BOARD OF FIRE COMMISSIONERS
FIRE DISTRICT NO. 1
TOWNSHIP OF LAKEWOOD

CASH MANAGEMENT POLICY

The Board recognizes its responsibility to the taxpayers within the District to ensure that public funds expended by the Board are utilized for the furtherance of fire prevention and the extinguishment of fires and other related and incidental fire services and functions within the District in a manner that will ensure full value to the taxpayers and compliance with the law and that adequate constraints and records are established to ensure that end.

The Board, by law, shall fix the budget, approve bids and/or quotes and pass upon each expenditure within the District. In addition, the law requires that the Board develop a Cash Management Policy and Cash Management Plan.

To meet the goals of this Policy, the Board shall:

1. Establish sound accounting procedures;
2. Institute effective business practices;
3. Review the financial operations and report periodically to the public (at least annually);
4. Prepare administrative procedures for sound District fiscal operations;
5. Conduct an annual audit of its financial statements; and
6. Develop an annual Cash Management Plan.

The objectives of this Policy and the implementation of a Cash Management Plan are to increase the amount of idle monies invested, generating non-tax revenues through increased investment earnings at the same time insuring safety and liquidity of the District's monies. The Cash Management Plan shall address five (5) areas: cash receipts, investments, cash disbursements, banking relations, monitoring and reporting on the Cash Management Plan. In addition to establishing a Cash Management Plan, the designated official will implement internal controls to prevent losses of public funds, arising from fraud, employee error, misrepresentation by third (3rd) parties, or imprudent actions by employees, officers and other personnel within the District. The designated official will ensure, whenever possible, separation of duties for handling of public funds and assets.

The designated official, in developing and implementing procedures and controls as set forth above, shall at all times be guided by N.J.S.A. 40A:5-14.

The Board shall enact rules and regulations, procedures or guidelines and directives to implement or otherwise effectuate the purpose and intent of this Policy. Said rules and regulations, procedures or guidelines and directives may be amended or supplemented by the Board as it deems necessary.

This Policy does not modify existing Board policies, procedures, guidelines, rules, regulations or directives and shall be read and construed in conjunction with other Board policies, procedures, guidelines, rules, regulations or directives so that any inconsistencies or ambiguities in this Policy may be resolved by referencing other Board policies, procedures, guidelines, rules, regulations or directives. Any interpretation as to the meaning of this Policy shall not be contrary to federal, state or local laws, or contrary to or inconsistent with the mandated charge of the Board. If any provision, paragraph, sentence, clause or phrase set forth in this Policy is for any reason held or determined to be unconstitutional or invalid, same shall not affect the remainder of this Policy.

Legal References:
N.J.S.A. 40A:14-78.1 et seq.
N.J.S.A. 40A:14-89
N.J.S.A. 40A:5-17(a)
N.J.A.C. 5:30-5.3
N.J.A.C. 5:30-5.4
N.J.S.A. 40A:5-16
N.J.S.A. 40A:11-1 et seq., "Local Public Contracts Law"
N.J.S.A. 40A:5-19
N.J.S.A. 40A:5-1 et seq., "Local Fiscal Affairs Law"
N.J.S.A. 17:9-9
N.J.S.A. 17:9-41 et seq.
N.J.S.A. 40A:5-14
N.J.S.A. 40A:14-89

1st Reading: October 15, 2018 Effective Date: November 13, 2018

2nd Reading: November 12, 2018 Revised Date:

CASH MANAGEMENT PLAN OF FIRE DISTRICT NO. 1, TOWNSHIP OF LAKEWOOD, COUNTY OF OCEAN AND STATE OF NEW JERSEY

STATEMENT OF INTENT, PURPOSE AND OBJECTIVE:

The Board of Fire Commissioners, ("Board") Fire District No. 1, ("District") recognizes its fiduciary duty to guard and secure funds entrusted to it and to adopt a Cash management Plan ("Plan"), wherein the Board shall deposit, or invest, or both deposit and invest public funds pursuant to the Plan which is created and prepared in accordance with the provisions of N.J.S.A. 40A: 5-14. The Plan is intended and designated to ensure that public funds, pending the use of such funds for the intended purpose, are deposited in interest bearing accounts or otherwise permitted investments, to the extent practicable. The Plan has been developed in accordance with state and federal laws and regulations with the objective to insure the safety, liquidity, current and historical investment returns, costs and fees.

DEPOSIT AND INVESTMENT MANAGEMENT:

The Board Treasurer is the custodian of money for the District pursuant to N.J.S.A. 40A:14-89 and, as such, is designated, authorized and directed to deposit and/or invest the funds hereinafter referenced in the Plan ("Designated Official").

OFFICIAL DEPOSITORY(IES):

Pursuant to N.J.S.A. 17:9-42, the Board shall only deposit public funds in a public depository which is in compliance with the "Governmental Unit Deposit Protection Act", "GUDPA"; N.J.S.A. 17:9-48. The Board adopted a resolution dated March 12, 2018, designating the following banks and financial institutions as the official depository(ies) for fiscal year January 1, 2019 through December 31, 2019, for the deposit of all public funds as referenced in the Plan as follows:

- Wells Fargo
  317 Main Street
  Lakewood, New Jersey 08701

- Lakeland Bank
  500 River Avenue
  Lakewood, New Jersey 08701

- First Commerce Bank
  105 River Avenue
  Lakewood, New Jersey 08701

SIGNATORIES:

- David Mizrahi, Chairman
- Meir Cohen, Vice Chairman
- Avraham Y. Lieber, Secretary
- Denise Gregory, Treasurer
- Yakov Steinberg, Assistant Clerk/Assistant Treasurer

APPROVAL AND AMENDMENT:

The Plan has been approved by a majority vote of the Board on 10-15-2018 The Plan may be modified from time to time to reflect changes in federal or state law or regulations, or to re-designate the Board depository(ies), funds or investment instruments or authorization for investments. Any amendment to the Plan shall require a majority vote of the Board.

ANNUAL AUDIT:

The Board shall cause an annual audit of the Plan to be conducted and completed within six (6) months after the close of the fiscal year pursuant to the provisions of N.J.S.A. 40A:5-4.

FUNDS AND ACCOUNTING:

The Plan shall include the deposit and/or investment of the following accounts:

- General Funds
- Capital Project(s) Funds
- Special Revenue Funds
- Payroll Funds
- Debit Service Funds (unless prohibited by Bond indentures)
- Reserve Funds
- Certificates of Deposits

Should bond covenants be more restrictive than the Plan, funds shall be deposited and invested in compliance with those restrictions.

STANDARD OF CARE:

Deposits and/or investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of care to be used by the designated official shall be the "Prudent Person" standard and shall be applied in the context of managing an overall portfolio under prevailing economic conditions at the moment of deposit and/or investment commitments. The Designated Official, acting in accordance with written procedures and the investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

In determining whether the Designated Official has exercised prudence with respect to a deposit and/or investment decision, the determination shall be made taking into consideration the deposit and/or investment of all funds over which the official has responsibility rather than a consideration as to the prudence of a single investment, and, whether the investment decision was consistent with the written investment policy of the entity.

The Designated Official involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair his/her ability to make impartial decisions.

The Designated Official shall disclose any material interests in the financial institutions with which business is conducted and he/she shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Fire District.

The Fire District Treasurer is responsible for establishing and maintaining internal control. The controls should ensure that the assets of the Fire District are protected from loss, theft, or misuse.

REPORTING:

The Designated Official shall provide the Board a monthly report summarizing:

- All investments made or redeemed over the past month
- Each organization/institution holding the Board's funds
- The amount of securities purchased or sold, class or type of securities purchased, book value, earned income, fees incurred and market value of all investments to date
- Such other information as may be required by the Board

The monthly report shall include any account that does not earn interest.

The Designated Official shall be guided by the Board's Cash Management Policy.

DEPOSIT OF FUNDS:

All funds received shall be deposited in the General Operating Account, which account shall be interest bearing, within forty-eight (48) hours of receipt. The Designated Official shall monitor the funds and shall transfer funds to Certificates of Deposit(s) or other "permitted investments" when cash flow permits. The monitoring of cash requirement shall be ongoing to maximize investment interest while ensuring sufficient operational funds to meet the District's needs.

PERMITTED INVESTMENTS:

The Designated Official shall be authorized to invest in any of the investment vehicle(s) set forth under N.J.S.A. 40A:5-15.1 provided same are made in accordance with Board Policy and the within Cash Management Plan (N.J.S.A. 40:5-14). The Cash Management Plan shall be amended to reflect any investment made not specifically set forth herein, which amendment shall include the name, address, account and other identifying data of the investment and the type, cost, interest and maturity date of the investment.

Approved By:

Chairman

Treasurer (Designated Official)

Vice Chairman

Clerk

Assistant Clerk/Treasurer