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Tazewell County Treasurer's Cash Management Handbook

Management objectives:

The County Treasurer holds a key position of public trust in the financial affairs of local County Government. Acting as the bank for the county, the Treasurer's Office receipts, disburses, invests, and accounts for all county funds. In accordance to state statute (55 ILCS 5/3-10005) the County Treasurer shall receive and safely keep the revenues and other public moneys of the county, and all money and funds authorized by law to be paid to him/her, and disburse the same pursuant to law. (55 ILCS 5/310010) Books of account. Every County Treasurer shall keep proper books of account. (55 ILCS 5/3-10012) County Orders. When any county order is presented to him/her to be countersigned, the County Treasurer shall personally countersign the same, and shall also enter in a book, to be kept by him/her for that purpose its number, date, and amount, and the name of the person to whom the same is payable and when any such order is paid he shall cancel the same, and note the fact opposite such entry.

Cash management has three major functions: collection, disbursement, and investment. The County Treasurer's mission is to collect, maintain, and disburse funds in a way that minimizes the risk of misuse, and to maximize profitable cash flow, and supports the County operations and mission.

Background:

Cash is both a fundamental resource and the means by which the County acquires other resources. To manage cash is to manage the County's ability to purchase assets, service debt, pay employees, and control operations. Thus, effective cash management directly correlates with the County's ability to realize its mission, goals, and objectives.

The cash management process combines:

- An established relationship with financial institutions.
- Develop cash management tools, such as cash budgets and cash forecasting.
- Controlling cash availability and maximizing the investment of idle funds.
- Procedures for collecting, disbursing, and investing cash.
- Internal controls for safeguarding, recording, and reporting cash.
- Process complies with existing laws and regulation, both federal and state along with professional and ethical standards.

Definitions:

Cash management and banking terms/definitions used in the Treasurer's Office are as follows:

- Cash forecast projects future cash needs and availability. The sources are revenues, grant proceeds, and appropriations. Uses are expenditures, payroll, and debt payments or investments.
- Cash management seeks to control cash availability and maximize investment yield on idle cash. It begins when the funds are received and ends when the expenditure is made.
- Controlled disbursement/clearing account is a non-interest bearing account that is used to pay expenditures. Checks are written out requiring two signatures but the funds to cover the checks from various accounts are not deposited until approved by the County Board.
- Automated Clearing House (ACH) processes financial transactions via electronic bookkeeping entries. In contrast, a "regular" clearing house processes checks and other paper warrants. Direct deposits are ACH transactions.
- Wire transfers move funds from one depository to another by electronic means. It is usually a same day transaction.
- Zero balance account is a bank account that has funds only when needed and otherwise has a zero balance. These accounts can be used for collections and/or disbursements. When used for collections, they are called sweep accounts. Deposits are made daily into the account, and the balance is transferred at the end of the day to a sweep account.
- Electronic signature is the Treasurers signature in electronic form for check signing.
- ICS insured cash sweep account. All funds are FDIC insured.
- FLOAT is the time between a payment transaction and the actual receipt and /or disbursement of funds at the depository.
- REMOTE DEPOSIT CAPTURE allows the customer to scan checks remotely and transmit the check image to a bank for deposit via an encrypted internet connection, therefore posting the deposit to the account making the funds available faster.

Collection Procedures:

Management of receipts are focused on assuring that cash or its equivalent is received in the Treasurer's Office in a timely manner, properly recorded and credited to the appropriate account as quickly as possible. Depositing of these receipts are done daily either by going to the bank or remote deposit.

This will assure that this highly liquid asset is both safeguarded and minimize the collection float time. Recording of deposits are also done daily either by cash receipts which is the revenue along with the paper work to be entered into our accounting system or fee receipts which is revenue with an activity report that they have entered into our accounting system, giving the offices using this program a number receipt per office. Any money/checks not deposited are kept in a locked vault for safe keeping.

Segregation of duties (see attached policy) is in place to guarantee continuous accountability from assigned cash handling to recording responsibilities.

Disbursement Procedures:

Disbursements are made from accounts held in the Treasurer's Office to support payment for vouchers to vendors approved by the County Board or manual checks issued. These disbursements are always received with a detailed check register along with depositing information. Depositing information

whether it be for accounts payable or payroll are presented to the Treasurer's Office to come from the individual accounts to then be deposited to the clearing account for approved checks to clear. A detailed reconciliation report of the bank statement for the clearing account is kept in the Treasurer's Office to support depositing and checks written. Detailed reconciliation of the individual accounts checks account statements are also kept at the Treasurer's Office. All accounts are reconciled monthly with the reconciliation duties being segregated month by month. (See attached policy of Segregation of Duties)

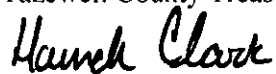
Dual signature is required on all vender checks. The County Clerks signature and Treasurer's signature are printed on the checks through electronic signature. The check registers are then emailed to both the Treasurer and County Clerk for approval before disbursement of checks. ACH or Wire transfer process is used for 3rd party claims, loan (bond) payments and all Property Tax disbursements.

Investment Procedures:

Invests are made by the Treasurer from idle cash per funds. Idle cash is arrived from Cash Forecasting and Cash Managing. Investments are made per Investment Policy (see attached Investment Policy). The investment process and or duties are segregated between the Treasurer, Chief Deputy Treasurer, and the Chief Deputy Collector per the segregation of duties policy. The Treasurer invests at one of the bank branches in Tazewell County and assures that there are proper securities in place per investment. Amount and length of a CD are determined by cash availability per fund.

A detailed Excel spreadsheet of all County investments is updated as per when investments come due and on a monthly/quarterly basis. The spreadsheet is maintained and up-dated by the Chief Deputy Treasurer with the interest amounts being entered into our accounting system by the Accounting Tech II. The detailed spreadsheet is presented to the County Board Members quarterly for review and to keep them up-dated on the County's invested money.

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