

Washington Public Ports Association

Small Ports Seminar 2018

Being your own Treasurer – the Pros and Cons

October 18, 2018
Enzian Inn, Leavenworth, WA

Outline

- Pros and Cons of being your own Treasurer
- Becoming your own Treasurer
- Bank Selection
- Cash flow forecasting
- Investment policy and investments

Treasury Functions

- Steward of all the Port's money
 - Manage banking activities
 - Cash and liquidity management
 - Fund payments (ACHs, wires, transfers, checks)
- Invest and optimize the yield on all of the Port's cash
- Ensure statutory compliance for Port's cash and investments

Pros and cons of being your own Treasurer

1. Banking
2. Investments
3. Time
4. Cash Flow
5. Political
6. Performance
7. Accountability/responsibility
8. State laws

Pros and cons - Banking

Pros

1. Your own banking selection instead of using the county's
2. Knowing where your money is
3. County human error eliminated, less errors
4. Banking reconciliation; and cash flow analysis easier
5. Setup your own bank account structure to trace specific revenues (payroll, accounts payable, merchant accounts)
6. More visibility of debits and credits and their details
7. More flexibility/options for payment types (ACHs, wires, payment cards)
8. More option for payment media for customers (on-line)
9. More tools for deposits (desktop deposit, allowing to extend daily deposit)
10. Cancelling checks easier
11. Better customer service dealing with bank personnel
12. Knowing where your bond proceeds are

Pros and cons - Banking

Cons

1. Changing banks
2. Pressure from County
3. Monitor banking relationship
4. Political influences on bank selection
5. Is there a qualified bank close to your town

Pros and Cons - Investing

Pros

1. Control and manage your own investments
2. Greater oversight of the investment process and investment holdings
3. Better investment earnings than most government pools
4. Funds can be invested further out on the yield curve

Cons

1. Need more time for investing/Lack of time for investment research
2. Lack of investment knowledge/afraid to invest
3. Knowing all statutes governing treasury/investment
4. Added complexity for reporting investment in annual report if accrual basis

Pros and Cons - Time

Pros

1. Ability to execute “on demand” without having to rely on others
2. Quicker access to information (reporting)
3. More efficient, work faster

Cons

1. Initially overwhelming with banking/investment setup
2. Investing can be more-time consuming; if you don't keep investing funds with County
3. Bond management time is now managed by you

Becoming Your Own Treasurer

The Process:

1. Criteria:
 1. RCW 53.36.010 (minimum \$100,000 in operating revenue for 3 consecutive years)
2. Informing the County
3. Resolution
4. Assign Treasurer

Issues you may have to deal with once you start the process:

- Pressures from County to stay
- Pressures from County to go
- Ongoing relationship with county (still deal with county for various taxes (property, *timer*, *DNR*))

Bank Selection Process

1. Qualified Public Depositories
2. RFP process (optional)
3. Know integration of banking services into your financials
4. Banking Issues:
 - a. Size of bank resources
 - b. What technological resources does the bank have to meet or enhance your needs
5. Pressures from old bank to stay or to go
6. Banking transitioning
7. Phase (products and services) into new bank
8. Trailing revenues
9. Don't close old bank accounts too soon

GFOA Best Practices: <http://gfoa.org/procurement-banking-services>

Who can a Port bank with?



- State law dictates who the Port can bank with
- Office of the State Treasurer lists the financial institutions in Washington State who are authorized to accept public deposits - <https://www.tre.wa.gov/pdpc-banks/>
- Financial institutions must be a “Qualified Public Depository”
- PDPC performs quarterly reviews and publishes list and updated status

Why the need for the RFP?

- Purpose
 - Compare what banks are providing the same, better or new services, products & technology, and at what cost?
 - Selection considers a combination of fees, the quality of services offered and the banks technological strength.

Banking Transitioning: Transition on YOUR Timeline

- Transitioning individual products/services over a longer-time period
- ACHs and Wires
- Merchant services
- Lock box services
- Investment Management
- Trust/custody services

Changing banks does not happen overnight.
You do not have to do everything at once, phase process

Before You Invest

Steps before you invest:

1. Know your cash flows, revenues and disbursements amounts and timing; build a cash forecast.
2. Create an investment policy.
3. Know the statutes - Authorized investments are made in accordance with and subject to restrictions of the Revised Code of Washington (RCW) 36.29.020.

Why is a cash forecast important?

- Manage cash needs for liquidity.
- Manage cash forecast to investment portfolio.
- It will help you in determining when you will need cash and when investing, determine the maturity of the selected investments.
- Load major expenditures sources on “cash calendar” including average daily check clearing
- Identify major revenue sources
 - Study frequency of receipts

Investments

- Authorized investments are made in accordance with and subject to restrictions of the Revised Code of Washington (RCW) 36.29.020.
 - GFOA Best Practices:
 - <http://gfoa.org/investment-program-public-funds>
 - <http://gfoa.org/diversifying-investment-portfolio>

State laws limits what the portfolio can invest in.

Investment Policy

- Emphasis on preservation of principal
- Priority of policy objectives
 - 1) Safety
 - 2) Liquidity
 - 3) Yield
- Covers all capital and operating funds

Create an investment policy before you invest.

GFOA Best Practices: <http://gfoa.org/investment-policy>



Kim Noah
Finance Director/Auditor
Port of Camas-Washougal
24 South 'A' Street, Washougal, WA 98671
360.335.3684

Web site: www.portcw.com

Kim Noah has worked for the Port of Camas-Washougal as their Finance Director/Auditor since 2007. She has worked for government agencies her entire 25+ year career which has been primarily focused in government accounting and business operation functions. Kim has enjoyed her careers at smaller sized agencies which has allowed for her to gain knowledge in a myriad of business functions. Kim received her B.S. in Business Administration at Central Washington University