

## **STANLY COUNTY CASH MANAGEMENT PLAN**

This Cash Management Plan is being established as adopted by the Board of Commissioners of Stanly County. Objectives of this plan are to increase the amount of idle moneys invested, generating non-tax revenues through increased investment earnings at the same time ensuring safety and liquidity of the county's monies. This plan will address five areas: cash receipts, investments, cash disbursements, banking relations, monitoring and reporting on the plan.

In addition to establishing this Cash Management Plan, the Finance Director will implement internal controls designed to prevent losses of public funds, arising from fraud, employee error, misrepresentation of third parties, or imprudent actions by employees and officers of the County. The Finance Director will ensure, whenever possible, separation of duties for handling public funds and assets.

### **CASH RECEIPTS**

This section of the plan is designed to assist the Finance Director in developing and implementing procedures for the receipts of monies in order to expedite the movement of these monies into eligible investments while ensuring the safe handling of cash resources.

### **DEPOSITS**

The Finance Director shall devise and implement a central depository system for the County. This system shall include the creation of a cash concentration account and other accounts necessary and prudent to conduct County business. The central depository shall be an interest bearing account. The official depository shall be approved by the Stanly County Board of Commissioners.

Deposits are to be made daily in the official depository. Deposits made to the depository shall be reported to the Finance Director immediately by means of duplicate deposit slip as per G.S. 159-32. The deposit slip should be accompanied by a report of bank deposit form.

Adjustments or corrections for overpayment will be made after the monies are deposited. It is seldom necessary to return a check because it was made out wrong. Do not delay in depositing monies of this type. Refunds necessary from errors shall be made by County check through cash disbursements. No official or employee of the County shall have the authority to cash a check payable to the County. No official or employee shall have the

authority to open a bank account in the name of the County or any of its departments using public funds. All public funds shall follow the daily deposit guidelines.

## **BILLING**

Applications and reports to the state or federal government for reimbursement or claims are to be filed promptly. All department heads who administer programs that receive money from other governments are to meet with the Finance Director to establish a cash flow schedule for these monies.

For utility and tax billing, the objective shall be to reduce the processing time so payments will be received at an early date. Utility meters will be read during the first week of each month and bills go out the last week of the month. The due date for utility customers shall be the 20<sup>th</sup> day of each month, thus giving customers close to three weeks from receipt of the bill to the due date for payment. A fee is charged when a cut off occurs. The County bills and collects property taxes for the towns and fire districts. The County remits monthly to the towns and fire districts the taxes collected.

The governing body directs the County Tax Collector to advertise delinquent taxes on real property for failure to pay. This normally occurs in March of each year.

## **ANALYSIS OF RECEIPTING FUNCTION**

The Finance Director will meet with each department head who is responsible for a revenue source of the county to review the billing, collecting, depositing and reporting procedures.

Collateralization for deposits shall be in accordance with Title 20, Chapter 7 of North Carolina Administrative Code. All deposits for the County shall be fully protected through deposit insurance and eligible collateralization securities. For all deposits held in financial institutions which utilize the Pooling Method for collateralization, the Finance Director shall maintain all necessary documentation to show that the responsibility of monitoring collateral levels is with the State Treasurer.

All deposits of the County are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the County's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agents in its name. The amount of the pledged collateral is based on an approved averaging method for non-

interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the County under the Pooling Method, the potential exist for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The Finance Director shall be responsible for obtaining custody and providing safekeeping of securities and deposit certificates according to G.S. 159-30(d).

Certificates of deposit purchased by the County shall be delivered to the Finance Director. The Finance Director shall ensure proper diversification of the investment portfolio in order to minimize risks brought on by economic and market changes. The Finance Director shall constantly monitor the investment portfolio and make adjustments as necessary by comparing market and book value of securities held by the County. The Finance Director will examine opportunities to sell securities to realize gain or to liquidate securities to avoid loss.

The Finance Director shall review daily the cash position of the county and decide what monies can be invested for certain periods of time. If investments are to be made, the Finance Director will institute a bidding process for the County as follows:

1. Approved financial institutions shall be contacted requesting bids on time deposits. All bids shall be submitted with interest rates quoted on a 360/365 day basis. All certificates shall be delivered to the Finance Director.
2. For other eligible investment vehicles, the Finance Director shall solicit offers from banks or primary security dealers. Any investment purchased shall be from firms located with offices in North Carolina. The Finance Director shall review the various offers and determine which investment vehicles are appropriate, considering safety, maturity and yield of the investment. For securities purchased by the County, the Finance Director shall instruct the seller that securities purchased by the County are to be delivered to the County.

## **FORECASTING CASH FLOWS**

The Finance Director for the County shall monitor cash requirements. The objective shall be to ensure that sufficient funds will be available to meet the County's commitments and the timing and amount of excess funds are known so as to properly identify the amount of money available for investment.

## **CASH DISBURSEMENTS**

The objective of this section of the County's Cash Management Plan is to retain monies for investment until the agreed upon contractual date of payment unless early payment provides a benefit to the County.

The Finance Director shall appropriate and expend the County's monies pursuant to GS.159-28(b) to create the maximum amount of funds available for investments. The Finance Director shall pay the obligations of the county when due. All payments to one vendor will be consolidated.

The Finance Director shall issue payroll payments bi-weekly to all employees by direct deposit. Payroll payments shall be authorized by time sheets kept by employees and signed by supervisors. No payroll payments will be issued without proper documentation in the Human Resources office and budgetary authority. The Finance Director shall submit all payroll deductions to the proper agencies in a timely manner.

## **BANKING RELATIONS**

The objective of this section of the plan is designed to help the Finance Director develop and implement procedures to create mutually beneficial banking relations with local financial institutions.

## **ANALYSIS**

The Finance Director shall determine which financial institutions qualify to be the County's depository based upon published reports and other procedures deemed appropriate.

## **REQUEST FOR PROPOSAL FOR BANKING SERVICES**

Those financial institutions which are deemed to qualify to be the County's depository shall receive an RFP. The RFP shall require information on what services can be provided to the County and the cost associated with the services. RFP's shall be compared and selection of the official depository recommended to the Board of Commissioners. The Finance Director is to send out RFP's to seek bids for official depository services every six years upon approval by the Board of Commissioners. The County will maintain bank accounts necessary and prudent to conduct County business. The Board of Commissioners will designate the County's official depository. The

Finance Director shall sign for the County a contract with the selected depository establishing the banking services, costs and conditions when necessitate termination of the contract.

The Finance Director shall periodically receive bids from financial institutions desiring to invest County monies in time deposits. These institutions shall undergo the same analysis as did those institutions receiving the RFP if the deposits exceed federal depository coverage.

### **MONITORING AND REPORTING**

The objective of this section is to devise a systematic reporting schedule to the County Manager and Board of Commissioners and to provide a schedule for the systematic review of the plan itself to make necessary amendments and changes.

The Finance Director for Stanly County shall maintain records of the status of investments. These records will be available to the County Manager and Board of Commissioners at all times.

The Finance Director shall submit semi-annually the LGC-203, Report of Deposits and Investments, to the Secretary of the Local Government Commission pursuant to GS 159-33 and 33.1. This information shall also be reported to the County Manager and Board of Commissioners at the next scheduled meeting after each report has been submitted to the LGC.

The Finance Director shall report to the County Manager and Board of Commissioners any changes of bank services. The Finance Director shall report the issuance of the request for proposals for banking services (RFP) and recommendations for selections of an official depository.

Every three years the plan shall be reviewed by the Finance Director. The Finance Director shall report to the County Manager and Board of Commissioners any amendment necessary to the plan, any procedural changes made and any recommendations to enhance the cash management plan.

Adopted this 15 day of February, 2010.

Tyler Brummitt  
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Clerk to the Board