

Town of Paradise Valley

Cash Flow Analysis

January 2026

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PFMAM's Cash Flow Model

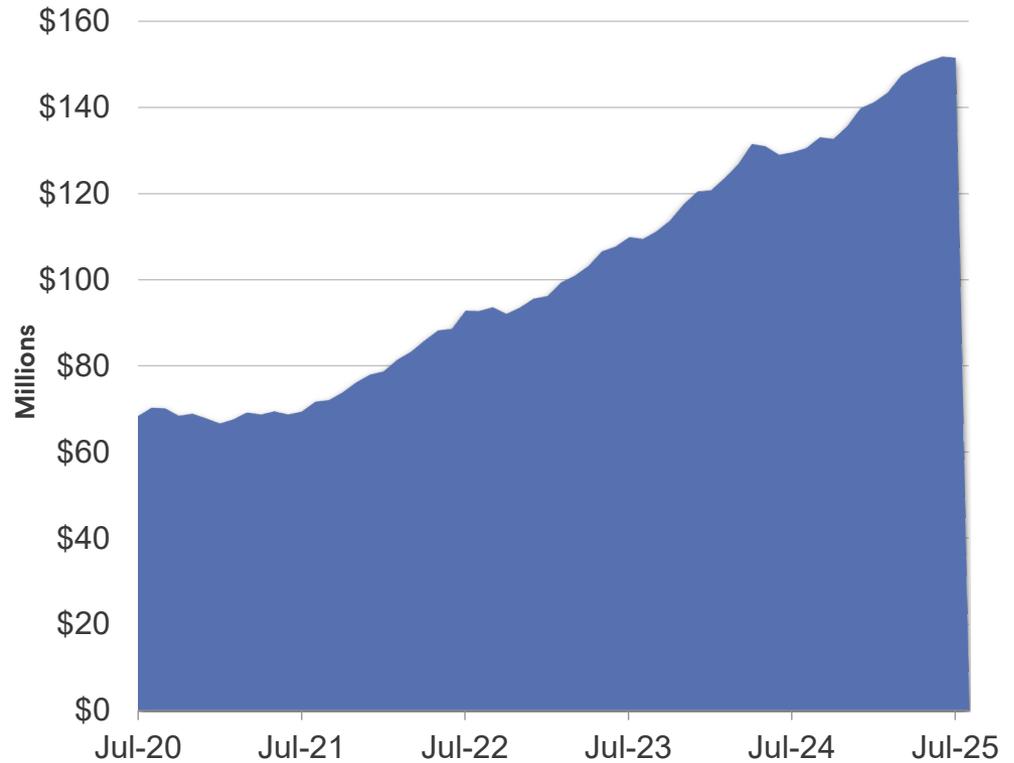
- ▶ Identifies cash flow needs in the near term
- ▶ Determines “seasonality” and historical seasonal factors
- ▶ The cash flow model helps identify an appropriate allocation between assets invested short term (“liquidity”) to meet cash needs and assets that can be invested longer-term

Security Type	Strategy Components	Uses
Liquidity	Overnight	<ul style="list-style-type: none">• Highly Liquid for daily needs and unforeseen expenditures• Funds are meant to cover specific, predictable cash flows (payrolls, debt service)• Can be lower during periods of net cash inflow• Comprised of short-term money market instruments, e.g., bank deposits, money market mutual funds, and LGIP
Core Portfolio	Longer Duration Strategy	<ul style="list-style-type: none">• Funds that are not expected to be spent—may be disbursed in extraordinary circumstances• Can be invested in longer-term securities

Historical Balances and Seasonal Factors

Month	Average Monthly Balance*	Historical Factor
Average	102,577,826	100.00%
January	100,591,724	98.06%
February	102,985,071	100.40%
March	105,441,874	102.79%
April	107,635,197	104.93%
May	109,076,037	106.33%
June	109,039,052	106.30%
July	103,477,723	100.88%
August	102,242,781	99.67%
September	95,919,633	93.51%
October	96,056,673	93.64%
November	98,260,677	95.79%
December	100,207,467	97.69%

**Town of Paradise Valley
Total Historical Portfolio Balance**

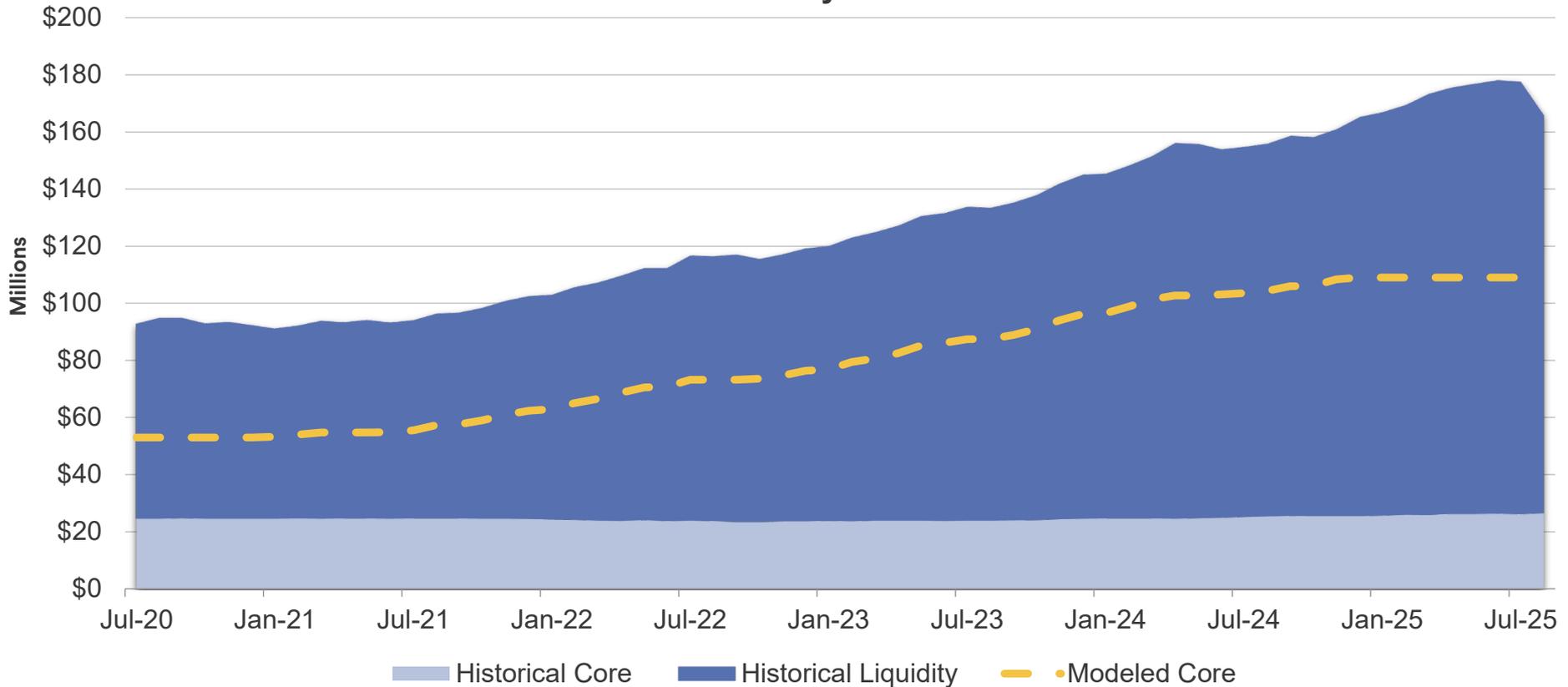


*This analysis represents 3-year averages which include lower balances of prior years.

Historical Analysis of Core Portfolio

- ▶ Liquidity = Wells Fargo + Wells Fargo Securities + Chase + LGIP
- ▶ Core = Managed Investments
- ▶ As of August 31, 2025, the Town had \$112.5 million in liquidity*, which translates to **81%** liquidity in the portfolio.

Town of Paradise Valley Historical Analysis of Core Portfolio



*Historical Liquidity includes the Town's Well's Fargo Accounts, Chase Accounts, cash, and LGIP holdings as of August 31, 2025.

Recommendation: Invest Excess Liquidity in Longer-Term Assets

- ▶ Based on a 20% liquidity cushion, the Town currently has excess liquidity of \$76.5 million
 - ▶ Excess liquidity = Modeled Core – Actual Core
- ▶ Based on the Town’s historical balances, we believe the Town could invest more into the core portfolio
- ▶ Should cash flows expectations change, we can revisit the cash flow analysis to determine if more or less liquidity is appropriate.

(in millions)	Modeled Core	Actual Core	Excess Liquidity
15% Cushion	\$107.7 million	\$24.8 million	\$82.9 million
20% Cushion	\$101.4 million	\$24.8 million	\$76.5 million
25% Cushion	\$95.0 million	\$24.8 million	\$70.2 million

*Liquidity includes the Town’s Well’s Fargo Accounts, Chase Accounts, cash, and LGIP holdings as of August 31, 2025.

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