

**Resolution No. 0114-2026D**

**A RESOLUTION ADOPTING A POLICY ON PAYMENT ACCEPTANCE**

WHEREAS; the City of Frazee is responsible for maintaining accurate financial records and complying with standard municipal accounting, reporting, and auditing requirements; and

WHEREAS; such requirements necessitate the prompt processing and deposit of all payments received by the City; and

WHEREAS; accepting post-dated checks or holding checks for future deposit creates challenges to proper financial controls and audit compliance;

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Frazee, Minnesota, that:


1. The City of Frazee shall not accept post-dated checks for any payments owed to the City.
2. The City of Frazee shall not hold checks for future deposit under any circumstances.
3. All checks submitted to the City must be dated for the date on which they are presented.
4. Payments received by the City shall be processed and deposited promptly in accordance with standard financial and auditing procedures.
5. Payments submitted in violation of this policy shall be returned, and the payer must submit an acceptable form of payment to satisfy the obligation.

**BE IT FURTHER RESOLVED**, that acceptable forms of payment include cash, a check dated for the current date, or any other payment methods authorized by the City.

**BE IT FURTHER RESOLVED**, that this policy shall take effect immediately upon adoption and shall apply to all City departments and all payments made to the City of Frazee.

THEREFORE, BE IT KNOWN; Adoption of this resolution this 14<sup>th</sup> day of January, 2026 by the City Council of Frazee. With the following voting:

	Daggett	Froeber	Kemper	Rader	Sharp
Aye	X	X	X	X	X
Nay					
Abstain					
Absent					

  
Mike Sharp,  
Mayor

  
Stephanie Poegel,  
City Administrator

# Payment Acceptance Policy

## Version 1: Proposed 01-14-2026

### Purpose

To maintain sound fiscal control and ensure accurate, timely revenue collection, the City will not accept post-dated checks and will not delay or hold payments. This policy reduces risk, simplifies processing, and ensures clarity for both payers and municipal finance staff.

### Scope

Applies to all cashiers, utilities, departments, and divisions authorized to collect payments—whether in-person, by mail, or electronically.

### Definitions

- **Post-Dated Check:** A check dated for a future date other than the date of presentation. Under the Uniform Commercial Code (UCC), checks are legally *payable on demand*, regardless of date.
- **Payment Hold:** Any request to defer deposit or acceptance of payment beyond presented date.

### Policy Statements

- **No Acceptance of Post-Dated Checks**
  - Any check presented with a future date will be returned as **“Not Acceptable — Post-Dated”**. Payers must present a check dated on the date of presentation or an earlier date.
  - Accepting post-dated checks places undue burden on administrative processes and banking (e.g., potential overdrafts).
- **No Holds on Payments**
  - All payments—including checks, money orders, ACH, or credit cards—must be processed immediately or within the standard deposit timing required by the financial controls policy.

- No payment will be intentionally held at the request of payer or staff.
- **Returned/NSF Checks**
  - If a check bounces, standard returned check procedures apply—e.g., notification to payer, re-presentation, and NSF fees—consistent with municipal administrative and financial policies.

### **Procedures**

- **At Payment Intake**
  - Frontline staff must visually inspect check date.
  - If it's post-dated, refuse payment immediately and guide the payer to issue a current-dated form of payment.
- **Deposit/Clearing**
  - All accepted checks are recorded, prepared, and deposited typically by the next business day.
- **Remittance**
  - Do not delay issuing receipts or posting payments due to internal holds.

### **Responsibilities**

- **All Cashiers/Collectors** must enforce this policy uniformly.
- **Finance Department/Treasurer** ensures timely deposit, provides oversight, maintains returned check follow-up procedures, and includes relevant training in internal controls.
- **Oversight Body** (e.g., City Council) should review compliance during periodic financial policy audits.

### **Compliance & Oversight**

- Violation of this policy (accepting a post-dated check or placing payment on hold) may result in corrective action or discipline consistent with municipal regulations.
- The City Administrator will periodically report compliance, train staff, and make updates to this policy as needed.

### **Rationale**

- **Legal Consistency:** Under UCC, financial institutions treat checks as payable upon presentation; date does not determine banks' obligation.

- **Fiscal Responsibility:** Immediate processing ensures proper revenue tracking, budgeting, reconciliations, and audit readiness.
- **Risk Mitigation:** Reduces risk of overdrafts, stale checks, confusion, or manipulation.

This policy ensures sound financial control, legal compliance, prompt revenue collection, and transparent public service.

