



September 30, 2020

Financial Statement Disclosure for Texas Fixed Income Trust Cash Pool

With the requirements under Government Accounting Standards Board (GASB) Statement No. 79 related to Certain External Investment Pools and Pool Participants, the following is Texas Fixed Income Trust's ("TX-FIT" or "Trust") interpretation of participant disclosure responsibilities related to participation in the TX-FIT Cash Pool and our responsibilities to provide participants with the information needed to prepare your disclosure. The Trust recommends that each participant consult their accounting/auditing experts for additional information regarding your specific financial reporting requirements.

In summary, the following outlines the regulatory guidelines related to reporting:

GASB 79 paragraph 41 states the following: If an external investment pool meets the criteria of GASB 79 paragraph 4 and measures all of its investments at amortized cost, the pool's participants also should measure their investment in the investment pool at amortized costs for financial reporting purposes. If an external investment pool does not meet the criteria in paragraph 4, then the pool's participants should measure their investment in the pool at fair value as provided in paragraph 11 of GASB Statement No. 31 as amended.

GASB 31 paragraph 11 states the following: For investment positions in external investment pools that are not SEC-registered, whether or not sponsored by a governmental entity, fair value should be determined by the fair value per share of the pool's underlying portfolio, unless the pool is a **2a7-like pool**. Any legally binding guarantees provided or obtained by the pool sponsor to support share value should be considered in determining the fair value of the participants' investments and should be evaluated in light of the creditworthiness of the sponsor. If a governmental entity cannot obtain information from a pool sponsor to allow it to determine the fair value of its investment, it should make its best estimate of the fair value of that investment and make the disclosures required by paragraph 15e.

Financial Statement Disclosures for September 30, 2020

The TX-FIT investments in the TX-FIT Cash Pool are measured and reported at fair market value using the guidelines established by Generally Accepted Accounting Principles (GAAP). The Trust follows Financial Accounting Standards Board (FASB) Accounting Standards Topic (ASC) 820 *Fair Value Measurement and Disclosure* for financial reporting purposes. ASC 820 defines fair value, establishes a single framework for measuring fair value, and requires disclosures about fair value measurement. **The TX-FIT Cash Pool does not meet all of the specific criteria outlined in GASB 79 paragraph 4, therefore TX-FIT Cash Pool participants should measure their investments in TX-FIT Cash Pool at fair value as provided in paragraph 11 of GASB Statement 31.**

Credit Quality Disclosure:

The TX-FIT Pool are currently rated by Fitch Ratings. The TX-FIT Cash Pool is currently rated AAaf/S1.

Interest Rate Risk Disclosure:

As of September 30, 2020, the dollar weighted average days to maturity (WAM) for the TX-FIT Cash Pool was 104 days. The weighted average life (WAL) is 107 days.