VILLAGE OF MCFARLAND

Public Works & Utilities Committee

NOTICE OF PUBLIC MEETING

Monday, May 23, 2022 **6:00 PM** **McFarland Municipal Center**
Community Room

AGENDA

You are invited to this meeting through a Zoom webinar. The public is strongly encouraged to watch and participate in these meetings remotely through either the webinar or telephone options listed below.

PLEASE CLICK THE LINK BELOW TO JOIN THE ZOOM WEBINAR:
https://us02web.zoom.us/j/87904726686

Or by Telephone: +1 (312) 626-6799
Webinar ID: 879 0472 6686
Press *9 to raise/lower hand. Press *6 to mute/unmute.

1. CALL TO ORDER, ROLL CALL.

2. PUBLIC APPEARANCES.
   a. This is an opportunity for members of the public to address the Public Works & Utilities Committee. Please remember this is a virtual meeting conducted through the Zoom online meeting platform. Zoom meeting attendees wishing to address the Committee may do so using the Question and Answer feature within the Zoom online meeting platform. You may state your name, address, and provide your comments to the Committee for their consideration. Members of the public who are present in person and wish to address the Committee should fill out a public comment form and turn into the meeting chairperson. Members of the public may speak during public appearances or during their selected agenda item as they designate on the public comment form. Please adhere to the 3-minute time limit. Additionally, you may send your public comments to public.works@mcfarland.wi.us to be included as part of the meeting.

3. BUSINESS.
   a. Presentation and discussion regarding the 2021 Audit and Financial Statements to review rate and budgetary impacts for McFarland Utilities
   b. Discussion and action to make a recommendation to the Village Board regarding 2022 Crackseal and Chipseal proposal for street maintenance.
   c. Discussion regarding funding allocation to the utilities fund associated with street projects.
   d. Update regarding 2022 village projects and anticipated projects for 2023.
   e. Update and discussion on Terminal Drive Reconstruction Project and Public Information Meeting.
   f. Update regarding Exchange Street project
   g. Update regarding Lift Station #2 design

h. Discussion and action to make a recommendation to the Village Board regarding the annual CMAR submittal for 2021

4. SCHEDULE NEXT MEETING DATE.
   a. Monday, June 27, 2022 at 6:00 p.m.

5. ADJOURNMENT.

This meeting notice constitutes an official meeting of the above referenced group and was posted in accordance with all applicable laws related to Open Meetings Law. It is possible that members of and possibly a quorum of members of other governmental bodies of the municipality may be in attendance at the above stated meeting to gather information. No action will be taken by any governmental body at the above stated meeting other than the governmental body specifically referred to above in this notice. Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals. For additional information or to request this service, contact the McFarland Municipal Center at (608) 838-3153 or cassandra.suettinger@mcfarland.wi.us

VILLAGE OF

McFarland

SUMMARY SHEET

MEETING DATE: **Monday, May 23, 2022**

SECTION: **Business**

DEPARTMENT: **Public Works**

CONTACT: **Aimee Irwin, Assistant to the Public Works Director**

AGENDA ITEM: **Presentation and discussion regarding the 2021 Audit and Financial Statements to review rate and budgetary impacts for McFarland Utilities**

PREVIOUS ACTION:
None.

ISSUE SUMMARY:
Please find enclosed the annual audit and financial statements for fiscal year 2021. 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 the code (related to revenues, expenditures, rates, CIP items, etc.) This will be a general overview of the audit and we'll be able to also take questions from the Committee as is applicable. No action is required on this item.

FINANCIAL/BUDGET IMPACT:
Financial information is included within the enclosed draft 2021 Audit and Financial Statements.

VILLAGE PLAN REFERENCE:
None.

ORDINANCE REFERENCE:
None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:
No action needed on this item. LIsted for presentation and discussion only.

ATTACHMENTS:
1. McFarland Financial Statements 2021 - Draft

McFarland Utilities
Enterprise Funds of the Village of McFarland, Wisconsin

Financial Statements and
Supplementary Information

December 31, 2021 and 2020

Table of Contents

December 31, 2021 and 2020

Independent Auditors' Report

To the Village Board of
Village of McFarland

Opinions

We have audited the financial statements of the enterprise funds of the McFarland Water and Sewer Utility and the McFarland Storm Water Utility (McFarland Utilities), of the Village of McFarland, Wisconsin, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the enterprise funds for the McFarland Utilities, of the Village of McFarland, Wisconsin, as of December 31, 2021 and 2020, and the changes in financial position and, where applicable, 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 McFarland Utilities and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 of the McFarland Utilities of the Village of McFarland, Wisconsin, are intended to present the financial position, the changes in the financial position, and where applicable, cash flows of only the McFarland Utilities. They do not purport to, and do not, present fairly the financial position of the Village of McFarland, Wisconsin, as of December 31, 2021, and 2020, 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 McFarland Utilities's 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.

Madison, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

WATER AND SEWER UTILITY

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 fiscal year ended December 31, 2021. 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 Highlight

- The net position of the Utility improved $897,000 from $17,536,000 in 2020 to $18,433,000 in 2021.
- The operating revenues of the Utility increased $314,000 from $2,475,000 in 2020 to $2,789,000 in 2021.
- The operating expenses of the Utility, excluding depreciation, increased $62,000 from $1,952,000 in 2020 to $2,014,000 in 2021.
- The net operating income of the Water Utility increased to $388,000 in 2021 from $278,000 in 2020.
- The Sewer Utility recognized an operating loss of $158,000 in 2021 compared to an operating loss $308,000 in 2020.
- The authorized rate of return for the Public Service Commission of Wisconsin (PSCW) regulated water utility operations is 4.90%. The actual rate of return for 2021 was 2.94%, down from 1.94% in 2020.

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.

TABLE 1
CONDENSED STATEMENTS OF NET POSITION

	2021	2020	2019	2020-2021 Change
Current and Other Assets	$ 4,343,175	$ 4,429,349	$ 4,699,455	$ (86,174)
Capital Assets	18,440,555	17,032,743	16,281,618	$ 1,407,812
Total Assets	22,783,730	21,462,092	20,981,073	$ 1,321,638
Deferred outflows of resources	194,502	137,064	189,455	57,438
Long-Term Debt Outstanding	3,400,000	3,240,000	3,010,000	160,000
Other Liabilities	911,433	668,305	701,047	243,128
Total Liabilities	4,311,433	3,908,305	3,711,047	403,128
Deferred inflows of resources	229,004	155,171	93,253	73,833
Investment in Capital Assets	14,902,466	13,672,456	13,175,346	1,230,010
Restricted	668,392	574,381	471,155	94,011
Unrestricted	2,866,937	3,288,843	3,719,727	(421,906)
Total Net Position	$ 18,437,795	$ 17,535,680	$ 17,366,228	$ 902,115

As shown the table above, the net position of the Water and Sewer Utility improved by $897,000 or, 5.1%, in 2021. Current and other assets decreased by $86,000 or 1.9%, mostly due to a decrease in unrestricted cash on hand in 2021. Capital assets, which increased $1,408,000, or 8.3%, now comprise 80.9% of total assets, up from 79.4% in 2020.

Restricted net position includes $521,663 for a replacement fund used for sewer lift station replacements and $45,574 for funds related to impact fees collected, and $101,155 for a net pension asset.

The Utility reported deferred outflows related to pension of $195,000 in 2021, an increase of $58,000 from 2020. The Utility reported deferred inflows related to pension of $229,000 in 2021, an increase of $74,000 from 2020. 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

	2021	2020	2019	2020-2021 Change
Operating Revenues	$ 2,789,029	$ 2,475,201	$ 2,214,001	$ 313,828
Non-Operating Revenues	6,550	36,282	81,580	(29,732)
Total Revenues	2,795,579	2,511,483	2,295,581	284,096
Depreciation Expense	545,611	496,469	465,984	49,142
Other Operating Expense	2,007,545	1,951,539	1,643,897	56,006
Non-Operating Expense	69,229	67,497	65,199	1,732
Total Expenses	2,622,385	2,515,505	2,175,080	106,880
Income Before Capital Contributions and Transfers	173,194	(4,022)	120,501	177,216
Transfers	(341,057)	(270,345)	(262,660)	(70,712)
Capital Contributions	1,069,978	443,819	678,404	626,159
Change in Net Position	902,115	169,452	536,245	732,663
Beginning Net Position	17,535,680	17,366,228	16,829,983	169,452
Net Position End of Year	$ 18,437,795	$ 17,535,680	$ 17,366,228	$ 902,115

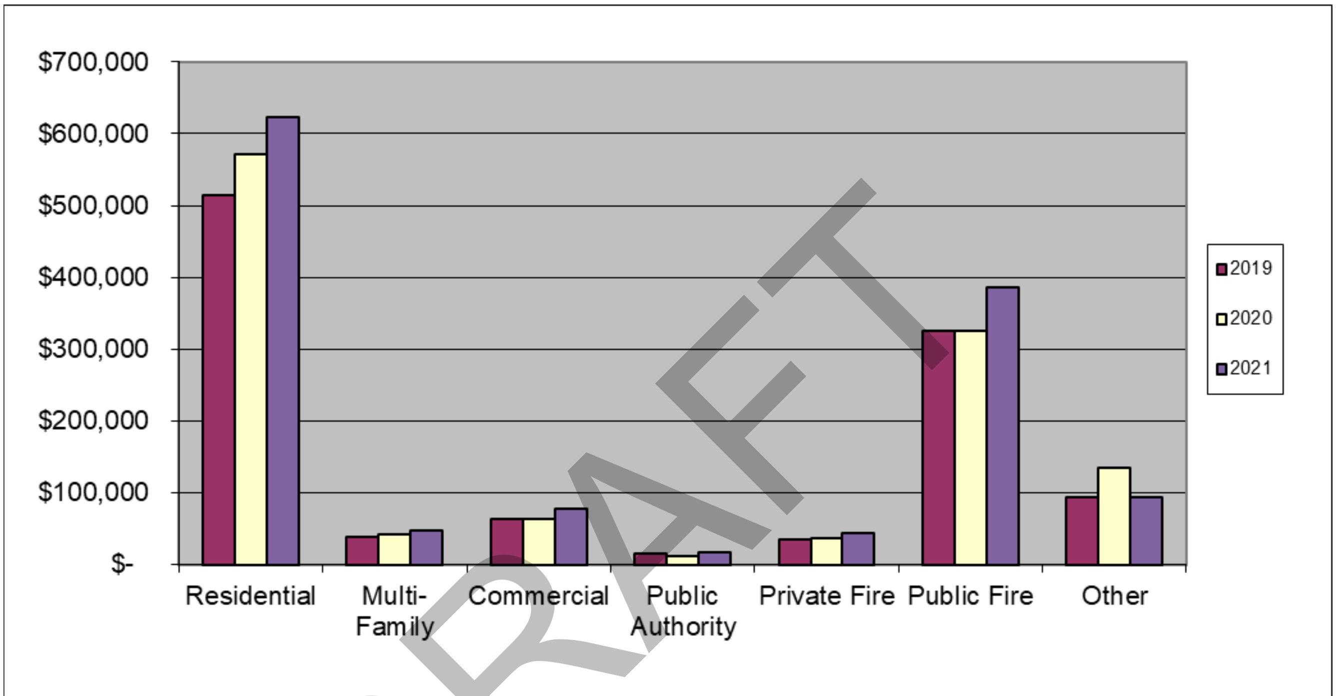
Operating revenues for the Utility in 2021 increased $314,000, or 12.7%, from $2,475,000 to $2,789,000. This is primarily attributable to an increase in water rates, along with the first full year of increased sewer rates that went into effect in August 2020.

Total expenses for 2021 increased $106,000, or 4.2%, from the previous year. Depreciation increased by $50,000, while other operating expenses increased by $56,000. Water Utility operation and maintenance expenses decreased $43,000 from 2020. The Sewer Utility operation and maintenance expenses increased $99,000 from 2020. Nonoperating revenues decreased by $29,000 due to a decrease in investment income. Non-operating expenses increased $2,000 from the previous year.

Comparison of Operating Revenues

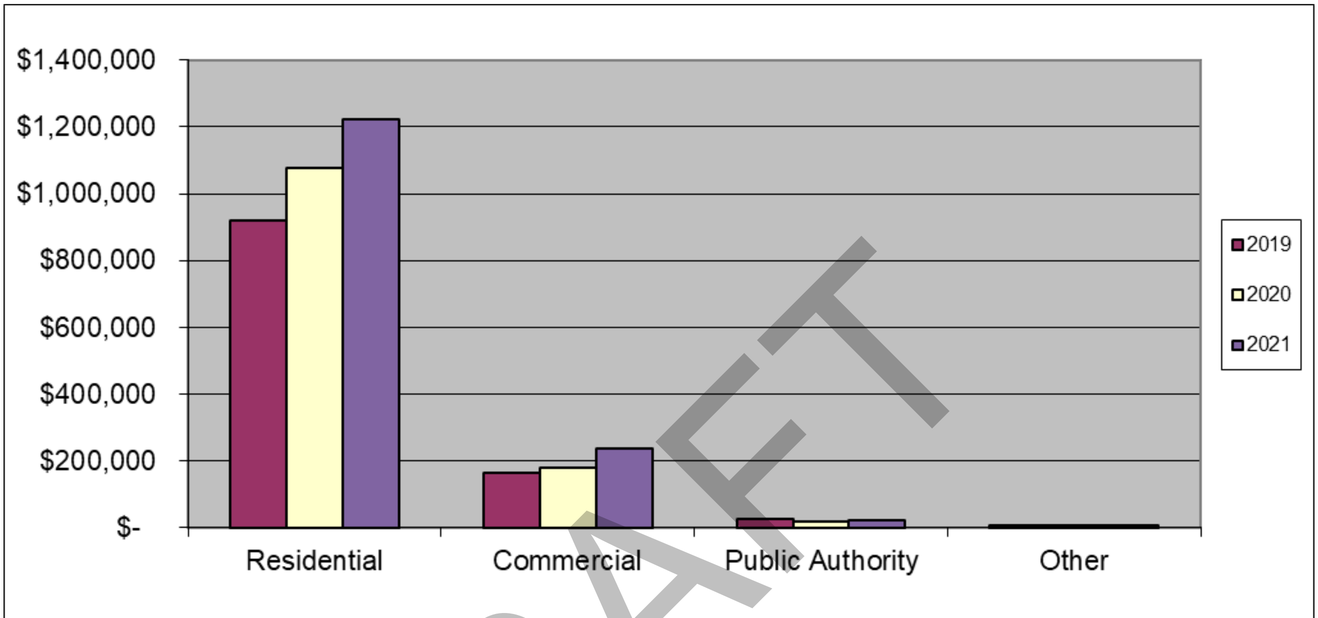
Tables 3 and 4 compare revenues received in 2021 from Water Utility and Sewer Utility operations with those revenues generated in 2020 and 2019. Revenues can be affected by a variety of factors including rate increases, customer growth, climate conditions, and local economic conditions.

TABLE 3
COMPARISON OF WATER OPERATING REVENUES



Operating revenues from sales of water and other sources increased in 2021 by $146,000, or 13.8%. Water rates were increased effective August 13, 2021, which was not in effect for the full 2021 fiscal year. The volume sold increased by 4.6% for 2021.

TABLE 4
COMPARISON OF SEWER OPERATING REVENUES



Sewer Utility revenues from user charges increased by $261,000 or 21.4%, in 2021. The volume sold increased by 4.1% for 2021.

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

	2021	2020	2019	2020-2021 Change
Cash Flows From:				
Operating Activities	$ 967,969	$ 502,403	$ 599,431	$ 465,566
Noncapital Financing Activities	(332,333)	(262,660)	-	(69,673)
Capital and Related Financing Activities	(798,177)	(628,325)	(160,060)	(169,852)
Investing Activities	4,350	21,590	81,580	(17,240)
Net Change in Cash and Cash Equivalents	(158,191)	(366,992)	520,951	208,801
Cash and Cash Equivalents - Beginning of Year	3,773,631	4,140,623	3,619,672	(366,992)
Cash and Cash Equivalents - End of Year	$ 3,615,440	$ 3,773,631	$ 4,140,623	$ (158,191)

Cash flows from operating activities of $962,000 increased by $460,000 or 91.6%, from 2020. This is primarily due to an increase in cash collected from customers. Cash used for noncapital financing activities in 2021 was for the tax equivalent paid to the municipality and the forgiven portion of the public fire protection charge. Cash flows used in capital and related financing activities increased by $170,000, or 27.1%, from 2020. The increase is the result of capital investments in excess of new debt issued as well as ongoing debt service. The overall net change in cash and cash equivalents was a decrease of $158,200 compared to a decrease of $367,000 in 2020. At year-end, total cash and cash equivalents balance is $3,677,000, compared to $3,774,000 in 2020. Of the $3,677,000 ending cash balance, $522,000 is restricted for equipment replacement and $46,000 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

	2021	2020	2019	2020-2021 Change
Capital Assets				
Source of Supply	$ 243,539	$ 243,539	$ 243,539	$ -
Pumping	357,710	357,710	357,710	-
Water treatment	4,498	4,498	4,498	-
Transmission and distribution	16,923,230	16,150,396	15,107,941	772,834
General	655,675	523,757	481,632	131,918
Total Capital Assets	18,184,652	17,279,900	16,195,320	904,752
Less: Accumulated depreciation	(5,432,429)	(5,096,461)	(4,812,782)	(335,968)
Net Capital Assets	$ 12,752,223	$ 12,183,439	$ 11,382,538	$ 568,784

During 2021, the capital assets for water utility operations increased $905,000, or 5.2%. After depreciation was factored in, however, the net capital assets for the water utility were $12,752,000, increasing by $569,000, or 4.7%, from the previous year. This compares to an increase of 7.0% in net capital assets in 2020.

TABLE 7
CAPITAL ASSETS – SEWER UTILITY OPERATIONS

	2021	2020	2019	2020-2021 Change
Capital Assets				
Collection system	$ 6,887,528	$ 5,958,025	$ 5,903,550	$ 929,503
Collection system pumping	1,043,088	1,043,088	1,043,088	-
General	487,704	428,542	386,417	59,162
Total Capital Assets	8,418,320	7,429,655	7,333,055	988,665
Less: Accumulated depreciation	(2,752,724)	(2,580,351)	(2,433,975)	(172,373)
Net Capital Assets	$ 5,665,596	$ 4,849,304	$ 4,899,080	$ 816,292

During 2021, the capital assets for sewer utility operations increased by $988,000, or 13.3%. After depreciation was factored in, the net capital assets for the sewer utility were $5,666,000, an increase of $817,000 or 16.8%, from 2020. This compares to a decrease of 1.0% in net capital assets in 2020.

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, 2021, the Water and Sewer Utility have $3,400,000 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. The new debt in 2021 was issued for $725,000. Please refer to the notes to the financial statements for further detail about the debt obligations of the Water and Sewer 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 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

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, 2021. 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

- The net position of the STW Utility was $4,746,000 at the end of 2021, a $366,000 improvement over 2020.
- The operating revenues of the STW Utility for 2021 were $550,000, down $2,000 compared to 2020.
- The operating expenses of the STW Utility for 2021, excluding depreciation, were $431,000, an increase of $37,000 from 2020.
- The STW Utility had $200,000 in outstanding general obligation debt at the end of 2021.

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.

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 value 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

	2021	2020	2019	2020-2021 Change
Current and Other Assets	$ 705,868	$ 988,899	$ 1,078,310	$ (283,031)
Capital Assets	4,322,922	3,840,460	3,778,254	482,462
Total Assets	5,028,790	4,829,359	4,856,564	199,431
Deferred outflows of resources	76,627	53,919	76,303	22,708
Long-Term Debt Outstanding	200,000	360,000	515,000	(160,000)
Other Liabilities	67,429	80,198	67,008	(12,769)
Total Liabilities	267,429	440,198	582,008	(172,769)
Deferred inflows of resources	91,806	62,860	39,045	28,946
Investment in Capital Assets	4,097,526	3,454,357	3,243,087	643,169
Restricted	39,658	22,190	-	17,468
Unrestricted	608,998	903,673	1,068,727	(294,675)
Total Net Position	$ 4,746,182	$ 4,380,220	$ 4,311,814	$ 365,962

As can be seen from the table above, the net position of the STW Utility improved in 2021 to $4,746,000 an increase of $366,000, or 8.4% over 2020. The improvement in net position is attributable primarily to an increase in capital assets contributed by developers. Current assets decreased $283,000, or 28.6%. Capital and other noncurrent assets comprise 86.0% of total assets at this time, which increased from 79.5% in 2020.

The STW Utility reported deferred outflows related to pension of $77,000 in 2021, an increase of $23,000 from 2020. The Utility reported deferred inflows related to pension of $92,000 in 2021, an increase of $29,000 from 2020. 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.

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

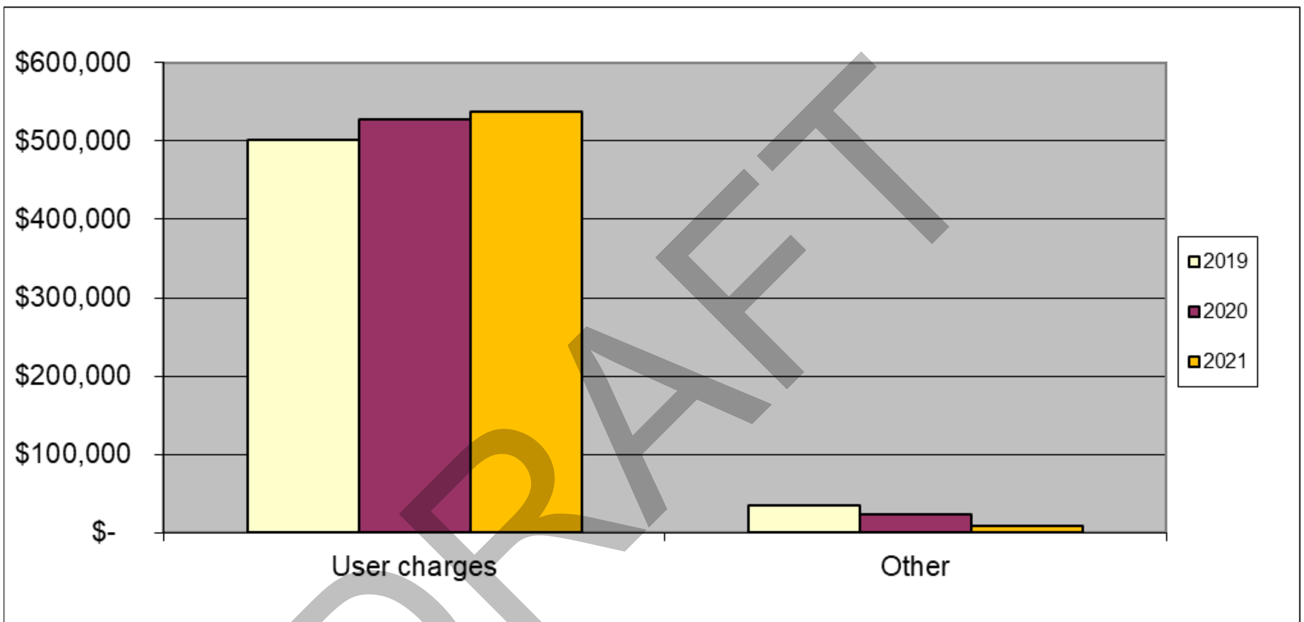
	2021	2020	2019	2020-2021 Change
Operating revenues	$ 549,586	$ 552,182	$ 541,241	$ (2,596)
Nonoperating revenues	499	22,236	24,029	(21,737)
Total revenues	550,085	574,418	565,270	(24,333)
Depreciation expense	153,106	141,874	134,008	11,232
Other operating expense	431,268	393,619	294,045	37,649
Nonoperating expense	5,936	10,029	12,824	(4,093)
Total expenses	590,310	545,522	440,877	44,788
Income (Loss) Before Capital Contributions and Transfers	(40,225)	28,896	124,393	(69,121)
Capital contributions	406,187	39,510	146,778	366,677
Change in net position	365,962	68,406	271,171	297,556
Net Position, Beginning	4,380,220	4,311,814	4,040,643	68,406
Net Position, Ending	$ 4,746,182	$ 4,380,220	$ 4,311,814	$ 365,962

Operating revenues for the STW Utility in 2021 decreased $24,000, or 4.2%, from 2020. The customer base increased 2.0% from the prior year. Table 3 below summarizes the operating revenues of the STW Utility.

Total expenses for 2021 of $590,000 were $44,000, or 8.1%, higher than the previous year primarily due to an increase in the contractual services expense. Depreciation expense for the year was up 7.7%.

Net position was increased by $366,000 in 2021 primarily as a result of capital contributions.

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

	2021	2020	2019	2020-2021 Change
Cash Flows From:				
Operating Activities	$ 95,288	$ 203,816	$ 236,949	$ (108,528)
Capital and Related Financing Activities	(400,135)	(321,765)	(331,261)	(78,370)
Investing Activities	699	5,365	23,454	(4,666)
Net Change in Cash and Cash Equivalents	(304,148)	(112,584)	(70,858)	(191,564)
Cash and Cash Equivalents - Beginning of Year	892,824	1,005,408	1,076,266	(112,584)
Cash and Cash Equivalents - End of Year	$ 588,676	$ 892,824	$ 1,005,408	$ (304,148)

The STW Utility experienced a net cash flow of $95,000 from operating activities in 2021, a decrease of $109,000, or 53.4%, from 2020. Cash used in capital and related financing activities increased $78,000 in 2021. Cash and cash equivalents at year-end decreased $304,000, or 34.0%, from 2020 to 2021.

Capital Assets

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

TABLE 5
CAPITAL ASSETS – STORM WATER UTILITY OPERATIONS

	2021	2020	2019	2020-2021 Change
Capital Assets				
Land and improvements	$ 313,596	$ 313,596	$ 313,596	$ -
Pipes	3,784,771	3,364,146	3,193,406	420,625
Manholes	462,858	393,231	393,231	69,627
Inlets	746,692	663,430	654,330	83,262
Basins	719,431	719,431	719,431	-
Miscellaneous and general	520,084	460,922	445,559	59,162
Total Capital Assets	6,547,432	5,914,756	5,719,553	632,676
Less: Accumulated depreciation	(2,227,402)	(2,074,296)	(1,941,299)	(153,106)
Net Capital Assets	$ 4,320,030	$ 3,840,460	$ 3,778,254	$ 479,570

During 2021, the capital assets of the STW Utility increased by $632,000, or 10.7%, from 2020. The increase came primarily from developer contributed additions. After depreciation was factored in, the net capital assets for the STW Utility were $4,320,000, an increase of $480,000, or 12.5%, from 2020.

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

Debt Administration

As of December 31, 2021 the STW Utility had $200,000 in general obligation debt outstanding compared to $360,000 in 2020. The STW Utility issued $500,000 in new general obligation debt in 2015 for the purpose of funding 2015 and 2016 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, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and investments	$ 2,416,424	$ 2,650,474
Customer accounts receivable	307,173	279,567
Due from municipality	39,736	41,336
Materials and supplies	19,450	19,450
Total current assets	2,782,783	2,990,827
Noncurrent Assets		
Restricted assets:		
Replacement account	521,663	486,971
Impact fee account	45,574	32,266
Net pension asset	101,155	55,144
Other assets:		
Water tower reserve	552,554	524,741
Depreciation reserve	79,225	79,179
Special assessments receivable	36,109	36,109
Property held for future use	224,112	224,112
Capital assets:		
Plant in service:		
Water	18,184,652	17,279,900
Sewer	8,418,320	7,429,655
Total plant in service	26,602,972	24,709,555
Accumulated depreciation:		
Water	(5,432,429)	(5,096,461)
Sewer	(2,752,724)	(2,580,351)
Total accumulated depreciation	(8,185,153)	(7,676,812)
Construction work in progress:		
Water	22,736	-
Total noncurrent assets	20,000,947	18,471,265
Total assets	22,783,730	21,462,092
Deferred Outflows of Resources		
Deferred outflows related to pension	194,502	137,064

See notes to the financial statements

Statements of Net Position
December 31, 2021 and 2020

	2021	2020
Liabilities		
Current Liabilities		
Accounts payable	$ 403,792	$ 205,349
Due to municipality	279,069	270,345
Customer deposits	5,000	5,000
Accrued interest	10,835	6,471
Accrued vacation leave	10,325	10,199
Current portion of lease payable	4,805	4,663
Current portion of general obligation debt	650,000	565,000
Total current liabilities	1,363,826	1,067,027
Noncurrent Liabilities		
General obligation debt	2,750,000	2,675,000
Unamortized debt premium	88,671	70,870
Lease obligation	39,950	44,755
Accrued sick leave	68,986	50,653
Total noncurrent liabilities	2,947,607	2,841,278
Total liabilities	4,311,433	3,908,305
Deferred Inflows of Resources		
Deferred inflows related to pension	229,004	155,171
Net Position		
Net investment in capital assets	14,907,129	13,672,456
Restricted for:		
Equipment replacement	521,663	486,971
Impact fee	45,574	32,266
Net pension asset	101,155	55,144
Unrestricted	2,862,274	3,288,843
Total net position	$ 18,437,795	$ 17,535,680

See notes to the financial statements

McFarland Water and Sewer Utility

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2021 and 2020

	2021	2020
Operating Revenues		
Water		
Sales of water	$ 1,200,881	$ 1,054,510
Other	97,770	138,174
Total water	1,298,651	1,192,684
Sewer		
Treatment charges	1,481,582	1,277,053
Other	8,796	5,464
Total sewer	1,490,378	1,282,517
Total operating revenues	2,789,029	2,475,201
Operating Expenses		
Water		
Operation and maintenance	534,578	577,635
Depreciation	373,238	336,778
Total water	907,816	914,413
Sewer		
Operation and maintenance	1,472,967	1,373,904
Depreciation	172,373	159,691
Total sewer	1,645,340	1,533,595
Total operating expenses	2,553,156	2,448,008
Operating Income (Loss)		
Water	390,835	278,271
Sewer	(154,962)	(251,078)
Total operating income (loss)	235,873	27,193
Nonoperating revenues (expenses)		
Investment income	4,350	21,590
Gain/(loss) on sale of equipment	-	10,891
Miscellaneous income	2,200	3,801
Interest expense	(78,123)	(72,244)
Debt issuance costs	(11,368)	(10,235)
Amortization of premium	20,262	14,982
Total nonoperating revenues (expenses)	(62,679)	(31,215)
Income (loss) before contributions and transfers	173,194	(4,022)
Capital Contributions	1,069,978	443,819
Transfer In (out)	(61,988)	-
Transfers - Tax Equivalent	(279,069)	(270,345)
Change in net position	902,115	169,452
Net Position, Beginning	17,535,680	17,366,228
Net Position, Ending	$ 18,437,795	$ 17,535,680

See notes to the financial statements

McFarland Water and Sewer Utility

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Received from customers	$ 2,401,240	$ 2,133,970
Received from municipality for services	386,988	325,250
Paid to suppliers for goods and services	(1,685,589)	(1,829,662)
Paid to employees for operating payroll	(134,670)	(127,155)
Net cash flows from operating activities	967,969	502,403
Cash Flows From Noncapital Financing Activities		
Paid to municipality for tax equivalent	(270,345)	(262,660)
Transfers to other funds	(61,988)	-
Net cash flows from noncapital financing activities	(332,333)	(262,660)
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(875,848)	(1,019,125)
Capital contributions received (refunded)	(30,602)	253,699
Capital lease payments	(4,663)	-
Debt retired	(565,000)	(450,405)
Interest paid	(73,759)	(72,244)
Proceeds from debt issue	725,000	645,000
Premium on debt net of issuance costs	26,695	14,750
Net cash flows from capital and related financing activities	(798,177)	(628,325)
Cash Flows From Investing Activities		
Investment income	4,350	21,590
Net change in cash and cash equivalents	(158,191)	(366,992)
Cash and Cash Equivalents, Beginning	3,773,631	4,140,623
Cash and Cash Equivalents, Ending	$ 3,615,440	$ 3,773,631
Noncash Capital and Related Financing Activities		
Amortization of debt premium	$ 20,262	$ 14,982
Gain/loss on sale of asset	$ -	$ 10,891
Developer financed additions to plant	$ 1,100,580	$ 190,120
Leased equipment	$ -	$ 49,418

See notes to the financial statements

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	$ 235,873	$ 27,193
Nonoperating revenue (expense)	2,200	3,801
Noncash items in operating income:		
Depreciation	545,611	496,469
Depreciation charged to clearing and other utilities	23,005	21,960
Changes in assets and liabilities:		
Customer accounts receivable	(27,606)	(43,138)
Due from municipality	1,600	1,396
Accounts payable	198,443	(16,658)
Accrued vacation and sick leave	18,333	7,191
Other current liabilities	126	-
Pension related deferrals and liabilities	(29,616)	4,189
Net cash flows from operating activities	$ 967,969	$ 502,403
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	$ 2,416,424	$ 2,650,474
Replacement account	521,663	486,971
Impact fee account	45,574	32,266
Water tower reserve	552,554	524,741
Depreciation reserve	79,225	79,179
Cash and cash equivalents	$ 3,615,440	$ 3,773,631

See notes to the financial statements

STORM WATER UTILITY

McFarland Storm Water Utility

Statements of Net Position
December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and investments	$ 588,676	$ 892,824
Customer accounts receivable	74,189	72,444
Other accounts receivable	3,345	1,441
Total current assets	666,210	966,709
Noncurrent Assets		
Restricted assets:		
Net pension asset	39,658	22,190
Capital assets:		
Plant in service	6,547,432	5,914,756
Accumulated depreciation	(2,227,402)	(2,074,296)
Construction work in progress	2,892	-
Total noncurrent assets	4,362,580	3,862,650
Total assets	5,028,790	4,829,359
Deferred Outflows of Resources		
Deferred outflows related to pension	76,627	53,919

See notes to the financial statements

McFarland Storm Water Utility

Statements of Net Position
December 31, 2021 and 2020

	2021	2020
Liabilities		
Current Liabilities		
Accounts payable	$ 14,037	$ 35,691
Accrued interest	337	2,116
Accrued vacation leave	4,276	3,839
Current portion of lease payable	2,402	2,332
Current portion of general obligation debt	65,000	160,000
Total current liabilities	86,052	203,978
Noncurrent Liabilities		
General obligation debt	135,000	200,000
Unamortized debt premium	687	1,394
Lease obligation	19,975	22,377
Accrued sick leave	25,715	12,449
Total noncurrent liabilities	181,377	236,220
Total liabilities	267,429	440,198
Deferred Inflows of Resources		
Deferred inflows related to pension	91,806	62,860
Net Position		
Net investment in capital assets	4,099,858	3,454,357
Restricted for:		
Net pension asset	39,658	22,190
Unrestricted	606,666	903,673
Total net position	$ 4,746,182	$ 4,380,220

See notes to the financial statements

McFarland Storm Water Utility

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2021 and 2020

	2021	2020
Operating Revenues		
Charges for services	$ 537,326	$ 527,467
Other	12,260	24,715
Total operating revenues	549,586	552,182
Operating Expenses		
Operation and maintenance	431,268	393,619
Depreciation	153,106	141,874
Total operating expenses	584,374	535,493
Operating Income (loss)	(34,788)	16,689
Nonoperating revenues (expenses)		
Investment income	699	5,365
Miscellaneous revenues (expenses)	(200)	14,973
Interest expense	(6,643)	(11,100)
Amortization of debt premium	707	1,071
Gain on sale of fixed assets	-	1,898
Total nonoperating revenues (expenses)	(5,437)	12,207
Income (loss) before contributions	(40,225)	28,896
Capital Contributions	406,187	39,510
Change in net position	365,962	68,406
Net Position, Beginning	4,380,220	4,311,814
Net Position, Ending	$ 4,746,182	$ 4,380,220

See notes to the financial statements

McFarland Storm Water Utility

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Received from customers	$ 545,737	$ 566,172
Paid to suppliers for goods and services	(315,779)	(235,201)
Paid to employees for operating payroll	(134,670)	(127,155)
Net cash flows from operating activities	95,288	203,816
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(226,119)	(156,771)
Capital contributions received (refunded)	(3,262)	18,808
Debt retired	(162,332)	(172,702)
Interest paid	(8,422)	(11,100)
Net cash flows from capital and related financing activities	(400,135)	(321,765)
Cash Flows From Investing Activities		
Investment income	699	5,365
Net change in cash and cash equivalents	(304,148)	(112,584)
Cash and Cash Equivalents, Beginning	892,824	1,005,408
Cash and Cash Equivalents, Ending	$ 588,676	$ 892,824
Noncash Capital and Related Financing Activities		
Developer financed additions to utility plant	$ 409,449	$ 20,702
Amortization of debt premium	$ 707	$ 1,071

See notes to the financial statements

	2021	2020
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities		
Operating income (loss)	$ (34,788)	$ 16,689
Nonoperating revenue (expense)	(200)	14,973
Noncash items in operating income (loss):		
Depreciation	153,106	141,874
Changes in assets and liabilities:		
Customer accounts receivable	(1,745)	458
Other accounts receivable	(1,904)	(1,441)
Pension related deferrals and liabilities	(11,230)	(2,791)
Accounts payable	(21,654)	28,772
Accrued vacation	13,266	4,138
Accrued sick leave	437	1,144
Net cash flows from operating activities	$ 95,288	$ 203,816

See notes to the financial statements

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.

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.

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. Market 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.

Water Tower Reserve

Current water rates are designed to provide funds for future water tower painting. The utility transfers the budgeted amount each year from unrestricted cash to the internally designated account.

Depreciation Reserve

These are funds the utility has elected to set aside for future capital purchases and projects.

Special Assessments Receivable

This account represents the balances of special assessments levied against property owners for infrastructure improvements. The balances are receivable over various time periods with interest accrued annually. Some of the properties assessed are currently not developed; i.e., not attached to the water and sewer system. Payment of the assessment balance is deferred until these properties are attached to the water and sewer system.

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. Interest incurred during the construction phase is reflected in the capitalized value of the capital assets constructed, net of interest earned on the invested proceeds over the same period. Capital assets in service are depreciated or amortized using the straight-line method over the following useful lives:

	Years
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

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pension and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by 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.

Deferred Outflow 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. Only benefits considered to be vested are disclosed in these statements. Vested vacation and sick leave pay is accrued when earned in the financial statements. The liability is liquidated from general operating revenues of the Utilities.

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.

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 utilities' 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 August 13, 2021.

Current storm water rates were approved by the village board on February 19, 2020 and implemented on August 5, 2020.

Current storm water utility rates were approved by the village board on December 28, 2015 and implemented on January 1, 2016.

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.

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 rental 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. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

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, 2021	Carrying Value as of December 31, 2020	Risks
LGIP	$ 2,314,326	$ 2,220,560	Credit
Checking and Savings	1,889,790	2,445,895	Custodial Credit
Total	$ 4,204,116	$ 4,666,455	

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 noninterest 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.

Deposits in credit unions are insured by the National Credit Union Administration in the amount of $250,000 for all share draft accounts and $250,000 for all share certificate and regular share accounts as of December 31, 2021 and 2020.

Bank accounts and credit unions are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of $400,000.

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, 2021 and 2020, 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.

	2021		2020	
	Bank Balance	**Carrying Value**	**Bank Balance**	**Carrying Value**
McFarland State Bank	(A)	$ 1,889,790	(A)	$ 2,445,895
Total	$ -	$ 1,889,790	$ -	$ 2,445,895

(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

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.

3. Interfund Receivables/Payables and Transfers

The following is a schedule of interfund balances for the years ending December 31, 2021 and 2020:

		2021		2020	
Due To	**Due From**	**Amount**	**Principal Purpose**	**Amount**	**Principal Purpose**
Water and Sewer Utility	Municipality	$ 39,736	Fire protection charge	$ 41,336	Fire protection charge
Municipality	Water and Sewer Utility	279,069	Tax equivalent	270,345	Tax equivalent

The following is a schedule of transfer balances for the years ending December 31, 2021 and 2020:

		2021		2020	
To	**From**	**Amount**	**Principal Purpose**	**Amount**	**Principal Purpose**
Municipality	Water and Sewer Utility	$ 279,069	Tax equivalent	$ 270,345	Tax equivalent
Municipality	Water and Sewer Utility	61,988	Forgiveness of public fire protection	-	

4. Restricted Assets

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.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Restricted Net Position

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

	2021	2020
Restricted assets:		
Replacement account	$ 521,663	$ 486,971
Impact fee account	45,574	32,266
Net pension asset	101,155	55,144
Total restricted assets	$ 668,392	$ 574,381

The purpose of the restricted net position is as follows:

	2021	2020
Equipment replacement	$ 521,663	$ 486,971
Impact fee	45,574	32,266
Net pension asset	101,155	55,144
Total restricted net position	$ 668,392	$ 574,381

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

	2021	2020
Restricted assets:		
Net pension asset	$ 39,658	$ 22,190
Total restricted net position as calculated	$ 39,658	$ 22,190

5. Changes in Capital Assets

Water Utility

A summary of changes in Water capital assets for 2021 follows:

	Balance 12/31/20	Increases	Decreases	Balance 12/31/21
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	357,710	-	-	357,710
Water treatment	4,498	-	-	4,498
Transmission and distribution	16,095,146	787,209	14,375	16,867,980
General	523,757	177,818	45,900	655,675
Total capital assets being depreciated	17,192,350	965,027	60,275	18,097,102
Total capital assets	17,279,900	965,027	60,275	18,184,652
Less accumulated depreciation	(5,096,461)	(396,243)	60,275	(5,432,429)
Construction in progress	-	22,736	-	22,736
Net capital assets	$ 12,183,439			$ 12,774,959

A summary of changes in Water capital assets for 2020 follows:

	Balance 1/2/20	Increases	Decreases	Balance 12/31/20
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	357,710	-	-	357,710
Water treatment	4,498	-	-	4,498
Transmission and distribution	15,052,691	1,105,978	63,523	16,095,146
General	481,632	64,317	22,192	523,757
Total capital assets being depreciated	16,107,770	1,170,295	85,715	17,192,350
Total capital assets	16,195,320	1,170,295	85,715	17,279,900
Less accumulated depreciation	(4,812,782)	(203,139)	(80,540)	(5,096,461)
Net capital assets	$ 11,382,538			$ 12,183,439

Sewer Utility

A summary of changes in Sewer capital assets for 2021 follows:

	Balance 12/31/20	Increases	Decreases	Balance 12/31/21
Capital assets, not being depreciated:				
Land and land rights	$ 78,020	$ -	$ -	$ 78,020
Capital assets being depreciated:				
Collecting system	5,880,005	929,503	-	6,809,508
Collecting system pumping	1,043,088	-	-	1,043,088
General	428,542	59,162	-	487,704
Total capital assets being depreciated	7,351,635	988,665	-	8,340,300
Total capital assets	7,429,655	988,665	-	8,418,320
Less accumulated depreciation	(2,580,351)	(172,373)	-	(2,752,724)
Net capital assets	$ 4,849,304			$ 5,665,596

A summary of changes in Sewer capital assets for 2020 follows:

	Balance 1/2/20	Increases	Decreases	Balance 12/31/20
Capital assets, not being depreciated:				
Land and land rights	$ 78,020	$ -	$ -	$ 78,020
Capital assets being depreciated:				
Collecting system	5,825,530	54,475	-	5,880,005
Collecting system pumping	1,043,088	-	-	1,043,088
General	386,417	64,317	22,192	428,542
Total capital assets being depreciated	7,255,035	118,792	22,192	7,351,635
Total capital assets	7,333,055	118,792	22,192	7,429,655
Less accumulated depreciation	(2,433,975)	(168,568)	22,192	(2,580,351)
Net capital assets	$ 4,899,080			$ 4,849,304

Storm Water Utility

A summary of changes in Storm Water capital assets for 2021 follows:

	Balance 12/31/20	Increases	Decreases	Balance 12/31/21
Capital assets, not being depreciated:				
Land and land rights	$ 160,275	$ -	$ -	$ 160,275
Capital assets being depreciated:				
Storm water plant	5,405,929	573,514	-	5,979,443
General	348,552	59,162	-	407,714
Total capital assets being depreciated	5,754,481	632,676	-	6,387,157
Total capital assets	5,914,756	632,676	-	6,547,432
Less accumulated depreciation	(2,074,296)	(153,106)	-	(2,227,402)
Construction in progress	-	2,892	-	2,892
Net capital assets	$ 3,840,460			$ 4,322,922

A summary of changes in Storm Water capital assets for 2020 follows:

	Balance 1/2/20	Increases	Decreases	Balance 12/31/20
Capital assets, not being depreciated:				
Land and land rights	$ 160,275	$ -	$ -	$ 160,275
Capital assets being depreciated:				
Storm water plant	5,226,089	179,840	-	5,405,929
General	333,189	37,555	22,192	348,552
Total capital assets being depreciated	5,559,278	217,395	22,192	5,754,481
Total capital assets	5,719,553	217,395	22,192	5,914,756
Less accumulated depreciation	(1,941,299)	(155,189)	22,192	(2,074,296)
Net capital assets	$ 3,778,254			$ 3,840,460

6. Long-Term Obligations

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 12/31/21
06/23/15	2015 and 2016 improvement projects	12/01/2024	2.00 %	$ 2,495,000	$ 990,000
07/20/17	2017 improvement projects	12/01/2025	1.20	845,000	465,000
08/01/19	2019 improvement projects	12/01/2028	2.00-3.00	720,000	640,000
06/22/2020	2020 Improvement projects	12/01/2029	1.50-2.00	645,000	580,000
03/01/2021	2021 Improvement projects	12/01/2030	1.00-2.00	725,000	725,000

General obligation notes debt service requirements to maturity follows:

Years Ending December 31,	Principal	Interest	Total
2022	$ 650,000	$ 69,303	$ 719,303
2023	670,000	51,010	721,010
2024	700,000	38,710	738,710
2025	370,000	24,450	394,450
2026	250,000	17,300	267,300
2027-2030	760,000	21,500	781,500
Total	$ 3,400,000	$ 222,273	$ 3,622,273

General Obligation Debt, Storm Water Utility

The following general obligation notes have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/21
06/23/15	2015 and 2016 improvement projects	12/01/2024	2 %	$ 500,000	$ 200,000

General obligation notes debt service requirements to maturity follows:

Years Ending December 31,	Principal	Interest	Total
2022	$ 65,000	$ 4,040	$ 69,040
2023	65,000	2,805	67,805
2024	70,000	1,504	71,504
Total	$ 200,000	$ 8,349	$ 208,349

Long-Term Obligations Summary, Water and Sewer Utility

Long-term obligation activity for the year ended December 31, 2021 is as follows:

	12/31/20 Balance	Additions	Reductions	12/31/21 Balance	Due Within One Year
General obligation debt	$ 3,240,000	$ 725,000	$ 565,000	$ 3,400,000	$ 650,000
Accrued sick leave	50,653	28,532	10,199	68,986	-
Lease obligation	49,418	-	4,663	44,755	4,805
Unamortized debt premium	70,870	38,063	20,262	88,671	-
Total	$ 3,410,941	$ 791,595	$ 600,124	$ 3,602,412	$ 654,805

Long-term obligation activity for the year ended December 31, 2020 is as follows:

	1/2/20 Balance	Additions	Reductions	12/31/20 Balance	Due Within One Year
General obligation debt	$ 3,010,000	$ 645,000	$ 415,000	$ 3,240,000	$ 565,000
Accrued sick leave	43,462	14,429	7,238	50,653	-
Lease obligation	35,405	49,418	35,405	49,418	4,663
Unamortized debt premium	60,867	24,985	14,982	70,870	-
Total	$ 3,149,734	$ 733,832	$ 472,625	$ 3,410,941	$ 569,663

Long-Term Obligations Summary, Storm Water Utility

Long-term obligation activity for the year ended December 31, 2021 is as follows:

	12/31/20 Balance	Additions	Reductions	12/31/21 Balance	Due Within One Year
General obligation debt	$ 360,000	$ -	$ 160,000	$ 200,000	$ 65,000
Accrued sick leave	12,449	17,670	4,403	25,716	-
Lease obligation	24,709	-	2,332	22,377	2,402
Unamortized debt premium	1,394	-	707	687	-
Total	$ 398,552	$ 17,670	$ 167,442	$ 248,780	$ 67,402

Long-term obligation activity for the year ended December 31, 2020 is as follows:

	1/2/20 Balance	Additions	Reductions	12/31/20 Balance	Due Within One Year
General obligation debt	$ 515,000	$ -	$ 155,000	$ 360,000	$ 160,000
Accrued sick leave	8,311	6,833	2,695	12,449	-
Lease obligation	17,702	24,709	17,702	24,709	2,332
Unamortized debt premium	2,465	-	1,071	1,394	-
Total	$ 543,478	$ 31,542	$ 176,468	$ 398,552	$ 162,332

7. 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.

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

	2021	2020
Plant in service	$ 26,602,972	$ 24,709,555
Total accumulated depreciation	(8,185,153)	(7,676,811)
Construction work in progress	22,736	-
Subtotal	18,440,555	17,032,744
Less capital related debt:		
Current portion of capital related long-term debt	654,805	569,663
Long-term portion of capital related long-term debt	2,789,950	2,719,755
Unamortized debt premium	88,671	70,870
Subtotal	3,533,426	3,360,288
Total net investment in capital assets	$ 14,907,129	$ 13,672,456

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

	2021	2020
Plant in service	$ 6,547,432	$ 5,914,756
Accumulated depreciation	(2,227,402)	(2,074,296)
Construction work in progress	2,892	-
Subtotal	4,322,922	3,840,460
Less capital related debt:		
Current portion of capital related long-term debt	67,402	162,332
Long-term portion of capital related long-term debt	154,975	222,377
Unamortized debt premium	687	1,394
Subtotal	223,064	386,103
Total net investment in capital assets	$ 4,099,858	$ 3,454,357

8. 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, and 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, which can be bound at http: //etf.wi.gov/publications/cafr.htm.

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 retirement benefit based on a formula factor, their 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.

Post-retirement 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:

Year	Core Fund Adjustment	Variable Fund Adjustment
2010	(1.3)%	22.0%
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
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)

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 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 $34,807 and $27,337 in contributions from the Utilities during the current and prior reporting periods, respectively.

Contribution rates as of December 31, 2021 and December 31, 2020 are:

	2021		2020	
	Employee	**Employer**	**Employee**	**Employer**
General (including executives and elected officials)	6.75 %	6.75 %	6.55 %	6.55 %
Protective with Social Security	6.75 %	11.65 %	6.55 %	10.55 %
Protective without Social Security	6.75 %	16.25 %	6.55 %	14.95 %

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

At December 31, 2021, the Utilities reported a liability (asset) of $(140,813) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2020. 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, 2020, the Village of McFarland's proportion was 0.02979184 percent, which was an increase of 0.00169826 percent from its proportion measured as of December 31, 2019.

At December 31, 2020, the Utilities reported a liability (asset) of $(77,334) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2019, the Village of McFarland's proportion was 0.02809358 percent, which was an increase of 0.00148928 percent from its proportion measured as of December 31, 2018.

For the years ended December 31, 2021 and 2020, the Utilities recognized pension expense of $19,429 and $22,011, respectively.

At December 31, 2021, the Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Water and Sewer Utility		Storm Water Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 160,432	$ 50,700	$ 63,711	$ 22,068
Changes in assumption	7,174	-	2,395	-
Net differences between project and actual earnings on pension plan	-	178,144	-	69,661
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,029	160	581	77
Employer contributions subsequent to the measurement date	24,867	-	9,940	-
Total	$ 194,502	$ 229,004	$ 76,627	$ 91,806

At December 31, 2020, the Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Water and Sewer Utility		Storm Water Utility	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 107,548	$ 65,965	$ 42,978	$ 28,053
Changes in assumption	8,718	-	3,001	-
Net differences between project and actual earnings on pension plan	-	88,952	-	34,693
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,160	254	241	114
Employer contributions subsequent to the measurement date	19,638	-	7,699	-
Total	$ 137,064	$ 155,171	$ 53,919	$ 62,860

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:

	Water and Sewer Utility	Storm Water Utility
Years ending December 31,		
2022	$ (15,273)	$ (6,462)
2023	(3,918)	(1,658)
2024	(28,251)	(11,953)
2025	(11,927)	(5,047)
2026	-	-
Thereafter	-	-
Total	$ (59,369)	$ (25,120)

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:

	2021	**2020**
Actuarial valuation date	January 1, 2020	December 31, 2017
Measurement date of net pension liability (asset)	December 31, 2020	December 31, 2018
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	Fair Value	Fair Value
Long-term expected rate of return	7.0%	7.0%
Discount rate	7.0%	7.0%
Salary increases		
Inflation	3.0%	3.0%
Seniority/Merit	0.1% - 5.6%	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table	Wisconsin 2018 Mortality Table
Post-retirement adjustments *	1.9%	1.9%

** No post-retirement 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 post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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, 2021 are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49 %	8.0 %	5.1 %
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
U.S Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.75 percent.
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2020 are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49 %	8.1 %	5.5 %
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
Variable Fund Asset Class			
U.S Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.5 percent.
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Single discount rate: A single discount rate of 7.00 percent was used to measure the total pension liability as of December 31, 2021 and December 31, 2020. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long term bond rate of 2.75 percent and 3.71 percent, in 2020 and 2019 respectively. (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, 2019. 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 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent 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, 2021 follows:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Water and Sewer Utility's proportionate share of the net position liability (asset)	$ 117,367	$ (101,155)	$ (300,072)
Storm Water Utility's proportionate share of the net position liability (asset)	46,915	(39,658)	(119,947)

The sensitivity analysis as of December 31, 2020 follows:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.20%)
Water and Sewer Utility's proportionate share of the net position liability (asset)	$ 126,871	$ (55,144)	$ (180,950)
Storm Water Utility's proportionate share of the net position liability (asset)	49,739	(22,190)	(70,941)

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.

9. Commitments and Contingencies

Long-Term Contracts, General

At December 31, 2021 and 2020, the Utilities had commitments under a long-term contract for the Juniper Ridge subdivision. The contract payments are based on the Utilities' amount of usage. The Utilities received capital contributions of $(64,418) and $210,822 in 2021 and 2020, respectively.

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.

10. 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.

11. 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.

The Village issued $3,650,000 of water and sewer system revenue bonds dated April 11, 2022 to finance future utility improvements.

REQUIRED SUPPLEMENTARY INFORMATION

Mcfarland Utilities

Schedule of Proportionate Share of the Net Pension Liability (Asset) -
Wisconsin Retirement System
Year Ended December 31, 2021

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)
12/31/21	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, 2021

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
12/31/21	$ 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

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

Changes of assumptions .

	2015 - 2018	2019 - 2021
Long-term expected rate of	7.2%	7.0%
Discount rate	7.2%	7.0%
Salary increases		
Inflation	3.2%	3.0%
Seniority/Merit	0.2% - 5.6%	0.1% - 5.6%
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2018 Mortality Table
Post-retirement adjustments	2.10%	1.90%

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, 2021

	Balance 12/31/20	Additions	Retirements	Balance 12/31/21
Source Of Supply				
Land and land rights	$ 32,300	$ -	$ -	$ 32,300
Wells and springs	211,239	-	-	211,239
Total source of supply	243,539	-	-	243,539
Pumping				
Structures and improvements	145,092	-	-	145,092
Electric pumping equipment	190,402	-	-	190,402
Other pumping equipment	22,216	-	-	22,216
Total pumping	357,710	-	-	357,710
Water Treatment				
Water treatment equipment	4,498	-	-	4,498
Transmission And Distribution				
Land and land rights	55,250	-	-	55,250
Distribution reservoirs and standpipes	1,231,105	-	-	1,231,105
Transmission and distribution mains	10,689,295	547,100	-	11,236,395
Services	2,187,496	150,400	-	2,337,896
Meters	826,736	32,003	12,375	846,364
Hydrants	1,160,514	57,706	2,000	1,216,220
Total transmission and distribution	16,150,396	787,209	14,375	16,923,230
General				
Office furniture and equipment	9,946	-	-	9,946
Transportation equipment	211,166	54,987	-	266,153
Tools, shop and garage equipment	48,766	26,665	-	75,431
Laboratory equipment	6,649	-	-	6,649
Power-operated equipment	70,910	91,991	45,900	117,001
Communication equipment	176,018	4,175	-	180,193
Miscellaneous equipment	302	-	-	302
Total general	523,757	177,818	45,900	655,675
Total water utility plant	$17,279,900	$ 965,027	$ 60,275	$18,184,652

McFarland Water and Sewer Utility

Sewer Utility Plant
Year Ended December 31, 2021

	Balance 12/31/20	Additions	Retirements	Balance 12/31/21
Collecting System				
Land and land rights	$ 78,020	$ -	$ -	$ 78,020
Service connections	664,600	71,675	-	736,275
Collecting mains	5,024,372	857,828	-	5,882,200
Force mains	191,033	-	-	191,033
Total collecting system	5,958,025	929,503	-	6,887,528
Collecting System Pumping				
Structures and improvements	303,762	-	-	303,762
Receiving wells	14,403	-	-	14,403
Electric pumping equipment	661,422	-	-	661,422
Other power pumping equipment	60,159	-	-	60,159
Miscellaneous pumping equipment	3,342	-	-	3,342
Total collecting system pumping	1,043,088	-	-	1,043,088
General				
Office furniture and equipment	9,948	-	-	9,948
Transportation equipment	257,718	54,987	-	312,705
Communication equipment	139,946	4,175	-	144,121
Other general equipment	2,313	-	-	2,313
Other tangible property	18,617	-	-	18,617
Total general	428,542	59,162	-	487,704
Total sewer utility plant	$ 7,429,655	$ 988,665	$ -	$ 8,418,320

McFarland Storm Water Utility

Storm Water Utility Plant
Year Ended December 31, 2021

	Balance 12/31/20	Additions	Retirements	Balance 12/31/21
Storm Water Plant				
Land and land rights	$ 160,275	$ -	$ -	$ 160,275
Pipes	3,364,146	420,625	-	3,784,771
Manholes	393,231	69,627	-	462,858
Inlets	663,430	83,262	-	746,692
Basins	719,431	-	-	719,431
Land improvements	153,321	-	-	153,321
Miscellaneous	112,370	-	-	112,370
Total storm water plant	5,566,204	573,514	-	6,139,718
General				
Transportation equipment	320,914	54,987	-	375,901
Power-operated equipment	18,617	-	-	18,617
Communication equipment	9,021	4,175	-	13,196
Total general	348,552	59,162	-	407,714
Total storm water utility plant	$ 5,914,756	$ 632,676	$ -	$ 6,547,432

Water Utility Operating Revenues and Expenses
Years Ended December 31, 2021 and 2020

	2021	2020
Operating Revenues		
Sales of water:		
Unmetered	$ 2,837	$ 3,499
Metered:		
Residential	622,511	570,950
Multifamily residential	48,041	41,889
Commercial	78,699	64,277
Public authorities	18,162	11,321
Total metered sales	767,413	688,437
Private fire protection	43,643	37,324
Public fire protection	386,988	325,250
Total sales of water	1,200,881	1,054,510
Other operating revenues:		
Forfeited discounts	4,600	2,410
Miscellaneous service revenue	1	347
Other	93,169	135,417
Total operating revenues	1,298,651	1,192,684
Operating Expenses		
Operation and maintenance:		
Pumping:		
Operation labor	12,723	11,684
Fuel or power purchased for pumping	44,959	44,578
Operation supplies	9,887	11,317
Maintenance	6,086	43,691
Total pumping	73,655	111,270
Water treatment:		
Operation labor	29,209	2,874
Chemicals	14,674	14,740
Maintenance	2,596	348
Total water treatment	46,479	17,962
Transmission and distribution:		
Operation labor	1,833	28,445
Operation supplies	9,711	13,398
Maintenance:		
Mains	36,862	17,139
Services	12,147	8,400
Meters	2,472	3,613
Hydrants	16,198	6,566
Other	1,544	175
Total transmission and distribution	80,767	77,736
Customer accounts:		
Meter reading labor	2,232	995
Accounting and collecting labor	18,283	19,785
Supplies	1,909	2,568
Total customer accounts	22,424	23,348

McFarland Water and Sewer Utility

Water Utility Operating Revenues and Expenses
Years Ended December 31, 2021 and 2020

	2021	2020
Administrative and general:		
Salaries	$ 166,789	$ 124,852
Office supplies	12,082	12,157
Outside services employed	30,678	49,474
Property insurance	39,322	61,017
Employee pensions and benefits	(22,136)	15,285
Regulatory commission	-	7,820
Miscellaneous	53,662	49,093
Transportation	19,416	22,397
Total administrative and general	299,813	342,095
Taxes	11,440	5,224
Total operation and maintenance	534,578	577,635
Depreciation	373,238	336,778
Total operating expenses	907,816	914,413
Operating income	$ 390,835	$ 278,271

McFarland Water and Sewer Utility

Sewer Utility Operating Revenues and Expenses
Years Ended December 31, 2021 and 2020

	2021	2020
Operating Revenues		
Wastewater revenues:		
Residential	$ 1,222,716	$ 1,077,641
Multifamily residential	-	28,211
Commercial	237,197	153,334
Public authorities	21,669	17,867
Total sewer revenues	1,481,582	1,277,053
Other operating revenues:		
Forfeited discounts	8,796	5,464
Total operating revenues	1,490,378	1,282,517
Operating Expenses		
Operation and maintenance:		
Operation:		
Power and fuel for pumping	7,387	7,393
Treatment charges	823,304	768,590
Other operating supplies	147	28
Transportation	1,203	940
Total operation	832,041	776,951
Maintenance:		
Collection system	39,910	52,181
Pumping equipment	6,641	3,079
Treatment and disposal plant equipment	9,113	156
General plant structures and equipment	172,184	112,532
Total maintenance	227,848	167,948
Customer accounts:		
Accounting and collecting	884	-
Meter Reading	514	110
Total customer accounts	1,398	110
Administrative and general:		
Salaries	209,407	158,020
Office supplies	3,930	4,069
Outside services employed	54,576	115,680
Insurance	39,292	39,870
Employees pensions and benefits	189	68
Miscellaneous	351	13,981
Rents	88,703	84,064
Total administrative and general	396,448	415,752
Taxes	15,232	13,143
Total operation and maintenance	1,472,967	1,373,904
Depreciation	172,373	159,691
Total operating expenses	1,645,340	1,533,595
Operating loss	$ (154,962)	$ (251,078)

McFarland Storm Water Utility

Storm Water Utility Operating Revenues and Expenses
Years Ended December 31, 2021 and 2020

	2021	2020
Operating Revenues		
Storm water revenues:		
Charges for services	$ 537,326	$ 527,467
Other operating revenues:		
Forfeited discounts	3,165	1,705
Other	9,095	23,010
Total operating revenues	549,586	552,182
Operating Expenses		
Operation and maintenance:		
Operations:		
Operation supervision and labor	157,897	134,872
Facility equipment and rental	64,753	51,120
Operation supplies	85,846	105,865
Total operations	308,496	291,857
Administrative and general:		
Office supplies	1,127	2,125
Outside services employed	53,173	41,850
Property insurance	35,757	22,791
Employee pensions and benefits	32,568	35,033
Miscellaneous	147	(37)
Total administrative and general	122,772	101,762
Total operation and maintenance	431,268	393,619
Depreciation	153,106	141,874
Total operating expenses	584,374	535,493
Operating income (loss)	$ (34,788)	$ 16,689

McFarland Water and Sewer Utility

Rate of Return - Regulatory Basis
Years Ended December 31, 2021 and 2020

	Water	
	2021	2020
Utility Financed Plant in Service		
Beginning of year	$ 10,193,054	$ 9,745,679
End of year	10,312,832	10,193,054
Average	10,252,943	9,969,367
Utility Financed Accumulated Depreciation		
Beginning of year	(3,159,722)	(3,154,834)
End of year	(3,265,812)	(3,159,722)
Average	(3,212,767)	(3,157,278)
Materials and Supplies		
Beginning of year	19,450	19,450
End of year	19,450	19,450
Average	19,450	19,450
Regulatory Liability		
Beginning of year	(68,468)	(91,290)
End of year	(57,056)	(68,468)
Average	(62,762)	(79,879)
Average net rate base	$ 6,996,864	$ 6,751,660
Operating income, regulatory basis	$ 205,938	$ 121,690
Rate of return (percent)	2.94 %	1.80 %
Authorized rate of return (percent)	4.90 %	7.25 %

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: **Monday, May 23, 2022**

SECTION: **Business**

DEPARTMENT: **Public Works**

CONTACT: **Jim Hessling, Public Works Director**

AGENDA ITEM: **Discussion and action to make a recommendation to the Village Board regarding 2022 Crackseal and Chipseal proposal for street maintenance.**

PREVIOUS ACTION:
None.

ISSUE SUMMARY:
Annually the Village conducts cracksealing and chipseal work in order to maintain and extend the life of our streets. This type of work is common practice in municipalities.

Cracksealing is the practice of routing out or opening up a crack in the street and then filling it with a rubberized asphalt type of material to seal up the crack. This helps in keeping water out of the crack along with the asphalt and base material, extending the life of our streets..

Chip sealing is performed after the crack sealing process. Chip sealing consists of sweeping/cleaning off the street, laying down a tar type material with a fine stone material applied directly behind the tar. The chips are then rolled into the tar and in a few days the excess material is swept up and hauled away.

Enclosed in your packet is a proposal from Fahrner Asphalt Sealers for the 2022 work to be conducted on identified streets. Funds for this work have been allocated in the 2022 budget.

Fahrner Asphalt, the proposal provider, has been in business since 1979 and has worked in the village in the past and we have been very pleased with their work. They are a reputable and well respected company.

FINANCIAL/BUDGET IMPACT:
The funds for this work will come out of the Capital Projects fund account 400-57310-820-101. The total allocation in the 2022 Budget is $150,000.

VILLAGE PLAN REFERENCE:
None.

ORDINANCE REFERENCE:
None.

VILLAGE OF McFarland

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:
Recommendation to the Village Board approving the 2022 Chipseal and Cracksealing proposal provided by Fahrner Asphalt in the amount of $100,883.00.

ATTACHMENTS:
1. 2269_001
2. 2022 Road Maintenance Breakdown

PROPOSAL / CONTRACT

Job. No. ________________

FAHRNER *asphalt sealers llc*

Pavement Maintenance Contractors

EEO/AA Employer

CORPORATE OFFICE: 1.800.332.3360

Date: **May 16, 2022**

PLOVER,WI 54467
2800 Mecca Drive
Ph.: 715.341.2868
Fax: 715.341.1054

WAUNAKEE, WI 53597
316 Raemisch Road
Ph.: 608.849.6466
Fax: 608.849.6470

KAUKAUNA, WI 54130
860 Eastline Road
Ph.: 920.759.1008
Fax: 920.759.1019

EAU CLAIRE, WI 54703
6615 U.S. Hwy 12 W
Ph.: 715.874.6070
Fax: 715.874.6717

FREDERIC, WI 54837
3468 115th Street
Ph.: 715.653.2535
Fax: 715.653.2553

SAGINAW, MI 48601
2224 Veterans Memorial Pkwy
Ph.: 989.752.9200
Fax: 989.752.9205

DUBUQUE, IA 52002
7680 Commerce Park
Section C
Ph.: 563.556.6231
Fax: 563.588.1240

OAKDALE, MN 55128
7500 Hudson Blvd., Ste. 305
Ph.: 651.340.6212
Fax: 651.340.6221

Contact Name: **Jim Hessling** **Contract Price** **$100,883.00**

PURCHASER: **VILLAGE OF MCFARLAND**
ADDRESS: **5115 TERMINAL DR**
MC FARLAND, WI 53558

TELEPHONE: **(608) 838-7287**
DESCRIPTION OF PROPERTY:
2022 Maintenance
5155 Terminal Dr.
McFarland, WI 53558

1. **FAHRNER Asphalt Sealers, L.L.C. (CONTRACTOR) and PURCHASER agree that, CONTRACTOR shall furnish the labor and materials to complete certain construction in accordance with the following specifications:**

Rout out cracks to a 3/4 x 3/4 ratio width versus depth. Blow out and clean cracks with compressed air and heat lance. Seal cracks with a rubberized asphalt crack sealant. This material exceeds Fed Spec ASTM D6690 Type II.

Thoroughly clean the existing surface with a self propelled broom. Apply 170 degree emulsified asphalt by full-width spray distributor. Apply cover aggregate and spread uniformly over surface with full-width self propelled chip spreader. Roll with pneumatic-tired roller.

Emulsion - CRS2-P Polymer Modified
Aggregate - FA2 Fractured Granite
Sweeping - Included

**See Attached List of Roads and Specifications

LEWIS PARK:

Rout out cracks. Blow out and clean cracks with compressed air and heat lance. Seal cracks with a rubberized asphalt crack sealant. This material exceeds Fed Spec ASTM D6690 Type II. Crackfilling does not include alligatored areas on path. Sweep asphalt clean with vacuum sweeper and/or air blowers. Apply (2) coat(s) of Polymer Modified Masterseal emulsion sealcoat. Sealer will be blended with fractured sand and rubber modifier to provide superior mix design.

This proposal may be withdrawn if not accepted and received by CONTRACTOR within 30 days of the date above and/ or at any time before performance of the work hereunder upon CONTRACTOR'S determination that the PURCHASER is not creditworthy.

2. **If proposal is accepted please sign, retain one copy and forward a copy to our office.**
3. The undersigned ("PURCHASER") agrees to pay CONTRACTOR the total price of $100,883.00 and/or the unit prices specified above for the labor and materials specified above which payment shall be due upon completion of each stage of work. PURCHASER acknowledges that the specifications, conditions and price quotes specified above are satisfactory and hereby accepted.

Acceptance of this Proposal includes acceptance of all the terms and conditions on back.

CONTRACTOR:
Fahrner Asphalt Sealers, LLC:608-280-1452
mike.jenquin@fahrnerasphalt.com

Mike Jenquin
(PRINT OR TYPE NAME)

By: M. Jenquin
(CONTRACTOR REPRESENTATIVE)

Date: May 16, 2022

PURCHASER:
I have read and understand the terms and conditions on both sides of this contract.

____
(PRINT OR TYPE NAME)

By: ________________
(PURCHASER AUTHORIZED REPRESENTATIVE)

Date of acceptance: ________________

TERMS AND CONDITIONS

NOTICE OF LIEN RIGHTS

AS REQUIRED BY THE WISCONSIN CONSTRUCTION LIEN LAWS, CONTRACTOR HEREBY NOTIFIES OWNER THAT PERSONS OR COMPANIES FURNISHING LABOR OR MATERIALS FOR THE CONSTRUCTION ON OWNER'S LAND MAY HAVE LIEN RIGHTS ON OWNER'S LAND AND BUILDING IF NOT PAID. THOSE ENTITLED TO LIEN RIGHTS, IN ADDITION TO THE UNDERSIGNED CONTRACTOR, ARE THOSE WHO CONTRACT DIRECTLY WITH THE OWNER OR THOSE WHO GIVE THE OWNER NOTICE WITHIN SIXTY (60) DAYS AFTER THEY FIRST FURNISH LABOR OR MATERIALS FOR THE CONSTRUCTION. ACCORDINGLY, OWNER PROBABLY WILL RECEIVE NOTICES FROM THOSE WHO FURNISH LABOR OR MATERIALS FOR THE CONSTRUCTION, AND SHOULD GIVE A COPY OF EACH NOTICE RECEIVED TO THE MORTGAGE LENDER, IF ANY. CONTRACTOR AGREES TO COOPERATE WITH THE OWNER AND THE OWNER'S LENDER, IF ANY, TO SEE THAT ALL POTENTIAL LIEN CLAIMS ARE DULY PAID.

ACCEPTANCE OF WORK

All labor and material is conclusively accepted as satisfactory unless excepted to in writing within seven (7) days of performance.

EXTRA WORK

All alterations or deviations from any of the terms of this contract shall be in writing and executed by the parties hereto. Any extra cost involved therein will become an extra charge to be paid by PURCHASER over and above the contract price.

PURCHASER'S RESPONSIBILITIES

PURCHASER acknowledges and understands that it shall be responsible for obtaining any and all permits which may be required in connection with performance of this Proposal/Contract. Where applicable, PURCHASER shall also be responsible for backfilling areas that border along the newly paved surface with appropriate material to eliminate potential cracking and uneven surface at the edge of the paved surface and for installing, replacing, maintaining and repairing shoulders. PURCHASER assumes all liability for any damages done to underground utilities and/or structures unless CONTRACTOR has been notified, upon acceptance of this Proposal, as to the specific location and depth of any such buried utility/structures.

Unless exempt, in accepting this Proposal/Contract, PURCHASER acknowledges that it shall comply with the requirements of all applicable federal, state, and local employment laws, executive orders, codes and regulations (the "Requirements") effective where the work and/or services are being performed including, but not limited to, 41 CFR §§ 60-1.4(a)(1)-(8), 60-1.4(b), 60-1.4(c) or their successors effective where this Proposal/Contract is performed. To the extent required by law, all provisions of the Requirements are hereby incorporated into and made a part of this Agreement and any applicable agreements of CONTRACTOR. To the extent applicable, the Requirements include, but are not limited to, (1) prohibition of discrimination because of protected veteran status, disability, race, color, religion, sex, sexual orientation, gender identity, national origin and because of inquiry or discussion about or disclosure of compensation, (2) affirmative action to employ and advance in employment individuals without regard to race, sex, disability, or protected veteran status, (3) compliance with the Employee Notice clause contained in 29 C.F.R. part 471, Appendix A to Subpart A, or its successors, (4) compliance with the EEO-1 and VETS-4212 reports filing requirements in 41 C.F.R. §§ 60-1.7 and 41 C.F.R. §61-300.10, or their successors, (5) compliance with paycheck transparency obligations of 48 C.F.R. § 22.2005, including the contract clause found at 48 C.F.R. § 52.222-60, which is incorporated by reference as if fully set forth herein, (6) other affirmative action in employment, (7) required/certified payrolls, (8) social security acts, (9) unemployment compensation acts, (10) worker's compensation acts, (11) equal employment opportunity acts and (12) the required contract provisions for Federal-Aid Construction Contracts, Form FHWA-1273, if applicable.

When applicable, PURCHASER and CONTRACTOR shall abide by the requirements of 41 CFR 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans. When applicable, PURCHASER and CONTRACTOR shall abide by the requirements of 41 CFR 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action covered by prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

INCLEMENT WEATHER

Inclement weather may alter the completion of the work to be furnished hereunder. Furthermore, special consideration should be given if work is to be performed before May 1 or after October 15 in light of less than desirable weather conditions which could potentially impair the quality of the work performed hereunder.

WARRANTY

All material is guaranteed to be as specified and all work is to be completed in a workmanlike manner according to standard practices. All labor and materials will be guaranteed against defect for one (1) year from date of installation. Due to Wisconsin winters and expansion and contraction of the ground, some cracking of the pavement may be experienced. There are no express or implied warranties of merchantability, quality, quantity or of fitness for any particular purpose, which extend beyond those specifically set out in this document.

All warranties are void if payment is not made as stipulated.

DELINQUENCY CHARGE

Payment is due and payable upon completion of each stage of the work. If PURCHASER defaults on the payment required, PURCHASER will be liable for all costs of collection, including reasonable attorney's fees, and a delinquency charge on the balance at the maximum rates allowed by law. If PURCHASER is an organization as defined by Wis. Statutes, Section 421.301(28), the Delinquency Charge rate shall be 1.5% per month (18% APR) plus all costs of collection, including reasonable attorney's fees. CONTRACTOR retains title to all merchandise covered by this Agreement until full payment is received according to the above terms of sale. PURCHASER consents in any action or legal proceeding relating to this Contract commenced by the CONTRACTOR to the personal jurisdiction of any court that is either a court of record in the State of Wisconsin or a court of the United States located in the State of Wisconsin. It is hereby agreed that no legal action with respect to this contract may be brought by either party later than one (1) year after the cause of action accrues and that the party asserting such a legal action shall be barred from any remedy thereto.

INDIVIDUAL LIABILITY

The undersigned PURCHASER agrees to be individually liable for all terms of the Agreement, regardless of whether he or she signs individually or as an agent for the owner of the property upon which the work is being performed or for any other individual, partnership or corporation.

PRODUCT INFORMATION AND MAINTENANCE

Since the asphalt in blacktop needs time to harden and cure, usually 6-12 months, your asphalt pavement will remain soft and pliable during warm weather. During this time, don't park in the same spot every time and do not turn your steering wheel back and forth when your car is not moving. It is not unusual to experience some cracking over the winter due to the contraction and expansion of the ground, especially over culverts, pipes, electric wires, etc. Avoid gasoline and petroleum product spills as they will destroy your pavement. If spills do occur, immediately flush with lots of soapy water. If you decide to seal coat your pavement, wait until the summer following installation.

BINDING EFFECT

This Agreement shall be binding upon the parties hereto, their heirs, personal representatives, successors and assigns.

ENTIRE AGREEMENT

The entire contract is embodied in this writing. This writing constitutes the final expression of the party's agreement, and is a complete and exclusive statement of that agreement. In the event that any term of this contract is unenforceable, the remaining terms of the contract shall still be in full force and effect.

Village of McFarland

Road Maintenance 2022- **Specifications Attached**

Roadways:							
Road	**Start**	**Stop**	**Crack Fill**	**Chip Seal**	**Spray Patch**	**Amount**	**Notes**
Schneider Place	Highland Dr.	Lani Ln	x	x		$ 8,355.00	
Lani Lane	Highland Dr.	Schneider Place	x	x		$ 6,539.00	
Lani Lane	Highland Dr.	Renee Ct.	x	x		$ 7,975.00	** Connects the new asphalt on Lani that goes down to Renee Ct.
Highland Drive	Exchange St.	Lewis Park	x	x	x	$ 14,083.00	** Crack Fill will focus on major cracks.
Meredith Way	Schneider Place	Pvmnt Change / Ahren Ln	x	x		$ 2,568.00	
Meredith Way	Pvmnt Change	Sleepy Hollow	x		x	$ 4,460.00	** Crack Fill will focus on major cracks. Crack Fill & Spray Patch
Brendan Court	Meredith Way	End	x			$ 905.00	** Crack Fill will focus on major cracks.
Burma Road	Hwy 51	Corner	x			$ 300.00	
Rivercrest Drive	Yahara	Burma			x	$ 900.00	** Crack Fill past the point. Spray Patch only.
Grandview Court	Rivercrest	Dead End	x		x	$ 2,279.00	** Crack Fill will focus on major cracks. Crack Fill & Spray Patch.
Marsh Road	Sigglekow	Red Oak Trail			x	$ 900.00	** Worst of the List. Spray Patch only.
Ridge Road	Valley Dr.	Dead End			x	$ 900.00	** 2 blocks long. Spray Patch only.
Creamery Court	Creamery Rd.	Dead End	x			$ -	** Did not see a crack on it. Take off list.
Springpond Road	Country Walk	Dead End	x	x		$ 6,555.00	**Small amount of crack
Country Walk	Creamery Rd.	Holscher Rd.	x	x	x	$ 12,670.00	
Sugar River Lane	Wiouwash Way	Prairie Wood	x			$ 280.00	**Crack Fill only
Hillsboro Court	Sugar River	Dead End	x				** Did not see a crack on it. Take off list.
Copper Falls Court	Peninsula Way	Dead End	x	x	x	$ 3,110.00	
Prairie Wood Drive	Pvmnt Change	Dead End	x	x		$ 4,204.00	
Peninsula Way	Tuscobia Tr	Dead End	x	x		$ 7,770.00	
Sigglekow Road	Marsh Rd.	Pauleson Road	x			$ 6,990.00	** Asks for 1/2 of road, but majority of crack in centerline
Sigglekow Road	Pauleson Rd.	Rail Road Tracks	x			$ 2,995.00	** Crack Fill only
			Crack Fill	**Seal Coat**	**Line Stripe**		
Lewis Park & Path	Entrance	End	x	x	x	$ 6,145.00	**Crack Fill, Seal Coating, Spray Patch on Path, Line Stripe
TOTALS						**$ 100,883.00**	

VILLAGE OF
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SUMMARY SHEET

MEETING DATE: **Monday, May 23, 2022**

SECTION: **Business**

DEPARTMENT: **Public Works**

CONTACT: **Jim Hessling, Public Works Director, Matt Schuenke, Village Administrator**

AGENDA ITEM: **Discussion regarding funding allocation to the utilities fund associated with street projects.**

PREVIOUS ACTION:
This topic has been discussed at past Public Utility Committee meetings.

ISSUE SUMMARY:
The practice regarding funding allocation of street projects was previously discussed by committee members. This is the practice of allocating dollars for a street project to various village entities.

In the past, the Village Engineer applied a 50% ratio as a guideline for planning that can be evaluated for adjustment on a project by project basis.

For all major projects that are spread over several areas (water, sanitary sewer, storm water) we propose the following process:

Fall prior to construction: The engineer makes a detailed budget estimate for the anticipated scope (before survey, design, bidding) and takes the street cost and divides up the respective costs towards each entity.

Spring prior to construction: The engineer opens bids on the final design and goes item-by-item to assign costs.

- Water main, hydrants, and all water related apparatuses get assigned 100% to water.
- Paving items (gravel/asphalt/geogrid) are assigned as needed for each entity.
- Curb, sidewalk and various apron repairs related to water apparatuses are assigned on a project-by -project basis along with tie-in areas. The remainder of the items get divided up to their respective entity.

Winter following construction: The Village Clerk asks for a true up of all costs. The engineer again goes item-by-item to give the best breakdown of the project elements.

Moving ahead, staff suggests that we continue the project-by-project analysis. Items such as engineering, erosion control, mobilization traffic control and paving will be adjusted, and those charges applied to each entity as needed. This plan would also favor non-taxed water customers

VILLAGE OF McFarland

and help to offset costs that go unnoticed such as trench widths, unexpected obstacles and water main switch overs.

FINANCIAL/BUDGET IMPACT:
None

VILLAGE PLAN REFERENCE:
None.

ORDINANCE REFERENCE:
None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:
This item is for discussion only and no action is required.

ATTACHMENTS:
1. Water Utility Cost Allocation Example (2)

North Autumn Lane Example - 03-08-2022

	Inputs			
1.	Length of Paving	1600	Feet	
2.	Paving Width Gutter to Gutter	32	Feet	
3.	Service Laterals	31		
4.	Water Plant Trench Width	8	Feet	
	Total Paved Surface Area (1. x 4.)			
	Length of Paving	1,600	Feet	
	Paving Width Gutter to Gutter	32	Feet	
5.	Total Paved Surface Area (1. x 4.)	51,200	Sq. Ft.	
	Trench Paving Portion - Mains			
	Length of Paving	1,600	Feet	
	Trench Width	8	Feet	
6.	Trench Paved Surface Area - Mains	12,800	Sq. Ft.	
	Trench Paving Portion - Laterals			
	Half of Paving Width	16	Feet	
	Less Half of Trench Width	4	Feet	
		12	Feet	
	Trench Width	8	Feet	
	Trench Paved Surface per Lateral	96	Sq. Ft.	
	Service Laterals	31		
7.	Trench Paved Surface - Laterals	2,976	Sq. Ft.	
	Trench Paved Surface Area - Mains	12,800	Sq. Ft.	
	Trench Paved Surface Area - Laterals	2,976	Sq. Ft.	
	Total Water Paved Surface Area	15,776	Sq. Ft.	**31% Water Allocation**
	Remaining Paved Surface Area	35,424	Sq. Ft.	69%
	Check	51,200	Sq. Ft.	

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SUMMARY SHEET

MEETING DATE: **Monday, May 23, 2022**

SECTION: **Business**

DEPARTMENT: **Public Works**

CONTACT: **Jim Hessling, Public Works Director**

AGENDA ITEM: **Update regarding 2022 village projects and anticipated projects for 2023.**

PREVIOUS ACTION:
None.

ISSUE SUMMARY:
Project updates for the Village's 2022 construction projects are as follows:

Terminal Drive Reconstruction (Contract A):
Cattell is the general contractor for this project.
The project is scheduled to start initial activities on 5/30/22 with major street excavation beginning on 6/6/22.
A PIM for the project is scheduled for 6/1/22.
Construction completion is projected for late August.

Hidden Farm Road Reconstruction (Contract B):
Wolf Paving is the general contractor for this project.
The project has an anticipated start date of 6/6/22.
Construction completion is projected for late June.

Storck Road Pavement Replacement (Contract B):
Wolf Paving is the general contractor for this project.
The project has an anticipated start date of 6/22/22.
Construction completion is projected for late June.

Card Avenue Water Main Replacement (Contract B):
Wolf Paving is the general contractor for this project.
The project has an anticipated start date of mid to late June.
Construction completion is projected for the first week of September.

Lake Edge/Bremer Road Water Main Replacement (Contract B):
Wolf Paving is the general contractor for this project.
The project has an anticipated start date of mid to late June.
Construction completion is projected for the first week of September.

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Terminal Drive Bridge/Railroad and Osborn Pond Storm Sewer Repairs (Contract C):
R&T Voegeli Excavating is the general contractor for this project.
The project has an anticipated start date of mid-July.

Anticipated project updates listed for the Village's 2023 construction projects according to the Pavement & Utility Infrastructure Improvements Plan are as follows and have not been fully approved by any committee or the village board at this time.

Triangle Street - (2,700 feet north of Siggelkow to Voges Road) This would be a rural conversion by adding curb & gutter, stormwater upgrades and pavement.

Dale Road - (Lake Edge to Hwy 51) Work would include pavement and utility rehabilitation.

Paulson Road - (Siggelkow Road to Larson Beach) includes pavement and utility rehabilitation along with connecting the two ends and allowing for through traffic

Larson Street - (Erling to termini) This work involves pavement and utility rehabilitation.

Ivywood Trail - (Terminal to termini) Work would involve pavement rehabilitation.

We are anticipating to begin review of the next 5 year Capital Improvement Plan at the June meeting which can include updates to the Paving and Utility Plan. Some of the above listed projects are subject to change based on these discussions to take place in future meetings.

FINANCIAL/BUDGET IMPACT:
None.

VILLAGE PLAN REFERENCE:
None.

ORDINANCE REFERENCE:
None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:
This item is an update. No action is required.

ATTACHMENTS:
None

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SUMMARY SHEET

MEETING DATE: **Monday, May 23, 2022**

SECTION: **Business**

DEPARTMENT: **Public Works**

CONTACT: **Jim Hessling, Public Works Director, Matt Schuenke, Village Administrator**

AGENDA ITEM: **Update and discussion on Terminal Drive Reconstruction Project and Public Information Meeting.**

PREVIOUS ACTION:

The joint meeting of the Public Works and Public Utilities Committee recommended the award of contract to Raymond P. Cattell, Inc at their March 8, 2022 meeting.

The Village Board recommended the award of contract at their March 14, 2022 meeting.

ISSUE SUMMARY:

The Terminal Drive project has been awarded to Raymond P. Cattell, Inc. to reconstruct a portion of Terminal Drive from Siggelkow Road to approximately 2,000 feet northward. Cattell is a local contractor that has worked in the village in the past. They are planning to mobilize the week of May 30th and then begin construction the week of June 6th. Final completion is expected by September 15, 2022.

Work will consist of new curb and gutter, a pedestrian path, a sidewalk, along with some sewer and water work.

The Public Information Meeting (PIM) will be held on June 1 at 6:00 p.m. via Zoom. This will give the residents the ability to meet the contractor, hear the timeline, understand the construction activities, and ask questions as they need to. Notices have been sent to property owners in the construction zone. Residents of the apartments within the construction zone will be notified of the meeting by an e-mail blast, sent by Lakestone Properties, managers of the apartment complexes.

FINANCIAL/BUDGET IMPACT:

None.

VILLAGE PLAN REFERENCE:

None.

ORDINANCE REFERENCE:

None.

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BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:
This item is to provide an update and discussion. No action at this time.

ATTACHMENTS:
1. PIM Notification Letter for Terminal

Public Information Meeting-
Terminal Drive Reconstruction Project 2022

The Village is in the process of the reconstruction of Terminal Drive from Siggelkow Road to 2,000 feet north of Siggelkow Road. This project is planned to include a full reconstruction of the street including the addition of curb and gutter, storm sewer, a new sidewalk to the eastern side of the street and a new pedestrian path on the western side.

The project is planned for construction in June of 2022 and the Village has awarded the construction work to Cattell, Inc. In order to help keep the public informed of the upcoming work, the Village is planning a public information meeting for **6:00 p.m. on Wednesday, June 1st.** At this meeting, an overview of the project details will be presented. After the presentation, there will be an opportunity for residents to ask questions or discuss concerns with Village staff and the Village Engineer.

Due to the COVID-19 Pandemic, the Village encourages participation through Zoom. You can join the Zoom Webinar by utilizing the below information.

- By web browser: https://us02web.zoom.us/j/89871317259

- Or Telephone:
  - Dial US+1 (312) 626-6799
  - Webinar ID: 898 7131 7259
    - Press *9 to raise/lower hand
    - Press *6 to mute/unmute

If you cannot attend the meeting, please submit your written comments via mail or email to the Public Works Department before May 25, 2022.

- The mailing address is:

  Village of McFarland, Public Works Department
  P.O. Box 110
  McFarland, WI 53558

- The email address is:

  public.works@mcfarland.wi.us

Thank you,
VILLAGE OF McFARLAND

VILLAGE OF
McFarland

SUMMARY SHEET

MEETING DATE: **Monday, May 23, 2022**

SECTION: **Business**

DEPARTMENT: **Public Works**

CONTACT: **Jim Hessling, Public Works Director**

AGENDA ITEM: **Update regarding Exchange Street project**

PREVIOUS ACTION:
None.

ISSUE SUMMARY:
Town & Country Engineering will be in attendance to provide an update regarding the Exchange Street Reconstruction project. Exchange Street Reconstruction from Farwell Drive to Sleepy Hollow Road is planned for reconstruction in 2024. The project will include a full street reconstruction, addition of on-street bike lanes, a new sidewalk on the northern side of the road, and utility replacements. The Village is receiving grant funding for the project through the WisDOT Surface Transportation Program (STP) in the amount of $1,177,000. The anticipated overall cost of the project is approximately $5 million.

This project has been in design and development since 2019. The project has held multiple public information meetings and is scheduled to have the next in October 2022. Regulatory agencies have approved all of the project's cultural, historical, and environmental information. Detailed plan development, reporting documentation, and real estate documentation of the project is ongoing. Project materials are scheduled to be finalized in May of 2023 for 2023 bidding and 2024 construction.

FINANCIAL/BUDGET IMPACT:
None.

VILLAGE PLAN REFERENCE:
None.

ORDINANCE REFERENCE:
None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:
This item is presented as an update. No action required.

ATTACHMENTS:
None

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SUMMARY SHEET

MEETING DATE: **Monday, May 23, 2022**

SECTION: **Business**

DEPARTMENT: **Public Works**

CONTACT: **Jim Hessling, Public Works Director**

AGENDA ITEM: **Update regarding Lift Station #2 design**

PREVIOUS ACTION:
Design engineering was approved at the December 18, 2021 Public Utility Committee meeting and also at the January 24, 2022 Village Board meeting.

ISSUE SUMMARY:
Lift Station #2, located along Pheasant Run, is in the process of planning for an upgrade. This station was constructed back in the late 1970's and is an underground steel-canned unit that houses the pumps and motors along with controls. This station handles over 50% of the village's daily volume of sewage pumped into Madison Metropolitan Sewerage District's conveyance pipes. Lift station #2 is responsible for handling the ongoing growth on the eastside of the village. Design work is needed this year in order to proceed with construction next year.

This update is intended to inform the committee about the design progress and associated work needed in order to have the project ready for bidding and construction next year.

The land survey of the existing site has been completed. With the growing season finally starting up, the wetland delineation survey will be completed soon. Concept sketches for site layout are underway. The design concept is an above ground pumping station on the order of the Holscher Road Lift Station with 1 or 2 overhead doors for utility storage. This design would also house a permanent indoor backup electrical generator with instantaneous start. All new controls along with pumping apparatuses are being planned to be incorporated into the design. Currently, Town & Country is further researching the reuse of the existing wet well.

There are two attachments. One shows a similar inground canned lift station and the other is a concept.

FINANCIAL/BUDGET IMPACT:
Funding for design engineering is included in the 2022 budget.

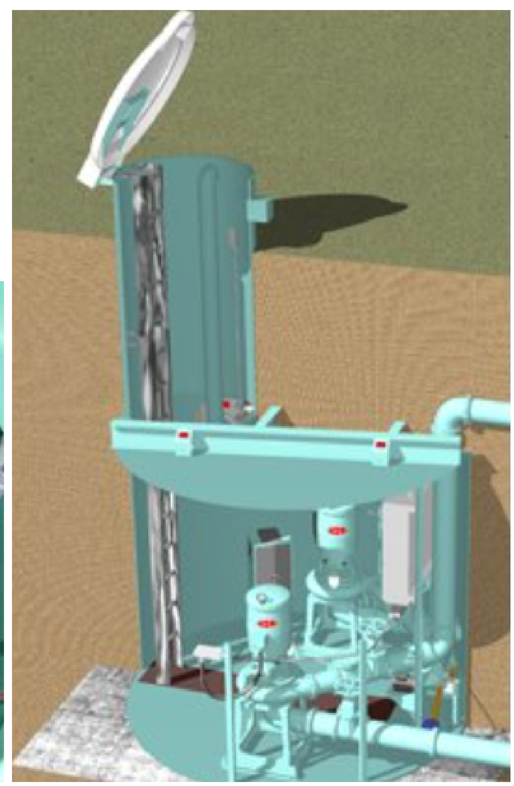
VILLAGE PLAN REFERENCE:
None

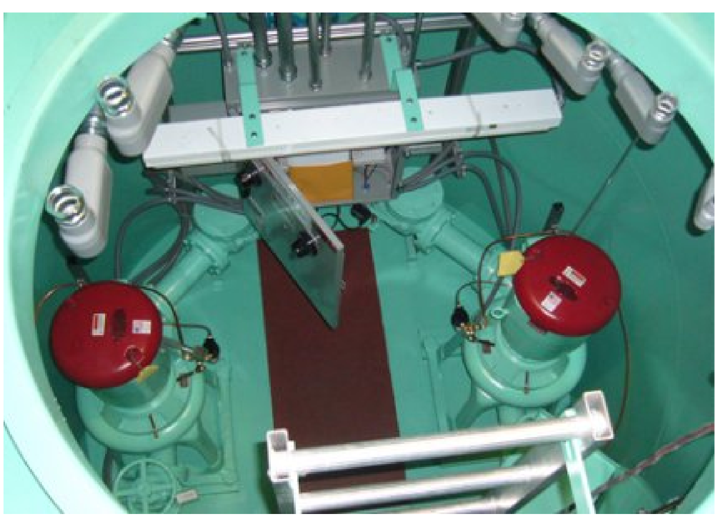
ORDINANCE REFERENCE:
None

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:
None

ATTACHMENTS:
1. Example of current inground station
2. Proposed concept design

Example of current inground station





Proposed concept design

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SUMMARY SHEET

MEETING DATE: **Monday, May 23, 2022**

SECTION: **Business**

DEPARTMENT: **Public Works**

CONTACT: **Jim Hessling, Public Works Director**

AGENDA ITEM: **Discussion and action to make a recommendation to the Village Board regarding the annual CMAR submittal for 2021**

PREVIOUS ACTION:
None

ISSUE SUMMARY:
The 2021 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 again received the highest grade possible of an "A" in both the financial and collection system sections.

Once completed and before submission to the DNR, the CMAR needs to be accepted by a governing board via resolution.

FINANCIAL/BUDGET IMPACT:
None

VILLAGE PLAN REFERENCE:
None

ORDINANCE REFERENCE:
None

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:
Motion and section to recommend approval to the Village Board regarding the 2021 Compliance Maintenance Annual Report (CMAR) as presented.

ATTACHMENTS:
1. DRAFT CMAR FYE 2021 jrh

Compliance Maintenance Annual Report

Mcfarland Sewage Collection System

Last Updated: 5/11/2022 | Reporting For: **2021**

Financial Management

1. Provider of Financial Information

Name: Matt Schuenke

Telephone: 608-838-3153 (XXX) XXX-XXXX

E-Mail Address (optional):

2. Treatment Works Operating Revenues

2.1 Are User Charges or other revenues sufficient to cover O&M expenses for your wastewater treatment plant AND/OR collection system ?

- ● Yes (0 points) ☐☐
- ○ No (40 points)

If No, please explain:

2.2 When was the User Charge System or other revenue source(s) last reviewed and/or revised?

Year: 2020

- ● 0-2 years ago (0 points) ☐☐
- ○ 3 or more years ago (20 points)☐☐
- ○ N/A (private facility)

2.3 Did you have a special account (e.g., CWFP required segregated Replacement Fund, etc.) or financial resources available for repairing or replacing equipment for your wastewater treatment plant and/or collection system?

- ● Yes (0 points)
- ○ No (40 points)

0

REPLACEMENT FUNDS [PUBLIC MUNICIPAL FACILITIES SHALL COMPLETE QUESTION 3]

3. Equipment Replacement Funds

3.1 When was the Equipment Replacement Fund last reviewed and/or revised?

Year: 2020

- ● 1-2 years ago (0 points)☐☐
- ○ 3 or more years ago (20 points)☐☐
- ○ N/A

If N/A, please explain:

3.2 Equipment Replacement Fund Activity

3.2.1 Ending Balance Reported on Last Year's CMAR $ 486,971.00

3.2.2 Adjustments - if necessary (e.g. earned interest, audit correction, withdrawal of excess funds, increase making up previous shortfall, etc.) $ 0.00

3.2.3 Adjusted January 1st Beginning Balance $ 486,971.00

3.2.4 Additions to Fund (e.g. portion of User Fee, earned interest, etc.) + $ 34,692.00

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 $ 521,663.00

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 CWFP 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	900,000	2023
2	Exchange Street sewer rehabilitation	1,265,500	2024
3	Forcemain Rehabilitation/Replacement at Lift Station #2	450,000	2024

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: 5

	Electricity Consumed (kWh)	Natural Gas Consumed (therms)
January	4,385	115
February	4,982	152
March	4,093	42
April	4,293	13
May	3,249	2
June	3,456	5
July	3,597	0
August	3,431	7
September	3,510	3
October	3,620	2
November	3,344	31
December	3,930	84
Total	**45,890**	**456**
Average	**3,824**	**41**

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:

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?

Possible solar and/or Green Tier goals, possible VFD and high efficiency pumps and LED lighting

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

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:

Clean and televise 1/3 of our sanitary sewer system per year, along with routine lift station cleaning.

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?

Village Ordinance Chapter 47, Article III- Sanitary Sewer System

If you have a Sewer Use Ordinance or other similar document, when was it last reviewed and revised? (MM/DD/YYYY) 2014-01-24

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 ☒ 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 Managment Plan (SECAP) ☐ Lift Station Evaluation Report ☒ Others: Planning for growth and its impact on our system.	**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	33	% of system/year
Root removal	0	% of system/year
Flow monitoring	0	% of system/year
Smoke testing	0	% of system/year
Sewer line televising	33	% of system/year
Manhole inspections	33	% of system/year
Lift station O&M	2.4	# per L.S./year
Manhole rehabilitation	0	% of manholes rehabbed
Mainline rehabilitation	0	% of sewer lines rehabbed
Private sewer inspections	0	% of system/year

Private sewer I/I removal	0	% of private services
River or water crossings	0	% of pipe crossings evaluated or maintained

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

While televising we found various spots where infiltration was occurring and we had those areas sealed up. We replaced about 358 feet of 12 inch main that was deteriorating that was discovered during televising.

3. Performance Indicators

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

22.82	Total actual amount of precipitation last year in inches
36	Annual average precipitation (for your location)
38.62	Miles of sanitary sewer
5	Number of lift stations
0	Number of lift station failures
0	Number of sewer pipe failures
0	Number of basement backup occurrences
4	Number of complaints
.582	Average daily flow in MGD (if available)
	Peak monthly flow in MGD (if available)
	Peak hourly flow in MGD (if available)

3.2 Performance ratios for the past year:

0.00	Lift station failures (failures/year)
0.00	Sewer pipe failures (pipe failures/sewer mile/yr)
0.00	Sanitary sewer overflows (number/sewer mile/yr)
0.00	Basement backups (number/sewer mile)
0.10	Complaints (number/sewer mile)
0.0	Peaking factor ratio (Peak Monthly:Annual Daily Avg)
0.0	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:

5.3 Explain any infiltration/inflow (I/I) changes this year from previous years:

During cleaning and televising, a few (approx. 36) I/I leaks were discovered and repairs were performed.

5.4 What is being done to address infiltration/inflow in your collection system?

During televising of the sewers, when we discover I/I, we have it repaired ASAP.

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

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)

Compliance Maintenance Annual Report

Mcfarland Sewage Collection System

Last Updated: 5/11/2022

Reporting For: **2021**

Resolution or Owner's Statement

Name of Governing Body or Owner:

Date of Resolution or Action Taken:

Resolution Number:

Date of Submittal:

ACTIONS SET FORTH BY THE GOVERNING BODY OR OWNER RELATING TO SPECIFIC CMAR SECTIONS (Optional for grade A or B. Required for grade C, D, or F):

Financial Management: Grade = A

Collection Systems: Grade = A

(Regardless of grade, response required for Collection Systems if SSOs were reported)

ACTIONS SET FORTH BY THE GOVERNING BODY OR OWNER RELATING TO THE OVERALL GRADE POINT AVERAGE AND ANY GENERAL COMMENTS

(Optional for G.P.A. greater than or equal to 3.00, required for G.P.A. less than 3.00)

G.P.A. = 4.00