

# Staff Report

for the Regular Meeting of the Board of Directors August 28, 2019

**TO:** Board of Directors

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

**DATE:** August 21, 2019

**SUBJECT: Quarterly Investment, Short-Term Forecast & Reserves**

***FINANCE***

**RECOMMENDATION:**

Receive and file the quarterly investment, short-term cash forecast and reserve report for the period ending June 30, 2019.

**BACKGROUND:**

The Nevada Irrigation District’s Investment Policy requires and 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 at June 30, 2019 managed by staff, excluding pension and other benefits. Year to date interest earnings came in at \$693,582 compared to prior year of \$551,310 an increase of \$142,272.

Currently, the 2019 Short-term forecast is \$16.7 million and considers the following cash flows:

	<u>Amount</u>
2018 Balance	\$ 22,192,685
2019 Reserve Draw	(12,897,260)
L-Term Maturity	6,079,096
Interest Earnings	<u>1,350,000</u>
2019 Balance	16,724,521

Excluding encumbrances, total unaudited cash under staff’s management is \$100.8 million, including \$12.6 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 current designated reserve balances (3040.4.4) of \$10.3 million in the Water Fund reflects the fiscal year property tax receipts. Depending on project progression, staff believes the reserve will draw down to \$0. Presently, the Water Fund has \$27 million in capital project encumbrances (page 5 of June's Monthly Financial Report) awaiting liquidation. 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 supports Goal No. 1 of the District's Strategic Plan by demonstrating proactive management of our physical, financial and human resources.

**BUDGETARY IMPACT:** N/A

MD

- Attachments: June 30<sup>th</sup> Investment, Short-term forecast and Reserve Report

**Nevada Irrigation District**  
**Quarterly Cash & Investment Report: June 30, 2019**  
**Short & Long-Term Investments**

Investment Type	Issuer	Interest Rate	Maturity Date	Cost Basis	Market Value	Net Unrealized Gain/Loss	Price
Corporate Obligations	LUANA SVGS BK	1.400%	8/2/2019	\$ 250,000	\$ 249,788	\$ (213)	\$ 99.92
Corporate Obligations	FIRST SVC BK	1.300%	8/12/2019	250,000	249,700	(300)	99.88
Corporate Obligations	LIVE OAK BKG CO	1.400%	8/12/2019	250,000	249,865	(135)	99.95
Corporate Obligations	ALLY BK	1.250%	8/19/2019	250,000	249,565	(435)	99.83
Corporate Obligations	MERCHANTS & FMRS	1.200%	10/25/2019	250,000	249,110	(890)	99.64
Corporate Obligations	CIT BK SALT LAKE	2.200%	12/10/2019	250,000	250,080	80	100.03
Corporate Obligations	AMERICAN EXPRESS	2.200%	12/11/2019	250,000	249,958	(43)	99.98
Corporate Obligations	SYNCHRONY BK	1.900%	5/26/2020	250,000	249,370	(630)	99.75
Corporate Obligations	GOLDMAN SACHS BK	1.900%	5/29/2020	250,000	249,363	(638)	99.75
Corporate Obligations	AMERICAN EXP F/R	1.900%	6/1/2020	250,000	249,363	(638)	99.75
Corporate Obligations	WEX BK MIDVALE	1.800%	6/2/2020	250,000	249,130	(870)	99.65
Corporate Obligations	BMW BK N A	2.200%	10/16/2020	250,000	250,210	210	100.08
Corporate Obligations	CAP ONE NATL ASSN	2.200%	10/21/2020	250,000	250,210	210	100.08
Corporate Obligations	CAPITAL ONE BK	2.200%	10/21/2020	250,000	250,210	210	100.08
Corporate Obligations	MB FINL BK	1.300%	10/28/2020	250,000	246,968	(3,033)	98.79
Corporate Obligations	BANK BARODA NY Y	1.500%	10/30/2020	250,000	246,933	(3,068)	98.77
Corporate Obligations	WELLS FARGO BK	1.750%	6/17/2021	250,000	247,105	(2,895)	98.84
Corporate Obligations	DISCOVER BK	1.500%	8/17/2021	250,000	246,305	(3,695)	98.52
Corporate Obligations	COMENITY CAP BK	1.750%	10/29/2021	250,000	245,620	(4,380)	98.25
Government Obligations	FHLB BDS	1.370%	10/24/2019	147,059	146,724	(335)	99.77
Government Obligations	FNMA NT	1.400%	11/26/2019	3,000,000	2,991,360	(8,640)	99.71
Government Obligations	FFCB BDS	1.490%	3/30/2020	2,000,000	1,989,020	(10,980)	99.45
Government Obligations	FHLB BDS	1.700%	4/28/2020	464,286	463,047	(1,239)	99.73
Government Obligations	FHLB BDS	1.400%	5/18/2020	1,225,000	1,218,201	(6,799)	99.45
Government Obligations	FNMA NT	1.550%	7/28/2020	500,000	498,010	(1,990)	99.60
Government Obligations	FFCB BDS	1.340%	10/13/2020	3,000,000	2,981,070	(18,930)	99.37
Government Obligations	FHLB BDS	1.720%	10/28/2020	2,000,000	1,989,940	(10,060)	99.50
Government Obligations	FFCB NT	1.640%	2/10/2021	1,500,000	1,495,485	(4,515)	99.70
Government Obligations	FNMA NT	1.500%	5/25/2021	1,996,400	1,979,720	(16,680)	98.99

**Nevada Irrigation District**  
**Quarterly Cash & Investment Report: June 30, 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**

Government Obligations	FNMA NTS	1.750%	5/25/2021	2,000,000	1,995,160	(4,840)	99.76
Government Obligations	FFCB BDS	1.500%	7/6/2021	2,000,000	1,984,140	(15,860)	99.21
Government Obligations	FNMA NT	1.500%	7/27/2021	7,000,000	6,963,390	(36,610)	99.48
Government Obligations	FHLMC MTN	1.600%	8/9/2021	6,000,000	5,967,960	(32,040)	99.47
Government Obligations	FNMA NTS	1.500%	8/25/2021	2,000,000	1,988,440	(11,560)	99.42
Government Obligations	FNMA NTS	1.500%	9/29/2021	3,000,000	2,980,590	(19,410)	99.35
Government Obligations	FNMA NTS	1.510%	9/30/2021	4,000,000	3,974,880	(25,120)	99.37
Government Obligations	FFCB BDS	1.520%	11/15/2021	4,500,000	4,449,870	(50,130)	98.89
Government Obligations	FHLB BDS	1.600%	11/26/2021	3,477,250	3,483,515	6,265	99.53
Government Obligations	FHLMC NTS	1.950%	12/2/2021	1,000,000	1,000,150	150	100.02

**Total L-Term Investments \$ 55,559,995**

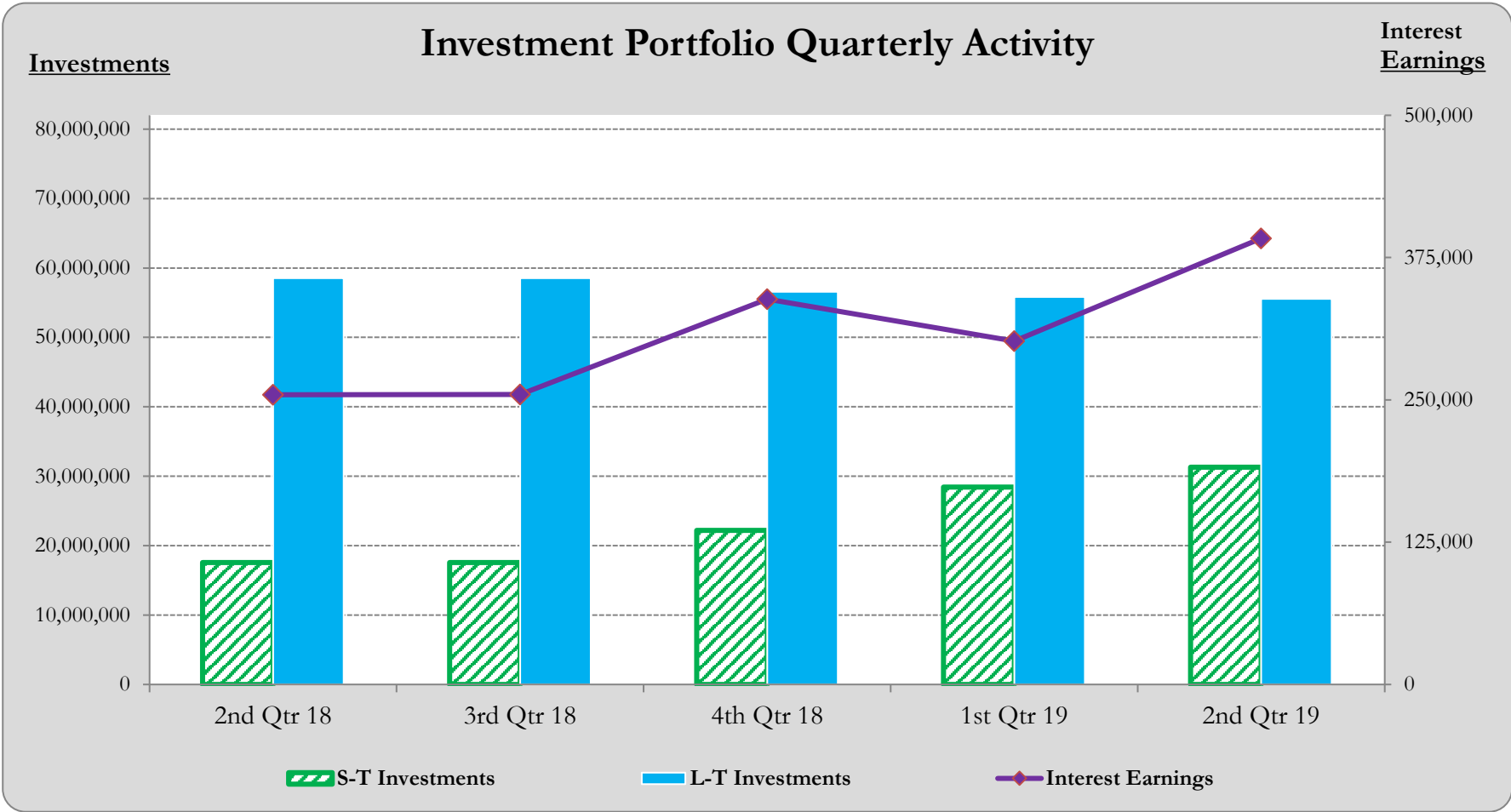
**S-Term Investments & Checking Account**

Corporate Obligations	Union Bank Money Mkt	0.01%	6/30/2019	21,615	21,615	N/A	N/A
Local Investment Pool	Local Agency IF	2.42%	6/30/2019	29,011,153	29,011,153	N/A	N/A
Checking Account	Wells Fargo Checking	0.03%	3/31/2019	2,285,708	2,285,708	N/A	N/A

**Total S-Term Investments \$ 31,318,476**

	<b>YTD Interest</b>		<b>Total Investment \$</b>	<b>86,878,471</b>	
L-Term Investments	436,086				
S-Term Investments	257,496				
	<b>\$ 693,582</b>		<b>Annualized Return</b>	<b>1.63%</b>	excludes Wells Fargo Checking Account

**Nevada Irrigation District**  
**Quarterly Cash & Investment Report: June 30, 2019**  
**Investments & Interest Earnings**



**Nevada Irrigation District**  
**Quarterly Cash & Investment Report: June 30, 2019**  
**Portfolio Maturity Ladder**

<b>Short-Term</b>	<b>Long-Term</b>
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Month	2019	2019	2020	2021	Grand Total
Jan					-
Feb				1,500,000	1,500,000
Mar	31,318,476		2,000,000		33,318,476
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		1,000,000		8,250,000	9,250,000
Sep				7,000,000	7,000,000
Oct		397,059	6,250,000	250,000	6,897,059
Nov		3,000,000		7,977,250	10,977,250
Dec		500,000		1,000,000	1,500,000
<b>Grand Total</b>	<b>31,318,476</b>	<b>4,897,059</b>	<b>11,439,286</b>	<b>39,223,650</b>	<b>86,878,471</b>
Portfolio %	36.0%	5.6%	13.2%	45.1%	100.0%

**Nevada Irrigation District**  
**Quarterly Cash & Investment Report: June 30, 2019**  
**Estimated Reserve Balances**

	Water	Restricted	Bonds	Recreation	Hydroelectric	Total	Policy Amounts
<b>2018 Unaudited Reserves</b>	\$ 11,423,039	\$ 6,010,785	\$ 12,522,962	\$ 710,335	\$ 58,452,409	\$ 89,119,530	

**2019 Cash Breakdown:**

<u>Policy</u>	<b>Restricted Reserves</b>							
3040.3.1	Capacity Fees		5,399,605				5,399,605	\$2M minimum
3040.3.2	Debt Service		611,180				611,180	Covenant Driven
3040.3.3	Bond/Loan/Fiduciary			12,635,161			12,635,161	Covenant Driven
	<b>Restricted Total</b>	-	6,010,785	-	-	-	18,645,946	

<b>Designated Reserves</b>								
3040.4.1	Operating	8,590,350			590,949	9,120,629	18,301,928	See below
3040.4.2	Water Rate Stabilization						-	\$0 minimum
3040.4.3	Community Investment Stabilization	1,500,000					1,500,000	\$1.5M
3040.4.4	Capital Improvement/Replacement	10,276,925			500,000	15,000,000	25,776,925	\$0 minimum
3040.4.4	Capital Improvement/FERC License					26,066,197	26,066,197	\$0 minimum
3040.4.5	Insurance and Catastrophic Occurrence					5,000,000	5,000,000	\$5 - 10M
3040.4.6	Watershed Stewardship	1,995,249					1,995,249	\$500K minimum
3040.4.7	Accrued Leave	1,091,159			35,752	133,498	1,260,408	50% liability
	<b>Designated Total</b>	23,453,683	-	-	1,126,701	55,320,324	79,900,707	

<b>Working Capital</b>								
3040.5.1	Operating Cash	1,000,000			250,000	1,000,000	2,250,000	
	<b>2019 Reserves, June 2019</b>	<b>24,453,683</b>	<b>6,010,785</b>	<b>12,635,161</b>	<b>1,376,700</b>	<b>56,350,324</b>	<b>100,826,653</b>	
	Operating Reserve Months	2.64			3.10	6.00		6 months policy

**Nevada Irrigation District**  
**Short-Term Cash Forecast: FY 2019 @ June 30**

		Actual		Forecast ⇨			
		2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Reconcile to Budget
UB MoneyMkt	25,288		65,056				Receipts 65,641,926
	1,747,423						Disbursements 93,911,704
LAIF	20,419,974						Budget Rec - Disb (28,269,778)
Short-T Cash	<b>\$ 22,192,685</b>						Transfer Ins & Outs 972,518
							Interest Income 1,350,000
							2016A Cash 13,050,000
							Original Budget (12,897,260)
<b>Wells Fargo</b>							
Budget Receipts		18,364,454	17,181,205	16,371,273	13,724,994		
True-Up Receipts		2,858,851	(1,130,931)	-	-		
Budget Disbursements		22,547,683	20,773,356	26,794,206	23,796,459		
True-Up Disbursement		(6,524,324)	(6,961,421)	-	-		
LAIF Transfer Ins/(Outs)		(4,800,000)	(2,100,000)	10,300,000	10,000,000		
<b>Ending Balance</b>		<b>2,147,370</b>	<b>2,285,708</b>	<b>2,162,775</b>	<b>2,091,310</b>		
<b>LAIF</b>							
2016A Drawdown		-	-	4,350,000	-		
Transfer Ins/(Outs) WF		4,800,000	2,100,000	(10,300,000)	(10,000,000)		
Transfer Ins/(Outs) UB		1,008,892	682,286	337,500	1,234,559		
<b>Ending Balance</b>		<b>26,228,866</b>	<b>29,011,152</b>	<b>23,398,652</b>	<b>14,633,211</b>		
<b>Total Short-Term Cash</b>		<b>\$ 28,441,292</b>	<b>\$ 31,296,860</b>	<b>\$ 25,561,427</b>	<b>\$ 16,724,521</b>		