

CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY

RESOLUTION 2021-13

Resolution Authorizing Acceptance of Cash Management Plan

WHEREAS, the Carneys Point Township Sewerage Authority (“CPTSA”) has developed a Cash Management Plan to govern its deposit requirements and limitations; and

NOW, THEREFORE BE IT RESOLVED, by the CPTSA that for the time period February 16, 2021 to February 15, 2022 the plan here following shall serve as the Cash Management Plan for the CPTSA.


Anthony Rullo, Authority Chairman

Date of Adoption: February 16, 2021

Committee	Moved	Seconded	Y	N	Abstain	Absent
Dr. Racite			✓			
Mr. Basile			✓			
Mr. Brown	✓		✓			
Mr. Newton		✓	✓			
Mr. Rullo			✓			

**CASH MANAGEMENT PLAN OF THE CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY
IN THE COUNTY OF SALEM, NEW JERSEY**

I. Statement of Purposes

This Cash Management Plan (the "Plan") is prepared pursuant to the provisions of N.J.S.A. 40A:5-14 in order to set forth the basis for the deposits ("Deposits") and investment ("Permitted Investments") of certain public funds of the Carneys Point Township Sewerage Authority, pending the use of such funds for the intended purposes. The Plan is intended to assure that all public funds identified herein are deposited in interest bearing Deposits or otherwise invested in Permitted Investments hereinafter referred to. The intent of the Plan is to provide that the decisions made with regard to the Deposits and the Permitted Investments will be done to ensure the safety, the liquidity (regarding its availability for the intended purposes), and the maximum investment return within such limits. The Plan is intended to ensure that any Deposit or Permitted Investment matures within the time period that approximates the prospective need for the funds deposited or invested so that there is not a risk to the market value of such Deposits or Permitted Investments.

II. Cash Management Policy

Objectives:

The Priority of Investing policies shall be in order of descending importance: security, liquidity and yield.

- a. Security: The safety of principal is the foremost objective of the cash management plan. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective is to mitigate credit risk and interest rate risk.
 - i. Credit Risk: Credit Risk is the risk of loss due to failure of the security issuer or backer. Credit risk may be mitigated by:
 - 1. Limiting Investments to the safest types of securities
 - 2. Pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which an entity will do business.
 - 3. Diversifying the investment portfolio so that potential losses on individual securities will be minimized.
 - ii. Interest Rate Risk: Interest Rate Risk is the risk that the market value of the securities in the portfolio will fall due to changes in general interest rates. Interest Rate Risk may be mitigated by:
 - 1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and
 - 2. By investing operating funds primarily in shorter-term securities.
- b. Liquidity: The investment portfolio must remain sufficiently liquid to meet all cash requirements of the Authority. The portfolio should be structured so that the securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

III. Cash Management Policy (Continued)

- c. Yield: The investment portfolio must be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objective described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. The Chief Financial Officer shall carefully evaluate any investment offering above market yields. Securities shall not be sold prior to maturity with the following exceptions:
 - i. A declining credit security could be sold early to minimize the loss of principal.
 - ii. A security swap would improve the quality, yield, or target duration in the portfolio.
 - iii. Liquidity needs of the local unit require that the security be sold.

IV. Identification of Funds and Accounts to be Covered by the Plan

The Plan is intended to cover the deposit and/or investments of all Carneys Point Township Sewerage Authority funds and accounts including but not limited to:

- Revolving Funds
- Payroll Funds
- Operating Funds
- Developer Escrow Funds
- Renewal & Replacement/Construction Fund
- Grant Funds

IV. Payments of Claims

A. Payment of Claims by Checks

- i. All disbursements made by checks, other than payroll and escrow, shall be signed by the following two persons:
 - 1. the Chairman and/or Vice Chairman,
 - 2. the Treasurer and/or the Assistant Treasurer, and
- ii. The named check signors in section IV(A)(i) may, at their choosing, use a signature stamp.
 - 1. All signature stamps must be maintained in a secured manner on the premises of the Authority.
- iii. The above, named persons in section IV(A)(i), on behalf of the Authority, are authorized to sign, endorse, make, execute and deliver all checks, drafts, notes, acceptances, orders for payments otherwise in writing by the Authority,

B. Electronic Transfers of Funds

- i. N.J.S.A. 40A:5-16.5 allows the governing body of a local unit to adopt policies for the payment of claims pursuant to N.J.S.A. 40A:5-17 through the use of one or more standard electronic funds transfer technologies in lieu of payment through the use of signed checks or warrants. These electronic transfers shall be limited to IV(B)(ii) and IV(B)(iii) below.
- ii. Transfers between accounts of the Carneys Point Township Sewerage Authority shall be authorized by any of the following persons:
 - 1. Office Manager
 - 2. CFO/Fee Accountant

IV. Payments of Claims (Continued)

B. Electronic Transfers of Funds (Continued)

- iii. The above authorization in section IV(B)(i) and IV(B)(ii) does not constitute any authority to make withdraws or payments from any of the Authority's accounts except as expressly limited to the following:
 - 1. making transfers between accounts and
 - 2. facilitating payments on debt obligations of the Authority in accordance with the established debt service schedules, and
 - 3. disbursing of payroll and payroll agency obligations.

C. Third-party payroll service company

- i. In accordance with N.J.A.C. 5:30-17, the Office Manager is authorized to contract with a third-party payroll disbursement service company for the preparations and calculations for the disbursement of:
 - 1. salaries and wages,
 - 2. all withholdings, and
 - 3. additional related liabilities.
- ii. The third-party payroll company is also authorized to prepare and remit all State and Federal payroll forms.
- iii. If a third-party payroll company is utilized, all forms and reports prepared by the third-party must be reviewed by the Office Manager prior to the disbursement of funds.

D. Escrow and Payroll Check Disbursements

- i. All disbursements made by checks from the payroll and escrow accounts, shall be signed by the following two persons:
 - 1. the Chairman and/or Vice Chairman,
 - 2. the Treasurer and/or the Assistant Treasurer

V. Cash Receipts

- A. Pursuant to N.J.A.C. 5:31-3.1(b), all monies received by the Authority, from any source, including electronic and ACH payments, shall within 48 hours (not including weekends or holidays) be deposited to the credit of the Authority in its legal depository.
 - i. Cash Receipts will be deposited daily.
 - ii. If the Authority chooses to scan checks rather than deposit them with the cash receipts, the checks shall be electronically scanned and uploaded to the revenue depository at the end of each business day.
- B. Pursuant to N.J.A.C. 5:31-3.1(c), the Authority shall not engage in the practice of cashing checks with public funds.

VI. Monthly Bank Account Reconciliations

- A. All bank accounts must be reconciled to the general ledger on a monthly basis and include the following details:
 - i. outstanding checks,
 - ii. deposits in transit,
 - iii. transfers between Authority accounts, and
 - iv. any and all other items needed to reconcile the bank balance to the Authority's general ledger balance.

VII. Monthly Reporting

- A. The Treasurer, or any employee or professional appointee on behalf of the Treasurer, shall report monthly to the governing body a summary of all Investments made or redeemed since the last meeting and the balance of all deposits as of the previous month's end. The report shall include all of the following, if applicable:
 - i. a listing of each organization holding local unit funds,
 - ii. the amount of securities purchased or sold,
 - iii. class or type of securities purchased, and
 - iv. the book value, earned income, fees incurred, and market values of the Investments as of the report date.

VIII. Petty Cash and Change Funds

- A. At the Office Managers discretion, the Authority is authorized to maintain a petty cash fund with a maximum balance of \$500.00.
- B. All disbursements from petty cash must be supported by a physical receipt from the vendor and a written log with the following information:
 - i. Date
 - ii. Amount
 - iii. Store/Vendor
 - iv. Employee Receiving Signature
- C. Petty cash disbursements are not exempt from any New Jersey disbursement statutes.
- D. The Authority is authorized to maintain change funds with a maximum balance of \$300.00.
- E. All change funds must be reconciled to the general ledger whenever bank deposits are reconciled.

IX. New Jersey Fiscal Control Laws

- A. Along with the controls established by this Plan, the Authority ratifies all applicable portions of both N.J.S.A. 40A:5 Local Fiscal Control Law and N.J.S.A. 40A:5A Local Authorities Fiscal Control Law.

X. Changes to and Term of the Cash Management Plan

- A. This Plan shall be in effect from February 16, 2021 to February 15, 2022. Attached to this Plan is resolution adopted by the Board of the Carneys Point Township Sewerage Authority approving this Plan for such a period of time.
- B. The above Plan is subject to change from time to time depending on the internal control needs of the Authority.
- C. Further, pursuant to N.J.A.C. 5:31-3(a)(2), the Authority shall modify the Plan, from time to time, in order to reflect changes in Federal or State laws or regulations.
- D. Any changes to this plan must be adopted by resolution of the governing body of the Authority.
 - i. To the extent that any amendment is adopted by the Authority, the Designated Official is directed to supply copies of the amendments to all of the parties who otherwise have received the copy of the originally approved Plan, which amendment shall be acknowledged in writing in the same manner as the original Plan was so acknowledged.