

Stafford Municipal School District
Quarterly Investment Report
February 28, 2023

Foreword

Under the Public Funds Investment Act (PFIA), governmental units are required to have investment policies, restrict investment portfolios to only those investments specifically authorized by law, and submit quarterly reports to the governing body which disclose both the book and market values of investments held.

The Stafford Municipal School District is in compliance with the PFIA. All investments purchased meet the three basic tenets included in the District's investment policy—investment safety, investment liquidity and investment yield.

The day-to-day management of the district's cash and investment position is the responsibility of the Chief Financial Officer.

In accordance with Section 2256 of the Government Code (Public Funds Investment Act), Stafford Municipal School District has adopted a written investment policy. Not less than quarterly, the investment officers of SMSD must prepare and submit to the Board of Trustees a written report of investment transactions that have taken place. The report must include the following elements:

- Detailed description of the investment position of SMSD on the date of the report.
- Summary statement of each pooled fund group including beginning market value for the reporting period; additions and changes to the market value during the period and ending market value for the period.
- Statement of the book value and market value of each invested asset at the beginning and end of the reporting period.
- Statement of the account, fund or pooled fund group for which each asset was acquired.
- Statement of the compliance of the investment portfolio with SMSD's investment policy and investment strategies and with state law.

Stafford Municipal School District is in compliance with the Public Funds Investment Act. All investments purchased must meet the three basic tenets included in the investment policy—safety, liquidity and yield.

The accompanying investment report represents the quarter ending February 28, 2023.

Stafford Municipal School District
Interest Earned by Fund by Source
For Twelve Months September - February 2023

	General Operating Fund	Food Service Fund	Interest and Sinking Fund	Construction Funds	Agency/ Activity Funds	Total Interest
Frost Bank	\$ 999	\$ 333	\$ 132	\$ 8	\$ 17	\$ 1,488
Lone Star Investment Pool	16	-	-	-	-	16
TexPool/TexStar/Logic	138,828	-	42,856	1,987	297	183,968
	<u>\$ 139,843</u>	<u>\$ 333</u>	<u>\$ 42,988</u>	<u>\$ 1,994</u>	<u>\$ 314</u>	<u>\$ 185,472</u>

Stafford Municipal School District
Investments by Fund by Source
As of February 28, 2023

	General Operating Fund	Food Service Fund	Interest and Sinking Fund	Construction Fund	Agency/ Activity Funds	Total Invested
Frost Bank	\$ 6,783,275	\$ 622,818	\$ 275,109	\$ 4,838	\$ 40,820	\$ 7,726,861
Lone Star Investment Pool	1,561	-	-	-	-	1,561
TexPool/TexStar/Logic	21,390,150	-	6,875,252	179,020	28,628	28,473,051
	<u>\$ 28,174,986</u>	<u>\$ 622,818</u>	<u>\$ 7,150,361</u>	<u>\$ 183,858</u>	<u>\$ 69,448</u>	<u>\$ 36,201,473</u>

Stafford Municipal School District
Interest Earned by Fund
Comparison Three Months Ending February 28, 2023
and Three Months Ending November 30, 2022

	Quarter Ending 28-Feb	Quarter Ending 30-Nov
General Operating Fund	\$ 139,844	\$ 49,085
Food Service Fund	333	15
Interest and Sinking Fund	42,988	18,334
Construction Fund	1,994	1,394
Agency/Activity Funds	314	210
	<u>\$ 185,472</u>	<u>\$ 69,038</u>

Stafford Municipal School District
Budget Summary for Interest Earned
September 2022 to February 2023

	Budget	Actual	Budget Balance	% Used
General Operating	\$ 97,047	\$ 188,929	\$ 91,882	194.68%
Food Service Funds	1,000	348	(652)	34.78%
Interest and Sinking Fund	5,000	61,322	56,322	1226.43%
Construction Fund	-	3,389	3,389	100.00%
Agency/Activity Funds	-	524	524	100.00%
	<u>\$ 103,047</u>	<u>\$ 254,511</u>	<u>\$ 151,464</u>	<u>246.99%</u>

**Stafford Municipal School District
FROST BANK ACCOUNTS
As of February 28, 2023**

	Amount
General Operating Account	<u>\$ 5,318,331</u>
Payroll	993,344
Operating Clearing	471,600
Food Service	622,818
Interest and Sinking Account	275,109
\$10 M Bond Construction Fund	4,839
Agency/Activity Fund	40,820
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Total	<u><u>\$ 7,726,861</u></u>

TexPool

TexPool is a public funds investment pool administered by the State Comptroller. This pool was transferred to the Comptroller's office since the closure of the State Treasurer's office on August 31, 1996. Public funds investment pools are authorized under Chapter 2256 of the Government Code. The value of the pool at February 28, 2023 was \$33.6 billion. The District's investment in this pool as of February 28, 2023 was \$26.5 million.

The State Comptroller's Office issues a Quarterly Report on the financial status of TexPool. The cover letter for the quarter ended February 28, 2023 from TexPool provides information on the TexPool portfolios. These investment portfolios are on file in the Business Office.

**Stafford Municipal School District
TexPool Investments
As of February 28, 2023**

	Amount
General Operating Account	<u>\$ 20,281,018</u>
Interest and Sinking Account	6,242,617
Agency/Activity Fund	<u>28,628</u>
Total	<u><u>\$ 26,552,263</u></u>

**Stafford Municipal School District
TexStar Investments
As of February 28, 2023**

	<u>Amount</u>
General Operating	\$ 33,065
Interest and Sinking Account	632,636
Total	<u><u>\$ 665,700</u></u>

Lone Star Investment Pool

The Lone Star Investment Pool ("LSIP") is a public funds investment pool administered by the Texas Association of School Boards with investment advisory services by CAPTRUST Financial Advisors. Two other firms, American Beacon Advisors and Mellon Investments Corporation, manage the investment and reinvestment of Lone Star's assets. Public funds investment pools are authorized under Chapter 2256 of the Government Code. The objective of the pool is to maintain the safety of principal, while providing participating government entities with the highest possible rate of return for invested funds. To achieve its objective, the pool invests solely in obligations issued or secured by the U.S. Government and its agencies or instrumentalities.

Participants in the pool own pro-rata interests in the underlying assets of the fund, and a participant's sole source of payment from its investments in the pool is the market value of such assets.

The following reports show the transactions during the quarter at both book and market value for each account maintained by the district with the Lone Star Investment Pool ("LSIP"). The book value for each account represents the principal amount of the monies invested by the district plus allocated interest. Market value represents the value of investments held by LSIP February 28, 2023, based on reports from the custodian bank which are verified by the investment consultant.

**Stafford Municipal School District
Lonestar Investment
As of February 28, 2023**

	Amount
General Operating Account	<u>\$ 1,561</u>
Total	<u><u>\$ 1,561</u></u>

**Stafford Municipal School District
LOGIC
As of February 28, 2023**

	<u>Amount</u>
General Operating Account	\$ 1,076,068
Construction	<u>179,021</u>
Total	<u><u>\$ 1,255,089</u></u>

**Stafford Municipal School District
Investment Report-Compliance Statement
Quarter Ended February 28, 2023**

We the approved investment officers of Stafford Municipal School District hereby certify that the preceeding Investment Report represents the investment position of the organization as of February 28, 2023, in compliance with the Board approved Investment Policy, the Public Funds Investment Act (Texas Government Code 2256), and Generally Accepted Accounting Principles (GAAP).

Christina Ordonez-Campos, CPA
Chief Financial Officer

Stafford Municipal School District Investment Report Glossary

Book Value	Book Value equals the face amount minus any unamortized discount or plus any unamortized premium
C/P	Commercial Paper is an unsecured promissory note issued by a corporation with a fixed maturity of no more than 270 days. Most commercial paper is non-interest bearing and sold at a discount from par.
Cash	Cash is considered to be the most liquid (readily available asset on the financial statement). Cash includes readily available cash held by the department, current bank accounts and certificates of deposit.
CUSIP	Committee on Uniform Securities Identification Procedures; it is the identification number on all securities (usually nine digits in length).
FHLB	Federal Home Loan Bank System, established in 1932, it includes twelve Federal Home Loan Banks and their member institutions. Federal Home Loan Banks are instrumentalities of the United States and operate under the supervision on the Federal Housing Finance Board.
FNMA	corporation, and is the largest investor in home mortgages in the United States. FNMA provides funds to the mortgage market by purchasing mortgage loans from lenders. FNMA was originally incorporated in 1938 as a wholly owned government corporation but the Housing and Development Act of 1968 changed FNMA to a federally chartered corporation.
Investment Pools	Investment pool means an entity created under this code to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are, preservation and safety of principal; liquidity; and yield.
Investments	Investments are defined as securities and other assets acquired primarily for the purpose of obtaining income or profit.

**Stafford Municipal School District
Investment Report Glossary (Continued)**

Market Value	How much money you can get for the agency security, if you were to sell that security on a given date. Market value changes daily, and normally increases as the maturity date of the security instrument approaches.
Maturity Date	The date when the principal amount of a security becomes due and payable.
Par Value	Redemption value printed on the face of the certificate, the face value of a security as distinct from its market value.
Purchase Date	The date of the initial purchase of the financial investment.
Sold Date	The date the financial instrument is sold.
Yield to Maturity	Yield to Maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.