

School Board Meeting/Workshop:

February 14, 2011

Subject:

Quarterly Investment Report

Presenter:

Gary Kawlewski

SUGGESTED SCHOOL BOARD ACTION: Report only

DESCRIPTION: The attachments contain information about the estimated cash and investment position of the district as of January 31, 2011.

Investment Portfolio 1.31.11

The estimated cash balance of the district as of January 31, 2011 is \$7,353,182. The current allocation is made up of 63% FDIC insured certificates of deposit, 6% A1P1 or better commercial paper, and 31% in liquid accounts. All allocations are within the investment policy guidelines for the respective types of investments. The report shows the listing of the various investments by investment type. It also shows the brokerage firm through which we have invested the funds.

Cash Position Graphs 2010-11

The top graph on this report shows the projected cash and investment balances as of the end of each month of the fiscal year. The top portion of each bar in red represents the funds that are in daily accounts and the bottom portion in blue represents the investments that have yet to mature. The intention with our portfolio is to have our funds invested out as far as statutes and our cash flow position will allow. Our cash position is highest in October, November, and December as we receive the second half of our tax settlement and receive the majority of the state aids that are withheld from the prior year by December. Our funds go down markedly at the end of January as we make our principal and interest payments on our bonds. Our cash position is typically at or near its lowest point in June as we pay off our teaching staff in mid-June.

The bottom graph shows the minimum balances that occur during each month. In many cases, our cash position at the end of the month is higher than it is at different points during the month due to the majority of our revenue being paid on the 15th and 30th of each month and a number of our larger payments occurring at points other than the 15th and the 30th of the month. We are not in anticipation, at this point, of having to borrow funds for cash flow in this fiscal year. However, you can see that in June of 2011 we are projected to be in deficit in the operating funds. We will still have a positive cash flow position when we combine the debt service and the operating funds. We will continue to monitor our cash flow for investment opportunities and to anticipate any potential cash flow borrowing that may need to occur.

OPEB Trust Quarterly Report

The first graph shows the quarterly balances of the OPEB Trust that is held with Bremer Bank's trust services department. The trust was opened in October of 2009 and had a balance of \$10,692,177. The balance in the trust as of January 31, 2011 is

\$11,863,199 for a net increase of \$430,889 from the September 30, 2010 balance of \$11,432,310. The two graphs on the right side of the page show the asset allocation of the portfolio and the value of the asset allocation categories.

The bottom chart summarizes our net unfunded retiree benefit liabilities and compensated absences estimates as of January 31, 2011. Our most recent actuarial study was completed as of July 1, 2010 and it shows that our actuarial accrued liability or OPEB liability is estimated at \$13,803,801. The report also shows our compensated absences liability at \$1,850,460 for a total retirement benefits and compensated absences liability of \$15,654,261 as of July 1, 2010.

To offset those balances, the district has the balance in the OPEB trust of \$11,863,199. In addition to that total, the district has a designated fund balance to help fund the district's severance and compensated absences obligations in the amount of \$3,474,913. These two amounts total \$15,338,112. When netted against the total estimate of OPEB and compensated absences liabilities, the projected shortfall over the next 30-year period is estimated at \$316,149. The shortfall is less than the balance on 9/30/10 by \$430,889. The district has negotiated measures to help control OPEB liabilities going forward for many employee groups and also worked to provide caps for compensated absences as well. We will continue to look for ways to minimize the OPEB liability and to continue to increase the amount of revenue to offset those retiree obligations.

ATTACHMENT(S):

Investment Portfolio 1.31.11

Cash Position Graphs 2010-11

OPEB Trust Quarterly Report 1.31.11