

Wednesday, May 27, 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/84249931275>

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

Webinar ID: 842 4993 1275

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 public.works@mcfarland.wi.us to be included with the agenda materials.
3. APPROVAL OF MINUTES.
 - a. Motion to approve the minutes of the April 27, 2026 Public Works & Utilities Committee meeting.
4. BUSINESS.
 - a. Presentation regarding Madison Metropolitan Sewerage District's current work by Executive Director, Eric Dundee
 - b. Discussion and acceptance regarding the 2025 Audit and Financial Statements.
 - c. Discussion and action to make a recommendation to the Village Board regarding construction administration services for Well #5.
 - d. Discussion and action to make a recommendation to the Village Board regarding the annual CMAR submittal for 2025
5. SCHEDULE NEXT MEETING DATE.
 - a. Monday, June 22, 2026, at 6:00 p.m.

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

Public Works & Utilities Committee Minutes

Monday, April 27, 2026 - 6:45 PM

1. CALL TO ORDER, ROLL CALL.

Trustee Neidinger called the regular meeting of the Public Works & Utilities Committee to order at 6:45 PM in the community Room of the Municipal Center. This meeting was also held via Zoom webinar.

Members present: Trustee Neidinger, Trustee Boyd, Zach Freeman, Eric Kindschi, Village President Stephanie Brassington (ex-officio)

Members not present: Pauline Boness, CJ Behm

Staff Present: Public Works Director Lee Igl, Assistant to the Public Works Director Aimee Irwin, Village Administrator Matt Schuenke

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 public.works@mcfarland.wi.us to be included with the agenda materials.*

None.

3. APPROVAL OF MINUTES.

a. *Motion to approve the minutes of the March 23, 2026, Public Works and Utilities Committee meeting.*

Motion by Trustee Neidinger, seconded by Kindschi, to approve the minutes of the March 23, 2026, Public Works and Utilities Committee meeting. Motion carries 3 - 0 - 1, with Freeman abstaining.

4. BUSINESS.

a. *Discussion regarding the Siggelkow Road 30% design plans*

Igl provided a summary from the public information meeting that was held prior to the meeting and a future timeline for the 30% design plans.

- Freeman asked if discussion had occurred regarding the amount of right of way that would be required. Berquist stated that discussion had begun and, in the future, additional evaluation will need to occur to consider if a retaining wall would be desired.
- Trustee Neidinger asked what percentage of time the village needs to purchase or

utilize eminent domain. Berquist explained that the village would approach it like an eminent domain and would require grating easements but always hopes to minimize purchasing.

- Trustee Neidinger clarified that constructing the bike path to the Community Park would be more expensive outside the roadway project. Berquist explained that only completing the path would be more expensive.
- Kindschi asked if the bike path along Siggelkow Road ends at Marsh Road. Berquist answered yes.
- Freeman asked if staff had seen plans for County Highway AB from Dane County. Berquist responded that staff had seen the 80% plans which do not include a bike path but grating for a possible future paved path.
- Trustee Boyd asked about prepping the roadway for four-lanes. Berquist stated that this would be included in the memo that will accompany the 30% design plans.

b. Discussion and action to make a recommendation to the Village Board regarding the award of contract for storm sewer cleaning and televising services

Igl provided an overview of the storm sewer cleaning & televising services RFP and explained that the village does this for one-third of the village each year. Igl stated that five proposals were received with Green Bay Pipe & TV being the low bidder.

- Trustee Boyd asked if there would be a cost if the village chose to back out of the three-year term. Igl's response was no.
- Trustee Neidinger clarified that the budget amount for this is \$75,000, but the estimate is lower than that amount. Igl explained that the estimate is for the cleaning & televising, but additional funds may be utilized to allow the contractor to make repairs out in the field.

Motion by Trustee Neidinger, seconded by Kindschi, to recommend approval to the Village Board for the award of contract to Green Bay Pipe & TV for storm sewer cleaning and televising services for a three-year term. Motion carries 4 - 0 - 0.

c. Discussion and action to make a recommendation to the Village Board regarding the award of contract for the storm sewer lining project.

Igl presented the three project areas requiring storm sewer lining repairs, and explained that two proposals were received. Igl stated that the low bid is from Subsurface.

- Trustee Boyd asked if the project area on Exchange Street was part of the new construction. Igl explained that it is not part of the new construction, but the issue was found during construction.
- Trustee Neidinger asked what the lining process consists of. Igl explained that a contractor will insert something similar to a balloon, expand the balloon, and then a lining will line the inside of the pipe. Igl stated the other alternative to lining would be digging up the pipe and replacing it.
- Freeman asked what size pipe was being lined at Lake Edge. Berquist explained that the pipe is elliptical and approximately 42 by 20.
- Trustee Neidinger asked about the budgeted amount of \$603,000 and what

estimate was used. Igl explained that the estimate was provided by Town & Country based on previous bids and that the total budgeted amount includes funds for other stormwater-related projects.

Motion by Trustee Neidinger, seconded by Trustee Boyd, to recommend approval to the Village Board for the award of contract to Subsurface, Inc. for the storm sewer lining repairs at Lake Edge Drive, Burma Road, and Exchange Street, for \$150,820. Motion carries 4 - 0 - 0.

5. SCHEDULE NEXT MEETING DATE.

a. Wednesday, May 27, 2026 at 6:00 p.m.

6. ADJOURNMENT.

Motion by Trustee Neidinger, seconded by Trustee Ken, to adjourn at 7:14 PM.

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,
Aimee Irwin
Assistant to the Public Works Director


VILLAGE OF
McFarland
SUMMARY SHEET

MEETING DATE: Wednesday, May 27, 2026

SECTION: Business

DEPARTMENT: Public Works

CONTACT: Lee Igl, Public Works Director

AGENDA ITEM: Presentation regarding Madison Metropolitan Sewerage District's current work by Executive Director, Eric Dundee

PREVIOUS ACTION:

None.

ISSUE SUMMARY:

Eric Dundee, Executive Director of Madison Metropolitan Sewerage District (MMSD), will provide a presentation on the district's current treatment plant project. Along with information on community partnerships and information sharing activities.

FINANCIAL/BUDGET IMPACT:

None.

VILLAGE PLAN REFERENCE:

None.

ORDINANCE REFERENCE:

None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

No action is required on this item.

ATTACHMENTS:

None


McFarland
SUMMARY SHEET

MEETING DATE: Wednesday, May 27, 2026

SECTION: Business

DEPARTMENT: Public Works

CONTACT: Matt Schuenke, Village Administrator, Lee Igl, Public Works Director

AGENDA ITEM: Discussion and acceptance regarding the 2025 Audit and Financial Statements.

PREVIOUS ACTION:

None.

ISSUE SUMMARY:

Enclosed is the annual audit and financial statements for fiscal year 2025. The Auditor will be present to provide a brief overview of the year's performance and its background to understand the finances related to the Committee's responsibilities within village code (related to revenues, expenditures, rates, CIP items, etc.). This will be a general overview of the audit. Committee members are welcome to ask questions of staff and the auditor. Staff are seeking acceptance from the committee of the presented audit and financial statements.

FINANCIAL/BUDGET IMPACT:

Financial information is included within the enclosed 2025 audit and financial statements.

VILLAGE PLAN REFERENCE:

None.

ORDINANCE REFERENCE:

None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

Recommended motion:

Motion and second to accept the 2025 Audit and Financial Statements as presented.

ATTACHMENTS:

1. 2026 Utility Meeting Handout
2. 2025 McFarland Utilities Final Financial Statements

VILLAGE OF McFARLAND

WATER, SEWER AND STORM UTILITY AUDIT REPORT

Presented on: May 27, 2026

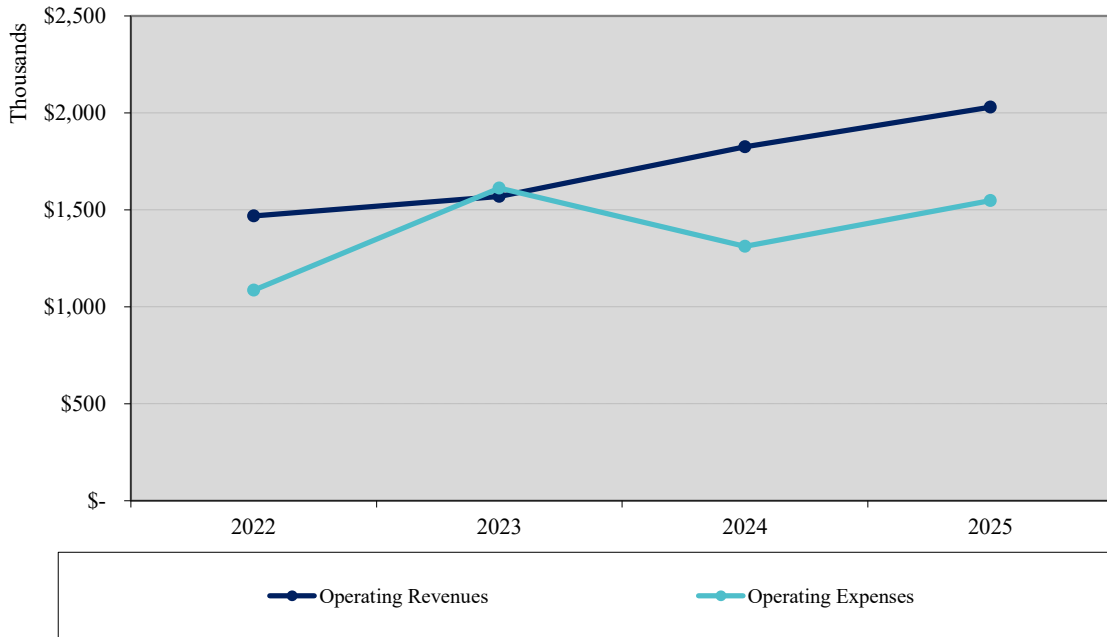
Presented by: Baker Tilly
Jodi Dobson, CPA, Principal

- >> Financial statements will receive unmodified opinion
- >> Overall audit went well
- >> Internal control items noted relate to incomplete segregation due to size
- >> Financial highlights

VILLAGE OF McFARLAND

WATER UTILITY FINANCIAL STATEMENT HIGHLIGHTS

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Operating Revenues	\$ 1,467,683	\$ 1,569,043	\$ 1,825,372	\$ 2,029,711
Operating Expenses	1,085,027	1,611,433	1,312,359	1,548,290

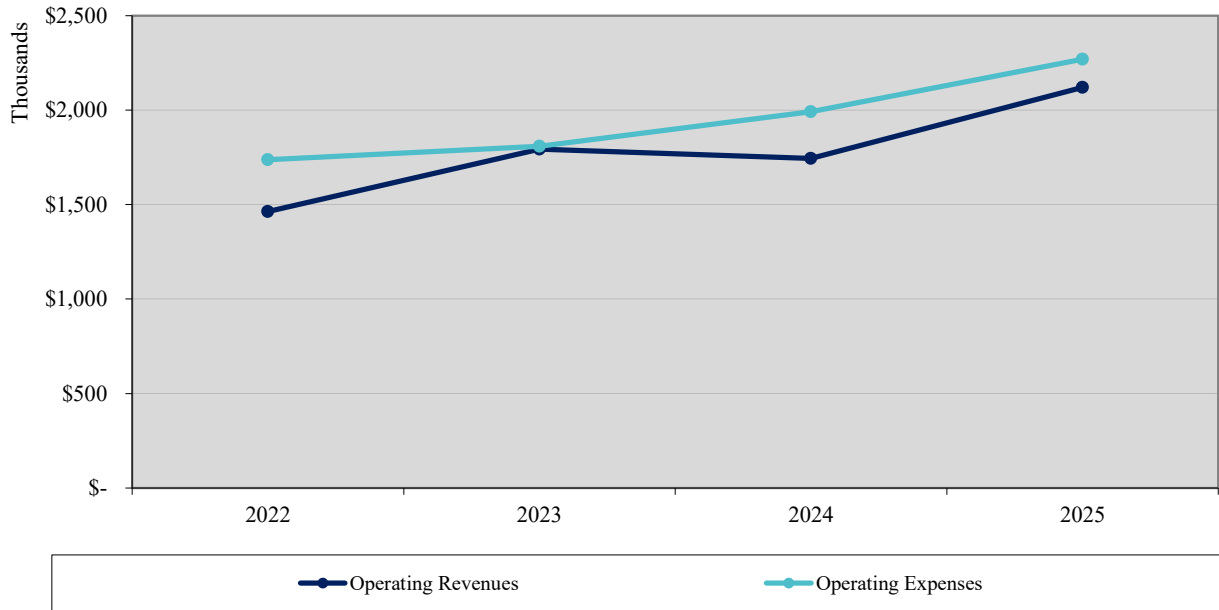


<u>Rate of Return</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Actual rate	3.45%	-1.10%	4.47%	3.38%
Authorized rate	4.90%	4.90%	6.40%	6.40%

VILLAGE OF McFARLAND

SEWER UTILITY FINANCIAL STATEMENT HIGHLIGHTS

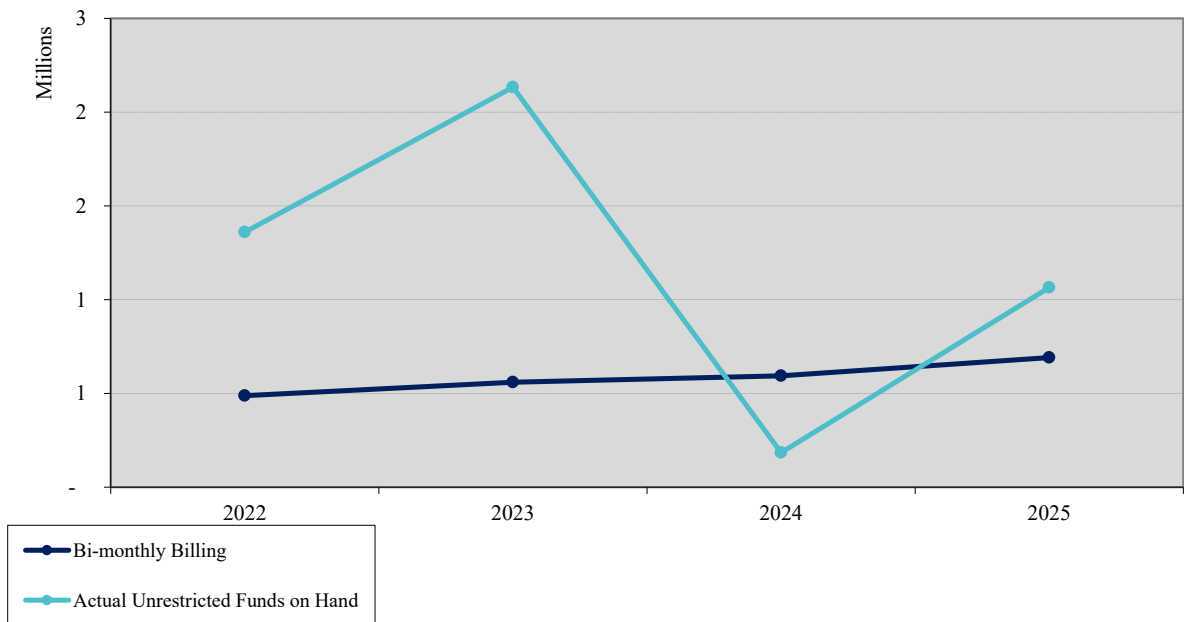
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Operating Revenues	\$ 1,462,816	\$ 1,793,659	\$ 1,743,880	\$ 2,120,319
Operating Expenses	1,736,571	1,808,192	1,991,786	2,269,711



VILLAGE OF McFARLAND

WATER & SEWER UTILITY FINANCIAL STATEMENT HIGHLIGHTS

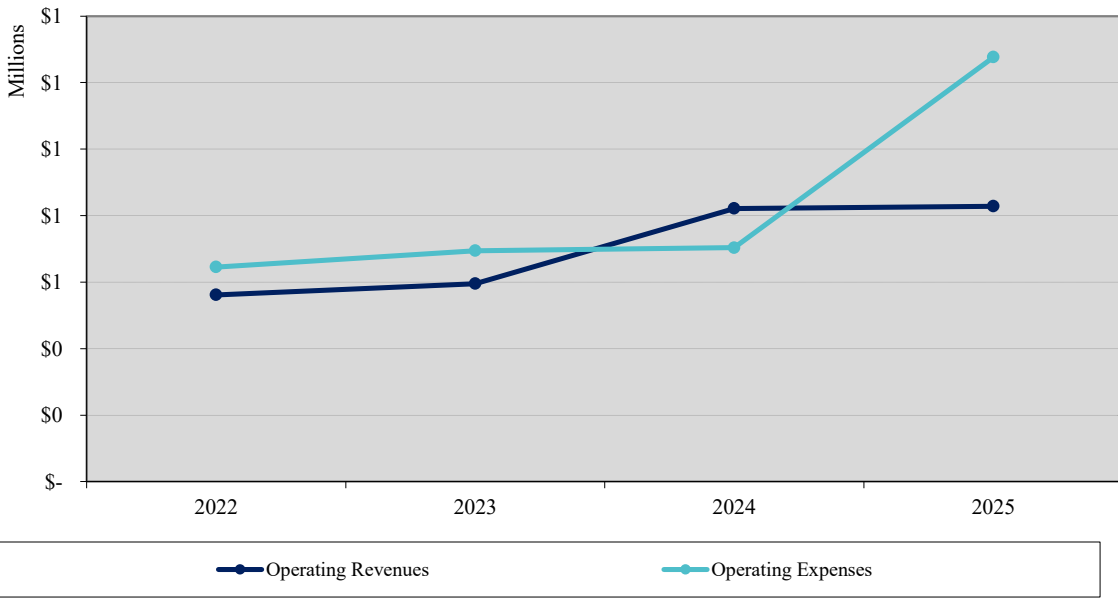
<u>Unrestricted Cash</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Minimum Funding Benchmark				
Bi-monthly Billing	488,333	560,000	595,000	691,667
Actual Unrestricted Funds on Hand	\$ 1,360,207	\$ 2,133,510	\$ 185,428	\$ 1,065,377
Bi-monthly Billings on Hand	2.79	3.81	0.31	1.54



VILLAGE OF McFARLAND

STORM WATER UTILITY FINANCIAL STATEMENT HIGHLIGHTS

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Operating Revenues	\$ 561,817	\$ 595,187	\$ 821,663	\$ 827,833
Operating Expenses	645,654	694,247	703,506	1,276,640



<u>Unrestricted Cash</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Minimum Funding Benchmark				
Bi-monthly Billing	\$ 93,667	\$ 99,167	\$ 137,000	\$ 138,000
Actual Unrestricted Funds on Hand	\$ 70,825	\$ 1,092	\$ 323,711	\$ 505,419
Bi-monthly Billings on Hand	0.76	0.01	2.36	3.66

McFarland Utilities

Enterprise Funds of the Village of McFarland, Wisconsin

Financial Statements and
Supplementary Information

December 31, 2025 and 2024

McFarland Utilities

Enterprise Funds of the Village of McFarland, Wisconsin

Table of Contents

December 31, 2025 and 2024

	<u>Page</u>
Independent Auditors' Report	i
Required Supplementary Information	
Management's Discussion and Analysis	iv
Financial Statements	
Water and Sewer Utility	
Statements of Net Position	1
Statements of Revenues, Expenses and Changes in Net Position	3
Statements of Cash Flows	4
Storm Water Utility	
Statements of Net Position	6
Statements of Revenues, Expenses and Changes in Net Position	7
Statements of Cash Flows	8
Notes to Financial Statements	9
Required Supplementary Information	
Schedule of Proportionate Share of Net Pension Liability (Asset)	34
Schedule of Employer Contributions - Wisconsin Retirement System	34
Notes to Required Supplementary Information	35
Supplementary Information	
Water Utility Plant	36
Sewer Utility Plant	37
Storm Water Utility Plant	38
Water Utility Operating Revenues and Expenses	39
Sewer Utility Operating Revenues and Expenses	41
Storm Water Utility Operating Revenues and Expenses	42
Rate of Return - Regulatory Basis	43

Independent Auditors' Report

To the Village Board of
Village of McFarland

Opinions

We have audited the financial statements of the McFarland Water and Sewer Utility and the McFarland Storm Water Utility (enterprise funds) of the Village of McFarland (the Village), as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the enterprise funds of the Village as of December 31, 2025 and 2024, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the enterprise funds and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the enterprise funds and do not purport to, and do not, present fairly the financial position of the Village as of December 31, 2025, and 2024, and the changes in financial position, or cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the enterprise funds' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

Baker Tilly US, LLP

Madison, Wisconsin
May 8, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS
WATER AND SEWER UTILITY

McFarland Water and Sewer Utility

Management's Discussion and Analysis
December 31, 2025 and 2024

The management of the McFarland Water and Sewer Utility (Utility) offers this narrative discussion and analysis of the financial performance of the Utility for the year ended December 31, 2025. The easy to read narrative overview information presented here should be considered in conjunction with the more detailed information available in the financial statements of the Utility. These financial statements report information about the Utility using accounting methods similar to those used by private sector companies and offer short-term and long-term information about Utility activities.

Financial Highlights

2025

- The net position of the Utility increased \$95,000 from \$18,824,000 in 2024 to \$18,919,000 in 2025.
- The operating revenues of the Utility increased \$581,000 from \$3,569,000 in 2024 to \$4,150,000 in 2025.
- The operating expenses of the Utility, excluding depreciation, increased \$421,000 from \$2,674,000 in 2024 to \$3,095,000 in 2025.
- The Water Utility recognized an operating profit of \$481,000 in 2025 compared to a profit of \$513,000 in 2024.
- The Sewer Utility recognized an operating loss of \$149,000 in 2025 compared to an operating loss of \$248,000 in 2024.
- The authorized rate of return for the Public Service Commission of Wisconsin (PSCW) regulated water utility operations is 6.40%. The actual rate of return for 2025 was 3.38%, down from 4.47% in 2024.

2024

- The net position of the Utility increased \$587,000 from \$18,234,000 in 2023 to \$18,824,000 in 2024.
- The operating revenues of the Utility increased \$206,000 from \$3,363,000 in 2023 to \$3,569,000 in 2024.
- The operating expenses of the Utility, excluding depreciation, decreased \$142,000 from \$2,816,000 in 2023 to \$2,674,000 in 2024.
- The Water Utility recognized an operating profit of \$513,000 in 2024 compared to a loss of \$42,000 in 2023.
- The Sewer Utility recognized an operating loss of \$248,000 in 2024 compared to an operating loss \$15,000 in 2023.
- The authorized rate of return for the Public Service Commission of Wisconsin (PSCW) regulated water utility operations is 6.40%. The actual rate of return for 2024 was 4.57%, up from -1.10% in 2023.

See Independent Auditors' Report

McFarland Water and Sewer Utility

Management's Discussion and Analysis
December 31, 2025 and 2024

Overview of the Financial Statements

The Water and Sewer Utility is a self-supporting entity and separate enterprise fund of the Village of McFarland. The Utility accounts for the cost of water utility and sewer utility operations on a continuing basis. The statements of net position of water utility operations and sewer utility operations is combined for accounting purposes although the capital assets and operating revenues/expenses are maintained separately for each type of utility.

Water and sewer service is provided to properties within the Village of McFarland and to several properties outside McFarland. The Utility is managed by the Village Board and the Public Utilities Committee (PSCW), which is advisory to the Village Board.

The Water Utility operations are subject to service rules and rates established by the PSCW. The accounting records of the Utility are maintained in accordance with the Uniform System of Accounts prescribed by the PSCW and in accordance with the Governmental Accounting Standards Board.

In 1994, the PSCW authorized deregulation of the Sewer Utility operations. Sewer rates and rules are now determined by the Village Board, based upon the recommendations of the Public Utilities Committee. Wastewater is treated under an agreement with the Madison Metropolitan Sewerage District.

The annual report consists of Management's Discussion and Analysis, the basic financial statements, the report of the independent auditor and supplemental information.

An analysis of the financial position of the Water and Sewer Utility begins with a review of the Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position. These two statements report the Utility's net position and changes therein. The net position – the difference between assets and deferred outflows and liabilities and deferred inflows – is key to measuring the financial health of the Utility. Over time, increases or decreases in net position are an indicator of whether the financial position of the Utility is improving or deteriorating. It should be noted, however, that the financial position may also be affected by other nonfinancial factors, including economic conditions, customer growth, climate conditions and new regulations.

Utility Financial Analysis

Net Position

The Statements of Net Position includes all of the assets, deferred outflows, liabilities and deferred inflows of the Utility and provides information about the nature and amount of investments in resources (assets) and the obligations to utility creditors (liabilities). This statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the Utility. A summary of the Statements of Net Position is presented below in Table 1.

McFarland Water and Sewer Utility

Management's Discussion and Analysis
December 31, 2025 and 2024

TABLE 1
CONDENSED STATEMENTS OF NET POSITION

	2025	2024	2023	2024 - 2025 Change
Current and other assets	\$ 5,790,790	\$ 4,677,176	\$ 5,536,156	\$ 1,113,614
Capital assets	27,074,305	23,081,662	20,674,138	\$ 3,992,643
Total assets	32,865,095	27,758,838	26,210,294	\$ 5,106,257
Deferred outflows of resources	296,839	382,027	534,217	\$ (85,188)
Long-term debt outstanding	11,425,623	6,600,000	5,605,000	\$ 4,825,623
Other liabilities	1,189,071	949,942	1,012,231	\$ 239,129
Total liabilities	12,614,694	7,549,942	6,617,231	\$ 5,064,752
Deferred inflows of resources	1,628,307	1,767,083	1,890,462	\$ (138,776)
Investment in capital assets	15,737,429	16,562,769	15,108,777	\$ (825,340)
Restricted	1,002,491	772,484	633,599	\$ 230,007
Unrestricted	2,179,013	1,488,587	2,494,442	\$ 690,426
Total net position	\$ 18,918,933	\$ 18,823,840	\$ 18,236,818	\$ 95,093

2025

The net position of the Water and Sewer Utility increased by \$95,000 or 0.5%, in 2025. Current and other assets increased by \$1,114,000 or 23.8%, mostly due to an increase in cash and investments in 2025. Capital assets, which increased \$3,993,000, or 17.3%, now comprise 82.4% of total assets, down from 83.2% in 2024.

Restricted net position includes \$327,682 for debt service, \$528,067 for a replacement fund used for sewer lift station replacements and \$146,742 for funds related to impact fees collected.

The Utility reported deferred outflows related to pension of \$297,000 in 2025, a decrease of \$85,000 from 2024. The Utility reported deferred inflows related to pension of \$130,000 in 2025, a decrease of \$79,000 from 2024. The Utility reported deferred inflows related to leases of \$1,498,000, a decrease of \$60,000 from 2024. See accompanying notes to the financial statements for more information on deferred outflows and inflows of resources.

2024

The net position of the Water and Sewer Utility increased by \$587,000 or 3.2%, in 2024. Current and other assets decreased by \$859,000 or 15.5%, mostly due to a decline in cash and investments in 2024. Capital assets, which increased \$2,407,000, or 11.6%, now comprise 83.1% of total assets, up from 79% in 2023.

Restricted net position includes \$160,000 for debt service related to the 2022 revenue bonds and 2024 revenue bond anticipation notes that were issued, \$505,956 for a replacement fund used for sewer lift station replacements and \$106,528 for funds related to impact fees collected.

McFarland Water and Sewer Utility

Management's Discussion and Analysis
December 31, 2025 and 2024

The Utility reported deferred outflows related to pension of \$382,000 in 2024, a decrease of \$152,000 from 2023. The Utility reported deferred inflows related to pension of \$209,000 in 2024, a decrease of \$71,000 from 2023. The Utility reported deferred inflows related to leases of \$1,558,000 a decrease of \$53,000 from 2023. See accompanying notes to the financial statements for more information on deferred outflows and inflows of resources.

The specific nature or source of these changes becomes more evident in the Statements of Revenues, Expenses and Changes in Net Position that follows.

Revenues, Expenses and Change in Net Position

All of the Utility's revenues and expenses are accounted for in Table 2, the Statements of Revenues, Expenses and Change in Net Position. This statement measures the success of the Utility's operations over the year and can be used to determine whether the Utility has successfully recovered all its costs through user fees and other charges, profitability and credit worthiness.

TABLE 2
CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

	2025	2024	2023	2024 - 2025 Change
Operating revenues	\$ 4,150,030	\$ 3,569,252	\$ 3,362,702	\$ 580,778
Nonoperating revenues	202,642	221,744	387,129	\$ (19,102)
Total revenues	4,352,672	3,790,996	3,749,831	\$ 561,676
Depreciation expense	722,781	630,239	604,028	\$ 92,542
Other operating expense	3,095,220	2,673,906	2,815,597	\$ 421,314
Nonoperating expense	338,589	228,831	158,351	\$ 109,758
Total expenses	4,156,590	3,532,976	3,577,976	\$ 623,614
Income before capital contributions and transfers	196,082	258,020	171,855	\$ (61,938)
Transfers	(334,827)	(291,722)	(257,048)	\$ (43,105)
Capital contributions	233,838	620,724	36,104	\$ (386,886)
Change in net position	95,093	587,022	(49,089)	\$ (491,929)
Net Position, Beginning	18,823,840	18,236,818	18,285,907	\$ 587,022
Net Position, Ending	\$ 18,918,933	\$ 18,823,840	\$ 18,236,818	\$ 95,093

2025

Operating revenues for the Utility in 2025 increased \$581,000, or 16.3%, from \$3,569,000 to \$4,150,000. This is primarily attributable to an increase in consumption from both water and sewer services as well as an increase in rates.

See Independent Auditors' Report

McFarland Water and Sewer Utility

Management's Discussion and Analysis
December 31, 2025 and 2024

Total expenses for 2025 increased \$623,000, or 17.7%, from the previous year. Depreciation increased by \$93,000, while other operating expenses increased by \$421,000. Water Utility operation and maintenance expenses increased \$196,000 from 2024, mainly due to an increase allocation of wages and benefits. The Sewer Utility operation and maintenance expenses increased \$225,000 from 2024 due to increased treatment, maintenance and wages and benefits costs. Nonoperating revenues decreased by \$19,000 due to a decrease in investment income. Non-operating expenses increased \$110,000 from the previous year due to issuance of the 2025 revenue bonds and anticipation notes.

2024

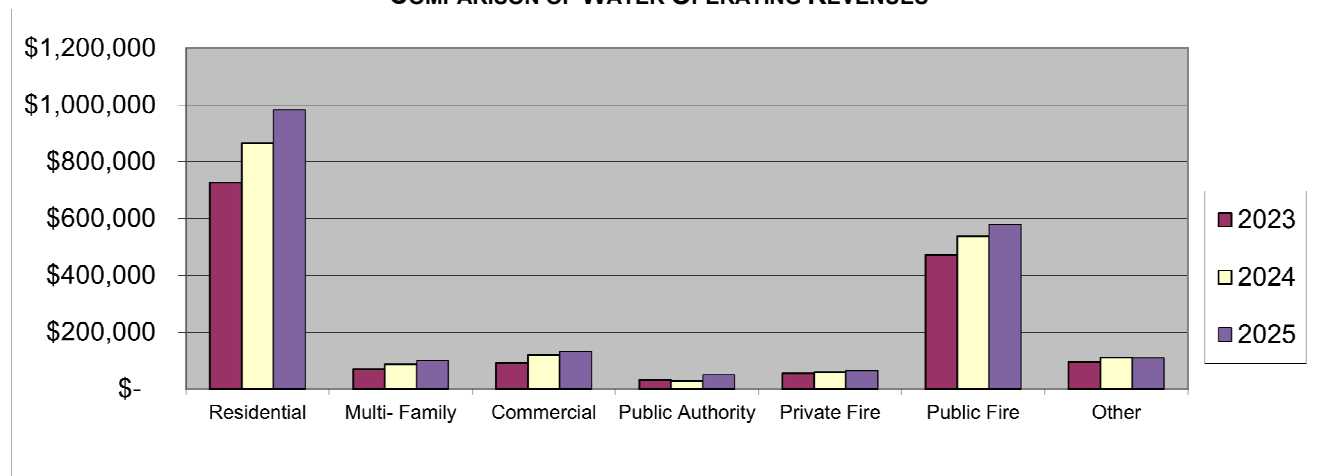
Operating revenues for the Utility in 2024 increased \$207,000, or 6.1%, from \$3,363,000 to \$3,569,000. This is primarily attributable to an increase in consumption from both water and sewer services as well as an increase in water rates.

Total expenses for 2024 decreased by \$45,000, or 1.3%, from the previous year. Depreciation increased by \$26,000, while other operating expenses decreased by \$142,000. Water Utility operation and maintenance expenses decreased by \$320,000 from 2023, mainly due to water tower painting in 2023 and decreased operation labor costs occurring in 2024. The Sewer Utility operation and maintenance expenses increased \$179,000 from 2023 mainly due to increased treatment costs. Nonoperating revenues decreased by \$155,000 due to a decrease in investment income. Non-operating expenses increased \$56,000 from the previous year due to issuance of the 2024 revenue bond anticipation notes.

Comparison of Operating Revenues

Tables 3 and 4 compare revenues received in 2025 from Water Utility and Sewer Utility operations with those revenues generated in 2024 and 2023. Revenues can be affected by a variety of factors including rate increases, customer growth, climate conditions and local economic conditions.

**TABLE 3
COMPARISON OF WATER OPERATING REVENUES**

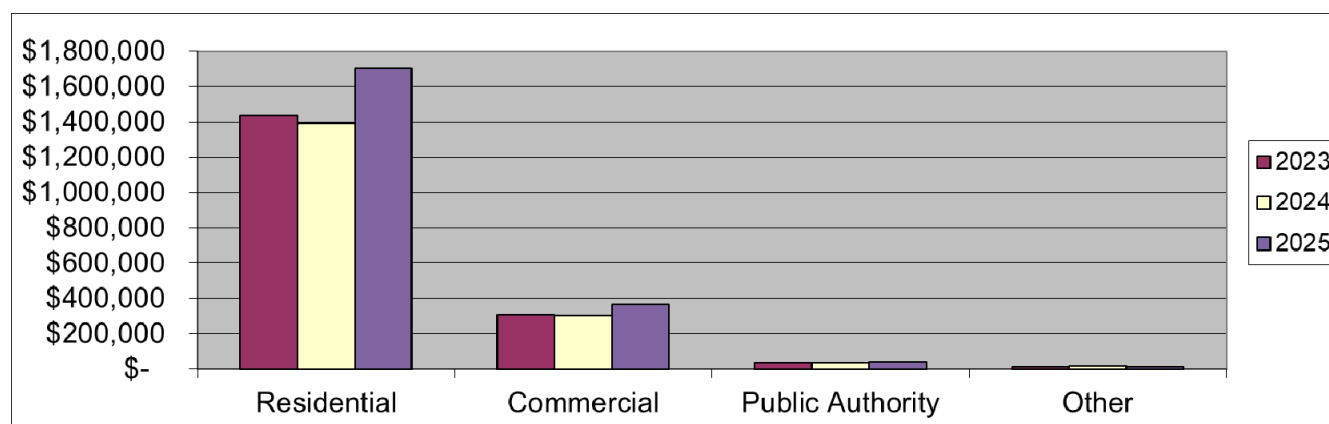


Operating revenues from sales of water and other sources increased in 2025 by \$211,000, or 11.2%. Mainly due to an increase in water rates in 2025. In 2024, operating revenues from sales of water and other sources increased by \$268,000, or 22.0%.

McFarland Water and Sewer Utility

Management's Discussion and Analysis
December 31, 2025 and 2024

**TABLE 4
COMPARISON OF SEWER OPERATING REVENUES**



Sewer Utility revenues from user charges increased by \$376,000 or 18%, in 2025, due to an increase in rates. In 2024, Sewer Utility revenues from user charges decreased by \$50,000 or 3.34% mainly due to changes in consumption.

Statements of Cash Flows

The Statements of Cash Flows in Table 5 below reports cash receipts, cash payments and net changes in cash resulting from operations, investment income and financing activities such as repayment of debt and capital additions. This information provides answers to such questions as where did cash come from, what was cash used for and what was the change in the cash balance during the reporting period.

**TABLE 5
CONDENSED STATEMENTS OF CASH FLOWS**

	2025	2024	2023	2024 - 2025 Change
Cash Flows From:				
Operating activities	\$ 1,098,563	\$ 827,242	\$ 605,617	271,321
Noncapital financing activities	(291,722)	(258,404)	(257,048)	(33,318)
Capital and related financing activities	71,474	(1,647,677)	(3,072,542)	1,719,151
Investing activities	202,642	221,734	377,075	(19,092)
Net change in cash and cash equivalents	1,080,957	(857,105)	(2,346,898)	1,938,062
Cash and Cash Equivalents, Beginning	<u>2,370,411</u>	<u>3,227,516</u>	<u>5,574,414</u>	(857,105)
Cash and Cash Equivalents, Ending	<u>\$ 3,451,368</u>	<u>\$ 2,370,411</u>	<u>\$ 3,227,516</u>	1,080,957

See Independent Auditors' Report

McFarland Water and Sewer Utility

Management's Discussion and Analysis
December 31, 2025 and 2024

2025

Cash flows from operating activities of \$1,099,000 increased by \$271,000 or 32.8%, from 2024. This is due to an increase in cash received from customers from an increase in revenues. Cash used for noncapital financing activities was for the tax equivalent paid to the Municipality. Cash flows used in capital and related financing activities increased by \$1,719,000, or 104.3%, from 2024. The increase is the result of new debt issued in 2025. The overall net change in cash and cash equivalents was an increase of \$1,077,000 compared to a decrease of \$857,000 in 2024, due to an increase in revenues and debt issued in 2025. At year-end, total cash and cash equivalents balance is \$3,447,000, compared to \$2,370,000 in 2024, due to issuance of debt to finance construction costs and an increase in operating cash. Of the \$3,447,000 ending cash balance, \$328,000 is restricted for debt service, \$528,000 is restricted for equipment replacement and \$147,000 is restricted for impact fees collected.

2024

Cash flows from operating activities of \$827,000 increased by \$221,000 or 39.7%, from 2023. This is due to an increase in cash received from customers from increase in revenues. Cash used for noncapital financing activities was for the tax equivalent paid to the Municipality. Cash flows used in capital and related financing activities increased by \$1,425,000, or 46.4%, from 2023. The increase is the result of new debt issued in 2024. The overall net change in cash and cash equivalents was a decrease of \$857,000 compared to a decrease of \$2,347,000 in 2023, due to debt issued in 2024. At year-end, total cash and cash equivalents balance is \$2,370,000, compared to \$3,228,000 in 2023, due to continued use of construction funds for capital improvements and use of tower reserve funds for painting. Of the \$2,370,000 ending cash balance, \$169,000 is restricted for debt service, \$506,000 is restricted for equipment replacement and \$107,000 is restricted for impact fees collected.

Capital Assets

Tables 6 and 7 below summarize the capital assets currently held for water utility and sewer utility purposes, respectively. Please refer to the notes to the financial statements for further detail about these capital assets.

TABLE 6
CAPITAL ASSETS - WATER UTILITY OPERATIONS

	2025	2024	2023	2024 - 2025 Change
Capital assets:				
Source of supply	\$ 327,629	\$ 243,539	\$ 243,539	\$ 84,090
Pumping	388,148	388,148	388,148	-
Water treatment	4,498	4,498	4,498	-
Transmission and distribution	22,993,228	19,825,817	19,585,027	\$ 3,167,411
General	787,714	696,186	644,066	\$ 91,528
Total capital assets	24,501,217	21,158,188	20,865,278	\$ 3,343,029
Less accumulated depreciation	(6,784,836)	(6,268,403)	(6,008,815)	\$ (516,433)
Net capital assets	<u>\$ 17,716,381</u>	<u>\$ 14,889,785</u>	<u>\$ 14,856,463</u>	\$ 2,826,596

During 2025, the capital assets for water utility operations increased \$3,343,000, or 15.8%. After depreciation was factored in, however, the net capital assets for the water utility were \$17,716,000, increasing by \$2,827,000, or 19.0%, from the previous year. This compares to an increase of 0.2% in net capital assets in 2024.

McFarland Water and Sewer Utility

Management's Discussion and Analysis
December 31, 2025 and 2024

During 2024, the capital assets for water utility operations increased \$293,000, or 1.4%. After depreciation was factored in, however, the net capital assets for the water utility were \$14,890,000, increasing by \$33,000, or 0.2%, from the previous year. This compares to an increase of 9.3% in net capital assets in 2023.

TABLE 7
CAPITAL ASSETS - SEWER UTILITY OPERATIONS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2024 - 2025</u> <u>Change</u>
Capital assets:				
Collection system	\$ 7,753,899	\$ 7,239,833	\$ 7,018,843	\$ 514,066
Collection system pumping	3,965,506	1,043,088	1,043,088	\$ 2,922,418
General	564,238	472,710	422,904	\$ 91,528
Total capital assets	12,283,643	8,755,631	8,484,835	\$ 3,528,012
Less accumulated depreciation	<u>(3,328,170)</u>	<u>(3,179,622)</u>	<u>(3,003,944)</u>	\$ (148,548)
Net capital assets	<u>\$ 8,955,473</u>	<u>\$ 5,576,009</u>	<u>\$ 5,480,891</u>	\$ 3,379,464

During 2025, the capital assets for sewer utility operations increased by \$3,528,00, or 41.6%. After depreciation was factored in, the net capital assets for the sewer utility were \$8,955,000, an increase of \$3,379,000 or 61.7%, from 2024. This compares to a decrease of 1.7% in net capital assets in 2024.

During 2024, the capital assets for sewer utility operations increased by \$271,000, or 3.2%. After depreciation was factored in, the net capital assets for the sewer utility were \$5,576,000, an increase of \$95,000 or 1.7%, from 2024. This compares to a decrease of 1.8% in net capital assets in 2023.

Please refer to the notes to the financial statements for further detail about the capital assets of the Water and Sewer Utility.

Debt Administration

As of December 31, 2025, the Water and Sewer Utility have \$1,010,000 in outstanding general obligation debt. This debt was issued in 2017, 2019, 2020 and 2021 for the purpose of funding 2017, 2019, 2020 and 2021 capital improvement projects and equipment purchases. New Revenue debt was issued in 2025 for \$6,711,000 for 2025 and 2026 capital improvement projects bringing the total outstanding revenue debt to \$10,416,000.

As of December 31, 2024, the Water and Sewer Utility have \$1,380,000 in outstanding general obligation debt. This debt was issued in 2015, 2017, 2019, 2020 and 2021 for the purpose of funding 2015, 2016, 2017, 2019, 2020 and 2021 capital improvement projects and equipment purchases. New Revenue debt was issued in 2024 for \$1,825,000 for 2024 and 2025 capital improvement projects bringing the total outstanding revenue debt to \$5,220,000.

Please refer to the notes to the financial statements for further detail about the debt obligations of the Water and Sewer Utility.

McFarland Water and Sewer Utility

Management's Discussion and Analysis
December 31, 2025 and 2024

Currently Known Facts / Economic Conditions

The Village of McFarland is located adjacent to the southeast edge of the City of Madison. This proximity to a major regional commercial center, which is the capital of state government and home to the flagship campus of the University of Wisconsin has produced a favorable economic climate. With the exception of the economic downturn and stagnation in housing construction that began in 2008, these economic drivers have resulted in steady growth in the service area of the Utility over the last two decades. The market for existing homes strengthened significantly in 2013, and there are promising signs of increased growth in new residential construction. The Village has seen positive growth since 2013, given the performance of the market and the expansion surrounding the Madison area.

The customer base of the Utility consists primarily of residential and small commercial users that, for the most part, do not utilize large quantities of water. This characteristic of the customer base results in a very stable revenue base since the loss of any single user would not have a significant impact on the Utility's operating revenues. The creation of TID #3 in 2004 and TID #4 in 2008, both of which will promote more commercial / industrial development, combined with the availability of land that exists for residential development, should yield long-term growth in the customer base and greater economies of scale in future Utility operations once the pace of development returns to more normal levels.

The Utility has created long-range project and financial plans to keep pace with projected Village growth. Rate structures are reviewed annually to maintain a strong cash flow sufficient to cover operating and debt service needs and to fund smaller capital projects.

Contacting Utility Management

This discussion and analysis is intended to provide information for our customers, investors and creditors concerning the financial performance of the Water and Sewer Utility and to demonstrate the Utility's accountability for the money it receives. If you have questions about this report, or would like additional financial information, contact the Village of McFarland at PO Box 110, McFarland, WI 53558-0110 or at (608) 838-3153.

General information relating to the McFarland Water and Sewer Utility can also be found at the Village website www.mcfarland.wi.us.

MANAGEMENT'S DISCUSSION AND ANALYSIS
STORM WATER UTILITY

McFarland Storm Water Utility

Management's Discussion and Analysis
December 31, 2025 and 2024

The management of the McFarland Storm Water Utility (STW Utility) offers this narrative discussion and analysis of the financial performance of the STW Utility for the year ended December 31, 2025. The easy to read narrative overview information presented here should be considered in conjunction with the more detailed information available in the financial statements of the STW Utility. These financial statements report information about the STW Utility using accounting methods similar to those used by private sector companies and offer short-term and long-term information about STW Utility activities.

Financial Highlights

2025

- The net position of the STW Utility was \$4,490,000 at the end of 2025, a \$422,000 decrease over 2024.
- The operating revenues of the STW Utility for 2025 were \$828,000 up \$6,000 compared to 2024.
- The operating expenses of the STW Utility for 2025, excluding depreciation, were \$1,075,000, an increase of \$542,000 from 2024.
- The STW Utility had \$1,900,000 in outstanding general obligation debt at the end of 2025.

2024

- The net position of the STW Utility was \$4,913,000 at the end of 2024, a \$324,000 increase over 2023.
- The operating revenues of the STW Utility for 2024 were \$822,000 up \$227,000 compared to 2023.
- The operating expenses of the STW Utility for 2024, excluding depreciation, were \$533,000, an increase of \$1,000 from 2023.
- The STW Utility had \$1,360,000 in outstanding general obligation debt at the end of 2024.

Overview of the Financial Statements

The STW Utility is a self-supporting entity and separate enterprise fund of the Village of McFarland. The STW Utility accounts for the cost of storm water management operations on a continuing basis. The STW Utility was legally established and began charging fees on July 1, 2008. Storm water management expenses and revenues have, however, been segregated into a separate fund since 2007.

Storm water management services are provided to properties within the Village of McFarland. The STW Utility is managed by the Village Board and the Public Utilities Committee, which is advisory to the Village Board, in compliance with standards established by the Federal Environmental Protection Agency and the Wisconsin Department of Natural Resources. The Village of McFarland is also a joint holder with other Madison-area communities of a Storm Water Discharge Permit issued under Chapter NR216 of the Wisconsin Administration Code.

The accounting records of the STW Utility are maintained in accordance with the requirements set forth by the Governmental Accounting Standards Board.

McFarland Storm Water Utility

Management's Discussion and Analysis
December 31, 2025 and 2024

The STW Utility is not regulated by the Public Service Commission of Wisconsin (PSCW). Its rates, credits and rules are determined by the Village Board. The user charge structure is based on Equivalent Runoff Units (ERUs) as measured by the impervious surface area of the property, with one ERU equal to 3,456 square feet of impervious area.

The annual report consists of Management's Discussion and Analysis, the basic financial statements, the report of the independent auditor, and supplemental information.

An analysis of the financial position of the STW Utility begins with a review of the Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position. These two statements report the STW Utility's net position and changes therein. The net position – the difference between assets and deferred outflows and liabilities and deferred inflows – is key to measuring the financial health of the STW Utility. Over time, increases or decreases in the net position are an indicator of whether the financial position of the STW Utility is improving or deteriorating. It should be noted, however, that the financial position may also be affected by other nonfinancial factors, including economic conditions, customer growth, climate conditions and new regulations.

Utility Financial Analysis

Net Position

The Statements of Net Position includes all of the assets, deferred outflows, liabilities, and deferred inflows of the STW Utility and provides information about the nature and amount of investments in resources (assets) and the obligations to utility creditors (liabilities). This statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the STW Utility. A summary of the Statements of Net Position is presented below in Table 1.

TABLE 1
CONDENSED STATEMENTS OF NET POSITION

	2025	2024	2023	2024-2025 Change
Current and other assets	\$ 647,791	\$ 900,489	\$ 87,326	\$ (252,698)
Capital assets	5,844,965	5,433,812	4,927,506	\$ 411,153
Total assets	6,492,756	6,334,301	5,014,832	\$ 158,455
Deferred outflows of resources	105,621	129,718	187,659	\$ (24,097)
Long-term debt outstanding	1,900,000	1,360,000	70,000	\$ 540,000
Other liabilities	153,885	114,328	441,365	\$ 39,557
Total liabilities	2,053,885	1,474,328	511,365	\$ 579,557
Deferred inflows of resources	54,073	76,538	101,861	\$ (22,465)
Investment in capital assets	3,880,116	4,427,723	4,857,365	\$ (547,607)
Restricted for pension	-	-	-	-
Unrestricted	610,303	485,430	(268,100)	\$ 124,873
Total net position	\$ 4,490,419	\$ 4,913,153	\$ 4,589,265	\$ (422,734)

See Independent Auditors' Report

McFarland Storm Water Utility

Management's Discussion and Analysis
December 31, 2025 and 2024

2025

The net position of the STW Utility decreased in 2025 to \$4,490,000, a decrease of \$423,000, or 8.6% over 2024. The decrease in net position is attributable to increase in operating expenses. Current assets decreased \$253,000, or 28.1%. Capital and other noncurrent assets comprise 90.0% of total assets at this time, which increased 4.2% in 2024.

The STW Utility reported deferred outflows related to pension of \$106,000 in 2025, a decrease of \$24,000 from 2024. The Utility reported deferred inflows related to pension of \$54,000 in 2025, a decrease of \$23,000 from 2024. See accompanying notes to the financial statements for more information on deferred outflows and inflows of resources.

2024

The net position of the STW Utility increased in 2024 to \$4,913,000, an increase of \$324,000, or 7.1% over 2023. The increase in net position is attributable to operating income and capital contributions. Current assets increased \$813,000, or 931.2%. Capital and other noncurrent assets comprise 85.8% of total assets at this time, which decreased from 98.3% in 2023.

The STW Utility reported deferred outflows related to pension of \$130,000 in 2024, a decrease of \$58,000 from 2023. The Utility reported deferred inflows related to pension of \$77,000 in 2024, a decrease of \$25,000 from 2023. See accompanying notes to the financial statements for more information on deferred outflows and inflows of resources.

The specific nature or source of these changes becomes more evident in the Statements of Revenues, Expenses and Changes in Net Position that follows.

Revenues, Expenses, and Changes in Net Position

All STW Utility revenues and expenses are accounted for in Table 2, the Statements of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the STW Utility operations over the year and can be used to determine whether the STW Utility has successfully recovered all its costs through user fees and other charges, profitability, and credit worthiness.

McFarland Storm Water Utility

Management's Discussion and Analysis
December 31, 2025 and 2024

TABLE 2
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2024-2025</u> <u>Change</u>
Operating revenues	\$ 827,833	\$ 821,663	\$ 595,187	\$ 6,170
Nonoperating revenues	27,770	22,631	23,491	\$ 5,139
Total revenues	<u>855,603</u>	<u>844,294</u>	<u>618,678</u>	\$ 11,309
Depreciation expense	201,715	170,137	161,839	\$ 31,578
Other operating expense	1,074,925	533,369	532,408	\$ 541,556
Nonoperating expense	57,897	36,570	3,015	\$ 21,327
Total expenses	<u>1,334,537</u>	<u>740,076</u>	<u>697,262</u>	\$ 594,461
Income before capital contributions and transfers	(478,934)	104,218	(78,584)	\$ (583,152)
Capital contributions	56,200	219,670	-	\$ (163,470)
Change in net position	(422,734)	323,888	(78,584)	\$ (746,622)
Net Position, Beginning	<u>4,913,153</u>	<u>4,589,265</u>	<u>4,667,849</u>	\$ 323,888
Net Position, Ending	<u>\$ 4,490,419</u>	<u>\$ 4,913,153</u>	<u>\$ 4,589,265</u>	\$ (422,734)

2025

Operating revenues for the STW Utility in 2025 increased \$6,000, or 1.0%, from 2024. Revenue increased mainly due to an increase in rates. Table 3 below summarizes the operating revenues of the STW Utility.

Total expenses for 2025 of \$1,335,000 were \$594,000, or 80.3%, higher than the previous year primarily due to an increase in engineering costs and maintenance of collection ponds. Depreciation expense for the year was up 18.6%.

Net position was decreased by \$424,000 in 2025 primarily as a result of the income from operations and capital contributions.

2024

Operating revenues for the STW Utility in 2024 increased \$226,000, or 38.1%, from 2023. Revenue increased mainly due to an increase in rates, as well as the customer base also increased 0.7% from the prior year.

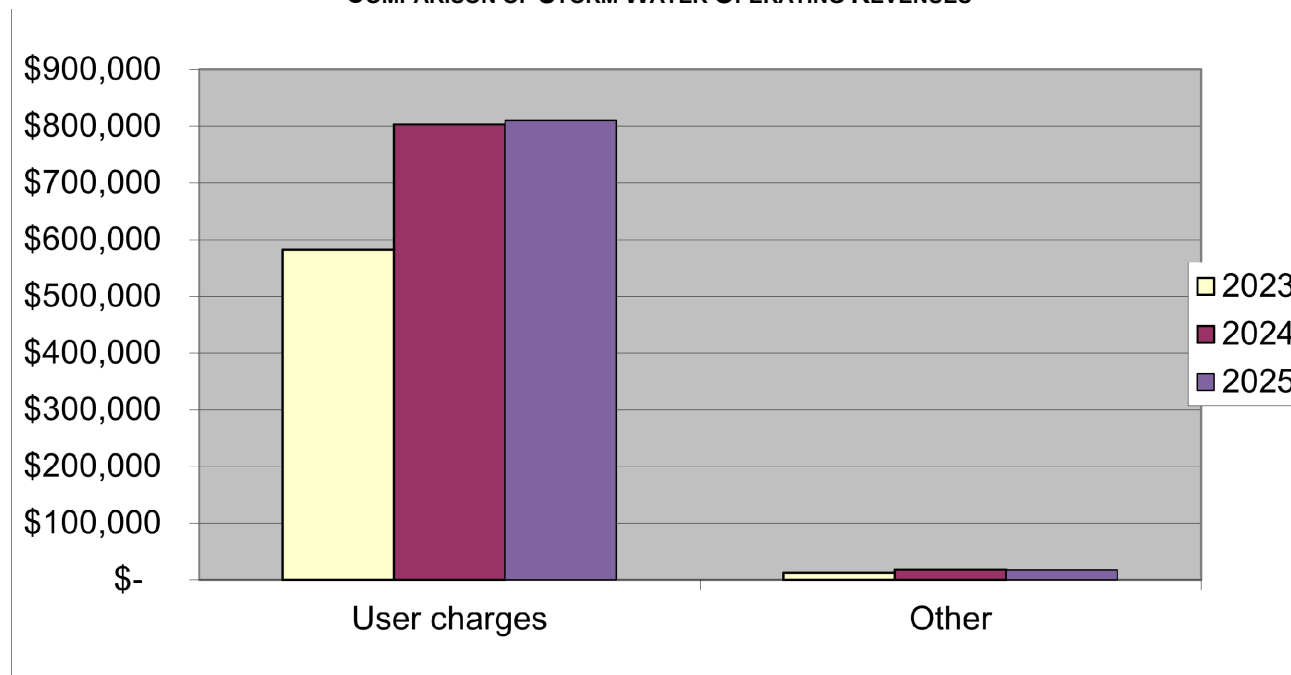
Total expenses for 2024 of \$740,000 were \$43,000, or 6.1%, higher than the previous year primarily due to an increase in the operation supplies expense. Depreciation expense for the year was up 5.1%.

Net position was decreased by \$324,000 in 2024 primarily as a result of the income from operations and capital contributions.

McFarland Storm Water Utility

Management's Discussion and Analysis
December 31, 2025 and 2024

TABLE 3
COMPARISON OF STORM WATER OPERATING REVENUES



Statements of Cash Flows

The statements of cash flows in Table 4 below reports cash receipts, cash payments, and net changes in cash resulting from operations, investment income, and financing activities such as repayment of debt and capital additions. This information provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

TABLE 4
CONDENSED STATEMENTS OF CASH FLOWS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2024-2025</u> <u>Change</u>
Cash flows from:				
Operating activities	\$ (230,319)	\$ (92,447)	\$ 101,627	(137,872)
Noncapital financing activities		-	354,668	-
Capital and related financing activities	(49,099)	861,140	(529,005)	(910,239)
Investing activities	26,997	19,056	2,977	7,941
	<u> </u>	<u> </u>	<u> </u>	
Net change in cash and cash equivalents	(252,421)	787,749	(69,733)	(1,040,170)
Cash and Cash Equivalents, Beginning	<u>788,841</u>	<u>1,092</u>	<u>70,825</u>	787,749
Cash and Cash Equivalents, Ending	<u>\$ 536,420</u>	<u>\$ 788,841</u>	<u>\$ 1,092</u>	(252,421)
Long-term investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investments	<u>\$ 536,420</u>	<u>\$ 788,841</u>	<u>\$ 1,092</u>	<u>\$ (252,421)</u>

See Independent Auditors' Report
xvii

McFarland Storm Water Utility

Management's Discussion and Analysis
December 31, 2025 and 2024

2025

The STW Utility experienced a net cash outflow of \$230,000 from operating activities in 2025, a decrease of \$137,000, or 149.1%, from 2024 due to an increase in cash paid to suppliers for operating and maintenance expenses partially offset by an increase in cash received from customers. Cash used in capital and related financing activities decreased \$910,000 due to less debt being issued, and cash equivalents at year-end decreased \$254,000, or 32%, from 2024 to 2025.

2024

The STW Utility experienced a net cash outflow of \$92,000 from operating activities in 2024, a decrease of \$194,000, or 191.0%, from 2023 due to increase in cash paid to suppliers for operating and maintenance expenses partially offset by an increase in cash received from customers. Cash received from noncapital financing activities decreased \$355,000 in 2024 due to the Village providing cash for operations in 2023. Cash used in capital and related financing activities increased \$1,390,000 due to a debt issuance, and cash equivalents at year-end increased \$778,000, or 72,138.2%, from 2023 to 2024.

Capital Assets

Table 5 below summarizes the capital assets currently held for STW Utility purposes.

TABLE 5
CAPITAL ASSETS – STORM WATER UTILITY OPERATIONS

	2025	2024	2023	2024-2025 Change
Capital assets:				
Land and improvements	\$ 313,596	\$ 313,596	\$ 313,596	\$ -
Pipes	4,915,951	4,445,378	4,328,708	\$ 470,573
Manholes	727,760	675,786	620,876	\$ 51,974
Inlets	1,064,377	919,247	855,510	\$ 145,130
Basins	719,431	719,431	719,431	\$ -
Miscellaneous and general	842,771	444,208	392,089	\$ 398,563
Total capital assets	8,583,886	7,517,646	7,230,210	\$ 1,066,240
Less accumulated depreciation	(2,760,215)	(2,558,500)	(2,389,563)	\$ (201,715)
Net capital assets	\$ 5,823,671	\$ 4,959,146	\$ 4,840,647	\$ 864,525

During 2025, the capital assets of the STW Utility increased by \$1,066,000, or 14.2%, from 2024. The increase came primarily from additions to pipes, manholes, and inlets. After depreciation was factored in, the net capital assets for the STW Utility were \$5,824,000, an increase of \$865,000, or 17.4%, from 2024.

During 2024, the capital assets of the STW Utility increased by \$287,000, or 4.0%, from 2023. The increase came primarily from additions to pipes, manholes, and inlets. After depreciation was factored in, the net capital assets for the STW Utility were \$4,959,000, an increase of \$118,000, or 2.4%, from 2023.

Please refer to the notes to the financial statements for further detail about the capital assets of the Storm Water Utility.

McFarland Storm Water Utility

Management's Discussion and Analysis
December 31, 2025 and 2024

Debt Administration

As of December 31, 2025, the STW Utility had \$1,900,000 in general obligation debt outstanding compared to \$1,360,000 in 2024. The STW Utility issued \$615,000 in new general obligation debt in 2025 for the purpose of funding 2025 and 2026 capital improvement projects.

As of December 31, 2024, the STW Utility had \$1,360,000 in general obligation debt outstanding compared to \$70,000 in 2023. The STW Utility issued \$1,360,000 in new general obligation debt in 2024 for the purpose of funding 2024 and 2025 capital improvement projects and equipment purchases.

Please refer to the notes to the financial statements for further detail about the debt obligations of the Storm Water Utility.

Currently Known Facts / Economic Conditions

The Village of McFarland is located adjacent to the southeast edge of the City of Madison. This proximity to a major regional commercial center, which is the capital of state government and home to the flagship campus of the University of Wisconsin has produced a favorable economic climate. With the exception of the economic downturn and stagnation in housing construction that began in 2008, these economic drivers have resulted in steady growth in the service area of the STW Utility over the last two decades. The market for existing homes strengthened significantly in 2013, and there are promising signs of increased growth in new residential construction. The Village has seen positive growth since 2013, given the performance of the market and the expansion surrounding the Madison area.

The customer base of the STW Utility consists of all residential, commercial, industrial and institutional properties in McFarland. Local streets, cemeteries, and the railroad land areas are not assessed user charges. The creation of TID #3 in 2004 and TID #4 in 2008, both of which will promote more commercial / industrial development, combined with the availability of land that exists for residential development, should yield long-term growth in the customer base and greater economies of scale in future STW Utility operations once the pace of development returns to more normal levels.

Although just established in 2008, the STW Utility has created long-range project and financial plans to keep pace with projected Village growth. Rate structures are reviewed annually to maintain a strong cash flow sufficient to cover operating and debt service needs and to fund smaller capital projects.

Contacting Utility Management

This discussion and analysis is intended to provide information for our customers, investors, and creditors concerning the financial performance of the STW Utility and to demonstrate the STW Utility's accountability for the money it receives. If you have questions about this report, or would like additional financial information, contact the Village of McFarland, PO Box 110, McFarland, WI 53558-0110 or at (608) 838-3153.

General information relating to the McFarland STW Utility can also be found at the Village website www.mcfarland.wi.us.

WATER AND SEWER UTILITY

McFarland Water and Sewer Utility

Statements of Net Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 1,065,377	\$ 185,428
Restricted assets:		
Redemption account	381,193	206,481
Customer accounts receivable	545,800	455,946
Due from Municipality	51,906	48,932
Materials and supplies	19,450	19,450
Current portion of lease receivable	<u>67,878</u>	<u>60,171</u>
Total current assets	<u>2,131,604</u>	<u>976,408</u>
Noncurrent Assets		
Restricted assets:		
Reserve account	267,200	276,822
Replacement account	528,067	505,956
Impact fee account	146,742	106,528
Other assets:		
Water tower reserve	712,727	682,885
Depreciation reserve	22,492	89,311
Facility collection system reserve	69,234	67,000
Equipment replacement reserve	258,336	250,000
Lease receivable	1,430,276	1,498,154
Property held for future use	224,112	224,112
Capital assets:		
Plant in service:		
Water	24,501,217	21,158,188
Sewer	<u>12,283,643</u>	<u>8,755,631</u>
Total plant in service	<u>36,784,860</u>	<u>29,913,819</u>
Accumulated depreciation/amortization:		
Water	(6,784,836)	(6,268,403)
Sewer	<u>(3,328,170)</u>	<u>(3,179,622)</u>
Total accumulated depreciation/amortization	<u>(10,113,006)</u>	<u>(9,448,025)</u>
Construction work in progress:		
Water	<u>402,451</u>	<u>2,615,868</u>
Total construction work in progress	<u>402,451</u>	<u>2,615,868</u>
Total noncurrent assets	<u>30,733,491</u>	<u>26,782,430</u>
Total assets	<u>32,865,095</u>	<u>27,758,838</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	<u>296,839</u>	<u>382,027</u>

See notes to the financial statements

McFarland Water and Sewer Utility

Statements of Net Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 317,657	\$ 274,019
Due to Municipality	334,827	291,722
Customer deposits	5,000	11,500
Accrued interest	2,280	3,075
Accrued vacation leave	19,464	12,556
Accrued liabilities	146,735	19,035
Current portion of general obligation debt	250,000	370,000
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	314,986	240,000
Accrued interest	<u>53,511</u>	<u>46,481</u>
Total current liabilities	<u>1,444,460</u>	<u>1,268,388</u>
Noncurrent Liabilities		
General obligation debt	760,000	1,010,000
Revenue bonds	10,100,637	4,980,000
Unamortized debt premium	178,453	195,715
Accrued sick leave	81,703	53,492
Net pension liability	<u>49,441</u>	<u>42,347</u>
Total noncurrent liabilities	<u>11,170,234</u>	<u>6,281,554</u>
Total liabilities	<u>12,614,694</u>	<u>7,549,942</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	130,153	208,758
Deferred inflows related to leases	<u>1,498,154</u>	<u>1,558,325</u>
Total deferred inflows of resources	<u>1,628,307</u>	<u>1,767,083</u>
Net Position		
Net investment in capital assets	15,737,429	16,562,769
Restricted for:		
Debt service	327,682	160,000
Equipment replacement	528,067	505,956
Impact fee	146,742	106,528
Unrestricted	<u>2,179,013</u>	<u>1,488,587</u>
Total net position	<u>\$ 18,918,933</u>	<u>\$ 18,823,840</u>

See notes to the financial statements

McFarland Water and Sewer Utility

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Water:		
Sales of water	\$ 1,920,042	\$ 1,705,795
Other	<u>109,669</u>	<u>119,577</u>
Total water	<u>2,029,711</u>	<u>1,825,372</u>
Sewer:		
Treatment charges	2,108,899	1,728,329
Other	<u>11,420</u>	<u>15,551</u>
Total sewer	<u>2,120,319</u>	<u>1,743,880</u>
Total operating revenues	<u>4,150,030</u>	<u>3,569,252</u>
Operating Expenses		
Water:		
Operation and maintenance	1,057,509	861,311
Depreciation	<u>490,781</u>	<u>451,048</u>
Total water	<u>1,548,290</u>	<u>1,312,359</u>
Sewer:		
Operation and maintenance	2,037,711	1,812,595
Depreciation	<u>232,000</u>	<u>179,191</u>
Total sewer	<u>2,269,711</u>	<u>1,991,786</u>
Total operating expenses	<u>3,818,001</u>	<u>3,304,145</u>
Operating Income (loss)		
Water	481,421	513,013
Sewer	<u>(149,392)</u>	<u>(247,906)</u>
Total operating income (loss)	<u>332,029</u>	<u>265,107</u>
Nonoperating Expenses		
Investment income	202,642	221,734
Gain on equipment disposal	-	10
Interest expense	(267,566)	(209,377)
Debt issuance costs	(100,220)	(51,300)
Amortization of premium	<u>29,197</u>	<u>31,846</u>
Total nonoperating expenses	<u>(135,947)</u>	<u>(7,087)</u>
Income before contributions and transfers	196,082	258,020
Capital Contributions	233,838	620,724
Transfers, Tax Equivalent	<u>(334,827)</u>	<u>(291,722)</u>
Change in net position	95,093	587,022
Net Position, Beginning	<u>18,823,840</u>	<u>18,236,818</u>
Net Position, Ending	<u>\$ 18,918,933</u>	<u>\$ 18,823,840</u>

See notes to the financial statements

McFarland Water and Sewer Utility

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Received from customers	\$ 4,101,349	\$ 3,355,557
Received from Municipality for services	-	177,094
Paid to suppliers for goods and services	(2,196,585)	(2,045,618)
Paid to employees for operating payroll	(806,201)	(659,791)
Net cash flows from operating activities	<u>1,098,563</u>	<u>827,242</u>
Cash Flows From Noncapital Financing Activities		
Paid to Municipality for tax equivalent	(291,722)	(258,404)
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(4,478,461)	(2,488,470)
Capital contributions received	73,928	72,653
Premium	65	-
Debt retired	(1,885,000)	(830,000)
Interest paid	(261,331)	(175,560)
Proceeds from debt issue	6,710,623	1,825,000
Debt issuance costs	(88,350)	(51,300)
Net cash flows from capital and related financing activities	<u>71,474</u>	<u>(1,647,677)</u>
Cash Flows From Investing Activities		
Investment income	202,642	221,734
Net change in cash and cash equivalents	1,080,957	(857,105)
Cash and Cash Equivalents, Beginning	<u>2,370,411</u>	<u>3,227,516</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,451,368</u>	<u>\$ 2,370,411</u>
Noncash Capital and Related Financing Activities		
Developer financed additions to utility plant	<u>\$ 159,910</u>	<u>\$ 584,180</u>
Debt issuance costs	<u>\$ 11,870</u>	<u>\$ -</u>
Premium	<u>\$ 11,870</u>	<u>\$ -</u>
Amortization of debt premium	<u>\$ 29,197</u>	<u>\$ 31,846</u>
Write-off financed purchase	<u>\$ -</u>	<u>\$ 36,119</u>
Write-off special assessments	<u>\$ -</u>	<u>\$ 36,109</u>

See notes to the financial statements

McFarland Water and Sewer Utility

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	\$ 332,029	\$ 265,107
Noncash items in operating income:		
Depreciation	722,781	630,239
Depreciation charged to clearing and other utilities	50,647	53,932
Changes in assets and liabilities:		
Customer accounts receivable	(89,854)	(106,855)
Other accounts receivable	60,171	52,799
Due from Municipality	(2,974)	19,822
Accounts payable	43,638	24,371
Accrued sick leave	28,211	(18,496)
Accrued vacation	6,908	(34,002)
Deferred inflow of resources	(60,171)	(52,799)
Pension related deferrals and liabilities	13,677	(3,376)
Customer deposits	<u>(6,500)</u>	<u>(3,500)</u>
Net cash flows from operating activities	<u>\$ 1,098,563</u>	<u>\$ 827,242</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 1,065,377	\$ 185,428
Redemption account	381,193	206,481
Reserve account	267,200	276,822
Replacement account	528,067	505,956
Impact fee account	146,742	106,528
Water tower reserve	712,727	682,885
Depreciation reserve	22,492	89,311
Facility collection system reserve	69,234	67,000
Equipment replacement reserve	<u>258,336</u>	<u>250,000</u>
Cash and cash equivalents	<u>\$ 3,451,368</u>	<u>\$ 2,370,411</u>

See notes to the financial statements

STORM WATER UTILITY

McFarland Storm Water Utility

Statements of Net Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 505,419	\$ 323,711
Customer accounts receivable	<u>111,371</u>	<u>111,648</u>
Total current assets	<u>616,790</u>	<u>435,359</u>
Noncurrent Assets		
Restricted assets:		
Construction account	-	405,130
Other assets:		
Sweeper reserve	31,001	60,000
Capital assets:		
Plant in service	8,583,886	7,517,646
Accumulated depreciation/amortization	(2,760,215)	(2,558,500)
Construction work in progress	<u>21,294</u>	<u>474,666</u>
Total noncurrent assets	<u>5,875,966</u>	<u>5,898,942</u>
Total assets	<u>6,492,756</u>	<u>6,334,301</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	<u>105,621</u>	<u>129,718</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	4,746	5,004
Accrued interest	28,529	23,314
Accrued vacation leave	7,023	3,859
Accrued liabilities	6,787	166
Current portion of general obligation debt	<u>150,000</u>	<u>75,000</u>
Total current liabilities	<u>197,085</u>	<u>107,343</u>
Noncurrent Liabilities		
General obligation debt	1,750,000	1,285,000
Unamortized debt premium	64,849	51,219
Accrued sick leave	27,775	15,572
Net pension liability	<u>14,176</u>	<u>15,194</u>
Total noncurrent liabilities	<u>1,856,800</u>	<u>1,366,985</u>
Total liabilities	<u>2,053,885</u>	<u>1,474,328</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	<u>54,073</u>	<u>76,538</u>
Net Position		
Net investment in capital assets	3,880,116	4,427,723
Unrestricted	<u>610,303</u>	<u>485,430</u>
Total net position	<u>\$ 4,490,419</u>	<u>\$ 4,913,153</u>

See notes to the financial statements

McFarland Storm Water Utility

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Charges for services	\$ 810,379	\$ 803,291
Other	<u>17,454</u>	<u>18,372</u>
Total operating revenues	<u>827,833</u>	<u>821,663</u>
Operating Expenses		
Operation and maintenance	1,074,925	533,369
Depreciation	<u>201,715</u>	<u>170,137</u>
Total operating expenses	<u>1,276,640</u>	<u>703,506</u>
Operating income (loss)	<u>(448,807)</u>	<u>118,157</u>
Nonoperating Expenses		
Investment income	26,997	19,056
Miscellaneous revenues (expenses)	773	3,575
Interest expense	(63,555)	(24,694)
Debt issuance costs	(12,536)	(19,000)
Amortization of debt premium	<u>18,194</u>	<u>7,124</u>
Total nonoperating expenses	<u>(30,127)</u>	<u>(13,939)</u>
Income (loss) before contributions	(478,934)	104,218
Capital Contributions	<u>56,200</u>	<u>219,670</u>
Change in net position	(422,734)	323,888
Net Position, Beginning	<u>4,913,153</u>	<u>4,589,265</u>
Net Position, Ending	<u>\$ 4,490,419</u>	<u>\$ 4,913,153</u>

See notes to the financial statements

McFarland Storm Water Utility

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Received from customers	\$ 828,883	\$ 799,824
Paid to suppliers for goods and services	(815,368)	(698,878)
Paid to employees for operating payroll	<u>(243,834)</u>	<u>(193,393)</u>
Net cash flows from operating activities	<u>(230,319)</u>	<u>(92,447)</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(550,047)	(466,557)
Premium on debt	31,824	58,202
Debt retired	(75,000)	(70,000)
Interest paid	(58,340)	(1,505)
Proceeds from debt issue	615,000	1,360,000
Debt issuance costs	<u>(12,536)</u>	<u>(19,000)</u>
Net cash flows from capital and related financing activities	<u>(49,099)</u>	<u>861,140</u>
Cash Flows From Investing Activities		
Investment income	<u>26,997</u>	<u>19,056</u>
Net change in cash and cash equivalents	(252,421)	787,749
Cash and Cash Equivalents, Beginning	<u>788,841</u>	<u>1,092</u>
Cash and Cash Equivalents, Ending	<u>\$ 536,420</u>	<u>\$ 788,841</u>
Noncash Capital and Related Financing Activities		
Developer financed additions to utility plant	<u>\$ 56,200</u>	<u>\$ 219,670</u>
Amortization of debt premium	<u>\$ 18,194</u>	<u>\$ 7,127</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities		
Operating income (loss)	\$ (448,807)	\$ 118,157
Nonoperating revenue (expense)	773	3,575
Noncash items in operating income (loss):		
Depreciation	201,715	170,137
Changes in assets and liabilities:		
Customer accounts receivable	277	(25,414)
Pension related deferrals and liabilities	614	2,897
Accounts payable	(258)	3,951
Due to Municipality	-	(354,668)
Accrued vacation	3,164	(902)
Accrued sick leave	<u>12,203</u>	<u>(10,180)</u>
Net cash flows from operating activities	<u>\$ (230,319)</u>	<u>\$ (92,447)</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 505,419	\$ 323,711
Construction account	-	405,130
Sweeper reserve	<u>31,001</u>	<u>60,000</u>
Cash and cash equivalents	<u>\$ 536,420</u>	<u>\$ 788,841</u>

See notes to the financial statements

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

1. Summary of Significant Accounting Policies

The financial statements of McFarland Utilities (the Utilities) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the Utilities are described below.

Reporting Entity

The Utilities are separate enterprise funds of the Village of McFarland (Municipality). The Utilities are managed by the village board. The Utilities provide water, sewer and storm water service to properties within the Municipality.

The water utility operates under service rules and rates established by the Public Service Commission of Wisconsin (PSCW). The sewer and storm water utilities operate under rules and rates established by the village board. Wastewater is treated under an agreement with Madison Metropolitan Sewerage District.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Utilities are presented as enterprise funds of the Municipality. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the 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.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires that a government assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This standard was implemented January 1, 2025.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Deposits and Investments

For purposes of the statement of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition.

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Investment of the Utilities' funds are restricted by state statutes. Investments are limited to:

- Time deposits in any credit union, bank, savings bank or trust company.
- Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

The Utilities have adopted an investment policy. That policy has been adopted by the Village of McFarland. Please refer to the financial statements of the Municipality for details on this policy.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Fair values may have changed significantly after year end.

Receivables/Payables

Transactions between the Utilities and other funds of the Municipality that are representative of lending/borrowing arrangements outstanding at year end are referred to as advances to/from other funds. All other outstanding balances between the Utilities and other funds of the Municipality are reported as due to/from other funds.

The Utilities have the right under Wisconsin statutes to place delinquent water, sewer and storm water bills on the tax roll for collection. As such, no allowance for uncollectible customer accounts is considered necessary.

Materials and Supplies

Materials and supplies are generally used for construction, operation and maintenance work, not for resale. They are valued at the lower of cost or market utilizing the average cost method and charged to construction or expense when used.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Other Asset Reserve Accounts

These are funds the utility has elected to set aside for future capital purchases and projects including water tower, collection system and sweeper replacement. The utility transfers the budgeted amount each year from unrestricted cash to the internally designated account.

Property Held for Future Use

This land is owned by the utility and is currently not in use.

Capital Assets

Capital assets are generally defined by the Utilities as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year.

Capital assets of the Utilities are recorded at cost or the estimated acquisition value at the time of contribution to the Utilities. Major outlays for Utility plant are capitalized as projects are constructed. Capital assets in service are depreciated or amortized using the straight-line method over the following useful lives:

	<u>Years</u>
Water Plant:	
Source of supply	34
Pumping	22-31
Water treatment	17
Transmission and distribution	18-77
General	4-17
Sewer Plant:	
Collecting system	50-100
Collecting system pumping	20-40
General	7-20
Storm Water Plant:	
Storm water infrastructure	50
General	10-50

Lease assets are typically amortized over the lease term.

Pensions

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset);
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions; and
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

Accrued Vacation and Sick Leave

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Vacation and sick leave pay is accrued when earned in the financial statements.

Long-Term Obligations

Long-term debt and other obligations are reported as Utility liabilities. Bond premiums and discounts, are amortized over the life of the bonds using the straight-line or effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for the loss on refunding is shown as a deferred outflow in the statement of net position.

Leases

The Utilities is a lessor because it leases capital assets to other entities. As a lessor, the Utilities reports a lease receivable and corresponding deferred inflow of resources in the financial statements. The Utilities continues to report and depreciate the capital assets being leased as capital assets. The Utilities have a policy to recognize leases over \$75,000 as a lease receivable.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Revenues and Expenses

The Utilities distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Utility's principal ongoing operations. The principal operating revenues of the Utilities are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Charges for Services

Billings are rendered and recorded bi-monthly based on metered usage. The Utilities do not accrue revenues beyond billing dates.

Current water rates were approved by the PSCW effective May 15, 2024.

Current sewer rates were approved by the village board on February 11, 2025 and implemented on April 10, 2025.

Current storm water rates were approved by the village board on December 12, 2023 and implemented on January 1, 2024.

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Capital Contributions

Cash and capital assets are contributed to the Utilities from customers, the Municipality or external parties. The value of property contributed to the Utilities are reported as revenue on the statements of revenues, expenses and changes in net position.

Connection or Impact Fee

The water utility charges new customers an impact fee to connect to the system. Fees collected are recorded as capital contributions on the statements of revenues, expenses and changes in net position.

Transfers

Transfers include the payment in lieu of taxes to the Municipality.

Miscellaneous Operating Revenues

Miscellaneous revenues include forfeited discounts and water tower lease income for the Water and Sewer Utilities, as well as erosion control permits, yard waste permits and forfeited discounts for the storm water utility.

Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*
- Statement No. 105, *Subsequent Events*

When they become effective, application of these standards may restate portions of these financial statements.

Comparative Data

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

2. Deposits and Investments

	Carrying Value as of December 31,		
	2025	2024	Risks
LGIP	\$ 2,575,914	\$ 2,256,514	Credit
Checking and savings	1,411,874	902,738	Custodial credit
Total	<u>\$ 3,987,788</u>	<u>\$ 3,159,252</u>	

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and non-interest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$1,000,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities.

The Utilities may also maintain separate cash and investment accounts at the same financial institutions utilized by the Municipality. Federal depository insurance and the SDGF apply to all municipal accounts, and accordingly, the amount of insured funds is not determinable for the Utilities alone. Therefore, coverage for the Utilities may be reduced. Investment income on commingled investments of the entire Municipality is allocated based on average investment balances.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2025 and 2024, the fair value of the LGIP's assets were substantially equal to the Utilities' share.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Utilities' deposits may not be returned to the Utilities.

The Utilities maintain certain deposits commingled with the Municipality. The following is a summary of the Utilities' total deposit balances at these institutions.

	2025		2024	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
McFarland State Bank	(A)	\$ 1,411,874	(A)	\$ 902,738

(A) - The Utilities maintain certain investments commingled with the Municipality. The custodial credit risk pertaining specifically to the Utilities' resources cannot be determined for those accounts. Please refer to the Municipality's financial statements for information on this risk.

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations.

The Utilities maintain certain investments commingled with the Municipality. The credit risk pertaining specifically to the Utilities' resources cannot be determined for those accounts. Please refer to the Municipality's financial statements for information on this risk.

The Utilities held investments in the Local Government Investment Pool which is an external pool that is not rated.

Investment Policy

Credit Risk

The Utilities adopted the Village of McFarland's investment policy, which addresses both credit and custodial credit risk. Refer to the Village-wide statements for this policy.

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

3. Interfund Receivables/Payables and Transfers

The following is a schedule of interfund balances for the years ended December 31, 2025 and 2024:

Due To	Due From	2025		2024	
		Amount	Principal Purpose	Amount	Principal Purpose
Water and Sewer Utility	Municipality	\$ 51,906	Operating	\$ 48,932	Operating
Municipality	Water and Sewer Utility	334,827	Tax equivalent	291,722	Tax equivalent

The following is a schedule of transfer balances for the years ended December 31, 2025 and 2024:

To	From	2025		2024	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Water and Sewer Utility	\$ 334,827	Tax equivalent	\$ 291,722	Tax equivalent

4. Restricted Assets

Restricted Accounts

Certain proceeds of the Utilities' debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited. The following accounts are reported as restricted assets:

- Redemption** - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve** - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Construction** - Used to report debt proceeds restricted for use in construction.

Replacement Account

As a condition of receiving state and federal funds for wastewater plant construction, the Utilities have established an account for replacement of certain mechanical equipment.

Impact Fee Account

The Utilities have received impact fees which must be spent in accordance with local ordinances and state statutes. Those funds not spent within the ordinance guidelines and time frames must be refunded to the current property owner.

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Restricted Net Position

The following calculation supports the amount of water and sewer utility restricted net position:

	<u>2025</u>	<u>2024</u>
Restricted assets:		
Redemption account	\$ 381,193	\$ 206,481
Reserve account	267,200	276,822
Replacement account	528,067	505,956
Impact fee account	<u>146,742</u>	<u>106,528</u>
Total restricted assets	1,323,202	1,095,787
Less restricted assets not funded by revenues:		
Reserve from borrowing	(267,200)	(276,822)
Current liabilities payable from restricted assets	<u>(53,511)</u>	<u>(46,481)</u>
Total restricted net position as calculated	<u>\$ 1,002,491</u>	<u>\$ 772,484</u>

The purpose of the restricted net position is as follows:

	<u>2025</u>	<u>2024</u>
Debt service	\$ 327,682	\$ 160,000
Equipment replacement	528,067	505,956
Impact fee	<u>146,742</u>	<u>106,528</u>
Total restricted net position	<u>\$ 1,002,491</u>	<u>\$ 772,484</u>

The following calculation supports the amount of storm water utility restricted net position:

	<u>2025</u>	<u>2024</u>
Restricted assets:		
Construction account	\$ -	\$ 405,130
Less restricted assets not funded by revenues:		
Construction account	<u>-</u>	<u>(405,130)</u>
Total restricted net position as calculated	<u>\$ -</u>	<u>\$ -</u>

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

5. Changes in Capital Assets

Water Utility

A summary of changes in water capital assets for 2025 follows:

	<u>Balance 1/1/25</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/25</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 87,550	\$ 84,090	\$ -	\$ 171,640
Capital assets being depreciated:				
Source of supply	211,239	-	-	211,239
Pumping	388,148	-	-	388,148
Water treatment	4,498	-	-	4,498
Transmission and distribution	19,770,567	3,192,406	24,995	22,937,978
General	696,186	91,528	-	787,714
Total capital assets being depreciated	<u>21,070,638</u>	<u>3,283,934</u>	<u>24,995</u>	<u>24,329,577</u>
Total capital assets	<u>21,158,188</u>	<u>3,368,024</u>	<u>24,995</u>	<u>24,501,217</u>
Less accumulated depreciation	<u>(6,268,403)</u>	<u>(541,428)</u>	<u>24,995</u>	<u>(6,784,836)</u>
Construction in progress	<u>2,615,868</u>	<u>4,708,666</u>	<u>6,922,083</u>	<u>402,451</u>
Net capital assets	<u>\$ 17,505,653</u>			<u>\$ 18,118,832</u>

A summary of changes in water capital assets for 2024 follows:

	<u>Balance 1/1/24</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/24</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 87,550	\$ -	\$ -	\$ 87,550
Capital assets being depreciated:				
Source of supply	211,239	-	-	211,239
Pumping	388,148	-	-	388,148
Water treatment	4,498	-	-	4,498
Transmission and distribution	19,529,777	484,982	244,192	19,770,567
General	644,066	53,320	1,200	696,186
Total capital assets being depreciated	<u>20,777,728</u>	<u>538,302</u>	<u>245,392</u>	<u>21,070,638</u>
Total capital assets	<u>20,865,278</u>	<u>538,302</u>	<u>245,392</u>	<u>21,158,188</u>
Less accumulated depreciation	<u>(6,008,815)</u>	<u>(504,980)</u>	<u>245,392</u>	<u>(6,268,403)</u>
Construction in progress	<u>336,784</u>	<u>2,515,811</u>	<u>236,727</u>	<u>2,615,868</u>
Net capital assets	<u>\$ 15,193,247</u>			<u>\$ 17,505,653</u>

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Sewer Utility

A summary of changes in sewer capital assets for 2025 follows:

	<u>Balance</u> <u>1/1/25</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/25</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 78,020	\$ -	\$ -	\$ 78,020
Capital assets being depreciated:				
Collecting system	7,161,813	514,066	-	7,675,879
Collecting system pumping	1,043,088	3,005,870	83,452	3,965,506
General	472,710	91,528	-	564,238
Total capital assets being depreciated	<u>8,677,611</u>	<u>3,611,464</u>	<u>83,452</u>	<u>12,205,623</u>
Total capital assets	<u>8,755,631</u>	<u>3,611,464</u>	<u>83,452</u>	<u>12,283,643</u>
Less accumulated depreciation	<u>(3,179,622)</u>	<u>(232,000)</u>	<u>83,452</u>	<u>(3,328,170)</u>
Net capital assets	<u>\$ 5,576,009</u>			<u>\$ 8,955,473</u>

A summary of changes in sewer capital assets for 2024 follows:

	<u>Balance</u> <u>1/1/24</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/24</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 78,020	\$ -	\$ -	\$ 78,020
Capital assets being depreciated:				
Collecting system	6,940,823	220,990	-	7,161,813
Collecting system pumping	1,043,088	-	-	1,043,088
General	422,904	53,319	3,513	472,710
Total capital assets being depreciated	<u>8,406,815</u>	<u>274,309</u>	<u>3,513</u>	<u>8,677,611</u>
Total capital assets	<u>8,484,835</u>	<u>274,309</u>	<u>3,513</u>	<u>8,755,631</u>
Less accumulated depreciation	<u>(3,003,944)</u>	<u>(179,191)</u>	<u>3,513</u>	<u>(3,179,622)</u>
Net capital assets	<u>\$ 5,480,891</u>			<u>\$ 5,576,009</u>

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Storm Water Utility

A summary of changes in storm water capital assets for 2025 follows:

	<u>Balance 1/1/25</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/25</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 160,275	\$ -	\$ -	\$ 160,275
Capital assets being depreciated:				
Storm water plant	7,025,533	667,677	-	7,693,210
General	331,838	398,563	-	730,401
Total capital assets being depreciated	7,357,371	1,066,240	-	8,423,611
Total capital assets	7,517,646	1,066,240	-	8,583,886
Less accumulated depreciation	(2,558,500)	(201,715)	-	(2,760,215)
Construction in progress	474,666	1,044,031	1,497,403	21,294
Net capital assets	<u>\$ 5,433,812</u>			<u>\$ 5,844,965</u>

A summary of changes in storm water capital assets for 2024 follows:

	<u>Balance 1/1/24</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/24</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 160,275	\$ -	\$ -	\$ 160,275
Capital assets being depreciated:				
Storm water plant	6,790,126	235,407	-	7,025,533
General	279,719	53,319	1,200	331,838
Total capital assets being depreciated	7,069,845	288,726	1,200	7,357,371
Total capital assets	7,230,120	288,726	1,200	7,517,646
Less accumulated depreciation	(2,389,563)	(170,137)	1,200	(2,558,500)
Construction in progress	86,949	463,415	75,698	474,666
Net capital assets	<u>\$ 4,927,506</u>			<u>\$ 5,433,812</u>

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

6. Lease Disclosures

Lessor - Lease Receivables

Water Utility

Lease Receivables Description	Date of Inception	Final Maturity	Interest Rates	Receivable Balance 12/31/25	Receivable Balance 12/31/24
Tower Space (US Cellular)	04/01/2020	12/01/2033	4.00%	\$ 389,023	\$ 418,972
Tower Space (AT&T)	08/01/2005	07/31/2035	2.50	274,874	295,263
Tower Space (T-mobile)	11/11/2009	12/31/2044	4.00	834,257	844,090
Total water utility activities				<u>\$ 1,498,154</u>	<u>\$ 1,558,325</u>

The Utilities recognized \$60,171 and \$52,799 of lease revenue during 2025 and 2024, respectively.

The Utilities recognized \$63,418 and \$66,442 of interest revenue during 2025 and 2024, respectively.

7. Long-Term Obligations

Revenue Debt - Water and Sewer Utility

The following bonds and bond anticipation notes (BANS) have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/25
04/27/2022	Water & Sewer System Revenue Bonds 2022	05/01/2042	4.0 %	\$ 3,650,000	\$ 3,260,000
08/28/2024	Water & Sewer System Revenue BANS 2024	05/01/2029	3.8	1,825,000	445,000
04/09/2025	Sewerage System Revenue Bonds, Series 2025A	05/01/2044	2.2	2,721,320	2,721,320 * (1)
07/09/2025	Water System Revenue Bonds, Series 2025B	05/01/2045	2.2	1,439,302	1,439,303 * (2)
08/28/2025	Water and Sewer System Revenue BANS, Series 2025C	05/01/2030	3.6	2,550,000	2,550,000

* The debt noted is directly placed with a third party.

(1) - During 2025 the utility was authorized to issue \$3,353,636 of Sewer System Clean Water Fund revenue bonds. The original amount reported above has been issued as of December 31, 2025. The repayment schedule is for the amount issued.

(2) - During 2025 the utility was authorized to issue \$1,449,436 of Water System Safe Drinking Water Loan revenue bonds. The original amount reported above has been issued as of December 31, 2025. The repayment schedule is for the amount issued.

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Revenue bonds and bond anticipation notes (BANS) debt service requirements to maturity follows:

Years Ending December 31:	Bonds		Direct Placement		Total
	Principal	Interest	Principal	Interest	
2026	\$ 140,000	\$ 232,138	\$ 174,986	\$ 86,907	\$ 634,031
2027	590,000	175,216	178,836	85,717	1,029,769
2028	2,485,000	116,191	182,770	81,739	2,865,700
2029	260,000	106,194	186,791	77,674	630,659
2030	275,000	97,800	190,900	73,520	637,220
2031-2035	915,000	212,400	1,019,378	302,008	2,448,786
2036-2040	1,090,000	212,400	1,136,553	183,542	2,622,495
2041-2045	500,000	20,200	1,090,409	53,407	1,664,016
Total	\$ 6,255,000	\$ 1,172,539	\$ 4,160,623	\$ 944,514	\$ 12,532,676

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2025 and 2024 were \$1,738,558 and \$262,700, respectively. Total customer gross revenues as defined for the same periods were \$4,406,316 and \$3,850,786. Annual principal and interest payments are expected to require 14% of gross revenues on average.

General Obligation Debt - Water and Sewer Utility

The following general obligation notes have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/25
07/20/2017	2017 improvement projects	12/01/2025	1.2 %	\$ 845,000	\$ -
08/01/2019	2019 improvement projects	12/01/2028	2.0	720,000	290,000
06/22/2020	2020 Improvement projects	12/01/2029	1.5	645,000	300,000
03/01/2021	2021 Improvement projects	12/01/2030	1.0	725,000	420,000
06/23/2015	2015 and 2016 improvement projects	12/01/2024	2.0	2,495,000	-

General obligation notes debt service requirements to maturity follows:

Years Ending December 31:	Principal	Interest	Total
2026	\$ 250,000	\$ 17,300	\$ 267,300
2027	255,000	12,150	267,150
2028	260,000	6,950	266,950
2029	160,000	1,975	161,975
2030	85,000	425	85,425
Total	\$ 1,010,000	\$ 38,800	\$ 1,048,800

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

General Obligation Debt - Storm Water Utility

The following general obligation notes have been issued:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount 12/31/25</u>
06/23/2015	2015 and 2016 improvement projects	12/01/2024	2.0 %	\$ 500,000	\$ -
07/25/2024	2024 and 2025 improvement projects	09/01/2034	4.0	1,360,000	1,285,000
09/01/2025	2025 improvement projects	05/01/2035	3.1	615,000	615,000

General obligation notes debt service requirements to maturity follows:

<u>Years Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 150,000	\$ 77,779	\$ 227,779
2027	165,000	68,675	233,675
2028	180,000	61,225	241,225
2029	190,000	53,275	243,275
2030	210,000	44,700	254,700
2031-2035	1,005,000	89,500	1,094,500
Total	<u>\$ 1,900,000</u>	<u>\$ 395,154</u>	<u>\$ 2,295,154</u>

Long-Term Obligations Summary - Water and Sewer Utility

Long-term obligation activity for the year ended December 31, 2025 is as follows:

	<u>1/1/25 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/25 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 5,220,000	\$ 6,710,623	\$ 1,515,000	\$ 10,415,623	\$ 314,986
General obligation debt	1,380,000	-	370,000	1,010,000	250,000
Accrued sick leave*	53,492	28,211	-	81,703	-
Unamortized debt premium	195,715	11,935	29,197	178,453	-
Total	<u>\$ 6,849,207</u>	<u>\$ 6,750,769</u>	<u>\$ 1,914,197</u>	<u>\$ 11,685,779</u>	<u>\$ 564,986</u>

Long-term obligation activity for the year ended December 31, 2024 is as follows:

	<u>1/1/24 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/24 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 3,525,000	\$ 1,825,000	\$ 130,000	\$ 5,220,000	\$ 240,000
General obligation debt	2,080,000	-	700,000	1,380,000	370,000
Accrued sick leave*	71,988	-	18,496	53,492	-
Unamortized debt premium	227,561	-	31,846	195,715	-
Total	<u>\$ 5,904,549</u>	<u>\$ 1,825,000</u>	<u>\$ 880,342</u>	<u>\$ 6,849,207</u>	<u>\$ 610,000</u>

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Long-Term Obligations Summary - Storm Water Utility

Long-term obligation activity for the year ended December 31, 2025 is as follows:

	<u>1/1/25</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/25</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
General obligation debt	\$ 1,360,000	\$ 615,000	\$ 75,000	\$ 1,900,000	\$ 150,000
Accrued sick leave*	15,572	12,203	-	27,775	-
Unamortized debt premium	51,219	31,824	18,194	64,849	-
Total	<u>\$ 1,426,791</u>	<u>\$ 659,027</u>	<u>\$ 93,194</u>	<u>\$ 1,992,624</u>	<u>\$ 150,000</u>

Long-term obligation activity for the year ended December 31, 2024 is as follows:

	<u>1/1/24</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/24</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
General obligation debt	\$ 70,000	\$ 1,360,000	\$ 70,000	\$ 1,360,000	\$ 75,000
Accrued sick leave*	24,752	-	9,180	15,572	-
Unamortized debt premium	141	58,202	7,124	51,219	-
Total	<u>\$ 94,893</u>	<u>\$ 1,418,202</u>	<u>\$ 86,304</u>	<u>\$ 1,426,791</u>	<u>\$ 75,000</u>

* The change in the sick leave is presented as a net change.

8. Net Position

GASB No. 34 requires the classification of net position into three components - net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This component of net position consists of net positions that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Utilities' policy to use restricted resources first, then unrestricted resources as they are needed.

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

The following calculation supports the water and sewer utility net investment in capital assets subtotal:

	<u>2025</u>	<u>2024</u>
Plant in service	\$ 36,784,860	\$ 29,913,819
Accumulated depreciation	(10,113,006)	(9,448,025)
Construction work in progress	402,451	2,615,868
Subtotal	<u>27,074,305</u>	<u>23,081,662</u>
Less capital related debt:		
Current portion of capital related long-term debt	564,986	610,000
Long-term portion of capital related long-term debt	10,860,637	5,990,000
Unamortized debt premium	178,453	195,715
Subtotal	<u>11,604,076</u>	<u>6,795,715</u>
Add unspent debt proceeds:		
Reserve from borrowing	267,200	276,822
Total net investment in capital assets	<u>\$ 15,737,429</u>	<u>\$ 16,562,769</u>

The following calculation supports the storm water utility net investment in capital assets subtotal:

	<u>2025</u>	<u>2024</u>
Plant in service	\$ 8,583,886	\$ 7,517,646
Accumulated depreciation/amortization	(2,760,215)	(2,558,500)
Construction work in progress	21,294	474,666
Subtotal	<u>5,844,965</u>	<u>5,433,812</u>
Less capital related debt:		
Current portion of capital related long-term debt	150,000	75,000
Long-term portion of capital related long-term debt	1,750,000	1,285,000
Unamortized debt premium	64,849	51,219
Subtotal	<u>1,964,849</u>	<u>1,411,219</u>
Add unspent debt proceeds:		
Construction funds	-	405,130
Total net investment in capital assets	<u>\$ 3,880,116</u>	<u>\$ 4,427,723</u>

9. Employees Retirement System

General Information About the Pension Plan

Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011 expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can be found using the link above.

Vesting

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings and creditable service.

Final average earnings is the average of the participant's three highest earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupation employees) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Postretirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the floor) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)
2024	3.6	15.0

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category was merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

The WRS recognized \$66,240 and \$59,608 in contributions from the Utilities during the current and prior reporting periods, respectively.

Contribution rates for the plan year reported as of December 31, 2025 and December 31, 2024 are:

	<u>2025</u>		<u>2024</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
General (including Executives and Elected Officials)	6.90 %	6.90 %	6.80 %	6.80 %
Protective with Social Security	6.90	14.30	6.80	13.20
Protective without Social Security	6.90	19.10	6.80	18.10

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Pension Liabilities, Pension Expense (Revenue), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2025, the Utilities reported a liability (asset) of \$63,617 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2023 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utilities' proportion of the net pension liability (asset) was based on the Utilities' share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the Village of McFarland's proportion was .03720369%, which was an increase of .00237613% from its proportion measured as of December 31, 2023.

At December 31, 2024, the Utilities reported a liability (asset) of \$57,541 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utilities' proportion of the net pension liability (asset) was based on the Utilities' share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2023, the Village of McFarland's proportion was .03482756%, which was an increase of .00217929% from its proportion measured as of December 31, 2022.

For the years ended December 31, 2025 and 2024, the Utilities recognized pension expense (revenue) of \$77,633 and \$28,439, respectively.

At December 31, 2025, the Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Water and Sewer Utility</u>		<u>Storm Water Utility</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experience	\$ 85,276	\$ 127,369	\$ 42,102	\$ 53,032
Changes in assumption	13,053	-	5,972	-
Net differences between project and actual earnings on pension plan	147,183	-	42,629	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	195	2,784	-	1,041
Employer contributions subsequent to the measurement date	51,132	-	14,918	-
Total	<u>\$ 296,839</u>	<u>\$ 130,153</u>	<u>\$ 105,621</u>	<u>\$ 54,073</u>

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

At December 31, 2024, the Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Water and Sewer Utility</u>		<u>Storm Water Utility</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 100,591	\$ 206,739	\$ 46,493	\$ 75,790
Changes in assumption	16,636	-	7,000	-
Net differences between project and actual earnings on pension plan	217,996	-	62,934	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	479	2,019	8	748
Employer contributions subsequent to the measurement date	<u>46,325</u>	<u>-</u>	<u>13,283</u>	<u>-</u>
Total	<u>\$ 382,027</u>	<u>\$ 208,758</u>	<u>\$ 129,718</u>	<u>\$ 76,538</u>

Deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date reported in the tables above will be recognized as a reduction of the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Years Ending December 31:</u>	<u>Water and Sewer Utility</u>	<u>Storm Water Utility</u>
2026	\$ 34,174	\$ 10,833
2027	122,346	38,783
2028	(31,177)	(9,883)
2029	(9,789)	(3,103)
2030	-	-
Thereafter	<u>-</u>	<u>-</u>
Total	<u>\$ 115,554</u>	<u>\$ 36,630</u>

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Actuarial Assumptions

The total pension liability in the actuarial valuation used in the current and prior year was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2025</u>	<u>2024</u>
Actuarial Valuation Date:	December 31, 2023	December 31, 2022
Measurement Date of Net Pension Liability (Asset):	December 31, 2024	December 31, 2023
Experience Study:	January 1, 2021 - December 31, 2023, Published November 19, 2024	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal
Asset Valuation Method:	Fair Value	Fair Value
Long-Term Expected Rate of Return:	6.8%	6.8%
Discount Rate:	6.8%	6.8%
Salary Increases:		
Wage Inflation	3.0%	3.0%
Seniority/Merit	0.1%-5.7%	0.1%-5.6%
Mortality:	2020 WRS Experience Mortality Table	2020 WRS Experience Mortality Table
Postretirement Adjustments: *	1.7%	1.7%

* No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. The percentages listed above are the assumed annual adjustment based on the investment return assumption and the postretirement discount rate. Includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2025 are summarized in the following table:

Asset Allocation Targets and Expected Returns¹ as of the Measurement Date December 31, 2024

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %²
Public Equity	38 %	7.0 %	4.3 %
Public Fixed Income	27	6.1	3.4
Inflation Sensitive	19	4.8	2.1
Real Estate	8	6.5	3.8
Private Equity/Debt	20	9.5	6.7
Leverage ³	(12)	3.7	1.1
Total Core Fund ³	100	7.5	4.8
Variable Fund Asset			
U.S. Equities	70	6.5	3.8
International Equities	30	7.4	4.7
Total Variable Fund	100	6.9	4.2

¹ Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

² New England Pension Consultants' Long-Term U.S. CPI (Inflation) Forecast: 2.6%.

³ The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used subject to an allowable range of up to 20%.

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2024 are summarized in the following table:

**Asset Allocation Targets and Expected Returns¹ as of the Measurement Date
December 31, 2023**

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %²
Public Equity	40 %	7.3 %	4.5 %
Public Fixed Income	27	5.8	3.0
Inflation Sensitive	19	4.4	1.7
Real Estate	8	5.8	3.0
Private Equity/Debt	18	9.6	6.7
Leverage ³	(12)	3.7	1.0
Total Core Fund ³	100	7.4	4.6
Variable Fund Asset			
U.S. Equities	70	6.8	4.0
International Equities	30	7.6	4.8
Total Variable Fund	100	7.3	4.5

¹ *Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.*

² *New England Pension Consultants' Long-Term U.S. CPI (Inflation) Forecast: 2.7%.*

³ *The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used subject to an allowable range of up to 20%.*

McFarland Utilities

Notes to Financial Statements
December 31, 2025 and 2024

Single Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability as of December 31, 2025 and December 31, 2024. As of December 31, 2025, this discount rate was based on the expected rate of return on pension plan investments of 6.80% and a long term bond rate of 4.08% (Source: "20-Bond GO Index" is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality as of December 31, 2024. In describing this index, the Bond Buyer notes that the bonds' average quality is roughly equivalent to Moody's Investors Services' Aa2 rating and Standard and Poor's Corp.'s AA.) As of December 31, 2024, the discount rate was based on the expected rate of return on pension plan investments of 6.80% and a long term bond rate of 3.77%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2023. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Utilities' Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Utilities' proportionate share of the net pension liability (asset) calculated using the current discount rate, as well as what the Utilities' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

The sensitivity analysis as of December 31, 2025 follows:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Water and Sewer Utility's proportionate share of the net position liability (asset)	\$ 463,821	\$ 49,441	\$ (244,964)
Storm Utility's proportionate share of the net position liability (asset)	132,989	14,176	(70,238)

The sensitivity analysis as of December 31, 2024 follows:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Water and Sewer Utility's proportionate share of the net position liability (asset)	\$ 409,304	\$ 42,347	\$ (214,429)
Storm Utility's proportionate share of the net position liability (asset)	146,847	15,194	(76,936)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

10. Commitments and Contingencies

Claims and Judgments

From time to time, the Utilities are party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Utilities' legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Utilities' financial position or results of operations.

11. Risk Management

The Utilities are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year.

12. Subsequent Events

The Utilities evaluated subsequent events through the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

Rate Adjustment

The utility submitted an application during 2025 to the Public Service Commission of Wisconsin (PSCW) to increase water rates. The new rates will be effective mid-2026 after the final approval by the PSCW.

REQUIRED SUPPLEMENTARY INFORMATION

McFarland Utilities

Schedule of Proportionate Share of the Net Pension Liability (Asset) -
Wisconsin Retirement System
Year Ended December 31, 2025

The required supplementary information presented below represents the proportionate information for the enterprise funds included in this report.

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset) - City	Utilities' Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/25	0.03720369%	\$ 63,617	\$ 583,802	10.91%	98.79%
12/31/24	0.03482756%	57,541	573,886	10.03%	98.85%
12/31/23	0.03264827%	172,248	442,410	38.93%	95.75%
12/31/22	0.03108080%	(232,462)	381,402	60.95%	106.02%
12/31/21	0.02979184%	(140,813)	301,886	46.81%	105.26%
12/31/20	0.02809358%	(77,334)	304,653	25.37%	102.96%
12/31/19	0.02660430%	84,737	392,821	21.57%	96.45%
12/31/18	0.02526343%	(66,445)	359,265	18.49%	102.93%
12/31/17	0.02403967%	19,856	388,576	5.11%	99.12%
12/31/16	0.02415237%	43,275	379,603	11.40%	98.20%

Schedule of Employer Contributions -
Wisconsin Retirement System
Year Ended December 31, 2025

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/25	\$ 66,240	\$ 66,240	\$ -	\$ 629,925	10.52%
12/31/24	59,608	59,608	-	583,802	10.21%
12/31/23	56,198	56,198	-	573,886	9.77%
12/31/22	39,330	39,330	-	442,410	8.98%
12/31/21	34,807	34,807	-	381,402	9.13%
12/31/20	27,337	27,337	-	301,886	9.06%
12/31/19	25,926	25,926	-	304,653	8.51%
12/31/18	26,319	26,319	-	392,821	6.70%
12/31/17	24,430	24,430	-	359,265	6.80%
12/31/16	25,646	25,646	-	388,576	6.60%

See notes to required supplementary information

McFarland Utilities

Notes to Required Supplementary Information
Year Ended December 31, 2025

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions.

	<u>2016-2018</u>	<u>2019-2021</u>	<u>2022-2024</u>	<u>2025</u>
Long-term expected rate of return	7.2%	7.0%	6.8%	6.8%
Discount rate	7.2%	7.0%	6.8%	6.8%
Salary increases:				
Inflation	3.2%	3.0%	3.0%	3.0%
Seniority/Merit	0.2%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.7%
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2018 Mortality Table	2020 WRS Experience Mortality Table	2020 WRS Experience Mortality Table
Postretirement adjustments	2.10%	1.90%	1.70%	1.70%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

SUPPLEMENTARY INFORMATION

McFarland Water and Sewer Utility

Water Utility Plant

Year Ended December 31, 2025

	Balance 1/1/25	Additions	Retirements	Balance 12/31/25
Source of Supply				
Land and land rights	\$ 32,300	\$ 84,090	\$ -	\$ 116,390
Wells and springs	211,239	-	-	211,239
Total source of supply	243,539	84,090	-	327,629
Pumping				
Structures and improvements	145,092	-	-	145,092
Electric pumping equipment	220,840	-	-	220,840
Other pumping equipment	22,216	-	-	22,216
Total pumping	388,148	-	-	388,148
Water Treatment				
Water treatment equipment	4,498	-	-	4,498
Transmission and Distribution				
Land and land rights	55,250	-	-	55,250
Structures and improvements	104,922	-	-	104,922
Distribution reservoirs and standpipes	1,231,105	-	-	1,231,105
Transmission and distribution mains	12,426,666	2,129,275	22,238	14,533,703
Services	2,831,486	792,040	-	3,623,526
Meters	1,841,704	2,792	2,757	1,841,739
Hydrants	1,334,684	268,299	-	1,602,983
Total transmission and distribution	19,825,817	3,192,406	24,995	22,993,228
General				
Office furniture and equipment	9,946	-	-	9,946
Transportation equipment	312,307	91,528	-	403,835
Tools, shop and garage equipment	75,431	-	-	75,431
Laboratory equipment	6,649	-	-	6,649
Power-operated equipment	110,608	-	-	110,608
Communication equipment	180,943	-	-	180,943
Miscellaneous equipment	302	-	-	302
Total general	696,186	91,528	-	787,714
Total water utility plant	<u>\$ 21,158,188</u>	<u>\$ 3,368,024</u>	<u>\$ 24,995</u>	<u>\$ 24,501,217</u>

McFarland Water and Sewer Utility

Sewer Utility Plant

Year Ended December 31, 2025

	Balance 1/1/25	Additions	Retirements	Balance 12/31/25
Collecting System				
Land and land rights	\$ 78,020	\$ -	\$ -	\$ 78,020
Service connections	876,956	124,398	-	1,001,354
Collecting mains	6,093,824	389,668	-	6,483,492
Force mains	191,033	-	-	191,033
Total collecting system	<u>7,239,833</u>	<u>514,066</u>	<u>-</u>	<u>7,753,899</u>
Collecting System Pumping				
Structures and improvements	303,762	2,803,454	-	3,107,216
Receiving wells	14,403	21,507	-	35,910
Electric pumping equipment	661,422	103,738	80,110	685,050
Other power pumping equipment	60,159	77,171	-	137,330
Miscellaneous pumping equipment	3,342	-	3,342	-
Total collecting system pumping	<u>1,043,088</u>	<u>3,005,870</u>	<u>83,452</u>	<u>3,965,506</u>
General				
Office furniture and equipment	9,948	-	-	9,948
Transportation equipment	299,274	91,528	-	390,802
Communication equipment	144,871	-	-	144,871
Other tangible property	18,617	-	-	18,617
Total general	<u>472,710</u>	<u>91,528</u>	<u>-</u>	<u>564,238</u>
Total sewer utility plant	<u><u>\$ 8,755,631</u></u>	<u><u>\$ 3,611,464</u></u>	<u><u>\$ 83,452</u></u>	<u><u>\$ 12,283,643</u></u>

McFarland Storm Water Utility

Storm Water Utility Plant

Year Ended December 31, 2025

	Balance 12/31/24	Additions	Retirements	Balance 12/31/25
Storm Water Plant				
Land and land rights	\$ 160,275	\$ -	\$ -	\$ 160,275
Pipes	4,445,378	470,573	-	4,915,951
Manholes	675,786	51,974	-	727,760
Inlets	919,247	145,130	-	1,064,377
Basins	719,431	-	-	719,431
Land improvements	153,321	-	-	153,321
Miscellaneous	112,370	-	-	112,370
	<u>7,185,808</u>	<u>667,677</u>	<u>-</u>	<u>7,853,485</u>
Total storm water plant				
General				
Transportation equipment	299,275	398,563	-	697,838
Power-operated equipment	18,617	-	-	18,617
Communication equipment	13,946	-	-	13,946
	<u>331,838</u>	<u>398,563</u>	<u>-</u>	<u>730,401</u>
Total general				
	<u>\$ 7,517,646</u>	<u>\$ 1,066,240</u>	<u>\$ -</u>	<u>\$ 8,583,886</u>
Total storm water utility plant				

McFarland Water and Sewer Utility

Water Utility Operating Revenues and Expenses
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Sales of water:		
Unmetered	\$ 4,104	\$ 5,501
Metered:		
Residential	983,859	865,674
Multifamily residential	99,930	87,660
Commercial	133,213	120,542
Public authorities	51,327	28,854
Service to other systems	2,953	-
Total metered sales	1,271,282	1,102,730
Private fire protection	64,522	59,279
Public fire protection	580,134	538,285
Total sales of water	1,920,042	1,705,795
Other operating revenues:		
Forfeited discounts	9,260	6,978
Miscellaneous service revenue	1,287	11,662
Other	99,122	100,937
Total operating revenues	2,029,711	1,825,372
Operating Expenses		
Operation and maintenance:		
Pumping:		
Operation labor	17,191	15,088
Fuel or power purchased for pumping	52,533	46,042
Operation supplies	19,096	12,539
Maintenance	8,059	13,350
Total pumping	96,879	87,019
Water treatment:		
Operation labor	11,188	8,781
Chemicals	21,676	15,882
Maintenance	1,348	1,898
Total water treatment	34,212	26,561
Transmission and distribution:		
Operation labor	112,906	74,828
Operation supplies	6,158	5,258
Maintenance:		
Mains	17,860	14,036
Services	8,192	8,449
Meters	4,637	7,006
Hydrants	14,415	11,857
Other	-	206
Total transmission and distribution	164,168	121,640
Customer accounts:		
Meter reading labor	-	1,199
Accounting and collecting labor	78,163	68,833
Supplies	27,085	29,835
Total customer accounts	105,248	99,867

McFarland Water and Sewer Utility

Water Utility Operating Revenues and Expenses
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Administrative and general:		
Salaries	\$ 258,770	\$ 211,540
Office supplies	14,893	15,478
Outside services employed	99,343	78,868
Property insurance	55,363	46,387
Employee pensions and benefits	134,027	82,868
Miscellaneous	61,197	61,814
Transportation	<u>10,528</u>	<u>12,914</u>
Total administrative and general	<u>634,121</u>	<u>509,869</u>
Taxes	<u>22,881</u>	<u>16,355</u>
Total operation and maintenance	1,057,509	861,311
Depreciation	<u>490,781</u>	<u>451,048</u>
Total operating expenses	<u>1,548,290</u>	<u>1,312,359</u>
Operating income	<u>\$ 481,421</u>	<u>\$ 513,013</u>

McFarland Water and Sewer Utility

Sewer Utility Operating Revenues and Expenses
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Wastewater revenues:		
Residential	\$ 1,701,065	\$ 1,389,272
Commercial	366,736	303,778
Public authorities	41,098	35,279
Total sewer revenues	<u>2,108,899</u>	<u>1,728,329</u>
Other operating revenues:		
Forfeited discounts	10,197	8,765
Miscellaneous	1,223	6,786
Total operating revenues	<u>2,120,319</u>	<u>1,743,880</u>
Operating Expenses		
Operation and maintenance:		
Operation:		
Power and fuel for pumping	14,318	11,739
Treatment charges	1,120,801	1,050,003
Other operating supplies	16,198	28,594
Transportation	1,600	1,619
Total operation	<u>1,152,917</u>	<u>1,091,955</u>
Maintenance:		
Collection system	24,709	23,776
General plant structures and equipment	113,040	33,090
Total maintenance	<u>137,749</u>	<u>56,866</u>
Customer accounts:		
Accounting and collecting	47,772	41,870
Meter Reading	-	749
Total customer accounts	<u>47,772</u>	<u>42,619</u>
Administrative and general:		
Salaries	255,502	213,127
Office supplies	12,938	14,564
Outside services employed	90,718	95,537
Insurance	55,363	46,387
Employees pensions and benefits	92,365	55,159
Miscellaneous	3,039	2,590
Rents	166,016	173,291
Total administrative and general	<u>675,941</u>	<u>600,655</u>
Taxes	<u>23,332</u>	<u>20,500</u>
Total operation and maintenance	2,037,711	1,812,595
Depreciation	<u>232,000</u>	<u>179,191</u>
Total operating expenses	<u>2,269,711</u>	<u>1,991,786</u>
Operating loss	<u>\$ (149,392)</u>	<u>\$ (247,906)</u>

McFarland Storm Water Utility

Storm Water Utility Operating Revenues and Expenses
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Storm water revenues:		
Charges for services	\$ <u>810,379</u>	\$ <u>803,291</u>
Other operating revenues:		
Forfeited discounts	3,854	3,862
Other	<u>13,600</u>	<u>14,510</u>
Total operating revenues	<u>827,833</u>	<u>821,663</u>
Operating Expenses		
Operation and maintenance:		
Operations:		
Operation supervision and labor	243,834	193,393
Facility equipment and rental	475,025	53,543
Operation supplies	<u>113,555</u>	<u>128,388</u>
Total operations	<u>832,414</u>	<u>375,324</u>
Administrative and general:		
Office supplies	4,595	5,216
Outside services employed	116,274	59,212
Property insurance	36,336	37,028
Employee pensions and benefits	84,459	53,628
Miscellaneous	<u>847</u>	<u>2,961</u>
Total administrative and general	<u>242,511</u>	<u>158,045</u>
Total operation and maintenance	1,074,925	533,369
Depreciation	<u>201,715</u>	<u>170,137</u>
Total operating expenses	<u>1,276,640</u>	<u>703,506</u>
Operating income (loss)	<u>\$ (448,807)</u>	<u>\$ 118,157</u>

McFarland Water and Sewer Utility

Rate of Return - Regulatory Basis
Years Ended December 31, 2025 and 2024

	Water	
	2025	2024
Utility Financed Plant in Service		
Beginning of year	\$ 13,042,959	\$ 13,113,239
End of year	<u>16,292,937</u>	<u>13,042,959</u>
Average	<u>14,667,948</u>	<u>13,078,099</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(3,815,891)	(3,689,293)
End of year	<u>(4,205,956)</u>	<u>(3,815,891)</u>
Average	<u>(4,010,924)</u>	<u>(3,752,592)</u>
Materials and Supplies		
Beginning of year	19,450	19,450
End of year	<u>19,450</u>	<u>19,450</u>
Average	<u>19,450</u>	<u>19,450</u>
Average net rate base	<u>\$ 10,676,474</u>	<u>\$ 9,344,957</u>
Operating income, regulatory basis	<u>\$ 361,178</u>	<u>\$ 417,348</u>
Rate of return (percent)	<u>3.38 %</u>	<u>4.47 %</u>
Authorized rate of return (percent)	<u>6.40 %</u>	<u>6.40 %</u>

This schedule is computed based on Public Service Commission of Wisconsin regulatory accounting which differs from accounting principles generally accepted in the United States of America due to GASB No. 34 as well as PSC order 05-US-105.


VILLAGE OF
McFarland
SUMMARY SHEET

MEETING DATE: Wednesday, May 27, 2026

SECTION: Business

DEPARTMENT: Public Works

CONTACT: Lee Igl, Public Works Director

AGENDA ITEM: Discussion and action to make a recommendation to the Village Board regarding construction administration services for Well #5.

PREVIOUS ACTION:

The Public Works & Utilities Committee recommended approval to the Village Board regarding a proposal for design and bidding services from Town & Country Engineering related to Well #5 during their meeting on April 28, 2025.

The Public Works & Utilities Committee recommended approval to the Village Board regarding the award of contract for the Well 5 Wellhouse during their meeting on March 23, 2026.

ISSUE SUMMARY:

As part of the Well No. 5 construction, construction administration services are required. Enclosed is a proposal from Town & Country Engineering to provide these services related to the construction. Staff are seeking the committee's recommendation to the Village Board regarding the proposal. The engineer funding was included in the Village Board approved proposal back in 2025. The proposal covers the project management and review, inspection and oversight of the project, payment and granting coordination and acting as a liaison between the contractor and Village staff.

Additional details regarding Well No. 5 are available through the Village's capital project page for [Well No. 5](#).

FINANCIAL/BUDGET IMPACT:

The estimate provided in the enclosed proposal for construction administration services is \$238,500.

These costs are included in the total project cost for Well #5 within Capital Funds and are part of the low interest loan through the state's Safe Drinking Water program.

VILLAGE PLAN REFERENCE:

[Public Facilities Needs Assessment 2023](#)

ORDINANCE REFERENCE:

None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

Recommended motion:



Motion, second to recommend approval to the Village Board regarding a proposal from Town & Country Engineering for construction administration services related to Well #5.

ATTACHMENTS:

1. Task Order No. 9 Construction Administration proposal

ATTACHMENT A

MEMORANDUM

Date: May 5, 2026

To: Lee Igl
Director of Public Works – Village of McFarland

From: Ben Heidemann, P.E.
Vice President – Town and Country Engineering

Subject: Engineering Services Contract for Well No. 5 Improvements Construction Administration and Resident Engineering

The Village of McFarland is constructing a new Well No. 5 and associated wellhouse. The general scope of the project is based on the plans and specifications dated January 2026. This Engineering Services Contract is for construction administration and part-time resident engineering for this project.

The project consists of a base bid scope that includes construction of a new wellhouse at the Well No. 5 and demolition of Well No. 1 and the associated wellhouse after Well No. 5 is put into service. Per the contract, the base bid work is to be substantially complete by February, 2028 or one year from mobilization to the site, whichever comes first. Final completion of the base scope is anticipated to be 90 days later, or approximately May 2028.

The scope of services for the project includes the following major tasks:

A. Scope of Services – Construction Administration Service

1. The Engineer will perform such tasks as review of construction time schedules, project management, construction coordination, change order requests, pay requests, record drawings, periodic site visits, and monthly construction project meetings. Weekly construction meetings will be attended by the project manager and resident engineer as requested by the Village. Village Board meetings will also be attended upon request.
2. Project work tasks also included are shop drawing review for all equipment and materials, review of operation and maintenance manuals, and coordination of equipment start-up and setting up the SCADA system.
3. Construction engineering services, for the civil, process, structural, architectural, heating/ventilating, and electrical services for the wellhouse. Sub-consultants utilized on the construction phase of the project are the same as those used in the design phase.
4. Safe Drinking Water Fund coordination.
5. Construction administration is estimated at \$189,500 based on hourly rate charges.

B. Scope of Services – Part-Time Resident Engineering.

1. Part-time resident engineer is proposed for the duration of this project. We will be on

site for all critical underground piping installation. During the remainder of the project we anticipate being on-site approximately 6 hours every week. Additional hours have been budgeted for closeout between substantial and final completion.

2. The part-time resident engineering is estimated at \$49,000 based on hourly rate charges.
3. The final cost will greatly depend on the Contractor, subcontractors, construction schedule, and difficulty of the work undertaken.

The estimated construction administration services cost for the above scope is \$189,500 and will be provided on an hourly basis. Part-time resident engineering services will also be provided for an additional hourly cost of \$49,000; thus, the total of these phases is \$238,500.

We at Town & Country Engineering, Inc. wish to thank you for allowing us to serve the Village of McFarland on this project. If you have any questions regarding the above material, please feel free to call.

BJH

J:\JOB#S\McFarland\MC-00-00\O&E and Scopes\Task Order Contract\Task Order No. 9 - Well No. 5 Construction Services\Attachment A.docx

Task Order

In accordance with Paragraph 1.01 of the Agreement Between Owner and Engineer for Professional Services- Task Order Edition, dated February 1, 2020 (“Agreement”), Owner and Engineer agree as follows:

1. Specific Project Data

- A. Effective Date of Task Order: May 1, 2026
- B. Title: Well House No. 5 Construction Engineering Services
- C. Description: Construction engineering and resident project representative services for the construction of Well No. 5 well house.

2. Services of Engineer

- Bidding or Negotiating Services (Exhibit A, Paragraph A1.04)
- Construction Phase Services (Exhibit A, Paragraph A1.05)

3. Owner's Responsibilities

Owner shall have those responsibilities set forth in Article 2 of the Agreement and in Exhibit B, as attached to the Agreement referred to above, such Article and Exhibit being hereby incorporated by reference, subject to the following: Scope of Services letter.

4. Times for Rendering Services

Estimated Completion Date – 2026 Construction

5. Payments to Engineer:

- A. Engineering costs to be invoiced on an hourly basis for an estimated cost not-to-exceed \$238,500.

B. Owner shall pay Engineer for services rendered as follows:

Principal	\$185.00
Senior Project Manager.....	\$180.00
Senior Project Engineer	\$170.00
Project Engineer IV.....	\$160.00
Project Engineer III.....	\$155.00
Project Engineer II	\$150.00
Project Engineer I	\$145.00
Staff Engineer II.....	\$130.00
Staff Engineer I	\$125.00
Senior Engineering Technician.....	\$125.00
Engineering Technician III	\$115.00
Engineering Technician II.....	\$110.00
Engineering Technician I	\$95.00
GIS Analyst.....	\$120.00
GIS Technician	\$110.00
Survey Crew Chief.....	\$125.00
Construction Technician III	\$115.00
Construction Technician II	\$110.00
Construction Technician I.....	\$95.00
Administrative II.....	\$90.00
Administrative I	\$85.00
Mileage – per mile 2026 rate	\$0.73
Total Station/GPS Survey Equipment	\$30.00
Computer used for CADD	\$20.00
Plotter – per plan page	\$20.00

C. The terms of payment are set forth in Article 4 of the Agreement.

6. Other Modifications to Agreement:

None

7. Attachments:

None

8. Documents Incorporated By Reference:

Scope of Services letter

9. Terms and Conditions:

Execution of this Task Order by Owner and Engineer shall make it subject to the terms and conditions of the Agreement (as modified above), which Agreement is incorporated

by this reference. Engineer is authorized to begin performance upon its receipt of a copy of this Task Order signed by Owner.

The Effective Date of this Task Order is: May 1, 2026.

OWNER: Village of McFarland

ENGINEER: Town & Country Engineering, Inc.

By: _____

By: Brian Berquist

Name: _____

Name: Brian Berquist, P.E.

Title: _____

Title: President

Engineer License or Firm's Certificate No. 37471-006

State of: Wisconsin

DESIGNATED REPRESENTATIVE FOR TASK ORDER:

DESIGNATED REPRESENTATIVE FOR TASK ORDER:

Name: _____

Name: Ben Heidemann, P.E.

Title: _____

Title: Vice-President

Address: _____

Address: 6264 Nesbitt Road
Madison, WI 53719

E-Mail Address: _____

E-Mail Address: ben@tcengineers.net


VILLAGE OF
McFarland
SUMMARY SHEET

MEETING DATE: Wednesday, May 27, 2026

SECTION: Business

DEPARTMENT: Public Works

CONTACT: Lee Igl, Public Works Director

AGENDA ITEM: Discussion and action to make a recommendation to the Village Board regarding the annual CMAR submittal for 2025

PREVIOUS ACTION:

None.

ISSUE SUMMARY:

The 2025 CMAR (Compliance Maintenance Annual Report) is an annual DNR report that indicates the health of the sewer utility in the area of maintenance and its equipment replacement fund. We are required to submit this report on an annual basis.

The utility has a Grade of "A" for the 2025 reporting year.

Once completed, and before submission to the DNR, the CMAR needs to be accepted by a governing board via resolution. The report is due by June 30th.

FINANCIAL/BUDGET IMPACT:

None.

VILLAGE PLAN REFERENCE:

None.

ORDINANCE REFERENCE:

None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

Recommended motion:

Motion, second to recommend approval to the Village Board regarding the 2025 Compliance Maintenance Annual Report (CMAR) as presented.

ATTACHMENTS:

1. CMAR FYE2025 draft

Compliance Maintenance Annual Report

Mcfarland Sewage Collection System

Last Updated: Reporting For:
5/12/2026 **2025**

Financial Management

<p>1. Provider of Financial Information</p> <p>Name: <input style="width: 80%;" type="text" value="Village of McFarland - Lee Igl"/></p> <p>Telephone: <input style="width: 20%;" type="text" value="608-838-7287"/> (XXX) XXX-XXXX</p> <p>E-Mail Address (optional): <input style="width: 80%;" type="text" value="lee.igl@mcfarland.wi.gov"/></p>													
<p>2. Treatment Works Operating Revenues</p> <p>2.1 Are User Charges or other revenues sufficient to cover O&M expenses for your wastewater treatment plant AND/OR collection system ?</p> <p>● Yes (0 points) <input type="checkbox"/><input type="checkbox"/></p> <p>○ No (40 points)</p> <p>If No, please explain:</p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <p>2.2 When was the User Charge System or other revenue source(s) last reviewed and/or revised?</p> <p>Year: <input style="width: 15%;" type="text" value="2025"/></p> <p>● 0-2 years ago (0 points) <input type="checkbox"/><input type="checkbox"/></p> <p>○ 3 or more years ago (20 points) <input type="checkbox"/><input type="checkbox"/></p> <p>○ N/A (private facility)</p> <p>2.3 Did you have a special account (e.g., CFWP required segregated Replacement Fund, etc.) or financial resources available for repairing or replacing equipment for your wastewater treatment plant and/or collection system?</p> <p>● Yes (0 points)</p> <p>○ No (40 points)</p>	0												
<p>REPLACEMENT FUNDS [PUBLIC MUNICIPAL FACILITIES SHALL COMPLETE QUESTION 3]</p>													
<p>3. Equipment Replacement Funds</p> <p>3.1 When was the Equipment Replacement Fund last reviewed and/or revised?</p> <p>Year: <input style="width: 15%;" type="text" value="2025"/></p> <p>● 1-2 years ago (0 points) <input type="checkbox"/><input type="checkbox"/></p> <p>○ 3 or more years ago (20 points) <input type="checkbox"/><input type="checkbox"/></p> <p>○ N/A</p> <p>If N/A, please explain:</p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>													
<p>3.2 Equipment Replacement Fund Activity</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">3.2.1 Ending Balance Reported on Last Year's CMAR</td> <td style="width: 5%; text-align: right;">\$</td> <td style="width: 35%; text-align: right;"><input style="width: 90%;" type="text" value="477,407.00"/></td> </tr> <tr> <td>3.2.2 Adjustments - if necessary (e.g. earned interest, audit correction, withdrawal of excess funds, increase making up previous shortfall, etc.)</td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><input style="width: 90%;" type="text" value="0.00"/></td> </tr> <tr> <td>3.2.3 Adjusted January 1st Beginning Balance</td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><input style="width: 90%;" type="text" value="477,407.00"/></td> </tr> <tr> <td>3.2.4 Additions to Fund (e.g. portion of User Fee, earned interest, etc.)</td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><input style="width: 90%;" type="text" value="0.00"/></td> </tr> </table>	3.2.1 Ending Balance Reported on Last Year's CMAR	\$	<input style="width: 90%;" type="text" value="477,407.00"/>	3.2.2 Adjustments - if necessary (e.g. earned interest, audit correction, withdrawal of excess funds, increase making up previous shortfall, etc.)	\$	<input style="width: 90%;" type="text" value="0.00"/>	3.2.3 Adjusted January 1st Beginning Balance	\$	<input style="width: 90%;" type="text" value="477,407.00"/>	3.2.4 Additions to Fund (e.g. portion of User Fee, earned interest, etc.)	\$	<input style="width: 90%;" type="text" value="0.00"/>	
3.2.1 Ending Balance Reported on Last Year's CMAR	\$	<input style="width: 90%;" type="text" value="477,407.00"/>											
3.2.2 Adjustments - if necessary (e.g. earned interest, audit correction, withdrawal of excess funds, increase making up previous shortfall, etc.)	\$	<input style="width: 90%;" type="text" value="0.00"/>											
3.2.3 Adjusted January 1st Beginning Balance	\$	<input style="width: 90%;" type="text" value="477,407.00"/>											
3.2.4 Additions to Fund (e.g. portion of User Fee, earned interest, etc.)	\$	<input style="width: 90%;" type="text" value="0.00"/>											

Compliance Maintenance Annual Report

Mcfarland Sewage Collection System

Last Updated: Reporting For:
5/12/2026 **2025**

3.2.5 Subtractions from Fund (e.g., equipment replacement, major repairs - use description box 3.2.6.1 below*)

- \$ 0.00

3.2.6 Ending Balance as of December 31st for CMAR Reporting Year

\$ 477,407.00

All Sources: This ending balance should include all Equipment Replacement Funds whether held in a bank account(s), certificate(s) of deposit, etc.

3.2.6.1 Indicate adjustments, equipment purchases, and/or major repairs from 3.2.5 above.

3.3 What amount should be in your Replacement Fund?

\$ 10,000.00

0

Please note: If you had a CFWP loan, this amount was originally based on the Financial Assistance Agreement (FAA) and should be regularly updated as needed. Further calculation instructions and an example can be found by clicking the SectionInstructions link under Info header in the left-side menu.

3.3.1 Is the December 31 Ending Balance in your Replacement Fund above, (#3.2.6) equal to, or greater than the amount that should be in it (#3.3)?

- Yes
- No

If No, please explain.

4. Future Planning

4.1 During the next ten years, will you be involved in formal planning for upgrading, rehabilitating, or new construction of your treatment facility or collection system?

- Yes - If Yes, please provide major project information, if not already listed below.
- No

Project #	Project Description	Estimated Cost	Approximate Construction Year
1	Upgrade to Lift Station #2	\$3,600,000	2025
2	Lift Station 2 Force Main replacement	\$450,000	2029

5. Financial Management General Comments

ENERGY EFFICIENCY AND USE

6. Collection System

6.1 Energy Usage

6.1.1 Enter the monthly energy usage from the different energy sources:

COLLECTION SYSTEM PUMPAGE: Total Power Consumed

Number of Municipally Owned Pump/Lift Stations:

Compliance Maintenance Annual Report

Mcfarland Sewage Collection System

Last Updated: Reporting For:
5/12/2026 **2025**

	Electricity Consumed (kWh)	Natural Gas Consumed (therms)
January	4,995	216
February	7,178	170
March	4,338	94
April	3,608	55
May	3,478	5
June	3,710	6
July	3,871	5
August	4,116	6
September	3,980	5
October	2,442	15
November	2,474	54
December	3,577	188
Total	47,767	819
Average	3,981	68

6.1.2 Comments:

6.2 Energy Related Processes and Equipment

6.2.1 Indicate equipment and practices utilized at your pump/lift stations (Check all that apply):

- Comminution or Screening
- Extended Shaft Pumps
- Flow Metering and Recording
- Pneumatic Pumping
- SCADA System
- Self-Priming Pumps
- Submersible Pumps
- Variable Speed Drives
- Other:

6.2.2 Comments:

6.3 Has an Energy Study been performed for your pump/lift stations?

- No
- Yes

Year:

By Whom:

Describe and Comment:

Compliance Maintenance Annual Report

Mcfarland Sewage Collection System

Last Updated: Reporting For:
5/12/2026 **2025**

6.4 Future Energy Related Equipment

6.4.1 What energy efficient equipment or practices do you have planned for the future for your pump/lift stations?

Lift Station 2 was replaced in 2025 and has variable speed drive pumps along with solar

Total Points Generated	0
Score (100 - Total Points Generated)	100
Section Grade	A

Compliance Maintenance Annual Report

Mcfarland Sewage Collection System

Last Updated: Reporting For:
5/12/2026 2025

Sanitary Sewer Collection Systems

1. Capacity, Management, Operation, and Maintenance (CMOM) Program

1.1 Do you have a CMOM program that is being implemented?

- Yes
- No

If No, explain:

1.2 Do you have a CMOM program that contains all the applicable components and items according to Wisc. Adm Code NR 210.23 (4)?

- Yes
- No (30 points)
- N/A

If No or N/A, explain:

1.3 Does your CMOM program contain the following components and items? (check the components and items that apply)

- Goals [NR 210.23 (4)(a)]

Describe the major goals you had for your collection system last year:

Did you accomplish them?

- Yes
- No

If No, explain:

- Organization [NR 210.23 (4) (b)]

Does this chapter of your CMOM include:

- Organizational structure and positions (eg. organizational chart and position descriptions)
- Internal and external lines of communication responsibilities
- Person(s) responsible for reporting overflow events to the department and the public

- Legal Authority [NR 210.23 (4) (c)]

What is the legally binding document that regulates the use of your sewer system?

If you have a Sewer Use Ordinance or other similar document, when was it last reviewed and revised? (MM/DD/YYYY)

Does your sewer use ordinance or other legally binding document address the following:

- Private property inflow and infiltration
- New sewer and building sewer design, construction, installation, testing and inspection
- Rehabilitated sewer and lift station installation, testing and inspection
- Sewage flows satellite system and large private users are monitored and controlled, as necessary
- Fat, oil and grease control
- Enforcement procedures for sewer use non-compliance

- Operation and Maintenance [NR 210.23 (4) (d)]

Does your operation and maintenance program and equipment include the following:

- Equipment and replacement part inventories
- Up-to-date sewer system map
- A management system (computer database and/or file system) for collection system information for O&M activities, investigation and rehabilitation

Compliance Maintenance Annual Report

Mcfarland Sewage Collection System

Last Updated: Reporting For:
5/12/2026 **2025**

A description of routine operation and maintenance activities (see question 2 below)
 Capacity assessment program
 Basement back assessment and correction
 Regular O&M training
 Design and Performance Provisions [NR 210.23 (4) (e)]
 What standards and procedures are established for the design, construction, and inspection of the sewer collection system, including building sewers and interceptor sewers on private property?
 State Plumbing Code, DNR NR 110 Standards and/or local Municipal Code Requirements
 Construction, Inspection, and Testing
 Others:

Overflow Emergency Response Plan [NR 210.23 (4) (f)]
 Does your emergency response capability include:
 Responsible personnel communication procedures
 Response order, timing and clean-up
 Public notification protocols
 Training
 Emergency operation protocols and implementation procedures
 Annual Self-Auditing of your CMOM Program [NR 210.23 (5)]
 Special Studies Last Year (check only those that apply):
 Infiltration/Inflow (I/I) Analysis
 Sewer System Evaluation Survey (SSES)
 Sewer Evaluation and Capacity Management Plan (SECAP)
 Lift Station Evaluation Report
 Others:

0

2. Operation and Maintenance

2.1 Did your sanitary sewer collection system maintenance program include the following maintenance activities? Complete all that apply and indicate the amount maintained.

Cleaning	<input type="text" value="33"/>	% of system/year
Root removal	<input type="text" value="5"/>	% of system/year
Flow monitoring	<input type="text" value="0"/>	% of system/year
Smoke testing	<input type="text" value="0"/>	% of system/year
Sewer line televising	<input type="text" value="33"/>	% of system/year
Manhole inspections	<input type="text" value="33"/>	% of system/year
Lift station O&M	<input type="text" value="0"/>	# per L.S./year
Manhole rehabilitation	<input type="text" value="2"/>	% of manholes rehabbed
Mainline rehabilitation	<input type="text" value="2"/>	% of sewer lines rehabbed
Private sewer inspections	<input type="text" value="0"/>	% of system/year
Private sewer I/I removal	<input type="text" value="0"/>	% of private services

Compliance Maintenance Annual Report

Mcfarland Sewage Collection System

Last Updated: Reporting For:
5/12/2026 **2025**

River or water crossings % of pipe crossings evaluated or maintained

Please include additional comments about your sanitary sewer collection system below:

3. Performance Indicators

3.1 Provide the following collection system and flow information for the past year.

<input type="text" value="32.76"/>	Total actual amount of precipitation last year in inches
<input type="text" value="37.13"/>	Annual average precipitation (for your location)
<input type="text" value="38.27"/>	Miles of sanitary sewer
<input type="text" value="5"/>	Number of lift stations
<input type="text" value="0"/>	Number of lift station failures
<input type="text" value="0"/>	Number of sewer pipe failures
<input type="text" value="3"/>	Number of basement backup occurrences
<input type="text" value="5"/>	Number of complaints
<input type="text"/>	Average daily flow in MGD (if available)
<input type="text"/>	Peak monthly flow in MGD (if available)
<input type="text"/>	Peak hourly flow in MGD (if available)

3.2 Performance ratios for the past year:

<input type="text" value="0.00"/>	Lift station failures (failures/year)
<input type="text" value="0.00"/>	Sewer pipe failures (pipe failures/sewer mile/yr)
<input type="text" value="0.00"/>	Sanitary sewer overflows (number/sewer mile/yr)
<input type="text" value="0.08"/>	Basement backups (number/sewer mile)
<input type="text" value="0.13"/>	Complaints (number/sewer mile)
<input type="text"/>	Peaking factor ratio (Peak Monthly:Annual Daily Avg)
<input type="text"/>	Peaking factor ratio (Peak Hourly:Annual Daily Avg)

4. Overflows

LIST OF SANITARY SEWER (SSO) AND TREATMENT FACILITY (TFO) OVERFLOWS REPORTED **

Date	Location	Cause	Estimated Volume
None reported			

** If there were any SSOs or TFOs that are not listed above, please contact the DNR and stop work on this section until corrected.

5. Infiltration / Inflow (I/I)

5.1 Was infiltration/inflow (I/I) significant in your community last year?

- Yes
- No

If Yes, please describe:

5.2 Has infiltration/inflow and resultant high flows affected performance or created problems in your collection system, lift stations, or treatment plant at any time in the past year?

- Yes
- No

If Yes, please describe:

Compliance Maintenance Annual Report

Mcfarland Sewage Collection System

Last Updated: Reporting For:
5/12/2026 **2025**

<div data-bbox="133 205 1461 262" style="border: 1px solid black; height: 27px;"></div>
5.3 Explain any infiltration/inflow (I/I) changes this year from previous years: <div data-bbox="126 302 1461 352" style="border: 1px solid black; padding: 2px;">In the last four years, we have repaired about 70 infiltrations in our system.</div>
5.4 What is being done to address infiltration/inflow in your collection system? <div data-bbox="126 401 1461 451" style="border: 1px solid black; padding: 2px;">In the last four years, we have repaired about 70 infiltrations in our system.</div>

Total Points Generated	0
Score (100 - Total Points Generated)	100
Section Grade	A

Compliance Maintenance Annual Report

Mcfarland Sewage Collection System

Last Updated: Reporting For:
5/12/2026 **2025**

Grading Summary

WPDES No: 0047341

SECTIONS	LETTER GRADE	GRADE POINTS	WEIGHTING FACTORS	SECTION POINTS
Financial	A	4	1	4
Collection	A	4	3	12
TOTALS			4	16
GRADE POINT AVERAGE (GPA) = 4.00				

Notes:

- A = Voluntary Range (Response Optional)
- B = Voluntary Range (Response Optional)
- C = Recommendation Range (Response Required)
- D = Action Range (Response Required)
- F = Action Range (Response Required)