

5.B

# Denton County Commissioners Court

May 10, 2011

Date

11-0333

Court Order Number

### The Order:

Acceptance and approval of the County Investment Report for the quarter ended 3/31/2011, and any appropriate action.

Motion by Coleman Seconded by Eads

County Judge  
Mary Horn

Yes   
Abstain \_\_\_\_\_  
No \_\_\_\_\_  
Absent \_\_\_\_\_

Commissioner Pct No 1  
Hugh Coleman

Yes   
Abstain \_\_\_\_\_  
No \_\_\_\_\_  
Absent \_\_\_\_\_

Commissioner Pct No 2  
Ron Marchant

Yes   
Abstain \_\_\_\_\_  
No \_\_\_\_\_  
Absent \_\_\_\_\_

Commissioner Pct No 3  
Bobbie J. Mitchell

Yes   
Abstain \_\_\_\_\_  
No \_\_\_\_\_  
Absent \_\_\_\_\_

Commissioner Pct No 4  
Andy Eads

Yes   
Abstain \_\_\_\_\_  
No \_\_\_\_\_  
Absent \_\_\_\_\_

Motion Carried 5-0-0

Other Action: Pulled from Consent \_\_\_\_\_ No Action \_\_\_\_\_ Postponed \_\_\_\_\_

BY ORDER OF THE COMMISSIONERS COURT:

ATTEST:

Mary Horn  
Presiding Officer

Cynthia Mitchell, County Clerk  
and Ex-Officio Clerk of the  
Commissioners Court of  
Denton County, Texas

APPROVED AS TO FORM:

John Bell  
Assistant District Attorney

Cynthia Mitchell  
Deputy County Clerk

## **AGENDA PLACEMENT MEMO**

**DATE:** Apr 26, 2011  
**TO:** Commissioners Court  
**FROM:** James Wells  
**SUBJECT:** Quarterly Investment Report

### **REQUESTED ACTION/RECOMMENDATION**

**Acceptance and approval of the County Investment Report for the quarter ended 3/31/2011, and any appropriate action.**

### **BACKGROUND**

**Per the provisions of both the Public Funds Investment Act of the State of Texas (Chapter 2256 of the Government Code) and the County's Investment Policy, the County's designated investment officer(s) should submit an investment report to the Commissioners Court at least quarterly. The report must: (1) describe in detail the investment position of the County on the date of the report; (2) be signed by the investment officer(s); (3) contain a summary of each pooled fund that states its beginning and ending market values for the period as well as additions and changes to the market value; (4) report the book value, market value, maturity date and account or fund for each separately invested asset; and (5) state the compliance of all investments with the County's investment policy and the Public Funds Investment Act.**

**This report is submitted to the Commissioners Court in order to satisfy the requirements stated above for the quarter ended 3/31/2011.**

### **OPERATIONS AND MAINTENANCE**

**Investments and cash management are the responsibility of the County Treasurer and the County Auditor. These officers were designated as co-investment officers for the County at the June 6, 1996 meeting of the Commissioners Court.**

**Managing and investing county funds are continuous, ongoing activities. Funds are received on a daily basis, and they are expended on a weekly basis. The receipt of funds does not coincide with the need for expenditures. Therefore, the County always has funds that need to be invested for varying amounts of time. Proper cash management and investment practices will both protect the County's assets as well as maximize interest revenue.**

## LEGAL INFORMATION

As stated above, this investment report is required by the provisions of the Public Funds Investment Act in the Government Code of the State of Texas. The Act sets forth guidelines the must be followed in our investment of county funds. It defines legal investments, investment objectives, rules for investment pools, and qualifications for authorized investment brokers and dealers, It requires us to have a written investment policy and that we make the safety of principal, liquidity, and diversification our primary investment objectives.

The Act requires that a quarterly investment report be presented containing the following information:

**Sec. 2256.023. INTERNAL MANAGEMENT REPORTS.** (a) Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of investment transactions for all funds covered by this chapter for the preceding reporting period.

(b) The report must:

- (1) describe in detail the investment position of the entity on the date of the report;
  - (2) be prepared jointly by all investment officers of the entity;
  - (3) be signed by each investment officer of the entity;
  - (4) contain a summary statement, prepared in compliance with generally accepted accounting principles, of each pooled fund group that states the:
    - (A) beginning market value for the reporting period;
    - (B) additions and changes to the market value during the period;
    - (C) ending market value for the period; and
    - (D) fully accrued interest for the reporting period;
  - (5) state the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested;
  - (6) state the maturity date of each separately invested asset that has a maturity date;
  - (7) state the account or fund or pooled group fund in the state agency or local government for which each individual investment was acquired; and
  - (8) state the compliance of the investment portfolio of the state agency or local government as it relates to:
    - (A) the investment strategy expressed in the agency's or local government's investment policy; and
    - (B) relevant provisions of this chapter.
- (c) The report shall be presented not less than quarterly to the governing body and the chief executive officer of the entity within a reasonable time after the end of the period.

## FINANCIAL IMPACT

Total investment earnings on all County funds have varied from \$7,895,304 in 2007 to only \$581,000 in 2010. These revenue swings, which are beyond our control, obviously have significant negative impact on the County's annual budget.

Interest rates have been at historically low levels for more than 30 months now. The current Federal Funds rate is 0.25% which is unchanged from the last several quarters. Currently one year investments in bank CD's would yield 0.43%. The interest rate on the County's master repurchase agreement at Wells Fargo Bank has a current

rate of 0.05%. Our investment pool rates, which averaged 5.2% at the end of September, 2007, currently average 0.145%.

Since there is no indication that the Federal Reserve will begin to raise interest rates in the near future, we have continued to reduce budgetary reliance on investment income as a funding source. The budget for interest income for 2011 is \$1.7 million and we should expect to fall well short of that amount in our budgeted funds.

### **PROJECT SCHEDULE**

This report should be submitted at least quarterly.

### **PRECEDING COURT ACTION**

There has been no previous action on this specific report. All required quarterly reports have been submitted and approved since the inception of the Act.

**DENTON COUNTY, TEXAS  
QUARTERLY INVESTMENT REPORT**

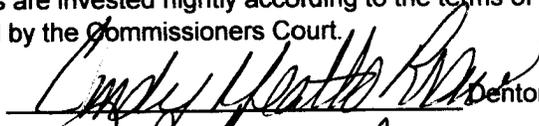
Prepared by the Denton County Auditor's Office  
For the Quarter Ending 3/31/2011

A. At 3/31/2011 the investment position of Denton County was as follows:

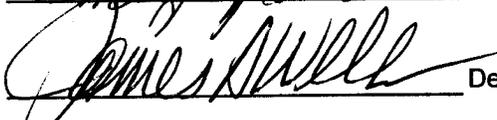
1 Wells Fargo Investment Accounts	\$ 102,626,866.77
2 Texas Class	\$ 90,937,315.73
3 TexPool Investment Accounts	\$ 33,341,493.39
4 Texas Term Investment Accounts	\$ 41,826,773.30
5 DWS - Government & Agency Sec	\$ 1,822,311.69
6 Lone Star Investment Pool	\$ 55,841,718.63
7 Securities at Market Value - see attached	\$ -
8 Master Repurchase Agreement	<u>\$ 6,516,820.30</u>
Total	\$ 332,913,299.81

- B. Summaries of the County's investments in pooled funds (TexPool, Lone Star, Texas Term, DWS, Texas Class and Wells Fargo) are detailed on the attached Investment Pool Summary.
- C. Separate investments of all funds as of the end of the quarter are detailed on the attached Certificate of Deposit Report and confirmation reports of securities. Book value approximates market value for all certificates of deposit.
- D. The investments of Denton County funds detailed in this and the attached reports are all made in full compliance with the Denton County Investment Policy as approved by the Commissioners Court on 6/4/96 and with the Public Funds Investment Act of the State of Texas.
- E. The master repurchase agreement is with the County's depository bank, Wells Fargo. Idle funds are invested nightly according to the terms of a master repurchase agreement approved by the Commissioners Court.

Signed



Denton County Treasurer



Denton County Auditor

Co-investment officers of Denton County

**INVESTMENT POOL REPORT**

Prepared by the Denton County Auditor's Office  
For the Quarter Ending 3/31/2011

<u>NAME OF FUND</u>	<u>INVESTMENT POOL</u>	<u>BEGINNING BALANCE</u>	<u>DEPOSITS</u>	<u>WITHDRAWALS</u>	<u>INTEREST EARNED</u>	<u>ENDING BALANCE</u>
1. DISBURSEMENTS (GENERAL, SP.REV., AND DEBT SERVICE)	WELLS FARGO/TEXPOOL LONESTAR/DWS/TEXAS CLASS	\$17,628,875.39	\$99,848,886.44	(\$17,330,655.03)	\$44,049.68	\$100,191,156.48
2. ROAD & BRIDGE FUND	TEXPOOL/WF/DWS/TEXAS CLASS	\$1,783,602.60	\$4,549,000.00	\$0.00	\$2,025.15	\$6,334,627.75
3. DIST CLERK REC MGMT	DWS	\$20,626.78	\$0.00	\$0.00	\$3.57	\$20,630.35
4. COURTHOUSE SEC	DWS	\$132,433.82	\$0.00	\$0.00	\$22.44	\$132,456.26
5. CSCD FUND	TEXPOOL/DWS/WELLS FARGO/TF	\$2,031,004.18	\$550,000.00	\$0.00	\$784.18	\$2,581,788.36
6. JUVENILE PROBATION	TEXPOOL/DWS/WELLS FARGO	\$584,952.91	\$5,548,000.00	(\$400,000.00)	\$1,782.66	\$5,734,735.57
7. FIRE CODE ENFOR.	DWS	\$243,545.21	\$0.00	(\$30,000.00)	\$37.67	\$213,582.88
8. COMMUNITY CORRECTIONS	DWS	\$65.60	\$0.00	\$0.00	\$0.00	\$65.60
9. JP TECHNOLOGY	DWS/TEXPOOL	\$356,065.73	\$0.00	\$0.00	\$101.37	\$356,167.10
10. PUBLIC HEALTH	TEXPOOL/DWS/TEXAS CLASS	\$85,385.60	\$1,650,000.00	(\$100,000.00)	\$549.93	\$1,635,935.53
11. INDIGENT CARE	TEXPOOL/DWS/WELLS FARGO	\$1,004.96	\$2,000,000.00	(\$50,000.00)	\$518.78	\$1,951,523.74
12. TAIP	DWS	\$2.79	\$0.00	\$0.00	\$0.00	\$2.79
13. RECORDS MGMT	TEXPOOL	\$118,288.92	\$0.00	\$0.00	\$43.91	\$118,332.83
14. CO CLK REC MGMT	TEXPOOL/TEXAS CLASS	\$2,308,383.56	\$700,000.00	(\$350,000.00)	\$1,096.29	\$2,659,479.85
15. S.O. FORFEITURES	TEXAS CLASS	\$1,866,564.42	\$300,000.00	(\$200,000.00)	\$938.46	\$1,967,502.88
16. ELECTIONS ADMIN	DWS	\$206.25	\$0.00	\$0.00	\$0.00	\$206.25
17. VIT INTEREST FUND	DWS	\$47,071.75	\$0.00	\$0.00	\$8.02	\$47,079.77
18. LAW LIBRARY	TEXAS CLASS	\$436,778.91	\$0.00	(\$100,000.00)	\$184.80	\$336,963.71
19. DA CHAPTER 59	TEXAS CLASS	\$826,583.11	\$0.00	\$0.00	\$388.25	\$826,971.36
20. JURY	DWS/TEXPOOL	\$154,419.24	\$0.00	\$0.00	\$41.93	\$154,461.17
<b>CAPITAL PROJECTS</b>						
21. HEALTH CARE RELIEF PROJECTS	TEXAS CLASS	\$850,480.48	\$250,239.22	(\$48,496.45)	\$456.14	\$1,052,679.39
22. HEALTH CARE RELIEF PROJECTS	WELLS FARGO	\$896,021.49	\$208,973.69	(\$42,527.21)	\$474.00	\$1,062,941.97
23. 2000 ROAD BOND PROJECTS	TEXPOOL	\$21,713.22	\$0.00	\$0.00	\$8.05	\$21,721.27

**INVESTMENT POOL REPORT**

Prepared by the Denton County Auditor's Office  
For the Quarter Ending 3/31/2011

<u>NAME OF FUND</u>	<u>INVESTMENT POOL</u>	<u>BEGINNING BALANCE</u>	<u>DEPOSITS</u>	<u>WITHDRAWALS</u>	<u>INTEREST EARNED</u>	<u>ENDING BALANCE</u>
<b>CAPITAL PROJECTS CONT'D</b>						
24. 1992 ROAD CNST PROJECTS	TEXAS CLASS	\$267,232.40	\$0.00	\$0.00	\$125.56	\$267,357.96
25. 1999 ROAD CNST PROJECTS	TEXAS CLASS	\$632,771.44	\$0.00	\$0.00	\$297.24	\$633,068.68
26. 2005 PI BOND PROJECTS	WELLS FARGO	\$16,921.20	\$0.00	\$0.00	\$8.07	\$16,929.27
27. 2007 TAX NOTE PROJECTS	TEXAS CLASS	\$750,885.78	\$0.00	(\$168,880.42)	\$333.73	\$582,339.09
28. 2007 PI BOND PROJECTS	WELLS FARGO	\$2,109,319.84	\$0.00	(\$202,986.80)	\$959.78	\$1,907,292.82
29. 2007 PI BOND PROJECTS	TEXAS TERM	\$126.27	\$0.00	\$0.00	\$0.05	\$126.32
30. 2007 PI BOND PROJECTS	TEXAS CLASS	\$878,529.94	\$0.00	\$0.00	\$412.67	\$878,942.61
31. 2005 C.O. PROJECTS	TEXAS CLASS	\$1,499,534.57	\$0.00	(\$146,462.95)	\$663.30	\$1,353,734.92
32. CAPITAL REPLACEMENT	TEXAS CLASS	\$3,673,729.33	\$0.00	(\$5,780.45)	\$1,723.66	\$3,669,672.54
33. 2008 PI BOND PROJECTS	TEXAS CLASS	\$876,536.71	\$0.00	(\$789,025.20)	\$242.21	\$87,753.72
34. 2008 TAX NOTE PROJECTS	TEXAS CLASS	\$4,882,808.61	\$0.00	(\$1,209,328.26)	\$1,997.26	\$3,675,477.61
35. 2009 PI BOND PROJECTS	TEXAS CLASS	\$23,562,385.67	\$0.00	(\$88,806.49)	\$11,045.76	\$23,484,624.94
36. 2009 PI BOND PROJECTS	TEXAS TERM	\$50,238,907.71	\$0.00	(\$8,428,888.75)	\$16,628.02	\$41,826,646.98
37. 2010 PI BOND PROJECTS	LONE STAR/WF/TEXAS CLASS	\$125,850,743.44	\$0.00	(\$5,309,206.44)	\$69,962.19	\$120,611,499.19
<b>TOTAL INVESTMENT POOLS</b>		<b>\$245,634,509.83</b>	<b>\$115,605,099.35</b>	<b>(\$35,001,044.45)</b>	<b>\$157,914.78</b>	<b>\$326,396,479.51</b>

**INTEREST RATES PAID**

	<u>FIRST PUBLIC</u>	<u>TEXPOOL</u>	<u>WELLS FARGO</u>	<u>DWS</u>	<u>TEXAS TERM</u>	<u>TEXAS CLASS</u>
JANUARY	0.15%	0.16%	0.15%	0.07%	0.14%	0.22%
FEBRUARY	0.14%	0.14%	0.19%	0.06%	0.17%	0.18%
MARCH	0.15%	0.15%	0.19%	0.07%	0.14%	0.17%

Denton County, Texas  
Investment Worksheet  
For the Month of March, 2011

Fund	Wells Fargo	Texas Class	Texpool	Texas Term	ICT/DWS	Lone Star	Total Investments
01	\$33,531,951.95	\$20,306,900.16	\$17,070,763.93	\$0.00	\$14,665.04	\$6.84	\$70,924,287.92
20	\$1,910,066.26	\$1,905,659.80	\$1,954,278.39	\$0.00	\$564,623.30	\$0.00	\$6,334,627.75
21	\$0.00	\$0.00	\$0.00	\$0.00	\$20,630.35	\$0.00	\$20,630.35
22	\$0.00	\$1,504,721.20	\$1,154,758.65	\$0.00	\$0.00	\$0.00	\$2,659,479.85
23	\$0.00	\$0.00	\$0.00	\$0.00	\$132,456.26	\$0.00	\$132,456.26
25	\$798,958.80	\$550,154.66	\$682,774.49	\$0.00	\$549,900.41	\$0.00	\$2,581,788.36
26	\$2,029,005.56	\$2,029,692.93	\$1,630,353.49	\$0.00	\$45,683.59	\$0.00	\$5,734,735.57
27	\$0.00	\$0.00	\$0.00	\$0.00	\$213,582.88	\$0.00	\$213,582.88
31	\$0.00	\$0.00	\$0.00	\$0.00	\$65.60	\$0.00	\$65.60
32	\$0.00	\$0.00	\$201,183.76	\$0.00	\$154,983.34	\$0.00	\$356,167.10
34	\$0.00	\$867,819.77	\$767,764.05	\$0.00	\$351.71	\$0.00	\$1,635,935.53
36	\$975,295.30	\$0.00	\$975,267.88	\$0.00	\$960.56	\$0.00	\$1,951,523.74
38	\$0.00	\$0.00	\$0.00	\$0.00	\$2.79	\$0.00	\$2.79
39	\$1,062,941.97	\$1,052,679.39	\$0.00	\$0.00	\$0.00	\$0.00	\$2,115,621.36
41	\$0.00	\$0.00	\$118,332.83	\$0.00	\$0.00	\$0.00	\$118,332.83
45	\$0.00	\$1,967,502.88	\$0.00	\$0.00	\$0.00	\$0.00	\$1,967,502.88
46	\$0.00	\$0.00	\$0.00	\$0.00	\$206.25	\$0.00	\$206.25
48	\$0.00	\$0.00	\$0.00	\$0.00	\$47,079.77	\$0.00	\$47,079.77
50	\$0.00	\$336,963.71	\$0.00	\$0.00	\$0.00	\$0.00	\$336,963.71
59	\$0.00	\$826,971.36	\$0.00	\$0.00	\$0.00	\$0.00	\$826,971.36
60	\$0.00	\$0.00	\$77,341.33	\$0.00	\$77,119.84	\$0.00	\$154,461.17
61	\$0.00	\$23,484,624.94	\$0.00	\$41,826,646.98	\$0.00	\$0.00	\$65,311,271.92
62	\$0.00	\$582,339.09	\$0.00	\$0.00	\$0.00	\$0.00	\$582,339.09
63	\$0.00	\$0.00	\$21,721.27	\$0.00	\$0.00	\$0.00	\$21,721.27
64	\$0.00	\$3,675,477.61	\$0.00	\$0.00	\$0.00	\$0.00	\$3,675,477.61
67	\$0.00	\$87,753.72	\$0.00	\$0.00	\$0.00	\$0.00	\$87,753.72
68	\$0.00	\$267,357.96	\$0.00	\$0.00	\$0.00	\$0.00	\$267,357.96
70	\$16,929.27	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$16,929.27
71	\$0.00	\$633,068.68	\$0.00	\$0.00	\$0.00	\$0.00	\$633,068.68
73	\$0.00	\$1,353,734.92	\$0.00	\$0.00	\$0.00	\$0.00	\$1,353,734.92
75	\$10,291,662.37	\$10,288,252.87	\$8,686,953.32	\$0.00	\$0.00	\$0.00	\$29,266,868.56
76	\$1,907,292.82	\$878,942.61	\$0.00	\$126.32	\$0.00	\$0.00	\$2,786,361.75
80	\$0.00	\$3,669,672.54	\$0.00	\$0.00	\$0.00	\$0.00	\$3,669,672.54
85	\$50,102,762.47	\$14,567,024.93	\$0.00	\$0.00	\$0.00	\$55,841,711.79	\$120,611,499.19
Totals:	\$102,626,866.77	\$90,937,315.73	\$33,341,493.39	\$41,826,773.30	\$1,822,311.69	\$55,841,718.63	\$326,396,479.51



STAGECOACH SWEEP  
 WELLS FARGO BANK, N.A.  
 Statement Period : 03/01/2011 - 03/31/2011

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DENTON COUNTY  
 DISBURSEMENT CLEARING/SWEEP ACCT  
 C/O DENTON COUNTY TREASURER  
 401 W HICKORY STE 309  
 DENTON TX 76201

Your Stagecoach Sweep is tied to DDA  
 Interest Earned is deposited to DDA  
 Your Stagecoach Sweep Investment elections

STAGECOACH SWEEP REPO

ACCOUNT SUMMARY

Interest Earned during this period	: \$	295.91		
Interest Received during this period	: \$	293.67	Interest received YTD	: \$ 1,367.38
Total Tax backup withholding	: \$	.00	Total Tax backup withholding YTD	: \$ .00

FOR QUESTIONS, PLEASE CALL YOUR CUSTOMER SERVICE OFFICER, OR TREASURY  
 MANAGEMENT CLIENT SERVICES AT 1-800-AT-WELLS (1-800-289-3557), OPTION 2.

ACCOUNT DETAIL

Settlement Date	Maturity Date	Amount Invested (\$)	Interest Earned (\$)	Interest Rate	Investment Description	Backup Tax Withholding
03/01/11	03/02/11	6,842,817.89	9.50	.05000 %	Repo	
03/02/11	03/03/11	8,992,321.13	12.49	.05000 %	Repo	
03/03/11	03/04/11	7,077,107.82	9.83	.05000 %	Repo	
03/04/11	03/07/11	7,107,739.48	29.62	.05000 %	Repo	
03/07/11	03/08/11	6,731,606.68	9.35	.05000 %	Repo	
03/08/11	03/09/11	6,909,073.28	9.60	.05000 %	Repo	
03/09/11	03/10/11	7,297,908.35	10.14	.05000 %	Repo	
03/10/11	03/11/11	6,590,416.31	9.15	.05000 %	Repo	
03/11/11	03/14/11	6,612,469.94	27.55	.05000 %	Repo	
03/14/11	03/15/11	6,516,820.30	9.05	.05000 %	Repo	