



Staff Report

TO: Board of Directors

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

DATE: August 25, 2021

SUBJECT: Quarterly Investment, Reserves & Short-Term Forecast (Consent)
FINANCE

RECOMMENDATION:

Receive and file the quarterly investment, reserve, and short-term cash forecast report for the period ending June 30, 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 June 30, 2021, managed by staff, excluding pension and other benefits. Year-to-date interest earnings came in at \$229,785 compared to the prior year of \$759,798, a decrease of \$530,013. The fiscal year portfolio return is estimated at .44%.

The investment and earnings chart indicates the level of short-term and long-term investments are approaching normal ratios. 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 58.3% 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 are the following: Safety, Liquidity, and Return

Financial Reserves:

Total unaudited cash (reserves) under staff's management is \$105.6 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 (\$35.2 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. Also, at this juncture, the District has received its' fiscal year property tax disbursement. The Community Investment Stabilization reserve (3040.4.3) of \$916K is committed for the Loma Rica DFWLE project awaiting the issuance of contracts and is being funded from capacity fees.

Short-term Cash Forecast:

The December 31, 2021, short-term cash balance is estimated at \$36.4 million and considers the current level of encumbrances (\$11.7 million) and performance of short-term investments.

| | Amount |
|--------------------------|--------------|
| 6/30/2021 Estimate \$ | 42,901,395 |
| Receipts | 30,878,374 |
| Disbursements | (38,229,109) |
| UB Money Mkt | 42,836 |
| Investments, Interest UB | 821,422 |
| 12/31/2021 Estimate | 36,414,918 |

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

BUDGETARY IMPACT: N/A

Attachment(s): (1)

- June 30, 2021 Investment, Reserve, and Short-term Cash Forecast Report

Nevada Irrigation District
Quarterly Cash & Investment Report: June 30, 2021
Short & Long-Term Investments

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

L-Term Investments

| | | | | | | | |
|------------------------|----------------------|--------|------------|------------|------------|----------|-----------|
| Corporate Obligations | COMENITY CAP BK C/D | 1.750% | 10/29/2021 | \$ 250,000 | \$ 251,165 | \$ 1,165 | \$ 100.47 |
| Corporate Obligations | DISCOVER BK C/D | 1.500% | 8/17/2021 | 250,000 | 250,483 | 483 | 100.19 |
| Corporate Obligations | SALLIE MAE BK | 0.900% | 6/30/2026 | 250,000 | 250,305 | 305 | 100.12 |
| Government Obligations | FEDERAL FARM CR BKS | 0.320% | 12/23/2024 | 6,000,000 | 5,938,980 | (61,020) | 98.98 |
| Government Obligations | FEDERAL FARM CR BKS | 0.490% | 3/10/2025 | 3,000,000 | 2,985,510 | (14,490) | 99.52 |
| Government Obligations | FEDERAL FARM CR BKS | 1.010% | 4/13/2026 | 5,000,000 | 4,998,800 | (1,200) | 99.98 |
| Government Obligations | FEDERAL HOME LN MTG | 0.550% | 9/30/2025 | 3,500,000 | 3,463,740 | (36,260) | 98.96 |
| Government Obligations | FEDERAL HOME LN MTG | 0.625% | 12/17/2025 | 3,000,000 | 2,973,570 | (26,430) | 99.12 |
| Government Obligations | FEDERAL HOME LOAN BA | 1.010% | 3/30/2026 | 5,000,000 | 4,994,450 | (5,550) | 99.89 |
| Government Obligations | FEDERAL HOME LOAN BA | 1.020% | 3/30/2026 | 5,000,000 | 4,994,500 | (5,500) | 99.89 |
| Government Obligations | FEDERAL HOME LOAN BA | 1.020% | 4/15/2026 | 5,000,000 | 5,000,350 | 350 | 100.01 |
| Government Obligations | FEDERAL HOME LOAN BA | 1.030% | 3/30/2026 | 5,000,000 | 5,001,000 | 1,000 | 100.02 |
| Government Obligations | FEDERAL HOME LOAN BA | 1.050% | 3/30/2026 | 5,000,000 | 5,001,200 | 1,200 | 100.02 |
| Government Obligations | FEDERAL HOME LOAN BA | 1.100% | 4/30/2026 | 5,000,000 | 4,991,350 | (8,650) | 99.83 |
| Government Obligations | FEDERAL HOME LOAN BA | 1.150% | 4/28/2026 | 5,000,000 | 5,000,050 | 50 | 100.00 |
| Government Obligations | FEDERAL HOME LOAN BA | 1.200% | 4/29/2026 | 5,000,000 | 5,000,350 | 350 | 100.01 |

Total L-Term Investments \$ 61,250,000 \$ 61,095,803 \$ (154,198)

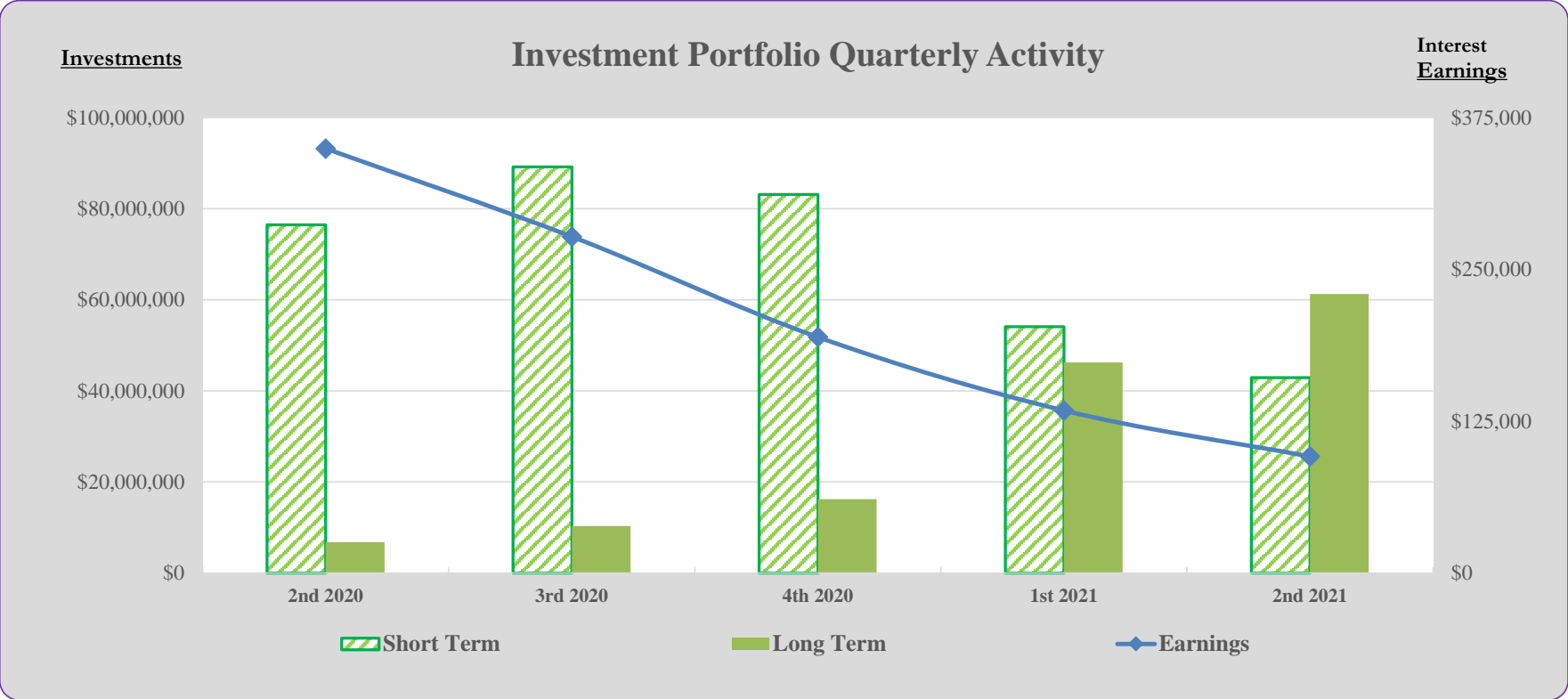
S-Term Investments & Checking Account

| | | | | | | | |
|-----------------------|-------------------------------|-------|-----------|------------|------------|-----|-----|
| Checking Account | Bank of the West | 0.01% | 6/30/2021 | 2,267,477 | 2,267,477 | N/A | N/A |
| Savings Account | Bank of the West | 0.10% | 6/30/2021 | 1,000,983 | 1,000,983 | N/A | N/A |
| Checking Account | Wells Fargo Checking | 0.01% | 6/30/2021 | 630,930 | 630,930 | N/A | N/A |
| Corporate Obligations | Union Bank Money Mkt | 0.01% | 6/30/2021 | 32,228 | 32,228 | N/A | N/A |
| Local Investment Pool | Local Agency IF: Unrestricted | 0.36% | 6/30/2021 | 38,969,777 | 38,969,777 | N/A | N/A |

Total S-Term Investments \$ 42,901,395

| | | | | |
|--------------------|---------------------|--|--------------------------|-----------------------|
| | YTD Interest | | Total Investments | \$ 104,151,395 |
| L-Term Investments | 39,122 | | | |
| S-Term Investments | 190,663 | | | |
| | \$229,785 | | Annualized Return | 0.44% |

Nevada Irrigation District
Quarterly Cash & Investment Report: June 30, 2021
Investments & Interest Earnings



Nevada Irrigation District
Quarterly Cash & Investment Report: June 30, 2021
Portfolio Maturity Ladder



| Month | 2021 | 2024 | 2025 | 2026 | Grand Total |
|--------------------|-------------------|------------------|------------------|-------------------|--------------------|
| Jan | | | | | - |
| Feb | | | | | - |
| Mar | | | 3,000,000 | 20,000,000 | 23,000,000 |
| Apr | | | | 25,000,000 | 25,000,000 |
| May | | | | | - |
| Jun | 42,901,395 | | | 250,000 | 43,151,395 |
| 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 | 43,401,395 | 6,000,000 | 9,500,000 | 45,250,000 | 104,151,395 |
| Portfolio % | 41.7% | 5.8% | 9.1% | 43.4% | 100.0% |

Nevada Irrigation District
Quarterly Cash & Investment Report: June 30, 2021
Estimated Reserve Balances

| | | Unrestricted | | | Restricted | | |
|--------------------------------|---------------------------------------|--------------------------|-------------------------|--------------------------|-------------------------|-----------------|---------------------------|
| | | Water | Recreation | Hydroelectric | CapFee | Bonds | Total |
| 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 | | \$2M |
| 3040.3.2 | Debt Service | | | | 611,180 | | Covenant |
| 3040.3.3 | Bond/Loan/Fiduciary | | | | | - | Covenant |
| Restricted Total | | - | - | - | 7,804,638 | - | 7,804,638 |
| Operating Months | | 4.03 | 6.05 | 4.87 | | | |
| Designated Reserves | | | | | | | |
| 3040.4.1 | Operating | 13,242,547 | 1,004,137 | 8,120,170 | | | Suspended |
| 3040.4.2 | Water Rate Stabilization | | | | | | \$0 min |
| 3040.4.3 | Community Investment Stabilization | 916,232 | | | | | \$1.5M |
| 3040.4.4 | Capital Improvement/Replacement | 22,000,000 | 700,000 | 15,000,000 | | | see below |
| 3040.4.4 | Capital Improvement/FERC License | | | 30,000,000 | | | \$35M |
| 3040.4.5 | Insurance and Catastrophic Occurrence | | | 2,500,000 | | | \$5M |
| 3040.4.6 | Watershed Stewardship | 500,000 | | | | | \$500K |
| 3040.4.7 | Accrued Leave | 1,258,988 | 62,389 | 280,494 | | | 50% liability |
| Designated Total | | 37,917,767 | 1,766,526 | 55,900,664 | - | - | 95,584,957 |
| Working Capital | | | | | | | |
| 3040.5.1 | Operating Cash | 1,000,000 | 250,000 | 1,000,000 | | | 2,250,000 |
| Total | | <u>38,917,767</u> | <u>2,016,526</u> | <u>56,900,664</u> | <u>7,804,638</u> | <u>-</u> | <u>105,639,595</u> |
| Encumbrances | | 9,174,068 | 98,749 | 2,447,079 | | | |
| Unrestricted Available | | 29,743,699 | 1,917,777 | 54,453,585 | | | |
| Unrestricted Total | | | | \$97,834,957 | | | |
| Unrestricted Total Available | | | | \$86,115,061 | | | |
| | | | | | Policy 3040.4.4 | | |
| | | | | | Water | \$22M | |
| | | | | | Recreation | \$500K | |
| | | | | | Hydroelectric | \$15M | |

Nevada Irrigation District
 Quarterly Cash & Investment Report: June 30, 2021
 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 | | | | |
| 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) | 865,570 | (74,713) | - | |
| Budget Disbursements | (16,662,724) | (14,735,152) | (18,732,634) | (16,944,932) | |
| Actual Disb Adjustment | 7,912,537 | 1,440,187 | (2,100,060) | - | |
| BOTW Saving Ins/(Outs) | (7,400,000) | (1,300,000) | 1,000,000 | - | |
| LAIF Ins/(Outs) | - | (5,400,000) | 2,800,000 | 2,900,000 | |
| Ending Balance | 3,357,511 | 2,267,477 | 2,014,653 | 2,068,225 | |
| Bank of the West Savings | | | | | |
| Interest Earnings | 422 | 561 | 49 | 0 | |
| BOTW Checking Ins/(Outs) | 7,400,000 | 1,300,000 | (1,000,000) | 0 | |
| UnionBank Ins/(Outs) | 0 | (5,000,000) | 0 | 0 | |
| LAIF Ins/(Outs) | 0 | (2,700,000) | 0 | 0 | |
| Ending Balance | 7,400,422 | 1,000,983 | 1,032 | 1,032 | |
| Wells Fargo | | | | | |
| Receipts - Disbursements | (4,396,190) | (1,872,153) | (451,483) | - | |
| LAIF Ins/(Outs) | 899,000 | 1,000,000 | (179,447) | - | |
| Ending Balance | 1,503,083 | 630,930 | - | - | |
| Union Bank Money Mkt Balance | | | | | |
| | 5,011,399 | 32,228 | 75,064 | 75,064 | |
| LAIF Unrestricted | | | | | |
| Transfer Ins/(Outs) Banks | (900,000) | 7,100,000 | (2,620,553) | (2,900,000) | |
| Transfer Ins/(Outs) UB Investments | (34,805,216) | (4,926,325) | 396,373 | 425,000 | |
| Ending Balance | 36,796,102 | 38,969,777 | 36,745,597 | 34,270,597 | |
| Total Short-Term Cash | \$ 54,068,517 | \$ 42,901,395 | \$ 38,836,346 | \$ 36,414,918 | Dec 31 Estimate |

| | Reconcile Budget |
|---------------------|------------------|
| Receipts | 68,378,308 |
| Disbursements | (67,075,441) |
| Budget Rec - Disb | 1,302,867 |
| Transfer Ins & Outs | 1,059,179 |
| Interest Income | 700,000 |
| FY 2021 Budget NI | 3,062,046 |