



**POLICY 2025-02**

**(ASSIGNMENT OF CURRENT AND FUTURE BUDGET SURPLUSES AND CERTAIN UNDESIGNATED RESERVE FUNDS TO PROVIDE BUDGET STABILITY AND RETIRE THE EXISTING DEBT)**

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PURPOSE: The purpose of this policy is to provide guidance for the payment of future debt payments by utilizing current and former budget surpluses and current undesignated reserves, therefore providing budget stability.

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**A. INTENT**

Whereas the Village of Hobart constructed a new fire station in 2023, and paid for said construction through the issuance of debt; and whereas, the Village has the intent of constructing a new police station before the end of the decade, and paying for that construction through the issuance of debt; and whereas, the Village is intending to use existing and future budget surpluses to reduce the impact of the aforementioned debt financing on the property tax levy; and whereas, the Village will be seeking to maintain an adequate fund balance to support the current and future budgets, this policy, which amends, but does not supersede or replace, the current General Fund Balance Policy (Policy 2020-3), is being adopted to provide guidance for the payment of future debt payments by utilizing current and former budget surpluses and current undesignated reserves, therefore providing budget stability.

**B. CURRENT AND FUTURE UNDESIGNATED GENERAL FUND RESERVE BALANCES**

Under this policy, the Village shall maintain the following minimum General Unassigned Fund Reserve Balances (“the General Fund Balance”):

- 2026 - \$1,350,000
- 2027 - \$1,400,000
- 2028 - \$1,450,000

**C. UTILIZATION OF CURRENT AND FUTURE EXCESS GENERAL FUND BALANCES**

Any funds in excess of the General Fund Balance, as prescribed in Section B above, shall be applied to the payment of the annual debt payments related to the financing of the Project, whether it be in total or any portion thereof. The Village Administrator shall present to the Village Board on an annual basis the amount being transferred to the payment of the debt service as a component of the annual budget.

Any future budget surpluses that occur in future years shall be applied to the annual debt payments related to the financing of the Project once the requirements of Section B above are met.

**D. CURRENT AND FUTURE UNDESIGNATED DEBT SERVICE RESERVE BALANCES**

Any current excess balance in the Debt Service Fund shall be applied to the payment of the annual debt payments.

The Village Board, by a majority vote of the members and upon a recommendation from the Village Administrator, may amend or alter this policy as financial conditions warrant in subsequent budget years.

This policy has been approved by the Board of Trustees of the Village of Hobart, Brown County, Wisconsin, at a regular meeting of the Board, held on February 4<sup>th</sup> 2025.



Richard Heidel, President, Hobart Village Board

Attest:



Lisa Vanden Heuvel, Village Clerk



Aaron Kramer, Village Administrator