

Actionable Liquidity Data- the missing piece in public finance.

Why actionable liquidity data is
necessary for recovery in a
post-pandemic world.



Why data? Why now?

Data is a commodity, but the sheer volume can be overwhelming. Yet, harvesting and understanding data can lead to amazing success. Data is now fundamental to how organizations operate efficiently, compete effectively, and navigate the future.

If your finance team is making decisions that affect taxpayers, actionable liquidity data ensures that you are making the wisest choices, stretching funds to their fullest potential.



The power of knowing.

In a post-pandemic climate, government entities are required to justify every decision they make with public funds.

The need for finTech solutions is more necessary than ever, as they provide the intelligence to make informed choices, produce the best return, and keep public finance professionals accountable to the people they serve.

Managing liquidity, along with all other daily tasks that must be performed, becomes a heavy lift. Yet, new technology allows for the efficient processing of data and provides it in a consolidated, actionable way.



It's your data, put it to work!

Not utilizing the data you are creating on a daily basis is a *missed opportunity*. Every dollar that flows in and out of your entity is a data point, and when used properly, can position your entity to exceed peer benchmarks.

The normal, daily activities that you complete create an incredible opportunity, but the data needs to be harvested. Your entity's liquidity data already exists and it belongs to you -- you just may not know how to use it, and you may not have the time to fully analyze it. Technological advancements have changed that.



The key tenents of public finance investing



Safety



Liquidity



Yield

A decorative graphic in the top-left corner consisting of a 3x3 grid of squares. The top row has a dark green square, a purple square, and a purple square. The middle row has a purple square, a yellow square, and a purple square. The bottom row has a dark green square, a purple square, and a dark green square.

Fiduciary responsibilities of public finance officials

1. The duty of care;
2. The duty of loyalty;
3. The duty of impartiality;
4. The duty of accountability*; and
5. The duty to preserve the public's trust in government.**

*(Ponet & Leib, 2011; Natelson, 2004)

** (Wechsler, 2013).



The duty of care

Under "duty of care" fall such obligations as the duty to manage assets competently and be good stewards of the public treasury, to use due diligence in the selection and supervision of staff, to follow the rules, and to uphold the constitution and laws of the jurisdiction.

The duty of loyalty

Public fiduciaries have an absolute obligation to put the public's interest before their own direct or indirect personal interests.



The duty of impartiality

The Equal Protection Clause of the US Constitution is in essence a codification of the duty of impartiality. Seeking out the best opportunities is imperative, and political influence must be avoided at all costs.


The duty of accountability

Without a duty of accountability, the public's ability to monitor the behavior of public fiduciaries would be severely limited. From the duty of accountability flow the duty of transparency and the concepts of disclosure, open meetings, and accessibility of public records.



Duty to maintain public trust in government

Without public trust, government doesn't work. The public is willing to delegate authority and sacrifice some freedoms in exchange for an orderly and civilized society, but only if it believes that the government is acting in the public's best interest.



What is actionable liquidity data? How will it allow you to exceed your fiduciary responsibility?

- ▲ Peer benchmarking
- ▲ Time horizon data
- ▲ Short and long term forecasting



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Revenue Enhancement Ideas: Cash Management for Local Governments and School Districts

Sound cash management assures that investments are optimized for the best possible return for taxpayers.

We strongly recommend the following best practices for cash management.

Actively Monitor Cash Flow

Improving cash management starts with building an accurate cash flow estimate and monitoring actual receipts and disbursements.

- Review monthly analysis reports from the bank, along with monthly account reconciliations. Alternatively, consider using an automated financial management information system or online banking to track daily cash balances.
- Perform a detailed cash flow analysis and update it throughout the year. Conduct more frequent cash flow analyses if your local government or school district is experiencing fiscal stress or a declining financial condition.
- Identify major revenues and expenditures and their expected timing when formulating the budget.
- Review historical data to determine typical cash inflows and outflows throughout the fiscal year.

Why is liquidity data necessary in government banking relationships?

- ▲ Maintain an equitable relationship with all financial institutions used
- ▲ Improves financial position and condition
- ▲ Maximize the efficiency of finance office
- ▲ More informed investment decisions

How will data simplify the complexity of government banking relationships?

- ▲ Allows entity invest money longer, therefore, generating more yield no matter what the market is paying.
- ▲ Liquidity Analysis now results for 10% of rating agencies framework. Liquidity data, when used properly can raise an entity's credit score and save taxpayers millions.

A decorative graphic on the left side of the slide consists of a 3x3 grid of squares. The top-left square is dark green. The top-middle square is purple. The top-right square is purple. The middle-left square is purple. The middle-middle square is yellow. The middle-right square is purple. The bottom-left square is dark green. The bottom-middle square is purple. The bottom-right square is dark green.

Data solutions: The percentage of cash bringing value to your entity

Most governmental entities are holding cash that is not bringing any value to the entity.

Calculate and identify what percentage of your entity's funds are bringing value or, in contrast, what percentage of your entity's funds are actually costing your entity money.



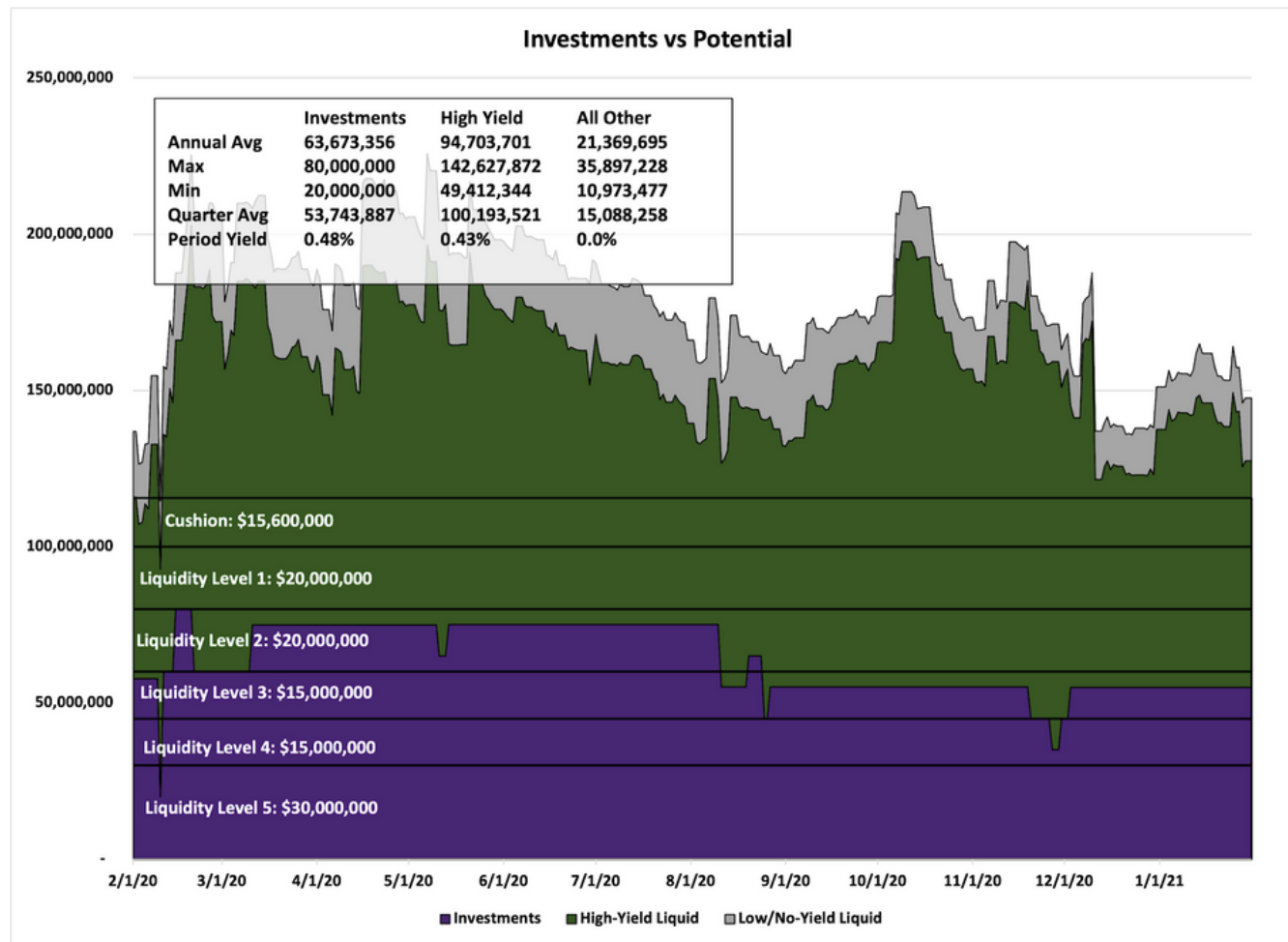
Data solutions: liquidity proficiency

Continually calculating your entity's low- and non-performing assets and identifying how to use that low- and non-performing cash will bring the public entity more value through interest earnings.



Data solutions: cash flow optimization

Through detailed analyses—on treasury and merchant services that your entity should adopt to optimize its cash flow.



Liquidity data has the potential to provide a consolidated platform to view all levels of cash, making investment seamless and safe for government finance offices.



In closing

As technology advances new tools, that solve old problems present themselves.

Aggregating data, through an advanced algorithm, is no longer a "wish list" item for public finance officials. When stretching every dollar is the desired result

Citations

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