



LETTER TO THE COMMISSION

LTC No: 26-158

TO: Honorable Mayor and Members of the Fort Lauderdale City Commission
FROM: Rickelle Williams, City Manager RW
DATE: May 18, 2026
SUBJECT: Increase in Interest Earnings on City Excess Operating Balances

The purpose of this Letter to the Commission (LTC) is to provide the City Commission with an update regarding increased interest earnings associated with the City's excess operating cash balances maintained within the City's primary banking relationship.

Throughout Fiscal Year (FY) 2025, the City earned approximately 1.08% interest on qualifying excess operating balances maintained within its primary banking accounts. Effective February 2026, the City successfully renegotiated and implemented an enhanced earnings structure tied to the upper end of the Federal Funds Target Rate less 0.25%. Based on current market conditions, this resulted in an earnings rate of 3.50% on qualifying excess balances during February, March, and April 2026.

This increase represents an improvement of approximately 2.42 percentage points over the prior earnings structure and significantly enhances the City's ability to maximize interest earnings on operational cash balances while maintaining liquidity and banking service functionality.

The impact of the revised earnings structure is already reflected in the City's banking activity for FY 2026. The table below summarizes recent monthly balances and interest earnings:

Table with 6 columns: Month, Average Balance, Actual Interest Rate, Interest Earned, Interest @ 1.08%, Incremental Monthly Benefit. Rows include FY2025 Average, January 2026, February 2026, March 2026, and April 2026.

As illustrated above, despite lower average balances in February, March, and April 2026, compared to January 2026, the City realized materially higher monthly interest earnings as a result of the revised earnings structure. The City earned approximately

\$779,080 in interest on excess operating balances during FY2025 under the prior 1.08% earnings structure. With this change the City gained an additional \$1.06 million in interest for February through April 2026, exceeding the total interest earnings on excess operating balances for FY2025.

The increase in interest earnings from 1.08% to 3.50% represents a major treasury management improvement, yielding substantial additional earnings. This enhancement reflects the City's continued commitment to prudent fiscal management, active cash management practices, and maximizing the value of public funds while maintaining appropriate liquidity for operational needs.

The Finance Department will continue to monitor market conditions, banking relationships, and cash management opportunities to ensure the City remains appropriately positioned to maximize investment earnings while protecting public funds.

If you have any questions, feel free to contact Linda Short, Director of Finance, at 954-828-5267, or via email at [lshort@fortlauderdale.gov](mailto:lshort@fortlauderdale.gov).

c: Shari L. McCartney, City Attorney  
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