

Pacific North West Section AWWA

Spring Trustees Meeting

May 11, 2010

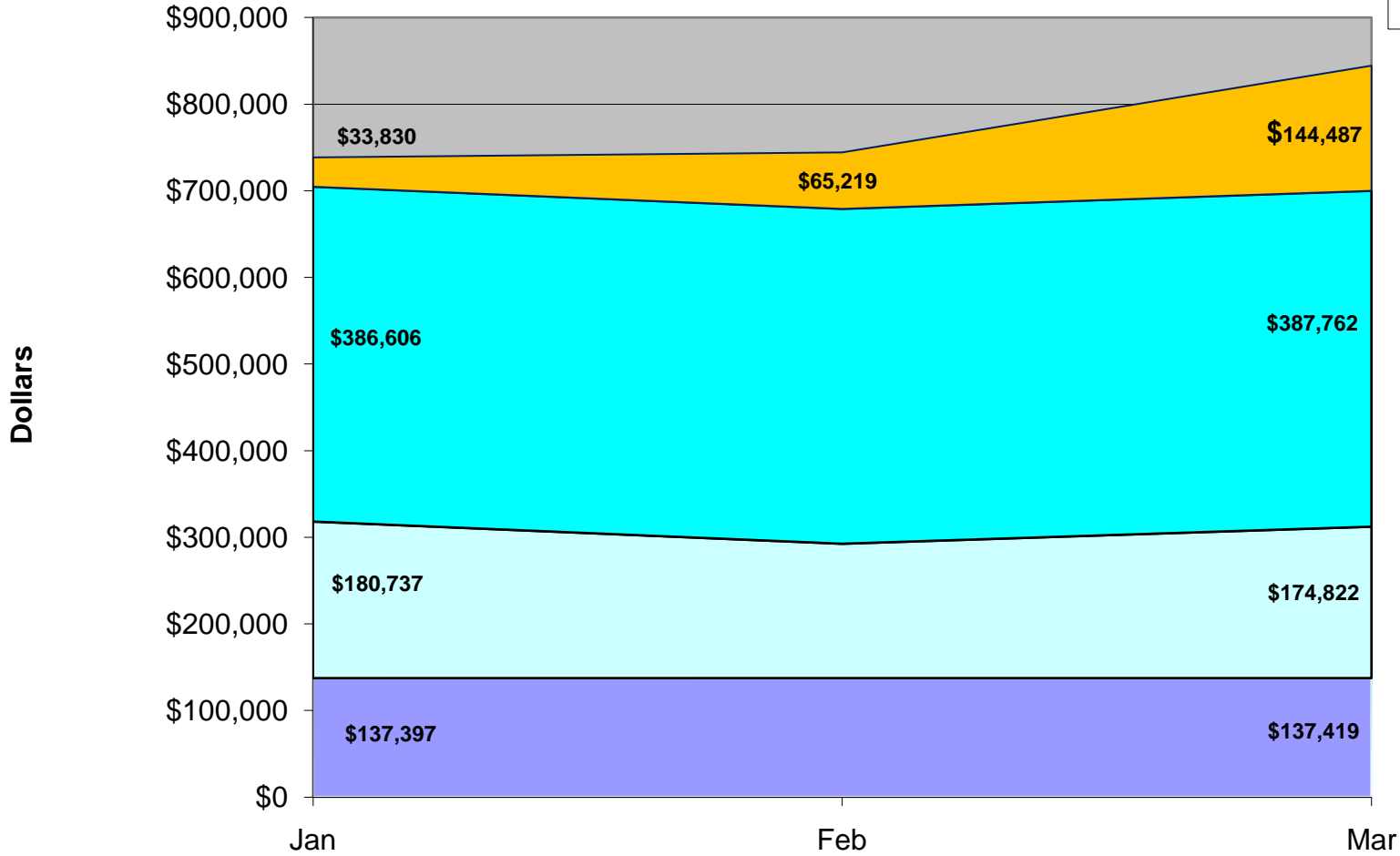
Treasurer's Report

PNWS-AWWA Balance Sheet Trend

	2010		
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>
Smith Barney (Sweep)	\$137,397	\$137,408	\$137,419
USNB Checking	\$32,887	\$7,206	\$26,831
USNB Money Mkt	\$147,850	\$147,928	\$147,991
USNB Total	\$180,737	\$155,134	\$174,822
Merchant Account - Conference Reg.	\$33,830	\$65,219	\$144,487
Petty Cash	\$160	\$160	\$195
Total short-term Assets	\$352,124	\$357,921	\$456,923
CD's	\$386,606	\$386,606	\$387,762
E&T Account	\$323,139	\$331,212	\$344,876
Reserve Accounts	\$56,375	\$56,375	\$56,375
Total Assets	\$1,118,244	\$1,132,114	\$1,245,936

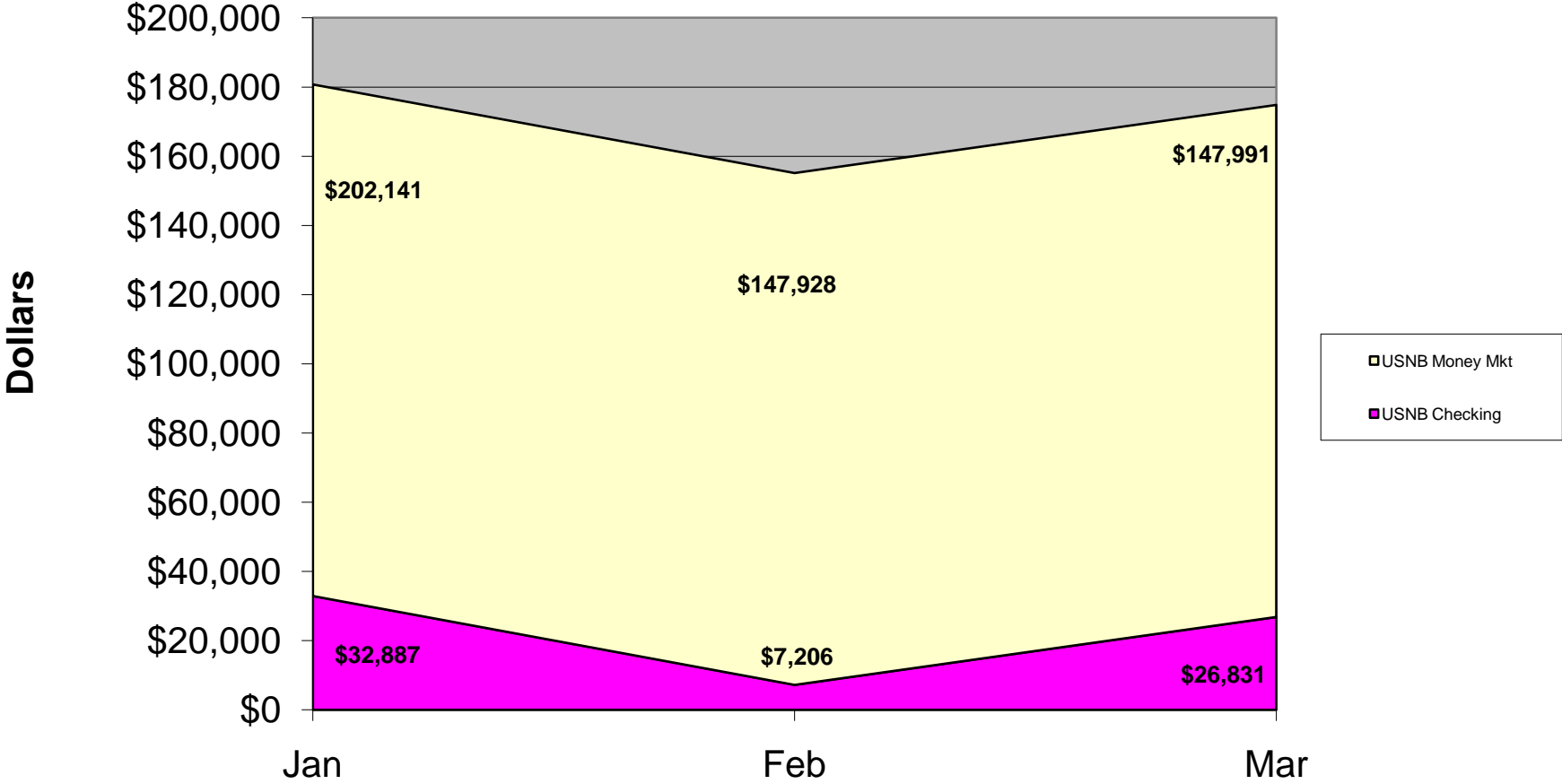
PNWS Cash (excl.E&T)

- Merchant Account - Conference Reg.
- CD's
- USNB Total
- Smith Barney (Sweep)



2010

USNB Accounts



2010

Smith Barney (Sweep) Account

	3/31/2010	Interest		
	<u>Balance</u>	<u>Rate</u>	<u>Term</u>	<u>Maturity</u>
US Bank Money Market A/C	\$147,991	0.50%	Open	N/A
Western Asset Money Market A/C	\$193,794	0.07%	Open	N/A
(Includes Reserve Account balance)				
Total Smith Barney Portfolio	\$341,785			

CD's

	3/31/2010	Interest		
	<u>Balance</u>	<u>Rate</u>	<u>Term</u>	<u>Maturity</u>
Homestreet Bank - CD	\$96,031	1.29%	6 mo	6/23/2010
Homestreet Bank - CD	\$96,809	1.59%	12 mo	12/22/2010
Avantis Credit Union - CD	\$101,993	2.40%	24 mo	4/2/2011
Homestreet Bank - CD	\$92,929	2.00%	24 mo	3/30/2012
(Above Homestreet 24 mo CD allows withdrawal every 6 months without penalty)				
Total CD's	\$387,762			

CD Activity Since September Report

- March 2010 - \$96,929 Homestreet 12 mo 3.0% CD rolled over to Homestreet 24 mo 2.00% CD

Investment Strategy Going Forward

- CD's Maturing in 2nd Quarter 2010
 - 6/23 Homestreet \$96,031 (6 mo. @ 1.29%)
- Continue implementing staggered CD purchases (6 mo, 1 yr, 18 mo) with terms dependant on interest rates.
- Reallocate Smith Barney Western Asset MM a/c \$193,794 plus \$56,206 from US Bank MM a/c (total \$250,000):
 - Invest \$125,000 in additional CD's
 - Invest \$125,000 into conservative no-load mutual fund(s)
 - Represents about 17% of Section cash

Cash Investment Picture – Current and Proposed

(excludes conference Merchant Account of \$144,487)

Investments	Current Investments	Proposed Investments	Net Change
US Bank Checking	\$26,831	\$26,831	\$0
US Bank MM A/C	\$147,991	\$91,785	(\$56,206)
Smith Barney MM A/C (includes reserve a/c balance)	\$193,794	\$0	(\$193,794)
CD's – Various Rates/Terms	\$387,762	\$515,762	\$125,000
Mutual Fund (Conservative Funds)	\$0	\$125,000	\$125,000
TOTAL INVESTMENTS	\$756,378	\$756,378	\$0

Why Add Mutual Funds to Investment Strategy?

- Cash in Money Market accounts are earning 0.07% and 0.50% and not keeping pace with inflation
- Cd's are a good strategy for some, but not all of Section cash as 2 year rates are now typically at or below 2%
- Increased return is available with small increase in risk
- $\$125,000 \times .07\% = \$87.50/\text{yr}$ vs. $\$5,000$ if at 4% return

Fund investment candidates could include:

Fund Types (return examples from Vanguard family of funds)	1 yr Return	5 yr Return	10 yr Return
Treasury - short term (6 mos. – 3 yrs)	1.43%	4.51%	4.87%
Treasury - intermediate term (4-7 yrs)	-0.41%	5.78%	6.60%
Municipal Bond - short term	2.25%	3.24%	3.11%
Municipal Bond - intermediate term	7.77%	4.21%	4.85%
Investment Grade Corp Bond - short term	14.03%	4.79%	4.97%
Investment Grade Corp Bond - intermediate term	21.96%	5.42%	6.53%
Balanced Fund - 60/40 bonds/stocks	36.35%	5.66%	6.69%

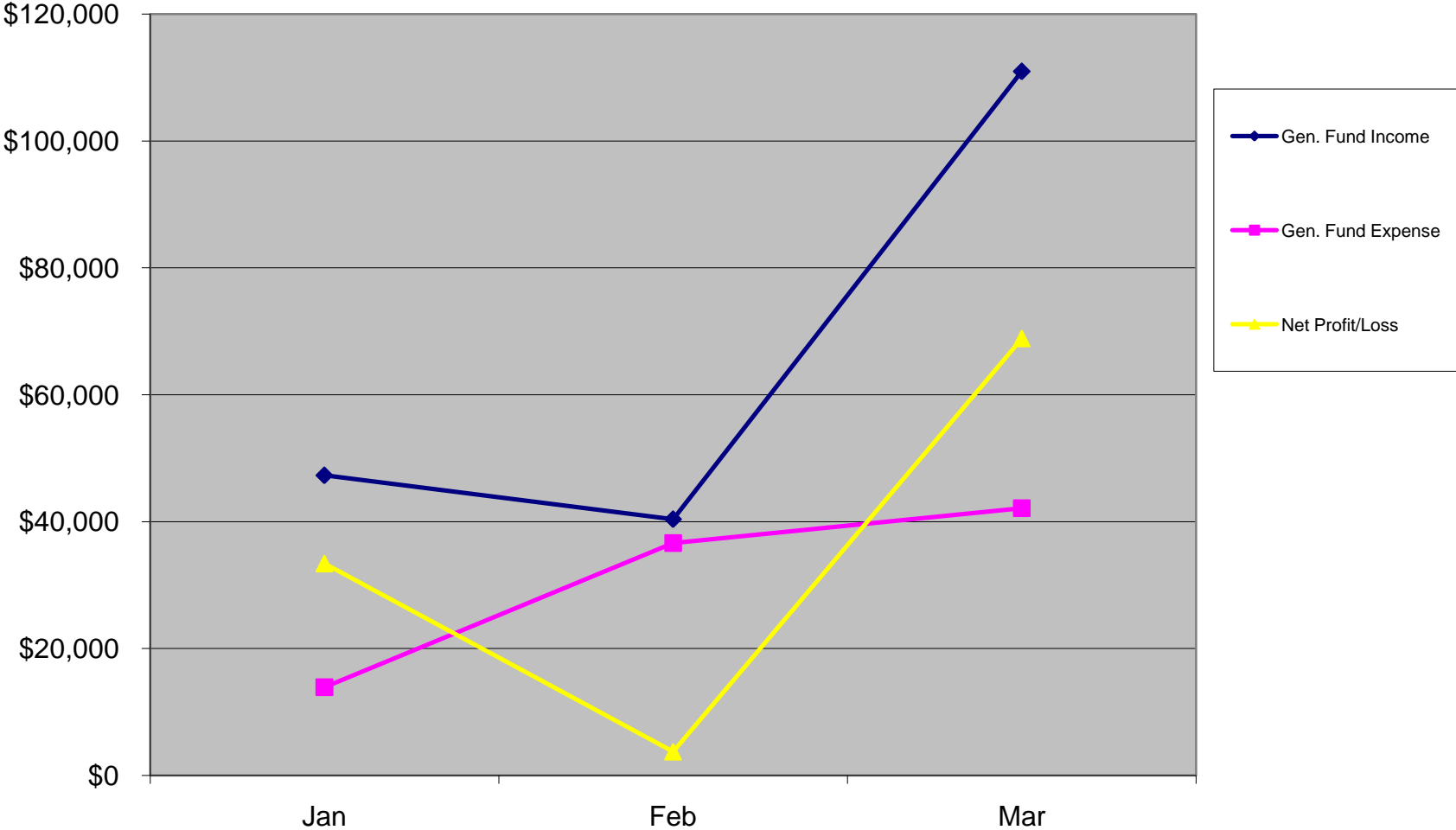
Because mutual funds carry some added risk over CD's (and to guard against rogue Treasurer) these investments would be administered as follows:

- Executive Committee review and approval required for:
 - Selection of fund company
 - Selection of individual funds for investments
 - All investment redirection decisions

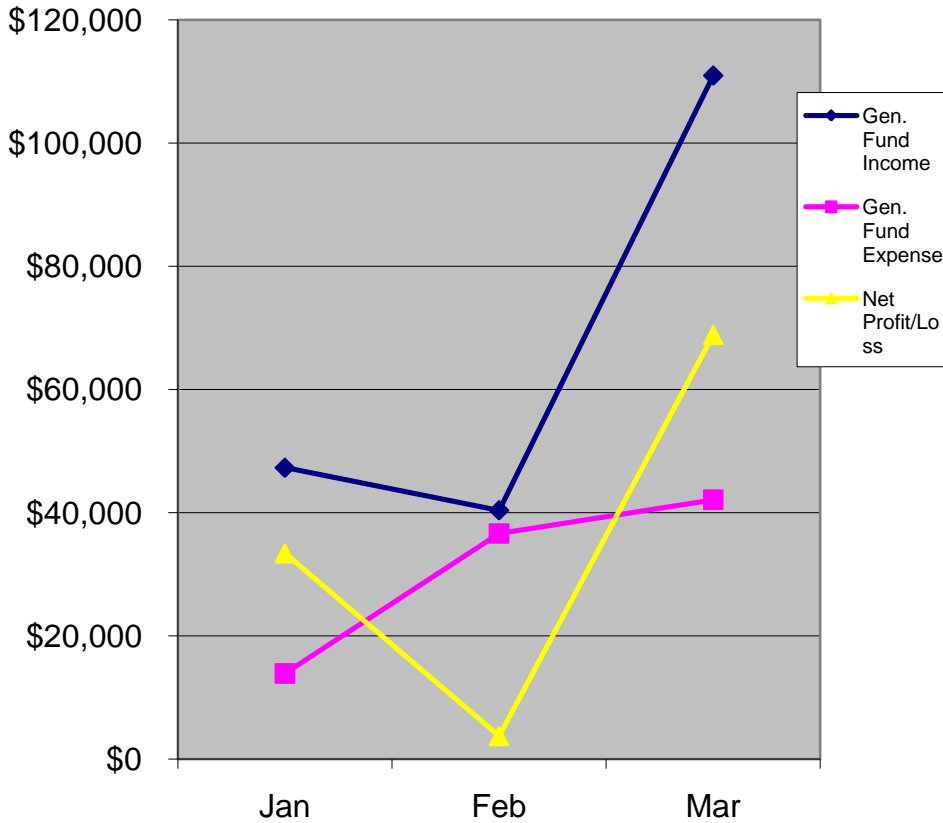
PNWS-AWWA Profit/Loss Trend

		2010		
		Jan	Feb	Mar
Income		\$95,045	\$110,918	\$166,433
Less:	E&T - Interest Earned	(\$8,166)	\$8,073	\$13,664
	E&T - Contributions		\$1	
	OWUC	\$1,000		
	WWUC	\$40,991	\$26,626	\$1,875
	Water for People	\$13,910	\$35,825	\$39,909
Income to General Fund		\$47,310	\$40,393	\$110,985
Expenses		\$18,646	\$97,048	\$52,596
Less:	OWUC		\$684	\$1,443
	WWUC	\$3,842	\$52,713	\$3,262
	Water for People	\$900	\$7,022	\$5,782
	Ride With Purpose			
Expenses of General fund		\$13,904	\$36,629	\$42,109
Net Profit/Loss to General Fund		\$33,406	\$3,764	\$68,876

General Fund - Unencumbered Cash Flow - 2010



General Fund - Unencumbered Cash Flow - 2010



General Fund - Unencumbered Cash Flow - 2009

