



136 North Monroe Street
Waterloo, WI 53594
Phone: (920) 478-3025
Fax: (920) 478-2021
www.waterloowi.us

PUBLIC NOTICE OF A COMMITTEE MEETING OF THE CITY OF WATERLOO COMMON COUNCIL

Pursuant to Section 19.84 Wisconsin Statutes, notice is hereby given to the public and news media, that a public meeting will be held to consider the following:

COMMITTEE: FINANCE, INSURANCE & PERSONNEL COMMITTEE
DATE: March 19, 2020
TIME: 6:00 p.m.
LOCATION: Municipal Building Council Chamber, 136 N. Monroe Street

1. CALL TO ORDER AND ROLL CALL
2. MEETING MINUTES APPROVAL – February 20, 2020
3. PUBLIC COMMENT
4. UNFINISHED BUSINESS
 - a. Purchasing And Procurement Policy Review – Draft Amendment To Resolution #2009-33 And Examples From Other Communities
5. NEW BUSINESS
 - a. 2020 Finance Package Review -- Including Addressing General Fund Unassigned Balance Figure, TID #3 Interfund Transfers And Street Repair
 - b. Tax Incremental Finance Districts 2, 3 & 4, Return On Investment Reports
 - c. February Financial Statements
 - i. General Disbursements - \$1,243,022.29 ***
 - ii. Payroll – \$67,929.36 ***
 - iii. Treasurer's Report & Budget Reports ***
6. FUTURE AGENDA ITEMS AND ANNOUNCEMENTS
 - a. Committee Calendar
7. ADJOURNMENT

Mo Hansen
Mo Hansen
Clerk/Treasurer

***See Council Packet; Digital Version As Stand Alone Document On Webpage
Committee Members: Thomas, Griffin and Kuhl

Posted, Emailed & Distributed: 03/12/2020

PLEASE NOTE: It is possible that members of and possibly a quorum of members of other governmental bodies of the municipality may be in attendance at the above meeting(s) to gather information. No action will be taken by any governmental body other than that specifically noticed. Also, upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services. For additional information or to request such services please contact the clerk's office at the above location.

CITY OF WATERLOO FINANCE, INSURANCE & PERSONNEL COMMITTEE: MEETING MINUTES

February 20, 2020

1. CALL TO ORDER AND ROLL CALL. Thomas called the meeting to order at 6:00 p.m. Members present: Thomas, Kuhl & Griffin. Absent: none. Also attending: Barry Sorenson; Chad Yerges; Mayor Quimby and Clerk/Treasurer Hansen.
2. MEETING MINUTES APPROVAL – January 14, 2020. MOTION: Moved by Kuhl, seconded by Griffin to table minutes approval. VOICE VOTE: Motion carried.
3. PUBLIC COMMENT. None.
4. UNFINISHED BUSINESS
 - a. Purchasing And Procurement Policy Review – Draft Amendment To Resolution #2009-33. DISCUSSION: Referencing the materials, Thomas and Kuhl said they liked Beaver Dam. Thomas said he didn't like the School District document. Thomas indicated he would search for additional examples. No action taken.
 - b. Resolution #2020-01 2019 Carry-Overs. MOTION: Moved by Griffin, seconded by Kuhl to recommend Council approval. VOICE VOTE: Motion carried.
 - c. Converting To A Biennial Budget Process. DISCUSSION: Thomas referenced the statutes and outlined a timeline for implementation. He suggested using the coming months to practice and trial the idea. MOTION: By Consensus the Committee agreed to practice and trial the ideas.
5. NEW BUSINESS
 - a. Funding 2020 Summer Internship. DISCUSSION: The Mayor said the Clerk/Treasurer would be responsible for the day-to-day intern activities. Thomas said he would like to approve funding so in the event the applicant did not accept the opportunity another opportunity may be possible. MOTION: Moved by Kuhl, seconded by Griffin to recommend funding the summer internship as outlined in the meeting documents. VOICE VOTE: Motion carried.
 - b. Closure Of Tax Incremental District No. 4. DISCUSSION: Hansen said Jeff Tate had expressed interest in the use of TID #4 aid in the event he recruits an entity to lease vacant space at 808 North Monroe Street. Kuhl suggested the CDA take the lead on facilitating a Tate lease opportunity, making sure the City is behind the property owner. Hansen said closure would generate roughly \$10,000 in annual new revenue for the General Fund. MOTION: Moved by Kuhl, seconded by Griffin to table consideration until February of 2021. VOICE VOTE: Motion carried.
 - c. Examining Means & Methods To Rebuild Fund Balance Per §53-11 (Fund Balance Policies). DISCUSSION: Hansen said the need was to remedy a refinancing matter in TID #3 which was constricting the category of unassigned General Fund amounts. He said the Parks Fund also showed negative cash for year-end 2019 which furthered the unassigned General Fund amounts. He said 2019 TID #3 refinancing did not include inter-fund transfers. Kuhl, Thomas and Quimby said they thought the inter-funds were refinanced in 2019. Thomas and Quimby asked to see what figures Hansen described. Hansen said a prior strategy was to do as much as possible without borrowing. Thomas said once a negative balance was covered, it was covered in future years. Hansen said per the 2020 budget Parks negative cash would project to roughly -\$69,000 on 12/31/2020, if 2020 revenues equal expenditures. Kuhl asked to be kept informed. MOTION: Moved by Griffin, seconded by Kuhl to table the item. VOICE VOTE: Motion carried.
 - d. Tax Incremental Finance Districts 1-4, Return On Investment By Project Report. MOTION: Moved by Kuhl, seconded by Griffin to table the agenda item until such time as a report is ready.
 - e. January Financial Statements. MOTION: Moved by Kuhl, seconded by Griffin to recommend Council approval of the disbursements, payroll and reports. ROLL CALL: Ayes: Kuhl, Griffin and Thomas. Noes: None. Motion carried.
 - i. General Disbursements - \$2,014,975.75 ***
 - ii. Payroll – being calculated - \$108,405.85 ***
 - iii. Treasurer's Report & Budget Reports ***
6. FUTURE AGENDA ITEMS AND ANNOUNCEMENTS ## Committee Calendar. Noted.
7. ADJOURNMENT. MOTION: Moved by Kuhl, seconded by Griffin to adjourn. VOICE VOTE: Motion carried. The time was approximately 6:50 pm.

Mo Hansen

Mo Hansen
Clerk/Treasurer

Item 4a

Committee Chair Thomas has indicated a preference to focus on items lower in the agenda on 3/19. Purchasing Policy examples he has submitted are included here for reference

NEXT 100 PAGES

CITY OF BARABOO	TITLE: PURCHASING POLICY	
TARGET AUDIENCE: City Departments; City Employees; Utilities and other component units funded by City taxpayers or ratepayers, either in whole or in part; Community Development Authority; Vendors	POLICY SOURCE: Finance Department	PAGE NUMBERS: 16
DATE APPROVED BY COUNCIL: March 22, 2017	DATE AMENDED BY COUNCIL: April XX, 2019	ATTORNEY REVIEW: February 19, 2019

SECTION 1
POLICY OBJECTIVES

- 1.1 Objectives. The objectives of the City's Purchasing Policy are:
1. To ensure that materials, equipment and services are purchased at the lowest prices consistent with quality and performance,
 2. To provide adequate controls over City expenditures and financial commitments with proper documentation,
 3. To obtain quality goods required by City departments and to ensure that these goods are at the place needed at the time needed, and;
 4. To provide a standardized system of purchasing for use by all City departments.

SECTION II
COMPETITIVE BIDDING

- 2.1 Policy. It is the policy of the City of Baraboo to procure needed materials, equipment and services at the lowest cost consistent with quality and performance. Therefore, City purchases will be made only after price quotations have been obtained or attempted to have been obtained from different suppliers through either formal or informal means, if required pursuant to this Policy.
- 2.2 Obtaining Bids. Unless required by State Statute, it shall be the Department Heads discretion on the method of obtaining bids and proposals. Options include invitations to bid and proposals by US mail, e-mail, and publication in the official newspaper, telephone contacts or verbal requests. Purchases shall attempt to obtain bids or proposals from at least three (3) vendors to ensure that comparison pricing is demonstrated.
- 2.3 Exceptions. The only exceptions to this Policy are:
1. Sole-source purchases (i.e., when only one known supplier is available): includes diagnostic vehicle repairs and warranty work that needs to be done by service providers equipped and trained for repairs on the make and model of equipment being repaired.
 2. Emergency purchases and repairs covered by insurance proceeds.
 3. Items purchased by State contract.
 4. Purchases paid with grant funds which require specific purchasing procedures;
 5. Professional services where the City Administrator has waived bidding requirements.
 6. Other justifications as identified by a Department Head and approved by the City Administrator.
 7. For purchases below \$1,000, the bidding/proposal process is waived although the purchaser is expected to compare prices for routine purchases and supplies. The intent is to look for quality and price over convenience, wherever practical.

- 2.4 Prohibited Conduct. The intentional staggering of purchases as well as dividing purchases and/or contracts to consciously evade this policy is strictly prohibited.
- 2.5 Competitive Bidding Process. To assist Department Heads in the bidding process, templates are available from the City Attorney and Finance Director for soliciting bids. Templates are also available for RFIs, RFPs and RFQs:
- *Request for Bid (RFB)*: Commonly used when deliverables are commodities for which there are clear specifications and when price will be the primary determining factor.
 - *Request for Information (RFI)*: Commonly used to develop lists of qualified sellers and gain more input for resource availability.
 - *Request for Proposal (RFP)*: Commonly used when deliverables are not well-defined or when other selection criteria will be used in addition to price.
 - *Request for Quotation (RFQ)*: Commonly used when deliverables are commodities for which there are clear specifications and when price will be the primary determining factor. Unlike an RFB, this solicited price quote is used for comparison purposes and is not a formal bid for work.
- 2.5.1 Tie Bids. If two or more bids are in the same amount or unit price, quality, service and other factors deemed relevant being equal, the contract shall be awarded to a bidder whose principal place of business is located within the City limits, if any. If there is not a City of Baraboo bidder, the Department Head should award the contract to one of the tie bidders by cutting a deck of playing cards, with the highest card being awarded the bid.
- 2.5.2 Rejection of Bids. Department Heads have the authority to reject bids or parts of bids, or all bids, where the public interest will be served. In all cases, the Department Head has the authority to re-advertise and re-bid any proposed purchase or to reject all bids and to negotiate a purchase directly with any supplier if this procedure is deemed most advantageous to the City.
- 2.5.3 Bidders in Default to the City. A Department Head should not accept the bid of any supplier who is in default or delinquent in the payment of taxes, licenses, forfeitures, or any other moneys whatsoever due the City.
- 2.5.4 Selecting Bid. In addition to price, Department Heads may consider the following factors in selecting the acceptable bid:
1. The ability, capacity and skill of the bidder to perform the contract or provide the service required.
 2. Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference.
 3. The character, integrity, reputation, judgment, experience and efficiency of the bidder.
 4. The quality of performance of previous contracts or services by the bidder.
 5. The previous and existing compliance by the bidder with laws and ordinance relating to the contract or service.
 6. The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service.
 7. The quality, availability and adaptability of the supplies or contractual services to the particular use required.
 8. The ability of the bidder to provide future maintenance and service for the use of the subject of the contract.
 9. The number and scope of conditions attached to the bid.

SECTION III
CENTRAL PURCHASING

- 3.1 Policy. Many of the items purchased by the City are commonly used by all or several departments. By consolidating the needs of all departments, the City can take advantage of price discounts for large quantity orders of these items. Annual orders are encouraged. Department Heads and all purchasers are strongly encouraged to work together to coordinate purchases of common items between departments.

SECTION IV
PURCHASE RELATED CHARGES AND ALLOWANCES

- 4.1 Shipping and Freight. It is the policy of the City to avoid paying shipping charges whenever possible. If the City is to pay shipping charges, it must be billed at the time of invoicing. Purchasers, when obtaining price quotations, should inquire into applicable freight charges. Any charges to be paid by the City will be regarded as part of the price quotation when selecting the successful bidder and noted on the purchase requisition. Unless otherwise stated in the RFP/RFQ, all formal bids and proposals shall include freight and delivery charges, if any.
- 4.2 Sales Tax Exemption. The City is exempt from paying city, county and state sales tax. Purchasers have the responsibility to inform vendors of tax exempt status. Tax exempt forms are available in the City Finance Director's office. Invoices received by the City that include sales tax will be amended by reducing the amount of sales tax prior to payment.
- 4.3 Vendor Discounts. It is the policy of the City to take advantage of all available vendor discounts. The following considerations should be kept in mind:
1. Cash discounts are offered for prompt payment, usually within ten days of the date of the invoice. Department Heads can aid the City by ensuring that their copy of the purchase order is signed and forwarding invoices to the Finance Director's office promptly for inclusion in accounts payable batches. The Finance Director will notate, "Redeemed Prior to Council" for items released prior to Council.
 2. Trade discounts are sometimes offered to municipalities for the purpose of attracting business. In most cases, the City will not be offered a trade discount unless the purchaser asks if one is available. Therefore, it is essential that Purchasers ask if trade discounts are available when obtaining price quotations.

SECTION V
COOPERATIVE PURCHASING

- 5.1 Policy. Cooperative purchasing between the City and the State of Wisconsin or between the City and other local governments can result in significant savings on the purchase price of many items. The Finance Director shall have the authority to analyze the desirability of cooperative purchasing arrangements and to make recommendations to the City Administrator. The City Council encourages cooperative purchasing but maintains the right to reject any or all such agreements. It is the policy of the City to enter into cooperative purchasing agreements when:
1. Substantial savings will result;
 2. Quality, availability, or service will not be sacrificed;

3. The City will be separately billed for its purchases;
4. Ordered items will be delivered directly to the City (unless otherwise agreed to).

SECTION VI

CHARGE CARDS

- 6.1 Policy. During the course of everyday business, situations arise that call for the use of a charge card. Some examples of these situations might be making flight reservations, booking a hotel in connection with a conference, purchasing government publications on-line, etc. A charge card is not meant to interfere with any of the other policies and/or procedures currently in place in terms of purchasing needed items and/or services for the City. Its use is meant to enhance or augment the City's ability to make purchases in the most efficient manner possible. Purchase orders and competitive pricing practices are still required for items purchased on a charge card if above \$1,000 dollars.
- 6.2 Use of Card. The charge card shall be used where necessary purchases: (1) cannot be billed or invoiced to the City and (2) can only be made by a charge card by policy of the vendor. For example: on-line booking of air travel or seminar registration. It is suggested to routinely ask if the company would bill the City as this would be the preferred method of payment.
- 6.2.1 Examples of when the charge card **MAY** be used:
1. Lodging (*registering in advance and paying upon departure*).
 2. Some transportation: Flights, car rentals, trains, inter-city buses (*see below for exceptions when card cannot be used in this category*).
 3. Registration fees for conferences and seminars.
 4. Costs associated with business-related training.
 5. Online purchases for items such as government or business-related literature.
 6. Meal costs (*including the standard 15% tip*) as follows:
 - a. Costs must follow the standards established in the City's Travel Guidelines/ Expense Reimbursement Policy.
 - b. Group meetings where the City is paying (must receive prior approval of the City Administrator whose approval means that it is appropriate for the City to pay the expense).
 - c. The City will allow tips up to 15% of the bill to be applied to the charge card. If a tip is made that is in excess of 15%, the overage should be left by the employee in cash and will not be recoverable from the City as a valid expense.
 - d. Employees do not need to obtain tax exemption for individual meals or groups up to three (3) people. Groups over three should try to obtain the tax exempt status. (See Tax Exemption section of this policy below.)
- 6.2.2 Examples of when the charge card **MAY NOT** be used:
1. Taxi fares, intra-city bus lines.
 2. Tips, except when it is part of an approved meal cost.
 3. Personal purchases of any kind.
 4. Cash advances.
- 6.3 Employee Access to Credit Card. Department Heads are responsible for determining the individual(s) in their organization who will have a charge card. **Employees may not make purchases without the prior knowledge of the Department Head.** Approved employees will be required to sign an agreement that:
1. Acknowledges that they understand the purpose of the use of credit cards,

2. Certifies that they have read and understand the City's Purchasing Policy,
 3. Confirms that improper use of the card may result in disciplinary action up to and including termination of employment; and
 4. Guarantees return of the card to the Department Head for reasons such as, but not limited to:
 - a. Change in duties,
 - b. Retirement,
 - c. Termination of employment,
 - d. Improper use, or
 - e. Any other sound reason determined by the Department Head or City Administrator.
- 6.4 Tax Exemption. Purchases made on credit cards are still eligible for tax exemption. The City, as a government office, is exempt from paying tax on purchases. Those who will be issued cards will be given the tax exemption number. Certificates are available by contacting the Finance Department. The Purchaser is responsible to provide the vendor proof of the City's tax exempt status at the time the charge is incurred.
- 6.5 Automatic Payroll Deduction. If a meal (plus tip) purchase exceeds that which is allowed by the City's Travel Guidelines/Expense Reimbursement Policy, located in the Employee Handbook,, or if an unauthorized charge occurs, or if a good faith attempt to receive a tax exemption is not made, the employee must immediately reimburse the difference between what is allowed and the dollar amount being charged to the Finance Department. If the employee does not submit the difference to the Finance Department, that lack of action acts as the employee's permission for an automatic payroll deduction for the unauthorized charges or the amount in excess of what is allowed to be taken from the employees next payroll check.
- 6.6 Documentation. As with any purchases made for the City, paperwork is required. To ensure that our Finance Department can make payment of the charge card debt in a timely manner, it will be necessary for the following rules to be followed:
1. Employees who use a City charge card shall, as soon as possible after making a purchase, submit supporting documentation to the Department Head. Supporting documentation may include:
 - a. The vendor's detailed sales receipt;
 - b. Itineraries;
 - c. Rental agreements;
 - d. Completed registration flyers,
 - e. Renewal notification letters,
 - f. Order confirmations.
 2. Documentation must include the name of the vendor providing the goods or services, the date (and time for meal reimbursements), the employee(s) involved, the goods and services received, the amount, and the business purpose.
 3. All sales documentation needs to be clearly marked as a charge card purchase with the department/card number indicated and the name of the employee who made the purchase.
 4. Department Heads will approve the purchase that was made by placing an account code and signing the submitted documentation as they would with any other request for payment. Include the purchase order number on the invoice.
 5. Department Heads or designee must enter the documentation information into the City's financial software.
 7. The charge card statement will be mailed directly to the Finance Department. All sales slips should be in the Accounts Payable Department by the time the statement gets here. Accounts Payable will match up the slips to the statement. Statements will only be distributed when information is missing.

We are required by the charge card vendor to make an electronic payment within 14 days of the statement date so we do not have time to search for information.

8. Charge card purchases will have to be paid before Council can approve them. We will include the vouchers in the Council batch following the end of the month when we process our batch of all electronic payments made for the month. Based on the vendor's statement date of the 25th, it will miss the cycle at the end of the current month and would have to wait another month. These vouchers would then be 7 to 11 days past the purchase date by the time the Council sees them.
 9. Upon leaving employment, or when an employee no longer needs to have the charge card, the Department Head will be responsible for retrieving it. The Finance Director or his/her designee will maintain a list of employees to whom cards have been issued. Department Heads therefore must inform the Finance office when it is necessary to either reassign a card or to remove the employee's name from the list of those who are holding a City charge card.
- 6.7. Loss of Privilege. If an employee exhibits non-compliance with these procedures, discipline for non-compliance may occur, up to and including the loss of privilege to use the charge card or termination. A Department Head has the right to establish additional restrictions on City charge card use within his/her respective department

SECTION VII

FLEET FUEL CHARGE CARDS

- 7.1. Department Use of Card. All fuel for City owned vehicles and equipment will be purchased using a fleet charge card. The following department's vehicles have been issued a fleet card for each City owned vehicle or equipment:
- Fire Department
 - Police Department
 - Engineering Department
 - Building Inspector
 - Administration
 - Water Department
 - Sewer Department

The following departments have employees that have been selected to receive fleet charge cards in their name on behalf of the City:

- Department of Public Works
 - Parks Department
- 7.2. Department Head Responsibilities. The respective Department Head will be responsible for reporting and managing authorized users for their department to the Finance Director.
- 7.3. Employee's Use of Fleet Charge Card. The Department Heads are responsible for determining the individual(s) in their organization who will have a fleet charge card. All users will be issued a Personal Pin # and will be required to enter the pin at the pump (or at the cashier) to authorize the fuel purchase. All purchases can and will be tracked by the department, vehicle and user. The Department Head has the right to establish additional restrictions on City fleet charge card use within his/her respective department. Those individuals will be required to sign an agreement that:
1. Acknowledges that they understand the purpose of the program;
 2. Certifies that they have read and understand this Fleet Charge Card Policy Section of the City's Purchasing Policy.
 3. Confirms that improper use of the card may result in disciplinary action up to and including termination of employment; and
 4. Guarantees return of the card to the Finance Director for reasons such as, but not limited to:

- a. Change in duties,
- b. Retirement,
- c. Termination of employment,
- d. Improper use, or
- e. Any other sound reason determined by the Department Head or City Administrator.

7.4 Automatic Payroll Deduction. If an unauthorized charge occurs, the employee must immediately reimburse the dollar amount being charged to the Finance Department. If the employee does not submit payment to the Finance Department, that lack of action acts as the employee's permission for an automatic payroll deduction for the unauthorized charges or the amount in excess of what is allowed to be taken from the employees next payroll check.

7.5 Documentation - As with any purchases made for the City, paperwork is required. To ensure that our Finance Department can make payment of the charge card debt in a timely manner, it will be necessary for the following rules to be followed:

1. Employees who use a City fleet charge card shall, as soon as possible after making a purchase, submit supporting documentation to the Department Head. Supporting documentation may include:
 - a. The vendor's detailed sales receipt.
 - b. Documentation must include the name of the vendor providing the goods, the employee(s) involved, vehicle or equipment the fuel is for, the amount, and the date.
2. All sales documentation needs to be clearly marked as a charge card purchase with the department/card number indicated and the name of the employee who made the purchase.
3. Department Heads will receive the fleet card statement at the end of each billing cycle, and approve the purchases made by writing the proper account code and signing the statement. The Department Head will be required to attach the supporting documentation to each statement.
4. Department Heads or designee must enter the documentation information into the City's financial software.
4. Department Heads or designee will promptly place the approved charges in the Accounts Payable basket in the Finance Department.
5. Upon leaving employment or there is no longer a need for an individual to have a fleet charge card, the Department Head will be responsible for retrieving the card. The Finance Director or designee will maintain a list of employees to whom cards have been issued. Department Heads therefore must inform the Finance Department when it is necessary to either reassign a card or to remove the employee's name from the list of those who are holding a fleet charge card.

7.6 Loss of Privilege. If an employee exhibits non-compliance with these procedures, discipline for non-compliance may occur, up to an including the loss of privilege to use the charge card or termination. A Department Head has the right to establish additional restrictions on City charge card use within his/her respective department.

SECTION VIII

SALE OF SURPLUS PROPERTY

8.1. Tangible Property. City property is declared "surplus" when it is no longer necessary, practical or economical to be retained by the City. Department Heads are responsible for identifying surplus furniture, equipment, supplies, etc., in their departments. The City Administrator or designee is responsible for the sale or disposal of all surplus property. The City Administrator or designee shall determine the best

method for sale or disposal of the surplus property. Such methods shall include internet postings on well-known sites such as eBay or Craigslist, public bid, public auction or private sale.

- 8.2 Police Unclaimed Property. In accordance with Wisconsin State Law, the Baraboo Police Department sells at public auction all lost, abandoned, unclaimed, forfeited or stolen property remaining in the possession of the Police Department for a period of six months without a lawful claimant, except that unclaimed bicycles may be auctioned after a three-month waiting period. The Police use the services of a public internet auction site.
- 8.3 Real Estate. Whenever City owned property is proposed for sale, there should be an internal review conducted by the City Administrator and Department Head to determine whether the City may need the parcel in the future and for what purpose. The City Administrator will then prepare a report for Plan Commission for review. The Plan Commission will consider the land sale request, along with the Administrator's Report on the property, and then prepare a recommendation based on zoning or land use of the property. The Plan Commission recommendation will then be submitted to the Finance Committee who shall consider whether an appraisal is necessary, how the property may be disposed of, and then forwards a recommendation on to the City Council for final action. The City Administrator is responsible for carrying out the Council's actions for disposition of the property. Property may be disposed of by public auction, sealed bids, or by a mutual sales agreement.

SECTION IX **PURCHASING PARAMETERS**

- 9.1 Routine Budgeted Purchases. Routine budgeted purchases made by the City of Baraboo may be grouped under the following categories:
1. Purchases under \$1,000 are authorized by a Department Head without further authorization except that purchases shall meet the competitive bidding requirements, as outlined in this Policy, and the item is included in the current budget.
 2. Purchases from \$1,000 to \$10,000 dollars shall be approved prior to ordering by the Finance Director but only after the Department Head complies with competitive bidding requirements, forwards a completed purchase order with copies of bids or quotes received to the Finance Director, and the item is included in the current budget.
 3. Purchases from \$10,001 to \$50,000 shall be approved prior to ordering by the City Administrator, but only after the Department Head complies with competitive bidding requirements, forwards a completed purchase order with copies of bids or quotes received to the Finance Director, and the item is included in the current budget.
 4. Purchases over \$50,000 shall be approved prior to ordering by the City Finance/Personnel Committee, but only after the Department Head complies with competitive bidding requirements, forwards a completed purchase order with copies of bids or quotes received to the City Finance Director, and the item is included in the current budget.
- 9.2 Construction and Public Works Contracts. Construction and public works contracts must be advertised and bid according to state law.
- 9.3 Department Head Responsibilities. Except for labor, Department Heads shall request transfers of budgeted funds in the General Fund within each function code as part of their purchase order requisition in the "Notes" section. Department Heads are required to monitor total spending for each of their function budgets and not exceed the total budgeted amount for each function. The total budget for each

function will be considered the spending parameter for legal notice purposes. These transfers are approved or denied as part of the purchase order processing according to the thresholds set in this policy for the Finance Director and/or the City Administrator.

9.4 Unbudgeted or Under-Budgeted Purchases. The Common Council, by way of a recommendation from the City's Finance/Personnel Committee, must approve all non-budgeted purchases prior to purchasing. The Department Head must still comply with competitive bidding requirements and forward a completed purchase order with copies of bids or quotes received to the City Finance Director.

9.5 Purchase Orders.

1. A Purchase Order is required before a purchase is made to obtain goods and services for the following:
 - a. Operating supplies
 - b. Office supplies
 - c. Clothing acquisitions
 - d. Small tools and minor equipment
 - e. Maintenance and repair supplies
 - f. Equipment Rentals (requests shall state approximate hours and rental cost per hour)
 - g. Printing
 - h. Office furniture or equipment
 - i. Capital Outlay Items
 - j. Services not covered by a contract
2. A Purchase Order is not required for the following purchases:
 - a. Professional contracted service such as legal, architectural, engineering, auditing, maintenance contracts and janitorial contracts, if the contract has been approved by the Council.
 - b. Utility expenditures such as electricity, natural gas, cable TV and telephone service.
 - c. Payroll and related expenses such as employee hospitalization, insurance payments, pension payments and mandatory state and federal employee withholding.
 - d. Routine expenditures such as insurance premiums, and bond payments that have received prior Council approval and authorization.
 - e. Reimbursement to citizens for a canceled recreation program.
 - f. Employee reimbursement for miscellaneous out-of-pocket expenses.

9.6 Purchasing Procedure. The following is the standard procedure to be used for all purchasing categories after proper authorization is secured. Also see Appendix C – General Purchasing Workflow for Departments.

1. The Department Head or designee shall follow procedures listed in this policy and the Baraboo Municipal Code for all purchases.
2. The Department Head or designee will complete a requisition using the Purchase Order module associated with the City's accounting software.
3. Request must include required competitive bidding obtained, including quotes or bids received, and budget amendments or transfer requests to ensure that the purchase will not exceed the approved budget.
4. The Finance Director will return a response to the Department of purchase who shall include the PO number on the invoice and packing slip.
5. When the material or service has been received and accepted, the Department Head will

write the PO on applicable invoices and packing slips to the Finance department for processing. Invoices shall indicate approval for payment by the Department Head whose budget accounts will be affected by the payment. If partial shipments are received, the Department will submit applicable invoices marked in the same manner previously described to the Finance Department in order to make timely payments.

6. The Finance Department will review the invoices awaiting payment for accuracy, discounts available, erroneous sales tax charges and may make changes if errors are found.
7. All financial obligations, after administrative review, shall be submitted to the Council for approval at the regular meetings of the Council. The City Administrator is authorized to deviate from this point when it is in the best interests of the City to take advantage of discounts offered by suppliers or contractors, which if not pursued, would result in additional costs to the municipality. Said payments shall be listed for Council approval also, but the checks may be released early if the in the best interest of the City.

SECTION X

PROCEDURES FOR CONTRACTED SERVICES AND OTHER CONTRACTED PURCHASES

- 10.1 Contracts Defined. For purposes of this policy, “contracts” are defined as any document:
 1. Requiring signature of statutory officers of the City.
 2. Expressly waiving liability of the vendor.
 3. Expressing a scope of service to be performed by the vendor.
 4. Placing conditions (other than payment) upon the City.
 5. Contracts also include lease agreements and memorandum of understandings (MOU’s).
- 10.2 Competitive Bidding. Department Heads must follow all competitive bidding requirements for procuring contracted services or purchases. However, a purchase order is not needed in these instances.
- 10.3 Signatories. The signatories for the City are the City Clerk, Mayor and the City Administrator, each of whom are authorized to execute the contracts without additional Council action; two of the three persons must sign each contract. Department Heads do not have legal standing to enter into contracts on behalf of the City unless expressly authorized to do so by the City Council.

The City Administrator shall have authority to sign contracts to purchase vehicles or equipment without an additional signatory provided they are included in the annual budget and meet the guidelines of the purchasing policy.

- 10.4 Contract Review. All contracts must be reviewed by the City Attorney as to form prior to the execution of the contract. Department Heads should submit contracts to the City Attorney as soon as possible for timely review – ideally at least one business week prior to the execution date. All questions about whether a document is a contract should be directed to the City Attorney prior to execution of the document.

SECTION XI

EMERGENCY PURCHASES

- 11.1 Policy. Emergency purchasing procedures should only be used when normal purchasing channels are not feasible. Emergency purchases may be made:

1. When there is a need for immediate delivery of items.
2. To prevent delays in work or construction schedules.
3. When there is an immediate threat to employees, public health or safety, or
4. To meet emergencies rising from unforeseen causes.
5. When there is an emergency declaration.

11.2 Emergency Purchases over \$1,000. For emergency purchases over \$1,000, the Department Head shall take the following steps:

1. Notify the City Administrator of the emergency and receive a waiver of the provisions of the purchasing policy.
2. Complete a purchase requisition after the fact and document emergency status in the “Notes” section.

SECTION XII

GRANTS AS A REVENUE SOURCE

12.1 Policy. Prior approval from the Finance/Personnel Committee is required when the grant requires a City matching contribution. Approval must be granted prior to the submission of the grant application. City matching contributions are defined to include any monetary contribution, change in service or staffing.

SECTION XIII

DONATION POLICY

13.1 Policy. The purpose of this policy is to establish a formal process for acceptance and documentation of donations made to the City and to ensure compliance with applicable laws and accounting procedures. This policy supersedes other departmental policies regarding these issues. This policy provides guidance when individuals, community groups, and businesses wish to make donations to the City. This policy also establishes the standards for City employees and City officials regarding the acceptance of gifts and fundraising activities during the performance of City business.

13.2 Types of Donations. Donations may be offered in the form of cash, real or personal property. Designated donations are those donations that the donor specifies for a City department, location, or purpose. Undesignated donations are those donations that are given to the City for an unspecified use. Designated donations may only be accepted when they have a purpose consistent with the City’s goals and objectives and are in the best interest of the City of Baraboo.

13.3 Acceptance of Donations. Based on the value of the donation offered as outlined below, appropriate City staff shall review every donation and determine if the benefits to be derived warrant acceptance of the donation. The following points list the threshold amounts for donation acceptance.

1. Offers of donations of cash or items valued at \$5,000 or below shall be considered for acceptance the Department Head.
2. Offers of donations of cash or items valued more than \$5,000 and up to \$50,000 shall be considered for acceptance the City Administrator. All donations over \$10,000 shall be reported to the City Council as informational.
3. Offers of donations of cash or items valued more than \$50,000 shall be considered for

acceptance by the City Council. Conations valued at more than \$50,000 require acceptance through a written agreement consistent with these guidelines and approved by the City Council.

- 13.4 Acceptance of Designated Donations. Prior to acceptance of designated donations, appropriate City staff will review the conditions of any designated donation and determine if the benefits to be derived warrant acceptance of the donation. Criteria for the evaluation include but are not limited to:
1. Consideration of an immediate or initial expenditure required in order to accept the donation;
 2. The potential and extent of the City's obligation to maintain, match, or supplement the donation; and
 3. The need for the property, including where and what type of property it is.
- 13.5 Fundraising. Solicitation of voluntary contributions shall not violate the Code of Ethics for local officials under Wisconsin Statutes and City of Baraboo Code of Ordinances. In addition, no solicitation shall state or imply that a donation will influence or affect how the party is treated by City officer and employees.
1. All fundraising and solicitation efforts shall be consistent with the missions, goals, and mandates of the City. Solicitation for business, commercial, or personal reasons by City employees not directly related to City operations is prohibited. All donated funds or property become public property upon acceptance and shall be used or expended for public purposes.
 2. All significant fundraising and solicitation efforts, as reasonably defined by the City Administrator, which support City programs and projects shall be authorized by the City Council after prior review and recommendation by the appropriate oversight Committee, Commission or Board. Council authorization may include continuing authorization or authorization for a one-time only project.
- 13.6 Accounting. Following donation acceptance, the Department shall obtain written approval of Finance Director or delegate regarding procedures to account for the donation. Said approval shall include proper accounting protocols for fundraising revenues and expenditures to be coordinated through the office of the Finance Director. No Department shall be allowed to maintain a checking or savings account for fundraising activities that tis separate from the City accounting system. The Finance Director shall also be responsible for ensuring donated property is properly insured upon acceptance of said property.
- 13.7 Status of Donated Property. All donated property given to the City of Baraboo becomes the property of the City to oversee, maintain, and manage and may be used in the complete discretion of the City, unless the parameters of the donation specifically require otherwise. The City will decide when changes shall be made to any facility or materials, with no guarantee of donated items being retained. If personal property becomes obsolete, the City will attempt, if possible, to find another use for the property. The City is not required to maintain the property beyond its useful life. The City does not guarantee future funding for repair, maintenance, use or replacement of donated items.
- 13.8 Library Donations. All donations to the library are governed by its Gift Policy adopted November 19, 2013, and as amended.

SECTION XIV
MISCELLANEOUS CONSIDERATIONS

- 14.1 Encumbrances and Financial Recordkeeping. Encumbrances are commitments related to purchase orders or contracts that have been issued, but for which no goods or services have yet been received. Encumbrances are recorded as they occur for budgetary control purposes.

The issuance of a purchase order or the signing of a contract creates an encumbrance of the amount required to be paid during the current year. This amount is no longer available for obligation or expenditure, unless the purchase order or contract is canceled. Encumbrance records shall be maintained by the City Finance Director.

- 14.2 Non-Budgeted Items. Purchases that have not been provided for in the current budget will require Council approval through budget transfers or amendments. The Department Head shall notify the City Finance Director and provide written documentation regarding the expenditure. This information will be provided to the Finance Committee for a recommendation to Council concerning purchase approval and necessary budgetary transfers or amendments.

- 14.3 Insurance Claim and Settlement Proceeds. Purchases resulting from an accident or loss covered by the City's insurance policy or legal settlement will be treated as non-budgeted items. Although money will be received from the claim or settlement, this is deposited into an "Insurance Proceeds" revenue account. Purchases will be expended from the appropriate capital outlay or maintenance account, hence necessitating a budget amendment.

- 14.4 Property Room Surplus. Police Department property room surplus items shall be disposed of at the discretion of the Police Chief or designee and pursuant to State Statute. Any proceeds from the sale of said items shall be entered into the Police Property Surplus budget.

- 14.5 Local Merchants. The City will give utmost consideration to local merchants taking price and service into account.

- 14.6 Conflict Of Interest. Employees of the municipality are regulated by §946.13, Wis. Stat., and §1.77, City Code, concerning conflicts of interest. The statutory amount that an employee can earn directly or indirectly per 12-month period from the City for doing contracted work for the City is \$15,000.00. For lesser amounts, it shall be unethical for any City employee to participate directly or indirectly in a purchase or contract when the City employee or any member of the employee's immediate family has a financial interest pertaining to the contract or purchase unless the contract has been competitively bid or the service is highly specialized and only one supplier is available, and the employee has followed the procedure set forth in §1.77, City Code,.

- 14.7 New Vendors. New vendors must be approved and created by the Finance Department prior to the purchase being initiated to satisfy internal control procedures. The Purchase Order Software will not complete the requisition process until the vendor has been created. To facilitate approval, complete the New Vendor Request Form and submit it to the Finance Department.

Utilizing miViewPoint



Here is where you attach back up.

PO Number automatically generated

If you are using a single vendor for multiple purchases, use blanket PO

This should populate when you select a vendor.

This amount must agree with the Extended Price below.

Vendor Name: Select a vendor
 PO Number: 2019
 PO Type: Regular
 Blanket PO: Select a blanket PO number
 Total Amount: .00
 Department: Select a department

Send To Address: Select a vendor location
 PO Date: 02/05/2019
 Issue Date: 02/05/2019
 Shipping: Select a shipping location
 Default GL Period: 02/1/19 (1/29/2019)
 Notes: Enter any notes
 Show Notes on PO Form

Description	GL Account	Quantity	Unit Price	Extended Price	Unit Price	Notes	Shipping	PO	Budget
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Input the purchase description here.

Make sure the Extended Price agrees with the total above

The Extended Price should not exceed budget. If it does, a budget amendment is needed.

Description	GL Account	Quantity	Unit Price	Extended Price	Unit Price	Notes	Shipping	PO	Budget
Disruptive impact		1.00	\$1.00	\$1.00					00.00

PURCHASING WORKFLOW FOR CITY DEPARTMENTS

City departments may use this as a general guide for purchases, but this is intended to be a summary only and does not supersede the material contained in the Purchasing Policy.

PURCHASE UNDER \$1,000

1. Department verifies purchase is within budget or obtains approval from Council via Finance/Personnel Committee.
2. Department should competitively bid, but not required.
3. Department determines if purchase will require a contract.
 - If YES:
 - a. Submit vendor's contract to City Attorney for review or contact City Attorney for contract drafting.
 - b. Contract is signed by Finance Director, City Administrator or Mayor (2 of 3) AFTER the vendor has signed.
 - c. Original copy of contract goes to City Clerk for filing in the Vault.
 - If NO:
 - a. Department places order.
 - b. Invoice must be entered into *MiViewPoint* and original placed in basket in Finance Dept.

PURCHASE BETWEEN \$1,000 - \$10,000

1. Department verifies purchase is within budget or obtains approval from Council via Finance/Personnel Committee.
2. Department competitively bids for the purchase pursuant to Purchasing Policy.
3. Department completes purchase order requisition and submits copies of bids/quotes to Finance Department (*done in MiViewPoint*).
4. Finance Director approves purchase order requisition.
4. Department determines if purchase will require a contract.
 - If YES:
 - a. Submit vendor's contract to City Attorney for review or contact City Attorney for contract drafting.
 - b. Contract is signed by Finance Director, City Administrator or Mayor (2 of 3) AFTER the vendor has signed.
 - c. Original copy of contract goes to City Clerk for filing in the Vault.
 - If NO:
 - a. Department places order.
 - b. Invoice must be entered into *MiViewPoint* and original placed in basket in Finance Dept.

PURCHASE BETWEEN \$10,001 - \$50,000

1. Department verifies purchase is within budget or obtains approval from Council via Finance/Personnel Committee.
2. Department competitively bids for the purchase pursuant to Purchasing Policy.
3. Department completes purchase order requisition and submits copies of bids/quotes to Finance Department (*done in MiViewPoint*).
4. Finance Director approves purchase order requisition.

5. City Administrator approves purchase order requisition.
- 6.. Department determines if purchase will require a contract.
 - If YES:
 - a. Submit vendor's contract to City Attorney for review or contact City Attorney for contract drafting.
 - b. Contract is signed by Finance Director, City Administrator or Mayor (2 of 3) AFTER the vendor has signed.
 - c. Original copy of contract goes to City Clerk for filing in the Vault.
 - If NO:
 - a. Department places order.
 - b. When Department receives bill/invoice, this must entered into *MiViewPoint*

PURCHASE \$50,001+

1. Department verifies purchase is within budget or obtains approval from Council via Finance/Personnel Committee.
2. Department competitively bids for the purchase pursuant to Purchasing Policy.
3. Department completes purchase order requisition and submits copies of bids/quotes to Finance Department (*done in MiViewPoint*).
4. Finance Director approves purchase order requisition.
5. City Administrator approves purchase order requisition.
6. Purchase Order requisition requires approval from Common Council ONLY IF the item was not previously approved by Council.
7. Department determines if purchase will require a contract.
 - If YES:
 - a. Submit vendor's contract to City Attorney for review or contact City Attorney for contract drafting.
 - b. Contract is signed by Finance Director, City Administrator or Mayor (2 of 3) AFTER the vendor has signed.
 - c. Original copy of contract goes to City Clerk for filing in the Vault.
 - If NO:
 - a. Department places order.
 - b. Invoice must be entered into *MiViewPoint* and original placed in basket in Finance Dept.

**CITY OF BEAVER DAM, WISCONSIN
PROCUREMENT POLICY****POLICY OBJECTIVE**

The City of Beaver Dam has adopted this procurement policy in order to provide City employees with uniform guidance in the procurement of professional services. The controls and procedures set forth are intended to provide reasonable assurance that the most cost effective service that serves the best interests of the City of Beaver Dam is obtained, while balancing the need for flexibility and efficiency in departmental operations.

COVERAGE

This policy applies to the procurement of professional services by all departments and divisions of the City of Beaver Dam. More restrictive procurement procedures required by grants, aids, statutes or other external requirements or funding sources will take precedence. Nothing in this policy shall limit the statutory authority granted to the Police and Fire Commission or the Library Board.

GOALS

1. To encourage open and free competition to the greatest extent possible.
2. To receive maximum value and benefits for each public dollar spent.
3. To ensure that all purchase contracts are made in compliance with federal, state and local laws.
4. To prevent potential waste, fraud, abuse and conflicts of interest in the procurement process.
5. To assure proper approvals are secured prior to the purchase, award of contract and disbursement of public funds.

ETHICAL STANDARDS

All procurement shall comply with applicable federal, state and local laws, regulations, policies and procedures. The City's Personnel Policies and Procedures Handbook provides general ethical standards and conduct expectations.

In general, employees are not to engage in any procurement related activities that would actually or potentially create a conflict of interest, or which might reasonably be expected to contribute to the appearance of such a conflict.

1. No employee shall participate in the selection, award or administration of a contract if a conflict of interest would be involved. Such a conflict would arise when the employee, any member of his immediate family, business partner or any organization that employs, or is about to employ, any of the above, has a financial interest or other interest in the firm selected for award.
2. To promote free and open competition, technical specifications shall be prepared to meet the

minimum legitimate need of the City and to the extent possible, will not exclude or discriminate against any qualified contractors or vendors.

3. No employee shall solicit or accept favors, gratuities, or gifts of monetary value from actual or potential contractors, subcontractors or vendors.
4. Employees must maintain strict confidentiality in the procurement process and shall not impart privileged information to any contractors or vendors that would give them advantage over other potential contractors or vendors.
5. Personal purchases for employees by the City are prohibited. City employees are also prohibited from using the City's name or the employee's position to obtain special consideration in personal purchases.

GENERAL GUIDELINES

These general guidelines shall be adhered to as closely as possible by all departments in the procurement of professional services.

1. Purchase of Services is classified into the categories of professional services, contractor services, construction services and combined goods and service contracts.
2. Buy Local - It is the desire of the City to purchase locally when possible. This can be accomplished by ensuring that local vendors are included in the competitive solicitation process that will precede major purchases. It is also the desire of the City to purchase from disadvantaged enterprise businesses whenever possible as defined by Wisconsin Statute 84.06(1).
3. Cooperative Procurement Programs – Departments are encouraged to use cooperative purchasing programs sponsored by the State of Wisconsin or other jurisdictions. Purchases secured through these programs are considered to have met the requirements of competitive procurement outlined in this policy. Additionally, if identical services can be obtained at a lower price than current cooperative purchasing contracts, no additional quotes are required.
4. Purchasing Oversight – Department heads have the responsibility for procurement issues in their individual departments. A department head is defined as the City employee having responsibility for the department on behalf of which moneys were appropriated in the City budget for purchases.
5. Emergencies –When an emergency situation does not permit the use of the competitive process outlined in the policy, the applicable department head, Director of Administration and Mayor may determine the procurement methodology most appropriate to the situation. Appropriate documentation of the basis for the emergency should be maintained and filed with the City Clerk. All emergency purchases exceeding \$25,000 shall require the Department Head to provide written notice to the Common Council. An emergency is defined as flooding, tornado, dam breach, earthquake, FEMA qualified disasters, criminal or terrorist attacks on the City's infrastructure or other threat to employee and/or public health and safety.

6. Identical Quotes or Bids – If two or more qualified bids/quotes are for the same total amount, and quality or service is considered equal the contract shall be awarded to the local bidder. Where this is not practical the contract will be awarded by drawing lots in public.
7. Serial Contracting – No contract or purchase shall be subdivided to avoid the requirements of this policy. Serial contracting is the practice of issuing multiple purchase order to the same vendor for the same good or service in any 90 day period in order to avoid the requirements of the procurement policy.
8. Policy Review – This policy may be periodically reviewed by the Administrative Committee.
9. Protest Procedures – Any interested party who wishes to protest at any point in the procurement process, evaluation, award, or post-award, may do so. An “interested party” must, however, be an actual or prospective bidder or offeror whose direct economic interest would be affected by the award of the contract or by failure to award the contract. Protests must be submitted timely, in writing to the City Clerk, 205 S. Lincoln Ave, Beaver Dam WI 53916 but no later than five (5) working days following final Common Council action on the procurement decision. The protest must contain a detailed statement of the grounds for the protest and any supporting documentation. Upon the receipt of the written protest, the City Clerk will notify the City Attorney, Mayor and Director of Administration who will work to resolve the matter within five (5) working days. If the protester is not satisfied and indicates the intention to appeal to the next step the award will be temporarily suspended unless it is determined that: 1) the service to be procured is urgently required; 2) delivery or performance will be unduly delayed by failure to make the award promptly; 3) Failure to make the prompt award will otherwise cause harm to the City; or 4) The protest has no merit. If the protester wishes to appeal the decision of the City Attorney, Mayor and Director of Administration the matter will be forwarded to the committee, commission or board of jurisdiction and the Common Council for the ultimate local disposition.

COMPETITIVE PROCUREMENT POLICY

1. Purchase of professional services under \$5,000 – The cost of the purchase which has been included within the approved department budget may be made based on the best judgment of the department head. However, it is recommended that competitive quotes be obtained. Specific procurement documentation is not required.
2. Purchase of professional services between \$5,000 to \$25,000 – The cost of the purchase must have been included within the approved department budget. The department **MUST** obtain (3) three written quotations, if possible.
3. Purchase of professional services in excess of \$25,000 – a formal bid process is required.
 - a. Requests for such bids shall be formally noticed. All notices and solicitations of bids shall state the time and place of the bid opening.
 - b. All bids shall be submitted in accordance with instructions supplied by the City.
 - c. All sealed bids shall be opened and recorded by the committee, commission or board of jurisdiction. The department head shall be responsible for the preparation of all plans, bid specifications, notices and advertising. Prequalification of bidders may be

done at the discretion of the department head. A tabulation of bids received shall be available for public inspection. The committee, commission or board of jurisdiction shall recommend award of contract to the Common Council.

- d. In general, the contract shall be awarded to the lowest priced responsible bid. Written documentation or explanation shall be required if the contract is awarded to other than the lowest responsible bidder. This documentation will include a justification as to why it was in the City's best interest to award the contract to other than the lowest responsible bidder.

4. The department head shall administer the purchase.

PURCHASE OF SERVICES

Whenever practical the purchase of services should be conducted based upon a competitive process unless approved otherwise by the committee, commission or board of jurisdiction or the Common Council:

- Contractor services is defined as the furnishing of labor, time or effort by a contractor, usually not involving the delivery of specific goods or products other than those that are the end result of and incidental to the required performance. Examples of contractor service will include but are not limited to: refuse and recycling collection, snow removal, EMS billing services, janitorial, elevator maintenance, mailing, or delivery services. Contractor services shall follow the competitive procurement policy outlined above. The cost shall be determined by considering the maximum total expenditure over the term of the contract.
- Construction services are defined as substantial repair, remodeling, enhancement construction or other changes to any City owned land, building or infrastructure. Procedures found with in State of Wisconsin Statute 62.15 shall take precedence. In absence of guidance in these areas, construction services shall follow the competitive procurement policy outlined above.
- Combined Goods and Services in situations where the purchase combines goods and services (exclusive of construction and contractor services), such as many technology projects, the purchase shall be treated as a purchase of professional services.
- Professional services is defined as consulting and expert services provided by a company, organization or individual. Examples of professional services include: attorneys, certified public accountants, appraiser, financial and economic advisors, engineers, architect, planning and design. Professional services are generally measured by the professional competence and expertise of the provider rather than cost alone.
 1. If it is estimated that the service being solicited has a total cost of over \$25,000 a formal Request for Proposal (RFP) shall be used to solicit vendor responses. The department head shall be responsible for the preparation of all Requests for Proposal specifications, notices and advertising. Prequalification of proposers may be done at the discretion of the department head.
 - a) The Purpose of an RFP is to solicit proposals with specific information on the proposer and the service offered which will allow the City to select the best proposal. The best proposal is not necessarily the proposal with the lowest cost.

- b) Based upon the services or project and the magnitude of the outcome a selection committee may be advisable.
 - c) Requests for proposals shall be formally noticed. All notices and solicitations of proposals shall state the time and place of the proposal opening.
 - d) Information to be requested of the proposer should include : Number of years the proposing company has been in business, company's experience in the area of desired services, financial strength of the company, examples of similar services/projects completed, resumes of staff that will be associated with the project/service, list of references, insurance information. In addition the proposal should provide information about the City, scope of services requested and any outcomes. The proposal should also identify evaluation factors and relative importance.
 - e) Establish selection criteria and include this information with the RFP. It is generally advisable to establish a numeric ranking matrix. This reduces the subjective nature of the rating process.
 - f) Proposals should be solicited from an adequate number of qualified sources. Requests for proposal should be formally noticed. All notices and solicitations should provide the issue date, response due date, date and time of opening responses and a contact person.
 - g) Proposals shall be opened and recorded by the committee of jurisdiction. A tabulation of proposals received shall be available for public inspection. The Department Head and selection committee (if applicable) will then review the proposals and make a selection.
- Service contracts or agreements should be reviewed by the City Attorney.

SOLE SOURCE

Purchase of services under \$25,000 may be made without competition when it is agreed in advance between the Department Head, Director of Administration and the Mayor. Sole source purchasing should be avoided unless it is clearly necessary and justifiable. The justification must withstand public and legislative scrutiny. The Department Head is responsible for providing written documentation justifying the valid reason to purchase from one source or that only one source is available. Sole source purchasing criteria include: urgency due to public safety, serious injury, financial or other unusual and compelling reasons, service is available from only one source and no other service will satisfy the City's requirements, legal services provided by an attorney, lack of acceptable bids or quotes, an alternate product or manufacturer would not be compatible with current products resulting in additional operating or maintenance costs, standardization of a specific product or manufacturer will result in a more efficient or economical operation, aesthetic purposes or compatibility is an overriding consideration, the purchase is from another governmental body, continuity achieved in a phased project, the supplier or service demonstrates a unique capability not found elsewhere, economical to the city on the basis of time and money of proposal development.

1. Sole source purchase under \$5,000 shall be evaluated and determined by the Department Head.
2. Prior to a sole source purchase of \$5,000 to \$25,000 a formal written justification shall be forwarded to the Director of Administration who must concur and sign off with his or her

approval the sole source or assist in locating additional competitive sources.

3. Sole source purchase exceeding \$25,000 must be approved by the Common Council based upon a recommendation from the committee of jurisdiction.

BUDGET

All purchases shall be made in accordance with the budget approved by the Common Council. The department head has the responsibility for managing departmental spending to ensure the departmental budget is not overspent and for initiating Transfer of Funds Requests when appropriate.

Contracts shall be signed by the Mayor and counter-signed by the City Clerk, City Director of Administration and City Attorney. The City Director of Administration shall certify that funds have been provided by the Council to pay the liability that may be incurred under the contract. The City Attorney shall approve the contract as to form and the City Clerk shall attest to the Mayor's signature.

1

**CITY OF FIRCREST
ORDINANCE NO. 1633**

2

3

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FIRCREST,
WASHINGTON, ADDING CHAPTER 3.50 TO THE FIRCREST MUNICIPAL
CODE PROVIDING FOR THE ACCEPTANCE OF DONATIONS.**

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WHEREAS, RCW 35.21.100 requires that “every city and town by ordinance may accept any money or property donated, devised, or bequeathed to it and carry out the terms of the donation, devise, or bequest, if within the powers granted by law. If no terms or conditions are attached to the donation, devise, or bequest, the city or town may expend or use it for any municipal purpose.”; and

6

7

8

WHEREAS, the City has not delegated its authority to accept donations on behalf of the City; and

9

10

WHEREAS, the City has a need for a general ordinance to establish a policy and means for the receipt of and the accounting for donations to the City. Now, Therefore,

11

THE CITY COUNCIL OF THE CITY OF FIRCREST DO ORDAIN AS FOLLOWS:

12

Section 1. A new chapter is hereby added to the Fircrest Municipal Code Title 3 Finance to be known as Chapter 3.5 and reads as follows:

13

14

“ACCEPTANCE OF DONATIONS TO THE CITY

15

Sections:

16

3.50.010 Purpose.

17

3.50.020 Definitions.

18

3.50.030 Administration.

19

3.50.040 Accounting.

20

3.50.050 Accounts Established.

21

3.50.060 Acceptance of donations in general

22

3.50.070 Acceptance of monetary donations.

23

3.50.080 Acceptance of nonmonetary donations.

24

3.50.010 Purpose.

25

The purpose of this chapter is to authorize the acceptance of donations for any public purpose, pursuant to RCW 35.21.100, and to specify policies and procedures for doing so.

26

3.50.020 Definitions.

27

“Donation” is defined as any monetary or nonmonetary gift, grant, devise or bequest to the city of Fircrest. A monetary donation includes cash or a check, money order or other negotiable instrument. A nonmonetary donation includes real or personal property. In the event of a stock donation, since a government entity is not legally able to own stock, such a donation would be liquidated and turned into cash or another liquid asset, and treated as a monetary donation prior to acceptance by the City.

28

“City Manager” means the City Manager of the City of Fircrest, or his or her designee.

29

3.50.030 Administration.

30

31

1 The City Manager shall have the responsibility for the administration of all donations to the City
2 and may issue procedures to implement this ordinance.

3 3.50.040 Accounting.

4 The City of Fircrest Finance Department is responsible for providing for the deposit and financial
5 administration of any donation to the city. If necessary, the Finance Department shall track the
6 proposed use of any such donation and shall maintain separate records of accounts showing
7 receipts and disbursements. The Finance Director may establish further rules and regulations for
8 the accounting and administration of donations, consistent with this chapter, as deemed necessary
9 by the director.

10 3.50.050 Accounts established.

11 There are hereby established special accounts, to be designated “contributions and donations
12 from nongovernmental sources.” The purpose of these accounts is to provide for the deposit of
13 monetary donations, and for accounting for nonmonetary donations to the City.

14 3.50.060 Acceptance of donations in general.

15 The City has the discretion to accept or decline any proposed donation, whether conditioned or
16 not, subject to the provisions of this chapter. In the event the City Manager has reason to believe
17 a donation could cause or result in an appearance of impropriety, the City Manager shall consult
18 with the City Attorney prior to accepting the donation. Conditioned donations shall be assigned
19 to a project or existing fund consistent with the donor’s desired use, as long as such condition(s)
20 do not conflict with city, state or federal law, in which case the city shall ask that the condition(s)
21 be removed or decline the donation.

22 3.50.070 Acceptance of monetary donations.

23 A. The City Manager is hereby authorized to approve on behalf of the City all monetary
24 donations to the City of Fircrest. All monetary donations approved by the City shall be
25 deposited into the appropriate account as established in this chapter. In the event that a
26 monetary donation is conditioned or donated for a special purpose, prior to acceptance, the
27 City Manager, should consider the long-term impacts of the donation, particularly where
28 there could be significant future or ongoing operations and maintenance or capital costs
29 associated with the donation. In addition, if a donation could have long-term impacts, such
30 as significant operations and maintenance or capital costs, the City Manager shall consult
31 with the City Council prior to accepting the donation.

B. The City Manager, at his/her discretion, is authorized to refuse any monetary donation.

C. If a donor has not specified a particular desired use, the donation may be used for any
municipal purpose.

D. Council Notification. Staff should notify Council of all accepted donations over \$5,000 so
that the donor’s generosity can be officially acknowledged by Council.

3.50.080 Acceptance of nonmonetary donations.

A. All donations of personal property may be accepted by the City Manager, after assessment
of required future maintenance or repair. In addition, if a donation could have long-term
impacts, such as significant operations and maintenance or capital costs, the City Manager
shall consult with the City Council prior to accepting the donation.

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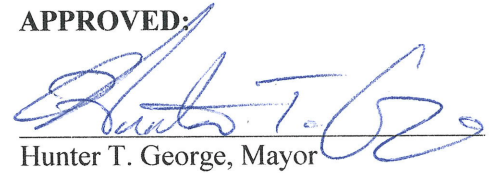
B. Donations of Real Property. All donations of real property, whether conditioned or unconditioned, must first be approved by the city council by resolution.”

Section 6. Severability: If any section, sentence, clause, or phrase of this ordinance should be held invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause, or phrase of this sentence.

Section 7. Publication and Effective Date: A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. This ordinance shall be effective five (5) days after such publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF FIRCREST, WASHINGTON, at a regular meeting thereof this 12th day of February 2019.

APPROVED:



Hunter T. George, Mayor

ATTEST:



Jessica Nappi, City Clerk

APPROVED AS TO FORM:



Michael B. Smith, City Attorney

DATE OF PUBLICATION:
EFFECTIVE DATE:

LAKE MILLS
PURCHASING

Lake Mills
Policies and Procedures
Prepared by James Heilman, Finance Director
March 25, 2013

Policy: Purchasing and Bidding

Title: Purchasing Procedure

Reviewed by:

Implementation Date:

Revision Date:

Next Scheduled Review Date:

Approval:

Policy Statement: Being an employee of the City of Lake Mills is a public trust. It is the City's policy to promote and balance the objective of protecting the City's assets and integrity while recruiting and retaining qualified public service personnel who are expected to perform their job functions with the highest standards of ethical conduct. City employees should conduct themselves in such a manner as to foster public confidence in the City of Lake Mills' governance.

City employees who are empowered with purchasing authority are particularly in positions of trust, confidence and responsibility and it is their duty to obtain the best value for the materials, equipment and services that they purchase, while maintaining the highest ethical standards when dealing with vendors and suppliers. The value of a purchase includes price, quality and service.

It is the City of Lake Mills' goal to ensure that:

- Responsible bidders are given a fair opportunity to compete for the City's business.
- This is done partially by the Wisconsin Statutory requirements for public construction to be purchased through competitive bidding and proposals and partially by the procedures setup through the City's Purchasing Policy and Procedure for goods and services.
- Public funds are safeguarded.
- The best value possible is received for the public dollar, and
- Public spending is not used to enrich elected City Officials or employees or to confer favors by them on favored constituents.

PURPOSE OF POLICY AND PROCEDURE:

The Purchasing Policy and Procedure provides the necessary basic instructions, guidelines and information for the procurement of equipment, materials, supplies, services, rentals, leases, independent contractor agreements and other goods or

services for the City of Lake Mills. The efficiency and effectiveness of any public sector purchasing program is founded on sound principles of management decision-making. This Purchasing Policy and Procedure defines basic principles of purchasing and is incorporated into the City's Policies and Procedure Manual.

A Purchase Order document initiates the purchasing and procurement process. Please refer to Section, "**HOW TO ISSUE A PURCHASE ORDER**" for an explanation on how to initiate and make a purchase through the purchase order system.

BASIC PRINCIPLES OF PURCHASING AND INTERNAL CONTROLS:

The City of Lake Mills utilizes comprehensive checks and balances to ensure the propriety of the Purchasing Policy and minimize risks and errors and the possibility of collusion and fraud. Some of the basic purchasing principles and goals that City employees should be aware of include:

- New vendors/suppliers are investigated and evaluated.
- New vendors/suppliers are approved before adding to vendor Master File List.
- Competitive prices are evaluated and obtained.
- Purchases are made with the appropriate level of authorization and approval.
- Purchase Orders are properly authorized and prepared.
- Purchases that exceed a department's budget are prohibited.
- Accounts payable disbursements are made with the proper approval.
- Receipt, custody and verification of goods and services are documented.
- Prices charged on vendor/suppliers' invoices match the Purchase Order or pricing program.
- All emergency purchases must be fully justified to eliminate the unnecessary use of emergency purchases for non-emergency situations whenever possible and procedures must be implemented to track emergency purchases so any misuse of this nature can be easily detected.
- Amounts that are recorded in or disbursed from accounts payable match the approved vendor/supplier invoice(s).
- Volume purchase discounts should always be taken whenever available.
- Duplicate vendor/supplier invoice numbers are not allowed to be recorded in the accounts payable program.
- The accounts payable program does not allow an invoice number to be paid more than one time.
- Outstanding credit memos should be routinely reviewed and applied to current or future vendor/supplier invoices.
- Vendor/supplier invoices are coded to the correct general ledger account.
- Purchases that have been made are always recorded in the accounts payable program and paid on a timely basis.
- When accounts payable disbursements are made, checks are printed and shown as paid.
- Manual check payments are recorded in the general ledger.
- Payments are recorded in the proper accounting period.

- The accounts payable purchase details are summarized, posted to the general ledger and are in balance with one another.
- The accounts payable disbursement details are summarized, posted to the general ledger and are in balance with one another.
- Accounts payable duties and responsibilities are effectively segregated to minimize the risk of collusion or fraud.
- Whenever possible the City should participate in cooperative joint-purchasing programs with other public-sector entities to achieve cost savings through volume discounts.
- Personnel who are authorized to purchase must ensure that the State of Wisconsin bidding and purchasing laws and standards are carefully and scrupulously followed.

Each Department Head must make sure that the foregoing principles and guidelines and all other provisions of this Purchasing Policy and Procedure are in effect before orders are placed with vendors/suppliers.

Additionally, each Department Head must ensure that adequate supporting documentation is requested and received from vendors/suppliers to completely and accurately describe the goods and/or services purchased and received.

Types of Purchases:

There are several different types of purchases that can be made by City departments. Since non-routine categories of purchases frequently require more time to process they should be minimized. Some of the different types of purchases include:

Non-Stocked Items:

These are items that are not stocked or warehoused by the City. They may or may not be a standardized items but are not in such constant demand as to be considered a negotiated price quote.

Stocked or Warehoused Items:

These items are in such constant usage by the City that they are routinely stocked and are usually purchased on annual contracts with provisions to replenish stocks as needed. Such items should be standardized to the extent possible.

Emergency:

Emergency purchases are those which are made to meet critical needs of the City in cases where its capacity to serve the public would be impaired if the purchase was not immediately made. Purchases which are designated as emergency are those which would normally be procured through routine procedures, but because of the emergency status are exempt from those procedures.

Sole Source:

Sole source purchases are available from only one supplier for various reasons such as patents, copyrights or because the vendor is the only source for that product or service. These purchases are normally exempt from the bidding requirements. The City may be required to certify that only one supplier is available.

A written memorandum must accompany the Purchase Order explaining and describing the conditions which make a supplier a **sole (single) source**. Additionally, departments are responsible for soliciting competitive quotations from vendors, therefore any Purchase Order with only one quotation attached requires a written explanation.

Registrations:

Registrations for professional conferences, conventions, short schools, seminars and conventions for employees must be authorized by the City Manager and are subject to the City's Travel Policy.

Travel:

Meetings, visits to other cities and special leave expenses for the benefit of the City are subject to the City's Travel Policy.

Publications:

Books, magazines, periodicals and newspapers may be provided for by the City. Departments should coordinate these purchase functions to eliminate duplication. Books are sometimes subject to special rules. Please contact the Treasurer-Finance Director for any questions concerning these special rules.

Memberships:

Memberships in trade or professional organizations are processed through administration. The membership applications will be justified by the needs of the City and require City Manager authorization.

Services:

Many types of services are needed by the City. The department will procure these services in accordance with State of Wisconsin Statutory Law, including professional services, which may be procured under special rules.

SPENDING AUTHORIZATION REQUIREMENTS:

\$0.01 - \$1,000.00:

Bids/quotations are not required. Requires Department Head and City Manager approval as well as verification of available funds from the Finance Director/Treasurer.

\$1,000.01 - \$15,000.00:

Same as above.

Specifications of Material or Equipment:

All quotations must include accurate specifications which include a complete description of the material or equipment to be purchased and adhere to the following guidelines:

- Keep the specifications as simple as possible but specific enough that a loophole will not allow a vendor to evade any of the intended provisions of the purchase or take undue advantage of the City.
- The item(s) should be identifiable with some brand or specification already on the market.
- The item(s) should be capable of being inspected to assure quality control and permit acceptance or rejection.
- The item(s) should be available by more than a sole vendor. The department shall attempt to contact at least three (3) businesses when making a purchase of more than \$1,500 but less than \$15,000. Copies of the quotes must be kept on file with a written explanation of why the vendor was selected.

\$15,000.01 - \$24,999.99:

Written quotations must be solicited which can be accepted via mail, or facsimile. The **Written Specifications** of material or equipment requirements are the same as listed in the above Section.

Budgeted Transfers From One Fund To Another Fund and Debt Service Payments:

Transfers of payroll related items or capital items require the approval of the City Council. Department Directors can transfer funds between operating accounts.

\$25,000 & Up:

These purchases require sealed requests for bids/proposals. All bids, except for construction projects, must be processed through the City Clerk-HR. Bids should be developed on City forms then forwarded to the City Clerk-HR's Office for mailing, publishing, opening, rejection and award. All required forms, quotes and requests for proposals or bids shall be submitted with a purchase order.

Competitive Bidding and Competitive Proposal Requirements:

The City of Lake Mills must be compliant with **Wis. Stats. §§ 62.15, 66.0901, and 66.0903**, which states regarding public works construction: "a public construction contract requires that such contract be let to the lowest responsible bidder."

State law requires local units of government to competitively bid for "public construction" when the estimated cost exceeds \$25,000. Public Construction Bidding over \$25,000 requires a Class 2 Notice. Class 2 Notices must be published two times (once per week for two consecutive weeks, the last of which should be at least one week before the bids are to be opened) in the newspaper designated by the municipality's governing body as the "official newspaper of public record".

If the estimated cost of public works construction is between \$5,000 and \$25,000, Wisconsin Statutes require that each municipality issue a Class 1 notice concerning the proposed project before a contract is executed.

This requirement varies depending on the definition of "public construction" and to ensure that the applicable state laws are complied with and satisfied the purchaser should:

- Read the law concerning municipal purchasing; or
- Make an inquiry to the Finance Department concerning the proper procedures; or
- Request an opinion from the City Attorney through the City Manager's Office.

Purchase Orders With Contract Change Orders:

For original purchase orders less than \$15,000.00, change orders increasing or decreasing the original purchase order by not more than ten Percent (10%) shall be approved by the City Manager or his/her designee.

For original purchase orders between \$15,000.00 and the State bidding limit, change orders increasing or decreasing the original purchase order by not more than Fifteen Percent (15%) shall be approved by the City Manager or his designee.

For original purchase orders for bid items approved by the City Council, change orders increasing or decreasing the original contract or bid amount by an aggregate amount of more than the State authorized level or Fifteen Percent (15%) may not be approved.

In no case shall the combined total of all change orders exceed an increase of Fifteen Percent (15%) of the original contract amount.

Bid Openings:

All formal bids/proposals shall be submitted to the City Clerk's Office where they are date and time stamped upon receipt. Bid openings are conducted on Thursdays starting at 1:00 p.m. at the location specified in the invitation to bid. Vendors and the public are invited and encouraged to attend. Bids/proposals received after the specified date and time deadline are disqualified. Late bids/proposals cannot be considered for award of purchase.

Bidder(s)' Protest Procedure:

PROTEST:

A statement of protest, if any, shall be submitted to the City of Lake Mills' Finance Department for transmittal to and consideration by the City of Lake Mills.

A protest must be submitted in writing and must be supported by sufficient information to enable the protest to be considered. A protest will not be considered if it is insufficiently supported or it is not received within the time limits set forth in the below paragraph entitled TIMELINESS. A protest may be submitted based upon the following reasons:

A protest relating to restrictive procedures, alleged impropriety, or other similar situations arising prior to bid opening, or

A protest of the award of contract or alleged impropriety arising after bid opening as set forth in the below section entitled TIMELINESS.

TIMELINESS:

To be effective, a protest must be submitted so that it is received by the Contracting Officer by the following deadlines:

A protest based upon restrictive procedures, alleged impropriety or other similar situations arising prior to bid opening must be received by the City of Lake Mills' Finance Department no later than five (5) working days prior to the specified bid opening date and may only be protested once.

A protest of the award of contract or alleged impropriety arising after the bid opening must be received by the City of Lake Mills' Finance Department within five (5) working days following the earlier of the date on which the bidder knew or the date on which a diligent bidder would have known of the award or alleged impropriety.

HOW TO ISSUE A PURCHASE ORDER:

A Purchase Order document initiates the procurement process for purchases. A Purchase Order represents a binding and enforceable agreement with a vendor/supplier to provide the goods and services in accordance with the terms and conditions of the Purchase Order and associated documents. The City of Lake Mills Purchase Orders are sequentially-numbered.

NOTE: Procurement by Credit Card can be used for purchasing of relatively low-dollar and high volume items such as materials and supplies that are routinely consumed in the normal course of operations. The Credit Card is intended to complement, not circumvent the Purchase Order program.

Procedure To Issue A Purchase Order:

1. The department head or other authorized employee creates a purchase order for the procurement of goods or services by entering all of the pertinent information relating to the purchase that includes:

- Ship To Address (and Attention)
- Bill To Address:
 - This is unnecessary unless the Bill To Address is different from the Ship To Address.
- Vendor Number
- Vendor Name and Address:
 - The vendor's name and address is automatically activated by the vendor number which is setup in the vendor master file.
- Purchase Order Number:
 - The purchase requisition and purchase order numbers are both computer-generated, sequentially-numbered and are both different thereby

preventing additional purchases from being made from the same original purchase requisition and purchase order numbers.

- Purchase Order Type
- Purchase Order Date
- Account to be used for payment
- Ordering Unit and Buyer Name:
 - This identifies the department making the purchase and the specific fund that the vendor invoice will be paid from.
- Body of the Purchase Order :
 - The order should be described in as much detail as space permits and should specify exact quantity, unit of measure, manufacturing number, description of goods or service, unit price and total price. Special comments or terms can be added when creating the purchase requisition. The freight F.O.B (Free on Board) options of Destination or Origin should be noted if the product is shipped.

Employees, who are designated by memorandum furnished to the Finance Department, may sign a Purchase Order for a purchase or payment authorization up to a specified limit that is set by the Department Head.

The Department Head approves or rejects the purchase order and notifies the Finance Department of the proposed purchase.

The Treasurer-Finance Director and City Manager review the departmental purchase orders that have been initiated to determine whether or not there are sufficient funds available in a particular fund for a proposed purchase.

If the proposed expenditure exceeds the balance in the Account, the Treasurer-Finance Director notifies the department buyer who issued the purchase order. It is the department's responsibility to maintain sufficient funds in the budget account to allow for purchases. If the account lacks sufficient funds, the department shall choose one of the following three (3) procedures:

- Withdraw the request, or
- Request a transfer of funds within the department operational budget accounts, or
- Request a budget amendment

Any change to the operational budgets requires the Finance Director/Treasurer approval. Budget amendments and fund transfers require the City Council's approval.

The Finance Department then returns both parts (3-part for utility dept. purchases) of the Purchase Order to the originating departmental buyer. A purchase order will be returned to the department buyer the next business day.

The departmental buyer orders the goods and/or services.

After the ordered goods have been received or the services have been provided and the purchasing department has ensured that all goods and services ordered have been received or provided, the department buyer will initial and attach the original Purchase Order to the vendor invoice, bill of lading, packing slip, correspondence and all other

receiving and supporting documentation. The department buyer will then forward all of these documents in their entirety to the Finance Department for vendor invoice payment processing.

NOTE: The Finance Department distributes monthly budget expenditure reports to departments for their review and analysis on the 15th calendar day of each month.

LAKE MILLS
ACCOUNTING
PROCEDURE

Lake Mills
Policies and Procedures
Prepared by James Heilman, Finance Director
March 25, 2013

Purpose

The Accounting Policies and Procedures Manual (the Manual) documents the Internal Control adopted by the City Council to safeguard assets, secure the accuracy and reliability of accounting data and financial reporting and promote operational efficiency.

Scope

The Manual covers accounting, financial reporting and financial governance activities of the City.

Policy Statement

It is City Council policy:

To have in place an adequate system of internal controls which promote a high level of compliance with City Council policies and procedures and to comply with Government Accounting Standards Board (GASB) financial accounting and reporting standards.

To implement and maintain a system of control to assist staff in carrying out its activities in an efficient and orderly manner, ensure adherence to policies, safeguard City assets and financial sustainability, and secure the accuracy and reliability of its records.

Lake Mills
Policies and Procedures
Prepared by James Heilman, Finance Director
March 25, 2013

Policy: Monthly Budget Variance Reporting

Title: Monthly Budget Variance Reporting

Reviewed by:

Implementation Date:

Revision Date:

Next Scheduled Review Date:

Approval:

Policy Statement: Monthly budget variance reports shall be prepared by Department Heads and presented to the City Manager for review. Actual results shall be compared to budgeted amounts and all variances shall be explained in detail. The City Manager will prepare a monthly report for the Council.

Background:

The budget process is designed to provide a means for comparison of actual financial results to budgeted amounts and analysis of differences from those budgeted amounts. A monthly review by staff of actual results to budgeted amounts is necessary to help management ensure the established spending limits are being adhered to, as well as to identify circumstances that indicate the City Manager needs to request City Council consideration of a fund transfer or budget amendment.

Guidelines:

Department Heads will receive monthly financial statements. These statements shall include a comparison of actual monthly results of operations to budgeted figures. Any significant budget variances shall be reviewed by the Department Head and a detailed explanation shall be prepared and sent to the City Manager. "Significant" variances are considered to be +/- 10% of a budget line item and greater than \$1,000. The Council shall review the monthly financial statements and summary budget comparisons at regular council meetings. Total budget variances shall be investigated and explained to the City Manager promptly by staff with a summary report to Council.

Lake Mills
Policies and Procedures
Prepared by James Heilman, Finance Director
March 25, 2013

Policy: Bank Reconciliations

Title: Bank Reconciliations

Reviewed by:

Implementation Date:

Revision Date:

Next Scheduled Review Date:

Approval:

Policy Statement: The bank reconciliation process is an important element in internal cash control. The purpose of a reconciliation is to compare bank balances with city's accounting records and to resolve any differences. All bank accounts should be reconciled monthly by employees other than those directly handling cash receipting and disbursing. All discrepancies shall be resolved in a timely manner.

Background:

Bank statements should be received unopened by the administrative staff responsible for mail distribution, namely the Receptionist/Secretary and/or Executive Secretary/Deputy Clerk. The Executive Secretary/Deputy Clerk will do an initial review of the contents for inconsistent check numbers, signatures, cash balances and payees and endorsements at a minimum. After this cursory is conducted the bank statements are forwarded to the Finance Director/Treasurer or his/her designee who is responsible for reconciliation. All bank accounts shall be reconciled within 14 days of receipt of the bank statement; each bank reconciliation shall be reviewed and approved by the City Manager or his/her designee.

The Finance Director/Treasurer or his/her designee is responsible for identifying all discrepancies. The resolution of discrepancies shall be investigated, resolved and adjusted in a timely manner.

Guidelines:

Bank balances, as shown by the bank statement shall be reconciled with the general ledger as follows:

- 1) Establish the accuracy of the bank statement by ensuring that the beginning balance on the bank statement agrees to the ending balance on the prior month's bank statement.
- 2) Determine the reconciling items between book and bank balances by:

- a) Match each paid check listed on the bank statement to the accounts payable check register and the prior month bank reconciliation. Check off each entry to indicate the check that has been cashed by the proper payee for the correct amount and cleared by the bank. Prepare a list of outstanding checks.
 - b) Match each deposit on the bank statement to those recorded in the cash receipts journal and check off the deposits per the cash receipts journal and those recorded as deposits by the bank.
 - c) Any unchecked items in the cash receipts journal represent deposits in transit. Match any miscellaneous debit or credit memos per the bank statement to those in the general ledger.
- 3) Prepare the bank reconciliation incorporating the reconciling items determined above.
 - 4) When reconciling the bank accounts, the following items should be included in the procedures:
 - a) A comparison of dates and amounts of daily deposits as shown on the bank statements with the cash receipts journal.
 - b) A comparison of inter-organization bank transfers to be certain that both sides of the transactions have been recorded on the books.
 - c) An investigation of items rejected by the bank, i.e., returned checks or deposits.
 - d) A comparison of wire transfers date received with date sent.
 - e) An accounting for the sequence of checks both from month to month and within a month.
 - f) A review and proper mutilation of voided checks.
 - g) Investigate and report checks which have been outstanding for more than six months and authorize bookkeeper(s) to write off.
 - 5) Completed bank reconciliations should be reviewed by the Treasurer-Finance Director and initialed and dated by the reviewer.
 - 6) The bookkeeper upon receipt of the completed bank reconciliations prepares any general ledger adjustments.

Lake Mills
Policies and Procedures
Prepared by James Heilman, Finance Director
March 25, 2013

Policy: General Ledger Entries

Title: Recording Transactions in the General Ledger

Reviewed by:

Implementation Date:

Revision Date:

Next Scheduled Review Date:

Approval:

Policy Statement: To ensure that all General Ledger entries are current, accurate and complete. The Finance Department is responsible for the proper posting of journals and entries to the general ledger and for the maintenance of the accounts to ensure accuracy, validity and reliability of financial records.

Purpose: To describe the functions for recording transactions and maintaining the general ledger.

Scope: This policy applies to all accounting personnel with involvement in recording accounting transactions.

Procedure:

1) POSTING TRANSACTIONS AND JOURNALS

- a) The computerized accounting system aids in the maintenance of journals and posting of transactions to general ledger accounts. The following functions are performed on a monthly basis to update the general ledger for the month's activities:
 - i) All transactions are required to have proper coding at a minimum, to the individual fund, program, grant and general ledger codes. All check requests must be on the proper division coding sheets. Return any incorrectly coded check requests to the originator.
 - ii) All activities recorded in journals will be posted to the general ledger using the computerized posting feature. These journals include:
 - (1) General Journal
 - (2) Cash Receipts Journal
 - (3) Cash Disbursements Journal
 - (4) Payroll Journal
- b) The recurring adjusting journal entries will be posted via the general journal. Recurring journal entries will be established for adjustments that occur equally in

each monthly accounting period. Recurring journal entries can include the following:

- i) Amortization of prepaid expenses.
 - ii) Depreciation of Fixed Assets.
 - iii) Recurring journal entries are reviewed monthly and adjusted accordingly.
- c) Adjusting journal entries are prepared for transactions that have not been recorded in other journals or to correctly restate account balances to accurate amounts. The need to make adjusting journal entries may be due to any of the following:
- i) Accrual of income and expense items
 - ii) Correction of errors
 - iii) Recording of non-cash transactions
- d) All journal entries are reviewed by the Finance Director/Treasurer. Adequate supporting documentation will be prepared and maintained for each journal entry.
- 2) TRIAL BALANCE
- a) After posting all journals and adjusting entries, a trial balance is printed. The trial balance is reviewed to ensure that the general ledger is in balance. Next, all control accounts in the general ledger are reconciled to subsidiary ledgers. Any differences will be investigated and appropriate adjustments are made.
 - b) The Treasurer-Finance Director will make a final review of the trial balance for accuracy and proper reflection of account balances before printing financial statements.

Lake Mills
Policies and Procedures
Prepared by James Heilman, Finance Director

March 25, 2013

Policy: Cash Management

Title: Cash Receipts Procedures

Reviewed by:

Implementation Date:

Revision Date:

Next Scheduled Review Date:

Approval:

Policy Statement: Because cash is the asset most sensitive to loss or misappropriation, proper handling and accounting is very important. Cash flows must be monitored to ensure that funds are available for the payment of bills and disbursement of payroll. Cash in excess of immediate needs can be invested to earn additional revenue.

Cash Drawer:

- Cash boxes/drawers/registers shall always be secured when unattended or not in use and prior to being secured in the office vault.
- \$75.00 is the amount of change fund money kept in the petty cash box for daily operations. Cash and checks shall be separated and coins and currency must be separated by denomination. Change funds and petty cash receipts shall be logged, signed for and accounted for on each of the clerk's daily reconciliation form. Employees shall verify and balance the change fund amount in their cash boxes on an ongoing daily basis and at the close of business each day.
- Employees collecting cash are held accountable for the transactions they handle. It should be possible to determine the amount of cash for which each clerk is responsible for at any point in time during any day.

Cash Collections, Receipts and Reconciliations:

Cash Collected In Person:

- Cash received in person from a payer by a cashier clerk shall be kept in view of and counted in front of the payer until the receipt is issued to the payer and the payer is satisfied. The City cashier clerk shall count change due to the customer/payer twice - once to himself and once back to the payer.
- A receipt represents proof of payment and employees shall issue a receipt for every cash payment they receive. Some, but not all, check or money order payments receive a receipt. The check or carbon copy of money orders can

serve as a receipt unless otherwise indicated or requested. Receipts are generated and each receipt shall indicate the payment method (i.e. cash, check, money order, etc.).

- Checks must be made payable to the City of Lake Mills. The City cannot accept third-party checks. Clerks should review checks carefully to determine the legal amount of the check. If the numeric amount on the check differs from the written amount, the written amount prevails as the legal amount. If the check includes only a numeric amount, the numeric amount is the legal amount. Clerks are not permitted to change any amounts on a check; however, clerks may add text to clarify the legal amount. For example, clerks may write “**see legal**” next to numeric amounts that differ from written amounts.
- Clerks should also examine checks for required signatures. If on the face of the check one or more signatures are demanded, the required signatures must be present in order to accept the check. Checks without signature requirements may be accepted without a signature, although there is no guarantee the check will clear the bank processing system. When accepting checks in person, clerks should review the check for completeness and consistency of numeric/written amounts and request corrections from the maker at the time of payment. This procedure will increase the likelihood of collecting on checks presented for payment.
- Clerks should also examine checks for the name of the bank on which the check is drawn. If the name of the bank is not on the check, the City would usually not accept it. However, in some instances, with two pieces of identification, a check without the bank name may be accepted, but the ABA number must be listed for routing purposes. Watch for special instructions on a check that may cause it to be void. Any special instructions take precedent over state law. An example is “Void after 30 days”.
- Clerks should refuse acceptance of a postdated check. Also refuse a check written 180 days (6 months) prior to today’s date; banks may not honor such checks. Accept checks for the amount owed only. Utility checks may be made for any amount, but the full amount is credited to the account and no change may be given to the customer. No foreign checks should be accepted unless they state “Payable in U.S. Funds.” Exception: Canadian checks may be accepted if they include the discount in the check amount. Never accept a two-party check unless it is for payment on an existing debt. No change can be given to the customer.
- Clerks should never make any changes to a check. Avoid any writing in the area where the MICR is. (The issuer can alter any portion of the check other than the signature or the preprinted portion; the change must be initialed by the issuer.)

Returned Checks:

Checks that have been deposited may be returned by the bank for several reasons:

- insufficient funds
- missing signature
- stop payment
- account closed
- stale-dated

Banks will typically resubmit a returned check one more time if it was returned for insufficient funds. However, if the reason for the return is that a stop payment was placed on the check, the account is closed, the signature is missing or the check is stale-dated, the bank deposits the check only once and then returns the check to the City.

The City mails a copy of the returned check to the maker with a letter advising the maker:

- that the check was returned by the bank,
- provides the reason for the return, and
- requests the maker to personally make a trip to the applicable City department to pickup the returned check and pay the deficiency in cash or money order along with a \$35.00 return check fee.

The City reserves the right to interrupt services (e.g. utility) and may pursue other available legal remedies as needed by the affected City department if the maker does not pay the deficiency.

All checks must be restrictively endorsed immediately with a stamp that bears the following information:

FOR DEPOSIT ONLY
City of Lake Mills
Account No. XXXXXX

Cash and checks shall be secured in the cash drawer until the bank deposit is prepared. A bank deposit that includes all of the previous day's cash collections for all departments is hand delivered to the bank each afternoon by the authorized personnel..

Checks Received By Mail and Drop Box:

A designated cashier clerk retrieves and opens customer mailed check payments from the mail each morning. All checks are immediately endorsed with a stamp that bears the restrictive endorsement information noted in the preceding section "Cash Collected In Person". Payments are then entered and receipts are generated.

City General Fund and Utility funds shall be kept in separate cash drawers. All checks shall be secured in the clerks' cash drawer until the bank deposit is prepared.

Reconciliations:

Money amounts received, receipts issued and actual monies deposited must be reconciled each day. The Treasurer-Finance Director shall review and approve all reconciliations.

The total of all cash, checks and money orders received must equal the total amount of receipts issued to customers.

CASH OVER & SHORT POLICIES

All monies received are to be deposited **intact** and on a same day basis if possible. Intact means that total cash received must match total cash deposited and total checks received must match total checks deposited. If, upon balancing daily receipts, it is

discovered that the money to be deposited does not equal the total of the receipts, a cash over/short situation exists.

A Cash Handler has a shortage when an unintentional collection error is made due to negligence, an act of God, or a theft. Leaving money unattended and not properly safeguarded is an example of a Cash Handler's negligence that could result in a loss of City money.

A Cash Handler has an overage when too much money is collected and he/she cannot immediately return the excess to the customer.

If, after an appropriate search and recalculation, the over/short situation still exists, take the following steps:

Complete the Treasurer's Receipt as documented by the receipts.

If a cash overage or shortage exists, the difference is booked to the department's Over/Short Account, using an account number approved by the Accounting Department.

If the reason for an overage or shortage is resolved within two business days, and there is no question of possible impropriety, there may be no need for reporting the error beyond the Department Head. If an unresolved overage or shortage is in excess of \$100, suspicious in nature, or if a trend of overages/ shortages develops, the Department Head should report it to the City Treasurer-Finance Director within one day of the date that an amount is questioned.

Department Heads may establish policies within their respective departments that include reporting overage or shortage amounts that are less than \$100.

UNDER NO CIRCUMSTANCES SHALL AN EMPLOYEE TAKE OR SUPPLEMENT MONEY TO BE DEPOSITED IN ORDER TO FORCE THE DEPOSIT TO BALANCE WITH RECEIPTS.

UNDER NO CIRCUMSTANCES SHALL A CITY OFFICE OR DEPARTMENT MAINTAIN A "SLUSH FUND" OF MONEY IN ORDER TO ACCUMULATE OVERAGE AMOUNTS OR PAY SHORTAGE AMOUNTS.

MISCELLANEOUS:

Major Sources of Cash Received In Person or By Mail or Drop Box:

The Utilities, Municipal Court and Municipal Departments provide the major sources of cash received by the City in person, by mail or by drop box.

The following items represent a partial listing of the various types of revenues generated from the aforementioned three (3) Departments as well as other City departments: utility (water, sewer and refuse)

- Municipal Court fees and fines
- False Alarm Fees
- Liquor, Beer and Wine permits
- Weights and Measures fees
- Copying Fees
- Pavilion Rental Fees

- Beach Entry Fees
- Boat Launch Fees
- Fence Parking Fees
- Refuse & Recycling Fees
- Solicitors Permits
- Library Fees
- Building Permits
- Impact Fees
- Weed Mowing Fees
- Brush Pickup Fees
- Zoning Change Applications Fees
- Conditional Use Permit Fees
- Mobile Home Lot Taxes
- Tax Collections
- Utility Bills
- Donations
- Plat Fees
- Dog & Cat Licenses

Lake Mills
Policies and Procedures
Prepared by James Heilman, Finance Director
March 25, 2013

Policy: Check Signing

Title: Check Signing

Reviewed by:

Implementation Date:

Revision Date:

Next Scheduled Review Date:

Approval:

Policy Statement: To ensure adequate controls for the signing of checks. The Council shall designate positions with the authority to sign checks. Individuals that prepare checks shall never be check signers. Individuals that reconcile bank statements can only be secondary check signers. Also, individuals that approve invoices for payment shall never sign the checks for payment of invoices they approve if they are check signers.

Background:

All authorized check signers will make disbursements only upon review and approval of the transaction. This will include review for the existence of proper supporting documentation, such as an approved invoice, evidence of the receipt of goods and services and proper coding to the general ledger account, funding source and program. All disbursements must be entered into the accounting system and coded appropriately.

Guidelines:

As approved by City Council resolution, the City Manager, Treasurer-Finance Director and City Clerk-HR are authorized to sign checks. Vendor checks and payroll checks require (2) signatures from the City Manager, Treasurer-Finance Director or City Clerk. In a case of time sensitive urgency a check can be processed with only one signature from the above listed personnel.

A voided check is a check spoiled in the process of preparation, before it is recorded. Any check that is voided should be thoroughly defaced by marking "VOID" on the check and retained in a file by fiscal year for review by the auditor. All voided checks should be clearly noted in the accounting system.

Signed checks awaiting distribution or pick-up must be kept in a locked storage place accessible only to the Check Custodian, which may be the Treasurer-Finance Director.

Lake Mills
Policies and Procedures
Prepared by James Heilman, Finance Director
March 25, 2013

Policy: Personnel and Payroll Management

Title: Personnel and Payroll Procedures

Reviewed by:

Implementation Date:

Revision Date:

Next Scheduled Review Date:

Approval:

Policy Statement: To ensure there is a record of all payroll checks

Personnel:

The City Clerk-HR is charged with the responsibility of maintaining personnel files on staff persons.

Each personnel file should contain the following information, at a minimum.

1. Employment application or resume
2. A record of background investigation
3. Date of employment
4. Position, pay rates and changes therein
5. Authorization of payroll deductions
6. Earnings records for non-active employees
7. W-4 Form, withholding authorization
8. I-9, Immigration Form
9. Termination data, when applicable

All personnel records are to be kept locked in a locking file cabinet by the City Clerk-HR's office. Access to these files other than by the City Clerk-HR, City Attorney-HR Director, Treasurer-Finance Director, City Manager or Payroll Clerk should be requested in writing to the City Clerk.

Payroll Preparation and Timekeeping:

Timesheets are to be prepared by all employees and submitted weekly. Time should be input on a daily basis and, if in writing, completed in ink. Correction fluid should never be used in preparing timesheets. If an error needs to be corrected, a line should be drawn through the item and the corrected information recorded, and initialed by the person who made the correction.

1. Timesheets are to include specific time spent on each grant/project.

2. Timesheets are to be signed by the foreman and his/her supervisor.
3. All approved timesheets should be submitted to the bookkeeper, who will verify the hours worked against his/her record.
4. The Bookkeeper should then process the time and report the information to the payroll program. The information reported should include:
 - a. Hours worked, by cost center
 - b. Changes in pay rates or employment status
 - c. Vacation, sick or personal hours used and earned

The Treasurer-Finance Director or City Clerk-HR should review the payroll summary page of the payroll service report for inappropriate payees or unusual hours.

Paychecks should be distributed by the Payroll Clerk on the designated day and hour, one week after the end of the pay period according to a prearranged schedule distributed by the Treasurer-Finance Director. In the event that a paycheck is picked up by a designated person other than the employee, a memo should be received in writing from the staff person and proper identification should be requested from the party picking up the pay check.

As an employee benefit, the City of Lake Mills offers direct deposit through the employee's own financial institution. Through direct deposit, payroll is deposited as cash into the employee's account on payday.

Lake Mills
Policies and Procedures
Prepared by James Heilman, Finance Director
March 25, 2013

Policy: Purchasing and Bidding

Title: Purchasing Procedure

Reviewed by:

Implementation Date:

Revision Date:

Next Scheduled Review Date:

Approval:

Policy Statement: Being an employee of the City of Lake Mills is a public trust. It is the City's policy to promote and balance the objective of protecting the City's assets and integrity while recruiting and retaining qualified public service personnel who are expected to perform their job functions with the highest standards of ethical conduct. City employees should conduct themselves in such a manner as to foster public confidence in the City of Lake Mills' governance.

City employees who are empowered with purchasing authority are particularly in positions of trust, confidence and responsibility and it is their duty to obtain the best value for the materials, equipment and services that they purchase, while maintaining the highest ethical standards when dealing with vendors and suppliers. The value of a purchase includes price, quality and service.

It is the City of Lake Mills' goal to ensure that:

- Responsible bidders are given a fair opportunity to compete for the City's business.
- This is done partially by the Wisconsin Statutory requirements for public construction to be purchased through competitive bidding and proposals and partially by the procedures setup through the City's Purchasing Policy and Procedure for goods and services.
- Public funds are safeguarded.
- The best value possible is received for the public dollar, and
- Public spending is not used to enrich elected City Officials or employees or to confer favors by them on favored constituents.

PURPOSE OF POLICY AND PROCEDURE:

The Purchasing Policy and Procedure provides the necessary basic instructions, guidelines and information for the procurement of equipment, materials, supplies, services, rentals, leases, independent contractor agreements and other goods or

services for the City of Lake Mills. The efficiency and effectiveness of any public sector purchasing program is founded on sound principles of management decision-making. This Purchasing Policy and Procedure defines basic principles of purchasing and is incorporated into the City's Policies and Procedure Manual.

A Purchase Order document initiates the purchasing and procurement process. Please refer to Section, "**HOW TO ISSUE A PURCHASE ORDER**" for an explanation on how to initiate and make a purchase through the purchase order system.

BASIC PRINCIPLES OF PURCHASING AND INTERNAL CONTROLS:

The City of Lake Mills utilizes comprehensive checks and balances to ensure the propriety of the Purchasing Policy and minimize risks and errors and the possibility of collusion and fraud. Some of the basic purchasing principles and goals that City employees should be aware of include:

- New vendors/suppliers are investigated and evaluated.
- New vendors/suppliers are approved before adding to vendor Master File List.
- Competitive prices are evaluated and obtained.
- Purchases are made with the appropriate level of authorization and approval.
- Purchase Orders are properly authorized and prepared.
- Purchases that exceed a department's budget are prohibited.
- Accounts payable disbursements are made with the proper approval.
- Receipt, custody and verification of goods and services are documented.
- Prices charged on vendor/suppliers' invoices match the Purchase Order or pricing program.
- All emergency purchases must be fully justified to eliminate the unnecessary use of emergency purchases for non-emergency situations whenever possible and procedures must be implemented to track emergency purchases so any misuse of this nature can be easily detected.
- Amounts that are recorded in or disbursed from accounts payable match the approved vendor/supplier invoice(s).
- Volume purchase discounts should always be taken whenever available.
- Duplicate vendor/supplier invoice numbers are not allowed to be recorded in the accounts payable program.
- The accounts payable program does not allow an invoice number to be paid more than one time.
- Outstanding credit memos should be routinely reviewed and applied to current or future vendor/supplier invoices.
- Vendor/supplier invoices are coded to the correct general ledger account.
- Purchases that have been made are always recorded in the accounts payable program and paid on a timely basis.
- When accounts payable disbursements are made, checks are printed and shown as paid.
- Manual check payments are recorded in the general ledger.
- Payments are recorded in the proper accounting period.

- The accounts payable purchase details are summarized, posted to the general ledger and are in balance with one another.
- The accounts payable disbursement details are summarized, posted to the general ledger and are in balance with one another.
- Accounts payable duties and responsibilities are effectively segregated to minimize the risk of collusion or fraud.
- Whenever possible the City should participate in cooperative joint-purchasing programs with other public-sector entities to achieve cost savings through volume discounts.
- Personnel who are authorized to purchase must ensure that the State of Wisconsin bidding and purchasing laws and standards are carefully and scrupulously followed.

Each Department Head must make sure that the foregoing principles and guidelines and all other provisions of this Purchasing Policy and Procedure are in effect before orders are placed with vendors/suppliers.

Additionally, each Department Head must ensure that adequate supporting documentation is requested and received from vendors/suppliers to completely and accurately describe the goods and/or services purchased and received.

Types of Purchases:

There are several different types of purchases that can be made by City departments. Since non-routine categories of purchases frequently require more time to process they should be minimized. Some of the different types of purchases include:

Non-Stocked Items:

These are items that are not stocked or warehoused by the City. They may or may not be a standardized items but are not in such constant demand as to be considered a negotiated price quote.

Stocked or Warehoused Items:

These items are in such constant usage by the City that they are routinely stocked and are usually purchased on annual contracts with provisions to replenish stocks as needed. Such items should be standardized to the extent possible.

Emergency:

Emergency purchases are those which are made to meet critical needs of the City in cases where its capacity to serve the public would be impaired if the purchase was not immediately made. Purchases which are designated as emergency are those which would normally be procured through routine procedures, but because of the emergency status are exempt from those procedures.

Sole Source:

Sole source purchases are available from only one supplier for various reasons such as patents, copyrights or because the vendor is the only source for that product or service. These purchases are normally exempt from the bidding requirements. The City may be required to certify that only one supplier is available.

A written memorandum must accompany the Purchase Order explaining and describing the conditions which make a supplier a **sole (single) source**. Additionally, departments are responsible for soliciting competitive quotations from vendors, therefore any Purchase Order with only one quotation attached requires a written explanation.

Registrations:

Registrations for professional conferences, conventions, short schools, seminars and conventions for employees must be authorized by the City Manager and are subject to the City's Travel Policy.

Travel:

Meetings, visits to other cities and special leave expenses for the benefit of the City are subject to the City's Travel Policy.

Publications:

Books, magazines, periodicals and newspapers may be provided for by the City. Departments should coordinate these purchase functions to eliminate duplication. Books are sometimes subject to special rules. Please contact the Treasurer-Finance Director for any questions concerning these special rules.

Memberships:

Memberships in trade or professional organizations are processed through administration. The membership applications will be justified by the needs of the City and require City Manager authorization.

Services:

Many types of services are needed by the City. The department will procure these services in accordance with State of Wisconsin Statutory Law, including professional services, which may be procured under special rules.

SPENDING AUTHORIZATION REQUIREMENTS:

\$0.01 - \$1,000.00:

Bids/quotations are not required. Requires Department Head and City Manager approval as well as verification of available funds from the Finance Director/Treasurer.

\$1,000.01 - \$15,000.00:

Same as above.

Specifications of Material or Equipment:

All quotations must include accurate specifications which include a complete description of the material or equipment to be purchased and adhere to the following guidelines:

- Keep the specifications as simple as possible but specific enough that a loophole will not allow a vendor to evade any of the intended provisions of the purchase or take undue advantage of the City.
- The item(s) should be identifiable with some brand or specification already on the market.
- The item(s) should be capable of being inspected to assure quality control and permit acceptance or rejection.
- The item(s) should be available by more than a sole vendor. The department shall attempt to contact at least three (3) businesses when making a purchase of more than \$1,500 but less than \$15,000. Copies of the quotes must be kept on file with a written explanation of why the vendor was selected.

\$15,000.01 - \$24,999.99:

Written quotations must be solicited which can be accepted via mail, or facsimile. The **Written Specifications** of material or equipment requirements are the same as listed in the above Section.

Budgeted Transfers From One Fund To Another Fund and Debt Service Payments:

Transfers of payroll related items or capital items require the approval of the City Council. Department Directors can transfer funds between operating accounts.

\$25,000 & Up:

These purchases require sealed requests for bids/proposals. All bids, except for construction projects, must be processed through the City Clerk-HR. Bids should be developed on City forms then forwarded to the City Clerk-HR's Office for mailing, publishing, opening, rejection and award. All required forms, quotes and requests for proposals or bids shall be submitted with a purchase order.

Competitive Bidding and Competitive Proposal Requirements:

The City of Lake Mills must be compliant with **Wis. Stats. §§ 62.15, 66.0901, and 66.0903**, which states regarding public works construction: "a public construction contract requires that such contract be let to the lowest responsible bidder."

State law requires local units of government to competitively bid for "public construction" when the estimated cost exceeds \$25,000. Public Construction Bidding over \$25,000 requires a Class 2 Notice. Class 2 Notices must be published two times (once per week for two consecutive weeks, the last of which should be at least one week before the bids are to be opened) in the newspaper designated by the municipality's governing body as the "official newspaper of public record".

If the estimated cost of public works construction is between \$5,000 and \$25,000, Wisconsin Statutes require that each municipality issue a Class 1 notice concerning the proposed project before a contract is executed.

This requirement varies depending on the definition of “public construction” and to ensure that the applicable state laws are complied with and satisfied the purchaser should:

- Read the law concerning municipal purchasing; or
- Make an inquiry to the Finance Department concerning the proper procedures; or
- Request an opinion from the City Attorney through the City Manager’s Office.

Purchase Orders With Contract Change Orders:

For original purchase orders less than \$15,000.00, change orders increasing or decreasing the original purchase order by not more than ten Percent (10%) shall be approved by the City Manager or his/her designee.

For original purchase orders between \$15,000.00 and the State bidding limit, change orders increasing or decreasing the original purchase order by not more than Fifteen Percent (15%) shall be approved by the City Manager or his designee.

For original purchase orders for bid items approved by the City Council, change orders increasing or decreasing the original contract or bid amount by an aggregate amount of more than the State authorized level or Fifteen Percent (15%) may not be approved.

In no case shall the combined total of all change orders exceed an increase of Fifteen Percent (15%) of the original contract amount.

Bid Openings:

All formal bids/proposals shall be submitted to the City Clerk’s Office where they are date and time stamped upon receipt. Bid openings are conducted on Thursdays starting at 1:00 p.m. at the location specified in the invitation to bid. Vendors and the public are invited and encouraged to attend. Bids/proposals received after the specified date and time deadline are disqualified. Late bids/proposals cannot be considered for award of purchase.

Bidder(s)’ Protest Procedure:

PROTEST:

A statement of protest, if any, shall be submitted to the City of Lake Mills’ Finance Department for transmittal to and consideration by the City of Lake Mills.

A protest must be submitted in writing and must be supported by sufficient information to enable the protest to be considered. A protest will not be considered if it is insufficiently supported or it is not received within the time limits set forth in the below paragraph entitled TIMELINESS. A protest may be submitted based upon the following reasons:

A protest relating to restrictive procedures, alleged impropriety, or other similar situations arising prior to bid opening, or

A protest of the award of contract or alleged impropriety arising after bid opening as set forth in the below section entitled TIMELINESS.

TIMELINESS:

To be effective, a protest must be submitted so that it is received by the Contracting Officer by the following deadlines:

A protest based upon restrictive procedures, alleged impropriety or other similar situations arising prior to bid opening must be received by the City of Lake Mills' Finance Department no later than five (5) working days prior to the specified bid opening date and may only be protested once.

A protest of the award of contract or alleged impropriety arising after the bid opening must be received by the City of Lake Mills' Finance Department within five (5) working days following the earlier of the date on which the bidder knew or the date on which a diligent bidder would have known of the award or alleged impropriety.

HOW TO ISSUE A PURCHASE ORDER:

A Purchase Order document initiates the procurement process for purchases. A Purchase Order represents a binding and enforceable agreement with a vendor/supplier to provide the goods and services in accordance with the terms and conditions of the Purchase Order and associated documents. The City of Lake Mills Purchase Orders are sequentially-numbered.

NOTE: Procurement by Credit Card can be used for purchasing of relatively low-dollar and high volume items such as materials and supplies that are routinely consumed in the normal course of operations. The Credit Card is intended to complement, not circumvent the Purchase Order program.

Procedure To Issue A Purchase Order:

1. The department head or other authorized employee creates a purchase order for the procurement of goods or services by entering all of the pertinent information relating to the purchase that includes:

- Ship To Address (and Attention)
- Bill To Address:
 - This is unnecessary unless the Bill To Address is different from the Ship To Address.
- Vendor Number
- Vendor Name and Address:
 - The vendor's name and address is automatically activated by the vendor number which is setup in the vendor master file.
- Purchase Order Number:
 - The purchase requisition and purchase order numbers are both computer-generated, sequentially-numbered and are both different thereby

preventing additional purchases from being made from the same original purchase requisition and purchase order numbers.

- Purchase Order Type
- Purchase Order Date
- Account to be used for payment
- Ordering Unit and Buyer Name:
 - This identifies the department making the purchase and the specific fund that the vendor invoice will be paid from.
- Body of the Purchase Order :
 - The order should be described in as much detail as space permits and should specify exact quantity, unit of measure, manufacturing number, description of goods or service, unit price and total price. Special comments or terms can be added when creating the purchase requisition. The freight F.O.B (Free on Board) options of Destination or Origin should be noted if the product is shipped.

Employees, who are designated by memorandum furnished to the Finance Department, may sign a Purchase Order for a purchase or payment authorization up to a specified limit that is set by the Department Head.

The Department Head approves or rejects the purchase order and notifies the Finance Department of the proposed purchase.

The Treasurer-Finance Director and City Manager review the departmental purchase orders that have been initiated to determine whether or not there are sufficient funds available in a particular fund for a proposed purchase.

If the proposed expenditure exceeds the balance in the Account, the Treasurer-Finance Director notifies the department buyer who issued the purchase order. It is the department's responsibility to maintain sufficient funds in the budget account to allow for purchases. If the account lacks sufficient funds, the department shall choose one of the following three (3) procedures:

- Withdraw the request, or
- Request a transfer of funds within the department operational budget accounts, or
- Request a budget amendment

Any change to the operational budgets requires the Finance Director/Treasurer approval. Budget amendments and fund transfers require the City Council's approval.

The Finance Department then returns both parts (3-part for utility dept. purchases) of the Purchase Order to the originating departmental buyer. A purchase order will be returned to the department buyer the next business day.

The departmental buyer orders the goods and/or services.

After the ordered goods have been received or the services have been provided and the purchasing department has ensured that all goods and services ordered have been received or provided, the department buyer will initial and attach the original Purchase Order to the vendor invoice, bill of lading, packing slip, correspondence and all other

receiving and supporting documentation. The department buyer will then forward all of these documents in their entirety to the Finance Department for vendor invoice payment processing.

NOTE: The Finance Department distributes monthly budget expenditure reports to departments for their review and analysis on the 15th calendar day of each month.

Lake Mills
Policies and Procedures
Prepared by James Heilman, Finance Director
March 25, 2013

Policy: Risk Management

Title: Safety, Liability and Insurance

Reviewed by:

Implementation Date:

Revision Date:

Next Scheduled Review Date:

Approval:

Policy Statement: The Financial Assistant will annually review the City's insurance coverage to insure adequate coverage against loss at the best possible cost. The Financial Assistant will provide an assessment of the insurance coverage needs of the City for review and approval by the Treasurer-Finance Director.

The Financial Assistant will work with our insurers to conduct property inspections, as needed, for the purpose of updating replacement values for property and equipment.

The City's contracted safety consultant will work with our insurers to conduct an annual safety audit of all City facilities in order to identify potential risk conditions and then identify the necessary steps to remedy those conditions.

The City strives to insure work place safety from both a loss prevention standpoint and out of concern for the health and welfare of its employees. The City's contracted safety consultant is responsible for the creation of safety programs for the workplace and works with City administration to implement those programs.

The City will always transfer risk and liability to contractors doing business with the City. The City will transfer risk and liability whenever possible to organizations which hold events on municipal property. The City Council will decide on a case by case basis if an event can be held when no liability insurance can be obtained by the organization. Adequate liability insurance coverage naming the City as "additional insured" will be required as a means of transferring risk and liability.

Lake Mills
Policies and Procedures
Prepared by James Heilman, Finance Director
March 25, 2013

Policy: Debt Management

Title: Financing Capital Improvements

Reviewed by:

Implementation Date:

Revision Date:

Next Scheduled Review Date:

Approval:

Policy Statement: The City shall strive to maintain a balanced financing of its capital improvements through utilization of current revenues and issuance of long term debt. The City recognizes that access to capital markets over the long term is dependent upon the City's commitment to full and timely repayment of debt. The City may issue bonds and notes for purposes of financing its capital improvements or to refund existing debt. Capital improvements include projects to acquire, plan, design, construct, improve and equip all or any part of its facilities or systems, promote economic development or to secure quality of life improvements.

I. General Guidelines:

- a) The City shall assess the fiscal impact of the debt prior to issuance.
- b) General obligation debt shall not exceed Wisconsin State statute limitations of 5 percent of equalized valuation.
- c) Total annual debt service payments on tax-supported debt, excluding tax increment finance debt, of the City will normally not exceed 33 percent (33%) of total general government operating revenue.
- d) The City shall not enter into any contracts creating significant unfunded liabilities.
- e) The City should consider all other available options first, before considering debt obligations which have variable interest rates, negative amortization or other risky attributes, including but not limited to auction-rate bond issues, or loans with unusual deferred principal payment.
- f) The City will not use long term debt to finance current operations.

II. Maximum Maturity:

All tax supported debt obligations shall have a maximum maturity of the earlier of: (i) the estimated useful life of the capital improvements being financed; (ii) twenty years; or (iii) in the event they are being issued to refinance outstanding debt obligation, the final maturity of the debt obligations being refinanced unless a longer term is recommended by the Treasurer-Finance Director.

III. Refunding:

Periodic reviews of outstanding debt by Treasurer-Finance Director or designee shall be undertaken to determine refunding opportunities. Refunding may be considered by the Council if it appears there may be a net economic benefit of the refunding.

In general, refunding for economic savings may be undertaken when the present value of future annual debt service savings net of issuance cost amount to at least two percent (2%) of the refunded debt.

IV. Needs Assessment and Fund Alternatives:

a. Identifying Useful Life of Project.

Capital projects and equipment financed through the issuance of debt shall be financed for a period not to exceed their expected useful lives. Utilization of debt for capital expenditures shall normally be limited to the purchase of equipment or real property that has a useful life of two or more years and a cost of \$5,000 or more, with the exception of equipment such as furnaces, fixtures or equipment that lose identity when installed on real property.

b. Review of Financing Alternatives.

- i. The City may consider using non-general obligation debt to finance activities that are funded from sources other than general property taxes.
- ii. The City may implement impact fees, and negotiate developer contributions and seek grants to finance capital improvements whenever possible to ensure that new development pays its fair share of the increased costs created by the new development.
- iii. As the budget is prepared, the City may determine, based upon the financial interests of the City, the appropriate ratio of tax levy paid projects to financed projects.
- iv. Under no circumstances shall the City install public improvements for private development without fully securing the financial interests of the City.

V. Issuance of Obligations:

It is the policy of the City that the City Manager, Treasurer-Finance Director, the City Attorney; City Financial Advisor and City Bond Counsel coordinate their activities to ensure that all securities and other debt obligations are in compliance with all applicable legal requirements and that the securities and other debt obligations are issued in the most cost-effective manner.

VI. Disclosure:

The City is committed to transparent financial disclosure, and to cooperating fully with rating agencies, institutional investors, other units of government, and the general public, in order to share clear, comprehensible, and accurate financial information.

The City Manager or designee shall provide continuing disclosure in compliance with any continuing disclosure certifications that may be made at the time of each debt issuance.

Lake Mills
Policies and Procedures
Prepared by James Heilman, Finance Director
March 25, 2013

Policy: Investment Policy

Title: Investment of Operating Funds

Reviewed by:

Implementation Date:

Revision Date:

Next Scheduled Review Date:

Approval:

Policy Statement: To establish a uniform policy governing the investment of operating funds of the City of Lake Mills. It is the policy of the City of Lake Mills to invest public funds in a manner that will provide the highest investment return consistent with the protection of principle while meeting the daily cash flow demands of the City. The City shall conform to all applicable legal requirements governing the investment of public funds.

I. Investment Objective:

The primary objectives, in priority order, of the City of Lake Mills investment activities shall be:

- **Safety.** Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital.
- **Liquidity.** City investments will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated.
- **Return on Investments.** City investments shall seek a high rate of return commensurate with the objectives of safety and liquidity.

II. Delegation of Authority:

Management responsibility for the investment of funds is hereby delegated to the City Manager and Treasurer-Finance Director with oversight by the City Council.

III. Ethics and Conflicts of Interest:

Officers, elected and appointed officials and employees involved in the investment of funds shall abide by the City Ethics Code. Employees and investment officials shall disclose to the City Manager any material financial interest in financial institutions that conduct business within the City, and they shall further disclose any **large** personal financial investment positions that could be related to the performance of their duties for the City of Lake Mills, particularly with regard to the time of purchases and sales.

IV. Authorized and Suitable Investments:

The investment of City funds shall be in accordance with Wisconsin State Statutes. City policy when practicable is to maintain checking account balances under \$10,000 with excess amounts transferred to approved financial institutions for appropriate investment. Investment amounts should be limited, when possible, to the maximum of state and FDIC insurance limits for each institution, unless collateralized.

- **Certificates of Deposit.** City funds may be invested in time deposits in any credit union, bank, savings bank, trust company, or savings and loan association, which is authorized to transact business in the state of Wisconsin if the time deposits mature in less than three (3) years. Preference may be given, within reason, to area financial institutions.
- **Government Bonds and Securities.** City funds may be invested in United States government bonds or securities which are direct obligations of, or guaranteed as to principal and interest by, the federal government; and bonds, or securities which are obligations of an agency, commission, board or other instrumentality of the federal government, where principal and interest are guaranteed by the federal government. The securities must be purchased through finance institutions authorized to conduct business in the state of Wisconsin and placed in safekeeping in a segregated account in the City's name as any designated public depository or approved financial institution.
- **Local Government Investment Pool (LGIP).** City funds may be invested in the Wisconsin Local Government Investment Pool.
- **Wisconsin Investment Trust.** City funds may be invested in the Wisconsin Investment Trust.
- **Savings Deposit.** City funds may be invested in interest bearing savings, demand deposits, and money market accounts.

Lake Mills
Policies and Procedures
Prepared by James Heilman, Finance Director

March 25, 2013

Policy: Utility Revenues

Title: Utility Rate Policies

Reviewed by:

Implementation Date:

Revision Date:

Next Scheduled Review Date:

Approval:

Policy Statement: The revenues to each Utility primarily come from customer charges dependent on established rates. State law requires that utility funds be used only for utility purposes. Since each Utility has somewhat differing service areas, it is essential for ratepayer equity that they be kept financially separate and accountable. The City's General Fund can legally contribute to the Utility funds but does not. The City budgeting process includes a balanced and controlled annual Utility budget. This requires careful preparation of expense and revenue projections that will be reviewed by City Administration, the Public Works Board, the Public Service Commission and the City Council, along with public participation, prior to approval of any change in Utility rates.

IV. RATE POLICIES

Rate Levels: Rates and charges for the services of said Utilities will be fixed in an amount sufficient to pay the costs of operating and maintaining said systems and to provide an amount of revenue sufficient to pay debt service, reserve, replacement and improvement requirements and all other requirements and covenants provided in the Revenue Bond Ordinances. Changes in rate levels should be gradual and uniform to the extent that costs (including CIP and Renewal & Replacement transfers) can be forecast.

Discussion: A variety of factors including rate stability, revenue stability, the encouragement of practices consistent with utility objectives and the Lake Mills Utilities Financial Policies are considered in developing utility rates. The general goal is to set rates as low as possible to accomplish the ongoing operations, maintenance, repair, long-term renewal and replacement, capital improvements, debt obligations, reserves and the general business of the Utilities.

Long-range financial forecast models will be continually developed for each of the Utilities, which include estimated operating, capital and renewal/replacement costs for a 10 year period in order to plan for funding long-term costs.

Operating costs are assumed to remain at the same level of service and don't include impacts of potential changes due to internal, regional or federal requirements. Capital costs, including renewal/replacement, are projected based on existing CIP costs and approximated survival curves for the infrastructure. The models are used to project rate levels that will support the long-term costs and to spread rate increases uniformly over the period. This is consistent with the above policy that changes in rate levels should be gradual and uniform. Uniform rate increases help ensure that each generation of customers bears their fair share of costs for the long-term use and renewal/replacement of the systems.

The budget process provides an opportunity to add to or cut current service levels and programs. The final budget, with the total authorized expenses including transfers to the CIP Fund and the R&R Account, establishes the amount of revenue required to balance the expenses. A balanced budget is required. The budgeted customer service revenue determines the level of new rates. For example, if the current rates do not provide sufficient revenues to meet the projected expenses, the costs have to be reduced or the rates are increased to make up the shortfall.

Debt Coverage Requirements: Utility rates shall be maintained at a level necessary to meet minimum debt coverage levels established in the bond covenants and to comply with the Revenue Bond Ordinances which establishes a target coverage ratio of 1.25.

Discussion: Existing revenue bond covenants legally require the City's Utilities, which includes the Water, Sewer and Electric Utilities, to maintain a minimum debt coverage ratio of 1.25 on a combined basis.

Frequency of Rate Increases: Utility rates shall be evaluated annually and adjusted as necessary to meet budgeted expenses to achieve financial policy objectives.

Discussion: Utility rates will be evaluated on an annual basis and adjusted as necessary to ensure that they are effectively managed to achieve current and future financial policy objectives. Annual rate reviews will include preparation of forecasts covering a ten-year period for Utility revenues, expenditures, reserve balances and analysis of the impact of various budgetary elements (i.e. CIP transfers, R&R Account transfers, debt service costs, debt coverage levels, operating expenses, and reserves) on both current and future rate requirements.

Lake Mills
Policies and Procedures
Prepared by James Heilman, Finance Director

March 25, 2013

Policy: Utility Billing Policy & Procedures

Title: Utility Bills

Reviewed by:

Implementation Date:

Revision Date:

Next Scheduled Review Date:

Approval:

Policy Statement: To bill for utility service accurately and promptly, and to take timely and reasonable actions to collect past due amounts. All utility customers are billed by the City of Lake Mills. A utility is defined as water service, sewer service, and/or electric services.

Utility Billing Set Up

Initial Contact. Upon receiving a request for new utility service from an industry or from a residential customer, the Public Works Director is responsible for determining meter size and for placing the meter. The Billing Clerk is responsible for having the customer complete the application, collect the appropriate deposit amount, and complete set up of the customer account.

Application. A completed application for service must be received and reviewed for completeness by the Billing Clerk prior to installation of new service or releasing responsibility of prior customer if residence is sold, transferred, or leased to a new tenant.

Any customer who is not the property owner must provide the above information plus a current photo ID, and a lease agreement (which includes the service address and the term of the agreement) signed and dated by the tenant and the landlord.

Customer Deposit. The purpose of a customer deposit is to try to ensure that all utility charges are collected, which helps keep rates from unduly increasing for those customers who do pay their bills.

- Any person requesting utility service who has previously had an unpaid bill charged off by the City will be required to repay this amount, plus pay a deposit.
- The City has the right to apply the customer deposit to unpaid utility charges after an account is more than 60 days past due. If all or any portion of a customer deposit is applied to past due charges, and the customer continues to receive

utility services, the City may require the customer to replenish deposit amounts at the discretion of the Treasurer-Finance Director.

Refund of Deposit. The City reserves the right to retain deposits to assure payment of utility charges. However, the City may elect to refund deposits in the following situations provided the account is at a zero balance:

- After 12 consecutive months of payments received on time and without instances of returned payments of any type; or City of Lake Mills Utility Billing Policy and Procedures
- Upon customer request for termination of service and City determination that either the residence or business will remain vacant or another responsible person has applied for service; or
- Other circumstances satisfactory to the Treasurer-Finance Director that all future utility bills will be paid in their entirety and in a timely manner.
- The City retains the option of effecting refunds in cash or applying to outstanding or future utility charges. No refunds will be made for amounts less than \$1.00.

Transfer or Disconnection of Service. A customer will remain responsible for any utility charges until the Billing Clerk is duly informed of any changes.

A Utilities Department staff member may visit a location where service has been terminated without a new customer assuming responsibility to verify that the location is vacant. The property owner of record is responsible for any utility consumption that occurs on an inactive account.

Billing.

Bills shall be prepared monthly for each billing cycle.

Bills are due 20 days from the billing date. Payment may be made by check, money order, in cash at the Collections counter, or by any other means offered by the City.

All bills not paid within 35 days will subject the customer to disconnection of service. If payment is not received by the 20th day at 5 pm, a late fee will be added to the customer's account.

If a bill is returned to the City of Lake Mills by the post office as undeliverable, the customer service representative shall make all reasonable efforts to obtain a forwarding address and correct the address in the Utility records. In the event that the bill becomes delinquent, the Billing Clerk shall follow the collection efforts below.

It is the customer's responsibility to contact the City of Lake Mills in the event that they do not receive a bill within 45 to 60 days of initiating service, or within 35 days of their previous bill.

Payments will be applied to customer accounts in the following order: fees and miscellaneous charges, sanitation charges, sewer charges, water charges.

Returned payments.

All checks returned for uncollected or insufficient funds will be presented to the customer's bank twice before contacting the customer for replacement.

Bank drafts and other payment types will only be presented once, and if returned, the customer will be contacted immediately. The customer will also be removed from the bank draft service.

Customers will be contacted by telephone first, if possible. Letters may be sent if no other means of contact is available.

Customers presenting checks and drafts which are not honored by their banks will be assessed a charge to reimburse the City staff administrative time in accordance with the fee schedule in effect at that time. Any such fees will be added to the account and must be paid with other past due charges in order to continue Utility service.

Customers who do not make good any returned checks or bank drafts and applicable fees will be considered to have not made any payment, and will be subject to procedures for the collection of past due Utility charges.

Collection of Past Due Utility Charges.

Past Due Accounts. A disconnection notice will be mailed if the account is past due. **A Courtesy 24-hour notice will be posted at the property. If no payment is received or agreeable payment arrangement made, service will be disconnected.** If payment is not received by 5 pm the day before the disconnection date noted on the bill, a late fee in accordance with the fee schedule in effect at that time will be added to the customer's account. The account will then be disconnected.

The Utility Billing Clerk may forward the name, address, and balance due to the City Attorney who will prepare a collection letter explaining the legal consequences of non-payment.

The terms of the nonpayment may be communicated to any or all of the nationally recognized credit reporting agencies.

Customer may be denied access to Utility services.

If an electric-only account is disconnected, Electric/Water Utility staff will leave a door hanger at the service address noting the date of disconnection, which must be at least one business day after placement of the notice.

If the customer wishes to reinstate service, a fee of \$40, during business hours, \$60, after business hours must be paid along with past due amount.

Remaining balances on terminated accounts may be transferred to a customer's active utility account for collection of charges due.

Lake Mills
Chart of Accounts
Prepared by James Heilman, Finance Director
March 25, 2013

Exhibit A
Chart of Accounts
GENERAL FUND

<u>Name</u>	<u>Fund/department</u>	<u>Account</u>	<u>Object</u>	<u>Sub-object</u>	<u>Program</u>
Legislative	10010	5110	31	00	000
Boards/Cte	10012	5112	31	00	000
Judicial	10013	5120	31	00	000
Legal	10014	5130	31	00	000
Exec	10015	5141	31	00	000
Plan	10000	5630	21	00	000
Ani Ctl	10000	5410	29	00	000
CATV	10011	5111	13	20	000
C-T	10016	5142	13	10	000
C-T	10016	5710	81	00	000
Elections	10017	5144	31	00	000
Assessment	10018	5153	31	00	000
Comm. Ctr	10019	5514	31	00	000
Fac. Maint.	10020	5160	31	00	000
Bldg Insp	10021	5240	29	00	000
Police	10030	5210	31	00	000
Police	10030	5210	31	00	000
Fire	10035	5721	31	00	000
Fire	10035	5722	31	00	000
EMS	10000	5230	29	00	000
Streets	10040	5310	31	00	000
Streets	10040	5721	82	10	000
Recycling	10045	5363	31	00	000
Street Lights	10000	5342	43	00	000
Cemetery	10050	5491	31	00	000
Library	10055	5511	15	10	000
Parks	10060	5520	31	00	000
Parks	10060	5762	31	00	000
Pks & For Ad	10061	5521	15	20	000
Sandy Beach	10062	5540	31	00	000

Forestry	10063	5690	31	00	000
SPECIAL REVENUE					
Park Imp	20000	0000	00	00	000
RLF	21000	0000	00	00	000
Special As	22000	5734	29	00	000
Sanitation	23000	5362	29	00	000
CAPITAL PROJECT					
TID#2	40200	0000	00	00	000
TID#3	40300	0000	00	00	000
TID#4	40400	0000	00	00	000
TRUST					
Cem Pet Care	80000	5920	00	00	000
Library Res.	81000	0000	00	00	000

Lake Mills
Accounting Activities
Prepared by James Heilman, Finance Director
March 25, 2013

Exhibit B

Daily Activities

- 1) Open mail, separate invoices, cash receipts, other.
 - a) Cash receipts
 - i) Prepare a list of cash receipts.
 - ii) Stamp all checks "for deposit only"
 - iii) Copy checks for documentation as necessary.
 - iv) Code receipts for entry in to general ledger.
 - b) Invoices
 - i) Match invoice up with purchase order and receiving reports.
 - ii) Code invoices with appropriate expense account code.
 - iii) Enter invoices into accounts payable system.
- 2) Receive payments from customers
 - a) Prepare a receipt for all payments. Give original to customer, keep copy for records.
 - b) Code receipts according to type (tax, license, fine)
 - c) Stamp all checks for deposit only.
- 3) Prepare and make daily deposit
 - a) Accumulate all cash receipts.
 - b) Prepare bank deposit.
 - c) Make deposit.
 - d) Record receipts in general ledger.
- 4) Other duties
 - a) Accumulate information for required purchases.

Lake Mills
Accounting Activities
Prepared by James Heilman, Finance Director
March 25, 2013

Exhibit C

Weekly Activities

- 1) Review accounts payable and write checks.
 - a) Review accounts payable aging to determine what bills are due.
 - b) Select items to be paid and write checks.
 - c) Assemble "package" for each for review and signature. Include original check and copies, purchase order, receiving report and other pertinent information.
 - d) Present package to authorized person for signature.
 - e) Mark each invoice paid with date and check number.
 - f) File each package in vendor files.
- 2) Verify that all checks and receipts have been recorded for the week.
- 3) Prepare payroll information based on time management system. Prepare checks based on pay schedule.
- 4) Prepare and make payroll tax deposit as required.
- 5) Prepare purchase orders and obtain required signatures. Mail purchase orders to vendors.

Lake Mills
Accounting Activities
Prepared by James Heilman, Finance Director
March 25, 2013

Exhibit D

Monthly Activities:

- 1) Books should be closed monthly. This means reconciling cash, reconciling accounts to subsidiary ledgers, and recording journal entries.
- 2) Determine a reasonable time frame for closing books. Generally 15 to 20 days after the end of the month.
- 3) The following items should be performed at the end of each month:
 - a) Cash should be reconciled for all accounts.
 - i) See separate section on bank reconciliations.
 - b) Interest on investments should be recorded monthly.
 - i) Use estimates if actual figures aren't available (estimate monthly interest on CD's)
 - c) Amounts due from other governments (payments to subdivisions), funds and other entities should be recorded.
 - i) Amounts due from other funds = "Due from" (receivable) account.
 - ii) Amounts due from external entities = receivables.
 - iii) The accounts receivable balances (i.e., accounts receivable, grants receivable, other receivables) should be reconciled to the subsidiary ledgers.
 - d) Amounts owed but unpaid at the end of the month should be recorded.
 - i) Review all unpaid invoices and record all accounts payable.
 - ii) Reconcile accounts payable subsidiary ledger balance to the general ledger.
 - e) Record liabilities for unpaid payroll and payroll taxes.
 - i) Make sure that your withholding liability accounts are clearing out, and that the amounts shown on the balance sheet represent the actual amounts owed at the balance sheet date.
 - f) Prepare monthly financial reports (see separate section on reporting).

Lake Mills
Accounting Activities
Prepared by James Heilman, Finance Director
March 25, 2013

Exhibit E

Quarterly Activities (or do monthly, if material):

- 1) Review payments on loans or other debt to ensure interest amounts and principal amounts have been properly recorded.
- 2) Balance the “due to” and “due from” accounts between the funds in all major funds.
 - a) When transfers are recorded between funds, the due to / due from accounts should be impacted.
 - b) Insure that management (i.e., City Manager, Finance Director/Treasurer) is reviewing transfers for proper accounting treatment on a quarterly or at a minimum, annual basis.
- 3) Review revenue and expense accounts for reasonableness.
 - a) Compare with budgeted amounts.
 - b) Compare with prior month’s amounts or same month in the prior year.
- 4) Review all balance sheet accounts for reasonableness.
- 5) Ensure that your property tax revenue and related balance sheet accounts agree to source documents (e.g., County printouts, etc.)
- 6) Review your major revenue accounts for reasonableness, and agree to source documents as applicable.
- 7) Review personnel expense for reasonableness.
 - a) Match salary expense to separate payroll source documents.
 - b) On a quarterly basis, compare salary expense recorded in your financials to your Form 941 payroll returns for reasonableness.
 - c) Test payroll tax and employee benefits expense by comparing the percentage of these amounts to salary expense, and compare to previous periods or to budgeted amounts.
- 8) Record accrued salaries, if applicable and if material.
 - a) The City of Lake Mills operates on a bi-weekly (26 pay period) schedule.
 - b) If you have a previous balance of accrued salaries, record only the change in the accrued salaries balance.
 - c) Document your calculations.
- 9) Record depreciation expense, generally an estimate based upon budgeted amounts.
- 10) Review purchases and disposals of fixed assets during the period to ensure that they have been recorded properly in your accounting system.

**Lake Mills
Budgeting
Prepared by James Heilman, Finance Director
March 25, 2013**

Exhibit F

Budgets

Basics on budgets

- The Wisconsin Constitution requires political subdivisions to prepare and maintain an annual budget.
- A public hearing must be held and it must be advertised.
- A budget is a plan for getting and spending money to reach specific goals by a certain time.
- A plan is:
 - A well-thought-out idea of future actions
 - Needed to achieve specific goals
 - Within a set period of time
 - Based on past experience
 - Based on current information
 - Based on assumptions about the future

Qualities of an Effective Budget

- Realistic
- Consistent with the City's objectives
- Flexible

Purpose of a Budget

- City Council oversight
- Help control finances
- Cash management

Benefits of Strong Budgetary Management

- Mandates a planning and prioritizing process for all City activities and functions
- Controls spending activities while ensuring that they occur within a revenue and spending plan, making certain that the City objectives are achieved
- Provides central direction for all City activities
- Fosters teamwork when using a participatory budget process

Common Errors in Preparing Budgets

- Overestimating revenues
- Underestimating expenses
- Failing to account for changes in programs and activities

Remember: (a) a budget is only useful if the actual results are monitored and compared to the budget, (b) a budget is a tool, and (c) a budget is best when it is a coordinated, team effort of the city staff.

Estimating Revenues

- Usually developed by City Manager and finance staff
- Key: be realistic and spend sufficient time developing your revenue estimates
- Consider your known and potential revenue sources
- Develop revenue contingency plan
- Estimating revenues for your budget depends upon many factors
- Change in tax base(s)
- Other changes in the community (infrastructure, population, etc.)
- Political environment (e.g., government regulations)
- Economic climate (e.g., recession, unemployment)
- Document revenue budget assumptions

Estimating Expenses

- Expenses represent the City's primary activities and services performed
- Resources used for budgeting expenses:
- Last year's results
- Current year budget
- Current year's actual year-to-date results
- Department heads – get their input for their department budgets
- Do high level revenue and target expense projections in total
- Personnel expenses
- Salaries
- Usually the largest single budget line item
- Spend more time budgeting salaries
- Estimate salary expenses by position
- Incorporate raises (% increases)
- Consider impact of new or changed positions or eliminated positions
- Don't forget overtime pay or vacation pay (if applicable)
- Payroll taxes
- Employee benefits: health insurance, dental insurance, life insurance, state retirement plan
- Other expenses
- Some expenses may vary based upon difference services levels
- Other expenses (rent, telephone, utilities, audit) are easier to estimate
- Document your expense assumptions

Budget Variance Analysis

- When preparing internal reports for City Council that compare actual, year-to-date (or monthly) income and expenses to budget, it is important to provide sufficient explanations for significant variances.
- “Significant” may be greater/less than 10% of 20% and greater/less than \$10,000.
- You will want to provide concise, sufficient and clear explanations to the City Manager and City Council for significant budget variances.
- This analysis should be done monthly, and should be part of the regular package of monthly financials.

Budgetary Controls

- Establish cost controls
- Spending limits should be placed on personnel, time, funds and assets
- Any expenditure must be authorized
- Budget variance reports (budgeted versus actual revenues and expenses) are the key tools for controlling expenses as comparison with budget

Budget Tips

- Use an annual budget calendar and assign responsibilities
- Start well in advance of your fiscal year end
- Document your budget process, methodology and assumptions
- Set target dates for getting the budget reviewed and approved
- Encourage team effort
- Review budget calendar
- Enter your upcoming year’s budget data (annually) into your accounting system
- The accounting system automatically generates monthly budget variance reports
- Enter budget data at the lowest level possible (i.e., expenses by department, by fund)

BUDGET CALENDAR

For Fiscal Year beginning 1/1/XX – 12/31/XX

Budget Process Step Timing Assigned To Completion

Date

Budget Development Phase	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Monitor Current Year's budget/actual revenues and expensed	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
External audit of prior year's financials	Orange	Orange	Orange									
Final financial reports issued					Dark Gray							
Review of prior year's budget results						Bright Green						
Prepare annual update of five year CIP					Teal	Teal	Teal					
Draft budget prepared by City Manager				Dark Green	Dark Green	Dark Green						
Draft distributed to department heads for review and comment							Light Blue					
Present Five Year CIP to Public Works Board							Dark Blue					
Present Five Year CIP to City Council								Dark Gray				
Incorporate Five Year CIP into budget								Green				
Present City Manager's Budget to City Council									Gray			
Present City Manager's Budget to Public Works Board									Dark Blue			
City Council as "whole" studies and amends budget									Gray	Gray	Gray	
City Council adopts budget											Dark Gray	

The City's budget is prepared for the fiscal year beginning January 1 and ending December 31. The budget is a total financial management plan for the implementation

of City Council policies through city operations. The Executive Budget is prepared by the City Manager with the assistance of staff.

The City budget includes the seven major fund types for which appropriations are made, the general fund, capital fund, debt service fund, trust fund, capital projects, special revenue, utility funds and the debt service fund. Each of these funds contains a self-balancing set of accounts in order to separate and track expenditures for these different functional areas.

Approximately 120 days prior to the start of the fiscal year, the City Manager submits a proposed budget for the following fiscal year to the City Council. The City Council, as a body, evaluates and amends the proposed budget at its discretion. The City Council then adopts a finalized, balanced budget, prior to the beginning of the fiscal year. A balanced budget requires that the proposed budget expenditures shall not exceed estimated revenues and applied fund balance, if any. The City Council also adopts an ordinance to authorize the appropriation of the required funds for the annual budget.

The basis of budgeting for all funds is the modified accrual basis. These are the same methods used in the City's audited financial statements. The following chart shows the budget development process throughout the course of the year.

Lake Mills
Fund Balances
Prepared by James Heilman, Finance Director
March 25, 2013

EXHIBIT G

FUND BALANCE POLICY

A formal written policy governing the purpose and acceptable range of the City's various fund balances is an effective financial management tool to responsibly utilize the City resources to stabilize the City's mill rate and to ensure the continued provision of services to residents.

It is essential that the City maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. Fund balance levels are a crucial consideration in long-term financial planning.

Although fund balance primarily focuses on a government's general fund, financial resources available in other funds should also be considered in assessing the adequacy of unrestricted fund balance (i.e. the total of the amounts reported as committed, assigned, and unassigned fund balance) in the general fund.

Credit rating agencies monitor levels of fund balance and unrestricted fund balance in a government's general fund to evaluate continued creditworthiness. Likewise, laws and regulations often govern appropriate levels of fund balance and unrestricted fund balance for state and local governments. Those interested primarily in a government's creditworthiness or economic conditions (e.g. rating agencies) are likely to favor increased levels of fund balance. That should be weighed against opposing pressures often times coming from unions, taxpayers, and citizen's groups, which may view high levels of fund balance as "excessive".

Fund balance will be classified into the following five categories depicting the relative strength of the spending constraints placed on the purposes for which resources can be used, with the highest level of constraint being Nonspendable, and the lowest being Unassigned.

1. NONSPENDABLE

Nonspendable fund balance amounts that are those not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).

- Assets that will never be converted to cash (*i.e.* prepaids and inventories)
- Assets that will not convert to cash soon enough to affect the current period (*i.e.* long-term portion of receivables and the nonfinancial assets held for resale such as land)

- Resources that must be maintained intact based on legal or contractual requirements (i.e. principal of an endowment or the capital of a revolving loan fund)
- **Examples: Non-expendable Library Trust Fund Endowment, TID Advances**

2. RESTRICTED

Restricted fund balance amounts are constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. Funds can become restricted because of or through:

- Other governments through laws and regulations
- Grantors or contributors through agreements
- Creditors through debt covenants or other contracts
- Enabling legislation that limits how a revenue can be used (i.e. impact fees for unspecified project)
- If amounts collected from the long-term portion of receivables or from other long-term assets held for sale are also limited externally in how they can be spent, they would be shown as restricted instead of nonspendable.
- **Examples: Cemetery bequests, residential housing, RLF, BID, Expendable Library Trust Funds**

3. COMMITTED

Committed fund balance amounts are constrained to specific purposes by a government itself, using its highest level of decision-making authority. Committed fund balance amounts are to be reported as Committed, and amounts cannot be used for any other purpose *unless* the government takes the same highest-level action to remove or change the constraint.

- The action to commit the resources must be taken by the end of the reporting period.
- Note that resources accumulated as “stabilization funds” are sometimes reported as Committed.
- If amounts collected from the long-term portion of receivables or from other long-term assets held for sale are also limited internally, they would be shown as Committed instead of Nonspendable.
- **Examples: Positive TID fund balances, amounts designated for specific future purposes (i.e. fire truck, ambulance, squad car)**

4. ASSIGNED

Assigned fund balance amounts are funds a government *intends* to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The Treasurer-Finance Director is authorized to designate funds as Assigned.

- Assigned fund balance does NOT have to come from the governing body.

- Assigned fund balance does NOT have to have formal action to be considered assigned.
- Amounts in excess of Nonspendable, Restricted and Committed fund balance in funds other than general fund automatically will be reported as Assigned fund balance.
- If amounts collected from the long-term portion of receivables or from other long-term assets held for sale are limited in this manner, they would be shown as Assigned instead of Nonspendable.
- Amounts in assigned fund balance can never cause unassigned fund balance to be a deficit.
- This is the category used to reflect the portion of existing fund balance that is planned to be used to eliminate a projected deficit in the subsequent year's budget.

5. UNASSIGNED

Unassigned fund balance amounts are available for any purpose. If the general fund has net resources in excess of the other four categories that surplus is considered UNASSIGNED.

- Unassigned fund balances are typically reported only in the general fund.
- Unassigned fund balances can be used in Tax Incremental District funds if the TID has a negative balance (deficit). Once the negative fund balance becomes positive, the balance will be converted to Committed.
- Unassigned fund balances will include anticipated future TID advances.

The order in which unrestricted resources are to be used when any of these amounts are available for expenditure will be Committed, Assigned and then Unassigned.

GENERAL FUND BALANCE

An adequate general fund balance provides resources to:

- Maintain sufficient working capital to finance operating expenditures without short-term borrowing for cash flow purposes.
- Temporarily finance unanticipated expenditures or unusual fluctuation in the City's revenue sources.

In determining the acceptable range of general fund balance, the City considers the following:

- Historical stability of the City's revenue, expenditures and mill rate.
- Timing of revenue collections in relation to payments made for operational expenditures.
- Anticipated growth in the City's valuation and/or services to be provided to City residents.
- Perceived exposure to significant one-time outlays (e.g. disasters, immediate capital needs, state budget cuts)
- The potential drain upon general fund resources from other funds as well as the availability of resources in other funds (i.e. deficits in other funds may require that a higher level of unrestricted fund balance be maintained in the

- general fund, just as, the availability of resources in other funds may reduce the amount of unrestricted fund balance needed in the general fund).
- Liquidity (i.e. a disparity between when financial resources actually become available to make payments and the average maturity of related liabilities may require that a higher level of resources be maintained).
 - Commitments and assignments (i.e. governments may wish to maintain higher levels of unrestricted fund balance to compensate for any portion of unrestricted fund balance already committed or assigned by the government for a specific purpose.
 - It is appropriate to exclude from consideration resources that have been committed or assigned to some other purpose and focus on unassigned fund balance rather than on unrestricted fund balance.

Accordingly, the City seeks to maintain its unassigned general fund balance at a minimum of 15% and a maximum of 25% of total general fund annual revenues. To maintain the City's general fund balance within the acceptable range, the City shall:

- Strive to eliminate the budgeted use of fund balance if its use would reduce the available balance below policy minimums.
- Apply any operational surplus at the end of the fiscal year to the general fund balance to meet the policy minimum.
- Have the City Council designate the use of funds above the policy maximum.

Lake Mills
Segregation of Duties
Prepared by James Heilman, Finance Director
March 25, 2013

EXHIBIT H

SEGREGATION OF DUTIES

Five-person Segregation of Duties

- Bookkeeper, City Clerk-HR, Deputy City Clerk, Treasurer-Finance Director and City Manager
- Post accounts receivable
- Distribute payroll slips
- Complete deposit slips
- Sign checks
- Reconcile petty cash
- Open mail / receive cash
- Gives credits and discounts
- Sign employee contracts
- Write checks Record initial charges & pledges
- Prepare invoices
- Custody of securities
- Post general ledger
- Complete check log
- Approve payroll
- Approve employee timesheets
- Post credits / debits
- Disburse petty cash
- Approve invoices for payment
- Reconcile bank statements
- Mail checks
- Authorize purchase orders
- Authorize check requests
- Perform inter-fund transfers

Lake Mills
Internal Control Checklist
Prepared by James Heilman, Finance Director
March 25, 2013

Exhibit I

The Nature of Internal Controls

Policies and procedures which have been put in place as an internal control are either proactive or reactive in nature. They can be described as follows:

- Preventative in nature: Processes are put in place to avoid undesirable events from occurring, such as, mandatory training list for cash management training requirements.
- Directive in nature: Processes are put in place to encourage a desirable event to occur, such as, treasury management policy.
- Detective in nature: Processes are put in place to detect and subsequently correct undesirable events that have already occurred, such as, two signatories for all checks disbursed.

An Internal Control Checklist

Organizational Checklist:

- Duties should be segregated (**to the extent possible**).
- One person should not be in control of all of the major accounting responsibilities.
- Example: The person having custody of the assets should be different from the one handling the record keeping.
- Example: The person preparing the bank reconciliation should be different from the one keeping the books and controlling cash.
- Example: The person signing the checks should be different from the one keeping the books and controlling cash.
- The City Council should regularly receive and review periodic (monthly) financial reports. Discussions regarding financial matters should be documented in the minutes.

Financial Checklist:

- Comparisons of budgeted and actual revenues and expenditures are made in periodic (monthly) financial reports.
- Compare results with actual year-to-date results from the same period in the prior year.
- Checks received should be restrictively endorsed upon receipt.
- Checks received should be deposited the same day they are received and a receipt log should be maintained.

- Checks paid should have accompanying documentation when reviewed and signed.
- Invoices should be approved and signed off on (or initialed) before payment.
- Only original invoices should be paid to avoid duplication of payment.
- Each invoice should be marked “paid” when the check is prepared.
- Have fidelity bond coverage.

Processes and Procedures Checklist:

- Two signatures should be required for checks.
- Use pre-numbered documents such as invoices and checks for easier tracking.
- All journal entries should be reviewed and approved.
- Policies should be communicated throughout the staff and City Council.
- Train staff on the importance of accounting controls.

Documentation Checklist:

- Supporting documentation such as deeds for buildings and loan agreements should exist for transactions.
- Internal control policies and procedures should be documented in an accounting policies and procedures manual or similar document. This practice saves significant time when the auditors come in to perform the external financial audit.
- Have procedures in place to periodically check all transactions to insure they have been recorded in the proper account(s) as well as in the proper amount.
- Have a conflict of interest or ethics statement in place.

Security Checklist:

- Assets should be safeguarded.
- Authorized levels of staffing and budgeting should exist.
- Use appropriate levels of computer security for staff, such as one or two-level passwords for entry into the accounting system, and change them regularly.

receiving agent of the Village or to the Village or to the Village Clerk-Treasurer shall be safeguarded in such manner as the Village Board shall direct.

State Law Reference: Sec. 66.113, Wis. Stats.

SEC. 3-1-11 STATEMENT OF REAL PROPERTY STATUS.
(Rev. 04/10, Ord. 2010-03)

The Village Clerk-Treasurer and his/her designees are authorized to prepare a Statement of Real Property Status form to be used to provide information as to the amount of outstanding special assessments, deferred assessments, changes in assessments, amount of taxes, outstanding water and sewer bills, current water and sewer bills, contemplated improvements, outstanding citations on building code violations and similar information. Any such information sought shall be provided to the person requesting it on said form. Requests for Statements of Real Property Status shall be made to the Village Clerk-Treasurer a minimum of three (3) business days in advance. The fees for a Statement of Real Property Status shall be as from time to time established by resolution.

SEC. 3-1-12 BIDDING PROCEDURES & PURCHASING BY DEPARTMENT HEADS
(Rev., 9/06, Ord. 2006-08)

(a) **Bidding procedures:**

- (1) As a complete alternative to the requirements established by 61.54 and 61.55 Wis. Stats., the provisions of 62.15, Wis. Stats., shall be applicable to Village public works contracts. The authority vested in the Board of Public Works by such statute shall be exercised by the Village Board, or as delegated by the Village Board.
- (2) Pursuant to Sec. 62.15(1), Wis. Stats., the Village Board, by vote of three-fourths (3/4) of all the members thereof, may determine that any class of public construction or any part thereof may be done directly by the Village without submitting the same for bids.
- (3) Specifications for all items purchased shall be developed with the full involvement and participation of affected departments. However, the Village Clerk-Treasurer shall insure that the specifications are sufficiently broad that competition in the bidding process is preserved.

(b) **Purchasing by Department Heads**

- (1) Subject to the limitations contained in Sec. 62.15., Wis. Stats, the Village Treasurer and designated Department Heads are authorized and empowered to make the following purchases in behalf of the Village without the prior approval of the Village Board.
 - (a) Office machines, maintenance equipment and services and other purchases for which a specific appropriation has been made in the current capital or operating budget in a sum not to exceed the

appropriated amount or Ten Thousand Dollars (\$10,000.00) each, whichever is less;

- (b) Gasoline, road gravel, street patching material, salt, office supplies, and other recurring expenses needed in the usual and ordinary operation of the Village government and its several departments in a sum; not to exceed the appropriated amount for each such purchases.
 - (c) Supplies and miscellaneous equipment in a sum not to exceed the appropriated amount.
- (2) Approval of the Village Board shall be required for the following purchases:
- (a) Any purchase exceeding Ten Thousand Dollars (\$10,000.00);
 - (b) Any purchase which exceeds the budgeted amount or which would cause the particular appropriation account to be exceeded.
 - (c) Any purchase of equipment other than that for which an appropriation was made;
 - (d) Any purchase from a vendor has attempted to exert undue influence.
- (3) All purchases made on behalf of the Village shall be made with best interest of the Village in mind. Department heads shall whenever practicable, obtain competitive quotes from not less than two vendors for any purchases in excess of \$2,000.

SEC. 3-1-13 ACCOUNTS RECEIVABLE BILLING PROCEDURES.

Billings by the Village may be paid within thirty (30) days after billing without interest. Thereafter, interest shall be charged at the rate of one and one-half percent (1-1/2%) per month or any fraction thereof until paid. Any amounts not paid on or before November 15 of the year invoiced may be levied as a special charge whenever allowed by Sections 66.0627 or 66.0809, as applicable.

SEC. 3-1-14 ANNUAL AUDITS.

A firm of certified public accountants shall be employed each year by the Village Board to conduct a detailed audit of the Village's financial transactions and its books, and to assist the Clerk-Treasurer in the management of the Village's financial affairs, including the Village's public utilities. The auditors shall be employed on a calendar-year basis. The books audited shall include the Village Clerk-Treasurer's books, records of the Village's public utilities, Police Department records, and any other books of any boards, commission, officers or employees of the Village handling Village funds.

SUN PRAIRIE

City of Sun Prairie Purchasing Policy

Title: Purchasing Policy	
Policy Source: Finance Committee	Creation Date: 10/15/02
Application: Financial Management	Revision Date: 8/4/15, 2/6/18
Indexed as: Purchasing Policy	Total Pages: 9

1. General Policy and Purpose

The purchase of goods and services is a central function of the City of Sun Prairie. A fair, efficient and accountable purchasing process is vital to providing quality services and maximizing the value obtained for taxpayer dollars. It is the responsibility of all City employees and elected officials to ensure that purchases are made in the best interest of the City. The procedures outlined in this policy are intended to provide an effective and efficient means of meeting this goal.

2. Definitions

Sole Source – An item shall be considered sole source if there is only one vendor that supplies the item and there is no equivalent substitute. Items that are made by one manufacturer but sold through multiple vendors are not to be considered sole source.

- The item or service is only available from a single source;
- After competitive procurement solicitations, competition is determined to be inadequate;
- An alternate product or manufacturer would not be compatible with current products resulting in additional operating or maintenance costs;
- Standardization of a specific product or manufacturer will result in more efficient and economical operations;
- The purchase is from another governmental body;
- The item is being purchased through a cooperative purchasing arrangement such as the V.A.L.U.E. group, State bid list, or State of Wisconsin VendorNet.

Informal Quote – An informal quote may be obtained verbally or by examining published prices. When soliciting an informal quote, the department should maintain documentation of who provided the quote and when it was obtained.

Formal Quote – A formal quote must be supplied in writing. Formal quotes may be received by letter, fax or email. Documentation of the quote should be maintained throughout the purchasing process.

Formal Bid – A formal bid process requires that vendors provide sealed bids prepared in response to specifications provided by the City. The bids should be opened publicly and the documentation should be maintained throughout the purchasing process.

Surplus Property - City property may be declared surplus when it is no longer necessary, practical, or economical to be retained by the City.

3. Objectives

- To create a competitive, fair and ethical purchasing process that will ensure that the maximum value is obtained for every dollar expended;
- To allow the City to obtain quality goods and services that will allow for the provision of programs in a timely and effective manner;
- To establish a standardized purchasing process that will promote equity and efficiency;
- To provide adequate budgetary and cost controls;
- To conduct all purchasing in a manner which ensures equal opportunity and non-discrimination;
- To ensure that the entire purchasing process meets the highest ethical standard without conflict of interest or the appearance of impropriety.

4. Roles

- City Council – Approves the City budget, which allocates funds for all purchases. Council approval is required to change budget levels, authorize borrowing, acquire property, or to approve new programs.
- Mayor – Annually presents a balanced budget to the Council. If all the steps required by section 6 of this policy or state statute section 62.15 have been completed for the purchase of a good or service and a written contract is required to make that purchase, the Mayor is authorized to cosign contracts on the City's behalf. See resolution 18/XXX.
- Public Works Committee – According to state statute 62.15(1), "All public construction, the estimated cost of which exceeds \$25,000, shall be let by contract to the lowest responsible bidder; all other public construction shall be let as the council may direct." The Public Works Committee oversees the process of approving the award of public construction contracts in accordance with this statute. Public construction includes capital improvements such as street reconstruction, stormwater facilities, and municipal buildings.
- City Administrator – Approves purchases of materials, equipment and services in excess of \$25,000. This authority may be delegated to the Director of Administrative Services/Finance Director. The City Administrator may approve budget adjustments within departments. If all the steps required by section 6 of this policy or state statute section 62.15 have been completed for the purchase of a good or service and a written contract is required to make that purchase, the City Administrator is authorized to cosign contracts of up to \$25,000 on the City's behalf. See resolution 18/XXX.
- Finance Department – Oversees all City purchasing and monitors compliance with the City purchasing policy. Approves purchase orders for items in excess of \$2,500 and less than \$25,000 or as delegated by the City Administrator. Monitors expenditures in comparison to budgeted levels. If all the steps required by section 6 of this policy or state statute section 62.15 have been completed for the purchase of a good or service and a written contract is required to make the purchase, the Finance Director is authorized to cosign contracts on the City's behalf. See resolution 18/XXX.
- Department Heads – Department Heads or their designees are responsible for making necessary purchases for their departments within the confines of the City purchasing policy and approved budget. They are also responsible for receiving items and verifying that the terms of the purchase have been completed. Department Heads are also responsible for administering replacement plans within their area of authority.
- City Employees – Make purchases and receive items with the approval of their Department Head. All employees who are authorized to make purchases are responsible for following the City's purchasing policy and ensuring that purchases are made under the highest ethical standard.

5. Competitive Purchasing

In general, the City can obtain the highest quality goods and services at the lowest price by following a competitive purchasing process. It is City policy to obtain at least three price quotations from different suppliers prior to making a purchase. Exceptions to this requirement are allowed for in this policy only when it is in the best interest of the City. Potential exceptions include:

- Purchases for which there is only one (or two) supplier(s) [sole source products]
- Emergency purchases
- Purchases under \$2,500 from a supplier that has offered the best price and quality for a category of items based on periodic bids/proposals solicited by the City at least annually. The Finance Department will take the lead in researching and soliciting proposals for items that are used by multiple departments.
- Purchases made from the state bid list.
- Certain professional services where the City Administrator has waived the competitive bid requirement due to the quality of the firm and the service to be provided. Quotes from various vendors should be obtained periodically and should be one of the factors in selecting the vendor to perform the service.

6. Purchasing Requirements

The process for making purchases varies depending on the total cost of the purchase. The staggering of purchases or dividing purchases to intentionally evade this policy is strictly prohibited.

Purchase Cost	Authority Required	Purchasing Process	Competitive Requirement
Less than \$2,500	Department Director or Designee	Purchase Order/Procurement Card	Periodic quotes or 2 informal quotes
Over \$2,500 and less than \$25,000	Finance Department	Purchase Order/Procurement Card	3 formal quotes
Over \$25,000	City Administrator	Purchase Order/Procurement Card	Formal Bid Process

6.1 Purchases Under \$2,500

Purchases under \$2,500 may be made with the approval of City Department Heads or their designees. Whenever possible, at least two informal (verbal) price quotations must be obtained prior to making the purchase. Quotations are not required for items purchased from a vendor that has offered the best price and quality on a category of items based on periodic bids/proposals solicited by the City at least annually. Department Heads are responsible for monitoring all purchases made using this procedure to ensure that the City is receiving a high value for its expenditures. For items that are purchased regularly or by multiple departments, departments are encouraged to explore the possibility of cooperative purchasing or purchasing in bulk in order to reduce City costs.

6.2 Purchases of at least \$2,500 and under \$25,000

Purchases of at least \$2,500 and less than \$25,000 require the prior approval of the Finance Department. Department Heads or their designees are responsible for obtaining and documenting at least three formal (written) price quotations for the proposed purchase. This information is provided to the Finance Department along with a Request for Purchase Order. The request should also include a description of the item, the account number where it was budgeted and the vendor selected. If the

selected vendor does not offer the lowest price, the request should include an explanation of why another vendor is recommended.

The Finance Department reviews the request to determine compliance with the City's budget and purchasing policy. If approved, the Finance Department will issue a purchase order to the department. This purchase order should be used when making the purchase and the purchase order number must be written on the invoice when it is submitted for payment.

Equipment in excess of \$5,000 per unit is considered a major capital item and should be budgeted as part of a budget initiative or replacement plan. When purchased, the department should code the payment to the account number where the item was budgeted.

6.3 Purchases of \$25,000 and over

All other purchases of materials, equipment and services in excess of \$25,000 require the approval of the City Administrator prior to completing the purchase or signing the contract. In general the City requires an RFP process with at least three proposals for purchases of this size. The City Administrator may waive the bid or RFP requirement for professional services if he or she determines that it is the City's best interest.

Public construction projects with an estimated cost greater than \$25,000 require approval of the Public Works Committee and must be let by contract to the lowest responsible bidder as required in Wisconsin State Statute 62.15(1). Also per statute 62.15 the City Council may by a three-fourths vote provide by ordinance that any class of public construction project may be done directly by the city without submitting the project for bids.

Department Heads or their designees are responsible for conducting the public bid or RFP process and providing the results to the Finance Department. If a contract is required, the department will work with the City Attorney to draft a contract for signature by the Mayor or City Administrator. The contract will then be presented to the Common Council for approval. Then the department will prepare a Request for Purchase Order. The request should also include a description of the item, the account number where it was budgeted and the vendor selected. If the selected vendor does not offer the lowest price, the request should include an explanation of why another vendor was chosen.

7. Purchasing Issues

7.1 Discounts and Master Purchase Agreements

It is the City's policy to take advantage of vendor discounts for prompt payment whenever possible in order to minimize the cost of a purchase. Department Heads are responsible for determining if discounts are available and for working with the Finance Department to obtain the lowest price. Some vendors offer discounts for prompt payment. When possible, Departments can aid the City by approving invoices and submitting them for payment on the same day that the materials or services are provided.

Often, significant discounts are available to the City through master purchasing agreements. Under these agreements, vendors negotiate discounted prices with a municipality or organization and agree to offer the same prices to other municipalities. The Finance Department will seek to identify discount agreements and periodically review them to determine which vendors offer the best overall value for the City. Finance will then work with other departments to obtain the discounted pricing.

7.2 Collective Purchasing

Cooperative purchasing arrangements can result in significant savings by pooling purchasing power. It is the City's policy to utilize collective purchasing between City departments or with other units of government when savings can be obtained without sacrificing the quality or availability of the product or service.

The Finance Department shall have the authority to analyze the desirability of cooperative purchasing arrangements and make recommendations to Administration. The City Council encourages cooperative purchasing, but maintains the right to reject any such arrangements with other units of government.

7.3 Shipping and Freight Charges

It is the policy of the City to avoid paying shipping charges whenever possible. If the City is to pay shipping charges, it must be billed at the time of invoicing. Department Heads, when obtaining price quotations should inquire into applicable freight charges. Any charges to be paid by the City will be regarded as part of the price quotation when selecting the successful bidder. Unless otherwise stated in the "notice of call for bids", all formal bid proposals shall include freight and delivery charges, if any.

7.4 Receiving and Inspecting Items

Department Heads, or their designees, are responsible for receiving and inspecting all deliveries to their departments to ensure that items received conform to the specifications and quantities set forth in the purchase order. All deliveries should be thoroughly inspected to ensure that materials are received in satisfactory condition. If there are any discrepancies, the Department Head or designee should contact the vendor and resolve the issue before submitting the invoice for payment. When items are sent in multiple shipments, the department should clearly indicate which items have been received and accepted when approving the invoice for payment.

7.5 Submitting Items for Payment

Once the purchasing department has verified that the purchased items have been received in a satisfactory condition, the original invoice should be submitted to the Finance Department for payment. It is the City's policy to not pay from statements or photocopies of invoices. If it is not possible to obtain an original invoice, a faxed copy may be used if the Department Head verifies that the vendor has not already been paid for the item.

When submitting an invoice for payment, the Department Head or designee should indicate the amount to be paid, the account number it should be charged to, and initial and date the invoice. If it is not possible to obtain an invoice, a Check Requisition Form should be completed with the same information. In addition, the Department Head or designee should include a description of the item purchased and attach any supporting documentation. This form must be signed by the requesting employee, the Department Head and the Finance Department.

The Finance Department processes checks and issues payments to vendors. To be approved as a warrant by the City Council. At each regular City Council meeting, a list will be provided of all payments included in that payment cycle, identifying those that were issued by manual check and/or released for payment prior to Council meeting.

Whenever possible, invoices should be submitted to the Finance Department prior to the cut-off date for these warrants. The schedule of the warrants and cut-off dates will be provided by the Finance Department. Manual checks will be issued in between warrants only when it is not possible to include payment in the next warrant. Contractor payments will not be issued between warrants unless

required by the terms on the contract. All final retainage payments will be held until they have been presented to the City Council.

If a Council Member has concerns regarding payments to a particular vendor or class of vendors, he or she may request to review pending payments. Information would then be sent to all Council Members for a specified period to provide comments. If no comments are received during this period, the item may be released for payment. However, if an objection is raised during the comment period, the payment in question shall be held until the next regular City Council meeting.

7.6 Credit Card Purchases

The City maintains credit card accounts that may be used when it is impractical or inefficient to follow the normal payment process. The Finance Department maintains City credit cards that may be temporarily issued to City employees with the approval of their Department Head. Additional credit cards may be issued to City employees with the approval of the City Administrator.

Purchases made with credit cards must follow the normal purchasing guidelines and require the same approval process. After making a credit card purchase the Department Head or designee should code and initial the receipt and turn it into the Finance Department as soon as possible and prior to the next statement date. The Finance Department will verify the purchases and issue a check to the credit card company prior to the statement due date. City credit cards should not be used for personal purchases. It is City policy to avoid paying any credit card finance charges.

7.7 Internet Purchases

City employees may use the Internet to make purchases if they follow normal purchasing guidelines and the same approval process. Internet purchases are not permissible in situations where a sealed bid is required. Employees should only make purchases from vendors that they are familiar with and where there are appropriate safeguards to protect the City's interests. Whenever possible, Internet purchases should be charged to a City account and invoiced for payment. City credit cards may be used for Internet purchases when necessary, if the transaction is conducted through a secure connection. Any concerns regarding the security of the information should be directed to the Information Technology Department. The IT Director will have the final authority to determine if an Internet transaction provides sufficient security.

7.8 Petty Cash Account

The City maintains a petty cash account to expedite miscellaneous purchases and the payments of small bills when it is not practical to follow the City's normal payment procedures. Any City employee, with approval of his or her Department Head, may use the petty cash fund within the guidelines listed below. The petty cash fund should not be used a means to circumvent the normal purchasing process or to pay for personal services. The Finance Department is responsible for administering the petty cash funds and shall determine what is an appropriate use of the fund.

To be eligible for using the petty cash fund, the following requirements must be met:

- The item purchased must not be regularly stocked
- The purchase must not be from a vendor where the City maintains an active account
- The purchase price must not exceed \$25 (The Finance Department may waive this dollar amount in certain situations)

Petty Cash Procedure

Finance staff may take funds from the petty cash box and issue them to an approved employee. The employee must complete and sign a petty cash voucher indicating the amount withdrawn, the date, and the intended purchase. Once the purchase has been made, the employee must turn in the receipt and any change to the Finance staff. The petty cash voucher will be completed by listing the purchase price, change returned and the account number to code the purchase. The Finance staff initials the completed voucher.

7.9 Employee Reimbursements

Generally, employees should avoid making City purchases with their own funds. If the need arises to purchase an item for the City with personal funds, the employee must submit the receipt and an Expense Reimbursement Form to the Finance Department. This form should include a detailed listing of the items purchased and must be signed by the employee to be reimbursed, his or her Department Head and the Finance Department. Once approved, a reimbursement will be made through the next payroll process. It is the responsibility of the employee making the purchase to ensure that any available discounts are applied and that sales tax is not included.

7.10 Equal Opportunity/Non-Discrimination

The City of Sun Prairie endorses and actively supports equal opportunity and a nondiscrimination policy. Therefore, it shall be a City requirement that all potential bidders be provided with equal opportunity to submit bids and to compete on an equal basis for City business.

All purchase orders and contracts to which the City of Sun Prairie is a party, shall contain a nondiscrimination in employment cause which provides:

“The vendor agrees that in performing under this purchase order with the contracting municipality, he/she shall not discriminate against any worker, employee or applicant, or any member of the public because of race, creed, color, national origin, handicap or sex. The vendor further agrees that this clause will be incorporated in all contracts entered into with suppliers of materials or services who may perform any such labor or services in connection with this contract.”

8. Exceptions to Routine Purchasing Procedures

8.1 Emergency Purchases

Emergency purchasing procedures should be used only when normal purchasing channels are not available. Emergency purchases may be made:

- When there is need for immediate delivery of items.
- To prevent delays in work or construction schedules.
- When there is an immediate threat to public health or safety, or
- To meet emergencies rising from unforeseen causes.

For emergency purchases under \$2,500, the normal purchasing procedures should be followed. However, for emergency purchases over \$2,500, the Department Head should take the following steps:

- If an emergency purchase is needed during regular working hours, notify the City Administrator and obtain approval prior to making the purchase.

- If an emergency purchase is needed after regular working hours or on a holiday, Department Heads (or their authorized designees) may authorize the purchase.
- A purchase requisition form together with a written explanation of the emergency must be prepared and forwarded to the Finance Department within two (2) working days after making the purchase.

8.2 Blanket Purchase Orders

Blanket purchase orders are used for those vendors from whom many repetitive purchases are made as supplies are required. Rather than issue a purchase order form for each purchase, one order is issued for a specified period (e.g., month) to cover all purchases made during that period. Blanket purchase orders will be limited to a term of one year.

Materials and services for which blanket purchase orders are used will be determined by each Department Head and approved by the Finance Department. (NOTE: If it is found that the same small items are frequently purchased under blanket purchase orders, the Department Head shall be responsible for exploring the possibility of purchasing and stocking of these items).

When requesting the issuance of a blanket purchase order, the Department Head should obtain price quotations on representative items from at least three vendors. The Department Head should then prepare a written request for the Finance Department that includes:

- The need for blanket purchase order
- The suggested vendor
- The suggested term of blanket order (e.g., 1 month, 6 months)
- The maximum amount of purchases to be made under the blanket order
- The total amount budgeted for such purchases.

The Finance Department will review the request and check the budget to verify that adequate funds are budgeted and available. Based on this information, the Finance Department shall indicate approval or denial of the request. If the request is approved, the Finance Department will issue a purchase order number that should be used when ordering any items under the blanket purchase order. The Department Head should include this number when the invoices are submitted for payment. Before a new blanket purchase order is issued, the Department Head should obtain competitive price quotations from alternate vendors.

9. Surplus Property Policy

City property is declared surplus when it is no longer necessary, practical, or economical to be retained by the City. Department Heads are responsible for identifying surplus items in their departments and arranging for their sale or disposal. Items may be sold prior to end of their useful life if it is determined that it is in the City's best interest to take advantage of the current salvage value of the item. If an item is sold or donated, City employees should not receive preferential access compared to the general public. The City Administrator has the authority to approve or deny the proposed use or sale of surplus property.

Once a Department Head has identified surplus property, he or she should determine if the item is of use to another department. If the surplus property has no further economic use to the City, the Department Head should determine the best disposal method and forward a recommendation to the City Administrator. Upon the City Administrator's approval, the Department Head should proceed with the disposal and provide the Finance Department with a description of the item, the quantity disposed of, and the sale price. This policy does not apply to the disposal of abandoned property acquired through police or statutory action.

WATERTOWN

RESOLUTION

**Sponsor: Mayor Smith
From: Finance Committee**

WHEREAS, it was deemed desirable to establish a Purchasing Policy for the various departments in the City of Watertown; and

WHEREAS, each Department had input to a proposed policy; and

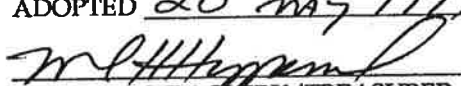
WHEREAS, the Finance Committee has reviewed the policy as proposed, made necessary amendments, and had these reviewed again by the Department Heads; and

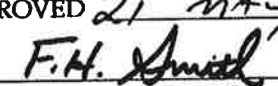
WHEREAS, each of these groups is now satisfied with the proposed plan.

NOW, THEREFORE, BE IT RESOLVED, that the attached Purchasing Policy be adopted by the Common Council of the City of Watertown and that it be in effect immediately upon passage of this resolution.

This is to certify that I have compared the attached copy with the original record now on file in my office and that the same is a correct transcript thereof and of the whole thereof. In Testimony Whereof, I have hereunto subscribed my name and affixed the seal of the City of Watertown this 21ST day of May, 1997.


City Clerk/Treasurer

ADOPTED 20 MAY 1997

CITY CLERK/TREASURER

APPROVED 21 MAY 1997

MAYOR

CITY OF WATERTOWN

POLICY / PROCEDURE

SUBJECT: PURCHASING POLICY	ISSUED: May 6, 1997	RES. NO.: 6102
	SUPERSEDES: None	PAGE: 1 OF: 4

1. **LEGISLATIVE INTENT**

The purpose of this policy is to give guidance and standardization to the process of purchasing goods and services. This policy has four routes possible. The first is to purchase professional services. The second is to purchase goods and services for Public Works projects as defined by the Wisconsin Statutes. The other two include determining if an item is specifically budgeted or not. A flow chart of the following procedure is attached for graphic presentation of this process. Wisconsin Statutes Section 66.044 allows for this alternative purchasing procedure, which is adopted except as modified herein. Nothing in this policy, either expressed or implied, gives any Department Head authority to over expend their Department budget. Nor is any Department authorized to over expend any line item without Council approval. No authority is implied to authorize a purchase to be made from an account other than where it normally would be charged without Committee or Council approval. Nothing in this policy prevents a Department Head from sending a purchase to a Council Committee for review even if not required.

2. **DEFINITIONS USED IN THIS POLICY**

- a) *Capital Works Projects* - See Wisconsin State Statutes Section 62.15 and 66.29.
- b) *Bids* - A formal process that involves publication of the fact that the City wants vendors to respond to a set of written specifications in a formal manner. The City may use a prequalification process. The City accepts the lowest qualified bid, or rejects all bids.
- c) *Committee* - Means the appropriate Council Committee for approving the purchase.
- d) *Emergency Situation* - Any situation in which life or property is at risk unless some action is taken or the capacity of a city department to function efficiently is substantially affected.
- e) *Normal Operating Expense* - An expense that is made on a consistent basis annually or more frequently, i.e. purchase of tires, vehicle repairs, paper, etc. These purchases are necessary for the routine operation of the Department.

CITY OF WATERTOWN

POLICY / PROCEDURE

SUBJECT: <p style="text-align: center;">PURCHASING POLICY</p>	ISSUED: <p style="text-align: center;">May 6, 1997</p>	RES. NO.: <p style="text-align: center;">6102</p>
	SUPERSEDES: <p style="text-align: center;">None</p>	PAGE: 2 OF: 4

- f) *Not Within Budget Authorization* - Defined as either; a) an expense that is not specifically listed in the approved budget document, or b) exceeds the approved budget amount.

- g) *Obtain Quotes* - An attempt will be made to get a minimum of three (3) quotes. Each quote will include all charges for the service/material to include set-up, transportation, etc. If less than three (3) quotes are obtained, a record of the reason will be kept. A standardized quote form will be used.

- h) *Qualification Based Selection Process* - A selection process whereby the Department selects a particular vendor, usually of professional services, based on predetermined criteria and negotiates a contract with this vendor. This process is outlined and supported by the American Institute of Architects.

- i) *Quotes* - A process that asks vendors to respond to either written and/or verbal specifications by procedures established by the City. This process may require the vendor to respond in written format or verbally as the department deems appropriate. Negotiations may continue after review of the proposal. The City reserves the right to select the vendor that is in the best interest of the City.

3. PROCESS

The purchasing process involves a four prong approach. Answers to these questions will determine which route will be taken.

- a) Is the expense a purchase of professional services? If "no", refer to 3(b). If "yes" is expense over \$10,000? If "no" refer to Council Committee for approval. If "yes" use qualification based selection process and refer to Council Committee for recommendation with Council approval.

- b) Is the purchase a Public Works project as defined by Wisconsin Statutes Section 62.15 and 66.29? If "yes" refer to Section 4. If "no" refer to 3(c).

- c) Is expenditure within budget authorization? If "yes" refer to section 5. If "no" refer to 3(d).

CITY OF WATERTOWN

POLICY / PROCEDURE

SUBJECT: <p style="text-align: center;">PURCHASING POLICY</p>	ISSUED: <p style="text-align: center;">May 6, 1997</p>	RES. NO.: <p style="text-align: center;">6102</p>
	SUPERSEDES: <p style="text-align: center;">None</p>	PAGE: 3 OF: 4

d) Is expenditure a normal operating expense? If "yes" the Department Head makes the purchase. If "no" refer to section 6.

4. A PUBLIC WORKS EXPENDITURE

Wisconsin State Statutes Section 62.15 and 66.29 will help define whether this is the appropriate procedure for these purchases. If this expense does not fall within these statutes, please refer back to section 3(c).

- a) Is expenditure greater than \$10,000? If "yes" follow a formal bid process to include publication and formal written specifications. The Committee and Council will approve. If "no" refer to 4(b).
- b) Is expense between \$5,000 and \$10,000 inclusive? If "yes" Committee reviews contract and approves subject to City Attorney review and publication of intent to contract. If "no" refer to 4(c).
- c) Department Head obtains quotes and determines if expense is within budget authorization. If "yes" Department Head enters into contract after City Attorney review. If "no" these quotes are forwarded to the Committee for their approval.

5. EXPENSE WHICH IS WITHIN BUDGET AUTHORIZATION

- a) Is expense less than \$5,000? If "yes" Department Head obtains quotes and makes purchase. If "no" refer to 5(b).
- b) Is expense less than \$10,000? If "yes" Department Head obtains quotes and Committee approves purchase. If "no" Department Head obtains quotes and presents these quotes to the appropriate Council Committee for a recommendation and subsequent Council approval.

CITY OF WATERTOWN

P O L I C Y / P R O C E D U R E

SUBJECT: <p style="text-align: center;">PURCHASING POLICY</p>	ISSUED: <p style="text-align: center;">May 6, 1997</p>	RES. NO.: <p style="text-align: center;">6102</p>
	SUPERSEDES: <p style="text-align: center;">None</p>	PAGE: 4 OF: 4

6. AN EXPENSE THAT IS NOT WITHIN BUDGET AUTHORIZATION

- a) Is expense an overrun of the budget amount? If "yes" refer to (6)(a)(1). If "no" refer to 6(b).
1. Is expense within the lesser of 20% of budget amount or \$1,000? If "no" Committee recommends and Council approves purchase. If "yes" refer to 6(a)(2).
 2. Is account under budget? If "yes" Department Head obtains quotes and makes purchase after review by Mayor. If "no" Committee recommends and Council approves purchase.
- b) Is expense due to an emergency situation? If "yes" Mayor and Department Head make purchase or arrange for rental of equipment if available and/or appropriate. Resulting requests for supplemental appropriations and fund transfers shall be directed to the Finance Committee for recommendation and Council approval. If "no" refer to 6(b)(1).
1. Is expenditure normal operating? If "yes" Department Head makes purchase. If "no" refer to 6(b)(2).
 2. Is expense less than \$1,000? If "yes" Department Head obtains quotes and makes purchase after review by Mayor. If "no" refer to 6(b)(3).
 3. Is expense less than \$10,000? If "yes" Department Head obtains quotes and submits to Committee for their review and approval. If "no" Department Head obtains quotes and submits to Committee for their recommendation for subsequent Council approval.

RESOLUTION

Sponsor: Mayor Smith
From: Finance Committee

WHEREAS, it was deemed desirable to modify paragraph 5 (b) of the City Purchasing Policy to allow Finance Committee approval of used car purchases that are within the budget authorization; and

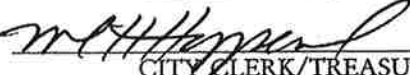
WHEREAS, the Finance Committee has reviewed the proposed modification and recommends approval.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Watertown that paragraph 5 (b) of the City Purchasing Policy is modified to read as follows:

- b) Is expense less than \$10,000 or a used vehicle purchase? If "yes" Department Head obtains quotes and Committee approves purchase. If "no" Department Head obtains quotes and presents these quotes to the appropriate Council Committee for a recommendation and subsequent Council approval.

This is to certify that I have compared the attached copy with the original record now on file in my office and that the same is a correct transcript thereof and of the whole thereof. In Testimony Whereof, I have hereunto subscribed my name and affixed the seal of the City of Watertown this 17th day of mar, 1999.


City Clerk/Treasurer

ADOPTED 16 MARCH 1999

CITY CLERK/TREASURER

APPROVED 17 MARCH 1999

MAYOR

**A RESOLUTION TO REAUTHORIZE THE SEPTEMBER 16, 2014 RESOLUTION
AMENDING THE MAY 21, 1997 RESOLUTION KNOWN AS,
"PURCHASING POLICY,"
CREATING PARAGRAPH 5(C) OF THE CITY PURCHASING POLICY,
"TAXPAYERS BENEFIT"**

Sponsor: Ald. Ken Berg
Committee: Public Works Commission

WHEREAS, many "local businesses" in the City of Watertown are struggling financially for a variety of reasons, some of which are local economic factors or conditions unique to our City; and,

WHEREAS, The City of Watertown has a fiduciary responsibility entrusted with the care of tax monies and property of the Citizen Taxpayers of Watertown, and the conduct of good government to ensure and promote the economic viability of the City; and,

WHEREAS, citizens directly gain a Taxpayers Benefit by having local businesses prosper. These businesses contribute to the City's property tax base, provide local employment, and contribute to the overall economic prosperity and vitality of the City which in turn attracts other new business; and,

WHEREAS, buying locally promotes a sense of community, since most people who work at local businesses live locally. Therefore, buying from these businesses, helps your neighbors keep their jobs, which benefits the whole community; and,

WHEREAS, in consideration of the aforesaid, it is deemed desirable to modify paragraph 5 of the City Purchasing Policy in accordance with the initiatives stated herein to allow approval of expenditures for the purchase of goods and services within budget authorization after application of the Tax Payer Benefit Deduct as described below; and,

WHEREAS, the Public Works Commission previously recommended, and, the Common Council adopted, the same purchasing policy as effected herein, which was in effect from September 16, 2014 through September 16, 2016; and,

WHEREAS, the Public Works Commission has reviewed the foregoing proposed modification and recommends reauthorization and approval;

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Watertown that paragraph 5(c) of the City Purchasing Policy is created to read as follows:

* * *

SECTION 1.

5. EXPENSE WHICH IS WITHIN BUDGET AUTHORIZATION

* * *

c) That with respect to every expense constituting a purchase of any good or service that is not subject to Wis. 62.15(1), Stats., wherein, additionally, such expenditure to result from the purchase is within budget authorization as required under the May 6, 1997 Purchasing Policy herein, and otherwise conforms to the procedure under paragraphs 5 a) and b) above, the competitive bidding, award and all procedures administered in connection therewith shall conform as follows when one or more local businesses participate in the competitive process:

1. Include in the bid solicitation and any other procurement document or communication notice in substantially the following form: *"It should be noted that the City of Watertown has a local bidders benefit policy, the details of which may be obtained from the City Clerk's office."* The policy, generally known as the Taxpayer Benefit, will be used in the evaluation of bids or quotes, along with unit costs to be applied under the local bidder's benefit formula as described below.
2. On the bid or quote summary for each local business competitor list first the base bid or quote amount. On a separate line item labeled "Taxpayers Benefit" list an amount calculated at 1.5% of the local competitor's base bid or quote which is then deducted to establish the cumulative total for Bid or Quote Comparison Amount. For competitive bids or quotes under \$5,000.00 being solicited, the Taxpayer Benefit Deduct shall be 2%, while all competitive bidding or quotes of \$5,000.00 or more shall have a Taxpayer Benefit Deduct of 1.5% of the local competitor's base bid or quote. Where one or more local businesses are competing for the successful bid or quote, the lowest responsible bid or quote shall prevail. In addition, where the local business competes with a business that is not a local business in a bid or quote process, the lowest responsible bid or quote shall prevail, after the Taxpayer Benefit Deduct has been applied.

(EXAMPLE ONLY):

BIDDERS	AMOUNT
Watertown Cars	Base Bid
	\$55,000.00
	1.5% Taxpayer Benefit Deduct
	\$825.00
	Bid Comparison Amount
	\$54,175.00
A QUOTE	AMOUNT
Watertown painting services proposal	Base Quote
	\$4,295.00
	2% Taxpayer Benefit Deduct
	\$85.90
	Quote Comparison Amount
	\$4,209.10
* * *	

SECTION 2. For the purposes of this Resolution, a "local business" shall mean a business organized under the laws of the State of Wisconsin as confirmed by records maintained by the Wisconsin Department of Financial Institutions and physically situated within the corporate limits of the City of Watertown.

SECTION 3. The Resolution adopting the City Purchasing Policy issued May 6, 1997 and all provisions thereof shall remain in full force and effect in all respects thereunder subject only to the aforescribed amendment offered under this, the February 21, 2017 Resolution reauthorizing the September 16, 2014 Resolution amending the City Purchasing Policy issued May 6, 1997.

SECTION 4. This City purchasing policy known as the "Taxpayers Benefit" shall not apply to any purchase reliant in whole or part upon State or federally regulated, encumbered, or, otherwise sourced, funding.

[END]

This is to certify that I have compared the attached copy with the original record now on file in my office and that the same is a correct transcript thereof and of the whole thereof. In Testimony Whereof, I have hereunto subscribed my name and affixed the seal of the City of Watertown this 9th day of Feb, 2017.

Cynthia D. Ryzneck
City Clerk/Treasurer

ADOPTED Feb. 21, 2017
Cynthia D. Ryzneck
CITY CLERK/TREASURER
APPROVED Feb. 21, 2017
John David
MAYOR

Item 5A

Dawn Gunderson to provide hand-outs as early as possible, may be at the committee start time.

Item 5C

Reports for Districts 2, 3 & 4 consist of
a one page project summaries and
the draft audit findings for the same

District: TIF 2

Start Year: 1-Jan-11 Last Year Proj Costs 21-Jul-33 Last Year Increment 2039

	Year	Income Fund Source	Expenses Use of Funds	Over/(Under) Revenue	Over/(Under) TIF Life
ACTUAL	2011	\$ 1,000	\$ 23,110	\$ (22,110)	\$ (22,110)
	2012	\$ 1,000	\$ 83,986	\$ (82,986)	\$ (105,096)
	2013	\$ 997,439	\$ 1,211,314	\$ (213,875)	\$ (318,971)
	2014	\$ 9,121	\$ 209,288	\$ (200,167)	\$ (519,138)
	2015	\$ 1,800	\$ 314,413	\$ (312,613)	\$ (831,751)
	2016	\$ 706	\$ 301,700	\$ (300,994)	\$ (1,132,745)
	2017	\$ 525,672	\$ 197,900	\$ 327,772	\$ (804,973)
	2018	\$ 933,660	\$ 196,416	\$ 737,244	\$ (67,729)
	2019	\$ 1,162,915	\$ 148,233	\$ 1,014,682	\$ 946,953
PROJECTED	2020	\$ 236,302	\$ 129,931	\$ 106,371	\$ 1,053,324
	2021	\$ 306,534	\$ 130,000	\$ 176,534	\$ 1,229,858
	2022	\$ 307,586	\$ 130,000	\$ 177,586	\$ 1,407,444
	2023	\$ 308,646	\$ 130,000	\$ 178,646	\$ 1,586,090
	2024	\$ 309,714	\$ 90,019	\$ 219,695	\$ 1,805,785
	2025	\$ 310,789	\$ 89,505	\$ 221,284	\$ 2,027,069
	2026	\$ 311,873	\$ 158,581	\$ 153,292	\$ 2,180,361
	2027	\$ 312,965	\$ 158,581	\$ 154,384	\$ 2,334,745
	2028	\$ 314,065	\$ 158,581	\$ 155,484	\$ 2,490,229
	2029	\$ 315,173	\$ 158,581	\$ 156,592	\$ 2,646,821
	2030	\$ 316,289	\$ 158,581	\$ 157,708	\$ 2,804,529
	2031	\$ 317,414	\$ 158,581	\$ 158,833	\$ 2,963,362
	2032	\$ 318,548	\$ 158,581	\$ 159,967	\$ 3,123,329
	2033	\$ 319,690	\$ 158,581	\$ 161,109	\$ 3,284,438
	2034	\$ 320,840	\$ 26,581	\$ 294,259	\$ 3,578,697
	2035	\$ 321,999	\$ 26,581	\$ 295,418	\$ 3,874,115
	2036	\$ 323,167	\$ 26,581	\$ 296,586	\$ 4,170,701
	2037	\$ 324,343	\$ 26,581	\$ 297,762	\$ 4,468,463
	2038	\$ 325,529	\$ 26,581	\$ 298,948	\$ 4,767,411
2039	\$ 325,529	\$ 26,581	\$ 298,948	\$ 5,066,359	

Parcels in TIF 2: 575 W Madison St, Hawthorne & Stone,

TOTALS THRU 2019 \$ 3,633,313 \$ 2,686,360 \$ 946,953

Notes:

- 2013-Debt Issuane-State Trust Fund Loan - (900K), RR Donn Income - (94 K)
- 2013- Developer and Cap Expense (1.06 m) - H & S, RR Donnelly Bldg
- 2014- Debt payment (104 K), Cap Exp- H& S (52 K)
- 2015- Debt payment (104 K), Monroe St Apt (150 K), Other Façade Grants (52 K)
- 2016-Debt Payment (104 K), Canal & Riverwalk (195 K)
- 2017-TIF 1 Subsidy (404 K), Tax Increment (46 K0, Developer Agreement (74 K)
- 2017-Debt Payment (104 K), 203 E Madison (49 K), Riverwalk (25 K)
- 2018-TIF 1 Subsidy (789 K), Tax Increment (61 K), Flood Grant (22 K), Dev Agree (62 K)
- 2018-Debt Payment (104 K), Redsicover Bldg Imp/HVAC (71 K), CDA (6 K)
- 2019-WEDC Grant (522 K), Dev Agree (61 K), TIF 1 (522 K), Tax Increment (44 K), Impact Fee's (6 K)
- 2019-Debt Payment (104 K), CDA (25 K)

CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2
Waterloo, Wisconsin

COMPILED
FINANCIAL STATEMENTS

Including Accountants' Compilation Report

As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

DRAFT

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

TABLE OF CONTENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

Accountants' Compilation Report	1
Tax Incremental District No. 2 – Balance Sheet	2
Tax Incremental District No. 2 – Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments	3
Tax Incremental District No. 2 – Historical Summary of Sources, Uses, and Status of Funds	4
Notes to Financial Statements	5 – 10
Supplementary Information	
Tax Incremental District No. 2 – Detailed Schedule of Sources, Uses, and Status of Funds	11
Tax Incremental District No. 2 – Detailed Schedule of Capital, Developer Incentive, and Professional Service Expenditures	12

ACCOUNTANTS' COMPILATION REPORT

To the City Council
City of Waterloo
Waterloo, Wisconsin

Management is responsible for the accompanying Balance Sheet, Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments and Historical Summary of Sources, Uses, and Status of Funds of the City of Waterloo's Tax Incremental District No. 2 ("district") as of and for the year ended December 31, 2019 and from the date of creation through December 31, 2019, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the *Accounting and Review Services Committee* of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

As discussed in Note 1, the financial statements present only the transactions of the district and do not purport to, and do not, present fairly the financial position of the City of Waterloo as of December 31, 2019, the changes in its financial position, or, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. This information is the representation of management. This information was subject to our compilation engagement, however, we have not audited or reviewed the information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economical, or historical context.

Madison, Wisconsin
March 6, 2020

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
BALANCE SHEET
As of December 31, 2019

	Capital Projects Fund
ASSETS	
Cash and investments	\$ 946,953
Taxes receivable	<u>51,248</u>
TOTAL ASSETS	<u>\$ 998,201</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
Deferred Inflows of Resources	
Unearned revenue	\$ <u>51,248</u>
Fund Balance	
Restricted	<u>946,953</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 998,201</u>

See accompanying notes to financial statements and accountants' compilation report.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
For the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

	<u>Year Ended</u>	<u>From Date of Creation</u>
PROJECT COSTS		
Capital expenditures	\$ -	\$ 537,152
Developer incentives	-	1,019,414
Professional services - planning, engineering, other	44,883	509,695
Interest and fiscal charges	<u>13,110</u>	<u>106,539</u>
Total Project Costs	<u>57,993</u>	<u>2,172,800</u>
PROJECT REVENUES		
Tax increments	43,357	151,855
Exempt computer aid	783	5,662
Intergovernmental grants	530,082	551,862
Subsidy from TIF No. 1	522,147	1,716,472
Sale of property	-	1,100
Developer guarantees	60,552	194,638
Miscellaneous revenues	<u>5,994</u>	<u>111,724</u>
Total Project Revenues	<u>1,162,915</u>	<u>2,733,313</u>
NET COST TO BE RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS – DECEMBER 31, 2019		
	<u>\$ (1,104,922)</u>	<u>\$ (560,513)</u>
RECONCILIATION OF RECOVERABLE COSTS		
G.O. debt		\$ 386,440
Less: Fund balance		<u>(946,953)</u>
NET COST TO BE RECOVERABLE THROUGH TAX INCREMENTS – DECEMBER 31, 2019		
		<u>\$ (560,513)</u>

See accompanying notes to financial statements and accountants' compilation report.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Tax increments	\$ 43,357	\$ 151,855
Exempt computer aid	783	5,662
Intergovernmental grants	530,082	551,862
Subsidy from TIF No. 1	522,147	1,716,472
Sale of property	-	1,100
Developer guarantees	60,552	194,638
Miscellaneous revenues	5,994	111,724
Long-term debt issued	-	900,000
Total Sources of Funds	1,162,915	3,633,313
USES OF FUNDS		
Capital expenditures	-	537,152
Developer incentives	-	1,019,414
Professional services - planning, engineering, other	44,883	509,695
Interest and fiscal charges	13,110	106,539
Principal on long-term debt	90,240	513,560
Total Uses of Funds	148,233	2,686,360
Excess of sources of funds over uses of funds	1,014,682	946,953
BEGINNING FUND BALANCE (DEFICIT)	(67,729)	-
ENDING FUND BALANCE	\$ 946,953	\$ 946,953

See accompanying notes to financial statements and accountants' compilation report.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Waterloo's Tax Incremental District No. 2 (the "district") conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The City of Waterloo has implemented accounting principles generally accepted in the United States of America to the extent they apply in determining the scope of the activity of Tax Incremental District No. 2. The accompanying financial statements reflect all the significant operations of the City of Waterloo's Tax Incremental District No. 2. The accompanying financial statements do not include the full presentation of the City of Waterloo.

A. DESCRIPTION OF FUND STRUCTURE AND LONG-TERM DEBT

This report contains the financial information of the City of Waterloo's Tax Incremental District No. 2. The summary statements were prepared from data recorded in the following fund and the city's long-term debt:

Capital Projects Fund

Detailed descriptions of the purpose of this fund and long-term debt can be found in the City of Waterloo's basic financial statements.

The data was consolidated for purposes of this report. Therefore, the amounts shown in the accompanying statements will not directly correlate with amounts shown in the basic financial statements.

The district was created under the provisions of Wisconsin Statute Section 66.1105. The purpose of that section is to allow a municipality to recover development and improvement costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the district. The tax on the increased value is called a tax increment.

The statutes allow the district to collect tax increments until the net project cost has been fully recovered, or until 27 years after the creation date, whichever occurs first. Project costs uncollected at the dissolution date are absorbed by the City of Waterloo. Project costs may be incurred up to five years before the unextended termination date of the district.

Original Project Plan

	<u>Creation Date</u>	<u>Last Date to Incur Project Costs</u>	<u>Last Year to Collect Increment</u>
TID No. 2	January 1, 2011	July 21, 2033	2039

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. DESCRIPTION OF FUND STRUCTURE AND LONG-TERM DEBT (cont.)

Plan Amendment

	Adoption Date	Last Date to Incur Project Costs
TID No. 2	December 5, 2013	July 21, 2033

B. BASIS OF ACCOUNTING

The modified accrual basis of accounting was followed in the preparation of these statements. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Project costs, other than interest on long-term debt, are recorded when the related fund liability is incurred.

District increments are recorded as revenues in the year due. Intergovernmental aids and grants are recognized as revenues in the period the related expenditures are incurred, if applicable, or when the district is entitled to the aids.

Other general revenues are recognized when received in cash or when measurable and available under the criteria described above.

C. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. MEASUREMENT FOCUS

The measurement focus of all governmental funds is the funds flow concept. Under the funds flow concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as unavailable or unearned revenue or as nonspendable fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are shown in the long-term debt footnote disclosure. The related expenditures are recognized when the liabilities are liquidated.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. PROJECT PLAN BUDGET

The estimated revenues and expenditures of the district are adopted in the project plan. Those estimates are for the entire life of the district, and may not be comparable to interim results presented in this report.

F. LONG-TERM DEBT

Short-term liabilities are recorded as fund liabilities. All other long-term liabilities are shown in the long-term debt footnote disclosure.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as "Sources of Funds" in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure in the year in which the debt matures or is repaid, whichever is earlier.

G. CLAIMS AND JUDGMENTS

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental funds if it has matured. Claims and judgments are disclosed in the long-term debt footnote when the related liabilities are incurred.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

The district invests its funds in accordance with the provisions of the Wisconsin Statutes 66.0603(1m) and 67.11(2).

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

The district, as a fund of the City of Waterloo, maintains separate and common cash and investment accounts at the same financial institutions utilized by the City of Waterloo. Federal depository insurance and the State of Wisconsin Guarantee fund insurance apply to the City of Waterloo as an individual municipality, and, accordingly, the amount of insured funds is not determinable for the district.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

NOTE 3 – LONG-TERM DEBT

A. GENERAL OBLIGATION DEBT

All general obligation notes and bonds payable are backed by the full faith and credit of the City of Waterloo. Notes and bonds borrowed to finance the district's expenditures will be retired by tax increments accumulated by the district. If those revenues are not sufficient, payments will be made by future tax levies.

Title of Issue	Date of Issue	Due Date	Interest Rate	Original Indebtedness	Repaid	Balance 12-31-19
State Trust Fund Loan	07/01/13	05/15/23	2.75%	\$ 900,000	\$ 513,560	\$ 386,440

Aggregate maturities of all long-term debt relating to the district are as follows:

Calendar Year	Principal	Interest	Totals
2020	\$ 92,693	\$ 10,656	\$ 103,349
2021	95,271	8,078	103,349
2022	97,891	5,458	103,349
2023	100,585	2,766	103,351
Totals	\$ 386,440	\$ 26,958	\$ 413,398

NOTE 4 – INCREMENT SHARING

As allowable under TIF statutes, the district may share positive TIF increments. In 2011, the common council and joint review board approved sharing increments from TIF District No. 1 (donor district) to TIF District No. 2 (donee district). Transfers will be reflected as recoverable costs in the donor district, and as project revenues in the donee district. Transfers were approved to begin in 2012. TIF increment sharing is valid for the life of the donor district or the recipient district, whichever date comes first, and the life of the donor district may not be extended. Transfers between districts are subject to various conditions in the statutes. Transfers started in 2017, and during 2019 additional transfers of \$522,147 were made, bringing the total to \$1,716,472.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

NOTE 5 – GUARANTEED REVENUE

In 2013, the city acquired multiple parcels (“properties”) for \$1 as part of one transaction with the WP Carey Corporation. The bulk of the acreage is located in TIF No. 2 with two parcels located adjacent to TIF No. 2 or within a ½ mile radius of TIF No. 2. The property owner, WP Carey Corporation, was thirteen years into a seventeen year lease-back arrangement with the RR Donnelley Corporation, the lease-holder.

Both corporations were seeking to exit the city. Provisions in the long-term lease-back arrangement permitted a “one-time only, all-in-one” sale of the properties during the term of the lease. As such, a sale could only occur if all of the properties were sold in one transaction.

During 2013, the city purchased the properties for \$1. The properties had been sitting vacant in the city for numerous years with no interested buyers until the city offered to buy the properties in one transaction and break them into separate components. The city purchased the property with the intent to divide it into six (6) components and sell to developers to generate additional tax base in TIF No. 2, as well as create additional jobs in the city.

The following are the six property components and the status as of December 31, 2019:

1. Warehouse 1 was sold to a local business for \$1 in 2013.
2. Warehouse 2 was also sold to a local business for \$1 in 2013.
3. Warehouse 3 (275 S. Jackson) was sold to a recycling company in 2013 for approximately \$8,400.
4. The Corporate Office (575 W. Madison) was sold in January 2014 for \$1.
5. The parking lot (217 N. Monroe) which was the last piece of property was sold during March 2016 for \$1.
6. The Printing Plant (333 W. Madison) was sold in December 2014 for \$1.

The city entered into a developer agreement with Hawthorn & Stone, Inc. on June 25, 2013. For each revenue year beginning with revenue year 2016, the developer guarantees that the tax increment generated by the parcel during the revenue year should equal or exceed the guaranteed TIF revenue for the revenue year. If the city receives less than the guaranteed TIF revenue for the revenue year then the developer shall pay to the city an amount equal to the difference. This difference equated to \$73,725 in 2017, \$60,361 in 2018, and \$60,552 in 2019, and was paid in full to the district by year-end. Any developer subsidy not paid will bear an interest rate of 6.0% per year until paid. As a part of the developer agreement, the developer shall also employ not less than three (3) full time employment positions at the facilities. The original developer agreement was amended in 2018 which resulted in changes to the developer guaranteed amounts.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

NOTE 5 – GUARANTEED REVENUE (cont.)

On December 11, 2013, the city entered into a developer agreement with Lang Group, LLC relating to the corporate office at 575 W. Madison Street. For each revenue year beginning with revenue year 2016, the developer guarantees that the tax increment generated by the parcel during the revenue year should equal or exceed the guaranteed TIF revenue for the revenue year. If the city receives less than the guaranteed TIF revenue for the revenue year then the developer shall pay to the city an amount equal to the difference. Any developer subsidy not paid will bear an interest rate of 18.0% per year until paid. No shortfall payments have been required on this agreement.

On March 23, 2015, the city entered into a developer agreement with Movin' Out Waterloo MM, LLC relating to 217 N. Monroe Street. As part of the agreement for each revenue year beginning with revenue year 2018, the developer guarantees that the tax increment generated by the parcel during the revenue year should equal or exceed the guaranteed TIF revenue for the revenue year. If the city receives less than the guaranteed TIF revenue for the revenue year then the developer shall pay to the city an amount equal to the difference. Any developer subsidy not paid will bear an interest rate of 18.0% per year until paid. No shortfall payments have been required on this agreement.

NOTE 6 – DEVELOPER PAYMENTS

As part of the amended developer agreement with Hawthorn & Stone, Inc., the city promises to pay the developer, subject to certain terms and conditions, the amount of \$1,182,362. The city is obligated to make these payments before September 30 of each Revenue Year, commencing with Revenue Year 2024. The obligation ceases upon the earlier of (i) the expiration of the term of the TIF district, or (ii) payment of the sum of \$1,182,362. The city paid out an \$800,000 contribution related to this agreement during 2013.

The city paid a \$150,000 contribution to Movin' Out Waterloo MM, LLC during 2015 which was derived from the proceeds of a WEDC grant.

The city paid a \$69,414 contribution to Rediscovered LLC during 2018 which was derived from the proceeds of a WEDC grant.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
DETAILED SCHEDULE OF SOURCES, USES, AND STATUS OF FUNDS
From the Date of Creation Through December 31, 2019

	2011	2012	2013	2014	2015	2016	2017	2018	2019	Totals	Project Plan Estimate
SOURCES OF FUNDS											
Tax increments	\$ -	\$ -	\$ 1,976	\$ -	\$ -	\$ -	\$ 45,628	\$ 60,894	\$ 43,357	\$ 151,855	\$ 6,662,540
Exempt computer aid	-	-	1,053	803	798	706	754	765	783	5,662	-
Intergovernmental grants	-	-	-	-	-	-	-	21,780	530,082	551,862	-
Investment income	-	-	-	-	-	-	-	-	-	-	106,054
Subsidy from TIF No. 1	-	-	-	-	-	-	404,465	789,860	522,147	1,716,472	900,000
Sale of property	-	-	-	-	-	-	1,100	-	-	1,100	-
Developer guarantees	-	-	-	-	-	-	73,725	60,361	60,552	194,638	-
Miscellaneous revenues	1,000	1,000	94,410	8,318	1,002	-	-	-	5,994	111,724	1,000
Long-term debt issued	-	-	900,000	-	-	-	-	-	-	900,000	2,645,000
Total Sources of Funds	1,000	1,000	997,439	9,121	1,800	706	525,672	933,660	1,162,915	3,633,313	10,314,594
USES OF FUNDS											
Capital expenditures	1,491	-	208,221	51,744	2,263	194,997	76,056	2,380	-	537,152	1,830,000
Developer incentives	-	-	800,000	-	150,000	-	-	69,414	-	1,019,414	3,340,000
Professional services - planning, engineering, other	21,619	83,986	203,093	54,194	58,800	3,353	18,495	21,272	44,883	509,695	338,793
Interest and fiscal charges	-	-	-	17,427	22,388	20,216	17,874	15,524	13,110	106,539	1,327,091
Principal on long-term debt	-	-	-	85,923	80,962	83,134	85,475	87,826	90,240	513,560	2,645,000
Total Uses of Funds	23,110	83,986	1,211,314	209,288	314,413	301,700	197,900	196,416	148,233	2,686,360	9,480,884
FUND BALANCE – DECEMBER 31, 2019										\$ 946,953	

See accountants' compilation report.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 2**

COMPILED
DETAILED SCHEDULE OF CAPITAL, DEVELOPER INCENTIVE, AND
PROFESSIONAL SERVICE EXPENDITURES
From the Date of Creation Through December 31, 2019

	Actual	Project Plan Estimate
<u>Original Project Plan</u>		
Development incentives	\$ 800,000	\$ 1,120,000
Downtown property improvements	190,712	80,000
Signage and way finding	-	15,000
Riverfront/parking improvements	271,053	130,000
Professional services	210,188	178,793
Utility improvements	-	100,000
TID creation and administration	20,000	25,000
<u>Amended Project Plan</u>		
Developer incentives	219,414	2,220,000
Demolition	75,387	100,000
Public infrastructure	-	520,000
Revolving loan	-	350,000
Professional services	279,507	135,000
Utility improvements	-	535,000
TOTAL CAPITAL, DEVELOPER INCENTIVE, AND PROFESSIONAL SERVICE EXPENDITURES	\$ 2,066,261	\$ 5,508,793

See accountants' compilation report.

District: **TIF 3**

Start Year: **Jan 1,2012** Last Year Proj Costs **24-Apr-27** Last Year Increment **2032**

	Year	Income Fund Source	Expenses Use of Funds	Over/(Under) Revenue	Over/(Under) TIF Life
ACTUAL	2012	\$ -	\$ 184,822	\$ (184,822)	\$ (184,822)
	2013	\$ -	\$ 5,923	\$ (5,923)	\$ (190,745)
	2014	\$ 5,416	\$ 12,545	\$ (7,129)	\$ (197,874)
	2015	\$ 44,306	\$ 44,694	\$ (388)	\$ (198,262)
	2016	\$ 27,431	\$ 9,340	\$ 18,091	\$ (180,171)
	2017	\$ 1,062,271	\$ 1,004,460	\$ 57,811	\$ (122,360)
	2018	\$ 31,416	\$ 549,546	\$ (518,130)	\$ (640,490)
	2019	\$ 1,021,190	\$ 1,130,172	\$ (108,982)	\$ (749,472)
PROJECTED	2020	\$ 851,472	\$ 1,669,087	\$ (817,615)	\$ (1,567,087)
	2021	\$ 102,403	\$ 650	\$ 101,753	\$ (1,465,334)
	2022	\$ 102,403	\$ 650	\$ 101,753	\$ (1,363,581)
	2023	\$ 102,403	\$ 650	\$ 101,753	\$ (1,261,828)
	2024	\$ 102,403	\$ 650	\$ 101,753	\$ (1,160,075)
	2025	\$ 102,403	\$ 650	\$ 101,753	\$ (1,058,322)
	2026	\$ 102,403	\$ 650	\$ 101,753	\$ (956,569)
	2027	\$ 102,403	\$ 650	\$ 101,753	\$ (854,816)
	2028	\$ 102,403	\$ 650	\$ 101,753	\$ (753,063)
	2029	\$ 102,403	\$ 650	\$ 101,753	\$ (651,310)
	2030	\$ 102,403	\$ 650	\$ 101,753	\$ (549,557)
	2031	\$ 102,403	\$ 650	\$ 101,753	\$ (447,804)
	2032	\$ 102,403	\$ 650	\$ 101,753	\$ (346,051)

Parcels in TIF 3: ABE MFG, REGIS RUBBER, 333 PORTLAND RD

TOTALS THRU 2019 \$ 3,248,308 \$ 4,610,589 \$ (749,472)

Notes:

- 2012-Lot 8/9 Eastside Bus Park-162K of Expense
- 2015-McLain Write off Expense from TIF 1 (41K)
- 2017-ABE, Intial debt issued (1,038 K) and Developer Incentives Expensed (981 K)
- 2018-Krause Excavating (350 K) for Commercial. 333 Portland Rd (110 K). Waterloo Util (13 K) for Comm Ave
- 2019-Paid off 2017 debt issuance (1,038), new debt issuance (919 K), WEDC Grant (62K)
- 2019-333 Portland Rd & Cell Tower Expense (29 K)

CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3
Waterloo, Wisconsin

COMPILED
FINANCIAL STATEMENTS

Including Accountants' Compilation Report

As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

DRAFT

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

TABLE OF CONTENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

Accountants' Compilation Report	1
Tax Incremental District No. 3 – Balance Sheet	2
Tax Incremental District No. 3 – Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments	3
Tax Incremental District No. 3 – Historical Summary of Sources, Uses, and Status of Funds	4
Notes to Financial Statements	5 – 9
Supplementary Information	
Tax Incremental District No. 3 – Detailed Schedule of Sources, Uses, and Status of Funds	10
Tax Incremental District No. 3 – Detailed Schedule of Capital, Developer Incentive and Professional Services Expenditures	11

ACCOUNTANTS' COMPILATION REPORT

To the City Council
City of Waterloo
Waterloo, Wisconsin

Management is responsible for the accompanying Balance Sheet, Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments and Historical Summary of Sources, Uses, and Status of Funds of the City of Waterloo's Tax Incremental District No. 3 ("district") as of and for the year ended December 31, 2019 and from the date of creation through December 31, 2019, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the *Accounting and Review Services Committee* of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

As discussed in Note 1, the financial statements present only the transactions of the district and do not purport to, and do not, present fairly the financial position of the City of Waterloo as of December 31, 2019, the changes in its financial position, or, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. This information is the representation of management. This information was subject to our compilation engagement, however, we have not audited or reviewed the information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economical, or historical context.

Madison, Wisconsin
March 6, 2020

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
BALANCE SHEET
As of December 31, 2019

	<u>Capital Projects Fund</u>
ASSETS	
Taxes receivable	\$ <u>89,163</u>
TOTAL ASSETS	<u>\$ 89,163</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities	
Advances from city fund	\$ <u>749,472</u>
Deferred Inflows of Resources	
Unearned revenue	<u>89,163</u>
Fund Balance	
Unassigned (deficit)	<u>(749,472)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 89,163</u>

See accompanying notes to financial statements and accountants' compilation report.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
For the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

	<u>Year Ended</u>	<u>From Date of Creation</u>
PROJECT COSTS		
Capital expenditures	\$ 22,919	\$ 570,941
Professional services - planning, engineering, other	7,080	158,484
Developer incentives	-	1,100,887
Interest and fiscal charges	61,890	61,890
Interest on advances	-	11,017
Total Project Costs	<u>91,889</u>	<u>1,903,219</u>
PROJECT REVENUES		
Tax increments	18,973	149,405
Exempt computer aid	320	2,445
Intergovernmental grants	62,282	62,282
Developer guarantees	20,000	20,000
Total Project Revenues	<u>101,575</u>	<u>234,132</u>
NET COSTS RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS – DECEMBER 31, 2019	<u>\$ (9,686)</u>	<u>\$ 1,669,087</u>
RECONCILIATION OF RECOVERABLE COSTS		
G.O. debt		\$ 919,615
Plus: Negative fund balance		<u>749,472</u>
NET COSTS RECOVERABLE THROUGH TAX INCREMENTS – DECEMBER 31, 2019		<u>\$ 1,669,087</u>

See accompanying notes to financial statements and accountants' compilation report.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

	<u>Year Ended</u>	<u>From Date of Creation</u>
SOURCES OF FUNDS		
Tax increments	\$ 18,973	\$ 149,405
Exempt computer aid	320	2,445
Intergovernmental grants	62,282	62,282
Developer guarantees	20,000	20,000
Long-term debt issued	919,615	1,957,898
Total Sources of Funds	<u>1,021,190</u>	<u>2,192,030</u>
USES OF FUNDS		
Capital expenditures	22,919	570,941
Professional services - planning, engineering, other	7,080	158,484
Developer incentives	-	1,100,887
Interest and fiscal charges	61,890	61,890
Interest on advances	-	11,017
Principal on long-term debt	1,038,283	1,038,283
Total Uses of Funds	<u>1,130,172</u>	<u>2,941,502</u>
Excess (deficiency) of sources of funds over uses of funds	(108,982)	(749,472)
BEGINNING FUND BALANCE (DEFICIT)	<u>(640,490)</u>	-
ENDING FUND BALANCE (DEFICIT)	<u>\$ (749,472)</u>	<u>\$ (749,472)</u>

See accompanying notes to financial statements and accountants' compilation report.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Waterloo's Tax Incremental District No. 3 (the "district") conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The City of Waterloo has implemented accounting principles generally accepted in the United States of America to the extent they apply in determining the scope of the activity of Tax Incremental District No. 3. The accompanying financial statements reflect all the significant operations of the City of Waterloo's Tax Incremental District No. 3. The accompanying financial statements do not include the full presentation of the City of Waterloo.

A. DESCRIPTION OF FUND STRUCTURE AND LONG-TERM DEBT

This report contains the financial information of the City of Waterloo's Tax Incremental District No. 3. The summary statements were prepared from data recorded in the following fund and the city's long-term debt:

Capital Projects Fund

Detailed descriptions of the purpose of this fund and long-term debt can be found in the City of Waterloo's basic financial statements.

The data was consolidated for purposes of this report. Therefore, the amounts shown in the accompanying statements will not directly correlate with amounts shown in the basic financial statements.

The district was created under the provisions of Wisconsin Statute Section 66.1105. The purpose of that section is to allow a municipality to recover development and improvement costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the district. The tax on the increased value is called a tax increment.

The statutes allow the district to collect tax increments until the net project cost has been fully recovered, or until 20 years after the creation date, whichever occurs first. Project costs uncollected at the dissolution date are absorbed by the City of Waterloo. Project costs may be incurred up to five years before the unextended termination date of the district.

Original Project Plan

	Creation Date	Last Date to Incur Project Costs	Last Year to Collect Increment
TID No. 3	January 1, 2012	April 24, 2027	2032

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. BASIS OF ACCOUNTING

The modified accrual basis of accounting was followed in the preparation of these statements. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Project costs, other than interest on long-term debt, are recorded when the related fund liability is incurred.

District increments are recorded as revenues in the year due. Intergovernmental aids and grants are recognized as revenues in the period the related expenditures are incurred, if applicable, or when the district is entitled to the aids.

Other general revenues are recognized when received in cash or when measurable and available under the criteria described above.

C. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. MEASUREMENT FOCUS

The measurement focus of all governmental funds is the funds flow concept. Under the funds flow concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as unavailable or unearned revenue or as nonspendable fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are shown in the long-term debt footnote disclosure. The related expenditures are recognized when the liabilities are liquidated.

E. PROJECT PLAN BUDGET

The estimated revenues and expenditures of the district are adopted in the project plan. Those estimates are for the entire life of the district, and may not be comparable to interim results presented in this report.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. LONG-TERM DEBT

Short-term liabilities are recorded as fund liabilities. All other long-term liabilities are shown in the long-term debt footnote disclosure.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as "Sources of Funds" in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure in the year in which the debt matures or is repaid, whichever is earlier.

G. CLAIMS AND JUDGMENTS

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental funds if it has matured. Claims and judgments are disclosed in the long-term debt footnote when the related liabilities are incurred.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

The district invests its funds in accordance with the provisions of the Wisconsin Statutes 66.0603(1m) and 67.11(2).

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

The district, as a fund of the city, maintains separate and common cash and investment accounts at the same financial institutions utilized by the city. Federal depository insurance and the State of Wisconsin Guarantee fund insurance apply to the City of Waterloo as an individual municipality, and, accordingly, the amount of insured funds is not determinable for the district.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

NOTE 3 – LONG-TERM DEBT

A. GENERAL OBLIGATION DEBT

All general obligation notes and bonds payable are backed by the full faith and credit of the City of Waterloo. Notes and bonds borrowed to finance the district's expenditures will be retired by tax increments accumulated by the TIF No. 3 fund. If those revenues are not sufficient, payments will be made by future tax levies or utility revenues, as applicable.

	Original Amount Borrowed	Repaid	Balance 12-31-19
2017 Promissory Note dated September 1, 2017 with an interest rate of 3%. Total amount borrowed was \$1,038,283, of which 100% was for TIF No. 3. This was refunded during 2019 with the issuance below.	\$ 1,038,283	\$ 1,038,283	\$ -
2019 Refunding Note dated September 6, 2019 with an interest rate of 3.55%. Total amount borrowed was \$919,615, of which 100% was for TIF No. 3. Final maturity is September 1, 2032.	919,615	-	919,615
Totals	\$ 1,957,898	\$ 1,038,283	\$ 919,615

Aggregate maturities of all long-term debt relating to the district are as follows:

Calendar Year	Principal	Interest	Totals
2020	\$ 57,022	\$ 32,127	\$ 89,149
2021	58,631	30,518	89,149
2022	60,760	28,389	89,149
2023	62,967	26,182	89,149
2024	65,254	23,895	89,149
2025-2029	363,585	82,160	445,745
2030-2032	251,396	16,051	267,447
Totals	\$ 919,615	\$ 239,322	\$ 1,158,937

NOTE 4 – ADVANCES FROM CITY FUND

The General Fund is advancing funds to the district. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. No repayment schedule has been determined for this advance. No interest was charged on the General Fund advance in 2019.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

NOTE 5 – GUARANTEED REVENUE

On July 27, 2012, TIF District No. 3 entered into a development agreement with Regius Rubber, LLC and Pappy's Property, LLC. The agreement guarantees that the developers shall pay the difference between the guaranteed tax increment and the tax increment actually levied on an annual basis.

The developer agreed to construct a facility in TIF District No. 3 so that the fair market value starting January 1, 2013 would never be less than \$648,825. If the development generates less than \$648,825 in fair market value, the developer will owe the city an amount equal to the difference between the actual tax increment generated by the fair market value as assessed and equalized and the sum of the tax increment that should have been generated by the fair market value had the aforesaid value of \$648,825 been attained. No shortfall payments have been required on this agreement.

On August 31, 2017, TIF District No. 3 entered into a development agreement with HIEP, LLC. The agreement guarantees that the developers shall pay the difference between the guaranteed tax increment and the tax increment actually levied on an annual basis.

The developer agreed to construct a 25,000 sq. ft. manufacturing and research facility in TIF District No. 3 with an assessable value of no less than \$3,500,000. If the development generates less than \$3,500,000 in fair market value, the developer will owe the city an amount equal to the difference between the actual tax increment generated by the fair market value as assessed and equalized and the sum of the tax increment that should have been generated by the fair market value had the aforesaid value of \$3,500,000 been attained. The developer paid the district \$20,000 during 2019 related to the shortfall provisions of this agreement.

NOTE 6 – DEVELOPER PAYMENTS

Per Note 5, TIF District No. 3 has entered into a developer agreement with Regius Rubber, LLC. Under the agreement, the district gave the developer \$162,000 in 2012 in exchange for building the new facility noted above.

Per Note 5, TIF District No. 3 has entered into a developer agreement with HIEP, LLC. Under the agreement, the district gave the developer both a cash and land contribution in 2017 in exchange for building the new facility noted above. Developer payments for the year ended December 31, 2017 related to this agreement were \$676,400 in cash and \$262,487 in land contribution. No developer payments were made in either 2018 or 2019.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
DETAILED SCHEDULE OF SOURCES, USES, AND STATUS OF FUNDS
From the Date of Creation Through December 31, 2019

	2012	2013	2014	2015	2016	2017	2018	2019	Totals	Project Plan Estimate
SOURCES OF FUNDS										
Tax increments	\$ -	\$ -	\$ 5,416	\$ 43,391	\$ 26,841	\$ 23,680	\$ 31,104	\$ 18,973	\$ 149,405	\$ 3,157,659
Exempt computer aid	-	-	-	915	590	308	312	320	2,445	-
Intergovernmental grants	-	-	-	-	-	-	-	62,282	62,282	-
Developer guarantees	-	-	-	-	-	-	-	20,000	20,000	-
Investment income	-	-	-	-	-	-	-	-	-	5,049
Long-term debt issued	-	-	-	-	-	1,038,283	-	919,615	1,957,898	2,165,000
Total Sources of Funds	-	-	5,416	44,306	27,431	1,062,271	31,416	1,021,190	2,192,030	5,327,708
USES OF FUNDS										
Capital expenditures	5,241	-	-	41,000	285	21,555	479,941	22,919	570,941	1,575,000
Professional services - planning, engineering, other	17,581	4,034	10,586	1,731	7,271	42,216	67,985	7,080	158,484	104,500
Developer incentives	162,000	-	-	-	-	938,887	-	-	1,100,887	462,000
Interest and fiscal charges	-	-	-	-	-	-	-	61,890	61,890	984,088
Interest on advances	-	1,889	1,959	1,963	1,784	1,802	1,620	-	11,017	-
Principal on long-term debt	-	-	-	-	-	-	-	1,038,283	1,038,283	2,165,000
Total Uses of Funds	184,822	5,923	12,545	44,694	9,340	1,004,460	549,546	1,130,172	2,941,502	3,125,588
FUND BALANCE (DEFICIT) – DECEMBER 31, 2019									\$ (749,472)	

See accountants' compilation report.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 3**

COMPILED
DETAILED SCHEDULE OF CAPITAL, DEVELOPER INCENTIVE AND
PROFESSIONAL SERVICE EXPENDITURES
From the Date of Creation Through December 31, 2019

	<u>Actual</u>	<u>Project Plan Estimate</u>
Lot 8 & 9 - Eastside Business Park - Cash Grant	\$ 162,000	\$ 162,000
Lot 8 & 9 - Eastside Business Park - Municipal Fees/Charges	5,526	5,000
Environmental Remediation - 333 Portland Rd & Adjacent	-	20,000
Business Expansion & Job Creation - Loans & Cash Grants	938,887	200,000
Engineering - Portland Road & Adjacent	11,668	40,000
Street & Utilities - 333 Portland Road & Adjacent	524,415	750,000
Loans & Cash Grants 333 Portland Road & Adjacent	-	100,000
Engineering - Waldo Parcel	-	50,000
Street & Utilities - Waldo Parcel	-	800,000
Loan Forgiveness	41,000	-
Professional services - planning, engineering, other	<u>146,816</u>	<u>14,500</u>
 TOTAL CAPITAL, DEVELOPER INCENTIVE AND PROFESSIONAL SERVICE EXPENDITURES	 <u>\$ 1,830,312</u>	 <u>\$ 2,141,500</u>

See accountants' compilation report.

District: **TIF 4**

Start Year: **1-Jan-14** Last Year Proj Costs **5-Dec-28** Last Year Increment **2034**

	Year	Income Fund Source	Expenses Use of Funds	Over/(Under) Revenue	Over/(Under) TIF Life
ACTUAL	2013	\$ -	\$ 12,500	\$ (12,500)	\$ (12,500)
	2014	\$ -	\$ 3,000	\$ (3,000)	\$ (15,500)
	2015	\$ -	\$ 650	\$ (650)	\$ (16,150)
	2016	\$ -	\$ 650	\$ (650)	\$ (16,800)
	2017	\$ 16,146	\$ 774	\$ 15,372	\$ (1,428)
	2018	\$ 22,240	\$ 638	\$ 21,602	\$ 20,174
	2019	\$ 21,491	\$ 249	\$ 21,242	\$ 41,416
PROJECTED	2020	\$ 22,236	\$ 650	\$ 21,586	\$ 63,002
	2021	\$ 22,236	\$ 650	\$ 21,586	\$ 84,588
	2022	\$ 22,236	\$ 650	\$ 21,586	\$ 106,174
	2023	\$ 22,236	\$ 650	\$ 21,586	\$ 127,760
	2024	\$ 22,236	\$ 650	\$ 21,586	\$ 149,346
	2025	\$ 22,236	\$ 650	\$ 21,586	\$ 170,932
	2026	\$ 22,236	\$ 650	\$ 21,586	\$ 192,518
	2027	\$ 22,236	\$ 650	\$ 21,586	\$ 214,104
	2028	\$ 22,236	\$ 650	\$ 21,586	\$ 235,690
	2029	\$ 22,236	\$ 650	\$ 21,586	\$ 257,276
	2030	\$ 22,236	\$ 650	\$ 21,586	\$ 278,862
	2031	\$ 22,236	\$ 650	\$ 21,586	\$ 300,448
	2032	\$ 22,236	\$ 650	\$ 21,586	\$ 322,034
	2033	\$ 22,236	\$ 650	\$ 21,586	\$ 343,620
	2034	\$ 22,236	\$ 650	\$ 21,586	\$ 365,206

Parcels in TIF 4: Dollar General

TOTALS THRU 2019 \$ 104,349.00 \$ 19,761.00 \$ 41,416.00

PROJECT PLAN EST. \$ 1,063,433.00 \$ 1,031,850.00

OVER/(UNDER) PLAN \$ (959,084.00) \$ (1,012,089.00)

If district closed in 19. Dollars to Taxing Authority

City	MATC	School	Jefferson County
\$ 15,324	\$ 1,657	\$ 17,809	\$ 6,627

CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 4
Waterloo, Wisconsin

COMPILED
FINANCIAL STATEMENTS

Including Accountants' Compilation Report

As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

DRAFT

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 4**

TABLE OF CONTENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

Accountants' Compilation Report	1
Tax Incremental District No. 4 – Balance Sheet	2
Tax Incremental District No. 4 – Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments	3
Tax Incremental District No. 4 – Historical Summary of Sources, Uses, and Status of Funds	4
Notes to Financial Statements	5 – 7
Supplementary Information	
Tax Incremental District No. 4 – Detailed Schedule of Sources, Uses, and Status of Funds	8
Tax Incremental District No. 4 – Detailed Schedule of Capital and Professional Services Expenditures	9

ACCOUNTANTS' COMPILATION REPORT

To the City Council
City of Waterloo
Waterloo, Wisconsin

Management is responsible for the accompanying Balance Sheet, Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments and Historical Summary of Sources, Uses, and Status of Funds of the City of Waterloo's Tax Incremental District No. 4 ("district") as of and for the year ended December 31, 2019 and from the date of creation through December 31, 2019, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the *Accounting and Review Services Committee* of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

As discussed in Note 1, the financial statements present only the transactions of the district and do not purport to, and do not, present fairly the financial position of the City of Waterloo as of December 31, 2019, the changes in its financial position, or, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. This information is the representation of management. This information was subject to our compilation engagement, however, we have not audited or reviewed the information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economical, or historical context.

Madison, Wisconsin
March 6, 2020

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
BALANCE SHEET
As of December 31, 2019

	<u>Capital Projects Fund</u>
ASSETS	
Cash and investments	\$ 41,416
Taxes receivable	<u>25,891</u>
TOTAL ASSETS	<u>\$ 67,307</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
Deferred Inflows of Resources	
Unearned revenue	<u>\$ 25,891</u>
Fund Balance	
Restricted	<u>41,416</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 67,307</u>

See accompanying notes to financial statements and accountants' compilation report.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
For the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital expenditures	\$ -	\$ 225
Professional services - planning, engineering, other	<u>249</u>	<u>18,236</u>
Total Project Costs	<u>249</u>	<u>18,461</u>
PROJECT REVENUES		
Tax increments	21,170	59,095
Exempt computer aid	<u>321</u>	<u>782</u>
Total Project Revenues	<u>21,491</u>	<u>59,877</u>
NET COSTS RECOVERABLE (RECOVERED) THROUGH TAX INCREMENTS – DECEMBER 31, 2019	<u>\$ (21,242)</u>	<u>\$ (41,416)</u>

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

	<u>Year Ended</u>	<u>From Date of Creation</u>
SOURCES OF FUNDS		
Tax increments	\$ 21,170	\$ 59,095
Exempt computer aid	<u>321</u>	<u>782</u>
Total Sources of Funds	<u>21,491</u>	<u>59,877</u>
USES OF FUNDS		
Capital expenditures	-	225
Professional services - planning, engineering, other	<u>249</u>	<u>18,236</u>
Total Uses of Funds	<u>249</u>	<u>18,461</u>
Excess of sources of funds over uses of funds	21,242	41,416
BEGINNING FUND BALANCE	<u>20,174</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 41,416</u>	<u>\$ 41,416</u>

See accompanying notes to financial statements and accountants' compilation report.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Waterloo's Tax Incremental District No. 4 (the "district") conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The City of Waterloo has implemented accounting principles generally accepted in the United States of America to the extent they apply in determining the scope of the activity of Tax Incremental District No. 4. The accompanying financial statements reflect all the significant operations of the City of Waterloo's Tax Incremental District No. 4. The accompanying financial statements do not include the full presentation of the City of Waterloo.

A. DESCRIPTION OF FUND STRUCTURE AND LONG-TERM DEBT

This report contains the financial information of the City of Waterloo's Tax Incremental District No. 4. The summary statements were prepared from data recorded in the following fund and the city's long-term debt:

Capital Projects Fund

Detailed descriptions of the purpose of this fund and long-term debt can be found in the City of Waterloo's basic financial statements.

The data was consolidated for purposes of this report. Therefore, the amounts shown in the accompanying statements will not directly correlate with amounts shown in the basic financial statements.

The district was created under the provisions of Wisconsin Statute Section 66.1105. The purpose of that section is to allow a municipality to recover development and improvement costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the district. The tax on the increased value is called a tax increment.

The statutes allow the district to collect tax increments until the net project cost has been fully recovered, or until 20 years after the creation date, whichever occurs first. Project costs uncollected at the dissolution date are absorbed by the City of Waterloo. Project costs may be incurred up to five years before the unextended termination date of the district.

Original Project Plan

	Creation Date	Last Date to Incur Project Costs	Last Year to Collect Increment
TID No. 4	January 1, 2014	December 5, 2028	2034

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. BASIS OF ACCOUNTING

The modified accrual basis of accounting was followed in the preparation of these statements. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Project costs, other than interest on long-term debt, are recorded when the related fund liability is incurred.

District increments are recorded as revenues in the year due. Intergovernmental aids and grants are recognized as revenues in the period the related expenditures are incurred, if applicable, or when the district is entitled to the aids.

Other general revenues are recognized when received in cash or when measurable and available under the criteria described above.

C. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. MEASUREMENT FOCUS

The measurement focus of all governmental funds is the funds flow concept. Under the funds flow concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as unavailable or unearned revenue or as nonspendable fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are shown in the long-term debt footnote disclosure. The related expenditures are recognized when the liabilities are liquidated.

E. PROJECT PLAN BUDGET

The estimated revenues and expenditures of the district are adopted in the project plan. Those estimates are for the entire life of the district, and may not be comparable to interim results presented in this report.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019 and
From the Date of Creation Through December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. LONG-TERM DEBT

Short-term liabilities are recorded as fund liabilities. All other long-term liabilities are shown in the long-term debt footnote disclosure.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as "Sources of Funds" in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure in the year in which the debt matures or is repaid, whichever is earlier.

G. CLAIMS AND JUDGMENTS

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental funds if it has matured. Claims and judgments are disclosed in the long-term debt footnote when the related liabilities are incurred.

NOTE 2 – CASH AND TEMPORARY INVESTMENTS

The district invests its funds in accordance with the provisions of the Wisconsin Statutes 66.0603(1m) and 67.11(2).

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

The district, as a fund of the city, maintains separate and common cash and investment accounts at the same financial institutions utilized by the city. Federal depository insurance and the State of Wisconsin Guarantee fund insurance apply to the City of Waterloo as an individual municipality, and, accordingly, the amount of insured funds is not determinable for the district.

NOTE 3 – DEVELOPER PAYMENTS

None.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
DETAILED SCHEDULE OF SOURCES, USES, AND STATUS OF FUNDS
From the Date of Creation Through December 31, 2019

	2013	2014	2015	2016	2017	2018	2019	Totals	Project Plan Estimate
SOURCES OF FUNDS									
Tax increments	\$ -	\$ -	\$ -	\$ -	\$ 15,917	\$ 22,008	\$ 21,170	\$ 59,095	\$ 631,728
Exempt computer aid	-	-	-	-	229	232	321	782	-
Investment income	-	-	-	-	-	-	-	-	1,705
Long-term debt issued	-	-	-	-	-	-	-	-	430,000
Total Sources of Funds	-	-	-	-	16,146	22,240	21,491	59,877	1,063,433
USES OF FUNDS									
Capital expenditures	-	-	-	-	-	-	-	-	373,000
Professional services - planning, engineering, other	12,500	3,000	650	650	774	638	249	18,461	40,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	188,850
Principal on long-term debt	-	-	-	-	-	-	-	-	430,000
Total Uses of Funds	12,500	3,000	650	650	774	638	249	18,461	1,031,850
FUND BALANCE – DECEMBER 31, 2019								\$ 41,416	

See accountants' compilation report.

**CITY OF WATERLOO
TAX INCREMENTAL DISTRICT NO. 4**

COMPILED
DETAILED SCHEDULE OF CAPITAL AND
PROFESSIONAL SERVICE EXPENDITURES
From the Date of Creation Through December 31, 2019

	Actual	Project Plan Estimate
<u>Original Project Plan</u>		
Development incentives	\$ -	\$ 5,000
Revolving loan	-	290,000
Buy Local campaign	-	12,000
Signage and wayfindings	-	1,000
Professional services	18,461	40,000
Utility improvements	-	65,000
 TOTAL CAPITAL AND PROFESSIONAL SERVICES EXPENDITURES	 \$ 18,461	 \$ 413,000

See accountants' compilation report.