

CITY OF IOWA CITY

QUARTERLY
INVESTMENT REPORT

October 1, 2019
to
December 31, 2019

Finance Department

Prepared by:

Brian Cover

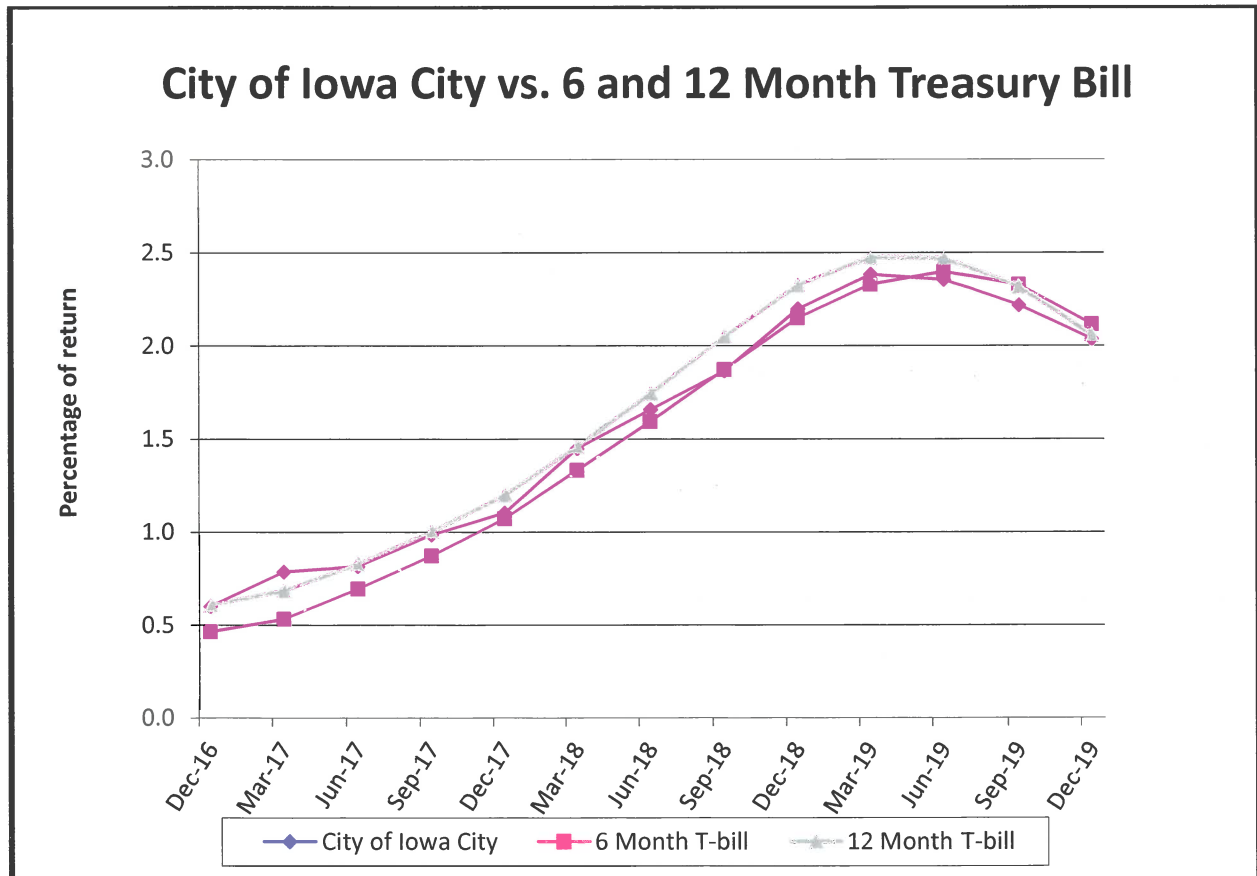
Senior Accountant

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.

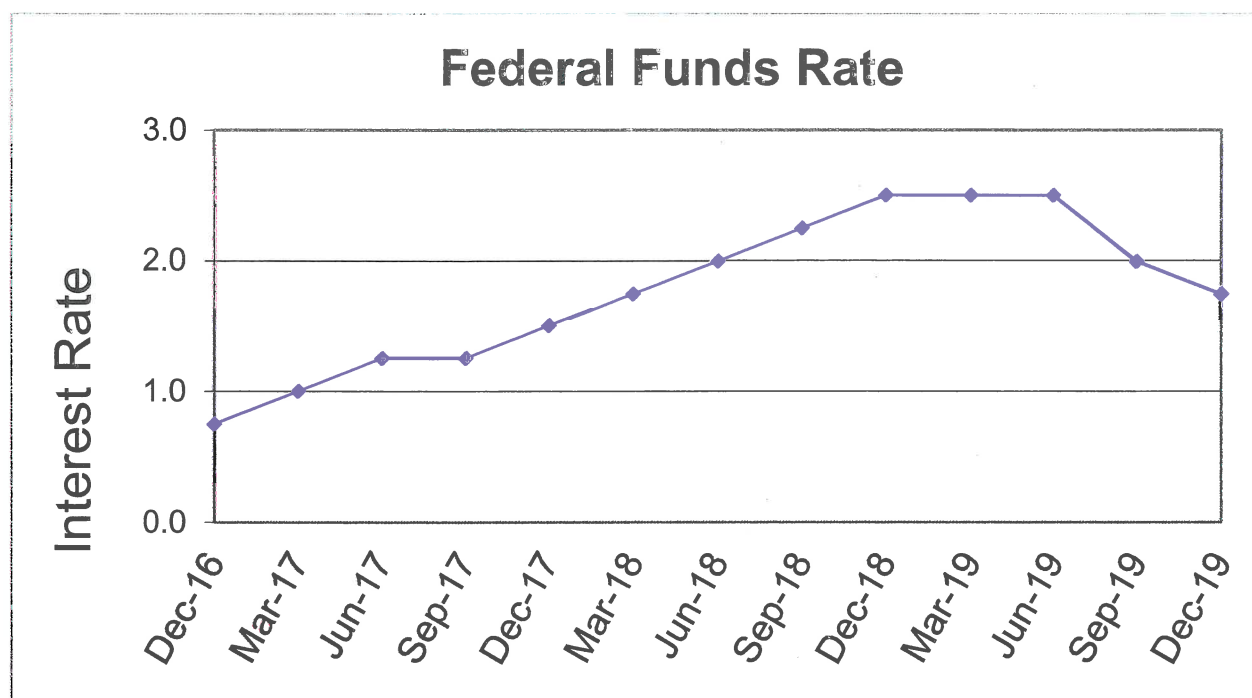
Investments purchased by the City of Iowa City for the second quarter of this fiscal year had an average return of 1.810%. Rates on new investment purchases in our operating cash portfolio for the second quarter were 51 basis points lower than investments purchased at this time last year. The decrease is due to the decline in the federal reserve target rate from 2.50% to 1.75%.

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 2.110% and the twelve-month return was 2.055%. 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 2.031%. (See exhibit A)

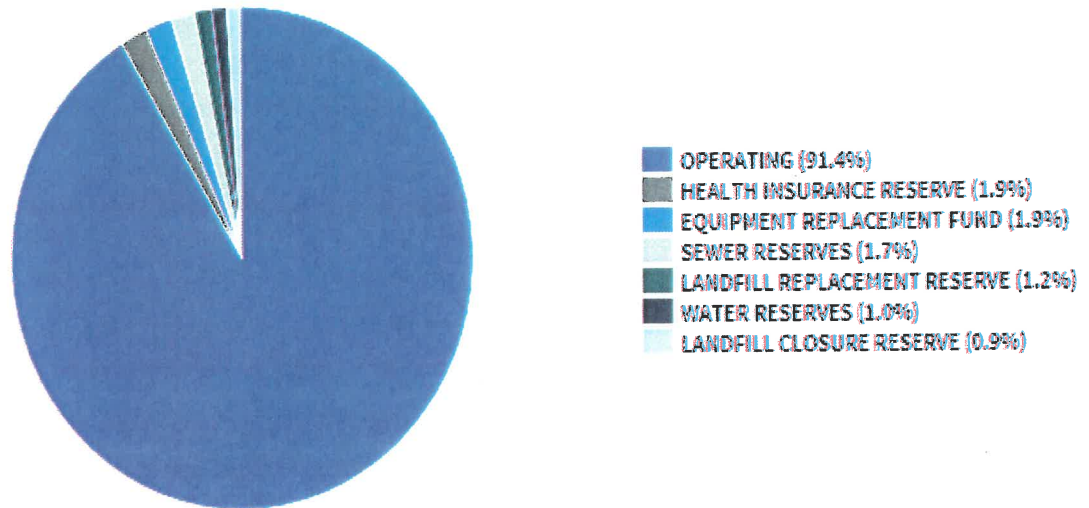


Treasury bills and fed funds are competing investments in the money market. The federal funds rate is highly influential and often has a direct effect on the U.S. economy, because it serves as a base for interest rates offered by various financial and credit institutions to businesses and consumers.

The federal funds rate is the interest rate at which banks lend to each other. In the October 30th meeting of the Federal Open Market Committee, the Committee decided to lower the target range for the federal funds rate to 1.75 percent due to implications of global developments for the economic outlook as well as muted inflation pressures. 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 sustain the expansion, with a strong labor market and inflation near its symmetric 2 percent objective.



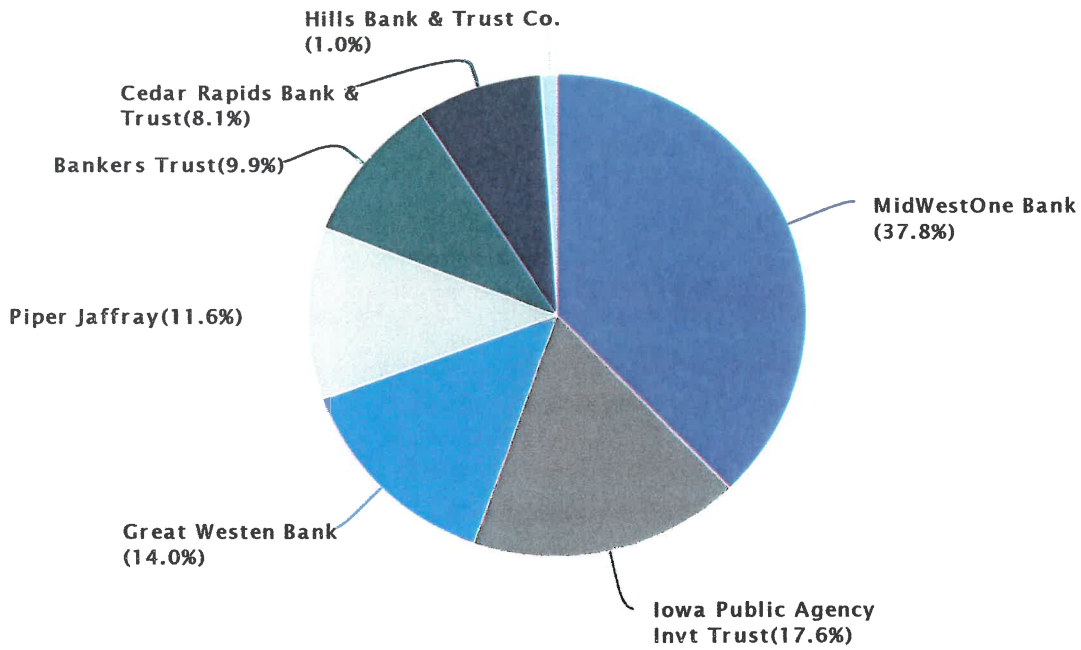
City of Iowa City
Investments by Fund
December 31, 2019



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

FUND TYPE	12/31/19 INVESTMENT AMOUNT	12/31/18 INVESTMENT AMOUNT
OPERATING	\$ 193,873,283.98	\$ 176,563,507.83
EQUIPMENT RESERVE	\$ 3,998,029.20	\$ 6,000,000.00
HEALTH INSURANCE RESERVE	\$ 4,000,000.00	\$ 6,000,000.00
LANDFILL RESERVE	\$ 2,500,000.00	\$ 4,000,000.00
LANDFILL CLOSURE	\$ 2,000,000.00	\$ 2,000,000.00
SEWER RESERVE	\$ 3,525,000.00	\$ 3,510,000.00
BOND PROCEEDS	\$ -	\$ 4,729,082.00
WATER RESERVE	\$ 2,205,000.00	\$ 2,500,000.00
PARKING OPERATIONS	\$ -	\$ 602,843.00
TOTAL	\$ 212,101,313.18	\$ 205,905,432.83

City of Iowa City
Investments by Institution
December 31, 2019



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

INSTITUTION NAME	12/31/19 INVESTMENT AMOUNT	12/31/18 INVESTMENT AMOUNT	DEPOSITORY LIMIT
MIDWESTONE BANK	\$ 80,136,050.65	\$ 59,605,181.34	\$ 100,000,000.00
PIPER JAFFRAY & CO	\$ 24,628,467.82	\$ 40,070,000.00	N/A
IOWA PUBLIC AGENCY INVESTMENT TRUST	\$ 37,192,439.76	\$ 41,510,446.90	N/A
GREAT WESTERN BANK	\$ 29,872,802.33	\$ 31,157,271.30	\$ 100,000,000.00
CEDAR RAPIDS BANK & TRUST	\$ 17,000,000.00	\$ 4,000,000.00	\$ 50,000,000.00
GREEN STATE CREDIT UNION	\$ -	\$ 11,600,000.00	\$ 50,000,000.00
HILLS BANK & TRUST	\$ 2,099,428.08	\$ 6,098,932.28	\$ 25,000,000.00
BANKER'S TRUST	\$ 21,172,124.54	\$ 4,760,758.01	\$ 50,000,000.00
TWO RIVERS BANK	\$ -	\$ 602,843.00	\$ 15,000,000.00
CBI BANK & TRUST	\$ -	\$ 6,500,000.00	\$ 15,000,000.00
TOTAL	\$ 212,101,313.18	\$ 205,905,432.83	