

SOUTH GRANVILLE WATER AND SEWER AUTHORITY CASH MANAGEMENT AND INVESTMENT POLICY

This Cash Management Policy is being modified as adopted by the South Granville Water and Sewer Authority. This modified version of this policy supersedes any previously adopted versions of this policy. It is for the purpose of establishing a written plan for the handling of Authority funds. This policy applies to all cash accounts except authorized petty cash accounts. This policy applies to all transactions involving the financial assets and related activity of all the various funds accounted for in the Authority's Annual Financial Report. Deferred Compensation (457) Plans and 401-K Retirement Funds are not subject to this policy. These funds are covered under different General Statutes and or contractual agreements.

The objectives of this plan are to provide safety and liquidity of money and at the same time optimize investment earnings on idle funds. The criteria ranked in order of importance for investing the Authority's funds are: (1) investments must be secure such that the principal amounts of the Authority's portfolio are preserved (safety); (2) the liquidity of an investment shall be a conditional consideration of its appropriateness (liquidity); (3) the yield shall be sufficient to provide a fair market rate of return on the investment (yield). This policy will also address cash receipts, mobilization, investments, disbursements, and monitoring of the policy.

In addition to establishing a cash management and investment policy, the Finance Director shall implement a series of internal controls which are designed to prevent losses of public moneys arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by employees and officers of the Authority. The Finance Director will ensure, whenever possible, separation of duties of all financial transactions throughout the Authority.

RESPONSIBILITY

In accordance with North Carolina General Statutes, the Finance Director is designated as the Investment Officer of the Granville Authority and is responsible for the Authority's financial assets. The Financial Officer is responsible for investment decisions and activities and shall develop and maintain written administrative procedures for the operation of the cash management and investment program. In order to promote the efficiency of investment duties and related activities, the Finance Director may designate one or more members of the office staff to assist in the performance of functions of cash management and investing.

Investments shall be made with judgement and care under the circumstances then prevailing, in the same manner of prudence and discretion that would be exercised in the management of one's own personal affairs. The primary objectives of cash management are safety and liquidity, followed by the objective of obtaining a market rate of return reasonable under the circumstances. The Finance Director when acting "prudently" in accordance with North Carolina General Statutes, written procedures, and exercising due

diligence, shall be relieved of personal responsibility for an individual security credit risk or market price change, provided deviations from expectations are reported to the Executive Director and Authority Board in timely manner and appropriate action is taken to control adverse developments.

The Finance Director shall be responsible for filing any claims for reimbursements to the state or any other governmental agency. The Finance Director shall also be responsible for all reports of a financial nature.

The Finance Director shall furnish a monthly financial report on all revenues, expenditures and fund balances to the Executive Director and Authority Board.

ETHICS AND CONFLICTS OF INTEREST

The Finance Director and other employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. The Finance Director and Finance Department employees shall disclose to the Executive Director any material interests in financial/investment positions that could be related to the performance of the Authority's portfolio. This disclosure need not include normal banking or brokerage relationships that are at normal market rates and conditions available to the general public.

Further, any member of the Authority Board must disclose his or her interest in financial institutions that conduct business with the Authority, but only if the interest is deemed material. Material interest is defined as owning 10% or more of the stock of a financial institution, or having significant Executive Directorial influence (e.g., a member of the institution's board of directors) over the financial institution.

CASH RECEIPTS

The main objective of cash receipts is to collect amounts due as possible, to provide secure handling of cash receipts and to expedite movement of receipts to interest-earning accounts and investments.

G.S. 159-32 allows an exception to daily deposits when the moneys on hand amount to less than \$500. Cash deposits shall be made daily. The Finance Director, or designee, will make a count of the money daily. Any funds collected for that day will be deposited by 12:00 PM the next business day if the total amount on hand is over the designated \$500. All deposits will be made by the Finance Director, or designee, and substantiated by a receipt from the bank in a manner determined acceptable by the Finance Director.

Any adjustments or corrections due to either overpayment or underpayment will be made after the money has been deposited. Deposits will not be delayed for errors of this type on regular receipts. If there is an error in the deposit amount, then the correction will be made by the Bank.

There will be a fee on any returned check as stipulated in the Authority's approved Fee Manual.

DEPOSITORIES

The Governing Board has authorized Truist Bank (formerly Suntrust Bank) as the central depository. The Authority will maintain a minimum of one account in this bank. One checking account shall be an interest bearing checking account. In addition to Truist Bank the Board has authorized other banking institutions using the pooled collateralization method and operating a local branch, for investment purposes. The Board has also authorized the North Carolina Capital Management Trust Company for investment purposes. This list may be changed at the Governing Board's discretion.

If the Authority invests any money with one or more financial institutions that operate under the Dedicated Method it will be the duty of the Finance Director to ensure that deposits in excess of deposit insurance coverage are adequately collateralized. The Finance Director shall request and receive timely confirmations of collateral pledge by these institutions. The Finance Director shall be responsible for obtaining custody and providing safekeeping of securities and deposit certificates according to G.S. 159.30(d). All securities purchased by the Authority shall be delivered (or book-entered) to the Authority's custodian and placed in the Authority's name. Banks that operate under the pooling method already have their collateral monitored by the state treasurer.

MOBILIZATION

When daily deposit reports have been received, the Finance Director, or designee, shall review the deposits and disbursements made on that day to determine the amount of money available for investment.

Eligible investments shall be limited in accordance with North Carolina G.S. 159-30 to those authorized for local governments in North Carolina and approved by the Local Government Commission. The Finance Director shall select investments on the following basis:

- 1) The maturity of the investment should coincide with the needs of the Authority to meet short-term and long-term obligations.
- 2) The rate of interest should be at least equivalent to the average rate of return available in the market place, while still ensuring safety and liquidity.

The Finance Director shall be responsible for obtaining custody and providing safekeeping of securities and deposit certificates according to G.S. 159-30(d). All securities purchased by the Authority shall be delivered (or book-entered) to the Authority's custodian and placed in the Authority's account in the Authority's name. The custodial agent will promptly provide the Authority with a custody receipt. All such custodial

agreements shall be between the Authority and the custodian, and in the Authority's name. Certificates of deposit purchased by the Authority shall be delivered to the Finance Director for safe keeping.

MONITORING

The Finance Director shall constantly monitor the investment portfolio and make adjustments as necessary. If investments are to be made the Finance Director shall institute a bidding process as follows:

- 1) Approved financial institutions shall be contacted informing them of the amount to be invested and the desired length of investment. All bidding institutions must contact the Finance Director by 11:00 a.m. on the investment date with quoted interest rates. The Finance Director shall be responsible for equitable comparison of bids since some may be quoted on a 365-day basis.
- 2) In the event of matching bids, the financial institutions will be contacted, notified of similar bids and asked if an upset bid would be placed. If no upset bid is placed then the Authority will choose the institution that holds the lowest amount of Authority funds.
- 3) All bids will be recorded by the Finance Director. These records will be maintained and on file for six months.

CASH DISBURSEMENTS

The Finance Director shall expend the Authority moneys pursuant to G.S. 159-28(b).

All obligations of the Authority will be paid by the due date. The Finance Director shall pay bills in order to take advantage of each vendor's payment practices. A decision will be made whether or not the discount for cash is more beneficial than payment on the billings due date. The Finance Director shall periodically review the disbursement cycle and changes shall be instituted if the disbursement cycle can be extended.

The Finance Director, or designee, shall monitor supplier contracts to ascertain whether or not the Authority is paying only for goods and services received or rendered.

Payroll for the Authority will be made in accordance with the Authority Personnel Ordinance.

All checks must have dual signatures, the Finance Director and/or other employees as authorized by the South Granville Water and Sewer Authority Board.

This modified policy adopted by the South Granville Water and Sewer Authority on this the 12th day of November 2024


Jimmy Gooch (Nov 19, 2024 16:40 EST)

Jimmy Gooch, Board Chair



Krystle Lee, Board Secretary