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**MEMORANDUM**

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**TO:** MATTHEW MUELLER, TOWN MANAGER  
**FROM:** KELLY WILSON, CHIEF FINANCIAL OFFICER  
**SUBJECT:** INVESTMENT REPORT FOR QUARTER ENDING DECEMBER 31, 2021  
**CC:** MAYOR AND COUNCIL

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Attached is the Quarterly Investment Report for the first quarter ending December 31, 2021 Fiscal Year 2021-2022. 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 December 31, 2021, the Town's portfolio consisted of the following investments:

<b>Portfolio by Type</b>	<b>Average Yield</b>	<b>Total Invested</b>	<b>Percent of Total</b>
Money Market - Independent Financial	0.50%	\$88,427,937.01	64.96%
TexPool/TexPool Prime	0.06%	40,252,685.58	29.57%
Certificate of Deposit	1.25%	2,462,324.24	1.80%
US Agency Bonds	0.63%	4,993,250.00	3.67%
<b>Total Portfolio (Avg)</b>	<b>0.61%</b>	<b>\$136,136,196.83</b>	<b>100.00%</b>

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 based on the rates provided to the Town. All Funds on deposit with Independent Financial are fully secured and safeguarded as well as collateralized. Total interest earned for the first quarter ending December 31, 2021 was \$117,589. This reflects the Town's year-to-date interest earnings for Fiscal Year 2021-2022.

Total cash and investments for the period ending December 31, 2021 was \$136,136,196.83. The variance increase of \$17,104,075 from the last quarterly investment report is primarily due to the Town's collections of property taxes which are normally received in December each year. 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.

FINANCE DEPARTMENT  
QUARTERLY INVESTMENT REPORT

The total portfolio yield fiscal year-to-date is 0.61%. While some benchmarks to reference the US Treasury T-bill rates for 3 months is 0.06%; 1 year is 0.38%; and a 2 year is 0.40% as of the date of this report. The Town's portfolio yield far exceeds these benchmarks.

2021 Q4 Economic Recap and Rate Outlook

In 2021, inflation surged to its highest levels in a generation, led largely by prices for fuel, cars and major appliances while snarled supply chains bred chaos in ports, rail hubs and grocery stores. Housing prices remained elevated too, with median home sales prices spiking in many locales. Buoyed by generous federal income supports, and a boom in consumer spending as vaccination spread and social distancing eased, American economic growth shot to levels almost double pre-pandemic figures. Unemployment dropped much faster than was predicted, recovering at an impressive clip in comparison to the sluggish recovery from the Great Recession.

Economists expect many of these features to remain a persistent part of the economic landscape in 2022, although in a more muted fashion than last year. Policymaking in D.C. is likely to be more conservative, with as many as four interest rate hikes possible this year and far less fiscal spending forecasted. Even if some version of President Joe Biden's Build Back Better bill does pass it is not likely to inject much money into the economy in the short term, unlike 2021's American Rescue Plan Act.

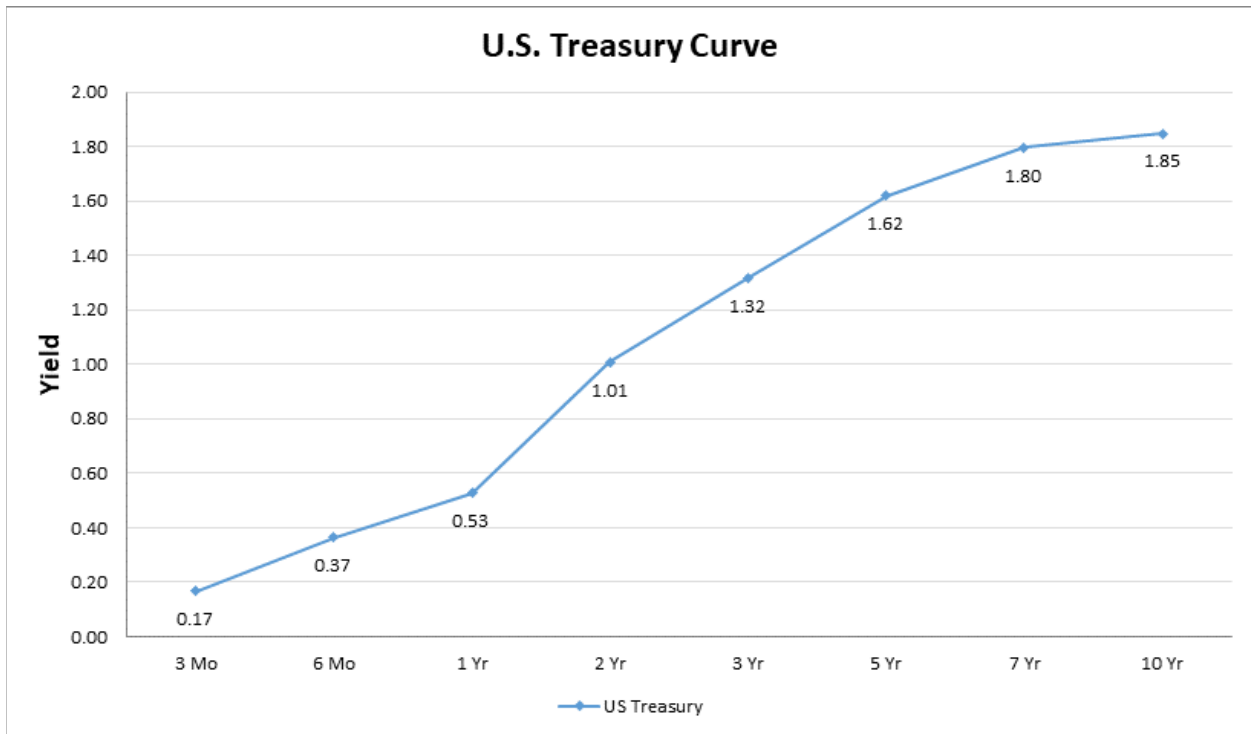
Meanwhile, wages for lower income workers surged ahead of inflation as employers had to lure people out of their homes and compete with pay raises and mass hiring by major corporations like Amazon and Walmart. Labor strikes, union drives and other worker actions saw a notable uptick, although they remained low by mid-20th-century standards. Higher income workers did not see the same wage increases, although their amassed savings from 2020 provided plenty of cushion.

Economists believe consumer spending will remain elevated in 2022 even without further federal fiscal support, as a result of the strong job market, historically low unemployment and rising wages.

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



FINANCE DEPARTMENT  
QUARTERLY INVESTMENT REPORT



LITTLE ELM

**Quarterly Investment Report**

For the Quarter Ended

**December 31, 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: \$136,136,196.83**
  - 64.96% in depository bank
  - 29.57% invested in Pools
  - 1.80% invested in CDs
  - 3.67% invested in US Agency Bonds
- **Interest Earnings**
  - \$117,589 YTD
  - \$117,589 October to December 2021
- **Average Yield on Portfolio**
  - 0.61% YTD
  - 0.65% at end of 4th Quarter – FY 2020-2021
- **Average Yield Benchmarks**
  - 0.06% Three Month Rolling Treasury Yield
  - 0.38% One Year Rolling Treasury Yield
  - 0.064% TexPool/Logic Average Yield
- **Certification of Investment Policy (Government Treasurers' Organization of Texas)**
  - Awarded for 2-year period ending January 31, 2022
  - Town has submitted for re-certification

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*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 12/31/2021



PERFORMANCE	9/30/2021	12/31/2021
Yield to Maturity @ Cost	0.65%	0.61%
<b>TREASURY</b>		
3 Month	0.04%	0.06%
1 Year	0.08%	0.38%
2 Year	0.24%	0.40%

### 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
	<b>Days</b>
	<b>Compliance</b>
Maturity Range   not to exceed 2 Years	196
	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

# TOWN OF LITTLE ELM

## Investment Portfolio Summary

Quarter Ending 12/31/2021



### Investment Policy Compliance

Asset Category	% of Portfolio	YTM @Cost	Days to Maturity	Par Value	Book Value	Market Value
Cash Positions   Bank	62.92%	0.65	1	74,877,668.12	74,877,668.12	74,877,668.12
Cash Positions   Pooled MM	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
	<b>100.00%</b>	<b>0.65%</b>	<b>62</b>	<b>119,017,642.85</b>	<b>119,017,642.85</b>	<b>119,032,122.38</b>

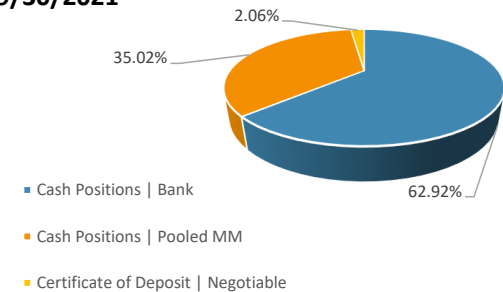
Asset Category	% of Portfolio	YTM @Cost	Days to Maturity	Par Value	Book Value	Market Value
Cash Positions   Bank	64.96%	0.50	1	88,427,937.01	88,427,937.01	88,427,937.01
Cash Positions   Pooled MM	29.57%	0.06	1	40,252,685.58	40,252,685.58	40,252,685.58
Certificate of Deposit   Negotiable	1.80%	1.25	92	2,456,000.00	2,456,000.00	2,462,324.24
US Agency Bonds	3.67%	0.63	691	5,000,000.00	5,000,000.00	4,993,250.00
	<b>100.00%</b>	<b>0.61%</b>	<b>196</b>	<b>136,136,622.59</b>	<b>136,136,622.59</b>	<b>136,136,196.83</b>

#### Investment Policy Compliance

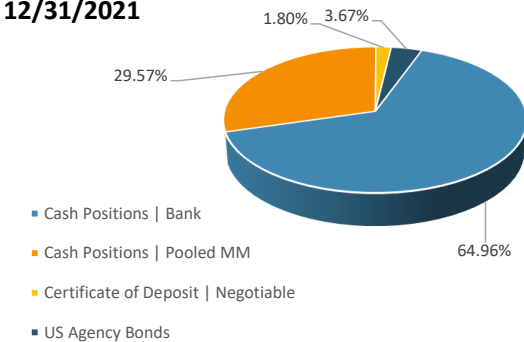
Authorized Investments	Compliance
Certificate of Deposit   Negotiable	Yes
Commercial Paper	Yes
Guaranteed Investment Contracts	Yes
Local Government Investment Pools	Yes
Municipal Bonds   Texas	Yes
Municipal   United States	Yes
Mutual Funds	Yes
Repurchase Agreements	Yes
US Agency	Yes
US Treasury	Yes

	Days	Compliance
Maturity Range   not to exceed 2 Years	196	Yes

9/30/2021



12/31/2021



Town of Little Elm  
Portfolio Holdings  
Investment Portfolio - by Asset Category  
As of 12/31/2021

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
<b>Cash Positions   Bank Investments</b>											
Independent Bank   Pooled Cash MM	MM5236	12/31/2021	0.500	84,398,765.91	84,398,765.91	84,398,765.91	84,398,765.91	N/A	1	0	62.00%
Independent Bank   Section 125 MM	MM3949	12/31/2021	0.500	10,720.20	10,720.20	10,720.20	10,720.20	N/A	1	0	0.01%
Independent Bank   Dispersal Funds MM	MM3595	12/31/2021	0.500	6,574.55	6,574.55	6,574.55	6,574.55	N/A	1	0	0.00%
Independent Bank   American Recovery Act MM	MM7177	12/31/2021	0.500	1,836,748.00	1,836,748.00	1,836,748.00	1,836,748.00	N/A	1	0	1.35%
Independent Bank   CIP Reserve MM	MM7607	12/31/2021	0.500	2,175,128.35	2,175,128.35	2,175,128.35	2,175,128.35	N/A	1	0	1.60%
Sub Total / Average Cash Positions   Bank Investments			0.500	88,427,937.01	88,427,937.01	88,427,937.01	88,427,937.01		1	0.00	64.96%
<b>Cash Positions   MM Pool Investments</b>											
TexPool   Consolidated Ops LGIP	LGIP449	12/31/2021	0.037	7,515,968.66	7,515,968.66	7,515,968.66	7,515,968.66	N/A	1	0	5.52%
TexPool Prime  Consolidated Ops LGIP	LGIP590	12/31/2021	0.073	7,260,181.26	7,260,181.26	7,260,181.26	7,260,181.26	N/A	1	0	5.33%
TexPool Prime   2020 CO Bond LGIP	LGIP590	12/31/2021	0.073	1,595,084.85	1,595,084.85	1,595,084.85	1,595,084.85	N/A	1	0	1.17%
LOGIC Prime   2021 CO Bond LGIP	LGIP6001	12/31/2021	0.074	23,881,450.81	23,881,450.81	23,881,450.81	23,881,450.81	N/A	1	0	17.54%
Sub Total / Average Cash Positions   MM Pool Investments			0.064	40,252,685.58	40,252,685.58	40,252,685.58	40,252,685.58		1	0.00	29.57%
<b>Certificate of Deposit   Negotiable</b>											
Berkshire Bank	084601WX7	03/27/2020	1.200	245,000.00	245,000.00	245,000.00	245,580.65	03/31/2022	90	765.21	9.98%
Nicolet National Bank	654062JU3	03/30/2020	1.150	245,000.00	245,000.00	245,000.00	245,546.35	03/30/2022	89	0.00	9.98%
Merrick Bank	59013KGR1	03/31/2020	1.200	245,000.00	245,000.00	245,000.00	245,588.00	03/31/2022	90	0.00	9.98%
Investors Bank	46176PMY8	03/31/2020	1.250	245,000.00	245,000.00	245,000.00	245,617.40	04/01/2022	91	771.92	9.98%
BMW Bank of North America	05580AWB6	03/31/2020	1.350	245,000.00	245,000.00	245,000.00	245,673.75	03/31/2022	90	833.67	9.98%
Blue Ridge Bank, National Association	09582YAD4	03/31/2020	1.200	245,000.00	245,000.00	245,000.00	245,580.65	03/31/2022	90	741.04	9.98%
Bank Leumi USA	063248KP2	03/31/2020	1.250	245,000.00	245,000.00	245,000.00	245,673.75	03/31/2022	90	824.61	9.98%
Cadence Bank	12738RFX7	03/31/2020	1.200	245,000.00	245,000.00	245,000.00	245,580.65	04/01/2022	91	732.99	9.98%
Capital One National Bank	14042RPL9	04/08/2020	1.350	248,000.00	248,000.00	248,000.00	248,741.52	04/08/2022	98	770.50	10.10%
Capital One Bank	14042TDG9	04/08/2020	1.350	248,000.00	248,000.00	248,000.00	248,741.52	04/08/2022	98	770.50	10.10%
Sub Total / Average Certificate of Deposit   Negotiable			1.250	2,456,000.00	2,456,000.00	2,456,000.00	2,462,324.24		92	6,210.44	1.80%
<b>US Agency Bonds</b>											
FHLB	3130APQN8	11/22/2021	0.625	5,000,000.00	5,000,000.00	5,000,000.00	4,993,250.00	11/22/2023	691	3,385.42	3.67%
Sub Total / Average US Agency Bonds			0.625	5,000,000.00	5,000,000.00	5,000,000.00	4,993,250.00		691	3,385.42	3.67%
<b>Total / Average</b>			<b>0.61</b>	<b>136,136,622.59</b>	<b>136,136,622.59</b>	<b>136,136,622.59</b>	<b>136,136,196.83</b>		<b>196</b>	<b>9,595.86</b>	<b>1.00</b>

**Investment Portfolio Summary**

Quarter Ending 12/31/2021



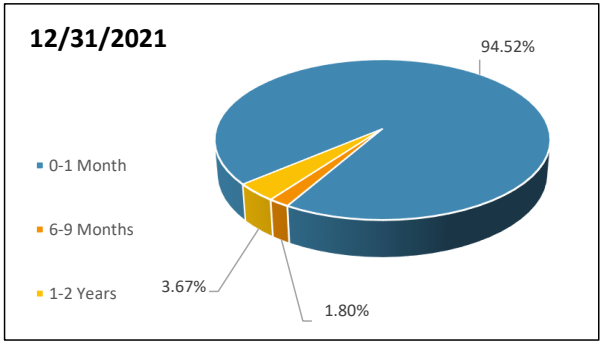
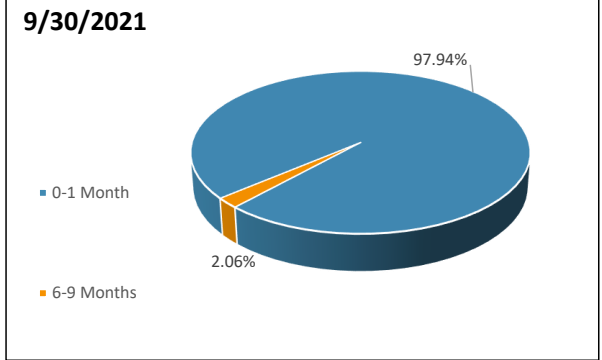
**Investment Policy Compliance | Maturity Range**

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
	<b>100.00%</b>	<b>0.80%</b>	<b>62</b>	<b>119,017,642.85</b>

Maturity Range	% of Portfolio	YTM @Cost	Days to Maturity	Book Value
0-1 Month	94.52%	0.28	1	128,680,622.59
6-9 Months	1.80%	1.25	92	2,456,000.00
1-2 Years	3.67%	0.63	691	5,000,000.00
	<b>100.00%</b>	<b>0.72%</b>	<b>196</b>	<b>136,136,622.59</b>

**Investment Policy Compliance**

Authorized Investments	Days	Compliance
Maturity Range   not to exceed 2 Years	196	Yes





Town of Little Elm  
Portfolio Holdings  
Investment Portfolio - by Maturity Range  
As of 12/31/2021

Description	CUSIP/Ticker	Maturity Date	Days To Maturity	Settlement Date	Book Value	Market Value	% of Portfolio
<b>0-1 Month</b>							
Independent Bank   Pooled Cash MM	MM5236	12/31/2021	1		84,398,765.91	84,398,765.91	62.00%
Independent Bank   Section 125 MM	MM3949	12/31/2021	1		10,720.20	10,720.20	0.01%
Independent Bank   Dispersal Funds MM	MM3595	12/31/2021	1		6,574.55	6,574.55	0.00%
Independent Bank   American Recovery Act MM	MM7177	12/31/2021	1		1,836,748.00	1,836,748.00	1.35%
Independent Bank   CIP Reserve MM	MM7607	12/31/2021	1		2,175,128.35	2,175,128.35	1.60%
TexPool   Consolidated Ops LGIP	LGIP449	12/31/2021	1		7,515,968.66	7,515,968.66	5.52%
TexPool Prime  Consolidated Ops LGIP	LGIP590	12/31/2021	1		7,260,181.26	7,260,181.26	29.57%
TexPool Prime   2020 CO Bond LGIP	LGIP590	12/31/2021	1		1,595,084.85	1,595,084.85	1.17%
LOGIC Prime   2021 CO Bond LGIP	LGIP6001	12/31/2021	1		23,881,450.81	23,881,450.81	17.54%
<b>Total / Average 0-1 Month</b>			<b>1</b>		<b>128,680,622.59</b>	<b>128,680,622.59</b>	<b>94.52%</b>
<b>6-9 Months</b>							
Berkshire Bank	084601WX7	03/31/2022	90	03/27/2020	245,000.00	245,580.65	9.98%
Nicolet National Bank	654062JU3	03/30/2022	89	03/30/2020	245,000.00	245,546.35	9.98%
Merrick Bank	59013KGR1	03/31/2020	90	03/31/2022	245,000.00	245,588.00	9.98%
Investors Bank	46176PMY8	03/31/2020	91	04/01/2022	245,000.00	245,617.40	9.98%
BMW Bank of North America	05580AWB6	03/31/2022	90	03/31/2020	245,000.00	245,673.75	9.98%
Blue Ridge Bank, National Association	09582YAD4	03/31/2022	90	03/31/2020	245,000.00	245,580.65	9.98%
Bank Leumi USA	063248KP2	03/31/2022	90	03/31/2020	245,000.00	245,673.75	9.98%
Cadence Bank	12738RFX7	04/01/2022	91	03/31/2020	245,000.00	245,580.65	9.98%
Capital One National Bank	14042RPL9	04/08/2022	98	04/08/2020	248,000.00	248,741.52	10.10%
Capital One Bank	14042TDG9	04/08/2022	98	04/08/2020	248,000.00	248,741.52	10.10%
<b>Total / Average 6-9 Months</b>			<b>92</b>		<b>2,456,000.00</b>	<b>2,462,324.24</b>	<b>1.80%</b>
<b>1-2 Years</b>							
FHLB	3130APQN8	11/22/2023	691	11/22/2021	5,000,000.00	4,993,250.00	3.67%
<b>Total / Average</b>					<b>136,136,622.59</b>	<b>136,136,196.83</b>	<b>1.00</b>

TOWN OF LITTLE ELM

**Investment Portfolio Summary**

Quarter Ending 12/31/2021



Funds		Par Value	Book Value	Market Value	Accrued Interest
<b>Cash Positions   Bank</b>					
Value at	9/30/2021	74,877,668.12	74,877,668.12	74,877,668.12	-
	<b>Net Change</b>	<b>13,550,268.89</b>	<b>13,550,268.89</b>	<b>13,550,268.89</b>	-
Value at	12/31/2021	88,427,937.01	88,427,937.01	88,427,937.01	-
<b>Cash Positions   Pool Investments</b>					
Value at	9/30/2021	41,683,974.73	41,683,974.73	41,683,974.73	-
	<b>Net Change</b>	<b>(1,431,289.15)</b>	<b>(1,431,289.15)</b>	<b>(1,431,289.15)</b>	-
Value at	12/31/2021	40,252,685.58	40,252,685.58	40,252,685.58	-
<b>Certificate of Deposit   Negotiable</b>					
Value at	9/30/2021	2,456,000.00	2,456,000.00	2,470,479.53	7,490.93
	<b>Net Change</b>	-	-	<b>(8,155.29)</b>	<b>(1,280.49)</b>
Value at	12/31/2021	2,456,000.00	2,456,000.00	2,462,324.24	6,210.44
<b>US Government Bonds</b>					
Value at	9/30/2021	-	-	-	-
	<b>Net Change</b>	<b>5,000,000.00</b>	<b>5,000,000.00</b>	<b>4,993,250.00</b>	<b>3,385.42</b>
Value at	12/31/2021	5,000,000.00	5,000,000.00	4,993,250.00	3,385.42
<b>Total Portfolio</b>					
Value at	<b>9/30/2021</b>	<b>119,017,642.85</b>	<b>119,017,642.85</b>	<b>119,032,122.38</b>	<b>7,490.93</b>
	<b>Net Change</b>	<b>17,118,979.74</b>	<b>17,118,979.74</b>	<b>17,104,074.45</b>	<b>2,104.93</b>
Value at	<b>12/31/2021</b>	<b>136,136,622.59</b>	<b>136,136,622.59</b>	<b>136,136,196.83</b>	<b>9,595.86</b>

# TOWN OF LITTLE ELM

## Investment Portfolio Interest Earnings

Quarter Ending 12/31/2021



### Interest Earnings

Funds	FY 2020 Interest Earnings	FY 2021 Interest Earnings	Oct-21	Nov-21	Dec-21	1st Qtr FY 2022
General Operating	408,184	174,622	11,127	7,494	10,696	29,317
Special Revenue Fund	63,758	58,815	6,035	3,935	3,538	13,508
Interest and Sinking	41,213	22,613	549	483	1,499	2,531
Equipment Replacement Fund	53,632	32,981	2,508	2,913	1,397	6,819
Enterprise Funds	424,323	247,995	18,319	10,947	10,954	40,220
Economic Agreements/TIRZ	66,432	14,440	688	436	379	1,503
Community Development 4B Corporation	9,095	9,612	677	477	447	1,601
General Capital Project Funds	303,605	94,018	9,641	6,149	6,299	22,089
<b>Total Cash and Investments</b>	<b>1,324,115</b>	<b>655,096</b>	<b>49,545</b>	<b>32,835</b>	<b>35,210</b>	<b>117,589</b>

### Interest Earnings

Investment Type	FY 2020 Interest Earnings	FY 2021 Interest Earnings	Oct-21	Nov-21	Dec-21	1st Qtr FY 2022
Cash Positions   Bank	922,000	497,865	41,730	30,374	32,316	104,421
Cash Positions   Pooled	185,688	15,186	1,448	1,490	2,420	5,359
Certificate of Deposit   Negotiable	216,427	142,045	6,367	970	473	7,810
<b>Total Cash and Investments</b>	<b>1,324,115</b>	<b>655,096</b>	<b>49,545</b>	<b>32,835</b>	<b>35,210</b>	<b>117,589</b>