

# **ACCOUNTING AND AUDIT POLICY**

## **POLICY PURPOSE**

The purpose of this policy is to set forth the accounting and audit procedures under which the Village will structure and operate its financial systems. Those financial systems will incorporate necessary internal controls to monitor revenues, expenditures, and program performance on an ongoing basis. The policy provisions herein shall apply to all fund types maintained by the Village, including the General fund, various Special Revenue funds, the Debt Service fund, Capital Projects fund, and Utility enterprise funds.

## **POLICY IMPLEMENTATION OBJECTIVES**

### **A. GENERAL PRINCIPLES**

1. The Village's accounting and financial reporting systems will be maintained in conformance with all state and federal laws, generally accepted accounting principles (GAAP) and the standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).
2. An annual audit will be performed by an independent public accounting firm which will issue an official opinion on the annual financial statements, with a management letter detailing areas that need improvement. In addition, full disclosure will be provided in the financial statements and bond representations.
3. Financial systems will be maintained to monitor expenditures and revenues on a monthly basis and all revenue collections will be consolidated under the Administrator/Treasurer. A cash-flow analysis, including disbursements, collections, and investments, will be prepared on a regular basis indicating that sufficient cash is available for daily financial needs.
4. Encumbrances represent commitments related to unperformed contracts for goods or services, and will be recorded when incurred. Encumbrances outstanding at year-end will be reported as reservations of fund balance.
5. The Village will establish and maintain a depreciation schedule based on the straight-line method. The useful life of capital assets will be based on internal information, information on comparable assets from other governments, and general guidelines from professional or industry organizations.

## B. FUND ACCOUNTING

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the annual financial statements into five generic fund types as follows:

1. General Fund – The General fund is the primary operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Special Revenue Funds – Special revenue funds are used to account for the proceeds of certain specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds include the Library Fund, Solid Waste Fund, Cable/Website Fund, and the Parks capital projects fund.
3. Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.
4. Capital Projects Funds – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. Tax incremental district funds are treated as capital projects funds.
5. Enterprise Funds – Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. With these funds, the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the public on a continuing basis be financed or recovered primarily through user charges. The Village has two enterprise funds, the Water and Sewer Utility and the Stormwater Utility.

## C. BASIS OF ACCOUNTING

1. The modified accrual basis of accounting is followed by the governmental funds and agency funds. 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. The Village defines this period to be one year. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgements, compensated absences, and pension

expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

2. Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided. In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as deferred revenues and due to other taxing units on the accompanying balance sheet. Taxes are levied in December on the assessed value as of the prior January 1.
3. Intergovernmental aids and grants are recognized as revenues in the period the related expenditures are incurred, if applicable, or when the Village is entitled to the aids.
4. Special assessments are recorded as revenues when collected. Annual installments due in future years are reflected as receivables and deferred revenues.
5. Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services and interest.
6. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.
7. The Village reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.
8. The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Adopted: February 13, 2012

# **BUDGET DEVELOPMENT POLICY**

## **POLICY PURPOSE**

The process for the publication and legislative consideration of the annual budget for the Village is stated in Wis. Stats. § 62.12 and § 65.90 and Chapter 23, Article II, Division 2 of the McFarland Code of Ordinances. Those legislative guidelines provide the overall framework and minimum legal requirements for the Village budget process. This policy outlines the process to be followed by Village staff and the Village Board in developing and presenting the annual operating and capital budgets for all Village operations, including utilities, for review and adoption.

## **POLICY IMPLEMENTATION OBJECTIVES**

### **A. BASIS OF BUDGETING**

1. The Village adopts annual budgets for the general, special revenue, debt service and capital project funds that are prepared on the modified accrual basis of accounting. The enterprise funds budgets are prepared on the accrual basis of accounting.
2. The adopted budget indicates the amount that can be expended by each fund based on detailed budget estimates for individual expenditure accounts. Management may make budget modifications within the department level. All budget revisions at the fund level must be authorized by the Village Board at the request of the Administrator/ Treasurer. The Board, under Wis. Stats. § 65.06, can modify or amend the budget if unappropriated funds are available. All supplemental appropriations are financed either by transfers from reserves or by revenues received in excess of the budgeted amounts.
3. All budget amounts lapse at the end of the year to the extent they have not been expended.
4. The basis of budgeting for the Village's funds is the same as the basis used for the fund statements in the Village's annual financial statements.

### **B. GENERAL BUDGET PROCEDURES**

1. The annual budget for the Village developed for consideration by the Village Board will include all operations of the Village, including utilities, and will include both the operating budget for the ensuing fiscal year and a capital budget based upon a five-year capital improvement plan.

2. Before commencement of the annual budget process, the Village Board and the Administrator/Treasurer will develop recommended budget parameters and the budget calendar. Budget parameters will include allowable increases/decreases in operating budgets, projected wage increases, targets for borrowing in accordance with the Village's debt management policy, anticipated changes in revenue sources or tax base growth, and other factors.
3. Certain elements of budgets that are common across departments will be calculated and/or monitored by the Administrator/Treasurer on a centralized basis to ensure comparability and budgetary control. These areas include:
  - a. Salaries and benefits
  - b. Liability, worker's compensation, and property insurance coverages
  - c. Fuel and utility cost assumptions
  - d. Public Fire Protection Charge

The Administrator/Treasurer is responsible for coordination and initial review of departmental budget submissions. As necessary, meetings will be held with departments to review their budget requests prior to finalizing the budget.

4. The budget, consisting of the Administrator/Treasurer's recommendations on department requests shall be submitted to the Village Board for its consideration. Along with the executive budget submission, the following information will be reported to the Village Board:
  - a. All budget requests by departments, whether recommended for funding or not in the budget
  - b. A report from the Administrator/Treasurer as to whether the budget falls within the initial parameters established by the Village Board and areas in which changes/adjustments could be considered
5. Village Board review and deliberation on the budget and municipal services will generally be done in consultation with department heads, as determined appropriate by the Board. The annual operating and capital budgets will be submitted to the Village Board for adoption by formal Resolution.

## C. OPERATING BUDGETS

1. The operating budgets will serve as the annual financial plans for the Village and as the policy documents for implementing Board goals and objectives. The budget will provide the staff the resources necessary to accomplish Village Board determined service levels. The Village's annual budget document will be presented by department, with a logical breakdown of programs and line-item detail. Separate summary budget information will also be presented for discussion and review by the Village Board and the public.

2. The Village will annually adopt a balanced budget for the General Fund where operating revenues and other funding sources are equal to, or exceed, operating expenditures. Funding sources that can be considered in adhering to this provision include applying some portion of the general fund balance (reserves) that exceeds the minimum level required to be maintained per the Village's fund balance policy. Any increase in expenditures, decrease in revenues, or combination of the two that would result in a significant budget imbalance during the current fiscal year will be reported to the Finance Committee for consideration and recommendation to the Village Board of budget revisions or use of fund balance reserves to support ongoing operations. Any year-end operating surpluses will revert to unreserved fund balance for use in maintaining reserve levels set by policy.
3. Enterprise funds (e.g., the Water and Sewer Utility and Stormwater Utility) shall be supported by their own rates and specified revenue sources, including property taxes as deemed appropriate by the Village Board, and not be subsidized by the General Fund. Enterprise fund operating surpluses will not be used to subsidize other Village funds.
4. Enterprise funds and special revenue funds will pay their proportionate share of overhead services provided by General Fund departments.
5. The Village Board exercises legal budgetary control at the fund level, however reports are provided at functional and departmental levels as defined in the Village budget document. Budget accountability rests primarily with the operating departments of the Village, with general oversight by the Finance Committee and the Public Utilities Committee.

#### D. CAPITAL IMPROVEMENT BUDGETS

1. The Village will enact an annual capital improvement budget based upon a five-year capital improvement plan. Projects or future capital expenditures to be included in the capital improvement plan shall include those items resulting from changes in population, changes in real estate development, changes in economic base, or developments anticipated as part of the master and neighborhood planning process. The capital improvements plan will also include consideration of major equipment replacement needs. The five-year capital improvement plan will be updated annually.
2. The Village will coordinate development of the annual capital improvement budget and the vehicle/equipment replacement program with the development of the operating budget. Future operating costs or savings associated with new capital improvements or major equipment purchases will be projected and included in the operating budget. Approval of the annual capital improvement budget shall take place at the same time as approval of the annual operating budget.

3. As part of the annual capital improvement budget process, the Administrator/Treasurer will develop for consideration by the Village Board a projection of changes in the property tax levy necessary for debt service in subsequent budget years. Such target will be used to develop guidelines for the level of borrowing to be used in supporting the annual capital improvement budget. The projection will be based on a combination of factors including, but not limited to, expected growth in tax base, inflation rates, or similar factors.
4. Utility projects not funded via special assessments, grants, or similar funding sources other than utility rates will be analyzed for future rate impacts as part of the annual budget process. Utility projects will be coordinated with Village projects to minimize costs and inconvenience to residents.
5. Development-related projects for which tax incremental financing might be considered will be considered outside of the borrowing projections noted above due to the dedicated revenue stream (tax increments or other sources) used to pay the debt.
6. Each department head will develop the annual capital improvement budget for his or her respective department. These initial budgets should be reviewed by the appropriate board or committee which is responsible for overseeing the operations of each department. The final review of the annual capital improvement budget will then be completed by the Administrator/Treasurer prior to being presented to the Village Board for approval.
7. Capital improvement expenditures shall include any amounts expended for equipment or other assets with a useful life of more than five years and/or which involve amounts more than \$2,500. Expenditures not meeting these criteria, or which have a useful life of less than the payback period of the funds to be borrowed, shall be included in the Village's annual operating budget or equipment replacement program as applicable.
8. Requests for new or replacement vehicles and similar equipment will be analyzed in conjunction with the Village's equipment replacement program. Sinking funds will be established when feasible to fund future vehicle and equipment replacements.
9. Facility improvement projects to be included in the capital improvement budget should involve major renovations that change the floor plan, wall locations, modifications to the structure, or modifications to building mechanical systems. Items that do not meet these criteria should be included in department operating budgets.
10. The Village will make all capital improvements in accordance with the approved annual capital improvements budgets. Any variance from the approved budget that would require a supplemental appropriation, or to add, delete or substitute projects, requires approval by the Village Board.

11. Financing Considerations
  - a. The Village will utilize the least costly financing method for all new projects.
  - b. Each department will identify the estimated costs and potential alternate funding sources for each capital improvement project proposal.
  - c. The Village will utilize available grant funds and other intergovernmental assistance to finance only those capital improvements that are consistent with the capital improvement plan and the Village's priorities.
  
12. Other Considerations
  - a. The Village will maintain all of its assets at a level adequate to protect the Village's capital investment and to minimize future maintenance or replacement costs.
  - b. The Village will maintain adequate equipment utilization and maintenance records to support its five-year capital improvement plan and to assure proper maintenance of equipment.

E. BUDGET DEVELOPMENT PROCESS (General)

1. The formal budget process begins in late June of each year when the Village Board determines the details of the budget calendar and budget review process to be used that year. Informally, aspects of upcoming budgets are discussed throughout the year with the Village Board and staff. [Refer to the attached Budget Schedule which describes the process and timetable for the current year.]
  
2. In July the Village Board is presented with pertinent background information for the upcoming budget and fiscal policy recommendations from the Finance Committee. The Board determines general budget parameters and guidelines to be followed by the departments when compiling their budget requests. As appropriate, the Administrator/Treasurer details alternative budget scenarios for the department heads to submit.
  
3. The Administrator/Treasurer provides each department with historical financial information and projected salary and benefit figures based on the authorized positions. Department heads are then responsible for completing budget requests in accordance with the guidelines provided by the Administrator/Treasurer and the Village Board. Capital budget requests and changes in staffing levels or significant service level/policy changes are reviewed with committees of jurisdiction in July and August. Departmental budget requests are returned to the Administrator/Treasurer in late August for compilation.
  
4. Simultaneously, the Administrator/Treasurer reviews current year revenue trends and completes revenue estimates for the budget year. The Administrator/Treasurer reviews the budget amounts requested and meets



with department heads individually to discuss potential cost savings measures and overall financial goals of the Village.

5. In late August each department reviews with the Village Board any significant budget problem areas or opportunities for the coming year and any requested changes in staffing. The Village board determines budget assumptions to be made regarding requested staffing changes and wages and benefits for non-represented and represented employees.
6. In mid-September the Village Board is given an overview of the compiled departmental budget requests. Budget policy issues are identified and discussed and final direction is provided to staff by the Board on tentative tax levy, revenue, expense, staffing, and service change assumptions to be incorporated in the proposed budget.
7. The recommended five-year capital improvement plan is typically distributed to the Village Board in mid-September and reviewed at a working session in late September or early October. The recommended operating budgets are typically distributed to the Village Board in mid-October and reviewed in multiple working sessions in late October or early November following the public hearing. The operating and capital budgets of the Water and Sewer Utility and the Stormwater Utility are typically reviewed by the Public Utilities Committee in November and forwarded to the Village Board for action in December.
8. In late October the Village Board holds a public hearing on the proposed budgets following publication of budget summaries in accordance with statutory requirements. Members of the public are encouraged to comment at the public hearing on the proposed budgets and their impact on municipal services.
9. For a one week period following the final budget review meeting Village Board members may submit requests for changes to the proposed budgets. Any proposed changes will be circulated to all other Board members and staff for proper evaluation and analysis of operational and service impacts prior to discussion and possible action at the subsequent Village Board meeting. Consideration of budget changes not submitted by the deadline will be determined by a majority of the Village Board.
10. The budget for each individual fund is adopted separately by the Village Board which also approves the overall tax levy for Village purposes and the composite tax levy to be collected for all taxing jurisdictions. The adoption of non-utility budgets typically occurs on the second Monday in November.

Adopted 08.27.12

## **CHAPTER 3      Debt Management Policy**

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### **SECTION 3.01      Policy Purpose**

- (a) The Village acknowledges that certain costs incurred on an annual basis reflect an investment in the future of the Village. These types of costs include development, acquisition, and replacement of assets that will be used by the residents of the Village over a long period of time. Financing of these long-term assets is often appropriately accomplished through the issuance of long-term debt instruments, special assessments, or any other combination of these.
  
- (b) It is the responsibility of the Village Board and Village administrative staff to monitor the financial health of the Village. A significant portion of the Village's financial health is determined by its ability to manage its debt, so the role of debt in the Village's total financial strategy must be carefully defined in order to avoid using debt in a way that weakens other parts of its financial structure. It is the responsibility of the Village Administrator and Clerk/Treasurer to regularly monitor the Village's outstanding debt and to recommend issuance, replacement and retirement of outstanding debt to the Finance Committee and the Village Board.

### **SECTION 3.02      Policy Implementation Objectives**

#### **(a)      Financing Considerations.**

- (1) The Village will confine long-term borrowing to capital improvements, equipment, or other long-term projects which cannot and, appropriately should not, be financed from current annual operating revenues.
  
- (2) The Village will not use long-term debt to finance current operations, nor will long-term debt be used to finance the cost of short-lived (less than five years) depreciable assets (for example, vehicles).
  
- (3) In general, the final maturity of bonds and notes issued by the Village should not exceed the expected useful life of the underlying project for which it is being issued.
  
- (4) The Village will issue general obligation debt by borrowing from the State Trust Fund or through a competitive bidding process or negotiated sale, depending upon which approach is deemed most advantageous to the Village.

- (5) Periodic reviews of outstanding debt will be undertaken by the Village Administrator and Clerk/Treasurer at least every two years to determine refinancing opportunities. Refinancing will be considered (within federal tax law constraints) if and when there is a net economic benefit of the refunding.

**(b) Debt Limits and Structure.**

- (1) Section 67.03 of Wisconsin Statutes and Article XI, §3(2) of the Wisconsin Constitution require that general obligation debt outstanding not exceed 5% of the equalized valuation of the taxable property within the Village. Revenue bonds and notes are not considered debt for purposes of determining compliance with constitutional debt limitations. The Village intends to keep total outstanding general obligations debt within 50% of the limit prescribed by law and non-utility and non-TIF related general obligation debt within 40% of the statutory limit unless otherwise authorized by the Village Board. Debt levels should further be consistent with the Village's credit objectives and long-term financial plan.
- (2) The Village will keep the maturity of all outstanding general obligation bonds at or below 20 years unless otherwise allowed by Wisconsin State Statutes and authorized by the Village Board.
- (3) The total annual debt service expense for general obligation debt (exclusive of that funded by proprietary operations) should not exceed 25% of the Village's total operating expense less capital outlay, unless otherwise authorized by the Village Board. The Village will make every effort realistic and reasonable to maintain debt service expenditures at a proportionately even level for tax rate stabilization.

**(c) Municipal Advisor.**

- (1) The Village will utilize the services of a qualified Municipal Securities Rulemaking Board (MSRB) Registered Municipal Advisor ("Municipal Advisor") that meets all current certification requirements in the monitoring of its debt and debt service.
- (2) The Village should strive to maintain a long-term relationship with a Municipal Advisor to allow for continuity and consistency in services provided by the advisor. However, the arrangement between the Municipal Advisor and the Village should be examined every five (5) years or as deemed necessary by Village administrative staff and the Village Board.

- (3) All feasible alternatives (for example, State Trust Fund loans, Clean Water Fund loans, and private placements with local financial institutions) for borrowing funds should be considered by the Village and the Municipal Advisor depending on the uniqueness of the items or projects being financed by long-term debt.
- (4) All costs of issuing long-term debt, including fees for professional services, underwriting fees, and the interest costs over the term of the debt issue, must be considered and carefully evaluated for each borrowing.
- (5) The Village will work with the Municipal Advisor to ensure that long-term debt issues are structured to protect the interest of the Village for the present and in the future (for example, the inclusion of call provisions to protect the Village against future interest rate fluctuations or other circumstances).

(d) **Other Considerations.**

- (1) The maintenance of the best possible credit rating shall be a significant factor in all financial decisions.
- (2) The Village will maintain good communications with bond rating agencies regarding its financial condition.
- (3) The Village will follow a policy of full disclosure in all financial reporting including bond prospectuses and continuing disclosure agreements required under SEC Rule 15c2-12(b)(5).

Adopted: October 10, 2011

Amended: July 8, 2019

# FUND BALANCE POLICY

## POLICY PURPOSE

The maintenance of adequate fund balances is important to provide working capital for the Village to meet cash flow needs during the year (while avoiding the need to cash flow borrow) and to preserve the credit worthiness of the Village for borrowing monies at favorable interest rates.

## POLICY IMPLEMENTATION OBJECTIVES

### A. BUDGET CONSIDERATIONS

1. As part of the annual budget process, the Administrator/Treasurer will estimate the surplus or deficit for the current year and prepare a projection of the year-end fund balance at the time the proposed operating budget is presented to the Village Board. Such projection will include an analysis of trends in fund balance levels on an historical and future projection basis.
2. Withdrawal of any amount of the fund balance in excess of the targeted maximum of the amount budgeted under (1) above, for the sole purpose of reducing the ensuing year's property tax levy, may be made only upon a simple majority vote of the Village Board. Withdrawals from fund balance as part of the budgeting process must be for non-recurring, one-time expenditures.
3. The Village Board, by a simple majority vote, can declare a fiscal emergency and withdraw any amount of general fund balances for purposes of addressing the fiscal emergency. Any such action must also provide for necessary appropriations to restore the general fund balance to the minimum balance within a five-year period.
4. The Village Board, by a two-thirds majority vote of the membership, can amend a current budget to designate as surplus any fund balance amount over the requirements listed in Section B. of this policy, using the final audited fiscal year-end balances of the previous budget year, and appropriate the surplus to sinking funds identified for a specific purpose according to GASB 54 or for non-recurring and one-time expenses in the current budget year.
5. In the absence of other policy direction from the Village Board, the flow of funds requirements of GASB 54 will govern from what source the fund balance will be withdrawn. Accordingly, fund balance would be drawn from available accounts related to the need in the following order:
  - a. restricted
  - b. assigned
  - c. unassigned

## B. FUND BALANCE REQUIREMENTS

### 1. General Fund

- a. The unassigned fund balance will be maintained as of December 31 of each year equal to a minimum of 20% of the ensuing year's budgeted General Fund expenditures, with a targeted maximum of 25%. For the purposes of this calculation, it will be assumed that the outstanding balance of any internal advances to other funds has been repaid.
- b. As part of the total fund balance the General Fund will maintain a working capital amount equal to 10% of the ensuing year's budgeted expenditures.

### 2. Library Fund

- a. The committed fund balance will be maintained as of December 31 of each year equal to a minimum of 10% of the ensuing year's budgeted Library Fund expenditures.

### 3. Solid Waste Fund

- a. The committed fund balance shall be maintained as of December 31 of each year equal to a minimum of 10% of the ensuing year's budgeted Solid Waste Fund expenditures.

### 4. Cable/Website Fund

- a. The committed fund balance shall be maintained as of December 31 of each year equal to a minimum of 50% of the ensuing year's budgeted Cable/Website Fund expenditures.

### 5. Capital Projects Fund

- a. The Capital Projects Fund shall maintain reserves as of December 31 of each year sufficient to pay the cost of projects under construction but not yet finished.

### 6. Debt Service Fund

- a. The Debt Service Fund is not required to maintain a minimum level of reserves beyond any unexpended revenues collected from impact fees.

Adopted: October 10, 2011  
Amended: February 25, 2015

## **CHAPTER 5            Investment**

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### **SECTION 5.01      Policy Purpose**

The purpose of these investment guidelines is to formalize the framework for the Village's daily banking and investment activities. The guidelines are intended to be broad enough to allow Village Staff the ability to function properly within the parameters of responsibility and authority granted by the Village Board, yet specific enough to adequately safeguard the Village's accounts. The primary objectives of this policy, in order of priority, are safety, liquidity and yield. This policy shall apply to all cash and investments of the Village, including all funds, excluding the investment of employees' retirement funds that are contained within the Wisconsin Retirement System managed by the State of Wisconsin or other third party administrators elected by the employee. Unless prohibited by law or contract, the Village may pool cash from several different funds to maximize returns. Funds subject to additional federal, state and/or contractual laws and regulations will be invested according to those laws and regulations. Investment income will be allocated to the various funds based on the percentage of their respective participation. For the purposes of financial statements, all cash and investments with an original maturity of three months or less will be considered cash and cash equivalents. Investments will be reported at fair values, based on quoted market values.

### **SECTION 5.02      Application**

- (a) The investment program shall be operated in conformance with federal, state, local, and other legal requirements as applicable. The Clerk/Treasurer shall be the investment officer and is responsible for the day to day management of investment activities under the supervision of the Administrator and as is authorized according to this policy. The Clerk/Treasurer will establish internal control procedures over cash and investment accounts in conformance with this policy and all other Financial Policies as may be appropriate. All purchases and sales of investments will be authorized by the Village Administrator and/or Village Board as this policy dictates. The Village Auditor will maintain its review authority that shall be inclusionary of all investment activities.
  
- (b) The standard of prudence to be used by Village Investment Officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment Officials acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

- (c) The "prudent person" standard states that, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."
- (d) Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. In accordance with Article VIII of the Village Code of Ordinance defining Village Ethics Code, Employees and investment officials shall disclose to the Village President any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial or investment positions that could be related to the performance of the Village, or particularly with regard to the time of purchases and sales.

**SECTION 5.03 Safety, Credit Risk, and Authorized Investments**

- (a) Safety and preservation of principal in the overall portfolio is the foremost investment objective. To ensure the safety of the Village's deposits and investments, the Village's policy includes sections on what investments are suitable, on how balances are protected and provides guidelines for institutions to be used.
- (b) Credit risk is the risk that the Village would lose money due to the default of a bond or securities issuer. The Village reduces its exposure to this risk by restricting its allowed investments. The Village's investments are restricted in accordance with Wisconsin Statutes 66.0603 (Appendix A). The Village chooses to further manage its risk by establishing levels of authorization for its cash and investments as follows:
  - (1) The Clerk/Treasurer is authorized to manage the following cash and investments:
    - (i) Checking and saving accounts.
    - (ii) Local government investment pools either state-administered or developed through joint powers statutes and other intergovernmental agreement legislation, such as the Local Government Investment Pool.



- (2) The Clerk/Treasurer is authorized to manage the following cash and investments subject to approval of the Village Administrator:
  - (i) Conventional certificates of deposits (fully FDIC insured for principal and/or fully collateralized as described below) and certificates of deposit purchased through the Certificate of Deposit Account Registry Service (CDARS) as available through Authorized Financial Institutions contained within Section 5.05 of this policy.
  - (ii) Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist of only of dollar-denominated securities.
  
- (3) The Clerk/Treasurer is authorized to manage the following cash and investments subject to approval of the Village Board upon recommendation of the Finance Committee under consultation of legal counsel and a Certified Public Funds Investment Manager (CPFIM) as applicable:
  - (i) Bonds and securities issued by the federal government or a commission, board or other instrumentality of the federal government.
  - (ii) Bonds of any county, city, drainage district, technical college, village, town or school district of this state.
  - (iii) Commercial paper if rated in the highest tier (e.g. A-1, P-1, AAA) by a nationally recognized rating agency.
  - (iv) Overnight repurchase agreements with a public depository as defined in statute 34.01 (5), provided that the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government and held by a third party custodian. The Village shall be informed of the specific collateral and investments in the repurchase agreements and the agreement shall be collateralized at 102% of the value of the Village's investment.
  
- (4) **Prohibited Investments.** Village funds will not be invested in derivative type investments such as collateralized mortgage obligations, strips, floaters, etc. Certain types of such investments may qualify under state statute but are not deemed appropriate for use by the Village.

- (c) The Village will engage in diversification of investments (type, length of maturity and institution) to the extent practicable considering yield, collateralization, investment costs and available bidders. The Village will get quotes from Authorized Financial Institutions whenever seeking investment opportunities for funds as deemed necessary by the Investment Officials. Concentration of credit risk is the risk that losses become substantial due to the magnitude of the Village's investment in a single issuer. The Village shall make an effort to minimize credit risk as appropriate through the strict application of this policy. Credit risk is further defined as the loss of all or part of the investment due to the failure of the security issuer or backer.

**SECTION 5.04 Custodial Credit Risk**

- (a) Custodial credit risk is the risk of default by the holding institution, i.e. the bank holding cash or securities. The Village shall reduce this risk by ensuring substantially all funds are either insured, collateralized or registered to the Village. The terms "substantially all funds" recognizes that there are times when minimal amounts may not be protected in this manner, such as with cash on hand or in cases where the market value exceeds the face value of an investment. This risk is also reduced through the Village's selection of authorized financial institutions.
- (b) It shall be the responsibility of the Clerk/Treasurer to verify substantially all funds are insured, collateralized or registered at all times.
  - (1) Village deposits will be protected through insurance:
    - (i) The Federal Deposit Insurance Corporation (FDIC) currently protects deposits up to \$250,000 for checking and \$250,000 for savings accounts.
    - (ii) The Wisconsin State Deposit Guarantee Fund protects public deposits under Statutes 20.144(1)(a) and 34.08(2) up to \$400,000, after FDIC coverage, for any one public depositor in any individual public depository.
    - (iii) Due to the generally safe investment instruments utilized in the Pool, the Local Government Investment Pool shall be exempt from this section.
  - (2) Village deposits in excess of insurance will be protected through collateral:
    - (i) With a market valued of at least 102% of the uninsured balances;
    - (ii) Consisting of bonds or securities issued by the federal government, its agencies or instrumentalities or by any county, city, drainage district,

technical college, village, town, school district, or an irrevocable letter of credit issued by a federal home loan bank, state bank, national bank, federal or state savings bank, federal or state credit union, or federal or state savings and loan association; and

- (iii) Held by an independent third party custodian with whom the Village has a current custodial agreement.
- (3) Collateral agreements are to prohibit the release of pledged assets without the Village's authorization, however substitution of like collateral (value and type) is allowed. The market value increases on FDIC insured certificates of deposit are exempt from this requirement.
- (4) Proof of Village ownership of securities will be protected by:
- (i) Securities will be registered through the Direct Registration System in the Village's name.
  - (ii) Securities Investor Protection Corporation (SIPC) protects investors by obtaining the securities registered in the Village's name in the event of a failed brokerage firm. After securities have been obtained by the SIPC, other balances are covered through SIPC protection up to \$500,000 maximum per customer, including \$250,000 in cash balances.
  - (iii) Trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.
- (5) Due to the generally safe investment instruments utilized by the pool, the Local Government Investment Pool shall be allowed in excess of the State guaranteed \$400,000 insurable limit.
- (6) Collateralization of Village funds through an irrevocable letter of credit shall be allowed. The Clerk/Treasurer is responsible for ensuring the letter of credit is renewed annually.

## **SECTION 5.05     Authorized Financial Institutions**

- (a) The Clerk/Treasurer shall recommend to the Village Board for approval financial institutions to be utilized by the Village. As required under State Statute 34.05, the Village will approve institutions as public depositories separately through a Village

Board resolution. For a financial institution to be considered for use by the Village, they must have:

- (1) Provided proof of state registration.
  - (2) Completed a signed certificate of having read, understood and agreeing to comply with the Village's investment policy (Appendix B).
  - (3) Provide evidence of participation in FIDC and/or SIPC programs, such as FDIC certificate number and specific name of registration.
  - (4) A Safe and Sound rating of 3 (performing) or better according to the site [www.bankrate.com](http://www.bankrate.com). Another industry used rating system may be substituted, by Investment Officials or by Village Board approval.
  - (5) Meet the FDIC's threshold to be considered a well-capitalized bank:
    - (i) Total risk-based capital ratio of 10% or higher;
    - (ii) Has a Tier 1 risk-based capital ratio of 6% or greater; and
    - (iii) Has a leverage ratio of 5% or greater.
  - (6) Broker/dealers will provide their most recent Broker check report from the Financial Industry Regulatory Authority, Inc (FINRA) along with all Central Registration Depository (CRD) numbers.
  - (7) Safekeeping institutions will also provide a copy of their report on internal controls as applicable to custody procedures.
- (b) The Village investment policy requires items 3-7 be reviewed by the Clerk/Treasurer or designee quarterly for financial institutions doing more than \$1.0 million in investment purchases, deposits, or safekeeping balances. Items 3-7 will be reviewed by the Clerk/Treasurer or designee at a minimum of every three years for all other authorized intuitions.
- (c) The Village may enter into a contract with one or more Certified Public Funds Investment Managers (CPFIM) only upon approval of the Village Board. If used, the selection of an CPFIM will be based on the utilization of request for proposal, interviews, and/or reference reviews.

## **SECTION 5.06     Liquidity**

- (a) Village Investment Officials shall ensure that we have adequate funds in usable form to be able to meet ongoing business needs that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).
  
- (b) Interest rate risk is the risk that changes in the market interest rates will negatively affect the fair value of an investment. Generally, the fair value of longer maturity investments is more sensitive to changes in the market interest rate. The Village shall mitigate this risk by:
  - (1) Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
  - (2) Limiting the maturities of all investments when purchased to less than five (5) years.
  - (3) Laddering investments to meet cash flow needs.

## **SECTION 5.07 Yield**

- (a) The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of the Village's investment strategy is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:
  - (1) A security with declining credit may be sold early to minimize loss of principal.
  - (2) A security sale would improve the quality, yield, or target duration in the portfolio.
  - (3) Liquidity needs of the portfolio require that the security be sold.

- (b) Given the passive nature of the Village’s investment strategy, appropriate benchmarks for comparison include: the average Federal Funds rate, local government investment pool rate, and average return on the U.S. Treasury Bills.

**SECTION 5.08 Policy Considerations**

The Clerk/Treasurer or designee shall provide a cash and investment report to the Village Board at least bi-annually. The report shall summarize investments held and transactions made. It shall also discuss the current portfolio in terms of maturity, rates of return, market values and other features. All bank and investment accounts will be reconciled monthly. All investments will be marked to market monthly and unrealized gains and/or losses will be included with the investment income and return calculations. Any investments currently held that do not meet the guidelines of this policy when it is adopted shall be exempted from the requirements of this policy. At maturity or liquidation such monies shall be reinvested only as provided in this policy.

Dated this 25<sup>th</sup> day of June, 2018.

Village of McFarland:

Attest:

By: \_\_\_\_\_  
Brad Czebotar  
Village President

By: \_\_\_\_\_  
Cassandra Suettinger  
Clerk/Treasurer

**Appendix B**

Investment Policy Compliance Certificate

All financial institutions, broker/dealers, and/or investment advisors the Village conducts banking and investment activities with are required to have completed this certificate, prior to receiving Village funds or within 90 days of approval of this policy.

Please read the following statements and initial each individual item and sign below to indicate receipt, acknowledgment, understanding and agreement to comply with the statements and overall investment policy.

\_\_\_\_\_ I have received a copy of the cash and investment policy for the Village of McFarland.

\_\_\_\_\_ I have actually read the entire cash and investment policy for the Village of McFarland.

\_\_\_\_\_ I understand the rules, regulations and procedures set forth in the investment policy.

\_\_\_\_\_ I agree to abide by the rules, regulations and procedures set forth in the cash and investment policy.

\_\_\_\_\_ I agree to notify all investment officials of the Village if I believe the Village is not in compliance with the rules, regulations and procedures established in the cash and investment policy.

\_\_\_\_\_ I understand that my signature below indicates that I have read, understood and I agree to comply with the Village's written policy.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Bank Name

\_\_\_\_\_  
Bank Representative Name (Printed)

\_\_\_\_\_  
Bank Representative Title

\_\_\_\_\_  
Bank Representative Signature

## Appendix C

### Definitions

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate.

CERTIFIED PUBLIC FUNDS INVESTMENT MANAGER (CPFIM): A certification issued through a nationally recognized accreditation program offered to financial officers and public entities in the arena of fixed income investing.

COLLATERAL: Securities, evidence of deposit or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public monies.

COMMERCIAL PAPER: An unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. The maximum maturity for commercial paper is 270 days.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit institutions and insurance companies. The mission of FHLB is to liquefy the housing related assets of its members who must purchase stock in their district Bank.



FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FUNDS: A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residuals or equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Examples of some of the funds used by the Village include the General Fund (main operating fund), Capital Fund, TID Fund, Water Utility, or Sewer Funds

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase – reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

PRUDENT PERSON RULE: An investment standard that states the trustee may invest in a security if it is one that would be bought by a prudent person of discretion and intelligence who is seeking preservation of capital and a reasonable income.

PUBLIC DEPOSITORY: Wisconsin State Statute 34.01(5) states the governing board of each public depositor shall, by resolution, designate one or more public depositories, organized and doing business under the laws of this state or federal law and located in this state, in which the treasurer of the governing board shall deposit all public moneys received by him or her and specify whether the moneys shall be maintained in time deposits subject to the limitations of s. 66.0603(1m), demand deposits, or savings deposits and whether a surety bond or other security shall be required to be furnished under s. 34.07 by the public depository to secure the repayment of such deposits. "Public depository" means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, federal or state savings bank, or national bank in this state which receives or holds any public deposits or the local government pooled- investment fund.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money, that is, increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

U.S. INSTRUMENTALITIES: An organization that serves a public purpose and is closely tied to federal government, but is not a government agency. Many instrumentalities are private companies, and some are chartered directly by the federal government. Fannie Mae, Freddie Mac and Sallie Mae are all examples of federal instrumentalities and carry an implicit guarantee from the U.S. Treasury, not an explicit guarantee.

# **POLICY ON CAPITALIZATION OF FIXED ASSETS**

## **POLICY PURPOSE**

To establish a general policy for the capitalization of fixed assets, including standards for determining the valuation and depreciation of fixed assets. For the purposes of this policy, a general fixed asset is minimally defined as a non-infrastructure item with an individual cost of \$10,000 or more and an expected useful life greater than one year. Infrastructure assets are items that are immovable and of value only to Village government (e.g. buildings, streets, water mains, sewers).

## **POLICY IMPLEMENTATION OBJECTIVES**

### **A. SCHEDULE OF CAPITAL ASSETS**

1. The Village's Schedule of Capital Assets will include most general fixed assets having an expected useful life greater than one year and a purchase, donated, or assessed value greater than \$10,000.
2. The Schedule of Capital Assets will establish for each fixed asset an initial value, expected useful life, and basis for depreciation.

### **B. REPAIRS**

1. Generally speaking, repairs made to a fixed asset will not change the initial capitalized value. Exceptions would include major replacements of components and/or additions which increase significantly the initial capitalized value or extend significantly the expected useful life of the capitalized asset. In those instances, the value of the capitalized asset will be reviewed to determine if adequate substantiation exists for modifying in the subsequent year the value of that asset in the Schedule of Capital Assets.

### **C. VALUATION OF ASSETS**

Departments will record long-term assets at historic cost or, if the cost cannot be readily determined, at estimated historic cost. The cost will include applicable ancillary costs. All costs will be documented, including a description of the methods and sources used to establish any estimated costs.

1. *Purchased Assets* – The recording of purchased assets will be made on the basis of actual costs, including all ancillary costs, based on vendor invoice or other supporting documentation.
2. *Salvage Value* - The recording of purchased assets that are expected to be sold at retirement will be recorded with the historical estimated sale value if in excess of \$10,000. If sale value is less than \$10,000, normal depreciation for the useful life will be used.

3. *Self-Constructed Assets* – All direct costs (including labor) associated with the construction project will be included in establishing a self-constructed asset valuation. If a department is unable to specifically identify all direct costs, an estimate of the direct cost is acceptable, but the estimated value must be supported by a reasonable methodology.
4. *Donated Assets* – Fixed assets acquired by gift, donation or payment of a nominal sum not reflective of the asset's market value will be assigned a cost equal to the fair market value at the time of acquisition.
5. *Leased Property* – Capital lease property will be recorded as an asset and depreciated as though it had been purchased.
6. *Dedicated Assets* – Required installation by a Developer of public improvements, including but not limited to sanitary sewer mains, manholes, laterals and all appurtenances, water mains, laterals, hydrants, valves and all appurtenances, storm sewers, storm water management measures, streets, curb and gutter, street lights, street signs and sidewalks will be dedicated to the Village upon completion. Recording of infrastructure assets will be made on the basis of actual costs, including all ancillary costs, based on vendor invoice or other supporting documentation provided by the Developer and the opinion of the Village engineer.

#### D. INTANGIBLE ASSETS

1. Characteristics of Intangible Assets
  - a. Lack of physical substance – Intangible assets may be associated with another item that does have physical substance, such as land in the case of an easement. However, the associated items should not be considered when determining the physical substance of an intangible asset.
  - b. Nonfinancial nature – Intangible assets are not in monetary or related forms, such as cash, investments, receivables, prepaid, etc.
  - c. Intangible assets must have an initial useful life of greater than one year.

Excluded from the definition of intangible assets are assets acquired or created primarily for the purpose of directly obtaining income or profit, assets resulting from capital lease transactions, or goodwill.

2. Recognition of Intangible Assets

An intangible asset will only be recognized if it is identifiable, meaning either:

- a. The asset is separable from the Village (capable of being sold, transferred, licensed, etc) or
- b. The asset arises from contractual or other legal rights, regardless of whether such rights are separable from the Village.

Intangible assets that are purchased or developed will be recorded using historical cost, whether purchased from a third-party or internally generated. Intangible assets that are donated will be recorded at fair value.

### 3. Internally Generated Intangible Assets

Intangible assets are considered to be internally generated if they are created or produced by the Village, or an entity contracted by the Village, or if they are acquired from a third-party but require more than a minimal incremental effort on the part of the Village to begin to achieve their expected level of service capacity.

Outlays will only be capitalized after the following conditions have been met:

- a. Determination of the specific objective of the project and nature of the service capacity that is expected to be provided.
- b. Demonstration of the technological feasibility for the project.
- c. Demonstration of the current intention, ability, and presence of effort to complete.

### 4. Amortization of Intangible Assets

Intangible assets that have a limited useful life will be amortized over the useful life of the asset. The useful life should not exceed the period to which the service capacity of the asset is established by contractual or legal provisions.

Intangible assets will be considered to have an indefinite useful life if there are no legal, contractual, regulatory, technological, or other factors that limit the useful life of the asset. A permanent right of way easement is an example of an intangible asset that should be considered to have an indefinite useful life. Intangible assets with indefinite useful lives will not be amortized.

## E. CAPITALIZATION THRESHOLDS

The following cost and useful expected life thresholds are intended to illustrate whether certain types of fixed assets will be capitalized.

FIXED ASSET CATEGORY	ILLUSTRATIVE ITEMS AND CAPITALIZATION THRESHOLD
Furniture	Chairs, tables, bookcases, file cabinets or other furniture items which individually cost \$10,000 or more with an expected useful life of greater than one year.
Office Equipment	Postage machine, copiers, printers or other office equipment items that individually cost \$10,000 or more with an expected useful life of greater than one year.
Computer Equipment	Computer networks or computer systems that cost \$10,000 or more with an expected useful life of greater than one year.
Specialized Equipment	Equipment items or systems that individually cost \$10,000 or more with an expected useful life of greater than one year.
Infrastructure	Streets, curb & gutter, public right-of-way, street light systems, bridges, storm sewers, sewer laterals, culverts, and water mains that individually cost \$25,000 or more with an expected useful life of greater than one year.
Building and Improvements	Permanent structures, building mechanical equipment, parking lots and lighting that individually cost \$10,000 or more with an expected useful life of greater than one year.
Library Collection	The aggregate value of all books, CD's, DVD's, VHS tapes, periodicals, and other collection materials having an expected useful life of greater than one year.
Vehicles or Road Equipment (cars, trucks or ambulances)	All vehicles and on-road equipment that individually cost \$10,000 or more with an expected useful life of greater than one year. All permanent or semi-permanent attachments to the vehicle shall be included in the value (e.g. snow plows, salt spreaders, ect.)
Motorized non-road construction equipment	All equipment that individually cost \$10,000 or more with an expected useful life of greater than one year.
Other non-motorized equipment not attached to or associated with motorized equipment	All equipment that individually cost \$10,000 or more with an expected useful life of greater than one year.
Intangible Assets	Assets such as easements, land use rights, copyrights, and computer software. The capitalization threshold for all intangible assets having an initial useful life of greater than one year is \$50,000.

Adopted: February 13, 2012

## **CHAPTER 7            Park Impact Fee Expenditure Policy**

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### **SECTION 7.01      Policy Purpose**

- (a)    The purpose of this policy is to provide budgetary guidelines to the Parks, Recreation & Natural Resources Committee and the Village Board for the expenditure of segregated revenues collected as Park Impact Fees. The intent of the policy is to ensure that these funds, which are collected from two types of fees and can be used only on eligible park expenditures as summarized below, are expended in a legal, cost-effective manner that will further the development of park and recreation opportunities.
  
- (b)    In general, all impact fees are based upon estimated capital costs for new, expanded or improved public facilities necessitated by land development. Impact fees cannot be used to increase a service standard or capacity greater than the standard already provided by the Village; instead, they are used to offset the costs incurred to satisfy the additional demand created by new development. In the context of parks, impact fees are collected to both acquire new park areas and complete new park improvements. These fees enable the Village to maintain quality recreation opportunities for its residents while the Village continues to grow.

### **SECTION 7.02      Policy Implementation Objectives**

#### **(a)    Types of Fees.**

- (1)    **Park Land Impact Fee in Lieu of Parkland Dedication.** Section 56-173 of the McFarland Municipal Code requires developers to dedicate 2,106 square feet per single family dwelling unit, 1,463 square feet per multi-family dwelling unit, and 804 square feet per group quarters dwelling unit, or pay a park-land impact fee in lieu of dedicating parkland. These fees must be used to create or expand parks. The decision to accept land dedication or fees in lieu of land dedication, or some combination thereof, is made by the Village. The amount of the fee is \$3,915.46 per single family dwelling unit, \$2,719.90 per multi-family dwelling unit, and \$1,494.45 per group quarters dwelling unit, according to the Village's most recent needs assessment, but that amount is subject to modification annually. Fees paid in lieu of land dedication may be used to acquire park lands or to service debt incurred for this purpose.
  
- (2)    **Park Improvement Impact Fee.** Section 8-464 of the McFarland Municipal Code requires payment of a Park Improvement Impact Fee at the time a building permit is issued for construction of a new residential dwelling. The amount of the fee is \$1,099.65 per single family dwelling unit,

\$712.53 per multi-family dwelling unit, and \$551.51 per group quarters dwelling unit, according to the Village's most recent needs assessment, but that amount is subject to modification annually. These amounts are based on the cost of park improvements and the cost of creating trails. These fees may not be used toward land acquisition costs, but may be used to develop parklands and trails, to construct or install park improvements, and to service debt incurred for those purposes.

(b) **Permitted Uses.**

- (1) Fees paid in lieu of land dedication may be used for the acquisition of park land. It is recommended that these acquisitions be consistent with the Village's Outdoor Recreation & Open Space Plan and the Village's Comprehensive Plan.
- (2) Fees paid for park improvements may be used for basic site development, construction of playing fields, installation of trails, landscaping, purchase and installation of equipment, and construction of new facilities in new or existing parks in accordance with an approved park master plan.
- (3) Up to 10% of Park Impact Fees spent on any project may be used for legal, engineering and design costs incurred as part of the project, including park improvements and land purchases. This percentage can be increased for any project if it can be demonstrated that these costs will exceed 10%. Impact fees do not have to be used for these services.

(c) **Prohibited Uses.**

- (1) Operating and maintenance expenses.
- (2) Replacement of existing facilities or equipment unless the new facility provides a significant upgrade in recreational opportunities or amenities compared to the facility it replaces.
- (3) Reconstruction of existing playing fields, unless the reconstruction would permit a significantly different or more varied type of use.

- (d) **Combination Projects.** It may be appropriate in certain circumstances to fund the project expenses described above from a combination of sources, including partial funding with Park Impact Fees. It is also permissible to phase improvement projects over a multi-year period to spread out the short-term impact on these funds.

Adopted: June 10, 2013

Amended: September 14, 2015  
March 23, 2020



# **POLICY ON INTERFUND ADVANCES**

## **POLICY PURPOSE**

The Village Board may at its discretion elect to advance funds from one internal fund to another in order to cover a deficiency in revenues over expenses or for other financing uses.

## **POLICY IMPLEMENTATION OBJECTIVES**

1. The duration of an interfund advance may be short term or long term in nature depending upon the circumstances. If the advance extends beyond the current fiscal year, the details and outstanding balance (principal and interest) shall be noted by the auditors in the financial statements.
2. In the event that such an interfund advance is found to be necessary and appropriate, a determination must be made that the lending fund will not be financially harmed by making the advance.
3. If possible, interfund advances should be made between similar types of funds. Examples of these types of advances would include one utility lending to another, one TID lending to another, or the General Fund lending to a special revenue fund or a capital projects fund.
4. Interest on the interfund advance shall be charged based on the average outstanding balance of the advance during the year at a floating interest rate equivalent to the average rate of interest paid during the year by the State of Wisconsin Local Government Investment Pool.
5. For financial planning purposes, a projected repayment schedule should be prepared at the time of the interfund advance and a plan developed to insure repayment in accordance with the schedule.

Adopted 08.27.12

**PROCEDURE FOR COLLECTION OF DELINQUENT  
PERSONAL PROPERTY TAXES AND FOR THE WRITE-OFF  
OF UNCOLLECTIBLE PERSONAL PROPERTY TAXES**

1. Personal property taxes must be paid in full by January 31<sup>st</sup> of the year due or they become delinquent. The Village is solely responsible for the collection of delinquent personal property taxes.
2. In accordance with Wis. Stats § 74.47, delinquent personal property taxes are subject to additional interest charges of 1% per month or fraction thereof and to an additional penalty charge of 0.5% per month or fraction thereof.
3. A written notice of any unpaid personal property tax amount, with interest and penalties added, will be mailed to each delinquent taxpayer the first week of February, March, and April.
4. If the personal property taxes remain unpaid by May 1<sup>st</sup> the account will be evaluated for possible collection action under Wis. Stats § 74.55. Among the factors to be considered in this evaluation shall include the amount of outstanding taxes owed, the age of the account, the current status of the business, the likelihood of receiving payment without resorting to collection action and the projected cost of collection. Businesses that have declared bankruptcy without tangible assets or that have closed and for which no current information is available would likely be poor candidates for collection.
5. If a delinquent tax account is deemed by staff to be a suitable candidate for collection, Village staff will initiate appropriate recovery procedures, including the potential filing of small claims court action, withholding Village licenses which the business may require to operate (as allowed by law), or using the tax intercept program. If necessary the account will be referred to the Village Attorney for legal action. Any civil action must be brought within six years after the January 1<sup>st</sup> of the year in which the taxes are required to be paid.
6. Any personal property tax amounts that are still delinquent by March 1<sup>st</sup> of the following year will be charged back to the overlying taxing jurisdictions in accordance with Wis. Stats. § 74.42. Any delinquent tax amounts subsequently collected, minus the cost of collection, shall be proportionately distributed to each taxing jurisdiction to which the previous charge back applied. An annual report of the charge backs will be provided to the Finance Committee.
7. Any delinquent personal property tax amounts that are still unpaid by January 1<sup>st</sup> of the third year after the taxes were due (EXAMPLE – payable 1-31-09 but still delinquent 1-1-12) will be reviewed by staff and the Village Attorney (if appropriate) for possible consideration of write-off by the Finance Committee. The Finance Committee will receive and consider by June of each year a summary report of all delinquent personal property accounts with sufficient explanation of why the account is deemed uncollectible and then forward a recommendation to the Village Board specifying all delinquent tax amounts to be written off. Action by the Village Board approving any tax write-offs shall be by formal motion.

Adopted: May 29, 2012

## **CHAPTER 10      Purchasing Policies and Procedures**

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### **SECTION 10.01    Policy Purpose**

The purpose of this policy is to provide uniform guidelines to Village employees involved in the procurement of supplies, equipment, services, and property in order to insure that the expenditure of public funds by all Village departments is consistent with the policies set by the Village Board. Consistent with Chapter 23, Article II, Division 4 “Purchases and Contracts” of the McFarland Municipal Code, The goals of the policy are to:

- (a)    Create the maximum feasible free and open competition in all procurements.
- (b)    Prevent potential waste, fraud, abuse, and conflicts of interest in the procurement process.
- (c)    Prevent the issuance of exclusionary or discriminatory specifications.
- (d)    Insure fair and equal treatment of all vendors.
- (e)    Establish standard procedures to be followed in making purchases.
- (f)    Achieve the optimum price for the item(s) being purchased. Optimum price does not necessarily mean the lowest price.

### **SECTION 10.02    Ethical Standards**

The Purchasing Policies and Procedures created herein including the use of this Chapter by Local Governmental Officials, Employees, and/or Candidates shall be subject to the following Ethical Standards:

- (a)    Chapter 2, Article VIII Ethics Code of the Village of McFarland Code of Ordinances.
- (b)    Chapter 27, Ethical Standards for Employees of the Personnel Policy Manual.
- (c)    Wis. Stats. 19.59 Codes of Ethics for Local Governmental Officials, Employees, and Candidates.
- (d)    Wis. Stats. 946.13 Private Interest in Public Contract Prohibited.

### **SECTION 10.03 Guidelines**

- (a) To the extent allowed by law and allowed by this policy, the Village reserves the right to accept the bid or quote it deems to be most beneficial to the Village, as well as the right to reject all bids or quotes.
- (b) Internal purchasing procedures require some degree of centralized review of proposed procurements to avoid the purchase of unnecessary or duplicative items. The procedures also require that different employees execute payments than those who do the ordering to avoid potential fraud or abuse in procurements.
- (c) Prudent short and long term planning for purchases will help to minimize the amount of administrative and clerical time spent documenting purchases. Each department shall purchase within the foreseeable needs of the department, to maximize available discounts, and to coordinate purchases with other departments or agencies when possible.
- (d) Quality and service are just as important as price. Quality buying is the buying of goods and services at the lowest price point that will meet, but not exceed the requirements for which they are intended. In some instances the primary consideration may be durability. In other instances it may be a question of immediate availability, ease of installation, frequency of repair or efficiency of operation. It is the responsibility of each Department Head to become familiar with available equipment to determine the appropriate quality required.
- (e) Appropriate procedures shall be maintained to ensure that awards are made only to contractors who possess the ability to perform successfully under the terms and conditions of a given procurement. Project-specific contract administration arrangements shall be made to see that the contractor performs in accordance with the terms, conditions, and specifications of the contract or purchase order.
- (f) Adequate records shall be maintained to detail the history of significant procurements. In addition, a current inventory of all fixed assets shall be maintained to ensure proper continuing control.
- (g) The Village may participate, when legally permissible and feasible, in Federal, State, and local intergovernmental contracts for the procurement or use of common goods and services if such joint purchases are cost effective.
- (h) When feasible, the Village may use Federal or State excess/surplus property or used equipment instead of purchasing new equipment.

- (i) All contracts for services shall use the standard template reviewed and approved from time to time by the Village Board after considering the recommendation of the Finance Committee. The current standard template is attached as Exhibit A. The terms of contracts for services may be renegotiated or resubmitted to new vendors at least every five years. No contract or agreement may be extended automatically or renewed without appropriate review as determined by the Village Board.

**SECTION 10.04 Organizational Responsibilities**

- (a) The Administrator is the designated purchasing agent for the Village and he/she (or designee) shall generally oversee and coordinate purchases made by Village departments. The Administrator shall review at least annually the purchasing needs and practices of the departments and determine the purchasing limit to be delegated to each Department Head.
- (b) The Department Heads possess the authority and responsibility of managing purchases within their delegated purchasing limits. All purchases shall be reviewed and approved by the Department Head or his/her designee.
- (c) Each Department Head may delegate to an employee(s) of that department authority to make and approve purchases not exceeding \$5,000. The Department Head shall sign off on accounts payable vouchers prior to payment, however, and is ultimately responsible for all purchases made by employees of the department.
- (d) As a check and balance measure, payments for goods and services shall be executed by employees who were not involved in the ordering process.

**SECTION 10.05 Organizational Approvals**

- (a) The following purchases, contracts and agreements for services shall be referred to the committee of jurisdiction for review and recommendation prior to submission for approval to the Village Board.
  - (1) All public works construction contracts in excess of \$25,000.
  - (2) Any other contracts and agreements for services which might be reasonably be expected to result in charges to the Village in excess of \$25,000.
- (b) All contracts for professional services and public works contracts (as defined by Wis. Stats. 62.15(12)) shall be specifically reviewed by the Village Attorney as a condition of approval prior to execution. Maintenance agreements shall be reviewed by Department Heads subject to approval/renewal by the Administrator to ensure costs are being reviewed and controlled in the best interests of the Village.

- (c) All purchases, contracts, and service agreements subject to the provisions of Section 10.05(a)(2), other than agreements subject to the provisions of Section 10.06(d), shall utilize the standard template (Exhibit A) approved for use by the Village Board. The specific terms of the standard template may be modified as appropriate to conform to a specific product, project, or service by contracting authority if the Village Board, upon recommendation of the Village Attorney, approves such modifications.
- (d) All purchases, contracts, and service agreements for architectural and engineering design services shall follow the appropriate standard contract template set by the American Institute of Architects and American Society of Civil Engineers, respectively, except as modified by the Village Attorney with approval of the Village Board.
- (e) If the purchase of a vehicle or equipment item(s) is specifically approved in the operating or capital budget, the purchase does not require separate approval by the committee or the Village Board prior to ordering unless there is a significant change in the product specifications or the actual purchase price exceeds the budget appropriation.
- (f) Bond payments and other debt obligations, payroll and benefits, fuel, road salt, street maintenance, annual service agreements, vehicle/equipment parts and repairs, and all other recurring expenses incurred in the usual and ordinary operation of Village government are authorized in a sum not to exceed the budgeted amount.
- (g) The Village Board has the authority for the management and control of the Village's finances and thus all expenditures of Village funds in accordance with Wis. Stats. 62.11(5). The Village Board shall review and approve all expenditures on a monthly basis in accordance with the policies and procedures identified in this Chapter.

**SECTION 10.06 Methods of Procurement**

Depending upon the type and cost of the item or service being procured, one of the following procurement methods will be used.

- (a) **Petty Cash.** Purchases of under \$30 may be made from petty cash.
- (b) **General Procurement.**
  - (1) Department Heads are authorized to spend up to \$10,000 for any line item that is part of their approved budget subject to the availability of funds.

- (2) Department Heads are authorized to spend up to \$5,000 for any line item that is not part of their approved budget subject to the availability of funds under the general oversight of the Village Administrator.
- (c) **Quotation Based Procurement.** This method of procurement establishes a quotation process in an attempt to establish the lowest possible cost for whatever is to be purchased under this method.
- (1) Budgeted purchases in excess of \$10,000 and non-budgeted purchases in excess of \$5,000 shall require solicitation of a minimum of three (3) written quotations from qualified sources.
  - (2) The Department Head or designee requesting the expenditure shall state his/her recommendation for which quote to accept, why, and identify the line item of the budget from which funds will be drawn. If departments are unable to secure three (3) written quotations, the Department Head shall explain to the Village Board the reason why additional written quotations were not forthcoming, in the opinion of the Department Head.
  - (3) The Village Board in its sole discretion may direct the Finance Committee or any other relevant Village boards, commissions, or committees to provide a recommendation on the purchase if desired.
  - (4) A summary of the quotations received shall be retained for the longer of the purchase transaction or one year.
- (d) **Public Construction.** For all public construction projects, the public bidding law shall be followed as is required in Wis. Stats. 62.15. This applies to all public construction projects where the estimated cost of which exceeds \$25,000. For construction projects costing between \$5,000 and \$25,000, the Village shall publish a class 1 notice of the proposed contract before it is executed.
- (e) **Qualifications Based Procurement.** This method of procurement is to be used when the value of products and/or services is significantly dependent upon the individual experience, training and other qualifications of the contracting party and the quality of such products or services is deemed more important than price alone.
- (1) **General Purchasing.**
    - (i) Department Heads under the discretion and direction of the Administrator are authorized to spend up to \$10,000 for any line item that is part of their approved budget subject to the availability of funds in order to secure professional services.

- (ii) Department Heads under the discretion and direction of the Administrator are authorized to spend up to \$5,000 for any line item that is not part of their approved budget subject to the availability of funds in order to secure professional services.

(2) **Request for Proposal (RFP) or Statement of Qualification (SOQ).**

- (i) An RFP or SOQ shall be required in order to secure professional services in excess of \$10,000:
  - a. **Issuance.** The RFP or SOQ will be drafted by Village Staff and presented to the Village Board for approval prior to its distribution.
  - b. **Evaluation.** The evaluation process shall be determined by the Village Board on a case by case basis depending on the RFP to be solicited. The Village Board may direct any other relevant Village boards, commissions, or committee to provide a recommendation on the RFP, SOQ, and their respective responses if desired.
  - c. **Contract Negotiation/Drafting.** Upon completion of the Evaluation process, Village Staff shall be responsible under the direction of the Village Attorney to draft and negotiate a final contract consistent with the approved proposal.
  - d. **Approval.** The Village Board, in its sole discretion, is responsible for the approval of a contract as the final acceptance of the proposal in order to secure professional services.

- (f) **Noncompetitive Negotiation (Sole Source Purchases).** This method of procurement may be used only in special circumstances when a purchase or award of a contract is not feasible under the procurement methods described above. A common reason for using this type of procurement would be an emergency situation as described in Sub-Section (g) below. Noncompetitive, or sole source, procurement involves the solicitation or acceptance of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate. Sufficient cost analysis and justification shall be provided for noncompetitive procurements to show that the price is fair and reasonable.



- (1) Sole source purchasing may include, but is not limited to, the following:
  - (i) The item or service is only available from a single source.
  - (ii) After competitive procurement solicitations, competition is determined to be inadequate.
  - (iii) An alternate product or manufacturer would not be compatible with current products resulting in additional costs.
  - (iv) Standardization of a specific product or manufacturer will result in more efficient and economical operations.
  - (v) The purchase is from another governmental body.
  - (vi) 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.
- (2) If the Village has an ongoing working relationship with a firm (e.g. engineering or legal services), however, it may elect to solicit and evaluate a proposal from just that firm if deemed to be in the best interests of the Village. In securing professional services it is the primary goal of the Village to obtain the services at a fair price of a professional(s) who has a proven track record of providing similar services. Efforts will be made to first negotiate a fair contract with the professional deemed to best meet the Village's needs. New proposals brought forth under this method of procurement shall follow the same requirements as established in Section 10.06(e)(2)(i)(b)-(d).
- (3) In circumstances where there is only one qualified source and the purchase is not via a cooperative arrangement, the Department should use alternate means (such as verifying pricing with other customers) to establish that the price quoted is reasonable.

**(g) Emergency Purchases.**

- (1) Emergency Purchases shall only be made to:
  - i. Prevent delays in construction or delivery of essential services; and/or
  - ii. To stay an immediate threat to the health or safety of the public and employees.

- (2) For Emergency Purchases of general items or services that are not able to fulfill the requirements of this policy and meet the definition outlined, the appropriate Department Head shall make every effort to obtain three quotes for the item.
- (3) The purchase shall be approved by the Administrator prior to the order/purchase of the item or service. In the Administrator's absence, the purchase shall be approved by the Village President prior to ordering/purchasing the item.
- (4) The Village Board will review and approve the order at its next scheduled Village Board meeting.

#### **SECTION 10.07 Purchasing Procedures**

The commitment to purchase goods and services may be made using one of the following instruments: petty cash, credit card, and physical check. The following procedures shall apply to the use of each of these purchasing instruments.

##### **(a) Petty Cash.**

- (1) Petty cash purchases are limited to a maximum of \$30 and may be made by either having the authorized purchaser sign and draw money from the fund in advance or using the purchaser's own money and then being reimbursed later from the fund.
- (2) All petty cash purchases shall be approved in advance by the Department Head (or designee).
- (3) A proper receipt, signed by the purchaser, shall be provided for all purchases made from the petty cash. If an advance was drawn from the fund and the actual purchase amount is less, the difference shall be returned as soon as practical.
- (4) One designated individual shall be responsible for making all deposits to and withdrawals from the petty cash fund. The fund shall be reconciled on a weekly basis.
- (5) The detail of purchases made from the petty cash fund shall be included in the regular financial reports provided to the Village Board.

(b) **Village-Issued Credit Card.**

- (1) Making purchases using a credit card issued by the Village shall be the preferred method of purchasing and payment under the following circumstances:
  - (i) The vendor accepts payment by credit card.
  - (ii) There is no additional cost associated with use of a credit card.
  - (iii) It is advantageous to the Village to purchase by credit card.
- (2) The Village shall use just one type of credit card, with the choice of card and financial institution to be determined on the basis of the most advantageous terms to the Village. One or more credit cards may be issued in the name of a Village Employee or specific Village Department as determined by the Administrator.
- (3) The Administrator shall determine the maximum credit limit that will apply to the credit card(s).
- (4) Each Department Head may determine which employee(s) will have access to the departmental credit card(s) and the credit limit to which they are authorized to charge. Access shall be restricted as much as possible.
- (5) To the extent possible, purchases made by credit card should be authorized in advance by the Department Head or a designee. If this is not possible, the purchase shall be reported as soon as practicable.
- (6) Payment Procedures
  - (i) Proper documentation or receipts shall be obtained for all purchases made by credit card. This documentation shall be submitted to the Department Head as soon as possible who will review and retain it for later use. To ensure timely payment of credit card charges, proper documentation of all charges must be submitted no later than the end of each payroll period. If documentation is not readily available the employee may instead sign and submit a form confirming that the purchase was authorized by them and payment should be made.
  - (ii) When the monthly credit card statement is received the Department Head shall compare the purchases itemized on the statement with the documentation of purchases submitted during the month and code the purchases to the proper budget accounts.

- (iii) Once approved for payment, the statement shall be submitted to Administration for payment at the next regular Village Board meeting. Payments shall be processed in a timely manner to avoid incurring finance charges.
- (c) **Physical Check.** The following information must be complete before a payment by check can be processed:
  - (i) Proper authorizing document (invoice, Village Board action, contract, etc.)
  - (ii) Vendor name, address, and ID number (as applicable).
  - (iii) Budget account code(s).
  - (iv) Detailed invoice describing the type and quantities or items delivered and the amount due.
  - (v) Signature of Department Head (or designee) acknowledging receipt of the item in good condition and authorizing payment.
  - (vi) Comparison to budget to make sure that sufficient funding is available to pay the invoice as may be necessary.
- (d) **Sales Taxes.** The Village is exempt from paying all local and state sales taxes and Federal Excise taxes. The Village staff shall provide necessary exemption documents to vendors upon request.
- (e) **Specifications.** Department Heads shall be responsible for the development of necessary standard specifications as they relate to public construction, equipment, materials, and other goods/services. Standard specifications shall only be developed for projects and items included in the most recent approved version of the 5 year Capital Improvement Plan. Review and approval as may be necessary of the Standard Specifications for projects and items shall be completed by the relevant board, commission, or committee related to the project or item in question.
- (f) **Dispute Resolution.** Any party felt to be aggrieved by the outcome of a procurement shall follow the dispute resolution procedure provided for in bid notice, RFP, SOQ, or other procurement document as provided for. All other parties with a claim against the Village and/or its officers, agents, or employees will be required to follow Wis. Stats. 893.80.

Adopted: April 22, 2013

Revised: February 27, 2017

December 10, 2018

# VILLAGE OF MCFARLAND CONTRACT

Expiration Date: \_\_\_\_\_

Maximum Cost: \_\_\_\_\_

Registered Agent: \_\_\_\_\_

Address: \_\_\_\_\_

**THIS CONTRACT**, made and entered into, by and between the Village of McFarland (hereinafter referred to as "VILLAGE") and \_\_\_\_\_ (hereafter, "PROVIDER"),

**WHEREAS** VILLAGE, whose address is 5915 Milwaukee St., P.O. Box 110, McFarland, WI 53558, desires to purchase services from PROVIDER for the purpose of \_\_\_\_\_  
\_\_\_\_\_ ; and

**WHEREAS** PROVIDER, whose address is \_\_\_\_\_,  
is able and willing to provide such services;

**NOW, THEREFORE**, in consideration of the above premises and the mutual covenants of the parties hereinafter set forth, the receipt and sufficiency of which are acknowledged by each party, VILLAGE and PROVIDER agree as follows:

- I. TERM. The term of this Contract shall commence as of the date on which all parties have executed this Contract and shall end as of the EXPIRATION DATE set forth on page 1 hereof, unless sooner agreed to in writing by the parties or as provided in Section IV. PROVIDER shall complete its obligations under this Contract not later than the EXPIRATION DATE.
- II. SERVICES.
  - A. PROVIDER agrees to provide the services detailed in the attached Schedule A.
  - B. PROVIDER shall commence, carry on and complete its obligations under this Contract with all deliberate speed and in a sound, economical and efficient manner, in accordance with this Contract and all applicable laws. In providing services under this Contract, PROVIDER agrees to cooperate with the various departments, agencies, employees and officers of VILLAGE. Time is of the essence with regard to all dates for completion of any services under this Contract unless expressly provided otherwise.
  - C. PROVIDER agrees to secure at PROVIDER's own expense all personnel necessary to carry out PROVIDER's obligations under this Contract. Such personnel shall not be deemed to be employees of VILLAGE nor shall they or any of them have or be deemed to have any direct contractual relationship with VILLAGE.

- D. All services by PROVIDER shall be performed in a good and workmanlike manner and consistent with all standards of performance customary in the State of Wisconsin as well as any standards of quality advertised by PROVIDER.
- III. ASSIGNMENT/TRANSFER: PROVIDER shall neither assign nor transfer any interest or obligation in this Contract, without the prior written consent of VILLAGE unless otherwise provided herein, provided that claims for money due or to become due PROVIDER from VILLAGE under this Contract may be assigned to a bank, trust company or other financial institution without such approval if and only if the instrument of assignment contains a provision substantially to the effect that the right of the assignee in and to any moneys due or to become due to PROVIDER shall be subject to prior claims of all persons, firms and corporations for services rendered or materials supplied for the performance of the work called for in this Contract. PROVIDER shall promptly provide notice of any such assignment or transfer to VILLAGE.
- IV. TERMINATION.
- A. The Village may terminate this Contract for any reason upon thirty (30) day written notice to PROVIDER.
- B. The following shall constitute grounds for immediate termination:
1. violation by PROVIDER of any State, Federal or local law, or failure by PROVIDER to comply with any applicable States and Federal service standards, as expressed by applicable statutes, rules and regulations.
  2. failure by PROVIDER to carry applicable licenses or certifications as required by law in order to complete the services to be provided under this Contract.
  3. failure of PROVIDER to comply with reporting requirements contained herein.
  4. inability of PROVIDER to perform the work provided for herein.
- C. Failure of the Village Board or the State or Federal Governments to appropriate sufficient funds to carry out VILLAGE's obligations hereunder, shall result in automatic termination of this Contract as of the date funds are no longer available, without notice.
- D. Upon the expiration or any termination of this Contract, all finished and unfinished documents, services, papers, data, products, and the like prepared, produced or made by PROVIDER under this Contract shall at the option of VILLAGE become the property of VILLAGE, and PROVIDER shall be entitled to receive just and equitable compensation, for any satisfactory work completed on such documents, services, papers, data, products. Notwithstanding the above, PROVIDER shall not be relieved of liability to VILLAGE for damages sustained by VILLAGE by virtue of any breach of this Contract by PROVIDER, and VILLAGE may withhold any payments to PROVIDER for the purpose of offset.
- V. PAYMENT. VILLAGE agrees to make such payments for services rendered under this Contract as and in the manner specified herein and in the attached Schedule B, which is fully incorporated herein by reference. Notwithstanding any language to the contrary in this Contract or its attachments, VILLAGE shall never be required to pay more than the sum set forth on page 1 of this Contract under the heading MAXIMUM COST, for all services rendered by PROVIDER under this Contract.
- VI. REPORTS. PROVIDER agrees to make such reports as are required in the attached Schedule C, which is fully incorporated herein by reference. With respect to such reports it is expressly understood that time is of the essence.

VII. DELIVERY OF NOTICE. Notices, bills, invoices and reports required by this Contract shall be deemed delivered as of the date of postmark if deposited in a United States mailbox, first class postage attached, addressed to a party's address as set forth above. Either party may change the address to which notices should be sent by written notice to the other party.

VIII. INSURANCE.

A. PROVIDER shall indemnify, hold harmless and defend VILLAGE, its boards, committees, agencies, officers, employees and representatives against any and all liability, loss (including, but not limited to, property damage, bodily injury and loss of life), damages, costs or expenses which VILLAGE, its officers, employees, agencies, boards, commissions and representatives may sustain, incur or be required to pay by reason of PROVIDER's acts or omissions in the course of furnishing the services or goods required to be provided under this Contract, provided, however, that the provisions of this paragraph shall not apply to liabilities, losses, charges, costs, or expenses to the extent caused by or resulting from the acts or omissions of VILLAGE, its agencies, boards, commissions, officers, employees or representatives. The obligations of PROVIDER under this paragraph shall survive the expiration or termination of this Contract.

B. In order to protect itself and VILLAGE, its officers, boards, committees, agencies, agents, volunteers, employees and representatives under the indemnity provisions of the subparagraph above, PROVIDER shall, at PROVIDER's own expense, obtain and at all times during the term of this Contract keep in full force and effect the insurance coverages, limits, and endorsements listed below. When obtaining required insurance under this Contract and otherwise, PROVIDER agrees to preserve VILLAGE's subrogation rights in all such matters that may arise that are covered by PROVIDER's insurance. Neither these requirements nor the VILLAGE's review or acceptance of PROVIDER's certificates of insurance is intended to limit or qualify the liabilities or obligations assumed by the PROVIDER under this Contract.

Commercial General Liability.

PROVIDER agrees to maintain Commercial General Liability insurance at a limit of not less than \$1,000,000 per occurrence. Coverage shall include, but not be limited to, Bodily Injury and Property Damage to Third Parties, Contractual Liability, Personal Injury and Advertising Injury Liability, Premises-Operations, Independent PROVIDERs and Subcontractors, and Fire Legal Liability. The policy shall not exclude Explosion, Collapse, and Underground Property Damage Liability Coverage unless the VILLAGE waives such requirement in writing. The policy shall list the VILLAGE as an Additional Insured.

Commercial/Business Automobile Liability.

PROVIDER agrees to maintain Commercial/Business Automobile Liability insurance at a limit of not less than \$1,000,000 Each Occurrence. PROVIDER further agrees coverage shall include liability for Owned, Non-Owned & Hired automobiles. In the event PROVIDER does not own automobiles, PROVIDER agrees to maintain coverage for Hired & Non-Owned Auto Liability, which may be satisfied by way of endorsement to the Commercial General Liability policy or separate Business Auto Liability policy.

Environmental Impairment (Pollution) Liability

PROVIDER agrees to maintain Environmental Impairment (Pollution) Liability insurance at a limit of not less than \$1,000,000 per occurrence for bodily injury, property damage, and environmental cleanup costs caused by pollution conditions, both sudden and non-sudden, unless the VILLAGE waives this requirement in writing. This requirement can be satisfied by either a separate environmental liability policy or through a modification to the Commercial General Liability policy. Evidence of either must be provided.

Workers' Compensation.

PROVIDER agrees to maintain Workers Compensation insurance to the extent required by law.

Umbrella or Excess Liability.

PROVIDER may satisfy the minimum liability limits required above for Commercial General Liability and Business Auto Liability through an Umbrella or Excess Liability policy provided that the Annual Aggregate limit shall not be less than the highest "Each Occurrence" limit for the Commercial General Liability and Business Auto Liability. PROVIDER agrees to list the VILLAGE as an "Additional Insured" on its Umbrella or Excess Liability policy.

- C. Upon execution of this Contract, PROVIDER shall furnish VILLAGE with a Certificate of Insurance listing VILLAGE as an additional insured and, upon request, certified copies of the required insurance policies. If PROVIDER's insurance is underwritten on a Claims-Made basis, the Retroactive Date shall be prior to or coincide with the date of this Contract. The Certificate of Insurance shall state that professional malpractice or errors and omissions coverage, if the services being provided are professional services is Claims-Made and indicate the Retroactive Date, and PROVIDER shall maintain coverage for the duration of this Contract and for six (6) years following the completion of this Contract. PROVIDER shall furnish VILLAGE, annually on the policy renewal date, a Certificate of Insurance as evidence of coverage. It is further agreed that PROVIDER shall furnish the VILLAGE with a 30-day notice of aggregate erosion, in advance of the Retroactive Date, cancellation, or renewal. It is also agreed that on Claims-Made policies, either PROVIDER or VILLAGE may invoke the tail option on behalf of the other party and that the Extended Reporting Period premium shall be paid by PROVIDER. In the event any action, suit or other proceeding is brought against VILLAGE upon any matter herein indemnified against, VILLAGE shall give reasonable notice thereof to PROVIDER and shall cooperate with PROVIDER's attorneys in the defense of the action, suit or other proceeding. PROVIDER shall furnish evidence of adequate Worker's Compensation Insurance, if required. In case of any sublet of work under this Contract, PROVIDER shall furnish evidence that each and every subcontractor has in force and effect insurance policies providing coverage identical to that required of PROVIDER.
- D. The VILLAGE, acting at its sole option and through its Village Board, may waive any and all requirements contained in this Contract, such waiver to be in writing only. Such waiver may include or be limited to a reduction in the amount of coverage required above. The extent of waiver shall be determined solely by Village Board taking into account the nature of the work and other factors relevant to VILLAGE's exposure, if any, under this Contract.
- IX. NO WAIVER BY PAYMENT OR ACCEPTANCE. In no event shall the making of any payment or acceptance of any service or product required by this Contract constitute or be construed as a waiver by VILLAGE of any breach of the covenants of this Contract or a waiver of any default of PROVIDER and the making of any such payment or acceptance of any such service or product by VILLAGE while any such default or breach shall exist shall in no way impair or prejudice the right of VILLAGE with respect to recovery of damages or other remedy as a result of such breach or default.
- X. NON-DISCRIMINATION. During the term of this Contract, PROVIDER agrees not to discriminate on the basis of age, race, ethnicity, religion, color, gender, disability, marital status, sexual orientation, national origin, cultural differences, ancestry, physical appearance, arrest record or conviction record, military participation or membership in the national guard, state defense force or any other reserve component of the military forces of the United States, or political beliefs against any person, whether a recipient of services (actual or potential) or an employee or applicant for employment, except to the extent that such factors are substantially related to the qualifications of such person to perform the work or receive the services. Such equal opportunity shall include but not be limited to the following: employment, upgrading, demotion, transfer, recruitment, advertising, layoff, termination, training, rates of pay, and any other form of compensation or level of service(s). PROVIDER agrees to post in conspicuous places, available to all employees, service recipients and applicants for employment and services, notices setting forth the provisions of this paragraph.



XI. MISCELLANEOUS.

- A. Registered Agent. PROVIDER warrants that it has complied with all necessary requirements to do business in the State of Wisconsin, that the persons executing this Contract on its behalf are authorized to do so, and, if a corporation, that the name and address of PROVIDER's registered agent is as set forth opposite the heading REGISTERED AGENT on page 1 of this Contract. PROVIDER shall notify VILLAGE immediately, in writing, of any change in its registered agent, his or her address, and PROVIDER's legal status. For a partnership, the term 'registered agent' shall mean a general partner. The person(s) executing this Contract on behalf of PROVIDER individually warrants and represents that he, she or they are duly authorized to enter into this Contract and bind the PROVIDER hereto, and that no signatures other than those shown in the signature blocks below are necessary to make this Contract binding on PROVIDER.
- B. Controlling Law and Venue. It is expressly agreed that in the event of any disagreement or controversy between the parties, Wisconsin law shall be controlling. Venue for any legal proceedings shall lie solely in the Dane County Circuit Court.
- C. Limitation of Contract. This Contract is intended to be an agreement solely between the parties hereto and for their benefit only. No part of this Contract shall be construed to add to, supplement, amend, abridge or repeal existing duties, rights, benefits or privileges of any third party or parties, including but not limited to employees of either of the parties.
- D. Entire Contract. The entire agreement of the parties is contained herein and this Contract supersedes any and all oral agreements and negotiations between the parties relating to the subject matter hereof. The parties expressly agree that this Contract shall not be amended in any fashion except in writing, executed by both parties.
- E. Counterparts. The parties may evidence their agreement to this contract upon one or several counterparts of this instrument, which together shall constitute a single instrument.
- F. Severability. In the event any provision, term or clause contained in this Contract shall be determined unlawful or unenforceable, such determination shall not affect the remaining provisions of this Contract which shall remain in full force and effect. In the event any such provision, term or clause shall be determined unlawful or unenforceable as to any particular person or circumstances, such determination shall not affect the applicability of such provision to any other person or under any other circumstances.

**IN WITNESS WHEREOF**, VILLAGE and PROVIDER, by their respective authorized agents, have caused this Contract and its Schedules to be executed, effective as of the date by which all parties hereto have affixed their respective signatures, as indicated below.

**FOR PROVIDER:**

Date Signed: \_\_\_\_\_

Date Signed: \_\_\_\_\_

\* [print name and title, below signature line of any person signing this document]

\* \* \*

**FOR VILLAGE:**

Date Signed: \_\_\_\_\_  
Brad Czebotar, Village President

Date Signed: \_\_\_\_\_  
Cassandra Suettinger, Clerk/Treasurer

Approved as to form:

\_\_\_\_\_  
Allen D. Reuter  
Village Attorney

## GENERAL INSTRUCTIONS FOR COMPLETING SCHEDULES “A”, “B”, “C”

### **Schedule A**

1. Describe services to be performed **in detail**.
2. Add in any time limits on when the services are to begin, when to end, and any other definite or referable time limits.
3. Put in any cancellation provision you want or reference cancellation to a proposal or bid. If you don't do anything, there will be no cancellation provision.
4. Add in any assignment provisions, if necessary, or reference proposal or bid provision. Again, if you do nothing, there will be no assignment provisions allowable. That is the normal course of events.
5. Include any standards to be used by the Provider when doing the work; these can be referenced to a proposal or can be written out here and subject to your on-going approval.
6. Add in anything you are supposed to do to aid or facilitate the work of the Provider.

### **Schedule B**

1. Indicate the maximum amount the Provider will be paid.
2. Include how Provider will be paid, that is, whether in one lump sum at the beginning or end, a percentage now and installments later on, how payments are referenced if installments (whether by percent and dates, by amount of work done, flat dollar amount by units of service billed to you, etc.). If you are using unit cost basis, make sure that a unit is identifiable and measurable and is described in Schedule “A”.
3. Describe how the Provider is to bill the VILLAGE. If a Provider is to bill you, indicate when they will be paid (30 days, 60 days, etc.) after receipt of the bill.

### **Schedule C**

1. Describe the nature and dates of any reports required. Be specific.
2. If audits are to be performed or permitted at your option, indicate that here. Remember: audits after the term of the contract are useless unless you have withheld a part of the payments until the audit is complete and satisfactory to you.

*Example*

**SCHEDULE "A"**

- I. Pursuant paragraph #1 of the attached CONTRACT, the PROVIDER shall provide the following services:
  - a. Examine in detail the operations of the Sanitary department with a view toward recommending improvements in the manner in which in-coming work is assigned to the various field personnel. It is contemplated that this work shall be accomplished by the PROVIDER assigning one of its staff full-time to this phase until accomplished. Date of completion: not later than 7-15-16.
  - b. Make detailed written recommendations for the improvement of the in-take functions of the Sanitary department described in a. above. The goal of this phase is to increase the efficiency of the department and to expedite requests for inspections by members of the public. Date of completion: 7-15-16.
  - c. Evaluate the recommendations in b. above by auditing the intake functions of the department after the recommendations have been instituted and make any necessary adjustments. This is contemplated to be an on-going process over a period of 5 months, with a completion date of January 15, 2016.
- II. In accomplishing the objectives of I. above, the PROVIDER is to adhere to the concepts and provisions of its proposal dated July 1, 2015, and attached hereto and incorporated herein by reference.
- III. VILLAGE personnel shall cooperate with the PROVIDER and its agents in the performance of the PROVIDER'S obligations hereunder.

*Example*

**SCHEDULE "B"**

- I. PROVIDER shall be paid on the basis of work completed, when completed at the following rates:
  - a. For the completion of Schedule "A", para I.a., the sum of \$2,000.00 if completed timely, with a reduction of 1% of said amount for each calendar day uncompleted beyond the schedule completion date.
  - b. For the completion of Schedule "A", para I.b., the sum of \$5,000.00 if completed timely, a reduction of 2% for each day late.
  - c. For completion of Schedule "A", para I.c., the sum of \$25.00 for each hour of service actually spent evaluating and auditing the performance of the department under the recommendations of the PROVIDER, the PROVIDER to submit monthly, by the 10<sup>th</sup> of the succeeding month, a bill itemizing hours spend in performance of said duties.
- II. If PROVIDER is timely with respect to all its obligations under this CONTRACT, the VILLAGE shall make payments due within 30 days of the dates of completion of PROVIDER'S obligations or of billing, as appropriate. If PROVIDER fails to meet time limits, VILLAGE'S payments will be delayed an additional 30 days.
- III. In no event shall the PROVIDER be paid more than the sum of \$2,000.00 for its obligations under para. I.c. above.

**SCHEDULE "C"**

- I. In addition to other reports required herein, the PROVIDER shall provide a written summary of its audit results under Schedule "A", para. I.c., no later than March 15, 2001. The VILLAGE shall withhold the sum of \$500.00 due as payment hereunder until such written summary is received.

# **REVENUE POLICY**

## **POLICY PURPOSE**

The Village needs to maintain a diversified and stable revenue base to shelter it from unanticipated fluctuations and to minimize reliance on the property tax. Similar sources and uses of revenues should be matched to the extent possible to ensure adequate and equitable funding for various Village services and programs over the long term.

## **POLICY IMPLEMENTATION OBJECTIVES**

### **A. GENERAL CONSIDERATIONS**

1. Each year and whenever appropriate, existing revenues will be re-examined by the Administrator/Treasurer and staff and possible new sources of revenues will be explored to ensure that the Village is optimizing its revenue potential.
2. The Village will establish all user charges and fees at a level related to the actual cost of providing the service. Each year the Village will recalculate the direct and indirect cost of services supported by user fees to identify the impacts of inflation and other cost increases.
3. Legally restricted revenues will be avoided when they adversely affect the short or long-term financial health of the Village. One-time revenues will be used for capital improvements or as legally restricted to a specific purpose.
4. Each year and whenever appropriate, intergovernmental revenues will be reviewed to determine their short and long-term stability, to minimize the impact of any adverse changes. Intergovernmental revenues shall be used as legally prescribed or otherwise set forth by policy.
5. Any amounts due to the Village will be carefully and routinely monitored. An aggressive policy of collection will be followed for all receivables, including property taxes. In addition, proprietary funds will generate revenue sufficient to support the full direct and indirect costs of these funds.
6. All potential grants and other aid shall be carefully examined for matching requirements and restrictive covenants, to ensure that Village participation in such grants will be beneficial and cost-effective.

### **B. BUDGET CONSIDERATIONS**

1. Annual revenue will be estimated using an objective, analytical process.
2. Revenues are to be budgeted for debt service amounts relating to general obligation debt before they are allotted for any other type of expenditure.

3. Where appropriate and not contrary to accepted public policy or statutes, emphasis will be directed toward full cost recovery through user fees and cost sharing with other governmental units and other Village funds such as utilities. User fees and cost allocation formulas will be reviewed annually by the Village Board as part of the budget process, and revised as necessary to reflect inflation and other cost increases.
4. Payments in lieu of taxes from municipal utilities will be budgeted and based on utility estimates.
5. Commercial revenue sources will be budgeted conservatively.
6. Proceeds from the sale of equipment or excess property will not be budgeted as operating revenue unless such amounts can be accurately projected. Any such proceeds received shall be recorded in the appropriate fund (for example, proceeds from equipment sales should be recorded in the fund the equipment was replaced from)
7. Revenue estimates for the annual budget will take into consideration the statistical ten-year analysis of revenue trends, property tax levies and property value growth percentages and the current year projected financial results.

#### C. REVENUE MONITORING

1. A comparison of actual revenues to budgeted amounts will be made by the Administrator/Treasurer on a monthly basis. A report will be made to the Finance Committee and Village Board at mid-year or anytime the likelihood of a significant revenue shortfall is identified. If the shortfall is anticipated to be other than temporary, the Administrator/Treasurer will coordinate the development of a plan to maintain a balanced budget.

#### D. OTHER CONSIDERATIONS

1. New sources of non-property tax based revenue should be actively explored and discussed throughout the year.
2. Intergovernmental grant requests shall be reviewed by the Administrator/Treasurer and the Village Board prior to the application being submitted, whenever possible. This review is to ensure that the grants do not create an obligation for unfunded expenditures by the Village relating to the grant's purpose and to provide an overall budgetary review of grant proposals. Grants requiring Village matching funds should be reported to the appropriate committee or commission and Village Board prior to submission of the grant application. The Village Board shall approve all matching funds grant awards prior to the final acceptance of a grant. Grant reimbursement requests should be submitted to the Administration Department for tracking of grant activity and proper recording of grant revenues.

Adopted: October 10, 2011

## **CHAPTER 12      Vehicle Replacement Policy**

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### **SECTION 12.01    Policy Purpose**

- (a) This policy outlines the procedures to be used by Department Heads, in coordination with the Administrator, to recommend vehicles for replacement during the budget creation process. The intent is to minimize capital and maintenance costs while maximizing the length of use for each vehicle. The matrix is designed to equitably grade the eligibility for replacement of any type of vehicle across all departments, and to establish a prioritized list to be incorporated in the capital budget.

### **SECTION 12.02    Eligibility for Replacement and Prioritization**

- (a) Vehicles will be evaluated annually on four criteria for replacement eligibility: (1) Expected Years of Usage, (2) Expected Mileage/Hours, (3) Condition, and (4) Maintenance Cost. Each vehicle will be scored individually to determine eligibility for replacement consideration as follows:
  - (1) **Expected Years of Usage.** Points are assigned on a scale from one (1) to five (5) based on percentage of the expected years of usage the vehicle will be in service as per the chart in Section 12.03(a) below. One (1) point is assigned for each 20% of initial expected usage based on the date the vehicle was placed in service with the Village.
  - (2) **Expected Mileage/Hours.** Points are assigned on a scale from one (1) to five (5) based on a percentage of the expected mileage or hours, depending on the type of vehicle or equipment, of usage the vehicle will be in service as per the chart in Section 12.03(a) below. One (1) point is assigned for each 20% of initial expected usage based on the date the vehicle was placed in service with the Village.
  - (3) **Condition.** Consideration is given for the condition of the body, rust, interior, accident status, anticipated repairs, and etc. Points are given on a scale from one (1) to five (5) with five (5) being extremely poor condition. Any ranking over three (3) requires written justification including repair estimates, pictures, noted failures, functional deficiencies, and/or other descriptions to demonstrate poor condition.
  - (4) **Maintenance Cost.** Points are assigned on a scale from one (1) to five (5) based on a ratio of total accumulated maintenance costs to the cost of the original vehicle. A five (5) would be equal to total maintenance costs, internal and external, equaling 100% of the original purchase price while one (1) would equal total maintenance costs equaling 20% of original purchase price.



- (b) Points for each of the four criteria should be added for a total score:

Score	Condition
0 – 5 Points	Excellent; not eligible for replacement.
6 – 10 Points	Good; not eligible for replacement.
11 – 15 Points	Fair; eligible for replacement.
16 – 20 Points	Poor; eligible for immediate replacement.

The score for each vehicle will determine eligibility for replacement. Eligible vehicles will be then ranked based upon the score. Final replacement determination will be contingent on inclusion of funding as approved within the annual Capital Projects Fund budget.

### SECTION 12.03 Vehicle Lifespan

- (a) Each vehicle is to be scored according to its own criteria. However, in order to provide a predictable capital expenditure plan for annual budgeting purposes, each type of vehicles is expected to have the following lifespan for Village use:

Score	Condition
Lawn Mowers	5 years/ 3,750 hours
Skid-Steer	5 years/ 1,000 hours
Police Squad	5 years/ 225,000 miles *
Street Sweeper	10 years/ 6,000 hours
Backhoe, Front End Loader	10 years/ 2,000 hours
Patrol/Dump Trucks	10 years/ 2,000 hours
Car, Light Duty Pickup, SUV	10 years/ 75,000 miles
Ambulance	10 years (5 reserve)/ 200,000 miles *
Tractors and other Small Engine Equipment	15 years/ 2,250 hours
Medium- and Heavy-duty Pickups, Utility Truck, and Bucket Truck	15 years/ 150,000 miles
Fire Engine	15 years/ 4,500 hours
Fire Other Apparatus	15 years/ 2,250 hours
Fire Ladder Truck	20 years/ 3,000 hours
Used Vehicles and Equipment	To be determined prior to purchase

\* Add 25 miles for each hour of idle time for certain vehicles require a high amount of idling under normal usage.

**SECTION 12.04 Other Considerations**

- (a) All Village vehicles eligible for replacement will be prioritized by the Department Heads and the Administrator, with the highest priority given to vehicles eligible for immediate replacement. The Village Board will make the final replacement determination based upon the inclusion of funding as approved within the annual Capital Projects Fund budget.
- (b) The annual 5 year Capital Improvement Plan as approved by the Village Board will take into account the scoring of each vehicle in accordance with this criteria in order to include vehicle replacements throughout the duration of the plan.
- (c) Judgements on vehicle replacements need will be based upon maximizing the use of each vehicle at a reasonable maintenance cost, and not upon maximizing, trade-in or resale value. However, strategies that lower net replacement costs may be considered by the Village Board.
- (d) No vehicle will be listed for sale, sold, or auctioned until its replacement is placed in service with the Village, unless the vehicle is traded in at the time of the new purchase of its replacement.
- (e) The Finance Committee will review as needed with Department Heads and the Administrator the scoring matrix and predicted lifespan of vehicles in order to make any appropriate adjustments.

Adopted: September 14, 2015

Amended: February 10, 2020