

**CITY OF SHEBOYGAN
FINANCIAL POLICY HANDBOOK**

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INTRODUCTION

PURPOSE

The purpose of this handbook is to establish uniform procedures for all departments within the City for various activities undertaken by staff including the purchase of goods or services, the negotiation and execution of contracts, the application for and acceptance of grants, soliciting and accepting donations, using City-issued credit cards for purchasing, reimbursing staff for travel expenses and implementing the City's annual budget planning process. These guidelines are intended to ensure that all purchases are acquired at the best value possible and that the City operates effectively and efficiently while enhancing competition and providing fair opportunity and equitable treatment to all vendors while remaining in full compliance with applicable laws. Unless otherwise required by applicable laws or regulations, this handbook is not intended to replace an employee's professional discretion in decision-making. Where deviations from this handbook occur, sound recordkeeping practices should be employed.

The financial policies contained within this handbook serve to provide guidance and structure for the City's financial management practices to align with industry laws, rules and standards. These practices are governed by applicable Federal and State laws, rules and regulations, the generally accepted principles and practices as promulgated by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA), Government Finance Officers Associations (GFOA) and by the continuing guidance of the City of Sheboygan Common Council.

These policies will be reviewed periodically in order to determine if any updates are required. Any recommended changes will be presented to the Common Council for their consideration and approval during the annual budget cycle.

COMPLIANCE RESPONSIBILITIES

Failure to comply with this policy handbook may subject an employee to the loss of individual purchasing authority, and/or disciplinary action up to and including termination. The City Administrator, in consultation with the City Attorney, Director of Human Resources, and/or Finance Director, is responsible for enforcing the policies within this handbook when not otherwise enforced by the applicable department head. The Purchasing Agent is responsible for working in partnership with relevant City staff for specific purchases. The Finance Department may perform periodic audits of relevant documentation and process to further monitor compliance.

PURCHASING

SCOPE AND APPLICATION

The purchasing provisions of this policy apply to all purchases for goods or services that were included in the City's budget as approved by the Common Council. Purchases of goods or services for which a budget amendment is necessary, may require specific Common Council approval via resolution as more fully set forth in the Budget Amendment policy within this handbook.

The purchasing provisions of this policy further apply to all purchases and/or contracts for goods or services entered into by the City and its various departments, boards, commissions, and advisory bodies as well as to donations, grants, credit card usage, and annual budgeting.

The policies contained herein may cover subjects addressed in other sources such as state or federal laws, city ordinances, or resolutions. The provisions of Wis. Stat. Chapters 62, 65, and 66 relating to municipal purchasing and finance, as with all other applicable state and federal laws and regulations, take precedence over any portion of this policy handbook that may be in conflict. When in doubt, please contact the City Attorney or Finance Director prior to entering any contract to understand the scope of regulation applicable to a particular scenario.

PURCHASING AGENT

Pursuant to Sheboygan Municipal Code ("SMC") DIVISION 2-III-4, the City has established a Purchasing Agent, who reports to the Finance Director, and who has the power to purchase all supplies, equipment, and services needed by any and all departments, boards, commissions, and other agencies of the City, regardless of source of funds. Departments with technical expertise may purchase specialized items unique to their operations without collaborating with the Purchasing Agent subject to applicable laws, regulations, and policies.

The Purchasing Agent reserves the right to coordinate the purchase of like items when such a purchase is beneficial and practical to the City.

PURCHASE ORDERS

Generally, purchase orders are required for all purchases via entry into the City's accounting software unless a City-issued credit card is used for the purchase. Purchase order authorization should be obtained prior to executing a purchase. Payment to a vendor will not be made and/or items are subject to return if a purchase order is not authorized prior to purchase. The requesting department shall enter a requisition request into MUNIS/ Enterprise ERP. Once required approvals are made, the request will convert to a purchase order. The employee responsible for the purchase, whether the Purchasing Agent or another, shall deliver the purchase order to the vendor for processing prior to accepting delivery of the good or service.

Blanket purchase orders are issued on an annual or periodic basis to vendors with whom multiple purchases will be made on an ongoing basis. Examples include office supplies, repair parts, library books, or other materials/supplies for which the exact quantities are not known.

PURCHASING AND PROCUREMENT

City staff are stewards of taxpayer money and should therefore strive to make sound purchasing decisions that are based on competitive bids/quotations, are not frivolous, and are in the City's best interest. Contracts for the delivery, installation, warranty, or related services shall further comply with the Contracts policy contained within this handbook and with the City's records retention schedule.

All purchases should be made in accordance with the appropriations that have been approved by the Common Council for the operations of the respective City departments. The Department Head is responsible for ensuring these appropriations are not exceeded. For transit projects utilizing federal funds, the Transit Utility will utilize its Procurement Policy in accordance with Federal Transit Administration requirements.

Purchases up to \$4,999.99

Departments are encouraged to seek multiple sources in order to reasonably assure the best product and price, within the desired parameters of quality and delivery. Department Heads must approve purchases via the requisition request approval process in the City's accounting software. Staff should utilize their experience and best judgment in purchasing decisions.

Purchases of \$5,000.00 to \$24,999.99

Competitive quotations or proposals must be requested and documented. The purchase should be awarded to the lowest responsible and responsive proposal that the Department Head determines is in the City's best interest. Department Heads must approve purchases via the requisition request approval process in the City's accounting software. All purchases in this price range should also be pre-approved by the Finance Director.

Purchases of \$25,000.00 to \$49,999.99

Competitive quotations or proposals must be requested and documented. The purchase should be awarded to the lowest responsible and responsive proposal that the Department Head determines is in the City's best interest. Department Heads must approve purchases via the requisition request approval process in the City's accounting software. All purchases in this price range should also be pre-approved by the Finance Director and City Administrator or the Administrator's designee. In the absence of a City Administrator, all purchases in this price range should be pre-approved Finance and Personnel Committee Chair.

Purchases of \$50,000.00 or More

Competitive quotations or proposals must be requested and documented. The purchase should be awarded to the lowest responsible and responsive proposal that the Department Head determines is in the City's best interest. Common Council pre-approval is required for any new purchase of \$50,000.00 or more. "New purchase" means a one-time or special basis procurement that was not approved as a line item in the City operating or capital budget. Prior to submitting an authorizing resolution to the Common Council, the purchase should be subjected to City Administrator and Finance Director approval. The City Attorney may be consulted for compliance as stated in the contracts policy contained in this handbook.

QUALIFICATION-BASED SELECTION (QBS)

The selection process for engineering and design services will be in accordance with the “Brooks Act” (Public Law 92-582, 86 Stat. 1278 (1972), 40 U.S.C. 541) when required or may be as appropriate. “Engineering and design services” includes environmental and geotechnical drilling and laboratory testing when such services are required for engineering and design studies, investigations, tests, evaluations, or soils investigations for a specific project. The Brooks Act requires a Qualification-Based Selection (QBS) process whereby at least three firms are selected in order of preference based upon qualification criteria. Negotiations are initiated with the firms in their order of preference until a fair and reasonable price is secured. The intent of the Brooks Act is that consideration of price within the selection process is not in the public's best interest.

SOLE SOURCE PROCUREMENT

“Sole Source” means that only one source exists for a particular product or service. Where competitive quotations or proposals must otherwise be requested and documented but where City staff believes a product may only be obtained from sole source procurement, the Department Head must justify to the City Administrator why the product or project should not be competitively bid. Such justification should include a demonstration that only one source exists; a statement showing the price to be reasonable either on a fair market value or on a cost basis; a statement as to why sole source vending is being recommended, including reason(s) for rejecting other products, services, or suppliers if there are other sources for similar products or services; and a statement indicating why such procurement is in the City's best interest. If the purchase is required in order to match existing equipment, the existing equipment must be identified. Any sole source procurement with a value of \$25,000.00 or greater requires Common Council approval.

COOPERATIVE AND CONSORTIUM PURCHASING

The City may purchase goods or services at discounted prices under contracts already negotiated by the State of Wisconsin or others as long as the process allowed for cooperative purchasing and otherwise complies with Wisconsin's public construction laws. Contracts available through vendornet.wi.gov comply with these requirements and are administered through the Wisconsin Department of Administration, Bureau of Procurement. If staff desires to utilize another vendor for a cooperative purchasing opportunity, such request should first be reviewed by the City Attorney's Office for legal compliance. To expedite legal review, staff should provide the City Attorney's Office with a copy of the contract, website, and any other information staff has regarding the desired purchase. If approved by the City Attorney, the requestor is then obligated to follow other considerations within this policy handbook.

DEPARTMENT-SPECIFIC PURCHASING

Departments with technical expertise may purchase specialized items unique to their operations without collaborating with the Purchasing Agent. However, the Purchasing Agent would remain available to serve in an advisory capacity. The individual(s) coordinating the purchase bears responsibility for compliance with all applicable laws, regulations, and policies. The Finance Department may perform periodic audits of department-specific purchasing practices. The Finance Director will make the final determination over whether a purchase is department-specific or not.

In order to ensure compatibility and a maintenance of standards, all purchases of information technology equipment, supplies, software, and services must be preapproved or initiated by the Director of Information Technology.

Procurement activities by and for Shoreline Metro are subject to the Federal Transit Administration “Appendix A of Procurement Policies”. The current version of this Appendix is available upon request made to the Parking and Transit Director. In addition, agencies issuing paratransit service contracts through Shoreline Metro must submit a procurement checklist accompanied by appropriate and sufficient documentation to the Parking and Transit Director for review to ensure federal compliance.

EMERGENCY PURCHASING

When an emergency will not permit the use of the processes outlined in this policy, the applicable Department Head, Finance Director, and/or the City Administrator may determine the procurement methodology most appropriate to the specific situation, in consultation with the City Attorney. Appropriate documentation of the basis for the emergency should be maintained. The following situations constitute an emergency under this provision of the policy:

- Any situation in which an immediate and substantial danger to the health, life, or property of any person exists.

- Any situation in which potential for increased damage to City property exists if the situation is not immediately remedied.
- Any situation in which the Mayor’s Office declares an emergency.

In situations of extreme price volatility, the Finance Director may approve the purchase and then submit the requisition for approval in arrears. Appropriate documentation of the situation, including all vendors solicited for bid, should be provided to the Finance Director for consideration in their decision-making.

If an emergency purchase is over \$50,000, the Finance Director will notify Common Council via a budget amendment resolution at the next regularly scheduled Common Council meeting. Such resolution will provide sufficient information to communicate the Common Council the nature of the emergency, the mitigating and responsive measures taken and the specific needs identified to resolve the emergency.

PURCHASE ORDER ADJUSTMENTS

Purchase order change orders may be used when funds need to be added to complete the contract’s scope of work; a general ledger account needs to be corrected; a vendor’s address needs to be updated; or minor modifications to the original scope of work need to be made. Change orders are not allowed beyond 15% of the contract price for changes in quantities or to add items; new scope of work not covered by the existing project contract; or to enter into a new contract.

Change orders may be approved by the City Administrator without Common Council action if the modification to the original scope of work or change to the cost of original contract is less than 10% of the original contract price. For all allowable changes, budget funds must be available within the general ledger account to support the adjustment. Change orders may not be split in an effort to avoid the threshold requiring Common Council approval.

PURCHASE ORDER CARRYFORWARDS

At year-end, the Finance Department will complete a full review of open purchase orders in concert with the purchasing department. Purchase orders will only be allowed to carryforward their budget allocation to the next fiscal year if the cause for non-closure is due to a delay in delivery from the supplier or a service contract has not been completed. Orders for products must be completed prior to December 31 with the expectation that delivery will occur prior to year-end to utilize current year budget allocations.

After the first meeting of the new Common Council year (the first meeting that occurs after the April election), the Finance Department will again review open purchase orders. A resolution containing the list of open carryforward purchase orders will be brought forward for Common Council approval in order to comply with Wis. Stat. § 65.06(1).

DONATIONS

The City may be offered a donation of funds, labor and/or goods from private-sector partners, non-profit groups, and individuals. Such donation may qualify as an exception to public construction laws. When approached with a donation offer of over \$5,000 value, the Department Head or City Administrator should work with the City Attorney to ensure compliance with all applicable laws, regulations, and policies. For donations requiring City Attorney review, the “Donation Acceptance Form” should be completed by the Department Head and forwarded to the Finance Department for tracking and recordkeeping. Employees with discretionary authority over any permit or application or with enforcement powers should not solicit gifts or donations.

All monetary donations will be receipted by the Finance Department into the accounting system within “Special Revenue Funds” according to the restrictions placed by the donor. Department heads should work with the Finance Director to ensure purchases are compliant with the donation conditions. Donation balances will be monitored by the Finance Department.

The Finance Department will provide to a donor, at their request, an acknowledgement of donation receipt reflecting the fair market value. Replacement of donated items will be considered in future budgets but is not guaranteed. If the City believes a donation is not in the City’s best interest, the City reserves the right to decline any gift or donation.

GRANTS

Grants provide an opportunity for the City to receive funds from new sources allowing additional projects to be completed and services to be provided. City staff are encouraged and expected to continuously look for grant opportunities in all functional areas that align with the City's mission, strategic priorities, and adopted plans. The City Administrator and Department Head will evaluate available grants for short-term and long-term feasibility in relation to staff commitment, future capital and operating costs or matches, and compliance requirements. Federal grants may require compliance with certain federal standards, which will be identified the Terms and Conditions applicable to such grant. The Finance Director and other department heads affected by the grant should be consulted as needed.

Once the City Administrator has approved application for a grant, the following requirements apply:

1) Application

The grant application will be submitted to the best ability by the receiving department, and they will confer with other City department staff as necessary. After submission, the grant application will be submitted to the Finance Department with a completed Grant Tracking Form. The Finance Department will start a master file for the grant.

Under no circumstance should work outlined in the scope of services or products described in an application begin or be purchased prior to award and acceptance unless otherwise fully funded within the City budget and allowable per the grant conditions.

2) Award/Contract Acceptance

Once an award notification and grant contract have been received, copies should be sent to the Finance Department and City Attorney's Office for review. Common Council approval is required if the City Attorney's office deems it necessary, if there is an unbudgeted funding match, or if there are significant staffing/operating requirements to be considered. The signed contract will be sent to the granting agency with copies to the City Clerk, City Administrator's Office, and Finance Department.

3) Post Award Management

The receiving department should ensure a plan is established to spend all funds and complete project/purchase requirements according to the grant contract. All purchases associated with grants should follow City procurement policies if more restrictive. Oversight of post award management is critical to ensure that the interests and responsibilities of the City are met and maintained. Regular communication between all parties involved is required. The frequency and extent of communication will be agreed upon between the Finance Department and receiving department after the award is accepted.

4) Reimbursement Requests

All requests for reimbursement will be prepared by the Finance Department, with confirmation from the recipient department, according to the required grant schedule. The Finance Department will reconcile reimbursement requests to the accounting system to ensure that all eligible expenses are captured. All funds received from grantors will be receipted by the Finance Department to the appropriate general ledger within the City's accounting software.

5) Reporting/Compliance

Grants typically require activity progress and financial reports to be submitted to the grantor. Receiving departments should prepare accurate activity progress reports as required. All financial reports should be compiled with Finance Department assistance and provided to the Finance Director or designee for review before submission to the granting agency. This review will focus on accuracy and reconciliation to the City's accounting records. Once reviewed and approved, the report will be submitted to the grantor. All reports submitted to the grantor shall be given to the Finance Department for retention in the grant's master file.

6) File Management

The Finance Department will maintain the grant's master file according to the City's retention schedule. All associated accounting records will also be retained according to the City's retention schedule. If a grantor requires

a longer retention period, the master file is to be marked and kept accordingly. If applicable, the receiving department should turn over all benchmark and activity information to be kept with the master file.

PROHIBITED PURCHASING PRACTICES

Serial Contracting Prohibited

Serial contracting is the practice of issuing a series of purchase orders to the same vendor for the same project in order to avoid federal, state, or local requirements. Serial contracting may be unlawful and may subject the City to financial liability. Any staff person and/or department head responsible for serial contracting may be subject to discipline up to and including termination.

Conflicts of Interest in Purchasing

Employees should not participate directly or indirectly in a purchase if the employee or a member of the employee's family has a financial interest in the purchase or has made any arrangement that could plausibly present a conflict of interest. Not all circumstances constitute a conflict of interest. If a purchase or contract may constitute a conflict of interest, the impacted employee should confer with their department head and/or the City Attorney as soon as such potential conflict becomes apparent.

Employees should not purchase goods or services on the City's behalf from City employees unless the employee/seller is considered an independent contractor as defined by the Internal Revenue Service. When considering making such a purchase, staff should consult with the City Attorney for preapproval.

Employees should not utilize City-negotiated discounts, the City's tax-exempt status, City credit cards, or City accounts to purchase goods or services or for their own personal use or gain.

Employees should not solicit gifts or offers for personal use or gain based upon their relationship with the City. When considering whether to receive a gift, employees are directed to the gifts policy contained within the Employee Handbook. Any questions or concerns regarding whether to accept a gift or what to do with a received gift should be discussed with the employee's department head.

CONTRACTING

SCOPE AND APPLICATION

The contracting provisions of this policy handbook apply to all contracts regardless of title, entered into by the City and its various divisions and departments. Common contract names include but are not limited to memorandum of understanding (MOU), agreement, understanding, quote, or order form. If you are unsure whether a document qualifies as a contract or if an agreement will extend into a subsequent year, consult with the City Attorney, Finance Director, or City Administrator.

CONTRACTING PARTY

All contracts must be made in the name of the "City of Sheboygan." Because individual departments and agencies are not separate legal entities, they do not have authority to contract on their own. Department heads and other staff do not have authority to sign contracts except pursuant to Council approval or where specifically authorized by law, ordinance, or policy.

EXECUTION AUTHORITY

Contracts should not be executed by any officer or employee other than the purchasing agent or upon the agent's or Council's delegation except as provided in this policy handbook. Pursuant to Wis. Stat. § 62.09(10)(f), the Comptroller shall countersign all contracts thereby affirming that the necessary funds have been provided to pay the liability. Pursuant to Wis. Stat. § 62.15(12), contracts for public works shall be signed by the mayor and clerk, unless otherwise provided by resolution or ordinance, approved as to form by the city attorney, and countersigned by the comptroller.

The Redevelopment Authority ("RDA"), Plan Commission, Housing Authority, Transit Authority, and Mead Public Library Board of Trustees ("Library Board") may enter into contracts without express Council authorization assuming such expenditure or obligation does not exceed the funding budgeted to such entity for the fiscal year. These bodies must follow all applicable laws governing their contracting authority.

RESOLUTION REQUIREMENTS

The employee responsible for or requesting execution of a contract is responsible for drafting an authorizing resolution for it. Upon drafting, the resolution should be forwarded to the City Attorney for review prior to submission to Council. Every resolution authorizing a City contract should:

- Accurately identify the contracting party by its full legal name;
- Establish the maximum amount of funds to be expended;
- Establish the contract term, including any renewal or extension options;
- Provide enough information about the substance of the contract or nature of the work so that, in the event of a legal dispute, a court can reasonably determine authorized by the Council and

contract;

- Specify who is authorized to sign the contract on the City's behalf;
- Cross-reference any related resolutions, ordinances, laws, or policies.

When a project was included within the current annual budget and the current annual capital improvement plan, and when the agreement to effectuate the contract otherwise complies with this policy handbook, no separate authorizing resolution is required. Rather, such agreement may be entered into upon review by the City Attorney and approval by the City Administrator.

STANDARD TERMS FOR CONTRACTS

Contracts entered into by the City should comply with the standard terms explained herein and contained in the attached Exhibits A & B. Alternatively, contracts for City-bid construction projects may be executed with the City's Standard EJCDC Construction Contract on file with the City Engineer. Whenever a department head or purchasing agent desires to contract with another party utilizing forms they provide, the City's standard terms and conditions, attached as Exhibit B, should be incorporated into the agreement with a provision explaining that the City's standard terms and conditions supersede any conflicting provisions within the contract. Deviations from this policy will be handled pursuant to this policy. For transit projects utilizing federal funds, the Transit Utility will utilize the required Federal Transit Administration clauses, certifications and assurances along with any additional local terms of agreement.

SCOPE OF SERVICES AND SCHEDULE OF PAYMENT

The department administering a contract is responsible for preparing the contract's scope of services or scope of work. The scope should be sufficiently specific to answer the "who, what, where, why, when, and how" of the contracted activity.

The Finance Department will administer payments pursuant to a schedule as set forth in the contract. Such schedule should allow a minimum of thirty days after receipt of invoice for payment remission.

COMMON PROVISIONS & RELATED POLICIES

Dispute Resolution: Contracts will typically include one of three ways to resolve disputes arising out of the contract or contracted activities; arbitration, mediation, and negotiation. In arbitration, a trained arbitrator serves as a judge responsible for resolving the dispute by hearing the parties' arguments and making a binding decision. In mediation, a neutral, trained mediator facilitates consensus or compromise between the parties. With a negotiation, the parties work in good faith to resolve the matter directly between themselves without third-party assistance.

Policy: The City's preferred method of dispute resolution is good faith negotiation followed by resolution in the circuit court of Sheboygan County. The City will not agree to arbitration. The City may agree to mediation but such decision will be made by the City Attorney in consultation with the requesting Department Head.

Hold Harmless: When a party agrees to hold the other harmless, the party releases the other from legal responsibility for injuries or damages that party caused.

Policy: The City does not agree to hold a contracting party harmless unless doing so is in the City's best interest or if the contracting party is another governmental entity or an agency, department, or division thereof, without Council's express approval. The City Attorney and City Administrator, by mutual agreement, are authorized to hold harmless a government party when doing so is a condition of state or federal financial assistance, is necessary to commence a public works project, or is a condition of any state or federal permit or approval. Whenever a

Department Head desires to enter into a contract that releases the other party from legal responsibility via a hold harmless provision, the Department Head must justify taking on this risk in accordance with this policy.

Indemnification: When a party indemnifies another, it agrees to pay the losses suffered by the other party, which arose from certain acts. A common example of an indemnification agreement is homeowner's insurance. The homeowner pays an insurance company a premium in exchange for the insurance company indemnifying or paying for losses suffered by various acts, like a catastrophic weather event or fire.

Policy: The City does not agree to indemnify a contracting party unless doing so is in the City's best interest or if the contracting party is another governmental entity or an agency, department, or division thereof, without Council's express approval. The City Attorney and City Administrator, by mutual agreement, are authorized to indemnify government parties when such indemnification is a condition of state or federal financial assistance, is necessary to commence a public works project, or is a condition of any state or federal permit or approval. Whenever staff desires to enter into a contract that imposes a duty of indemnification on the City for any party except those noted above, the responsible Department Head must justify taking on this risk in accordance with this policy and such contract must be presented to the Common Council for approval.

Limitation of Liability. When a party limits liability to a set amount, such as the contract price, the City assumes responsibility and costs beyond that amount.

Policy: The City does not agree to limitations of liability unless doing so is in the City's best interest. The City Attorney and City Administrator, by mutual agreement, are authorized to agree to a limitation of liability provision when doing so is a condition of state or federal financial assistance or permit approval, or is necessary to commence a public works project. Whenever staff desires to enter into a contract that imposes a limitation on liability, the responsible Department Head must justify taking on this risk in accordance with this policy and such contract must be presented to the Common Council for approval.

Means and Methods: This is a term that refers to the techniques, materials, and procedures used by a contractor to complete a project.

Policy: Every service and construction contract should include language explicitly stating that the contractor is responsible for matters within their control with respect to the contracted activities. This language is contained within Exhibit B. Deviations from this language are subject to City Attorney approval.

Non-Appropriations: A non-appropriation clause enables a contracting party to terminate a contract at the end of an appropriation period without further obligation or penalty. This provision protects the City from having to pay future expenses under contract if they are not approved in a future budget year.

Policy: Consistent with Wis. Stat. § 65.06(1), whenever the City contracts for work to be compensated in a subsequent budget cycle, the contract must include language that protects the City from incurring unauthorized financial liability via a non-appropriations provision.

Notice: This provision identifies the person responsible for receiving official notice related to the contract. The Mayor and City Clerk are empowered by Wis. Stat. § 801.11(4)(a)3 to accept service on behalf of the City. Business communications related to the contract are different from official notice and encompass routine communications between the City and the contracted party.

Policy: Where a contract provides a place to list a person for official notices related to the contract, the person listed should be the City Clerk with copy to either the Purchasing Agent or responsible Department Head. Business communications related to the contract may be undertaken via mail, electronic mail, telephone, or in-person with the City employee responsible for communicating with the contracted party.

Termination:

Termination for Cause is a provision identifying how a party may end a contract before expiration if the other party fails to fulfill their contractual obligation(s).

Termination for Convenience is a provision allowing a party to end a contract before expiration simply by choice.

Policy: Every service and construction contract should include language allowing the City to terminate the contract for cause or for convenience. Whenever a department head responsible for administering a contract develops concern that a contracting party is unable to perform their duties or believes the contracting party is in default, the department head should immediately consult with the City Attorney.

Waiver of Subrogation: Subrogation is the means by which an insurance company recovers its losses paid in response to a claim. For example, when an insured driver's car is totaled through the fault of another driver, the insurance company reimburses the insured driver for the loss and then pursues reimbursement through the other driver or their insurance company.

Policy: The City requires a waiver of subrogation in favor of the City of Sheboygan, its officers, council members, agents, employees, and authorized volunteers.

INSURANCE REQUIREMENTS FOR CONTRACTORS

Risk transfer through the proper use of insurance certificates, endorsements, and indemnity agreements is a critical aspect of protecting the City's best interests and taxpayer money. Except where otherwise specified by ordinance, the insurance provisions and amounts that are required of all contractors performing services for the City are as set forth in the attached "Exhibit A". Such provisions should be evidenced via a signed certificate of insurance listing as certificate holder, "The City of Sheboygan, its employees, officers, and agents" as well as via a copy of any required endorsement, which should be kept on file with the signed contract. Obtaining only a certificate does not protect the City's best interests. Ensure that both a certificate and a copy of the applicable endorsements are provided prior to contract execution.

SERVICE CONTRACT APPROVAL PROCESS AND SCOPE OF AUTHORITIES

Each person identified in the Approval Process & Scope of Authorities may designate one or more staff members to exercise their authority with regard to this policy. The Department Head/Purchasing Agent seeking to contract should, upon City approval, obtain all necessary signatures from the contracting party and then provide the contract to the City Clerk who will obtain all necessary signatures from City staff. A full copy of every executed contract shall be filed with the City Clerk, the City Administrator, and the contracting department.

- I. The Department Head/Purchasing Agent desiring to enter into contract should first review the contract for compliance with this policy. Such review includes assembly of all relevant documents including the insurance certificate(s), insurance endorsement(s), exhibits, price or term sheets, and any other documents relevant to the proposed contract. The Department Head/Purchasing Agent is responsible for initial communications with the contracting party and for requesting modifications necessary to bring a contract into compliance with this policy. When the Department Head/Purchasing Agent is satisfied that the contract complies with this policy or, in the case of deviations, that the Department Head/Purchasing Agent feels such policy deviations are in the City's best interest, the Department Head/Purchasing Agent should forward the contract and all companion documents to the City Attorney for review. If deviations from this policy are desired, the Department Head/Purchasing Agent should state, in writing, why such deviations are, in their professional opinion, in the City's best interest.
- II. The City Attorney should, signify in writing whether the requirements of this policy have been met prior to the execution of any contract. If the contract complies with this policy and the total related expenditure does not exceed \$50,000.00, the City Attorney may authorize execution of same by the appropriate officials upon countersignature by the Comptroller. If deviations from this policy are desired and/or the total related expenditure exceeds \$50,000, the City Attorney should explain why, in their professional judgment, such deviations are or are not in the City's best interest and should forward the contract and all companion documents to the City Administrator for consideration.
- III. The City Administrator, and Department Head/Purchasing Agent seeking to contract may, upon consultation with the City Attorney, amend or waive the general insurance requirements or other contractual provisions for contracts valued less than \$50,000 if they are satisfied that the nature of the contract, changing insurance

practices, or other extenuating circumstances require alteration and that other contractual provisions adequately protect the City. It is the responsibility of the Department Head/Purchasing Agent seeking deviation to justify same. If deviation from this policy is agreed upon, such alternate terms should be reduced to writing and approved, in writing, by the City Administrator and Department Head/Purchasing Agent seeking the deviation. Where deviations are desired for contracts valued greater than \$50,000, Common Council approval is required prior to execution.

If the City Administrator and Department Head cannot achieve unanimous agreement to alternate contractual provisions, the Department Head/Purchasing Agent may seek approval from the Common Council, which may authorize deviations from this policy where appropriate given the circumstances upon hearing the justifications or concerns as set forth by the Department Head/ Purchasing Agent and/or City Attorney.

- IV. When a contract that deviates from this policy is sought by the City Administrator, such contract should be reviewed by the City Attorney and, if the City Attorney does not believe entering into the contract is in the City's best interest, the City Administrator may seek approval from the Common Council pursuant to section III.

SPECIAL CONTRACTS

INTERGOVERNMENTAL AGREEMENTS ("IGA")

Contracts with other governmental bodies present unique issues. Contracts involving federal funds or oversight require additional provisions depending on the nature of the program. The City Attorney should be consulted as early as possible in the process.

DEVELOPMENT AGREEMENTS

Each development agreement presents unique issues and opportunities. The City Attorney should be consulted as early as possible in the process and should be timely updated with any pertinent information regarding the proposed development. Development Agreements will be drafted by the City based on a Terms Sheet supplied by a Developer and/or considering any other factors deemed relevant by the City Attorney and/or City Administrator. Council approval should be obtained once the necessary details are known, or when the City is tasked with selecting between options. For Development Agreements involving Tax Increment Financing Districts, the Finance Director should be consulted as early as possible in the process.

REAL ESTATE TRANSACTIONS

Transactions relating to the acquisition, sale, or donation of real estate and for the permanent, temporary, or limited use of City-owned property presents unique issues and opportunities. The City Attorney should be consulted as early as possible in the process. Documents effectuating a real estate transfer or private use of City-owned property must be reviewed by the City Attorney and approved by Council.

PUBLIC WORKS/ PUBLIC CONSTRUCTION CONTRACTS

All public construction, the estimated cost of which exceeds \$25,000.00, shall be awarded by contract to the lowest responsible bidder and as the Common Council directs. Public construction contracts trigger several state laws and as such, should be undertaken in consultation with the City Attorney's Office on forms approved for such use.

BUDGETING POLICY

PURPOSE & OVERVIEW

The City strives to create a transparent budgeting process that promotes stakeholder participation throughout to ensure the direction of the City aligns with local community needs. Through this policy, the City intends to establish guidelines for the City's annual budgeting process, to provide a framework for decision-making regarding the use of City funds, and to ensure responsible fiscal management to maintain financial sustainability.

The City's budget is prepared for the fiscal year beginning January 1 and ending December 31. Department heads, with staff assistance, will prepare department budget requests under the direction and parameters established by the City

Administrator. The City Administrator should submit a proposed budget for the following fiscal year to the Common Council with ample time for review prior to the first Council meeting of November. Upon receipt of the proposed budget, the Common Council will evaluate and amend the proposed budget at their discretion until adopted.

BALANCED BUDGETING

The Common Council is required to adopt a balanced budget. A balanced budget includes operating expenditures that do not exceed operating revenues and is a basic budgetary constraint intended to ensure that the City does not spend beyond its means. Unassigned fund balances may only be appropriated for one-time expenditures to the extent they support non-recurring expenses. All fund balances should be maintained at or above the required minimal levels as defined within the City's fund balance policy.

BUDGET SCHEDULE

The City Administrator will prepare and submit for review an annual budget schedule to the Common Council, which includes important dates and deadlines. The City Administrator may provide a separate budget schedule to department heads to assist with process expectations.

BUDGET PARAMETERS

The City Administrator will prepare budget parameters with direction from the Common Council to serve as a guiding document throughout budget development. Budget parameters may include direction on priorities, goals for the upcoming year, anticipated challenges, and any other relevant information that should be considered during department head budget preparation.

REVENUES

The City will continue to explore different opportunities for funding to support continuation of service and operations. Revenues include, but are not limited to, taxes, licenses and permits, forfeitures, charges for service, and interdepartmental charges. Revenues should be estimated for budget purposes in good faith and should include supporting documentation identifying methodology used in preparation. There should be a consensus by Finance staff, department heads and City Administrator prior to inclusion of estimates in the proposed budget submitted to Common Council.

Department heads should work with the Finance Director during the budget process to review any fees associated with their department and to suggest changes based on factors such as inflation, indirect costs, and any other related expenses that impact the cost of providing the program or service to the public. New fees or the elimination of fees require Common Council approval. Fees should be set to cover 100% of all related costs including direct costs, administrative costs, and organization-wide support costs. If a Department Head does not recommend charging 100% of all related costs, the fee amount should be approved by Common Council. In order to avoid drastic changes, the Common Council may approve phased implementation of new or updated fee amounts.

Restricted revenues may only be used for legally permissible purposes. Programs and services that generate restricted revenue will be clearly designated as such and should expend restricted funds before utilizing general funds.

One-time revenues should be solely utilized to cover one-time expenditures. The City should avoid using temporary revenue sources or one-time revenue sources to fund ongoing programs and services.

EXPENDITURES

In order to provide quality programs and services to the public, expenditures should be sufficiently budgeted for. Expenditure estimates for budget development should be estimated in good faith using financial data to identify trends, annual assumptions, and best judgment.

Non-represented employee salary cost-of-living adjustments shall be tied to the annual cost-of-living adjustment provided to Social Security recipients. If the City is unable to increase wages to the full extent of the adjustment due to budget constraints in a particular year, a plan to reach the increase in following years should be presented prior to budget adoption.

Vacant positions should be budgeted at the control point on the associated salary pay grade and include employee-only health and dental insurance.

All new requests for funding, including for additional staffing, should be submitted during the annual budgeting process and include information detailing how the request aligns with the City's mission and strategic plan.

BUDGET AMENDMENTS

Department heads should review revenue and expenditure projections on a quarterly basis. If upon review, it is anticipated that there will be a significant variation between the projected and budgeted amounts, the Department Head should submit a request for a budget amendment to the Finance Director detailing the circumstances causing the variation. The Finance Director will review the request and assist with the appropriate procedure based on the following approvals:

- The Finance Director may approve budget amendments that involve movement of expenses between accounts within a department (same organization code in the accounting system) resulting in a net neutral change to the budget.
- The City Administrator may approve budget amendments that involve movement of expenses between departments that result in a net neutral change to the budget, decreases to revenues and expenditures of the same amount, or increases to revenues and expenditures of the same amount.
- Common Council approval is required for budget amendments that are not budget neutral or that involve movement between funds. A two-thirds vote is required from Common Council for these budget amendment approvals per Wis. Stat. § 65.90(5)(ar). Any net surpluses or deficits that occur as a result of these budget amendments will be applied to the appropriate fund balance at the close of the fiscal year.

INVESTMENT AND CASH MANAGEMENT

PURPOSE

The purpose of this policy is to formalize the framework for the City's daily cash management and investment activities. The policy is intended to be broad enough to allow the investment officer to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment of assets.

OVERVIEW

This policy applies to all financial assets of the City. These funds shall be accounted for and disclosed in the City's Financial Statements according to Government Accounting Standards Board rules and guidance.

The Comptroller must review this policy in conjunction with the City's commercial banks at least every three years. Any changes proposed as a result of that review should be submitted to the Common Council.

For the avoidance of doubt, to the extent stricter rules apply—such as with respect to investing the proceeds of tax-exempt bonds between issuance of the bond and usage of the proceeds—those stricter rules also apply.

OBJECTIVES

The primary objectives of all investment activities involving the financial assets of the City are, in order of priority: safety, liquidity and return.

Safety and preservation of principal in the overall portfolio is the foremost investment objective. Investments should be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk. Credit risk will be minimized by limiting investments to the safest types of securities, pre-qualifying the financial institutions that are chosen for partnership and diversifying the investment portfolio. Interest rate risk will be minimized by structuring the investment portfolio to meet cash flow needs for operations and investing in operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

The investment portfolio should remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, because all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets.

The investment portfolio should be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, considering the investment risk constraints and liquidity needs.

DELEGATION OF AUTHORITY

The Comptroller is responsible for approving cash management and investment decisions under this policy. The Comptroller should apply the “prudent investor” standard in the context of managing an overall portfolio. The Comptroller, acting in accordance with any 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 appropriately (as required by this policy) and the liquidity and sale of securities are carried out in accordance with the terms of this policy.

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 own capital as well as the probable income to be derived.

CASH MANAGEMENT PROGRAM

The City shall maintain a cash management program with one or more depository institutions that will 1) provide protection for the City’s deposits through collateralization or similar protections and, 2) maximize any interest on deposits while minimizing fees. The average balance held with a commercial bank should be within the FDIC/NCUA insurance limit as much as possible.

To the extent permitted by law, all revenue received by the City—including revenue of the Mead Public Library Board, Parking Utility, and Transit Utility—shall be deposited with the one or more commercial banks with which the City maintains its cash management program and managed in accordance with this cash management program.

INVESTMENT PORTFOLIO

City funds not needed for the City’s immediate use will be invested in accordance with state law and this Investment Policy. This Investment Policy stipulates the City shall diversify the investment portfolio by instruments, financial institution and maturities which comply with Section 66.0603 of the Wisconsin Statutes.

The City may invest in any other permissible investment identified in Wis. Stat. § 66.0603 to the extent permitted by law with the following limitations:

Debt obligations for corporate issuers or municipal issuers outside the State of Wisconsin must carry a rating in the highest rating category as assigned by Standard & Poor’s Corporation, Moody’s Investors Service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.

Investments shall be diversified by limiting securities from a specific issuer or business sector (excluding U.S. Treasury securities) to avoid overconcentration credit risk. Any known vulnerability due to concentrations or constraints within the investment portfolio will be reported according to the Government Accounting Standards Board requirements.

TREASURY MANAGEMENT

For matters related to treasury management, the City shall enter into an agreement with each commercial bank designated as a depository in which funds are actually deposited. This agreement shall set forth appropriate requirements regarding: (1) reporting to the City by the commercial bank, (2) the collateralization of City funds, (3) safekeeping of pledged securities,

and (4) any other provisions deemed appropriate by the Comptroller to adequately protect the City. Fees shall be established in advance. All compensation shall be disclosed in a written agreement. The relationship between the financial institution and the City by be terminated at any time at the discretion of the City.

DIVERSIFICATION BY FINANCIAL INSTITUTION

The only restriction regarding allocation of funds within the City's investment portfolio is that Certificates of Deposit (CD) in commercial banks will be limited to no more than 25 percent of the portfolio at any one institution and are either below applicable insurance limits or secured by collateral as defined by this policy. The Comptroller will endeavor to ensure the investments are appropriately diversified among issuers.

MATURING SCHEDULING

Investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs. Maturities for term instruments may be extended to not more than seven years from the date on which it is acquired in an effort to maximize the highest rate of return during varying market conditions.

FINANCIAL INSTITUTIONS

A list of financial institutions authorized by Common Council to hold City assets shall be maintained by the Comptroller.

REPORTING REQUIREMENTS

Daily reports of cash collections and monthly reports of investments will be generated for management purposes as needed. The Finance and Personnel Committee will be provided quarterly reports regarding the City's Investment portfolio.

SAFEKEEPING AND CUSTODY

Securities will be held by a (centralized) independent third-party custodian as evidenced by safekeeping receipts or reports in the City's name.

COLLATERALIZATION REQUIREMENTS

Funds held in depository institutions in excess of FDIC/NCUA insurance limits and/or coverage limits specified in Wisconsin statutes 34.08(1)(2) shall require collateral valued at 102% of the principal and accrued interest. Conditions of the collateral arrangement will be detailed in a "Security Agreement" between the depository financial institution and the City. Collateral pledged for this purpose will be held by a third-party custodian, in the City's name, and evidenced by a "Tri-Party" agreement between the depository financial institution, the City, and the custodian. Evidence of ownership must be detailed in a safekeeping receipt supplied to the City. A Letter of credit through the Federal Home Loan Bank of Chicago will list the City named as beneficial owner.

DEBT MANAGEMENT

PURPOSE

Primary objectives of this policy include establishing the appropriate use of debt, finding alternative methods to pay debt service costs other than property tax, minimizing the City's debt service and issuance costs, retaining the highest practical credit rating, providing complete financial reporting and disclosure, and maintaining level and affordable annual debt service payments.

USES OF DEBT AND OTHER FORMS OF BORROWING

The City may use long term financing for the acquisition, maintenance, replacement, or expansion of capital assets and infrastructure as planned within the City Capital Plan. The City will not issue long term debt to fund current operations. Financing options allowed pursuant to Wisconsin statutes, including but not limited to: general obligation bonds and notes, State Trust Fund Loans, revenue bonds, capital or secured equipment leases, tax incremental bonds, special obligation bonds, and bond anticipation notes may be considered.

DEBT CAPACITIES & LIMIT

The City's debt capacity will be used only after other financing options have been reviewed and the use is approved by the Finance Director and City Administrator. The planned use of debt will be reviewed for impact on the City's credit rating.

In order to maintain a borrowing limit appropriate for the City's credit rating objectives and to preserve the City's financial flexibility, the City will maintain outstanding non-TID debt of an amount not exceeding 60 percent of the City's aggregate statutory borrowing limit as prescribed by Wis. Stat. § 67.03(1)(a).

LENGTH OF DEBT AND TIMING OF BOND ISSUES

Debt will be structured to provide for the shortest repayment period, while minimizing large fluctuations in property tax or other revenue requirements for debt retirement. The amortization period will be based upon a fair allocation of costs to current and future beneficiaries of the capital and infrastructure assets, and to revenue streams used to finance the annual debt service payments. Generally, the City issues promissory notes with a ten-year amortization for capital improvement projects. Tax increment financing projects, and significant facility projects may warrant a longer-term debt schedule, but in most cases not to exceed a 20-year repayment schedule. Call features may be included if appropriate and financially feasible. Under no situations will the financing term exceed the useful life or average useful lives of the assets to be financed. To help protect the City's bond rating, bond sales will be scheduled in an orderly schedule to assure the markets of the stability of the City's financial decisions.

CAPITALIZED INTEREST

The City will generally not capitalize interest on its general fixed assets and infrastructure assets. Capitalized interest will be considered an increased cost of the project for proprietary fund assets for which borrowing is used as a financing mechanism. Debt issues for Tax Increment District projects may utilize capitalized interest dependent upon the project plan.

CONDUIT FINANCING

Conduit financing is debt issued by the City of Sheboygan to finance a third party's project. The City may sponsor conduit financing for those activities that serve a public purpose and are consistent with the City's overall goals such as economic and industrial development, housing, health facilities, etc. Unless a compelling public policy rationale exists, such conduit financing will not in any way pledge the City's faith and credit. Information regarding the financial feasibility of the project and financial capacity of the company may be reviewed by the City prior to the approval of such financing.

CREDIT RATING

The City of Sheboygan seeks to maintain the highest possible credit rating for all categories of debt that can be achieved without compromising the City's operational objectives. The City recognizes that its credit rating can be impacted by conditions of the economy which are out of its control.

FINANCIAL DISCLOSURE

Every financial report and bond prospectus will follow the City's commitment to complete and full disclosure in conformance with industry requirements. The City's intent is to provide necessary information to constituents, council members, investors, departments, financial institutions, rating agencies, grantors, governmental agencies, and other interested parties. This includes, but is not limited to, meeting the Securities and Exchange Commission Rule 15c12-12 Secondary Disclosure Requirements.

INDEPENDENCE, METHOD, AND AWARD OF SALE

The City will select a method of sale that is most appropriate considering the City's financial position, the market environment, project-specific needs, and other related conditions. Unless specific situations exist, the City will issue its debt obligations through a competitive sale. Award of the sale will be based on the True Interest Cost Method (TIC). Under certain situations, it may be appropriate to seek financing through other methods such as negotiated sale or private placement. All such alternative methods of sale will receive prior approval from the Finance Committee and Common Council. The financial advisor shall maintain complete independence from the underwriting process.

REFUNDING PRACTICES

Periodic reviews of all outstanding debt will be performed to determine refunding opportunities. Refunding will be considered when there is a net economic benefit of the refunding (as measured in “present value”), to improve restrictive debt covenants or to improve debt structure.

ARBITRAGE

The City’s bond counsel will prepare a no arbitrage certificate with tax-exempt issue. The Finance Department will be responsible for ensuring compliance with the most current arbitrage regulations. The City will segregate bond fund investments or, at a minimum, maintain monthly allocations of commingled bond investments. The City will plan projects carefully in advance to determine the applicability of the rebate exceptions and, if necessary, will have rebate calculations performed annually during the construction period, and no less often than on a five-year basis thereafter, until the bonds mature.

FUND BALANCE

PURPOSE

The purpose of this policy is to provide guidance for compliance in accordance with Government Account Standard Board Statement #54 - Fund Balance Reporting and Governmental Fund Type Definitions. The responsible management of fund balance provides a stable environment for the City of Sheboygan’s operations that allows the City to provide quality services to its residents in a manner designed to keep services and taxes as consistent as possible over time.

DEFINITIONS AND POLICIES

Fund Balance is the difference between assets and liabilities in governmental funds (i.e. general fund, special revenue funds, capital project funds, debt service funds and permanent funds).

Non-Spendable Fund Balance is the amount of a fund balance that cannot be spent because it is either not in a spendable form or because law or contract require the funds to remain intact.

Policy: At the end of each fiscal year, the City will report the portion of fund balance that is not in spendable form as “Non-Spendable Fund Balance” on financial statements, which will include, but is not limited to inventories, prepaid items, long term account receivables, and interfund receivables.

Restricted Fund Balance is the portion of spendable fund balance that is constrained because of legal restrictions by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

Policy: At the end of each fiscal year, the City of Sheboygan will report Restricted Fund Balance on the financial statements that have applicable legal restrictions per provisions of GASB #54 including debt service and capital funds from long-term debt proceeds.

Committed Fund Balance is the portion of fund balance that is constrained for specific purposes, which are imposed by the Common Council through formal action. The formal action must occur prior to the end of the reporting period, but the commitment amount subject to the constraints may be determined in the subsequent period. Any changes to constraints imposed require the same formal action of the City Council that originally created the commitment.

General Fund Policy: Prior to the end of each fiscal year, the City of Sheboygan will determine the specific purposes of committed fund balance. Any new specific purposes will be set forth in a Common Council resolution with the final amount being determined at or after year-end. Specific purposes for committed fund balance approved in prior-year resolutions will be carried forward until rescinded through Common Council action.

Other Funds Policy: Fund balances in special revenue funds, unless restricted by an outside party, are considered committed to the specific purpose set forth by each special revenue fund. In addition, capital funds that do not include debt proceeds will normally be reported as committed. When special revenue funds are created, Common Council approval will be required to formally commit the funds. Council action will be required to transfer funds out of special revenue funds.

Assigned Fund Balance is the portion of spendable fund balance that is intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed.

Policy: The Common Council authorizes the Finance Director to assign amounts within the financial statements for a specific purpose. Assignments may take place after the end of the reporting period. Assigned fund balance may include fund equity applied for subsequent year expenditures approved by Common Council.

Unassigned Fund Balance is the residual classification for spendable fund balance not included in other classifications. This classification is not subject to any constraints and is available for any purpose. These are the current resources available for which there is no self-imposed limitations or set spending plan.

Policy: In order to maintain sufficient reserves for emergency expenditures, the City shall maintain a minimum unassigned General Fund balance equal to at least 25 percent of the subsequent year’s general fund expenditures. Funds in excess of 25 percent may, at the Common Council’s discretion, be appropriated toward one-time capital improvement projects, debt abatement, property tax reduction, or investments into programs that enhance efficiencies or reduce operating costs.

In order to maintain sufficient reserves for claim expenditures, the City shall maintain a minimum of 1.5 times the average annual claim amount as unrestricted fund balance within both the Workers’ Compensation Fund and Health Insurance Fund.

CREDIT CARD POLICY

SCOPE AND APPLICATION

This policy establishes the guidelines governing the purchase of goods or services with a city credit card and defines the roles and responsibilities of every cardholder.

Credit cards are generally intended for small dollar, high-volume purchasing activities. The use of credit cards streamlines the purchasing process by reducing administrative burdens and costs associated with traditional methods of payment and benefits the City through rebate revenue, improved purchasing data analytics, providing a petty cash alternative, allowing immediate payment to vendors, and supporting emergency preparedness. Purchases made via credit card are subject to the policies and procedures of the City’s purchasing policy. Any violation of this policy will result in disciplinary action including, but not limited to, termination.

CREDIT CARD USERS AND LIMITS

Each Department Head will be issued a credit card upon hire to be utilized for departmental purchases. Credit cards for other employees may be requested by the Department Head utilizing the Credit Card Request form. All credit card users must review and sign the Credit Card User Acknowledgement Form prior to receiving a credit card from the Finance Department.

The established default credit card limits will be as follows:

Non-Supervisory Employees:	\$1,000
Supervisors:	\$3,000
Department Heads:	\$5,000
Finance Director:	\$50,000
City Administrator:	\$50,000

Department Heads may request temporary or permanent increases for employee credit cards within their department based on need. Requests should be submitted in writing to the Finance Director, who has approval authority subject to this policy. When requesting a temporary limit increase, the requestor should indicate the requested amount and explain the

circumstances warranting the increase (for example: \$2,000 increase for large purchase of supplies for an annual employee event). For a permanent limit increase above the listed default amounts, the requestor should indicate the requested amount and explain the basis for needing to regularly exceed the default limit (for example: a monthly service subscription of \$2,000 in addition to other regular purchases renders the limit insufficient). Permanent limit increases should first be reviewed by the Finance Director and if approved, referred to the City Administrator for final approval.

CARDHOLDER ROLES & RESPONSIBILITIES

Credit card users should follow all applicable purchasing guidelines approved by the Common Council. Once a credit card has been issued, it may not be transferred between individuals and/or departments. Where the employees within a department share use of a credit card, all purchases should be approved by the Department Head, who bears responsibility for card utilization. Employees must surrender any credit cards in their possession upon termination of employment. If an employee's position changes, the Finance Director will determine if the individual continues to qualify for use of a city credit card. Credit cards will be closed if there is no purchase activity for six months.

Cardholders must:

- Limit purchases to official business use only
- Promptly report any prohibited or unauthorized purchases to the Finance Director or Assistant Finance Director
- Perform monthly reconciliation and submit receipt documentation for every purchase within 10 business days of statement cycle closure as detailed in the procedure document provided by the Finance Department
- Verify goods/services listed on the credit card statement have been received in the quantity and quality agreed upon
- Report fraudulent/suspicious activity to the credit card vendor and their Department Head as soon as discovered
- Immediately notify the Finance Director or Assistant Finance Director of a lost or stolen card
- Attempt to resolve disputes or billing errors directly with the vendor
- Return credit card to Department Head or Finance Department upon end of employment or revocation of credit card purchasing authority by Finance Director.

CREDIT CARD PROGRAM OVERSIGHT

The Finance Director and Assistant Finance Director oversee the City's credit card program. Credit cards will be issued to City employees and elected officials upon Finance Director approval based on the criteria within this policy and are subject to immediate revocation at the Finance Director or Assistant Finance Director's discretion.

The Finance Department is responsible for recording credit card transactions in the City's accounting software and shall perform periodic audits to confirm compliance with this policy. Such audits may include reviewing purchase supporting documentation, confirming timeliness with records submission, and verifying purchase approvals.

Each Department Head is expected to oversee credit card activity within their department.

CREDIT CARD USAGE

All credit card purchases should follow the bidding and quoting processes found in the Purchasing and Procurement section of this handbook.

City credit cards shall be used for official business only. Prohibited purchases include, but are not limited to, personal purchases of any kind, gift cards without Department Head approval, firearms/ammunition/explosives, and cash advances.

CREDITS/ DISPUTES

If a cardholder returns goods for any reason, a credit should be issued to their credit card and a credit receipt obtained. Under no circumstances should a cardholder receive cash or credit voucher for returns. Cardholders should avoid merchants with restrictive return policies to avoid potential disputes.

A cardholder should attempt to resolve any disputes or billing errors directly with the vendor. If the dispute can not be resolved with a credit issued, the cardholder should work with the Finance Department to file a claim with the credit card vendor. Examples of disputed transactions include unauthorized charges, variance in price purchased and charged, duplicate charges, failure to receive goods/services ordered, and returned goods that were not credited.

REBATES & REWARDS PROGRAMS

If a City-issued credit card is used for a purchase that generates a rebate, rebate documentation and receipt should be provided to the Finance Department for use by the City. If a purchase generates a non-rebate reward and is not linked to a City-issued credit card, the purchasing employee may recoup such rewards. Examples of allowable rewards include points for purchasing a hotel stay via personal credit card for a City-related event or purchasing airline travel tickets with a personal credit card for a City-related travel expense. Employees should not use a City-issued credit card for reward generation.

CREDIT CARD PROGRESSIVE DISCIPLINE GUIDELINES

The following guidelines will be used when determining appropriate disciplinary action for misuse of a City-owned credit card. Upon identifying credit card misuse, the Finance Director will notify the cardholder's Department Head and document each offense. Offenses will be considered for one calendar year from offense date.

The following activities may subject an employee to discipline up to and including termination, may result in the temporary or permanent loss of credit card privileges, or may result in the referral for criminal prosecution:

- Missing or invalid receipts
- Splitting purchases to avoid purchasing limits
- Unauthorized or prohibited purchases
- Unauthorized sharing of a City-issued credit card
- Untimely submission of credit card purchase documentation
- Intentional use of credit card for personal gain.

EMPLOYEE TRAVEL EXPENSES

HOTEL /MOTEL

The City will pay or reimburse employees for overnight accommodations when a training or conference is more than a single day and more than fifty (50) miles from the employee's workplace. Department heads are allowed variances from these requirements when the start or end time of the training or conference discourages safe travel. All overnight stays and accommodation choices must be pre-approved by the employee's department head. When available, employees should take advantage of discounts for government entities or through the conference booking.

MEALS

Meal reimbursements will be the standard meal allowance as established by the Federal US Government Services Administration (GSA) or by the US Department of State Office of Allowances for international travel. Using the standard meal allowance requires records to prove the time, place and business purpose of your travel. The standard meal allowance is for a full 24-hour day of travel. If you travel for part of a day, such as on the days you depart and return, reimbursement requests should reflect only those meals during travel time. Instances when actual expenses are more than the federal rate can be included with documentation/justification.

Reimbursement for meals will be allowed on trips that do not necessitate an overnight stay only on the following conditions and if a reasonable travel time is required:

- Breakfast: Employee leaves their home before 7:00 a.m.
- Lunch: Employee leaves their workplace before 10:30 a.m. and returns after 2:00 p.m.
- Dinner: Employee arrives back at home or workplace after 6 p.m.

Federal Internal Revenue Service regulations require employees to report, as income, certain meal expenses reimbursed by the employer for trips not involving overnight stay.

In no circumstances will reimbursements be made for the cost of alcoholic beverages.

TRANSPORTATION

Air Travel: The amount permitted for air travel shall be limited to the lowest fare available. Air fare reservations are to be made with the approval of the Department Head on a city credit card. Flight insurance coverage for employees is not an allowable reimbursable expense. Employees will be limited to reimbursement for one piece of checked luggage with proof of payment.

Use of City-Owned Vehicle: Employees may receive reimbursement for tolls, parking, gas, and emergency expenditures related to operating a city-owned vehicle for work purposes. No City-owned vehicle may be used for personal business unless de minimis in nature. The employee is responsible for following all traffic laws and regulations. Employees are personally responsible for paying any fine or penalty for traffic or other violations associated with city-owned vehicle usage.

Use of Personal Vehicle: The City reimburses mileage for the use of a personal vehicle for City business at the annual rate published by the IRS. Mileage will be calculated based on the shortest route as provided by an online navigation system (i.e. Google Maps, MapQuest) from the employee's workplace to the location of the destination. In addition to mileage, the employee will be reimbursed for parking, bridges and tolls if receipts are provided. Employees will not be reimbursed for gasoline, oil, repairs, towing, or other similar expenditures.

If a city employee uses a personal vehicle, the employee shall be responsible for arranging adequate personal liability and property damage insurance. Employees are to obey traffic laws and regulations. Employees are personally responsible for paying any fine or penalty for traffic or other violations.

The use of personal vehicles for out-of-town travel should be limited to trips for distances and situations where other modes of travel involve excessive loss of time or where a common carrier is not practical. If an employee combines a personal vacation with a business trip and opts to drive their personal vehicle in lieu of air travel, the amount of the reimbursement will be the lesser of the lowest air fare available or the per mile rate. Meals and lodging during the drive will not be reimbursed for the additional travel time.

Taxis/Rideshare: Charges for taxis or other rideshare services are reimbursable for travel within the destination city if necessary for travel between the hotel, airport, and conference/training location. Tips up to 15% are reimbursable. Receipts will be required to receive the reimbursement.

TRAVEL COMPANION

The City's accommodation reimbursement assumes an employee will be traveling alone. When an employee travels with a non-employee companion, the City reimbursement will be based on the employee's expenses only. Any upgrades or additional expenses necessitated by the non-employee companion will be employee's financial responsibility.

EXPENSE REPORTS

To receive reimbursement for travel expenses, the employee will need to fill out the "Travel Expense Form" provided annually by the Finance Department. Receipts, other supporting documentation and specific training/conference information should be provided as required on the form. The form requires sign off from the Department Head and Finance Department prior to reimbursement occurring through payroll.

CAPITAL ASSET POLICY

PURPOSE

The purpose of this policy is to establish guidelines governing the City of Sheboygan's capital asset management. This policy will define capitalization thresholds, create an accounting and tracking framework for compliance, and establish guidelines for the development of the City's Capital Plan.

CAPITALIZATION THRESHOLDS

The City of Sheboygan has determined an asset will be capitalized for reporting purposes if the following criteria are met:

- Initial value is over \$10,000
- The asset is expected to be used in operations for at least two years

Capital assets may include infrastructure, buildings, machinery, equipment and vehicles. Items with extremely short useful lives and/or small monetary value will not be considered capital and are to be reported as an expense or expenditure in the period in which they are acquired.

Repair and maintenance are expenditures that keep the property in ordinary efficient operating condition. The cost of the repair does not add to the value or prolong the life of the asset. All repair and maintenance costs to capital assets are to be treated as an annual operating expense and charged to the appropriate department or fund.

Road projects will be considered reconstruction and capitalized if the average overlay thickness is at least 2.5 inches deep. If the overlay is less than 2.5 inches, it will be considered maintenance and will not be capitalized.

Improvements are expenditures for additions, alterations, and renovations that appreciably prolong the life of the asset, materially increase its value, or adapt it to a different use. Improvement costs of \$10,000 or more to individual capital assets are to be capitalized.

VALUATION

Capital assets should be reported and accounted for at historical cost. Historical cost includes the invoiced amount, sales tax, initial installation costs, modifications, attachments, accessories, or any apparatus necessary to make the asset usable and render into service. Historical costs also include ancillary charges such as freight and transportation costs, site preparation costs, fees, and legal claims that are directly attributable to asset acquisition. Indirect costs should be capitalized only if the costs are not included in general overhead.

If historical cost is not easily determined, an estimated cost based on fair market value should be established for reporting purposes. If a capital asset is donated to the City, then the asset will be valued based on the fair market value at the time of the donation. The extent to which capital asset costs have been estimated and the methods of estimation should be disclosed in the financial statements.

Capital asset improvement costs should be capitalized if the associated costs exceed the capitalization threshold established within this policy or if any one of the below circumstances are met:

- The value of the asset is increased significantly (at least 25% of the original cost).
- The estimated life is increased significantly (at least 25% of the original useful life).
- The capacity of the asset is increased by more than 10%.
- The efficiency of the asset is increased by more than 10%.

Salvage value is the estimate of what an asset may be sold for at the end of its service life. The City intends to use capital assets until they are deemed worthless. A salvage value of zero shall be assigned to all capital assets unless otherwise mandated by State or Federal requirements. All land, including land improvements and land easements, are not to be depreciated.

CAPITAL ASSET CLASSES

This section of the policy will establish and define the different classes of capital assets. Each class will be further defined with subclasses in the City's accounting software to support better recordkeeping or reporting. Examples of subclasses are included below but all-inclusive lists are not provided within this policy. The Finance Director and Deputy Director will utilize their best judgment to determine what subclass an asset should be recorded to.

Land

Land is a non-depreciable asset and may include right of way and easements. The cost of land includes the contract purchase price, taxes, other liens assumed, title search costs, legal fees, surveying, filling, grading, draining and additional

costs of preparing the land for its intended use. Land acquired through forfeiture or foreclosure should be valued to include the total amount of taxes, liens and other claims surrendered plus all other costs incidental to purchase.

Buildings & Improvements

Buildings are defined as structures built with the purpose of sheltering persons or property and are not intended to be transportable or moveable. Examples of buildings include fire station, library, administration building, storage shed or pumping station buildings.

Improvements are defined as alterations or renovations to land or building that adds value or extends useful life. Subclasses include:

- Land improvements: parking lot, fencing or retention pond with useful life
- Building improvements: roof replacement, addition or remodeling
- Park improvements: play structure or splash pad

Machinery & Equipment

An apparatus, tool, or purchased equipment that is used in City operations. These items can be fixed or movable but shall not become a part of a structure or building. Subclasses include:

- Furniture and Fixtures: desks, chairs, tables, bookcases or office cubicles
- Machinery/Equipment: copiers, power tools, radios,
- Computer Hardware: monitors, keyboard, mouse, printers, and hard drives.
- Computer Software: internally developed software
- Vehicles: police squads, trucks, cars, ambulance

Infrastructure

The physical structures and facilities required to support essential services such as transportation, water, wastewater and storm sewer. Subclasses include:

- Drainage
- Streets/Roads
- Curb and Gutter
- Bridges
- Sidewalks
- Traffic Signals
- Streetlights

Construction in Progress

Assets that are under construction at the end of the fiscal year will be reported under construction in progress. A reclassification to the capital asset account on the balance sheet will occur in the year of completion and depreciation will begin at that time.

ESTIMATED USEFUL LIFE

Estimated useful life is defined as the approximate number of years that an asset will be usable for the intended purchase use. In determining useful life, consideration should be given to the asset's present condition, use of the asset, construction type, and any maintenance policies. To help establish consistent financial reporting for all types of capital assets, the following schedule shall be utilized:

Asset Class/Type	Estimated Useful Life
Land	

Land Acquired	Not depreciated
Easements Acquired	Not depreciated
Buildings	
Buildings Acquired or Constructed	40 years
Building Improvements	25 years
Machinery and Equipment	
Furniture and Fixtures	5 years
Machinery and Equipment	5 – 10 years
Computer Hardware	5 years
Computer Software	3 – 20 years
Vehicles:	
Police Squad Cars	4 years
Cars & Light Trucks (includes unmarked police)	8 years
Heavy Duty Buses	12 years or 500,000 miles
Medium Duty Buses	7 years or 200,000 miles
Light Duty Buses	4 years or 100,000 miles
Medium Duty Trucks	10 years
Ambulances	5 years
Fire Engines	10 years
Fire Trucks	20 years
Garbage Trucks	8 years
Sweeper Trucks	11 years
Dump Trucks	16 years
Infrastructure	
Drainage	Not depreciated
Streets (Concrete)	45 years
Streets (Asphalt)	20 years
Curb and Gutter	40 years
Bridges	40 years
Sidewalks	30 years
Traffic Signals	20 years
Streetlights	20 years

DEPRECIATION

Depreciation is the allocation of net cost over the depreciable asset's estimated useful life. The City calculates depreciation on a straight-line basis. Capital assets will begin depreciating on the first of the month after the asset has been placed into service. If the date the asset was placed into service is not known, an estimated service date will be used for reporting purposes.

The following information is required to establish initial depreciation settings:

- Date the asset was placed into service.
- Asset cost or acquisition value.
- Asset class and type.
- Asset salvage value (if mandated by State or Federal requirements).
- Assets estimated useful life (see Exhibit A for Useful Life Schedule).

ACCOUNTING FOR CAPITAL ASSETS

The Finance Department will establish and maintain the capital asset records within the City’s accounting software including acquisitions, transfers and disposals. Asset adjustments will be done on a monthly basis after receipt of the appropriate form (Capital Asset Acquisition Form or Capital Asset Disposal Form) from the purchasing department. The Finance Director and Deputy Director will do an annual review of all invoices coded as assets or expensed to capital asset accounts in the accounting system for confirmation all assets have been recorded. For construction projects, the Department of Public Works will assist with the compilation of project data including retainage and construction in progress.

ANNUAL CAPITAL PLAN

Under the direction of the City Administrator, city staff shall compile a Capital Plan each budget cycle to be considered for approval by the Common Council for all pending and proposed capital projects, new asset purchases or asset replacements. This plan will assist in facilitation long-term planning for capital expenditures and resources necessary to meet the current and future needs of the City.

Each requested asset within the plan shall include a detailed description, year(s) for request, an estimate of the cost and useful life, and any information on proposed funding sources other than property tax revenue. The City shall make use of any intergovernmental assistance and other outside funding sources whenever possible. The City shall consider developing and identifying fees or other revenue sources to help maintain expected service levels. Common council will then prioritize projects and align funding requirements for approved projects.

The projects, purchases or replacements that have been approved for the following year will then be transferred from the capital plan to the capital budget for the next fiscal year.

REPORTING ON CAPITAL ASSETS

Capital assets and the associated accumulated depreciation are reported in the Statement of Net Assets. The historical cost of capital assets and the accumulated depreciation are to be reported separately on the statement. Capital assets may be reported by asset class.

The City’s Finance Department will conduct complete measurements of the physical condition and existence of all capital assets with the assistance from the departments who utilize or maintain the assets. The assessments will be completed on a predetermined schedule and the information obtained shall be used as a basis for multi-year capital planning and annual budget funding allocations.

EXHIBIT A General Insurance Requirements

CITY OF SHEBOYGAN INSURANCE REQUIREMENTS GENERAL SERVICE AGREEMENT (NON-CONSTRUCTION)

The Service Provider shall not commence work until proof of insurance required has been provided in writing to the applicable department before the contract or purchase order is considered for approval by the City of Sheboygan.

It is hereby agreed and understood that the insurance required by the City of Sheboygan is primary and non-contributing coverage and that any insurance or self-insurance maintained by the City of Sheboygan, its officers, council members, agents, employees or authorized volunteers will not contribute to coverage of any loss. All insurance shall be in full force prior to commencing work and remain in force until the entire job is completed and the length of time that is specified, if any, in the contract or listed below whichever is longer.

1. COMMERCIAL GENERAL LIABILITY INSURANCE

Commercial General Liability coverage at least as broad as Insurance Services Office Commercial General Liability Form CG 00 01, including coverage for Products Liability, Completed Operations, Contractual Liability, and Explosion, Collapse, Underground coverage with the following minimum limits and coverage:

Each Occurrence limit	
\$1,000,000	
Personal and Advertising Injury limit	\$1,000,000
General aggregate limit (other than Products-Completed Operations) per project	
\$2,000,000	
Products-Completed Operations aggregate	\$2,000,000
Fire Damage limit — any one fire	\$50,000
Medical Expense limit — any one person	\$5,000

2. BUSINESS AUTOMOBILE COVERAGE. Automobile Liability coverage at least as broad as Insurance Services Office Business Automobile Form, with minimum limits of \$1,000,000 combined single limit per accident for Bodily Injury and Property Damage, provided on a Symbol #1- “Any Auto” basis.

3. WORKERS COMPENSATION AND EMPLOYERS LIABILITY – as required by Wisconsin State Statute or any Workers Compensation Statutes of a different state. Also, if applicable to the work coverage must include Maritime (Jones Act) or Longshore & Harbor Worker’s Compensation Act coverage.

Must carry coverage for Statutory Workers Compensation and an Employers Liability with limits of:

- \$100,000 Each Accident
- \$500,000 Disease Policy Limit
- \$100,000 Disease – Each Employee

Employer’s Liability limits must be sufficient to meet umbrella liability insurance requirements

4. UMBRELLA LIABILITY providing coverage at least as broad as all the underlying liability policies with a minimum limit of \$2,000,000 each occurrence and \$2,000,000 aggregate, and a maximum self-insured retention of \$25,000. The umbrella must be primary and non-contributory to any insurance or self-insurance carried by City of Sheboygan.

5. AIRCRAFT LIABILITY, if the project work includes the use of, or operation of any aircraft or helicopter, then Aircraft Liability insurance must be in force with a limit of \$5,000,000 per occurrence for Bodily Injury and Property Damage including Passenger liability and including liability for any slung cargo.

6. UNMANNED AIRCRAFT LIABILITY – if the project work includes the use of, or operation of any unmanned aircraft then unmanned aircraft liability insurance must be carried with a limit of \$1,000,000 per occurrence for bodily injury liability, property damage liability and invasion of privacy liability.

7. WATERCRAFT LIABILITY – if the project work includes the use or operation of any watercraft, watercraft liability insurance must be carried with a limit of \$1,000,000 per occurrence for bodily injury liability and property damage liability .

8. SERVICE PROVIDER’S EQUIPMENT OR PROPERTY – The Service Provider is responsible for loss and coverage for these exposures. The City of Sheboygan will not assume responsibility for loss, including loss of use, for damage to property,

materials, tools, equipment, and items of a similar nature which are being either used in the work being performed by the Service Provider or are to be built, installed, or erected by the Service Provider. This includes but not limited to property owned, leased, rented, borrowed, or otherwise in the care, custody or control of the Service Provider.

9. **PRODUCTS - COMPLETED OPERATIONS LIABILITY** - Products – Completed Operations coverage must be carried for a minimum of three years after acceptance of completed work

INSURANCE REQUIREMENTS FOR ALL SUBSERVICE PROVIDERS

All subservice providers shall be required to obtain the above coverages as applicable. This insurance shall be as broad and with the same limits and coverages (including waivers of subrogation) as those required per Contractor requirements.

APPLICABLE REQUIREMENTS AND PROVISIONS FOR LIABILITY INSURANCE OF SERVICE PROVIDER & SUBSERVICE PROVIDERS

- A. **Primary and Non-contributory requirement** – all insurance must be primary and non-contributory to any insurance or self-insurance carried by the City of Sheboygan.
- B. **Acceptability of Insurers** – Insurance is to be placed with insurers who have an *A.M. Best* rating of no less than A- and a Financial Size Category of no less than Class VII, and who are authorized as an admitted insurance company in the state of Wisconsin.
- C. **Additional Insured Requirements** – The following must be named as additional insureds on all Liability Policies for liability arising out of service work- the City of Sheboygan, and its officers, council members, agents, employees and authorized volunteers. On the Commercial General Liability Policy, the additional insured coverage must be as broad as ISO form CG 20 26 07 04 and also include Products – Completed Operations additional insured coverage as broad as ISO form CG 20 37 07 04 or their equivalents for a minimum of 3 years after acceptance of work. This does not apply to Workers Compensation Policies and Professional Liability Policies.
- D. **Waivers of Subrogation** - All contractor and subcontractor liability, workers compensation, and property policies, as required herein, must be endorsed with a waiver of subrogation in favor of the City of Sheboygan, its officers, council members, agents, employees, and authorized volunteers.
- E. **Deductibles and Self-Insured Retentions** – Any deductible or self-insured retention in the contractor’s policy must be declared to the City of Sheboygan and satisfied by the contractor.
- F. **Evidence of Insurance** – Prior to execution of the agreement, the Service Provider shall file with the City of Sheboygan a certificate of insurance (Acord Form or equivalent for all coverages) signed by the insurer's representative evidencing the coverage required by this agreement. In addition, form CG 20 10 07 04 for ongoing work exposure and form CG 20 37 07 04 for products-completed operations exposure must also be provided or its equivalent on the Commercial General Liability coverage.
- G. **Limits and Coverage**- The insurance requirements under this Agreement shall be the greater of the minimum limits and coverage specified herein, or (2) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the Named Insured. It is agreed that these insurance requirements shall not in any way act to reduce coverage that is broader or that includes higher limits. No representation is made that the minimum insurance requirements stated hereinabove are sufficient to cover the obligations of Contractor under this Agreement.
- H. **Claims Made Coverage** – If any coverage is maintained on a claims-made basis, the following shall apply:
 - I. The retroactive date must be shown and must be before the date of the contract or the beginning of the contract services.
 - II. Insurance must be maintained, and evidence of insurance must be provided for a minimum of three years after completion of the contract services.
 - III. If coverage is cancelled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the effective date of the contract, Contractor must purchase an extended reporting period for a minimum of three years after completion of the contracted services.

- I. Cancellation/Non-Renewal – No policy of insurance required to be maintained hereunder shall be cancelled, non-renewed, or voided without 30 days prior written notice to the City of Sheboygan except where cancelation is due to the non-payment of premiums, in which event, 10-days prior written notice shall be provided.

EXHIBIT B Standard Contract Terms

CITY OF SHEBOYGAN STANDARD CONTRACT TERMS GENERAL SERVICE AGREEMENT (NON-CONSTRUCTION)

1. **STANDARD OF CARE.** Contracting Party agrees that the performance of services pursuant to the terms and conditions of this Agreement shall be performed in a manner consistent with the degree and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances providing like services. Upon notice to Contracting Party, Contracting Party will, without additional compensation, correct or replace any and all Services not meeting the Standard of Care. Contracting Party agrees to follow all applicable federal, state, and local laws, regulations, and ordinances, and all provisions of this Agreement.
2. **FULLY QUALIFIED.** Contracting Party represents that all personnel engaged in the performance of the services set forth in this Agreement shall be fully qualified and shall be authorized or permitted under state and local law to perform the services.
3. **SCOPE OF WORK.** Contracting Party agrees to provide all labor, materials, equipment, transportation, appliances, and services necessary to complete all work identified or reasonably inferred from the Scope of Work document attached and/or incorporated into the Agreement. Contracting Party shall be responsible for obtaining all applicable permits and paying applicable permit fees prior to commencement. The scope of work set forth in this Agreement is based on facts known at the time of Agreement execution. As the project progresses, if facts are discovered that suggest a change of scope is warranted, the parties shall provide a written amendment to the Agreement before such change is recognized.
4. **MEANS AND METHODS.** Contracting Party shall be solely responsible for all means, methods, techniques, sequences, and procedures, and for coordinating all portions of the Work under this Agreement. Contracting Party must employ, as much as possible, such methods and means in carrying out the work as will minimize disruption to City operations. Unless specifically included as a service to be provided under this Agreement, the City specifically disclaims any authority or responsibility for general job site safety, or the safety of persons or property.
5. **APPROPRIATION OF FUNDS.** Notwithstanding any other provision of the Agreement and pursuant to Wis. Stat. § 65.06(1), if funds for the continued fulfillment of this Agreement by the City are at any time not forthcoming or are insufficient, through failure of any entity, including the City itself, to appropriate funds or otherwise, then the City shall have the right to terminate this Agreement without penalty. The City agrees that it will make its best effort to obtain sufficient funds for the Agreement to meet its obligations hereunder in full.
6. **SCHEDULE OF PAYMENTS.** The City shall remit payment to Contractor within not less than thirty (30) days of itemized invoice receipt. Such itemization shall include labor costs, the Contracting Party's direct expenses, including subcontractor costs, the hours worked by Contracting Party's staff and the amount of work completed as a percentage of the work to be performed. The City shall not make payment for any unauthorized work or expenses. The City may withhold payment, in whole or in part, to the extent necessary to protect itself from a loss on account of defective work; evidence indicating the probable filing of claims by other parties against Contract that may adversely affect the City; failure of Contractor to make payments due to subcontractors, material supplies, or employees; damage to the City or a third party from acts arising out of this Contract. The submission of any request for payment shall be deemed a waiver and release by Contractor of all liens and claims with respect to the work and period to which such payment request pertains except as specifically reserved and noted on such request.

Partial payment made under this Agreement is not evidence of the proper performance by Contractor either in whole or in part, and no payment made by the City shall be construed to be an acceptance of defective or improper work.
7. **TAXES, SOCIAL SECURITY, INSURANCE, AND GOVERNMENT REPORTING.** Personal income tax payments, social security contributions, insurance, and all other governmental reporting and contributions required as a consequence of the Contracting Party receiving payment under this Agreement shall be the Contracting Party's sole responsibility. The City is a tax-exempt entity and as such, shall not be required to pay sales tax by execution of a contract.
8. **INSURANCE.** Contracting Party shall, at its sole expense, obtain and maintain in effect at all times during this Agreement, insurance coverage, as applicable, consistent with that set forth in Exhibit A.
9. **INDEMNIFICATION & HOLD HARMLESS.** To the extent authorized by law, Contractor hereby agrees to indemnify, defend, and hold harmless the City of Sheboygan, its elected and appointed officials, officers, employees, agents, representatives, and authorized volunteers from and against any and all suits, actions, legal or administrative proceedings, claims, demands, damages, liabilities, interest, defense costs, attorneys' fees, costs, and expenses of whatsoever kind or nature in any manner directly or

indirectly caused, occasioned, or contributed to in whole or in part or claimed or alleged to be caused, occasioned, or contributed to in whole or in part, by reason of any act, omission, fault, or negligence, whether active or passive of Contractor or its agents or anyone acting under its direction or control or on its behalf arising out of, or in connection with, or relating to this Agreement. Contractor's aforesaid indemnity and hold harmless agreement shall not be applicable to any liability caused by the willful misconduct of the City of Sheboygan, its elected and appointed officials, officers, employees, agents, representatives, or authorized volunteers. Nothing in this Agreement shall be construed as the City of Sheboygan waiving its statutory limitation and/or immunities as set forth in the applicable Wisconsin Statutes or other applicable law. This indemnity provision shall survive the termination or expiration of this Agreement.

10. **TERMINATION FOR CAUSE.** If, through any cause, the Contracting Party shall fail to fulfill in a timely and proper manner its obligations under this Agreement, or if the Contracting Party shall violate any of the covenants, agreements, or stipulations of this Agreement, the City of Sheboygan shall thereupon have the right to terminate this Agreement by giving written notice to the Contracting Party of such termination and specifying the effective date, at least ten (10) days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs, reports or other material related to the services performed by the Contracting Party under this Agreement for which compensation has been made or may be agreed to be made shall, at the option of the City, become the property of the City. Notwithstanding the foregoing, the Contracting Party shall not be relieved of liability to the City for damages sustained by the City by virtue of this Agreement by the Contracting Party, and the City may withhold any payments to the Contracting Party for the purpose of setoff until such time as the exact amount of damages due to the City from the Contracting Party is determined.
11. **TERMINATION FOR CONVENIENCE.** The City may terminate this Agreement at any time and for any reason by giving written notice to the Contracting Party of such termination and specifying the effective date, at least ten (10) days before the effective date of such termination. If this Agreement is terminated by the City pursuant to this provision, Contracting Party will be paid an amount which bears the same ratio to the total compensation as the services actually and satisfactorily performed bear to the total services of the Contracting Party covered by this Agreement, less payments for such services as were previously made. The value of the services rendered and delivered by Contracting Party will be determined by the City.
12. **USE OF CITY PROPERTY.** Any property belonging to the City being provided for use by the Contracting Party shall be used in a responsible manner and only for the purposes provided in this Agreement. No changes, alterations, or additions shall be made to the property unless otherwise authorized by this Agreement.
13. **INDEPENDENT CONTRACTOR.** The parties, their employees, agents, volunteers, and representative shall be deemed independent contractors of each other and shall in no way be deemed as a result of this Agreement to be employees of the other. The parties, their employees, agents, volunteers, and representatives are not entitled to any of the benefits that the other provides for its employees. The parties shall not be considered joint agents, joint ventures, or partners.
14. **JURY TRIAL WAIVER.** The parties hereby waive their respective rights to a jury trial on any claim or cause of action based upon or arising from or otherwise related to this Agreement. This waiver of right to trial by jury is given knowingly and voluntarily by the parties and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue. Each party is hereby authorized to file a copy of this section in any proceeding as conclusive evidence of this waiver by the other party.
15. **SEVERABILITY.** The provisions of this Agreement are severable. If any provision or part of this Agreement or the application thereof to any person or circumstance shall be held by a court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such provision or part thereof to other persons or circumstances shall not be affected thereby.
16. **ASSIGNMENT, SUBLET, AND TRANSFER.** Contracting Party shall not assign, sublet, or transfer its interests or obligations under the provisions of this Agreement without the prior written consent of the City. This Agreement shall be binding on the heirs, successors, and assigns of each party hereto. Contracting Party shall provide not less than forty-five (45) days advance written notice of any intended assignment, sublet or transfer.
17. **NO WAIVER.** The failure of any party to insist, in any one or more instance, upon performance of any of the terms, covenants, or conditions of this Agreement shall not be construed as a waiver, or relinquishment of the future performance of any such term, covenant, or condition by any other party hereto but the obligation of such other party with respect to such future performance shall continue in full force and effect.
18. **GOOD STANDING.** Contracting Party affirms that it is a company duly formed and validly existing and in good standing under the laws of the State of Wisconsin and has the power and all necessary licenses, permits and franchises to own its assets and properties and to carry on its business. Contracting Party is duly licensed or qualified to do business and is in good standing in the

State of Wisconsin and in all other jurisdictions in which failure to do so would have a material adverse effect on its business or financial condition.

19. CONFLICTS OF INTEREST. Contracting Party covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of its services hereunder. Contracting Party further covenants that in the performance of this Agreement no person having any conflicting interest shall be employed. Any interest on the part of Contracting Party or its employee must be disclosed to the City.
20. IMPLEMENTATION SCHEDULE AND TIME OF THE ESSENCE. Any and all phases and schedules which are the subject of approvals, or as set forth herein, shall be governed by the principle that time is of the essence, and modification or deviation from such schedules shall occur only upon approval of the City. The City Administrator, or in their absence, the Council President, shall have the ability to postpone any deadline listed herein, up to a maximum of ninety (90) days.
21. ACCESS TO RECORDS & OPEN RECORDS LAWS. Contracting Party, at its sole expense, shall maintain books, records, documents and other evidence pertinent to this Agreement in accordance with accepted applicable professional practices. The City, or any of its duly authorized representatives, shall have access, at no cost to the City, to such books, records, documents, papers or any records, including electronic records, of Contracting Party which are pertinent to this Agreement, for the purpose of making audits, examinations, excerpts and transcriptions. Contracting Party understands that the City is bound by the Wisconsin Public Records Law and, as such, this Agreement is subject to that law. Contractor acknowledges that it is obligated to assist the City in retaining and producing records that are subject to Wisconsin Public Records Law, and that the failure to do so shall constitute a material breach of the contract, and that Contractor must defend and hold the City harmless from liability under that law. Except as otherwise authorized, those records shall be maintained for a period of seven (7) years after receipt of Final Payment under the Agreement.
22. COUNTERPARTS. This Agreement may be executed in one or more counterparts, all of which shall be considered but one and the same agreements and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party.
23. SURVIVAL. All express representations, indemnifications and limitations of liability included in this Agreement will survive its completion or termination for any reason.



GIFT/DONATION ACCEPTANCE FORM

City of Sheboygan

Name of Donor(s): _____

Address: _____

City, State, Zip: _____

Phone Number: _____

Description of Gift/Donation: _____

Gift/Donation Amount (FMV): _____

Intended Use/Restrictions: _____

NOTE: Gift/Donation is tax deductible to the extend allowable by law. It is the responsibility of the donor to determine fair market value of this gift/donation.

The following section is to be completed by The City of Sheboygan

Department Head Signature

Date

City Attorney Approval

Date

Finance Director Signature

Date

City Administrator Signature

Date

Monetary Receipt Information:

GL Account Recorded To: _____

Date: _____

Receipt #: _____

Asset Information:

Accounting System Asset # Assigned: _____

Date: _____



GRANT TRACKING FORM

City of Sheboygan

Departments applying for a grant are required to complete and submit this form, electronically or in person, to the Finance Department.

CITY INFORMATION:

Department: _____

Employee Contact: _____

GRANT INFORMATION:

Grant: _____

Grantor: _____

Application Due Date: _____

Purpose: _____

Multi-Year or Single Year (Circle One)

Other Departments Involved (if applicable): _____

FINANCIAL DATA

Amount of Grant Request: _____

Amount of Matching Funds: _____

Total Project Amount: _____

Amount of Future Financial Obligations/Commitments: _____

NEW STAFF REQUIREMENTS Not Applicable

Anticipated Salary Costs: _____

Anticipated Overtime Costs: _____

Anticipated Benefits Costs: _____

Total to Fund New Staff: _____

** Note: Include estimated amount for each year if a multi-year grant**

Department Head Signature _____

Date Grantor Responded to Application _____ **Approved** **Denied**



AWARDED GRANT FORM

City of Sheboygan

Complete the following form upon award of grant

GRANT CONTRACT REVIEW:

Does the grant require a cash match that is unbudgeted? Yes No

Has the City Attorney concluded that Common Council approval is necessary? Yes No

Are there significant staffing/operating requirements to utilize grant? Yes No

If any of the above answers are "Yes" resolution approval is required by Common Council

COMMON COUNCIL APPROVAL: Not Required

Resolution submitted to City Attorney Date _____

Resolution passed by Common Council Date _____

GRANT CONTRACT SENT TO GRANTOR Date _____

GRANT INFORMATION:

Contact Name, Phone/Email: _____

Grant Award Number: _____ CFDA/CSFA # _____

Grant Award Period: _____ Extension (if applicable): _____

Grant Sponsor (check one): Federal State Other (please specify) _____

Amount Awarded: _____ Total Project Amount: _____

Activity/Benchmark Reports

Not Applicable Monthly Quarterly Annually Upon Request

Filing Required Through (check one): Forms Online Letter Other

Financial Reports Not Applicable

Monthly Quarterly Annually Upon Request

Filing Required Through (check one): Forms Online Letter Other

Reimbursement Requests

Not Applicable Monthly Quarterly Annually Upon Request

Filing Required Through (check one): Forms Online Letter Other

Other Reports Required: _____

ACCOUNTING INFORMATION

Year(s) Budgeted: _____ **PL Project #** _____

PL Expense String(s): _____

PL Funding Source String(s): _____

GRANT CLOSEOUT:

- Final reports filed
- Closeout letter received from grantor
- Grant master file reviewed for completeness

Signature of Final Reviewer: _____ Date: _____



CREDIT CARD REQUEST FORM

City of Sheboygan

Name of Employee: _____

Job Title/Department: _____

Email Address: _____

Start Date in Current Position: _____

Name of Supervisor(s): _____

Intended Credit Card Usage:

Approved By:

Department Head Signature

Date

Finance Director Signature

Date



CREDIT CARD USER AGREEMENT FORM

City of Sheboygan

I, _____, agree to the following regarding my usage of the City of Sheboygan Credit Card:

I understand that under no circumstances will I use the credit card to make personal or nonwork-related purchases, either for myself or for others. A personal or nonwork-related purchase with the intent to reimburse the City is unacceptable and shall be considered a prohibited purchase.

I understand that I will not request or receive cash or cash equivalents from vendors as a credit for exchanges and/or returns.

I understand that I am the only individual authorized to use the credit card assigned to me. Any use of the credit card by others will be strictly limited to permissions granted by my Department Head. I understand that the card is not transferable to any other individual.

I understand that the City may terminate my privilege to use the credit card at any time for any reason. I agree to return the card to the Finance Department immediately upon request, upon my transfer to another department, or upon my termination of employment.

I will follow the established policies and procedures for using the credit card. Failure to do so may result in either revocation of my privileges or other possible disciplinary actions, up to and including termination of employment and possible criminal prosecution. I have reviewed the Credit Card and Procurement Policies and understand the requirements for using the credit card.

I agree that should I willfully violate the terms of this Agreement and use the credit card for personal use or gain that I will surrender my credit card and reimburse City for all incurred charges and any fees related to the collection of those charges. I understand that I can be held personally liable to the City for any unauthorized purchases or other misuse.

Cardholder Signature

Date

Department Head Signature

Date

Finance Director Signature

Date



MISSING CREDIT CARD RECEIPT/INVOICE FORM

City of Sheboygan

When a credit card receipt or invoice is lost, misplaced, or unobtainable, the cardholder must complete this form and forward to the Finance Department. Refer to the Progressive Discipline Guidelines within the Credit Card policy for consequences related to missing receipts.

Cardholder Name: _____

Date of Original Transaction: _____ **Amount:** \$ _____

Supplier Name: _____

Item(s) Purchased:

Reason for Missing Receipt/Invoice (check one): Lost Misplaced Unobtainable

If unobtainable, please explain why:

I certify that the items and amount shown above were expended for City of Sheboygan official business purposes. This form is submitted in lieu of the original receipt.

Cardholder Signature

Date

Department Head Signature

Date



CAPITAL ASSET ACQUISITION FORM

City of Sheboygan

Please complete this form for additions/purchases of capital assets (see City of Sheboygan Capital Asset Policy for definitions and thresholds). This form should be returned to the Finance Department with the invoice/purchase order attached for reference if available.

Description of Asset: _____

Physical Location of Asset: _____

Purchase Date: _____ **Anticipated Service Date:** _____

Estimated Useful Life: _____ **Total Cost:** _____

Department/Department Head: _____

Custodian Responsible for Asset: _____

Manufacturer: _____ **Model/Year:** _____

Serial Number: _____ **Vendor:** _____

Invoice Number (if available): _____

FINANCE DEPARTMENT USE ONLY

Asset Number: _____ **Asset Class:** _____

Asset Sub-Class: _____ **Expense Account:** _____

Estimated Useful Life: _____ **Total Cost:** _____

Depreciation Start Date: _____ **Insurance: Yes or No (circle one)**

Insurance ID (if applicable): _____



CAPITAL ASSET DISPOSAL/TRANSFER FORM

City of Sheboygan

Please complete this form for disposals/transfers of capital assets. This form should be returned to the Finance Department with appropriate paperwork for reference if available.

Asset Number: _____ Disposal or Transfer (circle one)

Department/Department Head: _____

Disposal/Transfer Date: _____ Reason: _____

Disposal/Transfer Method: _____

(Destroyed, trade-in, sold, scrapped, lost, stolen, misplaced, transferred, cannot locate, etc.)

Department Transferred To (if applicable): _____

OR

Amount Received (if sold): _____ Date Received: _____

FINANCE DEPARTMENT USE ONLY

New Asset Number (if trade-in): _____

New Asset Class: _____ New Asset Sub-Class: _____

Expense Account: _____ Estimated Useful Life: _____

*If a disposal/transfer of a capital asset results in the acquisition of a new capital asset, please also complete the Capital Asset Acquisition Form. *

