

AGENDA PLACEMENT MEMO

DATE:

TO: Commissioners Court

FROM:

SUBJECT:

REQUESTED ACTION/RECOMMENDATION

Approval of the 12/31/2012 Quarterly Investment Report for Denton County, 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 12/31/2012.

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.

FINANCIAL IMPACT

Total investment earnings on all County funds have varied from \$7,895,304 in 2007 to only \$520,000 in 2012. 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 almost 3 years 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 0.18%. The interest rate on the County's master repurchase agreement at Wells Fargo Bank has a current rate of 0.0200%. Our investment pool rates, which averaged 5.2% at the end of September, 2007, currently average 0.15%.

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. Interest income for the FY 2013 budget is set at \$315,050.

PROJECT SCHEDULE

This report should be submitted at least quarterly.

PRECEDING COURT ACTION

None. All previously required quarterly reports have been submitted and approved.

**DENTON COUNTY, TEXAS
QUARTERLY INVESTMENT REPORT**

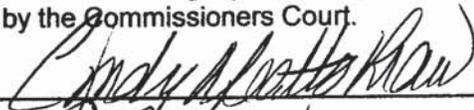
Prepared by the Denton County Auditor's Office
For the Quarter Ending 12/31/2012

A. At 12/31/2012 the investment position of Denton County was as follows:

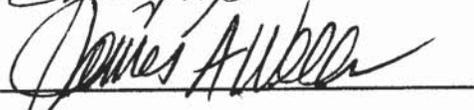
1 Wells Fargo Investment Accounts	\$ 55,809,330.84
2 Texas Class	\$ 152,056,426.45
3 TexPool Investment Accounts	\$ 19,281,779.53
4 Texas Term Investment Accounts	\$ 7,278,149.47
5 DWS - Government & Agency Sec	\$ 657,547.23
6 Lone Star Investment Pool	\$ 37,426,087.31
7 Securities at Market Value - see attached	\$ 2,003,684.00
8 Master Repurchase Agreement	<u>\$ 6,591,385.16</u>
Total	\$ 281,104,389.99

- 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 12/31/2012

<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 CLAS:	\$33,744,973.66	\$24,101,781.97	(\$17,759,722.33)	\$15,018.12	\$40,102,051.42
2. ROAD & BRIDGE FUND	TEXAS CLASS/DWS TEXPOOL/WELLS FARGO	\$5,113,235.01	\$550,000.00	(\$700,000.00)	\$2,183.16	\$4,965,418.17
3. DIST CLERK REC MGMT	DWS	\$20,642.14	\$0.00	\$0.00	\$1.70	\$20,643.84
4. COURTHOUSE SEC	DWS	\$132,527.65	\$0.00	\$0.00	\$10.29	\$132,537.94
5. CSCD FUND	TEXAS CLASS/DWS TEXPOOL/WELLS FARGO	\$2,501,819.34	\$0.00	\$0.00	\$985.84	\$2,502,805.18
6. JUVENILE PROBATION	TEXAS CLASS/DWS TEXPOOL/WELLS FARGO	\$1,160,943.81	\$900,000.00	(\$850,000.00)	\$284.08	\$1,211,227.89
7. FIRE CODE ENFOR.	DWS	\$78,677.53	\$0.00	\$0.00	\$5.81	\$78,683.34
8. COMMUNITY CORRECTIONS	DWS/TEXAS CLASS	\$87,328.28	\$200,000.00	\$0.00	\$86.97	\$287,395.25
9. JP TECHNOLOGY	DWS/TEXPOOL	\$331,561.51	\$0.00	(\$50,000.00)	\$89.36	\$281,650.87
10. PUBLIC HEALTH	TEXPOOL/DWS/TEXAS CLASS	\$668,574.41	\$300,000.00	(\$400,000.00)	\$180.51	\$568,754.92
11. INDIGENT CARE	TEXAS CLASS/DWS TEXPOOL/WELLS FARGO	\$1,059,355.42	\$300,000.00	(\$320,000.00)	\$361.71	\$1,039,717.13
12. TAIP	DWS	\$2.79	\$0.00	\$0.00	\$0.00	\$2.79
13. RECORDS MGMT	TEXPOOL	\$118,518.90	\$0.00	\$0.00	\$47.07	\$118,565.97
14. CO CLK REC MGMT	TEXPOOL/TEXAS CLASS	\$2,785,611.71	\$0.00	(\$650,000.00)	\$1,028.53	\$2,136,640.24
15. S.O. FORFEITURES	TEXAS CLASS	\$2,058,384.50	\$0.00	(\$800,000.00)	\$877.55	\$1,259,262.05
16. ELECTIONS ADMIN	DWS/TEXAS CLASS	\$165,862.32	\$0.00	\$0.00	\$84.86	\$165,747.18
17. VIT INTEREST FUND	DWS	\$26,748.62	\$0.00	\$0.00	\$2.00	\$26,750.62
18. LAW LIBRARY	TEXAS CLASS	\$207,702.22	\$0.00	\$0.00	\$106.59	\$207,808.81
19. DA CHAPTER 59	TEXAS CLASS	\$679,642.10	\$0.00	\$0.00	\$348.56	\$679,990.66
20. JURY	DWS/TEXPOOL/TEXAS CLASS	\$139,801.88	\$0.00	(\$40,000.00)	\$44.41	\$99,846.29

INVESTMENT POOL REPORT

Prepared by the Denton County Auditor's Office
For the Quarter Ending 12/31/2012

<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>
CAPITAL PROJECTS						
21. HEALTH CARE RELIEF PROJECTS	TEXAS CLASS/WELLS FARGO	\$2,139,409.91	\$0.00	(\$97,089.01)	\$1,056.57	\$2,043,377.47
22. 2007 TAX NOTE PROJECTS	TEXAS CLASS	\$95,400.28	\$0.00	(\$37.25)	\$48.85	\$95,411.88
23. 2007 PI BOND PROJECTS	TEXAS CLASS WELLS FARGO/TEXAS TERM	\$1,853,452.79	\$0.00	(\$146,100.00)	\$898.14	\$1,708,250.93
24. 2005 C.O. PROJECTS	TEXAS CLASS	\$976,141.86	\$0.00	\$0.00	\$500.59	\$976,642.45
25. CAPITAL REPLACEMENT	TEXAS CLASS	\$7,603,218.12	\$0.00	(\$448,613.55)	\$3,693.35	\$7,158,297.92
26. 2008 PI BOND PROJECTS	TEXAS CLASS	\$47,972.75	\$0.00	\$0.00	\$24.82	\$47,997.37
27. 2008 TAX NOTE PROJECTS	TEXAS CLASS	\$1,464,797.95	\$0.00	(\$752,645.40)	\$505.71	\$712,658.26
28. 2009 PI BOND PROJECTS	TEXAS CLASS/TEXAS TERM	\$19,445,613.68	\$0.00	(\$4,655,366.17)	\$7,234.16	\$14,797,481.67
29. 2010 PI BOND PROJECTS	WELLS FARGO LONE STAR/TEXAS CLASS	\$92,985,429.91	\$0.00	(\$3,358,495.61)	\$49,273.12	\$89,676,207.42
30. 2012 TAX NOTE PROJECTS	TEXAS CLASS	\$10,111,597.41	\$0.00	\$0.00	\$5,185.41	\$10,116,782.82
31. 2012 PI BOND PROJECTS	TEXAS CLASS	\$92,497,722.37	\$0.00	(\$3,253,487.18)	\$46,476.89	\$89,290,712.08
TOTAL INVESTMENT POOLS		\$280,302,470.83	\$26,351,781.97	(\$34,281,558.50)	\$136,624.53	\$272,509,320.83

INTEREST RATES PAID

	<u>LONE STAR</u>	<u>TEXPOOL</u>	<u>WELLS FARGO</u>	<u>DWS</u>	<u>TEXAS TERM</u>	<u>TEXAS CLASS</u>
OCTOBER	0.15%	0.17%	0.14%-0.29%	0.03%	0.13%	0.21%
NOVEMBER	0.15%	0.15%	0.14%-0.29%	0.03%	0.13%	0.19%
DECEMBER	0.15%	0.15%	0.14%-0.27%	0.03%	0.13%	0.21%

Denton County, Texas
Investment Worksheet
For the Month of December, 2012

Fund	Wells Fargo	Texas Class	Texpool	Texas Term	ICT/DWS	Lone Star	Total Investments						
01	General	\$7,704,221.25	\$10,054,044.19	\$9,419,858.37	\$0.00	\$14,673.66	\$6.84	\$27,192,804.31					
	HOT Funds	\$0.00	\$0.00	\$17,743.04	\$0.00	\$0.00	\$0.00	\$17,743.04					
20	Road & Bridge	\$1,840,206.04	\$1,633,090.12	\$1,477,436.23	\$0.00	\$14,685.78	\$0.00	\$4,965,418.17					
21	District Clerk Records Mgmt	\$0.00	\$0.00	\$0.00	\$0.00	\$20,643.84	\$0.00	\$20,643.84					
22	County Clerk Records	\$0.00	\$1,109,763.84	\$1,026,876.40	\$0.00	\$0.00	\$0.00	\$2,136,640.24					
23	Courthouse Security	\$0.00	\$0.00	\$0.00	\$0.00	\$132,537.94	\$0.00	\$132,537.94					
25	CSCD	\$900,378.52	\$748,484.28	\$628,888.09	\$0.00	\$225,054.29	\$0.00	\$2,502,805.18					
26	Juvenile Probation	\$120,627.49	\$834,017.10	\$210,871.07	\$0.00	\$45,712.23	\$0.00	\$1,211,227.89					
27	Fire Code Enforcement	\$0.00	\$0.00	\$0.00	\$0.00	\$78,683.34	\$0.00	\$78,683.34					
31	Community Corrections	\$0.00	\$287,329.65	\$0.00	\$0.00	\$65.60	\$0.00	\$287,395.25					
32	JP Technology	\$0.00	\$0.00	\$201,580.01	\$0.00	\$80,070.86	\$0.00	\$281,650.87					
34	Public Health	\$0.00	\$196,757.58	\$371,645.63	\$0.00	\$351.71	\$0.00	\$568,754.92					
36	Indigent Care	\$531,268.24	\$256,240.86	\$251,247.38	\$0.00	\$960.65	\$0.00	\$1,039,717.13					
38	TAIP	\$0.00	\$0.00	\$0.00	\$0.00	\$2.79	\$0.00	\$2.79					
39	Health Care Relief	\$1,024,566.31	\$1,018,811.16	\$0.00	\$0.00	\$0.00	\$0.00	\$2,043,377.47					
41	Records Management	\$0.00	\$0.00	\$118,565.97	\$0.00	\$0.00	\$0.00	\$118,565.97					
45	S.O. Forfeitures	\$0.00	\$1,259,262.05	\$0.00	\$0.00	\$0.00	\$0.00	\$1,259,262.05					
46	Elections	\$0.00	\$165,540.93	\$0.00	\$0.00	\$206.25	\$0.00	\$165,747.18					
48	VIT Interest	\$0.00	\$0.00	\$0.00	\$0.00	\$26,750.62	\$0.00	\$26,750.62					
50	Law Library	\$0.00	\$207,808.81	\$0.00	\$0.00	\$0.00	\$0.00	\$207,808.81					
59	DA Chapter 59	\$0.00	\$679,990.66	\$0.00	\$0.00	\$0.00	\$0.00	\$679,990.66					
60	Jury	\$0.00	\$40,235.22	\$42,463.40	\$0.00	\$17,147.67	\$0.00	\$99,846.29					
61	2009 PI Bonds	\$0.00	\$7,519,458.73	\$0.00	\$7,278,022.94	\$0.00	\$0.00	\$14,797,481.67					
62	2007 Tax Notes	\$0.00	\$95,411.88	\$0.00	\$0.00	\$0.00	\$0.00	\$95,411.88					
64	2008 Tax Notes	\$0.00	\$712,658.26	\$0.00	\$0.00	\$0.00	\$0.00	\$712,658.26					
65	2012 Tax Notes	\$0.00	\$10,116,782.82	\$0.00	\$0.00	\$0.00	\$0.00	\$10,116,782.82					
66	2012 PI Bonds	\$0.00	\$89,290,712.08	\$0.00	\$0.00	\$0.00	\$0.00	\$89,290,712.08					
67	2008 PI Bonds	\$0.00	\$47,997.37	\$0.00	\$0.00	\$0.00	\$0.00	\$47,997.37					
73	2005 C.O.'S	\$0.00	\$976,642.45	\$0.00	\$0.00	\$0.00	\$0.00	\$976,642.45					
75	Debt Service	\$4,849,674.06	\$2,527,226.07	\$5,514,603.94	\$0.00	\$0.00	\$0.00	\$12,891,504.07					
76	2007 PI Bonds	\$923,620.63	\$784,503.77	\$0.00	\$126.53	\$0.00	\$0.00	\$1,708,250.93					
80	Capital Replacement	\$0.00	\$7,158,297.92	\$0.00	\$0.00	\$0.00	\$0.00	\$7,158,297.92					
85	2010 PI Bonds	\$37,914,768.30	\$14,335,358.65	\$0.00	\$0.00	\$0.00	\$37,426,080.47	\$89,676,207.42					
Totals:							\$55,809,330.84	\$152,056,426.45	\$19,281,779.53	\$7,278,149.47	\$657,547.23	\$37,426,087.31	\$272,509,320.83

**Denton County
Security Inventory**

Fund #	Fund	Issuer	Type	Trade Date	CUSIP	Par Value	Purchase Price	Final Maturity	Coupon Rate	Book Yield	Market Value 12/31/2012	Broker	
01	GENERAL	FHLB	U.S. Instrumentality	07/25/2011	313874V29	\$ 2,000,000.00	\$ 2,000,000.00	07/25/2013	0.500%	0.500%	\$ 2,003,684.00	Coastal Securities	
						<u>\$ 2,000,000.00</u>	<u>\$ 2,000,000.00</u>						<u>\$ 2,003,684.00</u>

FUND SUMMARY
GENERAL
Par Value \$ 2,000,000.00
<u>\$ 2,000,000.00</u>

STAGECOACH SWEEP
WELLS FARGO BANK, N.A.
Statement Period : 12/01/2012 - 12/31/2012

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 5690013227
Interest Earned is deposited to DDA 5690013227
Your Stagecoach Sweep Investment elections STAGECOACH SWEEP REPO

ACCOUNT SUMMARY

Interest Earned during this period	: \$	151.26		
Interest Received during this period	: \$	153.33	Interest received YTD	: \$ 1,426.88
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
12/03/12	12/04/12	5,973,046.16	3.32	.02000 %	Repo	
12/04/12	12/05/12	8,815,056.85	4.90	.02000 %	Repo	
12/05/12	12/06/12	10,690,873.52	5.94	.02000 %	Repo	
12/06/12	12/07/12	7,528,125.50	4.18	.02000 %	Repo	
12/07/12	12/10/12	7,130,046.92	11.88	.02000 %	Repo	
12/10/12	12/11/12	7,302,634.48	4.06	.02000 %	Repo	
12/11/12	12/12/12	8,068,292.72	4.48	.02000 %	Repo	
12/12/12	12/13/12	8,335,209.53	4.63	.02000 %	Repo	
12/13/12	12/14/12	9,911,003.73	5.51	.02000 %	Repo	
12/14/12	12/17/12	6,989,575.02	11.65	.02000 %	Repo	
12/17/12	12/18/12	6,136,426.82	3.41	.02000 %	Repo	
12/18/12	12/19/12	7,728,221.01	4.29	.02000 %	Repo	
12/19/12	12/20/12	10,021,672.36	5.57	.02000 %	Repo	
12/20/12	12/21/12	9,109,470.16	5.06	.02000 %	Repo	
12/21/12	12/24/12	9,729,335.05	16.22	.02000 %	Repo	
12/24/12	12/26/12	21,015,265.52	23.35	.02000 %	Repo	
12/26/12	12/27/12	23,176,858.31	12.88	.02000 %	Repo	
12/27/12	12/28/12	5,676,841.27	3.15	.02000 %	Repo	
12/28/12	12/31/12	5,676,999.63	9.46	.02000 %	Repo	
12/31/12	01/02/13	6,591,385.16	7.32	.02000 %	Repo	
Averages :		\$ 9,075,496.79		0.02005 %		

INVESTMENTS NOT FDIC INSURED