

Thursday, January 15, 2026

6:00 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/81474054265>

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

Webinar ID: 814 7405 4265

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 attendees to provide public comment on matters that are not on the agenda. Attendees desiring to provide public comment on specific items on the agenda may do so at the time that agenda item is brought up. Zoom attendees wishing to speak should type their name, address, and the relevant agenda item in the Q&A feature within the online meeting platform. Zoom attendees may also register in support or opposition of an item through the Q&A feature. In person attendees 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 public comment. Please adhere to the 3-minute time limit. Written comments will not be read into the record during the meeting but may be sent to finance@mcfarland.wi.us to be included with the agenda materials.
3. APPROVAL OF MINUTES.
 - a. Motion to approve the minutes of the October 16, 2025 meeting.
4. BUSINESS.
 - a. Review and Discussion regarding third quarter financial summary reports for 2025.
 - b. Discussion and recommendation on Chapter 4 of the Village Fiscal Policy manual regarding Fund Balance including dissolution of Chapter 8 of the Village Fiscal Policy manual on interfund advances.
5. SCHEDULE NEXT MEETING DATE.
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, October 16, 2025 - 4:00 PM

1. CALL TO ORDER, ROLL CALL.

Village Trustee Luke Fessler called the regular meeting of the Finance Committee to order at 4:01 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. APPROVAL OF MINUTES.

a. Motion to approve the minutes of the September 18, 2025 Finance Committee meeting.

Motion by Village Trustee Luke Fessler, second by Village Trustee Kathy Annen, to approve the minutes of the September 18, 2025 Finance Committee meeting. Motion carries 3 - 0 - 0 by acclamation.

4. BUSINESS.

a. Discussion and action to make a recommendation to the Village Board regarding updates to Chapter 3 (Debt Management Policy) of the Fiscal Policy Manual.

Motion by Village Trustee Luke Fessler, second by Village Trustee Kathy Annen, to

make a recommendation to the Village Board regarding updates to Chapter 3 (Debt Management Policy) of the Fiscal Policy Manual. Motion carries 3 - 0 - 0 by acclamation.

- b. Discussion and action to make a recommendation to the Village Board regarding consideration of a referral for the creation of an ordinance requiring a referendum vote of the electors before certain public construction projects can be commenced.

Motion by Village Trustee Luke Fessler, second by Village President Stephanie Brassington, to make a recommendation to the Village Board to not create an ordinance requiring a referendum vote of the electors before certain public construction projects can be commenced. Motion carries 3 - 0 - 0 by acclamation.

- c. Discussion on updates to the Finance Committee work plan regarding policy reviews.

The Village Administrator and Finance Committee discussed the plan and schedule for future policy reviews.

5. SCHEDULE NEXT MEETING DATE.

- a. Thursday, November 20, 2025 at 6:00 pm.

6. ADJOURNMENT.

Motion by Village Trustee Luke Fessler, second by Village Trustee Kathy Annen, to adjourn at 4:31 p.m.


VILLAGE OF
McFarland
SUMMARY SHEET

MEETING DATE: Thursday, January 15, 2026

SECTION: Business

DEPARTMENT: Administration

CONTACT:

AGENDA ITEM: Review and Discussion regarding third quarter financial summary reports for 2025.

PREVIOUS ACTION:

ISSUE SUMMARY:

Included in the packet are third-quarter budget status reports, as requested by the Finance Committee at the May 20, 2025 meeting. These reports are intended to provide the Committee and the public with a condensed quarterly overview of the Village's revenues and expenditures compared to the budget.

The *GF Caselle Summary Report* is generated directly from the Village's accounting software and provides a budget-to-actual comparison for each General Fund category. This report is used to inform the Budget Status Narrative.

The *Budget Status Narrative* provides a snapshot of the total year-to-date general fund revenue and expenditures as a percentage of the budget, including corresponding graphs for visual context and a brief explanation of significant budget variances.

The *Revenues Compared to Budget & Prior Year - All Funds - with Footnotes* and *Expenses Compared to Budget & Prior Year - All Funds - with Footnotes* reports present total year-to-date revenues and expenditures for all funds, comparing the year-to-date actuals to prior year actuals as well as the current year's budget. These reports also include footnotes explaining notable variances.

FINANCIAL/BUDGET IMPACT:

VILLAGE PLAN REFERENCE:

ORDINANCE REFERENCE:

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

ATTACHMENTS:

1. Q3, 2025 - GF CASELLE SUMMARY REPORT
2. Q3, 2025 - GF BUDGET STATUS NARRATIVE
3. Q3, 2025 - REVENUES COMPARED TO BUDGET & PRIOR YEAR - All Funds - with



- Footnotes
4. Q3, 2025 - EXPENSES COMPARED TO BUDGET & PRIOR YR - All Funds - with Footnotes

VILLAGE OF MCFARLAND
 FUND SUMMARY
 FOR THE 9 MONTHS ENDING SEPTEMBER 30, 2025

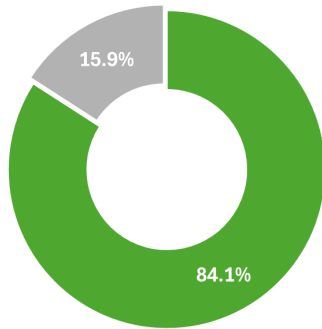
GENERAL FUND

| | PERIOD ACTUAL | YTD ACTUAL | BUDGET | VARIANCE | PCNT |
|--------------------------------|----------------------|---------------------|---------------------|----------------------|-------------|
| <u>REVENUE</u> | | | | | |
| TAXES | 122.23 | 4,526,164.56 | 4,958,000.00 | 431,835.44 | 91.3 |
| INTERGOVERNMENTAL REVENUES | 495.36 | 791,435.77 | 1,188,250.00 | 396,814.23 | 66.6 |
| LICENSES & PERMITS | 9,737.63 | 247,931.48 | 386,500.00 | 138,568.52 | 64.2 |
| FINES, FORFEITURES & PENALTIES | 4,781.42 | 59,004.70 | 122,000.00 | 62,995.30 | 48.4 |
| PUBLIC CHARGES FOR SERVICES | 41,739.35 | 508,992.47 | 543,000.00 | 34,007.53 | 93.7 |
| INTERGOV CHARGES FOR SERVICES | 156,308.59 | 470,655.42 | 537,500.00 | 66,844.58 | 87.6 |
| MISCELLANEOUS REVENUE | 39,601.62 | 325,322.81 | 491,000.00 | 165,677.19 | 66.3 |
| OTHER FINANCING SOURCES | .00 | .00 | 12,500.00 | 12,500.00 | .0 |
| | <u>252,786.20</u> | <u>6,929,507.21</u> | <u>8,238,750.00</u> | <u>1,309,242.79</u> | <u>84.1</u> |
| <u>EXPENDITURES</u> | | | | | |
| VILLAGE BOARD | 2,646.87 | 65,947.81 | 94,000.00 | 28,052.19 | 70.2 |
| MUNICIPAL COURT | 10,127.42 | 76,738.30 | 105,250.00 | 28,511.70 | 72.9 |
| LEGAL | 1,752.00 | 53,196.45 | 111,000.00 | 57,803.55 | 47.9 |
| VILLAGE ADMINISTRATOR | 8,886.25 | 88,372.37 | 129,250.00 | 40,877.63 | 68.4 |
| ADMINISTRATION | 24,982.37 | 300,960.67 | 407,500.00 | 106,539.33 | 73.9 |
| ELECTIONS | 315.00 | 11,280.72 | 10,500.00 | (780.72) | 107.4 |
| INFORMATION TECHNOLOGY | 3,078.01 | 27,680.02 | 32,000.00 | 4,319.98 | 86.5 |
| VILLAGE ASSESSOR | .00 | 45,200.00 | 45,000.00 | (200.00) | 100.4 |
| INSURANCE | 175.12 | 120,516.60 | 112,500.00 | (8,016.60) | 107.1 |
| FACILITY MANAGEMENT | 16,121.89 | 216,314.80 | 200,000.00 | (16,314.80) | 108.2 |
| POLICE DEPARTMENT | 231,744.59 | 2,112,768.79 | 2,858,250.00 | 745,481.21 | 73.9 |
| FIRE & RESCUE DEPARTMENT | 151,183.45 | 1,366,010.57 | 1,856,750.00 | 490,739.43 | 73.6 |
| COMMUNITY DEVELOPMENT | 21,350.35 | 176,765.56 | 253,500.00 | 76,734.44 | 69.7 |
| EMERGENCY MANAGEMENT | 45.20 | 6,526.51 | 16,500.00 | 9,973.49 | 39.6 |
| PUBLIC WORKS | 51,761.09 | 566,522.65 | 907,750.00 | 341,227.35 | 62.4 |
| SENIOR OUTREACH | 33,593.01 | 256,421.47 | 430,500.00 | 174,078.53 | 59.6 |
| PARKS | 48,754.66 | 482,767.81 | 668,500.00 | 185,732.19 | 72.2 |
| TRANSFERS TO OTHER FUNDS | .00 | 2,500.00 | .00 | (2,500.00) | .0 |
| | <u>606,517.28</u> | <u>5,976,491.10</u> | <u>8,238,750.00</u> | <u>2,262,258.90</u> | <u>72.5</u> |
| | <u>(353,731.08)</u> | <u>953,016.11</u> | <u>.00</u> | <u>(953,016.11)</u> | <u>.0</u> |

Q3, 2025 BUDGET STATUS NARRATIVE

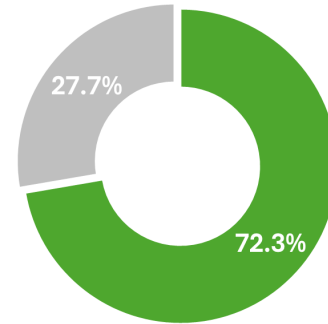
*75% of the fiscal year has elapsed

General fund **revenue** collected as of Sept. 30, 2025
= \$6,929,507.21 or 84.1% of the budget



■ Revenues Collected ■ Uncollected Revenues

General fund **expenditures** as of Sept. 30, 2025
= \$5,957,793.79 or 72.3% of the budget



■ Actual Expenditures ■ Budgeted Expenditures

Intergovernmental Revenues – 66.6%

- Most state-shared revenues are received in November.

Licenses & Permits – 64.2%

- Third-quarter room tax payments and cable franchise fees are received in October.

Fines, Forfeitures & Penalties – 48.4%

- **A shortage of police officers has led to fewer issued citations.**

Miscellaneous Revenue – 66.3%

- **Interest earnings are lower than anticipated, likely due to allocation timing. Staff plans to periodically sweep capital funds in the future to reimburse the General Fund for incurred project expenses. This will help maintain proper interest allocations across funds.**

Elections: 107.5%

- No additional elections are scheduled.

Village Assessor: 100.4%

- Annual Village Assessor fees have been paid in full.

Information Technology: 86.5%

- Tech. labor fees to resolve A/V issues in the PSC Training room

Insurance: 107.1%

- Annual property, liability, and workers' compensation insurance premiums have been paid in full.
- Insurance premium increases across the board

Facility Management: 108.2%

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

*Revenue categories below 75% and expense categories above 75% of the budgeted amount are identified and explained above.

REVENUES W/COMPARISON TO BUDGET AND PRIOR YEAR - ALL FUNDS

| FUND | PRIOR YEAR YTD | YTD ACTUAL | 2024 vs 2025 REVENUE | % CHANGE | BUDGET AMOUNT | % OF BUDGET |
|-------------------------|----------------|-------------|----------------------|----------|---------------|-------------|
| General | (6,678,074) | (6,929,507) | (251,433) | 3.8% | (8,238,750) | 84.1% |
| Library | (1,144,714) | (1,194,228) | (49,514) | 4.3% | (1,201,250) | 99.4% |
| Youth Center | (33,750) | (36,250) | (2,500) | 7.4% | (40,750) | 89.0% |
| Affordable Housing | - | - | - | 0.0% | - | 0.0% |
| Debt Service | (3,855,111) | (4,232,561) | (377,450) | 9.8% | (4,701,500) | 90.0% |
| TID 3 | (1,455,808) | (1,905,368) | (449,560) | 30.9% | (2,324,250) | 82.0% |
| TID 4 ¹ | (183,927) | (234,243) | (50,316) | 27.4% | (1,025,250) | 22.8% |
| TID 5 ¹ | (329,192) | (459,597) | (130,405) | 39.6% | (804,750) | 57.1% |
| TID 6 ² | - | (3,800) | (3,800) | 0.0% | (1,715,000) | 0.2% |
| CAP. PROJ. ³ | (7,263,550) | (5,269,343) | 1,994,207 | -27.5% | (12,527,750) | 42.1% |
| PARK ⁴ | (127,707) | (116,381) | 11,327 | -8.9% | (700,000) | 16.6% |
| UTILITY ⁵ | (2,631,527) | (3,081,979) | (450,452) | 17.1% | (9,835,750) | 31.3% |
| STORMWATER ⁶ | (584,224) | (600,408) | (16,185) | 2.8% | (1,470,000) | 40.8% |
| SOLID WASTE | (548,979) | (570,561) | (21,582) | 3.9% | (660,250) | 86.4% |
| RETIREE | (53,780) | (54,611) | (831) | 1.5% | (75,000) | 72.8% |
| CANINE | (26,149) | (25,829) | 320 | -1.2% | (25,500) | 101.3% |

¹ The transfer/donation from TID 3 will be completed at year-end.

² The district forecasted the possibility of borrowing proceeds this year to offset public improvements. This borrowing was not ultimately needed. Additionally, the transfer/donation from TID 3 will be completed at year-end.

³ Unspent borrowing proceeds from 2024 were applied to 2025 capital improvements which lowered the need for borrowing in the current year. The unspent proceeds do not show up as a revenue and will be applied from fund balance at year end. Additionally, a year-end utility transfer will be processed to reconcile amounts due for capital projects.

⁴ The \$500,000 budgeted from fund balance is to offset the second phase at Community Park which was recently awarded. The need for that revenue will carry over to 2026 as noted within next year's budget.

⁵ The Village budgets utility borrowing proceeds to present a balanced budget; however, these proceeds are recorded in balance sheet accounts rather than revenue accounts, in accordance with Generally Accepted Accounting Principles (GAAP).

⁶ The Village budgets stormwater borrowing proceeds to present a balanced budget; however, these proceeds are recorded in balance sheet accounts rather than revenue accounts, in accordance with Generally Accepted Accounting Principles (GAAP).

| EXPENDITURES W/COMPARISON TO BUDGET AND PRIOR YEAR - ALL FUNDS | | | | | | |
|--|----------------|------------|------------------------|----------|---------------|-------------|
| FUND | PRIOR YEAR YTD | YTD ACTUAL | 2024 vs. 2025 EXPENSES | % CHANGE | BUDGET AMOUNT | % OF BUDGET |
| General | 5,824,995 | 5,965,239 | 140,244 | 2.4% | 8,238,750 | 72.4% |
| Library ¹ | 800,802 | 898,553 | 97,751 | 12.2% | 1,201,250 | 74.8% |
| Youth Center ² | 40,250 | 40,250 | - | 0.0% | 40,750 | 98.8% |
| Affordable Housing | - | - | - | 0.0% | - | 0.0% |
| Debt Service ³ | 2,301,537 | 2,860,566 | 559,029 | 24.3% | 4,701,500 | 60.8% |
| TID 3 | 472,569 | 475,900 | 3,331 | 0.7% | 2,324,250 | 20.5% |
| TID 4 | 632,150 | 132,388 | (499,761) | -79.1% | 1,025,250 | 12.9% |
| TID 5 | 150,547 | 162,952 | 12,405 | 8.2% | 804,750 | 20.2% |
| TID 6 | 246,117 | 43,557 | (202,560) | N/A | 1,715,000 | 2.5% |
| CAP. PROJ. ⁴ | 6,204,978 | 7,549,138 | 1,344,160 | 21.7% | 12,527,750 | 60.3% |
| PARK | 340,673 | 11,601 | (329,072) | -96.6% | 700,000 | 1.7% |
| UTILITY | 1,897,237 | 2,059,287 | 162,050 | 8.5% | 9,835,750 | 20.9% |
| STORMWATER ⁵ | 397,047 | 488,852 | 91,805 | 23.1% | 1,470,000 | 33.3% |
| SOLID WASTE | 493,235 | 507,576 | 14,341 | 2.9% | 660,250 | 76.9% |
| RETIREE | 5,037 | - | (5,037) | -100.0% | 75,000 | 0.0% |
| CANINE | 26,969 | 13,576 | (13,394) | -49.7% | 25,500 | 53.2% |

¹ Library expenses are higher this year compared to last year due to lighting, HVAC, door, and security camera repairs, but trending in line with approved budget levels for 2025.

² The annual contribution to the youth center has been paid in full.

³ Debt service payments increased this year compared to last year due to the new borrowed funds incurred in 2024 that first became payable in 2025. Otherwise, overall expense is trending in line with approved budget levels for the year.

⁴ Capital expenditures exceeded the prior year amount due to the purchase of two ambulances, a patrol truck, and a street sweeper, as well as Lift Station No. 2 renovations and a library HVAC controls upgrade. Expenses in this fund fluctuate from year to year.

⁵ Principal and interest expenses increased due to the issuance of 2024 General Obligation (G.O.) Notes.


VILLAGE OF
McFarland
SUMMARY SHEET

MEETING DATE: Thursday, January 15, 2026

SECTION: Business

DEPARTMENT: Administration

CONTACT:

AGENDA ITEM: Discussion and recommendation on Chapter 4 of the Village Fiscal Policy manual regarding Fund Balance including dissolution of Chapter 8 of the Village Fiscal Policy manual on interfund advances.

PREVIOUS ACTION:

ISSUE SUMMARY:

The **Chapter 4 Fund Balance Policy** outlines guidelines for maintaining an adequate level of undesignated fund reserves. We will review proposed updates to this policy, including the potential dissolution of **Chapter 8**. Staff recommends combining these two policies since they address related topics.

FINANCIAL/BUDGET IMPACT:

VILLAGE PLAN REFERENCE:

ORDINANCE REFERENCE:

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

ATTACHMENTS:

1. Chapter 4 - Fund Balance Policy Final Draft - 01.08.2026
2. Chapter 4 - Fund Balance Policy 02252015
3. Chapter 8 - Policy on Interfund Advances 08272012

CHAPTER 4 Fund Balance Policy

SECTION 4.01 Policy Purpose

- (a) The purpose of this policy is to establish a key element of the financial stability of the Village by setting guidelines for Fund balance. Unreserved fund balance is an important measure of economic stability. It is essential that the Village maintains adequate levels of undesignated reserves to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures and similar circumstances. The fund balance also provides cash flow liquidity for the Village's general operations, while avoiding the need to borrow for cash flow purposes and preserves the credit worthiness of the Village for borrowing monies at favorable interest rates.

SECTION 4.02 Revenue Source Volatility Considerations

- (a) In consideration of establishing appropriate levels of fund balance for Village funds, a determination to the volatility of revenues sources is a key component. The Village of McFarland is a local government within the State of Wisconsin. As such the largest source of funding is derived from the property tax levy which is a stable funding source. The Village additionally derives revenues from a variety of other sources such as state aid, user fees, grants, permitting fees and other miscellaneous revenue sources. In reviewing the Village's funding sources, the Village has a low amount of volatility with its revenue sources and fund balance considerations should appropriately reflect these factors.
- (b) Revenues associated with Enterprise funding such as water, sewer, and stormwater are fully funded by user charges. As such volatility of these revenues sources has also been taken into account in establishing appropriate reserve requirements.

SECTION 4.03 Budget Considerations

- (a) As part of the annual budget process, the Administrator, or designee, will estimate the surplus or deficit for the current year and prepare a projection and breakdown of the year-end fund balance at the time the proposed operating budget is presented to the Village Board. Such a projection will include an analysis of trends in fund balance levels on a historical and future projection basis.
- (b) Withdrawal of any amount of the fund balance more than the targeted maximum outlined in Section 4.04, for the sole purpose of reducing the ensuing year's property tax levy may be made only upon a simple majority vote of the Village Board. Withdrawals from fund balance as part of the budgeting process must be for non-recurring, one-time expenditures.

- (c) The Village Board, by a two-thirds majority vote of the membership, can amend a current budget to designate as surplus any fund balance amount over the requirements listed in Section 4.04 of this policy, using the final audited fiscal year-end balances of the previous budget year, and appropriate the surplus to sinking funds identified for a specific purpose according to GASB 54 or for non-recurring and one-time expenses in the current budget year.
- (d) In the absence of other policy direction from the Village Board, the flow of funds requirements of GASB 54 will govern from what source the fund balance will be withdrawn. Accordingly, fund balance would be drawn from available accounts related to the need in the following order:
 - (1) **Restricted.** Restricted fund balance amounts include amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
 - (2) **Committed.** Committed fund balance can only be used for the specific purposes determined by formal action of the Village Board.
 - (3) **Assigned.** Assigned fund balance are those funds intended to be used by the Village for specific purposes but do not meet the criteria to be classified as Restricted or Committed.
 - (4) **Unassigned.** Unassigned balance is the residual classification of fund balance including all spendable amounts not contained in other classifications.

SECTION 4.04 Fund Balance Requirements

- (a) **General Fund** – The General Fund accounts for all financial resources not included in other funds. The Village shall have only one general fund.
 - (1) The unassigned fund balance will be maintained as of December 31 of each year equal to a minimum of 20% of the ensuing year’s budgeted General Fund expenditures, with a targeted maximum of 25%. For the purposes of this calculation, it will be assumed that the outstanding balance of any internal advances to the other funds has been repaid.
 - (2) As part of the total fund balance the General Fund will maintain a working capital amount equal to 10% of the ensuing year’s budgeted expenditures.

- (b) **Special Revenue Funds** – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).
- (1) Unless otherwise specified within this policy or upon the funds creation, the Committed fund balance will be maintained as of December 31st each year equal to a minimum of 10% of the ensuring year’s budgeted expenditures.
 - (2) **Retiree Fund.** The Village shall maintain adequate funding and reserve balance to meet the financial obligations of the reserve fund for a 10-year forecast.
- (c) **Capital Projects Fund** – Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- (1) The Capital Project Fund (400) shall maintain reserves as of December 31 of each year sufficient to pay the cost of projects under construction but not yet finished.
 - (2) Tax Incremental Finance Funds are not required to maintain a minimum level of reserves and may be allowed to carry a deficit fund balance.
- (d) **Debt Service Fund** - General Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for the payment of general long-term debt principal, interest and related costs, other than TIF or enterprise debt.
- (1) The Debt Service Fund is not required to maintain a minimum level of reserves beyond any unexpended revenues collected from impact fees.
- (e) **Enterprise Funds**- Enterprise funds account for business-like activities where user fees are charged, using the full accrual basis of accounting. (Examples include Utility Fund and Stormwater Fund)
- (1) Enterprise fund balance shall be no less than 3 months of operating expenses and ensure funding for all debt obligations can be met.

SECTION 4.05 Fund Balance Replenishment

- (a) In the event a fund balance falls below the policy levels identified in Section 4.04, the Village Board shall bring the fund up to compliance with this policy within three years.
- (b) An interfund advance should be considered for any fund, except a TIF Fund, that would carry a negative fund balance.

SECTION 4.06 Interfund Advances

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

Adopted: February 25, 2015

Amended: XXXX XX, 2026

FUND BALANCE POLICY

POLICY PURPOSE

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

POLICY IMPLEMENTATION OBJECTIVES

A. BUDGET CONSIDERATIONS

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

B. FUND BALANCE REQUIREMENTS

1. General Fund
 - a. The unassigned fund balance will be maintained as of December 31 of each year equal to a minimum of 20% of the ensuing year's budgeted General Fund expenditures, with a targeted maximum of 25%. For the purposes of this calculation, it will be assumed that the outstanding balance of any internal advances to other funds has been repaid.
 - b. As part of the total fund balance the General Fund will maintain a working capital amount equal to 10% of the ensuing year's budgeted expenditures.
2. Library Fund
 - a. The committed fund balance will be maintained as of December 31 of each year equal to a minimum of 10% of the ensuing year's budgeted Library Fund expenditures.
3. Solid Waste Fund
 - a. The committed fund balance shall be maintained as of December 31 of each year equal to a minimum of 10% of the ensuing year's budgeted Solid Waste Fund expenditures.
4. Cable/Website Fund
 - a. The committed fund balance shall be maintained as of December 31 of each year equal to a minimum of 50% of the ensuing year's budgeted Cable/Website Fund expenditures.
5. Capital Projects Fund
 - a. The Capital Projects Fund shall maintain reserves as of December 31 of each year sufficient to pay the cost of projects under construction but not yet finished.
6. Debt Service Fund
 - a. The Debt Service Fund is not required to maintain a minimum level of reserves beyond any unexpended revenues collected from impact fees.

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

POLICY ON INTERFUND ADVANCES

POLICY PURPOSE

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

POLICY IMPLEMENTATION OBJECTIVES

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

Adopted 08.27.12