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## INVESTMENT REPORT

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### 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 39 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 37 and 48 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

Reciprocal tariffs were announced on April 2 ranging from 10% to 49%. Aside from an across the board 10% tariff with exceptions for computers, smartphones, and electronics, a 90 day pause on tariffs is set to expire July 8<sup>th</sup>. China and the US made a temporary trade agreement with US tariffs at 30% and China's tariffs at 10%. This was a reduction of tariffs at 145% for the US and 125% for China previously in place.

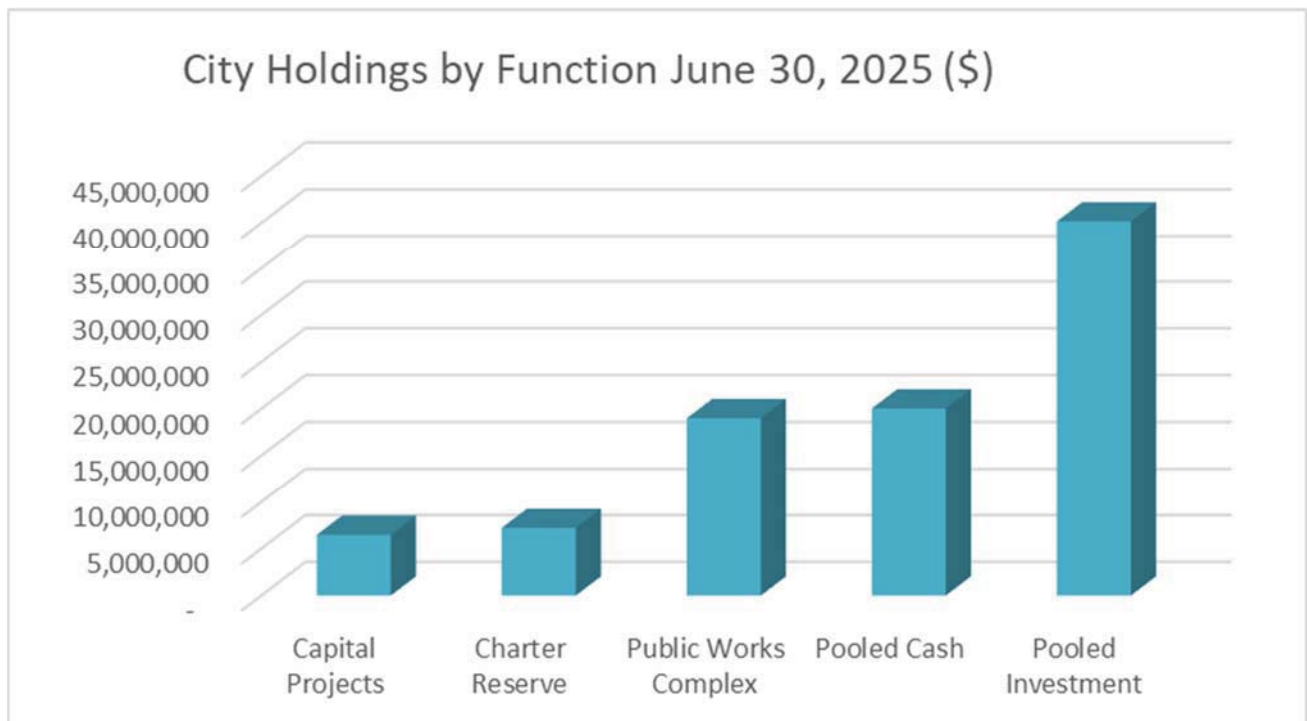
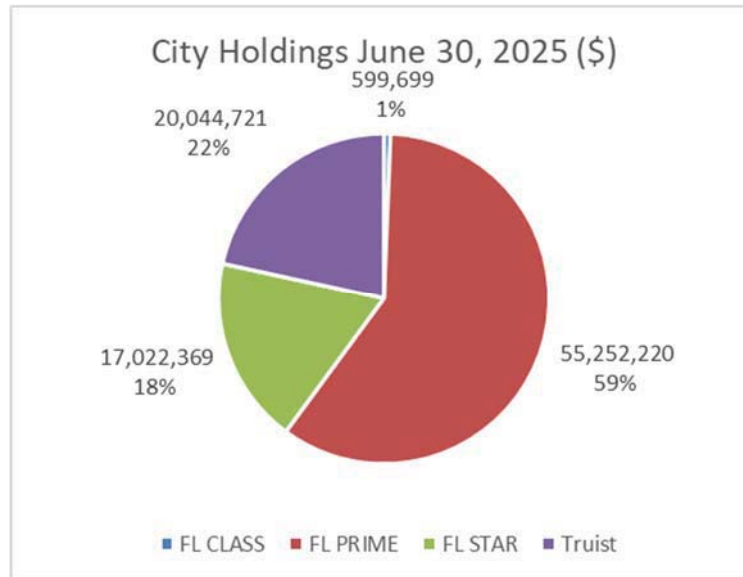
The employment market has remained relatively robust and resilient. The Unemployment rate remained steady at 4.2% and is back to pre-Covid levels. Headline inflation rose only 2.4% year over year due to a decline in gasoline prices and is a positive development. The tax cut overhaul package dubbed the "One Beautiful Bill" was enacted into law. The bill is expecting to increase the deficit \$3.8 trillion over the next decade.

The Fed maintained interest rates at 4.5% for the third consecutive meeting. Despite other comparable countries cutting rates, the Fed citing waiting to lower rates until the labor market shows signs of weakening. There is also uncertainty with the effects of tariffs on the economy and the Fed is taking a cautious "wait and see" approach. Only one or two rate cuts is expected by the end of 2025.

Moody's credit agency downgraded the US government's credit from a perfect Aaa to Aa1, becoming the last major credit agency to do so since beginning in 2011. Moody's highlighted the risk of increasing debt to the nation. Recession risks have decreased with the China trade deal, but there remains relative uncertainty in the overall economic outlook.

# Finance Department 3rd Quarter Report | 2025

	Investment Type	Market Value	Book Value	Ending Yield	Benchmark Yield*	Earned Month End	Earned Quarter End
FL CLASS	LGIP	599,699	599,680	4.36%	4.08%	2,146	6,509
FL PRIME	LGSFTF	55,252,220	55,250,652	4.47%	4.28%	202,894	619,491
FL STAR	LGIP	17,022,369	17,022,675	4.30%	4.08%	59,993	182,121
Truist	Checking	20,044,721	20,044,721	2.70%	N/A	46,320	135,102
		<u>\$ 92,919,008</u>	<u>\$ 92,917,728</u>			<u>\$ 311,354</u>	<u>\$ 943,224</u>



\* Benchmarks: FL Class, S&P Treasury Bill 3-6 Month Index; FL Prime, S&P AAA/AA Rated

## Cash and Cash Equivalents:

FL CLASS	599,699
FL PRIME	55,252,220
FL STAR	17,022,369
Truist	20,044,721
Total	92,919,008

## Restrictions/Assignments:

Charter reserve - General Fund	3,926,995
Charter reserve - Utility Funds	3,295,482
Operating Reserve 17% - General Fund	4,450,594
Operating Reserve 17% - Utility Funds	3,734,880
Debt Service restrictions	1,291,227
Special Revenue Fund restricted cash	2,237,125
Internal Service Fund restricted cash	3,278,429
Customer held Utility Deposits	803,866
Held for customer / escrow liability	972,415
Impact Fee - restricted	13,516,203
Restricted for Public Works project	21,755,893
Carry forward for current budget	20,886,567
Building department restricted	784,802
Development Agreement not covered by Impact Fees	2,300,000
	83,234,480

Net Cash after Restrictions/Assignments	9,684,528.72
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## Additional project future cash needs:

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

Grant Cash Flow Impact	9,045,654
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Net Cash after Restrictions and Grant Timing Disbursements	638,875
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