



Town of Micro
Board of Commissioners Meeting AGENDA
Tuesday - March 11, 2025
7:00 p.m.
Micro Town Hall

1. CALL TO ORDER

- Call to Order
- Pledge of Allegiance
- Invocation

2. PUBLIC COMMENT

3. ADJUSTMENT/ADOPTION OF THE AGENDA

- a. Adjustments to the Agenda

- b. Adoption of the Agenda

POTENTIAL ACTION:

Adoption of Agenda

4. CONSENT AGENDA

(Items on the consent agenda are considered routine in nature or have been thoroughly discussed at previous meetings. Any member of the Board may request to have an item removed from the consent agenda for further discussion.)

- a. Draft Minutes
 - *February 11, 2025*

POTENTIAL ACTION:

Adoption of Consent Agenda as Presented

5. SPECIAL PRESENTATION/INTRODUCTIONS

6. FINANCIAL REPORT

- a. Financial Report

7. PLANNING BOARD REPORT

- a. Planning Board/BOA Report
Presenter: Planning Board Representative

8. OLD BUSINESS

- a. Resolution Adopting Personnel Policy
Presenter: Kimberly A. Moffett, Interim Town Clerk
 - *Red Line Version*
 - *Final Version*
 - *Resolution*

POTENTIAL ACTION:

Adoption of Resolution #2025-08

9. PUBLIC HEARINGS

10. NEW BUSINESS

- a. Planning Board/Board of Adjustment Appointments
Presenter: Kimberly A. Moffett, Interim Town Clerk
- *Memorandum*

POTENTIAL ACTION: Appointment of Members

- b. Resolution Adopting Cost Principles Policy (ARPA Funding Requirement)
Presenter: Kimberly A. Moffett, Interim Town Clerk
- *Resolution*

POTENTIAL ACTION: Adoption of Resolution #2025-11

- c. Resolution Adopting Internal Control Policy (ARPA Funding Requirement)
Presenter: Kimberly A. Moffett, Interim Town Clerk
- *Resolution*

POTENTIAL ACTION: Adoption of Resolution #2024-12

11. COMMISSIONER REPORTS

- a. Special Events Report
Presenter: Katy Garcia, Commissioner

12. CLOSED SESSION

13. ADJOURNMENT

- a. Adjourn the Meeting

POTENTIAL ACTION: Motion to Adjourn



**Town of Micro
Board of Commissioners Meeting MINUTES
Tuesday -February 11, 2025
7:00 p.m.
Micro Town Hall**

Elected Officials Present:

Marty Parnell, Mayor
Kevin Worley, Mayor Pro Tem
Tim Earp, Commissioner
Katie Garcia, Commissioner

Others Present:

Yiecenia Joyner, Deputy Clerk
Kimberly Moffett, Interim Town Clerk

1. CALL TO ORDER

- Call to Order
- Pledge of Allegiance
- Invocation

Mayor Parnell called the meeting to order at 7:00 p.m. He led everyone in the Pledge of Allegiance as well as offering the Invocation.

2. PUBLIC COMMENT

3. ADJUSTMENT/ADOPTION OF THE AGENDA

- a. Adjustments to the Agenda
- b. Adoption of the Agenda

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| <u>ACTION:</u> | Adoption of Agenda as Presented |
| Motion: | Mayor Pro Tem Worley |
| Second: | Commissioner Earp |
| Vote: | Unanimous |

4. CONSENT AGENDA

(Items on the consent agenda are considered routine in nature or have been thoroughly discussed at previous meetings. Any member of the Board may request to have an item removed from the consent agenda for further discussion.)

- a. Draft Minutes
 - January 14, 2025
 - January 28, 2025

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| <u>ACTION:</u> | Adoption of Consent Agenda as Presented |
| Motion: | Commissioner Garcia |
| Second: | Mayor Pro Tem Worley |
| Vote: | Unanimous |

5. SPECIAL PRESENTATION/INTRODUCTIONS

6. FINANCIAL REPORT

- a. Financial Report

7. PLANNING BOARD REPORT

- a. Planning Board/BOA Report
Presenter: Planning Board Representative

The Planning Board met on January 28, 2025. During the meeting information was provided regarding Down Zoning. Additionally, Mayor Parnell was present and provided the board with an update from the Board of Commissioners. He provided details about many issues including water and sewer. The Board was very appreciative of the report, and it was agreed this update would be provided to the Board on a quarterly basis.

8. OLD BUSINESS

- a. Resolution Adopting Personnel Policy
Presenter: Kimberly A. Moffett, Interim Town Clerk

The proposed policy was reviewed and several modifications were requested. It was agreed that a red line version would be created showing the proposed changes. This item will come back to the board at their March 11, 2025 meeting for review and possible adoption.

ACTION: Place on March 11, 2025 Agenda

9. PUBLIC HEARINGS

10. NEW BUSINESS

- a. Resolution Adopting Conflict of Interest Policy as Related to AIA-W-ARP-0037 & AIA-D-ARP-0038
Presenter: Kimberly A. Moffett, Interim Town Clerk

Ms. Moffett stated this Resolution was a requirement for all projects related to ARPA Funding.

ACTION: Adoption of Resolution #2025-09

Motion: Commissioner Earp
Second: Commissioner Garcia
Vote: Unanimous

- b. Resolution Adopting Non-Discrimination Policy as Related to AIA-W-ARP0037 & AIA-D-ARP-38
Presenter: Kimberly A. Moffett, Interim Town Clerk

Ms. Moffett stated this Resolution was a requirement for all projects related to ARPA Funding

ACTION: Adoption of Resolution #2024-10

Motion: Commissioner Earp
Second: Commissioner Garcia
Vote: Unanimous

11. COMMISSIONER REPORTS

- a. Special Events Report

Presenter: Katy Garcia, Commissioner

Commissioner Garcia reported that the Kingdom Builders will be holding an Easter Egg Hunt on April 12, 2025 in Jerome Park. The event will be held beginning at 10:00 a.m.

The 301 Yard Sale will be held on June 14-15, 2025. It is hoped we will be able to use the Community Center Building to house some yard sale vendor tables.

Mayor Parnell stated he would provide an update on the Community Center at the next board meeting.

12. CLOSED SESSION

13. ADJOURNMENT

- a. Adjourn the Meeting

With there being nothing further, the meeting was adjourned at 8:20 p.m.

ACTION:

Motion to Adjourn

Motion:

Mayor Pro Tem Worley

Second:

Commissioner Garcia

Vote:

Unanimous

Duly adopted this the 11th day of March, 2025 while in regular session.

Marty Parnell
Mayor

ATTEST:

Yiecenia Joyner
Deputy Town Clerk

Town of Micro
North Carolina
PERSONNEL POLICY

EFFECTIVE
[March 11, 2025](#)



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Table of Contents

| <u>Title</u> | <u>Page</u> |
|--|-------------|
| ARTICLE I. GENERAL PROVISIONS | 5 |
| Section 1. Purpose of the Policy | 5 |
| Section 2. At Will Employment | 5 |
| Section 3. Merit Principle | 5 |
| Section 4. Role of the Governing Body | 6 |
| Section 5. Role of the Mayor | 6 |
| Section 6. Role of the Human Resources Director | 6 |
| Section 7. Application of Policies, Plan, Rules, and Regulations | 7 |
| Section 8. Departmental Rules and Regulations | 7 |
| Section 9. Definitions | 7 |
| | |
| ARTICLE II. POSITION CLASSIFICATION PLAN | 10 |
| Section 1. Purpose | 10 |
| Section 2. Composition of the Position Classification Plan | 10 |
| Section 3. Use of the Position Classification Plan | 10 |
| Section 4. Administration of the Position Classification Plan | 11 |
| Section 5. Authorization of New Positions and the Position Classification Plan | 11 |
| Section 6. Request for Reclassification | 11 |
| | |
| ARTICLE III. THE PAY PLAN | 12 |
| Section 1. Definition | 12 |
| Section 2. Administration and Maintenance | 12 |
| Section 3. Starting Salaries | 12 |
| Section 4. Trainee Designation and Provisions | 13 |
| Section 5. Salary Effect of Promotions, Demotions, Transfers, And Reclassifications | 13 |
| Section 6. Salary Range Revisions | 15 |
| Section 7. Transition to a New Salary Plan | 15 |
| Section 8. In-Range Salary Adjustment | 15 |
| Section 9. Effective Date of Salary Changes | 16 |
| Section 10. Overtime/Compensatory Pay Provisions | 16 |
| Section 11. Call-back and Stand-by Pay | 17 |
| Section 12. Holiday Pay | 18 |
| | |
| Section 13. Payroll Deduction | 18 |
| Section 14. Hourly Rate of Pay | 18 |
| | |
| ARTICLE IV. RECRUITMENT AND EMPLOYMENT | 19 |
| Section 1. Equal Employment Opportunity Statement | 19 |
| Section 2. Recruitment, Selection and Appointment | 19 |
| Section 3. Probationary Period | 20 |
| Section 4. Promotion | 20 |
| Section 5. Demotion | 21 |
| Section 6. Lateral Transfer | 21 |

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| | |
|---|----|
| ARTICLE V. CONDITIONS OF EMPLOYMENT | 22 |
| Section 1. Work Schedule | 22 |
| Section 2. Political Activity | 22 |
| Section 3. Outside Employment | 22 |
| Section 4. Dual Employment | 23 |
| Section 5. Employment of Relatives | 23 |
| Section 6. Workplace Harassment Prohibited | 24 |
| Section 7. Solicitation and Acceptance of Gifts and Favors | 24 |
| Section 8. Performance Evaluation | 25 |
| Section 9. Safety | 25 |
| Section 10. Drug Free Workplace | 25 |
| Section 11. Internet and Email Policy | 25 |
| Section 12. Attendance | 26 |
| Section 13. Adverse Weather | 26 |
| | |
| ARTICLE VI. EMPLOYEE BENEFITS | 28 |
| Section 1. Eligibility | 28 |
| Section 2. Group Health and Hospitalization Insurance | 28 |
| Section 3. Retirement | 29 |
| Section 4. Social Security | 29 |
| Section 5. Workers' Compensation | 29 |
| Section 6. Unemployment Compensation | 30 |
| Section 7. Effective Date of Benefit Changes | 30 |
| Section 8. Law Enforcement Separation Allowance | 30 |
| | |
| ARTICLE VII. HOLIDAYS AND LEAVES OF ABSENCE | 32 |
| Section 1. Policy | 32 |
| Section 2. Holidays | 32 |
| Section 3. Holidays: Effect on Other Types of Leave | 32 |
| Section 4. Vacation/Personal Leave | 33 |
| Section 5. Vacation/Personal Leave: Use by Probationary Employees | 33 |
| Section 6. Vacation/Personal Leave: Accrual Rate | 33 |
| Section 7. Vacation/Personal Leave: Maximum Accumulation | 33 |
| Section 8. Vacation/Personal Leave: Manner of Taking | 34 |
| | |
| Section 9. Vacation/Personal Leave: Payment upon Separation | 34 |
| Section 10. Vacation/Personal Leave: Payment upon Death | 34 |
| Section 11. Sick Leave | 35 |
| Section 12. Sick Leave: Accrual Rate and Accumulation | 35 |
| Section 13. Transfer of Sick Leave from Previous Employer | 36 |
| Section 14. Sick Leave: Medical Certification | 36 |
| Section 15. Leave Pro-rated | 36 |
| Section 16. Family and Medical Leave | 37 |
| Section 17. Leave of Absence | 39 |
| Section 18. Leave Without Pay | 40 |
| Section 19. Workers' Compensation Leave | 40 |
| Section 20. Return to Work | 41 |

DRAFT

| | |
|--|----|
| Section 21. Military Leave | 43 |
| Section 22. Reinstatement Following Military Service | 44 |
| Section 23. Civil Leave | 44 |
| Section 24. Administrative Leave | 44 |
| Section 25. No Moonlighting During Leave | 45 |
| | |
| ARTICLE VIII. SEPARATION AND REINSTATEMENT | 46 |
| Section 1. Types of Separations | 46 |
| Section 2. Resignation | 46 |
| Section 3. Reduction in Force | 46 |
| Section 4. Voluntary Retirement | 47 |
| Section 5. Death | 47 |
| Section 6. Dismissal | 47 |
| Section 7. Reinstatement | 47 |
| Section 8. Rehiring | 47 |
| | |
| ARTICLE IX. DISCIPLINARY ACTIONS | 48 |
| Section 1. Policy | 48 |
| Section 2. Procedure | 48 |
| Section 3. Non-Disciplinary Suspension | 50 |
| Section 4. Rights of Appeal | 50 |
| Section 5. Administrative Guidelines | 51 |
| | |
| ARTICLE X. GRIEVANCE PROCEDURE | 54 |
| Section 1. Policy | 54 |
| Section 2. Grievance Defined | 54 |
| Section 3. Purposes of the Grievance Procedure | 54 |
| Section 4. Procedure | 55 |
| Section 5. Role of the Human Resources Director | 56 |
| Section 6. Grievance Procedure for Discrimination | 57 |

DRAFT

ARTICLE I. GENERAL PROVISIONS

Section 1. Purpose of the Policy

The purpose of this policy is to establish a just and consistent system for personnel administration, applicable to all employees of the Town under the supervision of the mayor. The authority for this policy derives from Chapter 160A, Article 7, of the North Carolina General Statutes.

None of the benefits or policies set forth in these policies are intended, because of their publication, to confer any rights or privileges upon employees or to entitle them to be or remain employed by the Town. The contents of this document are presented as a matter of information only.

These personnel policies are not a binding contract, but merely a set of guidelines for the implementation of personnel policies. The Town explicitly reserves the right to modify any of the provisions of these policies at any time and without any notice to employees.

Notwithstanding any of the provisions within these policies, employment may be terminated at any time, either by the employee or by the Town, with or without cause and without advance notice.

Section 2. At Will Employment

The employment relationship between the Town and the employee is terminable at the will of either at any time and with or without cause and with or without notice. No employee, officer, or representative of the Town has any authority to enter into any agreement or representation, verbally or in writing, which alters, amends, or contradicts this provision or the provisions in these policies. Any exception to this policy of at-will employment must be expressly authorized in writing, approved by the Governing Board and executed by the officers designated by the Governing Board.

Section 3. Merit Principle

The Town upholds a non-discriminatory policy, and no applicant for employment or current employee will face employment-related disadvantages or adverse treatment due to their race, color, religion, gender, national origin, political affiliation, sexual orientation, age, disability, genetic information, marital status, veteran status, or on the basis of actual or perceived gender identity. This commitment fosters an inclusive and diverse workforce, promoting equal opportunities for all individuals based solely on merit.

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Section 4. Role of the Governing Body

The Governing Body shall be responsible for establishing and approving personnel policies, the position classification and pay plan, and may change the policies and benefits as necessary. They also shall make and confirm appointments when so specified by the general statutes.

Section 5. Role of the Mayor

The mayor holds the responsibility of overseeing the personnel program and providing technical direction to the Governing Body. The role includes appointing, suspending, and removing Town employees, except for those whose appointments are specified by law. All appointments, dismissals, and suspensions are carried out in adherence to the Town Charter and other relevant policies outlined in this Policy. The mayor is involved in the following areas:

- 1) Recommending rules and revisions to the personnel system to the Governing Body for consideration.
- 2) Ensuring an accurate and current position classification plan by making necessary adjustments as needed.
- 3) Preparing and proposing revisions to the pay plan.
- 4) Determining which employees are subject to the overtime provisions of the Fair Labor Standards Act (FLSA).
- 5) Overseeing the development and implementation of recruiting programs aimed at attracting competent applicants to fulfill the needs of the Town.
- 6) Undertaking additional duties assigned by the Governing Body that align with this Policy.
- 7) Appointing an employee to serve as the Human Resources Director, if applicable, to fulfill crucial roles in managing personnel matters with the Town.

Section 6. Role of the Human Resources Director (if applicable)

The Human Resources Director shall be responsible for ensuring the establishment, implementation, and management of a modern personnel system that embodies the Equal Employment Opportunity and Non-discrimination as envisioned by the Town. The Town Clerk shall act as and fulfill the duties of the Human Resources Director, unless otherwise designated by the Mayor. Those responsibilities include, but shall not be limited to, the following:

- 1) Providing recommendations for rules and revisions to the personnel system to the mayor for consideration.
- 2) Recommending changes as necessary to maintain an up-to-date and accurate position classification plan.
- 3) Suggesting necessary revisions to the pay plan.
- 4) Recommending which employees should fall under the provisions of the Fair

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Labor Standards Act (FLSA).

- 5) Maintaining a comprehensive roster of all individuals in the Town's service.
- 6) Establishing and updating a list of authorized positions in the Town's service at the start of each budget year, including class titles, salary ranges, position numbers, and any relevant changes.
- 7) Developing and administering recruiting programs to ensure a competent pool of applicants to meet the Town's needs.
- 8) Coordinating training and educational programs for Town employees.
- 9) Periodically investigating the operation and impact of the personnel provisions outlined in this Policy.
- 10) Undertaking any other duties assigned by the mayor that align with this Policy.

Section 7. Application of Policies, Plan, Rules, and Regulations

The personnel policy and its associated rules and regulations shall be binding on all Town employees. However, certain individuals, including the [Mayor, Town Attorney, members of the Governing Body, and advisory boards and commissions], will be exempted from the policy unless specifically included in certain sections.

An employee found in violation of this policy will be subject to appropriate disciplinary action and may also face prosecution under applicable civil or criminal laws for any offenses committed.

Section 8. Departmental Rules and Regulations

Because of the particular personnel and operational requirements of the various departments of the Town, each department is authorized to establish supplemental written rules and regulations applicable only to the personnel of that department. All such rules and regulations shall be subject to the approval of the mayor and shall not in any way conflict with the provisions of this Policy but shall be considered as a supplement to this Policy.

Section 9. Definitions

For the purposes of this Policy, the following words and phrases shall have the meanings respectively ascribed to them by this section:

Allocated Position. An authorized regular position approved by the Governing Body, which entails a specific job title, salary grade, salary range, duties, and minimum qualifications. Appointments to these positions are made through a competitive selection process, and their budget approval is subject to annual review by the Governing Body.

Continuous Service. Refers to the years of uninterrupted regular service with the Town without experiencing termination and rehire of employment, excluding the Family and Medical leaves of absence. For health insurance purposes related to retirees, continuous

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service only includes full-time, regular employees.

Exempt Employee. An employee who meets the qualifications for exemption from the overtime provisions of the Fair Labor Standards Act (FLSA).

Grievance. A claim or complaint stemming from an event or condition affecting the working circumstances of an employee, allegedly caused by misinterpretation, unfair application, or the absence of established policies related to employment expectations.

Immediate Family. As defined in these policies, immediate family includes an employee's spouse, guardian, children, brother, sister, parent(s), in-laws of the employee and anyone residing within the household of the employee.

Non-Exempt Employee. An employee who is subject to the overtime provisions of the Fair Labor Standards Act (FLSA).

Pay Status. The state when an employee is actively working or is on paid leave, such as vacation leave or sick leave.

Probationary Employee. Refers to an employee appointed to an allocated position who has not yet successfully completed the designated probationary period. During this period, a probationary employee may be rejected, dismissed, demoted or suspended without the right to appeal. An employee who successfully completes the probationary period will be considered a regular employee of the Town.

Probationary Period. The initial six (6) months and (12) months for Sworn Law Enforcement Officers and Department Directors of employment or promotion that allows observation of the employee's work performance to determine the suitability and ability to satisfactorily perform the duties and responsibilities of the position. The Probationary Period may be extended up to an additional six (6) months but shall not exceed twelve (12) months (18 months for Sworn Law Enforcement Officers and Department Directors).

Regular Full-Time Employee. An individual appointed to a full-time allocated position, with an average workweek of 40 or more hours. Regular full-time employees are eligible for all employee benefits.

Regular Part-Time Employee. An individual appointed to a part-time allocated position and normally working at least 20 hours but less than 40 hours per workweek. A regular part-time employee is eligible for pro-rated benefits based on the number of hours authorized to work.

Temporary Employee. A person hired by a department to perform additional help, often on a seasonal or short-term basis. Temporary employees are paid on an hourly basis only for the hours actually worked and cannot work more than 25 hours in a

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workweek. They are not eligible for benefits except those mandated by the State and Federal government. Either the temporary employee or the Town can terminate the employment relationship at any time for any reason.

Trainee. Refers to an employee status when an applicant is hired (or an employee is promoted) but does not meet all of the requirements for the position. During the trainee appointment, the employee remains in a probationary status.

ARTICLE II. POSITION CLASSIFICATION PLAN
(Not yet created as of 2/2025)

Section 1. Purpose

The position classification plan serves as a comprehensive inventory of all authorized and allocated positions within the Town. It includes accurate descriptions and specifications for each class of employment. The primary purpose of the plan is to establish standardized job titles, each of which represents a specific range of duties and responsibilities associated with the respective positions. By utilizing this plan, the Town ensures clarity and consistency in job roles and helps facilitate effective human resources management.

Section 2. Composition of the Position Classification Plan

The classification plan shall consist of the following components:

- 1) Grouping of positions into classes, with each class encompassing positions of comparable difficulty and responsibility. These classes should require similar general qualifications and be compensated equitably with a designated pay range, considering similar working conditions.
- 2) Class titles that accurately describe the nature of work performed by each class of positions.
- 3) Written specifications outlining the key characteristics and requirements for each class of positions.
- 4) An allocation list that shows the class title of every position with the classified service, indicating the appropriate classification within the plan.

Section 3. Use of the Position Classification Plan

The classification plan is to be used:

- 1) As a guide during the recruitment and selection process of applicants for employment, helping to identify the appropriate class and qualifications required for each position.
- 2) In establishing clear pathways for employee promotions and developing effective training programs to enhance employee skills and capabilities.
- 3) In determining appropriate salary levels for different types of work, ensuring fair and equitable compensation within each class of positions.

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4) In budgeting for personnel-related services and expenses across

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departments, based on the positions and classes within the classification plan.

- 5) In providing consistent and uniform terminology for job titles and descriptions, facilitating clear communication, and understanding of various roles within the organization.

Section 4. Administration of the Position Classification Plan

The responsibility of allocating each position within the classification plan to its appropriate class and overseeing the administration of the classification plan lies with the Human Resources Director, or other person assigned such duties. Additionally, the Human Resources Director, or other person assigned such duties, shall conduct periodic reviews of sections within the classification plan and propose necessary changes to the mayor for consideration.

Section 5. Authorization of New Positions and the Position Classification Plan

The establishment of new positions requires a recommendation from the mayor and subsequent approval by the Governing Body. The proposed new positions must be presented to the Governing Body, along with a suggested class title, and proposed salary range. The mayor, or designee, will then allocate the new position to an existing class or propose the creation of a new class within the position classification plan to accommodate the new position.

Once finalized, the position classification plan, inclusive of any newly established positions or classes, will be subject to approval by the Governing Body and will be kept on file with the Human Resources Director, or other person performing such duties.

Section 6. Request for Reclassification

Any Department Director who considers a position within their department to be misclassified shall submit a request in writing for reclassification to the Human Resources Director, or person performing such duties. Upon receipt of such request, the Human Resources Director, or person performing such duties, shall study the request, determine the merit of the reclassification, inform the mayor of the request, and make any recommended revisions to the classification and pay plan to the mayor.

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ARTICLE III. THE PAY PLAN

Section 1. Definition

The pay plan includes the salary grade table, which shows the base salary schedule, along with the corresponding titles for each position. Each position is assigned to a specific salary grade along with a specific salary range. The assignment of positions to specific grades is determined by the duties and responsibilities associated with each role.

The pay plan includes a salary range for each grade, which comprises a minimum rate, a midpoint, and a maximum rate. These rates are set by the Governing Body and are typically reviewed and approved annually along with the fiscal year budget. This ensures that compensation levels remain competitive and equitable.

Section 2. Administration and Maintenance

The responsibility for administering and maintaining the pay plan lies with the mayor, assisted by the Human Resources Director, if applicable. All employees covered by the plan will receive compensation within the salary range established for the respective position classification, except for trainees or those whose current salaries exceed the newly established maximum rate due to transitioning to a new pay plan.

The primary goal of the pay plan is to ensure fair and equitable compensation for all positions, considering differences in job duties and responsibilities, comparable pay rates in the private and public sectors in the area, changes in the cost of living, the financial status of the Town, and other relevant factors. These factors may include the consumer price index and anticipated adjustments in pay plans of other regional local governments. Regular evaluations will be conducted, and when necessary, the mayor will recommend the study and adjustment of salary ranges to maintain competitiveness in the job market. Such adjustments may involve increasing or decreasing the assigned salary grade for a class or adjusting the pay rate for employees within that class. Any change to the salary grade table must be approved by the Governing Body.

Section 3. Starting Salaries

Typically, a new regular employee is hired at the minimum of the salary range for the classification involved. Appointments above the minimum may be considered with the approval of the Human Resources Director, if applicable, and the mayor, if it is deemed in the best interest of the Town. Such appointments will be based on various factors, including:

- 1) Exceptional qualifications of the applicant, such as possessing significantly higher levels of education and experience than what is required for the class.

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- 2) A shortage of qualified applicants, where it may be necessary to offer a higher salary to attract suitable candidates.
- 3) Equal pay justification, to ensure that employees with similar qualifications and responsibilities receive equitable compensation.
- 4) Operational need, when certain roles within the Town demand specialized skills or experience that justify higher compensation.

Decisions to appoint an employee above the minimum salary range will be made carefully, considering the unique circumstances and requirements of the position, and ensuring that it aligns with the overall objectives of the Town.

Section 4. Trainee Designation and Provisions

Applicants being considered for employment or Town employees who do not meet all of the requirements for a particular position may be hired, promoted, demoted, or transferred by the mayor to a "trainee" status. In such cases, a comprehensive training plan, including a time schedule, must be prepared and overseen by the appropriate director.

"Trainee" salaries will be set no more than two grades below the minimum salary rate established for the position for which the individual is being trained. When a new employee is designated as a "trainee," the person is considered to be in a probationary period. The duration of the trainee period may vary, lasting from six to eighteen months. Throughout this period, the trainee remains a probationary employee, and successful completion of the trainee program is required to transition to a regular employee status.

If the training is not completed to the satisfaction of the mayor, the trainee may be transferred, demoted, or dismissed. If the training is successfully completed, the employee will be compensated at least at the minimum rate established for the position in which the employee was trained.

Section 5. Salary Effect of Promotions, Demotions, Transfers, and Reclassifications

Promotion. A promotion involves moving to a position with a higher salary grade, acknowledging the employee's increased responsibilities. The purpose of the promotion pay increase is to recognize and compensate the employee for undertaking greater duties. When an employee is promoted, the salary will typically be raised either to the minimum of the new salary grade or to a salary providing a 5% increase over the previous salary, whichever is higher.

However, under certain circumstances, such as highly skilled and qualified employees, a shortage of qualified applicants, or other considerations based on the merit principle of employment, the mayor may set the salary within an appropriate range of the new position. This decision will reflect the employee's qualifications for the job and value to the Town, while considering the salary range for the position and the qualifications

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of other employees in the same classification. It is essential to note that the new salary should not surpass the maximum rate of the new salary range. During the process of determining the promotion salary, the mayor will also consider internal comparisons with other employees in the same or similar roles.

Demotion. A demotion is a move to a position in a lower salary grade. Demotions can be either voluntary, where the employee chooses to take a position in a lower salary grade, or involuntary/disciplinary, resulting from inefficiency in performance or as a disciplinary action. When an employee is voluntarily demoted to a position for which qualified, the salary will likely be cut to reflect a decrease in job responsibilities. The new salary shall be set in the lower pay range that provides a salary commensurate with the employee's qualifications and is consistent with the placement of other employees within the same classification. Employees who accept a voluntary demotion and retain their salary, and are then promoted within 24 months, will retain that same salary. If the demotion is the result of discipline, the salary shall be decreased at least 5%. If the salary of the demoted employee is above the maximum of the new range, the employee's salary shall be maintained at that level until such time as the employee's salary range is increased above the employee's current salary.

Lateral Transfer. A lateral transfer is a move from one position to another position at the same salary grade. The salary of an employee who takes a lateral transfer shall remain the same and not be changed by the reassignment.

Reclassification. A reclassification is a change in a position's salary grade and title due to a significant increase or decrease in job responsibilities and duties. An employee whose salary is below the minimum of the new salary grade will receive a salary increase at least up to the new minimum salary. If the current salary is above the new salary range minimum, there may be a pay increase based on increased job responsibilities and commensurate with the employee's qualifications and is consistent with the placement of other employees within the same classification. If the position is reclassified to a lower pay range, the employee's salary shall remain the same. If the employee's salary is above the maximum established for the new range, the salary of that employee shall be maintained at the current level until the range is increased above the employee's salary.

Labor Market Adjustment. When an employee's position is adjusted to a class having a higher salary range due to the current labor market trends for hiring and retention, the employee's salary will be adjusted to at least the minimum of the new salary range.

Redefinition of Class. When an employee's position is redefined due to redefinition of position class or class series to include departmental organizational changes and/or classification description, no salary increase will be given, only the position title will change.

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Section 6. Salary Range Revisions

A salary range revision refers to an adjustment made to the salary range or grade assigned to a specific class of positions. This change can be motivated by factors such as increased salaries in the relevant labor market, recruitment and retention data, or a rise in the complexity of job responsibilities. While making such revisions, it is crucial to maintain salary equity within the work unit.

When a class of positions is assigned to a higher salary grade, the salaries of employees in that class may change following these guidelines:

- 1) If an employee's salary is below the new minimum of the revised salary range, the salary should be increased to at least the minimum of the new range.
- 2) Salaries falling between the new minimum and the midpoint of the revised range do not require immediate increases. However, if funds are available and deemed appropriate, individual salary adjustments may be considered, up to the difference between the minimum salaries of the old range and the new range.
- 3) If an employee's current salary aligns with or exceeds the midpoint of the new salary range, the salary will remain unchanged.

When a class of positions is assigned to a lower salary range, the salaries of employees within that class will remain unchanged. If the assignment to a lower range results in an employee being paid above the maximum of the new class, the salary will be maintained at that level until the salary range is increased about the employee's current salary.

Section 7. Transition to a New Salary Plan

The transition to a new salary plan shall adhere to the following principles:

- 1) No employee shall experience a salary reduction due to the implementation of the new salary plan.
- 2) Employees currently earning a salary lower than the minimum rate set for their respective classes shall have their salaries adjusted to meet or exceed the new minimum rate for their classes.
- 3) Employees currently earning a salary exceeding the maximum rate established for their respective classes shall maintain their current salary level until the salary range for their positions is increased above their existing salary.

Section 8. In-Range Salary Adjustment

It is the policy of the Town of Micro, subject to the availability of funds, to grant in-range salary adjustments to recognize job change of employees in regular full-time and part-time positions, to establish equitable salary relationships, and/or to respond

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to labor market conditions. Only regular full-time or part-time employees are eligible for increases under this policy. In-range adjustments may be considered in the following circumstances:

- 1) Job Change – This type of adjustment is to compensate for changes in job duties and responsibilities as documented in position classification specifications that are at a higher level, but not enough to justify a reclassification to a higher salary grade, or a salary range revision.
- 2) Recruitment/Retention Problems – This type of salary adjustment may be made to reduce or avoid turnover due to market or other conditions that affect retention.
- 3) Salary Equity – This type of salary adjustment is used to establish or re-establish equitable salary relationships among employees in a relevant work unit performing the same type and level of work considering education, skill, related work experience, length of service and performance level.

A completed request for an in-range salary adjustment must be made in writing by the Department Director and include the following information: employee name, classification title, current salary, summary of conditions that support the request, and justification for percent increase requested. It is the responsibility of the Human Resources Director, or person performing such duties, to assess salary administration priorities and in-range salary adjustment requests based on documentation and justifications and make recommendations to the mayor. As part of this process, the salary of each employee in the department should be examined for equity purposes.

Section 9. Effective Date of Salary Changes

Salary changes approved after the first working day of a pay period shall become effective at the beginning of the next pay period, or at such specific date as approved by the mayor.

Section 10. Overtime/Compensatory Pay Provisions

Employees of the Town may be asked and, at times, required to work beyond their regular scheduled hours to meet the demands of the Town. Overtime work must receive prior approval from the mayor, except in cases of emergencies. Employees should not perform work outside their scheduled hours without proper authorization, unless in emergency situations.

The Town will adhere to the Fair Labor Standards Act (FLSA) to the extent required by local government jurisdictions. The Human Resources Director, or any designated person fulfilling such responsibilities, will determine which positions are considered "non- exempt" and, accordingly, are subject to the Act's regulations concerning aspects such as work hours, work periods, rates of overtime compensation, and other relevant provisions.

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Non-exempt employees will be compensated at their regular rate of pay for hours worked up to the FLSA established limit for their position, which is typically 40 hours in a 7-day period, 171 hours for police personnel within a 28-day cycle, and 212 hours for fire personnel within the same cycle.

The Town has a policy to grant compensatory time-off to employees who work beyond the FLSA established limit. For every hour of overtime worked beyond the limit, non- exempt employees will receive one-and-one-half (1 ½) hours of compensatory time-off and exempt employees will receive one hour of compensatory time for every hour of overtime worked beyond the limit.

It is important to note that an employee must physically work beyond the applicable limit of 40 hours, 171 hours, or 212 hours to earn compensatory time. Hours spent on vacation, sick leave, or holidays will not be considered for FLSA purposes.

Non-exempt employees are not allowed to accrue more than [40] hours of compensatory time-off. Once the 40-hour threshold is reached, the employee will be compensated monetarily at a rate of one-and-one-half (1 ½) times their regular rate of pay for each hour exceeding the limit.

In certain circumstances, departments may permit designated employees to accumulate a comp time balance exceeding [40] hours, but such approval must be obtained in advance and in writing from the mayor. This allowance is typically granted for special events or exceptional circumstances.

Section 11. Call-back and On-Call Pay

The Town of Micro must provide a variety of critical emergency services 24 hours a day, seven days a week. The need for these services may occur when employees with necessary skills are not on duty. As a result, the Town must be assured that skilled employees are always readily available by placing some employees on standby status. At other times it is necessary for certain employees to respond to any reasonable request for duty at any hour of the day or night. Employees in such positions will share in the responsibility for continuous service, in accordance with the nature of each position. If an employee fails to respond to reasonable calls for emergency service, either special or routine, the employee shall be subject to disciplinary action up to and including dismissal by the mayor.

Call-Back Pay. Non-exempt employees will be guaranteed a minimum payment of two hours of wages for being called back to work outside of normal working hours when not on call. Non-exempt employees will be paid at the established hourly rate of pay for hours worked outside their normal schedule if they are actually required to return to work and will receive overtime for eligible overtime hours. The minimum of two hours pay is guaranteed for non-exempt employees who are called back or actual hours worked whichever is greater. "Call-back" provisions do not apply to previously scheduled overtime work (scheduled one or more days in advance). If more than one callback occurs within a given shift, total callback time cannot exceed two

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hours unless the work time exceeds two hours.

~~On-Call Pay. On-call pay compensates certain non-exempt employees who are required to be on call and return to work by contact via telephone in the event of an emergency. On-call status is a designated period of seven consecutive days. Hours of on-call status are not considered hours of work and are not recordable on a time sheet. All non-exempt on-call employees shall receive an additional salary base of \$75.00 for each entire week served on call. There is no additional compensation for being on-call when there is a holiday. Hours actually worked while on-call are calculated beginning when the employee reports to the work site and are added to the regular total of hours worked for the week.~~

Section 12. Holiday Pay

Holidays are equivalent to 8 hours straight-time pay for all regular full-time employees regardless of their typical workweek schedule and are excluded from hours worked in calculating overtime. Benefits-eligible employees required to work on a regularly scheduled, Town-recognized holiday will be paid at their hourly rate for the hours actually worked plus 8 hours of straight time for the holiday. If a holiday falls on a regularly scheduled off-duty day for shift personnel, the employee shall receive eight (8) hours of straight time for the paid holiday. This additional payment for holiday pay does not count as hours worked for purposes of calculating overtime.

Regular, full-time employees required to physically work on New Year's Day, Independence Day, Veterans Day, or Christmas, if it falls on a weekend, will receive holiday premium pay equivalent to 1.5 times hourly rate for hours worked in addition to the 8 hours for the holiday.

Section 13. Payroll Deduction

Deductions from each employee's paycheck will be made in compliance with applicable laws. Upon the request of the employee and after the mayor assesses the capability of the payroll system and appropriateness of the deduction, additional deductions may be made. These additional deductions will be implemented based on the employee's request and as deemed suitable by the mayor.

Section 14. Hourly Rate of Pay

Employees working in a part-time or temporary capacity with the same duties as full-time employees will work at a rate in the same salary range as the full-time employees. The hourly rate for employees working other than 40 hours per week, such as police officers working an average 42 hours per week, will be determined by dividing the average number of hours scheduled per year into the annual salary for the position.

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ARTICLE IV. RECRUITMENT AND EMPLOYMENT

Section 1. Equal Employment Opportunity Statement

The Town of Micro fosters, promotes and maintains a consistent recruitment program to promote equal employment opportunity and to identify and attract the most qualified applicants for all vacancies. This intent is achieved through consistency in announcing all positions, evaluating all applicants on the same criteria, providing reasonable accommodations as needed, and by applying consistent testing methods when applicable. The Town shall select employees on the basis of the applicant's qualifications for the job and award them, with respect to compensation and opportunity for training and advancement, without regard to race, religion, color, gender, national origin, age, veteran status, marital status, political affiliation, sexual orientation, disability, genetic information, or on the basis of actual or perceived gender identity.

Section 2. Recruitment, Selection and Appointment

Recruitment Sources. When position vacancies occur, the Human Resources Department, or Administration, shall publicize these opportunities for employment, including applicable salary information and employment qualifications. Open positions should be posted for at least seven calendar days prior to an offer being made. Information on job openings and hiring practices may be provided to a variety of recruitment sources, including professional organizations and news media. Individuals shall be recruited from a geographic area as wide as necessary and for a period of time sufficient to ensure that well-qualified applicants are obtained for Town service. In rare situations because of emergency conditions, high turnover, etc., the Town may hire or promote without advertising the position, upon approval of the mayor.

Job Advertisements. Jobs may be advertised in local newspapers, professional publications, other relevant publications, and on the Town's website and or social media in order to establish a diverse and qualified applicant pool. Employment advertisements shall contain assurances of equal employment opportunity and shall comply with Federal and State statutes.

Employment Application. All persons expressing interest in employment with the Town shall be given the opportunity to file an application for employment for positions that are vacant. The applications are typically screened and referred to the hiring department by Human Resources, or Administration.

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Selection. The hiring department conducts interviews, checks references, and selects the candidate best qualified for the job, with the assistance of the Human Resources Director, or person performing such duties, shall make such investigations and conduct such examinations as necessary to assess accurately the knowledge, skills, and experience qualifications required for the position, including education verification, drug testing, driving record (if job requires consistent driving of town vehicle(s)) and criminal history. Both Human Resources, if applicable, and the Mayor approve hires before job offers are made.

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Section 3. Probationary Period

An employee appointed, promoted, or transferred to a regular position shall serve a probationary period. The probationary period serves as an extension of the selection process. It provides time for the employee to adjust and allows the supervisor time to ensure the new employee can satisfactorily meet performance expectations before granting regular status. Employees shall serve a three-month probationary period, except that sworn police and Department Directors shall serve a twelve-month probationary period. Employees hired as "trainees" shall remain on probation until the provisions of their traineeship are satisfied. During the probationary period, supervisors shall monitor an employee's performance and communicate with the employee concerning performance progress. Supervisors are encouraged to have an informal review with employees six months into a twelve-month probation.

Before the end of the probationary period, the supervisor shall conduct a performance conference with the employee to discuss accomplishments, strengths, and needed improvements. The supervisor shall recommend in writing whether the probationary period should be completed, extended, or the employee transferred, demoted, or dismissed. Probationary periods may be extended for a maximum of (3) three additional months. Disciplinary action, including demotion and dismissal, may be taken at any time during the probationary period of a new hire without following the steps outlined in this policy.

A promoted employee who does not successfully complete the probationary period may be transferred or demoted to a position in which the employee shows promise of success. If no such position is available, the employee shall be dismissed. Promoted and demoted employees who are on probation retain all other rights and benefits such as the right to use the grievance procedures.

Section 4. Promotion

Promotion is the movement of an employee from one position to a vacant position in a class assigned to a higher salary grade. The Town strives to promote and provide career opportunities for its employees whenever possible. Therefore, when a current employee applying for a vacant position is the best suited of all applicants, that applicant shall be appointed to that position. Therefore, except in rare situations where previous Town experience is essential or exceptional qualifications of an internal candidate so indicate, the Town will consider external and internal candidates rather than automatically promoting from within. Candidates for

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promotion shall be chosen on the basis of their qualifications and their work records. Internal candidates shall apply for promotions using the same application process as external candidates.

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Section 5. Demotion

Demotion is the movement of an employee from one position to a position in a class assigned to a lower salary range. Demotion may be voluntary or involuntary. An employee whose work or conduct in the current position is unsatisfactory may be demoted provided that the employee shows promise of becoming a satisfactory employee in the lower position. Such disciplinary demotion shall follow the disciplinary procedures outlined in this Policy.

An employee who wishes to accept a position with less complex duties and reduced responsibilities may request a voluntary demotion by using the same application process as external candidates. A voluntary demotion is not a disciplinary action and is made without using the above-referenced disciplinary procedures.

Section 6. Lateral Transfer

A Lateral Transfer is the movement of an employee from one position to another position in the same salary grade. If a vacancy occurs and an employee in another department is eligible for a transfer, the employee shall apply for the transfer using the usual application process. The Department Director wishing to transfer an employee to a different department or classification shall make a recommendation to the mayor with the consent of the receiving Department Director. Any employee transferred without requesting the action may appeal the action in accordance with the grievance procedure outlined in this policy. An employee who has successfully completed a probationary period may be transferred into the same job classification without serving another probationary period.

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ARTICLE V. CONDITIONS OF EMPLOYMENT

Section 1. Work Schedule

The working hours for most Town administrative offices are 8:00 a.m. to 5:00 p.m., Monday through Friday. Departments that provide services to citizens on other schedules or on a 24-hour per day basis have different work schedules in order to effectively provide those services. Department Directors shall establish work schedules, with the approval of the Mayor, which meet the operational needs of the department in the most cost- effective manner possible.

Section 2. Political Activity

Every employee is encouraged to support good government through appropriate means. Employees have the right to join or affiliate with civic organizations that have a partisan or political nature. They may attend political meetings and advocate for the principles or policies of civic or political organizations as long as they comply with the laws of the State of North Carolina and the United States.

However, certain restrictions apply to ensure fairness and impartiality in the workplace. Employees must not engage in any political or partisan activities while on duty. They should not use their official authority or influence to interfere with or impact the outcome of a nomination or election for office. Contributions for political or partisan purposes cannot be mandated as a condition of employment, promotion, or tenure of office. It is strictly prohibited to coerce or compel contributions from other Town employees for political or partisan purposes.

Furthermore, using Town supplies or equipment for political or partisan purposes is not permitted. Lastly, employees cannot be candidates for nomination or election to office under the Town Charter.

Any violation of these guidelines will result in disciplinary action, up to and including dismissal.

Section 3. Outside Employment

The work of the Town takes precedence over any other occupational interests of its employees. While the Town acknowledges that employees may have reasons to seek other employment opportunities, outside employment is prohibited if it creates a conflict of interest or hinders the employee's ability to perform their Town duties satisfactorily.

Before taking up another job, employees must obtain approval from their Department Director or the Mayor. The Department Director will review such requests to ensure there are no conflicts of interest and will keep a record of the employment review in the

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employee's personnel file. Failure to seek permission or accepting another job after permission has been denied may lead to disciplinary action, up to and including termination. Additionally, if the outside employment affects an employee's performance or attendance at the Town, disciplinary measures will be taken in accordance with normal policy.

Conflicts of interest in outside employment include, but are not limited to:

- 1) Employment with organizations or in capacities that are regulated by the employee or the employee's department; or
- 2) Employment with organizations or in capacities that negatively impact the perceived integrity, neutrality, or reputation of the employee concerning their Town duties.

During a leave of absence (such as Workers' Compensation Leave or Family Medical Leave) from the Town, employees are prohibited from engaging in other employment.

Section 4. Dual Employment

A full or part-time employee of the Town may simultaneously hold another temporary position with the Town if the temporary position is in a different department and clearly different program area from that of the full or part-time position. The work of the temporary position must also be performed on an occasional or sporadic basis as identified in Fair Labor Standards Act regulations. However, the work of the full or part-time position shall take precedence over the temporary position, and such temporary work will not count toward the calculation of overtime for pay or time off.

Section 5. Employment of Relatives

The Town is fully committed to upholding the highest standards of professional conduct and integrity. In recognition of potential conflicts of interest, perceived conflicts, and the potential for compromising objective judgment or creating a hostile work environment, the Town strictly prohibits the hiring and employment of relatives within the same department.

Furthermore, the Town also prohibits the employment of any person who is a relative of individuals holding certain high-level positions, including the Mayor, Mayor Pro Tempore, Governing Body Members, Town Attorney and Department Heads.

For the purpose of this policy, "relatives" are defined as the employee's spouse, child, parent, grandparents, grandchild, sibling, aunt or uncle, first cousin, niece or nephew, step-relatives, and in-laws within the same relationships.

It is important to note that this provision will not apply retroactively to individuals who were employed when this policy was adopted by the Town.

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Section 6. Workplace Harassment Prohibited

The Town is committed to maintaining a workplace free from harassment in any form based on race, color, religion, gender, national origin, political affiliation, sexual orientation, age, veteran status, marital status, disability, genetic information, or actual or perceived gender. Harassment is defined as conduct that leads to adverse employment actions or creates a hostile work environment that is sufficiently severe or pervasive.

Complaints or allegations of harassment will be promptly investigated, and if inappropriate conduct is found to have occurred, immediate corrective action will be taken, including disciplinary measures up to and including dismissal.

Sexual harassment is specifically defined as unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature that affects an individual's employment status, decisions, or work environment in an unreasonable or offensive manner.

Harassment, other than sexual, refers to verbal or physical conduct that shows hostility or aversion based on protected characteristics and adversely affects an individual's work environment or employment opportunities. This includes epithets, slurs, negative stereotyping, or intimidating acts. Displaying or circulating written or graphic material that denigrates or shows hostility toward an individual or group is strictly prohibited in the workplace.

Any employee who experiences harassment or becomes aware of it must report the incident in writing to the Human Resources Director or the Mayor for a thorough investigation. Supervisors and Department Directors receiving a harassment complaint must immediately notify the Human Resources Director or the Mayor.

Upon confirming unlawful harassment, the Town will take swift corrective action, which may involve discipline, up to and including termination of employment of the offending party. Employees who report sexual harassment are protected from retaliation.

The Town is dedicated to fostering a safe and respectful work environment for all employees.

Section 7. Solicitation and Acceptance of Gifts and Favors

Town officials and employees are required to adhere to the Town's ethics policy, which strictly prohibits the solicitation and acceptance of gifts, favors, gratuities, discounts, price breaks, entertainment, or anything of monetary value from any individual, organization, or group with whom they have official, enforcement, or regulatory relationships. Such relationships must not influence the employee in the performance of their duties or lead to the granting of improper favors, services, or

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valuable items while discharging their official responsibilities. This policy aims to ensure that all actions and decisions made by Town officials and employees are unbiased and free from any potential conflicts of interest.

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Section 8. Performance Evaluation

Supervisors and/or Department Directors shall conduct Performance Evaluation conferences with each employee at least once a year. Procedures for the performance evaluation program shall be published by the mayor.

The Town requires regular employees to receive a total score of at least “meeting expectations” on the performance evaluation in order to receive a pay increase. In the event an employee is rated “below expectations” overall, he/she will not be eligible for a pay increase for the same calendar year. In this event, the supervisor shall develop a written Performance Improvement Plan outlining performance deficiencies and measures to be taken to correct these deficiencies. A deadline for correcting these deficiencies shall also be set on or before the next performance review date. If the employee’s performance does not improve to a satisfactory standard by the deadline date, salary increases will continue to be withheld and the supervisor will initiate such disciplinary action as deemed necessary.

Section 9. Safety

Safety is the responsibility of both the Town and employees. It is the policy of the Town to establish a safe work environment for employees. ~~The Town has a safety program including policies and procedures regarding safety practices and precautions and training in safety methods.~~ Department Directors and supervisors are responsible for ensuring the safe work procedures of all employees and providing necessary safety training programs. Employees shall follow the safety policies and procedures and attend safety- training programs as a condition of employment. Employees who violate such policies and procedures shall be subject to disciplinary action up to and including dismissal.

Section 10. Drug Free Workplace

The Town is concerned with the safety of both employees and the public. As such, the Town provides a drug free workplace for all employees and conducts pre-employment, random, post-accident, and reasonable suspicion drug testing in addition to any required by law. The Town has established a detailed policy and procedure relating to employee substance abuse and drug testing in order to ensure the safety and well-being of citizens and employees, and to comply with any state, federal, or other laws and regulations.

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Section 11. Internet and Email Policy

All electronic communication devices and sources used for Town business are the property of the Town and, as such, may be monitored, audited and reviewed for proper use.

Employees shall not make any intentional use of the Internet, email or other electronic communications devices or sources that is illegal, malicious, inappropriate or obscene. An employee's access to the internet is a function of the business need of their position and is not a general employee benefit. Improper use of the Internet, Email and other Town electronic business devices or sources will subject the employee to disciplinary action up to and including termination of employment.

*PLEASE INCLUDE A COPY OF ANTI-PORNOGRAPHY POLICY TO PERSONNEL POLICY AND ENSURE THAT EACH EMPLOYEE RECEIVES AND SIGNS THEY ARE AWARE OF THE POLICY.

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Section 12. Attendance

The Town depends on employees to provide needed services every day. Regular attendance is mandatory and is part of the work standards for all jobs. Poor attendance can negatively affect performance evaluations or may lead to disciplinary action. Excessive absenteeism or a chronic attendance/tardiness problems can lead to disciplinary action up to and including termination.

The working hours for most Town administrative offices are 8:00 a.m. to 5:00 p.m., Monday through Friday. Departments that provide services to citizens on other schedules or on a 24-hour per day basis have different work schedules in order to effectively provide those services. Department Directors shall establish work schedules, with the approval of the Mayor, which meet the operational needs of the department in the most cost- effective manner possible.

All regular full-time employees, both non-exempt and exempt, are expected to work a 40- hour workweek. Hours worked in excess of a 40-hour workweek by an exempt employee are considered accomplishment of assigned accountabilities for which there is no additional compensation.

Section 13. Adverse Weather

Adverse weather conditions occasionally disrupt work schedules and interfere with normal work-related activities. Regular employees are encouraged to report to work. However, the Town recognizes that factors such as transportation, school closings, and childcare arrangements are considerations. Non-required personnel are permitted to determine for themselves whether they can travel to and from work safely. Employees will be allowed to use accrued vacation leave, compensatory time or leave without pay for any lost time from work if they are unable to arrive to their designated work area or need to leave early.

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In serious adverse weather, the mayor may close or open late to the general public in the interest of safety. The mayor will determine all decisions to delay or close the Town offices related to adverse weather or other emergency conditions. When the Town's schedule is altered, operational status will be available through news media outlets, Town email, Town Website and Social Media, and normal supervisory channels. Employees whose presence is not required will not be docked leave or pay for regularly-scheduled work hours missed due to official closings or late openings. Employees who are not required by their departments to work during a Town closing but who do, in fact, work during the closed time frame will be paid only their regular rate for all hours worked.

Departments providing emergency and critical services 24 hours/day will remain open and employees will be required to work as usual. All law enforcement and emergency services personnel work hours will continue to be set at the discretion of the respective Department Director. There may be cases when department necessity may require that employees who had not been designated as emergency / critical must report to work (or remain at work) during an emergency situation (i.e. maintenance or snow removal) and will work such hours as needed. All employees required to work during adverse weather or emergency situation will be paid at their regular rate for all hours worked (or overtime when warranted). Failure to report to work when required may result in disciplinary action.

ARTICLE VI. EMPLOYEE BENEFITS

Section 1. Eligibility

As an integral part of a comprehensive, competitive compensation program, the Town offers a variety of benefits. Specific benefit programs will vary from time to time and the type, level, eligibility and cost of such programs are subject to change at any time at the sole discretion of the Town. To that end, the Town will periodically review each employee benefit and may, with or without notification, modify, delete or add benefits at its own discretion as may be deemed to be appropriate and necessary.

All regular full-time Town employees are eligible for employee benefits, subject to any waiting period. Regular part-time employees are eligible for pro-rated benefits based on the number of hours worked weekly as well as the stipulations in benefit contracts. Temporary employees are eligible only for workers' compensation and FICA. ~~An employee must be in a "pay status" a minimum of 50% of the month in order to remain covered by insurance. Pay status means one is working or utilizing appropriate leave. Once an employee is in pay status for less than 50% of the month, he/she is responsible for paying the coverage.~~

The following employee benefits sections provide a brief summary and are not intended to be an all-inclusive benefits description. Please contact Human Resources or Administration for more detailed information regarding current benefits, eligibility, coverage, and costs.

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Section 2. Group Health and Hospitalization Insurance

All regular full-time employees are eligible to purchase available group health insurance. The Town pays the full cost of the premium on individual coverage for all regular full-time employees unless otherwise noted. ~~The Town pays a portion of the individual health insurance premium for regular part-time employees based on a pro-rated amount for the number of regularly scheduled hours worked. (Example – 75% for 30 hrs./wk.)~~ Employees may purchase coverage for their dependents and are responsible for paying the full cost of the additional coverage. Coverage begins the first day of the month following the date of employment. Information concerning cost and benefits shall be available to all employees from the Human Resources Department or Administration.

Under the Federal Consolidated Omnibus Budget and Reconciliation Act, or COBRA, employees are eligible to continue health insurance at group rates for up to 18 months after employment. The employee must pay 100% of the Town's cost of both individual and dependent health insurance as well as any administrative fee charged by the plan administrator.

Section 3. Retirement

The Town provides a retirement income plan for regular full-time and part-time employees under the North Carolina Local Governmental Employees' Retirement System. All regular employees assigned to work 20 or more hours per week (or more than 1,000 hours in any 12-month period) are required to participate as of the first day of employment. Currently, employees contribute 6% of salary (deducted from employees' paychecks) while the Town pays an amount determined annually by the Local Governmental Employees' Retirement System and as approved by the North Carolina General Assembly. The retirement plan is known as a "defined benefit plan" meaning that one can count on a guaranteed percentage of your income at retirement. The percentage will depend on your average final compensation, years of service, and the age at the time of drawing benefits.

After one year as a contributing member, active employees are covered by a death benefit equal to the highest 12 months of salary in a row during the 24 months before you die, but no less than \$25,000 and no more than \$50,000. This benefit is provided to your beneficiary if you die during employment or within 180 days of the last day for which you were paid salary. With five years of service, you are eligible for disability retirement if you become disabled. Sworn Law Enforcement Officers are eligible for a Line-of-Duty Disability benefit beginning on their first day of employment.

Section 4. Social Security

The Town, to the extent of its lawful authority and power, has extended Social Security benefits for its eligible employees and eligible groups and classes of such employees.

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Section 5. Workers' Compensation

All employees of the Town (full-time, part-time, and temporary) are covered by the North Carolina Workers' Compensation Act. Benefits are paid under this coverage if you have an eligible on-the-job injury or illness. The Workers' Compensation insurance pays for all necessary medical treatment, including hospitalization, doctor fees, and prescriptions.

Responsibility for claiming compensation under the Workers' Compensation Act is on the injured employee. All employees are required to report any injuries arising out of and in the course of employment to their supervisors immediately at the time of the injury in order that appropriate action may be taken at once. Employees must complete an Employee Accident/Injury Report Form and turn into his/her supervisor or Department Director to submit to Human Resources or Administration. The Human Resources Director, or person performing such duties, will assist the employee in filing the claim. Under NC Workers' Compensation law, the Town has the right to direct medical care for employees who suffer work related injuries or illnesses. Employees may be directed to seek medical treatment for work related injuries from healthcare providers designated by the Town.

A disability of over seven calendar days is required before payment of Workers' Compensation salary benefits under the Workers' Compensation Act begin. An employee may use accrued sick or vacation leave during the first seven calendar day waiting period. If the work-related disability exceeds seven calendar days, the employee will be placed on Workers' Compensation Leave which runs concurrently with Family Medical Leave. While out on workers' compensation leave of absence, vacation and sick leave do not accrue. During recovery from an accident, an employee may be able to work on light-duty assignments for all or part of the workday. Failure to report to a modified or light-duty assignment may result in disciplinary action and/or the workers' compensation salary supplement may be stopped.

If you are employed as a firefighter or a sworn police officer and you have an adverse medical reaction to an employment vaccination against smallpox or become infected with smallpox or with vaccinia, you will be treated as any other employee with a compensable occupational disease under the North Carolina Workers' Compensation Act.

Section 6. Unemployment Compensation

In accordance with Public Law 94-566 and subsequent amendments, local governments are covered by unemployment insurance. Town employees who are terminated due to a reduction in force or released from Town service may apply for benefits through the local Division of Employment Security office, where a determination of eligibility will be made.

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Section 7. Effective Date of Benefit Changes

Employees are given the opportunity annually during open enrollment to make changes in their medical plan. In addition, employees may add or remove dependents within 30 days following an IRS- defined “qualifying event”. Qualifying events must be reported to Human Resources or Administration within 30 days of the occurrence.

Section 8. Law Enforcement Officers’ Separation Allowance

Each eligible sworn law enforcement officer, as defined by G.S. 128-21 (11b) or G.S. 143-166.50 (a) (3), of the Town who shall be and remain retired under the provisions of G.S. 128-27 (a) shall be eligible for a special separation allowance as provided by G.S. 143-166.42, equal to .85% of the annual equivalent of the base rate of compensation. The allowance shall be paid on the same frequency as the regular Town payroll cycle.

In order to qualify for the allowance, the officer shall:

- Have completed 30 years or more of creditable service or have attained 55 years of age and completed five (5) or more years of creditable service (as the term “creditable service” is defined in G.S. 143-166.41(b); and
- Not yet have attained the age of 62; and
- Have completed at least 5 years of continuous service as a law enforcement officer as herein defined with the Town immediately preceding a service retirement.

The special separation allowance payments to a retired officer will cease at the first of (1) the death of the officer; (2) the officer attains 62 years of age; or (3) The first day of reemployment by a local government employer in any capacity. Notwithstanding the provisions of subdivision (3) of this subsection, a local government employer may employ retired officers in a public safety position in a capacity not requiring participation in the Local Governmental Employees' Retirement System, and doing so shall not cause payment to cease to those officers under the provisions of this section.

Any officer who is entitled to receive a special separation allowance from the Town shall, within ten (10) days of any change in his/her employment status, report the same to the mayor.

The governing body shall determine the eligibility of employees for the benefits provided herein.

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ARTICLE VII. HOLIDAYS AND LEAVES OF ABSENCE

Section 1. Policy

The policy of the Town is to provide vacation leave, sick leave, and holiday leave to all regular full-time and part-time employees. Employees shall accrue leave proportionately with each payroll. An employee must be in “pay status” for a minimum of 50% of the pay period in order to accrue leave.

Section 2. Holidays

The Town of Micro observes the same holiday schedule as designated by the North Carolina Office of State Human Resources with thirteen paid holidays per year. The following are the designated holidays:

| | |
|----------------------------|----------------------------------|
| New Year's Day | Labor Day |
| Martin Luther King Jr. Day | Veterans Day |
| Good Friday | Thanksgiving (Thursday & Friday) |
| Memorial Day | Christmas (3 days) |
| Juneteenth | |
| Independence Day | |

When any recognized holiday falls on Saturday, the preceding Friday will be the designated holiday. When any recognized holiday falls on Sunday, the following Monday will be the designated holiday.

Holidays are equivalent to 8 hours straight-time pay for all regular full-time employees regardless of their typical workweek schedule and are excluded from hours worked in calculating overtime. In order to receive a paid holiday, an employee must have worked the day before and the day after the holiday(s) or have been given approved leave. Fire and law enforcement employees whose work schedule differs from the standard Monday through Friday schedule, and who work greater than 8-hour shifts, will meet this requirement by working the “scheduled work shift” before and the “scheduled work shift” after the holiday or have been given approved leave.

Section 3. Holidays: Effect on Other Types of Leave

Recognized holidays that occur during a vacation, sick or other leave period of any employee shall not be considered as vacation, sick, or other leave.

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Section 4. Vacation/Personal Leave

Vacation/Personal leave is intended to be used for rest and relaxation, school appointments, and other personal needs. Vacation/Personal leave accrues from the first day of employment with the accrual rate determined by the length of service. Vacation leave may also be used by employees who wish to observe religious holidays other than those granted by the Town. Employees who wish to use leave for religious observances must request leave from their respective Department Directors. The Department Director will attempt to arrange the work schedule so that an employee may be granted vacation leave for the religious observance. Vacation leave for religious observance may be denied only when granting the leave would create an undue hardship for the Town. Vacation leave shall be taken only with the prior approval of the employee's Department Director.

Section 5. Vacation/Personal Leave: Use by Probationary Employees

Employees serving a probationary period following initial employment will accumulate vacation/personal leave but shall not be permitted to take vacation leave during the first six months of employment unless approved by the Department Director.

Section 6. Vacation/Personal Leave: Accrual Rate

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Each full and part-time employee of the Town shall accrue vacation at the following schedule, prorated by the average number of hours in the workweek (Section 16):

| Years of Service | Yearly Accrual (Hours or Total Number of Days Accrued on Annual Basis) | Bi-Weekly Accrual (Hours Accrued Per Pay Period) |
|----------------------------|---|---|
| 0 but less than 2 | 10 Days | 3.07 Hours |
| 2 but less than 5 | 12 Days | 3.69 Hours |
| 5 but less than 10 | 15 Days | 4.62 Hours |
| 10 but less than 15 | 18 Days | 5.54 Hours |
| 15 but less than 20 | 20 Days | 6.15 Hours |
| 20 or more | 25 Days | 7.69 Hours |

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Section 7. Vacation/Personal Leave: Maximum Accumulation

Vacation leave may be accumulated without any applicable maximum until December 31 of each year. Effective the last payroll in the calendar year, any employee with more than 240 hours of accumulated vacation leave shall have the excess accumulation converted to sick leave so that only 240 hours are carried forward to January 1 of the

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next calendar year. Employees are not eligible to receive pay for excess vacation time not taken at this conversion time.

Employees are cautioned not to retain excess accumulated vacation leave until late in the year. Because of the necessity to keep all functions in operation, large numbers of employees cannot be granted vacation leave at any one time. If an employee has excess leave accumulation during the latter part of the year and is unable to take such leave because of staffing demands, the employee shall receive no special consideration either in having vacation leave scheduled or in receiving any exception to the maximum accumulation.

Section 8. Vacation/Personal Leave: Manner of Taking

Employees shall be granted the use of earned vacation leave upon request in advance at those times designated by the Department Director which will least obstruct normal operations of the Town. Department Directors are responsible for ensuring that approved vacation leave does not hinder the effectiveness of service delivery. Vacation leave may be taken in half-hour or 1-hour increments. Failure to request or take vacation leave without prior approval may result in disciplinary action. Notwithstanding the procedures described in this Article, employees will use accrued comp time before using accrued vacation leave.

Section 9. Vacation/Personal Leave: Payment upon Separation

An employee who has successfully completed the probationary period will normally be paid for accumulated vacation leave upon separation not to exceed 30 days (240 hours), provided the employee provides a written two-week notice to their supervisor. Additionally, the employee must work each scheduled workday during the two-week notice period unless provided an exception by the mayor.

Any employee failing to give and work the two-week notice required by this section shall forfeit payment for accumulated leave. The notice and work requirement may be waived by the mayor when deemed to be in the best interest of the Town. Employees who are dismissed pursuant to Article IX, Section 5 of the Town Personnel Policy shall forfeit payment for accumulated vacation leave.

Section 10. Vacation/Personal Leave: Payment upon Death

The estate of an employee who dies while employed by the Town shall be entitled to payment of all the accumulated vacation leave credited to the employee's account not to exceed the maximums established in this Article.

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Section 11. Sick Leave

Sick leave benefits are a privilege and not a right that an employee may demand. Sick leave may be granted to a probationary or regular employee absent from work for any of the following reasons: sickness, bodily injury, required physical or dental examinations or treatment, or exposure to a contagious disease, when continuing work might jeopardize the health of others. Sick leave is not intended to provide time off for recreation, personal reasons, or to extend vacations.

Sick leave may be used when an employee must care for a member of his or her immediate family who is ill. "Immediate family", for purpose of this policy, shall be defined as spouse, children (including stepchildren), parent (including stepparents), and/or sibling of the employee.

Sick leave runs concurrently with other types of leave including Family Medical Leave. Sick leave may be used during the initial 7-day waiting period before Workers' Compensation benefits begin.

Notification of the desire to take sick leave should be submitted to the employee's supervisor prior to the leave. If an employee is unable to report to work, the employee must notify his/her supervisor as soon as practical after the beginning of the regular scheduled workday. If the employee cannot call, the employee must have someone else call. If it is necessary for an employee to leave the work site because of illness, the employee must notify their supervisor before leaving. The employee is responsible for keeping his/her supervisor and/or Department Director informed on a regular basis of the status of the illness and when they expect to return to work. Department Directors may require that employees obtain a physician's statement describing the nature of illness and/or attesting to one's capacity to resume work duties. Failure to properly notify the supervisor and/or Department Director or provide necessary medical documentation may result in disciplinary action up to and including termination.

The Town has the discretion to send an employee home on sick leave if he/she exhibits signs of a serious contagious illness or to send the employee to a physician to obtain a fitness for duty note before returning to work.

Section 12. Sick Leave: Accrual Rate and Accumulation

Sick leave shall accrue at a rate of one day per month of service or twelve days per year. Sick leave for full-time and part-time employees working other than the basic work schedule shall be pro-rated as described in this Article. Sick leave will be cumulative for an indefinite period of time and may be converted upon retirement for service credit consistent with the provisions of the North Carolina Local Government Employees' Retirement System.

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All sick leave accumulated by an employee shall end and terminate without compensation when the employee resigns or is separated from the Town, except as stated for employees retiring or terminated due to reduction in force.

Section 13. Transfer of Sick Leave from Previous Employer

The Town will accept initial sick leave balances up to (240 hours) from a previous employer when the previous employer is covered by the State or Local Government Retirement System and the employee did not withdraw accumulated contributions from that employer when leaving employment. The sick leave will be treated as though it were earned with the Town of Micro. The sick leave amount must be certified by the previous employer, and it is the employee's responsibility to provide documentation from their previous employer within three (3) months of employment. Transferred sick leave will be credited to the employee upon completion of the probationary period. Additional sick leave amounts over 240 hours may be credited to the employee's sick leave balance after 1 year of service with Mayor approval.

Section 14. Sick Leave: Medical Certification

The employee's supervisor or Department Director may require a physician's certificate stating the nature of the employee's or employee family member's illness and the employee's capacity to resume duties, for each occasion on which an employee uses sick leave or whenever the supervisor observes a "pattern of absenteeism." The employee may be required to submit to such medical examination or inquiry as the Department Director deems desirable. The Department Director shall be responsible for the application of this provision to the end that:

- 1) Employees shall not be on duty when they might endanger their health or the health of other employees; and
- 2) There will be no abuse of leave privileges.

Claiming sick leave under false pretense to obtain a day off with pay shall subject the employee to disciplinary action up to and including dismissal.

Section 15. Leave Prorated

Holiday, vacation, and sick leave earned by full-time and part-time employees with fewer or greater hours than the basic work week shall be prorated and determined by the following formula:

- 1) The number of hours worked by such employees shall be divided by the number of hours in the basic workweek (usually 40 hours).

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- 2) The proportion obtained in step 1 shall be multiplied by the number of hours of leave earned annually by employees working the basic workweek.
- 3) The number of hours in step 2 divided by 12 shall be the number of hours of leave earned monthly by the employees concerned, or divided by 26, shall be the number of hours of leave earned bi-weekly.

Section 16. Family and Medical Leave

The Town of Micro provides up to 12 weeks of job-protected leave in accordance with the Family and Medical Leave Act of 1993 (FMLA). Under the Family and Medical Leave Act of 1993, eligible employees may be granted up to a total of 12 weeks of unpaid leave per 12-month period, as determined below, for any of the following reasons:

- 1) For incapacity due to pregnancy, prenatal medical care or childbirth;
- 2) To care for the employee's child after birth, or placement for adoption or foster care;
- 3) To care for employee's spouse, son or daughter (under age 18 or incapable of self-care due to disability) parent (in-laws not included), with a serious health condition, as defined by FMLA;
- 4) For a serious health condition, as defined by FMLA, that renders employee unable to perform the job.
- 5) For qualifying exigency arising out of the fact that the spouse, child, or parent of the employee is on active duty or called to active duty status in the National Guard or Reserves in support of a contingency operation.

Service member Family Leave

FMLA also includes a special leave entitlement that permits eligible employees to take up to 26 weeks of leave to care for a covered service member during a single 12-month period. A covered service member is a current member of the Armed Forces, including a member of the National Guard or Reserves, who has a serious injury or illness incurred in the line of duty and is receiving medical treatment, recuperating or undergoing therapy for a serious injury or illness. In contrast to all other FMLA leaves, service member family leave may be taken only once and does not again become available with the start of a new FMLA year. An employee may not take more than a combined total of 26 workweeks of leave in any year in which he or she uses service member family leave. The same eligibility, leave usage, and medical certification requirements apply to service member family leave as apply to all other FMLA leaves.

Eligible employees

To qualify for FMLA coverage, the employee must have worked for the Town of Micro 12 months or 52 weeks; these do not have to be consecutive. However, the employee must have worked 1,250 hours during the twelve-month period

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immediately before the date when the FMLA time begins. Under the Uniformed Services Employment and Reemployment Act (USERRA) an employee ordered to active military duty is eligible for FMLA if the employee would have otherwise been qualified had it not been for the active military duty.

Leave

Employees must provide 30 days advance notice of the need to take FMLA leave when the need is foreseeable. The request for the use of leave must be made in writing by the employee and approved by the mayor. The FMLA permits, and the Town of Micro requires, that while utilizing FMLA leave employees exhaust all accrued paid sick leave first, then vacation leave, and lastly earned compensatory time before being granted unpaid leave. Additional time away from the job beyond the 12- week period may be approved in accordance with the Town's Leave Without Pay policy. Any use of sick leave beyond two weeks is required to be submitted as Family and Medical Leave. Family Medical Leave runs concurrently with other types of leave including sick leave/disability, voluntary shared leave, and worker's compensation. An employee ceases to earn leave credits on the date leave without pay begins. An employee is prohibited from moonlighting or performing other outside work during any kind of leave including FMLA leave.

12-Month Period

For the purposes of determining available leave, the 12-month period during which employees may be eligible for leave will be calculated on a rolling leave year looking backward 12 months from the date an employee begins FMLA leave.

Medical Certification

The Town may require medical certification to assess FMLA eligibility, as well as updates at reasonable intervals for continued certification. Employees are responsible for paying for the certification or re-certification. The Town, at its own cost, may also require the employee to get a second or third opinion from a physician designated by the Town. Failure to provide adequate information within 15 calendar days, may result in denial of leave. The employee is expected to return to work at the end of the timeframe stated in the medical certification, unless he/she has requested additional time in writing under the Town's Leave of Absence policy. The Town requires a physician's statement certifying an employee's ability to return to work prior to returning from medical leave. An employee who does not return to work within three working days after their FMLA expires will be considered to have voluntarily resigned their position.

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Benefits Continuation

The Town will continue to provide health care benefits during the 12-week FMLA leave entitlement, however, the employee will be responsible for paying his/her portion of the premium for dependent coverage if applicable. Other payroll deductions are the responsibility of the employee and the employee must make those payments. Failure to pay premiums will result in loss of coverage. Under federal regulations, the Town has the right to recover the insurance premiums if the employee fails to return to work for reasons other than the inability of the employee to work.

Reinstatement

Under most circumstances, employees who return to work immediately after the expiration of this leave and who do not exceed the amount of leave permitted under the FMLA, will be reinstated to either the same or equivalent job. If the twelve or twenty-six weeks of this leave are exhausted and the employee has not returned to work, the Town will determine if the employee will be reinstated.

Section 17. Leave of Absence

Each request for a Leave of Absence will need to be considered on a case by case basis, due to the limited number of employees currently on staff. For consideration, a
regular full or part-time employee who has completed the probationary period may be granted a leave of absence typically for no more than six months by the Mayor for various reasons including medical leave, sickness/disability of immediate family member, continuing of education, special work that will permit the Town to benefit by the experience gained or the work performed, or for other reasons deemed justified by the Mayor.

Eligible employees will be required to exhaust their vacation leave, sick leave, and any accrued compensatory time prior to requesting leave without pay. The Town requires that all leave of absences qualifying for Family and Medical Leave run concurrently with the 12-week FMLA entitlement. No benefits are accrued during an unpaid leave of absence.

The employee shall apply in writing to their supervisor for leave no later than 30 days prior to the effective date of the leave. The 30-day notice may be waived when in the doctor's opinion the employee must leave their job earlier for medical reasons. The request should include the reason for leave, date expected for beginning leave, duration of leave, and the expected date to return to work. The mayor approves any leave of absence request. The employee is obligated to return to duty within or at the end of the time determined appropriate by the mayor. If the employee decides not to return to work, the supervisor shall be notified immediately. Failure to report at the expiration of a leave of absence, unless an extension has been requested in writing and approved, shall be considered a voluntary resignation. The length of the leave will be determined by the circumstances surrounding the situation and each case will be considered on its own merit. However, leave of absences typically shall not exceed six months without Mayor approval.

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The Town cannot guarantee reinstatement to the employee's former position upon return from a leave of absence. However, every effort will be made to place an employee in their former position. Before being considered for a return to work after a medical leave of absence, employees must provide Human Resources or Administration with a physician's note stating that he/she is physically able to perform the job.

Section 18. Leave Without Pay

Leave without pay is an administrative decision and may be granted by the mayor upon the recommendation of the Department Director and Human Resources Director, if applicable. An employee must exhaust all applicable other leave before being placed on leave without pay status. An employee will not be permitted to rotate in and out of leave without pay status and paid leave status. While on leave without pay, an employee shall not accrue leave benefits. Under leave without pay status, employees are responsible for paying both the Town and employee contributions for premiums or benefit packages if they wish to maintain coverage, subject to any regulation by the Governing Body and the regulations of the insurance carrier/benefit provider.

(Exception: For leave without pay occurring under the 12-week FMLA entitlement, the Town's contributions to health insurance is maintained.)

Section 19. Workers' Compensation Leave

Under the North Carolina Workers' Compensation Act, employees may be compensated for absence from work due to injury or illness covered by the Act, subject to the following leave provisions:

- 1) There is a mandatory 7 calendar day waiting period before Workers' Compensation salary benefits begin. For this initial 7-day waiting period, employees may use sick leave, vacation leave, compensatory time, or leave without pay.
- 2) Beginning on the 8th calendar day following the injury or illness, employees who have not returned to work shall be placed in a Workers' Compensation Leave Without Pay status. Accrued leave cannot be used while in Leave Without Pay status.
- 3) Employees receiving Workers' Compensation benefits will not accrue vacation leave, sick leave or paid holidays and their local government retirement and 401k benefits are not paid during this period. Employees will retain all accumulated sick and vacation leave.
- 4) An employee on Workers' Compensation leave may be permitted to continue to be eligible for benefits under the Town's group health insurance plan during the 12- week FMLA period. Employees may elect to continue health benefits

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by electing COBRA.

- 5) Upon reinstatement, an employee's salary will be computed on the basis of the last salary plus any salary increase to which the employee would have been entitled during the absence covered by Workers' Compensation benefits.
- 6) After returning to work, employees shall be required to use sick or vacation leave for any additional absences for doctor visits, physical therapy, and other required medical care except where any full or partial workday absence may be eligible for Workers' Compensation payment.
- 7) Any period of leave for a Workers' Compensation injury that qualifies as a "serious health condition" under the Family and Medical Leave Act (FMLA), will run concurrently with FMLA leave.
- 8) The Town of ~~_____~~ Micro's personnel policies shall continue to apply to an employee on Workers' Compensation leave in the same manner as they would apply to an employee who continues to work, or is absent while on some other form of leave.
- 9) An employee is prohibited from moonlighting or performing other outside work during any kind of leave including workers' compensation leave.
- 10) The ability to return to work will be assessed individually and on a case-by-case basis. The Town will engage in an interactive process with the employee to carefully analyze whether accommodations requested are reasonable while not creating an undue hardship to the Town. If business necessity requires the Town to fill the position prior to the employee's return to work, the employee will receive priority consideration for qualified job openings for 6 months after their medical release to work.
- 11) Before an employee may return to work from a Workers' Compensation injury at full or light duty, the employee must provide a physician's note or Fitness for Duty certification to his/her supervisor indicating that he/she is released and capable of resuming duties, and what, if any restrictions are in place.

Section 20. Return to Work

The Town of Micro has an established light duty return-to-work policy. A light duty assignment is defined as a temporary work assignment within the employee's physical abilities, knowledge and skills which allows an employee to return to work performing different duties until the employee is able to return to his/her original position following an on-the-job injury. The light duty assignment temporarily addresses the restrictions placed on the employee by the treating physician. For work to be considered suitable light duty employment, the following conditions must be met:

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- 1) The employee must meet the required qualifications for the light duty assignment,
- 2) The work must be a meaningful and productive part of the department's operations,
- 3) The work must conform to the medical restrictions set by the medical care provider, and,
- 4) The light duty assignment and/or modified work schedule should not exceed ninety calendar days.

If the employee's regular department is unable to meet the employee's need for light duty, the employee's department is responsible for payment of the employee's salary and benefits while performing a light duty assignment in a different department that has been able to meet the employee's needs. The employee placed in a light duty assignment will be paid a salary that is equivalent to the salary of other employees holding the same position. The Town cannot guarantee placement and is under no obligation to offer or create any specific position for purposes of offering placement. Employees in a light duty assignment are expected to comply with Town policies and performance expectations as if they were working in their regular, full-time position.

An employee may choose to accept or refuse the Return to Work (modified duty) job offer. However, an employee who refuses a Light Duty offer is subject to termination. Rejection of the job offer might also result in cancellation of income benefits under Workers' Compensation Insurance.

If an employee is unable to return to work at full duty after 90 calendar days, he/she may request a continuation of light duty. Approval beyond 90 calendar days will be based upon the individual assessment of the employee's ability to return to full duty within the immediate future as well as business necessity. An employee requesting an extension beyond 90 calendar days must submit updated information from the treating physician. The Town reserves the right to consider a separation of employment for any employee who is out on Workers' Compensation leave for an extended period of time thus causing hardship for the department. The Town of Micro will engage in the interactive process to determine whether a reasonable accommodation is possible for a qualified individual with a disability to enable them to perform the essential functions of the job, unless doing so causes an undue hardship to the Town of a direct threat to employees or workplace safety.

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Section 21. Military Leave

In accordance with federal and state laws, the Town provides military leave to employees who are members of a United States Armed Forces Reserve organization or National Guard for absences to perform military duty, whether voluntary or involuntary. Absences to perform any military duty (including active duty, active duty training, inactive duty training such as scheduled drills and summer camp, full-time National Guard federal duty, fitness- for-duty examination, and funeral honors duty) are covered by this policy, unless the employee reaches the five-year maximum of military leave as established by the Uniformed Services Employment and Reemployment Rights Act (USERRA). This policy provides military leave to regular Town employees unless their employment is for a brief, non-recurrent period and there is no reasonable expectation that such employment will continue indefinitely or for a significant period.

Employees should submit a request for military leave to the supervisor or Department Director as soon in advance of the military duty as possible. The request should be in writing and should be accompanied by a copy of the military orders. Employees must report back to work as soon after military duty as possible, consistent with federal and state laws. If the reason for the employee's delay is not related to military duties, the employee is subject to the personnel policies and practices normally applied to employees with unexcused absences.

Employees may choose whether to use earned compensatory time, accrued vacation leave (leave with pay), leave without pay, or some combination thereof for these absences, and the provisions of that leave shall apply. Upon exhausting all other paid leave, employees may request to use sick leave, if approved by the Mayor.

Regular employees choosing to use military leave may claim up to ten (10) days of differential pay per calendar year provided the days are recorded as military leave and the military basic pay is less than the employee's regular Town pay. To claim differential pay, the employee must submit a copy of his/her military orders, pay vouchers, Leave and Earnings Statement and/or other appropriate documentation evidencing performance and compensation pertinent to the military duty.

During the period of military leave, regular employees may continue health and dental insurance coverage up to eighteen months under COBRA coverage, provided they continue to pay their share of the premiums. As with any other unpaid leave, employees do not accrue vacation leave or sick leave during the period of leave without pay. However, the balance of such accruals on the date of commencement of the military leave will remain intact for the employee's return to work.

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Section 22. Reinstatement Following Military Service

Employees who are separated or discharged from military service under honorable conditions and who apply for reinstatement within the established time limits are reinstated to the same position or one of like status, seniority, and pay with the Town. If, during military service, an employee is disabled to the extent that the duties of the original position cannot be performed, the employee is reinstated to a position with duties compatible with the disability, if available. The employee's salary upon reinstatement is based on the salary rate just prior to leave, plus any general salary increase(s) implemented while on leave. The addition of a performance salary increase may be considered. Employees who are eligible for military leave have all job rights specified by the Uniformed Services Employment and Reemployment Rights Act (USERRA).

An employee's entitlement to the provisions of this section terminates upon the occurrence of any of the following events:

- 1) Such employee is separated from uniformed service with dishonorable or bad conduct discharge;
- 2) Such employee is separated from uniformed service under other than honorable conditions, as characterized pursuant to regulations prescribed by the Secretary concerned;
- 3) The Town's circumstances have so changed as to make such reemployment impossible or unreasonable; or
- 4) Such employee gives clear written notice s/he has no intention of returning to work.

Section 23. Civil Leave

A Town employee called for jury duty or subpoenaed for the federal or state governments, or a subdivision thereof, shall receive leave with pay for such duty during the required absence without charge to accumulated leave. The employee may keep fees and travel allowances received for jury or witness duty in addition to regular compensation; except, that employees must turn over to the Town and witness fees or travel allowance awarded by that court for court appearances in connection with official duties. While on civil leave, benefits and leave shall accrue as though on regular duty. Employees required to be in court for their own case, defendant or plaintiff, must use vacation leave or compensatory time.

Section 24. Administrative Leave

The Mayor can approve certain types of Administrative Leave at his/her discretion. Administrative Leave is typically for volunteer opportunities such as donating blood, assisting with natural disasters, and other approved activities.

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Section 25. No Moonlighting During Leave

Employees are prohibited from working outside positions during any kind of leave from the Town (Workers' Compensation Leave, Family Medical Leave, etc.). Outside employment during a period of leave can result in disciplinary action up to and including termination.

ARTICLE VIII. SEPARATION AND REINSTATEMENT

Section 1. Types of Separations

All separations of employees from positions in the service of the Town shall be designated as one of the following types and shall be accomplished in the manner indicated: resignation, reduction in force, voluntary retirement, death, or dismissal.

Section 2. Resignation

An employee may resign by submitting the reasons for resignation and the effective date in writing to the immediate supervisor as far in advance as possible. In all instances, the minimum notice requirement is two weeks. Failure to provide minimum notice shall result in forfeit of payment for accumulated vacation leave unless the notice is waived upon recommendation of the Department Director and approval by the mayor.

Three consecutive days of absence without contacting the immediate supervisor or Department Director may be considered job abandonment, a voluntary resignation. Sick leave will only be approved during the final two weeks of a notice with a physician's certification or comparable documentation.

Section 3. Reduction in Force

Reduction in force is the involuntary separation of an employee due to lack of work or funds, outsourcing of services, decreased workload or elimination of the employee's position due to reorganization. In the event that a reduction in force becomes necessary, consideration shall be given to the quality of each employee's performance, organizational needs, and seniority in determining those employees to be retained. Employees who are separated because of a reduction in force shall be given at least two weeks' notice of the anticipated action. No regular employee shall be separated because of a reduction in force while there are temporary or probationary employees serving in the same class in the department, unless the regular employee is not willing to transfer to the position held by the temporary or probationary employee.

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If a reduction in force occurs, the mayor has the discretion to offer severance pay up to the rate of one week of pay for each full year of continuous service to the Town, with a maximum payment of twenty (20) weeks. Severance pay does not apply to temporary employees and any employee who is separated from Town employment based on job misconduct or performance failure. The mayor is authorized to interpret and clarify any issues related to Reduction in Force and/or severance.

Section 4. Voluntary Retirement

An employee who meets the conditions set forth under the provision of the North Carolina Local Government Employee's Retirement System may elect to retire and receive all benefits earned under the retirement plan.

Section 5. Death

Separation shall be effective as of the date of death. All compensation due shall be paid to the estate of the employee.

Section 6. Dismissal

An employee may be dismissed in accordance with the provisions and procedures of Article IX.

Section 7. Reinstatement

An employee who is separated because of reduction in force may be reinstated within one year of the date of separation, upon recommendation of the Department Director, and upon approval of the mayor. An employee who is reinstated in this manner shall be credited with his or her previously accrued vacation and sick leave.

Section 8. Rehiring

An employee who resigns while in good standing may be rehired with the approval of the mayor will be regarded as a new employee (vacation leave and service start over), subject to all of the provisions of rules and regulations of this Policy. If an employee is hired back into the same position within one year from the date of separation, the employee may be hired back at the previous salary rate, including any salary increases for which he/she would have been eligible as well as a reinstatement of accumulated sick leave. An employee in good standing who is separated due to a reduction in force shall be given the first opportunity to be rehired in the same or a similar position.

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ARTICLE IX. DISCIPLINARY ACTIONS

Section 1. Policy

A non-probationary employee may be reprimanded, suspended, demoted, or dismissed as provided below; however, nothing contained herein shall replace, change, or modify the employment-at-will status as first stated in Article 1, Section 2 of these policies.

The Town generally administers a progressive disciplinary procedure in which discipline is administered in proportion to the degree of severity and frequency of unacceptable employee behavior. Progressive discipline is intended to allow the employee the opportunity to correct deficiencies in work behavior by clarifying and prescribing to the employee the appropriate behavior. All disciplinary actions are subject to the approval of the mayor.

Employees may be disciplined for improper personal conduct or unsatisfactory performance of job duties, as described in this Article. The Town may also discipline employees for performance problems and/or conduct not specifically identified in this Article.

Probationary employees who have not attained regular status and temporary employees may be dismissed immediately for unsatisfactory job performance or improper personal conduct violations. There is no right of appeal. Appropriate documentation of the dismissal will be included in the employee's personnel file.

Section 2. Procedure

Whenever, in the supervisor's judgment, employee performance, attitude, work habits, or personal conduct falls below the acceptable level, the supervisor shall inform the employee promptly and specifically of such performance problem(s) and give counsel and assistance. A reasonable period of time for improvement may be allowed before initiating disciplinary action and is within the discretion of the supervisor.

The Town generally follows the principles of progressive discipline. However, the supervisor, in consultation with the Human Resources Director or Administration, may determine the appropriate level of discipline, separate and apart from the progressive discipline, taking into consideration the particular incident. Disciplinary actions will be recorded in the employee's personnel file.

Disciplinary action may consist of any of the following, not necessarily in this order:

- Written Warning
- Written Warning with Condition(s) of Continued Employment

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- Suspension
- Demotion
- Dismissal

Written Warning(s)

A documented discussion of specific work-related concerns indicating unacceptable personal conduct or performance deficiencies will be made with corrective measures to be followed. The receipt of a written warning should be acknowledged in writing by the employee. If the employee refuses to properly acknowledge the receipt of any written warning, the supervisor issuing the written warning shall note the employee's refusal on the employee disciplinary report and have an additional supervisor sign the disciplinary report as a witness to the fact that the employee refused to sign the disciplinary report.

Written Warning with Condition(s) of Continued Employment

If an employee continues to perform his or her duties in an unsatisfactory manner, after the receipt of a written warning about deficiencies in the employees' work performance, or if the employee engages in improper personal conduct that involves a mitigating factor or a combination of mitigating factors deemed by management to warrant disciplinary action short of dismissal, the employee may be issued a written warning that contains conditions with which the employee must comply in order to maintain his or her employment with the Town. These conditions of employment may include, but are not limited to, performance requirements as well as a defined goal for the employee to attain in order to demonstrate that the employee is conducting him/herself in a manner that meets the expectations of the Town of Micro.

The issuance of a written warning by the Town to an employee is for the convenience of the Town and is not a precondition of an adverse employment action. An employee may have an adverse employment action (including but not limited to suspension, demotion or dismissal) taken against them without prior written warning by the Town.

Suspension

If the behavioral infraction is extremely serious to the Town, other employees, or the public, the employee may be suspended without warning.

Demotion

An employee may also be demoted for unsatisfactory performance or for improper personal conduct without prior warnings. Before an employee is demoted for either reason, the Department Director shall submit a written summary of facts and circumstances leading to the decision to the Human Resources Director or Mayor for approval to proceed. The report should include previous disciplinary action taken,

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previous written warnings and other documents that support the decision.

Dismissal

The Department Director recommending dismissal shall discuss the recommendation with the Human Resources Director or the Mayor. The supervisor shall schedule and conduct a meeting with the employee and the Human Resources Director, or person performing such duties. In the meeting, the supervisor shall provide the employee notice of the recommended dismissal, including specific reasons for the recommendation and summarize the information supporting that decision. The employee shall have an opportunity to respond to the recommended dismissal, to refute information supporting the dismissal action and to offer information or arguments to support his/her position. During this meeting with the Department Director, no outside parties may participate. The Human Resources Director or the Mayor shall transmit to the employee written notice of the dismissal.

Section 3. Non-Disciplinary Suspension

During the investigation, hearing or trial of an employee on any criminal charge, or during an investigation related to alleged detrimental personal conduct, or during the course of any civil action involving an employee when suspension would, in the opinion of the Department Director, the Human Resources Director or the Mayor, be in the best interest of the Town, the employee may be suspended for part or all of the proceeding as a non-disciplinary action. In such cases, the mayor may temporarily relieve the employee of all duties and responsibilities and place the employee on unpaid or paid leave for the duration of the suspension. If the employee is reinstated following the suspension such employee shall not lose any compensation or benefits to which otherwise the employee would have been entitled had the suspension not occurred. If the employee is terminated following suspension, the employee shall not be eligible for any pay from the date of unpaid suspension.

Section 4. Rights of Appeal

In the case of a demotion or dismissal, a regular employee can appeal to the mayor in writing within seven (7) workdays following the effective date of the personnel action that is under appeal. The mayor, or designee, will review the written reports utilized by the Department Director to take the personnel action under appeal, and may request additional information and documentation to consider the appeal. The mayor may request meetings with the employee as well as others involved.

In deciding the issue on appeal, the mayor, or designee, may confirm or modify the recommendation of the Department Director and enter such order as the mayor may deem appropriate. The mayor's written decision shall be entered and forwarded to the

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Department Director and the employee within ten (10) workdays from the date the written appeal was received. The decision entered by the mayor shall be final.

Section 5. Administrative Guidelines

As mentioned above, the Town will determine the appropriate level of discipline for both unsatisfactory job performance and conduct issues. Examples of both unsatisfactory job performance and improper personal conduct which could result in discipline are listed below.

(A) Unsatisfactory Job Performance

Unsatisfactory job performance occurs when an employee fails to meet job requirements or performance standards as established by the Department Director or Mayor. This policy does not require that progressive warnings address the same type of unsatisfactory performance.

The following list is illustrative, and is not an exhaustive or exclusive list, of the types of unsatisfactory job performance that may lead to the termination of an individual's employment with the Town:

- (1) Inefficiency or incompetence or negligence in performing duties;
- (2) Poor manner of work performance;
- (3) Failure to produce work of acceptable quality, quantity or accuracy;
- (4) Physical or mental incapability for performing duties
after reasonable accommodation;
- (5) Careless, negligent or improper use of Town property;
- (6) Failure to maintain satisfactory and harmonious working relationships
with fellow employees and the public;
- (7) Habitual pattern of failure to report for duty at the assigned time and place;
- (8) Absence without approved leave;
- (9) Improper use of sick or other leave privileges;
- (10) Failure to complete work within timeframes established;
- (11) Repeated or serious incident of unsafe behavior at work;
- (12) Failure to obtain or maintain current license or certificate required as a
condition of the job;
- (13) Failure to wear or use appropriate safety equipment or otherwise to abide by

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safety rules;

- (14) A rating below expectations overall or on a principal function for at least two consecutive performance reviews (may be mid-year reviews) spanning at least six months with no improvement.

(B) Improper Personal Conduct

An employee who engages in a single act of improper personal conduct is subject to dismissal from employment with the Town of Micro, regardless of whether the employee has previously received a warning of any kind during his/her career with the Town.

The following list is illustrative, and is not an exhaustive or exclusive list, of the types of improper personal conduct that will lead to the termination of an individual's employment with the Town:

- (1) Conduct unbecoming a Town employee;
- (2) Fraud, theft or other illegal activities;
- (3) Conviction of a felony or the entry of a plea of nolo contendere thereto;
- (4) Willful misuse or gross negligence in the handling of Town funds or missing Town funds;
- (5) Personal use of Town equipment or supplies;
- (6) Falsifying records for personal profit, to grant special privileges or to obtain employment;
- (7) Engaging in any action that would in any way seriously disrupt or disturb the normal operations of the Town;
- (8) Willful acts that would endanger the lives or property of others;
- (9) Willfully damaging Town property;
- (10) Possessing unauthorized weapons, alcoholic beverages, or illegal substances while on the job;
- (11) Violence or other aggressive, threatening, intimidating, bullying or disruptive behaviors whether by means of communication devices or by means of physical visits to the grounds or home of the targeted individual, for the purpose of harassing an individual;
- (12) Insubordination;

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- (13) Accepting gifts for “favors” or “influence;
- (14) Without proper authorization, disseminating or otherwise releasing in any manner information that is lawfully maintained by the Town’s confidential information;
- (15) Professional misconduct;
- (16) Leaving the work area repeatedly for excessively long periods without proper authorization;
- (17) Willful violations of Federal/State law or regulations or Town policies;
- (18) Violation of the Town’s policies prohibiting sexual harassment, unlawful discrimination, retaliation, workplace violence, and/or substance abuse;
- (19) Providing or maintaining false or improper records/documents;
- (20) Sleeping during work time;
- (21) Gambling during work time; and
- (22) Providing an untruthful statement or statements during an administrative investigation conducted by the Town and/or otherwise attempting to impede the ability of the Town to conduct an accurate and complete administrative investigation.

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ARTICLE X. GRIEVANCE PROCEDURE

Section 1. Policy

The Town is committed to providing employees an effective and responsive grievance process. The purpose of this article is to outline the procedure and to assure all employees that a response to their complaints and grievances will be prompt and fair. Employees utilizing the grievance procedure shall not be subjected to retaliation or any form of harassment from supervisors or employees for exercising their rights under this policy. Supervisors or other employees who violate this policy shall be subject to disciplinary action up to and including dismissal from Town service.

Section 2. Grievance Defined

A grievance is a claim or complaint by a current or a former employee based upon an event or condition within control of the Town, which adversely affects the circumstances under which an employee works, allegedly caused by misinterpretation, unfair application, or lack of established policy pertaining to employment conditions. An employee filing a grievance should be actually or potentially adversely affected by the condition or event being grieved. Performance appraisals, disciplinary demotions, or terminations of employment fall under the grievance procedure.

Section 3. Purposes of the Grievance Procedure

The purposes of the grievance procedure include, but are not limited to:

- 1) Providing employees with a procedure by which their complaints can be considered promptly, fairly, and without reprisal;
- 2) Encouraging employees to express themselves about the conditions of work that affect them as employees;
- 3) Promoting better understanding of policies, practices, and procedures that affect employees;
- 4) Increasing employees' confidence that personnel actions taken are in accordance with established, fair, and uniform policies and procedures; and
- 5) Increasing the sense of responsibility exercised by supervisors in dealing with their employees.
- 6) Encouraging conflicts to be resolved between employees and supervisors who must maintain an effective future working relationship, and therefore, encouraging conflicts to be resolved at the lowest level possible of the chain of command; and

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- 7) Creating a work environment free of continuing conflicts, disagreements, and negative feelings about the Town of its leaders, thus freeing up employee motivation, productivity, and creativity.

Section 4. Procedure

When an employee has a grievance, the following successive steps are to be taken unless otherwise provided. The number of calendar days indicated for each step should be considered the maximum, unless otherwise provided, and every effort should be made to expedite the process. However, the time limits set forth may be extended by mutual consent. The last step initiated by an employee shall be considered to be the step at which the grievance is resolved.

Informal Resolution. Prior to the submission of a formal grievance, the employee and supervisor should meet to discuss the problem and seek to resolve it informally. This is to ensure that the supervisor knows about and has had the opportunity to consider and investigate the problem and to resolve the problem informally before the formal grievance process is initiated. Either the employee or the supervisor may involve the respective Department Director as a resource to help resolve the grievance. In addition, the employee or supervisor may request mediation from a local mediation service or other qualified parties to resolve the conflict, upon approval of the Human Resources Director or Mayor. Mediation is the process where a neutral party assists the parties in conflict with identifying mutually agreeable solutions or understandings.

Step 1. If no resolution to the grievance is reached informally, the employee who wishes to pursue a grievance shall present the grievance to the Department Director in writing. The grievance must be presented within seven (7) calendar days of the event or within seven (7) calendar days of learning of the event or condition. The grievance should contain the following: the decision, action, or policy the employee does not agree with, on what basis the action is wrong or unfair, and the proposed resolution the employee is seeking.

The Department Director shall submit a written response to the employee within seven (7) calendar days after receipt of the grievance. The Department Director should, and is encouraged to, consult with any employee of the Town in order to reach a correct, impartial, fair and equitable determination or decision concerning the grievance. Any employee consulted by the Department Director is required to cooperate to the fullest extent possible.

The response from the Department Director for each step in the formal grievance process shall be in writing and signed. In addition, the employee shall sign a copy to acknowledge receipt thereof. The responder at each step shall send copies of the grievance and response to the Human Resources Director, or person performing such duties.

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In cases involving discrimination or harassment, which may involve the immediate supervisor or Department Director, the employee may file the grievance with the Human Resources Director, or person performing such duties, directly.

Step 2. If the grievance is not resolved to the satisfaction of the employee by the Department Director, the employee may appeal, in writing, to the Human Resources Director, or person performing such duties, within seven (7) calendar days after receipt of the response from Step 1. The grievance should state why the employee disagrees with the Department Director's decision in the Step 1 as well as offer a suggested resolution to the problem. The Human Resources Director, or person performing such duties, shall respond to the appeal in writing, stating the determination of decision within seven (7) calendar days after receipt of the appeal.

Step 3. If the grievance is not resolved to the satisfaction of the employee at the end of Step 2, the employee may appeal, in writing, to the mayor within seven (7) calendar days after receipt of the response from Step 2. The grievance should state why the employee disagrees with the Human Resources Director's decision in Step 2 as well as offer a suggested resolution to the problem. The mayor shall respond to the appeal in writing, stating the determination of decision within ten (10) calendar days after receipt of the appeal. The mayor's decision shall be the final decision. The Town Manager will notify the Governing Body of any impending legal action.

Filing a lawsuit or seeking any other administrative remedy against the Town while you have a grievance on the same issue will end your appeals under the Town's grievance procedure.

Department Directors. In the case of Department Directors or other employees where the mayor has been significantly involved in determining disciplinary action, including dismissal, the Town may wish to obtain a neutral outside party to act as a mediator to assist in resolving the conflict.

Section 5. Role of the Human Resources Director

Throughout the grievance procedure, the role of the Human Resources Director shall be as follows:

- 1) To advise parties (including employee, supervisors, and Mayor of their rights and responsibilities under this policy, including interpreting the grievance and other policies for consistency of application;
- 2) To be a clearinghouse for information and decisions in the matter including maintaining files of all grievance documents.
- 3) To give notices to parties concerning timetables of the process, etc.;
- 4) To assist employees and supervisors in drafting statements; and
- 5) To facilitate the resolution of conflicts in the procedures or of the grievance

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at any step in the process; and

- 6) To help locate mediation or other resources as needed.

The Human Resources Director shall also determine whether or not additional time shall be allowed to either side in unusual circumstances if the parties cannot agree upon extensions when needed or indicated.

Section 6. Grievance Procedure for Discrimination

When an employee, former employee, or applicant, believes that any employment action discriminates illegally (i.e., is based on race, color, religion, sex, national origin, political affiliation, non-disqualifying disability, age marital status or veteran status) he or she has the right to appeal such action using the grievance procedure outlined in this Article (Section 4 above). While such persons are encouraged to use the grievance procedure, they shall also have the right to appeal directly to the Human Resources Director or Mayor. An employee or applicant should appeal an alleged act of discrimination within thirty calendar days of the alleged discriminatory action but may appeal for up to six months following the action. Nothing in this policy is intended to discourage or prevent an employee, former employee, or applicant from filing a formal charge of discrimination or other illegal action with the appropriate state or federal agency having jurisdiction.

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OPTIONAL SECTIONS:

Section X. Merit Pay (OPTIONAL)

Upward movement within the established salary range for an employee is not automatic, but rather based upon specific performance-related criteria. Procedures for determining performance levels and performance pay increases or other performance-related movement within the range shall be established in procedures approved by the Mayor. Merit increases may be granted annually based on performance to be provided on the yearly anniversary of each employee. The amount of merit increase may vary from year to year, depending on the budget adopted by the Governing Body. ~~Only employees starting regular employment with the Town prior to July 1 of the previous calendar year are eligible for merit pay based on the performance evaluation. Employees on a leave of absence will be eligible for a performance review and possible merit increase upon their return to work.~~

Section X. Longevity Pay (OPTIONAL)

~~Full time and part time regular employees are compensated for years of service to the Town payment of a longevity supplement. Longevity pay is based on total number of years of continuous service. Employees shall receive longevity pay on the payday for the pay period in which his/her eligibility date occurs and annually in succeeding years. Employees shall receive longevity pay based on the following table:~~

| <u>Years of Service</u> | <u>Longevity</u> |
|-------------------------|------------------|
| <u>Amount</u> | |
| 5 - 9 | \$ |
| 10 - 14 | \$ |
| 15 - 19 | \$ |
| 20 plus | \$ |

~~If an employee goes on leave without pay, longevity shall not be paid until the employee returns to work and completes six months of service.~~

Section X. Pay for Acting in a Higher-Level Classification (OPTIONAL)

~~An employee who is formally designated to perform the duties of a position that is assigned to a higher salary grade than that of the employee's regular classification for a period of 30 days or more shall receive an increase for the duration of the "Acting" assignment. The employee shall receive a salary adjustment to the minimum level of the job in which the employee is acting or an increase of 5%, whichever is greater, upon the start of the assignment. The salary increase shall be temporary and upon~~

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~~completion of the assignment, the employee shall go back to the salary he or she would have had if not assigned to the "Acting" role, considering any increases the employee would have received if he/she had not been placed in the "Acting" role.~~

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Section X. Educational Incentive Pay Plan (OPTIONAL)

~~The Town offers an educational incentive pay plan to assist employees in their continuing education efforts. The pay plan will provide monetary incentives for completing certain job-specific certifications and courses approved by the mayor. In order for courses/certifications to qualify for Educational Pay, they need to be approved by the Human Resources Director, or the person performing such duties, prior to beginning the course. Procedures for the educational incentive pay plan shall be established and approved by the mayor.~~

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Town of Micro
North Carolina
PERSONNEL POLICY

EFFECTIVE
March 11, 2025



Table of Contents

| <u>Title</u> | <u>Page</u> |
|--|-------------|
| ARTICLE I. GENERAL PROVISIONS | 5 |
| Section 1. Purpose of the Policy | 5 |
| Section 2. At Will Employment | 5 |
| Section 3. Merit Principle | 5 |
| Section 4. Role of the Governing Body | 6 |
| Section 5. Role of the Mayor | 6 |
| Section 6. Role of the Human Resources Director | 6 |
| Section 7. Application of Policies, Plan, Rules, and Regulations | 7 |
| Section 8. Departmental Rules and Regulations | 7 |
| Section 9. Definitions | 7 |
| | |
| ARTICLE II. POSITION CLASSIFICATION PLAN | 10 |
| Section 1. Purpose | 10 |
| Section 2. Composition of the Position Classification Plan | 10 |
| Section 3. Use of the Position Classification Plan | 10 |
| Section 4. Administration of the Position Classification Plan | 11 |
| Section 5. Authorization of New Positions and the Position Classification Plan | 11 |
| Section 6. Request for Reclassification | 11 |
| | |
| ARTICLE III. THE PAY PLAN | 12 |
| Section 1. Definition | 12 |
| Section 2. Administration and Maintenance | 12 |
| Section 3. Starting Salaries | 12 |
| Section 4. Trainee Designation and Provisions | 13 |
| Section 5. Salary Effect of Promotions, Demotions, Transfers, And Reclassifications | 13 |
| Section 6. Salary Range Revisions | 15 |
| Section 7. Transition to a New Salary Plan | 15 |
| Section 8. In-Range Salary Adjustment | 15 |
| Section 9. Effective Date of Salary Changes | 16 |
| Section 10. Overtime/Compensatory Pay Provisions | 16 |
| Section 11. Call-back and Stand-by Pay | 17 |
| Section 12. Holiday Pay | 18 |
| | |
| Section 13. Payroll Deduction | 18 |
| Section 14. Hourly Rate of Pay | 18 |
| | |
| ARTICLE IV. RECRUITMENT AND EMPLOYMENT | 19 |
| Section 1. Equal Employment Opportunity Statement | 19 |
| Section 2. Recruitment, Selection and Appointment | 19 |
| Section 3. Probationary Period | 20 |
| Section 4. Promotion | 20 |
| Section 5. Demotion | 21 |
| Section 6. Lateral Transfer | 21 |

| | |
|---|----|
| ARTICLE V. CONDITIONS OF EMPLOYMENT | 22 |
| Section 1. Work Schedule | 22 |
| Section 2. Political Activity | 22 |
| Section 3. Outside Employment | 22 |
| Section 4. Dual Employment | 23 |
| Section 5. Employment of Relatives | 23 |
| Section 6. Workplace Harassment Prohibited | 24 |
| Section 7. Solicitation and Acceptance of Gifts and Favors | 24 |
| Section 8. Performance Evaluation | 25 |
| Section 9. Safety | 25 |
| Section 10. Drug Free Workplace | 25 |
| Section 11. Internet and Email Policy | 25 |
| Section 12. Attendance | 26 |
| Section 13. Adverse Weather | 26 |
| | |
| ARTICLE VI. EMPLOYEE BENEFITS | 28 |
| Section 1. Eligibility | 28 |
| Section 2. Group Health and Hospitalization Insurance | 28 |
| Section 3. Retirement | 29 |
| Section 4. Social Security | 29 |
| Section 5. Workers' Compensation | 29 |
| Section 6. Unemployment Compensation | 30 |
| Section 7. Effective Date of Benefit Changes | 30 |
| Section 8. Law Enforcement Separation Allowance | 30 |
| | |
| ARTICLE VII. HOLIDAYS AND LEAVES OF ABSENCE | 32 |
| Section 1. Policy | 32 |
| Section 2. Holidays | 32 |
| Section 3. Holidays: Effect on Other Types of Leave | 32 |
| Section 4. Vacation/Personal Leave | 33 |
| Section 5. Vacation/Personal Leave: Use by Probationary Employees | 33 |
| Section 6. Vacation/Personal Leave: Accrual Rate | 33 |
| Section 7. Vacation/Personal Leave: Maximum Accumulation | 33 |
| Section 8. Vacation/Personal Leave: Manner of Taking | 34 |
| | |
| Section 9. Vacation/Personal Leave: Payment upon Separation | 34 |
| Section 10. Vacation/Personal Leave: Payment upon Death | 34 |
| Section 11. Sick Leave | 35 |
| Section 12. Sick Leave: Accrual Rate and Accumulation | 35 |
| Section 13. Transfer of Sick Leave from Previous Employer | 36 |
| Section 14. Sick Leave: Medical Certification | 36 |
| Section 15. Leave Pro-rated | 36 |
| Section 16. Family and Medical Leave | 37 |
| Section 17. Leave of Absence | 39 |
| Section 18. Leave Without Pay | 40 |
| Section 19. Workers' Compensation Leave | 40 |
| Section 20. Return to Work | 41 |

| | |
|--|----|
| Section 21. Military Leave | 43 |
| Section 22. Reinstatement Following Military Service | 44 |
| Section 23. Civil Leave | 44 |
| Section 24. Administrative Leave | 44 |
| Section 25. No Moonlighting During Leave | 45 |
| | |
| ARTICLE VIII. SEPARATION AND REINSTATEMENT | 46 |
| Section 1. Types of Separations | 46 |
| Section 2. Resignation | 46 |
| Section 3. Reduction in Force | 46 |
| Section 4. Voluntary Retirement | 47 |
| Section 5. Death | 47 |
| Section 6. Dismissal | 47 |
| Section 7. Reinstatement | 47 |
| Section 8. Rehiring | 47 |
| | |
| ARTICLE IX. DISCIPLINARY ACTIONS | 48 |
| Section 1. Policy | 48 |
| Section 2. Procedure | 48 |
| Section 3. Non-Disciplinary Suspension | 50 |
| Section 4. Rights of Appeal | 50 |
| Section 5. Administrative Guidelines | 51 |
| | |
| ARTICLE X. GRIEVANCE PROCEDURE | 54 |
| Section 1. Policy | 54 |
| Section 2. Grievance Defined | 54 |
| Section 3. Purposes of the Grievance Procedure | 54 |
| Section 4. Procedure | 55 |
| Section 5. Role of the Human Resources Director | 56 |
| Section 6. Grievance Procedure for Discrimination | 57 |

ARTICLE I. GENERAL PROVISIONS

Section 1. Purpose of the Policy

The purpose of this policy is to establish a just and consistent system for personnel administration, applicable to all employees of the Town under the supervision of the mayor. The authority for this policy derives from Chapter 160A, Article 7, of the North Carolina General Statutes.

None of the benefits or policies set forth in these policies are intended, because of their publication, to confer any rights or privileges upon employees or to entitle them to be or remain employed by the Town. The contents of this document are presented as a matter of information only.

These personnel policies are not a binding contract, but merely a set of guidelines for the implementation of personnel policies. The Town explicitly reserves the right to modify any of the provisions of these policies at any time and without any notice to employees.

Notwithstanding any of the provisions within these policies, employment may be terminated at any time, either by the employee or by the Town, with or without cause and without advance notice.

Section 2. At Will Employment

The employment relationship between the Town and the employee is terminable at the will of either at any time and with or without cause and with or without notice. No employee, officer, or representative of the Town has any authority to enter into any agreement or representation, verbally or in writing, which alters, amends, or contradicts this provision or the provisions in these policies. Any exception to this policy of at-will employment must be expressly authorized in writing, approved by the Governing Board and executed by the officers designated by the Governing Board.

Section 3. Merit Principle

The Town upholds a non-discriminatory policy, and no applicant for employment or current employee will face employment-related disadvantages or adverse treatment due to their race, color, religion, gender, national origin, political affiliation, sexual orientation, age, disability, genetic information, marital status, veteran status, or on the basis of actual or perceived gender identity. This commitment fosters an inclusive and diverse workforce, promoting equal opportunities for all individuals based solely on merit.

Section 4. Role of the Governing Body

The Governing Body shall be responsible for establishing and approving personnel policies, the position classification and pay plan, and may change the policies and benefits as necessary. They also shall make and confirm appointments when so specified by the general statutes.

Section 5. Role of the Mayor

The mayor holds the responsibility of overseeing the personnel program and providing technical direction to the Governing Body. The role includes appointing, suspending, and removing Town employees, except for those whose appointments are specified by law. All appointments, dismissals, and suspensions are carried out in adherence to the Town Charter and other relevant policies outlined in this Policy. The mayor is involved in the following areas:

- 1) Recommending rules and revisions to the personnel system to the Governing Body for consideration.
- 2) Ensuring an accurate and current position classification plan by making necessary adjustments as needed.
- 3) Preparing and proposing revisions to the pay plan.
- 4) Determining which employees are subject to the overtime provisions of the Fair Labor Standards Act (FLSA).
- 5) Overseeing the development and implementation of recruiting programs aimed at attracting competent applicants to fulfill the needs of the Town.
- 6) Undertaking additional duties assigned by the Governing Body that align with this Policy.
- 7) Appointing an employee to serve as the Human Resources Director, if applicable, to fulfill crucial roles in managing personnel matters with the Town.

Section 6. Role of the Human Resources Director (if applicable)

The Human Resources Director shall be responsible for ensuring the establishment, implementation, and management of a modern personnel system that embodies the Equal Employment Opportunity and Non-discrimination as envisioned by the Town. The Town Clerk shall act as and fulfill the duties of the Human Resources Director unless otherwise designated by the mayor. Those responsibilities include, but shall not be limited to, the following:

- 1) Providing recommendations for rules and revisions to the personnel system to the mayor for consideration.
- 2) Recommending changes as necessary to maintain an up-to-date and accurate position classification plan.
- 3) Suggesting necessary revisions to the pay plan.
- 4) Recommending which employees should fall under the provisions of the Fair

- Labor Standards Act (FLSA).
- 5) Maintaining a comprehensive roster of all individuals in the Town's service.
 - 6) Establishing and updating a list of authorized positions in the Town's service at the start of each budget year, including class titles, salary ranges, position numbers, and any relevant changes.
 - 7) Developing and administering recruiting programs to ensure a competent pool of applicants to meet the Town's needs.
 - 8) Coordinating training and educational programs for Town employees.
 - 9) Periodically investigating the operation and impact of the personnel provisions outlined in this Policy.
 - 10) Undertaking any other duties assigned by the mayor that align with this Policy.

Section 7. Application of Policies, Plan, Rules, and Regulations

The personnel policy and its associated rules and regulations shall be binding on all Town employees. However, certain individuals, including the [Mayor, Town Attorney, members of the Governing Body, and advisory boards and commissions], will be exempted from the policy unless specifically included in certain sections.

An employee found in violation of this policy will be subject to appropriate disciplinary action and may also face prosecution under applicable civil or criminal laws for any offenses committed.

Section 8. Departmental Rules and Regulations

Because of the particular personnel and operational requirements of the various departments of the Town, each department is authorized to establish supplemental written rules and regulations applicable only to the personnel of that department. All such rules and regulations shall be subject to the approval of the mayor and shall not in any way conflict with the provisions of this Policy but shall be considered as a supplement to this Policy.

Section 9. Definitions

For the purposes of this Policy, the following words and phrases shall have the meanings respectively ascribed to them by this section:

Allocated Position. An authorized regular position approved by the Governing Body, which entails a specific job title, salary grade, salary range, duties, and minimum qualifications. Appointments to these positions are made through a competitive selection process, and their budget approval is subject to annual review by the Governing Body.

Continuous Service. Refers to the years of uninterrupted regular service with the Town without experiencing termination and rehire of employment, excluding the Family and Medical leaves of absence. For health insurance purposes related to retirees, continuous

service only includes full-time, regular employees.

Exempt Employee. An employee who meets the qualifications for exemption from the overtime provisions of the Fair Labor Standards Act (FLSA).

Grievance. A claim or complaint stemming from an event or condition affecting the working circumstances of an employee, allegedly caused by misinterpretation, unfair application, or the absence of established policies related to employment expectations.

Immediate Family. As defined in these policies, immediate family includes an employee's spouse, guardian, children, brother, sister, parent(s), in-laws of the employee and anyone residing within the household of the employee.

Non-Exempt Employee. An employee who is subject to the overtime provisions of the Fair Labor Standards Act (FLSA).

Pay Status. The state when an employee is actively working or is on paid leave, such as vacation leave or sick leave.

Probationary Employee. Refers to an employee appointed to an allocated position who has not yet successfully completed the designated probationary period. During this period, a probationary employee may be rejected, dismissed, demoted or suspended without the right to appeal. An employee who successfully completes the probationary period will be considered a regular employee of the Town.

Probationary Period. The initial six (6) months and (12) months for Sworn Law Enforcement Officers and Department Directors of employment or promotion that allows observation of the employee's work performance to determine the suitability and ability to satisfactorily perform the duties and responsibilities of the position. The Probationary Period may be extended up to an additional six (6) months but shall not exceed twelve (12) months (18 months for Sworn Law Enforcement Officers and Department Directors).

Regular Full-Time Employee. An individual appointed to a full-time allocated position, with an average workweek or 40 or more hours. Regular full-time employees are eligible for all employee benefits.

Regular Part-Time Employee. An individual appointed to a part-time allocated position and normally working at least 20 hours but less than 40 hours per workweek. A regular part-time employee is eligible for pro-rated benefits based on the number of hours authorized to work.

Temporary Employee. A person hired by a department to perform additional help, often on a seasonal or short-term basis. Temporary employees are paid on an hourly basis only for the hours actually worked and cannot work more than 25 hours in a

workweek. They are not eligible for benefits except those mandated by the State and Federal government. Either the temporary employee or the Town can terminate the employment relationship at any time for any reason.

Trainee. Refers to an employee status when an applicant is hired (or an employee is promoted) but does not meet all of the requirements for the position. During the trainee appointment, the employee remains in a probationary status.

ARTICLE II. POSITION CLASSIFICATION PLAN (Not yet created as of 2/2025)

Section 1. Purpose

The position classification plan serves as a comprehensive inventory of all authorized and allocated positions within the Town. It includes accurate descriptions and specifications for each class of employment. The primary purpose of the plan is to establish standardized job titles, each of which represents a specific range of duties and responsibilities associated with the respective positions. By utilizing this plan, the Town ensures clarity and consistency in job roles and helps facilitate effective human resources management.

Section 2. Composition of the Position Classification Plan

The classification plan shall consist of the following components:

- 1) Grouping of positions into classes, with each class encompassing positions of comparable difficulty and responsibility. These classes should require similar general qualifications and be compensated equitably with a designated pay range, considering similar working conditions.
- 2) Class titles that accurately describe the nature of work performed by each class of positions.
- 3) Written specifications outlining the key characteristics and requirements for each class of positions.
- 4) An allocation list that shows the class title of every position with the classified service, indicating the appropriate classification within the plan.

Section 3. Use of the Position Classification Plan

The classification plan is to be used:

- 1) As a guide during the recruitment and selection process of applicants for employment, helping to identify the appropriate class and qualifications required for each position.
- 2) In establishing clear pathways for employee promotions and developing effective training programs to enhance employee skills and capabilities.
- 3) In determining appropriate salary levels for different types of work, ensuring fair and equitable compensation within each class of positions.

- 4) In budgeting for personnel-related services and expenses across departments, based on the positions and classes within the classification plan.
- 5) In providing consistent and uniform terminology for job titles and descriptions, facilitating clear communication, and understanding of various roles within the organization.

Section 4. Administration of the Position Classification Plan

The responsibility of allocating each position within the classification plan to its appropriate class and overseeing the administration of the classification plan lies with the Human Resources Director, or other person assigned such duties. Additionally, the Human Resources Director, or other person assigned such duties, shall conduct periodic reviews of sections within the classification plan and propose necessary changes to the mayor for consideration.

Section 5. Authorization of New Positions and the Position Classification Plan

The establishment of new positions requires a recommendation from the mayor and subsequent approval by the Governing Body. The proposed new positions must be presented to the Governing Body, along with a suggested class title, and proposed salary range. The mayor, or designee, will then allocate the new position to an existing class or propose the creation of a new class within the position classification plan to accommodate the new position.

Once finalized, the position classification plan, inclusive of any newly established positions or classes, will be subject to approval by the Governing Body and will be kept on file with the Human Resources Director, or other person performing such duties.

Section 6. Request for Reclassification

Any Department Director who considers a position within their department to be misclassified shall submit a request in writing for reclassification to the Human Resources Director, or person performing such duties. Upon receipt of such request, the Human Resources Director, or person performing such duties, shall study the request, determine the merit of the reclassification, inform the mayor of the request, and make any recommended revisions to the classification and pay plan to the mayor.

ARTICLE III. THE PAY PLAN

Section 1. Definition

The pay plan includes the salary grade table, which shows the base salary schedule, along with the corresponding titles for each position. Each position is assigned to a specific salary grade along with a specific salary range. The assignment of positions to specific grades is determined by the duties and responsibilities associated with each role.

The pay plan includes a salary range for each grade, which comprises a minimum rate, a midpoint, and a maximum rate. These rates are set by the Governing Body and are typically reviewed and approved annually along with the fiscal year budget. This ensures that compensation levels remain competitive and equitable.

Section 2. Administration and Maintenance

The responsibility for administering and maintaining the pay plan lies with the mayor, assisted by the Human Resources Director, if applicable. All employees covered by the plan will receive compensation within the salary range established for the respective position classification, except for trainees or those whose current salaries exceed the newly established maximum rate due to transitioning to a new pay plan.

The primary goal of the pay plan is to ensure fair and equitable compensation for all positions, considering differences in job duties and responsibilities, comparable pay rates in the private and public sectors in the area, changes in the cost of living, the financial status of the Town, and other relevant factors. These factors may include the consumer price index and anticipated adjustments in pay plans of other regional local governments. Regular evaluations will be conducted, and when necessary, the mayor will recommend the study and adjustment of salary ranges to maintain competitiveness in the job market. Such adjustments may involve increasing or decreasing the assigned salary grade for a class or adjusting the pay rate for employees within that class. Any change to the salary grade table must be approved by the Governing Body.

Section 3. Starting Salaries

Typically, a new regular employee is hired at the minimum of the salary range for the classification involved. Appointments above the minimum may be considered with the approval of the Human Resources Director, if applicable, and the mayor, if it is deemed in the best interest of the Town. Such appointments will be based on various factors, including:

- 1) Exceptional qualifications of the applicant, such as possessing significantly higher levels of education and experience than what is required for the class.

- 2) A shortage of qualified applicants, where it may be necessary to offer a higher salary to attract suitable candidates.
- 3) Equal pay justification, to ensure that employees with similar qualifications and responsibilities receive equitable compensation.
- 4) Operational need, when certain roles within the Town demand specialized skills or experience that justify higher compensation.

Decisions to appoint an employee above the minimum salary range will be made carefully, considering the unique circumstances and requirements of the position, and ensuring that it aligns with the overall objectives of the Town.

Section 4. Trainee Designation and Provisions

Applicants being considered for employment or Town employees who do not meet all of the requirements for a particular position may be hired, promoted, demoted, or transferred by the mayor to a "trainee" status. In such cases, a comprehensive training plan, including a time schedule, must be prepared and overseen by the appropriate director.

"Trainee" salaries will be set no more than two grades below the minimum salary rate established for the position for which the individual is being trained. When a new employee is designated as a "trainee," the person is considered to be in a probationary period. The duration of the trainee period may vary, lasting from six to eighteen months. Throughout this period, the trainee remains a probationary employee, and successful completion of the trainee program is required to transition to a regular employee status.

If the training is not completed to the satisfaction of the mayor, the trainee may be transferred, demoted, or dismissed. If the training is successfully completed, the employee will be compensated at least at the minimum rate established for the position in which the employee was trained.

Section 5. Salary Effect of Promotions, Demotions, Transfers, and Reclassifications

Promotion. A promotion involves moving to a position with a higher salary grade, acknowledging the employee's increased responsibilities. The purpose of the promotion pay increase is to recognize and compensate the employee for undertaking greater duties. When an employee is promoted, the salary will typically be raised either to the minimum of the new salary grade or to a salary providing a 5% increase over the previous salary, whichever is higher.

However, under certain circumstances, such as highly skilled and qualified employees, a shortage of qualified applicants, or other considerations based on the merit principle of employment, the mayor may set the salary within an appropriate range of the new position. This decision will reflect the employee's qualifications for the job and value to the Town, while considering the salary range for the position and the qualifications

of other employees in the same classification. It is essential to note that the new salary should not surpass the maximum rate of the new salary range. During the process of determining the promotion salary, the mayor will also consider internal comparisons with other employees in the same or similar roles.

Demotion. A demotion is a move to a position in a lower salary grade. Demotions can be either voluntary, where the employee chooses to take a position in a lower salary grade, or involuntary/disciplinary, resulting from inefficiency in performance or as a disciplinary action. When an employee is voluntarily demoted to a position for which qualified, the salary will likely be cut to reflect a decrease in job responsibilities. The new salary shall be set in the lower pay range that provides a salary commensurate with the employee's qualifications and is consistent with the placement of other employees within the same classification. Employees who accept a voluntary demotion and retain their salary, and are then promoted within 24 months, will retain that same salary. If the demotion is the result of discipline, the salary shall be decreased at least 5%. If the salary of the demoted employee is above the maximum of the new range, the employee's salary shall be maintained at that level until such time as the employee's salary range is increased above the employee's current salary.

Lateral Transfer. A lateral transfer is a move from one position to another position at the same salary grade. The salary of an employee who takes a lateral transfer shall remain the same and not be changed by the reassignment.

Reclassification. Reclassification is a change in a position's salary grade and title due to a significant increase or decrease in job responsibilities and duties. An employee whose salary is below the minimum of the new salary grade will receive a salary increase at least up to the new minimum salary. If the current salary is above the new salary range minimum, there may be a pay increase based on increased job responsibilities and commensurate with the employee's qualifications and is consistent with the placement of other employees within the same classification. If the position is reclassified to a lower pay range, the employee's salary shall remain the same. If the employee's salary is above the maximum established for the new range, the salary of that employee shall be maintained at the current level until the range is increased above the employee's salary.

Labor Market Adjustment. When an employee's position is adjusted to a class having a higher salary range due to the current labor market trends for hiring and retention, the employee's salary will be adjusted to at least the minimum of the new salary range.

Redefinition of Class. When an employee's position is redefined due to redefinition of position class or class series to include departmental organizational changes and/or classification description, no salary increase will be given, only the position title will change.

Section 6. Salary Range Revisions

A salary range revision refers to an adjustment made to the salary range or grade assigned to a specific class of positions. This change can be motivated by factors such as increased salaries in the relevant labor market, recruitment and retention data, or a rise in the complexity of job responsibilities. While making such revisions, it is crucial to maintain salary equity within the work unit.

When a class of positions is assigned to a higher salary grade, the salaries of employees in that class may change following these guidelines:

- 1) If an employee's salary is below the new minimum of the revised salary range, the salary should be increased to at least the minimum of the new range.
- 2) Salaries falling between the new minimum and the midpoint of the revised range do not require immediate increases. However, if funds are available and deemed appropriate, individual salary adjustments may be considered, up to the difference between the minimum salaries of the old range and the new range.
- 3) If an employee's current salary aligns with or exceeds the midpoint of the new salary range, the salary will remain unchanged.

When a class of positions is assigned to a lower salary range, the salaries of employees within that class will remain unchanged. If the assignment to a lower range results in an employee being paid above the maximum of the new class, the salary will be maintained at that level until the salary range is increased about the employee's current salary.

Section 7. Transition to a New Salary Plan

The transition to a new salary plan shall adhere to the following principles:

- 1) No employee shall experience a salary reduction due to the implementation of the new salary plan.
- 2) Employees currently earning a salary lower than the minimum rate set for their respective classes shall have their salaries adjusted to meet or exceed the new minimum rate for their classes.
- 3) Employees currently earning a salary exceeding the maximum rate established for their respective classes shall maintain their current salary level until the salary range for their positions is increased above their existing salary.

Section 8. In-Range Salary Adjustment

It is the policy of the Town of Micro, subject to the availability of funds, to grant in-range salary adjustments to recognize job change of employees in regular full-time and part-time positions, to establish equitable salary relationships, and/or to respond

to labor market conditions. Only regular full-time or part-time employees are eligible for increases under this policy. In-range adjustments may be considered in the following circumstances:

- 1) Job Change – This type of adjustment is to compensate for changes in job duties and responsibilities as documented in position classification specifications that are at a higher level, but not enough to justify a reclassification to a higher salary grade, or a salary range revision.
- 2) Recruitment/Retention Problems – This type of salary adjustment may be made to reduce or avoid turnover due to market or other conditions that affect retention.
- 3) Salary Equity – This type of salary adjustment is used to establish or re-establish equitable salary relationships among employees in a relevant work unit performing the same type and level of work considering education, skill, related work experience, length of service and performance level.

A completed request for an in-range salary adjustment must be made in writing by the Department Director and include the following information: employee name, classification title, current salary, summary of conditions that support the request, and justification for percent increase requested. It is the responsibility of the Human Resources Director, or person performing such duties, to assess salary administration priorities and in-range salary adjustment requests based on documentation and justifications and make recommendations to the mayor. As part of this process, the salary of each employee in the department should be examined for equity purposes.

Section 9. Effective Date of Salary Changes

Salary changes approved after the first working day of a pay period shall become effective at the beginning of the next pay period, or at such specific date as approved by the mayor.

Section 10. Overtime/Compensatory Pay Provisions

Employees of the Town may be asked and, at times, required to work beyond their regular scheduled hours to meet the demands of the Town. Overtime work must receive prior approval from the mayor, except in cases of emergencies. Employees should not perform work outside their scheduled hours without proper authorization, unless in emergency situations.

The Town will adhere to the Fair Labor Standards Act (FLSA) to the extent required by local government jurisdictions. The Human Resources Director, or any designated person fulfilling such responsibilities, will determine which positions are considered "non-exempt" and, accordingly, are subject to the Act's regulations concerning aspects such as work hours, work periods, rates of overtime compensation, and other relevant provisions.

Non-exempt employees will be compensated at their regular rate of pay for hours worked up to the FLSA established limit for their position, which is typically 40 hours in a 7-day period, 171 hours for police personnel within a 28-day cycle, and 212 hours for fire personnel within the same cycle.

The Town has a policy to grant compensatory time-off to employees who work beyond the FLSA established limit. For every hour of overtime worked beyond the limit, non-exempt employees will receive one-and-one-half (1 ½) hours of compensatory time-off and exempt employees will receive one hour of compensatory time for every hour of overtime worked beyond the limit.

It is important to note that an employee must physically work beyond the applicable limit of 40 hours, 171 hours, or 212 hours to earn compensatory time. Hours spent on vacation, sick leave, or holidays will not be considered for FLSA purposes.

Non-exempt employees are not allowed to accrue more than [40] hours of compensatory time-off. Once the 40-hour threshold is reached, the employee will be compensated monetarily at a rate of one-and-one-half (1 ½) times their regular rate of pay for each hour exceeding the limit.

In certain circumstances, departments may permit designated employees to accumulate a comp time balance exceeding [40] hours, but such approval must be obtained in advance and in writing from the mayor. This allowance is typically granted for special events or exceptional circumstances.

Section 11. Call-back and On-Call Pay

The Town of Micro must provide a variety of critical emergency services 24 hours a day, seven days a week. The need for these services may occur when employees with necessary skills are not on duty. As a result, the Town must be assured that skilled employees are always readily available by placing some employees on standby status. At other times it is necessary for certain employees to respond to any reasonable request for duty at any hour of the day or night. Employees in such positions will share in the responsibility for continuous service, in accordance with the nature of each position. If an employee fails to respond to reasonable calls for emergency service, either special or routine, the employee shall be subject to disciplinary action up to and including dismissal by the mayor.

Call-Back Pay. Non-exempt employees will be guaranteed a minimum payment of two hours of wages for being called back to work outside of normal working hours when not on call. Non-exempt employees will be paid at the established hourly rate of pay for hours worked outside their normal schedule if they are actually required to return to work and will receive overtime for eligible overtime hours. The minimum of two hours pay is guaranteed for non-exempt employees who are called back or actual hours worked whichever is greater. "Call-back" provisions do not apply to previously scheduled overtime work (scheduled one or more days in advance). If more than one callback occurs within a given shift, total callback time cannot exceed two

hours unless the work time exceeds two hours.

Section 12. Holiday Pay

Holidays are equivalent to 8 hours straight-time pay for all regular full-time employees regardless of their typical workweek schedule and are excluded from hours worked in calculating overtime. Benefits-eligible employees required to work on a regularly scheduled, Town-recognized holiday will be paid at their hourly rate for the hours actually worked plus 8 hours of straight time for the holiday. If a holiday falls on a regularly scheduled off-duty day for shift personnel, the employee shall receive eight (8) hours of straight time for the paid holiday. This additional payment for holiday pay does not count as hours worked for purposes of calculating overtime.

Regular, full-time employees required to physically work on New Year's Day, Independence Day, Veterans Day, or Christmas, if it falls on a weekend, will receive holiday premium pay equivalent to 1.5 times hourly rate for hours worked in addition to the 8 hours for the holiday.

Section 13. Payroll Deduction

Deductions from each employee's paycheck will be made in compliance with applicable laws. Upon the request of the employee and after the mayor assesses the capability of the payroll system and appropriateness of the deduction, additional deductions may be made. These additional deductions will be implemented based on the employee's request and as deemed suitable by the mayor.

Section 14. Hourly Rate of Pay

Employees working in a part-time or temporary capacity with the same duties as full-time employees will work at a rate in the same salary range as the full-time employees. The hourly rate for employees working other than 40 hours per week, such as police officers working an average 42 hours per week, will be determined by dividing the average number of hours scheduled per year into the annual salary for the position.

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ARTICLE IV. RECRUITMENT AND EMPLOYMENT

Section 1. Equal Employment Opportunity Statement

The Town of Micro fosters, promotes and maintains a consistent recruitment program to promote equal employment opportunity and to identify and attract the most qualified applicants for all vacancies. This intent is achieved through consistency in announcing all positions, evaluating all applicants on the same criteria, providing reasonable accommodation as needed, and by applying consistent testing methods when applicable. The Town hall select employees on the basis of the applicant's qualifications for the job and award them, with respect to compensation and opportunity for training and advancement, without regard to race, religion, color, gender, national origin, age, veteran status, marital status, political affiliation, sexual orientation, disability, genetic information, or on the basis of actual or perceived gender identity.

Section 2. Recruitment, Selection and Appointment

Recruitment Sources. When position vacancies occur, the Human Resources Department, or Administration, shall publicize these opportunities for employment, including applicable salary information and employment qualifications. Open positions should be posted for at least seven calendar days prior to an offer being made. Information on job openings and hiring practices may be provided to a variety of recruitment sources, including professional organizations and news media. Individuals shall be recruited from a geographic area as wide as necessary and for a period of time sufficient to ensure that well-qualified applicants are obtained for Town service. In rare situations because of emergency conditions, high turnover, etc., the Town may hire or promote without advertising the position, upon approval of the mayor.

Job Advertisements. Jobs may be advertised in local newspapers, professional publications, other relevant publications, and on the Town's website and or social media in order to establish a diverse and qualified applicant pool. Employment advertisements shall contain assurances of equal employment opportunity and shall comply with Federal and State statutes.

Employment Application. All persons expressing interest in employment with the Town shall be given the opportunity to file an application for employment for positions that are vacant. The applications are typically screened and referred to the hiring department by Human Resources, or Administration.

Selection. The hiring department conducts interviews, checks references, and selects the candidate best qualified for the job, with the assistance of the Human Resources Director, or person performing such duties, shall make such investigations and conduct such examinations as necessary to assess accurately the knowledge, skills, and experience qualifications required for the position, including education verification, drug testing, driving record (if job requires consistent driving of town vehicle(s)), and criminal history. Both Human Resources, if applicable, and the Mayor approve hires before job offers are made.

Section 3. Probationary Period

An employee appointed, promoted, or transferred to a regular position shall serve a probationary period. The probationary period serves as an extension of the selection process. It provides time for the employee to adjust and allows the supervisor time to ensure the new employee can satisfactorily meet performance expectations before granting regular status. Employees shall serve a three-month probationary period, except that sworn police and Department Directors shall serve a twelve-month probationary period. Employees hired as “trainees” shall remain on probation until the provisions of their traineeship are satisfied. During the probationary period, supervisors shall monitor an employee's performance and communicate with the employee concerning performance progress. Supervisors are encouraged to have an informal review with employees six months into a twelve-month probation.

Before the end of the probationary period, the supervisor shall conduct a performance conference with the employee to discuss accomplishments, strengths, and needed improvements. The supervisor shall recommend in writing whether the probationary period should be completed, extended, or the employee transferred, demoted, or dismissed. Probationary periods may be extended for a maximum of (3) three additional months. Disciplinary action, including demotion and dismissal, may be taken at any time during the probationary period of a new hire without following the steps outlined in this policy.

A promoted employee who does not successfully complete the probationary period may be transferred or demoted to a position in which the employee shows promise of success. If no such position is available, the employee shall be dismissed. Promoted and demoted employees who are on probation retain all other rights and benefits such as the right to use the grievance procedures.

Section 4. Promotion

Promotion is the movement of an employee from one position to a vacant position in a class assigned to a higher salary grade. The Town strives to promote and provide career opportunities for its employees whenever possible. Therefore, when a current employee applying for a vacant position is the best suited of all applicants, that applicant shall be appointed to that position. Therefore, except in rare situations where previous Town experience is essential or exceptional qualifications of an internal candidate so indicate, the Town will consider external and internal candidates rather than automatically promoting from within. Candidates for

promotion shall be chosen on the basis of their qualifications and their work records. Internal candidates shall apply for promotions using the same application process as external candidates.

Section 5. Demotion

Demotion is the movement of an employee from one position to a position in a class assigned to a lower salary range. Demotion may be voluntary or involuntary. An employee whose work or conduct in the current position is unsatisfactory may be demoted provided that the employee shows promise of becoming a satisfactory employee in the lower position. Such disciplinary demotion shall follow the disciplinary procedures outlined in this Policy.

An employee who wishes to accept a position with less complex duties and reduced responsibilities may request a voluntary demotion by using the same application process as external candidates. A voluntary demotion is not a disciplinary action and is made without using the above-referenced disciplinary procedures.

Section 6. Lateral Transfer

A Lateral Transfer is the movement of an employee from one position to another position in the same salary grade. If a vacancy occurs and an employee in another department is eligible for a transfer, the employee shall apply for the transfer using the usual application process. The Department Director wishing to transfer an employee to a different department or classification shall make a recommendation to the mayor with the consent of the receiving Department Director. Any employee transferred without requesting the action may appeal the action in accordance with the grievance procedure outlined in this policy. An employee who has successfully completed a probationary period may be transferred into the same job classification without serving another probationary period.

ARTICLE V. CONDITIONS OF EMPLOYMENT

Section 1. Work Schedule

The working hours for most Town administrative offices are 8:00 a.m. to 5:00 p.m., Monday through Friday. Departments that provide services to citizens on other schedules or on a 24-hour per day basis have different work schedules in order to effectively provide those services. Department Directors shall establish work schedules, with the approval of the mayor, which meet the operational needs of the department in the most cost- effective manner possible.

Section 2. Political Activity

Every employee is encouraged to support good government through appropriate means. Employees have the right to join or affiliate with civic organizations that have a partisan or political nature. They may attend political meetings and advocate for the principles or policies of civic or political organizations as long as they comply with the laws of the State of North Carolina and the United States.

However, certain restrictions apply to ensure fairness and impartiality in the workplace. Employees must not engage in any political or partisan activities while on duty. They should not use their official authority or influence to interfere with or impact the outcome of a nomination or election for office. Contributions for political or partisan purposes cannot be mandated as a condition of employment, promotion, or tenure of office. It is strictly prohibited to coerce or compel contributions from other Town employees for political or partisan purposes.

Furthermore, using Town supplies or equipment for political or partisan purposes is not permitted. Lastly, employees cannot be candidates for nomination or election to office under the Town Charter.

Any violation of these guidelines will result in disciplinary action, up to and including dismissal.

Section 3. Outside Employment

The work of the Town takes precedence over any other occupational interests of its employees. While the Town acknowledges that employees may have reasons to seek other employment opportunities, outside employment is prohibited if it creates a conflict of interest or hinders the employee's ability to perform their Town duties satisfactorily.

Before taking up another job, employees must obtain approval from their Department Director or the Mayor. The Department Director will review such requests to ensure there are no conflicts of interest and will keep a record of the employment review in the

employee's personnel file. Failure to seek permission or accepting another job after permission has been denied may lead to disciplinary action, up to and including termination. Additionally, if the outside employment affects an employee's performance or attendance at the Town, disciplinary measures will be taken in accordance with normal policy.

Conflicts of interest in outside employment include, but are not limited to:

- 1) Employment with organizations or in capacities that are regulated by the employee or the employee's department; or
- 2) Employment with organizations or in capacities that negatively impact the perceived integrity, neutrality, or reputation of the employee concerning their Town duties.

During a leave of absence (such as Workers' Compensation Leave or Family Medical Leave) from the Town, employees are prohibited from engaging in other employment.

Section 4. Dual Employment

A full or part-time employee of the Town may simultaneously hold another temporary position with the Town if the temporary position is in a different department and clearly different program area from that of the full or part-time position. The work of the temporary position must also be performed on an occasional or sporadic basis as identified in Fair Labor Standards Act regulations. However, the work of the full or part-time position shall take precedence over the temporary position, and such temporary work will not count toward the calculation of overtime for pay or time off.

Section 5. Employment of Relatives

The Town is fully committed to upholding the highest standards of professional conduct and integrity. In recognition of potential conflicts of interest, perceived conflicts, and the potential for compromising objective judgment or creating a hostile work environment, the Town strictly prohibits the hiring and employment of relatives within the same department.

Furthermore, the Town also prohibits the employment of any person who is a relative of individuals holding certain high-level positions, including the Mayor, Mayor Pro Tempore, Governing Body Members, Town Attorney and Department Heads.

For the purpose of this policy, "relatives" are defined as the employee's spouse, child, parent, grandparents, grandchild, sibling, aunt or uncle, first cousin, niece or nephew, step-relatives, and in-laws within the same relationships.

It is important to note that this provision will not apply retroactively to individuals who were employed when this policy was adopted by the Town.

Section 6. Workplace Harassment Prohibited

The Town is committed to maintaining a workplace free from harassment in any form based on race, color, religion, gender, national origin, political affiliation, sexual orientation, age, veteran status, marital status, disability, genetic information, or actual or perceived gender. Harassment is defined as conduct that leads to adverse employment actions or creates a hostile work environment that is sufficiently severe or pervasive.

Complaints or allegations of harassment will be promptly investigated, and if inappropriate conduct is found to have occurred, immediate corrective action will be taken, including disciplinary measures up to and including dismissal.

Sexual harassment is specifically defined as unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature that affects an individual's employment status, decisions, or work environment in an unreasonable or offensive manner.

Harassment, other than sexual, refers to verbal or physical conduct that shows hostility or aversion based on protected characteristics and adversely affects an individual's work environment or employment opportunities. This includes epithets, slurs, negative stereotyping, or intimidating acts. Displaying or circulating written or graphic material that denigrates or shows hostility toward an individual or group is strictly prohibited in the workplace.

Any employee who experiences harassment or becomes aware of it must report the incident in writing to the Human Resources Director or the Mayor for a thorough investigation. Supervisors and Department Directors receiving a harassment complaint must immediately notify the Human Resources Director or the Mayor.

Upon confirming unlawful harassment, the Town will take swift corrective action, which may involve discipline, up to and including termination of employment of the offending party. Employees who report sexual harassment are protected from retaliation.

The Town is dedicated to fostering a safe and respectful work environment for all employees.

Section 7. Solicitation and Acceptance of Gifts and Favors

Town officials and employees are required to adhere to the Town's ethics policy, which strictly prohibits the solicitation and acceptance of gifts, favors, gratuities, discounts, price breaks, entertainment, or anything of monetary value from any individual, organization, or group with whom they have official, enforcement, or regulatory relationships. Such relationships must not influence the employee in the performance of their duties or lead to the granting of improper favors, services, or

valuable items while discharging their official responsibilities. This policy aims to ensure that all actions and decisions made by Town officials and employees are unbiased and free from any potential conflicts of interest.

Section 8. Performance Evaluation

Supervisors and/or Department Directors shall conduct Performance Evaluation conferences with each employee at least once a year. Procedures for the performance evaluation program shall be published by the mayor.

The Town requires regular employees to receive a total score of at least “meeting expectations” on the performance evaluation in order to receive a pay increase. In the event an employee is rated “below expectations” overall, he/she will not be eligible for a pay increase for the same calendar year. In this event, the supervisor shall develop a written Performance Improvement Plan outlining performance deficiencies and measures to be taken to correct these deficiencies. A deadline for correcting these deficiencies shall also be set on or before the next performance review date. If the employee’s performance does not improve to a satisfactory standard by the deadline date, salary increases will continue to be withheld and the supervisor will initiate such disciplinary action as deemed necessary.

Section 9. Safety

Safety is the responsibility of both the Town and employees. It is the policy of the Town to establish a safe work environment for employees. Department Directors and supervisors are responsible for ensuring the safe work procedures of all employees and providing necessary safety training programs. Employees shall follow the safety policies and procedures and attend safety- training programs as a condition of employment. Employees who violate such policies and procedures shall be subject to disciplinary action up to and including dismissal.

Section 10. Drug Free Workplace

The Town is concerned with the safety of both employees and the public. As such, the Town provides a drug free workplace for all employees and conducts pre-employment, random, post-accident, and reasonable suspicion drug testing in addition to any required by law. The Town has established a detailed policy and procedure relating to employee substance abuse and drug testing in order to ensure the safety and well-being of citizens and employees, and to comply with any state, federal, or other laws and regulations.

Section 11. Internet and Email Policy

All electronic communication devices and sources used for Town business are the property of the Town and, as such, may be monitored, audited and reviewed for proper use.

Employees shall not make any intentional use of the Internet, email or other electronic communications devices or sources that is illegal, malicious, inappropriate or obscene. An employee's access to the internet is a function of the business need of their position and is not a general employee benefit. Improper use of the Internet, Email and other Town electronic business devices or sources will subject the employee to disciplinary action up to and including termination of employment.

*PLEASE INCLUDE A COPY OF ANTI-PORNOGRAPHY POLICY TO PERSONNEL POLICY AND ENSURE THAT EACH EMPLOYEE RECEIVES AND SIGNS THEY ARE AWARE OF THE POLICY.

Section 12. Attendance

The Town depends on employees to provide needed services every day. Regular attendance is mandatory and is part of the work standards for all jobs. Poor attendance can negatively affect performance evaluations or may lead to disciplinary action. Excessive absenteeism or a chronic attendance/tardiness problems can lead to disciplinary action up to and including termination.

The working hours for most Town administrative offices are 8:00 a.m. to 5:00 p.m., Monday through Friday. Departments that provide services to citizens on other schedules or on a 24-hour per day basis have different work schedules in order to effectively provide those services. Department Directors shall establish work schedules, with the approval of the Mayor, which meet the operational needs of the department in the most cost- effective manner possible.

All regular full-time employees, both non-exempt and exempt, are expected to work a 40- hour workweek. Hours worked in excess of a 40-hour workweek by an exempt employee are considered accomplishment of assigned accountabilities for which there is no additional compensation.

Section 13. Adverse Weather

Adverse weather conditions occasionally disrupt work schedules and interfere with normal work-related activities. Regular employees are encouraged to report to work. However, the Town recognizes that factors such as transportation, school closings, and childcare arrangements are considerations. Non-required personnel are permitted to determine for themselves whether they can travel to and from work safely. Employees will be allowed to use accrued vacation leave, compensatory time or leave without pay for any lost time from work if they are unable to arrive to their designated work area or need to leave early.

In serious adverse weather, the mayor may close or open late to the general public in the interest of safety. The mayor will determine all decisions to delay or close the Town offices related to adverse weather or other emergency conditions. When the Town's schedule is altered, operational status will be available through news media outlets, Town email, Town Website and Social Media, and normal supervisory channels. Employees whose presence is not required will not be docked leave or pay for regularly-scheduled work hours missed due to official closings or late openings. Employees who are not required by their departments to work during a Town closing but who do, in fact, work during the closed time frame will be paid only their regular rate for all hours worked.

Departments providing emergency and critical services 24 hours/day will remain open and employees will be required to work as usual. All law enforcement and emergency services personnel work hours will continue to be set at the discretion of the respective Department Director. There may be cases when department necessity may require that employees who had not been designated as emergency / critical must report to work (or remain at work) during an emergency situation (i.e. maintenance or snow removal) and will work such hours as needed. All employees required to work during adverse weather or emergency situation will be paid at their regular rate for all hours worked (or overtime when warranted). Failure to report to work when required may result in disciplinary action.

ARTICLE VI. EMPLOYEE BENEFITS

Section 1. Eligibility

As an integral part of a comprehensive, competitive compensation program, the Town offers a variety of benefits. Specific benefit programs will vary from time to time and the type, level, eligibility and cost of such programs are subject to change at any time at the sole discretion of the Town. To that end, the Town will periodically review each employee benefit and may, with or without notification, modify, delete or add benefits at its own discretion as may be deemed to be appropriate and necessary.

All regular full-time Town employees are eligible for employee benefits, subject to any waiting period. Regular part-time employees are eligible for pro-rated benefits based on the number of hours worked weekly as well as the stipulations in benefit contracts. Temporary employees are eligible only for workers' compensation and FICA.

The following employee benefits sections provide a brief summary and are not intended to be an all-inclusive benefits description. Please contact Human Resources or Administration for more detailed information regarding current benefits, eligibility, coverage, and costs.

Section 2. Group Health and Hospitalization Insurance

All regular full-time employees are eligible to purchase available group health insurance. The Town pays the full cost of the premium on individual coverage for all regular full-time employees unless otherwise noted. Employees may purchase coverage for their dependents and are responsible for paying the full cost of the additional coverage. Coverage begins the first day of the month following the date of employment. Information concerning cost and benefits shall be available to all employees from the Human Resources Department or Administration.

Under the Federal Consolidated Omnibus Budget and Reconciliation Act, or COBRA, employees are eligible to continue health insurance at group rates for up to 18 months after employment. The employee must pay 100% of the Town's cost of both individual and dependent health insurance as well as any administrative fee charged by the plan administrator.

Section 3. Retirement

The Town provides a retirement income plan for regular full-time and part-time employees under the North Carolina Local Governmental Employees' Retirement System. All regular employees assigned to work 20 or more hours per week (or more than 1,000 hours in any 12-month period) are required to participate as of the first day of employment. Currently, employees contribute 6% of salary (deducted from employees' paychecks) while the Town pays an amount determined annually by the Local Governmental Employees' Retirement System and as approved by the North Carolina General Assembly. The retirement plan is known as a "defined benefit plan" meaning that one can count on a guaranteed percentage of your income at retirement. The percentage will depend on your average final compensation, years of service, and the age at the time of drawing benefits.

After one year as a contributing member, active employees are covered by a death benefit equal to the highest 12 months of salary in a row during the 24 months before you die, but no less than \$25,000 and no more than \$50,000. This benefit is provided to your beneficiary if you die during employment or within 180 days of the last day for which you were paid salary. With five years of service, you are eligible for disability retirement if you become disabled. Sworn Law Enforcement Officers are eligible for a Line-of-Duty Disability benefit beginning on their first day of employment.

Section 4. Social Security

The Town, to the extent of its lawful authority and power, has extended Social Security benefits for its eligible employees and eligible groups and classes of such employees.

Section 5. Workers' Compensation

All employees of the Town (full-time, part-time, and temporary) are covered by the North Carolina Workers' Compensation Act. Benefits are paid under this coverage if you have an eligible on-the-job injury or illness. The Workers' Compensation insurance pays for all necessary medical treatment, including hospitalization, doctor fees, and prescriptions.

Responsibility for claiming compensation under the Workers' Compensation Act is on the injured employee. All employees are required to report any injuries arising out of and in the course of employment to their supervisors immediately at the time of the injury in order that appropriate action may be taken at once. Employees must complete an Employee Accident/Injury Report Form and turn into his/her supervisor or Department Director to submit to Human Resources or Administration. The Human Resources Director, or person performing such duties, will assist the employee in filing the claim. Under NC Workers' Compensation law, the Town has the right to direct medical care for employees who suffer work related injuries or illnesses. Employees may be directed to seek medical treatment for work related injuries from healthcare providers designated by the Town.

A disability of over seven calendar days is required before payment of Workers' Compensation salary benefits under the Workers' Compensation Act begin. An employee may use accrued sick or vacation leave during the first seven calendar day waiting period. If the work-related disability exceeds seven calendar days, the employee will be placed on Workers' Compensation Leave which runs concurrently with Family Medical Leave. While out on workers' compensation leave of absence, vacation and sick leave do not accrue. During recovery from an accident, an employee may be able to work on light-duty assignments for all or part of the workday. Failure to report to a modified or light-duty assignment may result in disciplinary action and/or the workers' compensation salary supplement may be stopped.

If you are employed as a firefighter or a sworn police officer and you have an adverse medical reaction to an employment vaccination against smallpox or become infected with smallpox or with vaccinia, you will be treated as any other employee with a compensable occupational disease under the North Carolina Workers' Compensation Act.

Section 6. Unemployment Compensation

In accordance with Public Law 94-566 and subsequent amendments, local governments are covered by unemployment insurance. Town employees who are terminated due to a reduction in force or released from Town service may apply for benefits through the local Division of Employment Security office, where a determination of eligibility will be made.

Section 7. Effective Date of Benefit Changes

Employees are given the opportunity annually during open enrollment to make changes in their medical plan. In addition, employees may add or remove dependents within 30 days following an IRS- defined “qualifying event”. Qualifying events must be reported to Human Resources or Administration within 30 days of the occurrence.

Section 8. Law Enforcement Officers’ Separation Allowance

Each eligible sworn law enforcement officer, as defined by G.S. 128-21 (11b) or G.S. 143-166.50 (a) (3), of the Town who shall be and remain retired under the provisions of G.S. 128-27 (a) shall be eligible for a special separation allowance as provided by G.S. 143-166.42, equal to .85% of the annual equivalent of the base rate of compensation. The allowance shall be paid on the same frequency as the regular Town payroll cycle.

In order to qualify for the allowance, the officer shall:

- Have completed 30 years or more of creditable service or have attained 55 years of age and completed five (5) or more years of creditable service (as the term “creditable service” is defined in G.S. 143-166.41(b); and
- Not yet have attained the age of 62; and
- Have completed at least 5 years of continuous service as a law enforcement officer as herein defined with the Town immediately preceding a service retirement.

The special separation allowance payments to a retired officer will cease at the first of (1) the death of the officer; (2) the officer attains 62 years of age; or (3) The first day of reemployment by a local government employer in any capacity. Notwithstanding the provisions of subdivision (3) of this subsection, a local government employer may employ retired officers in a public safety position in a capacity not requiring participation in the Local Governmental Employees' Retirement System, and doing so shall not cause payment to cease to those officers under the provisions of this section.

Any officer who is entitled to receive a special separation allowance from the Town shall, within ten (10) days of any change in his/her employment status, report the same to the mayor.

The governing body shall determine the eligibility of employees for the benefits provided herein.

ARTICLE VII. HOLIDAYS AND LEAVES OF ABSENCE

Section 1. Policy

The policy of the Town is to provide vacation leave, sick leave, and holiday leave to all regular full-time and part-time employees. Employees shall accrue leave proportionately with each payroll. An employee must be in "pay status" for a minimum of 50% of the pay period in order to accrue leave.

Section 2. Holidays

The Town of Micro observes the same holiday schedule as designated by the North Carolina Office of State Human Resources with thirteen paid holidays per year. The following are the designated holidays:

| | |
|----------------------------|----------------------------------|
| New Year's Day | Labor Day |
| Martin Luther King Jr. Day | Veterans Day |
| Good Friday | Thanksgiving (Thursday & Friday) |
| Memorial Day | Christmas (3 days) |
| Juneteenth | |
| Independence Day | |

When any recognized holiday falls on Saturday, the preceding Friday will be the designated holiday. When any recognized holiday falls on Sunday, the following Monday will be the designated holiday.

Holidays are equivalent to 8 hours straight-time pay for all regular full-time employees regardless of their typical workweek schedule and are excluded from hours worked in calculating overtime. In order to receive a paid holiday, an employee must have worked the day before and the day after the holiday(s) or have been given approved leave. Fire and law enforcement employees whose work schedule differs from the standard Monday through Friday schedule, and who work greater than 8-hour shifts, will meet this requirement by working the "scheduled work shift" before and the "scheduled work shift" after the holiday or have been given approved leave.

Section 3. Holidays: Effect on Other Types of Leave

Recognized holidays that occur during a vacation, sick or other leave period of any employee shall not be considered as vacation, sick, or other leave.

Section 4. Vacation/Personal Leave

Vacation/Personal leave is intended to be used for rest and relaxation, school appointments, and other personal needs. Vacation/Personal leave accrues from the first day of employment with the accrual rate determined by the length of service. Vacation leave may also be used by employees who wish to observe religious holidays other than those granted by the Town. Employees who wish to use leave for religious observances must request leave from their respective Department Directors. The Department Director will attempt to arrange the work schedule so that an employee may be granted vacation leave for the religious observance. Vacation leave for religious observance may be denied only when granting the leave would create an undue hardship for the Town. Vacation leave shall be taken only with the prior approval of the employee's Department Director.

Section 5. Vacation/Personal Leave: Use by Probationary Employees

Employees serving a probationary period following initial employment will accumulate vacation/personal leave but shall not be permitted to take vacation leave during the first six months of employment unless approved by the Department Director.

Section 6. Vacation/Personal Leave: Accrual Rate

Each full and part-time employee of the Town shall accrue vacation at the following schedule, prorated by the average number of hours in the workweek (Section 16):

| Years of Service | Yearly Accrual (Total Number of Days Accrued on Annual Basis) | Bi-Weekly Accrual (Hours Accrued Per Pay Period) |
|--------------------------------|--|---|
| 0 but less than 2 | 10 Days | 3.07 Hours |
| 2 but less than 5 | 12 Days | 3.69 Hours |
| 5 but less than 10 | 15 Days | 4.62 Hours |
| 10 but less than 15 | 18 Days | 5.54 Hours |
| 15 but less than 20 | 20 Days | 6.15 Hours |
| 20 or more | 25 Days | 7.69 Hours |

Section 7. Vacation/Personal Leave: Maximum Accumulation

Vacation leave may be accumulated without any applicable maximum until December 31 of each year. Effective the last payroll in the calendar year, any employee with more than 240 hours of accumulated vacation leave shall have the excess accumulation converted to sick leave so that only 240 hours are carried forward to January 1 of the

next calendar year. Employees are not eligible to receive pay for excess vacation time not taken at this conversion time.

Employees are cautioned not to retain excess accumulated vacation leave until late in the year. Because of the necessity to keep all functions in operation, large numbers of employees cannot be granted vacation leave at any one time. If an employee has excess leave accumulation during the latter part of the year and is unable to take such leave because of staffing demands, the employee shall receive no special consideration either in having vacation leave scheduled or in receiving any exception to the maximum accumulation.

Section 8. Vacation/Personal Leave: Manner of Taking

Employees shall be granted the use of earned vacation leave upon request in advance at those times designated by the Department Director which will least obstruct normal operations of the Town. Department Directors are responsible for ensuring that approved vacation leave does not hinder the effectiveness of service delivery. Vacation leave may be taken in half-hour or 1-hour increments. Failure to request or take vacation leave without prior approval may result in disciplinary action. Notwithstanding the procedures described in this Article, employees will use accrued comp time before using accrued vacation leave.

Section 9. Vacation/Personal Leave: Payment upon Separation

An employee who has successfully completed the probationary period will normally be paid for accumulated vacation leave upon separation not to exceed 30 days (240 hours), provided the employee provides a written two-week notice to their supervisor. Additionally, the employee must work each scheduled workday during the two-week notice period unless provided an exception by the mayor.

Any employee failing to give and work the two-week notice required by this section shall forfeit payment for accumulated leave. The notice and work requirement may be waived by the mayor when deemed to be in the best interest of the Town. Employees who are dismissed pursuant to Article IX, Section 5 of the Town Personnel Policy shall forfeit payment for accumulated vacation leave.

Section 10. Vacation/Personal Leave: Payment upon Death

The estate of an employee who dies while employed by the Town shall be entitled to payment of all the accumulated vacation leave credited to the employee's account not to exceed the maximums established in this Article.

Section 11. Sick Leave

Sick leave benefits are a privilege and not a right that an employee may demand. Sick leave may be granted to a probationary or regular employee absent from work for any of the following reasons: sickness, bodily injury, required physical or dental examinations or treatment, or exposure to a contagious disease, when continuing work might jeopardize the health of others. Sick leave is not intended to provide time off for recreation, personal reasons, or to extend vacations.

Sick leave may be used when an employee must care for a member of his or her immediate family who is ill. "Immediate family", for purpose of this policy, shall be defined as spouse, children (including stepchildren), parent (including stepparents), and/or sibling of the employee.

Sick leave runs concurrently with other types of leave including Family Medical Leave. Sick leave may be used during the initial 7-day waiting period before Workers' Compensation benefits begin.

Notification of the desire to take sick leave should be submitted to the employee's supervisor prior to the leave. If an employee is unable to report to work, the employee must notify his/her supervisor as soon as practical after the beginning of the regular scheduled workday. If the employee cannot call, the employee must have someone else call. If it is necessary for an employee to leave the work site because of illness, the employee must notify their supervisor before leaving. The employee is responsible for keeping his/her supervisor and/or Department Director informed on a regular basis of the status of the illness and when they expect to return to work. Department Directors may require that employees obtain a physician's statement describing the nature of illness and/or attesting to one's capacity to resume work duties. Failure to properly notify the supervisor and/or Department Director or provide necessary medical documentation may result in disciplinary action up to and including termination.

The Town has the discretion to send an employee home on sick leave if he/she exhibits signs of a serious contagious illness or to send the employee to a physician to obtain a fitness for duty note before returning to work.

Section 12. Sick Leave: Accrual Rate and Accumulation

Sick leave shall accrue at a rate of one day per month of service or twelve days per year. Sick leave for full-time and part-time employees working other than the basic work schedule shall be pro-rated as described in this Article. Sick leave will be cumulative for an indefinite period of time and may be converted upon retirement for service credit consistent with the provisions of the North Carolina Local Government Employees' Retirement System.

All sick leave accumulated by an employee shall end and terminate without compensation when the employee resigns or is separated from the Town, except as stated for employees retiring or terminated due to reduction in force.

Section 13. Transfer of Sick Leave from Previous Employer

The Town will accept initial sick leave balances up to (240 hours) from a previous employer when the previous employer is covered by the State or Local Government Retirement System and the employee did not withdraw accumulated contributions from that employer when leaving employment. The sick leave will be treated as though it were earned with the Town of Micro. The sick leave amount must be certified by the previous employer, and it is the employee's responsibility to provide documentation from their previous employer within three (3) months of employment. Transferred sick leave will be credited to the employee upon completion of the probationary period. Additional sick leave amounts over 240 hours may be credited to the employee's sick leave balance after 1 year of service with Mayor approval.

Section 14. Sick Leave: Medical Certification

The employee's supervisor or Department Director may require a physician's certificate stating the nature of the employee's or employee family member's illness and the employee's capacity to resume duties, for each occasion on which an employee uses sick leave or whenever the supervisor observes a "pattern of absenteeism." The employee may be required to submit to such medical examination or inquiry as the Department Director deems desirable. The Department Director shall be responsible for the application of this provision to the end that:

- 1) Employees shall not be on duty when they might endanger their health or the health of other employees; and
- 2) There will be no abuse of leave privileges.

Claiming sick leave under false pretense to obtain a day off with pay shall subject the employee to disciplinary action up to and including dismissal.

Section 15. Leave Prorated

Holiday, vacation, and sick leave earned by full-time and part-time employees with fewer or greater hours than the basic work week shall be prorated and determined by the following formula:

- 1) The number of hours worked by such employees shall be divided by the number of hours in the basic workweek (usually 40 hours).

- 2) The proportion obtained in step 1 shall be multiplied by the number of hours of leave earned annually by employees working the basic workweek.
- 3) The number of hours in step 2 divided by 12 shall be the number of hours of leave earned monthly by the employees concerned, or divided by 26, shall be the number of hours of leave earned bi-weekly.

Section 16. Family and Medical Leave

The Town of Micro provides up to 12 weeks of job-protected leave in accordance with the Family and Medical Leave Act of 1993 (FMLA). Under the Family and Medical Leave Act of 1993, eligible employees may be granted up to a total of 12 weeks of unpaid leave per 12-month period, as determined below, for any of the following reasons:

- 1) For incapacity due to pregnancy, prenatal medical care or childbirth;
- 2) To care for the employee's child after birth, or placement for adoption or foster care;
- 3) To care for employee's spouse, son or daughter (under age 18 or incapable of self-care due to disability) parent (in-laws not included), with a serious health condition, as defined by FMLA;
- 4) For a serious health condition, as defined by FMLA, that renders employee unable to perform the job.
- 5) For qualifying exigency arising out of the fact that the spouse, child, or parent of the employee is on active duty or called to active duty status in the National Guard or Reserves in support of a contingency operation.

Service member Family Leave

FMLA also includes a special leave entitlement that permits eligible employees to take up to 26 weeks of leave to care for a covered service member during a single 12-month period. A covered service member is a current member of the Armed Forces, including a member of the National Guard or Reserves, who has a serious injury or illness incurred in the line of duty and is receiving medical treatment, recuperating or undergoing therapy for a serious injury or illness. In contrast to all other FMLA leaves, service member family leave may be taken only once and does not again become available with the start of a new FMLA year. An employee may not take more than a combined total of 26 workweeks of leave in any year in which he or she uses service member family leave. The same eligibility, leave usage, and medical certification requirements apply to service member family leave as apply to all other FMLA leaves.

Eligible employees

To qualify for FMLA coverage, the employee must have worked for the Town of Micro 12 months or 52 weeks; these do not have to be consecutive. However, the employee must have worked 1,250 hours during the twelve-month period

immediately before the date when the FMLA time begins. Under the Uniformed Services Employment and Reemployment Act (USERRA) an employee ordered to active military duty is eligible for FMLA if the employee would have otherwise been qualified had it not been for the active military duty.

Leave

Employees must provide 30 days advance notice of the need to take FMLA leave when the need is foreseeable. The request for the use of leave must be made in writing by the employee and approved by the mayor. The FMLA permits, and the Town of Micro requires, that while utilizing FMLA leave employees exhaust all accrued paid sick leave first, then vacation leave, and lastly earned compensatory time before being granted unpaid leave. Additional time away from the job beyond the 12- week period may be approved in accordance with the Town's Leave Without Pay policy. Any use of sick leave beyond two weeks is required to be submitted as Family and Medical Leave. Family Medical Leave runs concurrently with other types of leave including sick leave/disability, voluntary shared leave, and worker's compensation. An employee ceases to earn leave credits on the date leave without pay begins. An employee is prohibited from moonlighting or performing other outside work during any kind of leave including FMLA leave.

12-Month Period

For the purposes of determining available leave, the 12-month period during which employees may be eligible for leave will be calculated on a rolling leave year looking backward 12 months from the date an employee begins FMLA leave.

Medical Certification

The Town may require medical certification to assess FMLA eligibility, as well as updates at reasonable intervals for continued certification. Employees are responsible for paying for the certification or re-certification. The Town, at its own cost, may also require the employee to get a second or third opinion from a physician designated by the Town. Failure to provide adequate information within 15 calendar days, may result in denial of leave. The employee is expected to return to work at the end of the timeframe stated in the medical certification, unless he/she has requested additional time in writing under the Town's Leave of Absence policy. The Town requires a physician's statement certifying an employee's ability to return to work prior to returning from medical leave. An employee who does not return to work within three working days after their FMLA expires will be considered to have voluntarily resigned their position.

Benefits Continuation

The Town will continue to provide health care benefits during the 12-week FMLA leave entitlement, however, the employee will be responsible for paying his/her portion of the premium for dependent coverage if applicable. Other payroll deductions are the responsibility of the employee and the employee must make those payments. Failure to pay premiums will result in loss of coverage. Under federal regulations, the Town has the right to recover the insurance premiums if the employee fails to return to work for reasons other than the inability of the employee to work.

Reinstatement

Under most circumstances, employees who return to work immediately after the expiration of this leave and who do not exceed the amount of leave permitted under the FMLA, will be reinstated to either the same or equivalent job. If the twelve or twenty-six weeks of this leave are exhausted and the employee has not returned to work, the Town will determine if the employee will be reinstated.

Section 17. Leave of Absence

Each request for a Leave of Absence will need to be considered on a case by case basis, due to the limited number of employees currently on staff. For consideration, a regular full or part-time employee who has completed the probationary period may be granted a leave of absence typically for no more than six months by the Mayor for various reasons including medical leave, sickness/disability of immediate family member, continuing of education, special work that will permit the Town to benefit by the experience gained or the work performed, or for other reasons deemed justified by the Mayor.

Eligible employees will be required to exhaust their vacation leave, sick leave, and any accrued compensatory time prior to requesting leave without pay. The Town requires that all leave of absences qualifying for Family and Medical Leave run concurrently with the 12-week FMLA entitlement. No benefits are accrued during an unpaid leave of absence.

The employee shall apply in writing to their supervisor for leave no later than 30 days prior to the effective date of the leave. The 30-day notice may be waived when in the doctor's opinion the employee must leave their job earlier for medical reasons. The request should include the reason for leave, date expected for beginning leave, duration of leave, and the expected date to return to work. The mayor approves any leave of absence request. The employee is obligated to return to duty within or at the end of the time determined appropriate by the mayor. If the employee decides not to return to work, the supervisor shall be notified immediately. Failure to report at the expiration of a leave of absence, unless an extension has been requested in writing and approved, shall be considered a voluntary resignation. The length of the leave will be determined by the circumstances surrounding the situation and each case will be considered on its own merit. However, leave of absences typically shall not exceed six months without Mayor approval.

The Town cannot guarantee reinstatement to the employee's former position upon return from a leave of absence. However, every effort will be made to place an employee in their former position. Before being considered for a return to work after a medical leave of absence, employees must provide Human Resources or Administration with a physician's note stating that he/she is physically able to perform the job.

Section 18. Leave Without Pay

Leave without pay is an administrative decision and may be granted by the mayor upon the recommendation of the Department Director and Human Resources Director, if applicable. An employee must exhaust all applicable other leave before being placed on leave without pay status. An employee will not be permitted to rotate in and out of leave without pay status and paid leave status. While on leave without pay, an employee shall not accrue leave benefits. Under leave without pay status, employees are responsible for paying both the Town and employee contributions for premiums or benefit packages if they wish to maintain coverage, subject to any regulation by the Governing Body and the regulations of the insurance carrier/benefit provider.

(Exception: For leave without pay occurring under the 12-week FMLA entitlement, the Town's contributions to health insurance is maintained.)

Section 19. Workers' Compensation Leave

Under the North Carolina Workers' Compensation Act, employees may be compensated for absence from work due to injury or illness covered by the Act, subject to the following leave provisions:

- 1) There is a mandatory 7 calendar day waiting period before Workers' Compensation salary benefits begin. For this initial 7-day waiting period, employees may use sick leave, vacation leave, compensatory time, or leave without pay.
- 2) Beginning on the 8th calendar day following the injury or illness, employees who have not returned to work shall be placed in a Workers' Compensation Leave Without Pay status. Accrued leave cannot be used while in Leave Without Pay status.
- 3) Employees receiving Workers' Compensation benefits will not accrue vacation leave, sick leave or paid holidays and their local government retirement and 401k benefits are not paid during this period. Employees will retain all accumulated sick and vacation leave.
- 4) An employee on Workers' Compensation leave may be permitted to continue to be eligible for benefits under the Town's group health insurance plan during the 12- week FMLA period. Employees may elect to continue health benefits

by electing COBRA.

- 5) Upon reinstatement, an employee's salary will be computed on the basis of the last salary plus any salary increase to which the employee would have been entitled during the absence covered by Workers' Compensation benefits.
- 6) After returning to work, employees shall be required to use sick or vacation leave for any additional absences for doctor visits, physical therapy, and other required medical care except where any full or partial workday absence may be eligible for Workers' Compensation payment.
- 7) Any period of leave for a Workers' Compensation injury that qualifies as a "serious health condition" under the Family and Medical Leave Act (FMLA), will run concurrently with FMLA leave.
- 8) The Town of Micro's personnel policies shall continue to apply to an employee on Workers' Compensation leave in the same manner as they would apply to an employee who continues to work, or is absent while on some other form of leave.
- 9) An employee is prohibited from moonlighting or performing other outside work during any kind of leave including workers' compensation leave.
- 10) The ability to return to work will be assessed individually and on a case-by-case basis. The Town will engage in an interactive process with the employee to carefully analyze whether accommodations requested are reasonable while not creating an undue hardship to the Town. If business necessity requires the Town to fill the position prior to the employee's return to work, the employee will receive priority consideration for qualified job openings for 6 months after their medical release to work.
- 11) Before an employee may return to work from a Workers' Compensation injury at full or light duty, the employee must provide a physician's note or Fitness for Duty certification to his/her supervisor indicating that he/she is released and capable of resuming duties, and what, if any restrictions are in place.

Section 20. Return to Work

The Town of Micro has an established light duty return-to-work policy. A light duty assignment is defined as a temporary work assignment within the employee's physical abilities, knowledge and skills which allows an employee to return to work performing different duties until the employee is able to return to his/her original position following an on-the-job injury. The light duty assignment temporarily addresses the restrictions placed on the employee by the treating physician. For work to be considered suitable light duty employment, the following conditions must be met:

- 1) The employee must meet the required qualifications for the light duty assignment,
- 2) The work must be a meaningful and productive part of the department's operations,
- 3) The work must conform to the medical restrictions set by the medical care provider, and,
- 4) The light duty assignment and/or modified work schedule should not exceed ninety calendar days.

If the employee's regular department is unable to meet the employee's need for light duty, the employee's department is responsible for payment of the employee's salary and benefits while performing a light duty assignment in a different department that has been able to meet the employee's needs. The employee placed in a light duty assignment will be paid a salary that is equivalent to the salary of other employees holding the same position. The Town cannot guarantee placement and is under no obligation to offer or create any specific position for purposes of offering placement. Employees in a light duty assignment are expected to comply with Town policies and performance expectations as if they were working in their regular, full-time position.

An employee may choose to accept or refuse the Return to Work (modified duty) job offer. However, an employee who refuses a Light Duty offer is subject to termination. Rejection of the job offer might also result in cancellation of income benefits under Workers' Compensation Insurance.

If an employee is unable to return to work at full duty after 90 calendar days, he/she may request a continuation of light duty. Approval beyond 90 calendar days will be based upon the individual assessment of the employee's ability to return to full duty within the immediate future as well as business necessity. An employee requesting an extension beyond 90 calendar days must submit updated information from the treating physician. The Town reserves the right to consider a separation of employment for any employee who is out on Workers' Compensation leave for an extended period of time thus causing hardship for the department. The Town of Micro will engage in the interactive process to determine whether reasonable accommodation is possible for a qualified individual with a disability to enable them to perform the essential functions of the job, unless doing so causes an undue hardship to the Town of a direct threat to employees or workplace safety.

Section 21. Military Leave

In accordance with federal and state laws, the Town provides military leave to employees who are members of a United States Armed Forces Reserve organization or National Guard for absences to perform military duty, whether voluntary or involuntary. Absences to perform any military duty (including active duty, active duty training, inactive duty training such as scheduled drills and summer camp, full-time National Guard federal duty, fitness- for-duty examination, and funeral honors duty) are covered by this policy, unless the employee reaches the five-year maximum of military leave as established by the Uniformed Services Employment and Reemployment Rights Act (USERRA). This policy provides military leave to regular Town employees unless their employment is for a brief, non-recurrent period and there is no reasonable expectation that such employment will continue indefinitely or for a significant period.

Employees should submit a request for military leave to the supervisor or Department Director as soon in advance of the military duty as possible. The request should be in writing and should be accompanied by a copy of the military orders. Employees must report back to work as soon after military duty as possible, consistent with federal and state laws. If the reason for the employee's delay is not related to military duties, the employee is subject to the personnel policies and practices normally applied to employees with unexcused absences.

Employees may choose whether to use earned compensatory time, accrued vacation leave (leave with pay), leave without pay, or some combination thereof for these absences, and the provisions of that leave shall apply. Upon exhausting all other paid leave, employees may request to use sick leave, if approved by the mayor.

Regular employees choosing to use military leave may claim up to ten (10) days of differential pay per calendar year provided the days are recorded as military leave and the military basic pay is less than the employee's regular Town pay. To claim differential pay, the employee must submit a copy of his/her military orders, pay vouchers, Leave and Earnings Statement and/or other appropriate documentation evidencing performance and compensation pertinent to the military duty.

During the period of military leave, regular employees may continue health and dental insurance coverage up to eighteen months under COBRA coverage, provided they continue to pay their share of the premiums. As with any other unpaid leave, employees do not accrue vacation leave or sick leave during the period of leave without pay. However, the balance of such accruals on the date of commencement of the military leave will remain intact for the employee's return to work.

Section 22. Reinstatement Following Military Service

Employees who are separated or discharged from military service under honorable conditions and who apply for reinstatement within the established time limits are reinstated to the same position or one of like status, seniority, and pay with the Town. If, during military service, an employee is disabled to the extent that the duties of the original position cannot be performed, the employee is reinstated to a position with duties compatible with the disability, if available. The employee's salary upon reinstatement is based on the salary rate just prior to leave, plus any general salary increase(s) implemented while on leave. The addition of a performance salary increase may be considered. Employees who are eligible for military leave have all job rights specified by the Uniformed Services Employment and Reemployment Rights Act (USERRA).

An employee's entitlement to the provisions of this section terminates upon the occurrence of any of the following events:

- 1) Such employee is separated from uniformed service with dishonorable or bad conduct discharge;
- 2) Such employee is separated from uniformed service under other than honorable conditions, as characterized pursuant to regulations prescribed by the Secretary concerned;
- 3) The Town's circumstances have so changed as to make such reemployment impossible or unreasonable; or
- 4) Such employee gives clear written notice s/he has no intention of returning to work.

Section 23. Civil Leave

A Town employee called for jury duty or subpoenaed for the federal or state governments, or a subdivision thereof, shall receive leave with pay for such duty during the required absence without charge to accumulated leave. The employee may keep fees and travel allowances received for jury or witness duty in addition to regular compensation; except, that employees must turn over to the Town and witness fees or travel allowance awarded by that court for court appearances in connection with official duties. While on civil leave, benefits and leave shall accrue as though on regular duty. Employees required to be in court for their own case, defendant or plaintiff, must use vacation leave or compensatory time.

Section 24. Administrative Leave

The Mayor can approve certain types of Administrative Leave at his/her discretion. Administrative Leave is typically for volunteer opportunities such as donating blood, assisting with natural disasters, and other approved activities.

Section 25. No Moonlighting During Leave

Employees are prohibited from working outside positions during any kind of leave from the Town (Workers' Compensation Leave, Family Medical Leave, etc.). Outside employment during a period of leave can result in disciplinary action up to and including termination.

ARTICLE VIII. SEPARATION AND REINSTATEMENT

Section 1. Types of Separations

All separations of employees from positions in the service of the Town shall be designated as one of the following types and shall be accomplished in the manner indicated: resignation, reduction in force, voluntary retirement, death, or dismissal.

Section 2. Resignation

An employee may resign by submitting the reasons for resignation and the effective date in writing to the immediate supervisor as far in advance as possible. In all instances, the minimum notice requirement is two weeks. Failure to provide minimum notice shall result in forfeit of payment for accumulated vacation leave unless the notice is waived upon recommendation of the Department Director and approval by the mayor.

Three consecutive days of absence without contacting the immediate supervisor or Department Director may be considered job abandonment, a voluntary resignation. Sick leave will only be approved during the final two weeks of a notice with a physician's certification or comparable documentation.

Section 3. Reduction in Force

Reduction in force is the involuntary separation of an employee due to lack of work or funds, outsourcing of services, decreased workload or elimination of the employee's position due to reorganization. In the event that a reduction in force becomes necessary, consideration shall be given to the quality of each employee's performance, organizational needs, and seniority in determining those employees to be retained. Employees who are separated because of a reduction in force shall be given at least two weeks' notice of the anticipated action. No regular employee shall be separated because of a reduction in force while there are temporary or probationary employees serving in the same class in the department, unless the regular employee is not willing to transfer to the position held by the temporary or probationary employee.

If a reduction in force occurs, the mayor has the discretion to offer severance pay up to the rate of one week of pay for each full year of continuous service to the Town, with a maximum payment of twenty (20) weeks. Severance pay does not apply to temporary employees and any employee who is separated from Town employment based on job misconduct or performance failure. The mayor is authorized to interpret and clarify any issues related to Reduction in Force and/or severance.

Section 4. Voluntary Retirement

An employee who meets the conditions set forth under the provision of the North Carolina Local Government Employee's Retirement System may elect to retire and receive all benefits earned under the retirement plan.

Section 5. Death

Separation shall be effective as of the date of death. All compensation due shall be paid to the estate of the employee.

Section 6. Dismissal

An employee may be dismissed in accordance with the provisions and procedures of Article IX.

Section 7. Reinstatement

An employee who is separated because of reduction in force may be reinstated within one year of the date of separation, upon recommendation of the Department Director, and upon approval of the mayor. An employee who is reinstated in this manner shall be credited with his or her previously accrued vacation and sick leave.

Section 8. Rehiring

An employee who resigns while in good standing may be rehired with the approval of the mayor will be regarded as a new employee (vacation leave and service start over), subject to all of the provisions of rules and regulations of this Policy. If an employee is hired back into the same position within one year from the date of separation, the employee may be hired back at the previous salary rate, including any salary increases for which he/she would have been eligible as well as a reinstatement of accumulated sick leave. An employee in good standing who is separated due to a reduction in force shall be given the first opportunity to be rehired in the same or a similar position.

ARTICLE IX. DISCIPLINARY ACTIONS

Section 1. Policy

A non-probationary employee may be reprimanded, suspended, demoted, or dismissed as provided below; however, nothing contained herein shall replace, change, or modify the employment-at-will status as first stated in Article 1, Section 2 of these policies.

The Town generally administers a progressive disciplinary procedure in which discipline is administered in proportion to the degree of severity and frequency of unacceptable employee behavior. Progressive discipline is intended to allow the employee the opportunity to correct deficiencies in work behavior by clarifying and prescribing to the employee the appropriate behavior. All disciplinary actions are subject to the approval of the mayor.

Employees may be disciplined for improper personal conduct or unsatisfactory performance of job duties, as described in this Article. The Town may also discipline employees for performance problems and/or conduct not specifically identified in this Article.

Probationary employees who have not attained regular status and temporary employees may be dismissed immediately for unsatisfactory job performance or improper personal conduct violations. There is no right of appeal. Appropriate documentation of the dismissal will be included in the employee's personnel file.

Section 2. Procedure

Whenever, in the supervisor's judgment, employee performance, attitude, work habits, or personal conduct falls below the acceptable level, the supervisor shall inform the employee promptly and specifically of such performance problem(s) and give counsel and assistance. A reasonable period of time for improvement may be allowed before initiating disciplinary action and is within the discretion of the supervisor.

The Town generally follows the principles of progressive discipline. However, the supervisor, in consultation with the Human Resources Director or Administration, may determine the appropriate level of discipline, separate and apart from the progressive discipline, taking into consideration the particular incident. Disciplinary actions will be recorded in the employee's personnel file.

Disciplinary action may consist of any of the following, not necessarily in this order:

- Written Warning
- Written Warning with Condition(s) of Continued Employment

- Suspension
- Demotion
- Dismissal

Written Warning(s)

A documented discussion of specific work-related concerns indicating unacceptable personal conduct or performance deficiencies will be made with corrective measures to be followed. The receipt of a written warning should be acknowledged in writing by the employee. If the employee refuses to properly acknowledge the receipt of any written warning, the supervisor issuing the written warning shall note the employee's refusal on the employee disciplinary report and have an additional supervisor sign the disciplinary report as a witness to the fact that the employee refused to sign the disciplinary report.

Written Warning with Condition(s) of Continued Employment

If an employee continues to perform his or her duties in an unsatisfactory manner, after the receipt of a written warning about deficiencies in the employees' work performance, or if the employee engages in improper personal conduct that involves a mitigating factor or a combination of mitigating factors deemed by management to warrant disciplinary action short of dismissal, the employee may be issued a written warning that contains conditions with which the employee must comply in order to maintain his or her employment with the Town. These conditions of employment may include, but are not limited to, performance requirements as well as a defined goal for the employee to attain in order to demonstrate that the employee is conducting him/herself in a manner that meets the expectations of the Town of Micro.

The issuance of a written warning by the Town to an employee is for the convenience of the Town and is not a precondition of an adverse employment action. An employee may have an adverse employment action (including but not limited to suspension, demotion or dismissal) taken against them without prior written warning by the Town.

Suspension

If the behavioral infraction is extremely serious to the Town, other employees, or the public, the employee may be suspended without warning.

Demotion

An employee may also be demoted for unsatisfactory performance or for improper personal conduct without prior warnings. Before an employee is demoted for either reason, the Department Director shall submit a written summary of facts and circumstances leading to the decision to the Human Resources Director or Mayor for approval to proceed. The report should include previous disciplinary action taken,

previous written warnings and other documents that support the decision.

Dismissal

The Department Director recommending dismissal shall discuss the recommendation with the Human Resources Director or the Mayor. The supervisor shall schedule and conduct a meeting with the employee and the Human Resources Director, or person performing such duties. In the meeting, the supervisor shall provide the employee notice of the recommended dismissal, including specific reasons for the recommendation and summarize the information supporting that decision. The employee shall have an opportunity to respond to the recommended dismissal, to refute information supporting the dismissal action and to offer information or arguments to support his/her position. During this meeting with the Department Director, no outside parties may participate. The Human Resources Director or the Mayor shall transmit to the employee written notice of the dismissal.

Section 3. Non-Disciplinary Suspension

During the investigation, hearing or trial of an employee on any criminal charge, or during an investigation related to alleged detrimental personal conduct, or during the course of any civil action involving an employee when suspension would, in the opinion of the Department Director, the Human Resources Director or the Mayor, be in the best interest of the Town, the employee may be suspended for part or all of the proceeding as a non-disciplinary action. In such cases, the mayor may temporarily relieve the employee of all duties and responsibilities and place the employee on unpaid or paid leave for the duration of the suspension. If the employee is reinstated following the suspension such employee shall not lose any compensation or benefits to which otherwise the employee would have been entitled had the suspension not occurred. If the employee is terminated following suspension, the employee shall not be eligible for any pay from the date of unpaid suspension.

Section 4. Rights of Appeal

In the case of a demotion or dismissal, a regular employee can appeal to the mayor in writing within seven (7) workdays following the effective date of the personnel action that is under appeal. The mayor, or designee, will review the written reports utilized by the Department Director to take the personnel action under appeal, and may request additional information and documentation to consider the appeal. The mayor may request meetings with the employee as well as others involved.

In deciding the issue on appeal, the mayor, or designee, may confirm or modify the recommendation of the Department Director and enter such order as the mayor may deem appropriate. The mayor's written decision shall be entered and forwarded to the

Department Director and the employee within ten (10) workdays from the date the written appeal was received. The decision entered by the mayor shall be final.

Section 5. Administrative Guidelines

As mentioned above, the Town will determine the appropriate level of discipline for both unsatisfactory job performance and conduct issues. Examples of both unsatisfactory job performance and improper personal conduct which could result in discipline are listed below.

(A) Unsatisfactory Job Performance

Unsatisfactory job performance occurs when an employee fails to meet job requirements or performance standards as established by the Department Director or Mayor. This policy does not require that progressive warnings address the same type of unsatisfactory performance.

The following list is illustrative, and is not an exhaustive or exclusive list, of the types of unsatisfactory job performance that may lead to the termination of an individual's employment with the Town:

- (1) Inefficiency or incompetence or negligence in performing duties;
- (2) Poor manner of work performance;
- (3) Failure to produce work of acceptable quality, quantity or accuracy;
- (4) Physical or mental incapability for performing duties after reasonable accommodation;
- (5) Careless, negligent or improper use of Town property;
- (6) Failure to maintain satisfactory and harmonious working relationships with fellow employees and the public;
- (7) Habitual pattern of failure to report for duty at the assigned time and place;
- (8) Absence without approved leave;
- (9) Improper use of sick or other leave privileges;
- (10) Failure to complete work within timeframes established;
- (11) Repeated or serious incident of unsafe behavior at work;
- (12) Failure to obtain or maintain current license or certificate required as a condition of the job;
- (13) Failure to wear or use appropriate safety equipment or otherwise to abide by

safety rules;

- (14) A rating below expectations overall or on a principal function for at least two consecutive performance reviews (may be mid-year reviews) spanning at least six months with no improvement.

(B) Improper Personal Conduct

An employee who engages in a single act of improper personal conduct is subject to dismissal from employment with the Town of Micro, regardless of whether the employee has previously received a warning of any kind during his/her career with the Town.

The following list is illustrative, and is not an exhaustive or exclusive list, of the types of improper personal conduct that will lead to the termination of an individual's employment with the Town:

- (1) Conduct unbecoming a Town employee;
- (2) Fraud, theft or other illegal activities;
- (3) Conviction of a felony or the entry of a plea of nolo contendere thereto;
- (4) Willful misuse or gross negligence in the handling of Town funds or missing Town funds;
- (5) Personal use of Town equipment or supplies;
- (6) Falsifying records for personal profit, to grant special privileges or to obtain employment;
- (7) Engaging in any action that would in any way seriously disrupt or disturb the normal operations of the Town;
- (8) Willful acts that would endanger the lives or property of others;
- (9) Willfully damaging Town property;
- (10) Possessing unauthorized weapons, alcoholic beverages, or illegal substances while on the job;
- (11) Violence or other aggressive, threatening, intimidating, bullying or disruptive behaviors whether by means of communication devices or by means of physical visits to the grounds or home of the targeted individual, for the purpose of harassing an individual;
- (12) Insubordination;

- (13) Accepting gifts for “favors” or “influence;
- (14) Without proper authorization, disseminating or otherwise releasing in any manner information that is lawfully maintained by the Town’s confidential information;
- (15) Professional misconduct;
- (16) Leaving the work area repeatedly for excessively long periods without proper authorization;
- (17) Willful violations of Federal/State law or regulations or Town policies;
- (18) Violation of the Town’s policies prohibiting sexual harassment, unlawful discrimination, retaliation, workplace violence, and/or substance abuse;
- (19) Providing or maintaining false or improper records/documents;
- (20) Sleeping during work time;
- (21) Gambling during work time; and
- (22) Providing an untruthful statement or statements during an administrative investigation conducted by the Town and/or otherwise attempting to impede the ability of the Town to conduct an accurate and complete administrative investigation.

ARTICLE X. GRIEVANCE PROCEDURE

Section 1. Policy

The Town is committed to providing employees an effective and responsive grievance process. The purpose of this article is to outline the procedure and to assure all employees that a response to their complaints and grievances will be prompt and fair. Employees utilizing the grievance procedure shall not be subjected to retaliation or any form of harassment from supervisors or employees for exercising their rights under this policy. Supervisors or other employees who violate this policy shall be subject to disciplinary action up to and including dismissal from Town service.

Section 2. Grievance Defined

A grievance is a claim or complaint by a current or a former employee based upon an event or condition within control of the Town, which adversely affects the circumstances under which an employee works, allegedly caused by misinterpretation, unfair application, or lack of established policy pertaining to employment conditions. An employee filing a grievance should be actually or potentially adversely affected by the condition or event being grieved. Performance appraisals, disciplinary demotions, or terminations of employment fall under the grievance procedure.

Section 3. Purposes of the Grievance Procedure

The purposes of the grievance procedure include, but are not limited to:

- 1) Providing employees with a procedure by which their complaints can be considered promptly, fairly, and without reprisal;
- 2) Encouraging employees to express themselves about the conditions of work that affect them as employees;
- 3) Promoting better understanding of policies, practices, and procedures that affect employees;
- 4) Increasing employees' confidence that personnel actions taken are in accordance with established, fair, and uniform policies and procedures; and
- 5) Increasing the sense of responsibility exercised by supervisors in dealing with their employees.
- 6) Encouraging conflicts to be resolved between employees and supervisors who must maintain an effective future working relationship, and therefore, encouraging conflicts to be resolved at the lowest level possible of the chain of command; and

- 7) Creating a work environment free of continuing conflicts, disagreements, and negative feelings about the Town of its leaders, thus freeing up employee motivation, productivity, and creativity.

Section 4. Procedure

When an employee has a grievance, the following successive steps are to be taken unless otherwise provided. The number of calendar days indicated for each step should be considered the maximum, unless otherwise provided, and every effort should be made to expedite the process. However, the time limits set forth may be extended by mutual consent. The last step initiated by an employee shall be considered to be the step at which the grievance is resolved.

Informal Resolution. Prior to the submission of a formal grievance, the employee and supervisor should meet to discuss the problem and seek to resolve it informally. This is to ensure that the supervisor knows about and has had the opportunity to consider and investigate the problem and to resolve the problem informally before the formal grievance process is initiated. Either the employee or the supervisor may involve the respective Department Director as a resource to help resolve the grievance. In addition, the employee or supervisor may request mediation from a local mediation service or other qualified parties to resolve the conflict, upon approval of the Human Resources Director or Mayor. Mediation is the process where a neutral party assists the parties in conflict with identifying mutually agreeable solutions or understandings.

Step 1. If no resolution to the grievance is reached informally, the employee who wishes to pursue a grievance shall present the grievance to the Department Director in writing. The grievance must be presented within seven (7) calendar days of the event or within seven (7) calendar days of learning of the event or condition. The grievance should contain the following: the decision, action, or policy the employee does not agree with, on what basis the action is wrong or unfair, and the proposed resolution the employee is seeking.

The Department Director shall submit a written response to the employee within seven (7) calendar days after receipt of the grievance. The Department Director should, and is encouraged to, consult with any employee of the Town in order to reach a correct, impartial, fair and equitable determination or decision concerning the grievance. Any employee consulted by the Department Director is required to cooperate to the fullest extent possible.

The response from the Department Director for each step in the formal grievance process shall be in writing and signed. In addition, the employee shall sign a copy to acknowledge receipt thereof. The responder at each step shall send copies of the grievance and response to the Human Resources Director, or person performing such duties.

In cases involving discrimination or harassment, which may involve the immediate supervisor or Department Director, the employee may file the grievance with the Human Resources Director, or person performing such duties, directly.

Step 2. If the grievance is not resolved to the satisfaction of the employee by the Department Director, the employee may appeal, in writing, to the Human Resources Director, or person performing such duties, within seven (7) calendar days after receipt of the response from Step 1. The grievance should state why the employee disagrees with the Department Director's decision in the Step 1 as well as offer a suggested resolution to the problem. The Human Resources Director, or person performing such duties, shall respond to the appeal in writing, stating the determination of decision within seven (7) calendar days after receipt of the appeal.

Step 3. If the grievance is not resolved to the satisfaction of the employee at the end of Step 2, the employee may appeal, in writing, to the mayor within seven (7) calendar days after receipt of the response from Step 2. The grievance should state why the employee disagrees with the Human Resources Director's decision in Step 2 as well as offer a suggested resolution to the problem. The mayor shall respond to the appeal in writing, stating the determination of decision within ten (10) calendar days after receipt of the appeal. The mayor's decision shall be the final decision. The Town Manager will notify the Governing Body of any impending legal action.

Filing a lawsuit or seeking any other administrative remedy against the Town while you have a grievance on the same issue will end your appeals under the Town's grievance procedure.

Department Directors. In the case of Department Directors or other employees where the mayor has been significantly involved in determining disciplinary action, including dismissal, the Town may wish to obtain a neutral outside party to act as a mediator to assist in resolving the conflict.

Section 5. Role of the Human Resources Director

Throughout the grievance procedure, the role of the Human Resources Director shall be as follows:

- 1) To advise parties (including employee, supervisors, and Mayor of their rights and responsibilities under this policy, including interpreting the grievance and other policies for consistency of application;
- 2) To be a clearinghouse for information and decisions in the matter including maintaining files of all grievance documents.
- 3) To give notices to parties concerning timetables of the process, etc.;
- 4) To assist employees and supervisors in drafting statements; and
- 5) To facilitate the resolution of conflicts in the procedures or of the grievance

at any step in the process; and

- 6) To help locate mediation or other resources as needed.

The Human Resources Director shall also determine whether or not additional time shall be allowed to either side in unusual circumstances if the parties cannot agree upon extensions when needed or indicated.

Section 6. Grievance Procedure for Discrimination

When an employee, former employee, or applicant, believes that any employment action discriminates illegally (i.e., is based on race, color, religion, sex, national origin, political affiliation, non-disqualifying disability, age marital status or veteran status) he or she has the right to appeal such action using the grievance procedure outlined in this Article (Section 4 above). While such persons are encouraged to use the grievance procedure, they shall also have the right to appeal directly to the Human Resources Director or Mayor. An employee or applicant should appeal an alleged act of discrimination within thirty calendar days of the alleged discriminatory action but may appeal for up to six months following the action. Nothing in this policy is intended to discourage or prevent an employee, former employee, or applicant from filing a formal charge of discrimination or other illegal action with the appropriate state or federal agency having jurisdiction.

**TOWN OF MICRO
PERSONNEL POLICY**

WHEREAS, the Town of Micro seeks to maintain a Personnel Policy to provide guidance regarding how policies related to personnel with the Town of Micro are conducted; and

WHEREAS, the Board of Commissioners, from time to time, may choose to modify this policy in keeping with the needs of the Town; and

WHEREAS, the Board of Commissioners has determined the last personnel policy was adopted in 1994; and

WHEREAS, the Board of Commissioners wishes to update and replace the previous Town of Micro Personnel Policy.

NOW, THEREFORE, BE IT RESOLVED BY MICRO BOARD OF COMMISSIONERS that a new Personnel Policy be adopted, effective immediately.

Duly adopted this the 11th day of March, 2025 while in regular session.

Marty Parnell
Mayor

ATTEST:

Yiecenia Joyner
Utility Clerk/Deputy Town Clerk



MEMORANDUM

TO: Town of Micro Board of Commissioners

FROM: Kimberly A. Moffett, CMC, NCCMC – Interim Town Clerk

SUBJECT: Planning Board - Vacancies

DATE: March 4, 2024

It is that time of the year to make appointments to the Planning Board & Board of Adjustment, as terms expire at the end of February.

This year, a total of five positions had term expirations of February 28, 2025. The following are the positions that have become vacant:

| Board # | In-Town or ETJ | Suggested Appointment | Term Expiration |
|----------------|-----------------------|------------------------------|------------------------|
| PB #3 | ETJ Position | Chuck Warren* | February 2028 |
| PB #4 | In Town | Jon Flemer * | February 2028 |
| PB #5 | In Town | Derek Walker | February 2028 |
| PB #6 | In Town | VACANT | February 2028 |
| PB #7 | In Town | Byron Smith * | February 2028 |

**Reappointment*

Currently, we still have one vacancy on the board(s) for an In-Town member. As a reminder, all ETJ appointments are officially made by the Johnston County Board of Commissioners. Following the meeting, I will forward a recommendation to the County Commissioners for their official appointment of Mr. Chuck Warren.

Additionally, we would like to express our sincere appreciation and thanks to Mr. Garrett Mitchell for his dedication and service to the Micro Planning Board and Board of Adjustment.

**RESOLUTION FOR ALLOWABLE COSTS AND COST PRINCIPLES FOR
EXPENDITURE OF AMERICAN RESCUE PLAN ACT CORONAVIRUS STATE
AND LOCAL FISCAL RECOVERY FUNDS BY NORTH CAROLINA LOCAL
GOVERNMENTS**

WHEREAS the Town of Micro has received an allocation of funds from the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (ARP/CSLFRF); and

WHEREAS the funds may be used for projects within these categories, to the extent authorized by state law.

1. Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
2. Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
3. Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
4. Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
5. Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet; and

WHEREAS the ARP/CSLFRF are subject to the provisions of the federal Uniform Grant Guidance, 2 CFR Sect. 200 (UG), as provided in the [Assistance Listing](#); and

WHEREAS the [Compliance and Reporting Guidance for the State and Local Fiscal Recovery Funds](#) provides, in relevant part:

Allowable Costs/Cost Principles. As outlined in the Uniform Guidance at 2 CFR Part 200, Subpart E regarding Cost Principles, allowable costs are based on the premise that a recipient is responsible for the effective administration of Federal awards, application of sound management practices, and administration of Federal funds in a manner consistent with the program objectives and terms and conditions of the award. Recipients must implement robust internal controls and effective monitoring

to ensure compliance with the Cost Principles, which are important for building trust and accountability.

[ARP/CSLFRF] Funds may be, but are not required to be, used along with other funding sources for a given project. Note that [ARP/CSLFRF] Funds may not be used for a non-Federal cost share or match where prohibited by other Federal programs, e.g., funds may not be used for the State share for Medicaid.

Treasury's Interim Final Rule and guidance and the Uniform Guidance outline the types of costs that are allowable, including certain audit costs. For example, per 2 CFR 200.425, a reasonably proportionate share of the costs of audits required by the Single Audit Act Amendments of 1996 are allowable; however, costs for audits that were not performed in accordance with 2 CFR Part 200, Subpart F are not allowable. Please see 2 CFR Part 200, Subpart E regarding the Cost Principles for more information.

- a. Administrative costs: Recipients may use funds for administering the SLFRF program, including costs of consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements. Further, costs must be reasonable and allocable as outlined in 2 CFR 200.404 and 2 CFR 200.405. Pursuant to the [ARP/CSLFRF] Award Terms and Conditions, recipients are permitted to charge both direct and indirect costs to their SLFRF award as administrative costs. Direct costs are those that are identified specifically as costs of implementing the [ARP/CSLFRF] program objectives, such as contract support, materials, and supplies for a project. Indirect costs are general overhead costs of an organization where a portion of such costs are allocable to the [ARP/CSLFRF] award such as the cost of facilities or administrative functions like a director's office. Each category of cost should be treated consistently in like circumstances as direct or indirect, and recipients may not charge the same administrative costs to both direct and indirect cost categories, or to other programs. If a recipient has a current Negotiated Indirect Costs Rate Agreement (NICRA) established with a Federal cognizant agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals, then the recipient may use its current NICRA. Alternatively, if the recipient does not have a NICRA, the recipient may elect to use the de minimis rate of 10 percent of the modified total direct costs pursuant to 2 CFR 200.414(f).
- b. Salaries and Expenses: In general, certain employees' wages, salaries, and covered benefits are an eligible use of [ARP/CSLFRF] award funds; and

WHEREAS Subpart E of the UG dictates allowable costs and cost principles for expenditure of ARP/CSLFRF funds; and

WHEREAS Subpart E of the UG (specifically, 200.400) states that:

The application of these cost principles is based on the fundamental premises that:

- (a) The non-Federal entity is responsible for the efficient and effective administration of the Federal award through the application of sound management practices.
- (b) The non-Federal entity assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.
- (c) The non-Federal entity, in recognition of its own unique combination of staff, facilities, and experience, has the primary responsibility for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award.
- (d) The application of these cost principles should require no significant changes in the internal accounting policies and practices of the non-Federal entity. However, the accounting practices of the non-Federal entity must be consistent with these cost principles and support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to the Federal award.
- (e) In reviewing, negotiating and approving cost allocation plans or indirect cost proposals, the cognizant agency for indirect costs should generally assure that the non-Federal entity is applying these cost accounting principles on a consistent basis during their review and negotiation of indirect cost proposals. Where wide variations exist in the treatment of a given cost item by the non-Federal entity, the reasonableness and equity of such treatments should be fully considered.
- (f) For non-Federal entities that educate and engage students in research, the dual role of students as both trainees and employees (including pre- and post-doctoral staff) contributing to the completion of Federal awards for research must be recognized in the application of these principles.
- (g) The non-Federal entity may not earn or keep any profit resulting from Federal financial assistance, unless explicitly authorized by the terms and conditions of the Federal award;

BE IT RESOLVED that the governing board of the Town of Micro hereby adopts and enacts the following US Cost Principles Policy for the expenditure of ARP/CSLFRF funds.

Duly adopted this the 11th day of March, 2025 while in regular session.

Marty Parnell
Mayor

ATTEST:

Yiecenia Joyner
Deputy Town Clerk

SAMPLE ALLOWABLE COSTS AND COSTS PRINCIPLES POLICY

OVERVIEW

[Title 2 U.S. Code of Federal Regulations Part 200](#), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, commonly called Uniform Guidance (UG), specifically Subpart E, defines those items of cost that are allowable, and which are unallowable. The tests of allowability under these principles are: (a) the costs must be reasonable; (b) they must be allocable to eligible projects under the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (ARP/CSLFRF); (c) they must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (d) they must conform to any limitations or exclusions set forth in these principles or in the ARP/CSLFRF grant award as to types or amounts of cost items. Unallowable items fall into two categories: expenses which are by their nature unallowable (e.g., alcohol), and unallowable activities (e.g., fund raising).

[LOCAL GOVERNMENT NAME] shall adhere to all applicable cost principles governing the use of federal grants. This policy addresses the proper classification of both direct and indirect charges to ARP/CSLFRF funded projects and enacts procedures to ensure that proposed and actual expenditures are consistent with the ARP/CSLFRF grant award terms and all applicable federal regulations in the UG.

Responsibility for following these guidelines lies with [LIST APPROPRIATE LOCAL GOVERNMENT OFFICIALS AND EMPLOYEE POSITION TITLES HERE], who are charged with the administration and financial oversight of the ARP/CSLFRF. Further, all local government employees and officials who are involved in obligating, administering, expending, or monitoring ARP/CSLFRF grant funded projects should be well versed with the categories of costs that are generally allowable and unallowable. Questions on the allowability of costs should be directed to [LIST APPROPRIATE LOCAL GOVERNMENT DEPARTMENT OR POSITION HERE]. As questions on allowability of certain costs may require interpretation and judgment, local government personnel are encouraged to ask for assistance in making those determinations.

GENERAL COST ALLOWABILITY CRITERIA

All costs expended using ARP/CSLFRF funds must meet the following general criteria:

1. Be necessary and reasonable for the proper and efficient performance and administration of the grant program.

A cost must be *necessary* to achieve a project object. When determining whether a cost is necessary, consideration may be given to:

- Whether the cost is needed for the proper and efficient performance of the grant project.
- Whether the cost is identified in the approved project budget or application.

- Whether the cost aligns with identified needs based on results and findings from a needs assessment.
- Whether the cost addresses project goals and objectives and is based on program data.

A cost is *reasonable* if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices. When determining reasonableness of a cost, consideration must be given to:

- Whether the cost is a type generally recognized as ordinary and necessary for the operation of the Town of Micro or the proper and efficient performance of the federal award.
- The restraints or requirements imposed by factors, such as: sound business practices; arm's-length bargaining; federal, state, and other laws and regulations; and terms and conditions of the ARP/CSLFRF award.
- Market prices for comparable goods or services for the geographic area.
- Whether individuals concerned acted with prudence in the circumstances considering their responsibilities to the Town of Micro, its employees, the public at large, and the federal government.
- Whether the Town of Micro significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the ARP/CSLFRF award's cost.

2. Be allocable to the ARP/CSLFRF federal award. A cost is allocable to the ARP/CSLFRF award if the goods or services involved are chargeable or assignable to the ARP/CSLFRF award in accordance with the relative benefit received. This means that the ARP/CSLFRF grant program derived a benefit in proportion to the funds charged to the program. *For example, if 50 percent of a local government program officer's salary is paid with grant funds, then the local government must document that the program officer spent at least 50 percent of his/her time on the grant program.*

If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized by the ARP/CSLFRF, the costs are assignable to the Federal award regardless of the use that may be made of the

equipment or other capital asset involved when no longer needed for the purpose for which it was originally required.

3. **Be authorized and not prohibited under state or local laws or regulations.**
4. **Conform to any limitations or exclusions set forth in the principles, federal laws, ARP/CSLFRF award terms, and other governing regulations as to types or amounts of cost items.**
5. **Be consistent with policies, regulations, and procedures that apply uniformly to both the ARP/CSLFRF federal award and other activities of the Town of Micro**
6. **Be accorded consistent treatment.** A cost MAY NOT be assigned to a federal award as a direct cost and also be charged to a federal award as an indirect cost. And a cost must be treated consistently for both federal award and non-federal award expenditures.
7. **Be determined in accordance with generally accepted accounting principles (GAAP), unless provided otherwise in the UGG.**
8. **Be net of all applicable credits.** The term “applicable credits” refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to and received by the local government related to the federal award, they shall be credited to the ARP/CSLFRF award, either as a cost reduction or a cash refund, as appropriate and consistent with the award terms. [NOTE THAT A LOCAL GOVERNMENT SHOULD ADD A REFERENCE TO ITS PROGRAM INCOME POLICY HERE, WHEN THAT POLICY IS IMPLEMENTED. AS OF DECEMBER 2021, WE ARE STILL AWAITING FINAL GUIDANCE FROM US TREASURY ON HOW TO TREAT PROGRAM INCOME.]
9. **Be adequately documented.**

SELECTED ITEMS OF COST

The UGG examines the allowability of fifty-five (55) specific cost items (commonly referred to as Selected Items of Cost) at 2 CFR § 200.420-.475.

Board of Commissioners, Mayor and/or Engineering Firm responsible for determining cost allowability must be familiar with the Selected Items of Cost. The Town of Micro must follow the applicable regulations when charging these specific expenditures to the ARP/CSLFRF grant. Board of Commissioners, Mayor and/or Engineering Firm personnel will check costs against the or items of cost requirements to ensure the cost is allowable and that all process and documentation requirements are followed. In addition, State laws, [the Town of Micro regulations, and program-specific rules may deem a cost as

unallowable, and Board of Commissioners, Mayor and/or Engineering Firm personnel must follow those non-federal rules as well.

Exhibit A identifies and summarizes the Selected Items of Cost.

DIRECT AND INDIRECT COSTS

Allowable and allocable costs must be appropriately classified as direct or indirect charges. It is essential that each item of cost be treated consistently in like circumstances either as a direct or an indirect cost.

Direct costs are expenses that are specifically associated with a particular ARP/CSLFRF-eligible project and that can be directly assigned to such activities relatively easily with a high degree of accuracy. Common examples of direct costs include salary and fringe benefits of personnel directly involved in undertaking an eligible project, equipment and supplies for the project, subcontracted service provider, or other materials consumed or expended in the performance of a grant-eligible project.

Indirect costs are (1) costs incurred for a common or joint purpose benefitting more than one ARP/CSLFRF-eligible project, and (2) not readily assignable to the project specifically benefited, without effort disproportionate to the results achieved. They are expenses that benefit more than one project or even more than one federal grant. Common examples of indirect costs include utilities, local telephone charges, shared office supplies, administrative or secretarial salaries.

For indirect costs, the Town of Micro may charge a 10 percent de minimis rate of modified total direct costs (MTDC). According to UGG Section 200.68 MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance the subawards under the award). MTDC EXCLUDES equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000.

SPECIAL PROVISIONS FOR STATE AND LOCAL GOVERNMENTS

There are some special provisions of the UG that apply only to states, local governments, and Indian Tribes.

§ 200.444 General costs of government.

(a) For states, local governments, and Indian Tribes, the general costs of government are unallowable (except as provided in [§ 200.475](#)). Unallowable costs include:

- (1)** Salaries and expenses of the Office of the Governor of a [state](#) or the chief executive of a [local government](#) or the chief executive of an [Indian tribe](#);
- (2)** Salaries and other expenses of a [state](#) legislature, tribal council, or similar local governmental body, such as a county supervisor, city council, school board, etc., whether incurred for purposes of legislation or executive direction;

(3) Costs of the judicial branch of a government;

(4) Costs of prosecutorial activities unless treated as a direct cost to a specific program if authorized by statute or regulation (however, this does not preclude the allowability of other legal activities of the Attorney General as described in [§ 200.435](#)); and

(5) Costs of other general types of government services normally provided to the general public, such as fire and police, unless provided for as a direct cost under a program statute or regulation.

(b) For [Indian tribes](#) and Councils of Governments (COGs) (see definition for *Local government* in [§ 200.1](#) of this part), up to 50% of salaries and expenses directly attributable to managing and operating [Federal programs](#) by the chief executive and his or her staff can be included in the indirect cost calculation without documentation.

§ 200.416 COST ALLOCATION PLANS AND INDIRECT COST PROPOSALS.

(a) For states, local governments and Indian tribes, certain services, such as motor pools, computer centers, purchasing, accounting, etc., are provided to operating agencies on a centralized basis. Since Federal awards are performed within the individual operating agencies, there needs to be a process whereby these central service costs can be identified and assigned to benefitted activities on a reasonable and consistent basis. The central service cost allocation plan provides that process.

(b) Individual operating agencies (governmental department or agency), normally charge Federal awards for indirect costs through an indirect cost rate. A separate indirect cost rate(s) proposal for each operating agency is usually necessary to claim indirect costs under Federal awards. Indirect costs include:

(1) The indirect costs originating in each department or agency of the governmental unit carrying out Federal awards and

(2) The costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

(c) The requirements for development and submission of cost allocation plans (for central service costs and public assistance programs) and indirect cost rate proposals are contained in appendices V, VI and VII to this part.

§ 200.417 INTERAGENCY SERVICE.

The cost of services provided by one agency to another within the governmental unit may include allowable direct costs of the service plus a pro-rated share of indirect costs. A standard indirect cost allowance equal to ten percent of the direct salary and

wage cost of providing the service (excluding overtime, shift premiums, and fringe benefits) may be used in lieu of determining the actual indirect costs of the service. These services do not include centralized services included in central service cost allocation plans as described in Appendix V to Part 200.

COST ALLOWABILITY REVIEW PROCESS

PREAPPROVAL COST ALLOWABILITY REVIEW

Before an ARP/CSLFRF-funded project is authorized, the Mayor and/or Board of Commissioners must review the proposed cost items within an estimated project budget to determine whether they are allowable and allocable and whether cost items will be charged as direct or indirect expenses. This review will occur concurrently with the review of project eligibility and *before* obligating or expending any ARP/CSLFRF funds.

- Local government personnel must submit proposed ARP/CSLFRF projects to the Board of Commissioners for review. In addition to other required information, all proposed project submissions must delineate estimated costs by cost item.
- Along with a general review of project eligibility and conformance with other governing board management directives, if required, Engineering Firm must review estimated costs for specific allowable cost requirements, budget parameters, indirect rates, fringe benefit rates, and those activities/costs that require pre-approval by the US Treasury.
- If a proposed project includes a request for an unallowable cost, the [DEPARTMENT AND/OR INDIVIDUAL POSITION(S)] will return the proposal to the requesting party for review and, if practicable, resubmission with corrected cost items.
- Once a proposed project budget is pre-approved by [DEPARTMENT AND/OR INDIVIDUAL POSITION(S)], the local government personnel responsible for implementing the project must conform actual obligations and expenditures to the pre-approved project budget.

POST-EXPENDITURE COST ALLOWABILITY REVIEW

Once an expenditure is incurred related to an eligible project, and an invoice or other demand for payment is submitted to the local government, the [DEPARTMENT AND/OR INDIVIDUAL POSITION(S)] must perform a second review to ensure that actual expenditures comprise allowable costs.

- All invoices or other demands for payment must include a breakdown by cost item. The cost items should mirror those presented in the proposed budget for the project. If an invoice or other demand for payment does not include a breakdown by cost item, the [DEPARTMENT AND/OR INDIVIDUAL POSITION(S)] will return the invoice to the project manager and/or vendor, contractor, or subrecipient for correction.

- The [DEPARTMENT AND/OR INDIVIDUAL POSITION(S)] must review the individual cost items listed on the invoice or other demand for payment to determine their allowability and allocability.
- If all cost items are deemed allowable and properly allocable, the [DEPARTMENT AND/OR INDIVIDUAL POSITION(S)] must proceed through the local government's normal disbursement process.
- If any cost item is deemed unallowable, the [DEPARTMENT AND/OR INDIVIDUAL POSITION(S)] will notify the project management and/or vendor, contractor, or subrecipient that a portion of the invoice or other demand for payment will not be paid with ARP/CSLFRF funds. The [DEPARTMENT AND/OR INDIVIDUAL POSITION(S)] may in their discretion, and consistent with this policy, allow an invoice or other demand for payment to be resubmitted with a revised cost allocation. If the local government remains legally obligated by contract or otherwise to pay the disallowed cost item, it must identify other local government funds to cover the disbursement. [LOCAL GOVERNMENT NAME]'S governing board must approve any allocation of other funds for this purpose.
- The [DEPARTMENT AND/OR INDIVIDUAL POSITION(S)] must retain appropriate documentation of budgeted cost items per project and actual obligations and expenditures of cost items per project.

COST TRANSFERS

Any costs charged to the ARP/CSLFRF federal award that do not meet the allowable cost criteria must be removed from the award account and charged to an account that does not require adherence to federal UGG or other applicable guidelines.

Failure to adequately follow this policy and related procedures could result in questioned costs, audit findings, potential repayment of disallowed costs and discontinuance of funding.

EXHIBIT A

| Selected Items of Cost | Uniform Guidance General Reference | Allowability |
|------------------------|---------------------------------------|--------------|
|------------------------|---------------------------------------|--------------|

| | | |
|---|-----------------|---|
| Advertising and public relations costs | 2 CFR § 200.421 | Allowable with restrictions |
| Advisory councils | 2 CFR § 200.422 | Allowable with restrictions |
| Alcoholic beverages | 2 CFR § 200.423 | Unallowable |
| Alumni/ae activities | 2 CFR § 200.424 | Not specifically addressed |
| Audit services | 2 CFR § 200.425 | Allowable with restrictions |
| Bad debts | 2 CFR § 200.426 | Unallowable |
| Bonding costs | 2 CFR § 200.427 | Allowable with restrictions |
| Collection of improper payments | 2 CFR § 200.428 | Allowable |
| Commencement and convocation costs | 2 CFR § 200.429 | Not specifically addressed |
| Compensation – personal services | 2 CFR § 200.430 | Allowable with restrictions; Special conditions apply (e.g., § 200.430(i)(5)) |
| Compensation – fringe benefits | 2 CFR § 200.431 | Allowable with restrictions |
| Conferences | 2 CFR § 200.432 | Allowable with restrictions |
| Contingency provisions | 2 CFR § 200.433 | Unallowable with exceptions |
| Contributions and donations | 2 CFR § 200.434 | Unallowable (made by non-federal entity); not reimbursable but value may be used as cost sharing or matching (made to non-federal entity) |
| Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements | 2 CFR § 200.435 | Allowable with restrictions |
| Depreciation | 2 CFR § 200.436 | Allowable with qualifications |
| Employee health and welfare costs | 2 CFR § 200.437 | Allowable with restrictions |

| | | |
|--|-----------------|---|
| Entertainment costs | 2 CFR § 200.438 | Unallowable with exceptions |
| Equipment and other capital expenditures | 2 CFR § 200.439 | Allowability based on specific requirement |
| Exchange rates | 2 CFR § 200.440 | Allowable with restrictions |
| Fines, penalties, damages and other settlements | 2 CFR § 200.441 | Unallowable with exceptions |
| Fund raising and investment management costs | 2 CFR § 200.442 | Unallowable with exceptions |
| Gains and losses on disposition of depreciable assets | 2 CFR § 200.443 | Allowable with restrictions |
| General costs of government | 2 CFR § 200.444 | Unallowable with exceptions |
| Goods and services for personal use | 2 CFR § 200.445 | Unallowable (goods/services); allowable (housing) with restrictions |
| Idle facilities and idle capacity | 2 CFR § 200.446 | Idle facilities - unallowable with exceptions; Idle capacity - allowable with restrictions |
| Insurance and indemnification | 2 CFR § 200.447 | Allowable with restrictions |
| Intellectual property | 2 CFR § 200.448 | Allowable with restrictions |
| Interest | 2 CFR § 200.449 | Allowable with restrictions |
| Lobbying | 2 CFR § 200.450 | Unallowable |
| Losses on other awards or contracts | 2 CFR § 200.451 | Unallowable (however, they are required to be included in the indirect cost rate base for allocation of indirect costs) |
| Maintenance and repair costs | 2 CFR § 200.452 | Allowable with restrictions |
| Materials and supplies costs, including costs of computing devices | 2 CFR § 200.453 | Allowable with restrictions |

| | | |
|---|-----------------|--|
| Memberships, subscriptions, and professional activity costs | 2 CFR § 200.454 | Allowable with restrictions; unallowable for lobbying organizations |
| Organization costs | 2 CFR § 200.455 | Unallowable except federal prior approval |
| Participant support costs | 2 CFR § 200.456 | Allowable with prior approval of the federal awarding agency |
| Plant and security costs | 2 CFR § 200.457 | Allowable; capital expenditures are subject to § 200.439 |
| Pre-award costs | 2 CFR § 200.458 | Allowable if consistent with other allowabilities and with prior approval of the federal awarding agency |
| Professional services costs | 2 CFR § 200.459 | Allowable with restrictions |
| Proposal costs | 2 CFR § 200.460 | Allowable with restrictions |
| Publication and printing costs | 2 CFR § 200.461 | Allowable with restrictions |
| Rearrangement and reconversion costs | 2 CFR § 200.462 | Allowable (ordinary and normal) |
| Recruiting costs | 2 CFR § 200.463 | Allowable with restrictions |
| Relocation costs of employees | 2 CFR § 200.464 | Allowable with restrictions |
| Rental costs of real property and equipment | 2 CFR § 200.465 | Allowable with restrictions |
| Scholarships and student aid costs | 2 CFR § 200.466 | Not specifically addressed |
| Selling and marketing costs | 2 CFR § 200.467 | Unallowable with exceptions |
| Specialized service facilities | 2 CFR § 200.468 | Allowable with restrictions |
| Student activity costs | 2 CFR § 200.469 | Unallowable unless specifically provided for in the federal award |
| Taxes (including Value Added Tax) | 2 CFR § 200.470 | Allowable with restrictions |

| | | |
|------------------------------|-----------------|------------------------------------|
| Termination costs | 2 CFR § 200.471 | Allowable with restrictions |
| Training and education costs | 2 CFR § 200.472 | Allowable for employee development |
| Transportation costs | 2 CFR § 200.473 | Allowable with restrictions |
| Travel costs | 2 CFR § 200.474 | Allowable with restrictions |
| Trustees | 2 CFR § 200.475 | Not specifically addressed |

**TOWN OF MICRO
INTERNAL CONTROL POLICY AS RELATED TO ARPA FUNDING**

WHEREAS, it is required that municipalities receiving ARPA Funding have an internal control policy in place, and;

WHEREAS, the Town of Micro has received ARPA Funding and will adopt the Internal Control Policy drafted by the UNC School of Governments as related to ARPA Funds.

NOW THEREFORE, the Town of Micro adopts the attached (Attachment A) Internal Control Policy.

Duly adopted this the 11th day of March, 2025 while in regular session.

Marty Parnell
Mayor

ATTEST:

Yiecenia Joyner
Utility Clerk/Deputy Town Clerk

Model Internal Control Policy: Coronavirus State and Local Fiscal Recovery Funds (“ARP/CSLFRF Award”)

DISCLAIMER and Policy Overview

This sample policy identifies internal control activities and compliance requirements for the expenditure of Coronavirus State and Local Fiscal Recovery Funds under the American Rescue Plan Act¹ (“ARP/CSLFRF award”). Other federal programs may require additional controls to address the specific compliance requirements of those federal programs.

Prior to adoption, this policy **MUST** be reviewed/revise/d and tailored to incorporate the specific internal control processes implemented by each unit of government. The examples of internal control activities herein are *not* intended to be all-inclusive or act as a checklist of required internal control activities. A local government may have adequate internal controls even though some of the illustrative controls in this policy are not present. Because each local government’s operations differ, the suggested control activities do not specify which employee/position/role within the unit is responsible for overseeing compliance. Each unit should identify the positions/persons responsible for performing the identified control activities.

The [Final Rule FAQ 13.15](#) describes the UG compliance requirements for each ARP/CSLFRF project expenditure category. Notably, local governments expending revenue replacement ARP/CSLFRF funds under the revenue loss category are subject to fewer UG compliance requirements than projects within the COVID-19 Public Health/Negative Economic Impacts and the Necessary Broadband and Water/Sewer Infrastructure categories. Units are advised to read the Final Rule FAQs, Award Terms and Conditions, and Treasury's Compliance Guide for full compliance requirements.

[Rebecca Badgett](#) serves as a Teaching Assistant Professor with a focus on grants management. She provides legal guidance, training, and other resources to help local governments comply with federal and state laws related to grant funding. For specific questions regarding this policy, email RBadgett@sog.unc.edu.

1. The [U.S. Treasury’s ARP/CSLFRF web page](#) contains links to the Final Rule and additional ARP/CSLFRF’s compliance documents.

Model Internal Control Policy: ARP/CSLFRF Award

CONTENTS

| | | | |
|--|---|--|----|
| Definitions . . . | 2 | Financial Management, 2 CFR § 200.302 . . . | 7 |
| Policy Overview and Purpose . . . | 3 | Segregation of Duties: . . . | 7 |
| The Green Book Recognizes Five Components of Internal Control: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring . . . | 3 | Documentation: . . . | 7 |
| 1. Control Environment . . . | 3 | Reporting: . . . | 8 |
| 2. Risk Assessment . . . | 4 | Reconciliation: . . . | 8 |
| Risk Identification . . . | 4 | Eligibility (See Award Terms & Conditions for ARP/CSLFRF Eligibility Requirements) . . . | 8 |
| Uniform Guidance Compliance & Risk Identification . . . | 4 | Allowable Costs/Cost Principles, 2 CFR §§ 200.400 to 200.476 . . . | 9 |
| Risk Analysis . . . | 5 | Period of Performance (See Award Terms and Conditions) . . . | 10 |
| Risk Response . . . | 5 | Procurement, Suspension & Debarment, 2 CFR §§ 200.317 to 200.327 . . . | 11 |
| 3. Control Activities . . . | 5 | Property Management, 2 CFR §§ 200.310 to 200.316 . . . | 13 |
| 4. Information and Communication . . . | 6 | Subrecipient Risk Assessment & Monitoring, 2 CFR §§ 200.331 to 200.333 . . . | 15 |
| 5. Monitoring . . . | 6 | Program Income, 2 CFR § 200.307 . . . | 16 |

Definitions

- **Management** refers to employees who have direct responsibility for the day-to-day operations of the entity, including the implementation of internal controls. For the purposes of this policy, “management” includes: [NAME POSITIONS HERE] *[Note: Include any management positions that will be responsible for implementing and monitoring internal controls over federal grant awards (e.g., managers, supervisors, department heads, finance officer, or other finance personnel.)]*
- **Oversight Body**, as referenced in the Government Accountability Office’s Standards for Internal Control in the Federal Government, refers to an appointed body designated to perform oversight at the direction of the governing board. The oversight body of a local government is, by default, the governing board (Board of County Commissioners or City Council). *[Note: The governing board may appoint a specific oversight body to oversee the implementation of internal controls. If it does not do so, the governing board shall act as the oversight body.]*

Policy Overview and Purpose

Internal control is a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved. This policy outlines the internal control process established by the [UNIT] to provide reasonable assurances that the unit will expend ARP/CSLFRF award funds in compliance with governing laws and regulations. This document is adopted in accordance with the following directive from U.S. Treasury's Compliance and Reporting Guidance: "Per 2 CFR Part 200.303, your organization must develop and implement effective internal controls to ensure that funding decisions under the ARP/CSLFRF award constitute eligible uses of funds, and document determinations."²

Internal Control Framework:

The [UNIT'S] internal controls are modeled after the internal control framework set forth in the Government Accountability Office's Standards for Internal Control in the Federal Government (the "Green Book"). As described in the Green Book, Management is responsible for establishing and maintaining the internal control system in compliance with the duties outlined in this policy. The Oversight Body's primary role is to ensure management performs its internal control responsibilities. However, every employee bears some responsibility for the internal control process.

The Green Book Recognizes Five Components of Internal Control: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring

The [UNIT] understands that each component must be present and functioning for the internal control process to operate at the optimal level. The responsibilities tied to each of the components are discussed below.

1. Control Environment

The control environment is the foundation for all other components of internal control, providing discipline and structure. Management values integrity, ethics, and competence in all operations, including the administration of federal awards. Management communicates and reinforces its expectations throughout the organization. Examples of management's commitment to internal controls over expenditures of ARP/CSLFRF funds include, but are not limited to, the following:

- Management demonstrates a commitment to integrity and ethical values through its leadership, communications, personnel practices, and daily actions.
- Management conducts ongoing risk assessments to identify internal control weaknesses that may negatively impact the proper administration of the ARP/CSLFRF award.
- Management is committed to educating itself and staff on the compliance requirements tied to the administration of the ARP/CSLFRF award.
- Management adopts policies necessary to ensure compliance with the Uniform Guidance and the ARP/CSLFRF award terms and conditions.

2. U.S. Department of the Treasury, *Compliance and Reporting Guidance*, p. 8 (updated Sept. 20, 2022).

2. Risk Assessment

Management is committed to identifying and managing the risks that may arise during the administration of the ARP/CSLFRF award. The risk assessment component of internal control involves management evaluating the risks the entity faces that could negatively impact its ability to achieve its objectives. These objectives include:

- **Operational Objectives:** All assets are appropriately safeguarded against risks of fraud, theft, loss, or abuse.
- **Reporting Objectives:** Finance systems and processes produce accurate and reliable financial reporting for federal award expenditures. The [UNIT'S] Schedule of Expenditures of Federal Awards (SEFA) is complete and accurate.
- **Compliance Objectives:** Ensure ARP/CSLFRF awards funds are expended in compliance with the award terms and conditions, federal and state law, and U.S. Treasury guidance.

Risk Identification

Management shall identify risks that may impair the [UNIT's] ability to achieve its objectives. Management shall focus its risk assessment on areas of opportunity for employees to commit fraud. Specific areas and types of risk include:

- rapid growth in operations,
- changes in personnel,
- organizational restructuring, such as centralizing or decentralizing,
- new activities or service areas,
- new or revised information systems,
- new technologies in service delivery or information systems,
- changes in the operating or regulatory environment, and
- new or updated accounting and/or financial reporting practices.

Uniform Guidance Compliance & Risk Identification

There are specific risks that arise in the administration of a grant award. Management will identify areas of risk that may impair the [UNIT'S] ability to comply with the ARP/CSLFRF award's terms and conditions and/or applicable state and federal law and regulations. Specifically, the [UNIT] will evaluate risks of non-compliance in the following compliance areas:

- Eligibility,
- Allowable Costs/Cost Principles,
- Period of Performance,
- Financial Management,
- Property Management,
- Procurement,
- Subrecipient Monitoring, and
- Program Income.

Risk Analysis

Management shall determine the potential severity of liabilities associated with the risks identified by weighing the likelihood of occurrence against the degree of impact.

| Likelihood × Impact = Risk Priority | | | | | | |
|---|---------------|--------|----|----|----|---|
| After rating each risk for likelihood & impact, multiply to identify which risks are highest priority to control for. | | | | | | |
| | Risk Priority | | | | | |
| | 5 | 10 | 15 | 20 | 25 | |
| Likelihood | 4 | 4 | 8 | 12 | 16 | |
| | 3 | 3 | 6 | 9 | 12 | |
| | 2 | 2 | 4 | 6 | 8 | |
| | 1 | 1 | 2 | 3 | 4 | |
| | | 1 | 2 | 3 | 4 | 5 |
| | | Impact | | | | |

| Priority Rank Scale | |
|---------------------|----------|
| Low | 1 to 4 |
| Moderate | 5 to 9 |
| High | 10 to 19 |
| Very High | 20+ |

Risk Response

Management shall review the results of the risk analysis and determine whether to implement control activities to mitigate risks. Management will respond to identified risks in one of three ways:

- accept the risk,
- reduce the risk by implementing control activities to help prevent or detect issues, or
- avoid the risk by not pursuing certain activities.

Management shall consider the relative cost of implementing controls versus the benefit(s) offered in deciding whether to mitigate risk(s) through the implementation of control activities. When possible, control activities will be implemented to mitigate risks that rate “High” or “Very High” on the Likelihood/Impact scale.

3. Control Activities

Control activities are the actions taken by management to respond to risks that may prevent the entity from achieving its objectives. The internal control activities are either preventative or detective. The [UNIT] uses a variety of control activities that support strong internal controls, including, but not limited to the following:

- written policies and procedures,
- segregation of duties: separating authorization, custody, record-keeping, and reconciliation functions,
- authorizations to undertake projects/programs/expenditure,
- reconciliation of accounts and records,
- documentation and record-keeping,
- physical controls, including locks, physical barriers, and security systems to protect physical assets,
- IT controls, including passwords, access logs, and firewalls to protect sensitive data and restrict access to electronic data and files,
- staff training, or
- a combination of the above.

4. Information and Communication

The [UNIT] communicates accurate and quality information to internal staff and personnel and to external stakeholders and community members. Communication plays an integral role in the internal control system by helping to promote transparency regarding the use of public funds. Management shall be responsible for communicating internal control processes to those employees directly involved in finance and/or grant administration. Management will communicate its policies, procedures, and internal controls through various handbooks, programs, training, and electronic communication.

Information regarding pertinent policies, processes, and control activities will flow down, across, and up the organizational structure. Internal control deficiencies should be reported upstream, with serious matters reported immediately to top-level management and/or to the governing board. Employees are required to report any critical issues within the internal control system to management as soon as possible after the discovery.

To ensure transparency regarding the use of ARP/CSLFRF funds, the [UNIT] shall communicate quality information to community members and external stakeholders. The communication channels may include:

- The [UNIT] maintains a separate webpage to highlight projects undertaken with ARP/CSLFRF award funds.
- Project and Expenditure reports are posted to the ARP/CSLFRF webpage.
- Governing board members and management are willing to engage directly with community members and answer questions via email and/or provide updates during regularly scheduled meetings.

[ALL UNITS MUST EDIT ABOVE SECTION] *Incorporate how your unit communicates externally. Delete the above examples from this policy if your community has not taken the specified actions.*

5. Monitoring

The [UNIT] shall conduct ongoing monitoring of the internal control system to identify its strengths and weaknesses. Internal and external audits will be conducted pursuant to federal and state law. These audit processes will test the effectiveness of internal controls over federal and state awards.

Internal Controls & Uniform Guidance Compliance

Financial Management, 2 CFR § 200.302

Overview:

Each unit must have a financial management system in place to satisfy the requirements set forth in 2 CFR 200.302. A unit may rely on existing accounting processes and procedures, provided such processes adequately track the obligations and expenditures of ARP/CSLFRF funds.

Objectives:

Ensure compliance with the following requirements set forth in 2 CFR 200.302, as follows:

1. Track all federal awards received and related expenditures separately for each federal program.
2. Provide accurate, current, and complete financial data to enable the disclosure of the results of each federal award.
3. Identify the source and application of funds (i.e., the system must be able to track authorizations, obligations, and disbursements, and tie any expenditures to eligible uses of ARP/CSLFRF funds.
4. Maintain control over, and accountability for, all funds, property, and other assets.
5. Compare budgeted amounts with actual expenditures.
6. Expenditures must be supported by the [UNIT's] written procedures for determining the allowability, reasonableness, and allocability of costs. (A written Allowable Cost/Cost Principles Policy is required.)

Control Activities:

- A recommended practice is to set up a grant project ordinance to separately account for and track expenditures of ARP/CSLFRF funds.
- Utilize a financial management system that meets the standards outlined in 2 CFR 200.302.

Segregation of Duties:

Duties and functions related to financial reporting are segregated to ensure no one person has control over all parts of a financial transaction.

Documentation:

Documentation of financial transactions is complete and accurate and facilitates tracing the transaction from authorization and initiation through disbursement.

- [INSERT POSITION] shall ensure that, at a minimum, accounting records evidencing authorizations, obligations, and expenditures of ARP/CSLFRF funds are created and retained according to record retention requirements.
- Source documentation is retained, including paid invoices, payrolls, time and attendance records, contracts, and subaward documents.

Reporting:

[INSERT POSITION] shall prepare monthly reports for the governing board that includes updates for grant project expenditures and a comparison of budget to actuals.

Reconciliation:

General ledger and subsidiary ledgers used to account for the receipt and disbursements of ARP/CSLFRF funds are reconciled monthly against account balances by someone who does not have record-keeping/bookkeeping functions.

Communication & Monitoring:

The [INSERT POSITION] is responsible for communicating the financial management requirements and associated control activities to the appropriate personnel. All employees within the finance and accounting office have responsibility for internal controls, including the ongoing assessment of the effectiveness of internal control activities over the financial management system.

Eligibility (See Award Terms & Conditions for ARP/CSLFRF Eligibility Requirements)**Overview:**

The unit is responsible for ensuring ARP/CSLFRF funds are expended on eligible projects and programs. The process for making eligibility determinations is described in the [UNIT'S] Eligible Use Policy. (The control activities for Eligibility and Allowable Cost review are often combined.)

Objectives:

1. Ensure that supported projects and programs under the ARP/CSLFRF are eligible under one of the expenditure categories. (Eligible uses include projects identified in the Final Rule that fit within one of the four eligible use categories: COVID-19/Negative Economic Impacts, Revenue Replacement, Premium Pay, Investment in Necessary Broadband and Water/Sewer Infrastructure.)
2. Document eligibility review and project determinations.
3. Establish processes to ensure funds are not expended on ineligible uses. (Prohibited uses include bulk deposits into pension funds, debt services, replenishing financial reserves, the satisfaction of settlements and judgments, support for programs that undermine the effort to stop the spread of COVID-19, and any use that would violate state or local law.)

Control Activities:

- **Eligible Use Policy:** The [UNIT] has adopted an ARP/CSLFRF Eligible Use Policy that explains the eligible uses of ARP/CSLFRF award funds and includes the [UNIT's] process for reviewing and documenting eligibility determinations.
- **Authorization:** [INSERT POSITION] has reviewed applicable Treasury guidance, including the Final Rule, and has trained staff to conduct initial eligibility reviews for all project or program requests.

- **Documentation:** Each department is encouraged to use the SOG's Sample Eligibility Worksheet to document the review process. This documentation is retained for the five-year record retention period. [INSERT POSITION] is responsible for overseeing compliance with documentation and record retention requirements.

Communication & Monitoring:

Management will communicate eligibility requirements and project determinations internally to staff and externally to community members and stakeholders. Management will periodically review a sample of eligibility determinations to ensure that documentation is being maintained and that the supported projects are eligible.

Allowable Costs/Cost Principles, 2 CFR §§ 200.400 to 200.476**Overview:**

The Uniform Guidance Cost Principles provide guidance on how to charge specific items of cost to a federal award. A written Allowable Cost/Cost Principles policy is required for compliance with 2 CFR 200 § 202.

Cost items charged using Revenue Replacement ARP/CSLFRF funds are subject to an allowable cost review. Cost items charged under the COVID-19/Negative Economic Impacts and Infrastructure Investment categories are subject to additional compliance requirements, including the Selected Item of Cost review. See Final Rule FAQ 13.15.

Objectives:

1. Ensure all costs charged to the federal award are allowable as defined in the Uniform Guidance, Subpart E—Cost Principles.
2. Consistently apply local policies to both federally financed and non-federally financed activities.
3. Treat costs consistently as direct or indirect costs.
4. Adequately document evidence of allowable cost review and other compliance requirements as necessary.
5. When applicable, appropriately charge indirect costs using either the Negotiated Independent Cost Rate Agreement (NICRA) or the de minimis rate of 10 percent.

Control Activities:

- **Policy:** The [UNIT] has adopted an Allowable Cost/Cost Principles Policy, as required by 2 CFR 200.302.
- **Segregation of duties:** When possible, duties are segregated between those who initiate, approve, and record financial transactions.
- **Training:** Management trains staff to conduct an allowable cost review in compliance with the UG Cost Principles. (See Cost Principles Policy for specific compliance requirements.)

- **Documentation:** [INSERT POSITION] shall ensure that documentation evidencing compliance with the Cost Principles is created and maintained through December 31, 2031. At a minimum, cost items will be reviewed for allowability prior to being charged to the federal award.

Communication & Monitoring:

Management shall ensure that staff is adequately trained to recognize allowable costs and associated compliance requirements for each eligibility category. Management shall periodically test the control activities by reviewing a sample of cost items charged to the ARP/CSLFRF award for allowability. Management will also test whether costs are charged to the proper project codes within the grant project ordinance.

Period of Performance (See Award Terms and Conditions)**Overview:**

The Period of Performance covers the period of time the [UNIT] may obligate and expend ARP/CSLFRF funds. ARP/CSLFRF funds must be used for costs incurred between March 3, 2021, and December 31, 2024. For a cost to be incurred, the funds must be obligated (e.g., contract executed/pre-audit stage). All obligated funds must be expended by December 31, 2026. Any unspent award funds must be returned to the Treasury.

Objective:

Ensure that all obligations and expenditures are incurred during the ARP/CSLFRF award's period of performance.

Control Activities:

- Management reviews obligation dates to ensure that all obligations are made for costs incurred between March 3, 2021, and December 31, 2024.
- Management trains staff to review obligation and expenditure dates on contracts, or when performing eligibility and allowable cost reviews.

Communication & Monitoring:

Management shall communicate pertinent dates, including the period of performance, to any staff responsible for obligating or expending federal award funds. Periodic testing by management will ensure that all obligations are incurred between March 3, 2021, and December 31, 2024.

Procurement, Suspension & Debarment, 2 CFR §§ 200.317 to 200.327

Overview:

Expenditures of ARP/CSLFRF funds under the revenue replacement category are exempt from federal procurement. When expending ARP/CSLFRF funds in other expenditure categories, the unit is required to adopt *written* procurement procedures and follow all federal procurement rules outlined in the Uniform Guidance (2 CFR §§ 200.318–200.327) as well as its own internal policies. Where established local or state rules are more strict than federal rules, the recipient must follow the most restrictive rule.

[Note: Any unit that triggers a federal Single Audit, even if only expending funds under revenue replacement, must adopt a written procurement policy and procure single audit services in accordance with 2 CFR §§ 200.320 and 200.509.]

Objectives:

The [Purchasing/Procurement Department] recognizes it must satisfy the minimum federal procurement requirements, as follows:

1. Adopt a written procurement policy that considers the procurement standards in § 200.318, which includes bidding contracts in compliance with federal bidding thresholds, oversight of contractors' performance, and maintaining records to document the history of procurements.
2. Provide full and open competition in conducting procurements, consistent with the standards outlined in § 200.319 and § 200.320, which allow for non-competitive procurements only in limited circumstances.
3. Comply with the requirements of § 200.320(a) when using the micro-purchase and small purchase methods of procurement.
4. Use the sealed bids method for procurement contracts exceeding the simplified threshold. Utilize the competitive proposals method when sealed bidding is not possible.
5. Ensure noncompetitive procurement methods meet the conditions set forth under § 200.320(c).
6. Perform a cost or price analysis for every procurement action in excess of the simplified acquisition threshold, including contract modifications.
7. Pursuant to 2 CFR 200.319(b), if a firm assists in the development or drafting of specifications, statements of work, or bids or RFPs, the firm must be excluded from competing for the procurement.
8. Ensure that all contracts include the applicable contract provisions required by § 200.327 and described in Appendix II of 2 CFR 200.
9. Verify that a contractor is eligible by reviewing the suspended and debarred list on SAM.gov.
10. Restrict access to sensitive contractor information, such as Social Security numbers or federal tax ID numbers.

[Note: The control activities identified in this section are for illustrative purposes. Each unit should incorporate specific control activities to ensure that all contracts are executed in compliance with federal and state law. The procurement policy should detail the procurement processes. The unit may want to highlight specific control activities within this internal control policy, or it may simply reference its procurement policy.]

General Procurement Control Activities:

- Procurement Policy: The [UNIT] maintains documented procurement procedures that are consistent with the standards outlined in §§ 200.317 through 200.327. This policy contains detailed processes and control activities for procurements made with federal funds.
- The [Board/Council] must approve the following types of contracts [INSERT GOVERNING BOARD CONTRACT APPROVAL PROCESS].
- [INSERT POSITION] is responsible for monitoring and documenting the performance of a contract for compliance with contract terms, conditions, and other specifications.
- Prenumbered purchase orders are used.
- A pre-audit certificate that is signed by the [finance officer or designated deputy] is attached to all purchase orders, invoices, or other contract obligations.
- Ensure purchasing forms have multiple copies so other departments, such as receiving and accounts payable, can be notified of the authorization.
- Micro-purchases may be awarded without soliciting competitive quotes if a determination is made that the price is reasonable.
- Cost items shall be reviewed for allowability pursuant to the review process set forth in the Allowable Cost Policy.
- [INSERT POSITION] is responsible for identifying qualified vendors and rotating purchases made under the micro-purchase threshold among different suppliers. Management shall periodically check compliance with this control activity.
- [INSERT POSITION] shall verify that contractors are not on the suspended or debarred list. A screenshot of the record check shall be maintained.
- Access to sensitive contractor information, such as Social Security numbers or federal tax ID numbers, is restricted.

Segregation of Duties:

- Duties are segregated between authorization, custody, record-keeping, and reconciliation.
- The person who sets up new contractors in the accounting system or edits information on existing vendors (record-keeping) is not the same as the person writing the checks (authorization).
- Reconciliations are performed by an employee who does not have record-keeping duties.
- Invoices and other supporting documentation are thoroughly reviewed prior to the invoice being approved (e.g., compare the receiving or packaging slip against the authorization).

Documentation:

Documenting the history of procurements is a top internal control priority for the [UNIT]. All request personnel shall be trained on documentation and record retention policies. [Ideally, management will require the use of standard forms and templates for purchase orders, contracts, requests for proposals/bids, cost/price analyses, bid evaluation, etc.]

- Bid documents shall reflect all steps in the procurement process, including:
 - bid specifications and proof of advertisement (if required),
 - rationale for the selected method of procurement,
 - bid submissions,

- evaluation criteria,
 - basis for contractor selection or rejection,
 - justification for lack of competition, when applicable,
 - basis for award cost or price, and
 - contract agreement, including required UG contract clauses.
- Source documentation relating to procurements must be retained and should include sufficient details to support the transaction, including:
 - cost and quantity of items purchased,
 - model numbers,
 - purchase orders with and pre-audit certificates, and
 - personnel who authorized the sale, if applicable.
 - All records shall be maintained for a period of five (5) years after the ARP/CSLFRF period of performance (through December 31, 2031).

Communication & Monitoring:

Management shall ensure purchasing and finance staff understand federal procurement laws. Additional training shall be provided as necessary. Management will periodically review purchase orders and contracts to ensure that all charges are accounted for in the period in which the cost occurred and fall within the period of performance.

Property Management, 2 CFR §§ 200.310 to 200.316

Overview:

Except for property, supplies, or equipment acquired using revenue loss funds, the unit must follow the applicable provisions of the Uniform Guidance regarding property standards (2 CFR 200.310–316), subject to the requirements set out in FAQ 13.16.

Per FAQ 13.16, during the period of performance, the [UNIT] may use property, supplies, or equipment purchased with ARP/CSLFRF funds for a purpose other than the purpose for which the initial purchase was made, provided the new use is consistent with another eligible use. After the period of performance, the [UNIT] is more limited in how it may use the property purchased with ARP/CSLFRF funds. *[Note: Each unit must establish property management processes to ensure compliance with the ARP/CSLFRF award terms and conditions. [Final Rule FAQ 13.16](#) provides additional instructions for property disposition requirements. Below are some suggested control activities based on the UG property management standards, but each unit should adopt a property management policy and incorporate specific internal controls over the use and disposition of real property and equipment purchased with ARP/CSLFRF funds.]*

Objectives:

1. Ensure real property, personal property, supplies, and equipment are used in compliance with the UG property standards (2 CFR 200.310–316), and subject to the requirements set out in FAQ 13.16.

2. Ensure documentation is maintained to substantiate any determination on whether the use of an asset is authorized for a particular purpose during and after the award period of performance.
3. Establish adequate safeguards to prevent loss, damage, or theft of property.
4. Follow adequate maintenance procedures to keep equipment in good condition.
5. Ensure proper disposition of real property and equipment in accordance with § 200.311(c) and § 200.313 (e).

Control Activities:

- **Insurance Coverage:** Purchase equivalent insurance coverage for real property and equipment as is provided to other property owned by the [UNIT]. 2 CFR § 200.310.
- **Property Management Policy:** [UNIT] has adopted a Property Management Policy that sets forth property management processes, including procedures for record-keeping, reporting, and disposition responsibilities for real and personal property.
- **Real Property Reporting:** [INSERT POSITION] shall oversee the annual reporting requirements for any real property or personal property acquired with federal awards funds. Standard Form 429 shall be used to report real property and the Standard Form 428 shall be used to report tangible personal property, including equipment.
- **Equipment Management:** The [UNIT] has procedures for managing equipment, whether acquired in whole or in part under a federal award, until disposition takes place. The [UNIT] will, at a minimum, meet the following requirements:
 - Maintain equipment records that include a description of equipment, serial number/ model number, source of funding, acquisition date, location and condition of equipment, unit acquisition cost, and final data, including date of disposal, sales price, and method used to determine fair market value. § 200.313(d).
 - Ensure adequate safeguards to prevent loss, damage, or theft of property. Such safeguards may include attaching property tags to federally owned equipment that includes the FAIN. Any loss, damage, or theft will be investigated. § 200.313(d).
 - Regular maintenance will be performed to keep the property in good condition.
 - A physical inventory of equipment will be performed, and the results reconciled with the property records, at least once every two years.
 - If the [UNIT] is authorized or required to sell equipment, proper sales procedures will be used to ensure the highest possible return.

Communication & Monitoring:

Management will train employees to understand the various compliance requirements set forth in the Uniform Guidance property management standards. Periodic testing of established controls shall be performed to ensure that all reporting and property management requirements are satisfied for both real property and equipment.

Subrecipient Risk Assessment & Monitoring, 2 CFR §§ 200.331 to 200.333

Overview:

Expenditures of revenue loss funds are exempt from compliance with this section. See [Final Rule FAQ 13.15](#). Each unit must design its own system of internal controls over subrecipient selection and monitoring that meet the requirements set forth in 2 CFR 200.331-.333.

Objective:

- Ensure compliance with requirements set forth in the Subaward Policy, which sets forth the UG compliance requirements in 2 CFR 200.331-.333.

Control Activities:

- The [UNIT] has adopted a Subaward Policy. The policy outlines processes and control activities for the selection and oversight of subrecipients.
- Subrecipient agreements are reviewed and approved by knowledgeable staff to ensure all compliance requirements are captured and that all required elements set forth in 2 CFR § 200.332 are included.
- Management tracks subaward notifications and maintains copies of executed subaward agreements.
- Management conducts subrecipient risk assessments and approves individual subrecipient monitoring plans.
- Management requires a standard template to document all subrecipient agreements that includes the required elements outlined in the UG.
- Supervisors periodically reconcile subrecipient monitoring plans with actual monitoring activities that have been undertaken to ensure monitoring occurs as scheduled.
- Segregation of duties exists between those monitoring a subrecipient and those approving the conclusions regarding the subrecipient's compliance.

Communication & Monitoring:

Management shall be responsible for communicating the compliance requirements and specific award terms and conditions to subrecipients. Management will ensure that external stakeholders are apprised of any subaward agreements executed using ARP/CSLFRF funds and the intended purpose of the supported program. Management shall conduct ongoing monitoring to ensure staff is selecting eligible subrecipients and is adequately monitoring each subrecipient's compliance with the terms set forth in the subaward agreement.

Program Income, 2 CFR § 200.307

Overview:

Program income relates to gross income earned from expenditures of federal awards, such as income from fees for services performed, the use or rental of property acquired with program funds, and for the sale of items fabricated under the program. Program income is only triggered when income will be earned under the COVID-19/Economic Impacts Category or for income earned on a water/wastewater infrastructure project. When program income is earned, it is added back to the total ARP/CSLFRF award allocation.

Objectives:

1. Separately track and account for program income during the ARP/CSLFRF award's period of performance.
2. Expend program income on eligible projects and programs during the period of performance (program income is added to the total ARP/CSLFRF award).

Control Activities:

- On a monthly basis, recorded program income is reconciled with supporting documentation, such as loan ledgers and other accounting records.
- Program income is separately tracked and accounted for within the grant project ordinance.
- Management ensures program income is added to the total ARP/CSLFRF award and used to support eligible projects and programs.
- Individuals who collect cash or other receipts are different from those who deposit receipts, generate invoices, record general ledger activity, and reconcile bank statements.

Communication & Monitoring:

Management shall identify program income requirements and communicate compliance requirements to staff. Management shall periodically review accounting records to ensure program income is separately accounted for during the award period of performance.

Policy Checklist

Required UG Policies:

The following policies are required to ensure compliance with the Uniform Guidance:

- Eligible Use Policy (details the allowable activities under the ARP/CSLFRF award),
- Cost Principles/Allowable Cost Policy, and
- Conflict-of-Interest Policy.

Optional UG Policies:

These policies should be adopted if the programs or activities undertaken by the unit trigger compliance with any of the following UG compliance requirements:

- Subaward Policy,
- Property Management Policy, and
- Program Income Policy.

Required Policies Under the ARP/CSLFRF Award Terms & Conditions:

- Procurement Policy,³
- Records Retention Policy (ARP/CSLFRF records shall be maintained for five years after the period of performance),
- Civil Rights Compliance Policy, and
- Nondiscrimination Policy.

3. Expenditures of revenue replacement ARP/CSLFRF funds are exempt from UG procurement. State and local procurement requirements apply. Any unit that triggers a federal Single Audit, even if only expending funds under revenue replacement, must adopt written procurement procedures and procure single audit services in accordance with 2 CFR §§ 200.320 and 200.509.

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