

Cash Flow Forecasting Model

Board of Supervisors Meeting

November 1, 2016

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Director of Financial Services

Agenda

- Where are we going?
- Where were we?
- Where are we?
- How are we getting there?
- Are we there yet?



Where Are We Going? - Purpose

- ▶ “Know what’s in our checkbook...” close to real time
- ▶ Increase transparency
- ▶ **Daily** cash needs (ie working capital)
- ▶ Minimum daily balance no less than \$2.0M
- ▶ Proactive management of forecasted low cash periods
- ▶ Appropriate unassigned fund balance



Where Were We? – Background

- ▶ During October 2015 – Pause on General Fund check run
 - ▶ 1st – School and Social Services Payments – Scheduled and Released
 - ▶ 8th - County Payments - Scheduled and Released
 - ▶ 15th – School Payments - Scheduled
 - ▶ 22nd – County Payments - Scheduled
 - ▶ 28th – Payroll - County and Schools Due
- ▶ Last time a pause - more than 10 years ago
- ▶ Page Middle School Opening – construction final and begin operating - \$800K
- ▶ Accounting Manager vacancy – Grant, bond, other reimbursements - \$1M
- ▶ Three \$1M CDs
- ▶ Ultimately all scheduled payments were done on time



Where Are We? – Current Process Change

- ▶ Page Middle School is built no further construction
- ▶ Proactive management around low cash periods (Oct, Apr)
- ▶ Accounting Manager position filled
 - ▶ current with grants, bond proceeds, and other reimbursements
- ▶ Three \$1 million CDs matured and not renewed – increase cash liquidity
- ▶ Funding needed for payroll (salaries & benefits) moved to last day of month
- ▶ Refunding Debt payment schedule adjustments
- ▶ Spending Plans for major CIP and grant funded projects
- ▶ Purchase Orders - 45 day payment window per Code 2.2-4352

Where Are We? – Current Process/Treasurer's Monthly Report

June 30, 2016

CASH SUMMARY

Consolidated Cash (General Fund) Totals by Month

Month	FY11	FY12	FY13	FY14	FY15	FY16
July	\$ 12,505,425.44	\$ 16,574,914.22	\$ 21,572,833.04	\$ 21,869,504.77	\$ 21,987,556.95	\$ 17,041,992.05
August	\$ 10,871,649.09	\$ 14,458,113.23	\$ 17,371,563.09	\$ 18,372,842.93	\$ 18,455,924.85	\$ 12,419,630.21
September	\$ 7,976,086.02	\$ 10,436,541.81	\$ 14,952,815.39	\$ 14,227,470.12	\$ 16,036,273.17	\$ 8,475,580.84
October	\$ 5,700,298.94	\$ 7,877,072.71	\$ 12,571,802.37	\$ 10,951,993.64	\$ 12,117,915.50	\$ 6,246,892.66
November	\$ 9,943,707.19	\$ 12,501,763.54	\$ 19,722,272.01	\$ 18,657,801.06	\$ 17,273,717.07	\$ 11,944,471.64
December	\$ 16,280,916.81	\$ 18,332,483.72	\$ 24,059,830.44	\$ 21,795,661.05	\$ 25,127,863.99	\$ 18,299,058.99
January	\$ 14,632,227.52	\$ 16,295,377.23	\$ 21,255,342.25	\$ 18,635,473.51	\$ 21,977,099.00	\$ 15,183,977.88
February	\$ 13,539,534.53	\$ 14,924,838.42	\$ 19,798,424.98	\$ 20,604,738.68	\$ 20,471,432.99	\$ 15,155,790.06
March	\$ 12,423,755.64	\$ 13,730,012.92	\$ 18,196,102.89	\$ 17,910,848.02	\$ 18,514,596.12	\$ 13,460,319.18
April	\$ 10,757,286.82	\$ 16,118,740.60	\$ 16,068,361.90	\$ 15,070,243.10	\$ 17,669,500.93	\$ 10,917,293.88
May	\$ 8,952,418.38	\$ 13,896,843.74	\$ 14,289,303.78	\$ 12,966,117.53	\$ 13,255,545.69	\$ 8,989,190.32
June	\$ 19,429,157.72	\$ 21,751,627.21	\$ 26,307,516.17	\$ 27,654,646.22	\$ 25,675,585.62	\$ 22,836,969.13

	<u>Current Month</u>	<u>Previous Month</u>	<u>Difference</u>
GENERAL FUND	\$22,836,969.13	\$8,989,190.32	\$13,847,778.81
GLOUCESTER SANITARY DISTRICT No. 1	\$9,778.88	\$2,981.84	\$6,797.04
GLOUCESTER POINT SANITARY DISTRICT	\$62,422.19	\$54,813.08	\$7,609.11
GLOUCESTER COUNTY UTILITIES FUND	\$1,890,997.92	\$1,701,567.56	\$189,430.36
GLOUCESTER COUNTY CAFETERIA FUND	\$920,159.90	\$936,580.35	(\$16,420.45)
GLOUCESTER COUNTY SCHOLARSHIP FUND	\$325,465.85	\$328,910.43	(\$3,444.58)
GLOUCESTER COUNTY REGIONAL BOARD	\$73,820.06	\$134,482.54	(\$60,662.48)
SCHOOL FLEXIBLE BENEFITS	\$33,217.72	\$33,032.76	\$184.96
COUNTY FLEXIBLE BENEFITS	\$14,810.97	\$13,427.22	\$1,383.75
SPECIAL WELFARE	\$27,326.55	\$28,344.08	(\$1,017.53)
SOCIAL SERVICES/SSI DEDICATED FUNDS	\$5.68	\$5.67	\$0.01
OLDER ADULT FACILITY FUND	\$122,136.17	\$122,088.28	\$47.89
	\$26,317,111.02	\$12,345,424.13	\$13,971,686.89

➤ Typically available within two to three months after month close

How Are We Getting There? – The Concept

Gloucester County Monthly Cash Flows (Checkb

Fiscal year begins: 7/1/2015	Jul	Aug
	2015	2015
Cash on Hand (beginning of month)	\$ 65,000	\$ 25,500
Total cash receipts (All Sources)	\$ 39,000	\$ 23,000
Total Cash Available (before cash out)	\$ 104,000	\$ 48,500
Cash Paid Out (Operations)		
Total Cash Paid Out (Operations)	\$ 64,000	\$ 30,000
Total other cash paid out (Non-Operations)	\$ 14,500	\$ 4,900
Total Cash Paid Out	\$ 78,500	\$ 34,900
Cash On Hand (end of month)	\$ 25,500	\$ 13,600

Gloucester County Monthly Cash Balances

Fiscal year begins: 7/1/2015	Jul	Aug
	2015	2015
Cash on Hand (beginning of month)	\$ 65,000	\$ 25,500
Cash Receipts		
General Property Taxes	\$ 15,000	\$ 3,000
Other Local Taxes	\$ 3,000	\$ 2,500
Permits, privilege fees and regulatory licenses	\$ 3,000	\$ 2,500
Fines and forfeiture	\$ 3,000	\$ 2,500
Revenue from use of money and property	\$ 3,000	\$ 2,500
Charges for services	\$ 3,000	\$ 2,500
Miscellaneous	\$ 3,000	\$ 2,500
Recovered Costs	\$ 3,000	\$ 2,500
Transfers in (please identify source)	\$ 3,000	\$ 2,500
Intergovernmental revenues		
Total cash receipts	\$ 39,000	\$ 23,000
Total Cash Available (before cash out)	\$ 104,000	\$ 48,500

Gloucester County Monthly Cash Balances

Fiscal year begins: 7/1/2015	Jul	Aug
	2015	2015
Cash Paid Out (Operations)		
General Government Administration	\$ 15,000	\$ 3,000
Judicial administration	\$ 3,000	\$ 3,000
Public safety	\$ 3,000	\$ 3,000
Public works	\$ 3,000	\$ 3,000
Health and welfare	\$ 15,000	\$ 3,000
Education	\$ 15,000	\$ 3,000
Parks and recreation	\$ 1,000	\$ 3,000
Transfers to Utilities	\$ 3,000	\$ 3,000
Community development	\$ 3,000	\$ 3,000
Nondepartmental	\$ 3,000	\$ 3,000
Miscellaneous		
Total cash paid out (Operations)	\$ 64,000	\$ 30,000
Other Cash Paid Out (Non-Operations)		
Debt service	\$ 14,500	\$ 4,900
Capital purchase (specify)		
Other miscellaneous non-government		
Transfers out		
Total other cash paid out (Non-Operations)	\$ 14,500	\$ 4,900
Total Cash Paid Out	\$ 78,500	\$ 34,900
Cash On Hand (end of month)	\$ 25,500	\$ 13,600

How Are We Getting There? – Scope

► What is **General Fund Cash**?

Account	Cash Balance June 30, 2016	Funds Covered	Revenue Lines	Expenditure Categories	Expenditure Lines	FY2017 Budget
General Fund*	22,836,969	8	337	9	2,542	99,866,214
Utilities	1,890,998	1	32	4	32	7,040,526
Cafeteria Fund	920,160	1	31	2	74	2,687,294
Other	668,984	9	43	NA	NA	715,683
Total	26,317,111	19	443	15	2,648	110,309,717

- Funds covered – General, School Operating, Social Services, Children Services, Capital, School Construction (Page), Debt Service, and Mosquito Control

How Are We Getting There? – Development Cash Receipts Going to General Fund Cash

Funds	Lines	% of Total Lines	Amount	% of Total Amount	Budget Per Line
GF & Sch	2	1%	\$42.5M	43%	>10M
GF, Sch, CIP, SS	13	4%	\$35.8M	36%	>1M
GF, Sch, CIP, SS, CSA, Debt	51	15%	\$17.6M	18%	>100K
GF, Sch, CIP, SS, CSA, Debt	52	15%	\$ 2.2M	2%	>10K
GF, Sch, CIP, SS, CSA, Debt	219	65%	\$0.3M	0%	<=10K
Total	337	100%	\$98.4M	100%	

How Are We Getting There? – Development Cash Paid Out of General Fund Cash

Expenditure Categories	Frequency of Payments Out	# of Lines
PAYROLL (SALARIES & BENEFITS inc UT & CAFÉ)	Monthly (last Business Day except Dec)	1,004
Facilities Maintenance Repair Rpl	Per FMRR Spending Plan	12
CAPITAL PROJECTS (inc UT)	Per CIP Project Managers Spending Plan	15
DEBT PAYMENTS (inc GF, SCH, UT)	Per Debt Payment Schedule	7
COUNTY (GF, FMRR, CIP, MC)	Per Accounts Payable (AP) Schedule-26 Annually	1,148
SCHOOL OPERATING	Per AP Schedule-28 Annually	320
SOCIAL SERVICES	Per AP Schedule-24 Annually	25
CHILDREN'S SERVS ACT	Per AP Schedule-24 Annually	3
UTILITIES OPERATING	Per AP Schedule-24 Annually	32
CAFETERIA	Per AP Schedule-12 Annually	74

Are We There Yet? - Almost



- ▶ Daily cash balance initial forecast completed from-July 1, 2016 through June 30, 2017 (FY2017)
- ▶ To incorporate actual daily results to date from July 1, 2016 through November 1, 2016 and continuously daily updates and evaluation
- ▶ Reconcile each month end in the model to the Treasurer's Monthly Cash Report
- ▶ Re-evaluate and adjust forecast from end of actual results through June 30, 2017
- ▶ Analyze to current unassigned fund balance level
- ▶ Develop policy recommendation

Are We There Yet? – Sneak Peek Daily Cash Flow Forecast

261	Thursday 06/30/16	Friday 07/01/16	Saturday 07/02/16	Sunday 07/03/16	Monday 07/04/16	Sunday 06/25/17	Monday 06/26/17	Tuesday 06/27/17	Wednesday 06/28/17	Thursday 06/29/17	Friday 06/30/17
Receipts		0.453	-	-	-	-	1.74	1.49	0.64	0.81	7.72
Payments		1.580	-	-	-	-	-	-	-	0.67	6.06
	22.84	21.71	21.71	21.71	21.71	15.45	17.19	18.68	19.32	19.46	21.12



Are We There Yet? – Sneak Peek Cash Receipt Forecast

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2	CASH RECEIPTS TO GENERAL FUND CASH			261	Friday	Saturday	Thursday	Friday	Total
3	FUND NAME	ORGANIZATION TI	ACCOUNT TITLE	FY17 BUDGET	07/01/16	07/02/16	06/29/17	06/30/17	Allocated
4	General Fund	PROPERTY TAXES	CURRENT REAL ESTATE	27,593,583	127,743		572,127	643,775	27,593,583
5	Schools Ops	STATE	BASIC AID	14,915,331				679,468	14,915,331
6	General Fund	PROPERTY TAXES	CURRENT PERS PROP	8,000,000	186,671		238,234	341,722	8,000,000
7	Schools Ops	STATE	SALES TAX	5,976,993				426,246	5,976,993
8	General Fund	OTHER LOCAL TAXES	LOCAL SALES TAX	4,287,209					4,287,209
9	General Fund	NON-CATEGORICAL	NO CAR TAX	2,778,640					2,778,640
10	General Fund	STATE SHARED EXPEN	SHERIFF	2,451,770					2,451,770
11	General Fund	OTHER LOCAL TAXES	MEALS TAX	1,900,000					1,900,000
12	General Fund	OTHER LOCAL TAXES	BUSINESS LICENSE TAX	1,889,000				348,843	1,889,000
13	Schools Ops	STATE	RETIREMENT INST	1,831,266				249,227	1,831,266
14	Schools Ops	STATE	SP ED-SOQ	1,737,868				687,524	1,737,868
15	Capital	FEDERAL REVENUE	FEDERAL GRANTS	1,500,000					-
16	General Fund	NON-CATEGORICAL	COMMUNICATION SALES TA	1,200,000				111,569	1,200,000
17	Schools Ops	FED	TITLE VI-B	1,143,840				193,715	1,143,840
18	Social Services	FEDERAL	GENERAL ADMINISTRATION	1,120,968				111,719	1,120,968
19	Schools Ops	STATE	SOC SEC INST	887,280				88,105	887,280
20	CSA	STATE	CSA POOL RECEIPTS	841,000	138,843			199,481	841,000
21	General Fund	PROPERTY TAXES	PUBLIC SERVICE CORP	825,000				40,138	825,000
22	General Fund	PROPERTY TAXES	DELINQUENT REAL ESTATE	800,000				49,117	800,000
23	General Fund	PROPERTY TAXES	DELINQUENT PERS PROP	800,000				62,784	800,000
24	Social Services	STATE	FOSTER CARE-ADC	770,000				217,714	770,000
25	Capital	STATE REVENUE	STATE GRANT	714,000					-
26	General Fund	OTHER LOCAL TAXES	CONSUMER UTILITY TAX	711,000				53,735	711,000
27	Schools Ops	FED	TITLE I	690,168				56,681	690,168
122	General Fund	CHARGES FOR SERVICE	ANIMAL SHELTER FEES	10,000				10,000	10,000
123	General Fund	CATEGORICAL AID	LITTER CONTROL	10,000				10,000	10,000
124	All Funds	All Types	All Accounts under < \$10K	295,112				73,778	295,112
125	Total per Budget per Day		Total per Budget per Day	98,427,843	453,257	-	810,361	7,481,186	96,213,841

Are We There Yet? – Sneak Peek Cash Paid Out Forecast

1	CASH PAID OUT GENERAL FUND CASH		261	Friday	Saturday	Thursday	Friday	Total	Variance	
2	TYPE	ACCOUNT TI	BUDGET	07/01/16	07/02/16	06/29/17	06/30/17	Allocated	To be Allocated	Notes and Comments
655	BENEFITS Total		19,763,311				1,646,943	19,763,311	-	
1005	SALARIES Total		51,933,918				4,327,827	51,933,918	-	
1020	FMRR Total		723,941					723,941	-	
1036	CIP Total		4,424,139					1,915,497	2,508,642	Primarily FEMA Grant related
1045	DEBT PAYMENTS Total		5,649,019	1,452,058				5,642,968	6,051	
1498	GENERAL FUND Total		9,473,592			364,369		9,788,592	(315,000)	Partial Transfer Utilities to cov
1812	EDUCATIONAL FUND Total		8,424,110			300,861		8,424,110	-	
1837	SOCIAL SERVICES FUND Total		1,543,442	64,310			64,310	1,543,442	-	
1840	CHILDREN'S SERVS ACT FUND Total		1,516,000	63,167			63,167	1,516,000	-	
1848	MOSQUITO CONTROL FUND Total		64,445			2,479		64,445	-	
1849	OPERATING Total		21,021,589							
1851	OTHER Total		(520,000)				(43,333)	(520,000)	-	
1852	Grand Total		102,995,917	1,579,535	-	667,709	6,058,913	100,796,224	2,199,693	

Questions

