		2,456,000.00	2,470,479.53	2.06%
Total / Average					119,017,642.85	119,032,122.38	1.00

TOWN OF LITTLE ELM

Investment Portfolio Summary

Quarter Ending 9/30/2021



Funds		Par Value	Book Value	Market Value	Accrued Interest
Cash Positions Bank					
Value at	6/30/2021	83,033,130.42	83,033,130.42	83,033,130.42	-
	Net Change	(8,155,462.30)	(8,155,462.30)	(8,155,462.30)	-
Value at	9/30/2021	74,877,668.12	74,877,668.12	74,877,668.12	-
Cash Positions Pool Investments					
Value at	6/30/2021	18,416,694.57	18,416,694.57	18,416,694.57	-
	Net Change	23,267,280.16	23,267,280.16	23,267,280.16	-
Value at	9/30/2021	41,683,974.73	41,683,974.73	41,683,974.73	-
Certificate of Deposit Negotiable					
Value at	6/30/2021	4,416,000.00	4,416,000.00	4,443,458.53	7,490.93
	Net Change	(1,960,000.00)	(1,960,000.00)	(1,972,979.01)	(1,141.16)
Value at	9/30/2021	2,456,000.00	2,456,000.00	2,470,479.53	6,349.77
Total Portfolio					
Value at	6/30/2021	105,865,824.99	105,865,824.99	105,893,283.52	7,490.93
	Net Change	13,151,817.86	13,151,817.86	13,138,838.86	(1,141.16)
Value at	9/30/2021	119,017,642.85	119,017,642.85	119,032,122.38	6,349.77

TOWN OF LITTLE ELM

Investment Portfolio Interest Earnings

Quarter Ending 9/30/2021



Interest Earnings

Funds	FY 2020 Interest Earnings	1st Qtr FY 2021	2nd Qtr FY 2021	3rd Qtr FY 2021	Jul-21	Aug-21	Sep-21	3rd Qtr FY 2021
General Operating	408,184	32,589	57,383	46,520	12,948	12,592	12,590	38,130
Special Revenue Fund	63,758	12,258	13,255	15,915	5,441	5,587	6,360	17,388
Interest and Sinking	41,213	3,127	8,784	9,269	425	431	578	1,434
Equipment Replacement Fund	53,632	7,847	8,229	8,644	2,505	2,584	3,172	8,261
Enterprise Funds	424,323	62,325	79,127	57,137	15,194	15,369	18,842	49,406
Economic Agreements/TIRZ	66,432	4,304	3,698	3,687	1,005	987	759	2,751
Community Development 4B Corporation	9,095	1,835	2,798	2,540	854	923	663	2,440
General Capital Project Funds	303,605	22,272	22,825	23,651	8,177	7,916	9,177	25,270
Total Cash and Investments	1,324,115	146,557	196,099	167,363	46,548	46,388	52,142	145,078

Interest Earnings

Investment Type	FY 2020 Interest Earnings	1st Qtr FY 2021	2nd Qtr FY 2021	3rd Qtr FY 2021	Jul-21	Aug-21	Sep-21	3rd Qtr FY 2021
Cash Positions Bank	922,000	95,219	127,560	146,767	45,413	42,574	40,333	128,320
Cash Positions Pooled	185,688	7,354	3,725	1,625	696	675	1,110	2,481
Certificate of Deposit Negotiable	216,427	43,984	64,814	18,971	439	3,138	10,699	14,276
Total Cash and Investments	1,324,115	146,557	196,099	167,363	46,548	46,388	52,142	145,078