

2010 INSTITUTE OF SCHOOL BUSINESS MANAGEMENT

CASH MANAGEMENT

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What is Cash Management?

- Controlling receipts and disbursements of cash
 - ▣ Pay the bills on time
 - ▣ Recognize the need to borrow
 - ▣ Maximize amount available for interest earnings

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Why do a Cash Flow Forecast?

- Good fiscal management (Best Practice)
- Fulfill responsibility to
 - ▣ School Board – keeps them informed
 - ▣ Taxpayers – maximizes interest income & minimizes borrowing
 - ▣ Students – maximizes educational opportunities

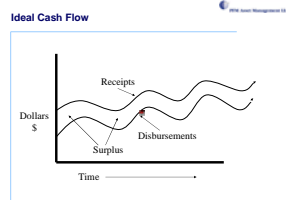
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Why do a Cash Flow Forecast?

- To plan
 - ▣ For shortages/borrowing
 - ▣ For investment portfolio optimization
 - ▣ Account analysis

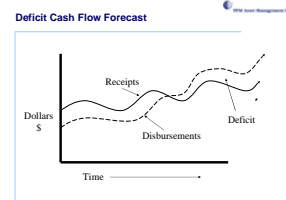
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Ideal Cash Flow



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Deficit Cash Flow



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Benefits of a Cash Flow Forecast

- Establish and maintain an adequate liquidity level
- Maximize investment income
 - ▣ Extend length (duration) of investments
 - ▣ Realize benefits of longer term investments of “Core Balances” in “normal yield curve environment”

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Benefits of a Cash Flow Forecast

- Provide that all expenditures are properly funded
 - ▣ Identify all material expenditures
 - ▣ Project cash flow timing and amount
 - ▣ Avoid over-funding of expenditures
 - ▣ Utilize JIT (Just-in-Time) funding of expenditures

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Benefits of a Cash Flow Forecast

- Identify near-term cash short falls
 - ▣ How much? and when?
 - ▣ Clarify short-term borrowings

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Benefits of a Cash Flow Forecast

- Identify macro fiscal trends
- Administrative tool
- Provide continuity and safeguards through changes in staff

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Cash Flow Forecast Methodology

- Two forecasting methods
 - ▣ Historical analysis
 - If the district is relatively stable (finances, enrollment)
 - If historical data is reliable and in a consistent format

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Cash Flow Forecast Methodology

- Two forecasting methods
 - ▣ Projection based
 - Is district growing/declining?
 - Have there been material changes to educational programs?
 - Any new outsourcing? Could effect bill timing?
 - Payroll cycle change?
 - Revenue stream change?

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Goals of a Cash Flow Forecast

- Be conservative
- Keep cash flow materials updated
- Be aware of your school board investment policy
- Have written assumptions
 - ▣ Liquid balance
 - ▣ % increase for estimates

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Required Data for a Cash Flow Forecast

- Historical monthly receipts and disbursements
- Historical cash flow borrowing
- Current budget
- Payroll schedule
- Board meeting schedule
- Bond and interest payment schedules
- Capital expenditure schedules
- School calendar
- Current investment schedule

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Cash Flow Forecast Data

Which funds should be included?

- General (Transportation, Capital Service)
- Food Service
- Community Service
- Debt

Funds usually kept separate

- Building
- Student Activity

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Cash Flow Forecast Data

The accuracy of any cash flow forecast is dependent upon the accuracy of the input data used in the spreadsheet.

- All bank accounts
- All current investments – noting maturity dates

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Cash Flow Forecast Data

- Receipts
 - State
 - IDEAS
 - Federal through the State
 - Other – Finance Department
 - County
 - Tax Settlements
 - School Tax Report
 - Levy Certification

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Cash Flow Forecast Data

- Receipts
 - Other
 - Federal
 - Food Services
 - Gate Receipts
 - Community Services
 - Donations
 - Debt
 - Aid Anticipation Certificates
 - Interest

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Receipts Schedule

County Property Tax		General Sales All (GSA)		State Composites and Grants		Federal Aid		Miscellaneous	
Year-Over-Year Growth Rates		Year-Over-Year Growth Rates		Year-Over-Year Growth Rates		Year-Over-Year Growth Rates		Year-Over-Year Growth Rates	
FY 11-12	3.00%	FY 11-12	3.00%	FY 11-12	3.00%	FY 11-12	3.00%	FY 11-12	3.00%
FY 12-13	3.00%	FY 12-13	3.00%	FY 12-13	3.00%	FY 12-13	3.00%	FY 12-13	3.00%
County Property Tax	General Sales All (GSA)	State Composites and Grants	Federal Aid	Miscellaneous					
Date	Payment	Date	Payment	Date	Payment	Date	Payment	Date	Payment
10/01/08	1,000,000.00	7/01/08	250,000.00	10/01/08	475,000.00	8/01/08	102,084.75	8/15/08	8,000.00
11/01/08	1,030,000.00	8/01/08	257,500.00	11/01/08	490,250.00	10/01/08	105,246.75	9/15/08	7,000.00
12/01/08	1,060,000.00	9/01/08	265,000.00	12/01/08	505,500.00	11/01/08	108,408.75	10/15/08	6,000.00
01/01/09	1,090,000.00	10/01/08	272,500.00	01/01/09	520,750.00	12/01/08	111,570.75	11/15/08	5,000.00
02/01/09	1,120,000.00	11/01/08	280,000.00	02/01/09	536,000.00	01/01/09	114,732.75	12/15/08	4,000.00
03/01/09	1,150,000.00	12/01/08	287,500.00	03/01/09	551,250.00	02/01/09	117,894.75	01/15/09	3,000.00
04/01/09	1,180,000.00	01/01/09	295,000.00	04/01/09	566,500.00	03/01/09	121,056.75	02/15/09	2,000.00
05/01/09	1,210,000.00	02/01/09	302,500.00	05/01/09	581,750.00	04/01/09	124,218.75	03/15/09	1,000.00
06/01/09	1,240,000.00	03/01/09	310,000.00	06/01/09	597,000.00	05/01/09	127,380.75	04/15/09	1,000.00
07/01/09	1,270,000.00	04/01/09	317,500.00	07/01/09	612,250.00	06/01/09	130,542.75	05/15/09	1,000.00
08/01/09	1,300,000.00	05/01/09	325,000.00	08/01/09	627,500.00	07/01/09	133,704.75	06/15/09	1,000.00
09/01/09	1,330,000.00	06/01/09	332,500.00	09/01/09	642,750.00	08/01/09	136,866.75	07/15/09	1,000.00
10/01/09	1,360,000.00	07/01/09	340,000.00	10/01/09	658,000.00	09/01/09	140,028.75	08/15/09	1,000.00
11/01/09	1,390,000.00	08/01/09	347,500.00	11/01/09	673,250.00	10/01/09	143,190.75	09/15/09	1,000.00
12/01/09	1,420,000.00	09/01/09	355,000.00	12/01/09	688,500.00	11/01/09	146,352.75	10/15/09	1,000.00
01/01/10	1,450,000.00	10/01/09	362,500.00	01/01/10	703,750.00	12/01/09	149,514.75	11/15/09	1,000.00
02/01/10	1,480,000.00	11/01/09	370,000.00	02/01/10	719,000.00	01/01/10	152,676.75	12/15/09	1,000.00
03/01/10	1,510,000.00	12/01/09	377,500.00	03/01/10	734,250.00	02/01/10	155,838.75	01/15/10	1,000.00
04/01/10	1,540,000.00	01/01/10	385,000.00	04/01/10	749,500.00	03/01/10	159,000.75	02/15/10	1,000.00
05/01/10	1,570,000.00	02/01/10	392,500.00	05/01/10	764,750.00	04/01/10	162,162.75	03/15/10	1,000.00
06/01/10	1,600,000.00	03/01/10	400,000.00	06/01/10	780,000.00	05/01/10	165,324.75	04/15/10	1,000.00
07/01/10	1,630,000.00	04/01/10	407,500.00	07/01/10	795,250.00	06/01/10	168,486.75	05/15/10	1,000.00
08/01/10	1,660,000.00	05/01/10	415,000.00	08/01/10	810,500.00	07/01/10	171,648.75	06/15/10	1,000.00
09/01/10	1,690,000.00	06/01/10	422,500.00	09/01/10	825,750.00	08/01/10	174,810.75	07/15/10	1,000.00
10/01/10	1,720,000.00	07/01/10	430,000.00	10/01/10	841,000.00	09/01/10	177,972.75	08/15/10	1,000.00
11/01/10	1,750,000.00	08/01/10	437,500.00	11/01/10	856,250.00	10/01/10	181,134.75	09/15/10	1,000.00
12/01/10	1,780,000.00	09/01/10	445,000.00	12/01/10	871,500.00	11/01/10	184,296.75	10/15/10	1,000.00
01/01/11	1,810,000.00	10/01/10	452,500.00	01/01/11	886,750.00	12/01/10	187,458.75	11/15/10	1,000.00
02/01/11	1,840,000.00	11/01/10	460,000.00	02/01/11	902,000.00	01/01/11	190,620.75	12/15/10	1,000.00
03/01/11	1,870,000.00	12/01/10	467,500.00	03/01/11	917,250.00	02/01/11	193,782.75	01/15/11	1,000.00
04/01/11	1,900,000.00	01/01/11	475,000.00	04/01/11	932,500.00	03/01/11	196,944.75	02/15/11	1,000.00
05/01/11	1,930,000.00	02/01/11	482,500.00	05/01/11	947,750.00	04/01/11	200,106.75	03/15/11	1,000.00
06/01/11	1,960,000.00	03/01/11	490,000.00	06/01/11	963,000.00	05/01/11	203,268.75	04/15/11	1,000.00
07/01/11	1,990,000.00	04/01/11	497,500.00	07/01/11	978,250.00	06/01/11	206,430.75	05/15/11	1,000.00
08/01/11	2,020,000.00	05/01/11	505,000.00	08/01/11	993,500.00	07/01/11	209,592.75	06/15/11	1,000.00
09/01/11	2,050,000.00	06/01/11	512,500.00	09/01/11	1,008,750.00	08/01/11	212,754.75	07/15/11	1,000.00
10/01/11	2,080,000.00	07/01/11	520,000.00	10/01/11	1,024,000.00	09/01/11	215,916.75	08/15/11	1,000.00
11/01/11	2,110,000.00	08/01/11	527,500.00	11/01/11	1,039,250.00	10/01/11	219,078.75	09/15/11	1,000.00
12/01/11	2,140,000.00	09/01/11	535,000.00	12/01/11	1,054,500.00	11/01/11	222,240.75	10/15/11	1,000.00
01/01/12	2,170,000.00	10/01/11	542,500.00	01/01/12	1,069,750.00	12/01/11	225,402.75	11/15/11	1,000.00
02/01/12	2,200,000.00	11/01/11	550,000.00	02/01/12	1,085,000.00	01/01/12	228,564.75	12/15/11	1,000.00
03/01/12	2,230,000.00	12/01/11	557,500.00	03/01/12	1,100,250.00	02/01/12	231,726.75	01/15/12	1,000.00
04/01/12	2,260,000.00	01/01/12	565,000.00	04/01/12	1,115,500.00	03/01/12	234,888.75	02/15/12	1,000.00
05/01/12	2,290,000.00	02/01/12	572,500.00	05/01/12	1,130,750.00	04/01/12	238,050.75	03/15/12	1,000.00
06/01/12	2,320,000.00	03/01/12	580,000.00	06/01/12	1,146,000.00	05/01/12	241,212.75	04/15/12	1,000.00
07/01/12	2,350,000.00	04/01/12	587,500.00	07/01/12	1,161,250.00	06/01/12	244,374.75	05/15/12	1,000.00
08/01/12	2,380,000.00	05/01/12	595,000.00	08/01/12	1,176,500.00	07/01/12	247,536.75	06/15/12	1,000.00
09/01/12	2,410,000.00	06/01/12	602,500.00	09/01/12	1,191,750.00	08/01/12	250,698.75	07/15/12	1,000.00
10/01/12	2,440,000.00	07/01/12	610,000.00	10/01/12	1,207,000.00	09/01/12	253,860.75	08/15/12	1,000.00
11/01/12	2,470,000.00	08/01/12	617,500.00	11/01/12	1,222,250.00	10/01/12	257,022.75	09/15/12	1,000.00
12/01/12	2,500,000.00	09/01/12	625,000.00	12/01/12	1,237,500.00	11/01/12	260,184.75	10/15/12	1,000.00
01/01/13	2,530,000.00	10/01/12	632,500.00	01/01/13	1,252,750.00	12/01/12	263,346.75	11/15/12	1,000.00
02/01/13	2,560,000.00	11/01/12	640,000.00	02/01/13	1,268,000.00	01/01/13	266,508.75	12/15/12	1,000.00
03/01/13	2,590,000.00	12/01/12	647,500.00	03/01/13	1,283,250.00	02/01/13	269,670.75	01/15/13	1,000.00
04/01/13	2,620,000.00	01/01/13	655,000.00	04/01/13	1,298,500.00	03/01/13	272,832.75	02/15/13	1,000.00
05/01/13	2,650,000.00	02/01/13	662,500.00	05/01/13	1,313,750.00	04/01/13	275,994.75	03/15/13	1,000.00
06/01/13	2,680,000.00	03/01/13	670,000.00	06/01/13	1,329,000.00	05/01/13	279,156.75	04/15/13	1,000.00
07/01/13	2,710,000.00	04/01/13	677,500.00	07/01/13	1,344,250.00	06/01/13	282,318.75	05/15/13	1,000.00
08/01/13	2,740,000.00	05/01/13	685,000.00	08/01/13	1,359,500.00	07/01/13	285,480.75	06/15/13	1,000.00
09/01/13	2,770,000.00	06/01/13	692,500.00	09/01/13	1,374,750.00	08/01/13	288,642.75	07/15/13	1,000.00
10/01/13	2,800,000.00	07/01/13	700,000.00	10/01/13	1,390,000.00	09/01/13	291,804.75	08/15/13	1,000.00
11/01/13	2,830,000.00	08/01/13	707,500.00	11/01/13	1,405,250.00	10/01/13	294,966.75	09/15/13	1,000.00
12/01/13	2,860,000.00	09/01/13	715,000.00	12/01/13	1,420,500.00	11/01/13	298,128.75	10/15/13	1,000.00
01/01/14	2,890,000.00	10/01/13	722,500.00	01/01/14	1,435,750.00	12/01/13	301,290.75	11/15/13	1,000.00
02/01/14	2,920,000.00	11/01/13	730,000.00	02/01/14	1,451,000.00	01/01/14	304,452.75	12/15/13	1,000.00
03/01/14	2,950,000.00	12/01/13	737,500.00	03/01/14	1,466,250.00	02/01/14	307,614.75	01/15/14	1,000.00
04/01/14	2,980,000.00	01/01/14	745,000.00	04/01/14	1,481,500.00	03/01/14	310,776.75	02/15/14	1,000.00
05/01/14	3,010,000.00	02/01/14	752,500.00	05/01/14	1,496,750.00	04/01/14	313,938.75	03/15/14	1,000.00
06/01/14	3,040,000.00	03/01/14	760,000.00	06/01/14	1,512,000.00	05/01/14	317,100.75	04/15/14	1,000.00
07/01/14	3,070,000.00	04/01/14	767,500.00	07/01/14	1,527,250.00	06/01/14	320,262.75	05/15/14	1,000.00
08/01/14	3,100,000.00	05/01/14	775,000.00	08/01/14	1,542,500.00	07/01/14	323,424.75	06/15/14	1,000.00
09/01/14	3,130,000.00	06/01/14	782,500.00	09/01/14	1,557,750.00	08/01/14	326,586.75	07/15/14	1,000.00
10/01/14	3,160,000.00	07/01/14	790,000.00	10/01/14	1,573,000.00	09/01/14	329,748.75	08/15/14	1,000.00
11/01/14	3,190,000.00	08/01/14	797,500.00	11/01/14	1,588,250.00	10/01/14	332,910.75	09/15/14	1,000.00
12/01/14	3,220,000.00	09/01/14	805,000.00	12/01					

