

It is the policy of the City Council of the City of Kirksville to follow prudent cash management practices to ensure the availability of funds for the payment of bills and payroll; properly safeguard the collection of cash and ensure timely deposit; maintain an accurate accounting of cash inflows and outflows; facilitate the investment of idle cash to maximize revenues; and monitor the level of funds necessary to meet short-term needs.

## **I. CASH POOL**

All monies from all of the City's different funds are centralized in the City's main checking account (pooled account) unless stipulated under federal or state provisions to be segregated or as required for special projects. For financial reporting purposes, the monies are reported in the appropriate fund. Interest earned by the pool is proportionately divided among the funds based on their month-end cash balance.

## **II. CENTRALIZED DEPOSITORY**

Various City departments accept cash payments. Monies collected are forwarded daily to the Finance Department which performs the actual depository function. A deposit is made daily to ensure funds are available for immediate use or investment. Monies collected after the deposit is made are kept secure in a locked vault with access limited to authorized personnel.

## **III. CREDIT CARD & ECHECK ACCEPTANCE**

Credit cards are accepted as a payment method to encourage discretionary charges, i.e., airport fuel and recreation fees, in addition to mandatory charges for customer convenience, i.e., utility bills. The City may impose a convenience fee for usage of the credit cards when structuring charges for services. Echecks for utility payments are the preferred online payment method.

The City maintains compliance with the Payment Card Industry (PCI) data security requirements for security controls over customer card data.

## **IV. ONLINE & PHONE SERVICES**

The City will encourage the payment of various types of fees or charges, i.e., utility, miscellaneous, and parks and recreation, through the City's online web payment system. The City also offers utility customers the ability to pay by phone through a third party provider, to remain compliant with PCI standards.

## **V. RECEIVABLES**

The City actively pursues the collection on returned checks and bad debts. Returned checks are subject to additional processing costs incurred by the City. Checks will not be accepted

from individuals who have not satisfied outstanding debts or who have a history of writing bad checks.

Procedures for the collection of delinquencies conform with the provisions of the Fair Debt Collection Practices Act, which requires the elimination of abusive debt collection practices, limits communications with debtors, prohibits harassment or abuse, prohibits unfair practices, requires written validation of the debt, provides for civil liability of debt collectors and uses the Federal Trade Commission to enforce its provisions.

Special tax liens are instigated against real property whose owners have failed to pay debt obligations to the City related to that specific property, e.g., demolition costs, mowing, etc.

## **VI. INTERNAL CONTROLS**

A segregation of duties is mandatory to ensure proper handling of cash collections and to be in compliance with annual audit procedures. The Finance Director has the overall fiduciary responsibility for proper cash management and is required to be bonded.

## **VII. PETTY CASH**

The Finance Department petty cash drawer is housed in a secure and locked location and is limited in access. Petty cash vouchers are utilized to record the withdrawal of funds and are signed by the individual requesting the withdrawal. The petty cash fund is reconciled at a minimum monthly.

Other departments maintain separate petty cash funds which can only be reimbursed by submittal of approved vouchers to the Finance Department. These funds are periodically audited to ensure compliance.

## **VIII. BANK RECONCILIATIONS**

The City maintains various bank accounts which are reconciled monthly, generally within fifteen working days of the beginning of the month. To maintain proper segregation of duties, the bank reconciliation duties are divided among various employees who have no direct responsibility for the collection or disbursement of cash in the account for which the reconciliation is performed.

## **IX. CASH FLOW MONITORING**

Temporarily idle cash is invested until needed. Cash inflows and outflows are monitored to ensure that the supply of liquid cash is available to meet appropriation requests. During peak construction periods and recreation season, cash outflows increase, and cash on hand is generally maintained at a level to meet three months of appropriation requests. Cash flow monitoring ensures the City can meet future cash requirements and eliminates the need for short-term borrowing in addition to maximizing the time available for investment.

The City Council Investment Policy sets forth the guidelines for all City investments.

## **X. VENDOR DISBURSEMENTS**

The Finance Department approves the listing of vendor payments to be disbursed. Vendor payments are disbursed weekly, generally on Friday, unless it falls on an observed holiday. Exceptions to the weekly disbursement cycle include the need for an advance check or an electronic transfer for payment of payroll taxes, bonds, bond fees, sales tax remittance, etc.

The City strives to make timely payments and take advantage of every applicable discount possible.

#### **XI. PAYROLL DISBURSEMENTS**

Payroll is performed bi-weekly and is paid from a bank account set up specifically to disburse payroll monies and payroll-related transactions. Monies are transferred from the pooled account as needed to cover payroll disbursements. City payroll checks will be directly deposited into the respective employees' bank accounts.

#### **XII. CHECK FRAUD PROTECTION**

The City secures its check stock in a locked location with limited access accounted for through a control log. Two authorized signatures are required on all checks disbursed. A signature stamp is utilized which is secured and available for use by only authorized personnel who are required to sign a log sheet. Duties are segregated among the staff for initiating, authorizing, preparing, signing, mailing payments, and reconciling bank statements.

#### **XIII. BANKING SERVICES**

The City goes out for bids on its banking services every two years, with an option to renew with their current financial institution for an additional two years. At a minimum, the bid process consists of sending out requests for proposals (RFP) to all local financial institutions and financial institutions holding City investments that offer depository services. Each bid is reviewed in detail to determine the scope and cost of services offered, financial soundness, including collateralization of funds, convenience of treasury functions, and the interest rate offered on the collective bank accounts. The agreement for banking services will commence on January 1.

The City maintains a written banking services agreement with the depository bank engaged.

#### **XIV. COLLATERAL**

All deposits must be collateralized equal to a margin of 105 percent of market value over the bank balances, inclusive of the FDIC-insured limit. The collateral is held in a third-party bank that is independent of the depository bank or the bank's holding company. The securities acceptable to be used as collateral are described in State Statutes 30.270, Part 1, except items 6 and 7. The depository agreement will outline the City's preferred collateral.

#### **XV. UNCLAIMED PROPERTY**

All refunds of monies are remitted back to the rightful owners as applicable. The City makes every possible effort to find the owner of the property; if refunds are "abandoned" or go

unclaimed, the City will hold the monies until required for remittance to the Missouri State Treasurer's Office, as per RSMo Chapter 447.