

CITY OF INDIANAPOLIS

Annual Investment Report Year Ending December 31, 2023



January 30, 2024

Presented By:

Janae Rhoton, Deputy Controller

Ciara Leath, Accounting Administrator

Prepared for the Marion County Board of
Finance



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City of Indianapolis
 Financial Institution/Investment Relationships
 For the Calendar Year Ending December 31, 2023

Prepared for the Marion County Board of Finance

Bank Accounts	
J.P. Morgan Chase 7 Commercial ZBA Checking accounts 1 Commercial Checking account 1 Commercial Savings accounts	Trust Indiana 12 Local Government Investment Pool Accounts

Investment Accounts	
J.P. Morgan Chase Safekeeping 9 Treasuries held at end of year	Huntington Money Market

Financial Institution	Indiana Approved Depository List	Community Reinvestment Act (CRA) Rating	Bankrate Safe & Sound Rating
JP Morgan Chase Bank, N.A.	✓	Satisfactory	3.5
Trust Indiana*	✓	N/A	N/A
Huntington Bank	✓	Outstanding	4.2

Indiana Approved Depository List: Public funds with deposits in approved Indiana depositories are insured through the Public Deposit Insurance Fund (PDIF). The PDIF was created by the Acts of 1937 to protect the public funds of the state and its political subdivisions deposited in approved financial institutions. The PDIF insures public funds exceeding the limits of coverage provided by any federal deposit insurance.

***NOTE:** Trust Indiana is a local government investment pool. The purpose of Trust Indiana is to allow local units of government, as well as the State of Indiana to invest in a common pool of investment assets that preserves the principal of the public's funds, remains highly liquid, and maximizes return on investment. Indiana Code § 5-13-9-11



City of Indianapolis

Investment Policy

1.0 Policy:

It is the policy of the City of Indianapolis to invest public funds, with the approval of the investment officer, in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City of Indianapolis and conforming to all state/local statutes governing the investment of public funds and in accordance with Title 5, Article 13 of the Indiana Code.

2.0 Scope:

This Investment Policy Statement applies to investment of public funds in securities by the Office of the Finance and Management of the City of Indianapolis. These funds are accounted for in the City of Indianapolis Annual Comprehensive Financial Report.

3.0 Prudence:

Investments shall be made with judgment and care-under circumstances then prevailing-which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

3.1 The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 Objective:

The primary objectives, in priority order, of the City of Indianapolis investment activities shall be:

4.1 **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the City of Indianapolis shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities *do* not exceed the income generated from the remainder of the portfolio.

4.2 **Liquidity:** The City of Indianapolis investment portfolio will remain sufficiently liquid to enable the City of Indianapolis to meet all operating requirements which might be reasonably anticipated.

4.3 Return on Investments: The City of Indianapolis investment portfolio shall be designed to maximize its return on investments while keeping safety and liquidity as a balance to maximizing returns.

5.0 Delegation of Authority:

Authority to manage the City of Indianapolis investment program is derived from Chapter 5-13-9 of the Indiana Code and Section 202-203 of the Revised Code of the Consolidated City and County Indianapolis/Marion, Indiana. The City Controller is the Investment Officer. (IC 36-1-2-7) Management shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Responsibility for the investment program is hereby delegated to:

City Controller (Primary Responsibility)

Deputy Controller as assigned by the Controller (Secondary Responsibility) Investment Manager or other title as determined by the Controller (Day to day activity)

5.1 Investment Procedures: The Controller of the City of Indianapolis shall establish written investment policy procedures for the operation of the investment program consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions.

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Controller of the City of Indianapolis.

6.0 Ethics and Conflicts of Interest:

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall complete the annual ethics statements required by the City notwithstanding the normal qualifications for completing the statement.

7.0 Designation of depositories:

No public deposit shall be made except in a qualified public depository as established by the laws of the State of Indiana.

8.0 Authorized & Suitable Investments:

8.1 Securities: The City of Indianapolis is empowered by statute to invest in the following types of securities:

- (1) Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. (IC 5-13-9-2). Funds may be invested in deposit accounts including passbook savings and money market account offered by designated depository approved by the Board of Finance, or fully collateralized repurchase or resale agreements with such approved depositories. (IC 5-13-9-3 and IC 5-13-9-5)

- (2) Municipal securities issued by an Indiana local governmental entity, a quasi- governmental entity related to the state, or a unit of government, municipal corporation, or special taxing district in Indiana, if the issuer has not defaulted on any of the issuer's obligations within the twenty (20) years preceding the date of the purchase. (IC 5-13-9-2)

8.2 Master Repurchase Agreement: Repurchase agreements, including standing repurchase agreements, commonly known as sweep accounts, must be with depositories designated by the State Board of Finance as depositories for state funds. A repurchase agreement may only be for securities which are issued or fully insured or guaranteed by the United States, a United States government agency, an instrumentality of the United States, or a federal sponsored enterprise. The depository shall determine daily that the repurchase agreements are fully collateralized base on the market value of securities, and the depository shall deliver additional securities to make the agreement collateralized to the required level. The collateral involved in a repurchase agreement is not subject to the two-year maturity limitation. (IC 5-13-9-3)

8.3 Certificates of Deposit: The investment pool may be invested in negotiable certificates of deposit having maturities of less than two years and in multiples of one million dollars providing that market yields on CD's exceed treasury bills of comparable maturity / duration. Principal and interest is insured by the Deposit Insurance Fund to the extent not covered any federal deposit insurance agency. Eligible financial institutions must have a market share of at least one- percent of the average daily deposits in Marion County and must maintain a capital ratio in excess of the minimum required by the appropriate governmental supervisory body for each institution. For institutions rated Prime-1, there is no limitation on total investment per institution. However, total investment with a non-rated institution is limited to the lessor of 10% of the institution's capital or five million dollars, and ninety days maximum maturity. (IC 5-13-9-4)

8.4 Cash Management Systems: The City of Indianapolis may contract with a designated depository for the operation of an investment cash management system. If no institution within the City of Indianapolis can provide a system, then the contract may be awarded to a depository outside the City of Indianapolis but with a principal office or branch within the state. (IC 5-13-11-1, IC5-13-11-2)

9.0 Investment Pools:

A thorough investigation of the pool/fund is required prior to investing and on a continual basis.

The following must be examined and analyzed prior to investment:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced, and the program audited.
- A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc. utilized by the pool/fund?
- A fee schedule, and when and how is it assessed.

10.0 Collateralization:

Collateralization will be required on repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be (102%) of market value of principal and accrued interest. The City of Indianapolis reserves the right to choose the collateral providers. Collateral will always be

held by an independent third party with which the entity has a current custodial agreement. A clearly marked evidence of ownership must be supplied to the entity and retained. The right of collateral substitution is granted.

11.0 Safekeeping and Custody:

All security transactions, including collateral for repurchase agreements, entered into by the City of Indianapolis shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third-party custodian designated by the Controller and evidenced by monthly statement.

12.0 Diversification:

Maturities shall be time diversified over a schedule determined by known liabilities and/or to achieve target duration or weighted average maturity for the portfolio based on the judgment of the Controller.

13.0 Maximum Maturities:

To the extent possible, the City of Indianapolis will attempt to match its investments with anticipated cash flow requirements. The City of Indianapolis may invest in securities for more than two (2) years and not more than five (5) years in accordance with IC 5-13-9-5.7. The total investments outstanding under this policy shall not exceed 25% of the total portfolio of public funds invested by the City of Indianapolis, including balances in transaction accounts. The remaining balance of investments must be for a maturity of two years or less.

14.0 Internal Control:

The Controller shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

15.0 Performance Standards:

The investment portfolio shall be designed with the objective of obtaining a maximum rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

16.0 Reporting:

The Controller's Office shall provide investment reports to the Board of Finance as requested, which provides a clear picture of the status of the current investment portfolio.

This Investment Policy for the Office of Finance and Management of the City of Indianapolis is effective as of the 1st of December 2022 and, in accordance with IC 5-13-9-5.7(a)(6), expires on December 1, 2026.

Signed: 

Date: 5/25/23

Sarah Riordan, City Controller



City of Indianapolis
 Report of 2023 Average Monthly Bank & Investment Balances
 For the Calendar Year Ending December 31, 2023

Prepared for the Marion County Board of Finance

Financial Institutions	January	February	March	April	May	June	July	August	September	October	November	December	Average Monthly Balance	December Ending Cash Balances
JP Morgan Chase - Pool Account	\$ 26,037,917	\$ 25,064,155	\$ 23,608,417	\$ 20,954,106	\$ 25,314,504	\$ 25,784,681	\$ 28,702,356	\$ 20,177,729	\$ 12,910,290	\$ 18,315,348	\$ 19,321,322	\$ 20,180,155	\$ 22,197,582	\$34,773,605
JP Morgan Chase - HUD Account	\$ 1,739,164	\$ 553,915	\$ 363,177	\$ 195,700	\$ 184,641	\$ 185,162	\$ 202,668	\$ 186,271	\$ 186,843	\$ 202,618	\$ 188,022	\$ 188,582	\$ 364,730	\$189,161
JP Morgan Chase - Savings Account	\$ 347,159	\$ 112,167	\$ 50,251	\$ 50,382	\$ 50,515	\$ 467,271	\$ 1,549,449	\$ 54,500	\$ 118,444	\$ 208,057	\$ 50,640	\$ 50,535	\$ 259,114	\$50,155
Trust Indiana	\$ 744,309,971	\$ 665,058,696	\$ 604,854,888	\$ 560,254,888	\$ 533,250,768	\$ 577,231,014	\$ 623,894,235	\$ 527,559,907	\$ 463,131,845	\$ 470,092,075	\$ 414,893,109	\$ 443,171,539	\$ 552,308,578	\$466,627,799
Total Bank Balances	\$ 772,434,211	\$ 690,788,933	\$ 628,876,733	\$ 581,455,076	\$ 558,800,428	\$ 603,668,128	\$ 654,348,708	\$ 547,978,407	\$ 476,347,422	\$ 488,818,098	\$ 434,453,093	\$ 463,590,811	\$ 575,130,004	\$501,640,720
Investments														
JP Morgan Chase Safekeeping	\$ 292,973,300	\$ 342,973,300	\$ 342,973,300	\$ 342,973,300	\$ 342,973,300	\$ 342,973,300	\$ 392,973,300	\$ 392,973,300	\$ 392,973,300	\$ 281,000,000	\$ 394,000,000	\$ 394,000,000	\$ 354,646,642	\$383,424,489
Huntington Money Market Account	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,419,353	\$ 50,123,996	\$ 50,345,027	\$ 50,575,034	\$ 50,799,504	\$ 19,105,243	\$51,032,486
Total Investments	\$ 292,973,300	\$ 342,973,300	\$ 342,973,300	\$ 342,973,300	\$ 342,973,300	\$ 342,973,300	\$ 392,973,300	\$ 420,392,653	\$ 443,097,296	\$ 331,345,027	\$ 444,575,034	\$ 444,799,504	\$ 373,751,885	\$434,456,975
Total Balances	\$1,065,407,511	\$ 1,033,762,233	\$ 971,850,033	\$ 924,428,376	\$ 901,773,728	\$ 946,641,428	\$ 1,047,322,008	\$ 968,371,060	\$ 919,444,718	\$ 820,163,125	\$ 879,028,127	\$ 908,390,315	\$ 948,881,888	\$936,097,695

* DRAFT, unaudited statement



City of Indianapolis
 Report of 2023 Monthly Interest Income
 For the Calendar Year Ending December 31, 2023

Prepared for the Marion County Board of Finance

Financial Institutions	January	February	March	April	May	June	July	August	September	October	November	December	Total	Average Monthly Income
JP Morgan Chase - Pool Account	\$ 61,956	\$ 57,018	\$ 61,550	\$ 55,317	\$ 71,173	\$ 72,473	\$ 83,363	\$ 62,032	\$ 38,409	\$ 56,306	\$ 57,487	\$ 62,039	\$ 739,123	\$ 61,594
JP Morgan Chase - HUD Account	\$ 4,181	\$ 1,262	\$ 947	\$ 516	\$ 521	\$ 520	\$ 589	\$ 573	\$ 556	\$ 623	\$ 559	\$ 580	\$ 11,427	\$ 952
JP Morgan Chase - Savings Account	\$ 844	\$ 251	\$ 131	\$ 133	\$ 143	\$ 1,313	\$ 4,500	\$ 168	\$ 352	\$ 640	\$ 151	\$ 155	\$ 8,781	\$ 732
Trust Indiana	\$ 2,779,960	\$ 2,327,690	\$ 2,397,441	\$ 2,263,699	\$ 2,282,521	\$ 2,433,422	\$ 2,739,612	\$ 2,388,964	\$ 2,039,381	\$ 2,146,033	\$ 1,842,690	\$ 2,039,608	\$ 27,681,021	\$ 2,306,752
Total Bank Balances	\$2,846,941	\$2,386,221	\$2,460,069	\$2,319,665	\$2,354,358	\$2,507,728	\$2,828,064	\$2,451,737	\$2,078,698	\$2,203,602	\$1,900,887	\$2,102,382	\$28,440,352	\$ 2,370,029
Investments														
JP Morgan Chase Safekeeping	\$ 827,872	\$ 943,365	\$ 1,269,932	\$ 1,204,063	\$ 1,314,776	\$ 1,272,364	\$ 1,411,025	\$ 1,589,964	\$ 1,538,675	\$ 1,155,637	\$ 1,436,342	\$ 1,684,642	\$ 15,648,656	\$ 1,304,055
Huntington Money Market	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 124,007	\$ 221,026	\$ 230,001	\$ 224,470	\$ 232,982	\$ 1,032,486	\$ 206,497
Total Investments	\$ 827,872	\$ 943,365	\$1,269,932	\$1,204,063	\$1,314,776	\$1,272,364	\$1,411,025	\$1,713,971	\$1,759,701	\$1,385,638	\$1,660,812	\$1,917,624	\$16,681,142	\$ 1,510,552
Total Balances	\$3,674,813	\$3,329,586	\$3,730,001	\$3,523,728	\$3,669,134	\$3,780,092	\$4,239,089	\$4,165,708	\$3,838,399	\$3,589,240	\$3,561,699	\$4,020,006	\$45,121,494	\$ 3,880,581

* DRAFT, unaudited statement



City of Indianapolis
 Report of 2023 Interest Income Analysis
 For the Calendar Year Ending December 31, 2023

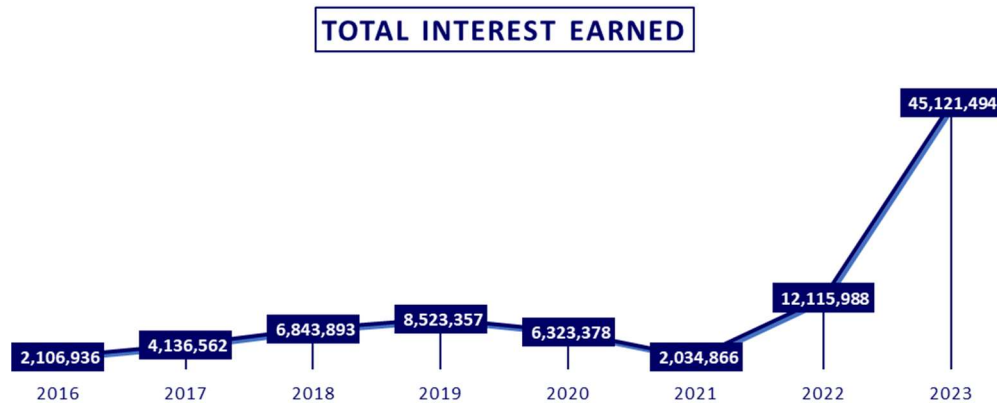
Prepared for the Marion County Board of Finance

Financial Institutions	Average Monthly Balance	YTD Interest Earnings	Average Interest Rate
JP Morgan Chase - Pool Account	\$ 22,197,582	\$ 739,123	3.33%
JP Morgan Chase - HUD Account	\$ 364,730	\$ 11,427	3.13%
JP Morgan Chase - Savings Account	\$ 259,114	\$ 8,781	3.39%
Trust Indiana	\$ 552,308,578	\$ 27,681,021	5.01%
Total Bank Balances	\$ 575,130,004	\$ 28,440,352	4.95%

Combined Total	Average Monthly Balance	YTD Interest Earnings	Average Interest Rate
	\$ 948,881,888	\$ 45,121,494	4.76%

Investments	Average Monthly Balance	YTD Interest Earnings	Average Interest Rate
JP Morgan Chase Safekeeping - Cash Basis	\$ 354,646,642	\$ 15,648,656	4.41%
Huntington Money Market	\$ 19,105,243	\$ 1,032,486	5.40%
Total Investments - Cash Basis	\$ 373,751,885	\$ 16,681,142	4.46%

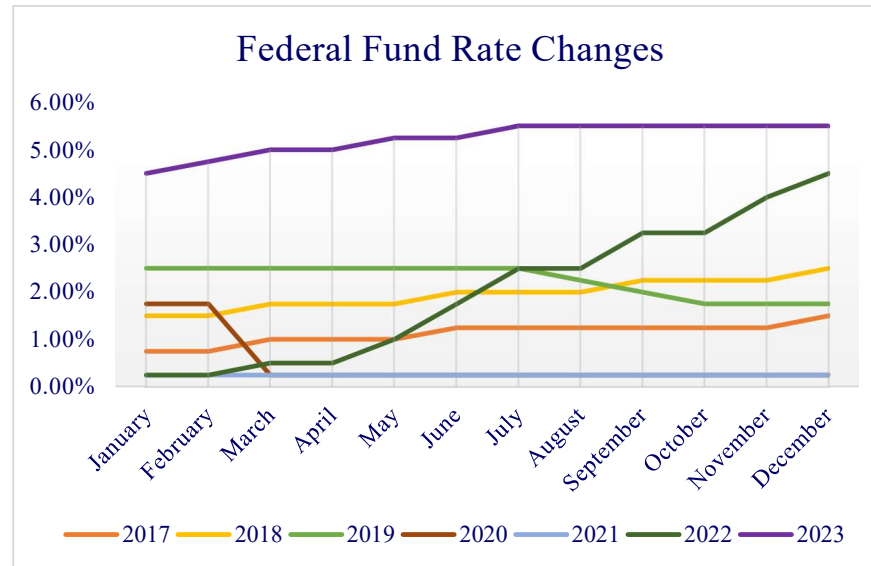
* DRAFT, unaudited statement





City of Indianapolis
 Federal Fund Rate Changes
 For the Calendar Year Ending December 31, 2023

Prepared for the Marion County Board of Finance



***NOTE:** In response to the COVID 19 Pandemic, the Federal Reserve made a significant rate cut on March 3, 2020 and March 16, 2020. There were no changes to rates in 2021 and in 2022-2023, the Federal Reserve made several rate increases.

Source: <https://www.federalreserve.gov/monetarypolicy/openmarket.htm>



City of Indianapolis
 Year End Investment Portfolio
 For the Calendar Year Ending December 31, 2023

Prepared for the Marion County Board of Finance

Issuer	CUSIP	Purchase Date	Maturity Date	PAR	Days to Maturity	Yield Rate	As of Date:	Coupon Rate
United States Treasury Note	91282CDV0	1/31/2023	1/31/2024	50,000,000	31	4.75%	12/31/2023	0.88%
United States Treasury Note	91282CDV0	2/9/2023	1/31/2024	50,000,000	31	4.90%	12/31/2023	0.88%
United States Treasury Note	91282CDZ1	2/28/2023	2/15/2025	40,000,000	412	4.84%	12/31/2023	1.50%
United States Treasury Note	91282CEX5	7/14/2023	6/30/2024	25,000,000	182	5.27%	12/31/2023	3.00%
United States Treasury Note	91282CHD6	7/14/2023	5/31/2025	25,000,000	517	4.71%	12/31/2023	4.25%
United States Treasury Note	91282CHD6	7/14/2023	5/31/2025	46,000,000	517	4.71%	12/31/2023	4.25%
United States Treasury Note	91282CFK2	10/31/2023	9/15/2025	38,000,000	624	5.12%	12/31/2023	3.50%
United States Treasury Note	91282CCX7	10/31/2023	9/15/2024	75,000,000	259	5.47%	12/31/2023	0.38%
United States Treasury Note	91282CDB4	11/30/2023	10/15/2024	45,000,000	289	5.24%	12/31/2023	0.63%
Total				394,000,000	318			

***NOTE:** As of December 31, 2023, the City of Indianapolis does not have any investments outstanding with a maturity greater than two years.