



Staff Report

for the Board of Directors' Meeting of May 12, 2021

TO: Board of Directors

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

DATE: May 4, 2021

SUBJECT: Quarterly Investment, Reserves & Short-Term Forecast

FINANCE

RECOMMENDATION:

Receive and file the quarterly investment, reserve, and short-term cash forecast report for the period ending March 31, 2021.

BACKGROUND:

Investment Portfolio:

The Nevada Irrigation District's Investment Policy 3035 requires and the Government Code Section 53646 encourages submittal to the Board of Directors a quarterly investment report. This report presents the District's cash and investment portfolio on March 31, 2021, managed by staff, excluding pension and other benefits. Year to date interest earnings came in at \$133,818 compared to prior year of \$410,273, a decrease of \$276,455. The fiscal year portfolio return is estimated at .53%.

The investment and earnings chart indicates the level of short-term and long-term investments are approaching the same ratios as a year ago. As the economy and financial markets continue to adjust to the pandemic, staff will continue to adjust the portfolio. Currently, 5-Year rates (long-term) are outperforming Treasury and LAIF returns so economic forces are slowly producing a normal yield curve. The portfolio maturity ladder illustrates that staff has moved 45.4% of the portfolio into longer term assets. The District's portfolio adheres to the Prudent Investor Standard (GC Section 53600.3) and objectives in priority: Safety, Liquidity, and Return

Financial Reserves:

Total unaudited cash (reserves) under staff’s management is \$104.6 million. Staff estimates reserves at quarter-end, and adjustments occur at fiscal year-end depending on approved budget amendments, operating results, and policy 3040 direction. Final reserve balances are determined upon completion of the District’s audited financial statements.

The operating (3040.4.1) and capital (3040.4.4) reserve balances in the Water Fund (\$33.6 million) consider the level of encumbrances the Fund is currently carrying. 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. The Community Investment Stabilization reserve (3040.4.3) of \$916K is committed for the Loma Rica DFWLE project awaiting the issuance of contracts.

Short-term Cash Forecast:

The December 31, 2021, short-term cash balance is estimated at \$47.7 million and considers the current level of encumbrances (\$16.1 million) and performance of short-term investments.

	<u>Amount</u>
3/31/2021 Estimate	\$ 54,068,095
Receipts	48,992,448
Disbursements	(51,540,127)
UB Money Mkt	(5,000,000)
LAIF Interest, Maturities	<u>1,275,000</u>
12/31/2021 Estimate	47,795,415

Timely financial reporting achieves the District’s first strategic goal and demonstrates proactive management of our physical and financial resources.

BUDGETARY IMPACT: N/A

- Attachments: March 31, 2021 Investment, Reserve, and Short-term Cash Forecast Report

Nevada Irrigation District
Quarterly Cash & Investment Report: March 31, 2021
Short & Long-Term Investments

Investment Type	Issuer	Interest Rate	Maturity Date	Cost Basis	Market Value	Net Unrealized Gain/Loss	Price
Corporate Obligations	COMENITY CAP BK	1.750%	10/29/2021	\$ 250,000	\$ 252,022	\$ 2,022	\$ 101.17
Corporate Obligations	DISCOVER BK	1.500%	8/17/2021	250,000	251,397	1,397	100.55
Corporate Obligations	WELLS FARGO BK	1.750%	6/17/2021	250,000	250,827	827	100.33
Government Obligations	FEDERAL FARM CR BKS	0.320%	12/23/2024	6,000,000	5,945,700	(54,300)	99.10
Government Obligations	FEDERAL FARM CR BKS	0.490%	3/10/2025	3,000,000	2,936,610	(63,390)	97.89
Government Obligations	FEDERAL HOME LN MTG	0.550%	9/30/2025	3,500,000	3,411,730	(88,270)	97.48
Government Obligations	FEDERAL HOME LN MTG	0.625%	12/17/2025	3,000,000	2,972,280	(27,720)	99.08
Government Obligations	FEDERAL HOME LOAN	1.010%	3/30/2026	5,000,000	4,967,500	(32,500)	99.35
Government Obligations	FEDERAL HOME LOAN	1.020%	3/30/2026	5,000,000	4,967,750	(32,250)	99.36
Government Obligations	FEDERAL HOME LOAN	1.020%	4/15/2026	5,000,000	4,992,750	(7,250)	99.86
Government Obligations	FEDERAL HOME LOAN	1.030%	3/30/2026	5,000,000	4,990,050	(9,950)	99.80
Government Obligations	FEDERAL HOME LOAN	1.050%	3/30/2026	5,000,000	4,980,050	(19,950)	99.60
Government Obligations	FEDERAL HOME LOAN	1.150%	4/28/2026	5,000,000	4,992,710	(7,290)	99.85

Total L-Term Investments \$ 46,250,000 \$ 45,911,376 \$ (338,624)

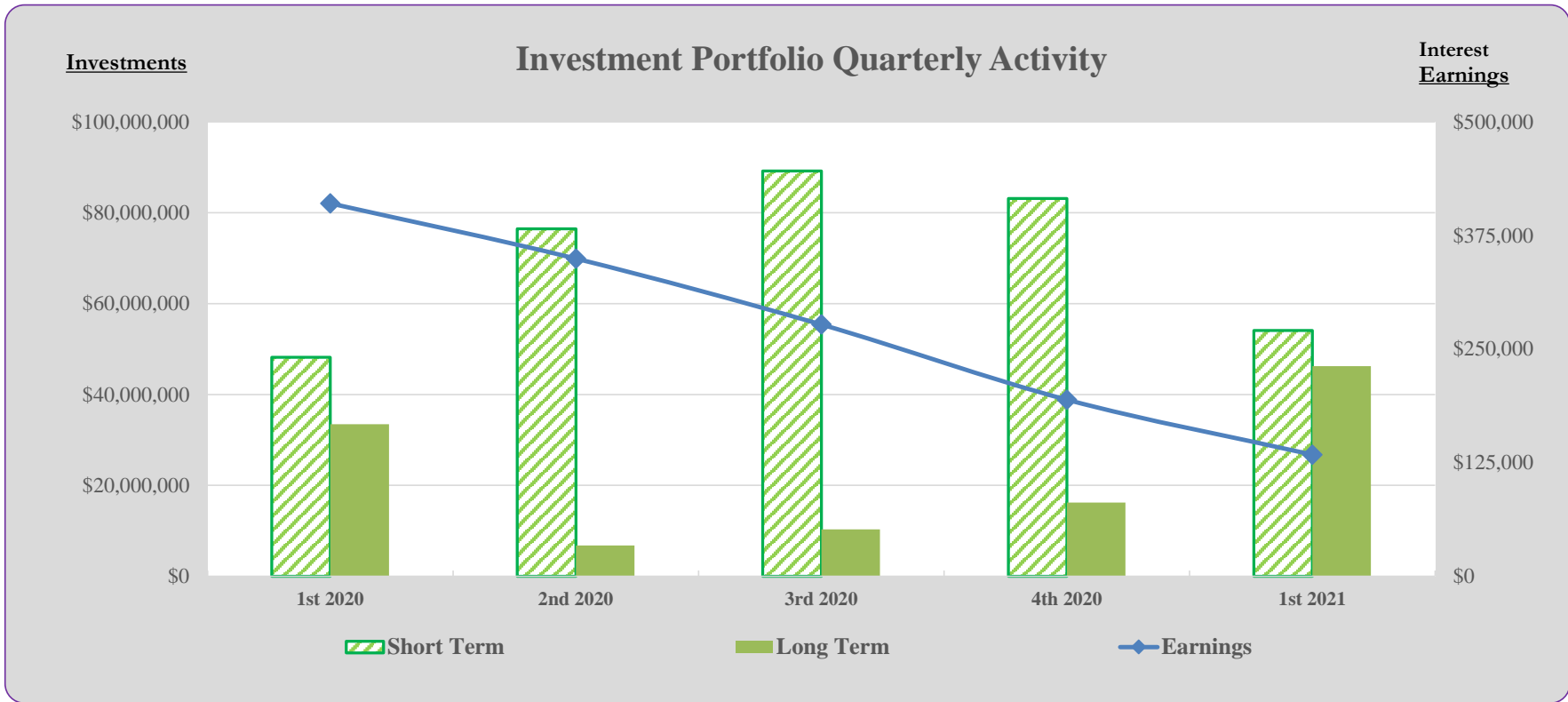
S-Term Investments & Checking Account

Checking Account	Bank of the West	0.01%	3/31/2021	3,357,511	3,357,511	N/A	N/A
Savings Account	Bank of the West	0.10%	3/31/2021	7,400,422	7,400,422	N/A	N/A
Checking Account	Wells Fargo Checking	0.01%	3/31/2021	1,503,083	1,503,083	N/A	N/A
Corporate Obligations	Union Bank Money Mkt	0.01%	3/31/2021	5,011,399	5,011,399	N/A	N/A
Local Investment Pool	Local Agency IF: Unrestr	0.41%	3/31/2021	36,796,102	36,796,102	N/A	N/A

Total S-Term Investments \$ 54,068,517

	YTD Interest	Total Investments
L-Term Investments	17,421	\$ 100,318,517
S-Term Investments	116,397	
	\$133,818	Annualized Return 0.53%

Nevada Irrigation District
Quarterly Cash & Investment Report: March 31, 2021
Investments & Interest Earnings



Nevada Irrigation District
Quarterly Cash & Investment Report: March 31, 2021
Portfolio Maturity Ladder

Short-Term	Long-Term
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Month	2021	2024	2025	2026	Grand Total
Jan					-
Feb					-
Mar	54,068,517		3,000,000	20,000,000	77,068,517
Apr				10,000,000	10,000,000
May					-
Jun	250,000				250,000
Jul					-
Aug	250,000				250,000
Sep			3,500,000		3,500,000
Oct	250,000				250,000
Nov					-
Dec		6,000,000	3,000,000		9,000,000
Grand Total	54,818,517	6,000,000	9,500,000	30,000,000	100,318,517
Portfolio %	54.6%	6.0%	9.5%	29.9%	100.0%

Nevada Irrigation District
Quarterly Cash & Investment Report: March 31, 2021
Estimated Reserve Balances

	Unrestricted			Restricted		Total
	Water	Recreation	Hydroelectric	CapFee	Bonds	
2020 Unaudited Reserves	\$ 30,210,135	\$ 924,047	\$ 56,671,136	\$ 7,804,638	\$ -	\$ 95,609,956

2021 Cash Breakdown:

<u>Policy #</u>	<u>Restricted Reserves</u>						<u>Policy \$ Min</u>	
3040.3.1	Capacity Fees				7,193,458		7,193,458	\$2M
3040.3.2	Debt Service				611,180		611,180	Covenant
3040.3.3	Bond/Loan/Fiduciary					-	-	Covenant
	Restricted Total	-	-	-	7,804,638	-	7,804,638	
	Operating Months	6.29	4.12	5.53				
	Designated Reserves							
3040.4.1	Operating	21,218,274	605,196	9,357,928			31,181,398	Suspended
3040.4.2	Water Rate Stabilization						-	\$0 min
3040.4.3	Community Investment Stabilization	916,232					916,232	\$1.5M
3040.4.4	Capital Improvement/Replacement	12,425,211	500,000	15,000,000			27,925,211	\$37.5M
3040.4.4	Capital Improvement/FERC License			30,000,000			30,000,000	\$35M
3040.4.5	Insurance and Catastrophic Occurrence			2,500,000			2,500,000	\$5M
3040.4.6	Watershed Stewardship	500,000					500,000	\$500K
3040.4.7	Accrued Leave	1,258,988	62,389	280,494			1,601,871	50% liability
	Designated Total	36,318,705	1,167,585	57,138,422	-	-	94,624,712	
	Working Capital							
3040.5.1	Operating Cash	1,000,000	250,000	1,000,000			2,250,000	
	Total	<u>37,318,705</u>	<u>1,417,585</u>	<u>58,138,422</u>	<u>7,804,638</u>	<u>-</u>	<u>104,679,350</u>	

Nevada Irrigation District
 Quarterly Cash & Investment Report
 Short-Term Cash Forecast: FY 2021

	Actual		Forecast		
	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
BOTW Checking	5,578,601				
BOTW Savings	-				
Wells Fargo	5,000,273				
Union Bank Money Mkt	73,311				
LAIF Unrestricted	72,501,318				
Short-T Cash	\$ 83,153,503				
<u>Reconcile Budget</u>					
					Receipts 68,378,308
					Disbursements (67,075,441)
					Budget Rec - Disb 1,302,867
					Transfer Ins & Outs 1,059,179
					Interest Income 700,000
					<u>FY 2021 Budget NI 3,062,046</u>
Bank of the West Checking					
Budget Receipts	19,385,860	18,039,361	16,854,583	14,098,504	
Actual Rec Adjustment	(5,456,764)	-	-	-	
Budget Disbursements	(16,662,724)	(14,735,152)	(18,732,634)	(16,944,932)	
Actual Disb Adjustment	7,912,537	-	-	-	
BOTW Savings Ins/(Outs)	(7,400,000)	(4,600,000)	1,900,000	2,800,000	
Ending Balance	3,357,511	2,061,720	2,083,669	2,037,241	
Bank of the West Savings					
BOTW Checking Ins/(Outs)	7,400,000	4,600,000	(1,900,000)	(2,800,000)	
Ending Balance	7,400,000	12,000,000	10,100,000	7,300,000	
Wells Fargo					
Receipts - Disbursements	(4,396,190)	(1,127,410)	-	-	
Transfer Ins/(Outs) LAIF	899,000	(375,673)	-	-	
Ending Balance	1,503,083	-	-	-	
Union Bank Money Mkt Balance					
	5,011,399	11,399	11,399	11,399	
LAIF Unrestricted					
Transfer Ins/(Outs) BOTW	(900,000)	375,673	0	-	
Transfer Ins/(Outs) UB	(34,805,216)	425,000	425,000	425,000	Maturities and Interest Earnings
Ending Balance	36,796,102	37,596,775	38,021,775	38,446,775	
Total Short-Term Cash	\$ 54,068,095	\$ 51,669,894	\$ 50,216,843	\$ 47,795,415	Dec 31 Estimate