



Cash Management and Investment Policy

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Cash Management and Investment Fundamentals

The Town of North Topsail Beach Cash Management and Investment Policy is intended to serve as a guide for finance department personnel to manage and control collections, ensure prompt deposit of receipts, and eliminate idle cash balances. (See the Town of North Topsail Beach Purchasing Policy for fundamentals regarding control over disbursement methods.)

The town's daily cash collection guidelines adhere to an internal control system suitable for minimal staff. System expansion can easily accommodate additional staff members, but it is not required, as long as this policy's daily receipting procedures are followed.

The town's investment guidelines seek to optimize the flow of money coming in from a variety of sources, with money needed to support long-term plans going into savings and money with shorter-term needs being retained in checking accounts in order to maintain daily operational needs.

In keeping with North Carolina General Statutes, a local government or public authority may deposit at interest or invest all or part of the cash balance of any fund. The finance officer shall manage investments subject to whatever restrictions and directions the governing board may impose. The finance officer shall have the power to purchase, sell, and exchange securities on behalf of the governing board. The investment program shall be so managed that investments and deposits can be converted into cash when needed.

The finance officer has sole discretion for managing investment strategies to meet the town's needs. His or her primary objective is "safety first": preserve and protect capital. The finance officer's fiduciary duty does not require obtaining the best return feasible from long-term savings accounts at the expense of risk.

Daily and Periodic Receipting Procedures

In keeping with North Carolina state law, funds received by local government employees must be deposited on a daily basis to an official depository. However, if the governing board gives its approval, deposits or submissions to a properly licensed and recognized cash collection service shall be required only when the moneys on hand amount to five hundred dollars (\$500.00) or greater. The Town of North Topsail Beach policy adheres to this precept.

Until deposited or officially submitted to a properly licensed and recognized cash collection service, all moneys must be maintained in a secure location.

Cash Transactions

Funds received via mail or other delivery method to town hall will be recorded by the assigned finance administrative assistant. He or she will maintain an ongoing cash collection report, totaled by day and supported by a duplicate copy of the written receipt given to the bearer of cash or by copies of checks received in the mail.

The administrative assistant will transfer the funds and receipt copies daily to the deputy finance officer, who will prepare the bank deposit for transportation by an on-duty town police officer or police clerk. That carrier will wait for bank personnel to receive and process the deposit, and return deposit tickets received and processed by bank personnel to the finance officer the same day.

On rare occasions, it may be necessary to deposit daily funds using the bank's night depository service. In that case, the processed deposit tickets will be retrieved by the carrier of the next day's in-person deposit.

The deputy finance officer will use the receipt copies to prepare a cash collection batch in the accounting software for approval by the finance officer, who will confirm the total using the returned deposit ticket after bank processing. Any funds received over-the-counter after the transfer will be kept in a secure location and included in the next day's cash collection report.

The daily receipt detail will be stored in a secure location with each cash collection batch for reconciliation reference, when needed. The finance officer will reconcile the bank balance of all properly licensed and recognized cash collection services monthly and retain the corresponding bank-processed deposit tickets with the reconciliation records.

Electronic Transactions

A variety of electronic transactions occur daily, including payments for development permits, accommodations taxes, police and code enforcement citations, miscellaneous rentals, and other periodic charges. The primary merchant gateway collects and retains a percentage-based service fee from users and electronically deposits the fees for charges into the town's operating checking account.

A second credit gateway is used to accept payments for town merchandise. It is a point-of-sale inventory system designed to accommodate in-person (vs. online) transactions. A percentage-based service fee is paid by users but not retained by Clover; the town directly remits payment to the company monthly.

The deputy finance officer will use uploaded data from both gateways weekly to prepare segregated cash collection batches in the accounting software for approval by the finance officer, who will confirm the total and details from the same uploaded data.

Petty Cash

A petty cash fund of \$200 will be maintained in the town's finance departments. The funds are used to reimburse employees for minor purchases of supplies, postage, or fees less than \$20 paid during the normal course of business. The funds can also be used to make change for larger bills presented for over-the-counter transactions at town hall.

The deputy finance officer will verify the accuracy of the petty cash fund after each transaction or weekly, whichever occurs first. The deputy will also maintain the safety of the fund by placing it in a secure location immediately after each use, accessible only to him or her and the finance officer.

The finance officer will reconcile the petty cash fund on a quarterly or less basis and replenish it to \$200 when the total falls below \$100. (See Town of North Topsail Beach Purchasing Policy for procedures regarding petty cash expenditures.)

Investment Activity Procedures

Moneys may be deposited by the finance officer at interest in any bank, savings and loan association, or trust company in North Carolina in the form of pooled investments, certificates of deposit, money markets, or such other forms of interest-bearing deposit as the NC Local Government Commission may approve.

The Town of North Topsail Beach currently utilizes a passive investment strategy with pooled investment opportunities provided by North Carolina Cash Management Trust for this purpose in either government or term portfolios. Fund-specific deposits are co-mingled, with interest earnings allocated accordingly on a monthly basis.

The finance officer may choose to create separate NCCMT savings deposits for each fund, should there be an earnings advantage unique to the funds' long- or short-term characteristics.