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NYSAC
— NEW YORK STATE —
ASSOCIATION OF COUNTIES



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Before & After: Getting a Clear Picture of County Finances Amidst COVID-19



Mark LaVigne, PhD
Deputy Director, NYSAC

Learning Objectives

- 1-** Learn how to use liquidity analysis alongside cash flow analysis.
- 2-** Investigate the impacts of an economic shock on your county's liquidity position.
- 3-** Forecast liquidity to plan for different scenarios in 2021.
- 4-** Evaluate financial partners to maximize value for the taxpayers.
- 5-** Use data to share your county's changing financial picture with stakeholders.

the marketplace has evolved

NON-RATING ACTION COMMENTARY

FitchRatings U.S. Local Government Liquidity to Face Stress Due to Coronavirus

Cash management tools are not typically the focus of Fitch's analysis of U.S. local governments, as liquidity is sufficient for operating needs for nearly all issuers through cyclical downturns. However, given the uncertain nature of the coronavirus pandemic and the depth and duration of its impact on the economy, Fitch believes many local governments may explore extraordinary cash flow support measures in the near term, particularly those governments that do not carry large liquidity balances relative to operating needs. These may include financial market solutions such as lines of credit and tax/revenue anticipation notes, either through public sales or private placements. Since local governments are generally labor-intensive, these working capital management measures might also include layoffs and furloughs that necessitate service reductions, or payroll deferrals. In addition, Fitch expects some entities to delay vendor payments, reduce equipment purchases and postpone capital spending.



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EDUCATION CENTER



Credit Rating Basics for Municipal Bonds on EMMA®

Enhanced

Ratings of the creditworthiness of a third-party credit or liquidity support provider (such as state intercept guarantees⁺ or credit programs of federal and state governments, but not insurance companies) and, in some cases, of the creditworthiness of the underlying obligated person.

⁺Generally, a state intercept guarantee is a promise that a state makes to tap its available funds to pay bond investors if the municipal bond investor otherwise does not pay them.



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liquidity vs. cash flow



How you see your cash
- *cash flow*

How the market values your cash
- *liquidity*

what is data?



Key Data Point	Oct - Dec 2019	Oct - Dec 2020	Net Difference
Avg. Balance	115,722,386	149,918,012	+34,195,626
Max. Balance	179,172,189	220,651,957	+41,479,768
Min. Balance	85,194,121	105,666,630	+20,472,509

NEW YORK WAYNE COUNTY

At the core of opportunity



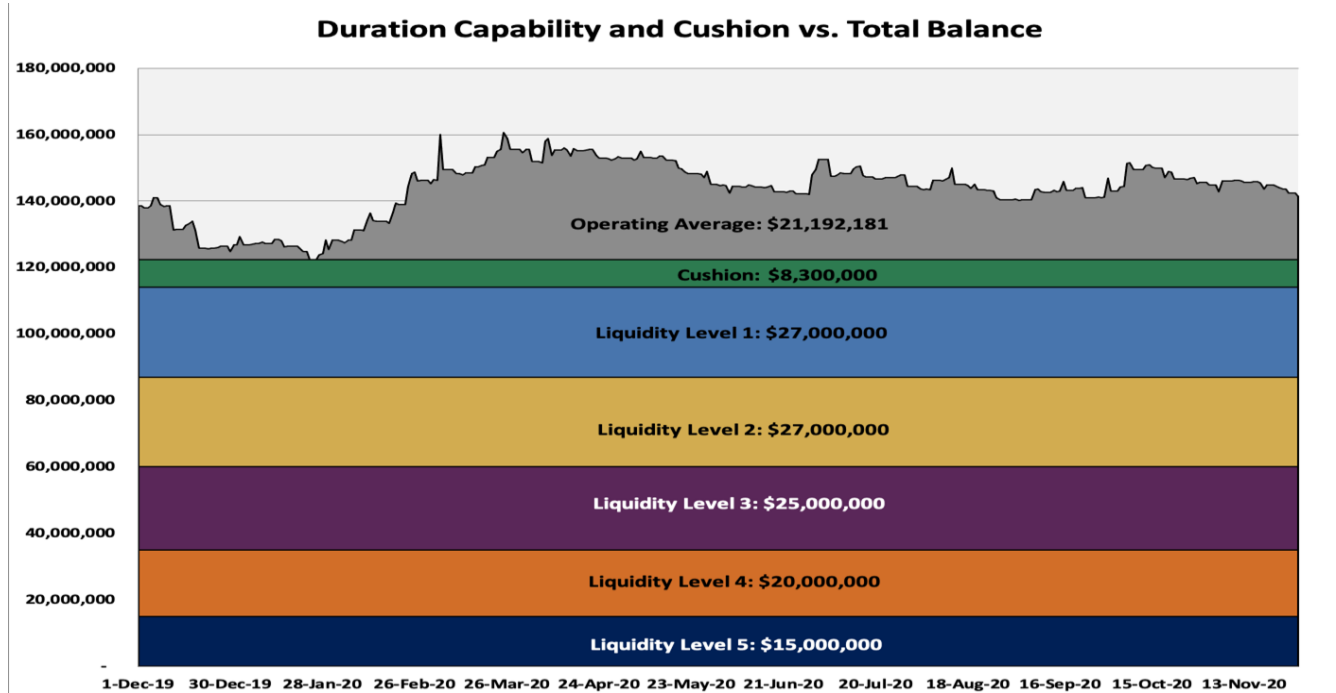
Patrick Schmitt
County Treasurer



Annual General Fund Budget: \$150,790,537

+ real results

cashvest® provides a new & unparalleled level of liquidity analysis & data services for local, county, school district & college governing bodies.



	SL Level 5	SL Level 4	SL Level 3	SL Level 2	SL Level 1	Cushion	Operating	Total
Amount	15,000,000	20,000,000	25,000,000	27,000,000	27,000,000	8,300,000	21,192,181	\$143,492,181
Duration	24 - 30 months	18 - 24 months	12 - 18 months	6 - 12 months	Up to 6 months	Up to 30 days	daily	varies

+ real results

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Month by Month Breakdowns	Largest Single Day Outflow	Net Monthly Change in Cash
December 2019	(7,340,269)	(11,788,260)
January 2020	(2,732,881)	1,412,360
February 2020	(2,771,767)	17,999,649
March 2020	(10,535,255)	8,379,781
April 2020	(4,991,986)	(1,230,816)
May 2020	(3,853,798)	(8,306,855)
June 2020	(2,205,623)	2,679,073
July 2020	(4,936,424)	(3,393,887)
August 2020	(4,831,102)	(4,001,774)
September 2020	(2,864,402)	877,564
October 2020	(3,813,159)	4,307,385
November 2020	(1,990,787)	(4,219,812)

**Know your inflows
on a cash basis**

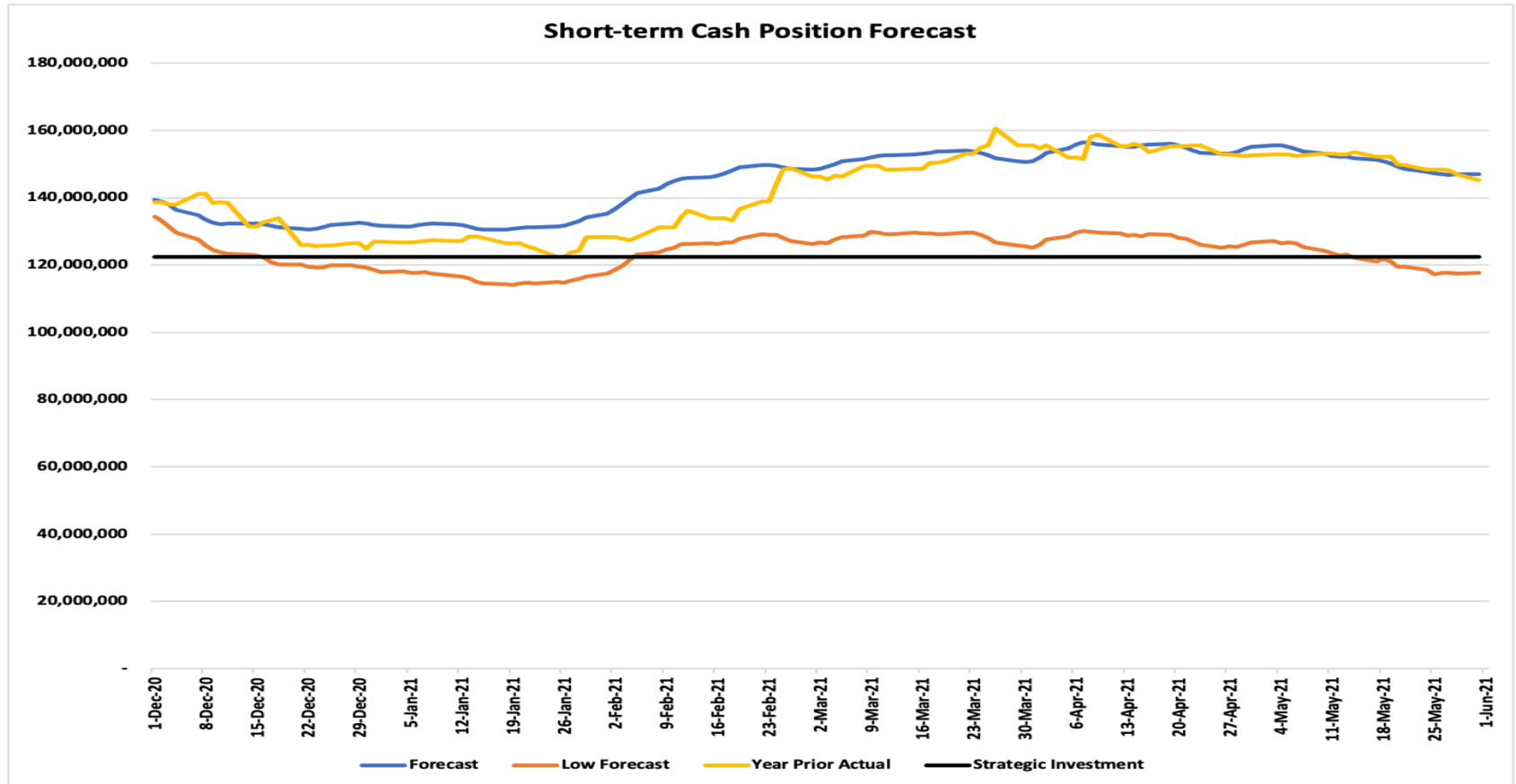
+

**Know your outflows
on a cash basis**

= Confidence

+ real results

three+one is an independent financial technology company offering data solutions that drive innovation, efficiency, and better financial outcomes for taxpayers and stakeholders.



Banking arrangements amid COVID-19

	A	B	C	D
1	<i>SUM of Cost</i>	Bank Name		
2	Fee Category	Bank #1	Bank #2	Bank #3
13	Annual Fee Total	\$15,000.00	\$44,594.49	\$63,973.25
15	DDA Rate	0.25%	0.15%	0.03%
16	MMDA Rate	0.50%	0.10%	0.30%
17	ECR	N/A	0.38%	0.25%
18	FDIC	N/A	0.13%	0.00%
19	eECR	N/A	0.25%	0.25%
20	Historical Average Balance	\$5,891,556	\$5,891,556	\$5,891,556
21	FDIC Fee (\$)	N/A	\$7,659	0
22	Historical Balance Adjusted for RR	\$5,891,556	\$5,891,556	\$5,891,556
23	RR	0	0	0
24	Days in Proposed Settlement Cycle	31	31	31
25	ECR Allowance	N/A	\$14,729	\$14,729
26	Required Balance to pay zero fees	\$6,000,000	\$14,774,185	\$25,589,300
27	Excess Balance	\$0	\$0	\$0
28	Net Value	\$0	\$0	\$0
29	Net FDIC	N/A	\$36,935.46	\$63,973.25
30	Hard fee	\$ (15,000.00)	\$ (22,206.57)	\$ (49,244.36)

**Public entity in NYS -
\$341 million budget**

1. Monitor
1. Know the benchmarks
1. Understand your account structure and how it works with your overall treasury operation.

+ So what about peer benchmarks?

Bank	Length	Rate
Bank #1	12-month	0.45%
Bank #2	12-month	0.40%
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	0.10%

\$1 million 1-year CD

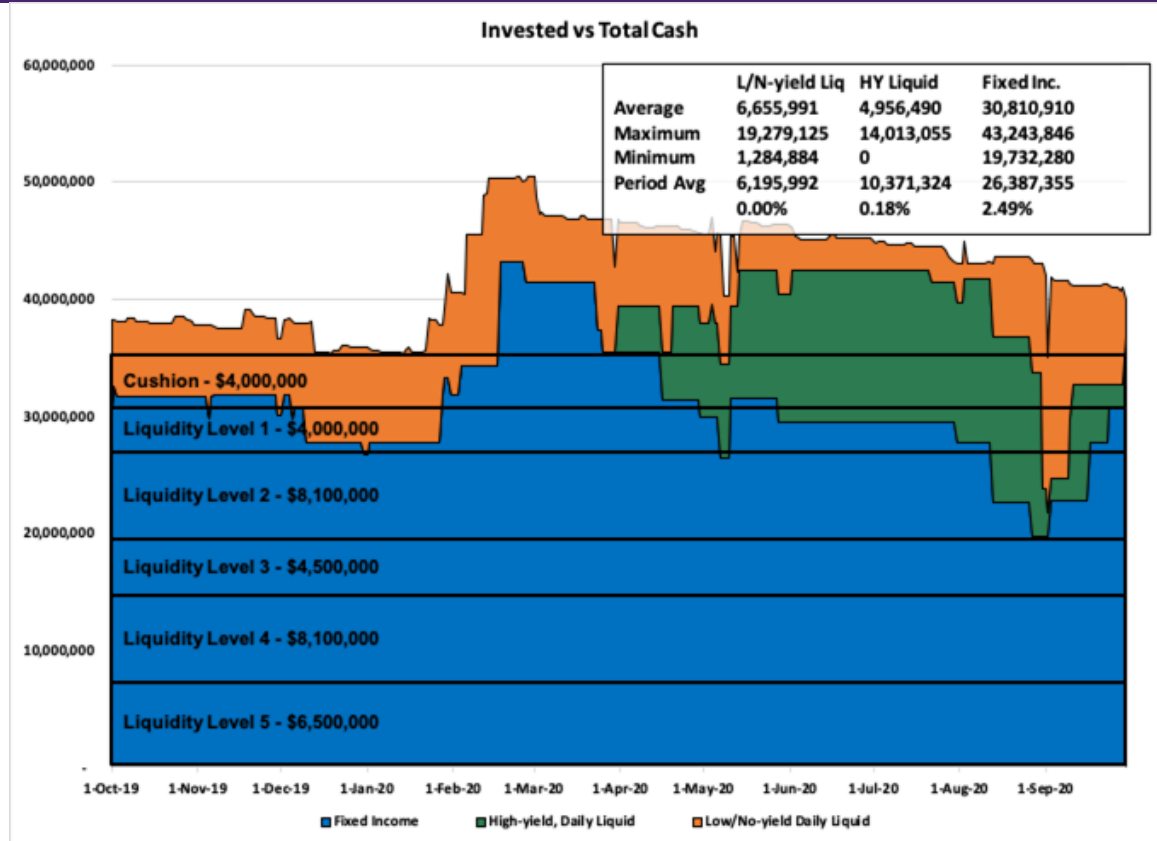
1. Benchmarks help you know more about ***what your cash is worth.***
1. Ensure you're always maximizing the value on all financial resources.



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What are the impacts?



+ Benefits of Liquidity Management

Boost Credit rating for debt refinancing.

Data allows ability to forecast future cash & debt needs.

Ability to identify all cash as a revenue generating asset and satisfy NYS Comptroller cash management recommendations.

Monitor all bank fees.

Provide “peace of mind” In addressing financial stresses during a crisis.

Comptroller Audits

DIVISION OF LOCAL GOVERNMENT AND SCHOOL ACCOUNTABILITY

REPORT OF EXAMINATION | 2020M-61

Cash Management

AUGUST 2020



OFFICE OF THE NEW YORK STATE COMPTROLLER

Quick Facts

2019-20 Appropriations

\$41 million

Interest Earned During the Audit Period

\$246,431

Report Highlights

Audit Objective

To determine whether [redacted] officials maximized interest earnings.

Key Findings

[redacted] officials did not follow their investment policy. As a result, officials did not maximize interest earnings for the [redacted].

- Officials did not develop and manage a comprehensive investment program.
- Officials did not seek competitive interest rates.
- Officials earned interest totaling \$246,431 during the audit period. However, they could have earned an additional \$614,606 if they used other available investment options.

Key Recommendations

- Develop and manage a comprehensive investment program.
- Prepare monthly cash flow forecasts to estimate available funds for investment.
- Solicit interest rate quotes and obtain investment information to ensure available funds are invested, within legal limits, to maximize interest earnings.

[redacted] officials generally agreed with our recommendations and indicated they planned to initiate corrective action.



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Q&A

We'd love to help!



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You, our Client.



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