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**ABSTRACT**

This document reports the results of a New York State survey undertaken to determine if school districts invested all available funds not needed to meet immediate operating expenses and if interest rates on their investments were competitive with rates generally available for comparable investments at the time of investment. Findings indicate that 39 percent of the 28 districts surveyed fail to invest funds above those required to meet immediate operating expenses and that one-third of the investments made earn interest rates below the current competitive rates. The report estimates that poor investment practices cost New York State taxpayers a total of 1.3 million dollars in 1973. The report recommends that school boards review their investment practices and adopt formal investment policies and procedures, estimate cash flow for the full school year to enable surplus funds to be invested for the longest time possible, determine on a continuing basis how much money is needed for operating expenses and how much can be put into short-term investments, use published quotations to check investment rates, solicit competing bids before investments are made, and invest at the highest rates available. The appendix contains an analysis of some of the poor investments being made by school districts.  
(Author/DN)



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## SUMMARY

In recent years, school districts in New York State appear to have had over a billion dollars available annually for short-term, interest-bearing investments. These surplus funds result from relatively stable expenditures and uneven income during the school year.

The income from these investments can generate millions of dollars, without taxation, for school districts. Therefore, it is imperative that districts invest as much as they possibly can, for as long as they possibly can, at the maximum interest rates available.

An informal survey conducted by the Office of Education Performance Review some months ago, and noted in various talks given throughout the State, revealed that a number of districts were not obtaining the maximum available return on their investments. As a result, the Office undertook a follow-up survey of selected school districts throughout the State to determine:

- if districts invested all available funds not needed to meet immediate operating expenses; and,
- if interest rates districts obtained on their investments were competitive with rates generally available for comparable investments at the time of investment.

Twenty-eight school districts in 24 counties were surveyed, with no more than two districts located in any single county. Financial data was gathered from the survey sample of 13 village superintendencies, 9 central school districts and 6 city school districts serving cities with populations of less than 125,000.\*

The data collected was used to determine how much money the districts held that was not required for immediate operating expenses; and, by comparing the interest rates the districts received on investments to rates published in The Wall Street Journal, to determine if the investments made by the districts were "Poor", "Acceptable" or "Good". "Poor" investments were defined as those that yielded interest at least one-half percent below published rates, and "Good" investments as those that yielded interest at least one-half percent above published rates.

### Findings

Thirty-nine percent of the surveyed districts failed to invest funds above what they required to meet immediate operating expenses.

- Eleven districts held, in total, \$2.7 million beyond what they would require to meet their payrolls for eight weeks' time.

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\*School districts serving cities with populations in excess of 125,000 (the "Big 5") are not financially independent, do not directly invest surplus funds, and, as such, were not included in the survey.

- These districts could have invested these idle funds and earned approximately \$44,000 - resources they insist are sorely needed.
- Based on the sample, school districts in New York State held approximately \$52 million they did not require for short-term expenses during September and October, 1973. By not investing these funds, school districts lost over \$846,000 they could have earned by investing.

Of the 28 districts in the sample, 26 districts made 154 investments totaling approximately \$54.1 million during September and October 1973. A review of these investments showed that:

- Nearly one-third of the investments were classified as "Poor", since they earned interest at least one-half percent below published and available rates.
- Wealthy suburban districts included in the sample generally invested wisely.
- No investment made by a city district was classified as "Good". Of the six cities contacted, one made no investments, while the remaining five made generally "Poor" investments.
- Five of six rural districts which made a majority of investments classified as "Poor" indicated they traditionally used only their local banks for all their investments and did not "shop" for high interest rates.

- 26 of the 28 districts surveyed did not feel strongly enough about sound investment practices to include formal policies regarding investments in their school board policy manuals.
- Based on the sample, districts statewide invest \$283 million at rates below published rates earning one-half million dollars less than could be earned by investing at published and available rates.

Therefore, it appears that poor investment practices cost taxpayers a total of \$1.3 million in 1973.\*

#### Recommendations

With education costs spiraling, school districts must make maximum use of their resources. Yet, this survey of investment practices shows that many districts are not doing so. Investment income lost by districts not only hurts the taxpayer but the student as well.

Therefore, school boards must promptly review their investment practices and

- adopt formal investment policies and procedures;
- estimate cash flow for the full school year so that surplus funds can be invested for the longest time possible;

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\*Exclusive of "Big 5" cities.

- determine on a continuing basis how much money is needed for immediate operating expenses and how much can be put into short-term investments;
- use published quotations to check investment rates;
- solicit competing bids before investments are made; and
- invest at the highest rates available.

Implementation of these recommendations can mean well over \$1 million additional income annually to school districts in New York State, exclusive of the "Big Five" cities, which have school tax levies estimated at \$726 million.\*

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\* Source - The Conference of Large City Boards of Education, 1974 Legislative Program, Table II.

## BACKGROUND

In recent years, school districts in New York State appear to have had over a billion dollars available annually for short-term, interest-bearing investments. These surplus funds result from relatively stable expenditures and uneven income during the school year.

On average, more than 80 percent of school districts' budgets are allocated to administrative and staff salaries (including fringe benefits) and debt service. Because of the regularity of these expenditures, the cash "outflow" of a school district remains relatively stable during the school year. However, local school taxes for most districts are collected during September and October; and 73 percent of State aid is paid to local districts in April, May, and June. (Wealthier districts, because of their greater dependence on local property taxes, will obtain a greater proportion of their revenues at the beginning of the school year, while less wealthy districts, because of their dependence on State aid, will receive the bulk of their income late in the school year.)

The availability of surplus cash enables districts to invest funds and thus earn income. Such income, of course, provides additional educational resources without taxation. Therefore, it is highly desirable that districts obtain the maximum available return on their investments.

The Education Law (Section 1604-a) allows union free school districts to "invest such portion of such moneys ... in special time deposit accounts in, or certificates of deposit issued by, a bank or trust company located and authorized to do business in this state ... provided that such time deposit or certificate of deposit be secured by a pledge of obligations of the United States of America or any obligation fully guaranteed or insured as to the interest and principal by the United States of America acting through an agency, subdivision, department or division thereof, or obligations of the state of New York or obligations of any municipal corporation, school district or district corporation of the state of New York."

The Education Law (Sections 1805 and 2503) gives to boards of education of school districts serving cities with a population of less than 125,000 and to central school districts, the powers and duties of union free districts.

School districts serving cities with populations in excess of 125,000 are not financially independent and cannot directly invest surplus funds. Therefore, the following survey does not deal with the "Big 5" cities in New York State.

Most of the forms of investment permitted by law require a relatively long-term commitment of funds. However, school district surplus funds are generally available for investment for a period of only a few months. Thus, as a practical matter, school districts have the choice between investing in bank certificates of deposit or short-term United States Treasury Bills.

A certificate of deposit (CD) is a commercial bank deposit evidenced by a negotiable or non-negotiable document showing on its face the depositor's name, the amount of deposit, the effective interest rate, and the maturity date. CD's are issued in different maturities, usually in 30 day blocks (30 days, 60 days, 90 days, 180 days, etc.). Interest rates vary according to the length of time until maturity (generally, during the survey period, the longer the time until maturity, the lower the annual percentage interest paid) and rise or fall with other short-term rates over a period of time.

Since interest rates on any given day can vary from bank to bank, it is possible and desirable to "shop" for the highest rate available. Interest rates offered by large New York City banks are published daily in both The Wall Street Journal and The New York Times. These averages can provide a rough approximation of current rates and, in theory, no investment should be made at rates lower than those published, since the rates shown are available from larger banks. However, each bank has its own money market, and, if a bank is seeking to build up its deposits on a given day, the bank may offer higher interest rates to encourage investors.

Some school districts invest in repurchase agreements, which allow the buyer to sell the certificate back to the bank at a date prior to the stated maturity date. The interest earned on a repurchase agreement is computed on a daily basis.

United States Treasury Bills are issued with specific maturity dates (i.e., March 21, July 13, etc.) rather than in blocks of time. Similar to United States Series "E" Savings Bonds, Treasury Bills are purchased at a cost less than the stated value and mature to full value. The interest rate is certain only if the bills are kept to maturity. Because they are issued in bearer form, much like a money order, they are readily negotiable.

## FINDINGS

During the 1971-72 school year, the latest year for which data is available, school districts in New York State earned approximately \$26 million from investments.\*

An informal survey conducted by the Office of Education Performance Review some months ago, and noted in various talks given throughout the State, revealed that a number of school districts were not obtaining the maximum return on their investments. As a result, the Office undertook a follow-up survey of selected school districts throughout the State to determine:

- if districts invested all available funds not needed to meet immediate operating expenses; and,
- if interest rates districts obtained on their investments were competitive with rates generally available for comparable investments at the time of investment.

## METHODOLOGY

Twenty-eight school districts in 24 counties were surveyed, with no more than two districts located in any single county. The survey included 13 village superintendencies, 9 central school districts, and 6 city school districts serving cities with populations of less than 125,000.

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\*Source -- State Education Department, Bureau of Statistical Services, 1971-72 Annual Financial Report.

District budgets ranged from less than \$1 million to more than \$25 million; funds collected from local property taxes ranged from \$425,000 to \$14.6 million; and the full valuation per pupil resident WADA ranged from \$14,000 to \$66,000.

The survey concentrated on investments made during the months of September and October 1973, since most districts in this sample collect the bulk of their tax levy funds during that period.

To determine if school districts were investing all available funds not needed for immediate operating expenses, they were asked for the following:

- the amount of levy funds collected from August through October;
- the amount invested;
- the amount used for debt service; and
- the amount of the regular payroll.

An uninvested balance was estimated by subtracting the amount invested and the amount used for debt service from the amount of tax levy funds collected. This uninvested balance was then compared to the district's payroll requirements for an eight week period, to determine if the district held funds available for investment that were not required to meet immediate operating expenses.

In order to determine if the interest rates the districts received were competitive with rates generally available at the time, the rates at which the districts' investments were made were compared with the daily rates published

in The Wall Street Journal on the day of investment. For maturities of different lengths than those published, rates were estimated by extrapolating from appropriate published rates.

Each investment was then classified as falling within one of three categories:

- Poor: those with a yield of one-half percent or more below the published rates.
- Acceptable: those with a yield within one-half percent above or below the published rates.
- Good: those with a yield of one-half percent or more above the published rates.

#### AMOUNT INVESTED

Eleven districts in the survey sample had an uninvested balance larger than what was required to meet their payrolls for an eight week period.

Table 1 on the following page shows, by district, the balances held, the amounts available for investment, and the income that could have been earned. (The interest on investments, in all cases, was computed at a conservative 8 percent annual rate.\*)

As the table notes, had these districts accurately estimated their cash flow and invested more heavily, they could have obtained, without taxation, an additional \$44,000.

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\* During the survey period, published interest rates for 30 day CD's ranged from 8.75 percent to 10.75 percent and interest rates for 60 day CD's ranged from 8.375 percent to 10.9 percent.

OFFICE OF EDUCATION PERFORMANCE REVIEW

Income Lost By Survey School Districts  
Failing to Invest Funds Not Required  
for Immediate Expenses

District	Levy	Uninvested Balance	Balance Available For 60 Day Investment	Interest From 60 Day Investment (8% Annual)	Balance Available For 90 Day Investment	Interest From 90 Day Investment (8% Annual)	Balance Available For 120 Day Investment	Interest From 120 Day Investment (8% Annual)
1	\$ 673,000	\$ 482,000	\$ 146,000	\$ 1,947	\$ 44,000	\$ 880	\$	\$
2	1,135,000	545,000	132,000	1,760	132,000	2,640	17,000	453
3	854,000	492,000	160,000	2,133	12,000	240		
4	800,000	449,000	112,000	1,493	113,000	2,260		
5	875,000	300,000	68,000	907				
6	534,000	309,000	60,000	800	60,000	1,200	69,000	1,840
7	1,257,000	672,000	190,000	2,533	102,000	2,040		
8	377,000	237,000	70,000	933	27,000	540		
9	534,000	174,000	58,000	773				
10	5,461,000	1,411,000	460,000	6,133	31,000	620		
11	2,317,000	1,267,000	294,000	3,920	294,000	5,880	91,000	2,427

Subtotal \$1,750,000(A) \$ 23,332 (B) \$815,000 (C) \$ 16,300 (D) \$177,000 (E) \$ 4,720(F)

Total available for investment (Sum of A, C, and E)

\$2,742,000

Total Potential Income at 8 percent annual interest (Sum of B, D, and F)

\$44,352

The tax levies of all the surveyed districts total approximately \$98 million, or 5.2 percent of the estimated current \$1.9 billion levy of all New York State districts,\* excluding city districts serving populations in excess of 125,000. This relationship of invested balance to payroll projected on a statewide basis means that school districts in New York State (excluding the "Big 5" cities) are, in essence, losing approximately \$846,000 of income they could earn by investing more of the money they hold at the beginning of the school year.

#### INVESTMENT RATES

Of the 28 districts contacted, 26 made 154 investments totaling approximately \$54.1 million. Five of the investments were in U. S. Treasury Bills while the remainder were in certificates of deposit or repurchase agreements. The smallest single investment was \$50,000 and the largest \$4 million.

The rates obtained by these school districts for each investment were compared with the daily rates published in The Wall Street Journal for the day the investment was made. Each investment was then classified as being "Poor", "Acceptable", or "Good". (See page 12 for definitions.) The investments made are summarized in the following chart:

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\* Source - The Conference of Large City Boards of Education, 1974 Legislative Program, Table II.

<u>Class</u>	<u>Number of Investments</u>	<u>Percent of Total</u>	<u>Amount Invested</u>	<u>Percent of Total</u>
Poor	51	33	\$14,468,000	27
Acceptable	66	43	25,001,000	46
Good	<u>37</u>	<u>24</u>	<u>14,600,000</u>	<u>27</u>
TOTAL	<u>154</u>	<u>100</u>	<u>\$54,069,000</u>	<u>100</u>

As this chart notes, nearly one-third of all the investments made (involving 27 percent of the total money invested) were made at rates at least one-half percent below published rates.

One of the districts surveyed invested approximately \$1.7 million, all at rates below published rates. The district earned \$15,477, 16 percent less than it could have earned had it invested at published and available interest rates.

If "wealthy" school districts are removed from the sample, the distribution of investments changes dramatically. The chart on the following page summarizes investments made by school districts with a full valuation per pupil resident WADA of less than \$30,000.\*

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\*Full value per pupil resident WADA is a measure of the wealth of a school district. The higher the full value, the wealthier the district. The 1971-72 statewide average, including the "Big 5", was \$37,616; for village superintendencies, it was \$30,689, and for supervisory districts, it was \$25,141. Because this survey does not deal with large city school districts, the \$30,000 figure was used.

<u>Class</u>	<u>Number of Investments</u>	<u>Percent of Total</u>	<u>Amount Invested</u>	<u>Percent of Total</u>
Poor	39	61	\$ 6,998,000	41
Acceptable	22	34	9,211,000	54
Good	<u>3</u>	<u>5</u>	<u>800,000</u>	<u>5</u>
TOTAL	<u>64</u>	<u>100</u>	<u>\$17,009,000</u>	<u>100</u>

As shown, when wealthy districts are excluded, the remaining districts made only 5 percent of their investments (involving 5 percent of the money invested) at rates more than one-half percent above published rates. Nearly twice as many investments were "Poor" as were "Acceptable", and those "Poor" investments outnumbered "Good" investments twelve-to-one.

Therefore, within the survey sample, suburban districts that received a majority of their funds from property taxes, and had substantial funds available for investment, generally made wise investments. Ironically, less wealthy districts, more dependent on State aid, working with relatively limited funds during the September - October survey period, generally did not obtain a good return on their investments.

Eleven of the 26 investing districts made a majority of investments that fell into the "Poor" category. Table 2 on the following page shows the investments made by these districts.

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Survey Districts Making A Majority Of Investments Classified As "Poor"

TABLE 2

District	Poor		Acceptable		Good	
	Number of Investments	Amount Invested	Number of Investments	Amount Invested	Number of Investments	Amount Invested
City A	9	\$ 700,000	1	\$ 150,000	0	\$ 0
City B	7	6,400,000	3	4,000,000		
City C	4	1,685,000				
City D	2	250,000				
City E	3	400,000				
SUBTOTAL	25	9,435,000	4	4,150,000	0	0
Central A	4	525,000	1	130,000	0	0
Central B	3	322,000				
Central C	3	540,000				
Central D	2	500,000				
Central E	1	120,000				
SUBTOTAL	15	2,007,000	1	130,000	0	0
Village A	2	351,000				
TOTAL	40	\$11,793,000	5	\$4,280,000	0	\$ 0

No investment made by a city district was classified as "Good." Of the six city school districts surveyed, one made no investments during the survey period, while the remaining five made investments the majority of which were categorized as "Poor". As Table 2 shows, only four investments out of 29 investments made by the cities were at rates approximately consistent with published rates, and the remaining investments were made at rates one-half percent or more below published rates.

The remaining six sample districts in the "Poor" group were small rural districts with budgets ranging from \$1.3 to \$3.8 million. In response to the question, "Are bids from a number of banks solicited before purchasing investments?", five of the six rural districts answered:

- "We use one bank within the community. It's traditional."
- "Yes, but we try to use local banks whenever possible."
- "We traditionally use the one local bank."
- "We deal with the one local bank. We feel they should keep it."
- "Always use the same local bank."

~~Not~~ all districts invested badly, however. Three of the surveyed districts made investments the majority of which were categorized as "Good". Table 3 on the following page summarizes these districts' investments.

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Survey Districts Making A Majority Of Investments Classified As "Good"

<u>District</u>	<u>Poor</u>		<u>Acceptable</u>		<u>Good</u>	
	<u>Number of Investments</u>	<u>Amount Invested</u>	<u>Number of Investments</u>	<u>Amount Invested</u>	<u>Number of Investments</u>	<u>Amount Invested</u>
Village B	0	\$ 0	5	\$2,650,000	17	\$9,250,000
Village C					14	3,300,000
Village D					<u>1</u>	<u>300,000</u>
TOTAL	<u>0</u>	<u>\$ 0</u>	<u>5</u>	<u>\$2,650,000</u>	<u>32</u>	<u>\$12,850,000</u>

As Table 3 shows, one district, Village B, invested a total of \$11.9 million. These investments were in certificates of deposit and repurchase agreements ranging from 30 days in length to 259 days in length. The district's ability to accurately forecast its cash flow, combined with obtaining higher than published interest rates, meant thousands of dollars of income generated without taxation. Village B invested \$9.25 million at "Good" interest rates. Earnings on these investments were \$353,000, \$31,000 more than would have been earned if these investments had been made at published rates.

Appendix A tabulates all the investments made by the surveyed districts and categorizes them as "Poor", "Acceptable", or "Good". Appendix B shows all the investments made by the surveyed districts that fell into the "Poor" group and compares the rates actually received with potential rates available. These "Poor" investments totaled approximately \$14.5 million, and earned slightly more than \$261,000. Had these investments been made at published rates, they would have earned almost \$287,000, a difference of approximately \$26,000.

Based on the sample, all school districts (excluding the "Big 5") invest at least \$1.05 billion.\*

Based on the sample, 27 percent of these investments are "Poor" investments. Therefore, school districts statewide invest \$283 million at rates below "Acceptable" rates. At the same rates as the sample "Poor" group, this \$283 million earns

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\*See page 14 for projection basis.

\$5.1 million. At "Acceptable" rates, this \$283 million would earn \$5.6 million, a difference of one-half million dollars more.

Of the 28 districts surveyed, 26 districts did not feel strongly enough about sound investment practices to include formal policies regarding investments in their school board policy manuals. When asked, most districts said that there was a "general understanding regarding investments, but there was no formal written statement."

It is clear that the lack of concrete investment policies, the school districts' reliance upon local banks, and the hesitancy of school districts to invest more heavily from available funds cost the school districts and the taxpayers of New York State a total of \$1.3 million in 1973.

## RECOMMENDATIONS

With education costs spiraling, school districts must make maximum use of their resources. Yet, this survey of investment practices shows that many districts are not doing so. Potential investment income now lost by districts not only hurts the taxpayer but the student as well.

Therefore, school boards must promptly review their investment practices and

- adopt formal investment policies and procedures;
- estimate cash flow for the full school year so that surplus funds can be invested for the longest time possible;
- determine, on a continuing basis, how much money is needed for immediate operating expenses and how much can be put into short-term investments;
- use published quotations to check investment rates;
- solicit competing bids before investments are made;
- and
- invest at the highest rates available.

Implementation of these recommendations can mean well over \$1 million additional income annually to school districts in New York State, exclusive of the "Big Five" cities, which have school tax levies estimated at \$726 million.\*

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\*Source -- The Conference of Large City Boards of Education, 1974 Legislative Program, Table II.

OFFICE OF EDUCATION PERFORMANCE REVIEW

Survey of District Investments

District	Poor Group		Acceptable Group		Good Group		Total	
	Number of Investments	Thousands of dollars						
1	7	\$ 6,400	3	\$ 4,000			10	\$10,400
2			5	2,650	17	9,250	22	11,900
3					14	3,300	14	3,300
4			17	2,750	1	150	18	2,900
5	9	700	1	150			10	850
6	4	525	1	130			5	655
7	3	540					3	540
8	3	322					3	322
9	1	125	1	100			2	225
10	2	500					2	500
11	2	351					2	351
12			2	700			2	700
13			4	5,000			4	5,000
14	3	400					3	400

District	Poor Group		Acceptable Group		Good Group		Total	
	Number of Investments	Thousands of dollars						
15		\$		\$	1	\$ 300	1	\$ 300
16	2	250					2	250
17	4	1,685					4	1,685
18	1	100	1	125			2	225
19			1	300			1	300
20	1	120					1	120
21			3	697			3	697
22	2	400	6	2,400			8	2,800
23	2	200	2	200			4	400
24			4	609			4	609
25	2	550	13	3,990	3	1,100	18	5,640
26	3	1,300	2	1,200	1	500	6	3,000
TOTAL	51	\$14,468	66	\$25,001	37	\$14,600	154	\$54,069
PERCENTAGE OF TOTAL	33%	27%	43%	46%	24%	27%	100%	100%

Appendix A  
Cont'd.

## OFFICE OF EDUCATION PERFORMANCE REVIEW

## Analysis of "Poor" Investments

<u>District</u>	<u>Amount</u>	<u>Approximate Days to Maturity</u>	<u>Interest Earned Rate</u>	<u>Interest Earned Amount</u>	<u>Potential Interest Rate</u>	<u>Potential Interest Amount</u>
1	\$ 4,000,000	120	9.00 %	\$120,000	9.50 %	\$126,667
1	500,000	90	8.75	10,937	9.25	11,562
1	500,000	90	8.75	10,937	9.25	11,562
1	500,000	16	8.625	1,916	9.125	2,028
1	200,000	60	8.50	2,833	9.375	3,125
1	200,000	60	8.50	2,833	9.50	3,125
1	500,000	60	8.50	7,083	9.50	7,917
5	100,000	49	9.50	1,293	10.75	1,463
5	100,000	60	9.50	1,583	10.75	1,792
5	100,000	80	9.25	2,056	10.75	2,388
5	100,000	90	9.00	2,250	10.875	2,719
5	100,000	120	8.75	2,917	10.625	3,542
5	50,000	155	8.40	1,808	10.125	2,180
5	50,000	165	8.60	1,970	10.125	2,320
5	50,000	180	8.70	2,175	10.125	2,531
5	50,000	180	8.20	2,050	10.125	2,531

<u>District</u>	<u>Amount</u>	<u>Approximate Days to Maturity</u>	<u>Interest Earned Rate</u>	<u>Interest Earned Amount</u>	<u>Potential Interest Rate</u>	<u>Potential Interest Amount</u>
6	\$ 200,000	30	9.00 %	\$ 1,500	9.75 %	\$ 1,625
6	200,000	30	9.00	750	9.875	823
6	100,000	30	8.10	675	9.125	760
6	125,000	30	8.00	833	9.625	1,003
7	100,000	60	8.50	1,417	10.25	1,708
7	240,000	30	7.50	1,500	9.50	1,900
7	200,000	30	8.00	1,300	9.625	1,604
8	100,000	90	9.50	2,375	10.875	2,719
8	122,000	60	9.35	1,901	10.75	2,186
8	100,000	60	8.25	1,375	9.50	1,583
9	125,000	60	9.00	1,875	9.70	2,021
10	250,000	60	7.75	3,229	9.00	3,750
10	250,000	90	8.00	5,000	8.875	5,547
11	226,000	60	9.35	3,522	10.25	4,544
11	125,000	90	9.35	2,922	10.375	3,242
14	100,000	120	9.35	3,117	10.68	3,560
14	100,000	90	9.40	2,350	10.90	2,725
14	200,000	20	9.00	1,000	10.60	1,178
16	100,000	30	8.125	677	10.70	892

<u>District</u>	<u>Amount</u>	<u>Approximate Days to Maturity</u>	<u>Interest Earned Rate</u>	<u>Interest Earned Amount</u>	<u>Potential Interest Rate</u>	<u>Potential Interest Amount</u>
16	\$ 150,000	30	8.125%	\$ 1,015	10.70 %	\$ 1,337
17	300,000	30	8.625	2,156	9.50	2,375
17	250,000	16	7.30	758	9.125	1,014
17	560,000	60	9.00	8,400	10.85	10,127
17	575,000	30	8.625	4,133	9.125	4,372
18	100,000	90	8.25	2,062	9.125	2,281
20	120,000	90	8.75	2,625	9.25	2,775
22	100,000	60	8.70	1,450	9.625	1,604
22	300,000	30	8.75	2,187	9.50	2,375
23	100,000	30	8.58	715	9.125	760
23	100,000	90	8.50	2,125	9.00	2,250
25	300,000	24	9.05	1,810	9.75	1,950
25	250,000	10	9.05	628	9.75	677
26	500,000	30	8.90	3,708	10.70	4,196
26	400,000	90	9.20	9,200	10.75	10,750
26	400,000	60	9.23	6,153	10.65	7,100
TOTAL	<u>\$14,468,000</u>			<u>\$261,084</u>		<u>\$286,765</u>
AVERAGE			8.70%		9.93%	