

Monthly Investment & Cash Flows Report

August 2025



CITY OF SEDONA

October 1, 2025

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Executive Summary

The fair market value of the City's **total cash and investments as of August 31, 2025 is \$86.1 million**, representing a decrease of **approximately \$1.8 million (2%) for the month**. The net decrease resulted from investment withdrawals and the reinvestment into new securities occurring in different months. The **average yield is below the City's benchmark by 2%**, a major improvement from what has historically been an underperforming investment portfolio compared to the benchmark. This is due to the City replacing low yield securities with market rate investments. Higher cash balances have been maintained to cover anticipated upcoming significant expenditures.

August 2025
cash and
investments
are \$86.19M.

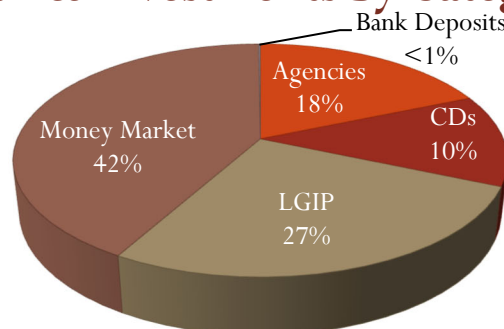
August 2025 Cash & Investments Summary	
Total Cash & Investments	\$86,077,540
Average Yield	4.23%
Benchmark ¹	4.32%
Average Duration	1.4 years

The **average duration is 1.4 years**. The current goal is to maintain as much liquidity as possible for upcoming significant financial needs.

Investments Held

The City has invested in U.S. government agency securities, certificates of deposit (CDs), and Local Government Investment Pools (LGIP) offered by the Arizona State Treasurer's Office, in addition to balances maintained in checking accounts.²

Cash & Investments by Category



¹ The City's investment policy defines the benchmark as the yield for the Arizona State Treasurer's Office's Local Government Investment Pool (LGIP) 5. The adopted investment policy is available at <https://www.scdonaaz.gov/your-government/departments/financial-services/financial-policies>.

² All investments are allowable under Arizona Revised Statutes and the City's investment policy.

Investments Transactions

Net transactions for August 2025 resulted in an increase of the City's cash and investments of approximately \$926,000. For August, the net increase was largely the result of higher cash receipts than disbursements for the month. See the Cash Flows section on page 8.

Cash Flows

Cash basis **receipts for August 2025 were approximately \$1.4 million more than the prior month** while cash basis **disbursements were approximately \$4 million less than the prior month.** Changes for August 2025 compared to the prior month include:

- Receipts:
 - Cash basis sales and bed tax receipts for August 2025 were approximately \$831,000 (37%) more than the prior month. For further discussion, please see the following Cash Basis Sales & Bed Tax Receipts section.
 - The city collected \$3.1 million in bond proceeds in the month of August from city issued debt.
 - The city had a maturity on an investment in the month of August for \$2 million.
- Disbursements:
 - In response to early call notices on investments the city holds, the city purchased investments in the month of August for approximately \$5.5 million.
 - The city made bond payments for city issued debt in the month of July for approximately \$1.9 million.
 - The city's annual contribution towards PSPRS was in July for approximately \$653,000.

Sales and bed tax receipts for August 2025 were approximately \$831,000 more than the prior month.

Cash Basis Sales & Bed Tax Receipts

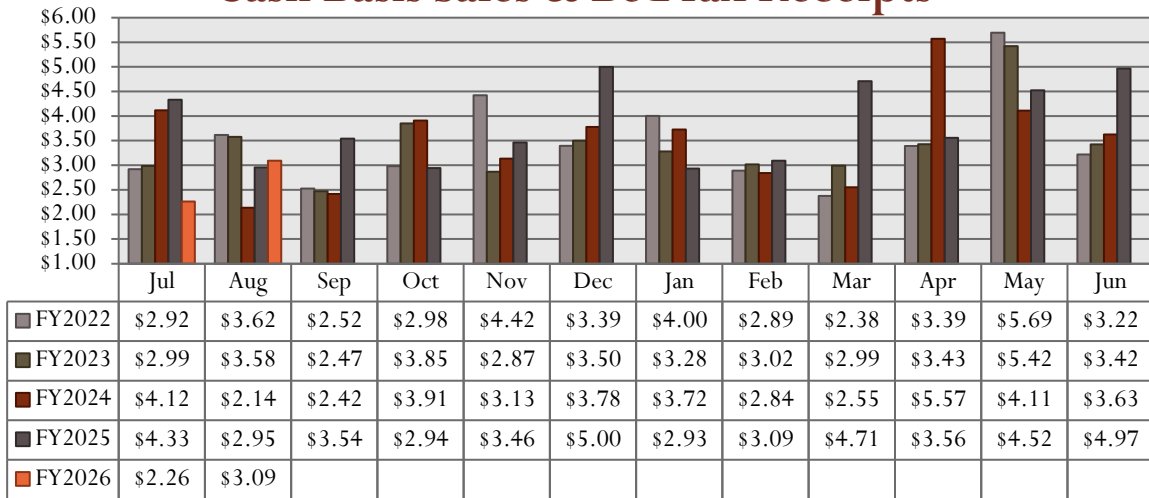
Cash basis sales and bed tax receipts for August 2025 were 37% more than the prior month and 5% more than the same month last year. The August 2025 receipts included a portion of June taxes filed in July and a portion of July taxes filed in August, including any delinquent payments that have been filed and paid in those months.

August 2025 cash basis sales and bed tax receipts were 5% more than the prior year.

On average, accrual basis June sales and bed tax revenues are approximately 15% less than May, and accrual basis July sales and bed tax revenues are approximately 20% less than June. June 2025 accrual basis sales and bed tax revenues were 21% less than May. July 2025 accrual basis sales and bed tax revenues were 2% more than June.

While it can be beneficial to have more timely cash basis information, there are still flaws in these comparisons due to the timing of receipts and disbursements.

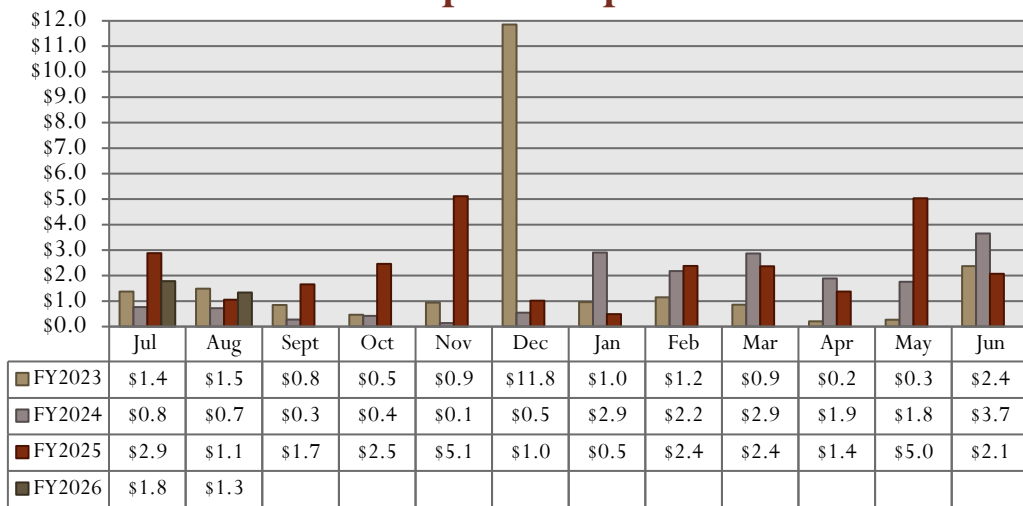
Cash Basis Sales & Bed Tax Receipts



Capital Improvement Costs

As capital projects begin and end their construction phases, the capital improvement costs will fluctuate over time. In addition, land acquisitions can significantly impact capital improvement costs.³ Significant increases in capital improvement costs can result in months when monthly cash disbursements exceed monthly cash receipts.

Cash Basis Capital Improvement Costs



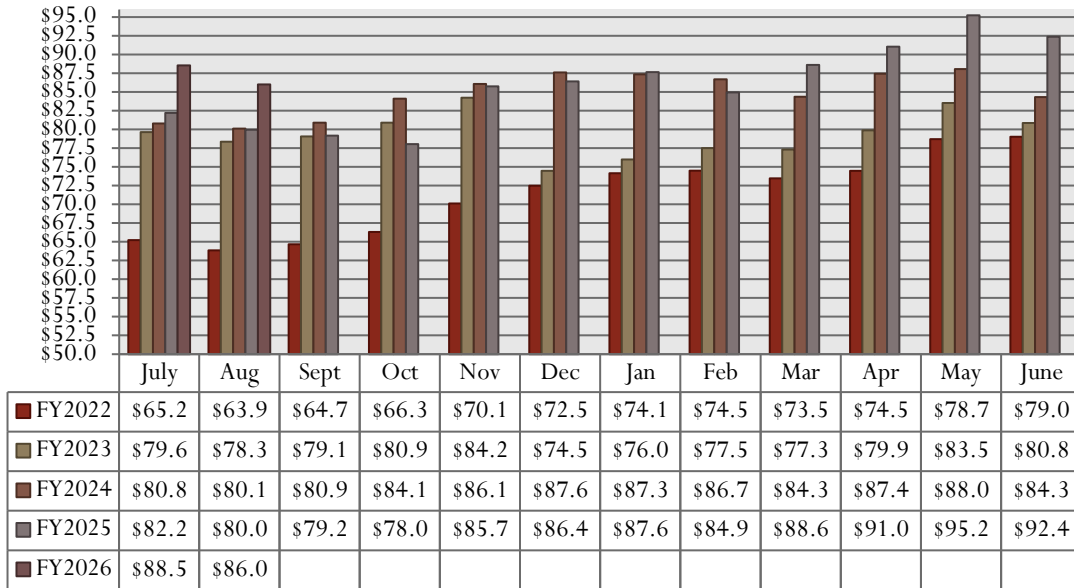
³ FY 2023 includes cash-funded land acquisition costs of \$11.5 million in December. An additional \$10 million for land acquisition in December was funded by a bond issuance.

Analysis

Total cash and investment balances have increased significantly since the low over the past five fiscal years occurring in August 2019 (\$51.0 million) and have significantly exceeded the previous highs occurring before the COVID-19 closures. The City is in a strong financial position to address the many significant priorities and concerns, such as affordability of housing, traffic, and transportation needs, impacts of tourism, environmental sustainability concerns, etc.

August 2025 cash and investments exceed prior August balances back to FY2020.

Total Cash & Investments - Book Value



Report Format

The report consists of the following sections:

- **Executive Summary** – This summary includes a narrative discussion of the most significant information in this report.
- **Investment Holdings Summary** – A table of the investments held by the City has been presented with the average remaining duration of the portfolio, as well as the average yield of the portfolio compared to the policy benchmark.
- **Investment Transactions Summary** – A table of the investment transactions for the month has been presented including acquisitions, dispositions, investment earnings, and expenses.
- **Cash Flows Report** – A summary of the cash flows for the month has been presented with comparison to cash flows of prior months, in addition to bank and cash basis balances.

Available Local Government Investment Pools (LGIP)

The Local Government Investment Pools offered by the Arizona State Treasurer's Office include:

- **LGIP Pool 5** – A diversified short-term fund similar to a prime money market fund. The fund maintains the highest rating from S&P (AAA f/S1+). **August 2025 yield was 4.32%**. There are no restrictions on deposits or withdrawals. The City has traditionally used this fund for all available funds not otherwise invested; however, since the yield has dropped below the earnings rate on the checking account, the balance in this account has been drastically reduced.
- **LGIP Pool 7** – A short-term fund that invests only in products backed by the full faith and credit of the United States Government. The fund has a AAA weighted average rating. **August 2025 yield was 4.29%**. There are no restrictions on deposits or withdrawals. The City has traditionally used this fund for a secure investment of prepaid wastewater capacity fees.
- **LGIP Pool 500** – A medium-term fund similar to the shorter-term Pool 5. The weighted average rating of all the securities in this pool is AA-2. **August 2025 yield was 4.17%**. Deposits and withdrawals are only allowed on the first business day of the month. The City has traditionally used this fund for longer-term investment of reserve balances; however, since the yield for Pool 5 has dropped below the earnings rate on the checking account, surplus balance from Pool 5 have been transferred to Pool 500. Cash flow needs are analyzed each month to determine deposit or withdrawal needs in accordance with the restrictions on this Pool.
- **LGIP Pool 700** – A medium-term fund similar to the shorter-term Pool 7. The fund has a AAA weighted average rating. **August 2025 yield was 3.93%**. Deposits and withdrawals are only allowed on the first business day of the month. The City has not traditionally used this fund since yields in Pool 500 are most often higher.

For questions or additional information, contact:

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Investment Holdings Summary

CUSIP	Issuer	Settlement Date	Maturity Date	Initial Duration ⁽¹⁾	Remaining Duration as of August 31, 2025 (In Years)	Remaining Coupon Rates	Yield	Weighted Yield	Benchmark at Time of Purchase	Par Value	Book Value	Fair Market Value as of August 31, 2025	Realized Gain/Loss	Unrealized Gain/Loss ⁽²⁾	Accrued Interest Not Yet Recorded ⁽³⁾	% of Investment Pool
U.S. Government Agency Securities																
3130B4YG0	Federal Home Loan Bank	2/18/2025	8/14/2029	4.5	4.0	4.550%	4.550%	0.106%	0.120%	\$ 2,000,000	\$ 2,000,000	\$ 2,006,135	\$ -	\$ 6,135	\$ 4,238	2.33%
3134HAW33	Federal Home Loan Mortgage Corp	1/8/2025	12/18/2029	4.9	4.3	4.750%	4.750%	0.110%	0.200%	\$ 2,000,000	\$ 1,996,640	\$ 2,010,731	\$ -	\$ 14,091	\$ 66,630	2.32%
3130B4BY6	Federal Home Loan Bank	1/9/2025	12/24/2029	5.0	4.3	4.625%	4.625%	0.108%	0.200%	\$ 2,000,000	\$ 2,000,000	\$ 2,009,025	\$ -	\$ 9,025	\$ 63,356	2.33%
3133ETKB2	Federal Farm Credit Bank	6/4/2025	6/3/2030	5.0	4.8	4.400%	4.400%	0.102%	0.080%	\$ 2,000,000	\$ 2,000,000	\$ 2,012,346	\$ -	\$ 12,346	\$ 21,458	2.33%
3133ETLF2	Federal Farm Credit Bank	6/17/2025	6/17/2030	5.0	4.8	4.390%	4.390%	0.204%	0.070%	\$ 4,000,000	\$ 4,000,000	\$ 4,018,091	\$ -	\$ 18,091	\$ 36,082	4.65%
31424WG63	Federal Agric Mtg Corp	7/1/2025	7/1/2030	5.0	4.8	4.270%	4.270%	0.199%	-0.050%	\$ 4,000,000	\$ 4,000,000	\$ 4,018,718	\$ -	\$ 18,718	\$ 28,545	4.65%
							Subtotals	0.829%		\$ 16,000,000	\$ 15,996,640	\$ 16,075,045	\$ -	\$ 78,405	\$ 220,309	18.60%
Negotiable Certificates of Deposit																
38149MA94	Goldman Sachs Bank USA	9/29/2021	9/29/2026	5.0	1.1	1.050%	1.050%	0.003%	0.060%	\$ 248,000	\$ 248,000	\$ 240,329	\$ -	\$ (7,671)	\$ 2,397	0.29%
856283U79	State Bank of India Chicago	9/29/2021	9/29/2026	5.0	1.1	1.100%	1.100%	0.003%	0.060%	\$ 248,000	\$ 248,000	\$ 240,339	\$ -	\$ (7,661)	\$ 2,511	0.29%
61776NUV3	Morgan Stanley Private Bank	7/9/2025	7/9/2029	4.0	3.9	4.050%	4.050%	0.188%	-0.270%	\$ 4,000,000	\$ 4,000,000	\$ 4,021,023	\$ -	\$ 21,023	\$ 23,523	4.65%
17290GCM7	Citibank CD	7/21/2025	7/21/2030	5.0	4.9	4.250%	4.250%	0.198%	-0.070%	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ -	\$ -	\$ 19,096	4.65%
856288CM5	State Bank of India New York	8/25/2025	8/21/2030	5.0	5.0	4.000%	4.000%	0.116%	-0.320%	\$ 2,500,000	\$ 2,500,000	\$ 2,504,589	\$ -	\$ 4,589	\$ 2,740	2.91%
							Subtotals	0.509%		\$ 10,996,000	\$ 10,996,000	\$ 11,006,281	\$ -	\$ 10,281	\$ 50,267	12.79%
AZ State Treasurer Local Government Investment Pool (LGIP)																
N/A	Pool 5	N/A	N/A	N/A	0.0	N/A	4.320%	1.152%	N/A	\$ 22,939,504	\$ 22,939,504	\$ 22,939,504	\$ -	\$ -	\$ -	26.68%
N/A	Pool 7	N/A	N/A	N/A	0.0	N/A	4.170%	0.002%	N/A	\$ 46,882	\$ 46,882	\$ 46,882	\$ -	\$ -	\$ -	0.05%
							Subtotals	1.155%		\$ 22,986,386	\$ 22,986,386	\$ 22,986,386	\$ -	\$ -	\$ -	26.73%
Government Money Market Fund																
N/A	Wells Fargo Sweep Account	N/A	N/A	N/A	0.0	N/A	4.167%	1.739%	N/A	\$ 35,892,718	\$ 35,892,718	\$ 35,892,718	\$ -	\$ -	\$ -	41.74%
Bank Deposits																
N/A	Analyzed Checking Accounts	N/A	N/A	N/A	0.0	N/A	0.400%	0.001%	N/A	\$ 117,110	\$ 117,110	\$ 117,110	\$ -	\$ -	\$ -	0.14%
Averages/Grand Totals					1.4		4.232%	4.23%		\$ 85,992,214	\$ 85,988,854	\$ 86,077,540	\$ -	\$ 88,686	\$ 270,576	100.00%

Benchmark per Policy (LGIP Pool 5) 4.320%
% Over/Under -2.0%

⁽¹⁾ Arizona Revised Statutes and the City's investment policy limit the maximum investment maturity to 5 years.

⁽²⁾ Unrealized gains and losses would only be realized if the City chose to sell its investments prior to maturity and are based on the fair market value as reported by the City's safekeeping agent. The City plans to hold investments until maturity unless there is a compelling reason to sell.

⁽³⁾ Investments pay interest semi-annually. The accrued interest not yet recorded represents the amount earned since the last interest payment date.

Investment Transactions Summary⁽¹⁾

CUSIP	Issuer	Transaction Type	August 2025 Activity
Acquisitions			
856288CM5	State Bank of India New York	Purchase	\$ 2,501,370
61776CXC6	Morgan Stanley Private Bank	Purchase	\$ 3,000,000
N/A	Wells Fargo Sweep Account	Net Contribution	\$ 15,673,242
N/A	Analyzed Checking Accounts	Net Contribution	\$ 38,314
		Subtotal	\$ 21,212,926
Dispositions			
3130AKXB7	Federal Home Loan Bank	Withdrawal	\$ 1,965,522
3130ALZG2	Federal Home Loan Bank	Withdrawal	\$ 1,963,884
3130AMCL4	Federal Home Loan Bank	Withdrawal	\$ 1,959,013
3133ELK52	Federal Farm Credit Bank	Withdrawal	\$ 2,928,425
3133EM6E7	Federal Farm Credit Bank	Withdrawal	\$ 1,940,468
3130APCH6	Federal Home Loan Bank	Withdrawal	\$ 1,945,475
3130AP6B6	Federal Home Loan Bank	Withdrawal	\$ 1,940,042
3130APGT6	Federal Home Loan Bank	Withdrawal	\$ 1,940,219
3130APLR4	Federal Home Loan Bank	Withdrawal	\$ 1,940,614
3136G4B77	Federal National Mortgage Association	Maturity	\$ 2,000,000
		Subtotal	\$ 20,523,663
Earnings			
3130B4YG0	Federal Home Loan Bank	Semi-annual interest	\$ 44,489
3130AKXB7	Federal Home Loan Bank	Semi-annual interest	\$ 5,800
3136G4B77	Federal National Mortgage Association	Semi-annual interest	\$ 7,000
N/A	LGIP Pool 5	Monthly Gain/Loss	\$ 83,913
N/A	LGIP Pool 7	Monthly Gain/Loss	\$ 170
N/A	Wells Fargo Sweep Account	Monthly Dividends	\$ 95,842
		Subtotal	\$ 237,214
Expenses			
N/A	N/A	Wire Fees	\$ 114
		Subtotal	\$ 114
Net Transactions for August 2025			\$ 926,363

(1) For August, the net increase was largely the result of higher cash receipts than disbursements for the month. See the Cash Flows section of the Executive Summary for further discussion.

Cash Flows Report⁽¹⁾

Month	Beginning Bank Balance	Cash Basis Receipts	Cash Basis Disbursements	Net Account Transfers	Ending Bank Balance	Outstanding Checks	Ending Cash Basis Balance
<i>Cash Basis Transactions by Month</i>							
July 2024	\$ 8,760,095	\$ 18,741,703	\$ (8,957,755)	\$ 249,606	\$ 18,793,648	\$ 277,741	\$ 19,071,389
August 2024	18,793,648	\$ 4,352,773	\$ (6,692,769)	\$ -	16,453,652	\$ (232,939)	16,220,714
September 2024	16,453,652	\$ 4,946,790	\$ (4,941,987)	\$ -	16,458,455	\$ 337,266	16,795,721
October 2024	16,458,455	\$ 4,383,930	\$ (5,460,510)	\$ -	15,381,875	\$ 257,695	15,639,569
November 2024	15,381,875	\$ 11,786,743	\$ (5,229,590)	\$ -	21,939,027	\$ (1,310,279)	20,628,748
December 2024	21,939,027	\$ 6,608,859	\$ (6,071,995)	\$ -	22,475,891	\$ 15,012	22,490,903
January 2025	22,475,891	\$ 849,947	\$ (3,693,994)	\$ 4,059,112	23,690,955	\$ 620,819	24,311,774
February 2025	23,690,955	\$ 5,016,905	\$ (9,790,882)	\$ -	18,916,979	\$ 794,042	19,711,020
March 2025	18,916,979	\$ 10,580,921	\$ (5,618,305)	\$ -	23,879,595	\$ 751,519	24,631,113
April 2025	23,879,595	\$ 5,053,186	\$ (4,092,841)	\$ -	24,839,939	\$ 891,825	25,731,764
May 2025	24,839,939	\$ 11,295,674	\$ (7,173,170)	\$ -	28,962,443	\$ 43,674	29,006,117
June 2025	28,962,443	\$ 3,358,971	\$ (11,925,582)	\$ 8,211,000	28,606,832	\$ (651,863)	27,954,969
Total FY 2025		\$ 86,976,400	\$ (79,649,380)	\$ 12,519,717			
July 2025	\$ 28,606,832	\$ 6,152,990	\$ (10,901,124)	\$ (3,791,230)	\$ 20,067,467	\$ (2,434,325)	\$ 17,633,142
August 2025	20,067,467	\$ 7,548,489	\$ (6,752,515)	\$ 15,029,278	35,892,718	\$ (2,712,451)	33,180,268

⁽¹⁾ This report reflects the activity of the City's cash accounts, excluding a separate account maintained by the Court, with an assumption of the overnight sweep account balances returned to the checking account.