

TOWNSHIP OF LUMBERTON

RESOLUTION 2017-023

A RESOLUTION ADOPTING A CASH MANAGEMENT PLAN

WHEREAS, N.J.S.A. 40:A5-14 of Local Fiscal Affairs Law requires that every local unit shall adopt a “Cash Management Plan” and shall deposit in interest bearing accounts all available public funds pursuant to the plan,

NOW, THEREFORE, BE IT RESOLVED that the Township of Lumberton, County of Burlington, State of New Jersey, hereby adopts the “Cash Management Plan”, affixed heretofore, to be utilized by the Township of Lumberton.

BE IT FURTHER RESOLVED that certified copies of this Resolution shall be filed with the Director of the Division of Local Government Services, Township Auditor, and Township Chief Financial Officer.

Adopted: January 3, 2017

| | MANSDOERFER | CONWAY | JACKSON | JANUSESKI | EARLEN |
|---------------|-----------------------|-----------------------|----------------|------------------|---------------|
| YES | X | X | X | X | X |
| ABSTAIN | | | | | |
| NO | | | | | |
| ABSENT | | | | | |
| MOTION | 2ND | 1ST | | | |

CERTIFICATION

I, Debra L. Shaw-Blemings, RMC, Lumberton Township Clerk, hereby certify that the foregoing resolution was duly adopted by the Lumberton Township Committee at its Regular Business Meeting held on the 3rd day of January, 2017.


Debra L. Shaw-Blemings, RMC
Lumberton Township Clerk

CASH MANAGEMENT PLAN

The New Jersey "Local fiscal Affairs Law" specifically NJSA 40A:5-14, as amended and approved on January 18, 1983, requires that every local unit shall adopt a "Cash Management Plan" and shall deposit in interest bearing accounts all available public funds pursuant to that plan.

The Township of Lumberton has for some time followed an informal conservative plan of Cash Management and Investments.

The purpose of the written Policy that follows is to formalize the existing Cash Management Plan

I. CASH MANAGEMENT AND INVESTMENT OBJECTIVES

- A) Preservation of Capital
- B) Adequate safekeeping of assets
- C) Maintenance of liquidity to meet operating needs.
- D) Investment of assets in accordance with State Laws and Regulations.

II. STATEMENT OF POLICY

It shall be the policy of the Township of Lumberton, County of Burlington to adopt a Cash Management Plan, and to authorize the Chief Financial Officer to administer said Cash Management Plan, for the purpose of deposit and investment of maximum available funds in interest bearing instruments.

III. PERMISSIBLE INVESTMENTS:

- 1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- 2) Government money market mutual funds;
- 3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act or 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.
- 4) 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;
- 5) Local government investment pools;
- 6) Deposits with the State New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

- 7) Agreements for the repurchase of fully collateralized securities if:
 - a) the underlying securities are permitted investments pursuant to paragraphs 1.) and 3.) of this subsection a;
 - b) the custody of collateral is transferred to a third party;
 - c) the maturity of the agreement is not more than 30 days;
 - d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, C.236 (C317:9-41); and
 - e) a master repurchase agreement providing for the custody and security of collateral is executed.

IV. AUTHORIZED DEPOSITORIES:

A Bank or Savings and Loan Association with the current certificate of eligibility from the State Banking Department. The Township Committee shall designate said depositories, by resolution, at the beginning of each year.

V. REQUIREMENTS:

As required by N.J.S.A. 40A:5-15, all monies collected or received from any source by or on behalf of the Township or any Board or Department thereof shall be paid to the "Township of Lumberton", who shall deposit all such funds within 48 hours after receipt, to the credit of the Township of Lumberton in a designated legal depository.

All departments and/or Agencies of the Township who collect monies for the Township in the normal course of its activities must deposit said monies in an interest bearing account until such time as these monies are turned over to the Township Treasurer,

VI. EXCEPTIONS:

The following types of funds are not *required* to be placed in interest bearing accounts:

- 1) Petty Cash Funds
- 2) Cash drawn from a Federal Agency under a letter of credit, which cash is to be paid out within 5 working days to a vendor.
- 3) Deposits, retainage, or amounts posted by way of bond, held by the local unit for such things as faithful performance, if the local unit would be required by law to pay back any interest earned to the provider of the deposit, except where the local unit is required by law or court decision to invest the funds.
- 4) Amounts derived from the sale of bonds or notes only to the extent that a specified written opinion of counsel states that the earning of (full) interest would result in the bonds or notes being classified an arbitrage (not federally tax-exempt) issue pursuant to Federal regulations. To the extent that some interest is allowable, it shall be deposited at such a rate if such a rate is obtainable,

VII. DEFINITIONS:

Deposits - There is a distinction in the New Jersey statutes between an "Investment" and a "deposit". Certificates of deposits from banking institutions are not listed as permissible investment securities in the Local Fiscal Affairs Law at N.J.S.A. 40A:5-15.1. The purchase of certificates of deposit by a local unit does not constitute an investment. It is a deposit of public funds in a bank for a specified period of time at a fixed interest rate.

Government Unit Deposit Protection Act - GUDPA requires a bank that accepts public funds to be a public depository. A "public depository" is defined as a state bank, a national bank, a savings bank or association which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. A local Unit may make deposits in, or purchase certificates of deposit from, banks which are located in New Jersey and which meet the requirements of the *GUDPA*

New Jersey Cash Management Fund - A common trust fund which is authorized to accept deposits from all local units of government pursuant to N.J.S.A. 52:1 8A-90.4. All moneys deposited by the local units must be invested in obligations and bonds which meet the investment requirements of the statute.

Local Government Investment Pool - (i.e. NJCLASS) An investment pool made up of local government units (similar in concept to a Joint Insurance Fund) which is managed in accordance with 17 C.F.R. see 270.2a-7; is rated by a nationally recognized statistical rating organization. It is limited to U.S. Government securities that meet the definition of an eligible security pursuant to the above referenced statute.

Arbitrage - Refers to the rules and regulations governing the issuance of Bonds or Notes and the reinvestment of the proceeds at a higher yield. These regulations are governed by the Internal Revenue Service,
(Regl.103.1)

VIII. REPORTING:

The CMFO in accordance with N.J.S.A. 40A:5-15.2 shall report in writing, monthly to the Committee, setting forth the amount of securities obtained and including interest rates and maturity dates.

IX. AUDIT:

The Township's investment practices and the agreement for banking services and compensation thereof shall be reviewed by the Township Auditor as part of the annual audit, as required by N.J.S.A. 40A:5-4.