

**Watertown City Council**December 11<sup>th</sup>, 2018**Agenda Item: Electronic Funds Transfer Policy****Request for Action: Adopt resolution 2018-156, adopting the electronic funds transfer policy****Department: City Clerk Treasurer****Background:**

Due to increased reliance on technology for sending and receiving payments, the City of Watertown is recommending adoption of an Electronic Funds Transfer policy. The purpose of the policy is to set forth the circumstances in which the city may make electronic funds transfers. Minnesota Statute 471.38 states that a local government may make an electronic funds transfer for the following:

1. A claim payment from an imprest payroll bank account or investment of excess money;
2. For a payment of tax or aid anticipation certificates;
3. For a payment of contributions to pension or retirement fund;
4. For vendor payments; and
5. For payment of bond principal, bond interest and a fiscal agent service charge

The City of Watertown currently completes payment for all five transactions listed above. In order to stay compliant with Minnesota Statute, the city is proposing adoption of the Electronic Funds Transfer Policy as well as adding such language to the Financial Handbook. The Financial Handbook is under review and will be before Council during 1<sup>st</sup> quarter of 2019 for adoption. Any changes and or additions to the financial operations at the City of Watertown will be approved then.

In addition, the City will provide Bremer Bank and Citizens Alliance Bank with an "Electronic Funds Transfer Authorization Form" stating employees who are authorized to make electronic payments, bank wires, etc. This form will be updated annually and issued to the City's financial institutes.

**Attachments:**

Resolution 2018-156, Adopting the Electronic Funds Transfer Policy

Electronic Funds Transfer Policy

Electronic Funds Transfer Authorization Form

**CITY OF WATERTOWN  
RESOLUTION NO. 2018-156**

**RESOLUTION ADOPTING  
ELECTRONIC FUNDS TRANSFER POLICY**

**WHEREAS**, the City of Watertown (the “City”) desires to promote the faith and confidence of the residents of Watertown in its management of municipal finances; and

**WHEREAS**, the City wishes to clear direction for processes and procedures for carrying out electronic financial transactions on behalf of the City; and

**WHEREAS**, Minnesota Statute 471.38 subds. 3 and 3a states that a local government must follow a policy for issuing electronic funds transfers;

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Watertown, Minnesota, hereby approves the Electronic Funds Transfer policy as attached.

Adopted by the City Council of the City of Watertown this 11<sup>th</sup> day of December, 2018.

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Steve Washburn, Mayor

ATTEST: \_\_\_\_\_  
Lynn Tschudi, Clerk/Treasurer



## **CITY OF WATERTOWN ELECTRONIC FUNDS TRANSFER POLICY**

### **I. Purpose**

The purpose of this policy is to set forth the circumstances in which the City of Watertown may make electronic funds transfers.

### **II. Policy**

It is the policy of the City of Watertown to abide by Minnesota Statute § 471.38 when making an electronic funds transfer.

### **III. Transfers Allowed for Certain Purposes**

City of Watertown may make an electronic funds transfer for the following:

1. For a claim for a payment from an imprest payroll bank account or investment of excess money;
2. For a payment of contributions to pension or retirement funds; and
3. For vendor payments.

### **IV. Policy Controls**

City of Watertown will only make payments via electronic funds if the following policy controls are met:

1. The City Council must annually delegate the authority to make electronic funds transfers to the City Administrator, the Mayor, City Clerk and Deputy City Clerk;
2. The disbursing bank must keep on file a certified copy of the delegation of authority;
3. The initiator of the electronic transfer must be identified;
4. The initiator must document the request and obtain an approval from the City Administrator, City Clerk or Deputy City Clerk before initiating the transfer;

5. A written confirmation of the transaction within one business day
6. A list of all transactions made by electronic funds transfer must be submitted to the City Council at the next regular meeting after the transaction.

**V. Delegation of Authority**

The City Administrator of the City is designated as the business administrator of the City and is responsible for electronic funds transfers and activities under the direction of this policy. The City Administrator may delegate certain duties to appropriate staff, but shall remain responsible for the operation of the transfer program.

***Legal References:*** Minnesota Statute § 124E.16, subd. 1  
Minnesota Statute § 471.38, subds. 3 and 3a



## **ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM**

The City of Watertown has adopted an Electronic Funds Transfer Policy for 2018 as required per MN Statute 471.38. Council hereby authorizes the City Administrator, the Mayor, City Clerk/Treasurer and the City Deputy Clerk/Treasurer to make electronic funds transfers. These transfers can occur via bank wire or online banking. The City will maintain documentation of the electronic funds transfer according to retention practices.

Dated this 11<sup>th</sup> day of December, 2018.

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Mayor, Steve Washburn

ATTEST: \_\_\_\_\_  
Clerk/Treasurer, Lynn Tschudi