

## CHAPTER 37: CASH MANAGEMENT

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### POLICY

#### § 37.01 FUNCTION OF PLAN.

The City Council charges the Finance Director, with the cooperation of all city departments and officials, to devise and implement a cash management plan which addresses cash receipts, cash mobilization and management of available resources (investments), cash disbursements, banking relations and monitoring and reporting on the plan.

(<sup>90</sup> Code, Appendix A, § 1)

#### § 37.02 AUDITOR.

The independent auditor for the city shall monitor the city's compliance with the established cash management plan and reports of the Finance Director thereon. He or she shall report his or her findings and recommendations annually to the Council as a part of the city audit. ('90 Code, Appendix A, § 2)

§ 37.03 PLAN REVIEW; AMENDMENT.

Each year the plan will be reviewed by the Finance Director during budget preparation. The Finance Director shall amend the plan, as appropriate, to further enhance the city's cash management program. All plan amendments shall be presented to the City Manager and/or City Council for review at the next Council meeting after the amendment has been made.

('90 Code, Appendix A, § 3)

§ 37.04 DEVIATION FROM PLAN.

All employees of the city shall follow the cash management plan and provisions of this resolution, and the willful or continued failure to do so is sufficient cause for immediate dismissal from city employment. Any deviations from the plan by any official or employee shall be reported to the City Manager and/or Council at the next Council meeting after the deviation has occurred.

('90 Code, Appendix A, § 4)

CASH MANAGEMENT PLAN

§ 37.15 OBJECTIVES.

(A) This Cash Management Plan is being established pursuant to the city's Cash Management Policy as adopted by the Council which requires such a plan to be developed. The objectives of this plan are to increase the amount of idle moneys invested, thus generating greater amounts of non-tax revenue through increased earnings, and simultaneously providing adequate safety and liquidity of the city's moneys. This plan will address five areas: cash receipts, cash mobilization and management of available resources (investments), cash disbursements, banking relations and monitoring and reporting on the plan.

(B) The Finance Director will ensure, whenever possible, separation of duties of the investment procedure.

('90 Code, Appendix A, § 21)

§ 37.16 CASH RECEIPTS.

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

('90 Code, Appendix A, § 22)

§ 37.17 DEPOSITS.

(A) The Finance Director shall devise and implement a central depository system for the city. This system shall include the creation of three bank accounts: a disbursement account, a payroll account, and a money market account. The money market shall be in the form of an interest-bearing checking account. These three accounts will be at the Central Carolina Bank & Trust Company, the official depository approved by the City Council.

(B) Deposits are to be made every work day.

(C) For high-volume periods during the year, the Finance Director will make personnel reassignments, if necessary, to assure that prompt deposits are made.

(D) For checks received and deposited which are returned to the Finance Director due to insufficient funds, prompt action will be undertaken to collect good funds.

(E) Any adjustments or corrections for either overpayment or underpayment will be made after the moneys have been deposited. For routine deposits, it is very seldom necessary or appropriate to return a check because it was made out in the wrong amount. Do not delay in depositing moneys for errors of this type on regular receipts.

(^90 Code, Appendix A, § 23)

§ 37.18 BILLINGS.

(A) Applications and reports to the state or federal governments for reimbursement of claims are to be filed promptly. All department heads who administer programs that receive moneys from other governments are to meet with the Finance Director to establish a cash flow schedule for those moneys. The due dates of the reimbursements are listed below and are to be strictly adhered to:

- (1) Revenue sources.
  - (a) Intangible personal property tax.
  - (b) Beer and wine excise tax.
  - (c) Gasoline tax refund.
  - (d) Reimbursement of 15% of property tax less due to homestead.
  - (e) Refund of state sales and use tax.
  - (f) County reimbursements.
- (2) Due date of claim.
  - (a) January 31.
  - (b) As soon as possible after receipt of August questionnaire.
  - (c) Due promptly at the end of each calendar quarter.
  - (d) September 1.
  - (e) Due promptly after June 30.
  - (f) Fifteenth day of month.

(B) For utility and tax billing, the objective will be to reduce the processing time so payments will be received at an earlier date. Utility meters and monthly billing will be in accordance with § 37.19.

(^90 Code, Appendix A, § 24)

§ 37.19 UTILITIES.

- (A) (1) Meter reading - Beginning the 20th day of each month until all routes are read.
- (2) Billing date - 20th day of each month.
- (3) Payment due date - 5th day of the following month.

(B) If any of the dates in division (A) of this section fall on a weekend or holiday, the above mentioned action will take place on the next business day.

(C) A reconnection charge as approved in the annual budget ordinance will be assessed against all delinquent accounts after 5:00 p.m. on the fifteenth day of each month.

(D) All new customers will be required to make a deposit plus an additional non-refundable service fee according to the schedule as approved in the annual budget ordinance.

(E) These deposits will be returned to the customer after a period of 12 months continuous service and timely payments on account. If service is terminated before the end of the five-year period, the deposit will be refunded only if the account is paid in full. Otherwise, it will be applied toward the last invoice. After applying amount due toward invoice, any remaining balance will be refunded.

(90 Code, Appendix A, § 25) (Ord. 96-C, passed 11-12-96; Am. Ord. 97-C, passed 3-17-97)  
§ 37.20 BILLING ADJUSTMENT PROCEDURE.

(A) At times there are readings on water meters that show a considerable increase in consumption for a one-month period and then return to normal the following month.

(B) Administrative procedure:

- (1) Check read meter.
- (2) Have customer check for leaks.
- (3) Have city personnel check for leaks if none found by customer.

(C) If no leak is detected and the account cannot be adjusted under the leak policy, the following procedure shall apply:

(1) The City Manager or billing clerk may adjust one bill per account per year for an unexplained high consumption. The charge shall be based on the average consumption for the prior four months.

(2) Monthly report of adjustments will be provided to Council.

(D) When there is a proven leak between the water meter and plumbing fixture discharge, the city will adjust one water bill per year according to the following policy:

(1) Total consumption will be averaged over the past four months.

(2) (a) The excess over the average will be settled as follows:

1. Customer pays 50% of the excess.
2. City Billing Clerk will release 50% of the excess.

(b) If the customer can provide substantial evidence to the Billing Clerk that no water from the leak entered the city sewer system, there will be no charge for sewer on the excess consumption.

(3) The customer shall provide the Billing Clerk with a statement from a licensed plumber that repairs have been made. In an owner-occupied building, a statement from the owner shall be adequate.

(90 Code, Appendix A, § 26)

§ 37.21 TAX.

(A) Tax notices will be mailed as soon as possible after the budget is adopted. This time will be determined by the availability of tax information from Person County Tax Office and city processing time.

(B) Second notices will be mailed to all delinquent taxpayers after January 10. Garnishment proceedings shall start February 10.

(C) The tax lien advertisement on real property for failure to pay tax will be in accordance with G.S. § 105-369 as follows:

(1) "On the second Monday in February in each year, each municipal tax collector shall report to the governing body the total amount of unpaid tax for the current fiscal year that are liens on real property and the governing body shall thereon order the tax collector to advertise such tax liens."

(2) "The municipal tax collector shall advertise municipal tax liens by posting a notice of the liens at the city or town hall and by publishing each lien at least one time in one or more newspapers having general circulation in the taxing unit. Advertisements of tax liens shall be made during the period March 1 through June 30."

(3) City Council shall set the advertisement date at the February meeting.

(4) The Tax Collector will provide the City Council with a list of unpaid real and personal property tax at the April meeting to receive instructions as to further collection measures.

CASH MOBILIZATION AND MANAGEMENT OF AVAILABLE RESOURCES

(INVESTMENTS)

§ 37.35 OBJECTIVE.

This section of the plan is designed to place the city's money in a position to be invested as quickly as possible at the highest reasonable yields available while maintaining the safety and liquidity of those moneys.

(90 Code, Appendix A, § 31)

§ 37.36 MOBILIZATION.

(A) The City Council shall authorize the city to establish as its official depository Central Carolina Bank & Trust Company, Roxboro, North Carolina.

(B) Moneys shall be deposited into the official depository no later than 2:00 p.m., to ensure that the deposit will be credited for the day. The deposits shall be made by the Finance Director or by department officers or employees duly authorized to do so and supervised by the Finance Director.

(90 Code, Appendix A, § 32)

§ 37.37 INVESTMENTS.

(A) Eligible investments shall be limited to obligations of the U.S. government, such as treasury bills, bonds and notes, time deposits with any bank or savings and loan whose principal offices are in North Carolina and the North Carolina Cash Management Trust. Time deposits in excess of the federal deposit insurance of \$100,000 shall be placed with only those

financial institutions which have been analyzed and determined credit-worthy by the Finance Director.

(B) For all deposits held in financial institutions which utilize the Option 2 method of collateralization, the Finance Director shall maintain all necessary documentation to show that the responsibility of monitoring collateralization levels is now with the State Treasurer.

(C) Certificates of deposit purchased by the city shall be delivered to the Finance Director.

(D) The Finance Director shall ensure proper diversification of the investment portfolio in order to minimize risks brought on by economic and market changes. To achieve this diversification:

(1) No more than 50% of the city's moneys shall be invested in a particular investment vehicle.

(2) No less than 30% of the total investment portfolio shall mature within 30 days. No less than 75% of the portfolio shall mature in 90 days and 100% of the portfolio shall mature within one year.

(3) No more than 50% of the city's total moneys shall be placed with a single financial institution.

(E) The Finance Director shall daily review the cash position of the city and decide what moneys can be invested for certain periods of time. If any investments are to be made, the Finance Director will make this determination by 11:00 a.m. each morning, and then institute a bidding process for city moneys as follows:

(1) Approved financial institutions shall be contacted by the Finance Director requesting bids on time deposits.

(2) All bids shall be submitted by 12:00 p.m., with interest rates quoted on a 365-day basis.

(3) In the event of matching bids, the financial institutions will be contacted, notified of similar bids, and asked if an upset bid will be placed.

(4) All certificates shall be delivered to the Finance Director by 2:00 p.m.

(^90 Code, Appendix A, § 33)

#### CASH DISBURSEMENTS

##### § 37.50 OBJECTIVE.

The objective of this subchapter of the city's cash management plan is to retain the moneys for investment until the agreed upon contractual date of payment, unless early payment provides a benefit to the city.

(^90 Code, Appendix A, § 36)

##### § 37.51 PROCEDURE.

(A) The Finance Director shall appropriate and expend city moneys pursuant to G.S. § 159-28(b).

(B) To create the maximum amount of funds available for investments, the Finance Director shall pay the obligations of the city on the first and twentieth day of the month. The Finance Director shall pay the obligations of the city by the due date. The Finance Director shall determine whether or not the discount for cash payment is more beneficial than payment on the billing's due date. The Finance Director shall periodically review the disbursement cycle, and changes shall be instituted if the disbursement cycle can be extended.

(C) The Finance Director shall require that all departments consolidate payments to one vendor. The Finance Director shall ensure that all departments using the same vendor(s) receive the same due date and discount date.

( '90 Code, Appendix A, § 37)

#### BANKING RELATIONS

##### § 37.65 OBJECTIVE.

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.

( '90 Code, Appendix A, § 41)

##### § 37.66 ANALYSIS.

Should the value of the city's demand and time deposits exceed the federal depository insurance coverage limits, the Finance Director shall determine the financial soundness of banks and savings and loans with which the city desires to do business by performing an analysis on each institution. Each analysis shall examine historical trends, followed by ratio analysis to determine capital adequacy, profitability, loan quality and liquidity.

( '90 Code, Appendix A, § 42)

##### § 37.67 REQUEST FOR PROPOSAL FOR BANKING SERVICES (RFP).

(A) Those financial institutions which are deemed to be financially strong shall receive an RFP. The RFP will solicit bids from financial institutions which wish to obtain the city's banking business. The RFP shall require information on what services can be provided to the unit and the costs associated with such services. The RFPs shall be compared and the financial institution selected as the official depository shall receive the city's bank accounts for a period of five years. The city shall maintain only three bank accounts; a disbursement account, a money market account and a payroll account. The City Council will designate the selected financial institution as the official depository for the city. The Finance Director shall sign for the city a contract with the official depository, establishing the banking services and costs that will be applicable to the city and what conditions will necessitate termination of the contract.

(B) The Finance Director shall maintain either the average daily balance in the official depository equal to one week's expenditures or an amount sufficient to off-set the costs associated with the account, whichever is greater. The Finance Director shall constantly review the activity on the account to determine target balances which shall accomplish the objectives of bank compensation and expenditure coverage. When the account balance exceeds the target level, the Finance Director shall include the coverage in the amount of moneys available for investment.

(C) The Finance Director shall periodically receive bids from financial institutions desiring to invest city moneys in various time deposits. These financial institutions shall undergo the same financial analysis as did those institutions receiving the RFP if the amount of time deposits exceeds the federal depository insurance coverage of \$100,000.

( '90 Code, Appendix A, § 43)

#### MONITORING AND REPORTING ON THE PLAN

##### § 37.80 OBJECTIVE.

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

( '90 Code, Appendix A, § 46)

§ 37.81 TIME SCHEDULES.

(A) The Finance Director for the city shall report monthly to the City Manager and/or City Council concerning the status of investments. The report shall include the amount of city moneys invested, the average rate and maturities, and the cost value and market value of those investments. The Finance Director will report on the custody and safekeeping of city investments, stating how the safekeeping arrangements are structured. Any losses or potential losses on the liquidation of investments shall be disclosed at the next Council meeting after the loss becomes known.

(B) The Finance Director shall report monthly to the City Manager and/or City Council members concerning the adequate collateralization of city moneys. The Finance Director will report on which deposits are covered under the Option 1 method of collateralization and those deposits covered under Option 2. The Finance Director will report any cases where collateral held by an Option 1 financial institution has declined to a level that was materially less than the value of deposits.

(C) The Finance Director shall report to the City Manager and/or City Council any changes in bank service charges and the amount of additional moneys required to off-set the increased banking costs. The Finance Director shall also report to the City Manager and/or Council concerning the issuance of a Request for Proposal for Banking Services (RFP) and recommendations or selection of an official depository once the RFPs have been analyzed and compared.

(D) The Finance Director shall report to the City Manager and/or Council the status of delinquent tax payments and other revenues due to the city from private persons.

(E) The Finance Director shall semi-annually submit the LGC-203, Report of Cash Balance to the secretary of the Local Government Commission pursuant to G.S. § 159-33. This information, with appropriate explanations, shall also be reported to the City Manager and/or Council at the next scheduled Council meeting after each report has been submitted to the Local Government Commission.

(F) Each year the plan shall be reviewed by the Finance Director during budget preparation. The Finance Director shall report to the City Manager and/or City Council any amendments he or she has adopted, any procedural changes he or she has made, and any actions he or she recommends the Council take to enhance the cash management plan.

( '90 Code, Appendix A, § 47)