

City of Lakeway, Texas
Quarterly Investment Report
October 1, 2011 – December 31, 2011

February 15, 2012

Honorable Mayor DeOme and City Council Members:

The Quarterly Investment Report for the City of Lakeway, Texas for the quarter ended December 31, 2011 is hereby submitted.

The current depository bank for the City of Lakeway is Prosperity Bank. The City's depository agreement with the bank guarantees an interest rate of 0.50%. While this rate may seem low, it is currently higher than interest rates received through TexPool. Throughout the quarter TexPool's interest rate has ranged from 0.0810% - 0.1080%. For this reason the City keeps most of the General Fund cash in the depository bank which earned interest in the amount of \$3,033 for the quarter. Interest-bearing checking accounts are not considered an investment and as a result are not included in the accompanying schedules.

The City of Lakeway purchased a certificate of deposit (CD) on October 20, 2011. The CD was purchased from First National Bank in the amount of \$20,000 for a 12 month term. The interest rate for this CD is 1.02%, and the earned interest is credited back to the principal on a quarterly basis. Quotes were obtained from seven banks and none other than First National Bank had a CD interest rate over the Prosperity Bank guaranteed rate of 0.50%.

Subsequent to the close of the quarter, CD quotes have been obtained from eight banks. None of the banks had rates above Prosperity Bank's rate.

The bank account and the CDs are insured by a combination of FDIC insurance and pledged securities which are maintained at the Federal Reserve Bank in Dallas, Texas. TexPool's liquid asset portfolio seeks to maintain a net asset value of \$1.00 per unit invested to preserve the principal of all pool participants.

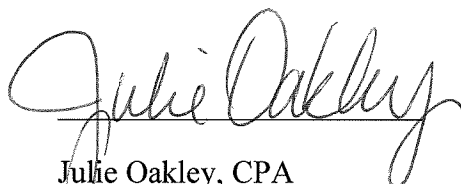
This report is in full compliance with the investment strategies as established by the City of Lakeway's investment policy, the Public Funds Investment Act, and generally accepted accounting principles.



Steve Jones
City Manager



Al Tyson
City Treasurer



Julie Oakley, CPA
Finance Director

**CITY OF LAKEWAY, TEXAS
 INVESTMENT PORTFOLIO SUMMARY
 FOR THE QUARTER ENDED DECEMBER 31, 2011**

FUND	VALUE BY TYPE OF INVESTMENT		TOTAL INVESTMENT	INTEREST EARNED FOR QUARTER
	INVESTMENT POOL	CERTIFICATE OF DEPOSIT		
GENERAL FUND	\$ 1,310,308	\$ 245,000	\$ 1,555,308	\$ 561
DEBT FUND	\$ 93,321	\$ -	\$ 93,321	\$ 14
SPECIAL REVENUE FUNDS	\$ 1,574,013	\$ -	\$ 1,574,013	\$ 353
PROPRIETARY FUND	\$ 229,403	\$ -	\$ 229,403	\$ 61
TOTAL INVESTMENT PORTFOLIO AND INTEREST EARNED AS OF 12/31/11			\$ 3,452,045	\$ 990

**GENERAL FUND
 INVESTMENT PORTFOLIO
 BY TYPE OF INVESTMENT
 FOR THE QUARTER ENDED DECEMBER 31, 2011**

INVESTMENT POOL						
DATE	PURCHASED	REDEEMED	NET ASSET VALUE	FACE VALUE	MARKET VALUE	
AS OF 9/30/2011						
10/31/2011	\$ 49,005	\$ 56,630	1.00	\$ 31,134	\$ 31,134	
11/30/2011	\$ 278,831	\$ 242,647	1.00	\$ 23,509	\$ 23,509	
12/31/2011	\$ 2,117,624	\$ 867,009	1.00	\$ 1,310,308	\$ 1,310,308	
TOTAL TEXPOOL AS OF 12/31/2011						\$ 1,310,308

CERTIFICATES OF DEPOSIT						
PURCHASE DATE	TERM	MATURITY DATE	YIELD	FACE VALUE	MARKET VALUE	
06/29/2011	12 MO	06/29/2012	0.82%	\$ 225,000	\$ 225,000	
10/20/2011	12 MO	10/20/2012	1.02%	\$ 20,000	\$ 20,000	
TOTAL CERTIFICATES OF DEPOSIT AS OF 12/31/2011						\$ 245,000

TOTAL GENERAL FUND INVESTMENT PORTFOLIO AS OF 12/31/2011	\$ 1,555,308
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**DEBT SERVICE FUND
 INVESTMENT PORTFOLIO
 BY TYPE OF INVESTMENT
 FOR THE QUARTER ENDED DECEMBER 31, 2011**

INVESTMENT POOL					
DATE	PURCHASED	REDEEMED	NET ASSET VALUE	FACE VALUE	MARKET VALUE
AS OF 9/30/2011					
10/31/2011	\$ 2,688	\$ -	1.00	\$ 49,967	\$ 49,967
11/30/2011	\$ 5,652	\$ -	1.00	\$ 52,655	\$ 52,655
12/31/2011	\$ 35,014	\$ -	1.00	\$ 93,321	\$ 93,321
TOTAL TEXPOOL AS OF 12/31/2011					\$ 93,321

TOTAL DEBT SERVICE FUND INVESTMENT PORTFOLIO AS OF 12/31/2011	\$ 93,321
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**SPECIAL REVENUE FUNDS
 INVESTMENT PORTFOLIO
 BY TYPE OF INVESTMENT
 FOR THE QUARTER ENDED DECEMBER 31, 2011**

INVESTMENT POOL					
DATE	PURCHASED	REDEEMED	NET ASSET VALUE	FACE VALUE	MARKET VALUE
AS OF 9/30/2011					
10/31/2011	\$ 31,509	\$ 16,500	1.00	\$ 1,519,565	\$ 1,519,565
11/30/2011	\$ 22,787	\$ 6,800	1.00	\$ 1,534,574	\$ 1,534,574
12/31/2011	\$ 23,452	\$ -	1.00	\$ 1,550,561	\$ 1,550,561
TOTAL TEXPOOL AS OF 12/31/2011					\$ 1,574,013

TOTAL SPECIAL REVENUE FUNDS INVESTMENT PORTFOLIO AS OF 12/31/2011	\$ 1,574,013
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**PROPRIETARY FUND
INVESTMENT PORTFOLIO
BY TYPE OF INVESTMENT
FOR THE QUARTER ENDED DECEMBER 31, 2011**

INVESTMENT POOL					
DATE	PURCHASED	REDEEMED	NET ASSET VALUE	FACE VALUE	MARKET VALUE
AS OF 9/30/2011					
10/31/2011	\$ 167,017	\$ 48,000	1.00	\$ 208,842	\$ 208,842
11/30/2011	\$ 8,026	\$ 47,500	1.00	\$ 327,859	\$ 327,859
12/31/2011	\$ 18	\$ 59,000	1.00	\$ 229,403	\$ 229,403
TOTAL TEXPOOL AS OF 12/31/2011					\$ 229,403

TOTAL PROPRIETARY FUND INVESTMENT PORTFOLIO AS OF 12/31/2011	\$ 229,403
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