Cash Management
Strategically Maximizing ARP Funds and Expanded Options
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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 = \textit{cash flow}

In-depth, comprehensive analysis of all of your entity’s cash assets and accounts = \textit{liquidity}
Regular analysis of liquidity can tell you **how much** cash you have across multiple bank accounts.
## Taking advantage of positive cash flow

**Know your inflows on a cash basis**

**+**

**Know your outflows on a cash basis**

**= Confidence**

<table>
<thead>
<tr>
<th>Monthly Net Change in Cash</th>
<th>Positive Cash Flows</th>
<th>Negative Cash Flows</th>
<th>Net Monthly Impact*</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 2020</td>
<td>148,588,754</td>
<td>(92,186,307)</td>
<td>56,402,447</td>
</tr>
<tr>
<td>March 2020</td>
<td>39,046,523</td>
<td>(54,964,214)</td>
<td>(15,917,691)</td>
</tr>
<tr>
<td>April 2020</td>
<td>71,444,468</td>
<td>(49,877,781)</td>
<td>21,566,687</td>
</tr>
<tr>
<td>May 2020</td>
<td>57,199,262</td>
<td>(58,172,717)</td>
<td>(973,455)</td>
</tr>
<tr>
<td>June 2020</td>
<td>19,576,909</td>
<td>(35,824,586)</td>
<td>(16,247,677)</td>
</tr>
<tr>
<td>July 2020</td>
<td>16,611,500</td>
<td>(36,204,725)</td>
<td>(19,593,225)</td>
</tr>
<tr>
<td>August 2020</td>
<td>40,891,243</td>
<td>(52,070,235)</td>
<td>(11,178,992)</td>
</tr>
<tr>
<td>September 2020</td>
<td>37,224,811</td>
<td>(10,135,212)</td>
<td>27,089,598</td>
</tr>
<tr>
<td>October 2020</td>
<td>41,354,641</td>
<td>(43,754,450)</td>
<td>(2,399,808)</td>
</tr>
<tr>
<td>November 2020</td>
<td>46,671,052</td>
<td>(52,406,544)</td>
<td>(5,735,492)</td>
</tr>
<tr>
<td>December 2020</td>
<td>60,439,614</td>
<td>(75,432,425)</td>
<td>(14,992,811)</td>
</tr>
<tr>
<td>January 2021</td>
<td>29,062,295</td>
<td>(38,762,368)</td>
<td>(9,700,073)</td>
</tr>
</tbody>
</table>
Liquidity data also provides information about how long your cash will remain on deposit.
Comparing peer bank benchmarks can make a real difference in earnings!

<table>
<thead>
<tr>
<th>Bank</th>
<th>Length</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank #1</td>
<td>12-Month</td>
<td>0.68%</td>
</tr>
<tr>
<td>Bank #2</td>
<td>12-Month</td>
<td>0.45%</td>
</tr>
<tr>
<td>Bank #3</td>
<td>12-Month</td>
<td>0.30%</td>
</tr>
<tr>
<td>Bank #4</td>
<td>12-Month</td>
<td>0.25%</td>
</tr>
<tr>
<td>Bank #5</td>
<td>12-Month</td>
<td>0.13%</td>
</tr>
<tr>
<td>Bank #6</td>
<td>12-Month</td>
<td>0.10%</td>
</tr>
<tr>
<td>Bank #7</td>
<td>12-Month</td>
<td>0.05%</td>
</tr>
</tbody>
</table>

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

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

- 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.
Contact us for more information

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