



THE TOWN OF KILL DEVIL HILLS
NORTH CAROLINA

TAX AND FINANCE DEPARTMENT

Post Office Box 1719, 102 Town Hall Drive
Kill Devil Hills, North Carolina 27948
Office Hours: 8:00 a.m. – 5:00 p.m. Mon. – Fri.
(252) 449-5338

Director
ANGELL DOUGHTIE, CPA

Assistant Director
SAM ANGELO, CPA

Accountant/Tax Collector
SCOTT NICKENS

Accounts Payable
MARGARET CLARK

Payroll and Benefits
PARKER JOHNSON

Cashier
CELENA DERMATAS

Administrative Specialist
RON FARLEY

To: Debbie Díaz, Town Manager

From: Angell Doughtie, Finance Director **AD**

Date: November 12, 2025

Re: North Carolina Investment Pool and Cash Management Policy Update

North Carolina Investment Pool (NCIP)

This memo serves as recommendation to open an investment account with the North Carolina Investment Pool (NCIP). NCIP serves as an additional option to NC local governments for investing idle funds by offering a short-term liquid portfolio as well as a term portfolio option. NCIP currently manages over \$1.6 billion for various counties, municipalities, and other government agencies. The NCIP accounts will not replace any of the Town's current deposit or investment accounts but will instead provide another option to diversify our investment portfolio. As interest rates decrease, NCIP presents a short-term, highly liquid investment option that will allow the Town to earn higher rates without having to invest long-term.

Town of Kill Devil Hills Cash Management Policy Update

Because investment options change, it is necessary for the Town to occasionally amend the Cash Management Policy to ensure proper diversification, correct inconsistencies, and generally bring the policy current to today's market standard. The Town's policy has been updated to reflect current market conditions, including the addition of NCIP as an investment option.



TOWN OF KILL DEVIL HILLS

Land Where Flight Began

Resolution to Authorize Staff to Utilize North Carolina Investment Pool

WHEREAS, with the constant changes in the banking and financial services industries, it is incumbent upon the Town to regularly review existing services and potential benefits available in providing the highest level of security, efficiency, and service options for managing public moneys; and

WHEREAS, Finance Department Staff has requested authorization to utilize the North Carolina Investment Pool (NCIP) as an additional investment option for the Town of Kill Devil Hills to better utilize idle funds through a short-term liquid portfolio, not requiring a long-term committal of funds; and

WHEREAS, the NCIP currently manages a portfolio of over \$1.6 billion in assets for various municipalities, counties, and other governmental agencies; and

WHEREAS, the Finance Department Staff's recommendation is designed to complement the Town's existing account structure and offer a more diversified portfolio; therefore be it

RESOLVED, That the Board of Commissioners for the Town of Kill Devil Hills approves the following:

1. Authorization of Town Staff to establish and maintain a relationship with the North Carolina Investment Pool (NCIP) to utilize any and all services of the Fund to best serve the needs for the management of the public's moneys.
2. This resolution shall become effective upon its date of adoption.

This 12th day of November, 2025.

SEAL

John Windley
Mayor

ATTEST:

James Michael O'Dell
Town Clerk

TOWN OF KILL DEVIL HILLS

Cash Management Policy

Philosophy and Scope-

This cash management policy is being established for the Town of Kill Devil Hills, North Carolina ("Town") and adopted by the Board of Commissioners ("Board"). The Town's philosophy is to preserve its' capital and invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Town and conforming to state and local statutes governing the investment of public funds. This policy applies to all transactions involving the financial assets of the Town and related activities in the established funds. This plan will address five areas: cash receipts, cash mobilization and management, cash disbursements, banking relations, and monitoring and reporting on the plan.

Objectives-

The most important issue is to ensure the safety of our principal investments and the preservation of our current capital. To achieve this objective, we must diversify our investments into safe and liquidable securities. Our portfolio will be designed to attain the market-average rate of return while minimizing risk. The Board, Town Manager ("Manager"), and finance officer recognize that the financial portfolio is subject to public review and evaluation. The overall program will be designed and managed with a degree of professionalism worthy of public trust.

Delegation of Authority-

The Board charges the finance officer with the cooperation of designated employees to devise and implement this plan. The responsibility for conducting cash and investment transactions resides with the finance officer in accordance with North Carolina G.S. 159-25(a)(6). In addition to establishing written procedures for the management of the Town's capital, the finance officer will implement a series of internal controls which are designed to prevent losses of public monies arising from fraud, employee error, misrepresentation by third parties, and imprudent actions by employees and Board members of the Town. The finance officer will ensure, whenever possible, separation of duties of the procedures for handling public funds and other assets. A system of controls will be taken to regulate the activities of subordinates and no person may engage in an investment transaction except as provided under the terms of this policy.

The finance officer and the tax collector shall have a true accounting and faithful performance bond with sufficient sureties ~~in the amount of \$150,000 and \$50,000 respectively.~~ The finance officer bond amount shall be the greater of \$50,000 or 10% of the Town's annual budgeted funds, with a cap of \$1,000,000. The tax collector bond shall be in the amount of \$10,000. All other personnel in the finance department shall be covered under the \$50,000 blanket faithful performance insurance policy on all employees handling the town's monies or assets. The finance officer

designates the central cashier to receive and deposit the Town's funds in the central bank depository. All monies are received at the central collection point of the finance department. The finance officer also designates the assistant finance officer to call on bids for investment amounts and to transfer funds for investment. After the finance officer's approval of the investment type and terms, the assistant finance officer will also maintain investment records, balance checking accounts and provide this data for the finance officer's review. The independent auditor for the Town shall monitor the Town's compliance with the established cash management plan and reports of the finance officer.

Ethics and Conflicts of Interests-

Employees involved in the cash management of the Town will refrain from personal business activity that could conflict with the proper execution of the Town's receipts, disbursements or investments and could impair their ability to make impartial decisions. Any material interests in financial institutions that the Town conducts business with must be disclosed prior to any transactions taken by the individual. Their jurisdiction involving the Town's capital must be limited to the procedures set forth in this policy.

CASH RECEIPTS

This section of the plan is designed to assist the finance officer in developing and implementing procedures for the receipt of monies in order to expedite the movement of those monies into eligible deposits and investments while ensuring the safe handling of cash resources.

Deposits

The finance officer shall devise and implement a central depository system for the Town. This system shall include the creation of two accounts: ~~a cash concentration account and imprest payroll account. The cash concentration account shall be in the form of a financial management checking account, and the imprest payroll account shall be a zero balance account.~~ an operating account and a health savings (flexible spending) account. Both accounts shall be in the form of a financial management checking account. These two accounts will be an official depository approved by the Board.

All taxes and other monies collected by an employee shall be deposited in the ~~cash concentration~~ operating account. The funds will be deposited in the original form and amount received daily when monies on hand amount to \$250.00 or more at the central collection point of the Finance office. ~~Transfers to the payroll imprest account will be made when necessary to cover physical check amounts only. (There will never be excess funds held in this account.)~~ The balance in the flexible spending account shall be just enough to cover necessary distributions for flexible spending account expenses.

For checks received and deposited, which are returned to the finance officer due to insufficient funds, prompt action will be undertaken to collect good funds.

Adjustments or corrections for either an overpayment or underpayment will be made after the monies have been deposited.

All monies received from the State will be electronically deposited ~~wired through the Governmental Monies Transfer System (GMTS)~~ in order to ensure immediate investment of those monies on the transfer date. The finance officer will maintain an account with the North Carolina Capital Management Trust for these deposits, and ~~execute a GMTS operating agreement with the State Treasurer to implement the Town's participation in this system.~~

Billings

The finance officer or staff shall monitor the status of all uncollected monies owed to the Town and implement measures to collect any and all delinquent accounts except as otherwise provided by law. The objective when dealing with monies due to the Town by individuals will be to reduce the processing time so payments will be received by an earlier date. Applications and reports to the State or federal government for reimbursement or claims are to be filed promptly. All department heads who administer programs that receive monies from other governments are to meet with the finance officer to establish a cash flow schedule for these monies.

<u>Revenue Sources</u>	<u>Due Date for Claim</u>
1) Gasoline Tax Refund	1) Within 30 days after the end of each calendar quarter.
2) Refund of State Sales and Use Tax	2) Within six months after June 30.
3) Refund of Local Sales and Use Tax	3) Within six months after June 30.
4) Various grants	4) Within 30 days after the end of each calendar quarter.

The following schedule exists for utility billing. Meters are read and bills rendered quarterly. Utility meters will be read in 3 different cycles on or around the 20th day of each month and bills will be mailed no later than the ~~1st day of the following month~~ last day of the month.

Tax bills are to be mailed within two months after the budget is adopted in June and the tax rate is established. These payments are due around the 1st of January before interest and penalties are applicable.

Collection Procedures

The utility bills ~~become delinquent 30 days from the original mailing date of the original notice.~~ are due on the 30th of the month following the original mail date of the utility bill. A grace period of one day is allowed before a 10% late penalty will be added for a delinquent payment. As a courtesy, a second notice may be sent approximately two weeks before cut-off date. If payment

has not been received within 7 weeks of the mailing date of the original notice a \$50.00 Administrative Service Penalty will be added to the account and the service disconnected. All charges and penalties must be paid prior to reconnection of service.

Water/sewer customers will be charged a deposit in accordance with meter size. These deposits will be returned to the customer after proper notification of transfer of ownership has occurred. Any outstanding charges will be deducted from the deposit and the balance of the deposit returned to the customer.

The Board directs the tax collector to advertise tax liens on real property for failure to pay during the second week in March in accordance with G.S. 105-369.

Beginning in January, the tax collector may begin enforced collection remedies for collection of all ad valorem taxes in accordance with NCGS 105-360(a) and 105-366.

CASH MOBILIZATION AND MANAGEMENT OF AVAILABLE RESOURCES (DEPOSITS/INVESTMENTS)

This section of the plan is designed to place the Town's money in a position to be deposited or invested as quickly as possible at the highest reasonable yields available while maintaining the safety and liquidity of those monies.

Mobilization

Monies shall be deposited into the ~~cash concentration~~ operating account daily on or before 5:00 p.m. The deposit shall be made by finance department employees duly authorized to do so and supervised by the assistant finance officer.

Daily deposit reports will be processed for review by the assistant finance officer and staff to determine that amount of monies available for investment. Monies in the cash concentration account may be placed into overnight sweep arrangements, such as higher-yielding money market demand accounts or overnight domestic commercial paper which is rated A-1, P-1 and is in the custody of the finance officer, pursuant to G.S. 159-30(d).

The Town shall remain 100% invested at all times with the exception of ~~monies transferred to the imprest payroll account~~, monies held for petty cash and change purposes, or monies held in a compensating balance account. (100% invested refers to actual investments as well as the use of interest bearing checking accounts.)

Deposits/Investments

Eligible deposits and investments shall be limited to the items listed below:

- 1) Obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States. (Ex. Treasury Bill, Bonds and Notes)
- 2) Certificates of deposit and Money Market accounts issued by financial institutions organized under the laws of the State of North Carolina of having its principal office in North Carolina and using the pooling method of collateralization.
- 3) Prime quality commercial paper bearing the highest rating of at least one nationally recognized rating service and not bearing a rating below the highest by any nationally recognized rating service which rates the particular obligation. (A rating of A-1, P-1).
- 4) North Carolina Capital Management Trust (Cash and Term Portfolios)
- 5) ~~Finistar~~
- 5) United States Agency Notes (FHLB, FNMA, FHLMC)
- 6) North Carolina municipal Aaa rated bonds Collateralization
- 7) [North Carolina Investment Pool \(NCIP\)](#)

Collateralization for deposits shall be in accordance with Title 20, Chapter 7 of the North Carolina Administrative Code (NCAC). All deposits for the Town shall be fully protected through deposit insurance and eligible collateral securities pursuant to 20 NCAC 7. The assistant finance officer shall notify the depository when an account is opened that the moneys deposited are public funds subject to collateralization and shall file a "Public Deposit Status Report" with each depository and the State Treasurer promptly after June 30.

Custody

The assistant finance officer 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 Town shall be delivered (or book-entried) to the Town's custodian and placed in the Town's custody account in the Town's name. The custodian will promptly provide the Town with a custody receipt. All such custodial agreements shall be between the Town and the custodian, and in the Town's name. Certificates of deposit purchased by the Town shall be delivered to the finance officer who then will be sure they are placed in the Town's fireproof safe.

Diversification/Maturity Scheduling

The assistant finance officer shall ensure proper diversification of the investment portfolio in order to minimize risks brought on by economic and market changes and to avoid incurring

unreasonable risks inherent in overinvesting in specific instruments or individual financial institutions. To achieve this diversification:

- 1) No more than 30% of the Town's moneys shall be invested in any one issuer, except for U.S. Treasury securities and the North Carolina Capital Management Trust. Investments which are restricted further are commercial paper, limited to no more than 25% of total investments and no more than \$3,000,000 in a single issuer.
- 2) Of the Town's total investment portfolio, at least 40% should mature within 9 months or less. Investment maturities are required to be limited to at least 40% 9 months or less, at least 50% 3 years or less, at least 70% 5 years or less, at least 90% 10 years or less, and 100% 15 years or less.

Note: The North Carolina Capital Management Trust (NCCMT) [and NCIP](#) maintains this level of diversification for issuers and industries; therefore, a unit of government's investment with the NCCMT [and NCIP](#) would not be subject to these limits.

Monitoring the Portfolio

The assistant finance officer shall constantly monitor the investment portfolio and make adjustments as necessary.

The assistant finance officer shall review at least three times weekly the cash position of the Town and decide what monies can be deposited or invested for certain periods of time. If any deposits or investments are to be made, the finance officer or assistant finance officer will make this determination and determine the investment selection. The following criteria is listed below for bids on investment sums:

- 1) Approved financial institutions shall be contacted by the assistant finance officer requesting bids on time deposits. All bids shall be submitted by 11:00 a.m. with interest rates quoted on a 365-day basis. In the event of matching bids, the financial institutions will be contacted, notified of similar bids, and asked if an upset bid will be placed. All deposit certificates shall be delivered to the finance officer by the end of the banking day (usually 2:00 p.m.)
- 2) For other eligible investment vehicles, the finance officer or assistant finance officer shall solicit offers from an approved list of financial institutions and broker/dealers. No institution or broker/dealer will be on the list that has not submitted a signed trading agreement indicating that they are familiar with G.S. 159-30 and the unit's internal investment policies. The finance officer or assistant finance officer shall review the various offers and determine the appropriate

investment vehicle, considering such factors as the safety of the investment, the rate, and the maturity. All interest rates shall be quoted on a discount basis. For securities purchased by the Town, the assistant finance officer shall instruct the seller that securities are to be delivered to the Town's escrow agent, who will disburse monies for the purchase once the securities are delivered.

Telephone quotes shall be received by the assistant finance officer, recorded, and then delivered to the finance officer. The names of the financial institution and its representative shall be included in the report. The finance officer or assistant finance officer will be responsible for review of the bids and choice of financial institution.

Wires will be processed by the institution's deadline with written confirmation forwarded the next business day. These confirmations will be documented and delivered to the finance officer for review.

A financial institution shall be assigned by the finance officer to monitor the safekeeping of securities, both owned by the Town and pledged for the Town's deposits. Once securities are escrowed, this individual shall receive timely written confirmations from the safekeeping agent acknowledging delivery of the specified securities. These confirmations shall be recorded and forwarded to the finance officer for review.

Projecting Cash Flows

The assistant finance officer for the Town shall prepare a rolling cash flow forecast for a twelve-month period and update it monthly. The objectives of the forecast shall be to ensure sufficient funds will be available to meet the Town's commitments and that the timing and amount of excess funds are known so as to maximize the amount of monies available for investment. Not only will the revenues be estimated, but efforts will be made to determine when those revenues will be collected. An analysis of disbursements also will be performed to determine the source, nature and timing of each disbursement.

CASH DISBURSEMENTS

The objective of this section of the Town's cash management policy is to retain monies for investment until the agreed-upon contractual date of payment unless early payment provides a benefit to the Town.

Cash Disbursements

The finance officer shall expend the Town's monies pursuant to G.S. 159-28(b).

To create the maximum amount of funds available for investment, the finance officer or designee shall pay the obligations of the Town when necessary. The effect of this payment cycle

shall be on the Town's purchase orders. The finance officer or designee shall pay the obligations of the Town by the due date after first determining whether early payment to obtain a discount is more beneficial than payment on the billing's due date. The assistant finance officer shall periodically review the disbursement cycle and changes shall be instituted if necessary.

The finance officer or staff shall develop a system of inventory and supplies controls to ensure that the materials on hand are sufficient to keep the Town operating in an efficient manner. Should these levels become excessive, the finance officer shall reduce orders for inventories and supplies until an acceptable level is reached.

The finance officer shall require the accounts payable clerk to consolidate payments to one vendor to receive any discounts applicable and the same due date.

The finance officer or designee shall issue payroll checks and direct deposit through ACH software biweekly. In addition, payroll taxes shall be submitted on the due date.

The finance officer or assistant finance officer shall constantly review supplier contracts and receiving reports to ascertain whether the Town is paying for goods actually received or services actually rendered.

BANKING RELATIONS

The objective of this section of the plan is designed to help the finance officer develop and implement procedures to create mutually beneficial banking relations with local financial institutions.

Request for Proposals for Banking Services (RFP)

Those financial institutions that use the pooling method of collateralization shall receive an RFP. The RFP will solicit bids from financial institutions that wish to obtain the Town's banking business. The RFP shall require information on what services can be provided to the unit and the costs associated with such services. The Town will utilize only those services that are absolutely necessary. The RFPs shall be compared, and the financial institution selected for ~~the cash concentration and imprest payroll accounts~~ [the Town's checking accounts](#) shall receive the Town's accounts for a minimum of three years. The Board will designate the selected financial institution as an official depository for the Town.

The finance officer shall constantly review the activity of the account to determine target balances to accomplish the objective of bank compensation and expenditure coverage. When the account balance exceeds the target level, the finance officer shall include the overage in the amount of moneys available for investment.

MONITORING AND REPORTING ON THE PLAN

The objective of this section of the plan is to devise a systematic reporting schedule to the governing body and to provide a schedule for the systematic review of the plan itself to make necessary amendments and changes.

Monitoring and Reporting on The Plan

~~The finance officer for the Town shall report monthly to the Manager and Board concerning the status of investments. The report shall include the amount of Town monies invested, the average rate and maturities, and the cost and market values of those investments. The finance officer will report on the custody and safekeeping of Town investments stating how the safekeeping arrangements are structured.~~

The finance officer shall report monthly to the Manager and Board concerning the actual receipts and disbursements for the month versus the budgeted receipts and disbursements.

The finance officer shall report to the Manager and Board any changes in bank service charges and the amount of additional monies required to offset the increased banking costs. The finance officer also shall report to the Manager and Board concerning the issuance of a Request for Proposals for Banking Services (RFP) and recommendations for selection of a financial institution for the ~~cash concentration and imprest payroll~~ [checking](#) accounts once the RFPs have been analyzed and compared.

The finance officer shall report to the Manager and Board the status of delinquent tax payments and other revenues due to the Town from private persons or organizations.

The finance officer or assistant finance officer shall semiannually submit the LGC-203, Report of Cash Balance, to the Secretary of the Local Government Commission pursuant to G.S. 159-33 and 33.1.

Each year the plan shall be reviewed by the finance officer during budget preparation. The finance officer shall report to the Manager and Board any amendments adopted, any procedural changes made, and any actions recommended that the Board could take to enhance the cash management plan.