

Staff Report

for the Regular Meeting of the Board of Directors November 13, 2019

TO: Board of Directors

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

DATE: November 7, 2019

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

FINANCE

RECOMMENDATION:

Receive the quarterly investment, reserve, and short-term cash forecast report for the period ending September 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 on September 30, 2019 managed by staff, excluding pension and other benefits. Year to date interest earnings came in at \$1,121,379 compared to the prior year of \$806,007, an increase of \$315,373.

Currently, the 2019 Short-term forecast is \$25.7 million and considers the current level of total encumbrances (\$31.2 million).

	<u>Amount</u>
9/30/2019 Balance	\$ 31,096,381
Qtr 4 Reserve Draw	(6,998,347)
Investment Activity	<u>1,695,718</u>
12/31/2019 Est	25,793,752

Excluding encumbrances, total unaudited cash under staff’s management is \$101.7 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 current designated operating reserve balances (3040.4.4) of \$7.9 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 \$26.4 million in capital project encumbrances (page 5 of September'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.

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. The payment upon these future contracts will draw down the reserve.

Timely financial reporting achieves the District's first strategic goal by demonstrating proactive management of our physical, financial, and human resources.

BUDGETARY IMPACT: N/A
MD

- Attachments: September 30th Investment, Short-term forecast, and Reserve Report

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

Investment Type	Issuer	Interest Rate	Maturity Date	Cost Basis	Market Value	Net Unrealized Gain/Loss	Price
Corporate Obligations	MERCHANTS & FMRS	1.200%	10/25/2019	\$ 250,000	\$ 249,858	\$ (143)	\$ 100
Corporate Obligations	CIT BK SALT LAKE	2.200%	12/10/2019	250,000	250,138	138	100.06
Corporate Obligations	AMERICAN EXPRESS	2.200%	12/11/2019	250,000	250,085	85	100.03
Corporate Obligations	SYNCHRONY BK	1.900%	5/26/2020	250,000	250,135	135	100.05
Corporate Obligations	GOLDMAN SACHS BK	1.900%	5/29/2020	250,000	250,140	140	100.06
Corporate Obligations	AMERICAN EXP F/R	1.900%	6/1/2020	250,000	250,143	143	100.06
Corporate Obligations	WEX BK MIDVALE	1.800%	6/2/2020	250,000	249,978	(23)	99.99
Corporate Obligations	BMW BK N A	2.200%	10/16/2020	250,000	251,158	1,158	100.46
Corporate Obligations	CAP ONE NATL ASSN	2.200%	10/21/2020	250,000	251,173	1,173	100.47
Corporate Obligations	CAPITAL ONE BK	2.200%	10/21/2020	250,000	251,173	1,173	100.47
Corporate Obligations	MB FINL BK	1.300%	10/28/2020	250,000	248,560	(1,440)	99.42
Corporate Obligations	BANK BARODA NY Y	1.500%	10/30/2020	250,000	248,545	(1,455)	99.42
Corporate Obligations	WELLS FARGO BK	1.750%	6/17/2021	250,000	249,158	(843)	99.66
Corporate Obligations	DISCOVER BK	1.500%	8/17/2021	250,000	248,613	(1,388)	99.45
Corporate Obligations	COMENITY CAP BK	1.750%	10/29/2021	250,000	248,213	(1,788)	99.29
Government Obligations	FHLB BDS	1.370%	10/24/2019	147,059	147,013	(46)	99.97
Government Obligations	FNMA NT	1.400%	11/26/2019	3,000,000	2,997,660	(2,340)	99.92
Government Obligations	FFCB BDS	1.490%	3/30/2020	2,000,000	1,996,640	(3,360)	99.83
Government Obligations	FHLB BDS	1.700%	4/28/2020	464,286	463,760	(526)	99.89
Government Obligations	FHLB BDS	1.400%	5/18/2020	1,225,000	1,220,958	(4,043)	99.67
Government Obligations	FNMA NT	1.550%	7/28/2020	500,000	498,940	(1,060)	99.79
Government Obligations	FFCB BDS	1.340%	10/13/2020	3,000,000	2,986,530	(13,470)	99.55
Government Obligations	FHLB BDS	1.720%	10/28/2020	2,000,000	1,993,460	(6,540)	99.67
Government Obligations	FFCB NT	1.640%	2/10/2021	1,500,000	1,497,255	(2,745)	99.82
Government Obligations	FNMA NT	1.500%	5/25/2021	1,996,400	1,984,320	(12,080)	99.22
Government Obligations	FNMA NTS	1.750%	5/25/2021	2,000,000	1,997,820	(2,180)	99.89
Government Obligations	FFCB BDS	1.500%	7/6/2021	2,000,000	1,987,640	(12,360)	99.38
Government Obligations	FNMA NT	1.500%	7/27/2021	7,000,000	6,960,590	(39,410)	99.44
Government Obligations	FHLMC MTN	1.600%	8/9/2021	6,000,000	5,977,080	(22,920)	99.62

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

Investment Type	Issuer	Interest Rate	Maturity Date	Cost Basis	Market Value	Net Unrealized Gain/Loss	Price
<u>L-Term Investments</u>							
Government Obligations	FNMA NTS	1.500%	8/25/2021	2,000,000	1,985,740	(14,260)	99.29
Government Obligations	FNMA NTS	1.500%	9/29/2021	3,000,000	2,986,230	(13,770)	99.54
Government Obligations	FNMA NTS	1.510%	9/30/2021	4,000,000	3,982,360	(17,640)	99.56
Government Obligations	FFCB BDS	1.520%	11/15/2021	4,500,000	4,457,565	(42,435)	99.06
Government Obligations	FHLB BDS	1.600%	11/26/2021	3,477,250	3,474,800	(2,450)	99.28
Government Obligations	FHLMC NTS	1.950%	12/2/2021	1,000,000	1,000,370	370	100.04

Total L-Term Investments \$ 54,559,995

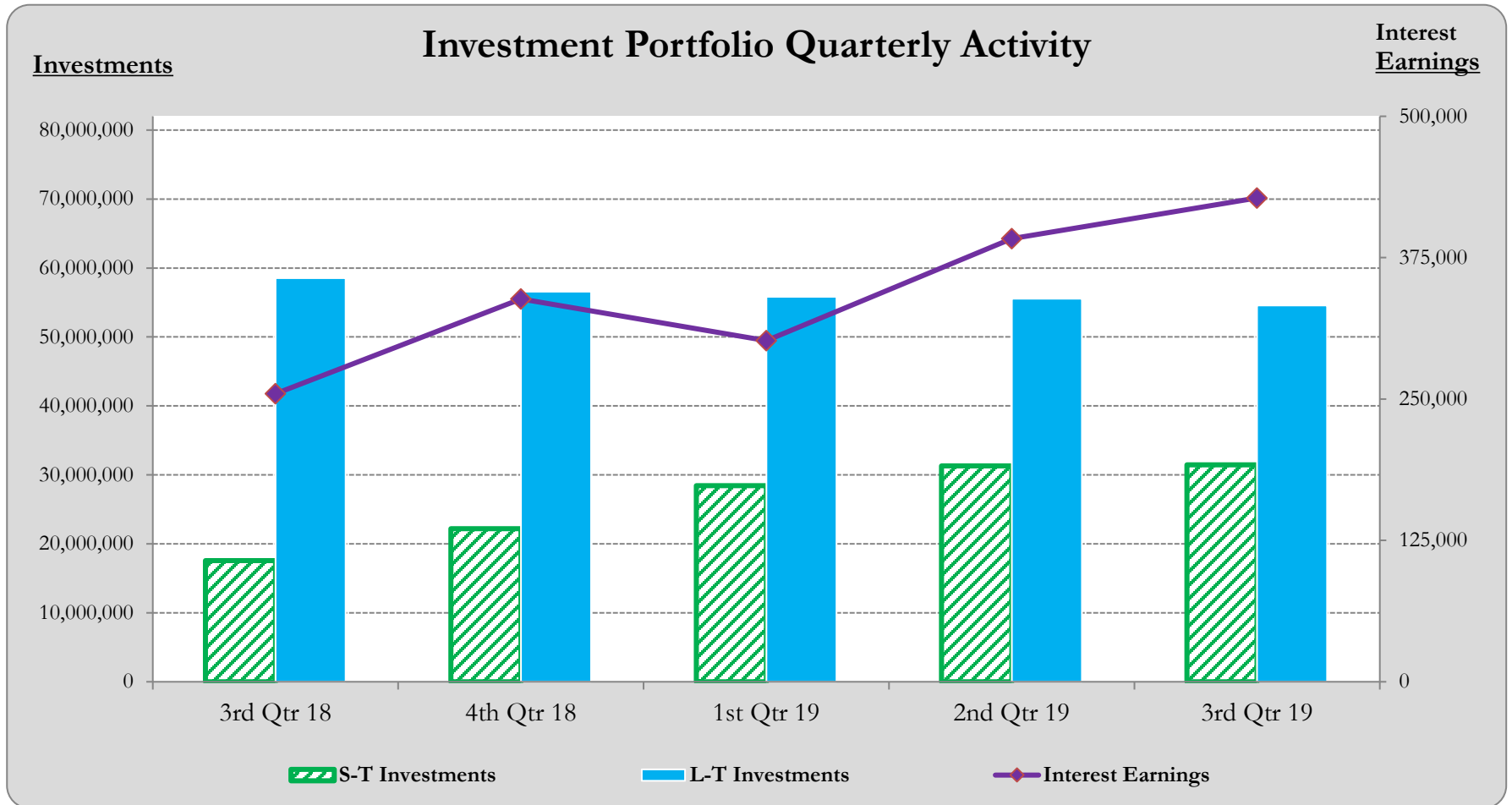
S-Term Investments & Checking Account

Corporate Obligations	Union Bank Money Mkt	0.01%	9/30/2019	359,959	359,959	N/A	N/A
Local Investment Pool	Local Agency IF	2.39%	9/30/2019	29,486,549	29,486,549	N/A	N/A
Checking Account	Wells Fargo Checking	0.03%	9/30/2019	1,609,831	1,609,831	N/A	N/A

Total S-Term Investments \$ 31,456,339

	YTD Interest		Total Investment \$ 86,016,334	
L-Term Investments	682,302			
S-Term Investments	439,077			
	\$ 1,121,379		Annualized Return 1.76%	excludes Wells Fargo Checking Account

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



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

Short-Term	Long-Term
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Month	2019	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	31456339			7,000,000	38,456,339
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
Grand Total	31,456,339	3,897,059	11,439,286	39,223,650	86,016,334
Portfolio %	36.6%	4.5%	13.3%	45.6%	100.0%

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

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

2019 Cash Breakdown:

<u>Policy #</u>	<u>Restricted Reserves</u>						<u>Policy \$ Min</u>	
3040.3.1	Capacity Fees		5,399,605				5,399,605	\$2M
3040.3.2	Debt Service		611,180				611,180	Covenant
3040.3.3	Bond/Loan/Fiduciary			12,668,422			12,668,422	Covenant
	Restricted Total	-	6,010,785	12,668,422	-	-	18,679,207	
	Operating Months	2.70			3.05	6.00		
	Designated Reserves							
3040.4.1	Operating	8,774,959			580,929	9,120,629	18,476,517	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	7,895,863			500,000	15,000,000	23,395,863	\$37.5M
3040.4.4	Capital Improvement/FERC License					29,142,874	29,142,874	\$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	21,257,230	-	-	1,116,681	58,397,001	80,770,911	
	Working Capital							
3040.5.1	Operating Cash	1,000,000			250,000	1,000,000	2,250,000	
	2019 Reserves, June 2019	<u>22,257,230</u>	<u>6,010,785</u>	<u>12,668,422</u>	<u>1,366,681</u>	<u>59,397,001</u>	<u>101,700,119</u>	

Nevada Irrigation District

Short-Term Cash Forecast: FY 2019 @ September 30

	Actual				Forecast	Reconcile to Budget
	2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	
UB MoneyMkt	25,288	65,056				Receipts 65,641,926
Wells Fargo	1,747,423					Disbursements 93,911,704
LAIF	20,419,974					Budget Rec - Disb (28,269,778)
Short-T Cash	\$ 22,192,685					Transfer Ins & Outs 972,518
						Interest Income 1,350,000
						2016A Cash 13,050,000
						Original Budget (12,897,260)
Wells Fargo						
Budget Receipts	18,364,454	17,181,205	16,371,273	13,724,994		
True-Up Receipts	2,858,851	(1,130,931)	1,002,150	1,379,030		
Budget Disbursements	22,547,683	20,773,356	26,794,206	23,796,459		
True-Up Disbursement	(6,524,324)	(6,961,421)	(8,694,908)	(1,694,088)		
LAIF Transfer Ins/(Outs)	(4,800,000)	(2,100,000)	50,000	7,400,000		
Ending Balance	2,147,370	2,285,708	1,609,833	2,011,486		
LAIF						
2016A Drawdown	-	-	-	-		
Transfer Ins/(Outs) WF	4,800,000	2,100,000	(50,000)	(7,400,000)		
Transfer Ins/(Outs) UB	1,008,892	682,286	525,396	1,695,718		
Ending Balance	26,228,866	29,011,152	29,486,548	23,782,266		
Total Short-Term Cash	<u>\$ 28,441,292</u>	<u>\$ 31,296,860</u>	<u>\$ 31,096,381</u>	<u>\$ 25,793,752</u>		