

**A RESOLUTION OF THE CITY OF LEXINGTON, TENNESSEE,
TO ESTABLISH A CASH MANAGEMENT POLICY**

WHEREAS, the Board of Mayor and Aldermen of the City of Lexington, Tennessee are responsible for efficient and orderly operations of the City of Lexington; and,

WHEREAS, the City of Lexington is committed to protecting public funds in the most effective manner possible; and,

WHEREAS, the Board of Mayor and Aldermen established an Internal Controls Policy through the adoption of Resolution Number R201303; and,

WHEREAS, the Tennessee Board of Utility Regulation recommended adoption of a Cash Management Policy; and,

WHEREAS, the Board of Mayor and Aldermen has determined that a Cash Management Policy should be officially adopted and implemented to this means; and,

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN FOR THE CITY OF LEXINGTON, TENNESSEE, that the following policy be adopted:

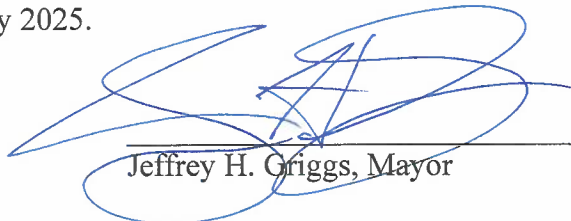
Cash Management Policy

- I. Purpose. The purpose of this policy is to establish sound principles for the management of cash assets held by the City of Lexington. The policy is designed to ensure the safety of public funds, maintain adequate liquidity to meet operating needs, and maximize return on investments, all while maintaining public trust and complying with applicable laws.
- II. Scope. This policy applies to all public funds held by the City of Lexington, including but not limited to:
 - a. Tax receipts
 - b. Service fees, fines, and charges
 - c. Intergovernmental revenues
 - d. Proceeds from asset sales
 - e. Insurance recoveries
 - f. Cash donations
- III. Authority and Delegation. The Board of Mayor and Aldermen is responsible for approving the Cash Management Policy. The City Recorder is responsible for implementing and managing cash operations and shall:
 - a. Develop and maintain written procedures for cash handling, investment, and disbursement.
 - b. Ensure delegation of responsibilities within City operations is clearly documented.
 - c. Comply with state law and best financial practices.
- IV. Objectives. The City's primary objectives in managing its cash assets are:
 - a. Safety: Preservation of principal is the foremost objective.
 - b. Liquidity: Funds must be available to meet the City's financial obligations as they become due.
 - c. Yield: Subject to safety and liquidity, the City shall seek the highest reasonable return on investments.
- V. Cash Handling and Deposits. All City departments collecting cash or equivalents must submit receipts daily to the City Recorder's office. All funds must be deposited within the time frame required by state law. Cash collections must be accompanied by appropriate documentation and reconciled daily.

- VI. Banking and Depository Relationships. The City may engage in business only with depositories that have offices within the corporate limits of the City of Lexington. If required services are not available with the local depository branch, the City may utilize services from the nearest branch to the corporate city limits. All depositories must provide audited financials or regulatory filings upon request. Consolidation of bank accounts makes investment decisions easier and reduces staff time needed to reconcile monthly bank statements. Banking relationships shall be reviewed and rebid periodically to ensure competitive service and rates.
- VII. Collateralization. All deposits not insured by the FDIC must be collateralized as required by state statute. The City prefers institutions to participate in the State Treasurer's collateralization pool. FDIC coverage shall be considered in calculating required collateral levels.
- VIII. Investments. Idle funds shall be invested prudently in accordance with state law and the City's policies. The City currently prohibits the use of derivative financial instruments. Investment decisions will emphasize legality, safety, liquidity, and yield—in that order. Local institutions may be invited to submit competitive bids for investment opportunities.
- IX. Cash Flow and Forecasting. The City Recorder shall prepare periodic cash flow projections to ensure the availability of funds. Major revenues and expenditures shall be forecasted to aid in short- and long-term planning. Funds not required for immediate use may be invested in longer-term instruments.
- X. Internal Controls. Internal controls for cash handling and management are governed by the City of Lexington's Internal Control Policy. That policy should be consulted for specific standards and procedures related to safeguarding public funds.
- XI. Policy Review. This policy shall be reviewed annually and updated as necessary by the City Recorder. Revisions shall be subject to the approval of the Board of Mayor and Aldermen.

This resolution shall take effect immediately upon its passage, the public welfare requiring it.

Approved and adopted this 15th day of May 2025.



Jeffrey H. Griggs, Mayor

ATTEST



Cody C. Wood, City Recorder