

HENDERSON COUNTY BOARD OF COMMISSIONERS

RESOLUTION FOR THE ESTABLISHMENT OF A CASH MANAGEMENT POLICY

WHEREAS, to fully maximize the use of public monies is in the best interest of the public; and,

WHEREAS, it is the responsibility of the Finance Director, who is appointed by the County Manager to supervise the investment of idle funds of the County of Henderson (County); and,

WHEREAS, it is the desire of the Board of Commissioners to use all of its public funds in the most efficient manner;

NOW, THEREFORE, BE IT RESOLVED BY THE HENDERSON COUNTY BOARD OF COMMISSIONERS THAT:

Section 1) The Board of Commissioners hereby charges the Finance Director, with the cooperation of all County employees, to devise and implement a cash management plan which addresses cash receipts, cash mobilization and management of available resources (deposits/investments), cash disbursements, banking relations, and monitoring and reporting on the plan.

Section 2) The independent external auditor for Henderson County shall monitor the County's compliance with the established cash management plan and the reports of the Finance Director thereon. The independent external auditor shall report findings and recommendations annually to the Board of Commissioners as part of their annual financial and compliance audit.

Section 3) The following procedures are hereby established and shall be incorporated in the cash receipts section of the cash management plan:

(1) Except as otherwise provided by the North Carolina General Statutes, all taxes and other monies collected or received by a duly authorized County employee shall be deposited in an official depository in accordance with N.C.G.S. 159-32 and this resolution.

(2) Monies received shall be deposited daily in the same form and amounts as received, except as otherwise provided by North Carolina General Statutes. These monies shall be deposited in such a manner as to receive the current day's credit.

(3) Monies due to the County either from any entity shall be promptly billed, collected, and deposited. The Finance Director shall monitor the status of all uncollected monies owed to the County and implement measures to collect any and all delinquent accounts, except as otherwise provided by North Carolina General Statutes.

(4) The Finance Director shall periodically review each revenue source of the County and examine the methods for prompt billing, collection, depositing, and reporting of those sources. These methods shall be discussed with the individual responsible for the particular revenue source, and changes shall be instituted if quicker and more efficient means of revenue realization are possible.

Section 4) The following procedures are hereby established and shall be incorporated in the cash mobilization and management of available resources (deposits/investments) section of the plan:

(1) The Finance Director shall establish a central depository system for the County.

(2) The Finance Director shall receive and deposit all monies accruing to the County into the County's cash concentration account, unless another County employee is duly authorized to deposit these monies.

(3) Employees who are duly authorized to receive and deposit the County's monies shall notify the Finance Director of the amount of funds being deposited by the next business day.

(4) All monies received from the State of North Carolina shall be deposited directly into the County's North Carolina Cash Management Trust (NCCMT) account via the State Treasurer's Electronic Payments System (STEPS) where applicable.

(5) The Finance Director shall review daily the position of the cash concentration account and invest any and all excess deposits. Eligible investments under N.C.G.S. 159-30 are as follows:

- U.S. Treasury Obligations (bills, notes, bonds)
- U.S. Government Agencies (fully guaranteed)
- State of North Carolina Obligations (notes, bonds)
- Certificates of Deposit (Commercial Banks)
- Certificates of Deposit (Savings and Loans)
- Commercial Paper (prime quality)
- Repurchase Agreements
- North Carolina Cash Management Trust (NCCMT)
- State of North Carolina Investment Pools
- Local Government Investment Pools

(6) U.S. Government obligations and eligible commercial paper purchased in accordance with Section 4(5) shall be purchased from a primary dealer or financial institution within the State of North Carolina. Securities dealers must have an office within the State of North Carolina and must be evaluated by the Finance Director before placing an investment with the dealer. The Finance Director must obtain approval from the County Manager before placing an

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investment with a securities dealer outside of the State of North Carolina.

(7) Proper custody of the County's deposits and investment securities shall be maintained by the Finance Director in accordance with N.C.G.S 159-30.

(8) N.C.G.S. 159-31(b) requires that sufficient collateral be pledged for all public deposits. The Finance Director will ensure that sufficient and proper collateral exists for all deposits in excess of deposit insurance coverage.

(9) The Finance Director will diversify the use of investment instruments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions or maturities in accordance with the cash management plan.

(10) The Finance Director shall strive to keep 100% of the County's monies invested at all times. This necessitates the cash concentration account being at least in the form of a NOW account.

(11) The Finance Director shall continuously forecast the County's future cash needs and invest monies for longer periods of time where practicable. The Finance Director must obtain approval from the County Manager before making an investment with a maturity exceeding one year.

Section 5) The following procedures are hereby established and shall be incorporated in the cash disbursements section of the County's cash management plan:

(1) The method in which available resources are expended shall be performed pursuant to N.C.G.S. 159-28(b).

(2) Billings to the County for goods received or for services rendered shall not be paid early or late, but on the discount date or the due date to the extent practicable.

(3) The Finance Director shall establish a system of inventory and supplies controls to ensure that these stocks will remain at levels necessary to conduct business without being excessive.

(4) The Finance Director will consolidate all payments to a particular vendor rather than issuing separate checks for each billing to the extent practicable.

(5) A cost effective disbursement cycle shall be established to create the maximum amount of investable funds while at the same time ensuring that all bills are paid by their discount date or due date. The disbursement cycle shall be reviewed periodically by the Finance Director and changes shall be instituted when appropriate.

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Section 6) The following procedures are hereby established and shall be incorporated in the banking relations section of the cash management plan:

(1) The Finance Director will maintain the minimum number of bank accounts necessary to conduct the County's business. A cash concentration account and an imprest payroll account shall be required accounts.

(2) The Finance Director shall maintain in the County's accounts enough monies to meet the County's daily obligations.

(3) A financial institution shall be selected based on a competitive proposal for the County's cash concentration account, imprest payroll account, and other banking services. A Request for Proposal (RFP) for banking services shall be submitted to those financial institutions that are eligible under N.C.G.S. 159-31 and that the Finance Director has determined to be financially sound, based on a comprehensive analysis of the institution's financial condition. The Finance Director shall review the necessity to request proposals for banking services on a five year cycle. The Finance Director shall recommend a financial institution to be selected by the Board of Commissioners based on his evaluation of the proposals. The financial institution selected for the cash concentration and imprest payroll accounts shall be designated by the Board of Commissioners as an official depository.

(4) Any financial institution not selected in Section 6(3) above, but which may receive County funds for investment, shall be analyzed by the Finance Director for financial stability. Before any funds are placed with a financial institution, the Board of Commissioners will designate this institution as an official depository.

Section 7) The following procedures are hereby established and shall be incorporated in the monitoring and reporting section of the cash management plan:

(1) The Finance Director shall report monthly to the County Manager and the Board of Commissioners the status of all investments and the comparison of actual receipts and disbursements to budgeted figures for all Funds.

(2) Significant changes in banking services or costs which necessitates the issuance of a Request for Proposal (RFP) for banking services during the five year cycle shall be reported to the County Manager.

(3) Each year the plan shall be reviewed by the Finance Director during budget preparation. The Finance Director shall amend the plan, as appropriate, to further enhance the County's cash management program. All plan amendments shall be reported to

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the County Manager.

(4) Any deviations from the plan by any County employee shall be reported to the County Manager by the Finance Director.

Section 8) All employees of the County shall follow the cash management plan and provisions of this resolution, and any willful or continued failure to do so is sufficient cause for immediate disciplinary action by the County Manager.

This the 16th day of August, 1995.

THE HENDERSON COUNTY BOARD OF COMMISSIONERS

BY: Renee Kumor
Renee Kumor, Chairman

Attest:

Elizabeth W. Corn
Elizabeth Corn, Clerk to the Board

Approved as to Form:

Don Elkins
Don Elkins, County Attorney