

**CITY OF IOWA CITY**

**QUARTERLY**  
**INVESTMENT REPORT**

**July 1, 2020**  
**to**  
**September 30, 2020**

**Finance Department**

**Prepared by:**

**Brian Cover**

**Senior Accountant**

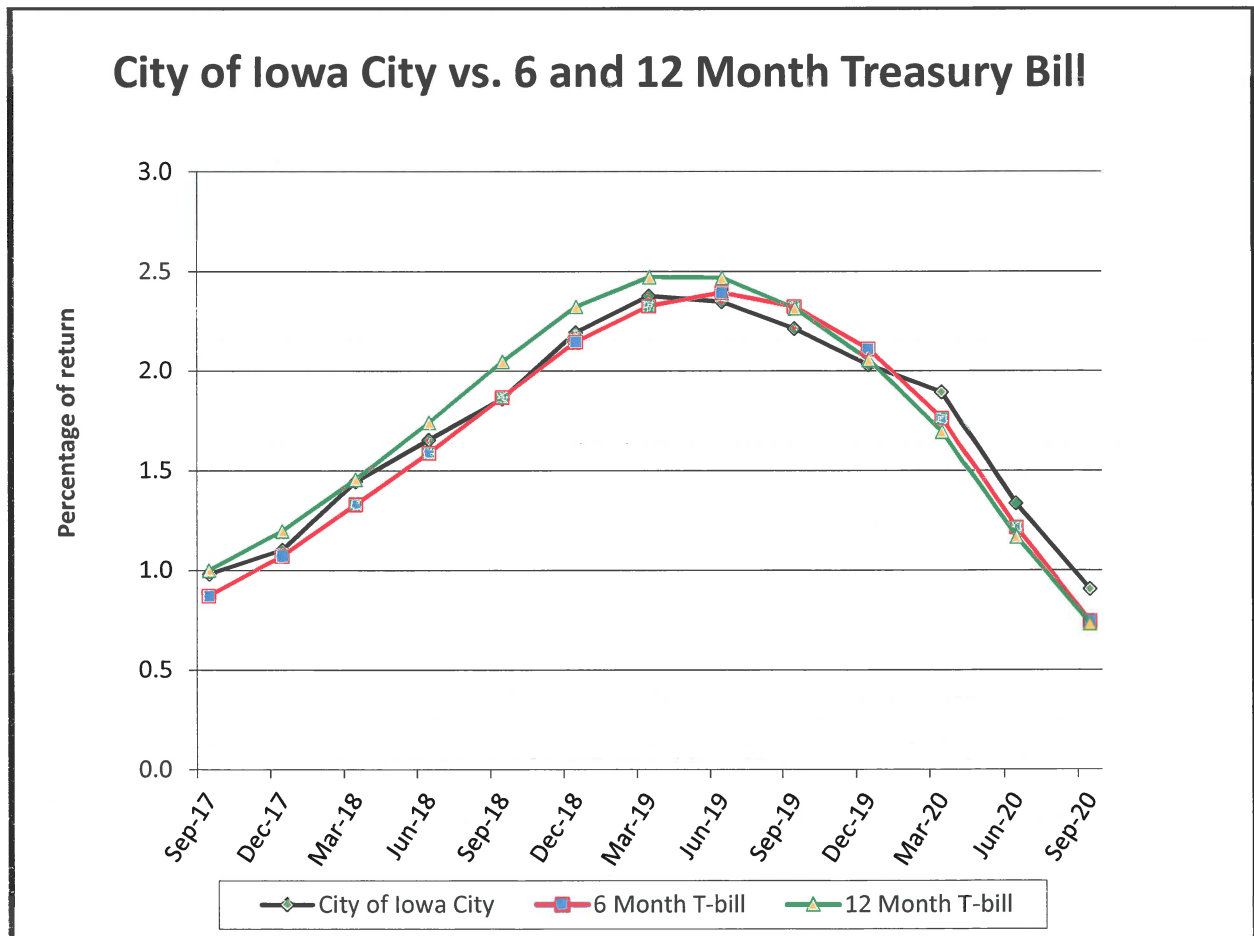
# OVERVIEW

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 first quarter of this fiscal year had an average return of 0.528%. Rates on new investment purchases in our operating cash portfolio for the first quarter were 168 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 2.00% to 0.25%.

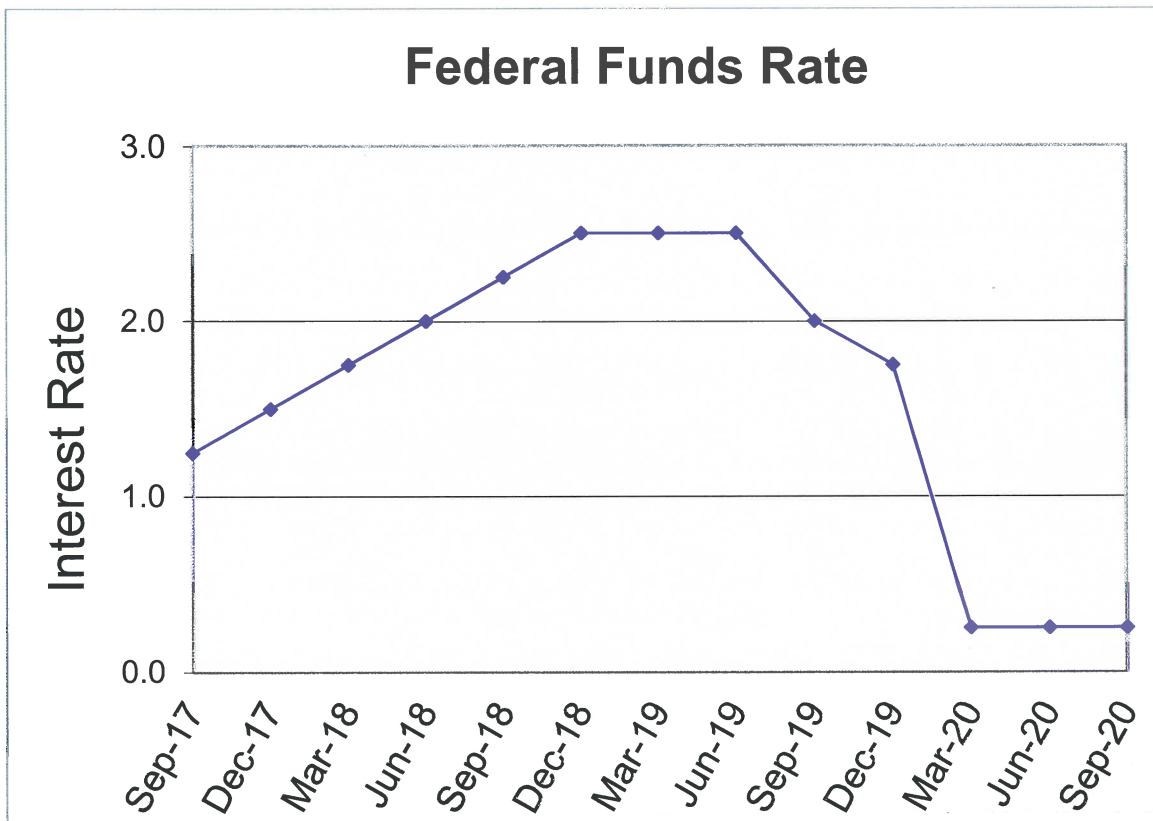
In investing public funds, the City's cash management portfolio is designed with the objective of regularly exceeding the average return on the six-month U.S. Treasury Bill. The Treasury Bill is considered a benchmark for riskless investment transactions and therefore comprises a minimum standard for 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 0.744% and the twelve-month return was 0.731%. 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 0.906%.

Investments for this year are \$49,617,802 lower than last year. The decrease in investments is due to the \$49,677,250 increase from \$18,218,037 to \$67,895,287 in cash in the city's checking account this year.

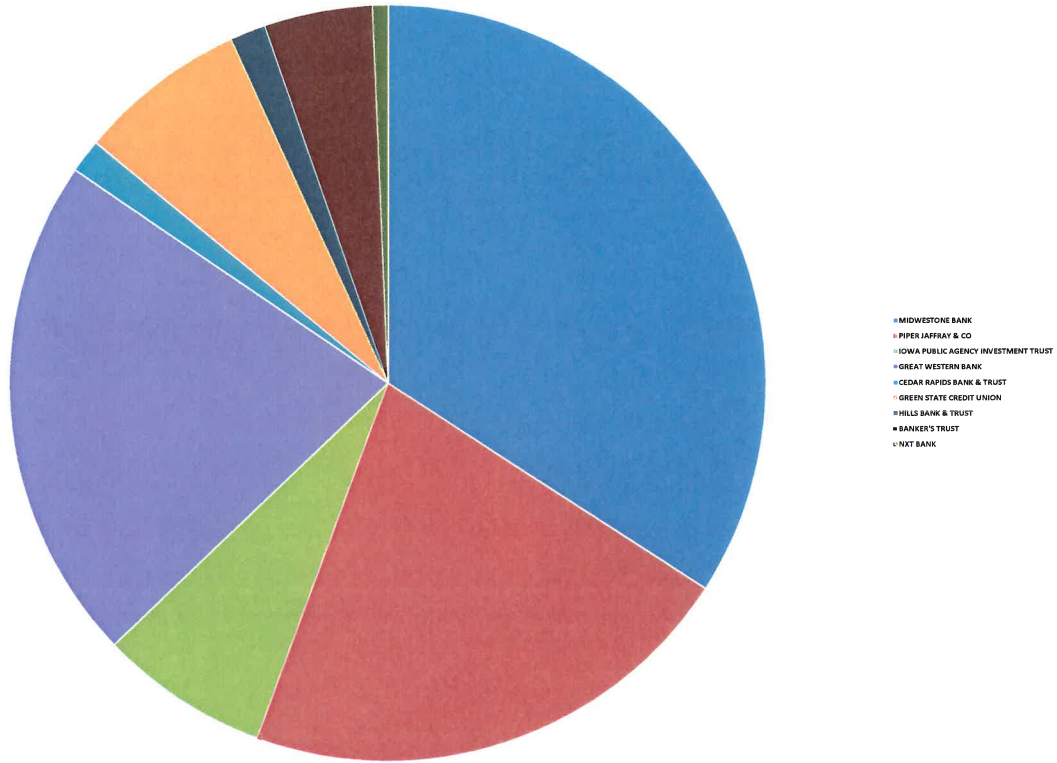


Treasury bills and fed funds are competing investments in the money market. The federal funds rate is highly influential and often has a direct effect on the U.S. economy, because it serves as a base for interest rates offered by various financial and credit institutions to businesses and consumers.

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. The Committee will continue to monitor the implications of incoming information for the economic outlook and would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on public health, labor market conditions, inflation pressures and inflation expectations, and financial and international developments.



City of Iowa City  
Investments by Institution  
September 30, 2020

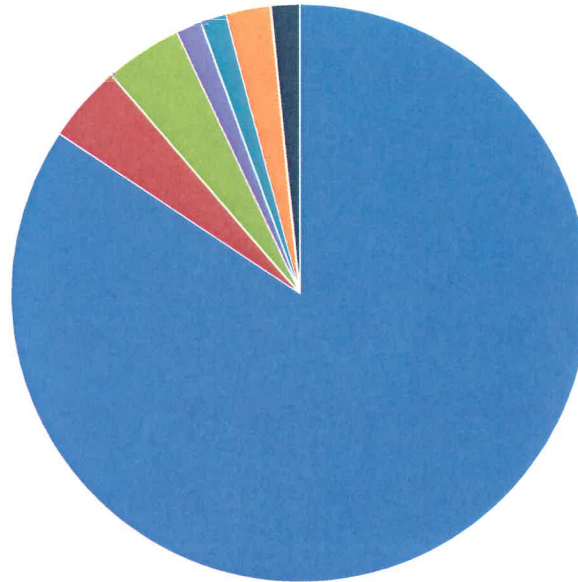


- MIDWESTONE BANK
- PIPER JAFFRAY & CO
- IOWA PUBLIC AGENCY INVESTMENT TRUST
- GREAT WESTERN BANK
- CEDAR RAPIDS BANK & TRUST
- GREEN STATE CREDIT UNION
- HILLS BANK & TRUST
- BANKER'S TRUST
- NXT BANK

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

<u>INSTITUTION NAME</u>	<u>9/30/20 INVESTMENT AMOUNT</u>	<u>9/30/19 INVESTMENT AMOUNT</u>	<u>DEPOSITORY LIMIT</u>
MIDWESTONE BANK	\$ 47,389,724	\$ 50,996,360	\$ 100,000,000
PIPER JAFFRAY & CO	\$ 29,779,956	\$ 23,705,000	N/A
IOWA PUBLIC AGENCY INVESTMENT TRUST	\$ 10,030,331	\$ 36,965,443	N/A
GREAT WESTERN BANK	\$ 30,091,578	\$ 29,722,155	\$ 100,000,000
CEDAR RAPIDS BANK & TRUST	\$ 2,000,000	\$ 14,000,000	\$ 50,000,000
GREEN STATE CREDIT UNION	\$ 10,000,000	\$ 4,000,000	\$ 50,000,000
HILLS BANK & TRUST	\$ 2,099,802	\$ 2,099,303	\$ 25,000,000
BANKER'S TRUST	\$ 6,406,770	\$ 21,852,703	\$ 50,000,000
NXT BANK	\$ 925,000	\$ -	\$ 65,000,000
REGIONS BANK	\$ -	\$ 5,000,000	\$ 100,000,000
<b>TOTAL</b>	<b>\$ 138,723,162</b>	<b>\$ 188,340,964</b>	

City of Iowa City  
Investments by Fund  
September 30, 2020



- OPERATING
- EQUIPMENT RESERVE
- HEALTH INSURANCE RESERVE
- LANDFILL RESERVE
- LANDFILL CLOSURE
- SEWER RESERVE
- WATER RESERVE

CITY OF IOWA CITY  
INVESTMENTS ON HAND  
SUMMARY BY FUND

FUND TYPE	9/30/20 INVESTMENT AMOUNT	9/30/19 INVESTMENT AMOUNT
OPERATING	\$ 116,997,514	\$ 172,315,964
EQUIPMENT RESERVE	\$ 5,998,529	\$ 4,000,000
HEALTH INSURANCE RESERVE	\$ 6,000,000	\$ 6,000,000
LANDFILL RESERVE	\$ 1,997,119	\$ 2,500,000
LANDFILL CLOSURE	\$ 2,000,000	\$ -
SEWER RESERVE	\$ 3,525,000	\$ 3,525,000
WATER RESERVE	\$ 2,205,000	\$ -
<b>TOTAL</b>	<b>\$ 138,723,162</b>	<b>\$ 188,340,964</b>