

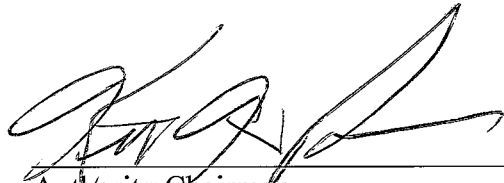
CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY

RESOLUTION 2024-15

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 20, 2024 to February 18, 2025 the plan here following shall serve as the Cash Management Plan for the CPTSA.



Authority Chairman

Date of Adoption: February 20, 2024

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

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

I. Statement of Purpose

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 investments ("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 rate payers that all public funds identified herein are deposited in a manner that both maximizes the return to the Authority on the Deposits and Investments and attempts to minimize the exposure to both internal and external risks.

The intent of the Plan is to provide specific guidance for the decisions made with regard to the Deposits and Investments. The goal of the plan is to provide internal controls to ensure the safety, liquidity (regarding its availability for the intended purposes), and the maximum investment return within statutory limits. The Plan is also intended to insure that any Deposit or Permitted Investment matures within the time period that approximates the prospective need for the funds deposited and to minimize the market value risk 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).

THE CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY
CASH MANAGEMENT PLAN (Continued)

II. 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.

III. Official Depositories and Financial Institutions

- A. Unless the Plan indicates additional officials for specific accounts and/or transactions, the Office Manager is hereby authorized as the "Designated Official" for all Deposits and Investments and directed to deposit and/or invest the funds referred to in the Plan.
- B. All depositories of the Authority shall be approved by the New Jersey Department of Banking and Insurance under the Governmental Unit Deposit Protection Act (GUDPA).
- C. Pursuant to N.J.A.C. 5:31-3(a), all depositories of the Authority shall be either a public depository, Depositories as defined by N.J.S.A. 17:9-41 and may include depositories as permitted in N.J.S.A. 17:9-44.
- D. In accordance with III(B) and III(C) above, the Authority shall limit their funds to the following financial institutions:
 - i. The State of New Jersey Cash Management Fund,
 - ii. Fulton Bank,
 - iii. TD Bank,
 - iv. BNY MELLON (Trust Accounts)
 - v. Ocean First Bank
- E. Prior to making any such Deposits or any Investments, the Designated Official(s), referred to in section III(A) above, of the Authority are directed to supply to all depositories, or any other parties with whom the Deposits or Investments are made, a written copy of this Plan which shall be acknowledged in writing by such parties and a copy of such acknowledgment kept on file with such officials.

IV. Investments

- A. Pursuant to N.J.A.C. 5:31-3(a)(1), the Authority shall ensure, to the extent practicable, that the Investments of the Authority will be maintained in interest bearing accounts.
- B. The Office Manager and/or Financial Consultant is authorized to seek the best Investment options with the authorized financial institutions in section III(D).
- C. The Office Manager, with Board approval, is granted permission to close any and all bank accounts if higher yields can be obtained elsewhere.

THE CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY
CASH MANAGEMENT PLAN (Continued)

IV. Investments (Continued)

- D. Prior to the selecting of any Investments, the Office Manager and/or Financial Consultant must evaluate the maturity periods of the prospective Investments and consider the following minimum items:
- i. are there penalties for early withdrawal,
 - ii. does the Investment mature within the time period that approximates the prospective cash flow need of the Authority, and
 - iii. does the maturity period violate any laws or any Bond covenants.
- E. Permitted Investments are as follows:
- i. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
 - ii. Government money market mutual funds, which is defined as:
 1. an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940", 15 U.S.C. sec. 80a-1 et seq., and operated in accordance with 17 C.F.R. sec. 270.2a-7.
 2. the portfolio of which is limited to U.S. Government securities that meet the definition of any eligible security pursuant to 17 C.F.R. sec. 270. 2a-7 and repurchase agreements that are collateralized by such U.S. Government securities; and which has:
 - a. attained the highest ranking or the highest letter and numerical rating of a nationally recognized statistical rating organization, or;
 - b. retained an investment advisor registered or exempt from registration with the Securities and Exchange commission pursuant to the "Investment Advisors Act of 1940", 15 U.S.C. sec. 80b-1 et seq., with experience investing in U.S. Government securities for at least the most recent past 60 months and with assets under management in excess of \$500 million.
 - iii. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
 - iv. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit as a part or within which the school district is located;
 - v. Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by Local Units;
 - vi. Local government investment pools, which is defined as:
 1. managed in accordance with 17 C.F.R. sec. 270. 2a-7, and;
 2. rated in the highest category by a nationally recognized statistical rating organization, and;
 3. limited to U.S. Government securities that is an eligible security pursuant to 17 C.F.R. sec. 270. 2a-7 and repurchase agreements that are collateralized by such U.S. Government securities, and;

THE CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY
CASH MANAGEMENT PLAN (Continued)

IV. Investments (Continued)

4. in compliance with rules adopted pursuant to the "Administrative Procedure Act", P.L. 1968, c.410 (c.52:14B-1 et seq.) by the Local Finance Board of the Division of Local Government Services in the Department of Community Affairs, which rules shall provide for disclosure and reporting requirements, and other provisions deemed necessary by the board to provide for the safety, liquidity and yield of the investments, and;
5. does not permit investments in instruments that are subject to high price volatility with changing market conditions; cannot reasonably be expected, at the time of interest rate adjustment, to have a market value that approximates their par value; or utilize an index that does not support a stable net asset value, and;
6. purchases and redeems investments directly from the issuer, government money market mutual fund or the State of New Jersey Cash Management Fund, or through the use of a national or State bank located within this State, or through a broker-dealer which, at the time of purchase or redemption, has been registered continuously for a period of at least two years pursuant to section 9 of P.L. 1967 c.9 (C.49:3-56) and has at least \$25 million in capital stock (or equivalent capitalization if no a corporation), surplus reserves for contingencies and undivided profits, or through a securities dealer who makes primary markets in U.S. Government securities and reports daily to the Federal Reserve Bank of New York its position in and borrowing on such U.S. Government securities).
- vii. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- viii. Agreements for the repurchase of fully collateralized securities if:
 - 1.the underlying securities are permitted investments pursuant to
 - 2.paragraphs (1) and (3) of this subsection a;
 - 3.the custody of collateral is transferred to a third party;
 - 4.the maturity of the agreement is not more than 30 days;
 - 5.the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41), and;
 - 6.a master repurchase agreement providing for the custody and security of collateral is executed.
- F. Investment that involve a document or security which is not physically held by the Carneys Point Township Sewerage Authority
 - i. Such instrument or security shall be covered by a custodial agreement with an independent third party, which shall be a bank or financial institution in the State of New Jersey. Such institution shall provide for the designation of such investments in the name of the Carneys Point Township Sewerage Authority to assure that there is no unauthorized use of the funds or the Permitted Investments or Deposits. Purchase of any Permitted Investments that involve securities shall be executed by a "delivery versus payment" method to insure that such Permitted Investments are either received by the Carneys Point Township Sewerage Authority or by a third party custodian prior to or upon the release of the Carneys Point Township Sewerage Authority's funds.

THE CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY
CASH MANAGEMENT PLAN (Continued)

IV. Investments (Continued)

- ii. To assure that all parties with whom the Carneys Point Township Sewerage Authority deals either by way of Deposits or Permitted Investments are aware of the authority and the limits set forth in this Plan, all such parties shall be supplied with a copy of this Plan in writing and all such parties shall acknowledge the receipt of that Plan in writing, a copy of which shall be on file with the Designated Official(s).

V. Payments of Claims

A. Payment of Claims by Checks

- i. All disbursements made by checks, shall be signed by the following two persons:
 - 1. the Chairman and/or Secretary,
 - 2. the Treasurer and/or the Assistant Treasurer, and
- ii. The named check signors in section V(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 V(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 V(B)(ii) and V(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. Chairman
 - 3. Treasurer
 - 4. Assistant Treasurer
 - 5. Office Clerk
- iii. The above authorization in section V(B)(i) and V(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.

**THE CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY
CASH MANAGEMENT PLAN (Continued)**

V. Payments of Claims (Continued)

- 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.

VI. Cash Receipts

- A. Pursuant to N.J.A.C. 5:31-3.1(b), all monies received by the Authority, from any source, 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.

VII. 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.

VIII. 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.

**THE CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY
CASH MANAGEMENT PLAN (Continued)**

IX. Petty Cash and Change Funds

- A. At the Board's 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.

X. 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.

XI. Changes to and Term of the Cash Management Plan

- A. This Plan shall be in effect from February 20, 2024 to February 18, 2025. 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.