

Staff Report

for the Regular Meeting of the Board of Directors February 12, 2020

TO: Board of Directors

FROM: Marvin Davis, MBA, CPA, Finance Manager/Treasurer

DATE: February 5, 2020

SUBJECT: Quarterly Investment, Reserves & Short-Term Forecast

FINANCE

RECOMMENDATION:

Receive the quarterly investment, reserve, and short-term cash forecast report for the period ending December 31, 2019.

BACKGROUND:

The Nevada Irrigation District’s Investment Policy requires and Government Code Section 53646 encourages submittal of a quarterly investment report to the Board of Directors. This report presents the District’s cash and investment portfolio on December 31, 2019, managed by staff, excluding pension and other benefits. Year to date interest earnings came in at \$1,485,740 compared to the prior year of \$1,144,601, an increase of \$341,139. The fiscal year portfolio return is \$1.91%.

The 2019 short-term cash balance is \$31.4 million and considers the current level of encumbrances (\$26.8 million). Currently, staff estimates the 2020 short-term forecast balance at \$18 million, anticipating drawing down \$12.7 million in 2016A bond proceeds.

	<u>Amount</u>
12/31/2019 Balance	\$ 31,368,119
2016A Bond Draw	(12,700,000)
Reserve Draw	(9,263,252)
Maturities, Earnings	<u>10,736,853</u>
12/31/2020 Estimate	18,068,734

Total unaudited cash under staff’s management is \$97 million, including \$12.7 million in 2016A bond proceeds. Staff estimates reserves at quarter-end, and

adjustments occur at fiscal year-end depending on approved budget amendments, operating results, and Policy 3040 direction.

The operating (3040.4.1) and capital (3040.4.4) reserve balances in the Water Fund (\$14.8 million) reflects the high level of encumbrances the Fund is carrying into the fiscal year 2020 (\$23.4 million, page 4 of December's Monthly Financial Report). In the accounting world, the issuance of the encumbrance/PO, does not draw down the reserve. Liquidation of the encumbrance or payment of the PO will draw down the reserve.

Also, the Community Investment Stabilization reserve (3040.4.3) of \$1.5 million is committed for Table Meadow and Iron horse Drive projects awaiting the issuance of contracts. Again, the payment upon these future contracts will draw down the reserve.

Timely financial reporting achieves Goal Number 1 of the District's Strategic Plan by demonstrating proactive management of our physical, financial, and human resources.

BUDGETARY IMPACT: N/A
MD

- Attachments: December 31, 2019 Investment, Reserve and Short-term Cash Forecast Report

Nevada Irrigation District
Quarterly Cash & Investment Report: December 31, 2019
Short & Long-Term Investments

Investment Type	Issuer	Interest Rate	Maturity Date	Cost Basis	Market Value	Net Unrealized Gain/Loss	Price
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L-Term Investments

Corporate Obligations	SYNCHRONY BK	1.900%	5/26/2020	\$ 250,000	\$ 250,243	\$ 243	\$ 100.10
Corporate Obligations	GOLDMAN SACHS BK	1.900%	5/29/2020	250,000	250,248	248	100.10
Corporate Obligations	AMERICAN EXP F/R	1.900%	6/1/2020	250,000	250,253	253	100.10
Corporate Obligations	WEX BK MIDVALE	1.800%	6/2/2020	250,000	250,148	148	100.06
Corporate Obligations	BMW BK N A	2.200%	10/16/2020	250,000	251,180	1,180	100.47
Corporate Obligations	CAP ONE NATL ASSN	2.200%	10/21/2020	250,000	251,200	1,200	100.48
Corporate Obligations	CAPITAL ONE BK	2.200%	10/21/2020	250,000	251,200	1,200	100.48
Corporate Obligations	MB FINL BK	1.300%	10/28/2020	250,000	249,195	(805)	99.68
Corporate Obligations	BANK BARODA NY Y	1.500%	10/30/2020	250,000	249,180	(820)	99.67
Corporate Obligations	WELLS FARGO BK	1.750%	6/17/2021	250,000	249,698	(303)	99.88
Corporate Obligations	DISCOVER BK	1.500%	8/17/2021	250,000	249,228	(773)	99.69
Corporate Obligations	COMENTY CAP BK	1.750%	10/29/2021	250,000	248,865	(1,135)	99.55
Government Obligations	FFCB BDS	1.490%	3/30/2020	2,000,000	1,998,380	(1,620)	99.92
Government Obligations	FHLB BDS	1.700%	4/28/2020	464,286	464,289	3	100.00
Government Obligations	FHLB BDS	1.400%	5/18/2020	1,225,000	1,223,787	(1,213)	99.90
Government Obligations	FNMA NT	1.550%	7/28/2020	500,000	499,770	(230)	99.95
Government Obligations	FFCB BDS	1.340%	10/13/2020	3,000,000	2,996,010	(3,990)	99.87
Government Obligations	FHLB BDS	1.720%	10/28/2020	2,000,000	2,000,000	-	100.00
Government Obligations	FFCB NT	1.640%	2/10/2021	1,500,000	1,498,275	(1,725)	99.89
Government Obligations	FNMA NT	1.500%	5/25/2021	1,996,400	1,995,500	(900)	99.78
Government Obligations	FNMA NTS	1.750%	5/25/2021	2,000,000	1,999,040	(960)	99.95
Government Obligations	FFCB BDS	1.500%	7/6/2021	2,000,000	1,996,520	(3,480)	99.83
Government Obligations	FNMA NT	1.500%	7/27/2021	7,000,000	6,956,110	(43,890)	99.37
Government Obligations	FHLMC MTN	1.600%	8/9/2021	6,000,000	5,982,960	(17,040)	99.72
Government Obligations	FNMA NTS	1.500%	8/25/2021	2,000,000	1,988,600	(11,400)	99.43
Government Obligations	FNMA NTS	1.500%	9/29/2021	3,000,000	2,989,560	(10,440)	99.65
Government Obligations	FNMA NTS	1.510%	9/30/2021	4,000,000	3,986,680	(13,320)	99.67
Government Obligations	FFCB BDS	1.520%	11/15/2021	4,500,000	4,465,035	(34,965)	99.22
Government Obligations	FHLB BDS	1.600%	11/26/2021	3,477,250	3,479,735	2,485	99.42

Nevada Irrigation District
Quarterly Cash & Investment Report: December 31, 2019
Short & Long-Term Investments

Investment Type	Issuer	Interest Rate	Maturity Date	Cost Basis	Market Value	Net Unrealized Gain/Loss	Price
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L-Term Investments

Total L-Term Investments \$ 49,662,936

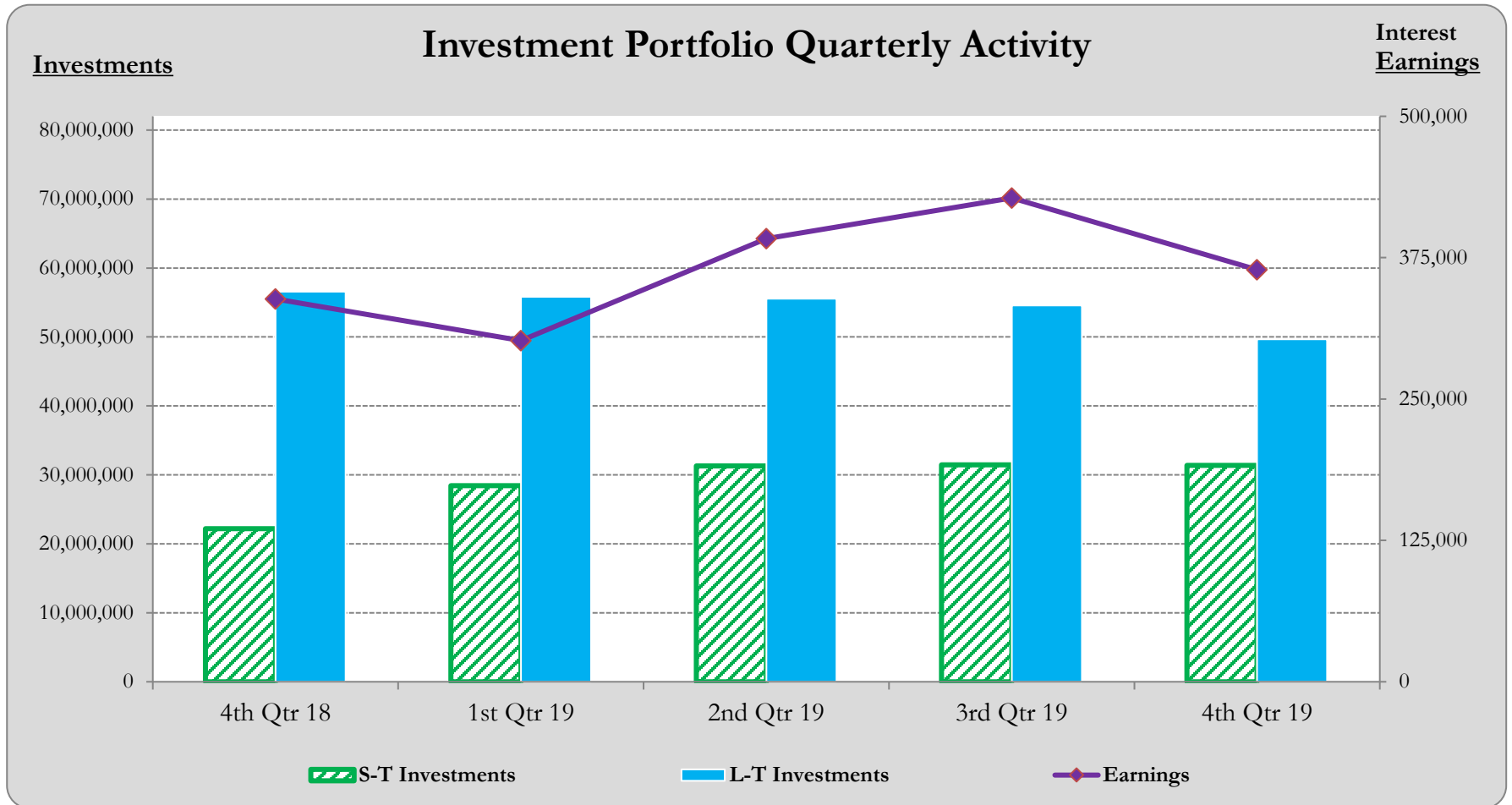
S-Term Investments & Checking Account

Corporate Obligations	Union Bank Money Mkt	0.01%	12/31/2019	1,407	1,407	N/A	N/A
Local Investment Pool	Local Agency IF	2.32%	12/31/2019	27,657,266	27,657,266	N/A	N/A
Checking Account	Wells Fargo Checking	0.03%	12/31/2019	3,709,446	3,709,446	N/A	N/A

Total S-Term Investments \$ 31,368,119

	YTD Interest	Total Investment \$ 81,031,055
L-Term Investments	877,564	
S-Term Investments	608,176	
	\$ 1,485,740	Annualized Return 1.91% excludes Wells Fargo Checking Account

Nevada Irrigation District
Quarterly Cash & Investment Report: December 31, 2019
Investments & Interest Earnings



Nevada Irrigation District
Quarterly Cash & Investment Report: December 31, 2019
Portfolio Maturity Ladder

Short-Term	Long-Term
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Month	2019	2020	2021	Grand Total
Jan				-
Feb			1,500,000	1,500,000
Mar		2,000,000		2,000,000
Apr		464,286		464,286
May		1,725,000	3,996,400	5,721,400
Jun		500,000	250,000	750,000
Jul		500,000	9,000,000	9,500,000
Aug			8,250,000	8,250,000
Sep			7,000,000	7,000,000
Oct		6,250,000	250,000	6,500,000
Nov			7,977,250	7,977,250
Dec	31,368,119			31,368,119
Grand Total	31,368,119	11,439,286	38,223,650	81,031,055

Portfolio %	38.7%	14.1%	47.2%	100.0%
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Nevada Irrigation District
Quarterly Cash & Investment Report: December 31, 2019
Estimated Reserve Balances

	Water	Restricted	Bonds	Recreation	Hydroelectric	Total	Policy Amounts
2018 Audited Reserves	\$ 10,192,898	\$ 6,163,398	\$ 13,167,495	\$ 677,803	\$ 57,387,669	\$ 87,589,263	

2019 Cash Breakdown:

<u>Policy #</u>	<u>Restricted Reserves</u>						<u>Policy \$ Min</u>	
3040.3.1	Capacity Fees		5,552,218			5,552,218	\$2M	
3040.3.2	Debt Service		611,180			611,180	Covenant	
3040.3.3	Bond/Loan/Fiduciary			10,433,125		10,433,125	Covenant	
	Restricted Total	-	6,163,398	10,433,125	-	-	16,596,523	
	Operating Months	2.31			1.38	6.00		
	Designated Reserves							
3040.4.1	Operating	7,512,930			264,000	9,120,629	16,897,559	Suspended
3040.4.2	Water Rate Stabilization						-	\$0 min
3040.4.3	Community Investment Stabilization	1,500,000					1,500,000	\$1.5M
3040.4.4	Capital Improvement/Replacement	7,244,409			500,000	15,000,000	22,744,409	\$37.5M
3040.4.4	Capital Improvement/FERC License					28,757,990	28,757,990	\$35M
3040.4.5	Insurance and Catastrophic Occurrence					5,000,000	5,000,000	\$5M
3040.4.6	Watershed Stewardship	1,995,249					1,995,249	\$500K
3040.4.7	Accrued Leave	1,091,159			35,752	133,498	1,260,408	50% liability
	Designated Total	19,343,747	-	-	799,752	58,012,117	78,155,615	
	Working Capital							
3040.5.1	Operating Cash	1,000,000			250,000	1,000,000	2,250,000	
	2019 Reserves, October 31, 2019	<u>20,343,746</u>	<u>6,163,398</u>	<u>10,433,125</u>	<u>1,049,752</u>	<u>59,012,116</u>	<u>97,002,137</u>	

Nevada Irrigation District
Short-Term Cash Forecast: FY 2020

	Actual	Forecast ⇨					Reconcile to Budget
	2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020		
Union Bank	1,407						Receipts 66,070,539
Wells Fargo	3,709,446						Disbursements 77,405,370
LAIF	27,657,266						Budget Rec - Disb (11,334,831)
Short-T Cash	\$ 31,368,119						Transfer Ins & Outs 971,579
							Interest Income 1,100,000
							Original Budget (9,263,252)
Wells Fargo							
Budget Receipts		18,680,332	17,402,099	16,325,636	13,662,472		
Budget Disbursements		19,029,944	17,047,158	21,743,253	19,585,015		
LAIF Transfer Ins/(Outs)		(1,300,000)	(400,000)	5,500,000	5,900,000		
Ending Balance		2,059,834	2,014,775	2,097,158	2,074,615		
LAIF							
2016A Drawdown		-	(11,000,000)	(1,700,000)	-		
Transfer Ins/(Outs) WF		1,300,000	400,000	(5,500,000)	(5,900,000)		
Transfer Ins/(Outs) UB		2,275,000	2,964,286	775,000	4,722,567		
Ending Balance		31,232,266	23,596,552	17,171,552	15,994,119		
Total Short-Term Cash		<u>\$ 33,292,100</u>	<u>\$ 25,611,327</u>	<u>\$ 19,268,710</u>	<u>\$ 18,068,734</u>		