



# GENERAL FINANCIAL AND BUDGETARY POLICIES

ADOPTED BY MARION CITY COUNCIL  
AUGUST 28, 2006

AMENDED BY MARION CITY COUNCIL  
APRIL 7, 2008  
September 19, 2011  
March 4<sup>th</sup>, 2013  
April 29, 2013

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## **Accounting, Auditing, Financial Reporting Policy**

- A. The City will establish and maintain accounting records in such a manner that reports may be issued on a basis consistent with statutory requirements.
  
- B. The City will maintain a record of fixed assets which identifies all material City assets, except for general infrastructure assets. General Infrastructure assets are assets such as streets and drainage facilities which, if properly maintained, have an indeterminate life.
  
- C. The City will contract for an annual audit of City accounting records. The audit shall be conducted in accordance with the Federal Single Audit Act, if required.

- D. The City will comply with all financial reporting requirements set forth in Kansas law.
- E. The City will identify and implement less formal methods than the annual budget document to provide important financial data to the citizens of the community. Efforts will be made to provide these "popular reports" via print and electronic media.
- F. The City Clerk will provide the City Council with a yearend summary (unaudited) financial report within 90 days of the end of the fiscal year. Monthly financial reports shall also be provided to the City Council within 20 days of the end of each month. Within 20 days of the end of each quarter a financial statement shall be provided to the City Council and upon approval published in the official newspaper.

### **Capital Improvement Plan**

- A. The City shall establish a five-year Capital Improvement Plan (C.I.P.) to guide decision-making on public improvements and expenditures. The C.I.P. provides a mechanism for scheduling public physical improvements over a number of years. It establishes the City's priorities for public projects based on available financial resources and project criteria.
- B. The C.I.P. shall be updated annually following analysis of year-end financial reports, and prior to the adoption of the City's annual operating budget. Generally, the updated C.I.P. shall be approved by the City Council by July 10 of each year.
- C. The City shall use a portion of its annual budgeted revenues for cash capital investments. Mill levy proceeds, sales taxes, user fees or other local revenues may be dedicated for capital improvements.
- D. The City will maintain its physical assets at a level adequate to protect its capital investment and to minimize future maintenance and replacement costs. The C.I.P. and budget will provide for the major renovation and orderly replacement of buildings, facilities and equipment from current revenues where possible.
- E. The Capital Improvement Plan shall include an appropriate reserve for contingencies for approved projects.
- F. In order to be considered as a City of Marion C.I.P. project, the following must be met:
1. New or expanded physical facility: routine maintenance is not a part of this plan. "Routine Maintenance" is any expenditure which is required to be made every year for the same specific purpose and which are normally financed from the annual operating budget – such expenditures do not extend significantly the useful life of the assets being maintained (i.e. patching roofs, but not replacement of entire roof).

2. Project considered Capital Maintenance  
“Capital Maintenance” is any project which restores, reconstructs, or maintains a City asset in substantially the same physical size as its original condition. (i.e. the replacement of an entire roof).
3. Expected life of 7+ years: Consumable products and services are not a part of this program.
4. If bonds are to be issued to fund the project: The expected life of the project should equal or exceed the duration of the bond issue.
5. Value exceeding \$5,000: Small, everyday operating items are not a part of this program.
6. Project must be associated with a city-owned & maintained facility.
7. The cost of Consultant services relative to a public improvement are a part of this plan.
8. The land acquisition cost for a community facility: Such as a park, street, sewer line.

G. Certain capital improvement projects lend themselves specifically to public-private partnership, wherein project funding would be derived partially from the City and partially from private donations, dedicated user fees and other non-city sources. Community proponents wishing to initiate such projects should first present a concept plan to the City Council, including a financial cost-sharing plan for both the initial capital costs, as well as the ongoing cost for operations and maintenance. Generally, the City Council will consider proposed partnership projects at its regular C.I.P. planning period during the second quarter of each year. If approved by the City Council, proponents would be encouraged to complete project plans and initiate fund-raising efforts.

H. Certain non-infrastructure capital projects may be of such type and scope as to be beyond the financial capacity of the City without additional revenues, and thus may be appropriate for public referendum. Public Referendum projects should fall within the following criteria:

1. Projects not involving public health and safety or basic infrastructure; and,
2. With a capital cost estimate of \$750,000 or greater; or,
3. Potentially requiring a significant ongoing City appropriation for operations and maintenance.

Proponents of such projects may circulate a petition in accordance with state law, calling for a public referendum on the project and specified funding source. The City Council shall determine whether the City takes an official position on the issue. If approved by the voters, the project would be completed.

I. The C.I.P. as approved annually shall contain the following sections:

1. A listing of preliminarily approved capital projects, including estimated cost and funding source by years, which have undergone review for costs and benefits and have identified funding expected to be available for the project.

2. A separate listing of potential capital projects which require significant additional information, e.g. concept design, feasibility report, cost estimates, funding source analysis, etc. before they can be formally considered for approval and placement in a specific year in the C.I.P. This section shall be titled "Projects for Further Review."
3. A separate listing of projects for which adequate information exists as to planning, estimated costs, benefits, etc. and which the City Council agrees would be desirable projects for the community in the future, but for which an adequate and appropriate funding mechanism has not yet been determined as available. This section shall be titled "Projects Identified but Unfunded."
4. An identification within any of the "Five-Year," "Further Review," or "Identified but Unfunded" categories of any projects specified as "Partnership Projects" or "Public Referendum Projects."

### **Cash Management Policy**

- A. The City will maintain one primary interest bearing checking account and one non-interest bearing checking account for the purpose of grants.
- B. The City maintains a petty cash fund with a balance of \$50 and a change fund with a balance of \$200.
- C. All checking and petty cash funds shall be balanced monthly. Reconciliations shall be maintained for review by the independent auditors on an annual or surprise basis. The change fund is balanced daily.
- D. The City will establish and maintain an investment policy. This policy shall set guidelines on safety, liquidity, maturities, allowed investments, diversification, safekeeping, and other such issues.

### **Debt Management Policy**

- A. The City will confine long-term borrowing to capital improvements which have an extended service life to the community.
- B. The City will use short-term debt (up to four years maturity) for bond anticipation purposes, or for the purposes of financing Capital Improvements for which it is not practicable to rely on cash financing, and for which long term bonds are not deemed to be appropriate.
- C. The City will follow a policy of full disclosure on every financial report and Preliminary or Official Statement used to evaluate the City's financial condition for bond rating or investment purposes.



D. General Obligation debt may be used for enterprise activities, providing the specific enterprise fund makes the debt service payments on the bonds.

E. General Obligation Bonds (City at-large portion) will normally be issued with a maturity not to exceed 10 years. The City Council may designate specific projects in the Capital Improvements Program for extended financing periods, not to exceed 15 years, due to the size, scope, life, or developmental impact of the project. The District portion for Special Assessment Bonds may not exceed 15 years. Revenue Bonds, or GO bonds for which enterprise revenue has been pledged, will be issued with a maturity not to exceed 40 years.

F. General Obligation Bonds shall be issued with approximately level principal payments. Revenue Bonds shall be issued with approximately level debt service payments.

G. The City will apply for a bond rating for every bond issue, and make all reasonable efforts necessary to maintain the City's bond ratings and seek upgrades when financial conditions merit.

## **Fund Balance**

A. The City recognizes the need to maintain appropriate fund balances to: secure and maintain investment-grade credit ratings; meet seasonal requirements in cash flow; and, reduce susceptibility to negative impacts from emergency or unanticipated expenditures or to revenue shortfalls.

B. To meet these requirements, the City will adopt budgets which provide for an undesignated fund balance reserve in each of the City's budgeted funds, in accordance with the following guidelines:

1. General Fund – A fund balance reserve of not less than 15% nor more than 20% of anticipated current year revenues for the fund.
2. Bond and Interest Fund – A fund balance of not less than 10% nor more than 15% of the anticipated General Obligation debt bond and interest payments for the upcoming budget year, including any special assessment-paid debt, but excluding debt planned for repayment by enterprise funding or other City funds.
3. Other Budgeted Funds – Fund balance reserves shall be planned for and maintained as needed, based on the volatility and reliability of the revenue mix for the fund, as well as the predictability and degree to which expenditures in the fund are controllable.

C. In May of each year, prior to the presentation of the proposed budget, the City Administrator shall recommend to the City Council specific fund balance targets for each budgeted fund, based on guidelines established above. Upon acceptance by the City Council, those targets shall be used in the upcoming budget planning, as well as financial reporting for the next year.

D. Fund balance reserves shall generally be shown as appropriations in the City budget, but shall be designated separately in the budget and staff financial reports.

E. The City Administrator shall provide the City Council with a year-end fund balance reserve report within 90 days following the end of the fiscal year. This preliminary report shall provide results for each budgeted fund compared to its established fund balance target, as well as staff analysis of revenue or expenditure occurrences accounting for any variance. If a fund balance at year-end has failed to meet its established target, the City Administrator shall prepare and recommend a plan designed to address the shortfall. If a fund balance at year-end exceeds the established target, as well as the current budget estimate, the City Council may consider use of the unanticipated available funds in accordance with the following guidelines:

#### General Fund

1. One-time expenditures which do not substantially increase recurring operating costs.
2. Newly identified or previously unfunded capital improvement projects, considered in light of the full capital improvement program.
3. Shifting of capital projects from bond financing to cash financing, to reduce future debt service costs.
4. Start-up expenditures for new programs undertaken at mid-year, provided that such action is considered in the context of revenue expectations and expenditure obligations in future budget years.

#### Bond and Interest Fund

1. If the year-end Bond and Interest Fund balance exceed the target as well as current budget estimates, the allocation of mill levy/property tax to that fund shall be adjusted for the next budget year to bring the fund balance reserves in line with the established targets.

#### Other Budgeted Funds

1. If the year-end fund balances in any fund exceed the target fund balance and current budget estimate, the City Administrator shall provide analysis and impact evaluation of that situation. The City Council will take into account any unanticipated available funds when considering capital purchases, one-time program needs, or setting of user fees.

## **Investment Policy**

A. Scope: This investment policy applies to the investment activities of the City of Marion for all of the funds entrusted to its care, including bond proceeds and building funds.

B. Objectives: The objectives of this policy are as follows:

1. Safety of principal. The first objective for each investment transaction is to insure that capital losses are avoided.

2. The City of Marion's cash management portfolio shall be designed with the objective of regularly exceeding the State Investment Rate for 0 –89 days, or for 3 months, whichever is higher. These indices reflect the fed funds rate, and the 3 month treasury securities yield, and are considered benchmarks for risk free investment transactions, and therefore comprise a minimum standard for the portfolio's return. The investment program shall seek to achieve returns above this threshold, consistent with risk limitations identified herein and prudent investment principles.
3. All investments shall be made in accordance with State Law.
4. The investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism worthy of the public trust. The governing body, however, recognizes that in a diversified portfolio occasional accounting losses from the sale of a security are possible, and must be considered within the context of the overall portfolio's investment safety and return.

C. Delegation of Authority: Management responsibility for the investment program is hereby delegated to the City Clerk, who shall establish written procedures for the operation of the investment program, consistent with this investment policy, and subject to the approval of the City Administrator. Such procedures shall include explicit delegation of authority, where appropriate, to persons responsible for the investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Clerk. The City Clerk shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

D. Prudence: The standard of prudence to be used by investment officials shall be the "prudent person" and shall be applied in the context of managing the overall portfolio. Investment officers acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual securities credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to avoid adverse developments.

E. Internal Controls: The City Clerk shall establish a system of internal controls with respect to investment activities. Such internal controls shall be documented in writing. The internal controls shall be reviewed with the independent auditor. The controls shall be designed to provide reasonable assurances against losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the City of Marion. Internal controls shall be so designed as to achieve the above listed objectives without being unduly burdensome on the organization.

F. Allowed Investments: The City Clerk may invest in any investment allowed under Kansas Law applicable to the City of Marion at the time the investment is made. These include, as of the effective date of the policy, the following:

1. N.O.W. accounts, Pass book savings accounts, money market accounts in designated Depository Banks.
2. Temporary Notes or no-fund warrants issued by the City of Marion;
3. Certificates of Deposit in banks, savings banks, and savings and loans organized under the laws of the United States or incorporated under the laws of the State of Kansas, having a main office within the State of Kansas, and which have main or branch offices located within the City of Marion.
4. In United States Treasury bills or notes
5. In the Municipal Investment Pool
6. Repurchase agreements

In the event that the City of Marion applies for and receives authority to invest under KSA 12-1677b (the "expanded powers" statute), investments may also include direct obligations of, or obligations that are insured as to principal and interest by the United States of America or any agency thereof; and obligations and securities of United states sponsored enterprises which may be accepted as security for public funds; excluding mortgage backed securities. The City Clerk shall maintain a list of securities authorized under this section

G. Maturities: Assets of the City of Marion may be invested in instruments whose maturities do not exceed two years, provided that in the event authority to invest under KSA 12-1677b is granted, the maximum maturity shall be 4 years. Investment maturities shall be scheduled on a ladder basis in a manner as to coincide with projected cash flow needs.

H. Risk and Diversification: The goal of diversification is to reduce the extent of losses due to having an unbalanced portfolio in terms of maturities, instrument type, and issuers. Therefore, portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector.

Liquidity, free of market risk, shall be assured through practices insuring that the next disbursement date and payroll date are covered through maturing investments, marketable U.S. Treasury Bills, the Daily Municipal Investment Pool, or money market accounts.

Default risk shall be minimized by requiring that all security purchases occur on a delivery vs. payment basis, and that all securities are adequately collateralized.

Risk of market price volatility shall be controlled through the adoption of a "buy and hold" strategy whereby the City holds each investment to maturity, coupled with maintenance of an adequate liquidity position to insure the ability to meet normal anticipated cash flow needs. When advantageous, it is allowable to sell investments to realize a gain due to price fluctuations; however, such transactions shall not be a part of the normal course of business.

The City of Marion recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk due to issuer default. In the event of a default by a specific issuer, the City Clerk shall review, and, if appropriate, proceed to liquidate securities having comparable credit risks.

I. Collateralization, Safekeeping, and Custody:

1. Deposits and Re-purchase Agreements: Collateralization shall be required on all deposits and repurchase agreements. Collateral pledged must meet state statute requirements, and must be held by the Federal Reserve Bank, the Federal Home Loan Bank in Topeka, or by a third party custodian pursuant to an adopted tripartite custody agreement. The City of Marion shall enter into a Security Agreement for Deposits with the depository bank for all deposits. The city will receive a deposit advice for the pledged securities from the Federal Reserve Bank, or a joint custody receipt from the third party custodian. The maximum Federal Insurance provided for account customers can be considered a part of the institutions pledged collateral. Collateralization shall be maintained at 100% of the market value of principal and accrued interest at all times, including peak periods. At the end of each month, the depository bank will provide the market value of each pledged security to the City.

In the event a third party custodian is used, such custodian shall not have an ownership relationship or affiliation with the depository bank.

Pledged collateral shall not be released until an acceptable re-pledging of collateral is made by the depository bank and confirmed to the City Clerk or City Clerk's designee in the event of a transfer of collateral.

2. Investments (Treasury Securities, Agency Securities): Collateralization of investments shall be by the actual investment instrument.

All securities owned by the City of Marion must be perfected in the name of the City of Marion, and held by the City or its authorized safekeeping agent. All investments of the City of Marion shall be confirmed and safekeeping receipts identifying the investment security shall be issued as required by this policy.

The City will enter into a safekeeping agreement with a safekeeping agent whereby all investments are held in the City's account in the City's name by the safekeeping agent.

By state statute, all Municipal Investment Pool accounts shall be exempt from providing safekeeping receipts or written confirmation. The City Clerk or designee may receive verbal confirmation by phone following Municipal Investment Pool guidelines.

J. Interest Earnings: The City Clerk will designate which funds are to receive interest earnings. Interest earnings will be credited to those funds based on the average of the balance on the first day of the month and the cash balance on the last day of the month. This distribution may be manually adjusted if, in the Clerk's judgment, there are obvious interfund inequities.

K. Authorized Depositories, Institutions, and Broker/Dealers: Kansas State Law provides that City funds may be deposited (in checking, money market accounts, certificates of deposit and other similar "deposits") in those institutions designated by resolution as an authorized depository. This is further limited by the requirement that funds may not be deposited in institutions that do not have a "main" office within the State of Kansas unless satisfactory arrangements cannot be negotiated with an institution with a main office within the State of Kansas.

This limitation does not apply to the purchase of investments such as treasury and agency securities. Investment services, consisting of the purchase of treasury securities, agency securities, or other investments as may be permitted shall be limited to the following:

1. Any State or Nationally Chartered Bank authorized as a depository, whether or not said institution has a "main" office within the State of Kansas, and;
2. The Federal Reserve Bank of Kansas City Missouri
3. Primary Government securities Dealers which report to the market report division of the Federal Reserve Bank of New York
4. Broker-Dealers who are registered in compliance with the requirements of section 15C of the Securities Exchange Act of 1934, and registered pursuant to K. S. A. 17-1254.

The City Clerk may establish additional information requirements as deemed necessary to assure the safety of the City's investments, and shall maintain a list of financial institutions and broker dealers who have been qualified to provide services to the City of Marion.

L. Bank Services: Periodically, as deemed necessary, The City of Marion may invite proposals from financial institutions located within the City, for the purpose of providing comprehensive bank services, including checking and money market accounts, safekeeping as well as other services as may be deemed necessary. The participating institutions will be evaluated with procedures established by the City Clerk in conjunction with other City administrative staff.

M. Reporting and Evaluation: At the end of each calendar quarter, the City Clerk shall prepare and submit to the City Administrator a report outlining the quarter's investment activity. Such report shall contain sufficient information to evaluate the performance of the investment program and verify that investment officials have acted in accordance with the investment policy and written investment procedures.

### **Investment Procedures**

A. Responsibility for Investments: The City Clerk shall be responsible for all investments. In the absence of the City Clerk, the City Administrator or the City Treasurer may assume the investment responsibilities for the City of Marion.

B. Determination of Investment Amount and Maturity: Periodically, or just before the maturity date on each investment, the City Clerk shall prepare a cash flow analysis, considering any known or anticipated changes in cash flow, to determine the amount of money that may be available for investment and the needed maturities for investments, consistent with the policies of the City of Marion. The cash flow analysis shall be retained as a record of the investment program.

C. Selection of Investment: Periodically, prior to the issuance of payables or in conjunction with an investment maturity date, the City Clerk check the rates offered by the State of Kansas Municipal Investment Pool.

On the Monday before the investment transaction is to occur, prior to 10 AM, the City Clerk or (their designee) will fax to the approved financial institutions and broker/dealers a form noting the details of the funds available to invest (amounts and terms, as well as any restrictions as to security type or other conditions). The form will provide a place for the institution to offer one or more bids on the securities specified. A bid may be tendered on all or any of the securities/maturities in the offer. The form will designate a date and time firm for return of the bids.

The forms are due back to City offices via FAX or e-mail. The City will notify the selected institutions before 3:00 PM for closing on that day. The highest bidder will be awarded the investment.

D. Closing procedure: The City will contact the winning bidder, and arrangements for sufficient collateralization will be verified. Payment instructions will be determined, and the seller will provide the City with a confirmation of the transaction.

E. Records required: The City Clerk will keep a record of the investments held by the City of Marion. Such record will include the date of purchase and maturity, the type of investment, and where the security is held.

Safekeeping receipts and other such records of investment purchases shall be kept in order by maturity date.

Quarterly reports prepared pursuant to the Investment Policy shall be retained in the investment file.

F. Authorized institutions:

Banks and Savings and Loans:

Central National Bank  
Marion National Bank  
Tampa State Bank

G. Broker/Dealers: Broker/Dealers, other than the above-specified Banks, will be required to complete a request for information prior to doing business with the City of Marion. This information shall be updated annually. Any broker-dealers, other than primary government securities dealers shall provide evidence of maintaining a capital adequacy ratio in excess of 1.25 prior to approval.

None currently authorized.

H. List of agency securities authorized:

None. City of Marion does not presently have expanded powers under KSA 12-1677b.

I. Internal Control: Each year as a part of the annual audit, the auditor shall review a sampling of investment transactions and other relevant information as they deem necessary to determine if adequate safeguards are in place to minimize the potential for loss of funds. A suggested checklist of items to monitor is attached.

Internal Control Checklist, Investment Procedures



1. The government has a written investment policy, approved by the governing body, and reviewed and revised periodically.
2. The investment policy specifies permissible investments by type and provides guidelines describing diversification and credit quality requirements for each type of investment.
3. There is an approved list of financial institutions and broker/dealers.
4. The investment policy describes the process of selecting financial institutions, broker/dealers/custodians and requires written contracts and agreements with those entities.
5. The selection process is carried out in conformance with the policy.
6. Investment transactions and strategies are documented.
7. The process of initiating, reviewing, and approving investment purchases and sales are recorded in written documents and are retained for audit purposes.
8. Selected investments are reviewed for type, authorized trading partner, custodial arrangements, written authorizations, accounting and disposition of interest earnings
9. Duties are segregated so that no one person has responsibility for investment transactions from beginning to end; or, in the absence of sufficient staff, provisions are made for contemporaneous third party review of investment transactions.
10. Written wire transfer agreements are in place with the bank (s).
11. Written confirmations of telephone transactions and wire transfers are required, with the exception of transactions with the Municipal Investment Pool.
12. Selected finalists for investment positions are screened for past records of indiscretion or criminal activity
13. Care is taken so that such candidates are treated equally in the selection process
14. Investment procedures are clearly documented
15. Documentation includes description of employee responsibilities, the process for conducting and recording transactions, and a clear delineation of authority to approve transactions.
16. The Government has a training plan to insure that each employee understands the tasks they are required to perform.
17. Confirmations of investment transactions are obtained from the custodial bank.
18. The custodial bank provides monthly verifications of principal and market values of collateral.
19. Staff verifies bank verifications against joint custody receipts or Federal Reserve Bank reports.
20. Safekeeping institution provides periodic reports on securities in safekeeping.
21. Staff reconciles safekeeping reports with internal records.
22. Investment reports are produced on a periodic basis and provided to management
23. Investment reports include descriptions, amounts, transaction dates, maturities, yield, market values, and benchmarking data.

## **Operating Budget**

A. In accordance with State Law, the City Administrator shall be responsible for the preparation of the annual City budget. A proposed budget for the following fiscal year (beginning January 1) shall be submitted for City Council review and discussion on or before July 10 each year, along with a calendar for timely consideration and approval of the budget by August 25, as required by State Law.

B. The budget must be balanced for all budgeted funds. Total anticipated revenues plus the portion of anticipated reserves in excess of the established fund balance target (or in accordance with a fund balance target plan), must equal total estimated expenditures.

C. Budgeted funds include the following:

- General Fund
- Library Fund
- Bond and Interest Fund

**Special Revenue Funds:**

- Special Parks and Recreation

**Enterprise Funds:**

- Utility Fund

- Special City Highway Fund
- Special Law Enforcement Trust Fund
- Equipment Reserve Fund
- Capital Improvement Fund

D. Funds may be added to or removed from the budget as requirements change. In general, any continuing operations of the City shall be accounted for through budgeted funds. Non-budgeted funds are used for construction projects authorized through the issuance of debt, for trust and agency activities, for activities funded by State and Federal Grants that are not of a continuing nature, and for special purpose reserve funds. Unless otherwise provided in authorizing legislation, expenditures from special purpose reserve funds shall not be made unless there are no other resources available to accomplish the desired task. Should resources from special purpose reserve funds be required, any such expenditure shall be processed through a budgeted fund.

E. All budgets will be adopted on a cash basis as modified to include as expenditures for the fiscal year: expenditures incurred but not paid; and purchase commitments. Revenues will be recognized at the time payment is received, whether or not it was billed or due in another period.

- F. All appropriations lapse at year-end except for encumbered appropriations, which are carried forward into the next fiscal year as reservations of fund balance.
- G. The budget shall be adopted at the fund level. Expenditures may not exceed the fund's budget without approval from the City Council. When appropriate, the budget for a fund may be republished to reflect changes deemed necessary and appropriate by the City Council.
- H. Department budgets will also be specified during the annual budget. The City Administrator may authorize transfers of authorizations between departments within the same fund and transfers of authorizations between line items within a department.
- I. The City will include an amount in the general fund budget (i.e., a line item for contingencies) for unforeseen operating expenditures. The amount of the contingency will be no more than 5% of the operating budget.
- J. The budget will provide for adequate maintenance of capital equipment and facilities and for their orderly replacement, in conjunction with the adopted multi-year Capital Improvements Program.
- K. The City will maintain a budgetary control system to monitor compliance with the budget.
- L. Enterprise funds shall be self-supporting. Internal Service funds shall be self-supporting to the greatest extent practicable. However, the City Council may authorize transfers from other funds as they deem necessary for Internal Service operations.
- M. It shall be a goal of the City of Marion to reduce reliance on ad-valorem property taxes in the funding of city services.

## **Revenue Policy**

- A. The City will follow an aggressive policy of collecting all revenues properly owed to the city government.
- B. The City will review user fees/charges annually, and the City Administrator shall make recommendations for any adjustments on the basis of that review.
- C. The City will try to maintain a diversified and stable revenue system to shelter it from short-run fluctuations in any one revenue source. The revenue mix should combine elastic and inelastic revenue sources to minimize the effect of an economic downturn.

D. The City will set fees and user charges for each Enterprise Fund, at a level which fully supports the total direct and indirect cost of the activity. The City Enterprise operations include: Water, Sewer, Electric, and Refuse.

E. Recognizing that the public good may be better served by setting some fees at less than 100% of an activity's cost, fees and user charges for certain non-enterprise city services and programs may be set a level which only provide partial user fee funding of activity costs.

## **Asset Management Policy and Procedures**

A. General Information: No equipment or furniture, especially computers and their components should be disposed of, traded in, or transferred without prior approval of the City Council. All assets are owned by the City, assigned to departments, and recorded to the specific department in which the assets are physically located. Individuals who move assets without the proper authorization are invalidating property records. A property control action/disposal request form should be forwarded to the City Administrator before any assets are relocated; this will allow the department inventory records to be updated correctly.

B. Property Control: The City shall conduct an annually physical inventory by taking an actual count of all assets/equipment to determine the quantity of equipment and to ensure proper records of inventory for each department. This process is done to ensure that the assets recorded in the property system physically exist, to determine unrecorded or improperly recorded transactions, and to identify any excess, defective, or obsolete assets on hand.

C. Assets Defined:

Capital Equipment: Any property with a unit cost of \$5,000 or more. Examples of capital equipment would include:

1. Vehicles and Heavy Machinery
2. Buildings and Real Estate

Non-Capital Equipment: Any property with a cost greater than \$300 but less than \$5,000 that is not attached to a building and can be removed and/or stolen will be considered an asset and should be included in a departments inventory records. Examples of items that are considered sensitive equipment because they are prone to theft and are easily convertible to personal use are:

1. Computers
2. Computer components
3. Printers
4. Fax Machines
5. Typewriters
6. Copiers

7. Televisions
8. VCRs
9. Cameras
10. Handguns
11. Two-way radios
12. Chainsaws

D. Disposal of Property, Over \$500 (Estimated Value): A property control action/disposal request form signed by the Department Head, must be completed and given to the City Administrator in order to request the disposal of excess, obsolete, or defective property/equipment. The Administrator will review the request and if determined the property is no longer needed, will forward the request to the City Council for approval. Upon approval by the City Council the request will be given to the City Clerk so that the equipment may be removed from inventory. Computer equipment will be stored in City Hall while a determination is made whether the equipment can be upgraded and/or repaired. Before any computer is transferred, sold, or destroyed the hard drive will be formatted to remove all data. Departments are strictly prohibited from disposing of any equipment on their own accord.

1. An item may be declared surplus property when it is no longer necessary for the efficient operation of the City or has been replaced.
2. Surplus property shall be disposed of:
  - a. By trading it;
  - b. By auctioning it
  - c. By selling it in a manner that fosters competition to the extent practical, considering the value of the item and the availability of prospective purchasers;
  - d. With proper documentation, by transference, including by donation to another entity such as a nonprofit organization, another local government, or the State of Kansas.
  - e. By dismantling it for recover of parts; or
  - f. If no value can be realized, by destroying it.

E. Disposal of Property, Up to \$500 (Estimated Value): Property that has an anticipated value not to exceed \$500 may be disposed of at the discretion of the City Administrator. A property control action/disposal request form signed by the Department Head, must be completed and given to the City Administrator in order to request the disposal of excess, obsolete, or defective property/equipment. The Administrator will review the request and if determined the property is no longer needed, will approve the request. Upon approval the request will be forwarded to the City Clerk so that the equipment may be removed from inventory. Computer equipment that is transferred, sold or destroyed will have the hard drive formatted or removed to protect sensitive data. In the event that a Purplewave auction is scheduled the items may be placed on the auction. If no auction is scheduled the City Administrator may approve sale of inventory to another source.

City of Marion

Property Control Action/Disposal Request

Date: \_\_\_\_\_

Department: \_\_\_\_\_

ACTION REQUEST:

- Replacement Equipment
- Transfer Equipment to another Department
- Remove Equipment from Inventory (Indicate how you are requesting that property will be disposed)
  - Trade
  - Auction (Purplewave)
  - Sell to private party \_\_\_\_\_
  - Transfer to another agency \_\_\_\_\_
  - Dismantle
  - Destroy
  - Other Manner of Disposal \_\_\_\_\_
- Other (Explain below)

Description of Equipment	If Vehicle, Equipment Number	Department

Comments:

\_\_\_\_\_

\_\_\_\_\_

Department Head Signature: \_\_\_\_\_ Date: \_\_\_\_\_

This request is            approved            denied City Administrator Signature: _____ Date: _____ Inventory Adjusted: _____ Insurance Cancelled: _____ If requesting permission to dispose of equipment: City Council Action: Meeting Date: _____            Approved            Denied Method of Disposal: _____
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## Chart of Accounts

### A. Account Number Structure

The account number structure used by the City is as follows:

First two positions:	Fund number	xx-xx-xxxx
Next two positions:	Department number	xx-xx-xxxx
Next four positions:	Line Item	xx-xx-xxxx

B. Expenditures: Expenditures are classified by fund and by department for summary reporting purposes. Classification by fund shall be in the following categories:

**01 General Fund:** To include departments providing services to the public. It will also include costs paid by the General Fund that are not specifically allocated to departments. This classification includes: General Administration, City Hall, Sales Tax, Industrial Development, Planning, Police, Park, Airport, Pool, Museum, Cemetery, Housing Authority, Baseball Complex, Flood Control/Noxious Weed, Fire, Library, Court, and EMS.

**02 Utility Fund:** Includes departments engaged primarily in providing utility services to the community. Includes Water Distribution, Water Plant, Sewer, Electric and Refuse.

**07 Sales Tax:**

**08 Special City Highway:**

**10 Special Law Enforcement Trust:**

**12 Bond and Interest:**

**17 Library:**

**21 Equipment Reserve:**

**26 Capital Improvement:**

Classification by department fund is as follows:

GENERAL FUND: xx-xx-xxxx

00 Administration

05 City Hall

07 Sales Tax

10 Streets and Alleys

- 11 Industrial Development
- 12 Planning
- 14 Police
- 15 Park
- 16 Airport
- 20 Pool
- 25 Museum
- 30 Cemetery
- 35 Housing Authority
- 55 Recreation
- 56 Baseball Complex
- 60 Flood Control/Noxious Weed
- 65 Fire
- 75 Library
- 85 Court
- 90 EMS

UTILITY FUND: xx-xx-xxxx

- 01 Water Distribution
- 02 Water Plant
- 03 Sewer
- 04 Electric
- 06 Refuse

C. General Revenues:

1. Taxes: Taxes are those revenues collected from the citizens generally but not tied to a particular service or program, and for which the City establishes the rate of taxation, whether collected directly by the City or by others. Taxes are to be reported by line item (Property, Sales, and Other) on all reports. Taxes include the following sub-classifications:
  2. Property Taxes: Generally levied on Real and personal property based on the value of that property. Property taxes include the following: Real Estate, Motor Vehicle, Recreational Vehicle, 12M Taxes, and Delinquent taxes.
  3. Sales Taxes: Based on sales transactions in the City, and a pro-rata share of the countywide sales tax. Includes Sales taxes received for County and City.
  4. Franchise Taxes: Fees charged to Utilities for their use of the Public Right of Way.
  5. Investment Income.

D. Grants:

1. Operating grants: Intergovernmental: Any revenue received from other Governmental Units, including grants and loan proceeds used as an operating supplement.



2. Operating Grants, Other: Operating Grants and Contributions from non-governmental Sources
3. Capital Grants: Intergovernmental: Revenue received from other Governments for the acquisition of capital equipment or facilities
4. Capital Grants, Other:

E. Charges for services:

1. Fees and Charges: Includes any and all charges for services assessed to participants. Fees and charges may be further subdivided as necessary.
2. Licenses and Permits: Includes licenses issued to electrician, plumber, contractors, solicitor permits, firework licenses, dog tags, and building permits.
3. Sale or Rental of Property: Rentals of City facilities, or sales of surplus property, including real estate.
4. Reimbursements: Payments received that provide a reimbursement of expenditure.

F. Special Situations:

1. Interfund Transactions: Classification and reporting of interfund transactions is to be guided by the following:
2. Operating or Residual Equity Transfers shall be classed as interfund transactions, reported as an expense on the expense side, and netted of the expense on the revenue side of the transaction on aggregated summary reports.

G. Fund Authorization and Purpose

1. Fiduciary Funds

- a. Trust Funds: Trust funds are used to account for assets held by the government in a trustee capacity. Trust funds may be expendable or non-expendable.
- b. Expendable Trust: Both Principal and accumulated interest may be used.
- c. Non-Expendable Trust: The Principal amount in the fund may not be used. Any accumulated interest may be used for the purposes established for the fund.
- d. Agency Funds: Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

## 2. Governmental Type Funds

- a. General Fund: The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. Statutory Authorization: KSA 79-1952.
- b. Special Revenue Funds: Special Revenue Funds are used to account for specific revenues that are legally (by State or Federal Law or by local Ordinance) restricted to expenditures for particular purposes.
- c. Utility: This fund is used to account for the water, sewer, electric, and refuse costs of the City's operations.
- d. Special Parks: This fund is used to account for 50% of the liquor tax revenues which must be used for park maintenance and improvements. The remaining 50% of the liquor tax revenues are deposited into the general fund.
- e. Special City Highway: This fund is used to account for revenues received from the State of Kansas for the State Revenue Sharing Program and for revenues for Street Special Assessments from Marion County. This fund is used to account for the costs of special street projects such as curb and gutter and streets. New curb and gutter and street projects are completed by petition and the cost is reimbursed by the surrounding property owners.
- f. Law Enforcement: This fund is used to account for revenues received from the sale of forfeited assets acquired during drug enforcement activities. Expenses are restricted to capital items to be used for further drug enforcement activities.
- g. Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources and payment of General Obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies.
- h. Capital Project Funds: Capital Projects funds are used to account for the Acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

## 3. Proprietary Type Funds

- a. Enterprise Funds: Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the Government is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government has decided that periodic determination of net income is appropriate for accountability purposes.

**Water Distribution:** This fund is used to account for the operation of the Water System.

**Water Plant:** This fund is used to account for the operations of the City's Water Plant.

**Sewer:** This fund is used to account for the operations of the City's Sewer System

**Electric:** This fund is used to account for the activities of the City's Electric System.

**Refuse:** This fund is used to account for the operation of the City's Refuse Service.

## Cash Receipting

A. Methods of Payment: The City accepts payment by a variety of methods: cash, check, and credit card.

For guidelines addressing credit card transactions, see Accounts Receivable, Credit Cards, below.

1. Check Acceptance: Make checks payable to: **The City of Marion.**

Identification of the person writing the check should be verified whenever possible.

This information is necessary in order to do complete follow up in those cases where a check is returned by the bank. In some cases (for example, payment by mail) it may not be feasible to obtain this information, however, the staff accepting the check should obtain it whenever possible.

The City of Marion does not accept two party checks or checks for more than the amount of purchase, nor will checks be cashed. If those checks fail to clear because of insufficient funds, account closed, or whatever, collecting on the return is more difficult.

Do not use the change drawer as a petty cash fund.

### Returned Checks, Cash Receipting:

If a check is not honored by the bank, the City may refuse to accept checks in the future. If a check is returned for any reason, the customer's account will be debited for the amount of the check plus a returned check fee of **\$30.00**.

### Daily Balancing

The purpose of Change funds is to provide a pool of cash to enable City Staff to make change to customers when they come in to pay for goods or services received.

A change fund is normally composed of a limited amount (\$100.00 per drawer) of cash in small denominations. The change drawer should have a "standard" mix of change to start the day. This mix may vary, depending on experience. Maintenance of this will minimize the need for daily trips to the bank.

Count the change fund out of the drawer. Put the drawer back in the register if the City is still open for business or in the locked cabinet for safekeeping when the City office is closed.

Total the receipts that have been issued for the day.

Count the cash and verify the amount matches the receipt listing. . If a credit card payment is accepted, this amount needs to be included also. The total amount from these items should match the total for the receipts. If it does not, the error needs to be found and corrected.

A bank deposit needs to be prepared daily at the time the cash drawer is balanced. When the deposit is done, count everything twice. An adding machine tape should be run on the checks and provided to the bank along with the deposit. A person other than the one preparing the deposit should verify and sign off on the daily deposit.

### Bank Deposits

Bank deposits are to be made daily. Because a segregation of duties may not be possible in a small office setting it is important for internal controls to be implemented. The City Administrator will take the deposit to the bank. In the absence of the City Administrator the best practice would be to allow Office Assistant to take the deposit to the bank. The person that reconciles the monthly bank statement should not be allowed to take the deposit to the bank in order to avoid this person having final contact with the deposit.

### Receipting Locations

**City Clerks Office:** Is the central location for receiving and entering payments.

**Municipal Court:** Sends money to City Clerk's office for Deposit. City Clerks office receipts cash and checks and adds to daily deposit.

**Police Department (VIN Inspections and Accident Reports):** Sends money to City Clerk's office for Deposit. City Clerk's office receipts cash and checks and adds to daily deposit.

### Reimbursements

In general, money received shall be credited to a revenue account.

### Donations:

Handling donations can be problematic, and variable, depending on the situation.

Occasionally the City of Marion receives donations from private individuals that may be specified for specific purposes, or more general purposes, or to non-specified purposes. Most donations have at least a general purpose. An example might be a memorial contribution to be used for the purpose of the Fire department.

Any single donation or memorial that exceeds \$1,000 and does not designate how the funds shall be used (undesignated) shall be presented to the City Council to determine the most appropriate use of the funds.

All donations or memorials, whether designated or undesignated are to be set up as a separate line item within the Capital Improvement fund. No separate bank account is necessary.

#### Regular Reimbursements:

In some situations a reimbursement might recur for a number of years. For example, if temporary notes have been issued for construction of the library, and they are reimbursing the city for the redemption of those notes. When a situation like this is known and the expense and revenue can be planned and budgeted for, it should be. It is then a part of the City's normal way of doing business, and should be included in the communication and disclosure that is a normal part of our budget process.

#### Receipts on behalf of other entities

Occasionally the City will receive checks that are made payable to the City, or to the City and another party. One example might be a check made payable to the City of Marion, but it is for a franchise payment due to the County Clerk.

In these cases, the City Clerk will endorse the check and turn it over to the proper authority.

## **Accounts Receivable**

#### Credit Card Acceptance

The City of Marion will accept credit cards for any transaction, except those that may be prohibited by the agreement with Federal Payments:

Cash advances (to customers or employees) will not be given on credit cards.

Cards need to be signed by the person named on the face of the card and a photo ID needs to be provided to verify identity. In the case of corporate/company cards, an appropriate corporate identification—that is, a photo ID in the company name or similar identification in lieu of a signature can be accepted

Credit card payments will be accepted on Collection and Turn off Day (Utility Customer Accounting). The customer will be required to pay the past due amount and the reconnect charge.

Information about a customer's credit card will not be disclosed. Any documentation (except the sales ticket) which has the credit card number, authorization code or similar information on it will be destroyed by shredding as soon as it is no longer needed to complete the transaction.

Customer credit card information will not be retained on any internal documents. (Service Orders, customer request forms, permits, licenses, etc.). Working documents with credit card numbers noted on them will be shredded.

All telephone credit card payments will be completed as quickly as possible. Leaving them lying around the office is equal to leaving payments laying around and not being processed. With telephone payments the customer's name should be printed on the cardholder signature line of the form, with a notation "By Telephone".

Credit card sales slips are retained for a period of 12 months. These slips will be kept in a secure location until they are destroyed.

To do a refund the customer **MUST** have the Credit card or the **same** credit card number that the charge was issued on. Access the Federal Payments website and select the void option to cancel a payment.

#### Accounts Receivable, General

General policies are described first, followed by policies that apply to specific service areas. General policies shall apply, except as specifically overridden or supplemented by a service area policy

The City of Marion encourages payment by cash, check, or credit card. However, in some cases, based on the specifics of the situation, a miscellaneous account may be established. This will generally be limited to those who have repetitive and regular business with the City, or in those situations where the cost of services cannot be determined until after the services have been delivered.

#### Returned checks, Accounts Receivable:

The City of Marion's financial institution may present an un-collectable check two times for payment. If a check does not clear the second time, the financial institution will return it to the City of Marion.

When the check is returned, the City will send a notice to the customer telling them the City has a returned check on their account. The customer will be given until the start of the next business day to make the payment, plus a \$30.00 returned check charge. This payment must be made by cash, cashiers check, credit card, or money order.

When a customer gives more than two (2) un-collectible checks within a twelve (12) month period the account will be placed on a cash only status. The customer will receive notification telling him or her that the City will not accept checks from him or her as payment on the account or accounts for a 12-month period.

Those people placed on cash only status will be listed and the staff will be directed not to accept a check from anyone on this list. If a person on cash only status gives the City a check in the night deposit, collection agencies or the mail, the check will be returned to the customer with a notice explaining they are on cash only status and that the City is unable to accept their check

for payment of the account. The account will be considered delinquent until proper payment has been received.

Returned checks not redeemed within the time period allotted shall be referred to the County Attorney for collection or prosecution.

A returned check renders the payment null and void, and any penalties shall apply as if the payment had never been made. This may include suspension of services if applicable.

Charge Accounts:

Information required to establish an account:

Billing name and address

Responsible Party Name and address (if different)

EIN or SSN for responsible party

Telephone number

New charge accounts are not to be established for businesses or individuals whom, have delinquent amounts due on other accounts held with the City.

Departmental Billing

Centralized billing of Accounts Receivable through the Clerk's Office is encouraged. This can be accomplished by forwarding information regarding the Customer and the charges in an acceptable format. This may vary, depending on the nature of the charges.

However, where departmental billing is appropriate, a copy of the billing statement shall be provided to the Clerk's Office. The Department Head shall be responsible for collection of the required billing information. Upon notification, the City Treasurer will add the amounts due to the receivable system, and do the follow-up billing

Remittances, Accounts Receivable:

All payments, unless otherwise specified, shall be remitted to:

City of Marion

208 East Santa Fe

Marion, KS 6681

Timing of Billing, Due Dates:

Payment for services shall be due no sooner than within 15 days nor longer than within 30 days of the billing date. Timing of billing may vary, depending on the services billed.

Fees and Charges, Accounts Receivable:

Fees and Charges shall apply as established by resolution, ordinance, or administrative action. Most fees and charges are itemized in the Comprehensive Fee Schedule, available from the City Clerk's Office

Method of Payment, Accounts Receivable:

Acceptable methods of payment include cash, check, cash equivalents such as money orders, and credit card.

Late Fees, Delinquency, Accounts Receivable:

Late fees may be applied after the due date. Unless otherwise specified, late fees shall be as follows:

For regularly scheduled services that may be suspended: A 10% one time fee applied to the outstanding balance, plus suspension of service. This applies primarily to Water, Sewer, Electric and Refuse services.

The City reserves the right to establish additional conditions on customers with delinquent accounts, including accelerated payment schedules, "cash only" status, or additional security for the account.

Adjustments:

*Billing Error:* Adjustments to receivable accounts may be made in those cases where the City has erred in applying the charges. All adjustments shall be reviewed and signed off on by the City Clerk or the City Administrator.

*Collection Fee Adjustments:* When a third party collects an account on behalf of the City, they normally retain a percentage of the payment as their fee. These amounts are written off as uncollectible at the time the payment is received from the collection agency. All adjustments shall be reviewed and signed off on by the City Clerk or the City Administrator.

*Bad Debt/Bankruptcy:* When it becomes apparent that the likelihood of collecting an account due to age, bankruptcy, or other factors is minimal, the account will be written off the receivables accounts as a bad debt. All adjustments shall be reviewed and signed off on by the City Clerk or the City Administrator.

Collections:

Collections of past due accounts may be pursued by any legal means necessary, including, but not limited to one or more of the following:

1. Termination or suspension of services
2. Placing demand on a letter of credit
3. Submittal of account to a private collection agency
4. Submittal of accounts to the State of Kansas set-aside program
5. Filing a claim in Small claims or District Court



6. Process against a 3rd party guarantor of the account
7. Other action as may be appropriate to restore the account to current status, or to maintain the account in current status.

## **Utility Customer Accounting**

### Connect Fee Policy:

Commercial and Residential Accounts: All commercial and residential applicants will pay a connect fee of \$125.00 unless they have established a satisfactory credit rating with the City of Marion Utility Department. This connect fee is non-refundable.

If a City of Marion commercial or residential customer has an open account with good credit, they may open additional accounts with no additional connect fees.

Instead of a connect fee a commercial or residential customer may use the following:

1. A Letter of Reference from another utility within the United States.

The City Administrator may waive the connect fee requirement for other circumstances not described above. In each case, the Treasurer will document the reason for the waiver and include the documentation in the customer's account records.

If a customer pays the connect fee and then produces a letter of credit or guarantee within 30 days of establishing service, the connect fee will be refunded.

A customer that is disconnected for non payment will be required to pay all past due utility use amounts in addition to a re-connect fee. If service is reconnected during regular business hours the fee is \$50.00 (taxes included). Regular business hours are defined as 8:00 AM – 5:00 PM Monday thru Friday.

No reconnections will be processed, made or completed after 5:00 PM, weekends or holidays. As a courtesy to our customers, no disconnects will be made if disconnect day falls on a Friday. Disconnects will be done on the following Monday and will be processed using the policies above.

### Good credit criteria

The City of Marion uses the following criteria to establish a customer's **Good Credit**. Only one item listed below will be allowed when considering good credit.

<u>Description</u>		<u>Number Allowed</u>
Bad Check		1
	OR	
1st. Delinquent Notice		3
	OR	
Processed for Disconnect		1

The City of Marion will use these criteria when accepting a Letter of Credit from another utility. If a new customer’s Letter of Credit indicates they exceed the maximum of the listed credit criteria, the customer will be required to pay a connect fee. Fees and Charges, Utility Billing:

New Residential Customer Sewer Charges: The City of Marion computes the sewer charge for residential customers based upon their average water consumption during January, February, and March known as a “winter quarter average”. The customer who has not established a “winter quarter average” will have their sewer charge figured at three units for the year.

Water and Electric Meter Reading

The City of Marion Utility Departments uses a radio frequency meter reading system. In the unlikely event a customer questions the accuracy of a reading, a physical reading will be taken by city crews. Any and all adjustments shall be reviewed and signed off on by the Utility Billing Clerk, City Clerk or the City Administrator.

Information required to establish an account:

- Name on Account
- Address for Service
- Mailing Address
- Telephone Number
- Social Security Number
- Date of Birth
- Spouses Name
- Spouses Date of Birth
- Spouses Employment
- Spouses Telephone
- Emergency Contact Name and telephone
- Name of all occupants

Returned Checks, Utility Billing:

The City of Marion’s financial institution may present an uncollectible check twice for payment. If a check does not clear the second time, the financial institution will return it to the City of Marion.

When the check is returned, the City of Marion will charge the check back to the customer's account with a reverse payment. A notice will be sent to the customer telling him or her that a returned check has been received on their account. The customer will be given until the start of the next business day to make the payment, plus a \$30.00 returned check charge. This payment must be made by money order, credit card or cash. If payment is not made by the due date stated in the letter, Services will be turned off and a \$50.00 service charge will be added to the account.

When a customer gives two (2) uncollectible checks on a specific account the account will be placed on "Cash Only Account". The customer will receive a notice telling him or her that the City will no longer accept checks from him or her as payment on the account for a period of twelve months. The City of Marion may use the County Attorney for bad check prosecution/collection.

Customers placed on "Cash Only Account" will be listed and the staff will be directed not accept a check from anyone on this list. If a person on "Cash Only Account" gives a check in the night deposit, collection agencies or the mail, the City of Marion will return the check to the customer with a notice explaining they are on a "Cash Only Account" and the City is unable to accept their check for payment of the account. The account will be considered delinquent until the proper payment is received.

If, however, a "Cash Only Account" check should get through our system and is returned unpayable by the city's financial institution, the City will send the customer a letter. This letter will inform them they have given another uncollectible check after they were placed on a "Cash Only Account". The letter will give the customer until the start of the next business day to pick up the check and pay the \$30.00 returned check charge or services will be turned off.

The City Treasurer will review the "Cash Only Account" list monthly and a customer's name will be removed from this list if the customer has maintained good credit in accordance with the good credit criteria for at least one (1) full year.

#### Returned ACH Debit, Utility Billing:

The City of Marion's financial institution may present an ACH Debit for payment. If an ACH Debit does not clear the bank, the financial institution will return it to the City of Marion.

When the ACH Debit is returned, the City of Marion will charge the balance back to the customer's account with a reverse payment. A notice will be sent to the customer telling him or her that a returned payment has been received on their account. The customer will be given until the start of the next business day to make the payment, plus a \$30.00 returned payment charge. This payment must be made by money order, credit card or cash. If payment is not made by the due date stated in the letter, Services will be turned off and a \$50.00 service charge will be added to the account.

If a customer has one (1) returned ACH Debit they will be removed from the “Bank Pay” program in Summit for a period of 12 months. During that 12 month period the customer may pay with cash, check, or credit card. If a customer has a combination of a returned ACH Debit and a returned check the customer will be placed on “Cash Only Account” status. The customer will receive a notice telling him or her that the City will no longer accept checks from him or her as payment on the account for a period of twelve months. The City of Marion may use the County Attorney for bad check prosecution/collection.

Customers placed on “Cash Only Account” will be listed and the staff will be directed not accept a check from anyone on this list. If a person on “Cash Only Account” gives a check in the night deposit, collection agencies or the mail, the City of Marion will return the check to the customer with a notice explaining they are on a “Cash Only Account” and the City is unable to accept their check for payment of the account. The account will be considered delinquent until the proper payment is received.

#### Remittances, Utility Billing:

Payments are collected at a night depository in front of the City Building and the night depository located across the street in the parking, as well as in the office, 208 East Santa Fe.

Payments can be mailed to 208 East Santa Fe, Marion Kansas 66861.

Bills may also be paid with Credit cards by telephone or in person.

#### Timing of Billing, Due Dates:

Utility Bills are produced and delivered to resident by the 1<sup>st</sup> of each month. The due date is the 15<sup>th</sup> of each month.

#### Internet Billing:

The City has the ability to offer online utility account access and payment. The customer uses their billing address and utility account number to create their personal account. The customer establishes their own password and has the ability to reset the password if needed. City personnel do not have access to the passwords but can delete customer accounts or reset passwords if necessary. Once an account is established the customer can make payment with credit card or electronic check. This payment file is downloaded by the City Treasurer each morning as he/she begins reconciling the previous days transactions.

#### Extension Policy:

A customer with a delinquent account may request an extension, on the designated agreement form, at least three working days prior to the scheduled disconnect date. Extensions may be granted to the 3<sup>rd</sup> day of the following month. Customers may obtain the form from the City Office or from the city website. However, if a customer has requested an extension and fails to

make the arrangements as agreed upon no additional extensions will be granted during a 12 month period following the date of the failed agreement.

Inability to Pay:

In no circumstances is city staff able to arbitrarily forgive or extend payments beyond this established policy. If utility service is to stay connected beyond these policies, only a quorum of the City Council can amend or approve such arrangements.

Method of Payment, Utility Billing:

Bills may be paid in person, online, by mail, and at drop boxes located in front of City Hall. Payment is accepted by cash, check, or credit card.

Late Fees, Delinquency, Utility Billing:

Bills unpaid 16 days after date of issue shall be considered delinquent and subject to a charge of 10% of the total charges. At this time a disconnect notice shall be issued for all such bills. If the bill and late charge are not paid within 7 days of issuance of the disconnect notice, all utility services will be discontinued.

Bad Debt:

The City of Marion contracts with the State of Kansas Set Off Program for collection of bad debts. Any account that has a balance of more than \$25 and has remained unpaid following 3 notifications will be submitted to the Set Off Program for collection. The initial bill on the first of the month and the delinquent notice after the 16<sup>th</sup> of the month count as the first two notifications. The third notice will be sent on the first of the following month and may include a notification that their account will be forwarded to the Set Off Program if not paid by the 15<sup>th</sup> of that month. Once the account is forwarded to the Set Off Program the computer software will be updated and the account will be placed in the "Bad Debt" program.

Collections: Turn off day policy

- 1) Disconnect Notices will be prepared on the *SCHEDULED* Turn off Day after checking the night deposit box. Once a disconnect notice is generated the reconnect fee is added to the customer account balance.
- 2) The Field Personnel can go directly to the location and turn the service off without further notification.
- 3) If the customer sees the Field Personnel come to turn off the electric and water and offers to pay, the Field Personnel may not accept payment. The customer may be allowed to go to City Hall immediately and make the payment. The utilities may be left turned on.

4) In the event of termination due to nonpayment of obligations the customer will be required to pay all past due utility use amounts in addition to a reconnect fee of \$50.00 during regular business hours. Regular business hours are defined as 8:00 AM – 5:00 PM Monday thru Friday.

Utility Fairness Policy:

The City of Marion does not discriminate in providing utility services to its customers. In turn, all bill payment, collection, disconnect and re-connect policies as stipulated above, will be enforced without prejudice, without preference and without exception.

### **Grant Receivables**

Grants constitute a special area of receivables.

Normally, Grantor agencies are “billed” through the submission of a grant report on either periodic or intermittent basis. Individual departments are responsible for filing such reports.

At the time the report is submitted, a copy should be filed with the Clerk’s Office for tracking and informational purposes.

### **Building Permits**

All Permit applications will be processed within 10 business days. Upon approval, a copy of the approved permit will be sent to the Applicant and the Building Permit payment will be forwarded to the Clerk’s Office and deposited into the general account. If a Permit is denied, the Applicant will be notified in writing and the Permit payment, less a \$25 processing fee, will be returned to the Applicant. If a payment was made by credit card and the Permit is denied, a refund check will be issued within 10 business days, if any refund is due.

The cost of the permits is established by the most current Fee Schedule Resolution as approved by Council and payment is due at the time that the building permit is issued.

### **Revenue**

Payment in Lieu of Taxes:

A. Upon final approval of the requested tax exemption by the City, the City Clerk will provide a copy of the Ordinance authorizing said exemption and a copy of the final Payment in Lieu of tax agreement to the County Appraiser.

B. Upon receipt of the final order from the Kansas Board of Tax Appeals exempting property from ad valorem property taxes pursuant to the issuance of Industrial Revenue Bonds, the

County Appraiser shall annually determine, for each property exempted, by property type as identified in the Agreement For Payment In Lieu of Taxes, the appraised value, the assessment percentage, the assessed value, the exemption percentage, and the In Lieu of value. For existing buildings with additions or improvements, the County Appraiser shall also identify the ratio between the Pre-Improvement Value and the Improvement value for the first year of the exemption period. The In Lieu of value shall be the total of the assessed values of various classes of property identified in Section 2 of the Agreement For Payment In Lieu of Taxes multiplied by the payment in lieu of taxes percentage identified for that property. In each succeeding year, The County Appraiser shall, on or before July 1, certify to the City Clerk the appraised value, the assessment percentage, and the assessed value, itemized by property owner and bond issue, on a form to be provided by the City of Marion.

C. The City shall review information provided by the County appraiser for completeness, consistency, and accuracy to the extent they are able to determine. The City Clerk shall, at the time of certification of other ad valorem property taxes, certify said information to the County Clerk, in substantially the same format provided in Attachment 1, accompanied by the electronic version of the same information.

D. The County Clerk shall determine the final amount of in lieu of tax due, based on the in lieu of value and the final total mill levy rate for all taxing entities having jurisdiction over the subject property. The County Clerk shall certify to the County Treasurer, as a special in lieu of tax, at the same time as certifying other taxes, the amount due for each property. Along with said certification, the County Clerk shall transmit to the County Treasurer the previously identified spreadsheet, on which the distribution of in lieu of taxes has been calculated.

E. The County Treasurer shall bill the amount due out as in lieu of taxes. Upon receiving payment of the same, the County Treasurer shall apportion said payment among all of the taxing jurisdictions having authority over the subject property.

F. The County Treasurer shall, on or before January 31 of each year, provide a report to the City showing the amount of in lieu of taxes billed and paid during the previous twelve (12) months, by taxpayer, and note any delinquencies thereon.

Nothing in this agreement shall preclude mutually acceptable administrative adjustments to the procedure to provide for increased efficiency of the process, so long as the intent and purpose of this agreement is maintained.

This agreement shall continue in force until notice of termination is provided by either party of at least 30 days notice of its intention to do so prior to July 1<sup>st</sup> of any year.

## **Purchasing**

General Purchasing; Documentation:

The City of Marion sets forth a policy to eliminate and prevent discrimination, segregation or separation because of race, sex, religion, physical handicap, color, national origin or ancestry, and to assure equal opportunities and encouragement of every person, regardless of race, sex, religion, physical handicap, color, national origin or ancestry, in securing and holding without discrimination, employment in any field of work or labor for which the person is properly qualified.

Purposes:

- A. Encourage procurement of goods and services for use by the City of Marion on the basis of the best necessary quality at least cost (best value).
- B. Provide for ready availability of goods and services to support timely and effective service delivery, with a minimum of cumbersome procedure.
- C. Maintain a competitive private sector purchasing environment for the City of Marion.
- D. Provide for appropriate budgetary control and financial oversight of the procurement process.

General:

- A. In the interests of eliminating delays in service provision, the City will use a de-centralized purchasing system subject to the control of this policy, and, within that, at the discretion of the Department Head.
- B. Departments of the City are encouraged and expected to coordinate the purchase of similar items. Bulk or large quantity purchasing is encouraged in those areas where storage space is available, and inventory can be controlled.
- C. Any single purchases made in excess of \$200 are to be approved by the Department Head, and are subject to the further general oversight of the City Administrator. The Department Head's signature on the invoice shall be considered as an affirmative statement that they have reviewed all items listed on the invoice. As such, the invoice is required to be signed by the Department Head in all cases. Staff involved in purchasing is expected to use common sense and good judgment in the application of these guidelines.
- D. All goods must be verified as received prior to processing warrants for payment. Packing slips which are received and sent to the Department Head are regarded as acknowledgment that the goods were received. The Department Heads signature on the invoice is an affirmative statement that the goods or services were properly ordered and received for City services.



E. Goods and services purchased by the City are intended to provide services to the public. Diversion of materials or services purchased by the City to personal or private use (without public purpose) is considered to be misuse, and will result in administrative and/or criminal justice system consequences.

Local Preference:

In order to maintain the most competitive environment, a formal local preference option is not provided. Specifically, there is no percentage price preference in bids or other competitive processes. However, local service, city efficiency, and other similar judgment factors may be used in determining whether a purchase provides the best value.

CODE OF ETHICS:

Declaration of Policy:

The proper operation of City government requires that public officials and employees be independent, impartial, and responsible to the people, that the governmental decisions and policy be made in the proper channels and that the public have confidence in the integrity of its government. In recognition of those goals, the City Council hereby establishes a Code of Ethics for all officials and employees, whether elected or appointed, paid or unpaid. The purpose of this code is to establish ethical standards by setting forth those acts or actions that are in the best interests of the City.

Responsibilities of Public Office:

Public officials and employees are agents of public purpose and hold office for the benefit of the public. They are bound to uphold the Constitution of the United States and the Constitution of this State and to carry out impartially the laws of the nation, state, and city and thus to foster respect for all government. They are bound to observe in their official acts the highest standards of morality and to discharge faithfully the duties of their office regardless of personal considerations, recognizing that the long-term public interest must be their primary concern. Their conduct in both their official and private affairs should be above reproach.

Dedicated Service:

All officials and employees of the city should be responsive to the political objectives expressed by the electorate and the programs developed to attain those objectives. Appointive officials and employees should adhere to the rules and work and performance established as the standard for their positions by the appropriate authority.

Officials and employees should not exceed their authority or breach the law or ask others to do so, and they should work in full cooperation with other public officials and employees unless prohibited from doing so by law or by officially recognized confidentiality of their work.

Fair and Equal Treatment:

1. Interest in Appointments. Canvassing of members of the city council, directly or indirectly, in order to obtain preferential consideration in connection with any appointment to the municipal service shall disqualify the candidate for appointment except with reference to positions filled by appointment by the City Council.
2. Use of Public Property. No official or employee shall request or permit the use of city-owned vehicles, equipment, materials, or property for personal convenience or profit, except when such services are available to the public generally or are provided as city policy for the use of such official or employee in the conduct of official business.
3. Obligations to Citizens. No official or employee shall grant any special consideration, treatment, or advantage to any citizen beyond that which is available to every other citizen.

Conflict of Interest:

No elected or appointive city official or employee, whether paid or unpaid, shall engage in any business or transaction or shall have a financial or other personal interest, direct or indirect, which is incompatible with the proper discharge of his or her duties in the public interest or would tend to impair his or her independence of judgment or action in the performance of his or her official duties. Personal as distinguished from final interest includes an interest arising from blood or marriage relationships or close business or political association.

Specific conflicts of interests are enumerated below for the guidance of officials and employees:

1. Incompatible Employment. No elected or appointive city official or employee shall engage in or accept private employment or render services for private interests when such employment or service is incompatible with the proper discharge of his or her official duties or would tend to impair his or her independence of judgment or action in the performance of his or her official duties.
2. Disclosure of Confidential Information. No elected or appointive city official or employee, shall without proper legal authorization, disclose confidential information concerning the property, government, or affairs of the city. Nor shall he or she use such information to advance the financial or other private interest of himself, herself, or others.
3. Gifts and Favors. No elected or appointive city official or employee shall accept any valuable gift, whether in the form of service, loan, thing, or promise, from any person, firm, or corporation which to his or her knowledge is interested directly or indirectly in any manner whatsoever in business dealings with the city; nor shall any such official or employee (a) accept any gift, favor, or thing of value that may tend to influence him or her in the discharge of his or her duties or (b) grant in the discharge of his or her duties any improper favor, service, or thing of value. The prohibition against gifts or favors shall not apply to (a) an occasional non-pecuniary gift of only nominal value or (b) an award publicly presented in recognition of public service or (c) any gift which would have been offered to given to him or her if not an official or employee.
4. Representing Private Interest Before City Agencies or Courts. No elected or appointive city official or employee whose salary is paid in whole or in part by the city shall appear in behalf

of private interest before any agency of this city. He or she shall not represent private interest in any action or proceeding against the interest of the city in any litigation to which the city is a party.

5. No city official or employee shall be signatory upon, discuss in an official capacity, vote on any issue concerning or otherwise participate in his or her capacity as a public official or employee in the making of any contract with any person or business.
  - a. In which the officer or employee owns a legal or equitable interest exceed \$5,000 or five percent (5%), whichever is less, individually or collectively with is or her spouse; or
  - b. From which the officer or employee receives, the current or immediately preceding or succeeding calendar year, any salary, gratuity, other compensation, or a contract for or promise or expectation of any such salary, gratuity, or other compensation or remuneration having a dollar value of \$1,000 or more; or
  - c. In which he or she shall hold the position of officer or director, irrespective of the amount of compensation received from or ownership in the business.

Conflict of Interest (CDBG Program):

The City of Marion, KS hereby adopts the following conflict of interest policy as an addendum to the conflict of interest policy outlined in the City's Code of Ethics Policy within the General Financial and Budgetary Policies.

Conflict of Interest Policy, outlined by the Kansas Department of Commerce is to be utilized when the city is presently receiving a Community Development Block Grant from the Kansas Department of Commerce.

The State of Kansas agreed, when it accepted the CDBG program in 1983, to abide by 24 CFR 570.611 of the Federal regulations (conflict of interest) for the program. The Kansas Department of Commerce developed a conflict of interest policy on April 22, 1994, relating to housing. This policy has been broadened to cover all areas of participation in all programs funded by CDBG monies. In an attempt to clarify this issue for the State's program, the State has adopted, as of July 1, 1996, the following position on conflict of interest, incorporating the April 22, 1994, policy extending the policy further to address other areas as provided in 24 CFR 570.611.

Standard of Conduct Involving Conflict of Interest:

A. Persons Covered: The conflict of interest provisions of this policy shall apply to any person who is an employee, elected or appointed official, agent, consultant, officer, or any immediate family member or business partner of the above, of the recipient, or of any designated public agencies, or subrecipients, which are receiving funds from the Kansas Community Development Block Grant program.

B. Applicability:

1. In the area of procurement of supplies, equipment, construction, and services by recipients, subrecipients, or designated public agencies, the conflict of interest provisions in Public Law 103-355 or OMB Circular A-110, as applicable, shall apply.
2. In all cases not governed by PL 103-355, the provisions of this policy shall apply. Such cases include the acquisition and disposition of real property and the provisions of assistance by the recipient or subrecipients to individuals, businesses and other private entities in the form of grants, loans, or other assistance through eligible activities of the program, which authorize assistance.

C. Conflicts Prohibited: Except for approved eligible administrative or personnel cost, no persons described in A. above who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under the State program or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter. For the State CDBG Economic Development Program, the above restrictions shall apply to all activities that are a part of the funding approval for all projects, and shall cover any such interest or benefit during, or at any time after, such person's tenure.

1. An exception may be considered only after the grant applicant has provided the following:
  - a. A disclosure of the nature of the conflict accompanied by an assurance that there has been a public disclosure of the conflict and a description of how the public disclosure was made;
  - b. A recording of the disclosure in the official minutes of the governing body of the grantee; and
  - c. An opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or Local law.
2. In determining whether to grant an exception, after the above three items have been received, the State shall consider the following factors, where applicable:
  - a. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
  - b. Whether an opportunity was provided for open competitive bidding or negotiation;

- c. Whether the person affected is a member of a group or class of low- or moderate-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interest or benefits as are being made available or provided to the group or class;
- d. Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted activity in question;
- e. Whether the interest or benefit was present before the affected person was in position as described in Section C;
- f. Whether undue hardship will result either to the recipient or the person affected when weighted against the public interest served by avoiding the prohibited conflict; and
- g. Any other relevant considerations.

If after all considerations, determination is made to grant an exception, the State shall issue a waiver noting such exception and the conditions and the basis for the issuance of same.

It is policy of the CDBG program that no waiver will be issued concerning benefit to the chief elected official or governing body members of the grantee, except in dire circumstances affect performance.

#### Competitive Bidding:

Written competitive bids or price quotations are encouraged for the purchase of any capital item; or minor construction or repair contract. Normally, a minimum of 3 bids should be solicited. A bid tabulation should be attached to the invoice prior to payment and filing.

Capital Items (Vehicles and Equipment, Buildings) that are specifically scheduled in the annual budget, and for which the cost exceeds \$10,000, shall be purchased in groups, with bids opened by the City Administrator or designee. The award of bids for these items shall be approved by the City Council.

Operating capital items of less than \$10,000 in value which have been included in the annual budget may be purchased on the authority of the City Administrator. Competitive price quotations, written or verbal, from at least three vendors are encouraged. If bids have been received, a copy of the bid tabulation should be attached to the invoice prior to payment and filing.

Contracts for professional services, or similar services or items of a nature which render development of detailed specifications difficult or impossible; may be procured through the use of Requests for Proposals and negotiation of those proposals. The City uses a qualifications based selection process for professional services.

Non-Competitive Bidding:

Non-competitive bidding can be used when 1) The use of competitive bidding is not feasible, such as only one source is available. 2) There is a public emergency, or 3) The results of competitive bidding are inadequate.

- a. The scope of the proposed goods and/or services shall be defined as in competitive bidding. The scope will include the proposed goods and/or services, time frame, terms of compensation as defined by the City.
- b. The contract will be approved by City Council prior to executing a formal contract including bonds, if applicable. All unsuccessful bidders will be notified in writing with copies of the documentation retained in the City's files.
- c. In the case of an apparent emergency that requires an immediate purchase of supplies or contractual services, the City Council may authorize the purchase at the lowest obtainable price of any supplies or contractual services not in excess of \$5,000. A full explanation of the circumstances of an emergency shall be documented in the minutes of the next regularly scheduled City Council Meeting and in the General Ledger for auditing purposes.

Operational Purchasing:

Purchases of small items, totaling less than \$200, needed in the routine course of work may be made by employees subject to the discretion and review of supervisory staff. Purchases of more than \$200 but less than \$5,000 may be authorized by the department head. Invoices for such material shall be reviewed and approved by the signature of the Department Head prior to payment being rendered. Other staff authorized by the Department Head may sign the invoices, however, the Department Head must sign the purchase order.

Generally, purchases of less than \$10,000 may be authorized by the City Administrator or designee. Departmental Managers remain responsible for compliance with the annual operating budget for his or her own department.

Staff is encouraged to use informal quotes or written competitive bidding for supplies or materials acquired in bulk, or whenever appropriate in their best judgment. If taken, a tabulation of quotes should be attached to the invoice.

Purchases of items or material that exceed \$10,000 in value, or when purchases of groups of items exceed \$10,000 in value, which items are of a routine operational nature and are regularly purchased by the Department, may be made by the Department Head, without prior approval of the City Administrator. Items that are needed for the routine course of work may include, but are not limited to, chemicals used in operation of the sewer and water plant, office supplies,

and automotive supplies used for basic preventive maintenance of city owned vehicles. This specifically excludes equipment purchases, or purchases that are not routine needs of the Department. The City Administrator shall receive regular reports on such operational purchases.

Non-routine, non-budgeted purchases shall require the prior approval of the City Administrator, and, at his discretion, may be submitted to the City Council for approval.

#### Purchase Orders:

Purchase orders will be prepared bi-weekly for each vendor in which goods have been received. The Department Head, City Clerk and City Administrator will approve each purchase order.

On the Thursday before a regularly scheduled council meeting the City Clerk and Administrator will review the purchase orders that are due to be paid. After review the purchase orders will be presented to the department heads for final review and approval.

On Friday morning the appropriate purchase orders will be liquidated and checks printed. A claims list will be provided in the council packets. A check register will be prepared to be approved and signed at the council meeting.

#### Encumbrances:

Encumbrances are purchases that are made in one calendar year but not paid for until the following calendar year. In order to reduce the number of encumbrances a special batch of purchase orders may be prepared prior to the first council meeting in January that will be dated December 31 of the prior year. Following the issuance of these purchase orders the City Clerk will maintain a listing of encumbrances that are paid from January 1st until March 1st. Any encumbrances that are discovered after March 1st and are not of substantial value may be considered de minimus and not included in the encumbrance listing.

## **Bidding Procedures**

#### Bid Opening Procedures:

The City Clerk's office is generally responsible for distributing notices and advertisements for bid openings, collecting, sorting and assembling submitted bids, and opening and reading the bids. As in the other activities, the Clerk's office role is one of service and support, and the staff in the office is expected to conduct themselves in an appropriate professional manner.

In the event that the Clerk's office does not provide the notice, it is the individual department's responsibility to notify the Clerk's office of the scheduling information, and to provide the appropriate timing information as suggested below.

### Preparation for Bidding:

Work with the operating department staff to determine the appropriate opening date, time, and place allowing enough time for evaluation of the bid materials prior to City Council presentation.

Collect the specific bid specifications from the Department, and cover with the Standard contractual language.

The bid notice should provide for a brief period (5 to 15 minutes) between the deadline for submission and the opening time. This permits sorting and assembling groups of bids when necessary.

Arrange for and monitor publication, if appropriate or necessary.

### Bid Receipt:

When the bids are received, they shall be date and time stamped.

Check to insure that they are marked appropriately on the outside of the envelope.

If bids are inadvertently opened, please note so on the outside of the envelope and re-seal the envelope. In no event are the contents of the envelope to be discussed with the operating department, other staff, or other individuals.

The bids should be sorted and kept in a readily accessible, but secure location

### Bid Opening:

Review the bid return documents to insure that it is understood what is to be read, and what information needs to be verified at the time of the opening. (Bid Bond, Deposits, etc.)

Make sure that the place of the bid opening is open and available for bidders to assemble well in advance of the published opening time. This should be at least 30 minutes in advance. This provides them a place to wait until the scheduled time of opening.

Make sure that the facility is arranged appropriately. There will need to be enough seating for the bidders, a table with space for at least two staff people from the Clerk's office, and a table with space for the representatives of the operating department and or consultants, if appropriate. They often run bid tabs, and will need a comfortable space to do that in. In the case of large, multiple-item bid openings; it may not be possible to arrange tables for all of the staff interested.

The staff person opening the envelope should check for the required bid bonds, etc.



In the event that someone has filed a cash bond (cashier's check, etc.), remove and retain that document in a locked cabinet, in an envelope clearly identifying the contents, upon return to the office.

Lowest Responsible Bidder:

The City reserves the right to reject any or all bids. Contracts shall be awarded to the lowest responsible bidder. Bids shall not be accepted from, nor contract awarded to, a contractor who is in default on the payment of taxes, licenses or other monies due the City. In determining "lowest responsible bidder", in addition to price, the following shall be considered:

- a. The ability, capacity and skill of the bidder to perform the contract or provide the service required;
- b. Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference;
- c. The character, integrity, reputation, judgment, experience and efficiency of the bidder;
- d. The quality of performance of previous contracts or services;
- e. The previous and existing compliance by the bidder with laws and ordinances relating to the contract or service;
- f. The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service;
- g. The quality, availability and adaptability of the supplies or contractual services to the particular use required;
- h. The ability of the bidder to provide future maintenance and service for the use of the subject of the contract; and
- i. The number and scope of conditions attached to the bid.

Justification of Award:

When the award is not given to the lowest bidder, the City Council shall enter a full and complete statement of the reasons for placing the order elsewhere in the journal.

Tie Bids:

If all bids received or the lowest bids received are for the same total amount or unit price, quality and service being equal, the contract will be awarded to the local bidder.

Where there is no local bidder, the award shall be made on the basis of a drawing of lots to be held in public.

Solicitation of Firms:

The City will endeavor to notify all minority and women's business enterprises in the solicitation of any proposal. Documentation will be retained at City Hall on all firms contracted.

An on-going file for these firms, including individuals, shall be maintained for the distribution of future proposals.

Any business enterprise wishing to bid or work for the City of Marion shall not have any outstanding monetary obligations to the City. Any debt balances must be paid in full before a bid for work, or award of bid, is offered.

The City is an Equal Employment Employer and will not discriminate in the receiving of proposals for work; however, they do reserve the right to reject any and all bids.

The award of the contract shall be based upon the proposal that is most advantageous to the City, taking into consideration technical competence as well as price. All firms will be notified in writing if unsuccessful and copies retained in the City's files.

### **Purchasing Card Policy**

The City of Marion has implemented a limited purchasing card program. The purchasing cards largely replace the practice of using open charge accounts, particularly at local vendors. In addition, the cards may be used for other purposes--out of area travel expense, etc. The program limits City exposure to unauthorized charges, streamlines procedures when reconciling and paying statements, provides adequate information for review of purchases, and places responsibility for obtaining appropriate documentation at the same point as the authority to purchase.

Use of the cards is subject to the following terms and conditions:

- Cards are to be used for authorized City purchases only. Any use of the card for private or personal purchases is prohibited, and any such use will result in disciplinary action.
- Availability of the card program does not invalidate any other provision of the City purchasing policy. Policies requiring bid procedures, informal competitive price quotes, buying materials at the best price, etc., are still in full force and effect.
- Purchasing cards are to be validated in the space provided for signature with the nomenclature: "Ask for ID", or similar terminology.
- The City Clerk is to maintain a log of cards issued, including card number, description, and to whom issued.
- Lost, stolen, or missing cards are to immediately be reported to the employee's supervisor, the City Administrator or the City Clerk.
- Individual card balance limits are set at \$1,000, but may be adjusted by administrative action, as needed.
- The intent of the program is to limit the number of open accounts maintained locally, although some local open accounts may be maintained providing specific needs to do so are identified.

- The City Administrator and/or the City Clerk are herewith authorized to establish such rules, regulations, and procedures required to assure safe, efficient and effective implementation of the program.

## Purchasing Card Procedures

### Overview

Individual merchant's charge accounts will be terminated as the program gets underway, following a transition period and evaluation of the effectiveness of card use. Some charge accounts may be retained based on need and volume of purchases.

### Making a purchase:

When an employee wishes to make a purchase, they will first need to obtain appropriate authorization for the purchase. The employee will make purchases as they normally would, except they will be using the card instead of an open account. At the time of purchase, they are to obtain a detailed invoice, showing the description of the item purchased. Upon completion of the purchase, or at the end of the day, as the case may be, the merchant invoices for the items purchased will be collected and given to the Department Head.

Please plan purchases to minimize the number of transactions.

### Steps in the Process:

- Follow citywide purchasing policy, due consideration for quality and price, proper approvals, bids or informal quotes taken when necessary.
- Purchases must be for authorized items only.
- Notify merchant of tax exempt status Purchases with the cards will be tax exempt, except for those items purchased by the Electric department, which is not tax exempt. The card user is responsible for informing the merchant to insure that the sales tax is not added to the purchase. If they desire an exemption certificate, the City Clerk has certificates available.
- Obtain documentation for the purchase. It is the responsibility of the employee using the card to retain the required documentation and to provide that to the Department Head. In the event that the merchant invoice does not clearly document the nature of the purchase, it is the employee's responsibility to note the same on the face of the merchant invoice.
- Sign the sales slip
- Return the documentation to the Department Head.
- The Department Head will make a note of the budgetary account to be charged on the invoice and sign their name to authorize approval.

### Purchase Types

The card may be used in the same manner as any regular credit card to purchase goods and services. It is intended to primarily be a replacement for the open accounts that the City used to maintain at various businesses in Marion. However, there is nothing to prohibit use at other

locations. The merchant shall be advised that this is a tax exempt purchase (for all except the Electric Department). If they require an exemption certificate, one may be obtained from the City Clerk.

### Record Keeping

In order to facilitate prompt payment on the account it is important that employees obtain appropriate documentation for purchases made in person or over the telephone. Acceptable forms of documentation are:

1. Itemized suppliers sales receipt
2. Charge slip with itemized description of the products purchased.

In any case, the documentation should clearly provide a description of the items purchased, in plain language. If it does not, the employee making the purchase should make a note describing the purchase. For example, a description such as “Part # 1164” is not very helpful. However, something like “Air filter for Vehicle SA30” is more useful. In some cases, depending on the purchase and the department, additional descriptions—such as project or program—may be necessary. Direction on this can be obtained from departmental supervisory staff.

Each employee cardholder will be responsible for submitting a detailed receipt for every purchase made on his/her card during the billing cycle. If a receipt is missing it will be the supervisor and/or employees responsibility to locate the receipt or obtain a copy of the receipt. Any expenditures for which there is no receipt may be charged to the employee in whose name the purchase was made, and that employee may be disciplined up to and including termination of employment.

The Department Head or City Clerk should note the budgetary account number to be charged on the invoice.

The City Clerk will maintain unpaid invoices in a file for each vendor. When monthly statements are received the clerk will attach invoices to the appropriate statement.

### Reconciling Statements

Statements from Credit Card Company need to be reconciled to the detailed purchase records before payment can be made. It is the card user’s responsibility to obtain documentation for each purchase and to submit the same to the Department Head.

The Department Head is responsible for gathering that information, and presenting it to the City Clerk for reconciling it to the monthly statement.

The process for reconciling and paying the monthly statement is as follows:

Review the Credit Card statement. Compare invoices to the transactions listed on the statement. Follow-up on errors or exceptions (charges on statement for which there is no documentation). The City will not pay for transactions that do not have supporting detail. Include a review and

verification of any credits that may be due to appear on the statement. If taxes have been charged on any tax exempt purchases, they must be removed and a credit obtained from the merchant in question.

Any transactions not appearing on the statement for which invoices are on file will carry to the next month.

Determine the budgetary account number to which each item should be charged. The individual sales invoices should have the account number written on them by this time—if not, then that needs to be done now.

The total of these receipts should match the total due on the statement. If so, attach the appropriate invoices to the credit card statement.

Present the entire package to the appropriate Department Head for approval signatures. After the Department Head approves the warrant it will be returned to the City Clerk for payment through the Summit Accounts Payable system.

#### Data Entry:

Data entry may be accomplished by detailed entry for each invoice. Data entry staff is responsible to verify that all amounts paid are supported by sales slips or other original invoice materials. If they are not, the statement is to be given to the Department Head for completion prior to payment.

#### Returns:

1. Contact the supplier to request an authorization for materials to be returned and to receive any vendor instructions required to issue a credit on the credit card.
2. Keep a copy of the packing slip and make a notation of the details of the return.
3. Verify that the credit is applied by the vendor on the monthly billing statement.
4. The Department Head and/or designee are responsible for processing returns.

#### Disputes:

If discrepancies are noted on the monthly statement (quantity, price, duplicate billing, no credits from prior transactions, billing for item not received, etc.) the following steps should be taken

1. Determine who is responsible for the disputed purchase. Did someone purchase something and forget to turn in the documentation? Has the material alleged to have been purchased been received? Was this an authorized purchase for a legitimate public purpose?
2. If the issue cannot be resolved internally, contact the supplier and try to reconcile the difference. Make a note of any agreement on the invoice.
3. If the supplier does not agree that an error has been made, contact the City Clerk and provide all of the relevant information. The City Clerk will then work with the Credit Card Company to dispute the charge.

### Card Security:

Each employee is responsible for the cards provided to them. Any lost or misplaced cards must be reported to the Department Head immediately. The Department Head will report the lost or misplaced cards to the City Administrator or the City Clerk.

The card is to be used for business expenditures only. The card may be used only by the card holder.

Purchases made with the card must comply with the other requirements of the City purchasing policy.

### Balance Limits:

The cards have been issued with initial balance limits of \$1,000. Employees that are aware that the balance is going to exceed the limit should notify the department head. The department head will contact the City Clerk to discuss obtaining a higher limit.

### Changes in Staff:

When an employee resigns or is otherwise separated from employment with the City of Marion, cards in their care must be accounted for before the final paycheck is issued, as is the case with other City property.

### Audit:

The Department Head is responsible for insuring that the required documentation is obtained and on file for each purchase. It is critical that any users of the card obtain sales receipts specifically identifying the nature of the purchase.

### Authorized Open Accounts:

As provided in the policy statement, open accounts are to be authorized when there are specifically identified needs to do so. Generally, this will be permitted based on very large dollar amounts, administrative difficulty in timely access to the card system, purchase of material placed on order for later delivery, or other administrative inefficiencies.

## **Payroll**

### Timekeeping:

Employees each maintain a timesheet and enter their time daily. A supervisor and payroll clerk review all timesheets. All city employees are paid bi-weekly.

### Payroll Data Entry:

The payroll clerk uses the information on the employee time sheets to enter the hours into the Summit software payroll module. After all data is entered the payroll clerk reviews the automatic pay journal that is produced by the software program. When all information is

confirmed to be correct a back up of the system is done and an ACH transaction file is generated by the software program. The transaction file is saved on a flash drive and carried to the financial institution for initiation. After the ACH transaction file has been created and direct deposit notices are printed an update is performed that posts to the general ledger and to the employee history. Reports, including check registers, are generated that verify all of the posting information. The reports are reviewed and filled by pay period with the employee timesheets. The City Administrator reviews the direct deposit notices and selects random employees to review for accuracy.

Direct Deposit Distribution:

Employees are paid bi-weekly by direct deposit. If an employee does not wish to have their pay check deposited into a bank account the City offers a payroll card. The City will pay the monthly charge of \$2.95 on the payroll card but the employee must pay for any other transaction fees. Direct Deposit notices are distributed to the employees work location, by mail or by email. The distribution method is determined by the employee at the time of enrollment.

Earned Leave:

On the employee’s anniversary date, employees are credited with vacation based upon their years of service (see schedule below). Vacation must be taken during the anniversary date year earned or it is lost. However, hours may be carried over with supervisor authorization.

Years of Service	Per Year	Maximum Accumulation
1 Year	40 Working Hours	None
2 to 9 Years	80 Working Hours	None
10 to 19 Years	120 Working Hours	None
20+ Years	160 Working Hours	None

Supervisors must approve all types of leave. A form stating the type and length of leave is completed and signed by the employee and supervisor. These forms are retained as a record of the employees’ leave for the year.

Full-time employees are entitled to sick leave with pay for absences resulting from personnel illness; injuries, accidents or other physical incapacity, occurring either on or off the job and other circumstances as described in the Personnel Policy Manual. Full-time employees earn 8 hours of sick leave for each full month of service. Sick leave may accumulate to 120 days. Absences must be charged in increments of not less than fifteen minutes. Employees are paid a maximum of 240 hours of unused sick leave only upon retirement. Upon termination of employment an employee shall not be paid for accumulated sick leave.

The City’s overtime policy is documented in the Personnel Policies and Guidelines manual. Overtime is paid at 1 ½ times the employee’s regular rate of pay. At the discretion of the

department head and with the agreement of the employee, an employee may be given compensatory time off in lieu of cash payments. Overtime must be pre-approved by the department heads.

The City's shared sick leave policy is documented in the Personnel Policies and Guidelines manual. Each request is submitted to the City Administrator and considered on a case by case basis.

## **General Accounting**

### Journal Entries:

Periodic entries; with Council Approval: Entries are done to record the following transactions:

- A. Budgeted transfers

Periodic entries; Monthly: Monthly entries are done to record the following and verified by the City Administrator:

- A. Interest Income from Banking Accounts.
- B. Funds directly deposited into City's money market account by the State of Kansas.
- C. Grant proceeds that are directly deposited into City's checking account by Grantor.

Voiding Accounts Payable Checks: Accounts Payable checks are to be voided by the City Clerk in the following instances:

- A. Accounts Payable checks are to be voided when returned by a vendor for any reason.
- B. Accounts Payable checks are determined to have been incorrect before being issued to the vendor.

## **Bank Reconciliation**

### General: Monthly Reconciliation Required:

Bank balances shall be reconciled to book records monthly,

The reconciliation procedure shall be performed by an individual not involved in the acceptance or recording of receipts.

The reconciliation shall be completed in a timely way. Generally, "timely" shall mean within 30 days of the close of the fiscal month to which the reconciliation applies.



At completion, a reconciliation report shall be prepared and submitted to the City Administrator.

The report shall disclose, in tabular format the following information:

- A. The balance of the City's cash accounts at the end of the month as reported by the monthly statement from the financial institution.
- B. Adjustments for timing differences between bank and book:
  - 1. Disbursements and deposits that are, as of the closing date of the bank statement, "in transit", e.g., that have been recorded on City book but which are not yet reflected on the financial institution statement.
  - 2. Disbursements and deposits that are, as of the closing date of the bank statement, "outstanding", e.g., that are reflected on the bank statement but that are not yet reflected on City book.
- C. Adjusting items are treated as follows:
  - 1. "In Transit" disbursements or other debits are subtracted from the bank balance.
  - 2. "In Transit" deposits and other credits are added to the bank balance.
  - 3. "Outstanding" disbursements are added to the bank balance.
  - 4. "Outstanding" deposits are subtracted from the bank balance.
  - 5. Reconciled Balance, which reflects the bank balance as adjusted.
  - 6. The cash balances reflected on City "book". This is obtained by running a Treasurer's Report on the cash accounts (excluding petty cash).
  - 7. Any adjustment necessary to make the "book" balance equal the reconciled bank balance. This adjustment should be non-material in amount.

The report shall be sufficiently detailed as to distinguish among types of institutional accounts (e.g., checking vs. investment). The report shall also provide detail regarding in-transit and outstanding transactions as of the closing date of the period.

If necessary, a narrative explanation may accompany the tabular report.

#### Detailed Procedures:

Objective: The primary objective of the reconciliation procedure is to develop an intermediary document (Summit) that will assist in linking the entries in the general ledger record by account to the entries in the bank statement, which are made by transaction. Reconciliation items should be entered throughout the month contemporaneous with the time that they are recorded on the financial system and at the bank.

The City Clerk is responsible for entry.

## ACH Transactions and Wire Transfers

The City receives receipts and makes disbursements electronically, either through the ACH or wire transfer systems. These transactions may be initiated either by the City or by others.

In the case of City initiated transactions, the City Clerk or City Treasurer is responsible for initiating the transaction.

In the case of ACH transactions and wire transfers initiated by others, it is normally (but not always) the practice for the initiating party to provide notice of the impending transaction.

ACH Receipts: ACH receipts are currently authorized for:

### Transaction Description

Various Revenues from County/State/Fed (Sales Tax distributions, etc.)

Payment of Utility Bills

The City will authorize ACH receipts from specific parties only upon written authorization from those parties.

ACH Payments: ACH payments are authorized for the following purposes:

### Transaction Description

State Withholdings

Federal Withholdings

Sales Tax Payments

Bond Payments

Employee Payroll

Employee Retirement (KPERs, KPF)

All transactions are initiated by the City Clerk. Transactions initiated by outside agencies are done only upon some form of prior authorization (payroll reporting, sales tax return, etc.). Detailed documentation supporting the transactions is to be retained in the Clerk's Office.

Electronic transactions of this nature include:

- A. State provided revenue receipts (Sales Tax, Transient Guest Tax, Gas Tax, Alcohol Tax, etc.). Notice for these are typically provided to the Finance Director, whom will forward the notice to the City Clerk's receipting station to be entered as a receipt.
- B. Interest Earnings
- C. Grant proceeds from some State and Federal Agencies.

Daily scrutiny of bank transactions:

The City Clerk is responsible for daily scrutiny of the bank transactions to identify any unusual or unexplained activity. "Scrutiny" as used here refers to accessing the financial institute's website and logging into the City's account and checking for any unusual activity.

End of month procedure:

- A. Reconciliation should be completed by the 20<sup>th</sup> of each month. In order to accomplish that, the following will need to happen:
- B. When the bank statement is first available, personnel will verify the credit card receipts against the statement.
- C. Interest income on the bank statement will be processed as a journal entry through the General Ledger. These entries will be approved by the City Administrator.
- D. The City Clerk will review the bank statements, and make any supplemental entries that are necessary or that have been missed during the month.
- E. Assemble the statements from the Bank and the Investments report.
- F. The City Clerk will run a balance sheet for cash only and an outstanding transaction register from the Summit software. The total of these reports must equal the total of the bank statements.

The following reports and information will be maintained as documentation:

- A. The final reconciliation report
- B. The Bank Statements
- C. The computer generated Treasurer's report
- D. The outstanding check register
- E. Distribution Notices from the State of Kansas
  - F. Voided Checks
  - G. Insufficient Fund Notifications

### **Bank/Cash Accounts**

The City of Marion utilizes four classifications of Bank/Cash Accounts. These are:

- A. General Checking
- B. Non-Interest Bearing Checking
- C. Petty Cash
- D. Change Fund

General Checking:

The General Checking account is managed by the City Clerk. Entries may be made through Accounts Payable, or by journal entry. Disbursements may be made by system generated checks, or by wire transfers duly authorized. Absent a specific cause to the contrary, all

transactions made by the City of Marion will be processed through the general checking account. Currently authorized General Checking accounts are as follows:

<b>Account Number</b>	<b>Institution</b>
XX1004	Marion National Bank
XXXXX0170	Central National Bank

Non-Interest Bearing Checking:

The Non-Interest Bearing Checking account is managed by the City Clerk. Entries may be made through Accounts Payable, or by journal entry. Disbursements may be made by system generated checks, or by ACH transfers duly authorized. The purpose of this account type is for receiving and disbursing grant funds such as for the Community Development Block Grant. Currently authorized Non-Interest Bearing Checking accounts are as follows:

<b>Account Number</b>	<b>Institution</b>
XX5789	Marion National Bank
XXXXX4949	Central National Bank

General Checking and Non-Interest bearing accounts are reconciled and balanced monthly by the City Clerk.

Petty Cash and Change Funds:

**Petty Cash:** Petty Cash is a relatively small supply of cash held to pay small incidental expenses instead of taking those through the normal purchasing channels.

- A. Petty cash accounts are reimbursed periodically from the City general checking accounts.
- B. To be kept in a secure location. The City Treasurer is assigned responsibility for the petty cash, and serves as “gatekeeper”.
- C. Balanced and reimbursed from the City accounts as needed.
- D. Advances from Petty cash are not authorized.
- E. After the expense is incurred, receipts for the items should be returned to the Petty cash fund, as well as left over cash. Left over cash plus receipts shall equal the amount of the original petty cash voucher.
- F. Reconciliation should be performed as needed by the City Clerk, However, all petty cash accounts should be reconciled and reimbursed to book value on 12/31 annually.
- G. Submit receipts for reimbursement.
- H. Any Petty Cash long should be returned to City.
- I. Petty cash short should be reported and reimbursed.
- J. Petty cash funds are subject to periodic audit. The total of vouchers, receipts, and cash in the petty cash box must always equal the amount of petty cash authorized.

**Change Funds:** The Purpose of Change funds is to provide a pool of cash to enable staff to make change to customers when they come in to pay for goods or services received. A change fund is normally composed of a limited amount (\$20.00 to \$200.00) of cash in small denominations. Each drawer should have a “standard” mix of change to start the day. This mix may vary, depending on experience. Maintenance of this will minimize the need for daily trips to the bank.

- A. Required to be Balanced Daily, deposits prepared for the bank.
- B. Receipts shall be entered daily and contemporaneously with the transaction.
- C. Daily balance sheets retained for audit purposes.
- D. Subject to periodic audit by City Administrator or Clerk.
- E. The amount carried from day to day should always be the amount authorized. When receipts do not equal cash, checks, and charges received, the difference needs to be reported as cash long (and deposited to the bank), or as cash short. However, efforts are to be made to determine and correct cash long or cash short.
- F. Accepting 2-party checks is discouraged. If those checks fail to clear because of insufficient funds, account closed, or whatever, collecting on the return is more difficult.

The following represent the currently authorized Petty Cash and Change funds:

<b>Department</b>	<b>Amount</b>	<b>Purpose</b>	<b>Responsible Party</b>
Clerks Office	\$50.00	Petty Cash	City Treasurer
Clerks Office	\$200.00	Change Fund	City Treasurer

## **Computer Policy**

### Computer Applications:

The City uses Summit/Data Technology software for accounting, utility billing, collections, payroll, cemetery, and court. The City Administrator and City Clerk are responsible for recommending new systems, programs or modifications of existing systems and programs. Standard input forms are used to assure the completeness and accuracy of input data at initial recording.

### Computer Control:

The City Clerk is assigned responsibility for information technology security. The computer system is maintained at the City office, which is kept locked when City personnel are gone. Terminal access control software is used to limit access to specified persons. Terminal access control software is used so that individuals have access only to those programs or files that are necessary to perform their duties. Passwords are used to control terminal access. Employees are responsible for keeping their passwords confidential and may change them at any time. The City Clerk is responsible for promptly canceling passwords for terminated employees. The public may not access the City’s system through dial up. The software vendor may access the

system with city personnel authorization. Staff is able to monitor the vendor's activities while logged into the system.

#### Data Backup and Storage:

The City utilizes iDrive to backup data offsite. The City Clerk receives an email notification daily about the status of the backup. When a backup has failed the Clerk determines the cause of the failure and runs a manual backup.

Data Technologies also has access to the backed up data and should be notified if the password is changed.

### **Internet, E-Mail, and Computer Usage Policy**

The use of City of Marion automation systems, including computers, fax machines, and all forms of Internet/intranet access, is for City business and for authorized purposes only. Brief and occasional personal use of the electronic mail system or the Internet is acceptable as long as it is not excessive or inappropriate, occurs during personal time (lunch or other breaks), and does not result in expense or harm to the City or otherwise violate this policy.

Use is defined as "excessive" if it interferes with normal job functions, responsiveness, or the ability to perform daily job activities. Electronic communication should not be used to solicit or sell products or services that are unrelated to the City's business; distract, intimidate, or harass coworkers or third parties; or disrupt the workplace.

Use of City computers, networks, and Internet access is a privilege and may be revoked at any time for inappropriate conduct carried out on such systems, including, but not limited to:

- Sending chain letters or participating in any way in the creation or transmission of unsolicited commercial e-mail ("spam") that is unrelated to legitimate City purposes;
- Engaging in private or personal business activities, including excessive use of instant messaging and chat rooms (see below);
- Accessing networks, servers, drives, folders, or files to which the employee has not been granted access or authorization from someone with the right to make such a grant;
- Making unauthorized copies of City files or other City data;
- Destroying, deleting, erasing, or concealing City files or other City data, or otherwise making such files or data unavailable or inaccessible. Misrepresenting oneself or the City;
- Violating the laws and regulations of the United States or any other nation or any state, city, province, or other local jurisdiction in any way;
- Engaging in unlawful or malicious activities;

- Deliberately propagating any virus, worm, Trojan horse, trap-door program code, or other code or file designed to disrupt, disable, impair, or otherwise harm either the City's networks or systems or those of any other individual or entity;
- Using abusive, profane, threatening, racist, sexist, or otherwise objectionable language in either public or private messages;
- Sending, receiving, or accessing pornographic materials;
- Becoming involved in partisan politics;
- Causing congestion, disruption, disablement, alteration, or impairment of the City's network or systems;
- Maintaining, organizing, or participating in non-work-related Web logs ("blogs"), Web journals, "chat rooms", or private/personal/instant messaging;
- Failing to log off any secure, controlled-access computer or other form of electronic data system to which the employee is assigned, if such computer or system is left unattended;
- Using recreational games; and/or
- Defeating or attempting to defeat security restrictions on City systems and applications.

Using City automation systems to access, create, view, transmit, or receive racist, sexist, threatening, or otherwise objectionable or illegal material, defined as any visual, textual, or auditory entity, file, or data, is strictly prohibited. The City's electronic mail system, Internet access, and computer systems must not be used to harm others or to violate the laws and regulations of the United States or any other nation or any state, city, province, or other local jurisdiction in any way. Use of City resources for illegal activity can lead to disciplinary action, up to and including dismissal and criminal prosecution. Employees will comply with reasonable requests from law enforcement and regulatory agencies for logs, diaries, archives, or files on individual Internet activities, e-mail use, and/or computer use.

Violating these policies, could result in disciplinary action, up to and including dismissal.

Ownership and Access of Electronic Mail, Internet Access, and Computer Files; No Expectation of Privacy:

The City owns the rights to all data and files in any computer, network, or other information system used in the City and to all data and files sent or received using any City system or using the City's access to any computer network, to the extent that such rights are not superseded by applicable laws relating to intellectual property. The City Administrator and/or Clerk also reserves the right to monitor electronic mail messages (including personal/private/instant messaging systems) and their content, as well as any and all use by employees of the Internet and of computer equipment used to create, view, or access e-mail and Internet content. Employees must be aware that the electronic mail messages sent and received using City

equipment or City-provided Internet access, including web-based messaging systems used with such systems or access, are not private and are subject to the Kansas Open Records Act. These records are subject to viewing, downloading, inspection, release, and archiving by the City Administrator and/or Clerk at all times. The Administrator and/or Clerk have the right to inspect any and all files stored in private areas of the network or on individual computers or storage media in order to assure compliance with City policies and state and federal laws. No employee may access another employee's computer, computer files, or electronic mail messages without prior authorization from either the employee or the City Administrator.

Employees should assume that whatever they do, type, enter, send, receive, and view on City electronic information systems is electronically stored and subject to inspection, monitoring, evaluation, and City use at any time. Further, employees who use City systems and Internet access to send or receive files or other data that would otherwise be subject to any kind of confidentiality or disclosure privilege thereby waive whatever right they may have to assert such confidentiality or privilege from disclosure. Since there is the possibility that any message could be shared with or without the employee's permission or knowledge, the best rule to follow in the use of electronic mail for non-work-related information is to decide if the employee would post the information on the office bulletin board with their signature.

Electronic mail messages received should not be altered without the sender's permission; nor should electronic mail be altered and forwarded to another user and/or unauthorized attachments be placed on another's electronic mail message.

The City has licensed the use of certain commercial software application programs for business purposes. Third parties retain the ownership and distribution rights to such software. No employee may create, use, or distribute copies of such software that are not in compliance with the license agreements for the software. Violation of this policy can lead to disciplinary action, up to and including dismissal.

#### Policy Statement for Internet/Intranet Browser(s):

The Internet is to be used to further the City's mission, to provide effective service of the highest quality to the City's customers and staff, and to support other direct job-related purposes. Supervisors should work with employees to determine the appropriateness of using the Internet for professional activities and career development. The various modes of Internet/Intranet access are City resources and are provided as business tools to employees who may use them for research, professional development, and work-related communications. Limited personal use of Internet resources is a special exception to the general prohibition against the personal use of computer equipment and software.



Employees are individually liable for any and all damages incurred as a result of violating City security policy, copyright, and licensing agreements.

All City policies and procedures apply to employees' conduct on the Internet, especially, but not exclusively, relating to: intellectual property, confidentiality, City information dissemination, standards of conduct, misuse of City resources, anti-harassment, and information and data security.

#### Personal Electronic Equipment:

Employees should not bring personal computers or data storage devices (such as floppy disks, CDs/DVDs, external hard drives, flash drives, iPods, or other data storage media) to the workplace or connect them to City electronic systems unless expressly permitted to do so by the City Administrator. Any employee bringing a personal computing device, data storage device, or image-recording device onto City premises thereby gives permission to the City Administrator to inspect the personal computer, data storage device, or image-recording device at any time and to analyze any files, other data, or data storage devices or media that may be within or connectable to the personal computer or image-recording device in question. Employees who do not wish such inspections to be done on their personal computers, data storage devices, or imaging devices should not bring such items to work at all.

Violation of this policy, or failure to permit an inspection of any device covered by this policy, shall result in disciplinary action, up to and possibly including immediate termination of employment, depending upon the severity and repeat nature of the offense. In addition, the employee may face both civil and criminal liability from the City, from law enforcement officials, or from individuals whose rights are harmed by the violation.

### **Password Protection Policy:**

#### Purpose

The purpose of this policy is to establish a standard for creation of strong passwords, the protection of those passwords, and the frequency of change.

#### Scope

The scope of this policy includes all personnel who have or are responsible for an account or any form of access that supports or requires a password on any (organization) system.

#### Policy

All user-level passwords (e.g., email, web, desktop computer, etc.) must be changed annually. Passwords must not be included in email messages or other forms of electronic communication.

Passwords must be at least 6 characters in length. All user-level and system-level passwords must conform to the guidelines described below.

### Guidelines

General password construction guidelines are used for various purposes at (organization), ie user level accounts, web accounts, email accounts, screen saver protection, voicemail password, and local router logins).

It is important that everyone be aware of how to select strong passwords.

Poor, weak passwords have the following characteristics:

- The password can be found in a dictionary (English or foreign).
- The password is a common usage word such as: Names of family, pets, friends, co-workers, fantasy characters, computer terms and names, commands, sites, companies, hardware, software, birthdays and other personal information such as addresses and phone numbers.
- Word or number patterns like aaabbb, qwerty, zyxwvuts, 123321, etc.
- Any of the above spelled backwards.
- Any of the above preceded or followed by a digit (e.g., secret1, 1secret).

Strong passwords have the following characteristics:

- Contain both upper and lower case characters (e.g., a-z, A-Z).
- Have digits and punctuation characters as well as letters e.g., 0-9, !@#\$%^&\*()\_+|~=-\`{} [!:"';<>?,./).
- Are at least eight alphanumeric characters long.
- Are not a word in any language, slang, dialect, jargon, etc.
- Are not based on personal information, names of family, etc.
- Try to create passwords that can be easily remembered. One way to do this is create a password based on a song title, affirmation, or other phrase. For example, the phrase might be: "This May Be One Way To Remember" and the password could be: "TmB1w2R!" or "Tmb1W>r~" or some other variation. NOTE: Do not use either of these examples as passwords!

## **Sales Tax Exemption Certificate Policy**

This is a method for getting a tax break on repairs, installations, modifications and maintenance of facilities. None of this applies to jobs/projects pertaining to the Electric or Water Department because they are revenue generating; or to projects involving Internal Revenue Bonds.

Furthermore, the State has clarified that the project/work must be totally financed by "funds of a political subdivision" to qualify. These funds being defined as:

- A. General tax funds

- B. Proceeds of any bonds
- C. Gifts or grants-in-aid. Gifts are included as long as they are not used on facilities that are then leased to the donor.

A Project Exemption is not needed for Original Construction of a building or facility as labor and materials are exempt from sales tax. However, an exemption is required to REPLACE a structure.

Any time a contractor purchases anything (from the smallest item to larger construction materials) to repair, install, modify or maintain any facility or property belonging to the City, the City, is liable for the required State Sales Tax unless the City has previously acquired/issued a Sales Tax Exemption Certificate from the State of Kansas Division of Taxation (or Agent Issued) for the specific work being done; OR the City purchases the parts/items needed and provides them to the contractor or repairperson.

There is no way the City will be able to avoid paying sales tax on all materials included in all work/projects. However, the City should not pay any state sales tax for:

- A. Substantial projects approved by the City Council; an exemption is automatically applied for from the City Clerk's Office when the project bid award is approved by the City Council.
- B. Planned minor changes, repairs or improvements with an estimated materials cost over \$200.00; the City Clerk's Office must be advised of department plans and the scheduled work to be done BEFORE any materials are purchased by the contractor for the job.

A form has been created which contains all the questions the State will want to know in order to issue the required Sales Tax Exemption Certificate.

The City of Marion has been granted **AGENT STATUS** by the Kansas Department of Revenue.

### **Amended Policy**

The City may amend any section of this policy without voiding the other sections. The purpose of amending the policy would be to update the procedures to best serve the City.