

CITY OF IOWA CITY

QUARTERLY
INVESTMENT REPORT

April 1, 2020
to
June 30, 2020

Finance Department

Prepared by:

Brian Cover

Senior Accountant

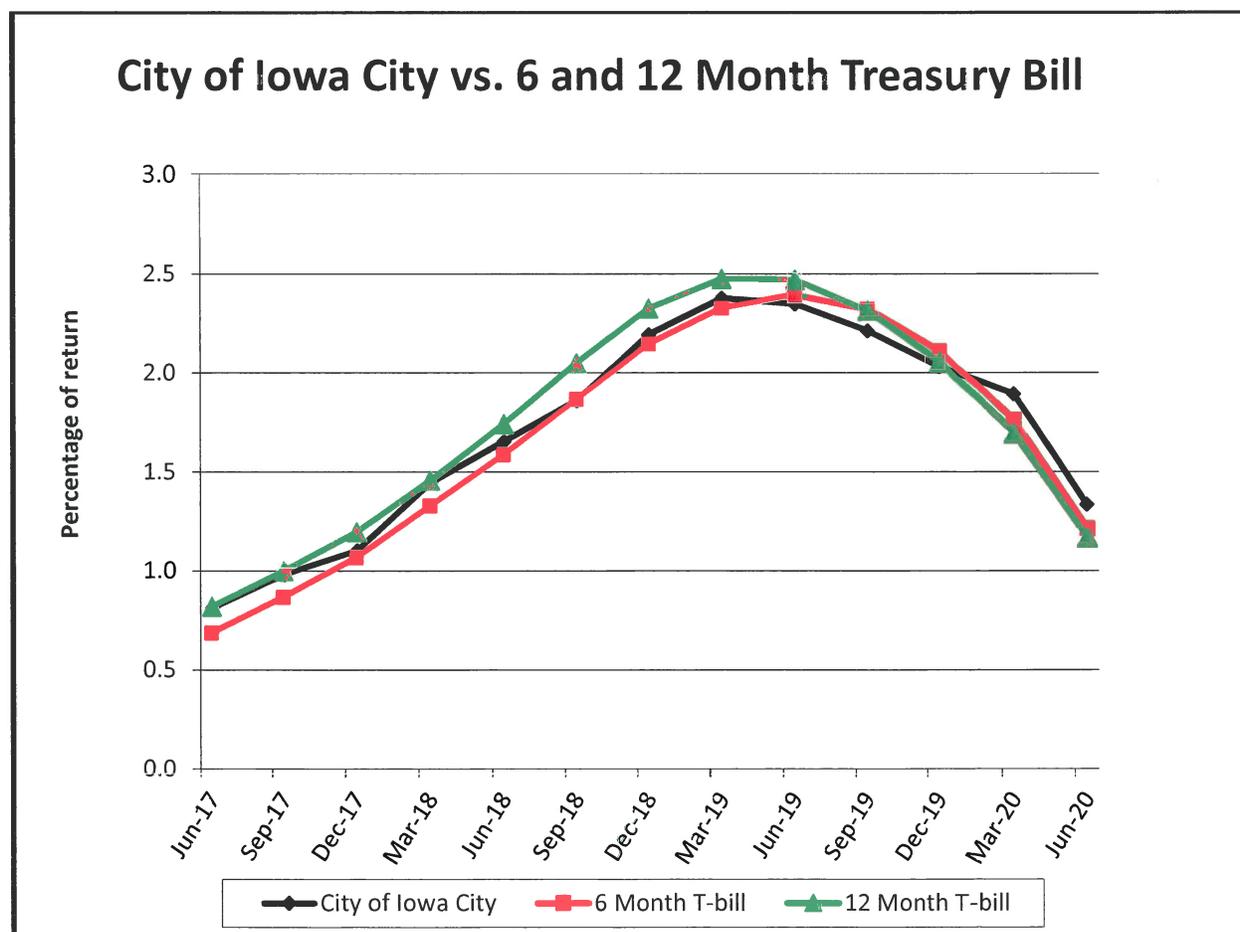
OVERVIEW

The City of Iowa City's investment objectives are safety, liquidity and yield. The primary objective of the City of Iowa City's investment activities is the preservation of capital and the protection of investment principal. The City's investment portfolio remains sufficiently liquid to enable the City to meet operating requirements that cash management procedures anticipate.

Investments purchased by the City of Iowa City for the fourth quarter of this fiscal year had an average return of 0.768%. Rates on new investment purchases in our operating cash portfolio for the fourth quarter were 164 basis points lower than investments purchased at this time last year. The decrease is due to the decline in the federal reserve target rate from 2.50% to 0.25%.

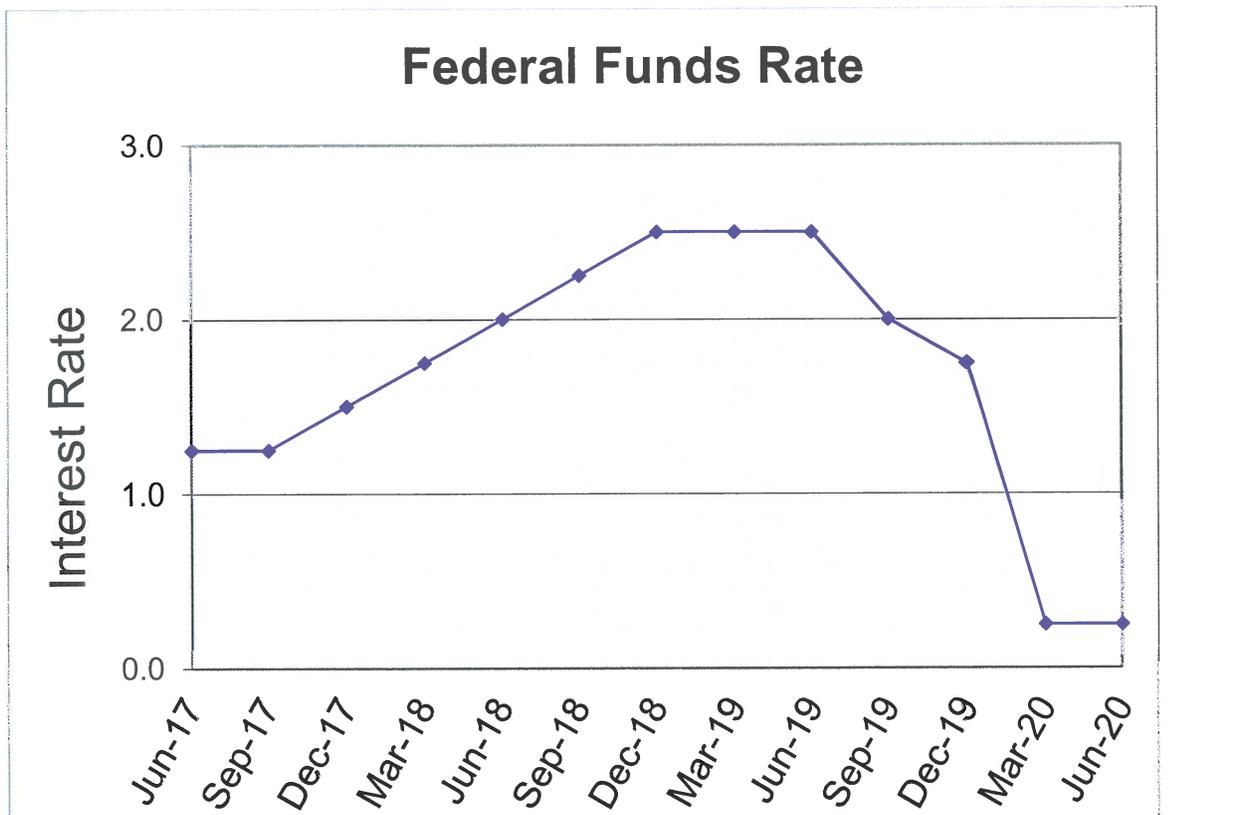
In investing public funds, the City's cash management portfolio is designed with the objective of regularly exceeding the average return on the six-month U.S. Treasury Bill. The Treasury Bill is considered a benchmark for riskless investment transactions and therefore comprises a minimum standard for the portfolio's rate of return. Since the city's investments are mostly between the six- month and twelve-month range, the yield curve for the twelve-month U.S. Treasury Bill has been added to the chart. The rolling average return on the six-month U.S. Treasury Bill for the prior 365 days was 1.214% and the twelve-month return was 1.169%. The investment program seeks to achieve returns above this threshold, consistent with risk limitations and prudent investment principles. The rate of return on the City's entire portfolio for the quarter was 1.336%.

Investments for this year are \$36,570,314 lower than last year. The decrease in investments is due to the \$35,296,488 increase from \$15,705,368 to \$51,001,856 in cash in the city's checking account this year.

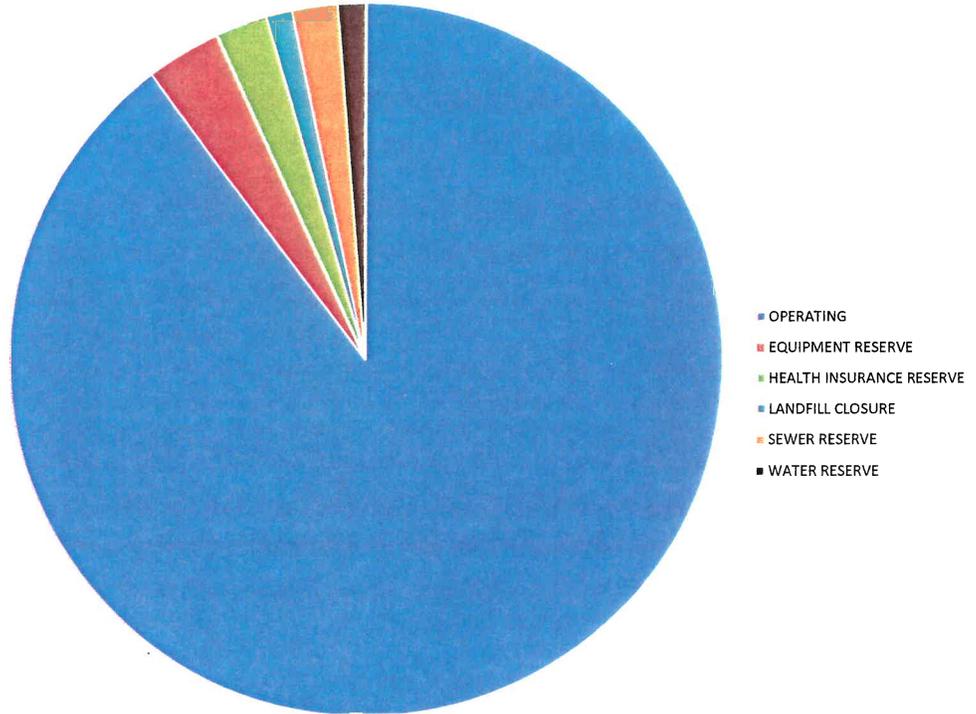


Treasury bills and fed funds are competing investments in the money market. The federal funds rate is highly influential and often has a direct effect on the U.S. economy, because it serves as a base for interest rates offered by various financial and credit institutions to businesses and consumers.

The federal funds rate is the interest rate at which banks lend to each other. In the June meetings of the Federal Open Market Committee, the Committee decided to maintain the target range for the federal funds rate at 0.25 percent due to the threat the coronavirus poses to the economic activity. As the Committee contemplates the future path of the target range for the federal funds rate, it will continue to monitor the implications of incoming information for the economic outlook and will act as appropriate to support the economy. In determining the timing and size of future adjustments to the stance of monetary policy, the Committee will assess realized and expected economic conditions relative to its maximum employment objective and its symmetric 2 percent inflation objective.



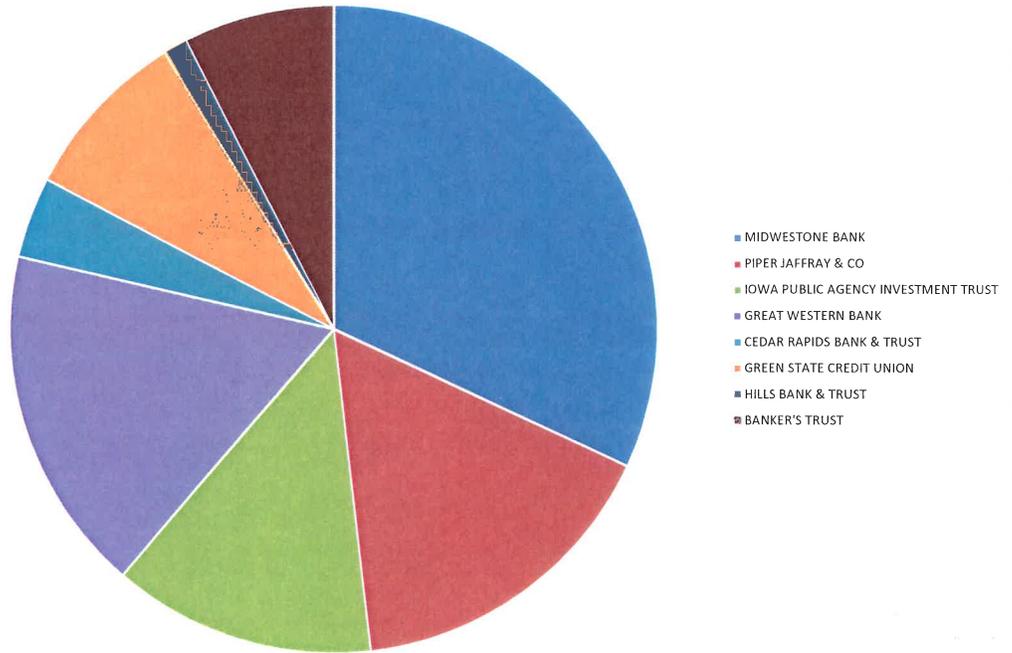
City of Iowa City
Investments by Fund
June 30, 2020



**CITY OF IOWA CITY
INVESTMENTS ON HAND
SUMMARY BY FUND**

FUND TYPE	6/30/20 INVESTMENT AMOUNT	6/30/19 INVESTMENT AMOUNT
OPERATING	\$ 155,450,153	\$ 185,271,444
EQUIPMENT RESERVE	\$ 5,998,361	\$ 6,000,000
HEALTH INSURANCE RESERVE	\$ 4,000,000	\$ 6,000,000
LANDFILL RESERVE	\$ -	\$ 4,000,000
LANDFILL CLOSURE	\$ 2,000,000	\$ -
SEWER RESERVE	\$ 3,525,000	\$ 3,510,000
BOND PROCEEDS	\$ -	\$ 2,364,540
WATER RESERVE	\$ 2,205,000	\$ 2,000,000
PARKING OPERATIONS	\$ -	\$ 602,843
TOTAL	\$ 173,178,514	\$ 209,748,827

City of Iowa City
Investments by Institution
June 30, 2020



**CITY OF IOWA CITY
INVESTMENTS ON HAND
LISTING BY INSTITUTION**

INSTITUTION NAME	6/30/20 INVESTMENT AMOUNT	6/30/19 INVESTMENT AMOUNT	DEPOSITORY LIMIT
MIDWESTONE BANK	\$ 55,299,314	\$ 61,885,731	\$ 100,000,000
PIPER JAFFRAY & CO	\$ 28,149,764	\$ 29,500,000	N/A
IOWA PUBLIC AGENCY INVESTMENT TRUST	\$ 22,655,920	\$ 36,829,428	N/A
GREAT WESTERN BANK	\$ 30,020,499	\$ 29,419,877	\$ 100,000,000
CEDAR RAPIDS BANK & TRUST	\$ 7,000,000	\$ 16,000,000	\$ 50,000,000
GREEN STATE CREDIT UNION	\$ 15,000,000	\$ 6,600,000	\$ 50,000,000
HILLS BANK & TRUST	\$ 2,099,676	\$ 6,099,178	\$ 25,000,000
BANKER'S TRUST	\$ 12,953,341	\$ 15,811,771	\$ 50,000,000
US BANK	\$ -	\$ 2,000,000	\$ 65,000,000
TWO RIVERS BANK	\$ -	\$ 602,843	\$ 15,000,000
REGIONS BANK	\$ -	\$ 5,000,000	\$ 100,000,000
TOTAL	\$ 173,178,514	\$ 209,748,827	