



MEMORANDUM

To: Members of the Board of Trustees
From: Luis M. Guerra, Director of Finance
Subject: Annual Investment Report
Date: October 30, 2024

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, 2024. 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, 2024, 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, 2024.

The District started the fiscal year with \$6,453,097 in investment funds. This amount increased to \$7,509,338 in the first quarter due to payments related to the receipt of State assistance. The second quarter decreased by \$838,829 due to the principal payments related to the District's debt service. The decrease for the third quarter was \$582,439 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 5.4196%. The corporate overnight interest rate to 5.3240% at the end of the year.



TORNILLO INDEPENDENT SCHOOL DISTRICT

Finance Services

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 5.3240%. The investment balance in the General Fund started with \$5,799,971, invested and ended the year with a balance of \$4,105,795. 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 \$276,221.

Interest and Sinking Fund

The Interest and Sinking (I&S) Fund ended with a corporate overnight investment yield of 5.3240%. The ending investment balance in the I&S Fund decreased from \$549,049 to \$412,193. Revenues during the year came from state funds and property taxes. State funds were received in December 2023. The bulk of property taxes were deposited in December, January, and February, with debt service payments occurring in February 2024 and August 2024. Payments due during these months must be considered when making investment decisions in the I&S Fund.

Conclusion

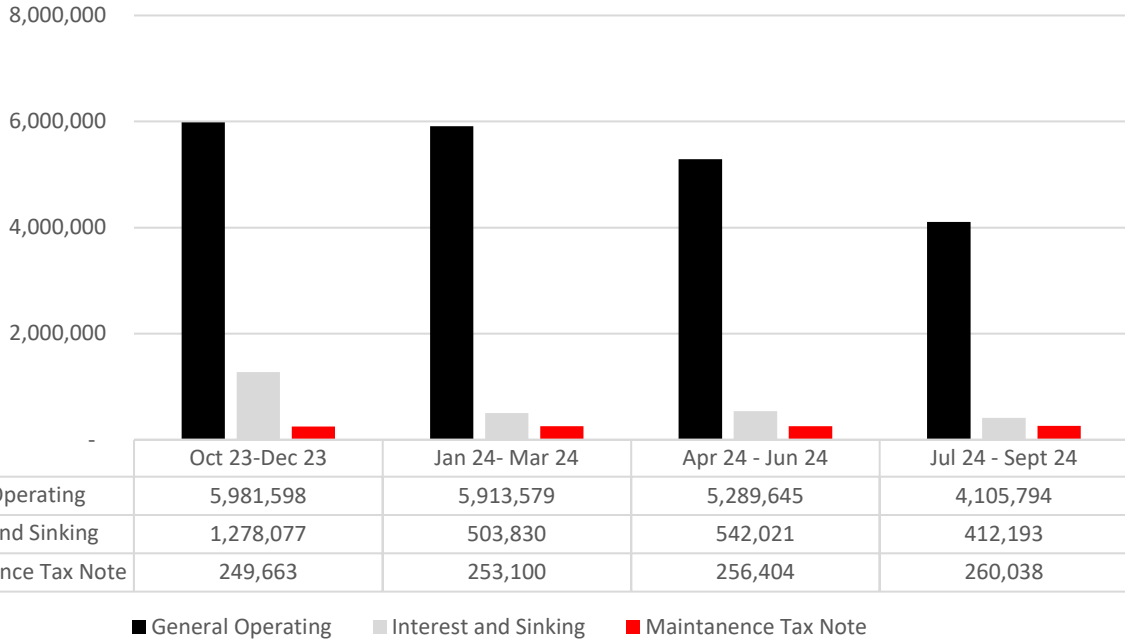
The District will continue to monitor the yields in longer term investments. However, daily yields have decreased over the course of the year. The District will continue to use governmental investment pools and should consider fixed maturity investments when available. As the district's investment officer, 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, Investment Officer

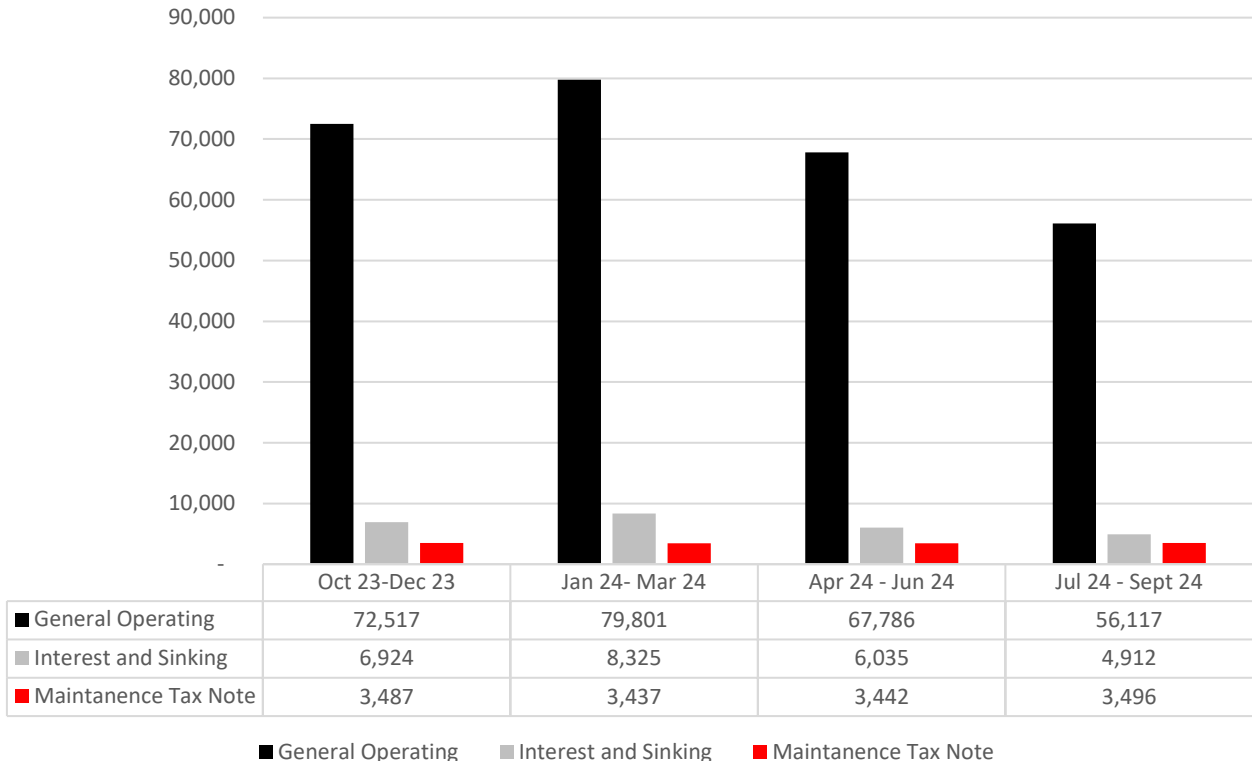
Tornillo Independent School District

Investments By Quarter

Book Value by Fund By Quarter



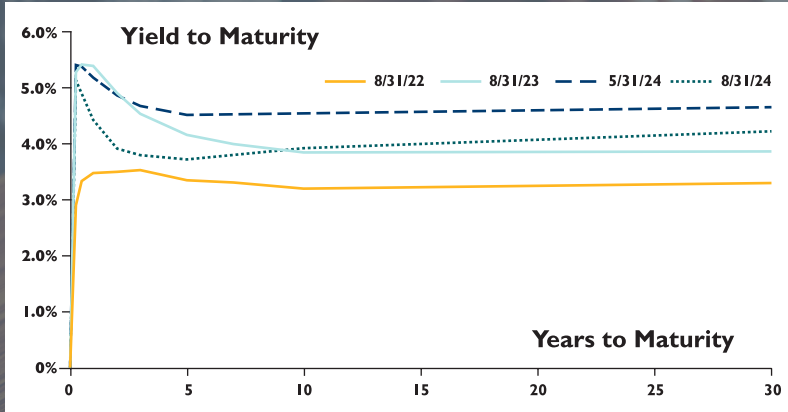
Interest Revenue by Fund By Quarter



Quarterly Position Report

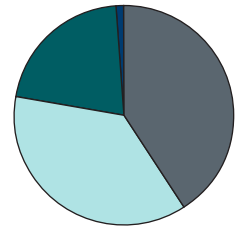
August 31, 2024

US Treasury bond yields fell up to 96 basis points in the three-month period ending in August with the two- and three-year area of the curve leading the way. The Dow Jones Industrial Average, S&P 500 and Nasdaq-100 indexes reached new all-time highs and posted solid gains as they returned +7.4%, +7.0% and +5.8%, respectively. A cooling labor market appears to be setting the table for the first rate cut since the start of the pandemic. The August payroll data came in slightly below expectations, but the previous two months were revised lower. The unemployment rate ticked slightly lower to 4.2%. The Federal Open Market Committee (FOMC) will get one more look at both the consumer price index and the producer price index before the September 18 meeting. Despite being above the Federal Reserve's (Fed's) target, the lowering trend in inflation data will play a factor in the Fed's decision on policy in September. Pricing in the Fed funds futures market is reflecting close to equal probabilities of a 25 or 50 basis point cut at the upcoming meeting. Many analysts think that starting the easing cycle with a 25-basis point move seems to be the most likely scenario.



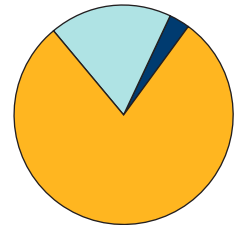
Government Overnight Fund		Duration 0.06060
	Participant Assets	Market Value
Beginning of Quarter Balance	6,436,480,836.99	6,436,384,164.59
Deposits	3,246,853,860.58	
Withdrawals	(3,543,290,481.82)	
End of Quarter Balance	6,140,044,215.75	6,140,844,510.18

Agencies	41%
Cash/Repo	37%
Treasuries	21%
MM Funds	1%



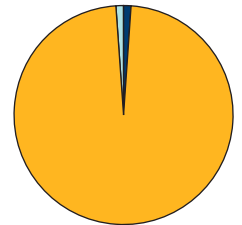
Corporate Overnight Fund		Duration 0.20497
	Participant Assets	Market Value
Beginning of Quarter Balance	3,844,847,255.94	3,844,293,923.88
Deposits	1,164,548,743.53	
Withdrawals	(1,842,038,151.68)	
End of Quarter Balance	3,167,357,847.79	3,167,895,830.29

Commercial Paper	79%
Cash/Repo	18%
MM Funds	3%



Corporate Overnight Plus Fund		Duration 0.24192
	Participant Assets	Market Value
Beginning of Quarter Balance	11,503,102,905.29	11,500,971,131.31
Deposits	4,550,900,745.77	
Withdrawals	(7,128,953,351.23)	
End of Quarter Balance	8,925,050,299.83	8,926,479,961.70

Commercial Paper	98%
Cash/Repo	1%
MM Funds	1%



Returns

	June		July		August	
	Average Rate	7-day SEC Yield	Average Rate	7-day SEC Yield	Average Rate	7-day SEC Yield
Govt Overnight Fund	5.33%	5.34%	5.33%	5.34%	5.32%	5.32%
Corp Overnight Fund	5.44%	5.44%	5.44%	5.45%	5.43%	5.44%
Corp Overnight Plus Fund	5.45%	5.46%	5.44%	5.45%	5.44%	5.44%

William Mastrodicasa
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Lone Star Investment Pool Investment Officers

Tammy Davis
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