

Presentation Notes for Finance and Audit Committee Meeting

May 14, 2026

Quarterly Investment Report for Quarter Ended March 31, 2026

Quarterly Investment Report

Overview of the Economy

- Inflation
 - For Quarter 2 (Q2) ending March 2026 the Consumer Price Index (CPI) was reported at 3.3% (all items less food and energy 2.6%).
- Unemployment – San Marcos
 - Q1 → 3.2%
 - Q2 → 3.3%

Quarter End Results

- Portfolio increased by \$40 million from Q1 to Q2
 - Caused primarily by the timing of receiving property taxes (\$30MM)
- Investments are outperforming the city's benchmark (Two Year Treasury)
 - FY26: Total Portfolio: 3.78%, vs benchmark 3.58%
- Interest Earnings
 - FY26 as of end of Q2: \$9,355,484
 - FY25 as of end of Q2: \$9,289,923

Investment Value by Fund Type

- \$32.6MM increase in Consolidated Funds

- \$6.8MM increase in Enterprise Funds

Consolidated Funds

- Total General Fund Balance is \$65.8MM (will decrease throughout the year as the City incurs expenditures).

Enterprise Funds

- 79.63% of investments are CIP funds.

Investment Diversification

- Government Pools reflect an increase primarily due to Property tax receipts.
- Money Market funds increased mainly due to investment products that have matured but have not yet been reinvested.

Yields Compared to Benchmark

- All four funds outperform the City's benchmark.