



To: Board of Trustees

From: Ryder Warren, Ed.D., Superintendent of Schools

Subject: April Financial and Investment Report

Date: May 28, 2019

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**Background Information and Rationale:** All investments made by the District shall comply with the Public Funds Investment Act (Texas Government Code Chapter 2256, Subchapter A) and all federal, state, and local statutes, rules or regulations. Gov't Code 2256.026

**Support of Strategic Goals:**

- Students will achieve success through meaningful learning experiences, innovative pathways, and personalized opportunities.
- Northwest ISD will recruit, value, and retain exceptional staff to create a rewarding learning environment.
- Northwest ISD will create and foster an environment where all stakeholders are engaged in the transformational work of the NISD family.

**Budget and/or Fund Impact:**

The Combined Statement of Revenues, Expenditures and Changes in Fund Equity for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Outlay Funds, and Totals (Memorandum Only) report activity for all funds through April, 2019.

The Investment Report, prepared by the District's investment advisors, First Southwest Asset Management, Inc., encompasses the month ending April 2019, and is submitted in accordance with the provisions of the Public Funds Investment Act.

The following investments matured in April:

- \$ 7,500,000.00 Securities One (Capital Projects)

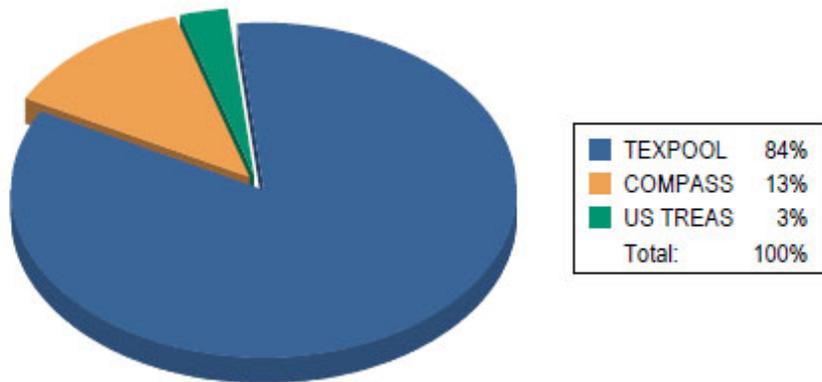
There were no purchases in the month of April.

Investments for the District’s General Fund, Debt Service Funds, Capital Projects Funds, and Internal Service Funds total \$244,555,125.54 as of April 30, 2019.

<u>Fund</u>	<u>Yield to Maturity</u>	<u>Market Value</u>
General Fund	2.438%	\$148,277,503.53
Special Revenue Funds	2.434%	168,941.56
Debt Service Funds	2.434%	53,342,219.76
Capital Projects AFB Funds	2.434%	46,703.07
Capital Projects Funds	<u>2.445%</u>	<u>42,719,757.62</u>
<b>Total</b>	<b>2.439%</b>	<b>\$244,555,125.54</b>

Board Policy states that, “The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific issuer.”

**Investment Instruments and Financial Institutions**



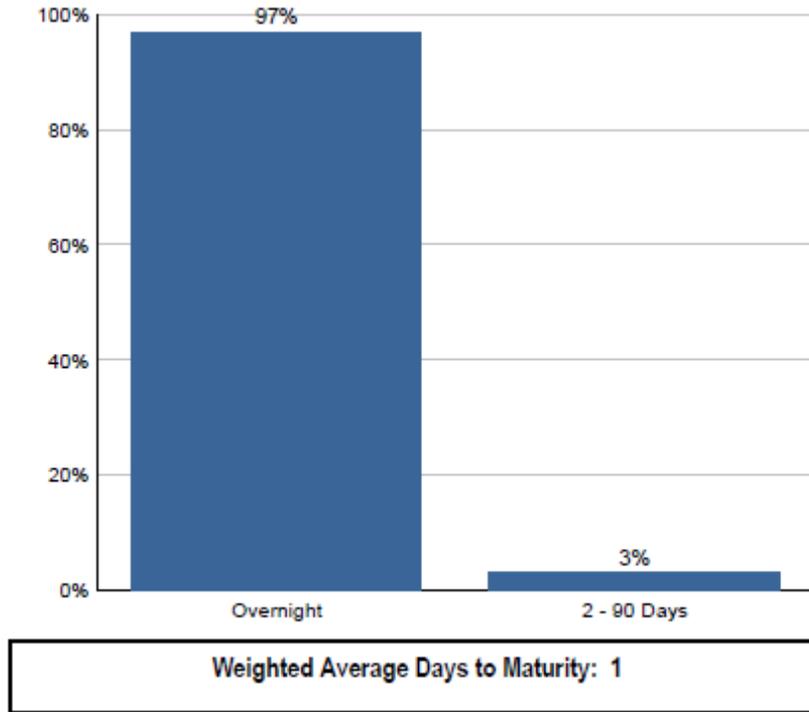
**Portfolio Composition by Security Type**

Treasury	3%
Local Government Investment Pool	84%
Bank Deposit	13%
Agency Bullet	0%
Agency Disco	0%
Certificates of Deposit	0%

**Portfolio Composition by Issuer**

Treasury	3%
TexPool	84%
Compass	13%
FHLB	0%
FNMA	0%
Greenbank	0%

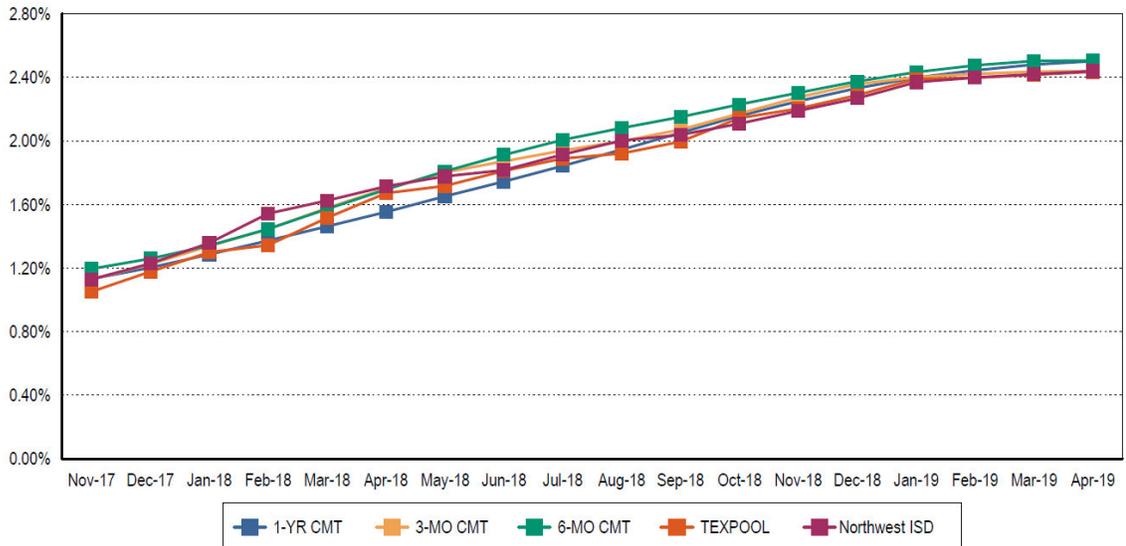
## Maturity Scheduling



## Maturity Schedule

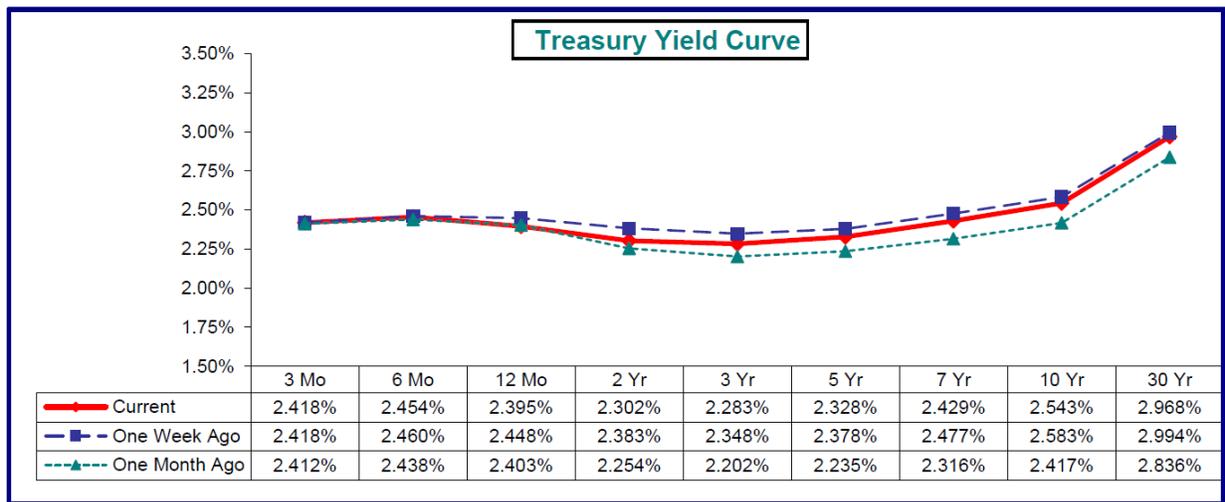
Overnight	97%	\$ 237,059,573.04
0 – 3 Months	3%	\$ 7,495,552.50
3 – 6 Months	%	\$
6 – 12 Months	%	\$

## Benchmark Comparison



**Note 1:** CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities. The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year and 2-year CMT's are the daily averages for the previous 12-months.

**Note 2:** Benchmark data for TexPool is the monthly average yield.



## A TexPool Monthly Newsletter: May 2019

### Economic and Market Commentary: Investors also must be patient May 1, 2019

As the saying goes, “If there is a gap, something will fill it.” So it is that the lack of market-moving economic data lately has led to a ridiculous level of scrutinizing Fed speak. Even before investors and analysts brought out their magnifying glasses to scan the May Federal Open Market Committee (FOMC) statement with no action on rates, people have been over-thinking things.

There is no question Chair Jerome Powell had much to explain after the last two FOMC meetings, when the Fed all but did a U-turn. Policymakers who last fall were projecting multiple rate hikes in 2019 started forecasting one or none only a few months later. But with the indication—confirmed again in the statement—that they will pause until the economy shows signs of strengthening or weakening, there isn’t much to uncover. But the markets are searching anyway, and little actions get turned into big reactions if a Fed official says something slightly different from the party line.

Investors are, of course, just looking for guidance. The path of rates was somewhat predictable both in the extended period of near-zero rates and the recent time of gradually rising rates. Many see today’s “patient” Fed as perplexed, and that can spook investors. They didn’t get any new direction in the May meeting, as the Fed kept the target range at 2.25-2.5% and used that “patient” word again. The only item of note was that the Fed addressed the recent development in which the fed funds effective rate has continued to move higher to the point of being above the interest it pays on excess reserves (IOER).

In order to enhance its ability to control the fed funds rate, the Fed lowered the interest it pays on IOER by 5 basis points to 2.35%. This action has no broader monetary policy implications.

One-, 3- and 6-month Treasuries ended April at 2.42%, 2.42% and 2.45%, respectively. London interbank offered rates (Libor) finished the month at 2.48%, 2.58% and 2.61%, respectively. The weighted average maturity (WAM) at month-end was 34 days for TexPool and 40 days for TexPool Prime.

Earnings from Temporary Deposits and Investments are \$533,824.42 April and \$4,655,288.18 year-to-date for all funds.

<u>Fund</u>	<u>Month</u>	<u>Year-To-Date</u>
General Fund	\$ 318,172.76	\$ 2,262,195.47
Special Revenue Funds	337.37	21,228.19
Debt Service Funds	106,190.83	936,140.56
Capital Projects Funds	109,030.21	1,426,083.64
Capital Project Funds AFB	<u>93.25</u>	<u>9,640.32</u>
<b>Total</b>	<b><u>\$ 533,824.42</u></b>	<b><u>\$ 4,655,288.18</u></b>

**Recommendation:** Review the enclosed Financial and Investment Report.

Respectfully submitted,



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Ryder Warren, Ed.D.  
Superintendent



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Jon Graswich, CPA  
Deputy Superintendent for  
Business & Operations



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Brian Carter  
Chief Financial Officer