

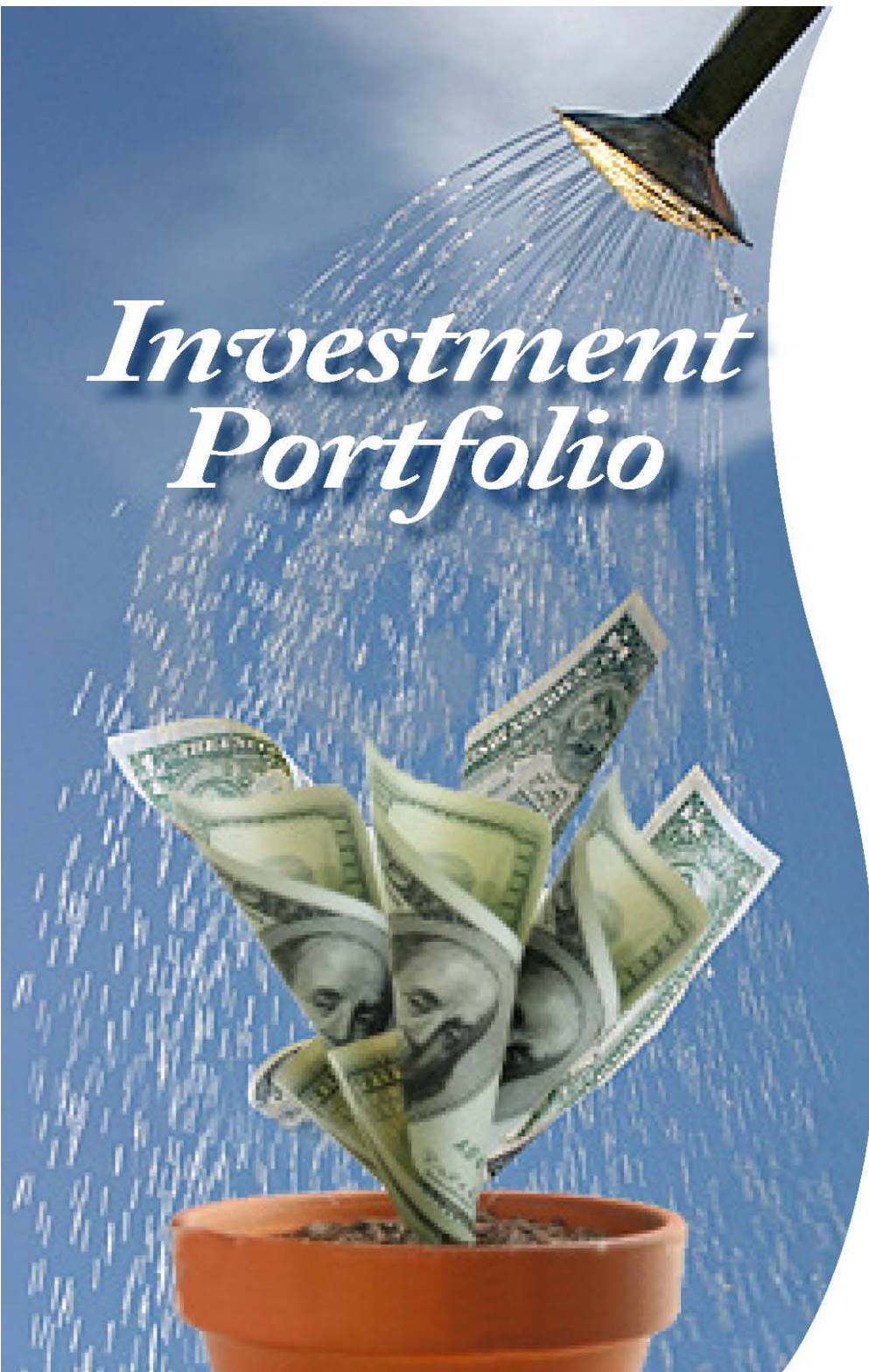
**Northside Independent School District
Quarterly Report**

**For the Period June 1, 2021
through August 31, 2021**

*Investment
Portfolio*



Reunited



Investment Portfolio for the Quarter Ended

August 31, 2021

Table of Contents

Table of Contents	1
Certification	2
Quarterly Compliance Review	3
Investment Portfolio by Fund.....	4
Year-to-Date Earnings and Returns.....	5
Investment Yields.....	6
Portfolio Composition and Maturity Aging.....	7
Portfolio Position.....	8
Notes to Investment Portfolio.....	9
Investment Portfolio Glossary of Terms.....	13
Security Descriptions.....	15

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

October 26, 2021
Members of the Board:

This report summarizes the portfolio position and activity of the Northside Independent School District for the period June 1, 2021 through August 31, 2021.

	<u>05/31/21</u>	<u>08/31/21</u>
Book Value	\$ 1,004,212,155	\$ 733,234,212
Market Value	1,004,234,699	733,240,120
Par Value	1,004,212,197	733,234,220
Weighted Average Maturity (Days)	8	9
Weighted Average Yield-to-Maturity of Portfolio	0.0822%	0.0669%
Yield-to-Maturity of 91 Day T-Bill	0.0100%	0.0400%

This quarterly report is presented in accordance with the Texas Government Code Title 10 Section 2256.023 and NISD 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 August 31, 2021

Category	Compliant	Comments
All securities purchased were authorized by the Public Funds Investment Act as well as by 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 8/31/21
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 0.0400% vs. 0.0669% Total Portfolio 91 Day T-Bill 0.0400% vs. 0.0700% 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

08/31/21

Days to Maturity	Current Yield	General Fund	Child Nutrition	Debt Service	Capital Projects	Internal Service	Trust & Agency	Total All Funds	% of Portfolio	
Investment Pools										
	0.08%	\$ 132,252,897	\$ 2,000,014	\$ 21,257,557	\$ 76,433,010	\$ -	\$ -	\$ 231,943,478	31.6%	
	0.01%	15,962,193	-	2,907,464	-	-	-	18,869,657	2.6%	
	0.03%	73,590,754	-	6,258,674	5	12,244,394	-	92,093,827	12.6%	
	0.02%	31,767,829	5	2,874,378	-	585,655	375,013	35,602,880	4.9%	
	0.06%	69,601,388	-	12,251,485	86,493,145	-	23,290,297	191,636,315	26.1%	
	0.01%	26,332,406	-	2,903,707	-	-	-	29,236,113	4.0%	
	0.04%	99,184,170	-	14,667,780	-	-	-	113,851,950	15.5%	
		448,691,637	2,000,019	63,121,045	162,926,160	12,830,049	23,665,310	713,234,220	97.3%	
Agency Notes										
	0-30	1.65%	4,999,992	-	-	-	-	4,999,992	0.7%	
	181 - 364	0.09%	5,000,000	-	-	-	-	5,000,000	0.7%	
	365+	0.16%	10,000,000	-	-	-	-	10,000,000	1.4%	
			19,999,992	-	-	-	-	19,999,992	2.7%	
Total Invested Cash			468,691,629	2,000,019	63,121,045	162,926,160	12,830,049	23,665,310	733,234,212	100.0%
Accrued Interest			44,533	-	-	-	-	44,533		
Total Portfolio			\$ 468,736,162	\$ 2,000,019	\$ 63,121,045	\$ 162,926,160	\$ 12,830,049	\$ 23,665,310	\$ 733,278,745	
Wtd Avg Maturity (Days)			13	1	1	1	1	1	9	

Year-to-Date Earnings and Returns

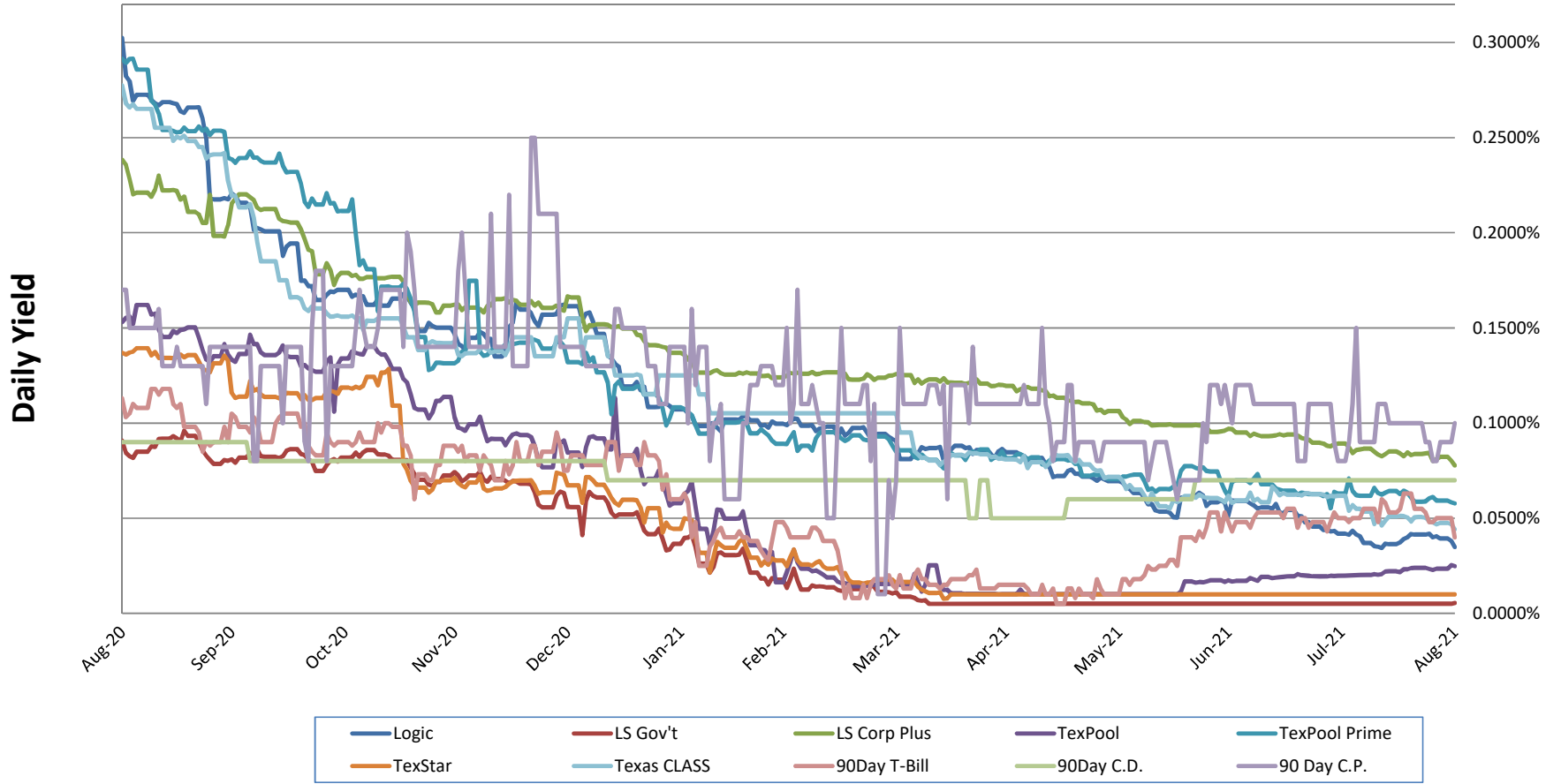
09/01/20 - 08/31/21

Cumulative Earnings:	General Fund	Child Nutrition	Debt Service	Capital Projects	Internal Service	Trust & Agency	Total All Funds
L S Corporate Overnight Plus	\$ 142,488	\$ 2,246	\$ 11,044	\$ 94,190	\$ -	\$ -	\$ 249,968
L S Government Overnight	9,839	-	1,035	-	-	-	10,874
LOGIC	79,747	-	7,245	11,916	12,687	-	111,595
TexPool	30,588	6	1,708	-	792	2,087	35,181
Tex Pool Prime	257,643	-	72,537	48,566	-	11,808	390,554
Tex Star	7,803	-	1,392	-	-	-	9,195
TexasCLASS	114,389	-	20,435	-	-	-	134,824
Agency Notes (accrued)	103,434	-	-	-	-	-	103,434
	\$ 745,931	\$ 2,252	\$ 115,396	\$ 154,672	\$ 13,479	\$ 13,895	\$ 1,045,625

Quarter Yields As of the Quarter Ended August 31, 2021

	Total All Funds			
	Cost	Market	Earnings	Qtr Return
L S Corporate Overnight Plus	231,943,478	231,943,478	249,968	0.13%
L S Government Overnight	18,869,657	18,869,657	10,874	0.03%
LOGIC	92,093,827	92,093,827	111,595	0.12%
TexPool	35,602,880	35,602,880	35,181	0.05%
Tex Pool Prime	191,636,315	191,636,315	390,554	0.11%
Tex Star	29,236,113	29,236,113	9,195	0.04%
TexasCLASS	113,851,950	113,851,950	134,824	0.12%
Agency Notes	19,999,992	20,005,900	103,434	0.62%
	\$ 733,234,212	\$ 733,240,120	\$ 1,045,625	0.12%

Investment Yields 8/31/20 to 8/31/21

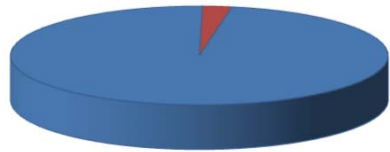


Portfolio Composition & Maturity Aging

8/31/20 vs. 8/31/21

Portfolio Composition 8/31/20

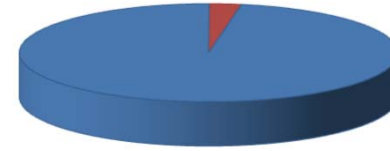
Agency Notes
2.5%



State Pools
97.5%

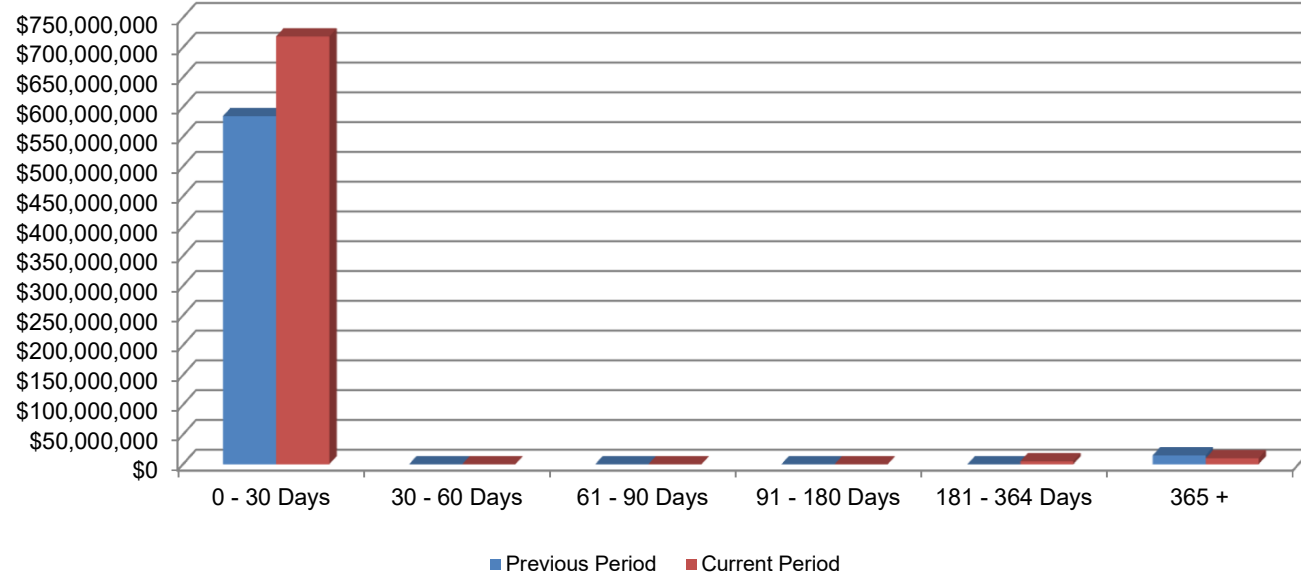
Portfolio Composition 8/31/21

Agency Notes
2.7%



State Pools
97.3%

Maturity Aging



**Portfolio Position
06/01/21 - 08/31/21**

Security Description	Call Date	Maturity Date	Book Value 06/01/21	Market Value 06/01/21	Purchases At Cost	Sales Proceeds	Book Value 08/31/21	Market Value 08/31/21
General Fund								
FFCB	Open	09/20/21	4,999,956	5,023,900	-	-	4,999,992	5,004,150
FHLMC	11/18/21	11/18/22	5,000,000	5,000,250	-	-	5,000,000	5,000,350
FARMER MAC	10/12/21	04/12/22	5,000,000	5,000,200	-	-	5,000,000	5,000,100
FFCB	03/10/22	03/10/23	5,000,000	4,998,150	-	-	5,000,000	5,001,300
Agency Notes Total			19,999,956	20,022,500	-	-	19,999,992	20,005,900
TexPool			72,052,472	72,052,472	-	-	31,767,829	31,767,829
LoneStar Corporate			187,044,227	187,044,227	-	-	132,252,897	132,252,897
LOGIC			76,121,342	76,121,342	-	-	73,590,754	73,590,754
Tex Star			26,236,963	26,236,963	-	-	26,332,406	26,332,406
Texpool Prime			146,416,253	146,416,253	-	-	69,601,388	69,601,388
LoneStar Liquidity			37,237,965	37,237,965	-	-	15,962,193	15,962,193
Texas CLASS			99,169,750	99,169,750	-	-	99,184,170	99,184,170
100 - Total General Fund			664,278,928	664,301,472	-	-	468,691,629	468,697,537
Food Service Fund								
TexPool			44	44	-	-	5	5
LoneStar Corporate			49	49	-	-	2,000,014	2,000,014
240 - Food Service Fund Total			93	93	-	-	2,000,019	2,000,019
Debt Service Fund								
TexPool			2,874,247	2,874,247	-	-	2,874,378	2,874,378
LoneStar Corporate			9,955,429	9,955,429	-	-	21,257,557	21,257,557
LOGIC			6,257,889	6,257,889	-	-	6,258,674	6,258,674
Tex Star			2,903,634	2,903,634	-	-	2,903,707	2,903,707
Texpool Prime			109,059,570	109,059,570	-	-	12,251,485	12,251,485
LoneStar Liquidity			2,907,427	2,907,427	-	-	2,907,464	2,907,464
Texas CLASS			14,665,647	14,665,647	-	-	14,667,780	14,667,780
500 - Debt Service Fund Total			148,623,843	148,623,843	-	-	63,121,045	63,121,045
Building Fund								
LoneStar Corporate			125,147,198	125,147,198	-	-	76,433,010	76,433,010
LOGIC			124	124	-	-	5	5
Texpool Prime			45,378,498	45,378,498	-	-	86,493,145	86,493,145
600 - Building Fund Total			170,525,820	170,525,820	-	-	162,926,160	162,926,160
Internal Service Fund								
TexPool			845,573	845,573	-	-	585,655	585,655
LOGIC			9,804,183	9,804,183	-	-	12,244,394	12,244,394
700 - Internal Service Fund Total			10,649,756	10,649,756	-	-	12,830,049	12,830,049
Trust and Agency Fund								
TexPool			470,162	470,162	-	-	375,013	375,013
Texpool Prime			9,663,553	9,663,553	-	-	23,290,297	23,290,297
800 - Trust and Agency Fund Total			10,133,715	10,133,715	-	-	23,665,310	23,665,310
PORTFOLIO GRAND TOTAL			1,004,212,155	1,004,234,699	-	-	733,234,212	733,240,120

Notes to Investment Portfolio Period Ended August 31, 2021

1. SUMMARY OF INVESTMENT REQUIREMENTS AND RESPONSIBILITIES

House Bill 2459 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 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 CDA (LEGAL), the Board has permitted investment of funds in only certain investments, consistent with strategies and maturities defined in its policy. The District limits its

Notes to Investment Portfolio Period Ended August 31, 2021

TYPES OF INVESTMENTS (continued)

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 Agricultural Mortgage Corporation, also known as Farmer Mac (FAMCA), a federally chartered and stockholder owned corporation which provides loans for agricultural real estate and rural housing.
- 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.
- 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.

Notes to Investment Portfolio Period Ended August 31, 2021

TYPES OF INVESTMENTS (continued)

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 2020-21 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>11/31/20</u>	<u>02/28/21</u>	<u>05/31/21</u>	<u>08/31/21</u>
Government Investment Pools	\$754,079,815	\$1,101,966,080	\$984,212,199	\$713,234,220
U.S. Government Agency Notes (FFCB)	9,999,884	4,999,920	9,999,956	9,999,992
U.S. Government Agency Notes (FHLMC)	5,000,000	-	5,000,000	5,000,000
U.S. Government Agency Notes (FAMCA)	-	5,000,000	5,000,000	5,000,000
Accrued Interest	20,040	39,471	18,783	44,533
Total Portfolio	<u>\$769,099,739</u>	<u>\$1,112,005,471</u>	<u>\$1,004,230,938</u>	<u>\$733,278,745</u>

Notes to Investment Portfolio Period Ended August 31, 2021

4. **BROKER/ DEALERS**

Broker/Dealers currently registered with the District include:

Wells Fargo Brokerage Services, LLC
Hilltop Securities
UBS Financial Services, Inc.
FHN 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

FAMCA	Farmer Mac Agency Bond
FFCB	Federal Farm Credit Bank System Bond
FHLMC	Federal Home Loan Mortgage Corporation Medium-term Note