



Report on School District and Open-Enrollment Charter

School Investments and Management of Funds

House Bill 2706 Survey Results and Analysis

September 2020

Table of Contents

1.0 Executive Summary	3
1.1 Investments Held	3
1.2 Revenues and Cash Flows	3
1.3 Fund Balances	3
1.4 Management of Public Funds	4
1.5 TEA Recommendations	4
2.0 Regulation of Investment of Public Funds	4
2.1 Overview of PFIA Requirements	4
2.2 Authorized Investments	5
3.0 Investments Survey Data	5
3.1 Investment Ownership	5
3.2 Types of Investments Held	7
3.2.1 Total dollar value of investment portfolios, investment returns, and fees	7
3.3 Risks Associated with Investments	9
3.3.1 What was the investment’s credit risk rating issued by a nationally recognized rating agency for FYE 2018?	10
3.3.2 What was your entire investment portfolio’s foreign currency rate risk for FYE 2018?	10
3.3.3 What was your entire investment portfolio’s interest rate risk for FYE 2018?	11
4.0 Cash Management and Cash Flows Survey Data	11
4.1 Cash Management	11
4.2 Cash Flows	12
4.2.1 Summary of Cash Flow Data Reported by LEAs	13
5.1 Full Disclosure of Investments in Annual Financial Reports	16
6.0 Appendix A: Survey Methodology	17
7.0 Appendix B: Data Tables	18
7.1 Number of LEAs that Participated in the Survey	18
7.2 Survey Responses to Ownership of Investments	18
7.3 Investment Portfolio Data by Entity Type	19
7.4 Investment Types Reported	19
7.5 Investment Balances by Investment Type for Charter Schools and School Districts Combined	20
7.6 Charter Schools Investment Balances by Investment Type	21
7.7 School Districts Investment Balances by Investment Type	22
7.8 Investment Balances by Fund Type	23
7.9 Interest Rate Risk	23
7.10 Investments Exposed to Foreign Currency Risk	24
7.11 Revenues for Charter Schools and School Districts for FYE 2018	24
7.12 Charter School Net Asset Balances for FYE 2018	24
7.13 School District Fund Balances for FYE 2018	24
7.14 Cash Flows for Charter Schools with June 30, 2018, FYE Date	24
7.15 Cash Flows for Charter Schools with August 31, 2018, FYE Date	25
7.16 Cash Flows for School Districts with June 30, 2018, FYE Date	25
7.17 Cash Flows for School Districts with August 31, 2018, FYE Date	26

1.0 Executive Summary

This report includes the results of the survey that was conducted as required by House Bill (HB) 2706, 86th Legislature as well as Texas Education Agency (TEA) recommendations.

TEA surveyed 1,191 school districts and open-enrollment charter schools (“charter schools”), and 87 percent of these local education agencies (LEAs) participated by completing the survey either partially or in its entirety. The specific methodology used by TEA is detailed in Section 6 of this report. The primary focus of the survey was to gather information about revenues, investments, cash flows, fund balances, and management of public funds.

HB 2706 also requires LEAs or the entity that invests or manages funds for them, to provide information regarding:

1. The LEA’s investments, including asset allocations, fees, and risks; and
2. The LEA’s cash flow, fund balances, and other revenue sources.

TEA’s analysis of the survey data revealed a wide variation in the amounts of investments, revenues, and net asset or unassigned fund balances.

1.1 Investments Held

In fiscal year 2018, LEAs that responded to the survey held \$31,050,696,897 in investments, and those investments earned net returns of \$680,512,227. Most of the investments held are in investment pools and public funds investment pools, and 88 percent of the investments held had a maturity date of less than 12 months. School districts, as opposed to charter schools, must adhere to statutes that require specific types of investments. Typically, therefore, they do not pursue yield as the primary objective. Instead, investments prioritize the preservation of principal and liquidity ahead of return on investment.

1.2 Revenues and Cash Flows

The survey collected revenue and cash flow information so that TEA could track the ebbs and flows of resources over the course of the fiscal year. The data revealed that school districts see the most significant cash inflows in December, January, and February, the months when property tax revenues are received. The remaining months see lesser inflows. In contrast, charter schools receive state funding payments on a monthly basis and their resources fluctuate most when they issue bonds. Generally, charter school cash flow balances remain relatively consistent from the beginning to the end of the fiscal year.

1.3 Fund Balances

The Governmental Accounting Standards Board (GASB) defines fund balance as the difference between assets and liabilities, or what is left over after an entity uses assets to meet its liabilities. For example, a school district could have a low cash and cash equivalents balance but have a large accounts receivable (money owed to the district) balance that dwarfs the total liabilities; this would be reflected as a large fund balance when in reality there is not much cash

on hand. Therefore, it is important to note that fund balance does not equal cash. School districts reported approximately \$15 billion in fund balance, which includes \$11 billion in unassigned fund balance, while charter schools reported over \$600 million in net assets¹.

In addition, for several reasons, investments and fund balances do not always represent liquid cash that is immediately accessible for operations. For example, a school district may have an amount invested on behalf of the debt service fund, and for that reason, that investment has legal restrictions (covenants) that limit the manner of the expenditure of the investment returns.

1.4 Management of Public Funds

TEA analyzed the survey data and determined that LEAs exercised prudent financial management of public funds.

1.5 TEA Recommendations

Based on its analysis, TEA recommends that Texas Government Code (TGC), Texas Local Government Code, and Texas Education Code be amended to require school districts and charter schools to disclose, fully and in detail, their financial investments in their annual financial reports.

2.0 Regulation of Investment of Public Funds

TEA studied investments made by the LEAs by analyzing their compliance with appropriate regulations. Investment of public funds by school districts and charter schools is regulated by TGC, Chapter 2256, Public Funds Investment,² commonly known as the Public Funds Investment Act (PFIA) and other statutes, laws, and regulations.

Public funds are monies belonging to the government, or any department of it, in the hands of a public official. School districts and charter schools carry out various tasks that require the expenditure of public funds. Various statutes, laws, and regulations outline the use of public funds by LEAs to ensure the appropriate use of public funds by these entities. LEAs are required to have a full understanding of the laws and to use those laws when making decisions about spending public funds.

2.1 Overview of PFIA Requirements

The Public Funds Investment Act (PFIA) requires a focus on the safety of principal as its primary objective, followed by a prioritization of liquidity of funds, and seeks to maximize yield. Under

¹ Governmental entities use fund balance and non-profit entities use net assets because they have different accounting standards.

² [TGC Chapter 2256, Public Funds Investment](#)

TGC, §2256.006,³ Standard of Care, each LEA must establish a standard of care that is governed by the three objectives listed above.

PFIA also requires judgment and care to be used under prevailing circumstances by a person that exercises, prudence, discretion, intelligence, and one that considers the probable safety of capital and income derived.

Investing utilizes defined strategies and procedures in pursuit of adhering to investment objectives. Generating an additional revenue stream is a secondary objective when investing public funds. The safety and liquidity of public funds are the primary objectives.

2.2 Authorized Investments

LEAs are restricted to specific investment types to ensure the safety and liquidity of public assets. Some of the authorized investments include:

- TGC, §2256.009 – Obligations of, or Guaranteed by Governmental Entities
- TGC, §2256.010 – Certificates of Deposit and Share Certificates
- TGC, §2256.011 – Repurchase Agreements
- TGC, §2256.0115 – Securities Lending Program
- TGC, §2256.012 – Bankers' Acceptance
- TGC, §2256.013 – Commercial Paper
- TGC, §2256.014 – Mutual Funds
- TGC, §2256.015 – Guaranteed Investment Contracts
- TGC, §2256.016 – Investment Pools
- TGC, §2256.0204 – Corporate Bonds

For more information on the authorized investment types that LEAs may use public funds to purchase, see TGC, Chapter 2256.⁴

3.0 Investments Survey Data

TEA gathered and analyzed the following survey data about investments.

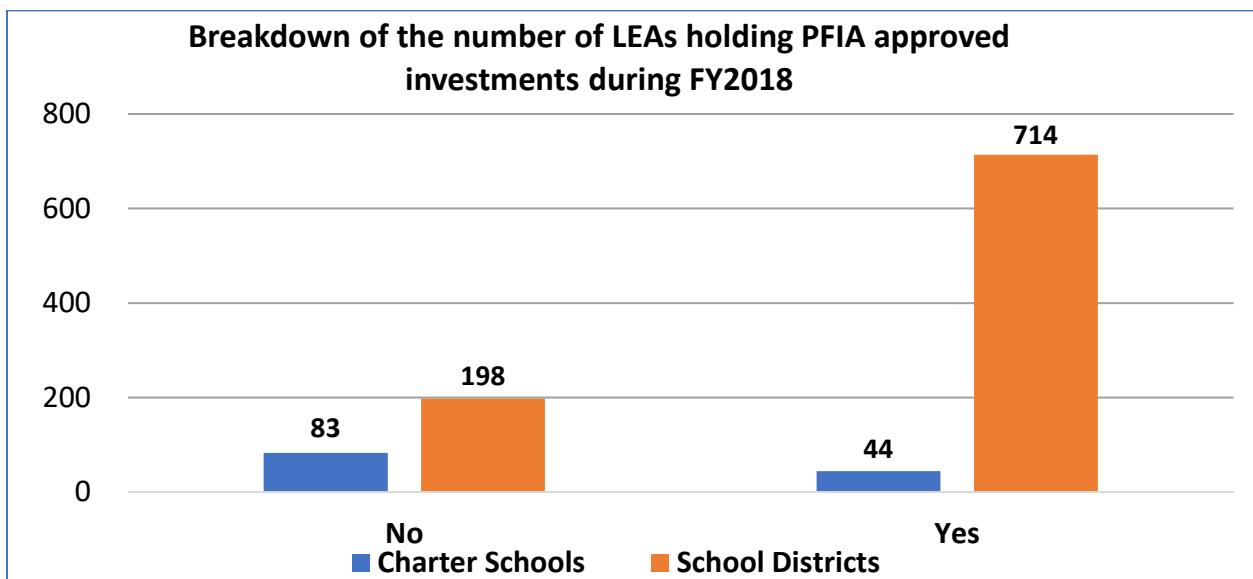
3.1 Investment Ownership

LEAs responded to a question concerning ownership of investments that met the criteria outlined in TGC, Chapter 2256, at fiscal year-end (FYE) 2018. Twenty-seven percent stated they did not own any investments, and 73 percent indicated that they held investments. Investment criteria outlined in TGC, Chapter 2256 that LEAs must adhere to includes, but is not limited to the following:

³ [TGC, §2256.006, Standard of Care](#)

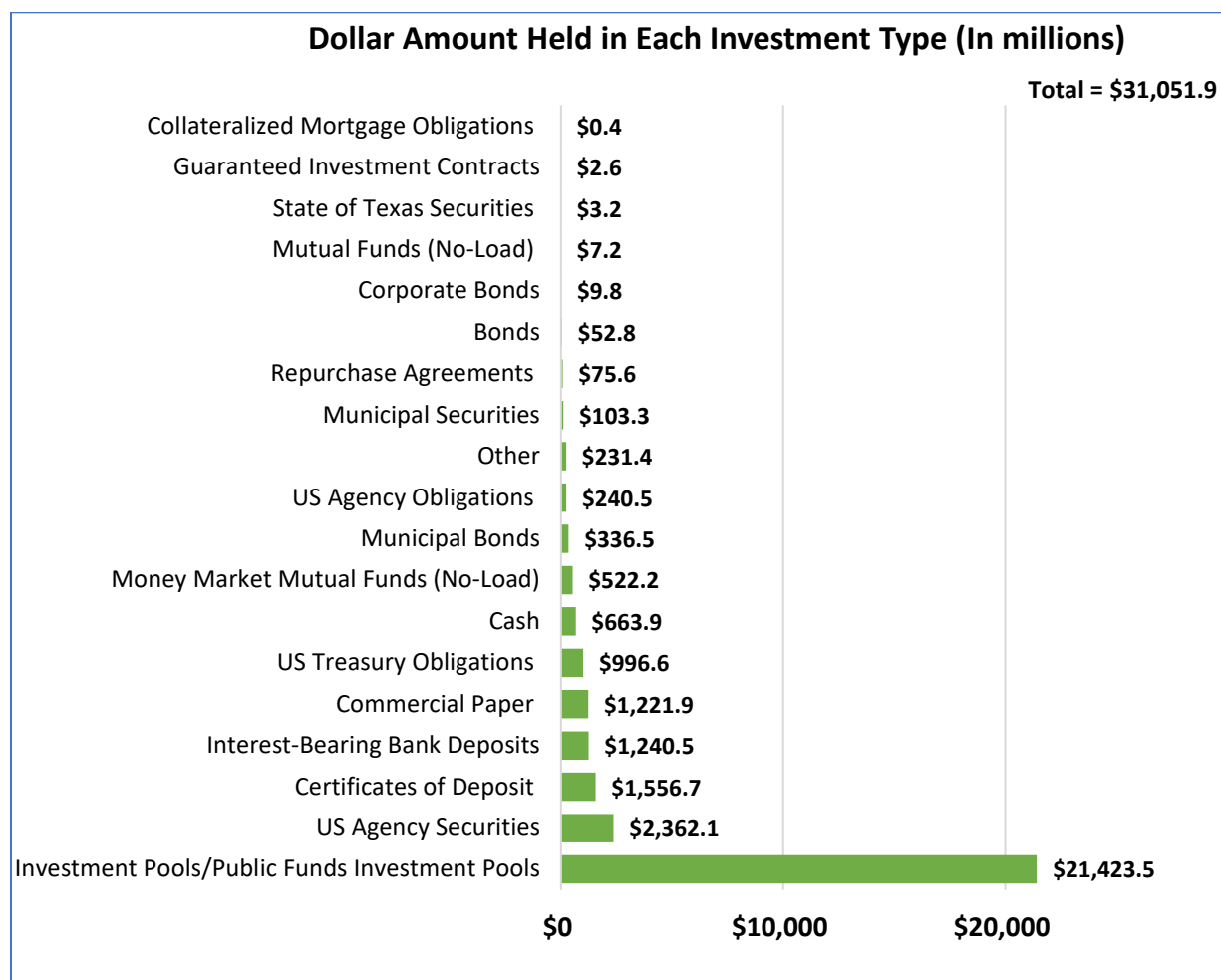
⁴ [TGC, Chapter 2256, Public Funds Investment](#)

- Each investment purchased by LEAs with public funds must be an authorized investment.
- Certain investments purchased must be rated by a nationally recognized credit rating agency or investment rating firm and have a minimum required rating, such as obligations of and guaranteed by governmental entities and securities lending programs must have a rating not less than **A** or its equivalent issued by a nationally recognized investment rating firm.
 - Corporate bonds must be rated not lower than **AA-** or its equivalent issued by a nationally recognized investment rating firm.
 - Banker’s acceptance and commercial paper must be rated not less than **A-1 or P-1** or an equivalent rating issued by a nationally recognized credit rating agency.
 - Investment pools must be continuously rated no lower than **AAA or AAA-m** or at an equivalent rating by a nationally recognized rating service.
- Any contract entered into with an investment management firm, to purchase investments, must be with a firm that is registered in accordance with the Investment Advisers Act of 1940 (U.S.C. Section 80b-1 et seq.), and the contract may not be for a term longer than two years. Any renewal or extension of the contract must be made by the board of trustees by an order, ordinance, or resolution.
- No more than 25 percent of the funds invested in corporate bonds may be invested in any sole (one) domestic business entity, including subsidiaries and affiliates of the entity.
- LEAs must have written investment policies, a separate written investment strategy for each of the funds or group of funds under its control, and one or more investment officers.
- The market price of investments purchased with public funds must be monitored by using a written methodology.



3.2 Types of Investments Held

Based on the survey responses overall, LEAs appear to have portfolios within the range of eligible investments. Of the 5,391 investments reported by LEAs, 2,540 are public funds investment pools.



3.2.1 Total dollar value of investment portfolios, investment returns, and fees

As previously mentioned, LEAs overwhelmingly choose to invest public funds in investment pools, including TexPool, TexPool Prime,⁵ Lone Star Investment Pool (LSIP),⁶ and LOGIC.⁷ LEAs invested more than \$21 billion in public funds investment pools in FY 2018. Investment pools are suitable investments for LEAs because they offer guaranteed next-day liquidity and low fees.

⁵ [TexPool](#)

⁶ [Lone Star Investment Pool](#)

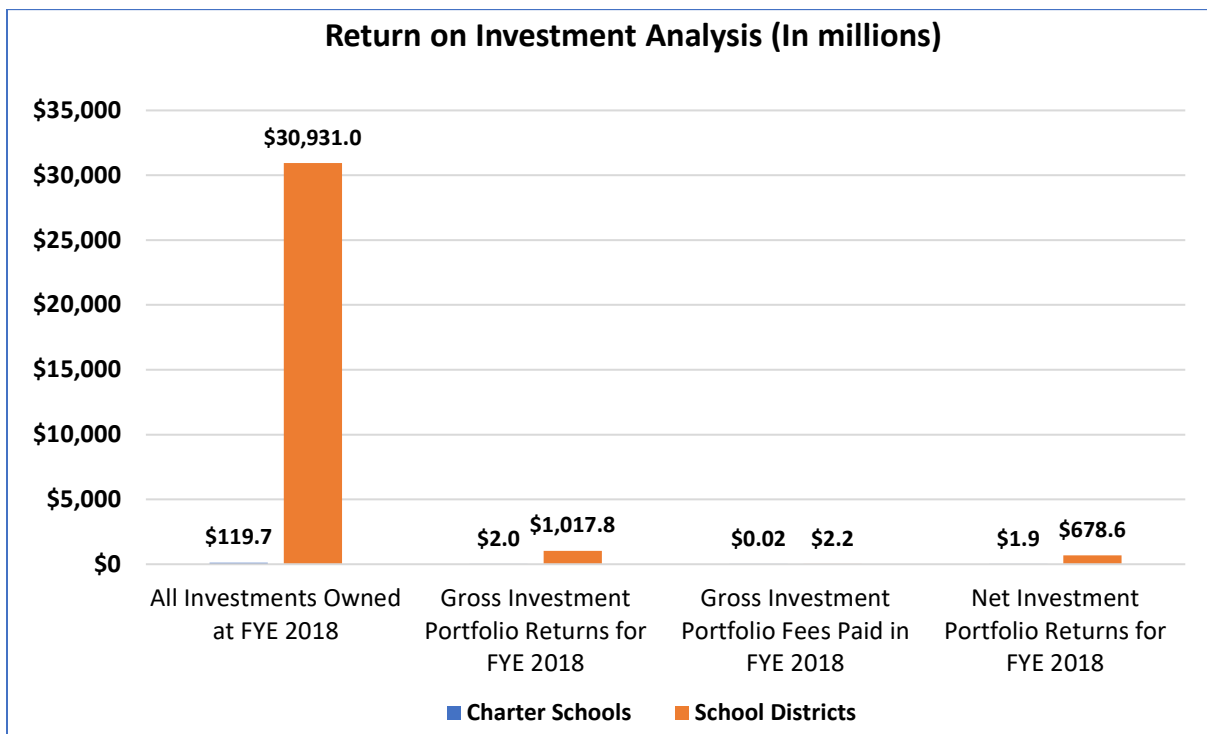
⁷ [LOGIC](#)

At FYE 2018, LEAs held \$31,050,696,897 in investments and paid \$2,234,013 in fees to hold those investments.

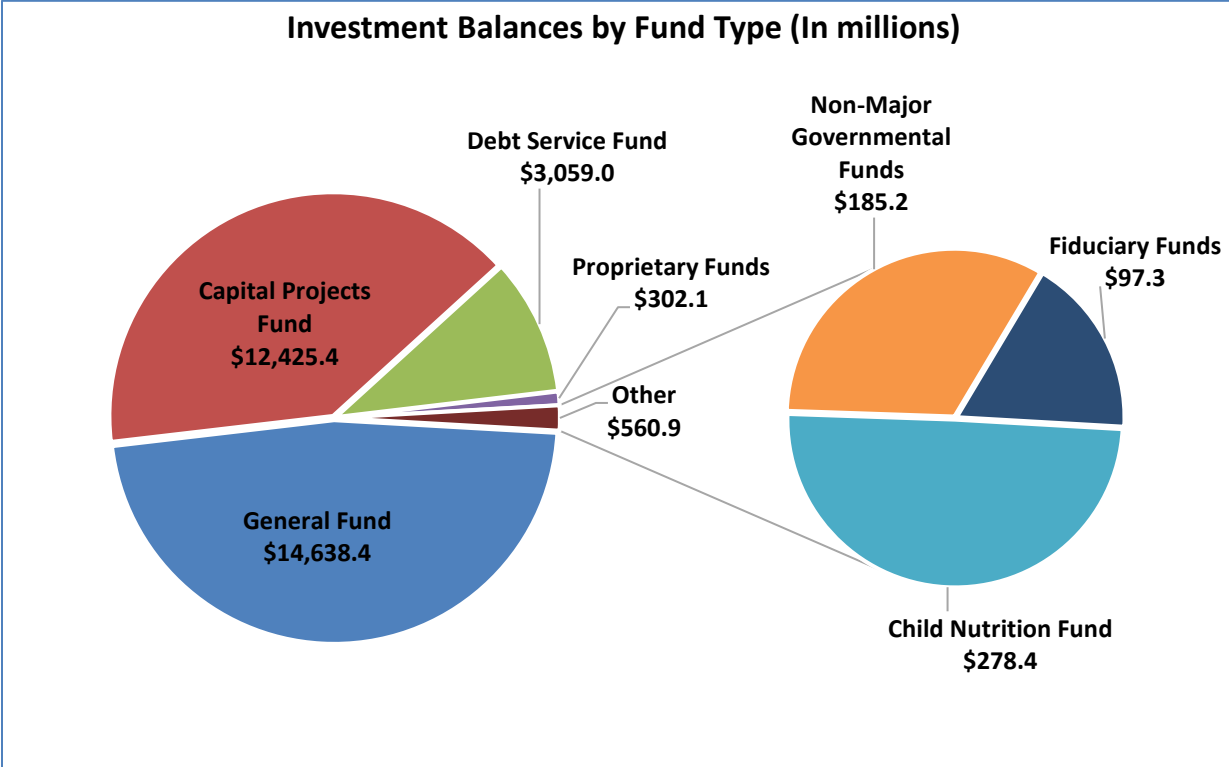
Performance is typically gauged by using a return on investment (ROI) calculation. ROI is a calculation that attempts to disclose an investment’s performance over a certain period of by expressing the performance in gain or loss percentage terms. A standard formula for ROI is the current value of the investment minus the beginning value divided by the beginning value of the investment. Since TEA did not request respondents provide data on the original price paid for each investment, the agency did not use the standard equation to evaluate the ROI on the investments. TEA used other metrics to measure the ROI, such as:

- the total fees paid on the investments;
- gross and net investment returns;
- each investment’s national rating agency credit rating;
- each investment’s interest rate risk, and its foreign currency risk, as applicable.

Using these measures allowed TEA to evaluate LEAs’ use of public funds to purchase investments in a more insightful manner. Based on the evaluation, the use of public funds to purchase investments is an effective use of public funds by LEAs to generate another revenue stream to help meet the needs of the students served by the entities. Therefore, the ROI is more than satisfactory.



School districts also invest some of their reserved and committed funds, such as their debt service funds, capital project funds, child nutrition funds, proprietary funds, and fiduciary funds. However, amounts held in these categories of funds have specific statutory and legal requirements attached to the funds, and school districts must adhere to those statutes and laws before spending any of the revenues earned on investments in those funds.



3.3 Risks Associated with Investments

Risks occur in every investment within the custody area, with counterparties, and both externally and internally. TGC, Chapter 2256, outlines the measures that LEAs must undertake to reduce the risks associated with investment ownership. Specifically, LEAs are required to reduce the following risks:

- **Credit risk.** In the event of the failure of the issuer or the counterparty, such as a broker or dealer, to an investment transaction, the LEA will not be able to recover the value of its investments or collateral securities that are in the possession of another entity or outside party.
- **The concentration of credit risk.** The risk of loss attributed to the magnitude of a LEA’s investment in a single issuer (such as lack of diversification).
- **Interest rate risk.** The risk that changes (fluctuations) in interest rates may adversely affect the fair value of the investments.

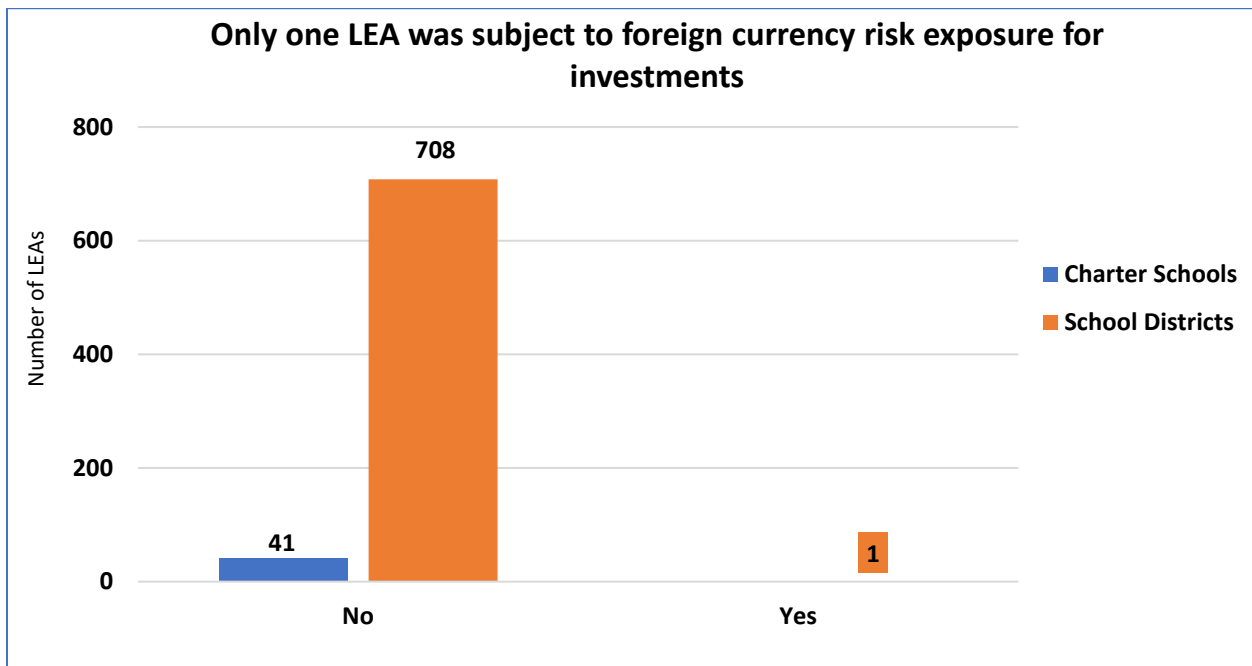
- **Foreign currency risk.** The risk that foreign exchange rates will adversely affect the fair value of an investment.

3.3.1 What was the investment’s credit risk rating issued by a nationally recognized rating agency for FYE 2018?

Certain types of investments purchased with public funds by LEAs, such as bonds, commercial paper, US Treasury or US Agency obligations, require LEAs to obtain a credit rating from a nationally recognized rating issuing agency for the investment, such as, but not limited to, Moody’s, Standard and Poor’s (S&P), and Fitch. LEAs are also required to develop procedures to monitor rating changes in investments purchased with public funds.⁸ Credit risk ratings submitted by survey respondents, based on the type of investment, appear to meet the requirements outlined in TGC, Chapter 2256.

3.3.2 What was your entire investment portfolio’s foreign currency rate risk for FYE 2018?

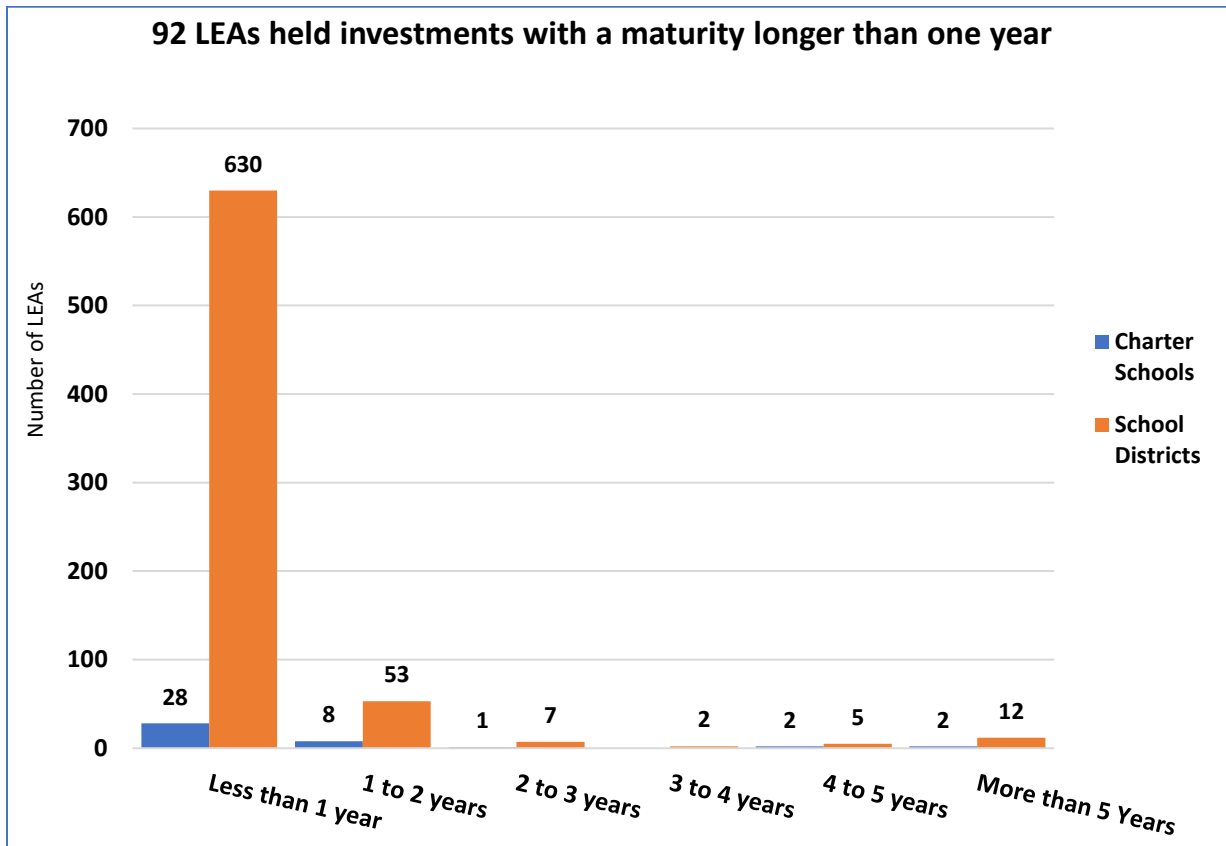
Survey results disclosed that only one school district’s investments were exposed to foreign currency risk at FYE 2018. When TEA requested clarification, the school district stated that it no longer uses the advisory firm that purchased the commercial paper.



⁸ [TGC, Chapter 2256, Public Funds Investment](#)

3.3.3 What was your entire investment portfolio's interest rate risk for FYE 2018?

Reported interest rate risks for LEAs' investment portfolios appear to be in an acceptable range based on the investment standards in the TGC, Chapter 2256.702. Of the survey respondents, 88 percent reported that their entire investment portfolios had a maturity of less than one year (12 months). An interest rate risk of less than one year significantly reduces exposure to declines in an investment's fair values.



4.0 Cash Management and Cash Flows Survey Data

Best practices surrounding cash flow management involve investing available funds after cash flow needs have been anticipated.

4.1 Cash Management

Cash management comprises all activities undertaken by a LEA to ensure maximum cash availability and maximum investment yield on its available cash. Cash management is concerned with efficient management from the time revenue is deposited to the time a disbursement clears the bank.

Successful cash management requires LEAs to create internal controls for cash management that allow each to:

- **Provide reliable data to management.** Providing timely and accurate data to management will enable management to make decisions that comply with all applicable statutes, laws, and regulations.
- **Safeguard assets and records.** They must implement the most effective measures to protect their assets and maintain accounting records by following all applicable statutes, laws, and regulations.
- **Establish accountability.** LEAs must ensure that responsibility for assets and other resources are well defined.
- **Promote operational efficiency.** LEAs must reduce unnecessary duplication of effort and deter inefficient use of resources.
- **Facilitate financial reports.** They must record transactions accurately to permit the preparation of financial statements under required statutes, laws, and regulations.

4.2 Cash Flows

Cash flow is the amount of cash (revenue) flowing in and out of a LEA at any given period. Cash flow data assists LEAs in obtaining relevant information concerning the use and source of financial resources over a given period. Cash flow may be used as a metric to determine a LEA’s short-term and or long-term solvency. It is essential that each LEA understand its organization’s cash flow needs. To do this, each must:

- Understand its liquidity needs;
- Identify the current market conditions;
- Conduct regular cash flow analysis to increase earnings potential; and
- Create projections based on student enrollment, educational programs, payroll cycle, and revenue streams.

Cash flow timing considerations, such as property tax revenue or state aid receipts, must also be considered when a LEA creates its cash flow projections. Statutory criteria outlined in the Texas Education Code (TEC), §§48.273, and 48.274⁹ determine the payment class for LEAs. The payment class determines when each LEA will receive its Foundation School Program (FSP) payments from TEA, so it plays a significant role in the actions and decisions related to cash flows. Below is a table that illustrates the different payment classes for school districts. Charter schools receive 12 equal monthly payments.

⁹ [TEC, §§48.273](#) and [48.274](#), Foundation School Fund Transfers

Figure 4.2.1.1 TEA payment classes

Month	Payment Class 1			Payment Class 2			Payment Class 3		
	% of Annual Entitlement	% Remaining	% of Unpaid Balance	% of Annual Entitlement	%Remaining	% of Unpaid Balance	% of Annual Entitlement	% Remaining	% of Unpaid Balance
September	15.0	100.0	15.0	22.0	100.0	22.0	45.0	100.0	45.0
October	10.0	85.0	11.8	18.0	78.0	23.1	35.0	55.0	63.6
November	10.0	75.0	13.3	9.5	60.0	15.8	–	–	–
December	10.0	65.0	15.4	–	–	–	–	–	–
January	10.0	55.0	18.2	–	–	–	–	–	–
February	5.0	45.0	11.1	–	–	–	–	–	–
March	10.0	40.0	25.0	–	–	–	–	–	–
April	–	–	–	7.5	50.5	14.9	–	–	–
May	10.0	30.0	33.3	5.0	43.0	11.6	–	–	–
June	10.0	20.0	50.0	10.0	38.0	26.3	–	–	–
July	10.0	10.0	100.0	13.0	28.0	46.4	–	–	–
August	–	–	–	15.0	15.0	100.0	20.0	20.0	100.0

4.2.1 Summary of Cash Flow Data Reported by LEAS

It is important to note that when comparing cash flow data between school districts and charter schools, that there are certain fundamental differences in the types of entities that can impact the timing of revenue received by the LEA. For example, school districts are governmental entities and political subdivisions that must adhere to the Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP). In contrast, charter schools are nonprofit entities that are governed by the Financial Accounting Standards Board (FASB) and GAAP. In addition, school districts have authority to tax on a tax base, whereas charters do not.

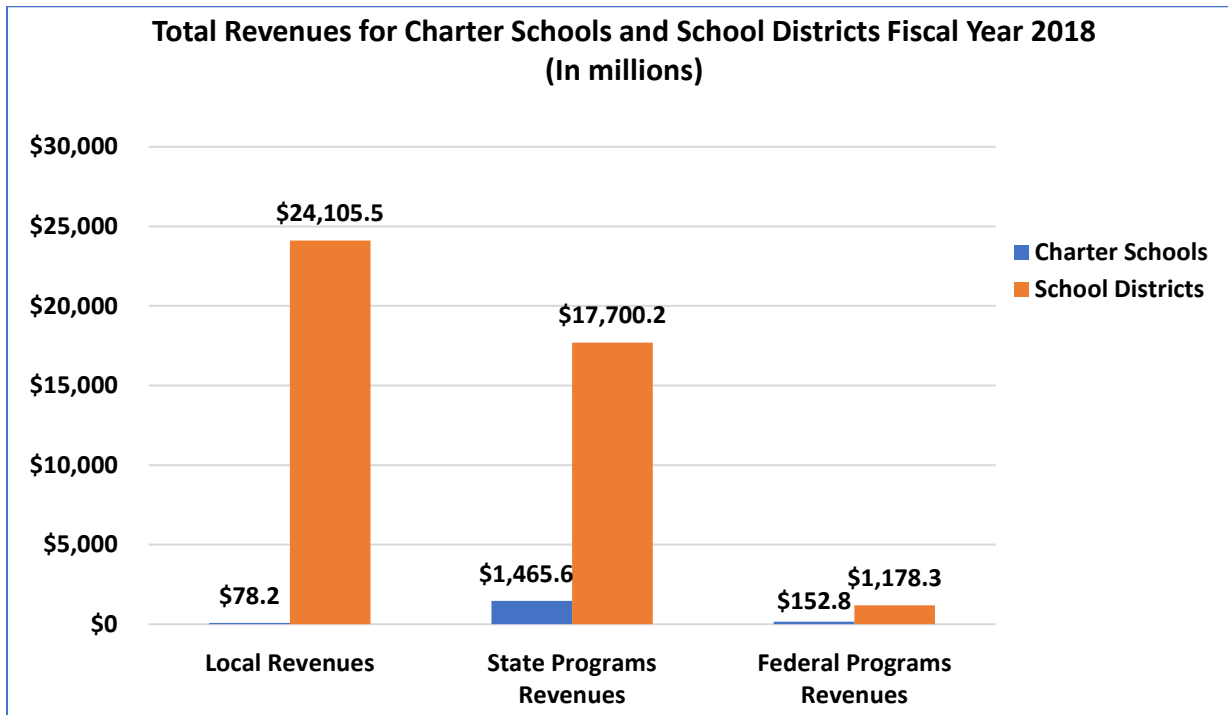
The charts in figures 4.2.1.2 through 4.2.1.6 show the revenue resources, assets, fund balances, and cash flows for FYE 2018, as applicable, for the LEAs that completed the survey. Please note that the cash flow data shown in figures 4.2.1.5 through 4.2.1.6 is used as it was received from LEAs. Some errors were corrected due to incorrect data entries by survey respondents.

It is also important to note that LEAs determine if their fiscal year start date is either July 1, which has a corresponding FYE date of June 30, or September 1, which has a corresponding FYE date of August 31¹⁰. For this report, figures 4.2.1.2 through 4.2.1.6 show the combined revenue resources, assets, fund balances, and cash flows for LEAs with the FYE dates of June 30, 2018,

¹⁰ [TEC, §44.001, Fiscal Year](#)

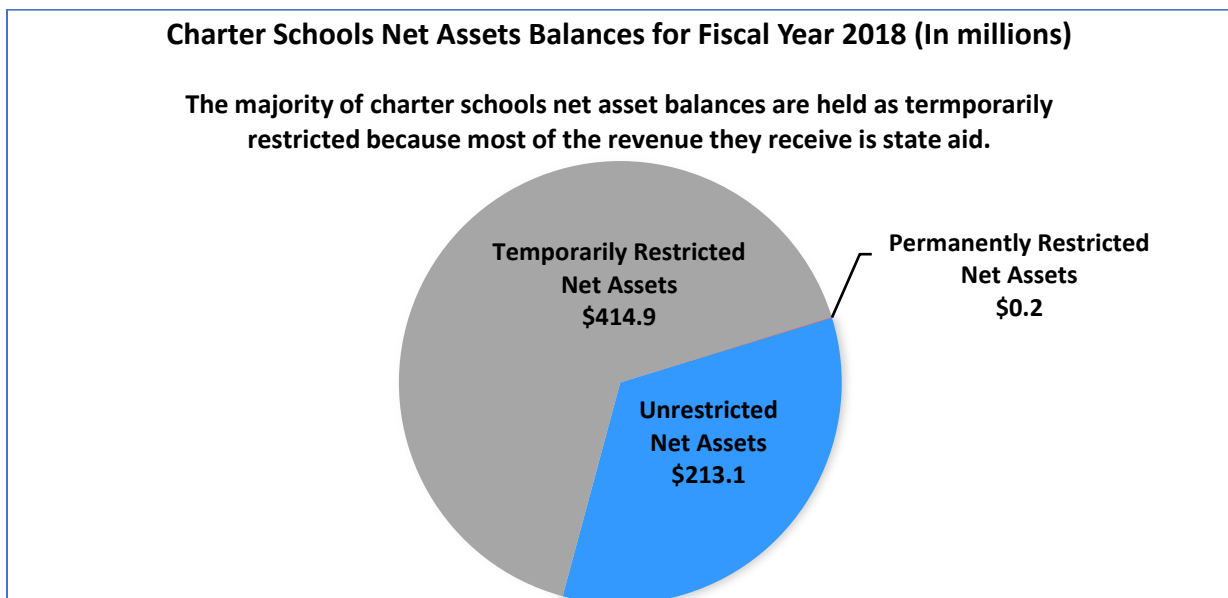
and August 31, 2018. The following charts reflect certain financial information that impact the decision-making processes of LEAs when investing public funds.

Figure 4.2.1.2 Total revenues for LEAs for FYE 2018



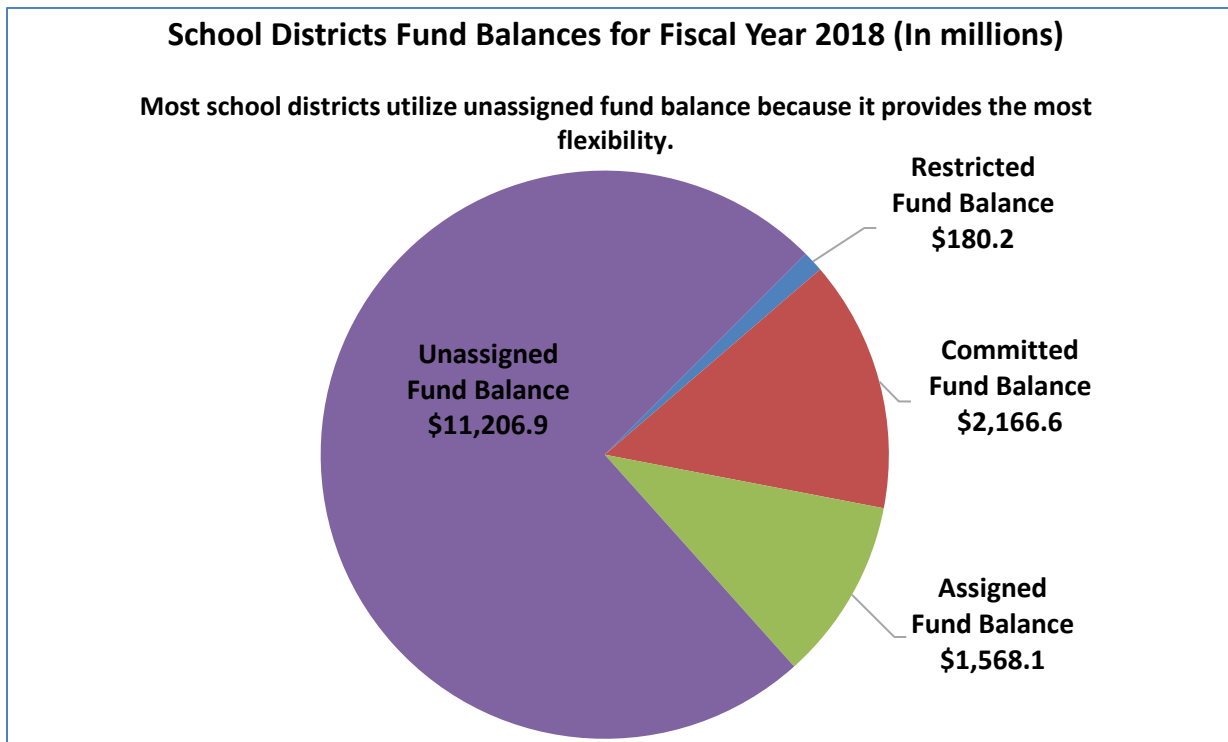
Actual revenues that were reported to TEA by the survey respondents in 2018, via audited financial data

Figure 4.2.1.3 Net assets by type for charter schools for FYE 2018



Actual revenues that were reported to TEA by the survey respondents in 2018, via audited financial data

Figure 4.2.1.4 Fund balances by type for school districts for FYE 2018



Actual revenues that were reported to TEA by the survey respondents in 2018, via audited financial data

Figure 4.2.1.5 Cash flow analysis for charter schools with FYE dates of June 30, 2018, and August 31, 2018

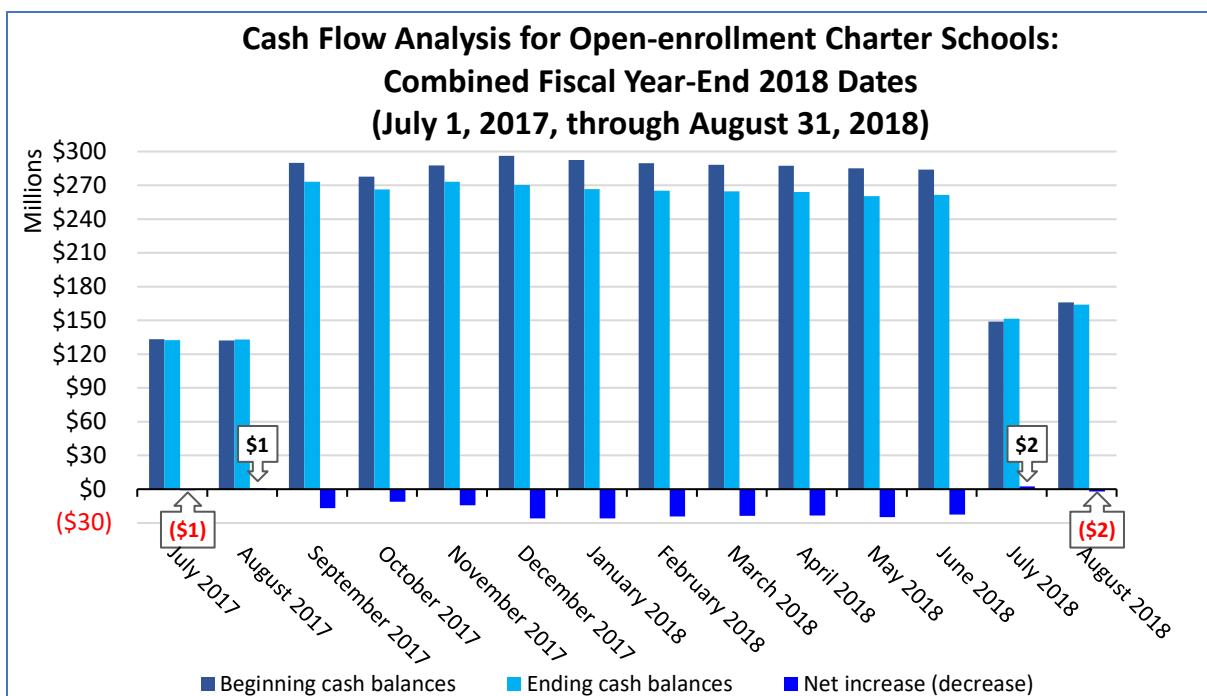
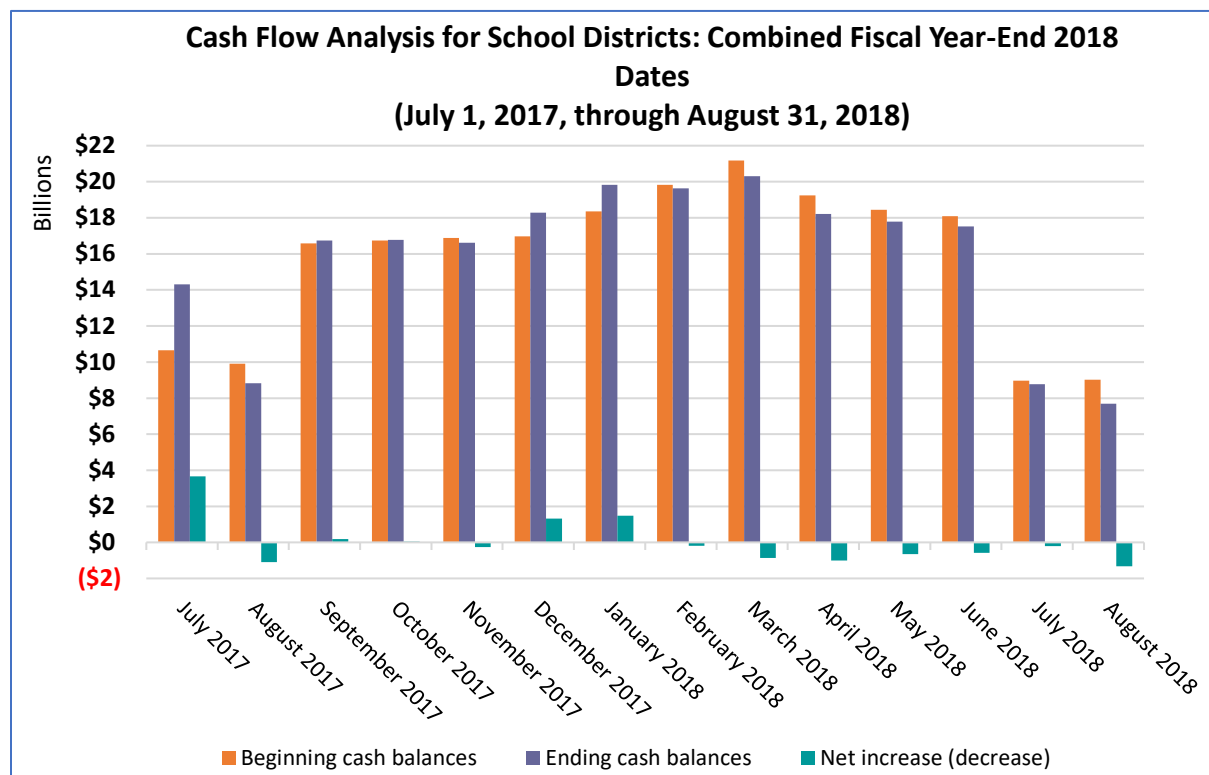


Figure 4.2.1.6 Cash flow analysis for school districts with FYE dates of June 30, 2018, and August 31, 2018



5.0 TEA Recommendations

TEA concluded that LEAs invest and manage public funds in a prudent manner. Based on its analysis of the survey data, TEA makes the following recommendation:

5.1 Full Disclosure of Investments in Annual Financial Reports

While helping LEAs to complete the survey, TEA discovered that some of the survey respondents did not fully disclose all of their investments in the required annual financial report (AFR), despite the fact that GASB has published guidance on investment accounting, disclosure requirements, and presentation of AFR statements. For this reason, we recommend amending the TGC, Texas Local Government Code, and Texas Education Code to require LEAs to disclose, fully and in detail, their financial investments in their AFRs.

More information on investment accounting and reporting requirements issued by GASB is available in the GASB Statements listed below, located on the GASB website.¹¹

- GASB Statement No. 84: Fiduciary Activities

¹¹ [GASB website](#)

- GASB Statement No. 79: Certain External Investment Pools and Pool Participants
- GASB Statement No. 76: The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments
- GASB Statement No. 72: Fair Value Measurement and Application
- GASB Statement No. 40: Deposit and Investment Risk Disclosures—an Amendment of GASB Statement No. 3
- GASB Statement No. 34: Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments
- GASB Statement No. 31: Accounting and Financial Reporting for Certain Investments and External Investment Pools
- GASB Statement No. 3: Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements

6.0 Appendix A: Survey Methodology

The data included in this report is for the period from July 1, 2017, through August 31, 2018. Survey participants completed the survey by using FYE 2018 audited data.

TEA used Qualtrics¹² survey software to create and distribute the survey. There were 24 survey questions, and dependent upon a LEA’s response, some of the questions were not required to be completed.

LEAs provided information concerning:

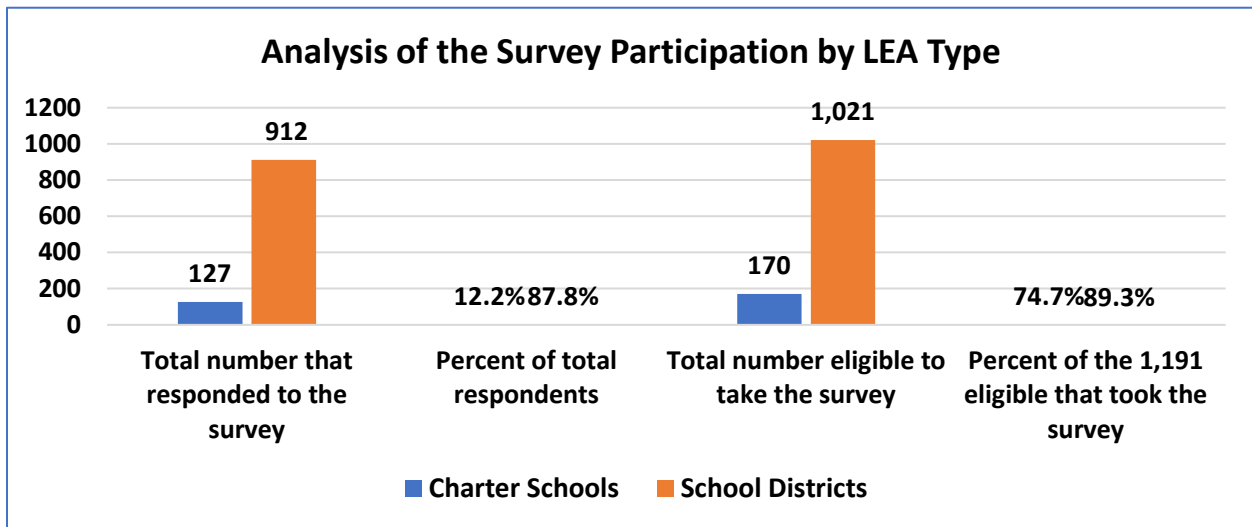
- The type of investments held at FYE 2018.
- If the investment was part of an external investment pool.
- The fund each investment was allocated to at FYE 2018.
- The fair value, net asset value, and amortized cost for each investment.
- The weighted average maturity in days and maturity in years for each investment.
- Each investment’s credit risk rating, as applicable.
- The percentage of each investment of the charter school or school district’s total investment portfolio.
- The gross returns, gross fees, and net returns for each investment.
- The total dollar amount of all investments held at FYE 2018
- Foreign currency risk status.
- The issuer of the investments and financial advisors, if applicable.
- The cash flows for each month of the 2018 fiscal year.

LEAs were not required to provide information on investments that are donated to them for a specific purpose, such as scholarships or endowments. Also, investments that are held by

¹² [Qualtrics^{XM}](#)

student activity groups, such as the student council, were not required to be reported because they are not the property of the LEA.

The survey sample size was 1,191 school districts and charter schools. LEAs were asked to complete the survey if they had completed at least one full year of operation by their FYE in 2018 (either June 30, 2018, or August 31, 2018), *and* were in operation and accredited at the time the survey was released publicly on December 20, 2019. Of the 1,191 surveys sent, 74.7 percent of the eligible 170 charter schools and 89.3 percent of the eligible 1,021 school districts participated.



7.0 Appendix B: Data Tables

Contained in the data tables below are some, but not all, of the survey responses from LEAs.

7.1 Number of LEAs that Participated in the Survey

Entity Type	Total LEA Count	Percent of Total Respondents
School District	912	87.8%
Charter School	127	12.2%
Total	1039	100.0%

7.2 Survey Responses to Ownership of Investments

Entity Type	Ownership of Investments No	Ownership of Investments Yes	Row % No	Row % Yes	Total LEA Count	Total Column %
Charter Schools	83	44	29.5%	5.8%	127	12.2%
School Districts	198	714	70.5%	94.2%	912	87.8%
Total for both LEA types	281	758	100.0%	100.0%	1,039	100.0%

7.3 Investment Portfolio Data by Entity Type

Entity Type	Total Dollar Amount for All Investments Held at FYE 2018	Total Gross Investment Portfolio Returns for FYE 2018	Total Gross Investment Portfolio Fees Paid in FYE 2018	Total Net Investment Portfolio Returns for FYE 2018	Number of LEAs
Charter Schools	\$119,689,513.14	\$1,601,954.10	\$24,379.00	\$1,924,182.21	44
School Districts	\$30,927,677,914.93	\$1,017,829,300.87	\$2,209,634.41	\$678,588,044.42	714
Total	\$31,047,367,428.07	\$1,019,431,254.97	\$2,234,013.41	\$680,512,226.63	758

7.4 Investment Types Reported

Type of Investment	Number of Investments Reported	Percent of all Investments Reported	Total Dollar Amount of Investments Per Investment Type
Bonds	10	0.19%	\$52,803,788
Cash	387	7.18%	\$663,925,722
Certificates of Deposit	835	15.49%	\$1,556,714,813
Collateralized Mortgage Obligations	6	0.11%	\$437,254
Commercial Paper	143	2.65%	\$1,221,929,708
Corporate Bonds	2	0.04%	\$9,833,386
Guaranteed Investment Contract	1	0.02%	\$2,592,257
Interest-Bearing Bank Deposits	509	9.44%	\$1,240,473,990
Investment Pools/Public Funds Investment Pools	2540	47.12%	\$21,423,479,517
Money Market Mutual Funds (No-Load)	145	2.69%	\$522,242,986
Municipal Bonds	256	4.75%	\$336,521,400
Municipal Securities	14	0.26%	\$103,322,640
Mutual Funds (No-Load)	15	0.28%	\$7,169,025
Other	45	0.83%	\$231,357,412
Repurchase Agreements	5	0.09%	\$75,612,501
State of Texas Securities	3	0.06%	\$3,189,458
US Agency Obligations	69	1.28%	\$240,468,584
US Agency Securities	303	5.62%	\$2,362,066,677
US Treasury Obligations	103	1.91%	\$996,555,781
Total	5391	100.00%	\$31,050,696,897

7.5 Investment Balances by Investment Type for Charter Schools and School Districts Combined

Investment Type	Total Fair Value Dollar Amount	Total Net Asset Value Dollar Amount	Total Amortized Cost Dollar Amount	Total Gross Returns Dollar Amount	Total Gross Fees Paid Dollar Amount	Total Net Returns Dollar Amount	Total Dollar Amount Invested Per Investment Type
Bonds	\$20,477,684	\$503,245	\$31,822,859	\$772,072	\$16,413	\$55,202	\$52,803,788
Cash	\$487,188,476	\$168,432,251	\$8,304,995	\$7,635,245	\$187,548	\$7,084,236	\$663,925,722
Certificates of Deposit	\$1,334,012,187	\$169,073,591	\$53,629,035	\$20,414,192	\$102,018	\$21,193,046	\$1,556,714,813
Collateralized Mortgage Obligations	\$437,254	\$0	\$0	\$6,423	\$0	\$6,423	\$437,254
Commercial Paper	\$1,102,979,061	\$71,986,123	\$46,964,523	\$49,711,755	\$141,683	\$11,925,277	\$1,221,929,708
Corporate Bonds	\$9,833,386	\$0	\$0	\$303,035	\$0	\$303,035	\$9,833,386
Guaranteed Investment Contract	\$2,592,257	\$0	\$0	\$0	\$0	\$0	\$2,592,257
Interest-Bearing Bank Deposits	\$869,900,138	\$195,734,738	\$174,839,114	\$13,464,596	\$1,692	\$19,697,894	\$1,240,473,990
Investment Pools/Public Funds Investment Pool	\$14,789,663,808	\$2,975,557,316	\$3,658,258,393	\$655,651,304	\$1,325,119	\$573,947,476	\$21,423,479,517
Money Market Mutual Funds (No-Load)	\$501,943,442	\$18,855,206	\$1,444,338	\$6,207,289	\$34,367	\$6,071,391	\$522,242,986
Municipal Bonds	\$312,653,215	\$20,476,166	\$3,392,019	\$9,302,285	\$57,461	\$5,785,574	\$336,521,400
Municipal Securities	\$103,207,543	\$115,096	\$0	\$709,201	\$18,953	\$1,439,313	\$103,322,640
Mutual Funds (No-Load)	\$6,560,067	\$608,958	\$0	\$404,967	\$0	\$404,967	\$7,169,025
Other	\$205,365,121	\$6,204,046	\$19,788,245	\$2,360,007	\$3,554	\$2,365,536	\$231,357,412
Repurchase Agreements	\$75,612,501	\$0	\$0	\$1,271,150	\$0	\$1,271,150	\$75,612,501
State of Texas Securities	\$3,189,458	\$0	\$0	\$23,915	\$0	\$23,915	\$3,189,458
US Agency Obligations	\$207,409,837	\$6,156,507	\$26,902,240	\$1,819,825	\$6,757	\$1,460,350	\$240,468,584
US Agency Securities	\$1,756,271,744	\$234,348,407	\$371,446,526	\$229,388,471	\$255,118	\$21,828,337	\$2,362,066,677

Investment Type	Total Fair Value Dollar Amount	Total Net Asset Value Dollar Amount	Total Amortized Cost Dollar Amount	Total Gross Returns Dollar Amount	Total Gross Fees Paid Dollar Amount	Total Net Returns Dollar Amount	Total Dollar Amount Invested Per Investment Type
US Treasury Obligations	\$911,900,781	\$28,253,388	\$56,401,613	\$20,386,713	\$83,331	\$5,649,103	\$996,555,781
Total	\$22,701,197,960	\$3,896,305,037	\$4,453,193,900	\$1,019,832,445	\$2,234,013	\$680,512,227	\$31,050,696,897

7.6 Charter Schools Investment Balances by Investment Type

Investment Type	Total Fair Value Dollar Amount	Total Net Asset Value Dollar Amount	Total Amortized Cost Dollar Amount	Total Gross Returns Dollar Amount	Total Gross Fees Paid Dollar Amount	Total Net Returns Dollar Amount	Total Dollar Amount Invested Per Investment Type
Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash	\$8,130,372	\$4,678,748	\$1,178	\$79,028	\$0	\$79,028	\$12,810,298
Certificates of Deposit	\$29,947,147	\$6,418,180	\$302,535	\$1,061,915	\$1,807	\$1,063,385	\$36,667,862
Collateralized Mortgage Obligations	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Commercial Paper	\$1,445,000	\$17,718,741	\$0	\$371,882	\$11,336	\$360,546	\$19,163,741
Corporate Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Guaranteed Investment Contract	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest-Bearing Bank Deposits	\$8,513,615	\$1,106,412	\$0	\$18,276	\$0	\$18,276	\$9,620,027
Investment Pools/Public Funds Investment Pool	\$15,098,097	\$2,425,146	\$0	\$118,184	\$0	\$53,509	\$17,523,243
Money Market Mutual Funds (No-Load)	\$13,729	\$2,319,601	\$0	\$26,154	\$25	\$26,129	\$2,333,330
Municipal Bonds	\$292,519	\$0	\$0	\$10,316	\$0	\$10,316	\$292,519
Municipal Securities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mutual Funds (No-Load)	\$1,620,354	\$608,958	\$0	\$0	\$0	\$0	\$2,229,312
Other	\$1,252,753	\$0	\$0	\$0	\$1,407	\$8,698	\$1,252,753
Repurchase Agreements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State of Texas Securities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
US Agency Obligations	\$0	\$5,971,033	\$0	\$78,180	\$3,600	\$74,580	\$5,971,033

Investment Type	Total Fair Value Dollar Amount	Total Net Asset Value Dollar Amount	Total Amortized Cost Dollar Amount	Total Gross Returns Dollar Amount	Total Gross Fees Paid Dollar Amount	Total Net Returns Dollar Amount	Total Dollar Amount Invested Per Investment Type
US Agency Securities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
US Treasury Obligations	\$2,095,000	\$9,730,396	\$0	\$239,210	\$6,204	\$229,716	\$11,825,396
Total	\$68,408,585	\$50,977,215	\$303,713	\$2,003,144	\$24,379	\$1,924,182	\$119,689,513

7.7 School Districts Investment Balances by Investment Type

Investment Type	Total Fair Value Dollar Amount	Total Net Asset Value Dollar Amount	Total Amortized Cost Dollar Amount	Total Gross Returns Dollar Amount	Total Gross Fees Paid Dollar Amount	Total Net Returns Dollar Amount	Total Dollar Amount Invested Per Investment Type
Bonds	\$20,477,684	\$503,245	\$31,822,859	\$772,072	\$16,413	\$55,202	\$52,803,788
Cash	\$479,058,104	\$163,753,503	\$8,303,817	\$7,556,217	\$187,548	\$7,005,208	\$651,115,424
Certificates of Deposit	\$1,304,065,040	\$162,655,411	\$53,326,500	\$19,352,277	\$100,212	\$20,129,662	\$1,520,046,951
Collateralized Mortgage Obligations	\$437,254	\$0	\$0	\$6,423	\$0	\$6,423	\$437,254
Commercial Paper	\$1,101,534,061	\$54,267,382	\$46,964,523	\$49,339,873	\$130,347	\$11,564,731	\$1,202,765,967
Corporate Bonds	\$9,833,386	\$0	\$0	\$303,035	\$0	\$303,035	\$9,833,386
Guaranteed Investment Contract	\$2,592,257	\$0	\$0	\$0	\$0	\$0	\$2,592,257
Interest-Bearing Bank Deposits	\$861,386,523	\$194,628,326	\$174,839,114	\$13,446,320	\$1,692	\$19,679,618	\$1,230,853,963
Investment Pools/Public Funds Investment Pool	\$14,774,565,711	\$2,973,132,170	\$3,658,258,393	\$655,533,121	\$1,325,119	\$573,893,968	\$21,405,956,274
Money Market Mutual Funds (No-Load)	\$501,929,713	\$16,535,605	\$1,444,338	\$6,181,135	\$34,342	\$6,045,262	\$519,909,656
Municipal Bonds	\$312,360,696	\$20,476,166	\$3,392,019	\$9,291,969	\$57,461	\$5,775,258	\$336,228,881
Municipal Securities	\$103,207,543	\$115,096	\$0	\$709,201	\$18,953	\$1,439,313	\$103,322,640

Investment Type	Total Fair Value Dollar Amount	Total Net Asset Value Dollar Amount	Total Amortized Cost Dollar Amount	Total Gross Returns Dollar Amount	Total Gross Fees Paid Dollar Amount	Total Net Returns Dollar Amount	Total Dollar Amount Invested Per Investment Type
Mutual Funds (No-Load)	\$4,939,714	\$0	\$0	\$404,967	\$0	\$404,967	\$4,939,714
Other	\$204,112,368	\$6,204,046	\$19,788,245	\$2,360,007	\$2,147	\$2,356,838	\$230,104,659
Repurchase Agreements	\$75,612,501	\$0	\$0	\$1,271,150	\$0	\$1,271,150	\$75,612,501
State of Texas Securities	\$3,189,458	\$0	\$0	\$23,915	\$0	\$23,915	\$3,189,458
US Agency Obligations	\$207,409,837	\$185,474	\$26,902,240	\$1,741,645	\$3,157	\$1,385,770	\$234,497,551
US Agency Securities	\$1,756,271,744	\$234,348,407	\$371,446,526	\$229,388,471	\$255,118	\$21,828,337	\$2,362,066,677
US Treasury Obligations	\$909,805,781	\$18,522,992	\$56,401,613	\$20,147,503	\$77,127	\$5,419,387	\$984,730,385
Total	\$22,632,789,375	\$3,845,327,822	\$4,452,890,187	\$1,017,829,301	\$2,209,634	\$678,588,044	\$30,931,007,384

7.8 Investment Balances by Fund Type

Fund Types	Total Fair Value Dollar Amount	Total Net Asset Value Dollar Amount	Total Amortized Cost Dollar Amount	Total Dollar Amount Invested Per Fund Type
General Fund	\$10,752,433,961	\$1,934,248,108	\$1,951,705,261	\$14,638,387,330
Child Nutrition Fund	\$167,680,231	\$21,421,778	\$89,316,302	\$278,418,312
Debt Service Fund	\$2,176,053,724	\$358,726,393	\$524,240,997	\$3,059,021,115
Capital Projects Fund	\$9,128,569,789	\$1,508,139,865	\$1,788,677,882	\$12,425,387,536
Non-Major Governmental Funds	\$133,143,287	\$6,346,810	\$45,755,498	\$185,245,594
Proprietary Funds	\$202,419,485	\$52,409,590	\$47,286,675	\$302,115,750
Fiduciary Funds	\$76,273,125	\$14,801,359	\$6,211,284	\$97,285,768
Total	\$22,636,573,602	\$3,896,093,903	\$4,453,193,900	\$30,985,861,405

7.9 Interest Rate Risk

Investment Duration	Charter Schools	School Districts	Charter Schools	School Districts	Number of LEAs	Column Total %
Less than 1 year	28	630	68.3%	88.9%	658	87.7%
1 to 2 years	8	53	19.51%	7.48%	61	8.1%
2 to 3 years	1	7	2.4%	0.99%	8	1.07%

Investment Duration	Charter Schools	School Districts	Charter Schools	School Districts	Number of LEAs	Column Total %
3 to 4 years	0	2	0.00%	0.28%	2	0.27%
4 to 5 years	2	5	4.9%	0.7%	7	0.9%
More than 5 Years	2	12	4.8%	1.7%	14	1.9%
Total	41	709	100.00%	100.00%	750	100.00%

7.10 Investments Exposed to Foreign Currency Risk

Entity exposed to foreign currency risk	Charter Schools	School Districts	Charter Schools	School Districts	Number of LEAs	Column Total %
No	41	708	100.00%	99.86%	749	99.87%
Yes	0	1	0.00%	0.14%	1	0.13%
Total	41	709	100.00%	100.00%	750	100.00%

7.11 Revenues for Charter Schools and School Districts for FYE 2018

LEA Type	Local Revenues	State Programs Revenues	Federal Programs Revenues	Total Revenues by LEA Type
Charter Schools	\$78,174,033	\$1,465,584,989	\$152,767,942	\$1,696,526,964
School Districts	\$24,105,541,520	\$17,700,166,321	\$1,178,330,701	\$42,984,038,542
Total	\$24,183,715,553	\$19,165,751,310	\$1,331,098,643	\$44,680,565,506

7.12 Charter School Net Asset Balances for FYE 2018

LEA Type	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
Charter Schools	\$213,068,972	\$414,993,895	\$155,840	\$628,218,707
Percent of Total Net Asset Balances	33.92%	66.06%	0.02%	100%

7.13 School District Fund Balances for FYE 2018

LEA Type	Total Restricted Fund Balance	Total Committed Fund Balance	Total Assigned Fund Balance	Total Unassigned Fund Balance	Total All Fund Balances
School Districts	\$180,224,133	\$2,166,562,946	\$1,568,107,421	\$11,206,959,050	\$15,121,853,550
Percent of Total Fund Balances	1.19%	14.33%	10.37%	74.11%	100%

7.14 Cash Flows for Charter Schools with June 30, 2018, FYE Date

Charter Schools	July 2017	August 2017	September 2017	October 2017	November 2017	December 2017
Beginning Cash Balance	\$133,345,334	\$132,222,871	\$135,682,576	\$113,017,164	\$122,609,507	\$119,784,102
Revenues	\$12,279,369	\$12,612,792	\$49,862,170	\$53,118,093	\$42,575,291	\$44,935,933
Other Sources	\$26,727,246	\$44,973,396	\$18,266,235	\$1,738,996	\$5,410,453	\$4,766,813

Charter Schools	July 2017	August 2017	September 2017	October 2017	November 2017	December 2017
Expenses	\$39,883,422	\$56,780,608	\$90,645,070	\$45,045,740	\$50,538,952	\$48,743,884
Ending Cash Balance	\$132,468,527	\$133,028,451	\$113,165,911	\$122,828,513	\$120,056,299	\$120,742,964

Charter Schools	January 2018	February 2018	March 2018	April 2018	May 2018	June 2018
Beginning Cash Balance	\$120,775,967	\$120,908,356	\$107,682,736	\$108,905,266	\$100,933,581	\$118,386,797
Revenues	\$42,780,360	\$43,922,071	\$42,236,864	\$41,767,255	\$43,783,751	\$114,229,181
Other Sources	\$6,856,835	\$3,611,331	\$8,869,164	\$3,519,839	\$6,455,299	\$6,998,864
Expenses	\$49,321,232	\$60,492,698	\$49,840,203	\$53,197,738	\$50,108,147	\$113,335,426
Ending Cash Balance	\$121,091,931	\$107,949,060	\$108,948,562	\$100,994,622	\$101,064,484	\$126,279,417

7.15 Cash Flows for Charter Schools with August 31, 2018, FYE Date

Charter Schools	September 2017	October 2017	November 2017	December 2017	January 2018	February 2018
Beginning Cash Balance	\$154,138,153	\$141,885,660	\$151,962,496	\$160,507,618	\$156,823,099	\$153,900,531
Revenues	\$56,724,369	\$61,188,445	\$54,458,732	\$52,198,520	\$50,465,942	\$49,650,814
Other Sources	(\$3,005,219)	(\$606,558)	\$3,500,507	(\$1,013,825)	(\$108,916)	(\$808,163)
Expenses	\$47,951,468	\$49,272,914	\$49,829,633	\$54,682,018	\$53,704,402	\$50,705,680
Ending Cash Balance	\$159,905,835	\$153,194,633	\$160,092,102	\$157,010,295	\$153,475,724	\$152,037,503

Charter Schools	March 2018	April 2018	May 2018	June 2018	July 2018	August 2018
Beginning Cash Balance	\$152,602,862	\$151,589,720	\$149,419,461	\$148,406,930	\$148,840,934	\$166,074,502
Revenues	\$49,939,419	\$55,324,306	\$53,970,756	\$53,905,760	\$52,673,741	\$84,862,623
Other Sources	(\$470,597)	(\$957,745)	(\$1,309,088)	(\$823,600)	(\$1,157,299)	\$794,023
Expenses	\$50,686,650	\$55,156,004	\$55,023,811	\$53,034,010	\$49,019,770	\$87,780,486
Ending Cash Balance	\$151,385,033	\$150,800,276	\$147,057,318	\$148,455,079	\$151,337,606	\$163,950,663

7.16 Cash Flows for School Districts with June 30, 2018, FYE Date

School Districts	July 2017	August 2017	September 2017	October 2017	November 2017	December 2017
Beginning Cash Balance	\$10,649,592,010	\$9,913,793,929	\$8,792,109,199	\$8,547,141,662	\$8,336,638,115	\$8,249,738,832
Revenues	\$1,113,034,837	\$1,630,493,624	\$1,947,722,446	\$2,026,359,847	\$1,894,141,353	\$5,439,088,074

School Districts	July 2017	August 2017	September 2017	October 2017	November 2017	December 2017
Other Sources*	\$4,579,282,384	\$254,208,873	\$290,358,720	\$29,873,912	\$231,833,960	(\$82,377,280)
Expenditures	\$2,026,934,765	\$2,975,942,035	\$2,392,494,419	\$3,519,012,186	\$2,175,224,622	\$2,776,347,685
Ending Cash Balance	\$14,314,974,466	\$8,822,554,390	\$8,637,695,946	\$7,084,363,236	\$8,287,388,807	\$10,830,101,941

School Districts	January 2018	February 2018	March 2018	April 2018	May 2018	June 2018
Beginning Cash Balance	\$10,756,849,181	\$14,211,380,786	\$14,275,007,095	\$13,205,758,940	\$12,373,133,576	\$11,291,981,532
Revenues	\$6,527,925,939	\$4,241,552,104	\$1,533,208,562	\$1,743,731,827	\$1,497,794,854	\$1,943,684,106
Other Sources*	(\$21,288,068)	(\$107,449,514)	\$85,253,941	\$57,294,518	\$52,039,013	\$462,828,652
Expenditures	\$2,879,823,163	\$4,207,043,495	\$2,622,267,104	\$2,699,591,600	\$2,734,516,888	\$3,435,692,918
Ending Cash Balance	\$14,383,663,890	\$14,138,439,881	\$13,271,202,494	\$12,307,193,686	\$11,188,450,555	\$10,262,801,371

*Other sources include items such as loan proceeds, bond proceeds from the sale of tax anticipation notes, and bond anticipation notes.

7.17 Cash Flows for School Districts with August 31, 2018, FYE Date

School Districts	September 2017	October 2017	November 2017	December 2017	January 2018	February 2018
Beginning Cash Balance	\$7,779,948,652	\$7,948,702,242	\$8,095,548,847	\$8,171,974,282	\$9,568,251,716	\$11,029,722,685
Revenues	\$2,194,316,256	\$2,095,230,850	\$1,813,529,022	\$3,466,819,035	\$3,865,479,800	\$2,604,696,946
Other Sources*	\$68,437,739	\$240,454,407	\$63,313,616	\$101,477,645	\$60,545,230	\$162,555,666
Expenditures	\$1,933,547,055	\$2,176,113,972	\$1,985,915,359	\$2,100,312,777	\$2,301,074,111	\$2,804,135,298
Ending Cash Balance	\$8,109,155,592	\$8,140,053,843	\$7,986,476,126	\$9,639,958,185	\$11,193,202,635	\$10,992,839,998

School Districts	March 2018	April 2018	May 2018	June 2018	July 2018	August 2018
Beginning Cash Balance	\$12,378,981,296	\$10,441,931,656	\$9,650,785,483	\$9,298,449,267	\$8,969,889,095	\$9,022,771,183

Revenues	\$1,405,074,495	\$1,058,477,955	\$1,203,940,424	\$1,267,850,640	\$1,411,172,580	\$2,080,133,927
Other Sources*	\$154,393,382	\$28,867,909	\$576,167,176	\$202,922,819	\$402,078,642	\$45,498,029
Expenditures	\$2,264,116,611	\$1,945,796,387	\$2,279,219,352	\$1,888,244,778	\$2,014,016,682	\$3,456,210,582
Ending Cash Balance	\$11,672,974,176	\$9,583,481,132	\$9,151,673,731	\$8,880,977,948	\$8,769,123,635	\$7,689,947,057

*Other sources include items such as loan proceeds, bond proceeds from the sale of tax anticipation notes, and bond anticipation notes.