



**NYSAC**  
— NEW YORK STATE —  
ASSOCIATION OF COUNTIES



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# Cash Management

Strategically Maximizing ARP Funds and Expanded Options

A professional portrait of Dave Lucas, a middle-aged man with glasses, wearing a dark suit, light blue shirt, and red patterned tie. He is standing outdoors in front of a stone building. The image has a purple and light blue gradient overlay on the left side.

**Dave Lucas**

*Director of Finance and  
Intergovernmental Affairs*  
NYSAC

# Presenters



**Bill Cherry**  
**Director of Public Partnerships**  
**(585) 484-0311 ext. 709**  
**[wec@threeplusone.us](mailto:wec@threeplusone.us)**



**Kyle Metcalfe**  
**Relationship Analyst**  
**(585) 484-0311 ext. 705**  
**[kjm@threeplusone.us](mailto:kjm@threeplusone.us)**

# Description

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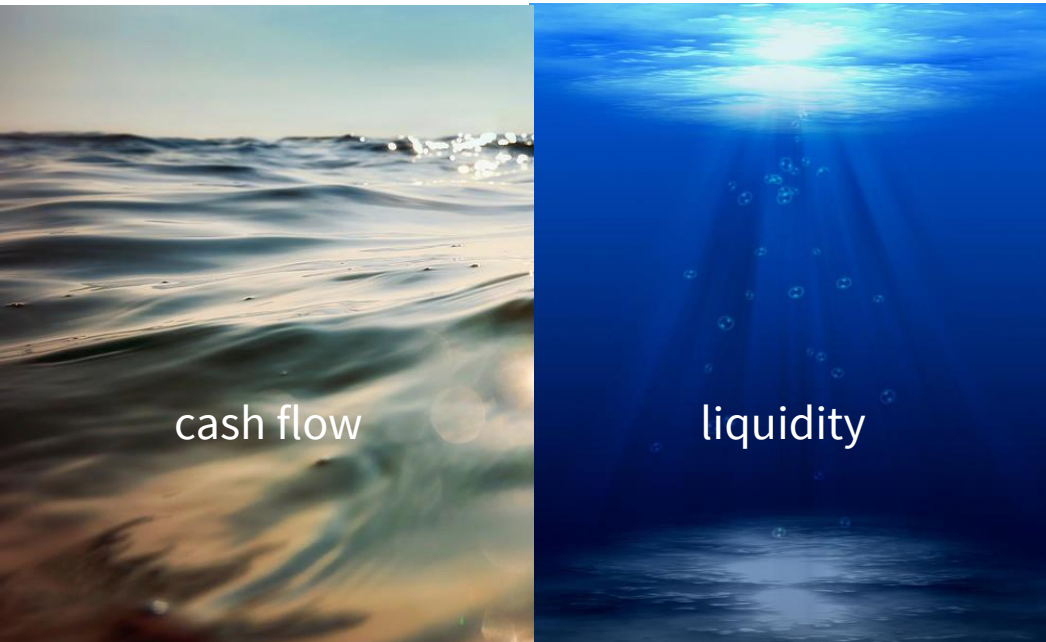
Looking ahead: As a result of the ARP funding, Federal resources will need to be strategically managed and prudently invested over the next several years. And, NYSAC has been advocating for increased flexibility for municipal investment options in NYS. Join us as we discuss these financial changes for the future.



# Learning Objectives

1. General cash management and liquidity discussion.
2. How interest earnings can maximize the overall value and impact of American Rescue Plan funds.
3. Review of new investment options for New York State local governments as recommended by NYSAC.

# Cash Flow is not the same as Liquidity



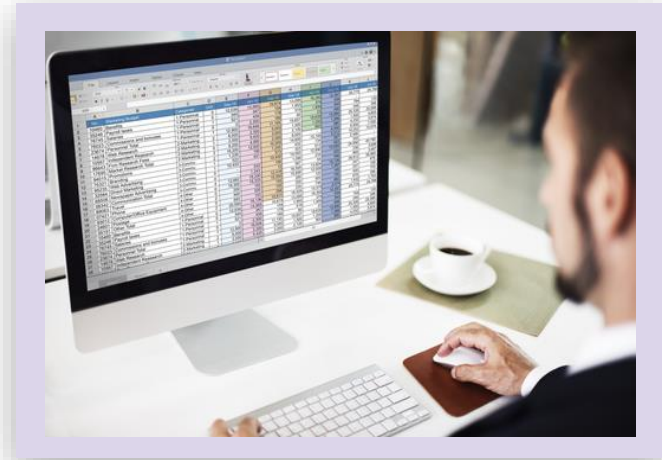
Daily ins and outs of revenues and expenditures = **cash flow**

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In-depth, comprehensive analysis of all of your entity's cash assets and accounts = **liquidity**

# Regular analysis of liquidity can tell you how much cash you have across multiple bank accounts

2241	29.3784	17.84832	28837	687792	691968
6019	20.64456	29.3784	28746	692088	687792
127	17.79048	20.64456	28817	689904	692088
11	27.1464	17.79048	28758	691608	689904
98	36.2352	27.1464	28715	690192	691608
5	44.0064	36.2352	28824	690192	690192
61.2912	44.0064	61.2912	28859	689160	690192
			28789	691776	689160
				692616	691776
				690936	692616



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# Taking advantage of positive cash flow

## Monthly Net Change in Cash

	Positive Cash Flows	Negative Cash Flows	Net Monthly Impact*
February 2020	148,588,754	(92,186,307)	56,402,447
March 2020	39,046,523	(54,964,214)	(15,917,691)
April 2020	71,444,468	(49,877,781)	21,566,687
May 2020	57,199,262	(58,172,717)	(973,455)
June 2020	19,576,909	(35,824,586)	(16,247,677)
July 2020	16,611,500	(36,204,725)	(19,593,225)
August 2020	40,891,243	(52,070,235)	(11,178,992)
September 2020	37,224,811	(10,135,212)	27,089,598
October 2020	41,354,641	(43,754,450)	(2,399,808)
November 2020	46,671,052	(52,406,544)	(5,735,492)
December 2020	60,439,614	(75,432,425)	(14,992,811)
January 2021	29,062,295	(38,762,368)	(9,700,073)

**Know your inflows  
on a cash basis**

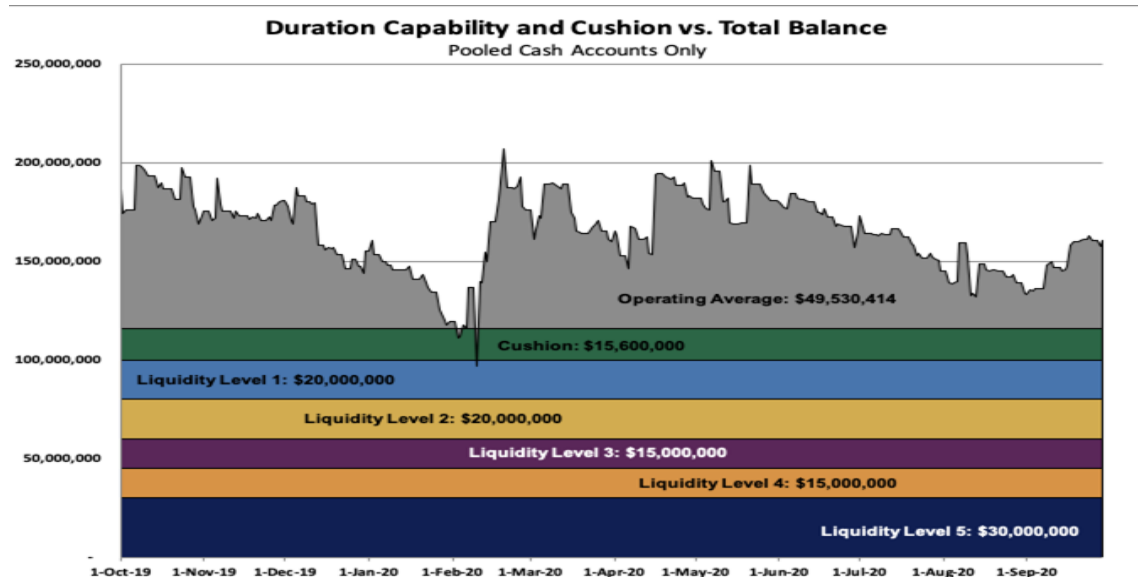
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**Know your outflows  
on a cash basis**

= Confidence



# Liquidity data also provides information about how long your cash will remain on deposit



	Level 5	Level 4	Level 3	Level 2	Level 1	Cushion	Operating Dollars	Total
<b>Amount</b>	30,000,000	15,000,000	15,000,000	20,000,000	20,000,000	15,600,000	49,530,414	<b>\$165,130,414</b>
<b>Duration</b>	24 - 30 months	18 - 24 months	12 - 18 months	6 - 12 months	Up to 6 months	Up to 30 days	daily	<b>Varies</b>

# Comparing peer bank benchmarks can make a real difference in earnings!

Bank	Length	Rate
Bank #1	12-Month	0.68%
Bank #2	12-Month	0.45%
Bank #3	12-Month	0.30%
Bank #4	12-Month	0.25%
Bank #5	12-Month	0.13%
Bank #6	12-Month	0.10%
Bank #7	12-Month	0.05%

## rates for a \$1 million, 1-year CD

1. Benchmarks help you know more about ***what your cash is worth.***
2. Ensure you're always maximizing the value on all financial resources.
3. Banks value longer term deposits because they can put your money to work right in your community.

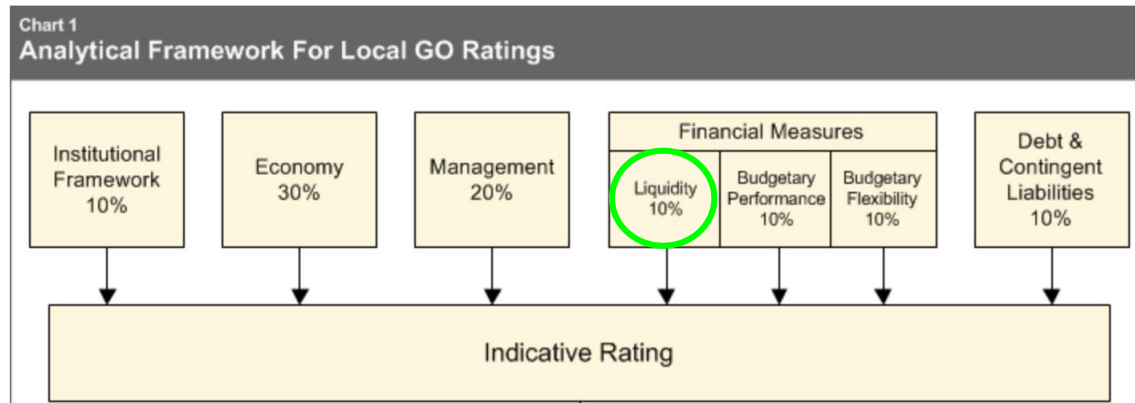
# Even “no-fee” banking costs something

	A	B	C	D
1	<i>SUM of Cost</i>	<b>Bank Name</b>		
2	<b>Fee Category</b>	<b>Bank #1</b>	<b>Bank #2</b>	<b>Bank #3</b>
13	Annual Fee Total	<b>\$15,000.00</b>	<b>\$44,594.49</b>	<b>\$63,973.25</b>
15	<b>MMDA Rate</b>	<b>0.25%</b>	<b>0.15%</b>	<b>0.03%</b>
16	<b>ECR</b>	N/A	0.38%	0.25%
17	<b>FDIC</b>	N/A	0.13%	0.00%
18	<b>eECR</b>	N/A	0.25%	0.25%
19	<b>Historical Average Balance</b>	<b>\$5,891,556</b>	<b>\$5,891,556</b>	<b>\$5,891,556</b>
20	<b>FDIC Fee (\$)</b>	N/A	\$7,659	0
21	<b>Historical Balance Adjusted for RR</b>	\$5,891,556	\$5,891,556	\$5,891,556
22	<b>RR</b>	0	0	0
23	<b>Days in Proposed Settlement Cycle</b>	31	31	31
24	<b>ECR Allowance</b>	N/A	\$14,729	\$14,729
25	<b>Required Balance to pay zero fees</b>	<b>\$6,000,000</b>	<b>\$14,774,185</b>	<b>\$25,589,300</b>
26	<b>Excess Balance</b>	\$0	\$0	\$0
27	<b>Net Value</b>	\$0	\$0	\$0
28	<b>Net FDIC</b>	N/A	\$36,935.46	\$63,973.25
29	<b>Hard fee</b>	<b>\$ (15,000.00)</b>	<b>\$ (22,206.57)</b>	<b>\$ (49,244.36)</b>

1. Monitor transaction fees
1. Know the peer bank benchmarks and compensating balance requirements.
1. Understand your account structure and how it works with your overall treasury operation.

# Liquidity Reports can boost credit ratings

- Ratings agencies value liquidity data because it helps reduce risk.
- **Liquidity is now 10% of the framework** for local government ratings at S&P.
- “Liquidity Score” measures availability of cash in the short, medium, and long term.



# + Benefits of Liquidity Management

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- Knowing how much & how long cash is available.
- Assurance that your bank fee structure is equitable in any rate environment.
- Strengthened credit rating.
- Confirmation that you have sufficient liquidity to satisfy expenditures while earning & saving the most possible.
- Peer benchmarking to ensure your cash is performing at the highest possible level.
- Liquidity stress-testing to show how vulnerable cash positions are in worst-case scenarios.
- Confidence that you're maximizing all financial resources based on objective third-party data.

# NYSAC's advocacy for an expansion of investment options

- GO bonds & notes of any state other than NY, provided that such bonds receive the highest rating of at least one independent rating agency.
- Obligations of any corporation organized in the USA, provided such obligations received the highest rating of two independent rating services & that no more than \$250 million is invested in any one corporation.
- Bankers' acceptances maturing within 270 days which are eligible for purchase in the open market by federal reserve banks.
- Obligations or instruments issued by, any agency or instrument of the USA, including FHLBs, the Tennessee Valley Authority, the FNMA, FHLMA, & the USPS, up to \$250 million per agency.
- No load money market mutual funds, limited to investments in obligations of agencies or instrumentalities of the USA, where payment is guaranteed by the USA.

A stylized logo for 'Q&A'. The letter 'Q' is orange and contains a purple question mark. The ampersand '&' is blue. The letter 'A' is green with a dark green shadow and a small orange vertical bar at its base. The letters are overlapping and set against a white background with a purple header bar above.



Contact us for more information



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**(585) 484-0311 ext. 709**  
[wec@threeplusone.us](mailto:wec@threeplusone.us)



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