

LOCKHART INDEPENDENT SCHOOL DISTRICT
REPORT OF INVESTMENT ACTIVITY
For the period ending September 30, 2022

Introduction

House Bill 2459, which was passed during the 1995 legislative session, amended a section of the Education Code dealing with investments. Code Section 2256.023 as amended, requires that the Investment Officer of the District prepare a report of investment activity and position. Monthly financial reports and invested fund statements are included in Board agendas and become a part of the permanent record. However, it is prudent to provide more detailed information on a regular basis. This report covers the quarter July 1, 2022 through September 30, 2022.

Cash

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. First Lockhart National Bank (FLNB) deposits for safekeeping and trust with the Federal Reserve System, pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of securities is waived only to the extent of Federal Deposit Insurance Corporation (FDIC) insurance.

The District's cash balances were properly collateralized and insured at all times during the period. The highest combined balances of bank deposits at FLNB for the quarter ended September 30, 2022, occurred during the month of July 2022, in the amount of \$7,258,599. FDIC insurance for government accounts is \$250,000 for the combined amount of all time deposits, and an additional \$250,000 for the combined amount of all interest-bearing demand deposits. The total par value of U.S. Treasury notes pledged as collateral in July was \$7,900,610. FLNB provides a minimum interest rate of 0.25% on an annual basis, per the bank depository contract. Interest is credited on investments as earned on a monthly basis and is recorded on the District's books as earned. Interest accrues on investments with maturities longer than one month. As of September 30, 2022, the District General Fund has earned interest from all investments in the amount of \$93,169.

Investments

Temporary investments balances are held by Texas Local Government Investment Pools (TexPool, Lone Star, and Texas Term/TexasDaily).

TexPool Prime is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (the Trust Company) to provide a safe, efficient, and liquid investment alternative for the placement of local government funds in authorized, short-term, fully-collateralized investment. TexPool Prime invests in U.S. Government securities, repurchase agreements collateralized by U. S. Government securities and AAA-rated no-load money market mutual funds, commercial paper and certificate of deposits. TexPool Prime is rated AAAM by Standard & Poor's, the highest rating a local government pool can

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2014 Bond Proceeds - Bond funds are invested only as authorized by Board Policy CDA (legal) and CDA (local), with the objective of timing maturity with the District's bond draw schedule. While interest earned monthly is recorded on the District's books as earned interest, interest accrues on investments with maturity dates longer than one month. Investment maturities may be authorized longer than one year provided legal limits are not exceeded. Only investments authorized by Board Policy CDA (legal) and CDA (local) will be purchased.

Student Activity / Agency Funds - All legal authorized investments should closely match projected cash needs during the year. Investment maturities may be authorized longer than one year provided legal limits are not exceeded. Only investments authorized by Board Policy CDA (legal) and CDA (local) will be purchased.

Conclusion

Interest is credited on investments as earned on a monthly basis and is recorded on the District's books as earned. Therefore, the District's investment earnings will always reflect compounded interest earned in relation to capital invested, term of investment, and market conditions. The investment pools are in relatively short-term securities; consequently the risk to the District is minimal.

Compliance

We, the approved Investment Officers of Lockhart ISD, hereby certify that the above Investment Report represents the investment position of the district in compliance with the Board approved Investment Policy, the Public Funds Investment Act (Texas Government Code 2256), and Generally Accepted Accounting Principles (GAAP).

Respectfully submitted,



Nicole Dean, Chief Financial Officer



Michelle Wylie, Director of Finance

	First Lockhart National Bank	Texpool Prime	Texas Daily	Texas Term
<u>July-22</u>				
Average Monthly Return	1.00%	1.67%	1.50%	3.10%
Weighted Average Maturity	N/A	16	24	68
Annualized Expense Ratio	N/A	0.05%	0.08%	0.15%
Standard & Poor's Rating	N/A	AAAm	AAAm	AAAf
<u>August-22</u>				
Average Monthly Return	1.00%	2.30%	2.18%	3.20%
Weighted Average Maturity	N/A	12	23	59
Annualized Expense Ratio	N/A	0.05%	0.08%	0.16%
Standard & Poor's Rating	N/A	AAAm	AAAm	AAAf
<u>September-22</u>				
Average Monthly Return	1.00%	2.61%	N/A	N/A
Weighted Average Maturity	N/A	14	N/A	N/A
Annualized Expense Ratio	N/A	0.05%	N/A	N/A
Standard & Poor's Rating	N/A	AAAm	N/A	N/A

N/A = not applicable

n/av = not available at the time of report

Glossary:

AAAm= Extremely strong capacity to meet its financial commitments. Safety is excellent and has a superior capacity to maintain principal value and limit exposure to loss.

AAAf/S1+ = The fund's portfolio holdings provide extremely strong protection against losses from credit. The S1+ rating indicates that bond funds possess low sensitivity to changing market conditions. The level of risk is less than or equal to a portfolio of government securities maturing within 1-3 years.

AAAV-1+ = Funds with this rating are considered to have the lowest market risk (stable value). The rating is assigned to only money market funds or local government investment pools that should not experience loss of principal value to shareholders or participants even in severely adverse interest rate environments. (Rating by Fitch IBCA, a nationally recognized rating agency.)

Quarterly Investment Report
For Quarter Ended: September 30, 2022

<u>Texpool</u>	<u>Balance on 09/30/2022</u>	<u>Balance on 06/30/2022</u>	<u>Net Change</u>
Interest & Sinking Fund	\$ 2,607,292	\$ 6,340,084	\$ (3,732,792)
General/Operating Fund	\$ 21,401,462	\$ 16,332,516	\$ 5,068,946
School Nutrition	\$ 2,667,720	\$ 3,381,584	\$ (713,865)
C.D. Marshall JHS Scholarship	\$ 30,962	\$ 30,792	\$ 170
Burditt Scholarship Fund	\$ -	\$ -	\$ -
GF Hudnall Scholarship	\$ 15,197	\$ 15,612	\$ (415)
J.M. Moore Scholarship	\$ 5,090	\$ 25,020	\$ (19,930)
Latricia White Scholarship	\$ 14,210	\$ 14,132	\$ 78
Mary B. C. Sanders Scholarship	\$ 6,054	\$ 6,020	\$ 33
Hazelett Scholarship	\$ 6,710	\$ 6,673	\$ 37
Canning Engineering Scholarship	\$ 23,774	\$ 24,641	\$ (867)
Mohle Scholarship Fund	\$ 1,017	\$ 1,012	\$ 6
Total Funds	\$ 26,779,488	\$ 26,178,086	\$ 601,401
Interest Rate	2.50%	1.47%	

<u>Texas Term/Texas Daily</u>	<u>Balance on 09/30/2022</u>	<u>Balance on 06/30/2022</u>	<u>Net Change</u>
Texas Term CD Program Top Ten	\$ -	\$ -	\$ -
Texas Daily/Texas Term General Funds	\$ 286,008	\$ 284,568	\$ 1,441
Texas Daily School Nutrition Funds	\$ 6,715	\$ 6,681	\$ 34
Texas Daily/Texas Term Debt Svce	\$ 458,635	\$ 456,324	\$ 2,311
Total Funds	\$ 751,358	\$ 747,573	\$ 3,785
Interest Rate	3.00%	1.51%	

<u>First Lockhart National Bank</u>	<u>Balance on 09/30/2022</u>	<u>Balance on 06/30/2022</u>	<u>Net Change</u>
Interest & Sinking Fund	\$ 223,546	\$ 81,159	\$ 142,386
General/Operating Fund	\$ 1,201,915	\$ 996,738	\$ 205,177
Redemption Account	\$ 2,174	\$ 2,169	\$ 5
Payroll	\$ 1,229,192	\$ 791,379	\$ 437,813
School Nutrition	\$ 268,054	\$ 477,469	\$ (209,415)
Fiduciary Funds	\$ 17,640	\$ 17,182	\$ 457
Top Ten Scholarship Funds	\$ 161,330	\$ 167,921	\$ (6,591)
Roland Endowment Funds	\$ 20,592	\$ 20,541	\$ 52
Maintenance Proceeds	\$ 1,598	\$ 123	\$ 1,475
Total Funds	\$ 3,126,041	\$ 2,554,681	\$ 571,360
Interest Rate	1.00%	0.90%	