

# Cash and Investment Monitoring

Yearend Training

## What is the PTIF?

- PTIF = Public Treasurer's Investment Fund
- Any funds administered by a public treasurer in the State of Utah may be invested in the PTIF. This includes funds held by city & county treasurers, state boards, commissions, institutions, departments, divisions, agencies, school districts and other public bodies

## What state funds can invest in the PTIF?

- Only those funds that have legislative authority (by statute) to earn interest can invest money in the PTIF
  - Specific language in statute
    - “The account may earn interest, which shall be deposited in the account...”
- Finance Accounting Policy 02-07 governs this

## Policy regarding investment of funds

FIACCT 02-07

## Finance policy regarding investment of funds – FIACCT 02-07

- Allows state agencies to invest excess cash with the State Treasurer and receive interest earned on the investments

## Finance policy regarding investment of funds – FIACCT 02-07

- Policy applies to the investment of funds if:
  - The funds are maintained on the state's central accounting system and
  - The funds are authorized to invest and retain interest through legislative directive or by contractual agreement (trust funds)

## Finance policy regarding investment of funds – FIACCT 02-07

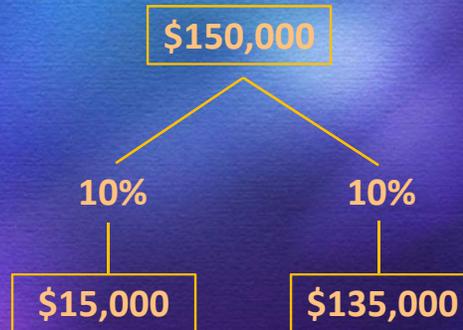
- Also establishes a minimum balance requirement
  - Each investing fund should maintain an uninvested cash balance of \$50,000 or 10% of the cash + investment balance (whichever is lesser)

## Minimum Balance Requirement

- The General Fund incurs the cost of accounting for and investing funds and therefore should receive compensation for this service
- The compensation is received by the General Fund if each investing fund maintains a minimum cash balance (all cash balances within FINET are automatically invested by the General Fund)

## Example –

- On June 1, Fund ABC has a combined cash and investment balance of \$150,000. How much should be invested in order to maintain the minimum balance requirement?



## Finance policy regarding investment of funds – FIACCT 02-07

- Uninvested Balances
  - If there is money in cash that is not invested, interest will not be applied retroactively
  - If the error is outside the agency's control, the agency may request a retroactive application of interest (contact the Division of Finance)

## CASH vs PTIF

What's the difference?

### Difference between PTIF Investments and Cash

- Cash = checking account (non-interest bearing)
- PTIF = savings account (interest bearing)
  - If interest should be earned on \$\$, it needs to be in the "savings" account
  - If money is being spend, \$\$ needs to be in cash (0010) or else the "checking" account will become overdrawn
  - Money is not automatically transferred between checking and savings when \$\$ is spent

## PTIF Procedures

Setting up a PTIF account and investing/uninvesting money

### How to set up a PTIF account

- Ensure the fund has statutory authority to earn interest
- Complete the *New Account Application and Change Form* found online at [www.treasurer.utah.gov](http://www.treasurer.utah.gov)
- Send the form to Stephanie Baldes at the Treasurer's office (sbaldes@utah.gov)



The effective date can only be back dated to the beginning of the current month



**UTAH STATE TREASURER**  
PUBLIC TREASURER'S INVESTMENT FUND

Effective Date: \_\_\_\_\_  
Dept Name: \_\_\_\_\_

INVESTMENT REQUEST FORM						
PTIF #	FUND	DEPT	B/S ACCT	AMOUNT	DESCRIPTION	I=INCREASE D=DECREASE

Approved: \_\_\_\_\_ Agency Authorization \_\_\_\_\_ Date \_\_\_\_\_  
Approved: \_\_\_\_\_ State Treasurer's Office Authorization \_\_\_\_\_ Date \_\_\_\_\_

## Example

- On June 1, Department 100 receives \$165,000. It needs to be invested in PTIF account #1234 to earn interest

Today is June 29<sup>th</sup> and nothing has happened with the PTIF account yet.

What needs to be done?



**UTAH STATE TREASURER**  
PUBLIC TREASURER'S INVESTMENT FUND

Effective Date: June 1, 201X  
Dept Name: DAS

INVESTMENT REQUEST FORM						
PTIF #	FUND	DEPT	B/S ACCT	AMOUNT	DESCRIPTION	I=INCREASE D=DECREASE
1234	1000	100	0602	\$165,000	increase investment	I

Approved: Jane Smith June 29, 201X  
Agency Authorization Date

Approved: \_\_\_\_\_  
State Treasurer's Office Authorization Date

# Monitoring Cash and Investment Balances

## Monitoring cash balance to maximize interest earnings

- Reconcile the fund to the monthly PTIF statement; notify the Treasurer's office if there are errors
- Be aware of large cash transactions going through the fund (large payments or deposits; quarterly transfers) and invest or un-invest as needed during the month

## Monitoring cash and investment balances through FINET

Production Financial

- Message Center
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- Document Catalog
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- Favorites
- Administration

Page Search

Category :

Page Type :

Description :

Page Code :

[Browse](#) [Clear](#)

	Description	Page Code
✓	ITD Balance Sheet Detail	BBALD

First Prev Next Last

Page Code = BBALD

# Monitoring cash and investment balances through FINET

ITD Balance Sheet Detail

Fund	Name	Sub Fund	Name	BSA	Name	Sub BSA	Name	BSA Type	Balance
✓ 1000	GF UNRESTRD	BLNK		0010	Cash	BLNK		Asset	\$312,192,880.2
1000	GF UNRESTRD	BLNK		0020	Cash Elm/Clo	BLNK		Asset	\$0.00
1000	GF UNRESTRD	BLNK							\$0.00
1000	GF UNRESTRD	BLNK							\$0.00
1000	GF UNRESTRD	BLNK							\$0.00

1- Search

2- Enter fund number

Search - Windows Internet Explorer  
 https://finet.utah.gov/webapp/...  
 Fund : 2460  
 BSA :  
 Balance :  
 Sub Fund :  
 Sub BSA :  
 Ok Clear Cancel

First Prev Next Last

Search

Fund : 1000  
 GF UNRESTRD  
 Sub Fund : BLNK  
 BSA : 0010  
 Cash  
 Sub BSA : BLNK

# Monitoring cash and investment balances through FINET

ITD Balance Sheet Detail

Fund	Name	Sub Fund	Name	BSA	Name	Sub BSA	Name	BSA Type	Balance
✓ 2460	FIN ED BDGT RES	BLNK		0010	Cash	BLNK		Asset	\$50,000.00
2460	FIN ED BDGT RES	BLNK		0602	Investments	BLNK		Asset	\$290,404,030.10
2460	FIN ED BDGT RES	BLNK		0669	Inv-Fv Adj	BLNK		Asset	\$0.00
2460	FIN ED BDGT RES	BLNK		7035	Restricted	BLNK		Equity	(\$290,454,030.10)
2460	FIN ED BDGT RES	BLNK		7125	FB Rstr Funds	BLNK		Equity	\$0.00

First Prev Next Last

Search

Fund : 2460      Debit Amount : \$657,146,676.79  
 FIN ED BDGT RES      Credit Amount : \$657,096,676.79  
 Sub Fund : BLNK      Balance : \$50,000.00  
 BSA : 0010      Begin Day Balance :  
 Cash

# Monitoring FINET Reports

State of Utah

REPORT ID: AM31  
 RUN DATE: 06-0X-201X

TRIAL BALANCE REPORT - SUMMARY  
 FY 2010 THROUGH APP 11  
 AS OF 06-0X-201X

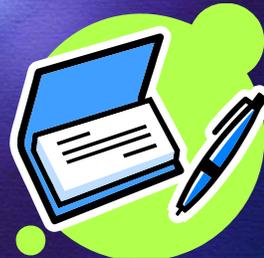
PAGE : 2

FUND : 0015 (FIN) Public Safety-OPEB Pool

ACCOUNT TYP OBJ/REV/BSA	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	ENDING BALANCE
<b>Asset</b>				
0010 - Cash	\$50,000.00	\$540,821.78	(\$540,821.78)	\$50,000.00
0602 - Investments W/ St Treas	\$1,532,926.10	\$167,885.20	(\$373,607.08)	\$1,327,204.22
0641 - Investments Bonds	\$2,154,467.61	\$6,914.62	\$0.00	\$2,161,382.23
0642 - Investments Equity	\$4,125,659.42	\$373,607.08	\$0.00	\$4,499,266.50
0669 - Investments Fair Value Adjust	\$0.00	\$0.00	\$0.00	\$0.00
1010 - Accounts Rec From Closing Form	\$0.00	\$0.00	\$0.00	\$0.00
1801 - Due From Other Funds	\$0.00	\$0.00	\$0.00	\$0.00
<b>ACCT TYP ASSET TOTAL</b>	<b>\$7,863,053.13</b>	<b>\$1,089,228.68</b>	<b>(\$914,428.86)</b>	<b>\$8,037,852.95</b>
<b>Liability</b>				
5100 - Vouchers Payable Control	\$0.00	\$0.00	\$0.00	\$0.00
<b>ACCT TYP LIABILITY TOTAL</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Fund Balance</b>				
7125 - Fund Balance-Restricted Funds	(\$5,164,685.32)	\$0.00	\$0.00	(\$5,164,685.32)
7200 - Fund Balance Default Closing	\$0.00	\$0.00	\$0.00	\$0.00
<b>ACCT TYP FUND BALANCE TOTAL</b>	<b>(\$5,164,685.32)</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>(\$5,164,685.32)</b>

## Example –

- On June 15, ABCD makes a \$65,000 payment to a vendor. The Fund had a total of \$150,000 available (\$15,000 in cash and \$135,000 in investments). What needs to be done to keep a positive cash balance?



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Un-invest \$58,500

## Example –

- On June 15, ABCD receives a check for \$100,000. The fund had a total of \$150,000 available before the deposit (\$15,000 in cash and \$135,000 in investments). What needs to be done to maximize interest earnings while maintaining a minimum cash balance?



## Example –

- On June 15, ABCD receives a check for \$100,000. The fund had a total of \$150,000 available before the deposit (\$15,000 in cash and \$135,000 in investments). What needs to be done to maximize interest earnings while maintaining a minimum cash balance?

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Invest \$90,000														

## Negative Cash Balances

The effect on the General Fund and on interest earned

## Negative Cash Balances

- The General Fund earns interest daily on all of the cash balances in FINET
- If any individual fund has a negative balance, it reduces the interest earned by the General Fund.
- The General Fund is basically loaning the other fund money to cover its negative cash balance

## Negative Cash Balances

Interest is still earned by ABCD Fund on its investments even though the cash balance in the fund is negative



The General Fund loses interest on the overall cash balance since ABCD Fund has a negative cash balance

## Negative Cash Balances

- Per FIACCT 02-07 “the General Fund must not be penalized if your resources are over invested”
- The Division of Finance monitors cash balances on a monthly basis. If a fund has an average negative balance for the month, the extra interest earned will be given back to the General Fund.

## How is the average negative cash balance calculated?

Beginning of month	\$100
During the month	- \$200
	+ <u>\$300</u>
End of month	= \$200

Is there a negative cash balance issue for this month?

## How is the average negative cash balance calculated?

Beginning of month	\$100 x 5 days	500
During the month	- \$200 x 1 day	(100)
	+ <u>\$300</u> x 25 days	<u>5,000</u>
End of month	= \$200	5,400

\$5,400 divided by 31 days = \$174.19 average daily balance.

## How is the average negative cash balance calculated?

Beginning of month	\$100 x 5 days	500
During the month	- \$200 x 25 days	(2,500)
	+ <u>\$300</u> x 1 day	<u>200</u>
End of month	= \$200	(1,800)

\$1,800 divided by 31 days = \$(58.06) average daily balance.

## Example –

Sept			
1	3,825.00	16	(55,481.90)
2	3,825.00	17	(55,481.90)
3	3,825.00	18	(55,481.90)
4	(52,050.00)	19	(55,481.90)
5	(52,050.00)	20	(55,481.90)
6	(52,050.00)	21	(55,481.90)
7	(52,050.00)	22	(55,481.90)
8	(52,050.00)	23	(55,481.90)
9	(52,050.00)	24	(55,481.90)
10	(52,050.00)	25	(55,481.90)
11	(55,481.90)	26	1,397,518.10
12	(55,481.90)	27	1,397,518.10
13	(55,481.90)	28	1,397,518.10
14	(55,481.90)	29	1,397,518.10
15	(55,481.90)	30	1,400,310.90
			5,805,279.80
			30 days
			193,509.33

Cash was negative for 22 days during the month

Although the cash balance was negative for over 2/3 of the month, the average balance was still positive. In this case, no interest would be transferred back to the General Fund

Be aware of the cash balance in the fund. The General Fund receives interest earned on un-invested cash balances.

	BS Acct 0010	PTIF %	Interest Would Have Earned
	Avg Bal		
Jan 201X	\$13,086,595.10	0.5955%	6,618.71
Feb 201X	\$13,086,595.10	0.5518%	5,539.79
Mar 201X	\$12,510,720.10	0.5605%	5,955.20
April 201X	\$12,070,345.10	0.5649%	5,604.22
May 201X	\$12,070,345.10	0.5833%	5,980.20
			\$ 29,698.12

Over 5 months, this fund lost \$29,698.12 in interest that it would have earned if the money was invested in the PTIF.

## Summary of Useful Tips

- Know your funds
  - Establish time frame/schedule of when to evaluate cash/investment balances
  - Evaluate based on nature of fund and its activity
- Focus on significant amounts
  - Determine what \$\$ threshold works for the fund
- Monitor real-time balances in FINET (BBALD)
- Reconcile PTIF statements monthly
- Review FINET reports monthly (AM31)

## Questions and Answers



## Question #1

Agency XXX receives a payment of \$250,000 on January 5<sup>th</sup>. The CR is done to record the receipt in FINET on January 6<sup>th</sup>. On January 29<sup>th</sup>, Billie realizes that the \$250,000 should have been moved to the PTIF account so it would earn interest. What should she do?

- a. nothing – it's too late
- b. wait until Feb and then send a request to the Treasurer's office to invest the funds
- c. send a request to the Treasurer's office immediately with January 29<sup>th</sup> as the effective date
- d. send a request to the Treasurer's office using January 5<sup>th</sup> as the effective date

## Question #2

Every quarter there is an appropriation transfer out of Fund 1234 for \$1,000,000. Bob is responsible for monitoring the cash in the fund. He is on vacation when the transfer is made during the first week of March. Fund 1234 has a negative balance for 3 weeks before he has a chance to move money from the PTIF account to cover the transfer. What should he do?

- a. send a request to the Treasurer's office to un-invest \$1,000,000 using March 1<sup>st</sup> as the effective date
- b. hope nobody notices the negative cash balance
- c. wait for Finance to send him a letter, then deal with it
- d. send a request to the Treasurer's office using March 31<sup>st</sup> as the effective date and wait for Finance to take back the extra interest that was earned during the time the cash was negative

## Question #2

Timing of quarterly transfers: the 1<sup>st</sup> week of the 3<sup>rd</sup> month of each quarter

September

December

March

June

## Who to contact –

- Treasurer's Office
  - Jason Nielsen (801) 538-1453  
jnielsen@utah.gov
  
- Division of Finance
  - Deborah Memmott (801) 538-3171  
dmemmott@utah.gov

