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Note 2 - Deposits and Investments (continued)

Concentration risk: The Town's and fiduciary funds policy is to maintain a diversified portfolio to minimize the risk of loss resulting from concentration of assets in a specific issuer. Specific limits have been established which limit the percentage of portfolio assets that can be invested with a specific issuer. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires disclosure when the percentage is 5% or more of the total investments in any one issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investments pools, and other pooled investments are excluded from this disclosure requirement. The Town's (primary government) investments requiring disclosure are as follows: Federal National Mortgage Association – Fannie Mae (10.6%), Federal Home Loan Banks (7.0%) and Freddie Mac (6.24%). The Town's (fiduciary funds – Firefighters' Pension Plan) investments requiring disclosure are as follows: AF International Growth & Income Fund (6.4%), RhumbLine Russell 1000 Pooled Index Fund (47.3%), Blackrock Systematic Multi Strategy Fund (6.0%), (ARA Core Property Fund (5.8%), and Florida Municipal Investment Trust (6.8%). The Town's (fiduciary funds – Police Employees' Pension Plan) investments requiring disclosure are as follows: Wellington Management Small Cap Fund (12.3%), Aristotle Value Equity Fund (9.4%), Vanguard Institutional Index Fund (14.1%), Vanguard Mid Index Fund (8.0%), and Hardman Johnston I.E. Group Trust (11.8%).

Custodial credit risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town and fiduciary funds would not recover the value of its investment or collateral securities that are in the possession of an outside party. The investment policy of the Town and fiduciary funds minimizes this risk by establishing minimum standards for institutions and dealers used by the Town. Consistent with the Town's and Plans' investment policy, the investments are held by custodial banks/institutions in the Town's and Plans' name, or in street name or nominee name as the agent, as applicable.

Foreign currency risk: Foreign currency risk is the risk that fluctuations in the currency exchange rate may materially affect transactions conducted in currencies other than U.S. Dollars and the carrying value of foreign investments. The Town's investments are not subject to foreign currency risk. The Fiduciary Funds exposure to foreign currency risk derives mainly from investments in international equity funds.

Florida Municipal Investment Trust Funds: The Town manages its Defined Benefit Pension Plan investments for its management and general employees and the OPEB trust with the Florida Municipal Pension Trust Fund ("FMPTF"). The FMPTF is managed through the Florida Municipal Investment Trust ("FMIvT"), a Local Government Investment Pool. The Town also has investments of the primary government with the FMIvT. Required disclosures are as follows: