

CITY OF MARGARET, ALABAMA

ORDINANCE NO. 2026-_____

AN ORDINANCE CONSOLIDATING MUNICIPAL BANK ACCOUNTS; AUTHORIZING DESIGNATED DEPOSITORIES; PROVIDING FOR INTEREST-BEARING ACCOUNTS AND CASH MANAGEMENT; AND REPEALING INCONSISTENT PRIOR ACTIONS

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MARGARET, ALABAMA, AS FOLLOWS:

SECTION 1. TITLE; AUTHORITY; PURPOSE

1.1 Title

This ordinance shall be known as the “**Municipal Bank Account Consolidation and Cash Management Ordinance.**”

1.2 Authority

This ordinance is adopted pursuant to the City’s authority under the Code of Alabama 1975, including §§ 11-43-56, 11-43-81, and 11-45-1, governing municipal finances, custody of funds, and administrative execution by the Mayor.

1.3 Purpose

The City Council finds that:

- The City currently maintains an excessive number of bank accounts;
- Fragmented accounts impair transparency, audit efficiency, and internal controls; and
- Modern municipal finance practice favors consolidated operating accounts with controlled use of **interest-bearing and sweep accounts.**

The purpose of this ordinance is to:

1. Consolidate municipal bank accounts;

2. Preserve legally required fund segregation through accounting controls rather than excessive bank accounts;
 3. Authorize interest-bearing accounts for idle balances; and
 4. Establish a lawful cash-management framework consistent with audit standards.
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SECTION 2. DESIGNATION OF AUTHORIZED DEPOSITORIES

2.1 Authorized Financial Institutions

Municipal funds shall be deposited only in financial institutions:

- Authorized by resolution of the City Council; and
- Qualified under Alabama law for municipal deposits, including collateralization requirements.

2.2 Collateralization

All deposits in excess of FDIC insurance limits shall be collateralized in accordance with state law and banking agreements approved by the City.

SECTION 3. CONSOLIDATION OF MUNICIPAL BANK ACCOUNTS

3.1 General Consolidation

Except as otherwise required by law, bond covenant, grant agreement, or court order, all municipal bank accounts are hereby consolidated into the following **authorized account categories**:

1. **General Operating Account**
For routine operating receipts and disbursements.
2. **Payroll Account** (may be zero-balance)
Used solely for payroll processing and funded by transfer from the General Operating Account.
3. **Capital / Restricted Funds Account**
For funds legally restricted by grant, bond, or statute where a separate account is required.
4. **Investment / Interest-Bearing Account(s)**
For temporary placement of excess or idle funds.

3.2 Closure of Excess Accounts

The Mayor, Clerk/Treasurer, or Finance Officer is authorized to:

- Close obsolete or duplicative accounts;
 - Transfer balances to authorized consolidated accounts; and
 - Maintain documentation sufficient for audit review.
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SECTION 4. FUND SEGREGATION BY ACCOUNTING, NOT BANK ACCOUNTS

4.1 Accounting Controls

Nothing in this ordinance eliminates or alters:

- Required fund accounting;
- Restricted-fund tracking; or
- Grant or bond compliance.

Fund segregation shall be maintained through the City's **general ledger and chart of accounts**, not by unnecessary separate bank accounts.

4.2 Prohibited Commingling

Restricted funds shall not be expended for unauthorized purposes, regardless of the bank account in which they are temporarily held.

SECTION 5. INTEREST-BEARING AND SWEEP ACCOUNTS

5.1 Authorization

The City is authorized to maintain:

- Interest-bearing checking accounts;
- Money market accounts; and
- Bank sweep or overnight investment accounts,

provided such accounts comply with Alabama law and City depository agreements.

5.2 Use of Excess Balances

Idle or excess balances from operating accounts may be transferred to interest-bearing accounts on a recurring or automated basis to maximize lawful earnings.

5.3 Earnings

Interest earned shall be credited to the appropriate fund(s) in accordance with accounting standards and legal restrictions.

SECTION 6. ADMINISTRATIVE AUTHORITY AND CONTROLS

6.1 Execution

The Mayor is authorized to execute:

- Banking resolutions;
- Signature cards;
- Deposit agreements; and
- Cash-management arrangements,

consistent with this ordinance.

6.2 Dual Controls

All disbursements shall continue to require:

- Dual authorization or review as required by policy;
- Compliance with adopted purchasing and claims procedures.

SECTION 7. REPORTING AND AUDIT

7.1 Reporting to Council

Upon request, the Clerk/Treasurer shall provide the City Council with:

- A list of active bank accounts;
- Account purposes; and
- Reconciled balances.

7.2 Audit Compliance

All actions under this ordinance shall be subject to audit by the Alabama Department of Examiners of Public Accounts and the City's independent auditor.

SECTION 8. REPEALER

All prior ordinances, resolutions, motions, or practices inconsistent with this ordinance are hereby repealed **to the extent of such inconsistency only**.

SECTION 9. SEVERABILITY

If any provision of this ordinance is held invalid, such invalidity shall not affect the remaining provisions.

SECTION 10. EFFECTIVE DATE

This ordinance shall take effect immediately upon adoption and publication as required by law.

PASSED AND ADOPTED this ___ day of _____, 2026.

CITY OF MARGARET, ALABAMA

Matt Tortorice, Mayor

ATTEST:

City Clerk