

CITY OF SPRING HILL

CASH MANAGEMENT POLICY

I. PURPOSE

The City of Spring Hill recognizes that effective cash management is a fundamental component of sound financial management and stewardship of public resources. The purpose of this policy is to establish a framework for the prudent management of the City's cash resources to ensure the safeguarding of public funds, maintenance of adequate liquidity to meet operational requirements, and implementation of sound internal controls.

Cash management practices shall support the City's strategic, operational, and financial objectives while ensuring compliance with applicable federal and state laws, regulations, and professional standards.

This policy establishes guidelines for the collection, custody, deposit, disbursement, monitoring, and reporting of City funds. Investment activities shall be governed by the City's separate Investment Policy.

II. POLICY OBJECTIVES

A. Safety of Public Funds

The City shall maintain procedures and controls designed to safeguard public assets from loss, theft, fraud, misuse, or error.

B. Liquidity

The City shall maintain sufficient liquidity to meet all operating, debt service, capital, and emergency funding requirements.

C. Efficiency

The City shall manage cash resources in a manner that minimizes idle balances and promotes efficient use of public funds.

III. AUTHORITY AND RESPONSIBILITY

The City Administrator delegates responsibility for administration of the City's cash management program to the Finance Director.

The Finance Director shall develop and maintain written procedures & internal controls governing:

- Cash receipts
- Cash disbursements
- Bank account administration
- Bank Reconciliation
- Electronic payments

- Wire transfers
- Cash flow forecasting
- Banking relationships
- Internal controls

IV. BANKING RELATIONSHIPS

The City may maintain accounts with qualified financial institutions authorized to conduct business in Tennessee. Financial institutions should be evaluated based on financial strength, service capabilities, cost effectiveness, technology and security controls, responsiveness to City needs, and compliance with collateralization requirements.

V. DEPOSITS AND COLLATERALIZATION

All City deposits shall be collateralized in accordance with Tennessee law. The City prefers participation in the Tennessee Bank Collateral Pool or successor program administered by the State Treasurer. FDIC insurance coverage shall be considered when determining collateral requirements.

VI. CASH FLOW MANAGEMENT

The Finance Department shall maintain procedures to monitor cash balances and forecast cash requirements. Funds determined to be temporarily idle may be invested in accordance with the City's Investment Policy.

VII. CASH RECEIPTS

The City shall establish procedures to ensure that all funds received are properly receipted, timely deposited, adequately safeguarded, accurately recorded, and reconciled to accounting records. All funds received by the City shall be deposited intact into an authorized City depository as soon as practical, but no later than three (3) working days after receipt, in accordance with Tennessee Code Annotated § 6-56-111. Departments receiving substantial cash collections may be required by the Finance Director to make deposits more frequently.

VIII. DISBURSEMENTS

All disbursements shall be processed in accordance with applicable purchasing policies, budgetary controls, and approval requirements.

IX. ELECTRONIC BANKING AND CYBERSECURITY

The City shall implement controls over electronic banking activities designed to reduce fraud and cyber risk, including multi-factor authentication, dual approvals where practical, verification procedures, and restricted user access.

X. REPORTING

The Finance Director shall periodically report to the City Administrator and Board of Mayor and Aldermen regarding cash balances, banking relationships, collateralization status, liquidity position, and significant cash management matters.

XI. POLICY REVIEW & REVISION

This policy shall be reviewed yearly by the Finance Director and City Administrator and may be amended by the Board of Mayor and Aldermen as financial conditions, legal requirements, or best practices change.