# MEMORANDUM

To: Members of the Board of Trustees
From: Luis M. Guerra, Director of Finance
Subject: Annual Investment Report
Date: October 29, 2025

**Introduction**

This report presents a comprehensive look at the investment program and activity of the Tornillo Independent School District for the year ended August 31, 2025. The Public Funds Investment Act requires quarterly reporting of investment activity and balances. In addition to quarterly reporting, district policy CDA-Local requires a written year end investment report be presented to the Board of Trustees.

The investment objectives of preservation and safety of principal, liquidity and yield drive the investment activity. These objectives dictate the types of investment vehicles that are utilized.

As of August 31, 2025, the District was invested in Lone Star Investment Pool and WestStar Bank. At West Star Bank we have interest bearing accounts and earnings credit accounts.

**Analysis of Investment Performance**

The focus of the investment program is the preservation and safety, liquidity and yield of invested funds. Funds must be available to meet daily cash requirements as well as short-term and long-term needs. Maximizing investment yields are only considered after the other investment goals have been met. Investment yields are reported for the fiscal year ending August 31, 2025.

The District started the fiscal year with $4,778,026.60 in investment funds. This amount increased to $6,497,765 in the first quarter due to payments related to the receipt of State assistance. The second quarter decreased by $163,521 due to the principal payments related to the District's debt service. The decrease for the third quarter was $418,980 was a result of receiving less in state aid payments, fund balance expenditures, and outstanding grant proceeds.

At the beginning of the fiscal year, the corporate overnight interest yield was 5.1186%. The corporate overnight interest rate to 4.4156% at the end of the year.

**General Fund**

General Fund investments are restricted by payroll pay dates and accounts payable check runs, since payments for all non-student activity funds are initially paid out of this fund. Transfers are made as needed, from the Lone Star Investment Pool to the bank to cover cash disbursements. The General Fund ended with a corporate overnight investment yield of 4.4156%. The investment balance in the General Fund started with $4,105,795, invested and ended the year with a balance of $4,667,298. The highest peak was due to collection of the property taxes mostly in December, January, and February. An increase in interest rates resulted in General Fund interest revenue of $200,197.

**Interest and Sinking Fund**

The Interest and Sinking (I&S) Fund ended with a corporate overnight investment yield of 4.4156%. The ending investment balance in the I&S Fund decreased from $412,193 to $342,932. Revenues during the year came from state funds and property taxes. State funds were received in December 2024. The bulk of property taxes were deposited in December, January, and February, with debt service payments occurring in February 2025 and August 2025. Payments due during these months must be considered when making investment decisions in the I&S Fund.

**Conclusion**

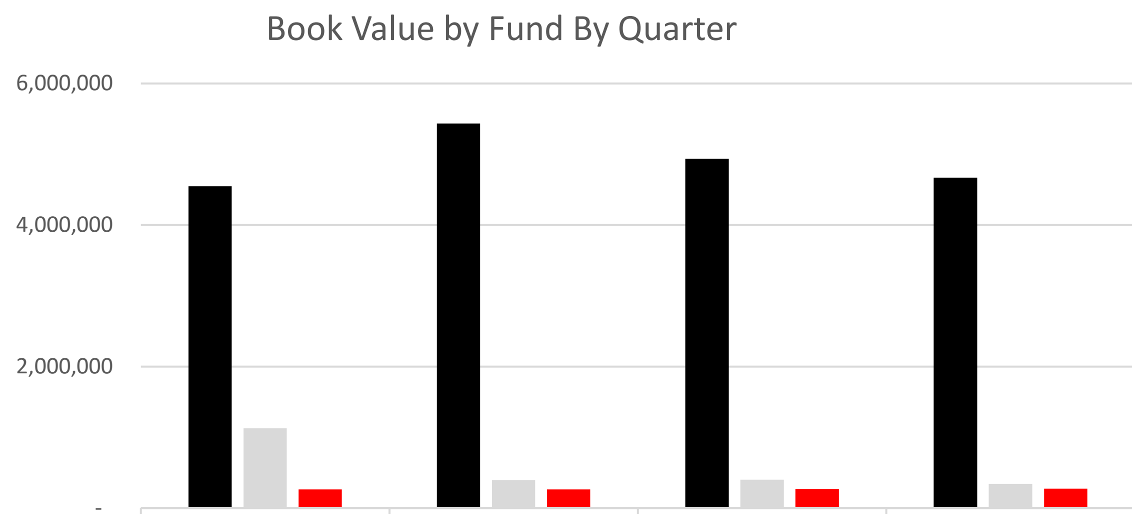
The District will continue to monitor the yields in longer term investments. However, daily yields have decreased over the course of the year. The District will continue to use governmental investment pools and should consider fixed maturity investments when available. As the district's investment officer, I will continue to seek investment opportunities after investment preservation and safety, liquidity and yield are considered. The investment portfolio always met both the Public Funds Investment Act and the Board's investment policy requirements throughout the year.

Luis M Guerra

Luis M. Guerra, Investment Officer

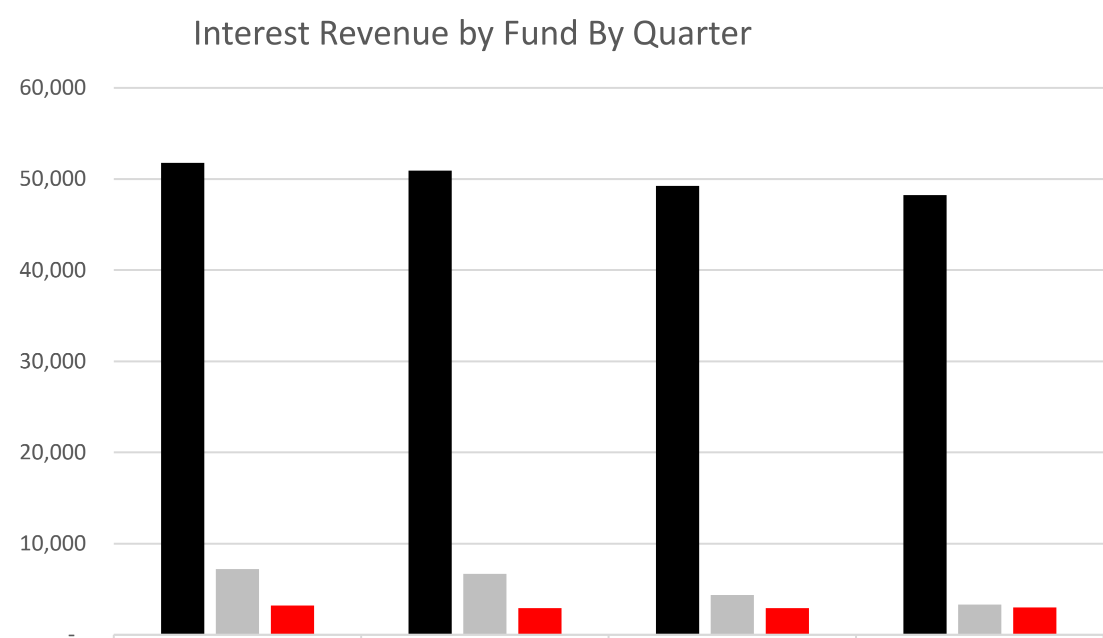
# Tornillo Independent School District

## Investments By Quarter




| | Oct 24-Dec 24 | Jan 25- Mar 25 | Apr 25 - Jun 25 | Jul 25 - Sept 25 |
|---|---|---|---|---|
| General Operating | 4,548,570 | 5,434,013 | 4,935,929 | 4,667,298 |
| Interest and Sinking | 1,126,761 | 395,030 | 399,400 | 342,932 |
| Maintanence Tax Note | 263,253 | 266,181 | 269,125 | 272,122 |

General Operating  Interest and Sinking  Maintanence Tax Note




| | Oct 24-Dec 24 | Jan 25- Mar 25 | Apr 25 - Jun 25 | Jul 25 - Sept 25 |
|---|---|---|---|---|
| General Operating | 51,791 | 50,949 | 49,241 | 48,216 |
| Interest and Sinking | 7,209 | 6,675 | 4,370 | 3,310 |
| Maintanence Tax Note | 3,214 | 2,928 | 2,944 | 2,996 |

General Operating  Interest and Sinking  Maintanence Tax Note