

***Personnel/Budget Committee Meeting Agenda
Monday, November 13, 2023, 4:30 p.m.
Fillmore Conference Room, Thurber Building, 21 Second Street SE***

1. Personnel Budget Committee Meeting, November 13, 2023, 4:30 p.m.
 - a. Meeting Notes from October 9, 2023
 - b. Personnel Policy – 2nd Review
 - c. Annual Finance Policy Review
 - d. Public Safety Aid
 - e. Law Enforcement Grade Consideration
 - f. 2024 Fee Schedule

Personnel-Budget Committee Meeting Notes

October 9, 2023

Members Present: Councilors Mike Urban and Paul Novotny
Members Absent: None.
Others Present: Brian Burkholder, Kay Wangen, Beth Carlson, Chris Giesen, Shane Fox, and Michele Peterson.

- 1. Personnel Policy – First Review:** The policy was reviewed. A recommendation was made to change provision 3.20 to reflect 185 hours for a seasonal employee. Additional consideration will be given to payout of unused sick leave. A second review of the policy will be done in November.
- 2. Speed Traffic Sign Subscription Invoice:** Members noted that the invoice for the signs should not be paid out of the public works budget. It was noted that this discussion should be reviewed by Public Services, to determine if the subscription should continue. The reports of speeding could be used to determine trends that perhaps enforcement is needed.
- 3. New Home Construction Program:** The EDA has suggested the creation of a rebate for new homes in Chatfield. This would be a pilot program with a possible time limit of up to 24 months. Staff will review possible funding mechanisms with Councilors Novotny and Urban prior to forwarding the discussion to the Council.

Memorandum

To: Personnel / Budget Committee

From: Michele Peterson

Date: October 20, 2023

Amended Updates to the Personnel Policy

In consideration of the comments from the October 9, 2023, committee meeting as well as referencing resources from the League of MN Cities and other communities, the following additional changes are recommended by staff:

1. Combine Vacation and Sick time for Full and Part-time staff to Paid Time Off (PTO). The amended language allows staff to take time off without needing to clarify if it is sick or vacation time and notes all the allowable uses under the Earned Sick and Safe Time legislation, therefore meeting statute requirements.
2. Currently sick leave is accrued up to 960 hours as well as up to 320 vacation hours for a total of 1,280 hours (160 workdays) (32 work weeks) (8 working months). This amount is a large liability for the City and therefore I would like to recommend that we lower the total accruable amount. The goal is to lessen the liability for the employer, while not negatively impacting the employee. To do this section 12.01.05 Annual Leave Conversion has been added to the personnel policy. The provision would allow an employee an annual cash payment of up to 160 hours of vacation time if they have used 75% of their annually accrued hours, keeping a minimum of 176 hours accrued. The city could also consider instead of a cash payment, a payment to a Health Care Savings Plan (through the State of MN retirement system) in which the same requirements as the cash payout would be enforced. This would save both the city and the Employee on taxes. The proposal is to slowly decrease the total allowable hours:
 - December 31, 2024, will be 1120 hours
 - December 31, 2025, will be 1000 hours
 - December 31, 2026, will be 900 hours
 - December 31, 2027, will be 800 hours
 - December 31, 2028, will be 700 hours

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3. The Earned sick and safe time provisions remain in place for Fire and Ambulance volunteers, seasonal and temporary employees. This allows for one hour earned for every 30 hours worked. They are allowed to carry over up to 80 hours, with full pay out should employment be terminated.

Approved by City Council December 11, 2023, effective January 1, 2024.

Below you will find a Table of Contents to help navigate through the model personnel policy. Simply hold the Ctrl button on your keyboard and click on the heading with your mouse to bring you directly to the specific section.

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Article I. INTRODUCTION

Section 1.01 Purpose

The purpose of these policies is to establish a uniform and equitable system of personnel administration for employees of the city of Chatfield. They should not be construed as contract terms for any city employees. No supervisor or city representative has any authority to enter into any agreement for employment for any specific period of time, or to make any agreement contrary to this provision. Nothing in this Personnel Handbook, or in other city policies which may be communicated to the employee, constitutes a contract of employment for any city employee. The policies are not intended to cover every situation that might arise and can be amended at any time at the sole discretion of the city. These policies supersede all previous personnel policies. As an employee, you are responsible for always complying with current city policy. Except where noted otherwise, the city administrator or his/her designee is charged with ensuring compliance with these personnel policies.

Except as otherwise prohibited by law, the city of Chatfield has the right to terminate any employee at any time for any or no reason. Employees may similarly terminate employment at any time for any reason. Only the City Council has the right to alter the “at will” agreement.

Section 1.02 Scope

These policies apply to all employees of the city. Except where specifically noted, these policies do not apply to:

1. Elected officials
2. City attorney
3. Members of city boards, commissions, and committees
4. Consultants and contractors
5. Volunteer firefighters, volunteer ambulance personnel and other volunteer employees
6. Members of a collective bargaining unit. Refer to Labor Agreements for the Chatfield Police Department Officers
7. Other employees not regularly employed in a full-time or part-time position

If any specific provisions of the personnel policies conflict with any current agreement or civil service rules, the union agreement or civil service rules will prevail. Union employees are encouraged to consult their collective bargaining agreement first for information about their employment conditions. Nothing in these policies is intended to modify or supersede any applicable provision of state or federal law.

These policies serve as an information guide to help employees become better informed and to make their experience with the city more rewarding. Departments may have special work rules deemed necessary by the supervisor and approved by the city administrator for the achievement of objectives of that department. Each employee will be given a copy of such work rules by the department upon hiring and those rules will be further explained, and enforcement discussed with the employee by the immediate supervisor.

Section 1.03 EEO Policy Statement

The city of Chatfield is committed to providing equal opportunity in all areas of employment, including but not limited to recruitment, hiring, demotion, promotion, transfer, selection, lay-off,

disciplinary action, termination, compensation, and selection for training. The city of Chatfield will not discriminate against any employee or job applicant on the basis of race (including traits associated with race, including, but not limited to, hair texture and hair styles such as braids, locs and twists) color, creed, religion, national origin, ancestry, sex, sexual orientation, gender identity, or gender expression, disability, age, marital status, genetic information, status with regard to public assistance, veteran status, familial status, or membership on a local human rights commission or lawful participation in the Minnesota Medical Cannabis Patient Registry.

Section 1.04 Data Practices Advisory

Employee records are maintained in a location designated by the city administrator. Personnel data is retained in personnel files, finance files, and benefit/medical files. Information is used to administer employee salary and benefit programs, process payroll, complete state and federal reports, document employee performance, etc.

Employees have the right to know what data is retained, where it is kept, and how it is used. All employee data will be received, retained, and disseminated according to the Minnesota Government Data Practices Act.

Section 1.05 Media Requests

All city employees have a responsibility to help communicate accurate and timely information to the public in a professional manner. Requests for private data or information outside of the scope of an individual's job duties should be routed to the appropriate department or to the city Administrator.

Any employee who identifies a mistake in reporting should bring the error to the city administrator or other appropriate staff. Regardless of whether the communication is in the employee's official city role or in a personal capacity, employees must comply with all laws related to trademark, copyright, software use, etc.

Except for routine events and basic information readily available to the public, all requests for interviews or information from the media are to be routed through the city administrator. No city employee is authorized to speak on behalf of the city without prior authorization from the city administrator or his/her designee. Media requests include anything intended to be published or viewable to others in some form such as television, radio, newspapers, newsletters, social media postings, and websites. When responding to media requests, employees should follow these steps:

1. If the request is for routine or public information (such as a meeting time or agenda), provide the information and notify the city administrator of the request.
2. If the request is regarding information about city personnel, potential litigation, controversial issues, an opinion on a city matter, or if an employee is unsure if the request is a "routine" question, forward the request to the city administrator. An appropriate response would be, "I am sorry, I do not have the full information regarding that issue. Let me take some basic information and submit your request to the appropriate person, who will get back to you as soon as he/she can." Then ask the media representative's name, questions, deadline, and contact information.

All news releases concerning city personnel will be the responsibility of the city administrator.

When/if the city administrator authorizes a staff person to communicate on behalf of the city in interviews, publications, news releases, on social media sites, and related communications, employees must:

- Identify themselves as representing the city. Account names on social media sites must be clearly connected to the city and approved by the city administrator.
- Be respectful, professional, and truthful when providing information. In most cases, only factual information (not opinions or editorial comments) should be provided: “The city finished street cleaning on 16 streets in the northwest corner of the city this past week” instead of “The city is doing a great job with street cleaning this year!” Corrections must be issued when needed.
- Generally, not include personal opinions in official city statements. One exception is communications related to promoting a city service. For example, an employee could post the following on the city’s Facebook page: “My family visited Hill Park this weekend and really enjoyed the new band shelter.” Employees who have been approved to use social media sites on behalf of the city should seek assistance from the city administrator on this topic.
- Notify the city administrator if they will be using their personal technology (cell phones, home computer, cameras, etc.) for city business. Employees should be aware data transmitted or stored may be subject to the Minnesota Government Data Practices Act.

Section 1.06 Personal Communications and Use of social media

It is important for city employees to remember the personal communications of employees may reflect on the city, especially if employees are commenting on city business or commenting on issues that implicate their city employment. As city representatives, employees share in the responsibility of earning and preserving the public’s trust in the city. An employee’s own personal communications, such as on social media, can have a significant impact on the public’s belief that all city staff will carry out city functions faithfully and impartially and without regard to factors such as race, sex/gender, religion, national origin, disability, sexual orientation, or other protected categories. Nonpersonal communications (performed within one’s job duties) to members of the public must be professional at all times. The following guidelines apply to personal communications, including various forms such as social media (Facebook, Twitter, blogs, YouTube, etc.), letters to the editor of newspapers, and personal endorsements:

- Do not share any private or confidential information you have access to as a result of your city position.
- Any personal communications made on a matter of public concern must not disrupt the efficiency of the city’s operation, including by negatively affecting morale. Put another way, such public comments must not undermine any city department’s ability to effectively serve the public. Disruptive personal communications can include liking or republishing (sharing/retweeting) a social media post of another individual or entity. The City can act on the personal communication that violates this policy without waiting for the actual disruption.
- Remember what you write, or post cannot easily be undone. It may also be spread to a larger audience than you intended. Use common sense when using email or social media sites. It is a good idea to refrain from sending or posting information or photos you would

not want your boss or other employees to read, or you would be embarrassed to see in the newspaper. Keep in mind harassment, bullying, threats of violence, discrimination, or retaliation concerning a co-worker or between co-workers that would not be permissible in the workplace is not permissible online, even if it is done after hours, from home and on home computers.

- The city expects its employees to be fair, courteous, and respectful to supervisors, co-workers, citizens, customers, and other persons associated with the city. Avoid using statements, photographs, video, or audio that reasonably may be viewed as malicious, obscene, threatening or intimidating, disparaging, or might constitute harassment or bullying. Examples of such conduct might include offensive posts meant to intentionally harm someone's reputation or posts that could contribute to a hostile work environment on the basis of sex, race (including traits associated with race, including, but not limited to, hair texture and hairstyles such as braids, locs and twists) national origin, age, color, creed, religion, disability, marital status, familial status, veteran status, sexual orientation, gender identity, or gender expression, status with regard to public assistance or membership or activity in a local human rights commission.
- If you publish something related to city business and there is liable to be confusion whether you are speaking on behalf of the city, it would be best to identify yourself and use a disclaimer such as, "These are my own opinions and do not represent those of the city of Chatfield."
- City resources, working time, or official city positions cannot be used for personal profit or business interests, or to participate in personal political activity. Some examples: a building inspector could not use the city's logo, email, or working time to promote his/her side business as a plumber; a parks employee should not access a park after hours even though he or she may have a key; a clerk, while working at City Hall, should not campaign for a friend who is running for City Council.
- Personal social media account name or email names should not be tied to the city (e.g., (City of Chatfield) Cop).

Article II. CITYWIDE WORK RULES & CODE OF CONDUCT

Section 2.01 Conduct as a City Employee

In accepting city employment, employees become representatives of the city and are responsible for assisting and serving the citizens for whom they work. An employee's primary responsibility is to serve the residents of the city of Chatfield. Employees should exhibit conduct that is ethical, professional, responsive, and of standards becoming of a city employee. To achieve this goal, employees must adhere to established policies, rules, and procedures and follow the instructions of their supervisors.

Honesty is an important organizational attribute to our city. Therefore, any intentional misrepresentation of facts or falsification of records, including personnel records, medical records, leaves of absence documentation or the like, will not be tolerated. Further, dishonesty in city positions may preclude workers from effectively performing their essential job duties. As just one example, a police officer with a credibility issue under a Brady/Giglio designation very likely will be excluded from providing testimony for court cases thereby creating an employment strain where an employee cannot effectively perform the essential functions of the job. Any violations will result in corrective action, up to and including termination.

The following are job requirements for every position at the city of Chatfield. All employees are expected to:

- Perform assigned duties to the best of their ability at all times.
- Render prompt and courteous service to the public at all times.
- Read, understand, and comply with the rules and regulations as set forth in these personnel policies as well as those of their departments.
- Conduct themselves professionally toward both residents and staff and respond to inquiries and information requests with patience and every possible courtesy.
- Report any and all unsafe conditions to the immediate supervisor.
- Maintain good attendance while meeting the goals set by an employee's supervisor.
- Approach our organization and operational duties with a positive attitude and constructively support open communication, creativity, dedication, and compassion.

Section 2.02 Attendance & Absence

The operations and standards of service in the city of Chatfield requires employees be at work unless valid reasons warrant absence, or an employee has a position approved to work remotely. In order for a team to function efficiently and effectively, employees must fully understand the goals set for them and the time required to be on the job. Understanding attendance requirements is an essential function of every city position.

Employees who are going to be absent from work are required to notify their supervisor as soon as possible in advance of the absence. In the event of an unexpected absence, employees should call or text their supervisor before the scheduled starting time and keep in mind the following procedures:

- If the supervisor is not available at the time, the employee should leave a message with a telephone number where they can be reached and/or contact any other individual who was designated by the supervisor.
- Failure to use the established reporting process will be grounds for disciplinary action.
- The employee must call the supervisor on each day of an absence extending beyond one (1) day unless arrangements otherwise have been made with the supervisor.
- Employees who are absent for three (3) days or more and who do not report the absence in accordance with this policy, will be considered to have voluntarily resigned not in good standing.
- The city may waive this rule if extenuating circumstances warranted such behavior.

This policy does not preclude the city from administering discipline for unexcused absences of less than three days. Individual departments may establish more specific reporting procedures.

For budgetary and confidentiality reasons, non-exempt employees (eligible for overtime pay) are not authorized to take work home or work through lunch without prior approval from their supervisor.

Section 2.03 Access to and Use of City Property

Any employee who has authorized possession of keys, tools, cell phones, pagers, or other city-owned equipment must register their name and the serial number (if applicable) or identifying information about the equipment with their supervisor.

All such equipment must be turned in and accounted for by any employee leaving employment with the city in order to resign in good standing.

Employees are responsible for the safekeeping and care of all such equipment. The duplication of keys owned by the city is prohibited unless authorized by the city administrator. Any employee found having an unauthorized duplicate key will be subject to disciplinary action.

Section 2.04 Appearance

Departments may establish dress codes for employees as part of departmental rules. Personal appearance should be appropriate to the nature of the work and contacts with other people and should present a positive image to the public. Clothing, jewelry, or other items that could present a safety hazard are not acceptable in the workplace. Dress needs vary by function. Employees who spend a portion of the day in the field need to dress in a professional manner appropriate to their jobs, as determined by their supervisor

When uniforms are required, the city will provide an allowance for them.

Administration –Indoor attire city shirts or a combination of shirts, sweaters, vests, jackets per year with department head approval. This will provide a professional image to citizens and customers approaching the City Offices. The amount of benefit that will be paid out to any one employee will not exceed \$300 in any one year. This allowance is taxable per the IRS regulations.

Police – New employees with the Chatfield Police Department for the first year of employment are provided, at the expense of the City, the complete uniform, equipment, and accessories required by the Police Department which shall remain the property of the City. After the first year of employment, each employee shall be entitled to a uniform/equipment/accessory reimbursement allowance of six hundred seventy-five dollars (\$675.00) in each year of the contract, for the purchase and maintenance of uniforms and equipment. Each employee shall be allowed to carry over up to two hundred dollars (\$200.00) from one calendar year to the next calendar year.

Public Works –The Employer will contribute a maximum of \$700 in any one year to include clothing and safety boots as required.

Section 2.05 Conflict of Interest

City employees are to remove themselves from situations in which they would have to take action or make a decision where that action or decision could be a perceived or actual conflict of interest or could result in a personal benefit for themselves or a family member. If an employee has any question about whether such a conflict exists, they should consult with the city administrator.

Section 2.06 Falsification of Records

Any employee who makes false statements or commits, or attempts to commit, fraud in an effort to prevent the impartial application of these policies, will be subject to immediate disciplinary action up to and including termination and potential criminal prosecution.

Section 2.07 Personal Telephone Calls / Texting / Emailing

Personal communication calls are to be made or received only when truly necessary (e.g., family, or medical emergency). They are not to interfere with city work and are to be completed as quickly as possible. Any personal long-distance call costs will be paid for by the employee. Please refer to the cell phone policy for information on use of cellular phones.

Section 2.08 Political Activity

City employees have the right to express their views and to pursue legitimate involvement in the political system. However, no city employee will directly or indirectly, during hours of employment, solicit or receive funds for political purposes. Further, any political activity in the workplace must be pre-approved by the city to avoid any conflict of interest or perception of bias such as using authority or political influence to compel another employee to apply for or become a member in a political organization.

Section 2.09 Smoking

The city of Chatfield observes and supports the Minnesota Clean Indoor Air Act. All city buildings and vehicles, in their entirety, shall be designated as tobacco free, meaning that smoking in any form (through the use of tobacco products such as pipes, cigars, and cigarettes) or “vaping” with e-cigarettes is prohibited while in a city facility or vehicle.

Article III. DEFINITIONS

For purposes of these policies, the following definitions will apply:

Section 3.01 Authorized Hours

The number of hours an employee was hired to work. Actual hours worked during any given pay period may be different than authorized hours, depending on workload demands or other factors, and upon approval of the employee’s supervisor.

Section 3.02 Benefits

Privileges granted to qualified employees in the form of paid leave and/or insurance coverage.

Section 3.03 Benefit Earning Employees

Employees who are eligible for at least a pro-rated portion of city-provided benefits. Such employees must be year-round employees who work at least 20 hours per week on a regular basis.

Section 3.04 Core Hours

The core hours all employees (exempt and non-exempt) are Monday through Friday 8 am to 4:30 pm. Police, fire, and public works employees do not have core hours and work the schedules established by their supervisors.

Section 3.05 Demotion

The movement of an employee from one job class to another within the city, where the maximum salary for the new position is lower than that of the employee’s former position.

Section 3.06 Direct Deposit

As permitted by state law, all city employees are required to participate in direct deposit.

Section 3.07 Employee

An individual who has successfully completed all stages of the selection process, including the training period.

Section 3.08 Exempt Employee

Employees who are not covered by the overtime provisions of the federal or state Fair Labor Standards Act.

Section 3.09 FICA (Federal Insurance Contributions Act)

FICA is the federal requirement that a certain amount be automatically withheld from employees' earnings. Specifically, FICA requires an employee contribution of 6.2 percent for Social Security and 1.45 percent for Medicare. The city contributes a matching 7.65 percent on behalf of each employee. Certain employees are exempt or partially exempt from these withholdings (e.g., police officers). These amounts may change if required by law.

Section 3.10 Fiscal Year

The period from Jan. 1 to Dec. 31.

Section 3.11 Full-Time Employee

Employees who are required to work forty (40) or more hours per week year-round in an ongoing position.

Section 3.12 Hours of Operation

The city's regular hours of operation are Monday through Friday 8 am to 4:30 pm.

Section 3.13 Management Employee

An employee who is responsible for managing a department or division of the city.

Section 3.14 Non-Exempt Employee

Employees who are covered by the federal or state Fair Labor Standards Act. Such employees are normally eligible for overtime at 1.5 times their regular hourly wage for all hours worked over forty (40) in any given workweek.

Section 3.15 Part-Time Employee

Employees who are required to work less than forty (40) hours per week year-round in an ongoing position.

Section 3.16 Pay Period

A fourteen (14) day period beginning at 12 a.m. (midnight) on Saturday through 11:59 p.m. on Friday, fourteen (14) days later.

Section 3.17 PERA (Public Employees Retirement Association)

Statewide pension program in which all city employees meeting program requirements must participate in accordance with Minnesota law. The city and the employee each contribute to the employee's retirement account.

Section 3.18 Promotion

Movement of an employee from one job class to another within the city, where the maximum salary for the new position is higher than that of the employee's former position.

Section 3.19 Reclassify

Movement of a job from one classification to another classification because of a significant change in the position's duties and responsibilities.

Section 3.20 Seasonal Employee

Employees who work only part of the year (185 days or less) to conduct seasonal work. Seasonal employees may be assigned to work a full-time or part-time schedule. Seasonal employees do not earn benefits or credit for seniority.

Section 3.21 Service Credit

Time worked for the city. An employee begins earning service credit on the first day worked for the city. Some forms of leave will create a break in service.

Section 3.22 Temporary Employee

Employees who work in temporary positions. Temporary jobs might have a defined start and end date or may be for the duration of a specific project. Temporary employees may be assigned to work a full-time or part-time schedule. Temporary employees do not earn benefits or credit for seniority.

Section 3.23 Training/Probationary Period

A six-month period at the start of employment with the city (or at the beginning of a promotion, reassignment, or transfer) designated as a period within which to learn the job, unless covered by a collective bargaining agreement stating a different time frame. The training period is an integral extension of the city's selection process and is used by supervisors for closely observing an employee's work.

An employee serving the initial probationary period may be disciplined at the sole discretion of the city, up to and including dismissal. An employee so disciplined, including dismissal, will not have any grievance rights.

Nothing in this policy handbook shall be construed to imply after completion of the probationary period, an employee has any vested interest or property right to continued city employment.

Time served in temporary, seasonal, volunteer, or interim positions are not considered part of the probationary period. If an emergency arises during an employee's probationary period which requires a leave of absence, such time off, if granted, will not be considered as time worked, and the probationary period will be extended by the length of time taken.

Section 3.24 Transfer

Movement of an employee from one city position to another of equivalent pay.

Section 3.25 Weapons

Weapons are defined to include all legal or illegal firearms, switchblade knives, or any other object modified to serve as a weapon or has the primary purpose of serving as a weapon.

Section 3.26 Workweek

A workweek is seven consecutive 24-hour periods. For most employees, the workweek will run from Saturday through the following Friday. With the approval of the city administrator, departments may establish a different workweek based on coverage and service delivery needs (e.g., police department, fire department, parks, and recreation department).

Article IV. EMPLOYEE RECRUITMENT & SELECTION

Section 4.01 Scope

The city administrator or a designee will manage the hiring process for positions within the city. While the hiring process may be coordinated by staff, the City Council is responsible for the final hiring decision and must approve all hires to city employment. All hires will be made according to merit and fitness related to the position being filled.

Section 4.02 Features of the Recruitment System

The city administrator or designee will determine if a vacancy will be filled through an open recruitment or by promotion, transfer, or some other method. This determination will be made on a case-by-case basis. The majority of position vacancies will be filled through an open recruitment process.

Application for employment will generally be made online or by application forms provided by the city. Other materials in lieu of a formal application may be accepted in certain recruitment situations as determined by the city administrator or designee. Supplemental questionnaires may be required in certain situations. All candidates must complete and submit the required application materials by the posted deadline, in order to be considered for the position.

The deadline for application may be extended by the city administrator. Unsolicited applications will not be kept on file.

Position vacancies may be filled on an “acting” basis as needed. The City Council will approve all acting appointments. Pay rate adjustments, if any, will be determined by the City Council.

Section 4.03 Testing and Examinations

Applicant qualifications will be evaluated in one or more of the following ways: training and experience rating; written test; oral test or interview; performance or demonstrative test; physical agility test; or another appropriate job-related exam. For example:

- Keyboarding exercises for data entry positions.
- Writing exercises for positions requiring writing as part of the job duties.

- “In-basket” exercise for an administrative support position (sets up real-life scenarios and items likely to be given to the position for action and asks the candidate to list and prioritize the steps they would take to complete the tasks).
- Mock presentation to the City Council for a planning director position, for example.
- Scenarios of situations police officers are likely to encounter on the job testing the candidate’s decision-making skills (can be role played or multiple-choice questions).

Internal recruitments will be open to any city employee who: (1) has successfully completed the initial training period; (2) meets the minimum qualifications for the vacant position; and (3) currently is and for the past year has been in good standing with the city.

The City administrator or designee will establish minimum qualifications for each position with input from the appropriate supervisor. To be eligible to participate in the selection process, a candidate must meet the minimum qualifications.

Section 4.04 Pre-Employment Medical Exams

The city administrator or designee may determine a pre-employment medical examination, which may include a psychological evaluation, is necessary to determine fitness to perform the essential functions of any city position. Where a medical examination is required, an offer of employment is contingent upon successful completion of the medical exam.

When a pre-employment medical exam is required, it will be required of all candidates who are finalists and/or who are offered employment for a given job class. Information obtained from the medical exam will be treated as confidential medical records.

When required, the medical exam will be conducted by a licensed physician designated by the city with the cost of the exam paid by the city. (Psychological/psychiatric exams will be conducted by a licensed psychologist or psychiatrist). The physician will notify the city administrator or designee a candidate either is or is not medically able to perform the essential functions of the job, with or without accommodations, and whether the candidate passed a drug and/or alcohol test, if applicable.

If the candidate requires accommodation to perform one or more of the essential functions of the job, the city administrator or designee will confer with the physician and candidate regarding reasonable and acceptable accommodations. If a candidate is rejected for employment based on the results of the medical exam, he/she will be notified of this determination.

Section 4.05 Selection Process

The selection process will be a cooperative effort between the city administrator or designee and the hiring supervisor, subject to final hiring approval of the City Council. Any, all, or none of the candidates may be interviewed.

The process for hiring seasonal and temporary employees may be delegated to the appropriate supervisor with each hire subject to final City Council approval. Except where prohibited by law, seasonal and temporary employees may be terminated by the supervisor at any time, subject to City Council approval.

The city has the right to make the final hiring decision based on qualifications, abilities, experience, and city of Chatfield needs.

Section 4.06 Background Checks

All finalists for employment with the city will be subject to a background check to confirm information submitted as part of application materials and to assist in determining the candidate's suitability for the position. Except where already defined by state law, the city administrator will determine the level of background check to be conducted based on the position being filled.

Section 4.07 Training/Probationary Period

The training/probationary period is an integral part of the selection process and will be used for the purpose of closely observing the employee's work and for training the employee in work expectations.

Training periods apply to new hires, transfers, promotions, and rehires. Training periods are six months in duration, but may be extended by, for example, an unpaid leave of absence.

Section 4.08 Performance Appraisals

An objective performance review system will be established by the city administrator or designee for the purpose of periodically evaluating the performance of city employees. The quality of an employee's past performance will be considered in personnel decisions such as promotions, transfers, demotions, terminations and, where applicable, salary adjustments. Performance reviews will be discussed with the employee. While certain components of a performance evaluation, such as disputed facts reported to be incomplete or inaccurate are challengeable using the city's grievance process, other performance evaluation data, including subjective assessments, are not. For those parts of the performance evaluation system deemed not challengeable, an employee may submit a written response, which will be attached to the performance review. Performance reviews are to be scheduled on a regular basis, at least annually. The form, with all required signatures, will be retained as part of the employee's personnel file.

During the training period, informal performance meetings should occur frequently between the supervisor and the employee. Conducting these informal performance meetings provides both the supervisor and the employee the opportunity to discuss what is expected, what is going well and not so well.

Signing of the performance review document by the employee acknowledges the review has been discussed with the supervisor and does not necessarily constitute agreement. Failure to sign the document by the employee will not delay processing.

Article V. ORGANIZATION

Section 5.01 Job Descriptions

The city will maintain job descriptions for each regular position. New positions will be developed as needed but must be approved by the City Council prior to the position being filled.

A job description is prepared for each position within the city. Each job description will include position title, department, supervisor's title, FLSA status (exempt or non-exempt), primary objective of the position, essential functions of the position, examples of performance criteria, minimum requirements, desirable training and experience, supervisory responsibilities (if any), and extent of supervisory direction or guidance provided to position. In addition, job descriptions may also describe the benefits offered and potential career path opportunities as a means to entice a qualified pool of applicants. Good attendance and compliance with work rules and policies are essential functions of all city positions.

Prior to posting a vacant position the existing job description is reviewed by the city administrator or designee and the hiring supervisor to ensure the job description is an accurate reflection of the position and the stated job qualifications do not present artificial barriers to employment.

A current job description is provided to each new employee. Supervisors are responsible for revising job descriptions as necessary to ensure the position's duties and responsibilities are accurately reflected. All revisions are reviewed and must be approved by the city administrator.

Section 5.02 Assigning and Scheduling Work

Assignment of work duties and scheduling work is the responsibility of the supervisor subject to the approval of the city administrator.

Section 5.03 Job Descriptions and Classifications

Assignment of job titles, establishment of minimum qualifications, and the maintenance of job descriptions and related records is the responsibility of the city administrator.

Section 5.04 Layoff

In the event it becomes necessary to reduce personnel, temporary employees and those serving a probationary period in affected job classes will be terminated from employment with the city before other employees in those job classes. Within these groups, the selection of employees to be retained will be based on merit and ability as determined by the city administrator, subject to approval of the City Council. When all other considerations are equal, the principle of seniority will apply in layoffs and recall from layoffs.

Article VI. HOURS OF WORK

Section 6.01 Work Hours

Employee work schedules and opportunities to work remotely will be established by supervisors with the approval of the city administrator. A typical workweek for employees is five eight-hour days in addition to a lunch period, Monday through Friday, except as otherwise approved by the city administrator in accordance with the customs and needs of the individual departments.

The pay period consists of the following:

- Administration – ten (10) eight (8) hour workdays / shifts.
- Police Department – seven (7) twelve (12) hour workdays / shifts
- Public Works – ten (10) eight (8) hour workdays / shifts.

For public works employees, shifts are typically scheduled between the hours of 7 a.m. and 4:30 p.m., Monday through Friday. The Employer shall give seven days advance notice to the Employees affected by the establishment of scheduled shifts different from the Employees' normally scheduled shift. In the event work is required because of unusual circumstances such as but not limited to, fire, flood, snow, sleet, or breakdown of municipal equipment or facilities, no advance notice need be given.

Part-time, seasonal, and temporary positions: In order to comply with law while avoiding penalties, part-time employees will be scheduled with business needs and in a manner that ensures positions retain part-time status as intended. Employees in part-time and temporary positions will not be permitted to work more than 28 hours/week, including hours worked and paid leave (such as PTO leave, or holiday leave). All shifts, including schedule trades or picked-up shifts, must be pre-approved by supervisor. Unpaid furloughs may be imposed on employees who exceed 28 hours/week. Working a shift without prior approval may result in discipline, up to and including termination of employment. In some rare instances, a part-time, seasonal, or temporary employee may be offered health insurance in order to comply with federal health care reform laws and regulations.

Section 6.02 Core Hours

To ensure employee availability and accountability to the public the city serves, all full-time employees (exempt and non-exempt) will typically be at work or available to the public and co-workers Monday through Friday 8 am to 4:30 pm, unless away from the work site for a work-related activity or on approved leave or as approved by the City Administrator.

Section 6.03 Meal Breaks and Rest Periods

A paid fifteen-minute break is allowed within each four consecutive hours of work. An unpaid thirty-minute lunch period is provided when an employee works eight or more consecutive hours. Employees are expected to use these breaks as intended and will not be permitted to adjust work start time, end time, or lunch time by saving these breaks, unless approved by a supervisor.

Section 6.04 Adverse Weather Conditions

City facilities will generally be open during adverse weather. Due to individual circumstances, each employee will have to evaluate the weather and road conditions in deciding to report to work (or leave early). Employees not reporting to work for reasons of personal safety will not normally have their pay reduced as a result of this absence. Employees will be allowed to use accrued PTO time, compensatory time, or Earned Sick and Safe Leave or with supervisor approval, may modify the work schedule or make other reasonable schedule adjustments.

In the event the city closes due to weather or other public emergency, see Article XII: Leaves of Absence section 12.01 for Earned Sick and Safe Leave.

Sworn police officers and public works maintenance employees will generally be required to report to work regardless of conditions.

Decisions to cancel departmental programs (special events, recreation programs, etc.) will be made by the respective supervisor or the city administrator.

Article VII. COMPENSATION

Full-time employees of the city will be compensated according to schedules adopted by the City Council. Unless approved by the Council, employees will not receive any amount from the city in addition to the pay authorized for the positions to which they have been appointed. Expense reimbursement or travel expenses may be authorized in addition to regular pay.

Compensation for seasonal and temporary employees will be set by the City Council at the time of hire, or on an annual basis.

Under the Minnesota Wage Disclosure Protection Law, employees have the right to tell any person the amount of their own wages. While the Minnesota Government Data Practices Act (Minn. Stat. §13.43), specifically lists an employee's actual gross salary and salary range as public personnel data, Minnesota law also requires wage disclosure protection rights and remedies to be included in employer personnel handbooks. To that end, and in accordance with Minn. Stat. §181.172, employers may not:

- Require nondisclosure by an employee of his or her wages as a condition of employment.
- Require an employee to sign a waiver or other document which purports to deny an employee the right to disclose the employee's wages.
- Take any adverse employment action against an employee for disclosing the employee's own wages or discussing another employee's wages which have been disclosed voluntarily.
- Retaliate against an employee for asserting rights or remedies under Minn. Stat. §181.172, subd. 3.

The city cannot retaliate, discipline, penalize, interfere with, or otherwise retaliate or discriminate against an employee for disclosing their own wages. An employee's remedies under the Wage Disclosure Protection Law are to bring a civil action against the city and/or file a complaint with the Minnesota Department of Labor and Industry at (651) 284-5075 or (800) 342-5354.

Article VIII. DIRECT DEPOSIT

Section 8.02 Direct Deposit

As provided for in Minnesota law, all employees are required to participate in direct deposit. Employees are responsible for notifying the city administrator of any change in status, including changes in address, phone number, names of beneficiaries, marital status, etc.

Employees shall be paid every two weeks, on the Thursday following the end of the scheduled pay period. When a payday falls on a holiday, employees shall receive their pay the preceding workday.

The city is required by law to make four deductions from paychecks - Social Security, PERA, Federal income tax and State income tax. Temporary, seasonal, and intern positions may not be eligible for PERA. Eligibility is determined on a case-by-case basis and generally depends on length of service and earnings.

Section 8.03 Improper Deduction and Overpayment Policy

If an employee believes that an improper deduction or overpayment, or another type of error, has been made, they should immediately contact their supervisor. If the city determines it has made an improper deduction from a paycheck, it will reimburse the employee for the improper amount deducted and take good faith measures to prevent improper deductions from being made in the future.

In cases of improper overpayments, employees are required to promptly repay the city in the amount of the overpayment. The employee can write a personal check or authorize a reduction in pay to cover the repayment. The city will not reduce an employee's pay without written authorization by the employee. Once the overpayment has been recovered in full, the employee's year to date earnings and taxes will be adjusted (so that the year's Form W-2 is correct) and the paying department will receive the corresponding credit. When an overpayment occurs, the repayment must be made within the same tax year.

In the exceptional situation where the overpayment occurs in one tax year and is not discovered until the next year, the overpayment must be repaid in the year it is discovered, but there will be additional steps and paperwork required. Any overpayments not repaid in full within the calendar year of the overpayment are considered "prior year overpayments" and the employee must repay not only for the net amount of the overpayment, but also the federal and state taxes the city has paid on their behalf. The city is able to recover the overpaid Social Security and Medicare taxes. Accordingly, the city will not require the employee to repay those taxes provided the employee provides a written statement that he/she will not request a refund of the taxes. The overpayment amount will remain taxable in the year of the overpayment since the employee had access to the funds. The employee is not entitled to file an amended tax return for the year but may be entitled to a deduction or credit with respect to the repayment in the year of repayment. Employees should contact their tax advisors for additional information.

Section 8.04 Time Reporting

Employees are expected to work the number of hours per week as established for their position. Employees will be paid according to the time reported on their time sheets. To comply with the provisions of the federal and state Fair Labor Standards Acts, hours worked, and any leave time used by non-exempt employees are to be recorded daily and submitted to payroll on a bi-weekly basis. Reporting false information on a time sheet may be cause for immediate termination.

Section 8.05 Overtime / Compensatory Time

The city of Chatfield has established this overtime policy to comply with applicable state and federal laws governing accrual and use of overtime. The city administrator will determine whether each employee is designated as "exempt" or "non-exempt" from earning overtime. In general, employees in executive, administrative, and professional job classes are exempt; all others are non-exempt.

Section 8.06 Non-Exempt (Overtime-Eligible) Employees

The city recognizes some employees may be required to work extra hours in emergency situations and during peak workload periods. The scheduling and payment of compensatory time or overtime will be in accordance with the applicable Fair Labor Standards Act and the following:

- The immediate supervisor must give specific approval prior to its being earned or used.

- Pre-authorization may be presumed by employees in emergency situations such as excess snowfall, flood, severe storms, water main breaks, lift stations malfunctions or other similar situations where the immediate response of staff is required to avert endangerment of life, home, or property.
- Compensatory time off must receive prior approval from the immediate supervisor. The supervisor will normally consider workload and the potential for service interruptions when deciding whether it is possible to grant the time off. Compensatory time must be used or paid in cash in the same calendar year in which it is earned. If any compensatory time is remaining at the time of processing the last payroll of the calendar year, the cash value of that compensatory time will be paid to the employee with their regular pay.
- Hourly employees will be compensated at one and one-half (1 ½) times the regular full time employee's regular base pay rate for hours worked in excess of the employee's regularly scheduled shift. Public Works shifts are typically eight hours, and the Police Department shifts are typically 12 hours.
- Overtime hours worked shall be paid either in the form of salary during the pay period in which they were earned or as compensatory time off at the employee's choice. Compensatory time will be earned at a rate of one and one-half (1 ½) times the actual overtime hours worked. Compensatory time may be accumulated to a maximum of Eighty 80 hours for Administration and Public Works / Eight Four (84) hours for PD. Compensatory time will be taken off in the same manner as PTO.
- Overtime will be calculated to the nearest fifteen (15) minutes.
- If an employee is asked to work before or after the 7:00 a.m. – 4:30 p.m. timeframe, and if that work does not result in overtime pay, the hours worked before or after 7:00 a.m. – 4:30 p.m. will be paid at a rate of 1.10 times the regular rate of pay. (For example, if an employee begins plowing snow at 4:00 a.m. and stops working at 12:00 noon, which would be an eight-hour day, the hours worked between 4:00 a.m. and 7:00 a.m. will be paid at a rate that is 10% higher than the employee's regular rate of pay.)
- Call Back Time: If public works staff are called out to respond to a broken water main, sewer back-up or any other such matter, outside of normal working hours, they will be paid a minimum of two hours at their overtime rate of pay.
- Weekend Rounds: In recognition of the fact that at least one public works employee is needed to monitor, and adjust as necessary, the wells and wastewater plant, and to address other minor needs on the weekend, three hours of overtime pay will be paid to the individual assigned to that duty on each Saturday and Sunday. If that person is also assigned to monitor and adjust the municipal swimming pool, another hour will be paid for each visit to the pool, to a maximum of two each day, on Saturday and Sunday while the pool is open. If an employee is assigned to monitor the swimming pool only, that person will be paid one hour for a morning check and one hour for the afternoon check.

Section 8.07 Exempt (Non-Overtime-Eligible) Employees

Exempt employees are expected to work the hours necessary to meet the performance expectations outlined by their supervisors.

Generally, to meet these expectations, and for reasons of public accountability, an exempt employee will need to work 40 or more hours per week. Exempt employees do not receive extra

pay for the hours worked over 40 in one workweek, however, are allowed to flex their schedules, complying with the requirements in the Leave Policy for Exempt Employees

Exempt employees are paid on a salary basis. This means they receive a predetermined amount of pay each pay period and are not paid by the hour. Their pay does not vary based on the quality or quantity of work performed, and they receive their full weekly salary for any week in which any work is performed.

The city of Chatfield will only make deductions from the weekly salary of an exempt employee in the following situations:

- The employee is in a position that does not earn PTO or personal leave and is absent for a day or more for personal reasons other than sickness or accident.
- To offset compensation received for military pay. If an employee works part of the week in military service, the city still must pay the entire week salary to the employee, but the city could offset the amount of the military pay for the week against the employee's salary.
- The employee is in a position that earns PTO leave, receives a short-term disability benefit or workers' compensation wage loss benefits, and is absent for a full day due to sickness or disability, but he/she is either not yet qualified to use the paid leave or he/she has exhausted all his/her paid leave.
- The employee is absent for a full work week, and, for whatever reason, the absence is not charged to paid leave (for example, a situation where the employee has exhausted all his/her paid leave or a situation where the employee does not earn paid leave).
- The very first workweek or the very last workweek of employment with the city in which the employee does not work a full week. In this case, the city will prorate the employee's salary based on the time worked.
- The employee is in a position that earns paid leave and is absent for a partial day due to personal reasons, illness, or injury, but:
 - Paid leave has not been requested or has been denied.
 - Paid leave is exhausted.
 - The employee has specifically requested unpaid leave.
- The employee is suspended without pay for a full day or more for disciplinary reasons for violations of any written policy that is applied to all employees.
- The employee takes unpaid leave under the FMLA.
- The city of Chatfield may, for budgetary reasons, implement a voluntary or involuntary unpaid leave program and, under this program, make deductions from the weekly salary of an exempt employee. In this case, the employee will be treated as non-exempt for any workweek in which the budget-related deductions are made.

The city of Chatfield will not make deductions from pay due to exempt employees being absent for jury duty or attendance as a witness but will require the employee to pay back to the city any amounts received by the employee as jury fees or witness fees.

If the city inadvertently makes an improper deduction to the weekly salary of an exempt employee, the city will reimburse the employee and make appropriate changes to comply in the future.

All employees, in all departments, are required to work overtime as requested by their supervisors as a condition of continued employment. Refusal to work overtime may result in disciplinary action. Supervisors will make reasonable efforts to balance the personal needs of their employees when assigning overtime work.

Section 8.08 Leave Policy for Exempt Employees

Exempt employees are required to work the number of hours necessary to fulfill their responsibilities including evening meetings and/or on-call hours. The normal hours of business for exempt staff are Monday through Friday 8 am to 4:30 pm, time for evening meetings may be flexed accordingly.

Absences of less than four (4) hours do not require advance notice as it is presumed that the staff member regularly puts in work hours above and beyond their regular required weekly schedule. Exempt employees must communicate any absence longer than four (4) hours to the city administrator or his/her designee.

If one of the above employees is regularly absent from work under this policy and it is found there is excessive time away from work that is not justified, the situation will be handled as a performance issue.

If it appears that less than forty hours per week is needed to fulfill the position's responsibilities, the position will be reviewed to determine whether a part-time position will meet the needs of the city. Additional notification and approval requirements may be adopted by the city administrator for specific situations as determined necessary.

Article IX. PERFORMANCE REVIEWS

An objective performance review system will be established by the city administrator or designee for the purpose of periodically evaluating the performance of city employees. The quality of an employee's past performance will be considered in personnel decisions such as promotions, transfers, demotions, terminations and, where applicable, salary adjustments.

Performance reviews will be discussed with the employee. While certain components of a performance evaluation, such as disputed facts reported to be incomplete or inaccurate are challengeable using the city's grievance process, other performance evaluation data, including subjective assessments, are not. For those parts of the performance evaluation system deemed not challengeable, an employee may submit a written response, which will be attached to the performance review. Performance reviews are to be scheduled on a regular basis, at least annually. The form, with all required signatures, will be retained as part of the employee's personnel file.

During the training/probationary period, informal performance meetings should occur frequently between the supervisor and the employee. Conducting these informal performance meetings provides both the supervisor and the employee the opportunity to discuss what is expected, what is going well and what needs improvement.

Signing of the performance review document by the employee acknowledges the review has been discussed with the supervisor and does not necessarily constitute agreement. Failure to sign the document by the employee will not delay processing.

Article X. BENEFITS

Section 10.01 Health

Waiting Period: New employees become eligible for coverage the first day of the month following completion of a thirty (30) day waiting period.

Options: The City offers three options of health insurance through Minnesota Public Employees Insurance Program. Regular full-time employees are eligible for health insurance at the following rates:

- For single coverage: The employer will pay 100% of the premium costs for a single premium.
- For family coverage: The employer will pay the equivalent of a single premium plus half the remainder of the family premium coverage. The remainder of the premium will be deducted from the employee's paycheck.

If the employee chooses the high deductible/HSA plan, the City will contribute to the employee's health savings account an amount equal to the maximum out of pocket expense for Cost Level 2 of the Public Employee Insurance.

Regular part-time employees who average twenty (20) hours per week are eligible for health insurance as well as all other benefits that the City offers, with the City paying $\frac{1}{2}$ the rate of full-time employees, $\frac{1}{2}$ of the premium benefit and $\frac{1}{2}$ of the HSA benefit. Regular part-time employees who work an average of thirty (30) hours per week are eligible for health insurance as well as all other benefits that the City offers, with the City paying $\frac{3}{4}$ the rate of full-time employees, $\frac{3}{4}$ of the premium benefit and $\frac{3}{4}$ of the HSA benefit. This benefit does not apply to temporary or seasonal employees.

Section 10.01.01 Accident

The City of Chatfield offers each regular full-time and regular part-time employee the option to obtain additional life insurance accident insurance, in which the premiums will be deducted from the employee's paycheck.

Section 10.01.02 Cancer

The City of Chatfield offers each regular full-time and regular part-time employee the option to obtain additional cancer insurance, in which the premiums will be deducted from the employee's paycheck.

Section 10.01.03 Dental

The City of Chatfield offers each regular full-time and regular part-time employee the option to obtain additional dental insurance, in which the premiums will be deducted from the employee's paycheck.

Section 10.01.04 Life

The City of Chatfield offers each regular full-time and regular part-time employee the option to obtain additional life insurance, in which the premiums will be deducted from the employee's paycheck.

Section 10.03 Additional Benefits

Section 10.03.01 Employee Education & Training

The city promotes staff development as an essential, ongoing function needed to maintain and improve cost effective quality service to residents. The purposes for staff development are to ensure that employees develop and maintain the knowledge and skills necessary for effective job performance and to provide employees with an opportunity for job enrichment and mobility.

The city will pay for the costs of an employee's participation in training and attendance at professional conferences, provided that attendance is approved in advance under the following criteria and procedures:

- **Job-Related Training & Conferences:** The subject matter of the training session or conference is directly job-related and relevant to the performance of the employee's work responsibilities. Responsibilities outlined in the job description, annual work program requirements and training goals and objectives that have been developed for the employee will be considered in determining if the request is job-related. CLE or similar courses taken by an employee in order to maintain licensing or other professional accreditation will not be eligible for payment under this policy unless the subject matter relates directly to the employee's duties, even though the employee may be required to maintain such licensing or accreditation as a condition of employment with the city. The supervisor and the city administrator are responsible for determining job-relatedness and approving or disapproving training and conference attendance.
- **Job-Related Meetings:** Attendance at professional meetings costing \$150 or less and directly related to the performance of the employee's work responsibilities do not require the approval of the city administrator. Advance supervisor approval is required to ensure adequate department coverage.
- **Training & Conferences:** The request for participation in a training session or conference must be submitted to the employee's supervisor on the appropriate enrollment form. All requests must include an estimate of the total cost (training session, travel, meals, etc.) and a statement of how the education or training is related to the performance of the employee's work responsibilities with the city. Requests totaling more than \$150 must be approved by the employee's supervisor and the city administrator. Documentation approving conference or training attendance will be provided to the employee with a copy placed in the employee's personnel file. Payment information such as invoices, billing statements, etc., regarding the conference or training should be forwarded to accounting for prompt payment.
- **Out of State Travel:** Attendance or training or conferences out of state is approved only if the training or conference is not available locally. All requests for out of state travel are reviewed for approval/disapproval by the city administrator.
- **Compensation for Travel & Training Time:** Time spent traveling to and from, as well as time spent attending a training session or conference, will be compensated in accordance with the federal Fair Labor Standards Act. Each day at a conference or training session

will be considered equivalent to a regular day at work, not to exceed the value of eight (8) hours. Travel and other related training expenses will be reimbursed subject to the employee providing necessary receipts and appropriate documentation.

Section 10.03.02 Fitness Center

The city offers access to a fitness center for all full and part-time employees who are not temporary or seasonal employees. Refer to the Employee Fitness Center Rules of Operation for details.

Section 10.03.03 Holiday Gala

An annual appreciation gathering is hosted by the Economic Development Authority for City Employees, Council, Boards, Commissions, and Volunteers.

Section 10.03.04 Memberships and Dues

The purpose of memberships to various professional organizations must be directly related to the betterment of the services of the city. Normally, one city membership per agency, as determined by the city Administrator is allowed, providing funds are available.

Upon separation of employment, individual memberships remain with the city and are transferred to another employee by the supervisor.

Section 10.03.05 Technology Reimbursement

To ensure fair and dependable communications between the Employer and Employees, along with establishing data connection where that is relevant, each full-time regular employee, and the cable television administrator, will be paid a monthly stipend of \$50.00 to assist the employees in maintaining a personal cell phone that can be used in the course of their work. Employees who work an average of 20 - 29 hours per week will receive \$25.00 per month and \$37.50 will be paid to employees who work 30 – 39 hours per week. This stipend would be considered taxable income. If any employee does not use a cell phone, this benefit will not be extended to them. For those people in the positions of Chief of Police, Ambulance Director, Public Works Director, Librarian, Technology Coordinator, City Administrator and City Clerk, the City may choose to provide them with a city-owned telephone in lieu of the monthly stipend, at the discretion of the City.

Section 10.03.06 Tuition Reimbursement

The City of Chatfield wants to encourage an environment of educational growth. To be considered for tuition reimbursement, the employee must be in good standing and have been employed by the city for at least one year. All requests for tuition reimbursement will be considered on a case-by-case basis by the city administrator, with final approval/disapproval provided by the City Council.

Courses taken for credit at an approved educational institution must meet the following criteria to be approved for reimbursement:

- Courses must be directly related to the employee's present position (whether required for a degree program or not): OR
- Courses must be directly related to a reasonable promotional opportunity in the same field of work as present position (whether part of a degree program or not).

The City will pay the cost of tuition upon successful completion (C grade or better; "pass" in a pass/fail course) of the approved course. Reimbursements will be prorated for part-time

employees. The maximum reimbursement per course will be based on an average course cost at the University of Minnesota. Employees may elect to attend a more costly school provided they pay the difference in cost. Employees must reimburse the city if they voluntarily leave employment within twelve (12) months of receiving tuition reimbursement from the city. Tuition reimbursement for an individual employee will not exceed \$2,500 per year. The maximum amount of tuition benefit that will be paid in any one year to all employees will not exceed \$5,000.00.

Section 10.03.07 Reimbursement – Travel/Mileage/Meals

Employees who are required to use their personal vehicles for City business are entitled to reimbursement as per the IRS approved rate.

If employees are required to travel outside of the area in performance of their duties as a city employee, they will receive reimbursement of expenses for meals, lodging and necessary expenses incurred. However, the city will not reimburse employees for meals connected with training or meetings within city limits, unless the training or meeting is held as a breakfast, lunch, or dinner meeting.

Employees who find it necessary to use their private automobiles for city travel and who do not receive a car allowance will be reimbursed at the standard IRS mileage rate.

Expenses for meals, including sales tax and gratuity, will be reimbursed according to this policy. No reimbursement will be made for alcoholic beverages. Meal expenses of \$35.00 per day will be allowed.

A full reimbursement, over the maximum defined, may be authorized if a lower cost meal is not available when attending banquets, training sessions, or meetings of professional organizations.

Section 10.03.08 Pension / Retirement Benefits

The city participated in the Public Employees Retirement Association (PERA) to provide pension benefits for its eligible employees to help plan for a successful and secure retirement. Participation in PERA is mandatory for most employees, and contributions into PERA begin immediately. The city and the employee contribute to PERA each pay period as determined by state law. Most employees are also required to contribute a portion of each paycheck for Social Security and Medicare (the city matches the employee's Social Security and Medicare withholding).

Article XI. HOLIDAYS

The city observes the following official state holidays for all regular full-time and part-time employees:

New Year's Day, January 1
Martin Luther King, Jr. Day, third Monday in January
Presidents Day, the third Monday in February
Juneteenth, June 19
Memorial Day, last Monday in May
Independence Day, July 4
Labor Day, first Monday in September
Veterans Day, November 11
Thanksgiving, the fourth Thursday in November
Friday after Thanksgiving Day

Christmas Eve Day – Close at Noon
Christmas Day, December 25
New Year’s Eve, December 31 – Close at Noon

Official holidays commence at the beginning of the first shift of the day on which the holiday is observed and continue for twenty-four hours thereafter.

When a holiday falls on a Sunday, the following Monday will be the “observed” holiday and when a holiday falls on a Saturday, the preceding Friday will be the “observed” holiday for city operations/facilities closed on holidays.

All employees in regular positions are entitled to time off with full pay on holidays. Temporary and seasonal employees are not entitled to holiday pay. City Hall shall be closed for business on each such holiday, but employees may be required to work on paid holidays when the nature of their duties or other conditions require.

Regular employees who work on a holiday will be paid at the rate of one and one-half (1 ½) times the employee’s base rate of pay for the number of actual hours worked and the employee will be paid straight time for the holiday shift. When a holiday falls on an employee’s day off, that employee shall be given an additional paid shift off.

When a holiday falls on a day when a full-time police officer or Librarian is not regularly scheduled to work, that employee’s holiday will be considered to be that regularly scheduled workday that is closest to the actual holiday. Regular part-time employees are entitled to pay on a holiday only if they would normally be scheduled to work on the day of the week designated as the holiday and they will be paid only for the number of hours they would have worked. If regular part-time employees scheduled day to work falls on a holiday, the employee will be paid regular pay for that day.

Article XII. LEAVES OF ABSENCE

Depending upon an employee’s situation, more than one form of leave may apply during the same period (e.g., the Family and Medical Leave Act is likely to apply during a worker’s compensation absence). An employee will need to meet the requirements of each form of leave separately. Leave requests will be evaluated on a case-by-case basis.

Except as otherwise stated, all paid time off, taken under any of the city’s leave programs, must be taken consecutively, with no intervening unpaid leave. The city will provide employees with time away from work as required by state or federal statutes, if there are requirements for such time off that are not described in the personnel policies.

Section 12.01 Paid Time Off for Full Time Employees

The PTO Policy applies to all full-time and part-time employees, which means that the employee is regularly scheduled to work 20 hours or more per week. This policy does not apply to volunteers, temporary, contractors, consultants or seasonal (interns) employees. The PTO Policy applies to vacation, personal or family illness, mandated sick time, personal appointments, educational activities, volunteerism, and other personal activities. It does not apply to paid

holidays, bereavement leave, jury duty, or military leave – these forms of time off are all addressed under another policy. The PTO Policy is effective as of January 1, 2024, and replaces all allowances under previous policies for vacation, illness, or personal time as of the specified date.

Section 12.01.01 Paid Time Off Use

PTO can be requested in increments as small as .25 hour up to the total amount of the accrued leave balance. PTO leave is to be used only by the employee who accumulated it. It cannot be transferred to another employee.

PTO leave may be used as earned, subject to approval by the department head of the time at which it may be taken.

In accordance with applicable law, employees may take PTO for any of the following purposes:

- Diagnosis, care, or treatment of an existing health condition for an employee or covered family member as defined by the State of Minnesota.
- Preventative care for an employee or an employees covered family member.
- For certain, specified purposes when the employee is a victim of domestic violence, sexual assault, or stalking.
- For vacation, educational activities, volunteerism, personal activities as well as any other purpose required by state law.

Requests for PTO must be received at least forty-eight hours in advance of the requested time off. This notice may be waived at the discretion of the supervisor and city administrator.

Section 12.01.02 PTO Accrual

Employees PTO will accrue per month and PTO accruals will begin on the first day of employment and are available upon successfully completing their probationary period. For the purpose of determining an employee’s PTO accrual rate, years of service will include all continuous time that the employee has worked at the city (including authorized unpaid leave). Employees who are rehired after terminating city employment will not receive credit for their prior service unless specifically negotiated at the time of hire.

PTO time is not accrued during periods of unpaid leave, long-term disability leave, or worker’s compensation leave (unless required by law). An employee will not earn any PTO leave for any pay period unless they are employed by the city on the last scheduled workday of the pay period. Further, PTO leave will stop accruing as of the effective date of termination.

Completed Years of Service	Total Annual Accrual Hours	PTO Accrual Hours per Pay Month
0- 5 years	176.40	14.70
6-10 years	216.00	18.00
11-15 years	235.92	19.66
16-20 years	255.96	21.33
21-25 years	276.00	23.00
26 and beyond years	296.16	24.68

The maximum carry over of hours for full-time employees will be as follows, as of:

- December 31, 2024, will be 1150 hours
- December 31, 2025, will be 1050 hours
- December 31, 2026, will be 950 hours
- December 31, 2027, will be 850 hours
- December 31, 2028, will be 750 hours

Regular part-time employees who work an average of twenty (20) hours per week will accrue PTO at one-half the rate of regular full-time employees and can carry no more than 200 hours of PTO leave. Regular part-time employees who work an average of thirty (30) hours per week will accumulate PTO leave at three-fourths the rate of full-time employees, up to a maximum of 500 hours

Section 12.01.03 PTO Separation Payout

Full-time employees will be paid accrued, unused PTO, earned through the last date of active employment, subject to applicable caps as noted above, (and applicable taxes withheld) following termination of employment. The rate of pay will be the employee's base rate of pay at the employee's termination date. In the event of the employee's death, earned, unused PTO will be paid to the employee's surviving spouse directly, (if there is not personal representative of the estate appointed) up to statutory limits.

Section 12.01.04 Unpaid Leave

The city administrator may authorize leave without pay for up to thirty (30) days. Leave without pay for greater periods may be granted by the City Council to a maximum of one (1) year. Normally employee benefits will not be earned by an employee while on leave without pay. However, the city's contribution toward health and life insurance may be continued, if approved by the City Council, for leaves of up to ninety (90) days when the leave is for medical reasons and FMLA has been exhausted.

If an employee is on a regular leave without pay and is not working any hours, the employee will not accrue (or be paid for) holidays, PTO leave. Employees who are working reduced hours while on this type of leave will receive holiday pay on a prorated basis and will accrue PTO leave based on actual hours worked. Leave without pay hours will not count toward seniority and all accrued PTO leave and compensatory time must normally be used before an unpaid leave of absence will be approved.

Section 12.01.05 Annual Leave Conversion

Annual leave will be converted to a cash payment on an hour-for-hour basis annually in accordance with the following conditions. Up to one hundred sixty (160) hours, will be converted to cash each year provided the employee has used at least 75% of his/her annual accrual during the current calendar year and has a balance of at least 176 hours.

The minimum balance requirement will be determined as of the first payroll in December. Payment will be based on the employee's regular hourly rate on December 1.

The converted leave will be paid in the second payroll of December with specific dates to be determined by accounting each year. Regular hourly rate for the purpose of this policy is the

employee's straight time rate not including overtime, pay differentials, out-of-class adjustments, or any other additions to regular pay.

Section 12.01.06 Retaliation prohibited

The city shall not discharge, discipline, penalize, interfere with, or otherwise retaliate or discriminate against an employee for asserting Earned Sick and Safe Leave rights, requesting PTO, or pursuing remedies.

Section 12.02 Earned Sick and Safe Leave

“Earned Sick and Safe Leave” for Fire and Ambulance volunteers, seasonal and temporary employees is paid time off earned at one hour of Earned Sick and Safe for every 30 hours worked, up to a maximum of 48 hours of sick and safe leave per year. The hourly rate of Earned Sick and Safe Leave is the same hourly rate an employee earns from employment with the city. This specific leave applies to all Fire and Ambulance volunteers, temporary and seasonal employees performing work for at least 80 hours in a fiscal year (January – December) for the city.

Section 12.02.01 Earned Sick and Safe Leave Use

The leave may be used as it is accrued in the smallest increment of time tracked by the city's payroll system .25 hours for the following circumstances:

- An employee's own:
 - Mental or physical illness, injury, or other health condition
 - Need for medical diagnosis, care, or treatment, of a mental or physical illness
 - injury or health condition
 - Need for preventative care
 - Closure of the employee's place of business due to weather or other public emergency
 - The employee's inability to work or telework because the employee is prohibited from working by the city due to health concerns related to the potential transmission of a communicable illness related to a public emergency, or seeking or awaiting the results of a diagnostic test for, or a medical diagnosis of, a communicable disease related to a public emergency and the employee has been exposed to a communicable disease or the city has requested a test or diagnosis.
 - Absence due to domestic abuse, sexual assault, or stalking of the employee provided the absence is to:
 - Seek medical attention related to physical or psychological injury or disability caused by domestic abuse, sexual assault, or stalking
 - Obtain services from a victim services organization
 - Obtain psychological or other counseling
 - Seek relocation or take steps to secure an existing home due to domestic abuse, sexual assault, or stalking
 - Seek legal advice or take legal action, including preparing for or participating in any civil or criminal legal proceeding related to or resulting from domestic abuse, sexual assault, or stalking
- Care of a family member:
 - With mental or physical illness, injury or other health condition Who needs medical diagnosis, care or treatment of a mental or physical illness, injury or other

health condition Who needs preventative medical or health care Whose school or place of care has been closed due to weather or other public emergency When it has been determined by health authority or a health care professional that the presence of the family member of the employee in the community would jeopardize the health of others because of the exposure of the family member of the employee to a communicable disease, whether or not the family member has actually contracted the communicable disease

- Absence due to domestic abuse, sexual assault or stalking of the employee's family member provided the absence is to:
 - Seek medical attention related to physical or psychological injury or disability caused by domestic abuse, sexual assault, or stalking
 - Obtain services from a victim services organization
 - Obtain psychological or other counseling
 - Seek relocation or take steps to secure an existing home due to domestic abuse, sexual assault, or stalking
 - Seek legal advice or take legal action, including preparing for or participating in any civil or criminal legal proceeding related to or resulting from domestic abuse, sexual assault, or stalking

Section 12.02.02 For Earned Sick and Safe Leave purposes, family member includes an employee's:

- Spouse or registered domestic partner
- Child, foster child, adult child, legal ward, child for whom the employee is legal guardian, or child to whom the employee stands or stood in loco parentis
- Sibling, step sibling or foster sibling
- Biological, adoptive, or foster parent, stepparent or a person who stood in loco parentis when the employee was a minor child
- Grandchild, foster grandchild, or step grandchild
- Grandparent or step grandparent
- A child of a sibling of the employee
- A sibling of the parent of the employee or
- A child-in-law or sibling-in-law
- Any of the above family members of a spouse or registered domestic partner
- Any other individual related by blood or whose close association with the employee is the equivalent of a family relationship
- Up to one individual annually designated by the employee

Section 12.02.03 Carry Over of Earned Sick and Safe Leave

Fire and Ambulance volunteers, seasonal and temporary employees are eligible for carry over accrued but unused Earned Sick and Safe time into the following year, but the total of Earned Sick and Safe Leave carry over hours shall not exceed **80 hours**.

Section 12.02.04 Retaliation prohibited

The city shall not discharge, discipline, penalize, interfere with, or otherwise retaliate or discriminate against an employee for asserting Earned Sick and Safe Leave rights, requesting an Earned Sick and Safe Leave absence, or pursuing remedies.

Section 12.02.05 Benefits and return to work protections

An employee returning from time off using accrued Earned Sick and Safe Leave is entitled to return to their city employment at the same rate of pay received when their leave began, plus any automatic pay adjustments that may have occurred during the employee's time off. Seniority during Earned Sick and Safe Leave absences will continue to accrue as if the employee has been continually employed.

When there is a separation from employment with the city and the employee is rehired again within 180 days of separation, previously accrued Earned Sick and Safe Leave that had not been used or paid out will be reinstated. An employee is entitled to use and accrue Earned Sick and Safe Leave at the commencement of reemployment.

Section 12.02.06 Unpaid Earned Sick and Safe Leave

Fire and Ambulance volunteers, seasonal and temporary employees will be paid accrued, unused sick and safe leave, earned through the last date of active employment, subject to applicable caps as noted above, (and applicable taxes withheld) following termination of employment. The rate of pay will be the employee's base rate of pay at the employee's termination date.

Section 12.03 Funeral Leave

Employees will be permitted to use up to three (3) consecutive working days, with pay, as funeral leave upon the death of an immediate family member. This paid leave will not be deducted from the employee's PTO leave balance.

The actual amount of time off, and funeral leave approved, will be determined by the supervisor or city administrator depending on individual circumstances (such as the closeness of the relative, arrangements to be made, distance to the funeral, etc.).

Sick leave may also be granted for a maximum of five days in addition to the 3-day funeral leave.

Section 12.04 Military Leave

State and federal laws provide protection and benefits to city employees who are called to military service, whether in the reserves or on active duty. Such employees are entitled to a leave of absence without loss of pay, seniority status, efficiency rating, or benefits for the time the employee is engaged in training or active service not exceeding a total of 15 workdays in any calendar year. City compensation is in addition to the military pay for these 15 days, as per MN Attorney General's Opinion.

The leave of absence is only in the event the employee returns to employment with the city as required upon being relieved from service or is prevented from returning by physical or mental disability or other cause not the fault of the employee or is required by the proper authority to continue in military or naval service beyond the fifteen-day paid leave of absence. Employees on extended unpaid military leave will receive fifteen days paid leave of absence in each calendar year, not to exceed five years. Where possible, notice is to be provided to the city at least ten working days in advance of the requested leave. A training notice, signed orders, or battle assembly schedule are examples of typical written notification to share with the city.

If an employee has not yet used his/her fifteen days of paid leave when called to active duty, any unused paid time will be allowed for the active-duty time, prior to the unpaid leave of absence.

Employees returning from military service will be reemployed in the job they would have attained had they not been absent for military service and with the same seniority, status and pay, as well as other rights and benefits determined by seniority. Unpaid military leave will be considered hours worked for the purpose of PTO leave accruals.

Eligibility for continuation of insurance coverage for employees on military leave beyond fifteen days will follow the same procedures as for any employee on an unpaid leave of absence.

Section 12.05 Military Leave for Family Members

The city will not discharge from employment or take adverse employment action against an employee because an immediate family member is in the military forces of the United States or Minnesota.

Nor will the city discharge from employment or take adverse employment action against an employee because they attend departure or homecoming ceremonies for deploying or returning personnel, family training or readiness events or events held as part of official military reintegration programs. Employees may substitute paid leave if they choose to do so.

Unless the leave would unduly disrupt the operations of the city, employees whose immediate family member, as a member of the United States armed forces has been ordered into active service in support of a war or other national emergency, will be granted an unpaid leave of absence, not to exceed one day's duration in any calendar year, to attend a send-off or homecoming ceremony for the mobilized service member.

Section 12.06 Military Leave for Family Member Injured or Killed in Active Service

Employees will be granted up to ten working days of unpaid leave whose immediate family member (defined as a person's parent, child, grandparents, siblings, or spouse) is a member of the United States armed forces who has been injured or killed while engaged in active service. The 10 days may be reduced if an employee elects to use appropriate accrued paid leave.

Section 12.07 Civil Air Patrol

The city will grant employees an unpaid leave of absence for time spent serving as a member of the Civil Air Patrol upon request and authority of the State or any of its political subdivisions unless the absence would unduly disrupt the operations of the city. Employees may choose to use PTO leave while on Civil Air Patrol Leave but are not required to do so.

Section 12.08 Jury Duty

Regular full-time and part-time employees will be granted paid leaves of absence for required jury duty. Such employees will be required to turn over any compensation they receive for jury duty, minus mileage reimbursement, to the city in order to receive their regular wages for the period. Time spent on jury duty will not be counted as time worked in computing overtime.

Employees excused or released from jury duty during their regular working hours will report to their regular work duties as soon as reasonably possible or will take accrued PTO or compensatory time to make up the difference.

Employees are required to notify their supervisor as soon as possible after receiving notice to report for jury duty. The employee will be responsible for ensuring that a report of time spent on jury duty and pay form is completed by the clerk of court so the city will be able to determine the amount of compensation due for the period involved.

Temporary and seasonal employees are generally not eligible for compensation for absences due to jury duty but can take a leave without pay subject to department head approval. However, if a temporary or seasonal employee is classified as exempt, they will receive compensation for the jury duty time.

Section 12.09 Court Appearances

Employees will be paid their regular wage to testify in court for city-related business. Any compensation received for court appearances (e.g., subpoena fees) arising out of or in connection with city employment, minus mileage reimbursement, must be turned over to the city.

A police officer who is required to appear in Court during his scheduled off-duty time shall receive a minimum of four (4) hours' pay at one and one-half (1 ½) times the employee's base pay rate. An extension or early report to a regularly scheduled shift for Court appearance does not qualify the employee for the four (4) hour minimum.

When a police officer is placed on-call, or stand-by, for court and the on-call or stand-by is cancelled after 4:45 pm. on the business day immediately preceding the scheduled court appearance, the employee shall be paid the minimum court time provided in the paragraph above.

Section 12.10 Victim or Witness Leave

An employer must allow a victim or witness, who is subpoenaed or requested by the prosecutor to attend court for the purpose of giving testimony to attend criminal proceedings related to the victim's case. Additionally, a victim of a violent crime, as well as the victim's spouse or immediate family member (immediate family member includes parent, spouse, child, or sibling of the employee) may have reasonable time off from work to attend criminal proceedings related to the victim's case. An employee must give 48 hours advance notice to the city of their need to be absent unless it is impracticable, or an emergency prevents them from doing so. The city may request verification that supports the employee's reason for being absent from the workplace.

Section 12.11 Job Related Injury or Illness

All employees are required to report any job-related illnesses or injuries to their supervisor immediately (no matter how minor).

If a supervisor is not available and the nature of injury or illness requires immediate treatment, the employee is to go to the nearest available medical facility for treatment and, as soon as possible, notify their supervisor of the action taken. In the case of a serious emergency, 911 should be called.

If the injury is not of an emergency nature, but requires medical attention, the employee will report it to the supervisor and make arrangements for a medical appointment. Workers' compensation benefits and procedures to return to work will be applied according to applicable state and federal laws.

Section 12.12 Pregnancy and Parenting Leave

All employees are entitled to take an unpaid leave of absence under the Pregnancy and Parenting Leave Act of Minnesota. Female employees for prenatal care, or incapacity due to pregnancy, childbirth, or related health conditions as well as a biological or adoptive parent in conjunction with after the birth or adoption of a child as eligible for up to 12 weeks of unpaid leave and must begin within twelve months of the birth or adoption of the child. In the case where the child must remain in the hospital longer than the mother, the leave must begin within 12 months after the child leaves the hospital. Employee should provide reasonable notice, which is at least 30 days. If the leave must be taken in less than three days, the employee should give as much notice as practicable.

Employees are required to use accrued leave (i.e., PTO leave, compensatory time etc.) during Parenting Leave. If the employee has any FMLA eligibility remaining at the time this leave commences, this leave will also count as FMLA leave. The two leaves will run concurrently. The employee is entitled to return to work in the same position and at the same rate of pay the employee was receiving prior to commencement of the leave.

Group insurance coverage will remain available while the employee is on leave pursuant to the Pregnancy and Parenting Leave Act, but the employee will be responsible for the entire premium unless otherwise provided in this policy (i.e., where leave is also FMLA qualifying).

For employees on an FMLA absence as well, the employer contributions toward insurance benefits will continue during the FMLA leave absence.

Effective July 1, 2023, the city will inform employees of their parental leave rights at the time of hire and when an employee makes an inquiry about or requests parental leave.

An employer shall not discharge, discipline, penalize, interfere with, or otherwise retaliate or discriminate against an employee for asserting parental leave rights or remedies.

Section 12.13 Administrative Leave

Under special circumstances, an employee may be placed on an administrative leave pending the outcome of an internal or external investigation. The leave may be paid or unpaid, depending on the circumstances, as determined by the city administrator with the approval of the City Council.

Section 12.14 Adoptive Parents

Adoptive parents will be given the same opportunities for leave as biological parents (see provisions for Parenting Leave).

The leave must be for the purpose of arranging the child's placement or caring for the child after placement. Such leave must begin before or at the time of the child's placement in the adoptive home.

Section 12.15 School Conference Leave

Effective July 1, 2023, any employee may take unpaid leave for up to a total of sixteen hours during any 12-month period to attend school conferences or classroom activities related to the employee's child (under 18 or under 20 and still attending secondary school), provided the conference or classroom activities cannot be scheduled during non-work hours. When the leave cannot be scheduled during non-work hours and the need for the leave is foreseeable, the employee must provide reasonable prior notice of the leave and make a reasonable effort to schedule the leave so as not to disrupt unduly the operations of the city. Employees may choose to use PTO leave hours for this absence but are not required to do so.

Section 12.16 Bone Marrow/Organ Donation Leave

Employees working an average of 20 or more hours per week may take paid leave, not to exceed 40 hours, unless agreed to by the city, to undergo medical procedures to donate bone marrow or an organ. The 40 hours is over and above the amount of accrued time the employee has earned.

The city may require a physician's verification of the purpose and length of the leave requested to donate bone marrow or an organ. If there is a medical determination that the employee does not qualify as a bone marrow or organ donor, the paid leave of absence granted to the employee prior to that medical determination is not forfeited.

Effective July 1, 2023, an employer shall not discharge, discipline, penalize, interfere with, or otherwise retaliate or discriminate against an employee for asserting bone marrow or organ donation leave rights or remedies.

Section 12.17 Elections / Voting

An employee selected to serve as an election judge pursuant to Minnesota law, will be allowed time off with pay for purposes of serving as an election judge, provided the employee gives the city at least twenty days written notice, including a certification from the appointing authority stating the hourly compensation to be paid the employee for service as an election judge and the hours during which the employee will serve. The city may reduce the wages of an employee serving as an election judge by the amount paid to the election judge by the appointing authority during the time the employee was absent from the place of employment.

Thus, employees will be paid the difference between their pay as an election judge and their regular rate of pay for their normal workday.

The city reserves the right to restrict the number of employees absent from work for the purpose of serving as an election judge to no more than 20 percent of the total work force at any single worksite.

All employees eligible to vote at a State general election, at an election to fill a vacancy in the office of United States Senator or Representative, or in a Presidential primary, will be allowed time off with pay to vote on the election day. Employees wanting to take advantage of such leave are required to work with their supervisors to avoid coverage issues. Effective July 1, 2023, employees may be absent from work for the time necessary to vote to include voting during the period allowed for voting in person before election day.

Section 12.18 Delegates to Party Conventions

An employee may be absent from work to attend any meeting of the state central committee or executive committee of a major political party if the employee is a member of the committee.

The employee may attend any convention of a major political party delegate, including meetings of official convention committees if the employee is a delegate or an alternate delegate to that convention.

Per the statutory requirement, the employee must give at least ten days written notice of their planned absence to attend committee meetings or conventions. Time away from work for this purpose will be considered unpaid unless the employee chooses to use PTO leave during their absence.

Section 12.19 Regular Leave without Pay

The city administrator may authorize leave without pay for up to thirty days. Leave without pay for greater periods may be granted by the City Council.

Typically, employee benefits will not be earned by an employee while on leave without pay. However, the city's contribution toward health, dental and life insurance may be continued, if approved by the City Council, for leaves of up to ninety days when the leave is for medical reasons and FMLA has been exhausted.

If an employee is on a regular leave without pay and is not working any hours, the employee will not accrue (or be paid for) holidays, PTO leave (annual leave). Employees who are working reduced hours while on this type of leave will receive holiday pay on a prorated basis and will accrue PTO leave (annual leave) based on actual hours worked.

Leave without pay hours will not count toward seniority and all accrued PTO leave and compensatory time must normally be used before an unpaid leave of absence will be approved. Leave without pay for purposes other than medical leave or work-related injuries will be at the convenience of the city.

Employees returning from a leave without pay for a reason other than a qualified Parenting Leave, or FMLA, will be guaranteed return to the original position.

Employees receiving leave without pay in excess of thirty calendar days, for reasons other than qualified Parenting Leave or FMLA, are not guaranteed return to their original position. If their original position or a position of similar or lesser status is available, it may be offered at the discretion of the city administrator subject to approval of the City Council.

The FMLA applies to all public agencies, including state, local and federal employers, and local education agencies (schools). To be eligible for FMLA leave, an employee must work for a covered employer and:

- have worked for that employer for at least 12 months; and
- have worked at least 1,250 hours during the 12 months prior to the start of the FMLA leave; and
- work at a location where at least 50 employees are employed at the location or within 75 miles of the location.

Section 12.21 Reasonable Work Time for Nursing Mothers

Nursing mothers and lactating employees will be provided reasonable paid break times (which may run concurrently with already provided break times) to express milk.

The city will provide a clean, private, and secure room (other than a bathroom) as close as possible to the employee's work area, that is shielded from view and free from intrusion from coworkers and the public and includes access to an electrical outlet, where the nursing mother can express milk in private.

An employer shall not discharge, discipline, penalize, interfere with, or otherwise retaliate or discriminate against an employee for asserting nursing rights or remedies.

Section 12.22 Light Duty/Modified Duty Assignment

This policy is to establish guidelines for temporary assignment of work to temporarily disabled employees who are medically unable to perform their regular work duties. Light duty is evaluated by the city administrator on a case-by-case basis. This policy does not guarantee assignment to light duty.

Such assignments are for short-term, temporary disability-type purposes; assignment of light duty is at the discretion of the city administrator. The city administrator reserves the right to determine when and if light duty work will be assigned.

When an employee is unable to perform the essential requirements of their job due to a temporary disability, they will notify the supervisor in writing as to the nature and extent of the disability and the reason why they are unable to perform the essential functions, duties, and requirements of the position. This notice must be accompanied by a physician's report containing a diagnosis, current treatment, and any work restrictions related to the temporary disability.

The notice must include the expected time frame regarding return to work with no restrictions, meeting all essential requirements and functions of the city's job description along with a written request for light duty. Upon receipt of the written request, the supervisor is to forward a copy of the report to the city administrator. The city may require a medical exam conducted by a physician selected by the city to verify the diagnosis, current treatment, expected length of temporary disability, and work restrictions.

It is at the discretion of the city administrator whether or not to assign light duty work to the employee. Although this policy is handled on a case-by-case basis.

If the city offers a light duty assignment to an employee who is out on workers' compensation leave, the employee may be subject to penalties if he/she refuses such work. The city will not, however, require an employee who is otherwise qualified for protection under the Family and Medical Leave Act to accept a light duty assignment.

The circumstances of each disabled employee performing light duty work will be reviewed regularly. Any light duty/modified work assignment may be discontinued at any time.

Section 12.23 Reasonable Accommodations to an Employee for Health Conditions Relating to Pregnancy

The city will attempt to provide a female employee who requests reasonable accommodation with the following for her health conditions related to her pregnancy or childbirth without advice of a licensed health care provider or certified doula:

- More frequent or longer restroom, food, and water breaks.
- Seating; and/or
- Limits on lifting over 20 pounds.

Additionally, an employer must provide reasonable accommodations, including, but not limited to, temporary leaves of absence, modification in work schedule or job assignments, seating, more frequent or longer break periods and limits to heavy lifting to an employee for health conditions related to pregnancy or childbirth upon request, with the advice of a licensed health care provider or certified doula, unless the employer demonstrates the accommodation would impose an undue hardship on the operation of the employer's business. In accordance with state law, no employee is required to take a leave of absence for a pregnancy nor accept a pregnancy accommodation.

An employer shall not discharge, discipline, penalize, interfere with, or otherwise retaliate or discriminate against an employee for asserting reasonable accommodations pregnancy rights or remedies.

Section 12.24 Athletic Leave of Absence

An employee who qualifies as a member of the United State team for athletic competition on the world championship, Pan American, or Olympic team in a sport sanctioned by the International Olympic Committee, shall be granted a leave of absence without loss of pay or other benefits for the purpose of preparing for and engaging in the competition. In no event shall the paid leave exceed the period of official training camp and competition combined, or 90 calendar days a year, whichever is less. The employee shall provide documentation establishing their participation on said team and in said event.

Article XIII. DIVERSITY, EQUITY, AND INCLUSION

Section 13.01 General

The city of Chatfield is committed to fostering, cultivating, and preserving a culture of diversity, equity, and inclusion. Our policy is to be welcoming, safe, and equitable to all employees and members of the community. By embracing the diversity of our workforce and community, the city seeks to not only meet, but also exceed, our obligations under federal and state law. The goal of our policy is for the work environment to be free of harassment, discrimination, and retaliation.

Furthermore, it is our belief that:

- We are more efficient when all are valued and included.
- We are more effective when we leverage our different ideas, backgrounds, and identities.
- We are more responsive when we acknowledge and reflect the identity and experience of our residents and colleagues.

Section 13.02 Definitions within this section

Cultural Competence: the ability to interact effectively across difference. We acknowledge that a 'one size fits all' approach is not effective and actively seek ways to make our services accessible and culturally relevant.

Section 13.03 Policy Statement

It is the city's policy to respect culture and reduce bias in our workplace and service delivery.

The commitment to inclusion, diversity, and equity influences the work that is performed by the city, the workplace environment, relationships between employees, and relationships between the city and community.

While individual employees have their own beliefs and values, performing work on behalf of the city requires upholding cultural competence and respect to ensure work occurs that not only meets, but also exceeds, our obligations under federal and state law.

The city of Chatfield values all diversity and recognizes individual protected-class status as defined under state and federal law and seeks to ensure equal opportunities in all phases of employment. The city expects each employee to cooperate to achieve this goal and personally stand behind the principles as defined within this policy.

All employees of the city are expected to act and perform their work professionally, including respecting cultural differences.

Pursuant to the city's Respectful Workplace Policy discrimination, including harassment, will not be tolerated. Any employee found to have exhibited any inappropriate conduct or behavior may be subject to disciplinary action.

Employees who believe they have been subjected to any kind of discrimination that conflicts with this policy should follow the reporting procedures within the city's Respectful Workplace Policy.

Article XIV. SEXUAL HARASSMENT PREVENTION

Section 14.01 General

The city of Chatfield is committed to creating and maintaining a public service workplace free of harassment and discrimination. Such harassment is a violation of Title VII of the Civil Rights Act of 1964, the Minnesota Human Rights Act, and other related employment laws.

In keeping with this commitment, the city maintains a strict policy prohibiting unlawful harassment, including sexual harassment. This policy prohibits harassment in any form, including verbal and physical harassment. Discriminatory behavior includes inappropriate remarks about, or conduct related to a person's legally protected characteristic such as race, (including traits associated with race, including, but not limited to, hair texture and hair styles such as braids, locs and twists), color, creed, religion, national origin, disability, sex, gender, pregnancy, marital status, age, sexual orientation, gender identity, or gender expression, familial status, or status with regard to public assistance.

This policy statement is intended to make all employees, volunteers, members of boards and commissions, applicants, contractors/vendors, and elected officials and members of the public aware of the matter of harassment, but specifically sexual harassment, to express the city's strong disapproval of harassment, to advise employees against this behavior and to inform them of their rights and obligations. The most effective way to address any sexual harassment issue is to bring it to the attention of management.

Section 14.02 Applicability

Maintaining a work environment free from harassment is a shared responsibility. This policy is applicable to all city employees, volunteers, applicants, contractors/vendors, members of boards and commissions, City Council members, and members of the public both in the workplace and other city-sponsored social events.

Section 14.03 Definitions

To provide employees with a better understanding of what constitutes sexual harassment, the definition, based on [Minnesota Statute § 363.01, subdivision 41](#), is provided: sexual harassment includes unwelcome sexual advances, requests for sexual favors, sexually motivated physical contact, or other verbal or physical conduct or communication of a sexual nature, when:

- Submitting to the conduct is made either explicitly or implicitly a term or condition of an individual's employment; or
- Submitting to or rejecting the conduct is used as the basis for an employment decision affecting an individual's employment; or
- Such conduct has the purpose or result of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment.

Sexual harassment includes, but is not limited to, the following:

- Unwelcome or unwanted sexual advances. This means stalking, patting, pinching, brushing up against, hugging, cornering, kissing, fondling or any other similar physical contact considered unacceptable by another individual.
- Verbal or written abuse, making jokes, or comments that are sexually oriented and considered unacceptable by another individual. This includes comments about an individual's body or appearance where such comments go beyond mere courtesy, telling "dirty jokes" or any other tasteless, sexually oriented comments, innuendos or actions that offend others. The harassment policy applies to social media posts, tweets, etc., that are about or may be seen by employees, customers, etc.
- Requests or demands for sexual favors. This includes subtle or obvious expectations, pressures, or requests for any type of sexual favor, along with an implied or specific promise of favorable treatment (or negative consequence) concerning one's current or future job.

Section 14.04 Expectations

The city of Chatfield recognizes the need to educate its employees, volunteers, members of boards and commissions, contractors/ vendors, applicants, elected officials, and members of the public on the subject of sexual harassment and stands committed to providing information and training. All employees are expected to treat each other and the general public with respect and assist in fostering an environment free from offensive behavior or harassment.

Violations of this policy may result in discipline, including possible termination. Each situation will be evaluated on a case-by-case basis.

Employees who feel that they have been victims of sexual harassment, or employees who are aware of such harassment, should immediately report their concerns to any of the following:

1. A supervisor
2. Your supervisor's supervisor
3. Human Resources

4. City administrator
5. Mayor or city councilmember
6. City Attorney

In addition to notifying one of the above persons and stating the nature of the harassment, the employee is also encouraged to take the following steps if the person feels safe and comfortable doing so. If there is a concern about the possibility of violence, the individual should use his/her discretion to call 911, and/or take other reasonable action, and as soon as feasible, a supervisor.

1. Communicate to the harasser the conduct is unwelcome. Professionally, but firmly, tell whoever is engaging in the disrespectful behavior how you feel about their actions, and request the person to stop the behavior because you feel intimidated, offended, or uncomfortable. If practical, bring a witness with you for this discussion.
2. In some situations, such as with an offender from the public, it is preferable to avoid one on one interactions. Talk to your supervisor about available options to ensure there are others available to help with transactions with an offender.
3. To reiterate, it is important you notify a supervisor, the city administrator, the mayor, or councilmember of your concerns promptly. Any employee who observes sexual harassment or discriminatory behavior, or receives any reliable information about such conduct, must report it promptly to a supervisor or the city administrator. The person to whom you speak is responsible for documenting the issues and for giving you a status report on the matter. If, after what is considered to be a reasonable length of time (for example, 30 days), you believe inadequate action is being taken to resolve your complaint/concern, the next step is to report the incident to the city administrator, the mayor, or the city attorney.

The city urges conduct which is viewed as offensive be reported immediately to allow for corrective action to be taken through education and immediate counseling, if appropriate. Management takes these complaints seriously and has the obligation to provide an environment free of sexual harassment. The city is obligated to prevent and correct unlawful harassment in a manner which does not abridge the rights of the accused. To accomplish this task, the cooperation of all employees is required.

In the case of a sexual harassment complaint, a supervisor must report the allegations promptly to the city administrator. If the city administrator is the subject of the complaint, then the supervisor is to report the complaint to the City Attorney. A supervisor must act upon such a report even if requested otherwise by the victim. The city will take proportionate corrective action to correct any and all reported harassment to the extent evidence is available to verify the alleged harassment and any related retaliation.

As noted later in this policy, retaliation is strictly prohibited. All allegations will be investigated. Formal investigations will be prompt, impartial, and thorough. Strict confidentiality is not possible in all cases of sexual harassment as the accused has the right to answer charges made against them; particularly if discipline is a possible outcome. Reasonable efforts will be made to respect the confidentiality of the individuals involved, to the extent possible.

Any investigation process will be handled as confidentially as practical and related information will only be shared on a need-to-know basis and in accordance with the Minnesota Government Data Practices Act and/or any other applicable laws.

To facilitate fostering a respectful work environment, all employees are encouraged to respond to questions or to otherwise participate in investigations regarding alleged harassment.

The city is not voluntarily engaging in a dispute resolution process within the meaning of [Minn. Stat. § 363A.28, subd. 3\(b\)](#) by adopting and enforcing this workplace policy.

The filing of a complaint under this policy and any subsequent investigation does not suspend the one-year statute of limitations period under the Minnesota Human Rights Act for bringing a civil action or for filing a charge with the Commissioner of the Department of Human Rights.

Section 14.05 Special Reporting Requirements

When the supervisor is the alleged harasser, a report will be made to the city administrator who will assume the responsibility for investigation and discipline. For more information about what to do when allegations involve the city administrator, the mayor, or a councilmember, see below.

If the city administrator is the alleged harasser, a report will be made to the city attorney who will confer with the Mayor and City Council regarding appropriate investigation and action. If a councilmember is the alleged harasser, the report will be made to the city administrator and referred to the city attorney who will undertake the necessary investigation. The city attorney will report his/her findings to the City Council, which will take the action it deems appropriate. Pending completion of the investigation, the city administrator may at his/her discretion take appropriate action to protect the alleged victim, other employees, or citizens. The city will take reasonable and timely action, depending on the circumstances of the situation.

If an elected or appointed city official (e.g., council member or commission member) is the victim of disrespectful workplace behavior, the city attorney will be consulted as to the appropriate course of action. In cases such as these, it is common for the city council to authorize an investigation by an independent investigator (consultant). The city will take reasonable and timely action, depending on the circumstances of the situation.

Section 14.06 Retaliation

The city of Chatfield will not tolerate retaliation or intimidation directed towards anyone who reports employment discrimination, serves as a witness, participates in an investigation, and/or takes any other actions protected under federal or state discrimination laws, including when requesting religious or disability accommodation.

Retaliation includes, but is not limited to, any form of intimidation, reprisal, or harassment.

Retaliation is broader than discrimination and includes, but is not limited to, any form of intimidation, reprisal, or harassment.

While each situation is very fact dependent, generally speaking retaliation can include a denial of a promotion, job benefits, or refusal to hire, discipline, negative performance evaluations or transfers to less prestigious or desirable work or work locations because an employee has engaged or may engage in activity in furtherance of EEO laws.

It can also include threats of reassignment, removal of supervisory responsibilities, filing civil action, deportation or other action with immigration authorities, disparagement to others or the media and making false report to government authorities because an employee has engaged or may engage in protected activities. Any individual who retaliates against a person who testifies, assists, or participates in an investigation may be subject to disciplinary action up to and including termination.

If you feel retaliation is occurring within the workplace, please report your concern immediately to any of the following:

1. Immediate supervisor
2. Your supervisor's supervisor
3. City administrator
4. Mayor or City Councilmember
5. In the event an employee feels retaliation has occurred by the city administrator or the City Council, then reporting may be made to the city attorney.

Supervisors who have been approached by employees with claims of retaliation will take the complaint seriously and promptly report the allegations promptly to the city administrator, or if the complaint is against the city administrator to the city attorney, who will decide how to proceed in addressing the complaint.

Consistent with the terms of applicable statutes and city personnel policies, the city may discipline any individual who retaliates against any person who reports alleged violations of this policy. The city may also discipline any individual who retaliates against any participant in an investigation, proceeding or hearing relating to the report of alleged violations.

Article XV. RESPECTFUL WORKPLACE POLICY

The intent of this policy is to provide general guidelines about conduct that is, and is not, appropriate in the workplace and other city-sponsored social events.

The city acknowledges this policy cannot possibly predict all situations that might arise, and also recognizes that some employees can be exposed to disrespectful behavior, and even violence, by the very nature of their jobs.

Section 15.01 Applicability

Maintaining a respectful public service work environment is a shared responsibility. This policy is intended to express to all employees, volunteers, members of boards and commissions, applicants, contractors/vendors, elected officials, and members of the public the expectations by the city of Chatfield for respectful workplace conduct both in the workplace and other city-sponsored social events.

Section 15.02 Abusive Customer Behavior

While the city has a strong commitment to customer service, the city does not expect employees to accept verbal and other abuse from any customer.

An employee may request that a supervisor intervene when a customer is abusive, or the employee may defuse the situation themselves, including professionally ending the contact.

If there is a concern about the possibility of violence, the individual should use his/her discretion to call 911, and as soon as feasible, a supervisor. Employees should leave the area immediately when violence is imminent unless their duties require them to remain (such as police officers). Employees must notify their supervisor about the incident as soon as possible.

Section 15.03 Types of Disrespectful Behavior

The following behaviors are unacceptable and therefore prohibited, even if not unlawful in and of themselves:

(a) Violent behavior:

includes the use of physical force, harassment, bullying or intimidation.

(b) Discriminatory behavior:

includes inappropriate remarks about or conduct related to a person's legally protected characteristic such as race, color, creed, religion, national origin, disability, sex, gender, pregnancy, marital status, age, sexual orientation, gender identity, or gender expression, familial status, or status with regard to public assistance.

(c) Offensive behavior:

may include such actions as: rudeness, angry outbursts, inappropriate humor, vulgar obscenities, name calling, disparaging language, or any other behavior regarded as offensive to a reasonable person based upon violent or discriminatory behavior as listed above. It is not possible to anticipate in this policy every example of offensive behavior.

Accordingly, employees are encouraged to discuss with their fellow employees and supervisor what is regarded as offensive, considering the sensibilities of employees and the possibility of public reaction. Although the standard for how employees treat each other and the general public will be the same throughout the city, there may be differences between work groups about what is appropriate in other circumstances unique to a work group.

If an employee is unsure whether a particular behavior is appropriate, the employee should request clarification from their supervisor or the city administrator.

(d) Sexual harassment:

can consist of a wide range of unwanted and unwelcome sexually directed behavior such as unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

- Submitting to the conduct is made either explicitly or implicitly a term or condition of an individual's employment; or
- Submitting to or rejecting the conduct is used as the basis for an employment decision affecting an individual's employment; or
- Such conduct has the purpose or result of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment.

(e) Sexual harassment includes, but is not limited to, the following:

- Unwelcome or unwanted sexual advances. This means stalking, patting, pinching, brushing up against, hugging, cornering, kissing, fondling or any other similar physical contact considered unacceptable by another individual.
- Verbal or written abuse, kidding, or comments that are sexually oriented and considered unacceptable by another individual. This includes comments about an individual's body

or appearance where such comments go beyond mere courtesy, telling “dirty jokes” or any other tasteless, sexually oriented comments, innuendos or actions that offend others. The harassment policy applies to social media posts, tweets, etc., that are about or may be seen by employees, customers, etc.

- Requests or demands for sexual favors. This includes subtle or obvious expectations, pressures, or requests for any type of sexual favor, along with an implied or specific promise of favorable treatment (or negative consequence) concerning one’s current or future job.

Names and Pronouns: Every employee will be addressed by a name and by pronouns that correspond to the employee’s gender identity. A court-ordered name or gender change is not required.

Section 15.04 Employee Response to Disrespectful Workplace Behavior

All employees should feel comfortable calling their supervisor or another manager to request assistance should they not feel comfortable with a situation. If situations involve violent behavior call the police, ask the individual to leave the area, and/or take other reasonable action.

If employees see or overhear what they believe is a violation of this policy, employees should advise a supervisor, the city administrator, or city attorney promptly.

Employees who believe disrespectful behavior is occurring are encouraged to deal with the situation in one of the ways listed below. If there is a concern about the possibility of violence, the individual should use his/her discretion to call 911, and as soon as feasible, a supervisor. In the event the disrespectful behavior occurring involves the employee’s supervisor, the employee should contact human resources, the supervisor’s manager, or the city administrator.

Step 1(a). If you feel comfortable doing so, professionally, but firmly, tell whoever is engaging in the disrespectful behavior how you feel about their actions.

Politely request the person to stop the behavior because you feel intimidated, offended, or uncomfortable. If practical, bring a witness with you for this discussion.

Step 1(b). If you fear adverse consequences could result from telling the offender or if the matter is not resolved by direct contact, go to your supervisor, human resources, your supervisor’s supervisor, or the city administrator. The person to whom you speak is responsible for documenting the issues and for giving you a status report on the matter.

In some situations, such as with an offender from the public it is preferable to avoid one on one interactions. Talk to your supervisor about available options to ensure there are others available to help with transactions with the offender.

Step 1(c). The city urges conduct which is viewed as offensive be reported immediately to allow for corrective action to be taken through education and immediate counseling, if appropriate. It is vitally important you notify a supervisor, the city administrator, the mayor, or councilmember of promptly of your concerns promptly. Any employee who observes sexual harassment or discriminatory behavior, or receives any reliable information about such conduct, must report it promptly to a supervisor or the city administrator.

Step 2. If, after what is considered to be a reasonable length of time (for example, 30 days), you believe inadequate action is being taken to resolve your complaint/concern, the next step is to report the incident to the city administrator, the mayor, or the city attorney.

Section 15.05 Supervisor's Response to Allegations of Disrespectful Workplace Behavior

Employees who have a complaint of disrespectful workplace behavior will be taken seriously. In the case of sexual harassment or discriminatory behavior, a supervisor must report the allegations promptly to the city administrator, who will determine whether an investigation is warranted. A supervisor must act upon such a report even if requested otherwise by the victim. In situations other than sexual harassment and discriminatory behavior, supervisors will use the following guidelines when an allegation is reported:

Step 1(a). If the nature of the allegations and the wishes of the victim warrant a simple intervention, the supervisor may choose to handle the matter informally. The supervisor may conduct a coaching session with the offender, explaining the impact of his/her actions and requiring the conduct not reoccur. This approach is particularly appropriate when there is some ambiguity about whether the conduct was disrespectful.

Step 1(b). Supervisors, when talking with the reporting employee will be encouraged to ask him or her what he or she wants to see happen next. When an employee comes forward with a disrespectful workplace complaint, it is important to note the city cannot promise complete confidentiality, due to the need to investigate the issue properly. However, any investigation process will be handled as confidentially as practical and related information will only be shared on a need-to-know basis and in accordance with the Minnesota Government Data Practices Act and/or any other applicable laws.

Step 2. If a formal investigation is warranted, the individual alleging a violation of this policy will be interviewed to discuss the nature of the allegations. Formal investigations will be prompt, impartial, and thorough.

The person being interviewed may have someone of his/her own choosing present during the interview. Typically, the investigator will obtain the following description of the incident, including date, time, and place:

- Corroborating evidence.
- A list of witnesses.
- Identification of the offender.

To facilitate fostering a respectful work environment, all employees are encouraged to respond to questions or to otherwise participate in investigations regarding alleged harassment.

Step 3. The supervisor must notify the city administrator about the allegations (assuming the allegations do not involve the city administrator). For more information about what to do when allegations involve the city administrator, the mayor, or a councilmember, see "Special Reporting Requirements" below.

Step 4. In most cases, as soon as practical after receiving the written or verbal complaint, the alleged policy violator will be informed of the allegations, and the alleged violator will have the opportunity to answer questions and respond to the allegations. The city will follow any other applicable policies or laws in the investigatory process.

Step 5. After adequate investigation and consultation with the appropriate personnel, a decision will be made regarding whether or not disciplinary action will be taken.

Step 6. The alleged violator and complainant will be advised of the findings and conclusions as soon as practicable and to the extent permitted by the Minnesota Government Data Practices Act.

Step 7. The city will take reasonable and timely action, depending on the circumstances of the situation.

The city is not voluntarily engaging in a dispute resolution process within the meaning of [Minn. Stat. § 363A.28, subd. 3\(b\)](#) by adopting and enforcing this workplace policy. The filing of a complaint under this policy and any subsequent investigation does not suspend the one-year statute of limitations period under the Minnesota Human Rights Act for bringing a civil action or for filing a charge with the Commissioner of the Department of Human Rights.

Section 15.06 Special Reporting Requirements

When the supervisor is perceived to be the cause of a disrespectful workplace behavior incident, a report will be made to the city administrator who will determine how to proceed in addressing the complaint as well as appropriate discipline.

If the city administrator is perceived to be the cause of a disrespectful workplace behavior incident, a report will be made to the city attorney who will confer with the mayor and City Council regarding appropriate investigation and action.

If a councilmember is perceived to be the cause of a disrespectful workplace behavior incident involving city personnel, the report will be made to the city administrator and referred to the city attorney.

In cases such as these, it is common for the city council to authorize an investigation by an independent investigator (consultant). The independent investigator will report his/her findings to the City Council. The city will take reasonable and timely action, depending on the circumstances of the situation.

Pending completion of the investigation, the city administrator may at his/her discretion take appropriate action to protect the alleged victim, other employees, or citizens.

If an elected or appointed city official (e.g., council member or commission member) is the victim of disrespectful workplace behavior, the city attorney will be consulted as to the appropriate course of action.

Section 15.07 Confidentiality

A person reporting or witnessing a violation of this policy cannot be guaranteed anonymity. The person's name and statements may have to be provided to the alleged offender. All complaints and investigative materials will be contained in a file separate from the involved employees'

personnel files. If disciplinary action does result from the investigation, the results of the disciplinary action will then become a part of the employee(s) personnel file(s).

Section 15.08 Retaliation

Retaliation is strictly prohibited. Retaliation includes, but is not limited to, any form of intimidation, reprisal, or harassment. Individuals who report harassing conduct, participate in investigations, or take any other actions protected under federal or state employment discrimination laws will not be subject to retaliation.

Retaliation is broader than discrimination and includes, but is not limited to, any form of intimidation, reprisal, or harassment. While each situation is very fact dependent, generally speaking retaliation can include a denial of a promotion, job benefits, or refusal to hire, discipline, negative performance evaluations or transfers to less prestigious or desirable work or work locations because an employee has engaged or may engage in activity in furtherance of EEO laws.

It can also include threats of reassignment, removal of supervisory responsibilities, filing civil action, deportation or other action with immigration authorities, disparagement to others or the media and making false report to government authorities because an employee has engaged or may engage in protected activities.

Any individual who retaliates against a person who testifies, assists, or participates in an investigation may be subject to disciplinary action up to and including termination.

If you feel retaliation is occurring within the workplace, please report your concern immediately to any of the following:

1. Immediate supervisor
2. Your supervisor's manager
3. City administrator
4. Mayor or city councilmember
5. In the event an employee feels retaliation has occurred by the city administrator or the city council, then reporting may be made to the city attorney.

Supervisors who have been approached by employees with claims of retaliation will take the complaint seriously and promptly report the allegations promptly to the city administrator, or if the complaint is against the city administrator to the city attorney, who will decide how to proceed in addressing the complaint.

Consistent with the terms of applicable statutes and city personnel policies, the city may discipline any individual who retaliates against any person who reports alleged violations of this policy. The city may also discipline any individual who retaliates against any participant in an investigation, proceeding or hearing relating to the report of alleged violations.

Article XVI. POSSESSION AND USE OF DANGEROUS WEAPONS

Possession or use of a dangerous weapon (see Article III for definitions) is prohibited on city property, in city vehicles, or in any personal vehicle which is being used for city business. This includes employees with valid permits to carry firearms.

The following exceptions to the dangerous weapons prohibition are as follows:

- Employees legally in possession of a firearm for which the employee holds a valid permit, if required, and said firearm is secured within an attended personal vehicle or concealed from view within a locked unattended personal vehicle while that person is working on city property.
- A person who is showing or transferring the weapon or firearm to a police officer as part of an investigation.
- Police officers and employees who are in possession of a weapon or firearm in the scope of their official duties.

Article XVII. SEPARATION FROM SERVICE

Section 17.01 Resignations

Employees wishing to leave the city service in good standing must provide a written resignation notice to their supervisor, at least ten working days before leaving.

Exempt employees must give thirty calendar days' notice. The written resignation must state the effective date of the employee's resignation.

Unauthorized absences from work for a period of three consecutive workdays may be considered as resignation without proper notice. Failure to comply with this procedure may be cause for denying the employee's severance pay and any future employment with the city.

Section 17.02 Severance Pay

Employees who leave the employ of the city in good standing by retirement or resignation will receive pay for 100 percent of unused accrued PTO (annual leave).

Article XVIII. DISCIPLINE

Section 18.01 General Policy

Supervisors are responsible for maintaining compliance with city standards of employee conduct. The objective of this policy is to establish a standard disciplinary process for employees of the city of Chatfield. City employees will be subject to disciplinary action for failure to fulfill their duties and responsibilities at the level required, including observance of work rules and standards of conduct and applicable city policies.

Discipline will be administered in a non-discriminatory manner. An employee who believes that discipline applied was either unjust or disproportionate to the offense committed may pursue a remedy through the grievance procedures established in the city's personnel policies. The supervisor and/or the city administrator will investigate any allegation on which disciplinary action might be based before any disciplinary action is taken.

Section 18.02 No Contract Language Established

This policy is not to be construed as contractual terms and is intended to serve only as a guide for employment discipline.

Section 18.03 Process

The city may elect to use progressive discipline, a system of escalating responses intended to correct the negative behavior rather than to punish the employee.

There may be circumstances that warrant deviation from the suggested order or where progressive discipline is not appropriate. Nothing in these personnel policies implies that any city employee has a contractual right or guarantee (also known as a property right) to the job they perform.

Documentation of disciplinary action taken will be placed in the employee's personnel file with a copy provided to the employee. The following are descriptions of the types of disciplinary actions:

(a) Oral Reprimand

This measure will be used where informal discussions with the employee's supervisor have not resolved the matter. All supervisors have the ability to issue oral reprimands without prior approval.

Oral reprimands are normally given for first infractions on minor offenses to clarify expectations and put the employee on notice the performance or behavior needs to change, and what the change must be. The supervisor will document the oral reprimand including date(s) and a summary of discussion and corrective action needed.

(b) Written Reprimand

A written reprimand is more serious and may follow an oral reprimand when the problem is not corrected, or the behavior has not consistently improved in a reasonable period of time. Serious infractions may require skipping either the oral or written reprimand, or both. Written reprimands are issued by the supervisor with prior approval from the city administrator.

A written reprimand will: (1) state happened; (2) state what should have happened; (3) identify the policy, directive or performance expectation that was not followed; (4) provide history, if any, on the issue; (5) state goals, including timetables, and expectations for the future; and (6) indicate consequences of recurrence.

Employees will be given a copy of the reprimand to sign acknowledging its receipt. An employee's signature does not mean the employee agrees with the reprimand. Written reprimands will be placed in the employee's personnel file.

(c) Suspension With or Without Pay

The city administrator may suspend an employee without pay for disciplinary reasons. Suspension without pay may be followed with immediate dismissal as deemed appropriate by the City Council, except in the case of veterans. Qualified veterans, who have completed their initial probationary period, will not be suspended without pay in conjunction with a termination.

The employee will be notified in writing of the reason for the suspension either prior to the suspension or shortly thereafter. A copy of the letter of suspension will be placed in the employee's personnel file.

An employee may be suspended or placed on involuntary leave of absence pending an investigation of an allegation involving that employee. The leave may be with or without pay

depending on a number of factors including the nature of the allegations. If the allegation is proven false after the investigation, the relevant written documents will be removed from the employee's personnel file and the employee will receive any compensation and benefits due had the suspension not taken place.

(d) Demotion and/or Transfer

An employee may be demoted or transferred if attempts at resolving an issue have failed and the city administrator determines a demotion or transfer to be the best solution to the problem. The employee must be qualified for the position to which they are being demoted or transferred. The City Council must approve this action.

(e) Salary

An employee's salary increase may be withheld, or the salary may be decreased due to performance deficiencies.

(f) Dismissal

The city administrator, with the approval of the City Council, may dismiss an employee for substandard work performance, serious misconduct, or behavior not in keeping with city standards.

If the disciplinary action involves the removal of a qualified veteran, who has completed their initial probationary period, the appropriate hearing notice will be provided, and all rights will be afforded the veteran in accordance with Minnesota law.

Article XIX. GRIEVANCE PROCEDURE

Any dispute between an employee and the city relative to the application, meaning or interpretation of these personnel policies will be settled in the following manner:

Step 1: The employee must present the grievance in writing, stating the nature of the grievance, the date at which the incident allegedly occurred, the facts on which it is based, the provision or provisions of the personnel policies allegedly violated, and the remedy requested, to the proper supervisor within twenty-one days after the alleged violation or dispute has occurred. The supervisor will respond to the employee in writing within seven calendar days.

Step 2: If the grievance has not been settled in accordance with Step 1, it must be presented in writing, stating the nature of the grievance, the date at which the incident allegedly occurred, the facts on which it is based, the provision or provisions of the Personnel Policies allegedly violated, and the remedy requested, by the employee to the city administrator within seven days after the supervisor's response is due. The city administrator or their designee will respond to the employee in writing within seven calendar days. The decision of the city administrator is final for all disputes with exception of those specific components in a performance evaluation subject to a challenge through the Minnesota Department of Administration.

Section 19.01 Waiver

If a grievance is not presented within the time limits set forth above, it will be considered "waived." If a grievance is not appealed to the next step in the specified time limit or any agreed

extension thereof, it will be considered settled on the basis of the city's last answer. If the city does not answer a grievance or an appeal within the specified time limits, the employee may elect to treat the grievance as denied at that step and immediately appeal the grievance to the next step. The time limit in each step may be extended by mutual agreement of the city and the employee without prejudice to either party.

The following actions are not grievable:

- While certain components of a performance evaluation, such as disputed facts reported to be incomplete or inaccurate are challengeable, other performance evaluation data, including subjective assessments, are not.
- Pay increases or lack thereof; and
- Merit pay awards.

The above list is not meant to be all inclusive or exhaustive.

Article XXI. OUTSIDE EMPLOYMENT

The potential for conflicts of interest is lessened when individuals employed by the city of Chatfield regard the city as their primary employment responsibility. All outside employment is to be reported to the employee's immediate supervisor. If a potential conflict exists based on this policy or any other consideration, the supervisor will consult with the city administrator.

Any city employee accepting employment in an outside position determined by the city administrator to be in conflict with the employee's city job will be required to resign from the outside employment or may be subject to discipline up to and including termination.

For the purpose of this policy, outside employment refers to any non-city employment or consulting work for which an employee receives compensation, except for compensation received in conjunction with military service or holding a political office or an appointment to a government board or commission compatible with city employment. The following is to be considered when determining if outside employment is acceptable:

- Outside employment must not interfere with a full-time employee's availability during the city's regular hours of operation or with a part-time employee's regular work schedule.
- Outside employment must not interfere with the employee's ability to fulfill the essential requirements of his/her position.
- The employee must not use city equipment, resources, or staff in the course of the outside employment.
- The employee must not violate any city personnel policies as a result of outside employment.
- The employee must not receive compensation from another individual or employer for services performed during hours for which he/she is also being compensated by the city. Work performed for others while on approved PTO or compensatory time is not a violation of policy unless that work creates the appearance of a conflict of interest.
- No employee will work for another employer, or for his/her own business, while using paid PTO leave from the city for those same hours.
- Departments may establish more specific policies as appropriate, subject to the approval of the city administrator.

City employees are not permitted to accept outside employment that creates either the appearance of or the potential for a conflict with the development, administration or implementation of policies, programs, services, or any other operational aspect of the city.

Article XXII. DRUG FREE WORKPLACE

In accordance with federal law, the city of Chatfield has adopted the following policy on drugs in the workplace:

- A. Employees are expected and required to report to work on time and in appropriate mental and physical condition. It is the city's intent and obligation to provide a drug-free, safe, and secure work environment.
- B. The unlawful manufacture, distribution, possession, or use of drugs on city property or while conducting city business is absolutely prohibited. Violations of this policy will result in disciplinary action, up to and including termination, and may have legal consequences.
- C. The city recognizes drug abuse as a potential health, safety, and security problem. Employees needing help in dealing with such problems are encouraged to use their health insurance plans, as appropriate.
- D. Employees must, as a condition of employment, abide by the terms of this policy and must report any conviction under a criminal drug statute for violations occurring on or off work premises while conducting city business. A report of the conviction must be made within five days after the conviction as required by the Drug-Free Workplace Act of 1988.

Article XXIII. CITY DRIVING POLICY

This policy applies to all employees who drive a vehicle on city business at least once per month, whether driving a city-owned vehicle or their own personal vehicle. It also applies to employees who drive less frequently but whose ability to drive is essential to their job due to the emergency nature of the job. The city expects all employees who are required to drive as part of their job to drive safely and legally while on city business and to maintain a good driving record.

The city may examine driving records once per year for all employees who are covered by this policy to determine compliance with this policy. Employees who lose their driver's license or receive restrictions on their license are required to notify their immediate supervisor on the first workday after any temporary, pending, or permanent action is taken on their license and to keep their supervisor informed of any changes thereafter. The city will determine appropriate action on a case-by-case basis.

Article XXIV INFORMATION AND TECHNOLOGY POLICY

- a) Scope: Everything included in this policy is subject to the Minnesota Data Practices Act and is the Property of the City of Chatfield
- b) General Information: This policy serves to protect the security and integrity of the city of Chatfield's electronic communication and information systems by educating employees about appropriate and safe use of available technology resources. Computers and related equipment used by city employees are the property of the city. The city reserves the right to inspect, without notice, all data, e-mails, settings or any other aspect of a city-owned computer or related system, including personal information created or maintained by an employee. The city shall do so on an as-needed basis as determined by the city

Administrator or Department Head. An employee who violates any aspect of this policy may be subject to revocation of certain system privileges or disciplinary action up to and including termination. This policy applies to all users of the city's electronic communication and information system, including but not limited to regular, temporary, and seasonal employees, volunteers, appointed and elected officials.

- c) **Personal Use:** The City recognizes that some personal use of City-owned computers and related equipment has and shall continue to occur. Some controls are necessary, however, to protect the City's equipment and computer network and to prevent abuse of this privilege. Reasonable, incidental personal use of City computers and software (e.g., word processing, spreadsheets, e-mail, Internet, etc.) is allowed but should never preempt or interfere with work use. All use of City computers and software, including personal use, must be consistent with provisions in this policy. Employees shall not connect their own personal tools or equipment to City owned systems (such as digital cameras, disks, or flash drives, etc.), without prior approval the City Technology Officer or Department Head and must follow provided directions for protecting the City's computer network. Files from appropriate personal use of the City's equipment may be stored on your computer's hard drive, providing the size of all personal files does not create conflict of storage space (guideline 50MB). The city may inspect any data or information stored on its equipment or network, even if the information is personal to the employee. City equipment or technology shall not be used for personal business interests, for-profit ventures, political activities, or other uses deemed by the city Administrator to be inconsistent with city activities. If there is any question about whether a use is appropriate it should be forwarded to the City Administrator for a determination. Only city employees may use city-owned equipment.
- d) **Software, Hardware, Games and Screen Savers:** In general, the City shall provide all software and hardware required for an employee to perform his or her job duties. Requests for new or different equipment or software should be made to your supervisor. Except as provided below, employees shall not download or install any software on their computer without the prior approval of the City Technology Officer. The city reserves the right to remove any unauthorized programs or software, equipment, downloads, or other resources. Microsoft and Apple clipart and photo files contained on the site www.microsoft.com or www.apple.com may be downloaded by employees without prior approval. Automatic Microsoft or Apple updates may be downloaded without prior approval and should be completed by a user within two days of notice. Unapproved software or downloads (free or purchased), hardware, games, screensavers, toolbars, clipart, music and movie clips, other equipment, software, or downloads that have not been specifically approved by the City Technology Officer may compromise the integrity of the city's computer system and are prohibited.
- e) **Internet:** The following considerations apply to all uses of the Internet whether business related or personal:
There is no quality control on the Internet. All information found on the Internet should be considered suspect until confirmed by another source.
Employees may not participate in any Internet chat room unless the topic area is related to City business.

The city may monitor any employee's use of the Internet without prior notice, as deemed appropriate by the City Administrator.

Reasonable personal use of the Internet during non-work hours (breaks, lunch hour, before or after work) is permitted. Employees may not at any time access inappropriate sites. Some examples of inappropriate sites include, but are not limited to, adult entertainment, sexually explicit material, or material advocating intolerance of other people, races, or religions, etc. With the exception of the Police Department for use in an investigation. If you are unsure whether a site may include inappropriate information, you should not visit it.

Internet use during work hours should be limited to subjects directly related to job duties.

No software or files may be downloaded from the Internet unless approved in advance by the City Technology Officer. This includes but is not limited to free software or downloads, maps, weather information, toolbars, music or photo files, clipart, screensavers, and games.

- f) **Electronic Mail:** The city provides employees with an e-mail address for work-related use. Some personal use of the City's e-mail system by employees is allowed, provided it does not interfere with an employee's normal work and is consistent with all City policies.

Employee e-mails (including those that are personal in nature) may be considered "public" data and may not be protected by privacy laws. E-mail may also be monitored as directed by the City Administrator and without notice to the employee. The following policies relate to e-mails of both business and personal content:

Use common sense and focus primarily on using e-mail for City business. Never transmit an e-mail that you would not want your boss or other employees to read (e.g., avoid gossip, personal information, swearing, etc.)

Use caution or avoid corresponding by e-mail on confidential communications (e.g., letters of reprimand, correspondence with attorneys, medical information, etc.)

Do not open e-mail attachments or links from an unknown sender. Delete junk or "spam" e-mail without opening it if possible. Do not respond to unknown senders.

Do not use harassing language, including sexually harassing language or any other remarks including insensitive language or derogatory, offensive, or insulting comments or jokes in an e-mail.

Do not gossip or include personal information about yourself or others in an e-mail.

Do not curse or use swear words in an e-mail.

- g) **Storing and Transferring Documents:** Electronic documents, including e-mails and business-related materials created on any employee's home or personal computer for City business, should be stored on the City network in accordance with records retention policies for that department. The following are some general guidelines that may be useful to consider:

E-mail that is simple correspondence and not on official record of City business should be deleted (from both the "inbox" and "Deleted" box) as soon as possible and should not be retained by employees for more than three months. The City shall not retain e-mails longer than one year on the network or in the network back-ups

E-mail that constitutes an official record of City business must be kept in accordance with all records retention requirements for the department and should be copied to appropriate network files for storage.

City-related documents that an employee creates on his or her home computer or any other computer system should be copied to the City's network files.

Documents or e-mails that may be classified as protected or private information should be stored separately from all other materials.

If you are unsure whether an e-mail or other document is a government record for purposes of records retention laws, or whether it is considered protected or private, check with your Department Head.

Practice caution transferring required data, documents and information between computer systems stored on a floppy disc, CD-ROM, flash or USB drive, or other storage media.

These items may also be used to transmit computer viruses or other items harmful to the City's computer network.

The city has installed anti-virus software on each computer to protect against these threats by automatically scanning storage media for viruses and similar concerns. The anti-virus software provides automatic updates.

- h) Passwords and Physical Security of Equipment: Employees are responsible for maintaining all computer and media passwords and following these guidelines:

All media addresses and passwords are the property of the City. All are immediately surrendered to the city upon termination or suspension.

Your passwords should not be shared or told to anyone.

Passwords should not be stored in any location on or near the computer. If necessary, store your password in a document or hard copy file that is locked when you are absent from your desk. Do not store it electronically in a palm pilot or cell phone system.

It is recommended that employees lock their workstation (press Ctrl+Alt+Del keys) if you shall be away from your desk or office for more than five minutes. Unlock your computer by doing the same and typing in your password. Use caution if you leave equipment unattended because it is generally small and portable. Do not leave city computer equipment in an unlocked vehicle or unattended at any off-site facility (airport, restaurant, etc.) If your office or desk area is in a high-traffic public area, check with the City Administrator about appropriate security measures.

- i) Notice of Computer Problems: Employees are responsible for notifying their Department Head or the City Technology Officer about computer problems or odd computer behavior. Employees should err on the side of caution when reporting issues because small problems may indicate a more serious network or computer system issue.
- j) Laptop/Portable Computer /I-Pad Use: It is the responsibility of the employee using a laptop computer or other portable equipment, to keep the equipment in a safe environment, protected to the extent possible from theft or damage. Any portable computer damaged or stolen must be reported immediately to the city. All data collected, stored, processed, or disseminated by City employees on portable computer equipment owned by the city is governed by the Data Privacy Act. Additional software or programs may not be loaded without prior authorization and any copying of software on a portable computer for personal use is prohibited.

Article XXV. CELLULAR PHONE USE

This policy is intended to define acceptable and unacceptable uses of city issued cellular telephones. Its application is to ensure cellular phone usage is consistent with the best interests of the city without unnecessary restriction of employees in the conduct of their duties.

This policy will be implemented to prevent the improper use or abuse of cellular phones and to ensure city employees exercise the highest standards of propriety in their use.

Section 24.01 General Policy

Cellular telephones are intended for the use of city employees in the conduct of their work for the city.

Supervisors are responsible for the cellular telephones assigned to their employees and will exercise discretion in their use. Nothing in this policy will limit supervisor discretion to allow reasonable and prudent personal use of such telephones or equipment provided:

- Its use in no way limits the conduct of work of the employee or other employees.
- No personal profit is gained, or outside employment is served.
- All employees are expected to follow applicable local, state, and federal laws and regulations regarding the use of cellphones at all times. Employees whose job responsibilities include regular or occasional driving and who are issued a cellphone for business use are expected to refrain from using their phone while driving. Safety must come before all other concerns. Regardless of the circumstances and in accordance with Minnesota law, employees are required to use hands-free operations or pull off into a parking lot and safely stop the vehicle before placing or accepting a call. Employees are encouraged to refrain from discussion of complicated or emotional matters and to keep their eyes on the road while driving at all times. Special care should be taken in situations where there is traffic or inclement weather, or the employee is driving in an unfamiliar area. Hands-free equipment will be provided with city-issued phones to facilitate the provisions of this policy.
- Reading/sending text messages, making or receiving phone calls, emailing, video calling, scrolling/typing, accessing a webpage, or using non-navigation applications while driving is strictly prohibited.
 - In accordance with State law, there is an exception to hands free cell phone operations to obtain emergency assistance to report a traffic accident, medical emergency or serious traffic hazard or prevent a crime from being committed. There is also a state law exception for authorized emergency vehicles while in the performance of official duties.
- Employees who are charged with traffic violations resulting from the use of their phone while driving will be solely responsible for all liabilities that result from such actions. See above “City Driving Policy” for more information on reporting driver’s license restrictions”.

Therefore, the best practice is to limit usage of personal cell phones for city business to that which is truly necessary or be prepared to produce your cell phone and the associated records if needed.

An employee will not be reimbursed for business-related calls without prior authorization from his/her supervisor. Supervisors may also prohibit employees from carrying their own personal cell phones during working hours if it interferes with the performance of their job duties.

Use of public resources by city employees for personal gain and/or private use including, but not limited to, outside employment or political campaign purposes, is prohibited and subject to disciplinary action which may include termination and/or criminal prosecution, depending on the circumstances. Incidental and occasional personal use may be permitted with the consent of the supervisor.

Personal calls will be made or received only when absolutely necessary. Such calls must not interfere with working operations and are to be completed as quickly as possible. In cases where the city does not regard accounting for personal calls to be unreasonable or administratively impractical due to the minimal cost involved, personal calls made by employees on a city-provided cellular phone must be paid for by the employee through reimbursement to the city based on actual cost listed on the city's phone bill.

Section 24.02 Procedures

It is the objective of the city of Chatfield to prevent and correct any abuse or misuse of cellular telephones through the application of this policy. Employees who abuse or misuse such telephones may be subject to disciplinary action.

Section 24.03 Responsibility

The city administrator, or designee, will have primary responsibility for implementation and coordination of this policy. All supervisors will be responsible for enforcement within their departments.

Article XXVI. SAFETY

The health and safety of each employee of the city and the prevention of occupational injuries and illnesses are of primary importance to the city.

To the greatest degree possible, management will maintain an environment free from unnecessary hazards and will establish safety policies and procedures for each department. Adherence to these policies is the responsibility of each employee. Overall administration of this policy is the responsibility of each supervisor.

Section 25.01 Reporting Accidents and Illnesses

Both Minnesota workers' compensation laws and the state and federal Occupational Safety and Health Acts require all on the job injuries and illnesses be reported as soon as possible by the employee, or on behalf of the injured or ill employee, to their supervisor. The employee's immediate supervisor is required to complete a First Report of Injury and any other forms necessary related to an injury or illness on the job.

Section 25.02 Safety Equipment/Gear

Where safety equipment is required by federal, state, or local rules and regulations, it is a condition of employment that such equipment be worn by the employee.

Section 25.03 Unsafe Behavior

Supervisors are authorized to send an employee home immediately when the employee's behavior violates the city's personnel policies, department policies, or creates a potential health or safety issue for the employee or others.

FACT SHEET

Health Care Savings Plan

The Minnesota Health Care Savings Plan is a program sponsored by the Minnesota State Retirement System (MSRS) that allows employees to save money to pay post-employment medical expenses and/or health insurance premiums. Contributions to the plan are tax-free and, because any money withdrawn is used to pay medical expenses, the dollars remain tax-free.

Employees can draw from their account, regardless of age,

- upon termination of employment (retirement, layoff) from the employer,
- while collecting a disability benefit from the employer,
- when on a medical leave that exceeds six months, or
- if on a leave of absence that exceeds one year.

Participation in the Health Care Savings Plan (HCSP) is negotiated during bargaining sessions and specific contributions are dictated by the agreement. When an agreement is reached between the employer and employees, money is deducted from each covered employee's pay and deposited in the Savings Plan.

Contributions to the HCSP could come from various types of compensation including any of

the following sources:

- Mandated employee contributions from wages
- Employer contributions
- Mandatory conversions in the form of:
 - » Severance pay
 - » Unused vacation or sick leave hours
 - » Accrued compensatory hours

PERA-eligible Salary

In some cases, contributions to the HCSP are considered salary for PERA purposes. The general rule is: if the compensation qualified as PERA-eligible salary before it had been designated for transfer to the HCSP, it retains that classification. Below are some examples.

- *Conversion of Accrued Compensatory Hours* – Routine payments of accrued or banked compensatory pay when attached to an earnings period are salary under PERA definitions. Therefore, an annual contribution to an employee's HCSP that represents pay for accrued compensatory hours must have PERA deductions withheld from it.
- *Mandated Employee Contributions from Wages* – A wage increase that is automatically contributed to the HCSP is considered salary for PERA purposes. For example,

through negotiations, a 3.0% salary increase is established, but the bargaining agreement calls for an employee contribution to the HCSP in an amount equal to half of the increase, or 1.5%, as a payroll deduction. In this instance, the amount paid into HCSP is considered salary for PERA purposes because it was part of the negotiated pay increase.

Salary not eligible for PERA

In other cases, contributions to the HCSP are not eligible for PERA withholdings because they represent forms of compensation that do not meet the definition of salary in law. Among these are:

- *Employer Contributions* – This is a specific dollar amount that an employer puts into the health care savings accounts of employees or it can be an employer contribution calculated as a percentage of the employees' salary. In both instances, the amount paid into HCSP is not salary for PERA purposes because it is considered a type of fringe benefit {defined in Minnesota Statute 353.01, Subd. 10(b)(8)}
- *Conversion of Severance Pay or Accrued Leave Hours* – When an employer transfers all or a portion of an employee's severance pay to the HCSP, the amount is not salary for PERA purposes. (Minnesota Statute 353.01, Subd. 10(b)(2)}

The same would be true for employers that transfer the value of an employee's unused

vacation or sick leave hours on an annual basis to the HCSP — it is not PERA-eligible salary.

If you have questions regarding salary eligibility in regards to the Minnesota Health Care Savings Plan; or should you find that you have been incorrectly reporting salary on one or more employees that participate in it — by either overstating or understating the compensation — please contact PERA at 1 (888) 892-7372 or (651) 296-3636, option '3'.

Finance Policy Annual Review Tracking



To: Personnel Budget Committee
 cc: Michele Peterson
 From: Kay Wangen | kwangen@ci.chatfield.mn.us | 507-867-1514
 Subj: Annual Finance Policy Review 2023 11 for 2024
 Date: November 13, 2023

In 2022 it was determined that the Finance Policies would be reviewed yearly to build awareness of our fiscal responsibilities and implement the recommended practice of keeping finance policies current.

- Because of the large amount of information to review, the following steps allow time between distributing and discussing the material ;
- Policies reviewed & distributed to Personnel Budget Committee by October (JY emailed 08/14/2023)
 - Personnel Budget Committee provides review feedback in November
 - Modifications made & policies distributed to City Council in December
 - Policies included in consent agenda at annual meeting (first meeting in January)

The 2023 review by Finance has been completed. Text highlighted in yellow indicates a recommended update. Text with strikethrough indicates text recommended to be removed.

For Tracking Purposes following is a bit of history & a summary of recommended updates for the current year;

Policy / Procedure	Orig Adopted	2021 / 2022	Jan-23	Recommendations for 2024
Budget Policy	Sep 2008	Full Rewrite Aug 2021	Reformatted Jan 2023	Cosmetic change 2024 Budget Goals Clerk Administrator title
Capital Outlay Improvement Plan w/Capitalization & Sale of Merchandise	Sep 2008	Full Rewrite Oct 2021	Incldd Cptlzttn Plcy Incrsd Thrshld \$5,000 / 5 Yr Jan 2023	No Change
Debt Management Policy	Sep 2008	Full Rewrite Oct 2021	Reformatted Jan 2023	No Change
Fund Balance Policy	Sep 2008	Full Rewrite May 2022	Reformatted Jan 2023	City Administrator title
Investment Management	Sep 2008	Full Rewrite Jul 2022	Reformatted Jan 2023	Time Deposit Update to reflect updated 2023 Statute Language - Performance standard language updated to state during stable economic times
Accounting Procedures & Internal Controls		Aug 2022	Incldd Credit Cards Jan 2023	City Clerk / Administrator updates. State Auditor language added regading EFT in expense mgmt. Minor corrections to reflect current practices

PURPOSE

To provide a stable financial environment for the City of Chatfield's operations that allows the City to provide quality services to its residents in a fiscally responsible manner designed to keep services and taxes as consistent as possible over time. This annual budget policy is meant to serve as the framework upon which consistent operations may be built and sustained.

The primary goals in preparing the City's Operating and Capital Budgets are.

1. Maintain a steady, predictable, local tax rate. ~~with a long-term goal of reducing the tax rate over time.~~
2. To maintain the City's debt per capita at \$3,500 or lower.
3. Maintain positive reserves in the City's enterprise funds (sewer, water and garbage).
4. Develop a budget based on specified needs and goals.
5. Develop work plans based on specific outcomes in an effort to develop result-based budgets.
6. Maintain public safety and public works programming that reasonably assures the public of their personal safety, convenience, and maintenance of property value.
7. Develop and maintain technology, communication, and administrative services that allow all interested parties to be well informed, while protecting the City's critical data and operating systems.

OPERATING BUDGET POLICIES

Scope - It is the City's policy to budget for all governmental and enterprise funds. The City considers our operating budget to consist solely of the General Fund. The City is required to report levy and expenditure amounts for our Debt Service Fund for Truth-in-Taxation (TNT) purposes, but these levies and expenditures are usually related to capital spending decisions and are therefore excluded from the operating budget policy.

Accounting - The General Fund uses the modified accrual basis of accounting for budgeting and reporting purposes. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Stakeholder Input. The annual budget process is intended to weigh all competing requests for City resources within expected fiscal constraints. Requests for new programs made outside the annual budget process are discouraged. The City will provide ample time and opportunity for public input into its budget process every year, including the use of the required TNT (truth in taxation) hearing.

Balanced Budget Adoption - The operating budget (General Fund) for the City will be balanced. The City will not use internal or external short-term borrowing, asset sales, or one-time accounting changes to

balance the General Fund budget. The balanced budget will include a reasonable annual appropriation for contingencies.

Budgetary Controls – The level of budgetary control is at the department level within the General Fund even though budgetary data is presented at lower levels (e.g. Operating Supplies, Small Tools & Minor Equipment, Other Professional Services, and Capital Outlay). Expenditures should not exceed budget appropriations for the department unless offset by increases in revenues or unless the purchase was made in accordance with the City’s Equipment Replacement / Capital Improvement Plan. All unencumbered appropriations lapse at year-end.

The City Clerk **Administrator** may approve budgetary transfers. The City Council may approve supplemental purchases.

Monitoring - Department heads are responsible for administration of their respective department budgets. Such responsibility includes reviewing monthly financial reports to detect errors and assess progress, staying within budget authorization, and submitting requests for budget adjustments, when required.

REVENUE POLICIES

Policies - The City will endeavor to maintain a diversified and stable revenue system to shelter programs and services from short-term fluctuations in any single revenue source.

Property Taxes - It is beneficial for residents and for the City to keep tax rates competitive and consistent from year to year. The City will strive to proactively avoid large increases in the tax rate.

Fees and Charges - The City will consider policy objectives and market rates when setting fees.

Investment Income - The City will reasonably budget for investment revenue in our operating budget based on the conservative investment strategy outlined in our investment policy (under separate cover).

Adopted by City Council September 08, 2008

Revisions Adopted by City Council August 23, 2021

Adopted | Annual Review: January 9, 2023

Adopted | Annual Review January 8, 2024

PURPOSE

The goal of the City's Outlay Plan is to develop a comprehensive program for use by decision makers to guide capital investments in equipment and assets based on an assessment of the community's needs, taking into account the best use of limited resources while providing efficient and effective municipal resources.

There are four components to the City's Capital Outlay Plan.

- Departmental Capital Goods / Equipment Replacement Schedules
- Capital Improvement Plan (CIP)
- Capitalization
- Sale of Merchandise

DEPARTMENTAL CAPITAL GOODS / EQUIPMENT REPLACEMENT SCHEDULES –

The City strives to maintain its physical assets at a level that minimizes future repair and maintenance costs. To accomplish this goal, the City has established the Departmental Capital Goods / Equipment Replacement Schedules to annually budget and set aside funds for the timely replacement of City Equipment.

The Departmental Capital Goods / Equipment Replacement Schedules are maintained for;

- General Fund
 - City Clerk Department
 - Municipal Building
 - Police Department
 - Civil Defense
 - Street Department
 - Parks Department
 - Technology Shared Components
- Fire Department
- Ambulance Department
- Water Department
- Waste Water Department
- Cable Access Department

CAPITAL IMPROVEMENT PLAN (CIP) –

- The CIP is a five-year plan for capital improvements that is updated annually. The CIP process includes analyzing projects contributing to the public health and welfare, projects helping to maintain and improve the efficiency of the existing systems, and projects that define a future need within the community.

- The city will identify the estimated cost and potential funding sources for each capital project proposal in the CIP. Purchase contracts for equipment and projects included in the CIP must still be properly authorized according to the City's Purchasing Policy.
- The CIP will include equipment and projects from any City Fund.

CAPITALIZATION POLICY

CAPITALIZATION POLICY PURPOSE

To provide uniform criteria for identifying City expenditures for capitalization, and for the proper asset classification of capital expenditures, including guidelines for the determination of the economic useful lives of assets.

CAPITALIZATION POLICY

A. SUMMARY OF GENERAL POLICY

1. It is the general policy of the City of Chatfield to identify an expenditure as a capital asset if it meets the following requirements:
 - a. Is City owned
 - b. Costs **\$5,000** or more
 - c. Has an economic useful life greater than **five** years
2. Expenditures on existing assets may be capitalized if the asset's productive capacity is significantly improved or the useful life of the asset is extended by one year or more. Replacement will be capitalized if they meet the three criteria listed above.
3. Capital items in most cases are new or replacement purchases that have been planned for as part of the Capital Goods Replacement Plan. Expense items are generally those which are used up in a short time (less than one year) or are expenditures which maintain an existing asset in good condition, but do not improve it from its original condition.
4. Lower-value (cost below \$5,000) tools and equipment are expensed to reduce the bookkeeping costs of tracking and depreciating them but should be inventoried and tracked if over \$1,000.

B. DEFINITIONS AND POLICY INTERPRETATION

1. Asset Expenditure:
 - a. Assets may be land, buildings, equipment, roadways, physical goods of various kinds, computer software, certain intangible long-lived benefits such as easements, and in certain instances, the cost of demolition, relocation, or renovation of assets. Expenditures for such goods, services

and benefits may qualify as capital expenditures. The “cost” of the asset includes purchase price (including shipping costs), construction costs (including labor, material and overhead used in construction; and reports, studies, plans, consulting, and architectural fees, etc., required in the construction process), capitalized interest (the cost of financing the asset), and in limited, defined instances; (a) the cost of outside legal costs, and (b) qualifying environmental cleanup and mitigation expenditures. Note: Warranty costs and maintenance agreements are not capital expenditures; they are operating costs and must be expensed.

b. A combined or unitary concept will be used in identifying newly purchased or newly constructed assets, and a separable concept when replacing, renovating, or improving major components of existing assets. Example: A newly constructed building is identified as a unitary asset, even though it is composed of major subcomponents. If the HVAC system of an old building is replaced, the new HVAC system is identified as a separable new component with its own estimated useful life. Major components of City assets may be considered separable and subject to separate asset identification, (i.e., an HVAC system, a truck engine, a crane cab, or a building roof). In these cases, either the separable asset may be given; (a) its own new life; (b) the remaining life of the existing asset; or (c) the life of the major asset may be extended, depending on the facts in each case. In other more restricted cases, integral, non-separable elements are considered maintenance expense of the major asset. Example: when bridge pilons are repaired or replaced such expenditures are considered maintenance expense for the bridge and are not capitalized.

c. For purchases, it is policy to identify an expenditure as a unitary “system” whenever the components, taken together, may reasonably be understood to work as a single unit. For example, if a purchase is made for a computer, monitor, keyboard, and software, it is understood that this is a purchase of a computer “system”. If these components, purchased together, cost \$5,000 or more (including shipping costs), then the expenditure is considered a single purchase of a computer system and is capitalized as a unit. (Note: Warranty costs and maintenance agreements may not be Capital Expenditures and must be excluded from the calculation which determines asset cost.)

d. For purchases in volume of capital items with unit value less than \$5,000 and if the aggregate total of the item exceeds \$5,000, then the group of items may be capitalized providing that the two other tests for capitalization are met (i.e., they must be City-owned and have a useful

life of more than 5 years). For example, if one filing cabinet is purchased for \$500, the item will be expensed; but if ten \$500 cabinets are purchased together, they may be capitalized since the aggregate cost is \$5,000. This policy is subject to further interpretation depending on the facts in each case. For example, the purchase of one hundred \$50 wastebaskets would not be considered a capital purchase. In most situations, it is the intention of this policy to capitalize aggregate purchases (\$5,000 or greater) of furniture, fixtures, and equipment (including computer software) where unit values are at least in the range of \$500 to \$1,000. Items valued at less than \$500 are generally treated as consumable supplies and expensed even though their useful lives may exceed one year. The reason for this policy is to reduce the bookkeeping and tracking expense for lower valued capital expenditures. The Clerk's department will decode policy in those cases where differences of interpretation are otherwise unresolved.

Individual assets that cost less than \$5,000, but that operate as part of a network, or are part of a kit or collection, will be capitalized in the aggregate, using the group method, if the estimated average useful life is more than five years. The following networks / kits / collections exist within the city

- The telephone system, with an estimated useful life of 10 years.

2. Depreciation

Assets lose value over time; this loss of value is depreciation cost. The principal objective in accounting for depreciation is to charge each accounting period for the estimated loss in value of the depreciable assets incurred during that period.

The City of Chatfield will utilize the straight-line method of depreciation for all assets. Salvage value will not be utilized. Assets will be fully depreciated and carried on the books at \$0.00 value when the book life of the asset has been reached.

3. Economic Useful Life

- a. "Economic useful life" is generally construed to mean the period (years) during which the asset is providing benefit to the city. The "physical life" of an asset is the period (years) in which the asset can perform as originally designed, built and maintained. The economic useful life of an asset may be the same as the physical life, or it may be shorter.

- b. It is general policy to the City to assign asset lives based on an estimate of the period of productive benefit to the City; that is the economic useful life of the asset.
4. Improvement: General Improvements & Public Improvements
- a. Improvement.
Improvement is a common term used to describe the construction or purchase of a new asset or the betterment of existing facilities or assets. For example, all qualifying expenditures are incorporated into the city “Capital Improvement Program” (CIP. The term “improvement” in a more restricted sense means:
 - (i) The substitution of a better asset for one currently in use
 - (ii) The expansion of an existing facility to accommodate increased volumes
 - (iii) The modification of an existing asset to meet a new or changed use (one note intended by its original design).
 - b. General Improvements
Expenditures for an improvement are capital expenditures and may be given a separable asset life, or an asset life corresponding to the remaining life of the existing asset; or the existing life may be extended (minimum extension of three years).
 - c. Public Improvements
“Public Improvements” means improvement to assets used by the public: for example, roads, parking lots, sidewalks, parks, etc.

In the case of streets and roads – if the work done impacts the “base” structure the improvement should be capitalized. i.e., sealcoating is considered maintenance – an overlay is considered capital.

5. Asset Classes & Estimated Useful Lives –

Classes of Assets	Threshold	Useful Life
Buildings / Structures <ul style="list-style-type: none"> Seasonal / Shelters – 20 years Sewer Treatment Plant – 25 years Buildings – 40 years 	\$5,000	10 – 40 yrs.
Building Improvements <ul style="list-style-type: none"> HVAC Systems – 20 years Roofing – 20 years Carpet Replacement – 10 years Electrical / Plumbing – 30 years 	\$5,000	5 – 30 yrs.
Equipment / Machinery <ul style="list-style-type: none"> Fire Department Air Bottles 10 years Pick Ups – 7 years Plows – 15 years Dump Trucks – 11 years Mowers & Tractors – 10 years Playground Equipment, Scoreboards, bleachers, radio towers, lights, fishing dock – 20 years EMS Training Equipment – 10 years Telephone System – 10 years 	\$5,000	5 – 20 yrs
Furniture & Fixtures <ul style="list-style-type: none"> Desks, tables, chairs – 15 years 	\$5,000	5 – 12 yrs
Infrastructure <ul style="list-style-type: none"> Drainage Sys.- Catch basins & storm pipe – 40 years Water Dist. System – Pipes – 40 years Sewage Collection Sys.– Manholes & Pipes – 40 yrs. Wells & Storage Syst. – 40 years Lift Stations – 25 years Streets - New (bituminous) 40 years Over lay (bituminous) 20 years Sidewalk – 20 years Lights – 20 years Curb & Gutter – 40 years 	\$5,000	20 – 40yrs
Vehicles <ul style="list-style-type: none"> Ambulances – 10 years Cars / Light Trucks – 7 years Fire Trucks – 20 years 	\$5,000	5 – 10 years

Resources: City of Edina – Financial Management Policies – Adopted February 20, 2007 (Rev 03,2007, 12/2009 & 12/2011), David Drown & Associates Service Professional – Mike Bubany

All fixed assets with a useful life of more than one year and an original value between \$1,000 and \$5,000 will be recorded and inventoried but will not be capitalized and depreciated. These records will be compiled and maintained by the individual departments. The Clerks department will track capitalized assets only.

SALE AND DISPOSAL OF CITY EQUIPMENT / GOODS

SALE AND DISPOSAL POLICY PURPOSE

This policy is intended to streamline the process of disposing of equipment and tangible goods that are no longer needed by the City of Chatfield. Unless otherwise directed by the City Council, all equipment and goods that are owned by the city but no longer needed, with the exception of land and buildings, are to be sold via a standard process.

PROCESS STEPS

1. On a routine basis, the city will make it known that standard procedure for disposing of equipment and goods includes the advertisement of these items on publicsurplus.com.
2. A notice will be placed in the City's official newspaper, making residents aware that an item will be listed for sale and directing them to the public surplus website.
3. Each item will be posted on publicsurplus.com for a minimum of ten business days.
4. The Department Head responsible for the decision to sell the equipment will report the matter to the appropriate City Council Committee either immediately prior to, or immediately after, the sale of the item sold.
5. All proceeds from the sale of these goods will be placed in the reserve fund for future capital purchases of the appropriate Department.

Department Heads will determine the need to dispose of the various pieces of equipment within their area of responsibility and will coordinate the sale of the items with the Office of the City Clerk. The Office of the City Clerk will have the primary responsibility to coordinate the sale of the goods, with the responsible Department Head being available to answer questions or show the item to interested parties.

An employee who violates any aspect of this policy may be subject to revocation of certain system privileges or disciplinary action up to and including termination.

Capital Outlay Policy Adopted by City Council September 08, 2008

Capitalization Policy Adopted by City Council June 14, 2004

Capitalization Policy Revised by City Council November 1, 2007

Capital Outlay Policy Revisions Adopted by City Council October 25, 2021

Capital Outlay | Capitalization & Sale of Merchandise Policy Combined January 09, 2023

Capitalization Policy revised to remove collections March, 2023

Adopted | Annual Review January 8, 2024

Purpose – To provide guidelines to the issuance of debt.

Policy Limits – The City will use debt only for capital improvement or projects that have a life of more than 4 years. The City will avoid using debt for cash flow borrowing, operations or repairs.

When possible, the City will not use debt to finance equipment purchases when it is possible to purchase the equipment on a pay-as-you-go basis with equipment replacement program or capital goods replacement plan reserves.

The City shall use its bonding authority to facilitate private development only when the development merits special consideration.

The City's capital outlay plan shall contain debt assumptions which match this policy and requires a commitment to long-range financial planning which looks at multiple years of capital and debt needs.

Legal Limits – Minnesota Statutes, Section 475 prescribes the statutory debt limit that outstanding principal of debt cannot exceed 3% of estimated market value. This limitation applies only to debt that is wholly tax-supported. The type of debt included is either general obligation debt of any size bond issue (G.O.) or lease revenue bond issues that were over \$1,000,000 at the time of issuance. However, there are also several other types of debt that do not count against the limit. G.O. tax increment, G.O. special assessment, G.O. utility revenue, G.O. recreational facility revenue, and HRA-issued debt are considered to have a separate revenue source other than just taxes and are excluded from the legal debt limit calculation. Local ordinances do not limit the City's ability to issue debt.

Issuance Practices - The City will utilize the sales method that is most advantageous after considering a variety of factors, including but not limited to, structure, size, term, market conditions, applicable regulations, etc.

The City will determine the sales method after consulting with the City's Municipal Advisor and / or other appropriate parties.

Debt Structuring – The City's collective debt shall amortize at least 50% of its principal within 15 years. In all cases, the maturity shall not exceed the life of the related assets.

Conduit Debt – The City may participate in conduit debt financings. Development proposals are reviewed to determine if they meet program objectives and whether the proposals are financially feasible.

It is the practice of the City to charge fees that range from 0.25% to 2.00% of the bond offering to cover the City's cost.

Refunding – Current refunding bonds may be utilized when the projected savings, after factoring in all costs, yields enough savings to warrant moving forward. Council will determine on a case-by-case basis if sufficient savings have been attained.

Advance refunding bonds may be utilized when statutory savings are met (present value savings is at least 3% of refunded debt service).

Adopted by City Council September 08, 2008

Revisions Adopted by City Council October 25, 2021

Adopted | Annual Review: January 9, 2023

Adopted | Annual Review: January 8, 2024

Resources: City of Edina – Financial Management Policies – Adopted February 20, 2007 (Rev 03,2007, 12/2009 & 12/2011), David Drown & Associates Service Professional – Mike Bubany

S:\Finance\Finance Policy & Procedures\Working Copy & Reference Documents\2024 Annual Review Documents\Financial Management Policy - Debt Management - Ver2023SugRev2024.doc

FUND BALANCE POLICIES

Purpose – To provide a stable financial environment for the City of Chatfield’s operations that allows the City to provide quality services to its residents in a fiscally responsible manner to keep services and taxes as consistent as possible over time. This fund balance policy is meant to serve as the framework upon which consistent operations may be built and sustained.

Definitions & Policies

Fund Balance - Describes the difference between assets and liabilities in the governmental funds (general fund, special revenue funds, capital project funds, debt service funds and permanent funds).

This policy covers the general funds and special revenue funds unreserved fund balances.

In accordance with Government Accounting Standards Board 54, governmental fund balances are classified as follows:

- **NONSPENDABLE**

Definition – The nonspendable fund balance consists of amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints, such as prepaid items.

Policy - At the end of each fiscal year, the City will report the portion of the fund balance that is not available for spending.

- **RESTRICTED**

Definition - The amount is restricted by external creditors, grantors, contributors, laws, or regulations of other governments. (e.g., encumbrances for goods or services with outside parties-creditors, grantors outstanding at the end of the year, or restricted by state statutes or grant requirements placed on the use for specific purposes).

Policy - At the end of each fiscal year, the City will maintain a restricted fund balance equal to the amounts required to accommodate; prepaid expenditures, encumbrances or funds restricted by enabling legislation.

- **COMMITTED**

Definition - The fund balance amounts that are constrained for specific purposes that are internally imposed by the City Council through formal action and remain binding unless removed by the City Council by subsequent formal action. (for example, an ordinance or resolution passed by a city council).

Policy - At the end of each fiscal year, the City will maintain a committed fund balance for long-term loan receivables such as advances to other funds or otherwise constrained for specific purposes by City Council.

- **ASSIGNED**

Definition - The assigned fund balance includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed.

The City Council, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The council also delegates the power to assign fund balances to the city clerk **City Administrator**. This is the portion of the fund balance that reflects funds intended to be used by the government for specific purposes assigned by more informal operational plans (e.g. capital goods replacement - the constraint on use is not imposed by external parties or by formal council action). In governmental funds

other than the general fund (special revenue funds, capital project funds, debt service funds and permanent funds), assigned fund balance represents the amount that is not restricted or committed.

Policy –

Capital Goods Replacement - At the end of each fiscal year, the City will maintain an assigned fund balances for equipment replacement according to the City’s Capital Improvement Plans. This includes funds; 801 for the general fund departments, 212 for the library, 221 for the fire department, 231 for the ambulance, 615 for CCTV as well as balances in 601 for the water department and 602 for the wastewater department.

Special Revenue Funds Cash Flow - At the end of each fiscal year, the City will maintain an assigned portion of the fund balance for cash flow in a range equal to 20 – 40% of the following year’s budgeted revenues.

- **UNASSIGNED**

Definition – The unassigned fund balance is the residual classification for the positive fund balance within the General Fund which has not been classified within the above-mentioned categories as well as the negative fund balances in other governmental funds. This is the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications and, therefore, not subject to any constraints. Unassigned amounts are available for any purpose. These are the current resources available for which there are no government self-imposed limitations or set spending plan. Although there is generally no set spending plan for the undesignated portion, there is a need to maintain a certain funding level. Undesignated fund balance is commonly used for emergency expenditures not previously considered. In addition, the resources classified as undesignated can be used to cover expenditures for revenues not yet received.

Policy -

Cash Flow - At the end of each fiscal year, the City will maintain an unassigned portion of the fund balance for cash flow in a range equal to 40 – 60% of the following year’s budgeted tax revenue (Tax Levy, Local Government Aid & Market Value Credit). In addition to cash flow needs this accommodates compensated absence liability and emergency contingency concerns.

In the event that amounts designated for cash flow fall above or below the desired range, the City Clerk **Administrator** shall report such amounts to the City Council as soon as practical after the end of the fiscal year. Should the actual amount designated for Cash Flow fall below the desired range, the City shall create a plan to restore the appropriate levels. Should the actual amount designated for cash flow rise above the desired range, any excess funds will remain undesignated pending the Council’s final decision concerning transfer to another fund. It is the policy of the City that, to the extent possible, such excess funds will be transferred to the Special Projects Fund.

Adopted by City Council September 08, 2008

Revisions Adopted by City Council May 23, 2022

Adopted | Annual Review January 9, 2023

Adopted | Annual Review January 8, 2024

1. POLICY

The investment program shall be operated in conformance with federal, state, and other legal requirements, including Minn. Stat. § 118A. It is the policy of the City to invest public funds in a manner which will provide the highest investment return with minimum risk while meeting the daily cash flow demands.

Investment income will be allocated annually to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

POLICY CONSIDERATIONS

EXEMPTIONS

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

APPROVAL OF INVESTMENT POLICY

The investment policy shall be formally approved and adopted by the Chatfield City Council.

AMENDMENTS

This policy shall be reviewed on an annual basis at the Annual Meeting. Any changes must be approved by the Chatfield City Council.

2. SCOPE

This policy applies to the investment of all funds of the City of Chatfield and Chatfield Economic Development Authority (the "City") except those (if any) which are governed in another manner by specific reference in federal, state and/or local statutes. Proceeds from certain bond issues may be covered by a separate policy to conform to federal requirements.

All assets to which this policy applies are accounted for in the City's annual Financial Statements and include;

- General Fund (*Governmental Fund*)
- Special Revenue Funds (*Governmental Fund*)
- Debt Service Funds
- Capital Project Funds (*Governmental Fund*)
- Enterprise Funds (*Proprietary Fund*)
- Internal Service Funds (*Proprietary Fund*)
- Custodial Funds
- Any other newly created fund

The City will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration.

3. STANDARDS OF CARE

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 an overall portfolio. Investment officers acting in accordance with written procedures and this 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 the liquidity and the sale of securities are carried out in accordance with the terms of this policy. The "prudent person" standard states that, "Investments 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."

Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.

DELEGATION OF AUTHORITY

Authority to manage the investment program is granted to the City Clerk **Administrator**, hereinafter referred to as investment officer. Responsibility for the operation of the investment program is hereby delegated to the investment officer by the City Council, who shall act in accordance with established procedures and internal controls for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the investment officer.

4. INVESTMENT GENERAL OBJECTIVES

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and return on investment:

Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio, through diversification and maturity limitations for each pool of fund of investments. The objective will be to mitigate credit risk and interest rate risk.

CREDIT RISK

The City will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities identified as authorized in section 5 of this investment policy
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business in accordance with those defined in Section 7 of this investment policy.
- Diversifying the investment portfolio so that the impact of price fluctuations from any one type of security or from any one individual issuer will be minimized in accordance with section 9 of this investment policy.

INTEREST RATE RISK

The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in money market checking accounts, shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy (see section 8).

LIQUIDITY

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. The portfolio will be structured so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist of some securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

Yield Return on Investment

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- Liquidity needs of the portfolio require that the security be sold.

5. AUTHORIZED INVESTMENTS

Investment Types

Consistent with Minn. Stat. § 118A, the following investments will be permitted by this policy:

UNITED STATES SECURITIES (§ 118A.04 SUBD. 2)

Public funds may be invested in governmental bonds, notes, bills, mortgages (excluding high-risk mortgage-backed securities), and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress.

MONEY MARKET FUNDS

Money market funds consisting of United States Treasury Obligations and/or Federal Agency Issues and/or repurchase agreements as long as it is rated AAA by two rating agencies.

STATE AND LOCAL SECURITIES (§ 118A.04 SUBD. 3):

- (1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
- (2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- (3) a general obligation of the Minnesota housing finance agency which is a moral obligation of the state of Minnesota and is rated "A" or better by a national bond rating agency.
- (4) any security which is an obligation of a school district with an original maturity not exceeding 13 months and rated in the highest category by a national bond rating service or enrolled in the credit enhancement program.

COMMERCIAL PAPERS (§ 118A.04 SUBD. 4):

Funds may be invested in commercial papers issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less.

TIME DEPOSITS (§ 118A.04 SUBD. 5):

Time deposits (brokered) that are fully insured by the Federal Deposit Insurance Corporation, **the National Credit Union Administration**, or bankers acceptances of United States banks (excluding local time deposits that are fully collateralized as addressed in M.S. 118A.03.

FULLY COLLATERALIZED DEPOSITS

Certificates of deposit and other evidences of deposits at financial institutions that are fully collateralized as required by state statute.

6. SAFEKEEPING AND CUSTODY

Safekeeping

Consistent with Minn. Stat. § 118A.06(a), Investments may be held in safekeeping with;

- (1) Any Federal Reserve Bank,
- (2) Any bank authorized under the laws of the United States or any state to exercise corporate trust powers, including, but not limited to, the bank from which the investment is purchased;

(3) A primary reporting dealer in United States government securities to the Federal Reserve Bank of New York or;

(4) A securities broker-dealer, or an affiliate of it, that meets the following requirements:

- a. It is registered as a broker-dealer under chapter 80A or is exempt from the registration requirements;
- b. It is regulated by the Securities and Exchange Commission; and
- c. It maintains insurance through the Securities Investor Protection Corporation or excess insurance coverage in an amount equal or greater than the value of the securities held.

The City's ownership of all securities in which the fund is invested must be evidenced by written acknowledgements identifying the securities by the names of the issuers, maturity dates, interest rates, CUSIP number or other distinguishing marks.

Collateralization

In accordance with M.S. 118A.03 on the Collateralization of Public Deposits, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

7. FINANCIAL INSTITUTIONS, SECURITY DEALERS, AND CONSULTANTS

A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by creditworthiness (e.g., a minimum capital requirement of \$10,000,000 in total assets and at least five years of operation). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule). All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Proof of Financial Industry Regulatory Authority (FINRA) certification (not applicable to Certificate of Deposit counterparties)
- Proof of state registration
- Completed broker certification form (annual) (not applicable to Certificate of Deposit counterparties)
- Certification of having read and understood and agreeing to comply with the City's investment policy.

The broker/dealer must sign the Broker Notification and Certification form required by Minnesota Statutes 118A, including this investment policy, prior to any investment transaction with the City. The Broker Notification and Certification must be updated annually.

8. INVESTMENT PARAMETERS

DIVERSIFICATION

The investments shall be diversified by:

- limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities and collateralized deposits),
- limiting investment in securities that have higher credit risks,
- investing in securities with varying maturities, and
- investing a portion of the portfolio in readily available funds such as local government investment pools or money market funds to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

MAXIMUM MATURITIES

To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than an average expected life of ten (10) years from the date of purchase or in accordance with state and local statutes and ordinances.

Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding ten (10) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as local government investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

COMPETITIVE BIDS

The investment officer shall consider multiple competitive offerings on all purchases of investment instruments purchased. The investment officer shall have no obligation to purchase and may decline on any or offerings.

9. INTERNAL CONTROLS

The investment officer shall establish a system of internal controls, which shall be documented in writing. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, unanticipated changes in financial markets, or imprudent actions by employees and officers of the City.

10. PERFORMANCE STANDARDS

The City's cash management portfolio shall be designed with the objective of regularly meeting or exceeding a selected performance benchmark, which will be the average return on three-month U.S. Treasury bills during a market/environment of stable interest rates. The portfolio will take into consideration investment risk constraints and cash flow needs. These indices are considered

~~benchmarks for lower risk investment transactions and therefore comprise a minimum standard for the portfolio's rate of return.~~

11. REPORTING

The City Clerk's Office shall prepare an investment report quarterly. This report will be prepared in a manner which will allow the City to ascertain whether investment activities conform to the investment policy. The report should be provided to the City Council. The report will include the following:

- Listing of investments by maturity date
- Average weighted yield **performance tracking compared to 3 month US Treasury Bills**
- Percentage of the total portfolio by institution
- Percentage of the total portfolio by length of time to call/maturity.

Adopted by City Council September 08, 2008

Amendment Adopted by City Council June 27, 2022

Adopted | Reviewed by City Council January 09, 2023

Adopted | Reviewed by City Council January 08, 2024

HISTORICAL REFERENCE & BACKGROUND:

The 2008 audit identified two significant deficiencies in internal control.

- *-Accounting and Financial Reporting / Segregation of Duties – This deficiency is inherent in an entity of this size and is not a newly reported deficiency. The report went on to say that it would not be practical for the entity to devote the resources required to overcome this limitation. This deficiency will continue to be reported annually. The only action we can take is to constantly be aware of this and realize the concentration of duties and responsibilities in a single individual is not desirable from an accounting point of view. We have segregated the duties and implemented cross checks in our practices to the degree we can with the resources we have.*

This document was created in 2009 in response to the second deficiency that was identified.

- *Documentation of Accounting Policies and Procedures – The City should document its accounting policies and procedures in a written policy manual which spells out the accounting policies and procedures that make up the City's internal control system. The documentation should describe the procedures as they are intended to be performed and indicate which employees are to perform which procedures.*

The audit comment from Smith Schafer and Associates was that during their audit they became aware of a matter that was an opportunity for strengthening internal controls and operating efficiency.

In response to this opportunity, the accounting internal control practices have been documented.–The first section provides background information from the State Auditor's office as well as from the City's Code. This purpose of providing the background information is to provide a point of reference for expectations and to provide a basis to measure compliance in order to ensure our practices are sound.

General Overview Statement for City of Chatfield Internal Control Procedures

The City of Chatfield strives to perform daily operations with practices that strike a balance of sound internal accounting control that fulfill statutory requirements, while also maintaining operational efficiencies, and managing the costs of providing the control in order to safeguard funds, manage assets and that financial statements are in conformity with generally accepted accounting principles, and that finances are managed with responsible stewardship ensures public confidence and maintains the integrity of the financial systems

All personnel with a role in the management of the City of Chatfield's fiscal operations are expected to uphold the policies in this manual. It is the intention of the City of Chatfield that this accounting manual serve as our commitment to proper, accurate financial management and reporting.

THE PURPOSE OF DOCUMENTING THESE PRACTICES IS TO:

- Enhance employees' understanding of their role and function in the internal control system;
- Establish responsibilities;
- Provide guidance for employees;
- Improve efficiency and consistency of transaction processing
- Improve compliance with established policies;
- Help prevent deterioration of key elements in the entity's internal control system;
- Maintain consistency in procedures from year to year and during employee transitions; and
- Help decrease circumvention of the entity's policies.

Note: There may be language in the code of ordinances that needs to be reviewed for consistency between the City Clerk Role and the new City Administrator role relating to finance duties, such as the chief purchasing agent, etc. THIS IS ONE SECTION OF THE CODE THAT I RECOMMEND BE REVIEWED AND CHANGED TO REFLECT OUR CURRENT PRACTICES REGARDING THE FREQUENCY OF REPORTING. THE CODE CURRENTLY STATES THAT THE CLERK SHALL SUBMIT THE MONTHLY REPORTS TO THE MAYOR AND COUNCIL. MY RECOMMENDATION TO THE COUNCIL IS TO CHANGE THIS TO REFLECT THE CURRENT PRACTICE OF PROVIDING MONTHLY REVENUE AND EXPENDITURE REPORTING TO THE DEPARTMENT HEADS AND QUARTERLY REPORTS TO THE MAYOR AND COUNCIL.

HISTORICAL REFERENCE & BACKGROUND (CONT.):

INTERNAL CONTROL TOPICS:

STATE AUDITOR & CHARTER REFERENCE INFORMATION

SEGREGATION OF DUTIES

REVENUE MANAGEMENT | RECEIPTS

EXPENSE MANAGEMENT | DISBURSEMENTS

US BANK ONE CARD & FUEL CARD PRACTICES

RECONCILIATIONS

PETTY CASH FUND

FIXED ASSET MANAGEMENT

PAYROLL

COMPUTER SYSTEM BACKUP PROCEDURES

ANNUAL CHECK LIST

HISTORICAL REFERENCE & BACKGROUND (CONT.):

INTERNAL CONTROL TOPIC: STATE AUDITOR & CHARTER REFERENCE INFORMATION

STATE OF MINNESOTA – OFFICE OF THE STATE AUDITOR – STATEMENT OF POSITION –
THE IMPORTANCE OF INTERNAL CONTROLS 2007-1010 –REVISED: FEB 2014 REVIEWED: FEB 2014

Internal controls are designed to protect a local government unit from loss or misuse of its assets. Internal controls also ensure that all transactions are properly authorized, and the information contained in financial reports is reliable.

This Statement of Position will provide public officials and employees with practical answers to some of the questions most frequently asked about internal controls.

What is the purpose of internal controls?

An internal control is a process by which an entity attempts to prevent or minimize the likelihood of accounting-related errors, irregularities, and illegal acts. Internal controls help safeguard funds, provide efficient and effective management of assets, and permit accurate financial accounting. Internal controls cannot eliminate all errors and irregularities, but they can alert management to potential problems.

How much will this cost?

The cost of internal controls should never exceed their expected benefit. When adopting policies and procedures on internal controls, maintain a balance between what is needed to ensure public confidence and to maintain the integrity of the financial systems, and the cost of providing the control in terms of money, time, and efficiency. Many simple and cost-effective internal control procedures are available.

Does someone need to review every transaction?

No. It is not practical or profitable to attempt to independently review every transaction. Instead, management should be alert to “red flags” that could indicate potential problems. Looking into “red flags” will not only detect irregularities, but it will also prevent them from occurring in the first place because an environment of accountability will have been established.

What are some “red flags”?

When an alert is raised, follow-up is critical. Too often we see “red flags” continue unabated long after they were first detected and reported. Here are some examples that would merit further review:

- *Any unusual discrepancy between actual performance and anticipated results (for example, a major budget overrun in “supplies” or an unexplained decline in user fees);*
- *Receipts not matching deposits;*
- *Disbursements to unknown and/or unapproved vendors;*
- *One signature on checks or pre-signed blank checks;*
- *Gaps in receipt or check numbers;*
- *Late reports; or*
- *Disregard for internal control policies and procedures.*

What types of control policies and procedures should be implemented?

The control policies should be adequate to ensure that:

- *All transactions are properly authorized;*

HISTORICAL REFERENCE & BACKGROUND (CONT.):

INTERNAL CONTROL TOPIC: STATE AUDITOR & CHARTER REFERENCE INFORMATION (CONT.)

- *Incompatible duties are segregated;*
- *Accounting records and documentation are properly designed and maintained;*
- *Access to both assets and records is controlled; and*
- *Accounting data are periodically compared with the underlying items they represent.*

Extra care needs to be taken where cash transactions are involved (for example, liquor stores, park and recreation programs, or petty cash funds).

What does it mean to segregate incompatible duties?

Simply put, no employee should be in a position to commit an irregularity and then conceal it. An example taken from everyday life is a movie theater where one person sells tickets and another person collects the tickets. This helps prevent the person selling the tickets from: (1) collecting the price of the ticket, but allowing entry without a ticket (allowing the ticket seller to pocket the ticket payment without being detected); or (2) allowing entrance without the purchase of a ticket.

Duties can be segregated by department or by individual. Examples of incompatible duties that should be performed by separate individuals are:

- *Receipting collections, posting collections to registers, and making bank deposits;*
- *Signing checks, and reconciling the bank accounts;*
- *Receipting collections, and posting collections to the accounts receivable records; and*
- *Approving receivable write-offs/write-downs, and posting adjustments to the accounts receivable records, adjusting accounting codes, and reviewing the monthly detailed report of receipts and disbursements for accuracy.*

What if we are too small to be able to segregate duties?

If it is not practical to segregate duties, management should be aware of the lack of segregation and implement oversight procedures to ensure that employees are following other internal control policies and procedures. In addition, management may want to implement other controls. For example, a mandatory vacation policy or periodic rotation of duties among employees would allow management to observe if there is any noticeable change (for example, a marked increase in cash receipts) while another person is performing the duties. These alternative controls also help lessen potential disruptions caused by employee turnover.

Do some statutes require internal control procedures?

Yes. For example, the statutory requirement that more than one person must sign a check is designed to ensure a deliberate decision about who to pay, how much to pay, and when to pay bills. Pre-signing checks and signature stamps defeat those controls. Statutory requirements should be incorporated in the internal control policies and procedures.

HISTORICAL REFERENCE & BACKGROUND (CONT.):

INTERNAL CONTROL TOPIC: STATE AUDITOR & CHARTER REFERENCE INFORMATION (CONT.)

What sort of accounting documentation is needed?

Accounting records need to be complete. Key documents (for example, invoices, receipts, checks) should be sequentially numbered. Voided documents should be retained. Record retention schedules should be followed. Employee timesheets should be reviewed and countersigned by a supervisor or other third-party.

How do we “compare accounting data with the items represented”?

Bank statements should be routinely reconciled with the cash balances recorded in the books of the account. Check amounts should be compared with the claims approved, as recorded in the minutes. Any differences should be reconciled and documented. An annual inventory of fixed assets will ensure that all recorded items are still in your custody. Similar checks can be made of other accounts (for example, petty cash counts). Explanations of discrepancies should be corroborated by supporting documentation and evidence.

Do we have to write down our procedures?

Proper documentation of control procedures is essential. Written policies and procedures outline the specific authority and responsibility of individual employees, providing for accountability. Written policies serve as a reference and training tool for new employees and ensure that procedures remain in place despite employee turnover. To be effective, an accounting policies and procedures manual must be complete, up-to-date, and readily available to all employees who need it.

Who is responsible for internal controls?

The governing body (county commissioners, city councils, and town boards) and management are responsible for establishing and maintaining internal controls. The governing body sets the tone, educates employees about the importance of internal controls, and provides funding to implement the controls. The governing body must ensure that internal controls remain a top management priority. Management is responsible for evaluating the effectiveness of internal controls on an on-going basis. Even the best-designed internal controls cannot be effective without the active involvement of management. Management can develop a favorable control environment by setting a positive tone, communicating to all employees the importance of internal controls, and taking appropriate action against staff who are not complying with approved internal control policies and procedures. Management should also encourage staff to communicate situations not addressed by the policies and procedures, so that policies and procedures may be adopted as necessary. Finally, management should try to make employees feel comfortable when reporting potential wrongdoing or violations of policies and procedures.

REFERENCE: CITY OF CHATFIELD – CHARTER

CHAPTER 4 SECTION 16.5 – CITY ADMINISTRATOR –

- *To keep the city council fully advised as to financial conditions and needs of the city, and to prepare and submit to the city council for its consideration an annual budget and capital improvements program;*

HISTORICAL REFERENCE & BACKGROUND (CONT.):

INTERNAL CONTROL TOPIC: STATE AUDITOR & CHARTER REFERENCE INFORMATION (CONT.)

REFERENCE: CITY OF CHATFIELD – CODE OF ORDINANCES
CHAPTER 2 ADMINISTRATIVE CODE* ARTICLE V – FINANCE –
DIVISION 1. GENERALLY

SEC. 2-75. DISBURSING FUNDS; PAYMENT OF BILLS.

All fund disbursements shall be by order signed by the mayor and city clerk, duly authorized by the city council, and every such order shall specify the purpose for which the disbursement is made, and indicate that it is to be paid out of the proper fund; but no such order shall be paid until there is money to the credit of the fund out of which it is to be paid sufficient to pay the same together with all then- outstanding encumbrances upon such fund. No claim against the city shall be allowed, except as otherwise provided in this Code, unless accompanied by an itemized bill and voucher, payroll, or timesheet signed by a responsible officer who has personal knowledge of the facts in the case, together with a certificate verifying the correctness and reasonableness of the claim. However, the city council may provide for the regular payment without specific individual authorization or the filing of an itemized bill and voucher, payroll, or timesheet of the salaries and wages of regular employees or laborers, and any other fixed charges which have been previously and duly regularly authorized.

(Code 1999, § 2.7)

SEC. 2-76. PURCHASES AND CONTRACTS

The ~~city clerk~~ City Administrator (per job description – online code still reflects clerk) shall be the chief purchasing agent of the city. All purchases on the city's behalf shall be made by the city clerk subject to the city council's approval. Such approval must be given in advance whenever the amount of such purchase or contract exceeds ~~\$500.00~~ \$20,000 (per job descriptions – online code still reflects \$500), unless otherwise provided in this Code. All contracts shall be made in accordance with law.

(Code 1999, § 2.8)

State law references: Uniform municipal contracting law, Minn. Stat. § 471.345.

SEC. 2-77. SELLING REAL ESTATE.

No real property of the city shall be disposed of except by ordinance, except that any property transferred involving tax-increment financing shall be handled in accordance with the provisions set up for such transfers. The proceeds of any such sale shall be used as far as possible to retire any outstanding indebtedness incurred by the city in the purchase, construction, or improvement of this or other property used for the same public purpose; but if there is no such outstanding indebtedness, then the city council may by a resolution adopted by a four-fifths majority designate some other public use for such proceeds.

(Code 1999, § 2.9)

SECS. 2-78--2-95. RESERVED.

DIVISION 2. SPECIFIC FUNDS

HISTORICAL REFERENCE & BACKGROUND (CONT.):

INTERNAL CONTROL TOPIC: STATE AUDITOR & CHARTER REFERENCE
INFORMATION (CONT.)

SEC. 2-96. GENERAL FUND.

The city shall maintain a general fund into which shall be placed or credited all moneys and from which shall be paid all city expenses, not otherwise appropriated or provided for in other funds created in the city Charter or this article.

(Code 1999, § 2.3.1)

SEC. 2-97. BOND, CERTIFICATES, AND WARRANT FUNDS.

Separate funds shall be maintained for each issue of bonds, certificates, or warrants in the resolution or ordinance authorizing such issuance and into each such separate fund shall be placed and credited all moneys received from taxes and assessments levied and revenues pledged for the payment of each such issue, together with any other moneys appropriated by the city council for their payments. From such funds shall be paid the principal and interest and fiscal agent's fees for making such payment as such become due.

(Code 1999, § 2.3.5)

SEC. 2-98. LIBRARY FUND.

A library fund shall be maintained into which shall be placed and/or credited all moneys received from revenues of public libraries, from taxes levied therefore or from transfers from other funds. All disbursements shall be made pursuant to law.

(Code 1999, § 2.3.4)

State law references: Disbursements from library funds, Minn. Stat. §§ 134.11, 134.12.

SEC. 2-99. PUBLIC UTILITY FUND.

A public utility fund shall be maintained into which shall be placed and credited all moneys received from the operation of all public utilities or appropriated by the city council thereto, and from which shall be paid all expenses incurred through the operation of such public utilities.

(Code 1999, § 2.3.2)

INTERNAL CONTROL TOPIC: SEGREGATION OF DUTIES

REFERENCE

Avoiding Pitfall 04/13/2018

When employee responsibilities are arranged so that the work of one employee is checked by another, it is called "segregation of duties."

Ideally, no single official or employee should be able to:

- 1. Authorize a transaction;*
- 2. Record the transaction in the entity's books; and*
- 3. Obtain custody of the item resulting from the transaction.*

Examples of incompatible duties that should be performed by separate individuals include:

- Receipting collections, posting collections to registers, and making bank deposits; or*
- Signing checks and reconciling the bank accounts.*

To put it another way, a person should not be in a position to commit an irregularity and cover it up.

Due to the limited number of personnel in smaller cities and towns, the segregation of accounting functions necessary to ensure adequate internal control is not always possible. In those situations, management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a single individual is not desirable from an accounting point of view. Example of incompatible duties that should be performed by separate individuals include: receipting collections, posting collections to registers, and making bank deposits; and signing checks and reconciling the bank accounts. To put it another way a person should not be in a position to commit an irregularity and to cover it up.

INFORMATION:

CITY OF CHATFIELD SEGREGATION OF DUTIES PRACTICES:

No financial transaction (authorization, recording & custody) shall be handled by only one person from beginning to end.

The following is a list of personnel who have responsibilities within the clerk's department:

City Council

1. Review detailed claim listing in each agenda packet showing the vendor to be paid, the amount, the fund being charged along with a brief description of the expense.
2. Review and approves quarterly financial reports.
3. Review and adopt annual levy and budget.
4. Reviews and approves all contracts for goods and services that exceed \$500,000.
5. Authorizes all interfund transfers.

Mayor

1. Signs all checks for city council approved expenditures, with the exception of ACH payroll checks and EFT vendors (IRS, State of Minnesota, PERA, Investments, HSA, administrative processing fees, and debit transactions for lodging associated with approved departmental training).

City Clerk-Administrator

1. Reviews monthly Revenue and Expenditure Guidelines and Monthly Bank Reconciliation spreadsheet.
2. Prepares annual levy and budget.
3. Prepares listing of interfund transfers.
4. Has access to Root River State Bank On Line banking to provide enhanced internal control (along with City Clerk / Deputy Clerk/Payroll/ Utilities and Finance Director).

Finance Director

1. Processes daily online banking / fund accounting batch posting reconciliation.
2. Processes disbursements into Fund Accounting to generate claims listing report for City Council Agenda Packets.
3. Generates monthly revenue and expenditure guideline reports.
4. Processes monthly / quarterly and annual sales and use tax
5. Reconciles the bank accounts.
6. Prepares quarterly finance report (1st, 2nd & 3rd – Annual Financial Statement serves as 4th quarter).

REFERENCE INFORMATION:
When the segregation of accounting functions is not possible due to the size of the entity, management should constantly be aware of this condition. The concentration of duties and responsibilities in a single individual is not desirable from an accounting point of view. Additional internal control policies and procedures should be used to compensate for the lack of segregated duties.

Additional policies and procedures could include:

- A formal, numbered receipt book should be used for all receipts;
- Minutes should include the claim number of bills approved for payment;
- Invoices should be canceled to ensure they are not paid twice
- Town supervisors or city council members should determine that reports are submitted promptly, and are in agreement with cash balances and grant expenditures; and
- The town board or city council should adopt a formal conflicts of interest policy.

Date this Avoiding Pitfall was most recently published: 04/20/2018

CITY OF CHATFIELD SEGREGATION OF DUTIES PRACTICES (CONT.)

7. Assists Department Heads and City Clerk with annual budget.
8. Adds capital goods to fixed assets data base.
9. Processes quarterly water department sales and use tax.
10. Generates monthly Revolving Loan Fund receipt of payment and Payment Due report for EDA Consultant.
11. Has access to Root River State Bank On Line banking to provide enhanced internal control (along with City Clerk, Deputy Clerk, Assistant Deputy Clerk (s)).
12. Verifies ACH deposit amounts for Root River State Bank with

City Clerk

1. Processes receipts.
2. Processes utilities.
3. Processes the payroll, including payroll tax statements.
4. Has access to Root River State Bank On Line banking to provide enhanced internal control (along with City Clerk, Assistant Deputy Clerk(s) and Finance Director).
5. Provides receipt report for Revolving Loan Fund payments.

Deputy Clerk

6. Processes receipts.
7. Processes utilities.
8. Processes the payroll, including payroll tax statements.
9. Has access to Root River State Bank On Line banking to provide enhanced internal control (along with City Clerk, Assistant Deputy Clerk(s) and Finance Director).
10. Provides receipt report for Revolving Loan Fund payments.

Assistant Deputy Clerk

1. Processes recurring / utility disbursements into Fund Accounting.
2. Mails all checks for payments.
3. Routinely process payroll cycle for staff cross training.
4. Routinely process utility receipts & monthly billing cycle for staff cross training.
5. Receives and distributes all incoming mail.
6. Reconciles petty cash fund monthly.
7. Files claim vouchers.

All Department Heads

1. Review all bills for appropriateness / receipt of services or merchandise, initial for authorization and provide expenditure code for process according to where the service or merchandise was budgeted (or forward electronically with notations to Finance Director).
2. Review detailed claim listing in each agenda packet showing the vendor to be paid, the amount, the fund being charged along with a brief description of the expense.
3. Develops first draft of departmental budgets.

4. Accountability to approved departmental budgets in purchasing decisions and in preparing check request vouchers / invoices with the proper account code.

INTERNAL CONTROL TOPIC: REVENUE MANAGEMENT POLICY

REFERENCE INFORMATION:

Internal control is necessary for cash receipts to safeguard the assets of the city and to ensure that all cash funds intended for the city is received, promptly deposited, properly recorded, reconciled, and kept under adequate security.

CITY OF CHATFIELD RECEIPT | REVENUE MANAGEMENT PRACTICES

SEGREGATION OF DUTIES –

No financial transaction shall be handled by only one person from beginning to end.

1. The Deputy Clerk is the primary person and is backed up by the Assistant Deputy Clerk(s) to receive all incoming mail.
2. The Deputy Clerks are responsible for receiving all payments to the city, whether by mail or in person. Physical receipts will be provided on all cash sales. In the absence of the Deputy Clerks, the Finance Director or City Clerk may receive cash payments.
3. The Deputy Clerk and Assistant Deputy Clerk(s) are responsible for coding and keying the receipt batches in the accounting software, processes the deposits by preparing the deposit slip and delivering the deposit to the bank. In the absence of the Deputy Clerk or Assistant Deputy Clerks, the deposits are delivered to the bank by the Finance Director, or the City Clerk.
4. The Finance Director makes sure each receipt batch is balanced in the accounting software and posts the receipt batches.
5. Financial reports (Revenue & Expenditure Guideline Reports) are prepared by the Finance Director and distributed to the heads of each department monthly. The Revenue & Expenditure Reports and the Bank Reconciliation Spreadsheet showing the cash balances of each fund are distributed to the City Clerk Administrator each month. A quarterly report is prepared and distributed to City Council, which provides the Budget to Actual comparisons of the Revenues and Expenditures, the investment maturity and performance information as well as the cash balances in each institution (1st, 2nd & 3rd quarter, the Audited Financial Statement fulfills 4th quarter/ year end reporting).

CITY OF CHATFIELD RECEIPT | REVENUE MANAGEMENT PRACTICES (CONT.)

SEGREGATION OF DUTIES (CONT.) –

6. Invoices for utility billing are prepared by the **City Clerk**, Deputy Clerk or Assistant Deputy Clerk through the Utility Billing Software. Invoices for Chatfield Ambulance Services are prepared by the Assistant Deputy Clerk through coordination with the contracted billing service (Expert billing). Invoices for Fire Services provided are prepared by the **City Clerk**, Deputy Clerk or Assistant Deputy Clerk through the Fund Accounting invoicing module, tickets / citations serve as the invoice for the Police Department. Annual Rural Fire and Ambulance invoices are prepared by the **Finance Director, City Clerk**, Deputy Clerk or Assistant Deputy Clerk utilizing the Fund Accounting invoicing module and distributed by the Fire Chief at the annual Rural Fire Board Meeting. Other receivables invoicing is processed by the **City Clerk**, Deputy Clerk, Assistant Deputy Clerk or Finance Director utilizing the Fund Accounting invoicing module. Electronic copies of the Fund Accounting invoices are saved to the accounts receivable folder on the network. Revolving Loan Fund payments are process via ACH transactions through Root River State Bank on a monthly basis (only a couple of the loans continue to pay via check as they were in place prior to the new required ACH process).
7. Utility billing is done monthly. The **City Clerk**, Deputy Clerk or Assistant Deputy Clerk calls for the electronic reads of the meters and downloads the information. Banyon software is used for utility billing. Exception reports are generated for readings out of the normal range (too low, too high). The Deputy Clerk or **Assistant Deputy Clerk** works with the Public Works employees to recheck each of these accounts. Invoices are generated out of the Banyon Utility Billing software. Payments come through the mail, a drop box, in cash at the counter, EFT payments as well as electronic submission through the web store and are handled as described below.

CITY OF CHATFIELD RECEIPT | REVENUE MANAGEMENT PRACTICES (CONT.)

ACCOUNTING CONTROLS –

1. All payments made to the city are keyed into the Banyon software by the Finance Director, City Clerk, Deputy Clerk or Assistant Deputy Clerk (Utility Billing or Fund Accounting). The Fund Accounting software generates transaction numbers for each transaction and batch. The Finance Director posts and clears the batches according to daily transaction report from the Root River State Bank on line banking inquiry.
2. Receipts batches for each deposit are keyed into the accounting software which includes, receipt date, the amount of the receipt, a description of the item or service being paid for, and the revenue account the revenue is being allocated to. Each receipt batch matches a deposit on the bank statement and is cleared by the Finance Director during the daily reconciliation.
3. All cash receipts (other than utilities) contain a signature, or at least the initials of the staff member receiving the payment (typically the Deputy Clerks). A sequentially number two part receipt is provided. The first part is given to the payer; the second part is retained by the City. An accounting of cash or check received will be recorded on the receipt and include the check number if applicable.
4. A signed or initialed copy of a utility billing invoice is provided by staff to utility bill payers paying in cash. The City Clerk, Deputy Clerk or Assistant Deputy Clerk, keys the payments into the Utility Billing software crediting each account and prepares a deposit for each batch. The Utility Billing software passes a batch electronically to the Fund Accounting software. These batches match the deposits on the Bank Statement and are cleared by the Finance Director during the daily reconciliation.
5. Receipts are typically deposited in the city's bank account on a daily basis. Under no circumstances shall payments, whether by cash or other instrument, be kept longer than one week.

REFERENCE COLUMN

CITY OF CHATFIELD RECEIPT | REVENUE MANAGEMENT
PRACTICES (CONT.)

ACCOUNTING CONTROLS (CONT.) –

6. A receipt drawer is kept for cash receipts in a locked cabinet at the counter in the main City Clerks Office. This office is also locked after hours.
7. The Finance Director, City Clerk, Deputy Clerk or Assistant Deputy Clerk is responsible for processing the receipt of funds received via electronic payments (RevTrack Webstore, MyRec pool payments, Minnesota Management & Budget, County Settlements, Revolving Loan Fund Payments, Utility Bill payments, etc.) Transactions are processed on a daily basis. These deposits are reconciled like the other utility receipts matching deposits daily to the Root River State Bank transaction report.

Cash disbursement credit card / fuel card into merged into Expense Management Jan 2023-----

INTERNAL CONTROL TOPIC: EXPENSE MANAGEMENT POLICY

REFERENCE INFORMATION:

Internal control is necessary for cash disbursements to safeguard the assets of the city and to ensure that all cash funds are disbursed only upon proper authorization of management for valid government purposes, and that all disbursements are properly recorded.

MN State Auditor: 2023 Avoiding
Pitfall: Electronic Funds Transfers

CITY OF CHATFIELD GENERAL DISBURSEMENT | EXPENSE MANAGEMENT PRACTICES

SEGREGATION OF DUTIES –

No financial transaction shall be handled by only one person from beginning to end.

1. Each department makes purchases for the operational needs of their department on behalf of the City of Chatfield in compliance with the departmental practices, statutory requirements, as well as opinions and recommendations of the State Auditor and according to the League of Minnesota Public Purchase Expenditures publication.
2. All checks shall require two signatures with the exception of ACH payroll checks administered by automatic deposit ACH and EFT transactions for the IRS, State of Minnesota, PERA, and other payroll vendor liabilities, and administrative fees: preferably the Mayor and either the City Administrator, City Clerk, Finance Director, or Deputy Clerk. Due to administrative requirements, in the absence of the Mayor, or Vice-Mayor, the City Clerk may use the Mayor's signature stamp along with authorizing initials and another authorized signer. Infrequently, but in order to meet routine administrative processes, two authorized representatives from the Clerk's department may sign a check for such items as postage, or an administrative transaction previously approved by council for a deposit or delivery, in the absence of the City Clerk Administrator.
 - a. Electronic Fund Transfers: Local governments may use electronic fund transfers to pay vendor claims, instead of checks. Electronic funds transfers may also be used to purchase and sell investments.
 - o Those authorized to process payments & investment activity by electronic fund transfers are the authorized signers for each institution.
 - o The individual initiating the transfer must be identified and documented in the transactions audit trail paperwork and receive a second authorization from those on the authorized signers for the banking institution the funds are being disbursed from.
 - o Documentation confirming the transaction, must be made within one business day of the transaction; and
 - o A list of all electronic funds transfers (e-checks in Fund Accounting) must be included in the claims listings at the next regular meeting.

Reference column

3. Invoices are received through central mail at the City Clerks office. The Assistant Deputy Clerk distributes the invoices to the appropriate Department Head. Utility / recurring monthly vendor invoices are coded and keyed by the Assistant Deputy Clerk.
4. Invoices shall be reviewed, and appropriate general ledger codes applied by the department head and or designated staff member.
5. Upon timely submission of claims by each department (by Wednesday morning prior to the second and fourth Monday of the month), the Finance Director and Assistant Deputy Clerk will review all claims for accuracy and record them into the accounting system. In the absence of the Finance Director or Assistant Deputy Clerk, the Deputy Clerk or City Clerk may record payments. Most claims submitted for payment shall be authorized (physically signed off on, or by e-mail notifications) by the appropriate department. Exceptions to this include local operating supply vendors, and the utility / monthly recurring bills.
6. All claims batches are reviewed by the Finance Director or Assistant Deputy Clerk and reports of claims to be paid are prepared for the City Council packets. Expenditures that were administratively authorized and processed in order to meet a payment deadline, were previously approved by Council display with a preprinted electronic check number on the claims listings.
7. The department heads review these claims listings for accuracy and the City Council will approve all claims paid and to be paid. Claims listings reports are submitted at each City Council meeting.
8. The Finance Director prints the checks. In the absence of the Finance Director, the Assistant Deputy Clerk, Deputy Clerk or City Clerk may print checks. Pre-numbered checks are kept in the main office of the City Clerk and signed out by payables batch.
9. The Finance Director prepares and endorses the checks with the first signature. The checks are placed in the Mayors mailbox for endorsing after approved by City Council. If any claim is not approved for payment the Mayor pulls the check and does not sign it.
10. The Finance Director voids any checks in the software that were not approved.
11. Properly signed and approved checks and remittance advice are prepared for mailing by the Assistant Deputy Clerk, the Finance Director, or the Deputy Clerk and the vouchers with supporting documentation area filed alphabetically by vendor name.

REFERENCE COLUMN

CITY OF CHATFIELD GENERAL DISBURSEMENT | EXPENSE
MANAGEMENT PRACTICES (CONT.)

SEGREGATION OF DUTIES (CONT.) –

12. The Finance Director reconciles the bank statements monthly. The bank reconciliation spreadsheet is distributed to the City Administrator Clerk with the Revenue & Expenditure Reports and the spreadsheet showing the cash balances of each fund.
13. Financial reports (Revenue & Expenditure Guideline Reports) are prepared by the Finance Director and distributed to the heads of each department monthly.
14. A quarterly report is prepared and distributed to City Council, which provides the annualized budget to actual comparisons of the revenues and expenditures, the investment maturity and performance information as well as the cash balances in each institution. This is completed for first, second and third quarter. The annual financial reports prepared by the external auditor is the fourth quarter report.

CITY OF CHATFIELD GENERAL DISBURSEMENT | EXPENSE
MANAGEMENT PRACTICES (CONT.)

ACCOUNTING CONTROLS –

The following common internal controls relate to paying bills;

1. All disbursements, except those from petty cash, will be made by pre-numbered checks, or ach banking methods.
2. It is not permissible to draw checks payable to Cash.
3. Under no circumstances will blank checks be signed in advance.
4. A disbursement claim voucher shall be prepared for each invoice or request for reimbursement. Detailed receipts are required for all purchases (dates and description of all merchandise or services purchased) that details the payee, amount to be paid, description of expense account to be charged, authorization signature (most invoices), and be accompanied with related source documents. *If a receipt is not provided, is misplaced or lost, staff will provide an e-mail or create a detailed memo receipt listing the merchandise or services purchased with an explanation of the missing receipt. This practice is expected to be an exception but is an accommodation for times when receipt printers are out of paper or e-mails are not received.*

Reference Column

CITY OF CHATFIELD ~~CASH~~ CASH GENERAL DISBURSEMENT | EXPENSE
MANAGEMENT PRACTICES (CONT.)
ACCOUNTING CONTROLS (CONT.) –

5. Expenditures must be approved in advance by authorized persons.
6. All signed checks will be mailed promptly by the Assistant Deputy Clerk, Finance Director, Deputy Clerk or City Clerk.
7. The check number and date will be recorded on each claim voucher (with attached invoices) as the checks are prepared for mailing and the check stub will be attached.
8. Invoices and requests for reimbursement are reviewed for accuracy and reasonableness as they are reviewed within the department or as they are keyed into the accounting system. Employee reimbursable expenses must contain itemized receipts or documentation of trip purpose and date for mileage reimbursement.
9. The monthly bank reconciliation details the check number, check date and amount for all cleared and outstanding checks for the month and is filed along with the Bank Reconciliation spreadsheet and a copy of each bank statement.
10. Unpaid invoices are routed by each department to the Finance Director or Assistant Deputy Clerk where they are maintained in an unpaid claim file. Unpaid invoices shall be processed promptly as to avoid incurring late or past due charges.
11. Advance payments to employees or vendors shall be recorded as receivables in the general ledger.
12. Expense reports for travel related expenses shall be submitted on a timely basis.
13. Checks by which claims are paid shall have printed on the reverse side, above the space for endorsement: “The undersigned payee, in endorsing this order check, declares that the same is received in payment of a true, just and correct claim against the City and that no part has heretofore been paid.

Reference Column

MN State Auditor Statement of Position (State of Minnesota – Office of the State Auditor-2007-1005, February 2014)

Cities have authority to make purchases using credit cards issued to the public entity. The statutes authorizing credit card use by public entities restrict the use of credit cards to purchases for the public entity. No personal use of the credit card is permitted.

According to Minnesota law, credit cards should only be used by those employees and officers otherwise authorized to make purchases. If the public entity does not authorize a credit card purchase, the officer or employee who made the purchase becomes personally liable for the amount of the purchase.

Purchases made with the credit card must be consistent with other state law. For example, under Minnesota law, claims presented for payment must be in writing and itemized. Monthly statements received from a credit card company lack sufficient detail to comply with these statutory requirements. As a result, public entities using credit cards must retain the invoices and receipts needed to support the items charged in the bill from the credit card company. Similarly, listing only the credit card company on a claims list would merely identify the method of payment. It does not identify the vendors providing the goods and services, as required by law.

The authority to use credit cards does not authorize the creation of a new form of debt for the public entity. The statutes governing the issuance of debt by a public entity add a number of restrictions to the issuance of any obligation. The credit card statutes simply authorize another method of payment. Therefore, the public entity's governing board must adopt a policy of paying off the credit card charges on a monthly basis.

Some public entities have obtained debit cards instead of or in addition to credit cards. While entities have the authority to make purchases using credit cards, the authority to use debit cards is less clear. Debit cards allow funds to be immediately withdrawn from the entity's financial account, provide fewer protections than credit cards provide, and circumvent statutory claims approval safeguards. We recommend that entities use credit cards, and not debit cards, to make purchases for the public entity.

The ability to use a credit card for small purchases in the ordinary course of business offers many advantages. However, the ability of the card holder to make the public entity liable for an improper or illegal purchase in an inherent risk associated with credit cards. Compliance with statutory requirements and the adoption of and adherence to a policy implementing further internal controls will greatly reduce the public entity's exposure to loss of public funds through theft or misuse of the credit card.

CITY OF CHATFIELD GENERAL DISBURSEMENT | EXPENSE MANAGEMENT PRACTICES (CONT.)

GENERAL CREDIT & FUEL CARD PRACTICES

(US BANK ONE CARD PROGRAM PRACTICES | PROCEDURES IN NEXT SECTION)

Credit cards, (and/or fuel cards) are issued for use by staff, for official company use only on an as needed basis.

This policy applies to all employed staff of the City of Chatfield. Additionally, this policy applies to all usage of the company issued credit/debit and fuel cards

This policy specifies the use of, eligibility, responsibilities, and restrictions on the use of credit cards, debit card and fuel cards issued by the City of Chatfield.

The city utilizes;

- the Cenex Voyager Fleet fuel program
- the US Bank One Card Purchasing (Credit) program
- and also has a Kwik Trip house account (card is on site in Chatfield) for water, and other work-related food purchases, and pet food purchases for the pound

ROLES | RESPONSIBILITIES

MANAGEMENT –

The City Council, department heads and staff are provided with a detailed listing of expenditures in the agenda packets as a review process. The claims listing details the charges that have been made to Cenex, Kwik Trip, & US Bank. These vendors issue itemized monthly statements, and the city makes payment in full by check.

- The Finance Director, **Deputy Clerk or Assistant Deputy Clerk** issue and track the cards to departmental employees/city vehicles and the department heads provide training on authorized uses.
- Ensure correct accounting, procurement and taxation practices are applied.

Reference Column

CITY OF CHATFIELD GENERAL DISBURSEMENT | EXPENSE
MANAGEMENT PRACTICES (CONT.)

GENERAL CREDIT & FUEL CARD PRACTICES (CONT.)

(US BANK ONE CARD PROGRAM PRACTICES | PROCEDURES IN NEXT SECTION)

STAFF –

- Staff will be accountable for expenditures and must keep cards secure while on their person.
- Report any loss or theft immediately to Department Head and City Clerk's office.
- Staff will ensure correct procedures for use of all cards issued and that all receipts for purchases are returned to Finance at the City Clerk's office.
- Cards are to be returned to Department Heads immediately upon termination or notification to terminate employment.
- Violation of this usage policy may result in cancellation of the credit/debit card, formal reprimand and/or termination.

AUTHORIZED USES-

- Cards should only be used where it is necessary to pay for goods and services immediately rather than on an established account with the supplier.
- The Cenex program is the Voyager Fleet Card Account. The account limit is ~~\$7,500~~ **\$10,000** (verified 08/08/2023 – increased when PD transitioned from Wright Express). The cards are issued to a vehicle and drivers are set up with PINS. The cards are able to be used for fuel at any Voyager network participant.
- The account limit at Kwik Trip is ~~\$2,000~~ **\$2,600** (verified 2023 per statement) and alcohol and tobacco purchases are prohibited. There is an instore card which requires a pin for purchases ~~and there are 2 data tracker cards kept in the petty cash box.~~
 - **Two gas/convenience store accounts are maintained to serves as redundancy for emergency situations where one account works and the other doesn't or one or the other stations is not available).**
- Typical uses of the company issued cards are for; gas for city vehicles and equipment, gas for personal vehicles when used and documented usage is for official company business. lodging, on line payments for training, licenses/fees and vendors that do not establish accounts or will not be used frequently and require immediate payment or other expenses when the PO process is not possible due to timing.

Reference Column

CITY OF CHATFIELD GENERAL DISBURSEMENT | EXPENSE
MANAGEMENT PRACTICES (CONT.)

GENERAL CREDIT & FUEL CARD PRACTICES (CONT.)

(US BANK ONE CARD PROGRAM PRACTICES | PROCEDURES IN NEXT SECTION)

UNAUTHORIZED USES

- Any personal charge whatsoever, including but not limited to personal meals, personal telephone usage and movie rentals included in lodging bills associated with official business purposes.
- Purchases where an existing account with the supplier exists.
- In the case of fuel cards, restricted purchases include.
- Anything other than fuel, oil and or emergency mechanical repairs for the vehicle or department assigned to the fuel card, (note that the departments are authorized with the use of a pin to make in store purchases at Kwik Trip for water, and other work-related food purchases, and pet food purchases for the pound).
- Not to be used for any private purchases such as fuel, oil and/or emergency mechanical repairs for the employees personal or any non-work-related vehicle.
- Alcohol and tobacco products are prohibited.
- Cash advances on all credit cards are prohibited.
- If an employee who is authorized on behalf of the city has charges that are disallowed and are not repaid prior to the credit card billing date, the city will have a lien on the employee's wages, including final pay.

Violations

Violations of this usage policy may result in cancellation of the credit/debit card, formal reprimand and / or termination.

Documentation

Cenex Receipts

Transactions at the pump using the departmental vehicle card with a pin print on a detail report from Cenex.

In store purchases on the general city card require a signature and a notation of the department the expense gets allocated to.

Purchases from the AG store for lime and fertilizer need to be turned into accounts payable as CHS does not provide a copy of these receipts with the monthly statement.

Kwik Trip Receipts

Kwik Trip is used for high octane gas for specialty equipment, water and food purchases for authorized departmental needs. These purchases are made using the in store account card with a departmental pin. All receipts for Kwik Trip purchases must be submitted to accounts payable in order to fulfill documentation requirements.

Reference Column

CITY OF CHATFIELD GENERAL DISBURSEMENT | EXPENSE
MANAGEMENT PRACTICES (CONT.)

GENERAL CREDIT & FUEL CARD PRACTICES (CONT.)

(US BANK ONE CARD PROGRAM PRACTICES | PROCEDURES IN NEXT SECTION)

Procedure / Practices

1. The City has credit cards.
2. Public Works, Police, Ambulance, and Fire Department use credit cards for gas purchases at Kwik Trip and Cenex Greenway. Each department / vehicle as individual Cenex Voyager Fleet Cards. The Kwik Trip card is kept in the store and requires a departmental pin code to be entered.
3. The cards are to be used for official city business only; no personal purchases/charges are allowed.
4. Department Heads are responsible for verifying and approving purchases for their departments. They are asked to get printed confirmation / detailed receipts of all purchases.
5. Department Heads are then responsible for appropriately processing each invoice with the expense codes and submitting the invoice in a timely manner for processing.
6. The Deputy Clerk I, or Finance Director / Accounts Payable processes the credit cards like any other invoice.
7. Lost or stolen credit cards or numbers are to be reported to the Department Head immediately.

Reference Column

CITY OF CHATFIELD GENERAL DISBURSEMENT | EXPENSE
MANAGEMENT PRACTICES (CONT.)

US BANK ONE CARD PROGRAM PRACTICES | PROCEDURES

US BANK ONE CARD PURCHASING CARD OVERVIEW

The US Bank One Card provides staff with a method of payment where a tax exempt house account does not exist, or where on line payment is required.

US Bank One Card Benefits

The One Card concept is to offer a means to charge purchases to the City using a secure process with authorization and security levels pre-determined for each cardholder.

Cardholders will be able to obtain goods and services in a quick and convenient way within the system's controls.

US Bank One Card Definitions

The System Administrator is: The City Clerk

The Alternate Administrator: The Deputy Clerk

The Program Administrator: The Finance Director

Statement Cycle End Date: 25th day of the Month

Settlement Method: To be paid by check

US Bank Card Program Responsibilities

The success of the US Bank One card system depends on both cardholders and supervisors.

The following are several key areas that are required of **cardholders**:

- Responsibility lies with the cardholder to be informed of the City's expense management policy and procedure.
- Ensure that the US Bank One Card is used for appropriate City purchases and that the purchase meets the public purpose requirement (must benefit the community as a whole, be directly related to functions of the government, and does not have as its primary objective the benefit of a private interest.
- Cardholder should be cognizant of the annual departmental budget and understand the limitations of the City expense management policy.
- Sign the back of the card.
- Ensure that the US Bank One Card is kept secure and that all transactions are signed by the Card holder.
- Ensure that charges are not split to avoid the single-purchase dollar limit.
- Ensure that problems with a billing are resolved with the vendor.

Reference Column

CITY OF CHATFIELD GENERAL DISBURSEMENT | EXPENSE
MANAGEMENT PRACTICES (CONT.)

US BANK ONE CARD PROGRAM PRACTICES | PROCEDURES (CONT.)

US BANK ONE CARD PURCHASING CARD OVERVIEW (CONT.)

US Bank Card Program Responsibilities (Cont.)

- Complete the below process for purchases:
 - On the 26th of the month log on and print the transaction summary report for the prior months purchases (or use the US Bank Excel expense form), attach the detail receipts, document the appropriate expense code on the summary report, and a brief description of the purpose of the purchase. Turn the paperwork into the Finance Director.
 - Sign the claim.
 - Have supervisor sign/approve the claim (when purchase made by non-supervisor).
 - Ensure that the original detailed itemized receipts are attached to the claim form.
 - The transaction summary report or expense forms for purchases are to be turned in monthly to Finance Director on the 26th of the month.
 - If possible sign in on a weekly basis to verify charges to the account are valid and that no unauthorized charges are being made. This will be accomplished by signing onto the cardholder's online account and viewing current activity and statements. See "How Do I View Purchases /Statements Online?" in the Table of Contents for directions on how to access your online account.

Reference Column

CITY OF CHATFIELD GENERAL DISBURSEMENT | EXPENSE
MANAGEMENT PRACTICES (CONT.)

US BANK ONE CARD PROGRAM PRACTICES | PROCEDURES (CONT.)

US BANK ONE CARD PURCHASING CARD OVERVIEW (CONT.)

US Bank Card Program Responsibilities (Cont.)

The following are several key areas that require supervisor |
department head support:

- Review and approve US Bank claim forms to ensure that all transactions and charges are accurate, appropriate, and serve a public purpose. Note any account code reclassifications or changes in account distribution.
- Ensure that the Purchasing Card is not used to make personal purchases.
- Ensure that the Purchasing Card requirements contained in this User Manual are met.
- Ensure that the Card is used only by the Cardholder.

REQUESTING A NEW PURCHASING CARD OBTAINED?

- A Department Head is required to approve the issuance of a Purchasing Card. An e-mail must be sent to the Program Administrator by the approving supervisor with the following information:
 - Employee Name
 - Department
 - Date of Birth
 - Last 4 of social security
- Once the Program Administrator (Finance Director) receives the card, the employee must meet with the Finance Director to go over the Card User Manual/Policy. The policy must be signed by the cardholder before the card is given to the employee.

All billing, account coding, and card changes questions/ requests should be referred to the Program Administrator | Finance Director.

Reference Column

CITY OF CHATFIELD GENERAL DISBURSEMENT | EXPENSE
MANAGEMENT PRACTICES (CONT.)

US BANK ONE CARD PROGRAM PRACTICES | PROCEDURES (CONT.)

US BANK ONE CARD PURCHASING CARD OVERVIEW (CONT.)

Does the purchasing card need to be activated?

Yes, by calling 1-800-344-5696. The ID code is the last four digits of the cardholder's SSN.

Does my purchasing card have a PIN?

After issuance of the Purchasing Card, the cardholder will receive a PIN number in the mail. Note that City Purchasing Cards are not debit cards and will not allow the cardholder to get cash back. Purchasing Cards issued after October 2015 have the EMV Chip technology. The pin number is for the sole purpose of utilizing the EMV Chip technology. At merchant terminals that accept EMV Chip technology, you will be instructed to "dip" the card in the terminal. The card is inserted and left in the terminal as you complete the purchase. There are two ways in which the transaction can be authenticated, either through using the PIN number or by signature.

Your PIN cannot be changed. If you forget or lose your PIN, you will have to contact customer service and request a reminder be sent. Until you receive the reminder, you will be allowed to conduct transactions using your signature.

Reference Column

CITY OF CHATFIELD GENERAL DISBURSEMENT | EXPENSE
MANAGEMENT PRACTICES (CONT.)

US BANK ONE CARD PROGRAM PRACTICES | PROCEDURES (CONT.)

US BANK ONE CARD PURCHASING CARD OVERVIEW (CONT.)

For whom can a cardholder make purchases?

The cardholder may make City business-related purchases within their department or division.

What commodities/goods or services can be purchased using a purchasing card?

The purchasing card may be used to purchase only goods or services that are for the express use by the City of Chatfield. In addition, certain products or services may be excluded when the card is programmed by the System Administrator. Purchase of alcohol and tobacco is strictly prohibited.

Is personal use of the purchasing card allowable?

No, use of the purchasing card for personal purchases is strictly prohibited. If the Purchasing card is inadvertently used for a personal purchase, call the Program Administrator | Finance Director immediately.

Can the Card be shared?

The only person entitled to use a Purchasing card is the person whose name appears on the face of the card. Do not lend the Purchasing card to another person for use. Card transactions can only be signed for by the cardholder. Use by anyone other than the cardholder is prohibited.

Which Vendors May I Use?

The Purchasing card is a Visa Card product. Any supplier or merchant who accepts Visa can accept the Purchasing card. The City has the ability to restrict purchases from certain vendors, based on merchant category codes, which would result in the Purchasing card being declined at that vendor's place of business. The Purchasing card may be used for in-store purchases, as well as phone, internet or mail orders.

Where economically feasible, local vendors should be used.

Reference Column

CITY OF CHATFIELD GENERAL DISBURSEMENT | EXPENSE
MANAGEMENT PRACTICES (CONT.)

US BANK ONE CARD PROGRAM PRACTICES | PROCEDURES (CONT.)

US BANK ONE CARD PURCHASING CARD OVERVIEW (CONT.)

What if the Vendor Does Not Accept credit cards?

If a supplier or merchant does not accept the card, use another method of procurement such as a purchase order or invoice/claim form.

What are the Guidelines for Sales Tax?

The City qualifies for the local government sales tax exemption; therefore, purchases are tax exempt. If there are questions regarding sales tax, contact the Program Administrator | Finance Director.

The cardholder is responsible for making sure sales tax is not charged on exempt purchases. If necessary, the cardholder should provide the merchant with a Certificate of Exemption (or ST3 form); this document can be obtained from the Forms / Applications section of the city website (<https://www.ci.chatfield.mn.us/forms>) and clicking on ST-3 Certificate of Exemption under Sales Tax | Tax Payer Forms.

What about receipts for Memberships, Dues, Subscriptions, and Conference Registrations?

For purchases in which a receipt is not normally given, use a copy of the completed application or order form as a receipt. It should clearly indicate payment was made using the Purchasing card. The receipt must be itemized.

If the agency will send an invoice and allow payment by check that method should be utilized rather than incur a fee for utilizing a credit card.

How are charges paid?

Actual payment will be made by monthly by check. Each billing cycle ends on the 25th of each month.

Reference Column

CITY OF CHATFIELD GENERAL DISBURSEMENT | EXPENSE
MANAGEMENT PRACTICES (CONT.)

US BANK ONE CARD PROGRAM PRACTICES | PROCEDURES (CONT.)

US BANK ONE CARD PURCHASING CARD OVERVIEW (CONT.)

What if there is an incorrect billing?

If you have a problem with a billing, try to reach an immediate resolution with the supplier or merchant that provided the item. Your receipt will be the key document. The supplier or merchant should issue credit for a billing correction. This credit may appear on the next weekly statement.

If an agreement cannot be reached with the supplier or merchant, the next step is to contact the Program Administrator | Finance Director.

What if a receipt is lost?

On the rare occasion that a receipt is lost, a written US Bank claim form describing the transaction in detail and reason for no receipt should be sent through the claims process identified above under cardholder responsibilities. Repeated loss of itemized receipts can result in loss of purchasing card privileges.

Can telephone orders be charged?

Order may be made by telephone but be as cautious as you would be if you were giving out your personal credit card number. Request an itemized receipt from the merchant.

What about purchases on the internet?

Using purchasing cards to make transactions over the Internet has risks associated with it. Therefore, when making purchases on the internet be sure to order using a secure site. Request an itemized receipt from the merchant.

What if the card is lost or stolen?

Keep the purchasing card in a secure location. It needs to be accessible only to the cardholder. If the purchasing card is lost or stolen, contact U.S. Bank immediately by calling the 24-hour telephone number (1-800-344-5696). Immediately after reporting the loss to U.S. Bank, you must inform the Program Administrator | Finance Director and your supervisor. It is extremely important to act promptly in the event of a lost or stolen card to avoid City liability for fraudulent transactions.

Reference Column

CITY OF CHATFIELD GENERAL DISBURSEMENT | EXPENSE
MANAGEMENT PRACTICES (CONT.)

US BANK ONE CARD PROGRAM PRACTICES | PROCEDURES (CONT.)

US BANK ONE CARD PURCHASING CARD OVERVIEW (CONT.)

What if the cardholder is no longer employed by the City?

The cardholder must turn in the purchasing card to their department head, who is responsible for canceling the card by calling the Program Administrator | Finance Director and returning the card to the System Administrator (supervisors or cardholders should not destroy purchasing cards – cards must be given to the Program Administrator | Finance Director to destroy).

How are purchases returned?

If a purchased item is to be returned, follow the supplier or merchants return procedures.

How do I view purchases / statements online?

You will need to register for an online account in order to view your statement:

1. Go to <https://access.usbank.com>
2. Click the “Register Online” link
3. When asked your company short name, enter **CHAT**
4. Your account number is the 16 digit number on your credit card
5. Enter the remaining required information
6. Click register this account
7. You will then be asked to create a username (7-12 characters in length) and password (8-20 characters in length with at least one alpha, one numeric, and one symbol). Keep this information in a secure location.
8. Complete the user authentication questions. These will be used to authenticate your account if you forget your User ID or Password.
9. Enter your contact information; use your City information and the City Hall address.
10. You should now be registered to view your account activity online.

To view account activity:

1. Go to <https://access.usbank.com>
2. Enter your information to sign in:
 - a. Organization Short Name: **CHAT**
 - b. User ID and Password will be those that you created when you registered.
3. Once you are signed into your account you will have the option on the right to view your statement.
4. Check your account activity frequently so unauthorized charges can be identified as soon as possible.

Reference Column

CITY OF CHATFIELD GENERAL DISBURSEMENT | EXPENSE
MANAGEMENT PRACTICES (CONT.)

US BANK ONE CARD PROGRAM PRACTICES | PROCEDURES (CONT.)

US BANK ONE CARD PURCHASING CARD OVERVIEW (CONT.)

Will use affect personal credit?

Use of the card will not have any impact on the cardholder's personal credit rating.

What transactions are unauthorized?

Cards may not be used for excluded categories of goods and services or purchases split to remain under the single transaction dollar limit amount. The issuer provides the City with detailed transaction reports of exceptions by cardholder. These reports list purchases that attempted to exceed the set limits and failed the electronic authorization at the merchant's register. These reports also list purchases with may have been split to avoid dollar control limits. See purchasing policy for detailed information on authorized/unauthorized purchases and purchasing limits.

Per state statute, all purchases by credit card must comply with all statutes, rules or City policies. If a cardholder makes or directs a purchase by credit card that is not approved by the City Council, the employee is personally liable for the amount of the purchase.

What would cause loss of privileges?

Failure to comply with the provisions of this user manual may result in-revocation of card privileges. The following are some examples of violations:

- Splitting of charges to avoid the single purchase dollar limit
- Loaning the card to another employee for use
- Failure to submit charges for payment in a timely manner
- Failure to provide itemized receipts for charges
- The second time an inadvertent personal purchase occurs
- The second time the attached receipts do not match the item description or dollar amounts listed on the monthly statement of account

Intentional misuse of the card for personal purchases is considered theft and will be punishable up to and including termination and/or criminal prosecution.

US BANK ONE CARD PROGRAM PRACTICES | PROCEDURES (CONT.)

US BANK ONE CARD PURCHASING CARD OVERVIEW ACKNOWLEDGEMENT FOR FILE

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Acknowledgement

Cardholder Printed Name: _____

I have read the City of Chatfield Purchasing Card System User Manual / Policy. I understand the contents and agree to comply with the said policy.

Cardholder Signature: _____

Date: _____

Program Administrator Signature: _____

INTERNAL CONTROL TOPIC: RECONCILIATIONS

Reference Column

CITY OF CHATFIELD SEGREGATION OF DUTIES —

No financial transaction shall be handled by only one person from beginning to end.

1. The daily deposits and withdrawals are retrieved from the Root River State Bank on line banking application by the Finance Director. The on line banking transactions are also accessible by the Deputy Clerks and the City Clerk
 - a. The daily ACH deposits are routed to the Assistant Deputy Clerks for receipt processing in fund accounting software.
 - b. The Finance Director, posts and clears deposits and withdrawals daily in Banyon Fund Accounting based on the daily transaction report from Root River State Bank on line banking and is reconciled on a daily cash balance spreadsheet.
2. On the first (or first business day) of the month Bank Statements are retrieved electronically from the on line banking systems. to reconcile the bank accounts using the approved reconciliation spread sheet by the Finance Director. Paper copies are also received in the mail from Root River State Bank in the main office of the City Clerk by the Deputy Clerks and distributed to the Finance Director a few days later.
3. The Finance Director reconciles each bank account by the 5th of the month. . In the event it is not possible to reconcile the bank statements in this period of time, the City Clerk **Administrator** should be notified.
4. Daily reconciliation / transaction review includes the following;
 - a. Matching the activity dates and amounts of deposits and withdrawals on the daily transaction report from Root River State Bank online banking transaction report with the corresponding transactions in the Fund Accounting software. Matching receipts are posted and checks / withdrawals are cleared in the Fund Accounting bank reconciliation app and on the Check register with cash balance spreadsheet.
 - b. Outstanding transactions on the bank report or unmatched receipt batches or withdrawals are investigated.

Reference Column

INTERNAL CONTROL TOPIC : RECONCILIATIONS (CONT.)

CITY OF CHATFIELD SEGREGATION OF DUTIES –(CONT.)

5. At month end when reconciling the bank accounts, the following items are reviewed:
 - a. A comparison of the monthly totals of amounts of daily deposits and withdrawals as shown on the banks statements with the corresponding transactions in the Fund Accounting software.
 - b. An accounting of the sequence of checks both from month to month and within a month.
 - c. Review check images on the monthly statement for authorized signatures, irregular endorsements and alterations.
 - d. Investigate checks which have been outstanding over six months.
 - e. The completed monthly bank reconciliation spreadsheet along the revenue and expenditure guideline reports are distributed to the City Clerk Administrator from the Finance Director.

INTERNAL CONTROL TOPIC: PETTY CASH

Internal control is necessary for petty cash to safeguard the assets of the city and to ensure an appropriate level of fiduciary responsibility by providing guidelines for the use, safekeeping and reporting standards of petty cash funds, while allowing for small purchases or reimbursements to be made from the petty cash funds.

SEGREGATION OF DUTIES –

A petty cash fund of \$150.00 is available to City staff to make small purchases or reimbursements, in cash, for items such as postage due, shipping costs, office supplies, etc., using the following guidelines:

1. The **City Clerk** / Deputy Clerk will act as the custodian of the Petty Cash Fund, backed up by the Assistant Deputy Clerk, the Finance Director or City Clerk. The City Clerk staff are the only people to have access to the cash as custodians of the fund.
2. The **City Clerk** / Deputy Clerk maintains primary custody of the petty cash and the Assistant Deputy Clerk is responsible for reconciling the fund on a monthly basis and processing a payables voucher to replenish the fund.
3. The Assistant Deputy Clerk will cash the reimbursement check and validate the balance of the fund when replenishing the funds.
4. The Department Heads and City Council approves all withdrawals from the Petty Cash Fund as part of the accounts payable process by reviewing the Claims Listings. The funds are replenished with a check payable to the City of Chatfield – Petty Cash, signed by the Finance Director and Mayor (two acceptable signatures) and endorsed by the Deputy Clerk.

Note: Use of the petty cash fund is uncommon. The US Bank Card program accommodates most of the transactions that this fund was previously used for.

ACCOUNTING CONTROLS –

The following guidelines will govern the use and keeping of the Petty Cash:

1. The City Hall Petty Cash will not exceed the amount of \$150.00.
2. The Petty Cash Fund will be kept in a cash box at the front desk.
3. Payment for items costing over \$25 should be made by check rather than reimbursed through petty cash.
4. Withdrawals from the Petty Cash Fund will be made only by completing a Petty Cash Claim Voucher. The voucher must state the date and amount of the withdrawal, the reason the cash was withdrawn, the expenditure account to which the expense should be charged, and the name and signature of the person receiving the cash.
5. Supporting documentation (receipts, invoices) must be attached to each voucher.

6. The Assistant Deputy Clerk will reconcile and replenish the Petty Cash Fund on a monthly basis.
7. No staff member shall be allowed to cash personal checks, including pay checks, in the petty cash or change funds of the city.
8. Under no circumstances shall staff members be permitted to borrow from petty cash or change funds for personal use.

INTERNAL CONTROL TOPIC: FIXED ASSET MANAGEMENT

Reference Column

Internal control is necessary for fixed assets to safeguard the assets of the city and to ensure an appropriate level of fiduciary responsibility by providing guidelines for the use, safekeeping and reporting standards of fixed assets.

A Capital Goods policy was adopted September 8, 2008 which establishes \$2,500 / greater than one year life threshold for capitalizing the fixed asset purchases. The recommendation is to increase this threshold to \$5,000 upon the next policy review in January of 2023.

ACCOUNTING CONTROLS –

The following guidelines will govern the use and tracking of the City's fixed assets:

1. Each department will maintain a log or database of the fixed assets purchased for their use.
2. The log should contain the following information
 - a. Date of purchase
 - b. Description of item purchased
 - c. Received by donation or purchased
 - d. Cost or fair market value on the date of receipt
 - e. Donor of funding source, if applicable
 - f. Funding source restrictions on use or disposition
 - g. Identification / serial number (if appropriate)
 - h. Items with a cost / value of \$5,000 or greater will be entered in the Fund Accounting Fixed Asset module for depreciation purposes.
 - i. Vendor name and address
 - j. Warranty period
 - k. Inventory tag number (all fixed assets should be tagged with a unique identifying number).
3. At least annually, each department will conduct a physical inspection and inventory should be taken of all fixed assets. Disposition of items need to be reported to the Finance director for removal / disposition from the City's fixed assets.

INTERNAL CONTROL TOPIC: PAYROLL

Reference Column

SEGREGATION OF DUTIES –

1. The City Clerk **Administrator** is charged with the responsibility of maintaining personnel files on staff persons.
2. Each personnel file should contain the following information, at a minimum.
 - a. Employment application or resume
 - b. Date of employment
 - c. Position, pay rates and changes therein
 - d. Authorization of payroll deductions
 - e. Earnings records for non-active employees
 - f. W-4 Form, withholding authorization
 - g. I-9 Immigration Form
 - h. Termination data, when applicable.
3. All personnel records are to be kept locked in a file cabinet in the City Clerk's **Administrators** office.

PAYROLL PREPARATION AND TIMEKEEPING –

1. Timesheets are to be prepared by all staff persons and submitted every two weeks on the Monday following each pay period. Time should be recorded on a daily basis and, if in writing, be completed in ink. Correction fluid should never be used in preparing timesheets. If an error needs to be corrected, a line should be drawn through the item and the corrected information recorded, and initialed by the person who made the correction.
2. Time sheets are to include specific time in / out each morning, lunch period and end of day.
3. Time sheets are to be signed by the staff person and his / her supervisor
4. All approved time sheets should be submitted to the **City Clerk** ~~Deputy Clerk~~ for processing in the Banyon Data Systems Payroll module, recording time worked, sick time used, vacation time used.

The **Deputy Clerk** / Assistant Deputy Clerk routinely process a pay group cycle to retain proficiency and cross training of staff to reduce vulnerabilities for the city.
5. Paychecks are processed by utilizing automatic deposit into the staff persons checking or savings account(s).

INTERNAL CONTROL TOPIC: COMPUTER SYSTEM BACK UP PROCEDURES

Reference Column

1. The computer network is routinely backed up according to the Managed IT agreement with Marco for all network drives.
2. Staff is discouraged from saving information to their individual hard drives and if they do so are accountable for creating a back up of these files.
3. Annual backups of the Banyon year end programs are retained on the network files.

INTERNAL CONTROL TOPIC: ANNUAL CHECKLIST

THE FOLLOWING ITEMS WILL BE ADDRESSED ON AN ANNUAL BASIS —

These policies should **reviewed and distributed to the Personnel Budget committee** in November and **distributed to the City Council & Staff** for review at the annual meeting – (first meeting in January).

- Authorized depositories shall be adopted
- Authorized bank account signers will be reviewed and updated if necessary
 - Root River State Bank;
 - John McBroom – Mayor
 - Paul Novotny – Vice Mayor
 - Michele Peterson – City Administrator
 - Kay Wangen – Finance Director
 - Beth Carlson – City Clerk
 - Desiree Schlichter – Assistant Deputy Clerk
 - Julie Elder – Assistant Deputy Clerk
 - F&M Community Bank;
 - Michele Peterson – City Administrator
 - Kay Wangen – Finance Director
 - Beth Carlson – City Clerk
 - Desiree Schlichter – Assistant Deputy Clerk
 - Northland Securities –
 - Michele Peterson – City Administrator
 - Kay Wangen – Finance Director
 - Beth Carlson – City Clerk
- The meeting schedule for council, boards and committees will be established
- Costs of services will be reviewed and adopted
- Finance & Accounting policies and procedures will be reviewed;
 - Annual Budget Policy
 - Capital Outlay Plan
 - Debt Management Policy
 - Fund Balance Policy
 - Investment Management Policy
 - Accounting Procedures | Practices & Internal Control
- **Certified Copies of Accounting Procedures & Internal Controls Distributed to banks that distribute city funds electronically to pay vendor claims or purchase and sell investments.**
 - Root River State Bank
 - F&M Community Bank
 - Northland Securities
 - **Source: Avoiding Pitfalls MN State Auditor: Electronic Funds Transfers 2023**

DOCUMENT REVISION TRACKING

Annual Budget Policy Adopted by City Council September 08, 2008

Expense Management Policy Adopted by City Council May 22, 2017

Purchasing Card (US Bank Card) Policy Adopted by City Council July 22, 2019

Annual Budget Policy Revisions Adopted by City Council August 23, 2021

Adopted by City Council January 09, 2023 – Incorporate Expense Management & Purchasing Card Policy
Accounting Procedures and Internal Controls – Reviewed January 2024

Certified Copy of Delegation of Authority to disburse funds electronically;

- Root River State Bank
- F&M Community Bank
- Northland Securities

Official City Seal

City Clerk Signature & Date



Focus on New Laws: Public Safety Aid

August 7, 2023

One-time aid for cities for a public safety purpose will be sent out on Dec. 26, 2023.

The 2023 omnibus tax bill included \$210 million in one-time public safety aid that will be distributed on Dec. 26, 2023, to cities across the state. Unlike local government aid, this aid cannot be used for general purposes, but instead must be used to “provide public safety.”

Eligible and ineligible uses of the aid

The authorizing language in the law provides categories of eligible spending, but the list is not exhaustive. It is also important to note that while legislators expected most of these funds to be used for police and fire expenses, it was intentionally written in a broad way that would allow for other uses as well. The allowable uses named in the new law include:

- Community violence prevention.
- Community intervention programs.
- Community engagement.
- Mental health crisis responses.
- Victim services.
- Training programs.
- First responder wellness.
- Equipment related to fire, rescue, and emergency services.
- Other personnel or equipment costs.

The law also specifically calls out certain uses that are not eligible. Ineligible uses include:

- Employer contribution to the Public Employees Retirement Association Police and Fire Plan if the local unit received police state aid in 2022.
- Any costs associated with alleged wrongdoing or misconduct.
- Purchase of an armored or tactical vehicle or substantially similar vehicle.
- Purchase of tear gas, chemical munitions, or substantially similar items.
- Costs of construction, reconstruction, remodeling, expansion, or improvement of a police station, including related facilities. “Related facilities” includes access roads, lighting, sidewalks, and utility components on or adjacent to the property on which the police station is located that are necessary for access to and use of the building.

Considerations for cities

Even with these categories of eligible and ineligible uses, there are many areas of spending that cities may have eligibility questions about. Unlike federal money from the American Rescue Plan Act or Coronavirus Aid, Relief, and Economic Security Act, its unlikely additional guidance will be provided to further clarify how these funds can and cannot be used.

Cities will have to consult with their attorneys and use their best judgment to determine whether a use that is not clearly defined as eligible or ineligible is allowable. However, any use must be to provide public safety. And like with any state funds, their use must be closely tracked and documented in order to respond to any future inquiries or evaluations of this program.

Frequently asked questions about the public safety aid

Will my city have to apply to the state in order to claim the public safety aid funds? -

No, cities do not have to apply for the funds.

When will we receive the public safety aid funds? -

The funds will be distributed on Dec. 26, 2023.

How much public safety aid money will my city receive? When will we know the certifiable amount? +

A PDF of the [estimated public safety aid for cities and eligible towns](#) can be viewed via the Minnesota Legislature's website. The Minnesota Department of Revenue must certify the aid amount to be paid by Sept. 1, 2023.

If my city does not pay for a police or fire

department can we still use these public safety aid funds? —

Yes, as long as the funds are used to provide public safety. The Legislature intentionally allowed uses broadly so that cities could use them for expenses other than police and fire.

My city contracts with our county to provide public safety services, can these funds be used to pay the county for those services? —

Yes, that is an eligible use of the public safety aid.

By what date does my city have to spend these funds? —

There is not a spend-by date requirement in the law. However, the funds must be used to provide public safety and cannot act as an ongoing reserve.

What are the reporting requirements for these funds? —

There are no specific reporting requirements in the law. However, as with all public expenditures, cities must carefully document how the public safety aid funds are spent and be ready to provide that information if asked.

What should my city do if it's unclear whether a specific expenditure qualifies as an eligible or —

ineligible use of the public safety aid?

If cities are considering a use that does not clearly fall within an eligible or ineligible use, they should consult with their attorney.

Can these funds be used to reimburse the city for _ expenses purchased prior to Dec. 26, 2023?

No, a reimbursement for expenses made prior to receiving the funds would not qualify as an eligible use of this public safety aid.

How does the formula work that determines how _ much aid each city receives?

The Legislature appropriated \$210 million to cities for public safety aid. That \$210 million was divided on a per capita basis.

[Read more news articles](#)

Your LMC Resource

Nathan Jesson

Intergovernmental Relations Representative

(651) 281-1262

njesson@lmc.org

**Estimated Public Safety Aid for Cities and Eligible Towns
(per SF1811, DE amendment)**

Bjorn Arneson, SCRFA
bjorn.arneson@senate.mn

City/Town	Total 2021 population	Share of total aid-eligible pop	Aid amount
BROOK PARK	133	0.00%	5,820
BROOKLYN CENTER	33,585	0.70%	1,469,650
BROOKLYN PARK	86,106	1.79%	3,767,922
BROOKS	119	0.00%	5,207
BROOKSTON	117	0.00%	5,120
BROOTEN	634	0.01%	27,743
BROWERVILLE	833	0.02%	36,451
BROWNS VALLEY	551	0.01%	24,111
BROWNSDALE	644	0.01%	28,181
BROWNSVILLE	565	0.01%	24,724
BROWNTON	731	0.02%	31,988
BRUNO	87	0.00%	3,807
BUCKMAN	310	0.01%	13,565
BUFFALO	16,378	0.34%	716,687
BUFFALO LAKE	656	0.01%	28,706
BUHL	957	0.02%	41,877
BURNSVILLE	64,627	1.35%	2,828,020
BURTRUM	122	0.00%	5,339
BUTTERFIELD	596	0.01%	26,080
BYRON	6,553	0.14%	286,753
CALEDONIA	2,841	0.06%	124,320
CALLAWAY	193	0.00%	8,446
CALUMET	331	0.01%	14,484
CAMBRIDGE	9,862	0.21%	431,552
CAMPBELL	159	0.00%	6,958
CANBY	1,662	0.03%	72,728
CANNON FALLS	4,236	0.09%	185,364
CANTON	312	0.01%	13,653
CARLOS	498	0.01%	21,792
CARLTON	961	0.02%	42,053
CARVER	5,861	0.12%	256,472
CASS LAKE	687	0.01%	30,063
CEDAR MILLS	63	0.00%	2,757
CENTER CITY	639	0.01%	27,962
CENTERVILLE	3,912	0.08%	171,186
CEYLON	301	0.01%	13,171
CHAMPLIN	23,786	0.50%	1,040,854
CHANDLER	276	0.01%	12,078
CHANHASSEN	25,936	0.54%	1,134,936
CHASKA	27,931	0.58%	1,222,236
CHATFIELD	3,010	0.06%	131,715
CHICKAMAW BEACH	130	0.00%	5,689
CHISAGO CITY	5,632	0.12%	246,451
CHISHOLM	4,732	0.10%	207,068
CHOKIO	396	0.01%	17,329
CIRCLE PINES	4,974	0.10%	217,658



Memorandum

To: Personnel / Budget Committee

From: Michele Peterson

Date: October 23, 2023

Law Enforcement Grade Consideration

- 1) 2023 Salary figures provided by Law Enforcement Labor Services show that the Chatfield Police Department is currently averaging 4.56% below the minimum wage average, and 7.54% below the maximum wage average ranges for comparable size cities.
- 2) Although a 4% increase has been approved for 2024, this would still leave Chatfield at an estimated 3.89% below minimum average, and 6.9% below maximum average for comparable size cities.
- 3) A review of the salary survey from similar size cities in greater Minnesota supports these findings as well.
- 4) Although there is an agreement in place through 2024, we should consider an amendment to the agreement sooner due to the following:
 - a. There are currently over 180 different postings across the state looking to hire police officers. Within our region there are 9 departments looking to hire multiple officers, with an additional 9 departments looking for one full-time officer.
 - b. The job market is extremely competitive, and therefore we need to position ourselves to be able to retain the officers we currently have, as well as attract quality candidates should the need arise.
 - c. We need to invest in our department, most specifically our people if we want to have a strong and resilient department.
- 5) The current grade scale for the city of Chatfield puts the officers at a grade 6.
- 6) After conferring with Chief Fox, I would suggest that we move the officers to grade 7. Given the safety hazards of the position, as well as the judgement required to do this job, a grade 7 is appropriate.

-
- a. The suggestion would be to move each officer to the step which most closely reflects the current step wage, without moving backwards.
 - b. This change would put two officers at a step 5 for 2024, and our two newest officers at the minimum step at grade 7.
 - c. I would also recommend that there not be a step increase for the 2024 calendar year for the officers. Step increases would be reinstated in 2025. Any cost-of-living adjustments approved by the Council would also impact the officers for 2025.
 - d. This change would increase the salary line items for the Police Department by a total by .5% or \$2,490 above the preliminary budget amount for 2024.
- 7) Additionally, I would recommend that the part-time wage be amended to reflect the minimum wage under grade 7. This would potentially increase other officer's willingness to serve as a part-time officer when needed for vacations, or time out of the office for our full-time staff.
 - 8) It is estimated that these changes would put Chatfield 6.68% above the average minimum wage, and 3.34% above the average maximum wage.

Memorandum

To: Public Works Committee

From: Michele Peterson

Date: November 6, 2023

2024 Fee Schedule

The proposed changes include the following:

- Based on the recommendations from the city's financial planner the water rates have been increased by 15%. This impacts usage, base rate, and bulk water fees.
- In addition, I would recommend increasing the reconnection fee from \$15.00 to \$75.00 should a property owner request the water be "turned off" for a reason outside of a repair.
- Regarding monthly base charges, the current ordinance reads as follows:

Sec. 30-46. - Payment schedule and terms.

The fees and charges made by the city to any person for the use of the city's water supply services, sanitary sewer system and sewage disposal plant shall be due and payable monthly. Billing will be done by the city or its authorized agent on a monthly basis. All bills not paid within 30 days from the date of each monthly billing will incur a monthly service charge in an amount set from time to time by city council resolution.

I understand this to mean that all properties that are served with water and/or sewer services should be receiving monthly base charges. The base charge should be applied to all properties that have access to services. Charges should remain in place for each calendar month regardless of usage.

- Amendments will also be suggested to amend the Zoning Permit Fee Schedule, those changes will be reflected in the final version to be presented in December. Planning & Zoning will first need to evaluate and make a recommendation on the fees.

ORDINANCE NO. 467

AN ORDINANCE RELATING TO FEES CHARGED BY THE CITY OF CHATFIELD FOR VARIOUS PURPOSES, LICENSES OR SERVICES, AMENDING SECTION 11-1 OF CHAPTER 11 OF SUBPART A OF THE CHATFIELD CITY.

THE COUNCIL OF THE CITY OF CHATFIELD, MINNESOTA, DOES ORDAIN:

Section 1. The provisions of the Chatfield City Code, Chapter 11, Section 11-1, Subpart A that is entitled to read: “**Particular Fees, Fines and Charges**” are amended as follows:

City of Chatfield 2024 Schedule of Fees	
\$30.00	Returned Check / Payment Fee / etc.
3.5%	Surcharge Fees for Credit & Debit Card Transactions except for swimming pool transactions.
Copying / Printing	
\$.25 / .10*	8.5 x 11 (one sided) Black & White *if customer provides paper
\$.50 / .25*	8.5 x 11 (one sided) Color *if customer provides paper
\$.25 / .10*	11 x 17 (one sided) Black & White *if customer provides paper
\$.50 / .25*	11 x 17 (one sided) Color *if customer provides paper
\$.25 page	Fax (Receive)
\$1.00 flat	Fax (Send)
\$.10	Folding per page stuffed in envelopes
\$10.00	CCTV DVD
Camping	
\$15.00	Per night camping fee at Shady Oak Park
\$90.00	Per week camping fee at Shady Oak Park
Swimming Pool	
\$170.00	Family Membership
\$120.00	Individual Membership
\$7.00	Afternoon Daily Fee
\$5.00	Evening Daily
\$3.00	Sunday Family Swim – Afternoon
\$5.00	Midnight Swim
\$50.00	Swimming Lessons – Members
\$60.00	Swimming Lessons – Non-Members
\$100.00	Swimming Lessons – Private , Participants must be from one nuclear family, must be at the same swimming level, with a maximum of 2 individuals.
\$25.00	Toddler Time – Members
\$30.00	Toddler Time – Non-Members
\$60.00	Lap Swim – Season
\$6.00	Lap Swim – Per Session
\$50.00	Water Aerobics – Season
\$6.00	Water Aerobics per Session
\$150.00	One hour rental of entire facility, up to 25 swimmers plus \$2.00 for additional swimmers.
\$200.00	Two-hour rental of entire facility, up to 25 swimmers plus \$4.00 for additional swimmers.

\$250.00	Three-hour rental of entire facility, up to 25 swimmers plus \$6.00 for additional swimmers.
\$100.00	Non-Refundable Deposit for Pool Rental, with exception for inclement weather.
Ambulance Fees	
\$800.00	BLS Transport
\$900.00	BLS Transport Outside PSA
\$15.00	Per Loaded Mile
\$1,200.00	ALS Transport
\$1,300.00	ALS Transport Outside PSA
\$1,200.00	EMT Class (Test Not Included)
\$300.00	EMT Refresher Class (Test Not Included)
\$100.00	Practical Test
\$50.00	First Aid for Daycare (Includes CPR)
\$45.00/ 75.00	CPR or First Aid Class / Both
Street	
\$3,000.00	Street Excavation Deposit to ensure restoration of street surface Decrease from \$4,000
\$150.00	Hourly rate for cleaning streets related to private contractor/construction
Water Rates	
\$18.60	Base Monthly Fee Increase from \$16.17
\$6.49	Per 1,000 gallons > 2,000 \$.00649 per gallon Increase from \$5.64 / \$.00564
\$9.95	Bulk Water per 1,000 gallons \$.00995 per gallon Increase from \$8.65 / \$.00865
\$75.00	Reconnection Fee Increase from \$15.00
\$1,600.00	Residential Hook-up Fee. Non-residential fees are based on an equivalency calculation
\$3,000.00	Water Access Charge/Acre
Sanitary Sewer Rates	
\$48.55	Base Monthly Fee
\$10.42	Per 1,000 gallons > 2,000 \$.01042 per gallon
\$64.16	Non-Metered Monthly Fee based on 3,500 gallons
\$2,600.00	Residential Hook-up Fee. Non-residential fees are based on an equivalency calculation
\$2,000.00	Sewer Access Charge/Acre
Apartment Building Hook-up Fees (Combined water & sewer)	
\$4,200.00	2 Unit Building
\$6,300.00	3 – 4 Unit Building
\$8,400.00	5 – 8 Unit Building
\$10,500.00	9 – 12 Unit Building
\$12,600.00	13 – 16 Unit Building
\$14,700.00	17 – 20 Unit Building
\$16,800.00	21 – 24 Unit Building
Residential Solid Waste	
\$8.80	Garbage Service Per Month
\$6.62	Recycling Fee
Variable	Fuel Surcharge by Calculation each month
\$2.15 or \$2.33 with SW Tax	Yellow Bag – 33 Gallon
\$1.50 or \$1.62 with SW Tax	Yellow Bag – 15 Gallon
Electric Vehicle Charger	

\$.20	Per kwh
Cat / Dog Licenses	
\$15.00	Neutered/Spayed
\$25.00	Non-Neutered/Spayed
\$15.00	Impound / Release Fee (Minimum)
\$10.00	Penalty for Late Licensure
\$3.00	Pound Fee (Daily, after the first 24 hours)
Adult Entertainment License Fees	
\$750.00	Initial Investigation Application Fee for Adult Entertainment Business License
Alcohol License Fees	
\$125.00	3.2 Beer License (Annual)
\$50.00	Intoxicating Liquor License Investigation Fee (Individual)
\$100.00	Intoxicating Liquor License Investigation Fee (Corporation)
\$100.00	Off-Sale License
\$300.00	Club License
\$100.00	Wine License On-Sale
\$75.00	Temporary On-Sale License
\$900.00	On-Sale License for applicant who has not held a license in the city for a period of 12 full consecutive months prior to making application.
\$900.00	Renewal Fee for establishments with liquor sales between \$0 - \$19,999.99.
\$1,100.00	Renewal Fee for establishments with liquor sales between \$20,000 - \$39,999.99.
\$1,300.00	Renewal Fee for establishments with liquor sales between \$40,000 - \$59,999.99.
\$1,500.00	Renewal Fee for establishments with liquor sales between \$60,000 - \$79,999.99.
\$1,700.00	Renewal Fee for establishments with liquor sales between \$80,000 - \$99,999.99.
\$1,900.00	Renewal Fee for establishments with liquor sales between \$100,000 - \$119,999.99.
\$2,100.00	Renewal Fee for establishments with liquor sales between \$120,000 - \$139,999.99.
\$2,300.00	Renewal Fee for establishments with liquor sales between \$140,000 - \$159,999.99.
\$2,500.00	Renewal Fee for establishments with liquor sales between \$160,000 - \$179,999.99.
\$2,700.00	Renewal Fee for establishments with liquor sales between \$180,000 - \$199,999.99.
\$2,900.00	Renewal Fee for establishments with liquor sales greater than \$200,000.00.
No Charge	Sunday Liquor Surcharge
Merchant Fees	
\$20.00	Transient Merchant Fee
Fire Department Charges	
\$500.00 +	Fire Call + Cost of Supplies
Cost of Supplies +	Fire Call
\$250/hr. after 1 st hr.	Fire Call
\$500.00	Fire Department response to an auto accident
Zoning / Building Permit / Development Fees	
\$300 + \$20 per lot	General Development Plan Filing
\$400 + \$20 per lot	Preliminary Plat Filing
\$150 + \$20 per lot	Final Plat Filing
1/10 th acre per Unit	Parkland Dedication Fee is 1/10 th of an acre per residential unit or the cash equivalent, whichever is chosen by the city.
\$375.00	Variance Application
\$250.00	Conditional Use Permit Application

\$375.00	Zoning Amendment Application
As charged by County	Addressing Fee, per lot – Olmsted County
As charged by County	Addressing Fee, per lot – Fillmore County
\$10.00	Permit Application for use of a semi-trailer for storage
By Appl.	Sign Permit Application
By Appl.	Building Permit
By Appl.	Plan Review Fee
By Appl.	Mechanical Permit Fee
By Appl.	Plumbing Permit Fee
\$55.00	Water Heater Permit Fee
\$55.00	Fireplace Permit Fee
\$55.00	Roofing Permit Fee
\$55.00	Siding Permit Fee
\$55.00	Furnace Permit Fee (\$1.00 State Surcharge is included)
\$55.00	Air Conditioner Permit Fee (\$1.00 State Surcharge is included)
\$55.00	Install Gas Pipeline Fee (\$1.00 State Surcharge is included)
\$55.00	Mfg. Home Demolition (\$1.00 State Surcharge is included)
\$55.00	Window / Door Replacement Fee (\$1.00 State Surcharge is included)
\$55.00	Demolition Permits
Administrative Fines	
\$100.00	Prohibited damage or destruction of trees/flora
\$100.00	Unauthorized services and meter tampering
\$100.00	Unlawful deposit of waste or refuse
\$50.00	Dog or Cat Licenses; certain animals prohibited
\$25.00	Number of Dogs/Cats exceeding the number allowed
\$25.00	Animals running at large
\$25.00	Interference with apprehension of animals/tampering with impound
\$25.00	Animal Causing Disturbance
\$50.00	Abusing animals
\$50.00	Condition of premises; Excrement
\$25.00	U-turns prohibited at certain intersections (Main & First, Second, Third & Fourth)
\$50.00	Violation of traffic control devices
\$100.00	Violation of traffic control devices in a manner endangering public safety
\$50.00	Curfew violation (juvenile petty offense)
\$50.00	Legal Guardian allowing curfew violation
\$50.00	Excessive noise prohibited, generally
\$50.00	Loud Parties prohibited
\$100.00	Public Nuisance, generally
\$100.00	Discharging firearms in city
\$50.00	Violation of building codes, including permits, fees, etc.
\$25.00	Location/permanent use: parking recreational equipment on city streets, 48-hour limit
\$25.00	Winter Parking Violation
Police Administration	
\$10.00	Fingerprinting Applicant Card (Includes up to 2 cards for fee)
\$150.00	Standard Tow and Impound
Actual Cost	Extra Tow charge (any tow beyond standard)

\$20.00	Impound Fee (for any extra tow)
\$10.00	Storage-per day (after 1 st 24 hours)
No Charge	Copy of Reports: Less than 10 pages
\$.25 per page	Copy of Reports: 10 – 100 pages
Actual Cost	Copy of Reports: More than 100 pages (per statute)
\$20.00	Copy of Video Tape
\$15.00	Copy of DVD
\$10.00	Copy of Video Recording

Section 2. This ordinance shall be effective 30 days following its publication.
 Passed and adopted by the City Council of the City of Chatfield, Minnesota, this 11th day of
 December 2023.

 Attest: Its City Clerk

 Its Mayor

DRAFT