

School Board Meeting/Workshop:

November 12, 2012

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 October 31, 2012.

Cash and Investments Portfolio 10.31.12

The estimated cash balance of the district as of October 31, 2012 is \$17,489,015. The balance on October 31, 2011 was 14,755,215. The current allocation is made up of 59% FDIC insured or collateralized certificates of deposit and 41% 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 type. It also shows the brokerage firm through which we have invested the funds.

Projected Cash and Investment Balances 12-13

This graph shows the projected cash and investment balances as of the end of each month of the fiscal year for all funds. 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. In many cases, our cash position at the end of the month is higher than it is at different points during the month. This is 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.

Projected Balances Operating vs. Non-operating 12-13

This graph shows the projected monthly balances for 2012-13 for operating and non-operating funds. Our operating funds peak in October as we receive the majority of our final state aid payments from the prior year and we receive the first tax settlement payment. The operating funds are at their low point as we make June payoffs for the majority of our staff. Our Non-operating funds peak in December as we have collected the calendar year's tax collections prior to the payout of January debt service payments. The balance also climbs as we receive the May and June tax settlements in time to make the end of July debt service payments. You can see that in June of 2013 we are projected to be in deficit in the operating funds which is consistent with the previous year. We are projecting that we will still have a positive cash flow position when we combine the debt service and the operating funds as of June 30, 2013.

Multi-year Cash Flow Projection

This graph shows our estimated cash position for all funds for fiscal years 2011 through 2014. You will note that the cash flow pattern is fairly consistent from year to year. You will also note that our projected cash flow for 2013 and 2014 is higher than the previous two years due to a slight buyback of the aid shift for 2013 and 2014. We are hoping to avoid borrowing funds for cash flow in this and the next fiscal year. We will continue to monitor our cash flow for investment opportunities that might exist and to anticipate any cash flow borrowing that may need to occur.

OPEB Trust Quarterly Report

The first graph in the upper left corner 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 October 31, 2012 is \$13,011,641 for a net increase of \$2,319,464 since its inception or a 21.69% increase. 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 October 31, 2012. Our most recent actuarial study was completed as of July 1, 2012 and it shows that our actuarial accrued liability or OPEB liability is estimated at \$14,340,547. The report also shows our compensated absences liability at \$1,337,247 for a total retirement benefits and compensated absences liability of \$15,677,794 as of July 1, 2012. This is an increase in total of \$23,533 from the previous actuarial study. We are required to update this study every two years.

To offset those balances, the district has the balance in the OPEB trust of \$13,011,641. 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 \$4,118,869. These two amounts combined total \$17,130,510. When netted against the total estimate of OPEB and compensated absences liabilities of \$15,677,794, we are now showing a projected surplus over the next 30-year period which is estimated at \$1,452,716. 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):

Cash and Investments Portfolio 10.31.12

Projected Cash and Investment Balances 12-13

Projected Balances Operating vs. Non-operating 12-13

Multi-year Cash Flow Projection

OPEB Trust Quarterly Report 10.31.12