

Tuesday, June 24, 2025

4:00 PM

McFarland Municipal Center
5915 Milwaukee St, McFarland
Community Room

AGENDA

The public may attend in-person or remotely through the Zoom webinar or telephone options listed below. *Please Note: Virtual attendance is offered as a convenience, but technical difficulties beyond the Village's control may prevent or limit its availability at any meeting. The public is encouraged to attend the meeting in person to assure full access to the proceedings.*

PLEASE CLICK THE LINK BELOW TO JOIN THE ZOOM WEBINAR:

<https://us02web.zoom.us/j/84236376559>

Or by Telephone: +1 (312) 626-6799

Webinar ID: 842 3637 6559

Press *9 to raise/lower hand. Press *6 to mute/unmute.

1. CALL TO ORDER, ROLL CALL.
2. PUBLIC APPEARANCES.
 - a. This is an opportunity for members of the public to address the Finance Committee for items that are not on the agenda. Please remember this is a hybrid meeting conducted in person and through the Zoom online meeting platform. Meeting attendees wishing to address the Committee about items not on the agenda may do so at this time. Zoom attendees should type their name and address in the Question and Answer feature within the Zoom online meeting platform at this time. Members of the public who are present in person and wish to address the Committee should fill out a public comment form and turn into the meeting chairperson. When you are called upon to speak, state your name, address, and provide your comments to the Committee for their consideration. Please adhere to the 3-minute time limit. Additionally, you may send your public comments to finance@mcfarland.wi.us to be included as part of the meeting.

Members of the public may also speak during their selected agenda item as they designate on the public comment form or in the Question and Answer feature on Zoom.
3. APPROVAL OF MINUTES.
 - a. Motion to approve the minutes of the 5/15/25 Finance Committee meeting.
 - b. Motion to approve the minutes of the 5/20/25 Finance Committee meeting.
4. BUSINESS.
 - a. Discussion regarding proposed new quarterly financial summary reports.
 - b. Discussion regarding the creation of an ordinance requiring a referendum vote of the electors before certain public construction projects can be commenced.
 - c. Discussion regarding updates to Chapter 3 (Debt Management Policy) of the Fiscal Policy Manual.
 - d. Discussion regarding updates to Chapter 2 (Budget Development Policy) of the Fiscal Policy Manual.
5. SCHEDULE NEXT MEETING DATE.

a. Thursday, July 17, 2025 at 7:00 pm.

6. ADJOURNMENT.

Any person who has a qualifying disability as defined by the Americans with Disabilities Act that requires the meeting or materials at the meeting to be in an accessible location or format should contact the McFarland Municipal Center at (608)838-3153, 5915 Milwaukee Street, McFarland, Wisconsin, or village.clerk@mcfarland.wi.us by 2:00 p.m. at least 5 business days prior to the meeting so that any necessary arrangements can be made to accommodate each request. If the meeting or request is less than 5 business days from the meeting, requests for accommodations may still be made and reasonable efforts will be made to accommodate each request.

VILLAGE OF MCFARLAND
Finance Committee Minutes
Thursday, May 15, 2025 - 6:00 PM

1. CALL TO ORDER, ROLL CALL.

Village Trustee Luke Fessler called the Finance Committee meeting to order at 6:00 pm in the Community Room of the McFarland Municipal Center.

Members present: Luke Fessler, Stephanie Brassington, Kathy Annen

Members not present: N/A

Staff Present: Matt Schuenke, Lisa Skar

2. PUBLIC APPEARANCES.

- a. *This is an opportunity for members of the public to address the Finance Committee for items that are not on the agenda. Please remember this is a hybrid meeting conducted in person and through the Zoom online meeting platform. Meeting attendees wishing to address the Committee about items not on the agenda may do so at this time. Zoom attendees should type their name and address in the Question and Answer feature within the Zoom online meeting platform at this time. Members of the public who are present in person and wish to address the Committee should fill out a public comment form and turn into the meeting chairperson. When you are called upon to speak, state your name, address, and provide your comments to the Committee for their consideration. Please adhere to the 3-minute time limit. Additionally, you may send your public comments to finance@mcfarland.wi.us to be included as part of the meeting.*

Members of the public may also speak during their selected agenda item as they designate on the public comment form or in the Question and Answer feature on Zoom.
None.

3. APPROVAL OF MINUTES.

- a. *Motion to approve the minutes of the March 20, 2025 meeting.*
Motion by Village Trustee Luke Fessler, second by Village Trustee Stephanie Brassington, to approve the minutes of the March 20, 2025 Finance Committee meeting. Motion carries 3 - 0 - 0 by acclamation.

4. BUSINESS.

- a. *Introduction of New Members and Committee Responsibilities.*
Village Administrator Matt Schuenke provided a brief overview of the Finance Committee's purpose, goals, and responsibilities.
- b. *Discussion and action to make a recommendation to the Village Board regarding a Community Grant Application from the McFarland Community Festival.*
Don Peterson was present to provide information and answer questions related to the

Community Festival grant application.

Motion by Village Trustee Luke Fessler, second by Village Trustee Kathy Annen, to recommend approval to the Village Board of a Community Grant Application in the amount of \$5,000.00 from the McFarland Community Festival. Motion carries 2 - 0 - 1 by acclamation, with Village Trustee Brassington abstaining.

c. Discussion and action to make a recommendation to the Village Board regarding a Community Grant Application from the McFarland Equity Project.

Christine Pribbenow was present to provide information and answer questions related to the McFarland Equity Project community grant application.

Motion by Village Trustee Luke Fessler, second by Village Trustee Kathy Annen, to recommend approval to the Village Board of a Community Grant Application in the amount of \$1,995.62 from the McFarland Equity Project. Motion carries 2 - 0 - 1 by acclamation, with Village Trustee Luke Fessler abstaining.

d. Discussion regarding updates to Chapter 2 (Budget Development Policy) of the Fiscal Policy Manual.

Village Administrator Matt Schuenke provided an overview of the Government Finance Officers Association's (G.F.O.A.) Distinguished Budget Award application process. He and Finance Manager/Treasurer Lisa Skar shared and discussed the documents staff are using to determine which requirements have been met and which aspects of the budget document need additional work to bring them up to the G.F.O.A standards.

Village Administrator Matt Schuenke began providing an overview of the Chapter 2 Budget Development Policy; however, due to an internet outage, a special meeting, to be held on May 20, 2025 at 5:30 pm, was requested to wrap up this discussion.

5. SCHEDULE NEXT MEETING DATE.

a. Thursday, June 19, 2025 at 6:00 pm - Need to Reschedule due to Holiday

Due to an internet outage, the remaining portion of this meeting was rescheduled to 5:30 pm on Tuesday, May 20th. At that meeting, the June meeting date and time will be determined.

6. ADJOURNMENT.

Motion by Village Trustee Stephanie Brassington, second by Village Trustee Kathy Annen, to adjourn at 6:45 p.m.

Pursuant to law, written notice of this meeting was given to the public and posted on the public bulletin board in accordance with Open Meetings Law.

Respectfully submitted,
Lisa Skar
Finance Manager/Treasurer

VILLAGE OF MCFARLAND
Finance Committee Minutes
Tuesday, May 20, 2025 - 5:30 PM

1. CALL TO ORDER, ROLL CALL.

Village Trustee Luke Fessler called the Finance Committee meeting to order at 5:32 pm in the Community Room of the McFarland Municipal Center.

Members present: Stephanie Brassington, Kathy Annen, Luke Fessler

Members not present: N/A

Staff Present: Village Administrator Matt Schuenke, Finance Manager/Treasurer Lisa Skar

2. PUBLIC APPEARANCES.

- a. *This is an opportunity for members of the public to address the Finance Committee for items that are not on the agenda. Please remember this is a hybrid meeting conducted in person and through the Zoom online meeting platform. Meeting attendees wishing to address the Committee about items not on the agenda may do so at this time. Zoom attendees should type their name and address in the Question and Answer feature within the Zoom online meeting platform at this time. Members of the public who are present in person and wish to address the Committee should fill out a public comment form and turn into the meeting chairperson. When you are called upon to speak, state your name, address, and provide your comments to the Committee for their consideration. Please adhere to the 3-minute time limit. Additionally, you may send your public comments to finance@mcfarland.wi.us to be included as part of the meeting.*

Members of the public may also speak during their selected agenda item as they designate on the public comment form or in the Question and Answer feature on Zoom.

None.

3. BUSINESS.

- a. *Discussion regarding updates to Chapter 2 (Budget Development Policy) of the Fiscal Policy Manual.*

Village Administrator, Matt Schuenke, picked up where he left off on May 15th, providing an overview of the Chapter 2 Budget Development Policy. He and the Finance committee reviewed and discussed potential revisions to the current policy.

4. SCHEDULE NEXT MEETING DATE.

- a. *Thursday, June 19, 2025 at 6:00 pm - Need to Reschedule due to Holiday*

The next Finance Committee meeting is scheduled for June 30th at 6:00 pm.

5. ADJOURNMENT.

Motion by Village Trustee Fessler, second by Village Trustee Brassington, to adjourn at 6:44 p.m.

Pursuant to law, written notice of this meeting was given to the public and posted on the public bulletin board in accordance with Open Meetings Law.

Respectfully submitted,

Lisa Skar
Finance Manager/Treasurer


VILLAGE OF
McFarland
SUMMARY SHEET

MEETING DATE: Tuesday, June 24, 2025

SECTION: Business

DEPARTMENT: Administration

CONTACT:

AGENDA ITEM: Discussion regarding proposed new quarterly financial summary reports.

PREVIOUS ACTION:

ISSUE SUMMARY:

Included within the packet are proposed budget status reports, as requested by the Finance Committee at the May 20, 2025 Finance Committee meeting. The goal of these reports is to provide the Committee and the public with a quarterly overview of the Village's revenues and expenditures in comparison to the budget in a more condensed format.

Currently, the Village Board receives monthly budget-to-actual revenue and expense reports that include every account within each fund. This typically equates to an 80+ page document that is not easy to review and digest in a reasonable amount of time. Staff hopes that the new proposed summary report will increase transparency and efficiency for anyone who would like a quick overview of the Village's financial status.

The *Budget Status Report* provides a snapshot of the total year-to-date general fund revenue and expenditures as a percentage, including corresponding graphs to provide a clear visual representation of the Village's current budget status. This report also includes a brief explanation of any budget variances. The *Caselle Summary Report* provides a budget to actual comparison for each budget category.

The plan for the next meeting is to introduce the proposed reports and discuss any changes the Finance Committee might recommend for future reports.

FINANCIAL/BUDGET IMPACT:

VILLAGE PLAN REFERENCE:

ORDINANCE REFERENCE:

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

ATTACHMENTS:

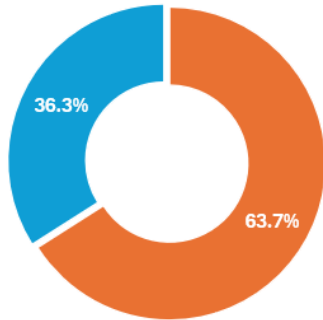
1. Q1, 2025 Budget Status Report
2. Q1, 2025 - Caselle Summary Report - General Fund



Q1, 2025 BUDGET STATUS NARRATIVE

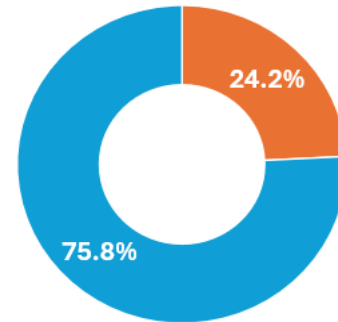
*25% of the fiscal year has elapsed

General fund **revenue** collected as of March 31, 2025
= \$5,278,787.90 or **63.7%** of the budget



■ Revenues Collected ■ Uncollected Revenues

General fund **expenditures** as of March 31, 2025
= \$2,006,443.61 or **24.2%** of the budget



■ Actual Expenditures ■ Budgeted Expenditures

Taxes: 91.3%

- 2024 Tax revenue has been recorded
- Remaining revenues (tax exempt P.I.L.O.T & water utility tax equivalent payments) are recorded in Dec.

Intergovernmental Revenues: 13.2%

- Most state shared revenues are received in July

Licenses & Permits: 12.6%

- Establishment licenses are renewed in June
- Q1 room tax payments and cable franchise fees are received in April

Public Charges for Services: 39.7%

- Roughly 70% of watercraft/sailboat permit revenue has been received

Village Board: 16.9%

- Village Board members receive per diem quarterly

Elections: 55.2%

- One of two elections remaining this year

Village Assessor: 85%

- 75% of Village Assessor fees paid

Insurance: 106.2%

- Annual property, liability, and workers compensation ins. premiums paid in full
- Ins. premium increases across the board

Facility Management: 48.3%

- HVAC & other facility repairs
- Utility expenses greater than estimated

Emergency Management: 37.9%

- Annual Rave Wireless (emergency communication platform) bill paid in Jan.

Senior Outreach: 16.4%

- Senior Outreach Director vacancy resulted in reduced Q1 wages. Amount will increase in quarters 2-4

VILLAGE OF MCFARLAND
FUND SUMMARY
FOR THE 3 MONTHS ENDING MARCH 31, 2025

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	VARIANCE	PCNT
<u>REVENUE</u>					
TAXES	.00	4,526,035.21	4,958,000.00	431,964.79	91.3
INTERGOVERNMENTAL REVENUES	.00	156,450.78	1,188,250.00	1,031,799.22	13.2
LICENSES & PERMITS	21,668.35	48,749.18	386,500.00	337,750.82	12.6
FINES, FORFEITURES & PENALTIES	9,410.54	20,686.24	122,000.00	101,313.76	17.0
PUBLIC CHARGES FOR SERVICES	93,606.40	215,421.45	543,000.00	327,578.55	39.7
INTERGOV CHARGES FOR SERVICES	.00	177,800.00	537,500.00	359,700.00	33.1
MISCELLANEOUS REVENUE	29,571.07	133,645.04	491,000.00	357,354.96	27.2
OTHER FINANCING SOURCES	.00	.00	62,000.00	62,000.00	.0
	<u>154,256.36</u>	<u>5,278,787.90</u>	<u>8,288,250.00</u>	<u>3,009,462.10</u>	<u>63.7</u>
<u>EXPENDITURES</u>					
VILLAGE BOARD	1,797.73	15,910.56	94,000.00	78,089.44	16.9
MUNICIPAL COURT	7,679.40	24,405.41	105,250.00	80,844.59	23.2
LEGAL	7,017.36	23,073.38	111,000.00	87,926.62	20.8
VILLAGE ADMINISTRATOR	8,819.56	26,776.71	129,250.00	102,473.29	20.7
ADMINISTRATION	49,531.21	115,961.24	407,500.00	291,538.76	28.5
ELECTIONS	3,152.80	5,798.38	10,500.00	4,701.62	55.2
INFORMATION TECHNOLOGY	2,919.82	8,654.59	32,000.00	23,345.41	27.1
VILLAGE ASSESSOR	2,250.00	38,250.00	45,000.00	6,750.00	85.0
INSURANCE	1,292.70	119,465.88	112,500.00	(6,965.88)	106.2
FACILITY MANAGEMENT	26,415.79	96,633.65	200,000.00	103,366.35	48.3
POLICE DEPARTMENT	216,953.78	660,503.32	2,858,250.00	2,197,746.68	23.1
FIRE & RESCUE DEPARTMENT	129,827.29	400,240.03	1,906,250.00	1,506,009.97	21.0
COMMUNITY DEVELOPMENT	11,942.27	44,800.81	253,500.00	208,699.19	17.7
EMERGENCY MANAGEMENT	42.89	6,247.11	16,500.00	10,252.89	37.9
PUBLIC WORKS	68,797.64	205,491.95	907,750.00	702,258.05	22.6
SENIOR OUTREACH	24,971.55	70,501.65	430,500.00	359,998.35	16.4
PARKS	54,677.98	143,728.94	668,500.00	524,771.06	21.5
	<u>618,089.77</u>	<u>2,006,443.61</u>	<u>8,288,250.00</u>	<u>6,281,806.39</u>	<u>24.2</u>
	<u>(463,833.41)</u>	<u>3,272,344.29</u>	<u>.00</u>	<u>(3,272,344.29)</u>	<u>.0</u>


VILLAGE OF
McFarland
SUMMARY SHEET

MEETING DATE: Tuesday, June 24, 2025

SECTION: Business

DEPARTMENT: Administration

CONTACT: Matt Schuenke, Village Administrator, Cassandra Suettinger, Deputy Administrator/Clerk

AGENDA ITEM: Discussion regarding the creation of an ordinance requiring a referendum vote of the electors before certain public construction projects can be commenced.

PREVIOUS ACTION:

At the August 27, 2024 meeting, the Village Board reviewed and approved a referral request from Trustee Brassington on this matter to be discussed further within this Committee of the Whole meeting.

The Committee of the Whole considered the referral request at its meeting on September 10, 2024.

At the January 28, 2025 meeting, the Village Board took action to make a referral of this issue to the Finance Committee for them to review and make a recommendation.

The Finance Committee met on February 20, 2025 to review the referral request.

The Finance Committee met on March 20, 2025 to review the referral request.

ISSUE SUMMARY:

The following information was provided at the March 20th Finance Committee meet to further review and discuss the impact of the referendum requirement. It was requested to share this information as two Committee members are new, and discuss next steps to continue to address this item.

The Village previously had enacted an ordinance requiring a referendum for capital projects.

This was changed over the years to alter the amounts, create conditions, and establish exemptions as applicable. At our previous meeting we reviewed the historical ordinances that had been in place previously and discussed the implications of our debt utilization through a presentation provided by one of the Committee members. This issue as to whether or not these standards should be enacted was referred to the Village Board for the Committee to review and provide a recommendation. Summary background from that meeting is presented later in this memo.

One of the discussion points from that meeting was trying to understand the historical impact of



these ordinances, polices, and projects against our need for debt. Enclosed is a brief analysis looking at our debt utilization against the various limits. This data was extracted from our annual audit from 1998 through 2023. The 2024 Audit is being drafted and will be finalized in May. The data then from 2025 through 2033 is taken from the 2024-2028 CIP to offer a future perspective of the impact of future projects that are planned but not approved. The range is provided to how the Village's debt evolved from before the current Municipal Center was built to the Library, Public Safety Center, and planned improvement of the Community Center.

Various ordinance and policy adoptions are noted within the spreadsheet as well. We will review this further in the meeting and also the included graphs provided for visual understanding of the data.

Looking at the debt utilization percentage column, a few thoughts:

- As of our December 31, 2023 audit, our Debt Utilization was at 53% which was down from 58% the prior year. This was the point at which all borrowed funding of the Public Safety Center had been realized.
- Previous 5 year Average was 46%.
- Previous 10 year Average was 37%.
- Overall historical Average was 37%.
- Looking ahead, the next 5 year average is projected at 54% followed by 51% for the next 10 years. This is by no means approved at this point.

The enclosed line graph does a nice job of showing the flow of these percentages through the years.

FINANCIAL/BUDGET IMPACT:

Discussion of this referral and consideration for this ordinance have minimal costs as the Village Board weights the policy implications of these standards.

Implementation of the ordinance will have fiscal implications both on the capital planning of our projects and thinking of how various projects could come forward as well as their timing within the design process. There are also operational considerations for the inclusion of steps in the process to develop a project with these standards in place that are not insurmountable, but part of the process when considering policy matters such as these. We can discuss these in the meeting.

VILLAGE PLAN REFERENCE:

ORDINANCE REFERENCE:

The Village had previously had a few different variations of these requirements within its code dating back several years before it was later removed entirely. Within that discussion, Trustee Peña provided some ideas via a presentation regarding how we could address the referendum question in relation to our debt limit. Chapter 3 of our Fiscal Policy Manual addresses debt limitations as guidelines to follow which are different from what enacting an ordinance would require. The board recently approved a referral of the question to Committee for review and



recommendation with this meeting beginning that discussion.

As mentioned, the ordinance requirements have been around in a few different versions. Each version is included in the packet and summarized as follows (versions noted by year):

- **2005** - Original adoption and required a referendum for any project in excess of \$1 million. There were no exceptions.
- **2014** - This was the first amendment to the original adoption where the standard was increased to \$1.25 million while creating some exceptions for streets, utilities, and annual adjustment for inflation.
- **2018** - The second amendment changed calculation of the threshold to follow value of the Village based on a comparable example. It stated the new threshold would be 1% of equalized value which as of 2024 that would amount to a new threshold of approximately \$17 million. Additional exceptions were added to the existing list including TID projects, Federal/State/County required projects, projects shared with another unit of government, public safety related, and to address emergencies. Subsection (c) added clarity also to how the threshold is applied within the projects to be considered.
- **2022** - Finally, the requirements in place since 2018 were removed in their entirety.

There is no requirement for municipalities to have a referendum requirement for capital projects. The only limit we face is that we cannot borrow more than 5% of our equalized value (~\$85 million). The range seen above between 2005 to 2022 is the very strict standard to no standard applied with the two versions in between offering different amounts of flexibility. The 2018 version offered the most definition to date to the process while offering flexibility on the amount for the board to manage. The only project that would have required a referendum under the last version of this code would have been the Public Safety Center; however, it was specifically exempted based on its use. This requirement is not common in local government. There are a few examples in Sussex, Delafield, and Elm Grove we can look at but the vast supermajority of the State municipalities do not have this requirement.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

The first item is presented for discussion only related to the ordinance. No action is needed on this item.

ATTACHMENTS:

1. Debt Utilization Historical Data
2. Debt Graph
3. Debt Utilization Percent Graph

Historic Debt Utilization

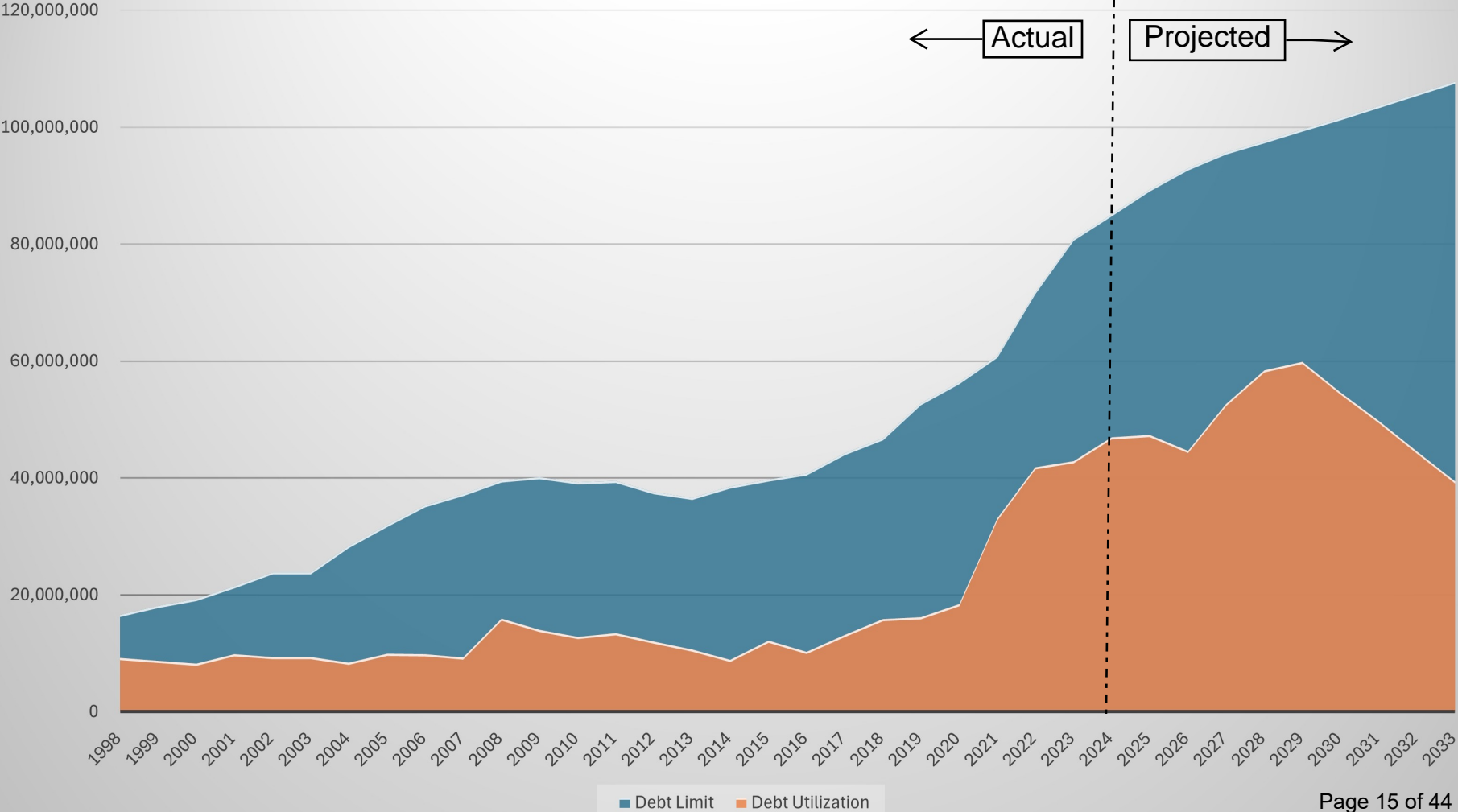
Year	Equalized Value	5% Limit	Actual Utilization	% Utilization	Policy % Limit	Projects	Notes
1998	330,452,800	16,522,640	9,212,246	56%			
1999	362,171,700	18,108,585	8,726,105	48%			
2000	385,706,300	19,285,315	8,199,895	43%		Municipal Center	
2001	428,412,900	21,420,645	9,814,649	46%		Municipal Center	
2002	477,092,200	23,854,610	9,331,674	39%			
2003	477,092,200	23,854,610	9,331,674	39%			
2004	567,133,400	28,356,670	8,371,242	30%		Library	
2005	639,080,400	31,954,020	9,922,072	31%		Library	Referendum Ord. Adoption
2006	705,937,400	35,296,870	9,852,402	28%			
2007	744,821,400	37,241,070	9,250,766	25%			
2008	791,038,400	39,551,920	15,959,500	40%			3 Res. at \$6.5 mil total, various purposes.
2009	803,199,500	40,159,975	14,029,179	35%			
2010	784,433,300	39,221,665	12,830,595	33%			
2011	790,262,600	39,513,130	13,448,603	34%	50%		Chapter 3 Adoption
2012	750,545,100	37,527,255	11,983,158	32%	50%		
2013	731,654,200	36,582,710	10,638,458	29%	50%		
2014	770,175,400	38,508,770	8,868,255	23%	50%		Referendum Ord. 1st Amend
2015	794,452,100	39,722,605	12,165,000	31%	50%		
2016	815,493,100	40,774,655	10,245,000	25%	50%		
2017	883,717,700	44,185,885	13,100,000	30%	50%		
2018	936,011,100	46,800,555	15,855,000	34%	50%		Referendum Ord. 2nd Amend
2019	1,056,153,600	52,807,680	16,165,000	31%	50%		Chapter 3 1st Amend
2020	1,127,280,700	56,364,035	18,400,000	33%	67%		Chapter 3 2nd Amend
2021	1,217,439,600	60,871,980	33,070,000	54%	67%	Public Safety Center	
2022	1,434,947,800	71,747,390	41,785,000	58%	67%	Public Safety Center	Referendum Ord. Termination
2023	1,617,865,600	80,893,280	42,845,000	53%	67%		
2024	1,701,717,900	85,085,895	46,965,000	55%	67%	Community Center	Design Funding
2025	1,786,803,795	89,340,190	47,370,000	53%	67%		
2026	1,858,275,947	92,913,797	44,630,000	48%	67%		
2027	1,914,024,225	95,701,211	52,620,000	55%	67%	Community Center	Half Construction
2028	1,952,304,710	97,615,236	58,440,000	60%	67%	Community Center	Half Construction
2029	1,991,350,804	99,567,540	59,855,000	60%	67%		
2030	2,031,177,820	101,558,891	54,670,000	54%	67%		
2031	2,071,801,376	103,590,069	49,750,000	48%	67%		
2032	2,113,237,404	105,661,870	44,565,000	42%	67%		
2033	2,155,502,152	107,775,108	39,375,000	37%	67%		

* The green shading represents the former year in which the audit is not done but under development.

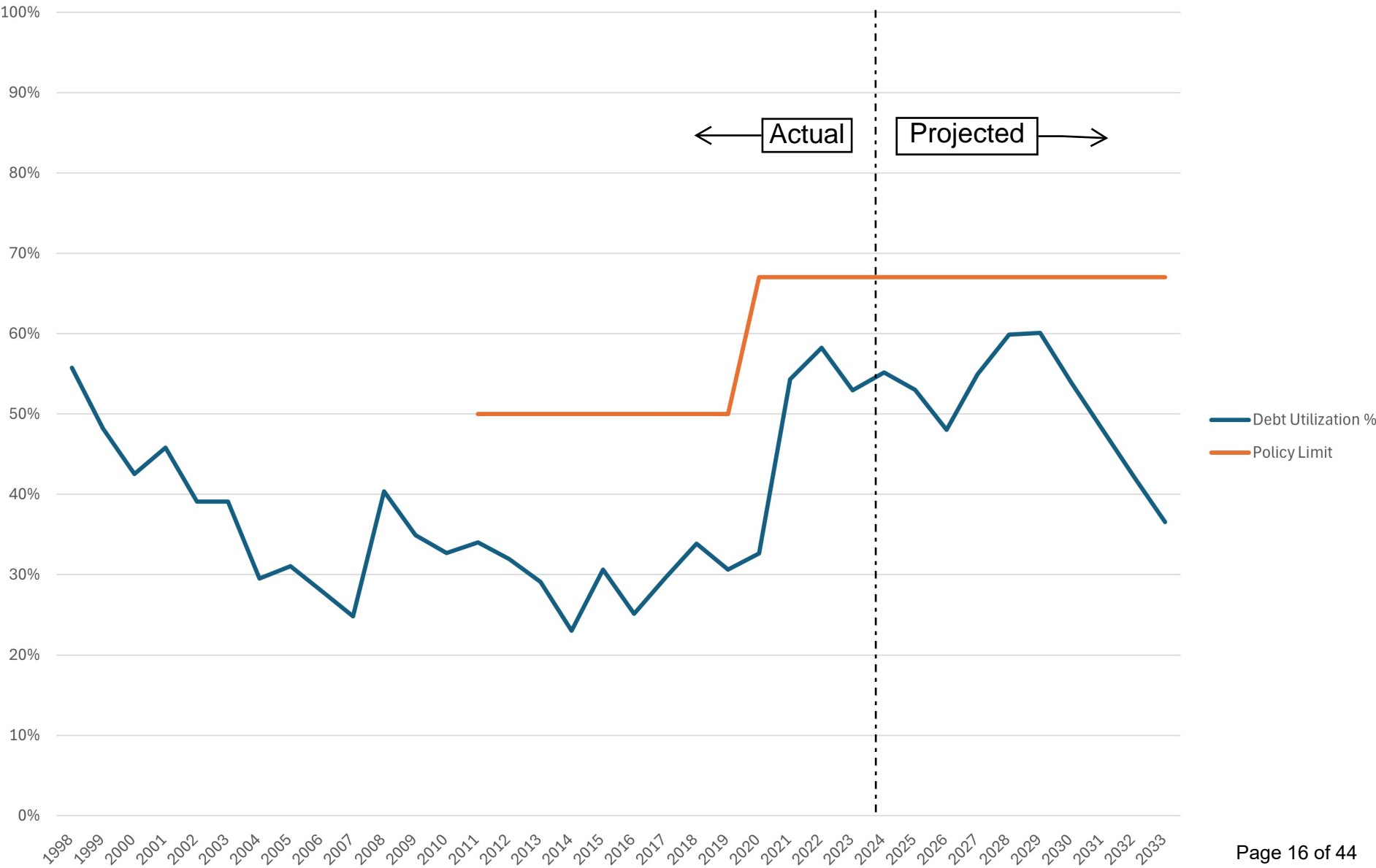
** The red shading is a current projection from the 2024-2028 Capital Improvement Plan. These projects are not approved, just forecasted.

*** Library is planned in 2033 but not shown in the projection above.

Debt Limit vs. Utilization



Debt Utilization as Percentage of Total




VILLAGE OF
McFarland
SUMMARY SHEET

MEETING DATE: Tuesday, June 24, 2025

SECTION: Business

DEPARTMENT: Administration

CONTACT: Matt Schuenke, Village Administrator

AGENDA ITEM: Discussion regarding updates to Chapter 3 (Debt Management Policy) of the Fiscal Policy Manual.

PREVIOUS ACTION:

None.

ISSUE SUMMARY:

The following information was provided at the March 20th Finance Committee meet to further review and discuss the impact of the referendum requirement. It was requested to share this information as two Committee members are new, and discuss next steps to continue to address this item.

Enclosed is Chapter 3 of our Financial Policy Manual that is our Debt Management Policy. The former agenda item looked at the question of debt limit as a matter of requirement through ordinance or continued guidance through policy like we have it now. Section 3.02(b), under subsection (1) establishes the link to State Statutes where we are not able to borrow more than 5% of our equalized value. As of 2024, our equalized value was \$1,701,717,900 where 5% of that amount would equal \$85,085,895. This 5% threshold applies uniformly to all municipalities within the State.

Whether we choose to use \$1 of this 5% limit or all of it, that is where the discretion lies and each community naturally is different in their approach. Our approach to establishing standards for a debt limit is tied to our utilization ratio. Within this same policy section, the utilization ratio is defined where we “intend” not to exceed 3.33% of that 5% max which would create a limit to max debt utilization at 67%. The key difference between the former ordinances and this policy are that the ordinance was a requirement, and the policy is presently established as a guideline. The policy helps guide our targets within forecast projections which as of the last accepted CIP we are showing we’ll stay under that amount. There are a few other subsections there too that could be considered or applied to a referendum requirement, but the debt utilization ratio is the main one related to this request.

The data shared in the previous agenda item will be applicable to this discussion as well. It was discussed splitting these two items between an ordinance and policy discussion to adjust our focus of the issues.

Also enclosed is the presentation from Trustee Peña that was provided at the last meeting.



FINANCIAL/BUDGET IMPACT:

None.

VILLAGE PLAN REFERENCE:

None.

ORDINANCE REFERENCE:

None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

Presented for discussion in relation to the referral noted in the previous item.

ATTACHMENTS:

1. Chapter 3 - Debt Management Policy 03232020
2. Debt Utilization cap

CHAPTER 3 Debt Management Policy

SECTION 3.01 Policy Purpose

- (a) The Village acknowledges that certain costs incurred on an annual basis reflect an investment in the future of the Village. These types of costs include development, acquisition, and replacement of assets that will be used by the residents of the Village over a long period of time. Financing of these long-term assets is often appropriately accomplished through the issuance of long-term debt instruments, special assessments, or any other combination of these.

- (b) It is the responsibility of the Village Board and Village administrative staff to monitor the financial health of the Village. A significant portion of the Village's financial health is determined by its ability to manage its debt, so the role of debt in the Village's total financial strategy must be carefully defined in order to avoid using debt in a way that weakens other parts of its financial structure. It is the responsibility of the Village Administrator and Clerk/Treasurer to regularly monitor the Village's outstanding debt and to recommend issuance, replacement and retirement of outstanding debt to the Finance Committee and the Village Board.

SECTION 3.02 Policy Implementation Objectives

(a) Financing Considerations.

- (1) The Village will confine long-term borrowing to capital improvements, equipment, or other long-term projects which cannot and, appropriately should not, be financed from current annual operating revenues.

- (2) The Village will not use long-term debt to finance current operations, nor will long-term debt be used to finance the cost of short-lived (less than five years) depreciable assets (for example, vehicles).

- (3) In general, the final maturity of bonds and notes issued by the Village should not exceed the expected useful life of the underlying project for which it is being issued.

- (4) The Village will issue general obligation debt by borrowing from the State Trust Fund or through a competitive bidding process or negotiated sale, depending upon which approach is deemed most advantageous to the Village.

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

(b) Debt Limits and Structure.

- (1) Section 67.03 of Wisconsin Statutes and Article XI, §3(2) of the Wisconsin Constitution require that general obligation debt outstanding not exceed 5% of the equalized valuation of the taxable property within the Village. Revenue bonds and notes are not considered debt for purposes of determining compliance with constitutional debt limitations. The Village intends to keep total outstanding general obligations debt within 3.33% of the equalized valuation unless otherwise authorized by the Village Board. Debt levels should further be consistent with the Village's credit objectives and long-term financial plan.
- (2) The Village will keep the maturity of all outstanding general obligation bonds at or below 20 years unless otherwise allowed by Wisconsin State Statutes and authorized by the Village Board.
- (3) The total annual debt service expense for general obligation debt (exclusive of that funded by proprietary operations) should not exceed 25% of the Village's total operating expense less capital outlay, unless otherwise authorized by the Village Board. The Village will make every effort realistic and reasonable to maintain debt service expenditures at a proportionately even level for tax rate stabilization.

(c) Municipal Advisor.

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

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

(d) **Other Considerations.**

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

Adopted: October 10, 2011

Amended: July 8, 2019
March 23, 2020



Debt Utilization Cap

A decorative horizontal line consisting of a teal segment on the left and an orange segment on the right.

Why?

- Alignment with Economic Conditions
- Flexibility for Large-Scale Projects
- Encourages Long-Term Planning and Sustainability
- Better Management of Unexpected Costs
- Addresses community concerns around overall borrowing
- Helps with budgeting?

A decorative horizontal line consisting of a teal segment on the left and an orange segment on the right.

Alignment with Economic Conditions

- Adjusts with the Village's financial health and economic conditions
- Allows for more substantial investments
- Ensures debt levels are proportional

A decorative horizontal line consisting of a teal segment on the left and an orange segment on the right.

Flexibility for Large-Scale Projects

- Allows for high-impact projects to proceed

A decorative horizontal line consisting of a teal segment on the left and an orange segment on the right.

Long-Term Planning and Sustainability

- Encourages the consideration of the implications of borrowing and spending
- Promotes sustainable financial practices



Better Management of Unexpected Costs

- Provides flexibility to accommodate unexpected costs



Overall borrowing concerns

- Creates a hard limit to borrowing
- Leaves room for emergencies
- Prevents unexpected high increases on taxes



Helps with budgeting?

- Set limits
- Help prioritize projects


VILLAGE OF
McFarland
SUMMARY SHEET

MEETING DATE: Tuesday, June 24, 2025

SECTION: Business

DEPARTMENT: Administration

CONTACT: Cassandra Suettinger, Deputy Administrator/Clerk, Lisa Skar,
Finance Manager/Treasurer, Matt Schuenke, Village Administrator

AGENDA ITEM: Discussion regarding updates to Chapter 2 (Budget Development Policy) of the Fiscal Policy Manual.

PREVIOUS ACTION:

The Finance Committee reviewed this item at its meeting on February 20, 2025.

The Finance Committee reviewed this item at its meeting on March 20, 2025.

The Finance Committee reviewed this item at its meeting on May 15 and 20, 2025.

ISSUE SUMMARY:

Included within the packet is the updated version to Chapter 2 for the Budget Development Policy following our last review in May. The updates are provided in track changes with additional comments in the margins based on the talking points from the last meeting. Staff is still working on the Budget Overages section but will present this for review the next time as we finalize our recommendation. We will hopefully be nearing that recommendation in July for the Village Board to consider shortly thereafter.

FINANCIAL/BUDGET IMPACT:

None

VILLAGE PLAN REFERENCE:

None

ORDINANCE REFERENCE:

None

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

No action needed. Presented for discussion only.

ATTACHMENTS:

1. Chapter 2 - Budget Development Policy 06202025

CHAPTER 2 Budget Development Policy

SECTION 2.01 Policy Purpose

- (a) The process for the publication and legislative consideration of the annual budget for the Village is stated in Wis. Stats. § 62.12 (Finance)¹ and § 65.90 (Municipal Budgets)² and Chapter 23, Article II, Division 2 of the McFarland Code of Ordinances³. Those legislative guidelines provide the overall framework and minimum legal requirements for the Village budget process. This policy outlines the process to be followed by Village Staff and the Village Board in developing and presenting the annual operating and capital budgets for all Village operations, including utilities, for review and adoption.

SECTION 2.02 Policy Objectives

- (a) Develop a structurally balanced budget in which operating expenditures do not exceed operating revenues within the need for reserves to offset recurring expenses.
- (b) Align with goals from the Strategic Implementation Plan to ensure financial resources are made available for delivery of Village services.
- (c) Utilize qualitative data based on experience, trends, and other sources to align with appropriate levels of funding.
- (d) Create opportunities for public engagement to promote effective communication in simple plain language formats.
- (e) Align the Annual Budget with the Distinguished Budget Award subject to approval through the Government Finance Officers Association (GFOA) to promote transparency, accountability, and effective communication to the Community.

SECTION 2.03 Basis of Budgeting.

- (a) The Village adopts annual budgets for the general, special revenue, debt service, capital project, internal service, and fiduciary funds that are prepared on the modified accrual basis of accounting. The enterprise funds budgets are prepared on the accrual basis of accounting. Please note the following definitions⁴:

¹ <https://docs.legis.wisconsin.gov/statutes/statutes/62/i/12>

² <https://docs.legis.wisconsin.gov/statutes/statutes/65/90>

³ https://mcfarland.municipalcodeonline.com/book?type=ordinances#name=DIVISION_23-II-2_VILLAGE_BUDGET

⁴ Basis of accounting definitions provided by Baker Tilly through the Village of McFarland Financial Statements and Supplementary Information.

- (1) **Modified Accrual Basis of Accounting.** Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.
- (2) **Accrual Basis of Accounting.** Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

(b) The types of funds the Village utilizes include but are not limited to⁵:

- (1) **General Fund (100).** The general fund is used to account for all financial resources except those to be accounted for in another fund. The general fund is usually the largest and most important fund and most of the municipality's programs are financed wholly or partially through it. The general fund balance must be segregated to show the portions reserved for specific purposes, designated for continuing appropriations and undesignated. The following funds are established for Village purposes:

(i) 100 General Fund

- (2) **Special Revenue Fund (200).** Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted for specified purposes or activities, other than revenue sources that are restricted for the acquisition and/or construction of fixed (capital) assets. The use of these funds will vary from municipality to municipality depending upon local ordinances and the source of revenues and purpose of expenditures. The following funds are established for Village purposes:

(i) 205 Library Fund

(ii) 210 Youth Center Fund

(iii) 215 Affordable Housing Fund

⁵ Fund definitions provided by Wisconsin Department of Revenue, *Uniform Chart of Accounts for Wisconsin Municipalities*.

(3) **Debt Service Fund (300).** Debt service funds are to be maintained to account for all resources which are being accumulated to retire a municipality's general long-term debt. Section 67.11 of the Wisconsin Statutes requires the establishment and maintenance of a debt service fund when a municipality issues general municipal obligations. The following funds are established for Village purposes:

(i) 300 Debt Service Fund

(ii) 305 Tax Increment District #3 Fund

(iii) 310 Tax Increment District #4 Fund

(iv) 315 Tax Increment District #5 Fund

(v) 320 Tax Increment District #6 Fund

(4) **Capital Projects Fund (400).** Resources externally restricted for the purchase or construction of major capital facilities, which are not financed by proprietary funds should be accounted for in capital projects funds. Capital projects funds are to be established when projects are financed wholly or in part with borrowed money, intergovernmental revenues, private donations or when they are legally mandated. Separate capital projects funds are necessary to demonstrate that debt proceeds are spent only for the purposes and in the amounts authorized. The following funds are established for Village purposes:

(i) 400 Capital Projects Fund

(ii) 405 Parks Fund

(5) **Enterprise Funds (600).** Enterprise funds are used to account for a government's activities and organizations which are similar to private business enterprises - where the governing body has decided that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. Enterprise funds may also be used where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The following funds are established for Village purposes:

(i) 600 Utilities Fund (Sewer and Water)

(ii) 605 Stormwater Utility Fund

(iii) 610 Solid Waste Fund

- (6) **Internal Service Funds (700).** Internal service funds are established to account for services performed by a department or agency of a municipality for other departments or agencies of the municipality or for departments or agencies of other governments. Charges to the user departments or governments are based on the cost of the services provided. Internal service funds are frequently used for central garages and motor pools, data processing, central duplicating or print shops, central purchasing, and stores departments. The following funds are established for Village purposes:

(i) 700 Retiree Fund

- (7) **Fiduciary Funds (800).** Also referred to as Trust and Agency Funds. Trust funds include expendable trust funds, nonexpendable trust funds and pension trust funds. Expendable trust funds are used to account for gifts and endowments whose principal and income may be expended for the purposes specified by the donor. Nonexpendable trust funds are used to account for gift and endowments which were provided with the stipulation that the principal be preserved intact and income thereon may be expended for the purposes specified by the donor. Each trust fund is classified for accounting measurement purposes as either a governmental fund or a proprietary fund. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds and pension trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature and agency fund assets always equal agency fund liabilities. Agency funds have no fund equity or revenues and expenditures. Agency funds are used to account for property taxes and other receipts billed and collected for individuals or other units of government.

The following funds are established for Village purposes:

(i) 800 Canine Fund

- (c) The Village's chart of accounts establishes all Village funds will be used to construct the budget to ensure consistency with its annual financial statements.
- (d) The adopted budget indicates the amount that can be expended by each fund based on detailed budget estimates for individual expenditure accounts.
- (e) All budget amounts lapse into their respective fund balance at the end of the year to the extent they have not been expended. Unexpended funds approved in one year have to be budgeted again in the next year if they are ~~their~~ intended to carry forward.
- (f) The adopted budget format will follow the established guidelines for the Distinguished Budget Award program through GFOA.

SECTION 2.04 Annual Budget.

(a) General Procedures.

- (1) The annual Village budget developed for consideration by the Village Board will include all Village funds and will include both the operating budget for the ensuing fiscal year and a capital budget based upon a separate five-year capital improvement plan.
- (2) The Administrator is responsible for coordination and initial review of departmental budget submissions. As necessary, meetings will be held with departments to review their budget requests prior to finalizing the budget. Unresolved variances between the Department and Administrator budget submissions may be addressed by the Village Board at the time of review.
- (3) Village Board review and deliberation on the budget and municipal services will generally be done in consultation with department heads, as determined appropriate by the Board. Final budget adoption shall be considered by the Village Board via ordinance upon conclusion of the review process.
- (4) The operating budgets will serve as the annual financial plans for the Village and as the policy documents for implementing Board goals and objectives. The Annual Budget will provide staff the resources necessary to accomplish service levels determined by the Village Board. The Village's annual budget document will be drafted by department, with a logical breakdown of programs and line-item detail in accordance with the chart of accounts.
- (5) Enterprise funds (e.g., the Utility Fund and Stormwater Utility) shall be supported by their own rates and specified revenue sources unless otherwise authorized by the Village Board. Enterprise fund operating surpluses will not be used to subsidize other Village funds.
- (6) Enterprise funds and special revenue funds will pay their proportionate share of allocated expenses provided by General Fund departments.

(b) Development.

- (1) Before commencement of the annual budget process, the Village Board and the Administrator will develop recommended budget parameters and set the budget development calendar as needed.

Commented [MS1]: Variances between budget worksheets and budget transmittal. Role for the Committee?

Commented [MS2R1]: We work very hard to make sure that once the budget is transmitted to the Village Board, both the Administrator and Department Head agree on its contents. If for some reason we cannot agree, the Village Board should address the issue to maintain our roles and hierarchy. If they want the Finance Committee to review something and make a recommendation, this leaves the door open to that.

- (2) Certain budget elements that are common across departments will be calculated and/or monitored by the Administrator or designee on a centralized basis to ensure comparability and budgetary control. These areas include:
- (i) Wages and Benefits.
 - (ii) Insurance Premiums.
 - (iii) Fuel, utility, and other fixed costs.
- (3) The Village Board exercises legal budgetary control at the fund level; however, reports are provided at functional and departmental levels as defined in the budget transmittal. Budget implementation rests primarily with Village departments, with general oversight by the Village Board and management by the Village Treasurer⁶.
- (4) **Budget Format.** Please note the following guidelines for building the budget document:
- (i) Title Sheet.
 - (ii) Budget Transmittal Memorandum.
 - (iii) Ordinance following Adoption.
 - (iv) Public Hearing Notice following Publication.
 - (v) Strategic Implementation Plan following Acceptance.
 - (vi) Budget Review Schedule.
 - (vii) Budget Fund Summaries.
 - (viii) Taxation Estimate with all Taxing Jurisdictions.
 - (ix) Historical Budget Comparison Data.
 - (x) Revenues and Expense Details for all Funds.
 - (xi) Additional detail required by GFOA to qualify for a Distinguished Budget Award.
 - (xii) All other relevant information as determined by the Village Board.

⁶ https://mcfarland.municipalcodeonline.com/book?type=ordinances#name=2-516_Village_Treasurer_And_Deputy_Treasurer

Commented [MS3]: Are we tied to the operational forecasting within this award?

Commented [MS4R3]: We do not believe so. It is not listed as "mandatory", but Staff is double checking what the requirement is.

Either way, we have a methodology from a few years ago that can be recreated to meet this standard. It would just need to be updated.

- (5) **Revenues.** The Village needs to maintain a diversified and stable revenue base to shelter it from unanticipated fluctuations and to minimize reliance on the property tax. Similar sources and uses of revenues should be matched to the extent possible to ensure adequate and equitable funding for various Village services and programs over the long term.
- (i) At least each budget cycle, existing and new revenue sources will be examined using an analytical process to objectively estimate appropriate levels of funding. Each Department will be responsible for the inclusion of revenues within their budget proposals subject to review by the Administrator. Department revenue will be deducted from the amount of allocated revenue needed to support their services, helping to lower dependence on property taxes where applicable.
 - (ii) The Village will establish all user charges and fees at a level related to the actual cost of providing the service to ensure full cost recovery where applicable. Each year the Village will evaluate and may recalculate the cost of services supported by user fees to identify the impacts of inflation and other cost increases.
 - (iii) Legally restricted revenues will be avoided when they adversely affect the short or long-term financial health of the Village. One-time revenues will be used for capital improvements or as legally restricted to a specific purpose. In addition, enterprise funds will generate revenue sufficient to support the full direct and indirect costs of these funds.
 - (iv) At least each budget cycle, intergovernmental revenues will be reviewed to determine their stability and to minimize the impact of any adverse changes. Intergovernmental revenues shall be used as legally prescribed or otherwise set forth by policy.
 - (v) Revenues shall be budgeted to meet the Village's debt service obligations before they are allotted for any other type of expenditure.
 - (vi) Payments in lieu of taxes from municipal utilities will be budgeted and based on utility estimates typically determined by the Village Auditor.
 - (vii) Proceeds from the sale of equipment or excess property will not be budgeted as operating revenue unless such amounts can be accurately projected. Any such proceeds received shall be recorded in the appropriate fund from which they were paid.

(viii) **Grant Applications.** Grant applications \$5,000 or less shall be reviewed and approved by the Administrator. The Administrator will prepare an annual report for the Finance Committee and Village Board outlining any grants received within a fiscal year that were less than \$5,000. Grant applications in excess of \$5,000 shall be reviewed by the Administrator and approved by the Village Board prior to submittal. This review is to ensure that the grants do not create an obligation for unfunded expenditures by the Village relating to the grant's purpose and to provide an overall budgetary review of grant proposals. Grants requiring Village Board approval may be reviewed by the related Committee as a recommendation to proceed with the application.

(c) **Timeline.**

- (1) **July – Parameters.** The formal budget process will generally begin in July of each year as the Village Board sets the parameters for its development, including the calendar. Additionally, the Village Board is presented with pertinent background information for the upcoming budget cycle. The Administrator will distribute budget worksheets to Departments to begin the development process once the parameters are set.
- (2) **August – Development.** Budget worksheets submitted to Departments will include data for the prior year actual, current year budget, and current year to date as of the end of June. Detailed wage and benefit calculations will be submitted to Departments with allocations distributed within the worksheets. Department heads are then responsible for completing budget requests in accordance with the parameters provided by the Administrator and Village Board. Budget worksheets are generally returned to the Administrator near the end of August to build the budget transmittal for the Village Board to review.
- (3) **September – Transmittal.** The proposed budget including all funds and required documentation will be transmitted to the Village Board at its second regular meeting in September. The Administrator will provide an initial overview of the proposed fiscal impact of what is included to begin the review process.
- (4) **October – Review, Public Hearing, and Changes.**
 - (i) **Review.** The Village Board will schedule meetings for review of the budget transmittal generally in October in accordance with the schedule it sets as part of the parameters. Each fund will be reviewed as part of the process to be presented by Departments where applicable.

- (ii) **Public Hearing.** The public hearing for the budget will be held at the second meeting in October. All meetings are open to the public to provide comment on the proposed budget. Members of the public are encouraged to comment at the public hearing on the proposed budgets and their impact on municipal services.
 - (iii) **Changes.** The process for Village Board members to submit changes to the proposed budget will be set with the parameters. Each board member desiring to make a change to the budget will do so through a form detailing their request and other relevant background information. Each request will be discussed and acted on by the full Village Board prior to adoption. Those line items not requested for changes will be considered acceptable as proposed.
- (5) **November – Adoption.** The Village Board will adopt the proposed budget for the coming year at its second regular meeting of the month in November. The adoption will be conducted by ordinance, summarizing the fiscal impact of each fund while also noting the tax levy to be adopted. An estimate of the Village impact on the tax levy will be provided at this time and also for all taxing jurisdictions, if available.
- (d) **Engagement.** Access to the budget and the process to develop it will be shared through the following ways:
- (1) A physical copy will be available to the public for review at the McFarland Municipal Center and E.D. Locke Public Library. This will include the draft budget transmittal from Staff and then the final budget as adopted by the Village Board.
 - (2) An electronic copy of both the draft budget transmittal and final adopted budget will be included on the Village website for public viewing.
 - (3) The proposed budget will include a summary that is meant to provide, in plain language, the impact of the budget within the Community. The emphasis for the document will be towards residents to help them understand generally where money comes from within the funds and how it is used. Communication will show any use of fund balance, its intended purpose, and demonstrate how the budget is balanced.
 - (4) A public hearing notice will be issued in accordance with State Statutes approximately near the end of September or beginning of October. This notice will be published in the local newspaper and also advertised to the public to encourage their participation throughout the process.

- (5) A summary letter will be included with the tax bills to provide general information on the budget that was adopted. This can be developed as a standalone document or in concert with the budget summary mentioned in sub (3).
- (6) All Village mediums can be considered for distribution of information on the budget and its process to encourage understanding and participation.

(e) **Monitoring.**

- (1) The Administration Department shall distribute financial reports to the Village Board, Finance Committee, and Department Heads on a monthly basis.
- (2) The Administrator shall provide a quarterly overview of budget progression to the Finance Committee to help monitor performance.

Commented [MS5]: Other reports to look at?

Commented [MS6R5]: There could be the audit or borrowing reports, but the Committee also receives that information as part of being on the Village Board. We would need to think about else exists outside of what the board receives.

(3) **Budget Overages.** UNDER CONSTRUCTION

- (4) **Amendments.** Either the Village Board or Administrator may propose a budget amendment due to changing circumstances unforeseen at the time of its development. In accordance with State Statute 65.90(5)(ar), an amendment to the budget must be approved by two-thirds vote of the Village Board. Additionally, a notice of the changes will be made on the Village’s website within 15 days of action taken by the Village Board. Budget changes are subject to approval by the Village Board via resolution on a case by case basis upon recommendation from the Administrator.

SECTION 2.05 Capital Improvement Plan.

(a) **General Procedures.**

- (1) The Village will develop a five-year Capital Improvement Plan (CIP) to support the inclusion of capital projects within the Annual Budget. Capital expenditures to be included in the CIP shall include those items needed to support new or existing public infrastructure, vehicles, equipment, design/planning services, or other amenities within the Community. The five-year capital improvement plan will be updated annually and subject to final acceptance by the Village Board.
- (2) The most current year for the accepted capital improvement plan will be included within the Annual Budget for consideration of approval at the same time as all other funds.

- (3) The development of the CIP will include vehicle and equipment replacement needs in association with Vehicle Replacement Policy Chapter 12. Ongoing maintenance of existing vehicles and equipment will remain an operating expense. Sinking funds will be established, when feasible, to fund future vehicle and equipment replacements.
- (4) The Administrator will include in the CIP a projection of changes in the property tax levy necessary to pay for the proposed debt service in future years. Such projection will be used to develop guidelines for the level of borrowing to be used in supporting the proposed Capital Projects Fund within the Annual Budget. The projection will be based on a combination of factors including, but not limited to, expected growth in tax base, inflation rates, or similar factors.
- (5) Utility projects not funded via special assessments, grants, or similar funding sources other than utility rates will be analyzed for future rate impacts as needed to ensure debt obligations are met. Utility projects will be coordinated with other capital projects where applicable to minimize costs and inconvenience to residents.
- (6) Development-related projects for which tax incremental financing might be considered will be considered outside of the borrowing projections noted above due to the dedicated revenue stream (tax increments or other sources) used to pay the debt. The exception to this will be for proposed public improvements funded through tax increment districts as coordinated with other funds.
- (7) Facility improvement projects to be included in the capital improvement budget should involve major renovations that change or make repairs to the floor plan, wall locations, modifications to the structure, or modifications to building mechanical systems. Items that do not meet these criteria can be included within the CIP but funded by other means as available.

(b) **Development.**

- (1) The Administrator shall be responsible for preparing the annual CIP with assistance from all Departments and various consultants as applicable. Each Department Head will draft and develop their proposed capital expenditures for inclusion within the CIP to support service delivery and general operations of the Department. The proposed draft of the CIP will be introduced to the Village Board for review as well as to the Committee of record for respective Departments for review and recommendation.

- (2) Capital expenditures shall include any amounts expended for public improvements, vehicles, equipment, design/planning services, or other public amenities where the expenditures useful life more than five years and/or which involve amounts more than \$5,000 per line item. Expenditures not meeting these criteria, or which have a useful life of less than the payback period of the funds to be borrowed, may be included in the CIP but funded in other means that do not include borrowing.
- (3) Each Department will identify the total estimated cost for the capital expenditures and the proposed fund source(s) to offset the cost. Grant or other intergovernmental funds may be utilized to offset capital expenditures and should be included within the CIP as applicable.
- (4) **Format.** Please note the following guidelines for building the CIP document:
 - (i) Cover Sheet.
 - (ii) Transmittal Memorandum.
 - (iii) Financial Analysis – 5 and 10 years.
 - (iv) Project Summary Narrative.
 - (v) 10-year Paving and Utility Plan.
 - (vi) 10-year Park System Improvement.
 - (vii) All other relevant information as determined by the Village Board.

(c) **Timeline.**

- (1) **May – Drafting.** The Administrator will work with the Village Board within its annual calendar to set the detailed schedule for the process. Additionally, instructions will be provided to Department Heads to begin the process to review the next five years proposed for the CIP to develop their recommendations. The Administrator will review these submissions with Department Heads in order to develop a draft that includes the financial analysis conducted by the Village’s Financial Advisor. **Unresolved variances between the Department and Administrator capital submissions may be addressed by the Village Board at the time of review.**
- (2) **June – Introduction.** The initial draft of the proposed CIP will be submitted to the Village Board and Committee’s of record to be introduced and begin their review. The initial fiscal impacts will be reviewed as well as major initiatives proposed by Departments. The CIP will also note alignment with the Village Strategic Implementation Plan where applicable.

Commented [MS7]: Intermediary step between department head submittal and administrator work.

Commented [MS8R7]: We used the same language in concept as what applied to the budget for similar reasons stated.

- (3) **July – Review.** The Village Board and related Committees will continue their review of the proposed CIP further evaluating priorities against fiscal impacts. Additional details of major projects will be reviewed at this time as well as alternatives to adjust projects or move between years. At the conclusion of their review, the related Committees will make a recommendation to the Village Board regarding their review.
- (4) **August – Acceptance.** At the conclusion of its review and in receipt of applicable recommendations, the Village Board will consider acceptance of the CIP as presented following this work. The included financial analysis will be updated as needed along with any other supporting documentation that changes throughout the process. Once accepted, the most current year of the proposed CIP will be included and updated within the Annual Budget as the Capital Projects Fund. The Village Board will review this again as part of the budget process which concludes in November.

(d) **Engagement.**

- (1) A physical copy will be available to the public for review at the McFarland Municipal Center and E.D. Locke Public Library. This will include the draft submittal from Staff and then the final plan as accepted by the Village Board.
- (2) An electronic copy of both the draft submittal and final accepted plan will be included on the Village website for public viewing.
- (3) The proposed plan will include a summary that is meant to provide in plain language the impact of the CIP within the Community. The emphasis for the document will be towards residents to help them understand generally where capital projects are funded and how the document is used.
- (4) All Village mediums can be considered for distribution of information on the budget and its process to encourage understanding and participation.

(e) **Monitoring.**

- (1) Once the CIP is accepted, Staff will use the accepted CIP to build the draft budget for the subsequent year's Capital Projects Fund within the Annual Budget. Capital expenditures may not move forward until approved within the Annual Budget and/or as applicable in line with other Village financial ordinances and/or policies. Through review and adoption of the Annual Budget, the Village Board maintains discretion to add, modify, or delete inclusions within the Capital Projects Fund as proposed regardless of acceptance of the CIP.

- (2) Once the Annual Budget is approved, the included capital expenditures must be reviewed again against the borrowing needs for the year in association with the adopted budget and actual costs. Village Staff will work to review and reconcile proposed borrowing needs within the Capital Projects Fund as included within the Annual Budget transmittal. Through review and adoption of the annual borrowing process, the Village Board maintains discretion to modify or delete inclusions within the Capital Projects Fund associated with the borrowing regardless of their approval within the Annual Budget. The Village Board may include additions to the annual borrowing for capital expenditures in association with budget amendments in accordance with Section 2.04(e)(3) of this policy.

Adopted: August 27, 2012

Amended: XXXX XX, 2025