
INVESTMENT REPORT

Objectives

City investment objectives are in order; *safety, liquidity, and income*. The City's Investment policy stipulates the type of investments and maximum percentage of portfolio permissible for each type of investment.

Investments are diversified to the extent practicable to control the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, instrument, dealer, or bank.

Investment decisions are made with judgment and care, which persons of prudence, discretion, and intelligence exercise. Investment maturity dates are based on cash-flow needs and prevailing market conditions.

Overview

In order to meet City expenditures and stated investment objectives, the City uses multiple liquidity tiers to match expected timeframes to the use of funds. The first liquidity tier is the Truist bank checking account, which aims to maintain a balance equal to a few months of average monthly expenses.

The second tier is with the Local Government Investment Pool, Florida Short Term Asset Reserve Governmental Fund (FL STAR). FL STAR invests entirely in US Government Treasuries and Agency bonds with a weighted average maturity of 38 days. The City expects this investment to provide stable liquidity to replenish the first liquidity tier as is necessary.

The third liquidity tier is composed of the Local Government Investment Pool, Florida Cooperative Liquid Assets Securities System (FL CLASS) and the Local Government Surplus Funds Trust Fund (Florida PRIME), administered by the State Board of Administration (SBA) of Florida as established in the State of Florida's constitution.

FL CLASS and Florida PRIME have similar investment profiles. Each invests in a diversity of investments and has an average weighted maturity of 49 and 51 days, respectively. These investments primarily consist of US Treasuries, US Agency Bonds, Asset Backed Commercial Paper, CD's, and Money-Market Mutual funds.

All City investment pools are AAA rated, the highest principal stability fund rating assigned by Standard & Poor's (S&P) Global Ratings.

Economic Updates

Geopolitical: The US engaged in military intervention in Venezuela, resulting in the capture of President Nicolas Maduro. The Trump administration continues to pursue a deal for increased access to Greenland's natural resources. The Iran conflict has disrupted 20% of global crude flows. Economic outlook is uncertain as developments remain fluid.

Inflation: Oil prices have risen approximately 30% to over \$100 a barrel. Inflation remains stable, however there is uncertainty with Iran as Fed Chairman Powell stated "We just don't know how big this will be or how long it will last". Core inflation eased to 2.5% due to declines in used auto prices.

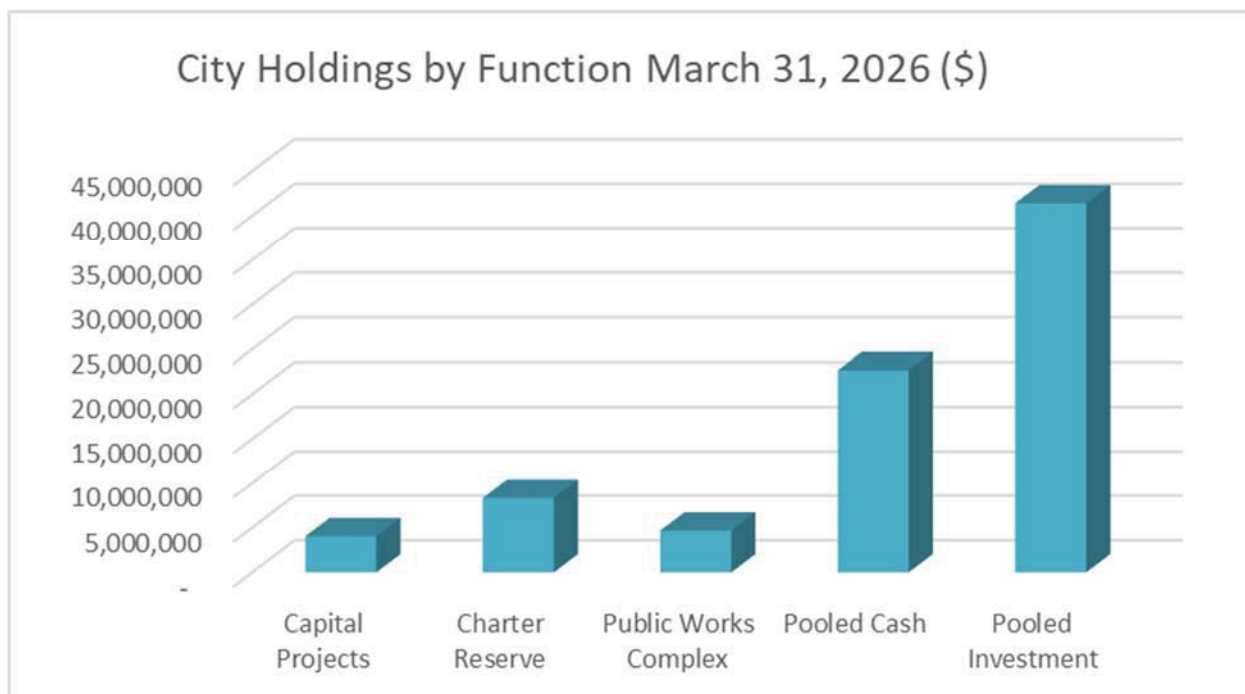
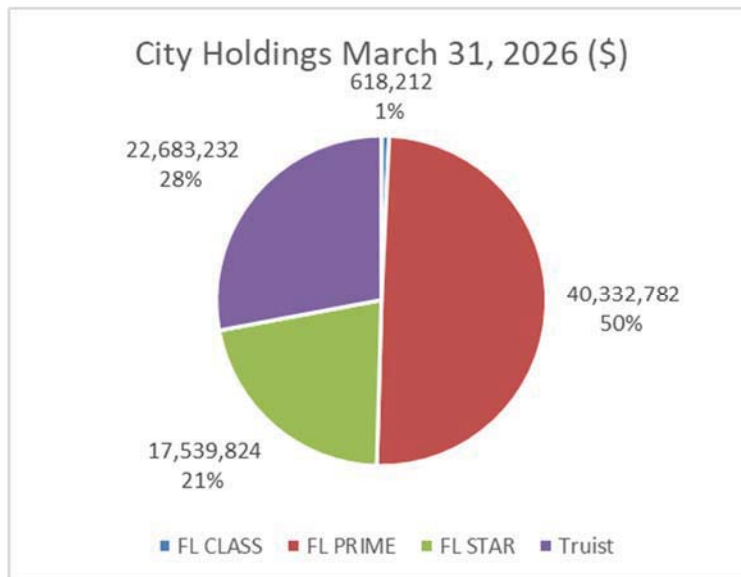
The Fed: The January and March FOMC meetings kept interest unchanged at 3.75%. Fed members predict only one 25 basis point cut in 2026. Kevin Warsh was announced as the White House's nomination as the next Fed Chair and is pending expected Senate approval.

Employment: January's unemployment rate totaled 4.3%, February 4.4%. Private wages grew 3.7% annualized as the labor market continued its low hire, low fire environment.

Tariffs: The Supreme Court ruled against Trump's previous tariffs as part of Liberation Day. However, Trump implemented new tariffs of 15% applied universally to all imports. The new non-emergency tariffs have a 150-day expiration date, unless extended by Congress.

Finance Department 2nd Quarter Report | 2026

	Investment Type	Market Value	Book Value	Ending Yield	Benchmark Yield*	Earned Month End	Earned Quarter End
FL CLASS	LGIP	618,212	618,170	3.72%	3.36%	1,948	5,702
FL PRIME	LGSFTF	40,332,782	40,325,822	3.83%	3.67%	133,750	413,233
FL STAR	LGIP	17,539,824	17,539,333	3.67%	3.44%	54,440	158,903
Truist	Checking	22,683,232	22,683,232	3.50%	N/A	55,254	162,894
		<u>\$ 81,174,051</u>	<u>\$ 81,166,558</u>			<u>\$ 245,391</u>	<u>\$ 740,732</u>



* Benchmarks: FL Class, S&P Treasury Bill 3-6 Month Index; FL Prime, S&P AAA/AA Rated GIP All 30 Day Net Index; FL STAR, S&P AAAm Money Fund Rated GIP Net 7 day Index/All.

Finance Department 2nd Quarter Report | 2026

Cash and Cash Equivalents:

FL CLASS	618,212
FL PRIME	40,332,782
FL STAR	17,539,824
Truist	22,683,232
Total	81,174,051

Restrictions/Assignments:

Charter reserve - General Fund	4,722,330
Charter reserve - Utility Funds	3,612,976
Operating Reserve 17% - General Fund	5,351,974
Operating Reserve 17% - Utility Funds	4,094,707
Debt Service restrictions	1,626,572
Special Revenue Fund restricted cash	4,257,727
Internal Service Fund restricted cash	3,160,202
Customer held Utility Deposits	812,580
Held for customer / escrow liability	886,486
Impact Fee - restricted	14,303,981
Restricted for Public Works project	6,548,621
Carry forward for current budget	13,950,663
Restricted for Local Option Gas Tax	467,018
Building department restricted	609,726
Development Agreement not covered by Impact Fees	2,300,000
	66,705,563

Net Cash after Restrictions/Assignments 14,468,487.93

	<i>cashflow requirement</i>
Additional project future cash needs:	
G2/G11 Storm Water Cannals \$14,506,961 (1/3)	4,835,654
Sewer Grant \$750,000 (1/3)	250,000
PABS Grant \$3,960,000 (1/1)	3,960,000

Grant Cash Flow Impact 9,045,654

Net Cash after Restrictions and Grant Timing Disbursements 5,422,834

** Calculations do not include breakdown by fund, accruals, or banking transit items. Reference the City's most recent ACFR (Annual Comprehensive Financial Report) for audited financial statements.*