

Managing Your Cash Flow

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Division of Local Government and School Accountability



New York State Comptroller
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1

What is Cash Management?

- The process of collecting and managing cash flow to ensure the municipality has enough funds to function.
 - Includes procedures and/or policies that help to control and account for cash.

Selected Statutes

- General Municipal Law (GML), Section 10 – Deposit of Public Moneys; Security
- GML, Section 11 – Temporary Investments
- GML, Section 39 – Investment Policies
- GML, Section 5-a – Electronic or Wire Transfers
- GML, Section 99-b – Check Images
- GML, Section 103, 104-b – Procurement

Accounting and Reporting Systems

- Help manage cash flow.
- Help invest idle funds.
- Include an accounting system to record collections and disbursements, investments and interest apportioning.
- Include a reconciliation reporting system for cash and investments.

Cash Controls

- Objective: Safeguard cash assets
 - Record cash receipts and disbursements timely
 - Facilitate prudent investment of idle funds
 - Ensure sufficient funds to meet operating and capital needs

Collections

- Develop written collection procedures and ensure compliance.
- Encourage prompt collections:
 - Timely invoicing
 - Enforce late payment penalties
 - Accept credit/debit card and other electronic payments

Deposits

- Develop written deposit procedures and ensure compliance according to legal requirements.
- Ensure timely deposits
 - Reduce deposit float (mail, remote electronic check deposit)
 - Lockbox processing
 - Cash transfer applications such as Paypal, Square, Stripe and Venmo

Disbursements

- Develop written disbursement procedures and ensure compliance.
- Review timing of disbursements
 - Analyze disbursement patterns
 - Review types of disbursement accounts
 - Work with vendors on timing of payments due dates to help manage cash flow.

What is a Cash Flow Statement?

- A short-term forecasting tool
 - Used by managers to estimate cash balances available for operations and investments
 - If authorized by the board
 - May cover any time periods

How Can Cash Flow Statements Help Me?

- They can help with:
 - Providing an early warning signal
 - Investing
 - Short-term borrowing
 - Timing of procurement
 - Budgeting

How Sophisticated Should My Cash Flow Projections Be?

- Good forecasts can be either basic or comprehensive
- Basic:
 - Total monthly cash receipt ledgers or cash disbursement ledgers
- Comprehensive:
 - Detailed explanations, including timing of investments or short-term borrowing

What is Right for My Municipality?

- Need comprehensive cash projections if you have:
 - Unpredictable major revenues
 - Periodic cash deficits
 - Seasonable variations in revenues and/or payrolls
 - Large capital projects or capital expenditures
 - Low or not liquid fund balance levels
 - Available cash balances to invest at higher interest rates

Basic Cash Budgeting – Basic Method

- Matches cash receipts with cash disbursements and includes:
 - Focus on major periodic cash receipts and cash disbursements
 - Invest in short-term investments



Comprehensive Cash Flow Projections

- Need three major components:
 - Time period
 - Cash position
 - Estimated cash receipts and cash disbursements



Estimating Cash Receipts and Disbursements

- Consider all bank accounts per fund:
 - Make note of restricted and unrestricted cash accounts
 - Focus on unrestricted cash

Tools Needed for Estimates

- Include, but not limited to:
 - Prior year financial reports
 - Bank statements
 - Monthly financial reports (include C/R's, C/D's and Budget vs. Actual)

Tools Needed for Estimates (cont'd)

- Include, but not limited to:
 - Current year's budget
 - Spending projections for capital projects (prepared by engineer or architect)
 - Capital purchase timing needs
 - Current investment maturities

Cash Receipt History Table

Property Taxes				
Week	2022	2023	2024	Average
1/7	1,170	1,080	1,240	1,163
1/14	32,170	35,460	36,920	34,850
1/21	59,680	60,120	61,240	60,347
Total Annual	\$ 243,950	\$ 297,800	\$ 317,250	\$ 286,333

Estimating Disbursements

- Include:
 - Payroll & benefits
 - Operating disbursements
 - Debt service
 - Capital outlays

Projected Monthly Disbursements

Department				
Month	Object	Actual 2023	Actual 2024	Projected 2025
January	Payroll .1			
	Equipm .2			
	Other .4			
February				

Cash Flow Forecast

Month	Jan	Feb	Etc.	Total
Estimated Collections				
Taxes	xxxx	xxxx		xxxx
Estimated Disbursements				
Payroll	xxxx	xxxx		xxxx
Total Surplus*/ (Deficit)				
	xxxx	xxxx		xxxx

Estimating Fund Balance

- Start with fiscal year beginning fund balance
 - Add actual revenues to date
 - Subtract actual expenditures to date
- This gives us current fund balance
 - Add estimated revenues through FY end
 - Subtract estimated expenditures through FY end
- This gives us estimated fund balance year-end

Estimating Fund Balance

Beginning Fund Balance - Unrestricted	50,000
Year to Date Actuals:	
Revenues YTD	150,000
Expenditures YTD	(100,000)
YTD Fund Balance	100,000
Estimated to Year End:	
Projected Revenues to FYE	50,000
Projected Expenditures to FYE	(60,000)
Projected Ending Fund Balance - Unrestricted	90,000

Cash Flow Practice - Inflow

Background – Town with a calendar fiscal year; Estimates per prior year analysis and projections.

Beginning cash balance of \$20,000.

Real property taxes – General (A) Fund levied totaling \$250,000. First month collections =20%; second month =50%; third month =15%; fourth month =10%; fifth month =5%.

Interest and penalties – General Fund totaling \$35,000. Second month collections =55%; third month =30%; fourth month =10%; fifth month =5%.

Sales tax collections \$75,000 quarterly with first payment deposited in March. Estimated additional \$18,750 in last quarter.

Cash Inflows

Inflows	GENERAL FUND (A) Estimates												20XX Total	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
Real Property Taxes	50,000	125,000	37,500	25,000	12,500									250,000
Interest and Penalties		19,250	10,500	3,500	1,750									35,000
Sales Tax			75,000			75,000			75,000				93,750	318,750

Cash Flow Practice Set - Inflow

Court fines and penalties collected totaling \$7,000 per month. Use estimate through year-end.

Clerk fees collected totaling \$1,000 per month. Use estimate through year-end.

Justice Court grant \$15,000 received in March.

Cash Inflows

Inflows	GENERAL FUND (A) Estimates												20XX
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Court Fines and Fees	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	84,000
Clerk Fees	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Court Grant			15,000										15,000

Cash Inflow

Cash Inflow ESTIMATES on 1/1/XX

Inflows	GENERAL FUND (A) ESTIMATES												20XX
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Real Property Taxes	50,000	125,000	37,500	25,000	12,500								250,000
Interest and Penalties		19,250	10,500	3,500	1,750								35,000
Sales Tax			75,000			75,000			75,000			93,750	318,750
Court Fines and Fees	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	84,000
Clerk Fees	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Court Grant			15,000										15,000
Total Inflow	58,000	152,250	146,000	36,500	22,250	83,000	8,000	8,000	83,000	8,000	8,000	101,750	714,750

Cash Inflow ACTUAL & ESTIMATES on 3/31/XX

Inflows	GENERAL FUND (A) Actual					Estimates							20XX
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Real Property Taxes	52,530	120,725	38,850	24,000	13,895								250,000
Interest and Penalties		15,650	9,300	3,000	1,750								30,200
Sales Tax			76,501			75,000			75,000			93,750	320,251
Court Fines and Fees	6,300	6,120	7,380	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	82,800
Clerk Fees	975	1,230	870	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,075
Court Grant			20,000										20,000
Total Inflow	59,805	143,725	152,901	35,500	23,645	83,000	8,000	8,000	83,000	8,000	8,000	101,750	715,326

- Cash Inflows should be **updated regularly**, daily if necessary.

Cash Flow Practice - Outflow

Monthly Payroll – General Fund – Salaries, wages and benefits totaling \$40,000 per month. Use estimate through year-end.

Building maintenance estimated \$5,000 in February for unexpected expenses, and \$12,500 in June for window replacements.

Utilities total \$1,500 per month for months of May through October. Utilities increase to \$1,750 per month for the months of November through April.

A new computer system is installed in Town Hall in January totaling \$20,000.

Cash Outflow

Outflows	GENERAL FUND (A) ESTIMATES												20XX
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Salaries and Benefits	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	480,000
Building Maintenance		5,000				12,500							17,500
Utilities	1,750	1,750	1,750	1,750	1,500	1,500	1,500	1,500	1,500	1,500	1,750	1,750	19,500
Computer Equipment	20,000												20,000



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27

Cash Flow Practice Set - Outflow

Clerk incurs monthly expenditures totaling \$2,100. Use estimate through year-end.

Board incurs monthly expenditures totaling \$750. Use estimate through year-end

Court supplies and contractual costs total \$8,000 per month. Use estimate through year-end.

Justice court installed new judge bench totaling \$17,500 in May.

Debt payment made in January for \$10,000 (principal and interest).

Cash Outflow

Outflows	GENERAL FUND (A) ESTIMATES												20XX
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Clerk	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	25,200
Board	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Court	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	96,000
Court Capital Outlay					17,500								17,500
Debt Payment	10,000												10,000



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28

Cash Outflow

Cash Outflow ESTIMATES on 1/1/XX

Outflows	GENERAL FUND (A) ESTIMATES												20XX
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Salaries and Benefits	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	480,000
Building Maintenance		5,000				12,500							17,500
Utilities	1,750	1,750	1,750	1,750	1,500	1,500	1,500	1,500	1,500	1,500	1,750	1,750	19,500
Computer Equipment	20,000												20,000
Clerk	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	25,200
Board	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Court	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	96,000
Court Capital Outlay					17,500								17,500
Debt Payment	10,000												10,000
Total Outflow	82,600	57,600	52,600	52,600	69,850	64,850	52,350	52,350	52,350	52,350	52,600	52,600	694,700

Cash Outflow ACTUAL & ESTIMATES on 3/31/XX

Outflows	GENERAL FUND (A) Actual			Estimates										20XX
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Salaries and Benefits	46,000	52,350	42,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	500,350	
Building Maintenance		4,730				12,500							17,230	
Utilities	2,100	2,230	1,800	1,750	1,500	1,500	1,500	1,500	1,500	1,500	1,750	1,750	20,380	
Computer Equipment	20,000												20,000	
Clerk	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	25,200	
Board	750	750	750	750	750	750	750	750	750	750	750	750	9,000	
Court	7,500	8,250	8,100	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	95,850	
Court Capital Outlay					17,500								17,500	
Debt Payment	10,000												10,000	
Total Outflow	88,450	70,410	54,750	52,600	69,850	64,850	52,350	52,350	52,350	52,350	52,600	52,600	715,510	

- Cash Outflows should be **updated regularly**, daily if necessary.



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How much money to invest? Do we need to borrow?

Inflows	GENERAL FUND (A) Actual			Estimates										20XX
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Total Inflow	59,805	143,725	152,901	35,500	23,645	83,000	8,000	8,000	83,000	8,000	8,000	101,750	715,326	
Total Outflow	88,450	70,410	54,750	52,600	69,850	64,850	52,350	52,350	52,350	52,350	52,600	52,600	715,510	
Surplus/Deficit	(28,645)	73,315	98,151	(17,100)	(46,205)	18,150	(44,350)	(44,350)	30,650	(44,350)	(44,600)	49,150		
Beginning Cash Balance 1/01/XX	20,000													
Cash Balance (A200) BEFORE	(8,645)	79,670	132,821	35,721	(30,484)	22,666	(6,684)	(41,034)	39,616	5,266	(29,334)	79,816		
Investing/Borrowing														
Investments - Purchase		30,000	80,000	20,000	-	-	-	-	-	-	-	-	130,000	
Investments - Sold		-	-	-	35,000	15,000	10,000	50,000	10,000	10,000	-	-	130,000	
Short-Term Borrowing	15,000										60,000		75,000	
Short-Term Borrowing - Repaid		15,000										60,000	75,000	
Cash Balance (A200) AFTER	6,355	34,670	52,821	15,721	4,516	37,666	3,316	8,966	49,616	15,266	30,666	19,816		
Investing/Borrowing														
Ending Cash Balance 12/31/XX												19,816		

Control 0

- Investments should be made based on cash flow projections
 - Based on your General Municipal Law & your Investment Policy
- Short-term borrowing carefully considered
 - Revenue Anticipation Note
 - Bond Anticipation Note



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	GENERAL FUND (A) Actual			Estimates										20XX
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Inflows														
Real Property Taxes	52,530	120,725	38,850	24,000	13,895								250,000	
Interest and Penalties		15,650	9,300	3,500	1,750								30,200	
Sales Tax			76,501			75,000			75,000			93,750	320,251	
Court Fines and Fees	6,300	6,120	7,380	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	82,800	
Clerk Fees	975	1,230	870	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,075	
Court Grant			20,000										20,000	
Total Inflow	59,805	143,725	152,901	35,500	23,645	83,000	8,000	8,000	83,000	8,000	8,000	101,750	715,326	
Outflows														
Salaries and Benefits	46,000	52,350	42,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	500,350	
Building Maintenance		4,730				12,500							17,230	
Utilities	2,100	2,230	1,800	1,750	1,500	1,500	1,500	1,500	1,500	1,500	1,750	1,750	20,380	
Computer Equipment	20,000												20,000	
Clerk	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	25,200	
Board	750	750	750	750	750	750	750	750	750	750	750	750	9,000	
Court	7,500	8,250	8,100	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	95,850	
Court Capital Outlay					17,500								17,500	
Debt Payment	10,000												10,000	
Total Outflow	88,450	70,410	54,750	52,600	69,850	64,850	52,350	52,350	52,350	52,350	52,600	52,600	715,510	
Surplus/Deficit	(28,645)	73,315	98,151	(17,100)	(46,205)	18,150	(44,350)	(44,350)	30,650	(44,350)	(44,600)	49,150		
Beginning Cash Balance 1/01/XX	20,000													
Cash Balance (A200) BEFORE Investing/Borrowing	(8,645)	79,670	132,821	35,721	(30,484)	22,666	(6,684)	(41,034)	39,616	5,266	(29,334)	79,816		
Investing - Purchase		30,000	80,000	20,000	-	-	-						130,000	
Investments - Sold		-	-		35,000	15,000	10,000	50,000	10,000	10,000			130,000	
Short-Term Borrowing	15,000										60,000		75,000	
Short-Term Borrowing - Repaid		15,000										60,000	75,000	
Cash Balance (A200) AFTER Investing/Borrowing	6,355	34,670	52,821	15,721	4,516	37,666	3,316	8,966	49,616	15,266	30,666	19,816		
Ending Cash Balance 12/31/XX													19,816	



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Summary Cash Flow Forecasting

- Management process
 - Written plan
- Identify potential cash shortfalls
- Ensure vendors/ liabilities can be paid
- Meet future goals
- Additional sample cash flow statement
 - LGMG Investing and Protecting Public Funds; Appendix A
 - <https://www.osc.ny.gov/files/local-government/publications/pdf/investing-and-protecting-public-funds.pdf>



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Questions?

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33