

Investment Portfolio



Quarterly Report

For the Period September 1, 2023
through November 30, 2023



District Business and
Finance Website:

<https://www.nisd.net/district/finance.com>



Northside
Independent School District

Investment Portfolio for the Quarter Ended

November 30, 2023

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**Northside Independent School District
5900 Evers Road
San Antonio, Texas 78238**

**January 23, 2024
Members of the Board:**

This report summarizes the portfolio position and activity of the Northside Independent School District for the period September 1, 2023 through November 30, 2023.

		<u>08/31/23</u>		<u>11/30/23</u>
Book Value	\$	964,037,272	\$	881,245,440
Market Value		963,654,520		881,085,522
Par Value		964,102,948		881,252,607
Weighted Average Maturity (Days)		22		18
Weighted Average Yield-to-Maturity of Portfolio		5.4591%		5.5290%
Yield-to-Maturity of 91 Day T-Bill		5.2950%		5.2330%

This quarterly report is presented in accordance with the Texas Government Code Section 2256.023 and NISD Board Policy. The investment officers hereby certify that, to the best of their knowledge on the date this report was created, Northside Independent School District is in compliance with the provisions of Government Code 2256 and with the stated policies and strategies of the District.

Respectfully submitted,

Rene Barajas

Deputy Superintendent
Business and Finance

Tiffany Contreras

Assistant Superintendent
Budget and Finance

Susan Rios

Director of Accounting

Tamara Payne

Assistant Director Accounting
Treasury Management

Quarterly Portfolio Compliance Review for Northside Independent School District November 30, 2023

Category		Comments
All securities purchased were authorized by the Public Funds Investment Act as well as by the District's approved local and legal investment policy	Yes	
Commercial paper rated not less than A1-P1, or equivalent	N/A	No commercial paper purchased or outstanding as of 11/30/23
Maximum maturities in all funds within legal limits of investment policies	Yes	
Portfolio benchmarked to 91 day U.S. Treasury Bill	Yes	91 Day T-Bill 5.2330% vs. 5.5290% Total Portfolio 91 Day T-Bill 5.2330% vs. 5.4709% General Fund
Pledged securities monitored according to investment policy	Yes	
Prudent measures taken to liquidate a downgraded investment	Yes	No investments were downgraded
Market prices of investments monitored in accordance with local investment policy	Yes	
Investment strategies of various District funds followed in accordance with local investment policy	Yes	
Sufficient liquidity of portfolio to meet anticipated cash flow requirements	Yes	

Investment Portfolio by Fund

11/30/23

Days to Maturity	Current Yield	General Fund	Child Nutrition	Debt Service	Capital Projects	Internal Service	Trust & Agency	Total All Funds	% of Portfolio
Investment Pools									
	5.67%	\$ 130,340,164	\$ 12,753,806	\$ 23,496,052	\$ 49,571,502	\$ -	\$ -	\$ 216,161,524	24.5%
	5.36%	11,483,408	-	3,016,992	-	-	-	14,500,400	1.6%
	5.56%	63,345,323	-	6,458,005	153,773,049	11,648,127	-	235,224,504	26.7%
	5.38%	14,292,478	60,948	2,642,669	-	291,647	120,360	17,408,102	2.0%
	5.62%	70,905,628	-	25,184,869	80,769,716	13,450,651	20,624,579	210,935,443	23.9%
	5.35%	11,600,206	-	3,080,689	-	-	-	14,680,895	1.7%
	5.60%	73,020,579	-	15,321,160	-	-	-	88,341,739	10.0%
		374,987,786	12,814,754	79,200,436	284,114,267	25,390,425	20,744,939	797,252,607	90.5%
Agency Notes									
0-30	4.11%	14,992,794	-	-	-	-	5,000,039	19,992,833	2.3%
31-61	4.90%	5,000,000	-	-	-	-	-	5,000,000	0.6%
61-90	5.04%	5,000,000	-	-	-	-	-	5,000,000	0.6%
91-180	5.15%	24,000,000	-	-	-	-	-	24,000,000	2.7%
181 - 364	4.86%	15,000,000	-	-	-	-	-	15,000,000	1.7%
365+	5.67%	15,000,000	-	-	-	-	-	15,000,000	1.7%
		78,992,794	-	-	-	-	5,000,039	83,992,833	9.5%
Total Invested Cash		453,980,580	12,814,754	79,200,436	284,114,267	25,390,425	25,744,978	881,245,440	100.0%
Accrued Interest		762,798	-	-	-	-	121,528	884,326	
Total Portfolio		\$ 454,743,378	\$ 12,814,754	\$ 79,200,436	\$ 284,114,267	\$ 25,390,425	\$ 25,866,506	\$ 882,129,766	
Weighted Average Maturity (Days)		35	1	1	1	1	2	18	

Year-to-Date Earnings and Returns

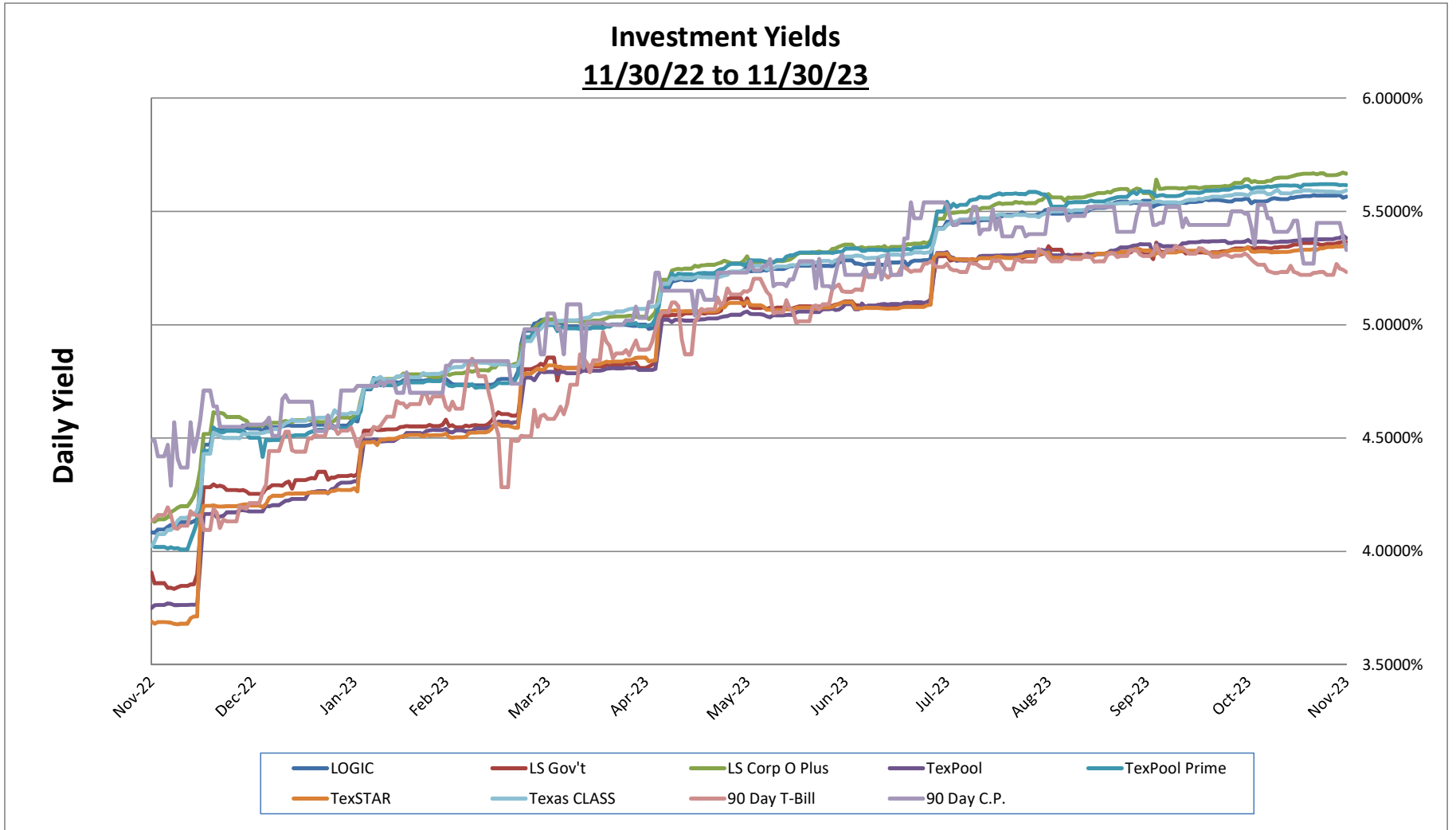
09/01/23 - 11/30/23

Cumulative Earnings:	General Fund	Child Nutrition	Debt Service	Capital Projects	Internal Service	Trust & Agency	Total All Funds
L S Corporate Overnight Plus	\$ 1,533,496	\$ 207,302	\$ 325,762	\$ 780,839	\$ -	\$ -	\$ 2,847,399
L S Government Overnight	154,485	-	39,738	-	-	-	194,223
LOGIC	942,050	-	88,378	2,171,980	159,044	-	3,361,452
TexPool	189,347	806	34,945	-	3,503	1,592	230,193
TexPool Prime	1,296,156	-	324,798	1,113,873	185,618	284,508	3,204,953
TexSTAR	157,638	-	40,511	-	-	-	198,149
Texas CLASS	1,037,712	-	210,663	-	-	-	1,248,375
Agency Notes (accrued)	997,886	-	-	-	-	61,789	1,059,675
	\$ 6,308,770	\$ 208,108	\$ 1,064,795	\$ 4,066,692	\$ 348,165	\$ 347,889	\$ 12,344,419

Annual Yields As of the Quarter Ended November 30, 2023

	Total All Funds			
	Cost	Market	Earnings	Annual Return
L S Corporate Overnight Plus	216,161,524	216,161,524	2,847,399	5.61%
L S Government Overnight	14,500,400	14,500,400	194,223	5.33%
LOGIC	235,224,504	235,224,504	3,361,452	5.54%
TexPool	17,408,102	17,408,102	230,193	5.35%
TexPool Prime	210,935,443	210,935,443	3,204,953	5.58%
TexSTAR	14,680,895	14,680,895	198,149	5.32%
Texas CLASS	88,341,739	88,341,739	1,248,375	5.56%
Agency Notes	83,992,833	83,832,915	1,059,675	4.87%
	\$ 881,245,440	\$ 881,085,522	\$ 12,344,419	5.49%

Investment Yields 11/30/22 to 11/30/23

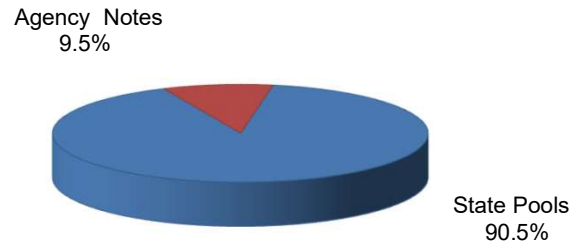


The Federal Reserve raised the federal funds rate on the following dates: December 15, 2022 by 50 bps, February 1, 2023 by 25 bps, March 23, 2023 by 25 bps, May 3, 2023 by 25 bps, and July 27, 2023 by 25 bps to a range of 5.25% to 5.50%.

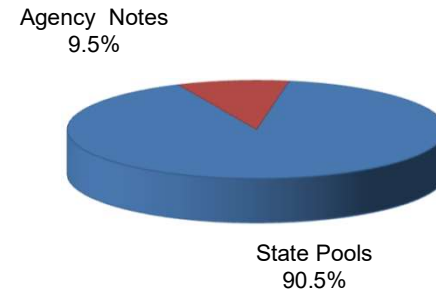
Portfolio Composition & Maturity Aging

11/30/22 vs. 11/30/23

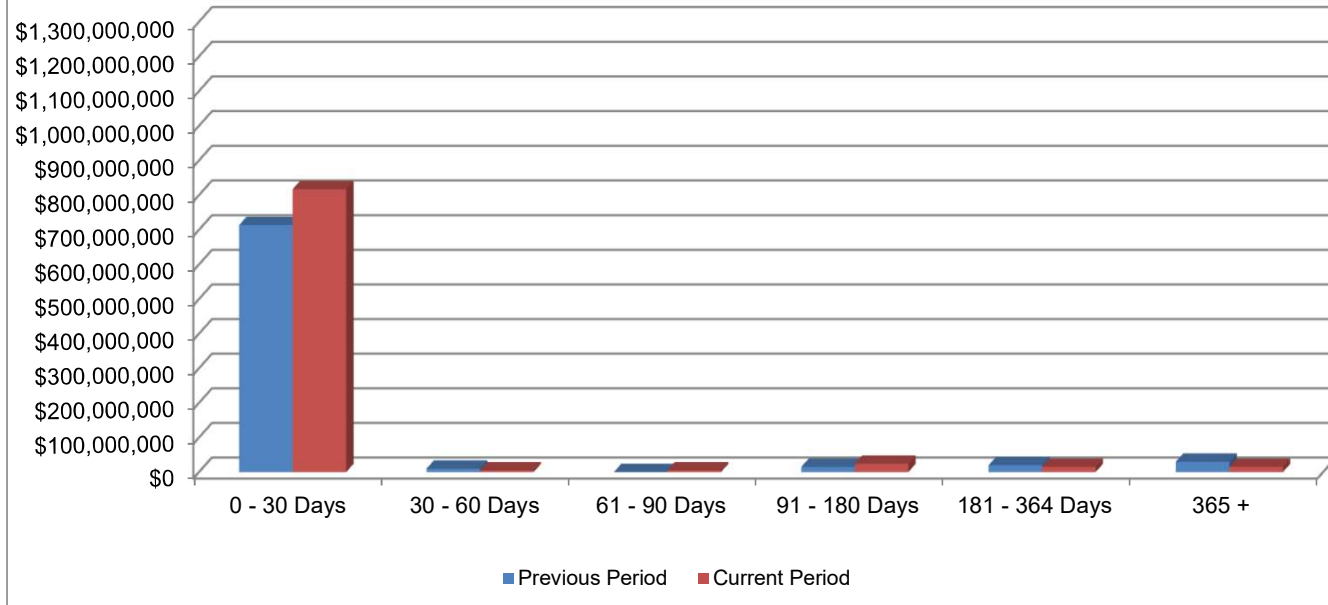
Portfolio Composition 11/30/22



Portfolio Composition 11/30/23



Maturity Aging



Portfolio Position
09/01/23 - 11/30/23

Security Description	Call Date	Maturity Date	Book Value 09/01/23	Market Value 9/01/23	Purchases At Cost	Sales Proceeds	Book Value 11/30/23	Market Value 11/30/23
General Fund								
FHLB	Open	09/27/23	5,000,000	4,992,750	-	5,000,000	-	-
FHLB	Open	11/30/23	5,000,000	4,992,035	-	5,000,000	-	-
FHLB Discount Note	Open	12/12/23	4,933,574	4,927,505	-	-	4,992,794	4,991,990
FNMA	Open	12/27/23	5,000,000	4,989,695	-	-	5,000,000	4,998,270
FHLB	Open	12/28/23	5,000,000	4,937,385	-	-	5,000,000	4,986,510
FNMA	Open	01/26/24	5,000,000	4,984,780	-	-	5,000,000	4,994,620
FFCB	01/08/24	02/23/24	5,000,000	4,985,025	-	-	5,000,000	4,993,905
FHLB	Open	03/15/24	5,000,000	4,994,365	-	-	5,000,000	4,998,555
FNMA	12/28/23	03/28/24	5,000,000	4,985,230	-	-	5,000,000	4,992,770
FNMA	Open	04/18/24	4,000,000	3,984,832	-	-	4,000,000	3,993,980
FNMA	Open	05/08/24	5,000,000	4,977,580	-	-	5,000,000	4,992,070
FHLMC	Open	05/23/24	5,000,000	4,979,005	-	-	5,000,000	4,990,070
FNMA	01/20/24	07/19/24	5,000,000	4,978,770	-	-	5,000,000	4,990,190
FHLMC	12/27/23	09/27/24	5,000,000	4,934,175	-	-	5,000,000	4,953,550
FHLMC	01/25/24	10/25/24	5,000,000	4,967,685	-	-	5,000,000	4,981,825
FNMA	12/27/23	12/27/24	5,000,000	4,977,620	-	-	5,000,000	4,987,995
FHLB	01/17/24	04/17/25	-	-	5,000,000	-	5,000,000	4,998,655
FHLMC	01/17/24	07/17/25	5,000,000	4,973,220	-	-	5,000,000	4,988,345
Agency Notes Total			83,933,574	83,561,657	5,000,000	10,000,000	78,992,794	78,833,300
TexPool			14,889,690	14,889,690	-	-	14,292,478	14,292,478
L S Corporate Overnight Plus			98,661,052	98,661,052	-	-	130,340,164	130,340,164
LOGIC			96,440,568	96,440,568	-	-	63,345,323	63,345,323
TexSTAR			13,470,234	13,470,234	-	-	11,600,206	11,600,206
TexPool Prime			99,635,715	99,635,715	-	-	70,905,628	70,905,628
L S Government Overnight			14,512,648	14,512,648	-	-	11,483,408	11,483,408
Texas CLASS			81,170,073	81,170,073	-	-	73,020,579	73,020,579
100 - Total General Fund			502,713,554	502,341,637	5,000,000	10,000,000	453,980,580	453,821,086
Food Service Fund								
TexPool			60,142	60,142	-	-	60,948	60,948
L S Corporate Overnight Plus			18,684,552	18,684,552	-	-	12,753,806	12,753,806
240 - Food Service Fund Total			18,744,694	18,744,694	-	-	12,814,754	12,814,754
Debt Service Fund								
TexPool			2,607,724	2,607,724	-	-	2,642,669	2,642,669
L S Corporate Overnight Plus			23,171,190	23,171,190	-	-	23,496,052	23,496,052
LOGIC			6,369,627	6,369,627	-	-	6,458,005	6,458,005
TexSTAR			3,040,178	3,040,178	-	-	3,080,689	3,080,689
TexPool Prime			23,240,901	23,240,901	-	-	25,184,869	25,184,869
L S Government Overnight			2,977,254	2,977,254	-	-	3,016,992	3,016,992
Texas CLASS			15,110,497	15,110,497	-	-	15,321,160	15,321,160
500 - Debt Service Fund Total			76,517,371	76,517,371	-	-	79,200,436	79,200,436
Building Fund								
L S Corporate Overnight Plus			72,195,048	72,195,048	-	-	49,571,502	49,571,502
LOGIC			162,983,016	162,983,016	-	-	153,773,049	153,773,049
TexPool Prime			80,450,551	80,450,551	-	-	80,769,716	80,769,716
600 - Building Fund Total			315,628,615	315,628,615	-	-	284,114,267	284,114,267
Internal Service Fund								
TexPool			181,168	181,168	-	-	291,647	291,647
LOGIC			11,501,836	11,501,836	-	-	11,648,127	11,648,127
TexPool Prime			13,280,371	13,280,371	-	-	13,450,651	13,450,651
700 - Internal Service Fund Total			24,963,375	24,963,375	-	-	25,390,425	25,390,425
Trust and Agency Fund								
FHLB	Open	12/06/23	5,000,750	4,989,915	-	-	5,000,039	4,999,615
Agency Notes Total			5,000,750	4,989,915	-	-	5,000,039	4,999,615
TexPool			118,768	118,768	-	-	120,360	120,360
TexPool Prime			20,350,145	20,350,145	-	-	20,624,579	20,624,579
800 - Trust and Agency Fund Total			25,469,663	25,458,828	-	-	25,744,978	25,744,554
PORTFOLIO GRAND TOTAL			964,037,272	963,654,520	5,000,000	10,000,000	881,245,440	881,085,522

Notes to Investment Portfolio Period Ended November 30, 2023

1. SUMMARY OF INVESTMENT REQUIREMENTS AND RESPONSIBILITIES

House Bill 2459 of the 74th Texas Legislature requires that all governmental units have investment policies, restrict investment portfolios to only those specifically authorized by law, and submit quarterly reports to the governing body disclosing book and market values, and activity of the portfolio.

In compliance with HB2459, this report is intended to fulfill the legal requirement of reporting. All investments have been made in accordance with those prescribed by law and District policy.

Management of day-to-day activity is the responsibility of the Director of Accounting. The Deputy Superintendent of Business and Finance, the Assistant Superintendent for Budget and Finance, the Director of Accounting, and the Assistant Director of Accounting-Treasury Management, have been designated by the Board of Trustees as the District's Investment Officers.

2. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. Resources are allocated and are accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Accordingly, the District's investments are accounted for by fund. District requirements and legal compliance preclude the accounting of investments in a single fund. Excess cash from various funds can be pooled to purchase a single investment; however, each individual fund is credited with their share of the investment and the related earnings for the investment.

The District's investments are reported at fair value in accordance with Governmental Accounting Standards Board, Statement No. 72, Fair Value Measurement and Application.

3. TYPES OF INVESTMENTS

From those investments authorized by law and described further in Board policy CDA (LEGAL), the Board has permitted investment of funds in only certain investments, consistent with strategies and maturities defined in its policy. The District

Notes to Investment Portfolio

Period Ended November 30, 2023

TYPES OF INVESTMENTS (continued)

limits its investments to these categories: government investment pools, U.S. agency securities, municipal bonds, commercial paper, repurchase agreements, and money market mutual funds.

a. GOVERNMENT INVESTMENT POOLS

The pools were organized in conformity with the Interlocal Cooperation Act and the Public Funds Investment Act which allow certain local governments and agencies of the State of Texas to jointly invest their funds in permitted investments. The objective of the pools is to yield the highest possible rate of return, while providing necessary safekeeping and protection of principle.

b. U. S. GOVERNMENT AGENCY NOTES

The federal government has established various agencies to channel funds to particular sectors of our economy. The agencies primary source of funds is the sale of debt securities. They are in the market every day and issue notes with maturities of less than 360 days, which may be purchased at a discount. They also issue medium-term notes with maturities of more than one year. All securities are held by Wells Fargo Securities Safekeeping/Customer Clearings Department, which provides safekeeping and securities clearing services for the District's securities.

The most commonly purchased notes by the District for the year were issued by the following agencies:

- Federal National Mortgage Association (FNMA), a federally chartered and stockholder owned corporation, is the largest investor in home mortgages in the United States.
- Federal Farm Credit Bank System (FFCB) provides credit and related services to agricultural related businesses and cooperatives, and rural utilities. System institutions are federally chartered and regulated by the Farm Credit Administration.
- Federal Home Loan Bank System (FHLB or FHLBDN) includes eleven Federal Home Loan Banks and their member institutions. The banks are instrumentalities of the United States and operate under the supervision of the Federal Housing Finance Agency. The FHLB System is a government sponsored enterprise to support mortgage lending and related community investment and are government chartered, member owned corporations.

Notes to Investment Portfolio Period Ended November 30, 2023

TYPES OF INVESTMENTS (continued)

- Federal Home Loan Mortgage Corporation (FHLMC), also known as Freddie Mac, a federally chartered and stockholder owned corporation which provides funding to lenders in support of home ownership and rental housing for middle-income Americans.

c. **COMMERCIAL PAPER**

On February 10, 1999, the Board Finance Committee approved the discussion item on investing in commercial paper instruments. Commercial paper is primarily issued by corporations to finance receivables. It is a short-term promissory note ranging from three to 365 days in maturity. Commercial paper instruments are an approved investment consistent with the Northside ISD investment policy and objectives, and are permitted by Government Code 2256.013. No commercial paper was purchased or outstanding during 2023-24 fiscal year.

d. **Municipal Bonds**

Municipal bonds are debt securities issued by states, cities, counties, and other governmental entities to fund day-to-day obligations and to finance capital projects such as building schools, highways or sewer systems.

Investment balances as of the last four quarters were as follows:

	<u>02/28/23</u>	<u>05/31/23</u>	<u>08/31/23</u>	<u>11/30/23</u>
Government Investment Pools	\$1,133,193,107	\$1,233,697,435	\$875,102,948	\$797,252,607
U.S. Government Agency Notes (FFCB)	10,000,000	5,000,000	5,000,000	5,000,000
U.S. Government Agency Notes (FHLB)	40,002,154	40,001,460	25,000,750	20,000,039
U.S. Government Agency Notes (FHLMC)	15,000,000	15,000,000	20,000,000	20,000,000
U.S. Government Agency Notes (FNMA)	10,000,000	29,000,000	34,000,000	34,000,000
U.S. Government Agency Notes (FHLBDN)	4,815,613	4,874,379	4,933,574	4,992,794
Accrued Interest	694,736	886,083	1,164,965	884,326
Total Portfolio	<u>\$1,213,705,610</u>	<u>\$1,328,459,357</u>	<u>\$965,202,237</u>	<u>\$882,129,766</u>

Notes to Investment Portfolio Period Ended November 30, 2023

4. **BROKER/ DEALERS**

Broker/Dealers currently registered with the District include:

Wells Fargo Brokerage Services, LLC
Hilltop Securities
FHN Financial
Mischler Financial

5. **INVESTMENT STRATEGIES**

a. **OPERATING FUNDS**

The strategy is to support the objectives of the investment policy. Investment strategies for operating funds (including any commingled pools containing operating funds) have as their primary objective safety, liquidity, and maturity sufficient to meet anticipated cash flow requirements. General funds and other operating funds are invested in investment pools as well as quality short-term instruments whose maturities do not exceed two years unless a temporary extension of maturities is reviewed by the Finance Committee of the Board of Trustees. The portfolio is diversified to protect against market risk and credit risk in any one sector.

b. **DEBT SERVICE FUNDS**

Investment strategies for debt service funds have as their objective sufficient liquidity to timely meet debt service payment obligations in accordance with provisions in the bond documents. Maturities longer than one year are authorized provided legal limits are not exceeded.

c. **CAPITAL PROJECTS FUNDS**

Investment strategies for capital projects funds have as their objective sufficient liquidity to timely meet capital project obligations. If the District has funds from bond proceeds, they are invested in accordance with provisions in the bond documents. Maturities longer than one year are authorized provided legal limits are not exceeded.

d. **INTERNAL SERVICE AND TRUST & AGENCY FUNDS**

Investment strategies for internal service and agency funds have as their primary investment objective safety, liquidity, and maturity sufficient to meet anticipated cash flow requirements.

Investment Portfolio Glossary of Terms

Book Value - The original acquisition cost of an investment plus or minus the accrued amortization or accretion.

Broker - A broker brings buyers and sellers together for a commission.

Call Date - The date, prior to maturity, on which a called bond may be redeemed.

Certificate of Deposit - A low-risk, FDIC-insured or fully collateralized debt instrument offered by banks or savings and loans. It is a short or medium-term interest bearing instrument. It is also known as a "time deposit" because the account holder has agreed to keep the money in the account for a specified amount of time. Money removed before maturity is subject to a penalty.

Commercial Paper - A short-term investment instrument maturing between three and 365 days, which is primarily issued by corporations to finance receivables and inventory. A wide range of firms issue commercial paper, so credit ratings issued by Standard and Poor's Corporation and Moody's Investor's Service are closely watched. Public investors generally insist on short maturities, bank credit guarantees, and a rating of at least A1, P1.

Cusip # - A uniform security identification system established and administered by the Committee of Uniform Security Identification Procedures (CUSIP).

Discount - The difference between the cost price of a security and its maturity when quoted at lower than face value.

Discount Agency Notes - Securities whose principal and interest payments are guaranteed by government agencies, such as the Federal Home Loan Mortgage Corporation ("Freddie Mac") or the Federal National Mortgage Association ("Fannie Mae"). Discount notes are issued at a discount from the face (maturity) value. The investor's return, if held to maturity, is the difference between the purchase price and the face value.

Diversification - A risk management technique that involves dividing investment funds among a variety of securities offering independent returns.

Federal Funds Rate - The interest rate that banks with excess reserves at a Federal Reserve district bank charge other banks that need overnight loans. Changes in the Fed Funds rate, as it is called, often point to the direction of U.S. interest rate changes.

Investment Portfolio Glossary of Terms (continued)

Market Value - The current/face/par value of an investment multiplied by the net selling price of the security as quoted by a recognized market pricing on the valuation date.

Maturity Date - The date upon which the principal or stated value of an investment becomes due and payable.

Medium-Term Note - A corporate debt instrument that is continuously offered to investors by an agent of the issuer. Investors can select from the following maturities: 9 months to 1 year, more than 1 year to 18 months, 18 months to 2 years, etc., up to 30 years.

Money Market Mutual Fund - A fund that invests in only short-term securities. The net asset value per share is maintained at \$1.00. Such funds are not federally insured, although the portfolio may consist of guaranteed securities and/or may have private insurance protection.

Net Asset Value - The value of a fund's investments. For a mutual fund, the net asset value per share represents the fund's market price.

Portfolio - A collection of securities held by an investor.

Repurchase Agreement - An agreement with a commitment by the seller to buy a security back from the purchaser at a designated future date. Also called a Repo, it represents a collateralized short-term loan, where the collateral may be a Treasury security, money market instrument, federal agency security, or mortgage-backed security.

Weighted Average Maturity - The average length of a portfolio weighted by the representative dollars invested at each maturity date.

Yield - The rate of annual income return on an investment expressed as a percentage.

Security Descriptions

FFCB	Federal Farm Credit Bank System Bond
FHLB	Federal Home Loan Bank System Bond
FHLMC	Federal Home Loan Mortgage Corporation Medium-term Note
FNMA	Federal National Mortgage Association Note
FHLBDN	Federal Home Loan Bank System Discount Note