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FINANCE CORPORATION





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Leveraging Data to Maximize Public Value

Learning Objectives

- 1- The difference between liquidity & cash flow.
- 2- How to use liquidity data to identify all cash available to your entity - and how long it's available.
- 3- How a future liquidity forecast, in conjunction with cash flow forecasts, can help prepare your entity for upcoming cash needs.
- 4- Knowing what your cash needs are allows you to maximize the value of cash you won't need, using stress testing & peer benchmark data.

the marketplace has evolved



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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.

liquidity vs. cash flow



How you see your cash
- *cash flow*

How the market values your cash
- *liquidity*

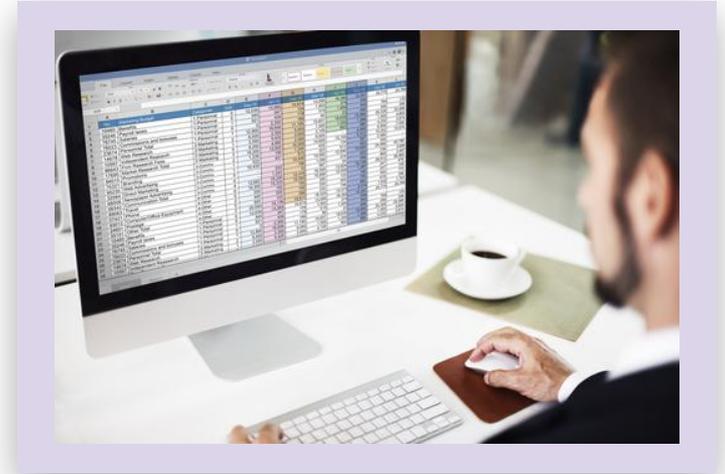


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what is data?

2241	29.3784	17.84832	28837	687792	691968
5019	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	28859	689160	690192
		61.2912	28789	691776	689160
				692616	691776
				690936	



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+ real results

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

Maximum Negative Net Change in Cash on pooled cash	Positive Flows	Negative Flows	Net Impact 30-day
October 2019	47,362,425	(61,137,752)	(13,775,327)
November 2019	42,608,743	(35,035,734)	7,573,009
December 2019	36,869,875	(62,315,853)	(25,445,978)
January 2020	11,723,574	(47,186,949)	(35,463,374)
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

**Know your inflows
on a cash basis**

+

**Know your outflows
on a cash basis**

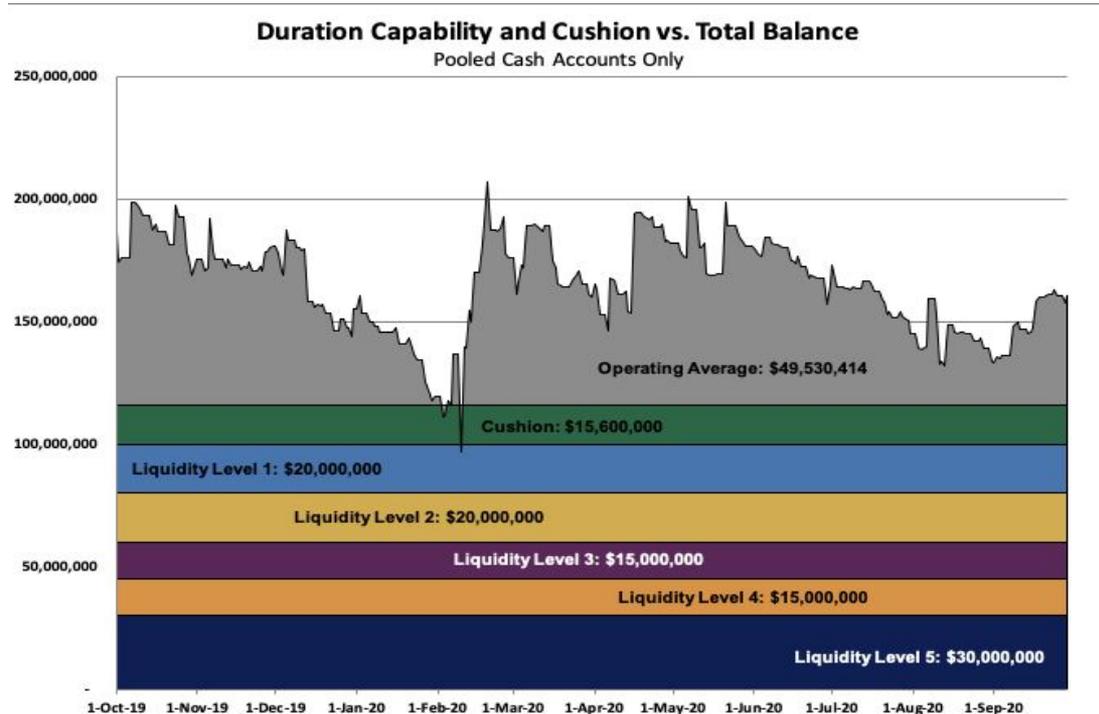
= Confidence



+ real results



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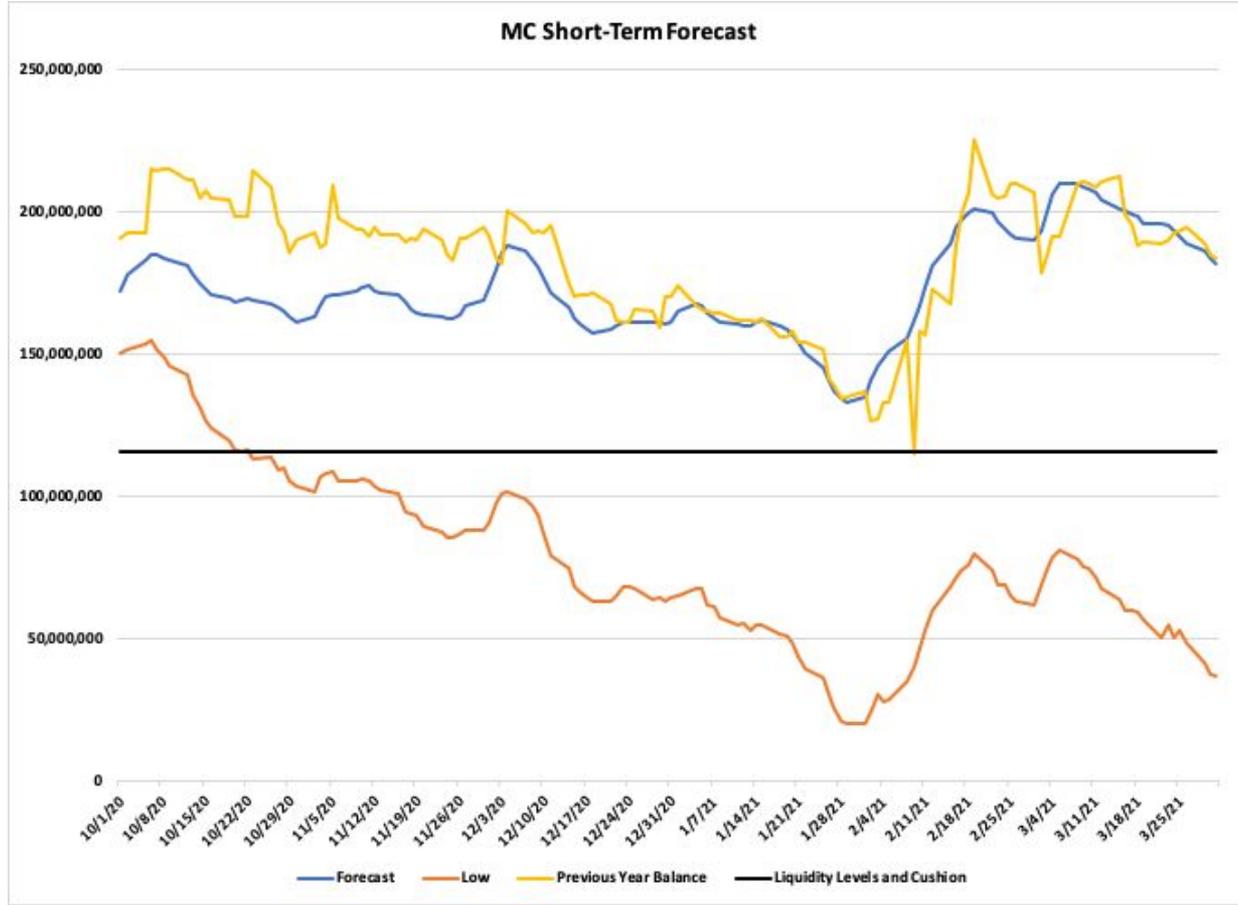


	Level 5	Level 4	Level 3	Level 2	Level 1	Cushion	Operating Dollars	Total
Amount	30,000,000	15,000,000	15,000,000	20,000,000	20,000,000	15,600,000	49,530,414	\$165,130,414
Duration	24 - 30 months	18 - 24 months	12 - 18 months	6 - 12 months	Up to 6 months	Up to 30 days	daily	Varies

+ real results



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



+ Cash flow...



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+ Liquidity vs Cash Flow

Cash balance in bank	Closing Bal 11/1/2019	Closing Bal 10/31/2020	Rate as of 10/31/20
Combined in core pooled cash accounts	308,401,676	493,563,204	0.27%

Cash flow said the entity **needed \$31,980,000** while they had \$493,563,204 in liquidity.

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	MMDA Rate	0.25%	0.15%	0.03%
16	ECR	N/A	0.38%	0.25%
17	FDIC	N/A	0.13%	0.00%
18	eECR	N/A	0.25%	0.25%
19	Historical Average Balance	\$5,891,556	\$5,891,556	\$5,891,556
20	FDIC Fee (\$)	N/A	\$7,659	0
21	Historical Balance Adjusted for RR	\$5,891,556	\$5,891,556	\$5,891,556
22	RR	0	0	0
23	Days in Proposed Settlement Cycle	31	31	31
24	ECR Allowance	N/A	\$14,729	\$14,729
25	Required Balance to pay zero fees	\$6,000,000	\$14,774,185	\$25,589,300
26	Excess Balance	\$0	\$0	\$0
27	Net Value	\$0	\$0	\$0
28	Net FDIC	N/A	\$36,935.46	\$63,973.25
29	Hard fee	\$ (15,000.00)	\$ (22,206.57)	\$ (49,244.36)

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

1. Monitor
2. Know the benchmarks
3. 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.***
2. Ensure you're always maximizing the value on all financial resources.

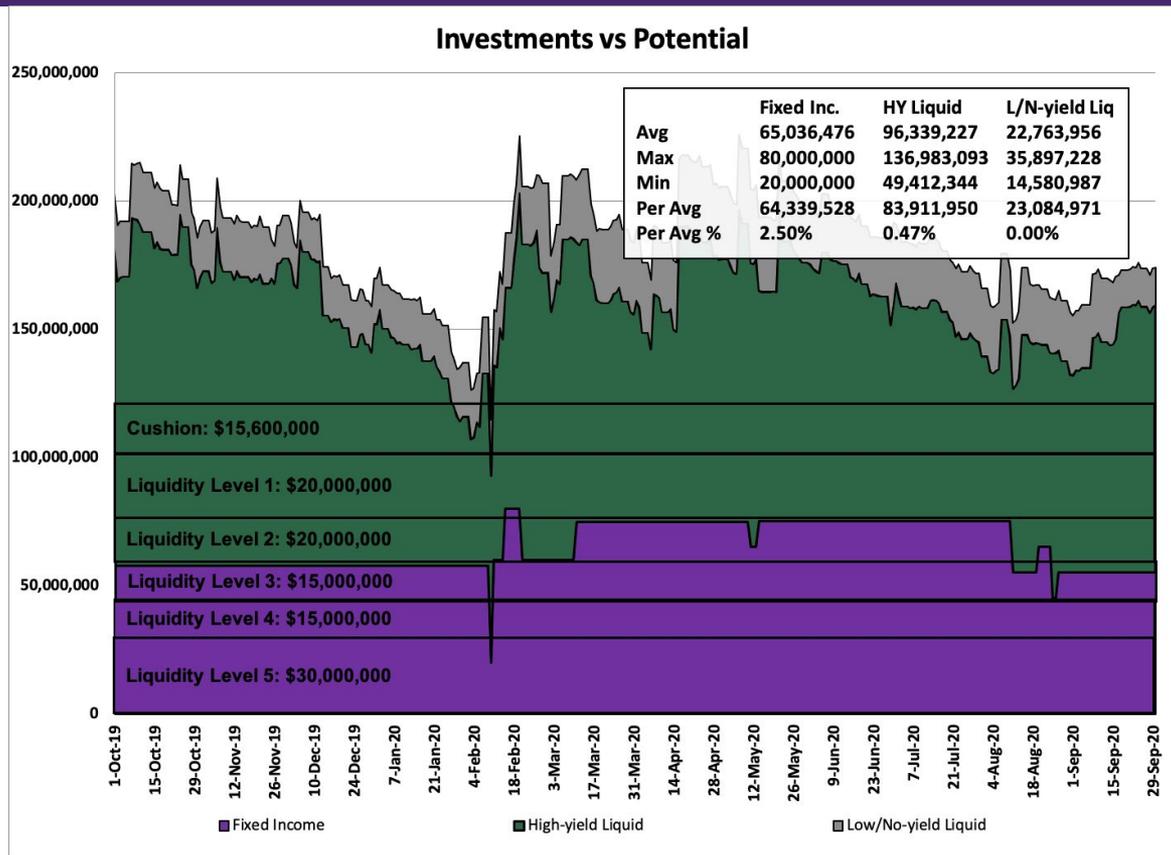


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What are the impacts?

20



+ Benefits of Liquidity Management

1. Boost Credit rating for debt refinancing.
2. Data allows ability to forecast future cash & debt needs.
3. Ability to identify all cash as a revenue generating asset and satisfy the OSC's cash management recommendations.
4. Monitor all bank fees.
5. Provide "peace of mind" In addressing financial stresses during a crisis.

+ Audits and cash management

DIVISION OF LOCAL GOVERNMENT AND SCHOOL ACCOUNTABILITY

REPORT OF EXAMINATION | [REDACTED]

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 [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.

We'd love to help!



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cashvest[®]

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You, our Client.



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bankfee[®]

LAUNCHING 2020

A self-guided platform designed to evaluate the bank fees your entity pays & find more cost-effective banking alternatives.

rfp Prep[®]

Entirely online request for proposal (RFP) tool for banking, investment, merchant & e-pay services. Reduce RFP process by 75%.



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Join us for an upcoming webinar with Suffolk County, NY & 3+1

January 19, 2021
2:00 pm – 3:00 pm EST

Contact Kyle Cline to
register:kcline@naco.org



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Pathway to Recovery: Liquidity Management in 2021