



**Welcome - Please turn off or silence all cell phones during the Study Session.**

*Meetings are televised everyday on Channel 2 at 7 p.m. and midnight*

**Study Session:**

1. Festival Advisory Committee Recommendations (pg. 2)
2. Community Appearance Discussion (pg. 4)
3. Investment and Cash Management Policy Review (pg. 5)

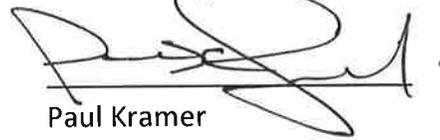
**POLICY REPORT**  
**Festival Advisory Committee Recommendations**  
**July 17, 2018**

Prepared By:



Taylour Tedder  
Assistant City Manager

Reviewed By:



Paul Kramer  
City Manager

**BACKGROUND:**

The City Commission authorized the temporary formation of the Festival Advisory Board in late 2017. The board consisted of several community members sitting on the board including: Ellen Jones, Jennifer Brenneman Tobey, Nancy Martin, Bill Kromer, Brandon Johannes, and Holly Pittman. Commissioner Nancy Bauder also sat in on the meetings. Staff support included Kristi Lee, CVB Manager, and Taylour Tedder, Assistant City Manager.

The advisory board met on December 7<sup>th</sup>, 2017, January 25<sup>th</sup>, 2018, and February 22<sup>nd</sup>, 2018. The board looked back at the history of festivals and events held in Leavenworth, feasibility of funding, who the lead organization could be, partnerships with businesses and community partners, locations, and more. After initial feedback from the recommendations presented at the City Commission Study Session on May 15<sup>th</sup>, the board met again on June 28<sup>th</sup> to further refine their recommendations, theme, and ideas.

Refined recommendations from the advisory board include:

1. **Where:** East of 4<sup>th</sup> Street at Landing Park, incorporating the Riverfront Community Center, Home2 Suites by Hilton, City-owned parking lots, with an entrance at the river walk trail area.
2. **Theme:** "First City Festival" with a historic wild west theme. The theme could play off of being the "gateway to the west" and additionally incorporate the use of Buffalo Bill.
3. **Date:** Mid-September was identified as an optimal time for the festival (Friday and Saturday), the third weekend of September.
4. **Other responsibilities of the City for the festival:**
  - a. Marketing
  - b. Organization of a craft fair/show in the RFCC

- c. Organization of food vendors, food trucks, other vendors, and civic organizations
- d. Coordination of a kids area in a parking lot with activities
- e. Live entertainment (Army Band, Melissa Etheridge, Army Chorus, and others were mentioned)
- f. Recruitment of outside organizations and sponsors for assistance
- g. Electric services at the various areas
- h. "Kiddie Parade" (parade on Saturday morning for children)
- i. Fireworks show for the Saturday night at the end of the festival

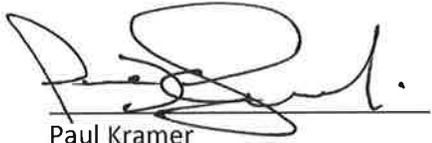
*Note:* The recommendations and options above for a City-wide festival or celebration have not been evaluated by the various departments (Police, Fire, Public Works, Parks and Recreation, etc.) and would be subject to their advice and approvals.

Several advisory board members are present in the audience for further discussion of a potential City-sponsored festival.

Next steps include consensus of the Commission to approve the general plan outlined above, with any modifications per the Commission, for the "First City Festival."

**Policy Report**  
Community Appearance Discussion  
July 17, 2018

Prepared by:



Paul Kramer  
City Manager

**Background:**

The City Commission has identified community appearance as a priority in multiple places in the 2018-2019 City Community Goals, including (but not limited to):

**Section 2 “Community Improvement”**

Subsection A “Community Appearance and Image”

Items III and IV, “Engage in partnerships to benefit look, perception and quality of life in the City” and “Continue actions by Code Enforcement to reduce and eliminate blighted properties”

**Section 3 “Roadways and Infrastructure”**

Subsection B “Roadways”

Item III “Pursue improvements to roadways, landscaping and amenities on the west side of the Centennial Bridge to improve the aesthetics of the entryway to the City”

In creation of the 2019 Operating Budget, the following enhancements were made to impact these areas:

- \$10,000 dedicated to aesthetic improvements in City parks
- \$10,000 dedicated to replacing old, faded and damaged City signs
- \$10,000 dedicated to clearing junk/blight from court-authorized cases
- \$10,000+ dedicated for wayfinding signage in the downtown
- \$60,000 dedicated to funding a Community Development Director

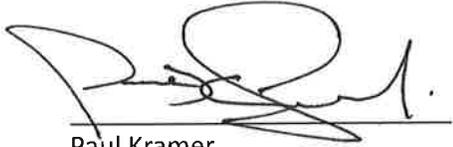
Additionally, staff is working on a Charter Ordinance that could allow the use of Transient Guest Tax funds for a wider variety of uses, potentially including improving the look and feel of public areas.

**Issue:**

Commissioner Griswold requested and the City Commission gave consensus to have a Study Session to discuss community appearance in general, and any material that Commissioner Griswold would present at such a meeting.

**Policy Report**  
Investment and Cash Management Policy Review  
July 17, 2018

Prepared by:



Paul Kramer  
City Manager

**Subject:**

The Finance Department has been working over the last year on updating and consolidating all of the finance-related policies for the City of Leavenworth. These policies are reviewed, edited, updated by staff and then presented to the City Commission for review and then ultimately, adoption.

At this point, the Commission has reviewed and approved the following:

- Budget Policy
- Budgetary Reserve Policy
- Debt Management Policy
- Economic Development Incentives Policy
- Purchasing Policy
- Revenue Control Policy

There are five remaining policies, including:

- Capital Planning Policy
- Cash Management Policy
- Grants Management Policy
- Investment Policy
- Technology Policy

Attached are the Investment Policy and Cash Management Policy for review.

## **CITY OF LEAVENWORTH, KANSAS INVESTMENT POLICY**

### **INTRODUCTION**

The intent of the Investment Policy is to define the parameters within which funds are to be managed. The policy establishes the framework for the City's investment activities that must be exercised to ensure effective and conservative fiscal investment management of the City's funds. These guidelines are intended to be flexible enough to allow city staff to function properly within the parameters of their responsibility and authority, yet specific enough to adequately safeguard the funds.

### **POLICY**

It is the policy of the City of Leavenworth, Kansas, to invest public funds in a manner which will provide the highest investment return with maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

### **SCOPE**

This investment policy applies to all financial assets of the City. The financial assets of all funds, including the General Fund, Special Revenue Funds, Capital Projects Funds, Proprietary Funds, Internal Service Funds and Fiduciary Funds, and any other funds that may be created from time to time, shall be administered in accordance with the provisions of this policy.

### **PRUDENCE**

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. The prudent person standard states "Investment shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

## **OBJECTIVES**

The primary objectives, in priority order, of the City's investment activities shall be:

- A. **Safety:** Safety of principal is the foremost objective of this investment policy. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- B. **Liquidity:** The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
- C. **Return on Investment:** The City's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow characteristics of the portfolio.

## **DELEGATION OF AUTHORITY**

Authority to manage the City's investment program is derived from City Ordinances, the City Resolution approving this policy, and State Statutes. The Director of Finance has direct management responsibility, and the City Manager has final management responsibility for the investment program. The Finance Director shall report to the City Manager on a periodic basis, as appropriate, concerning the status of the City's investment program. The Finance Director will review and receive prior approval from the City Manager before undertaking any major changes in the City's investment portfolio. The City Manager will review any modifications with the City Commission as appropriate. The Finance Director shall establish written procedures for the operation of the investment program consistent with this investment policy. Employees authorized to make investment decisions are as follows: City Manager, Finance Director, and/or Finance Director's authorized designee.

## **ETHICS AND CONFLICTS OF INTEREST**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. All authorized investment officials shall disclose to the City Clerk any material financial interest in financial institutions that conduct business within the City.

## **AUTHORIZED FINANCIAL INSTITUTIONS**

The Finance Director will maintain a list of financial institutions in which the City may purchase investment securities from and in which funds may be deposited. This list shall be reviewed and

approved annually by the City Commission. All such financial institutions must supply The Finance Director with audited financial statements on a yearly basis.

## **AUTHORIZED AND SUITABLE INVESTMENTS**

In accordance with K.S.A. 12-1675, the Finance Director is authorized to invest in the following securities:

- United States Treasury Instruments
- Certificates of Deposit
- Temporary Notes Issued by the City
- State Municipal Investment Pool
- Savings deposits
- Repurchase agreements
- Municipal bonds offered by any Kansas Municipality

## **COLLATERALIZATION**

Collateral is required on all City investments and funds on deposit held in authorized financial institutions, except for investments which are covered by Federal Deposit Insurance Corporation (FDIC) and direct obligations of the U.S. government. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 100% of current value of principal and accrued interest.

Collateral may consist of the following:

1. 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, including but not limited to letters of credit, and securities of United States sponsored corporations which under federal law may be accepted as security for public funds; and
2. Bonds of the State of Kansas.

## **SAFEKEEPING AND CUSTODY**

Collateral securities will always be held by an independent third party with whom the City has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. Pledged collateral shall not be released until an acceptable re-pledging of collateral is made and confirmed to The Finance Director or his/her designee in the event of a transfer of collateral. Safekeeping procedures shall be reviewed annually by the independent external auditor.

## **DIVERSIFICATION**

It is the policy of the City to diversify its investment portfolio by security type and maturity. Assets held in the cash fund and other investment funds shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity or a specific class of securities.

## **MAXIMUM MATURITIES**

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not invest in securities maturing more than two (2) years from the date of purchase. However, the City may invest reserve funds in securities exceeding two (2) years if the maturities of such investments are made to coincide as nearly as possible with the expected use of the funds.

## **INTERNAL CONTROL**

The Finance Director shall establish a system of written internal controls to assure compliance with state laws and this policy. The controls shall be designed to prevent the loss of public funds due to fraud, error, misrepresentation by third parties, unanticipated market changes or imprudent actions by employees or officers of the City. An annual, independent audit review shall provide internal control by assuring compliance with state laws and this policy.

## **INTEREST ALLOCATION**

Interest earned on investments will be allocated according to Kansas Statutes, specific fund requirements, and based on level of participation in the investments.

## **PERFORMANCE STANDARDS**

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles taking into account the City's investment risks, constraints and cash flow needs.

## **MARKET YIELD**

The basis used by The Finance Director to determine whether market yields are being achieved shall be the 91-day U.S. Treasury Bill rate or the amount established by the State Municipal Investment Pool.

## **REPORTING**

The Finance Director or designee shall compile monthly investment reports showing type of investment, institution, rate of interest, term, maturity date, and projected interest earnings at maturity. Interest earnings reports and collateral reports for each financial institution shall also be prepared.

## **REVIEW OF POLICY**

The Finance Director shall review the policy on an annual basis with the City Manager, and any modifications made thereto must have prior approval of the City Commission.

# CITY OF LEAVENWORTH, KANSAS

## CASH MANAGEMENT POLICY

### INTRODUCTION

All aspects of financial management benefit significantly from strong internal controls, but none more than revenues and cash. Effectively managing cash helps create a sustainable financial position.

The Government Finance Officers Association (GFOA) recommends that sustainability be considered a core value when setting organizational goals, policies, and business practices in all areas of public finance. Sustainability addresses establishing practices that meet present needs without impairing the organization's ability to meet its future needs by depleting resources through current economic consumption.

Likewise, financial sustainability can be defined as, "...a government's ability to manage its finances so it can meet its spending commitments, both now and in the future,... ensuring that future generations do not face an unmanageable bill for government services provided to the next generation."

A cash management policy helps ensure sound financial practices.

### PURPOSE

The purpose of the Cash Management Policy is to establish a framework from which the City Commission, City Manager, and all city departments may work to maintain effective revenue controls and cash management practices, including compliance with federal, state and local requirements and industry standards.

### SCOPE

This policy will address elements of cash management as follows:

- Segregation of cash related duties
- Timely receipts and deposits
- Scheduling disbursements
- Investing idle cash
- Reducing the need to borrow by building reserves
- Determining the timeliness of debt issuance to ensure available cash for capital improvements
- Periodic independent verification through internal audits and an annual audit performed by external auditors
- Periodic review and updates to policies and procedures as needed to meet changes in federal, state, or local regulations, industry standards, and specific City circumstances that require changes in processes
- Timely reporting to City Commission, City Manager, and others as necessary
- Bonding the City Treasurer in accordance with Kansas Statutes

## CASH MANAGEMENT POLICY STATEMENT

The City of Leavenworth is committed to:

### A. Cash receipting and depositing:

- The City will systematically gather, record, maintain, and report cash and investment information in a timely and accurate manner in accordance with federal and state regulations, generally accepted accounting principles, and other industry standards.
- The City will ensure that cash and investments are properly deposited, reconciled, and insured against loss and placed with City Commission authorized depositories in an accurate and timely manner.
- The City will receipt monies using pre-numbered receipts or receipt numbering established automatically by the City financial system and deposited daily in a City Commission authorized depository.
- Receipts will be updated to the general ledger daily. All monies received must be accounted for by fund, division, account, and source.
- The City will ensure that employees who handle cash will be skilled, and fully trained; department directors will ensure employee segregation of duties in order to reduce the risk of misappropriation.
- The City will review shortages of significant amounts of money, or consistent shortages of small amounts, which may arise from misappropriation, and implement disciplinary action up to and including termination, as needed.
- The City will make a reasonable effort to determine the cause of the shortage or overage and correct it. Significant overages will be investigated carefully and employees experiencing high amounts or frequent overages or shortages will be relieved of cashier duties.
- The City will make every attempt to recover significant amounts of shortages that may arise from misappropriation.
- The City will appropriately record overages or shortages in the daily cash collection report as an overage or shortage.
- The City will secure cash, checks, money orders, and other forms of tender in a secure location until such time as it is delivered to the Finance office and/or bank. The City will avoid using bank night drop boxes.
- The City will not exchange cash for checks, nor will the City accept a third party check (a check made payable to someone other than the City) in payment of a debt owed to the City. In addition, the City will not accept checks for overpayment when the intent is to refund cash back to the customer.
- The City will explore all available options in the collections of insufficient checks and other forms of uncollected receivables.
- The number of checking accounts will be kept to a minimum in order to reduce the complexity of cash management, but will be in accordance with statutory and other requirements.
- The City will encourage the use of wire, ACH, direct deposits, and other electronic forms of receipts, deposits, and payments whenever possible to reduce

- the risk of error, reduce the opportunity for misappropriation, reduce the level of returned checks, and ensure more rapid turn-around time on receivables.
- The City will establish segregation of duties so that no one employee has responsibility for every phase of cash receipting and depositing, disbursement, vendor creation, reconciliation, and reporting of cash transactions.
  - The City will integrate receipting and accounting systems.
  - The City will provide fraud reporting procedures. Any suspicion of fraud will be reported to appropriate personnel in a timely manner for further investigation.
  - Suspicion of non-compliance with internal control procedures will be reported to the appropriate personnel for further review in a timely manner.
  - The City Finance office will serve as primary recipient for all revenue collections sites and will ensure that receipts match the deposit slips and the system generated receipt report. The City currently does not utilize remote deposit capture for processing checks, but may consider doing so in the future.
  - Cash collection points will be established at each location where customer services are provided and documented internal controls will be established at each collection point. Each collection point will document receipts and provide secured cash and checks (i.e., in locked bank bags) along with receipt reports to the Commission authorized bank.
  - Billings initiated by the City or on the City's behalf by a contracted third party will be generated in a timely manner.
  - For monies received in advance of revenue recognition criteria or for monies which are expected to be refunded to a payee upon completion of performance measures (i.e., rental deposits), the funds shall be deposited into a restricted account or trust fund, or appropriately identified in the appropriate fund as a liability. Any interest accrued on these funds will be paid back to the individual in accordance with Kansas State statutes.
  - Once the payee has met the performance requirements, monies will be refunded in a timely manner. Or once the City has met the requirements of revenue recognition, those restricted monies will be recognized and revenue and transferred to the appropriate fund in a timely manner.
  - Departments generating revenues will have oversight and input in determining applicable and appropriate levels for developing the budget. Monitoring budgeted revenue collections will be performed in a timely manner throughout the year.
  - At the end of each fiscal year, all revenues earned but not received will be recognized as a receivable to that fiscal year, in accordance with generally accepted accounting principles (GAAP).

## **B. Returned payment processing:**

- The City’s definition of giving a worthless payment is “the making, drawing, issuing, delivering, or causing or directing the making, drawing, issuing or delivering of any payment, order, or draft on any bank, credit union, savings and loan association or depository for the payment of money or its equivalent with intent to defraud **and** knowing at the time of the making, drawing, issuing or delivering of such payment, order, or draft, that the maker or drawer has no deposit in or credits with the financial institution for such payment, order, or draft in full upon its presentation.”
- Based on the above definition, the City will assess a service charge for each returned payment.
- Notification of Returned Payment:
  - The city will notify the person in writing of the returned payment. The written notification will include the date of the payment, payee, amount of the payment, bank the payment was drawn on, person authorizing the payment, and bank marking, i.e., insufficient funds or account closed.
  - The notification will also include the deadline for redeeming the returned payment and the amount due, including the face amount of the payment and the service charge. If the person writing the payment does not redeem the returned payment within 7 days of notification, the city will prosecute or turn the payment to a collection agency. If further action is necessary, the person authorizing the bad payment will be responsible for any additional fees associated with collection, i.e., prosecutor fees, collection fees, etc.
- Repetition of returned payments:
  - If any person has three (3) returned payments, the city may refuse to accept any payments other than cash for any city service.

## **C. Cash Disbursements:**

- The City will systematically gather, record, maintain, and report cash and investment information in a timely and accurate manner in accordance with federal and state regulations, generally accepted accounting principles, and other industry standards, to ensure the availability of cash for disbursement purposes.
- The City will ensure that all disbursements are made in accordance with applicable federal, state, and local laws, city disbursement policies and procedures, and industry standards.
- The City will report detailed disbursement information to City Commission. Disbursement information will be reported in an accurate and timely manner.
- The City will ensure that employees who handle disbursements are skilled, and fully trained; ensure segregation of duties so that no one who writes checks creates vendors, signs checks, or reconciles bank statements.
- The City will ensure that all disbursements are properly classified by fund, department, and account and that all charges are legal and for authorized purposes. All disbursements must be allowable and allocable.

- The City will ensure that all disbursements will be made in an accurate and timely manner.
- The City will disburse all payments through the Finance Office with proper documentation. At no time is it acceptable to issue payments from a cash register.
- The City will schedule disbursements in such a manner that sufficient cash will be on hand to avoid overdrafts.
- There will be two signatories on all checking accounts, City Manager, Finance Director, or designee (currently the designee is the City Clerk). The City utilizes electronic signatures.
- No member of staff has authority to approve their own reimbursements.
- Likewise, managers shall review and approve time cards, and /or payroll changes for their staff but will not prepare payroll checks or other transactions.
- Staff preparing payroll transactions shall not have approval authority for initiating payroll changes or increasing or decreasing staffing levels.
- The City will encourage direct deposit, wire transfers, ACH, or other forms of electronic transactions as much as possible. This reduces the risk of error and opportunity for misappropriation, ensures more rapid turn- around time thus enabling the City to hold onto funds as long as possible without causing a penalty for late payment.
- At the end of each fiscal year, all incurred, unpaid expenditures will be recorded as a liability to that fiscal year, in accordance with GAAP.