

Wednesday, May 28, 2025**6:00 PM****McFarland Municipal Center**
5915 Milwaukee St, McFarland
Community Room

AGENDA

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

PLEASE CLICK THE LINK BELOW TO JOIN THE ZOOM WEBINAR:

<https://us02web.zoom.us/j/83788865413>

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

Webinar ID: 837 8886 5413

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

Members of the public may also speak during their selected agenda item as they designate on the public comment form or in the Question and Answer feature on Zoom.
3. APPROVAL OF MINUTES.
 - a. Motion to approve the minutes of the Public Works & Utilities Committee meeting held on April 28, 2025.
4. BUSINESS.
 - a. Presentation and discussion regarding the 2024 Audit and Financial Statements.
 - b. Discussion and action to make a recommendation to the Village Board regarding the annual CMAR submittal for 2024.
 - c. Update regarding the 2025 Sanitary Survey report performed by the Wisconsin Department of Natural Resources (DNR)
 - d. Discussion and action to make a recommendation regarding the updated Community Water System Emergency Response Plan for EPA.

5. SCHEDULE NEXT MEETING DATE.

- a. Monday, June 23, 2025, at 6:00 p.m.

6. ADJOURNMENT.

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

VILLAGE OF MCFARLAND

Public Works & Utilities Committee Minutes

Monday, April 28, 2025 - 6:00 PM

1. CALL TO ORDER, ROLL CALL.

Village President Brassington called the regular meeting of the Public Works & Utilities Committee to order at 6:00 PM in the Community Room of the Municipal Center. This meeting was also held via Zoom webinar.

Members present: President Brassington, Trustee Prill, Pauline Boness (arrived at 6:22 pm), Zach Freeman, Eric Kindschi

Members not present: Chris Fredrick, Timothy Goers

Staff Present: Village Administrator Matt Schuenke, Public Works Director Lee Igl, Assistant to the Public Works Director Aimee Irwin, and Town and Country staff, Brian Berquist and Tim Stieve.

2. PUBLIC APPEARANCES.

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

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

None.

3. APPROVAL OF MINUTES.

a. *Motion to approve the minutes of the March, 24, 2025, Public Works & Utilities Committee meeting.*

Motion by Trustee Prill, seconded by Freeman, to approve the minutes of the March, 24, 2025, Public Works & Utilities Committee meeting. Motion carries 3 - 0 - 1, with President Brassington abstaining.

4. BUSINESS.

a. *Discussion and action to make a recommendation to the Village Board regarding the award of contract for 2025 Street & Utility Improvements project for storm sewer repairs*

Town and Country staff, Tim Stieve, provided an overview of the 2025 Street and

Utility Improvements project for storm sewer repairs. Stieve stated a single bid was received from Visu-Sewer for the work. However, Visu-Sewer is not qualified based on their pre-qualifications documents and the village's bidders ordinance language due to an OSHA violation.

- Freeman asked what would be the consequences of rejecting the bid and waiting to complete these repairs. Stieve responded that eventually repairs would need to occur due to the conditions.
- Freeman asked if replacing the pipe was considered instead of lining. Stieve explained that replacement was being considered but the pipe on Lake Edge Road is very restrictive in terms of access due to its location between two properties. Igl added that a solution will need to be determined soon as sinkholes are present on the properties due to the failing pipe.

Schuenke stated that the village could pursue this work through the RFP process, in which the village would ask a handful of contractors for cost estimates or quotes.

Motion by President Brassington, seconded by Freeman, to recommend rejection to the Village Board regarding the award of contract for the 2025 Street & Utility Improvements project for storm sewer repairs. Motion carries 4 - 0 - 0.

b. Update regarding Well 5

Town and Country staff, Brian Berquist, provided an overview and history related to Well #5. The next steps in the process include submittal of a Public Service Commission (PSC) Construction Authorization and applying for DNR Safe Drinking Water funds. Berquist explained that the next steps would require an approved proposal for design and bidding services, which would be discussed in the next business item. Berquist presented the draft site plan and current design layout that has been developed with staff.

There were no questions or comments from committee members.

c. Discussion and action to make a recommendation to the Village Board regarding design services for Well #5.

Town and Country staff, Brian Berquist, reviewed their proposal for design and bidding services as it relates to Well #5.

- President Brassington asked for clarification regarding what the funds would be for. Berquist explained the funds would be for additional upcoming design engineering costs.
- Freeman asked if the Well #5 timeline aligns with the Capital Improvement Plan (CIP). Berquist stated that the timeline does align with the CIP.

Motion by President Brassington, seconded by Trustee Prill, to recommend approval to the Village Board regarding a proposal from Town and Country Engineering for design and bidding services related to Well #5. Motion carries 5 - 0 - 0.

d. Discussion and action to make a recommendation to the Village Board regarding the

draft Babcock Channel and Stormwater Lagoon Restoration Plan.

Schuenke provided an explanation regarding the conceptual plan related to the Babcock Channel and Stormwater Lagoon Restoration. Schuenke explained that the plan would be used as a guide for future decision-making for a possible project in this area. Schuenke stated that the stormwater lagoon is planned for maintenance in 2026 as part of the Stormwater Management Plan that was previously approved by the committee and Village Board.

- Kindschi thanked all those who worked on the plan over the years.
- Freeman asked for clarification regarding the next steps. Schuenke responded that the project could be evaluated as part of the Capital Improvement Plan (CIP) process in June. Schuenke stated that the committee can evaluate and discuss if additional funds are needed for taking the plan into action, beyond the stormwater lagoon.
- President Brassington asked when the channel was last dredged. Berquist responded that the channel was last dredged in 2006.
- Boness asked who paid for the last dredging. Schuenke stated the village funded the project.
- President Brassington asked how often the channel would need to be dredged. Stieve explained that the stormwater lagoon itself would require dredging every 10 to 20 years. Stieve stated that the channel itself has not seen a lot of change or increase in sediment over the years. Schuenke added that the sediment has been tested, and the results are within appropriate ranges for soil.
- Boness inquired if any funds were available from developers for the project. Schuenke responded that the stormwater utility would fund the maintenance work at the stormwater lagoon, but no funds have been set aside for the channel.
- President Brassington asked what grants would be available. Schuenke responded that grants may be available through the County, but additional research could be done to see if other grant opportunities are available.
- Freeman asked if funding was discussed for other area projects, such as Monona. Stieve responded that the Monona project had a 70/30 split in which the residents funded 70% of the project cost.
- Freeman asked if dredging area 1 of the plan would allow for more natural flow. Berquist responded that this was discussed with residents as the area is not public property. Berquist added that from a technical perspective, he is unable to determine if dredging would help.
- President Brassington commented that the project cost is quite significant, which several committee members agreed with.
- Freeman asked if the dredging work should wait until the pipe is repaired under US Highway 51. Stieve explained that the pipe replacement is planned for 2027 and being conducted as part of the WisDOT project. Stieve does not recommend waiting for the dredging for the lagoon.

Motion by Boness, seconded by Kindschi, to recommend to the Village Board to accept the Babcock Channel and Stormwater Lagoon Restoration Plan. Motion carries 5 - 0 - 0.

5. SCHEDULE NEXT MEETING DATE.

a. Wednesday, May 28, 2025, at 6:00 p.m.

6. ADJOURNMENT.

Motion by Trustee Prill, seconded by Boness, to adjourn at 7:01 pm.

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

Respectfully submitted,
Aimee Irwin
Assistant to the Public Works Director


McFarland
SUMMARY SHEET

MEETING DATE: Wednesday, May 28, 2025

SECTION: Business

DEPARTMENT: Public Works

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

AGENDA ITEM: Presentation and discussion regarding the 2024 Audit and Financial Statements.

PREVIOUS ACTION:

None.

ISSUE SUMMARY:

Enclosed is the annual audit and financial statements for fiscal year 2024. 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. Committee members are welcome to ask questions of staff and the auditor. No action is required on this item.

FINANCIAL/BUDGET IMPACT:

Financial information is included within the enclosed 2024 Audit and Financial Statements.

VILLAGE PLAN REFERENCE:

None.

ORDINANCE REFERENCE:

None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

No action is required on this item.

ATTACHMENTS:

1. 2024 Utility Meeting Handout
2. McFarland Utilities - FS - DRAFT 5.21.25

VILLAGE OF McFARLAND

WATER, SEWER AND STORM UTILITY AUDIT REPORT

Presented on: May 28, 2025

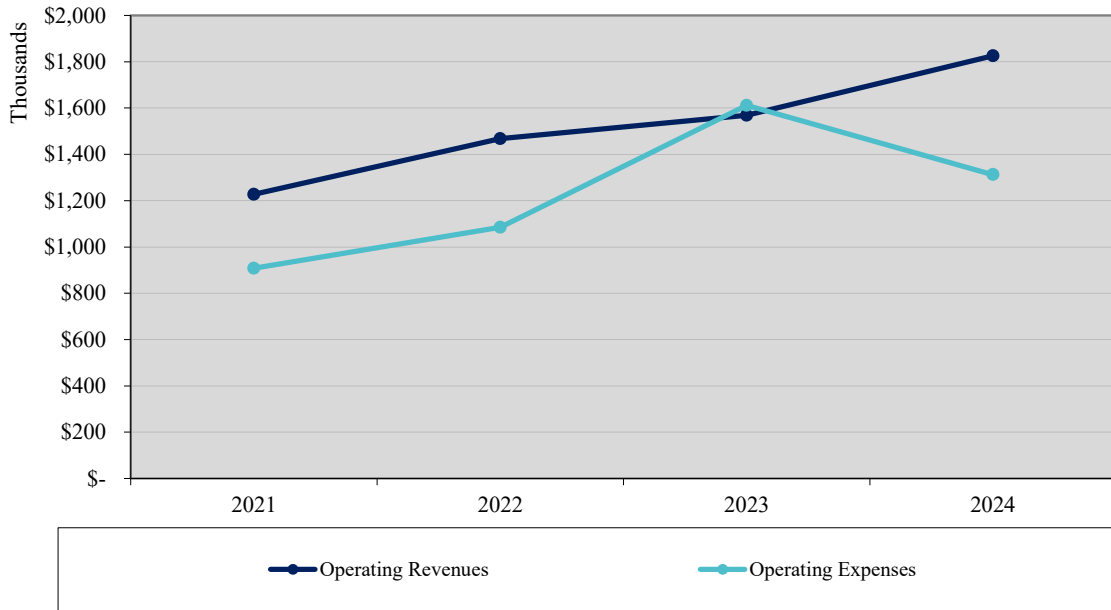
Presented by: Baker Tilly
Jodi Dobson, CPA, Principal

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

VILLAGE OF McFARLAND

WATER UTILITY FINANCIAL STATEMENT HIGHLIGHTS

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Operating Revenues	\$ 1,227,009	\$ 1,467,683	\$ 1,569,043	\$ 1,825,372
Operating Expenses	907,816	1,085,027	1,611,433	1,312,359

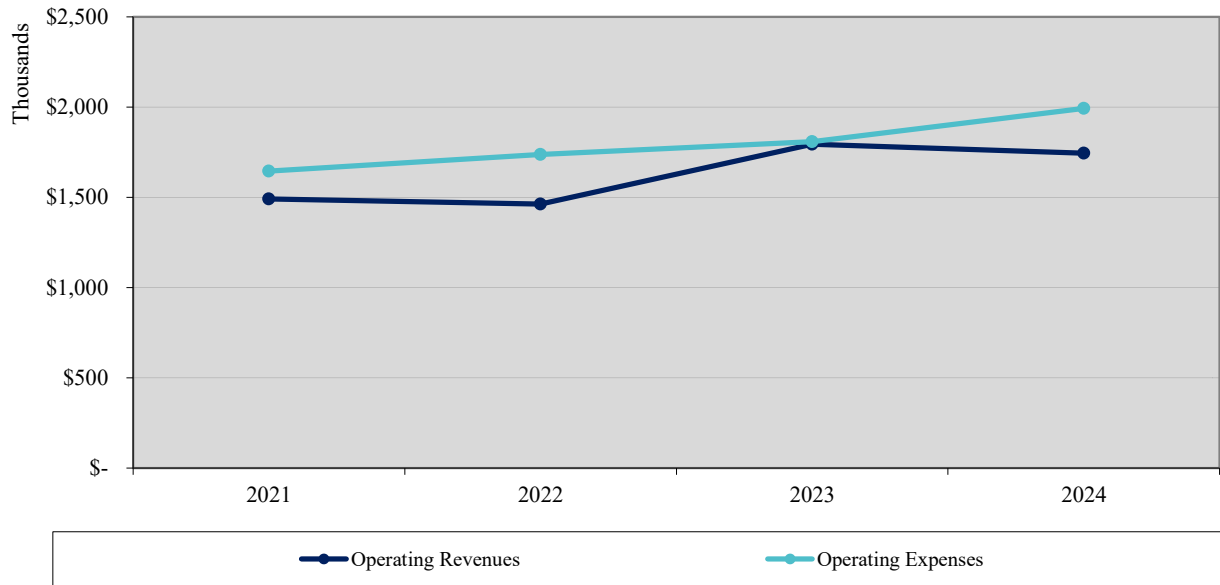


<u>Rate of Return</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actual rate	2.94%	3.45%	-1.10%	4.47%
Authorized rate	4.90%	4.90%	4.90%	6.40%

VILLAGE OF McFARLAND

SEWER UTILITY FINANCIAL STATEMENT HIGHLIGHTS

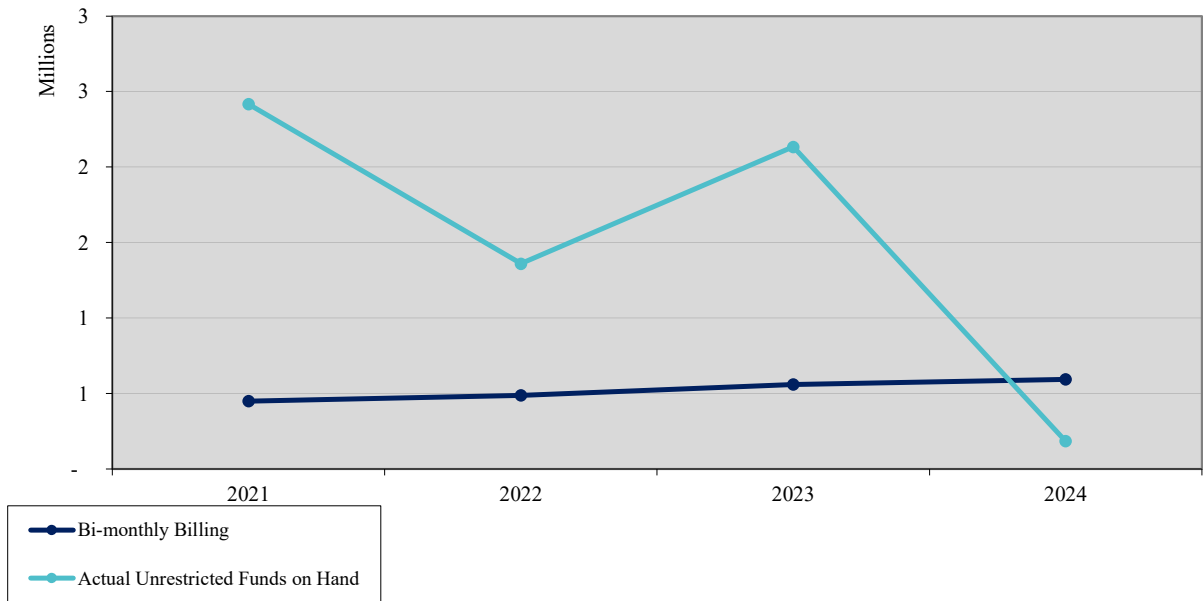
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Operating Revenues	\$ 1,490,378	\$ 1,462,816	\$ 1,793,659	\$ 1,743,880
Operating Expenses	1,645,340	1,736,571	1,808,192	1,991,786



VILLAGE OF McFARLAND

WATER & SEWER UTILITY FINANCIAL STATEMENT HIGHLIGHTS

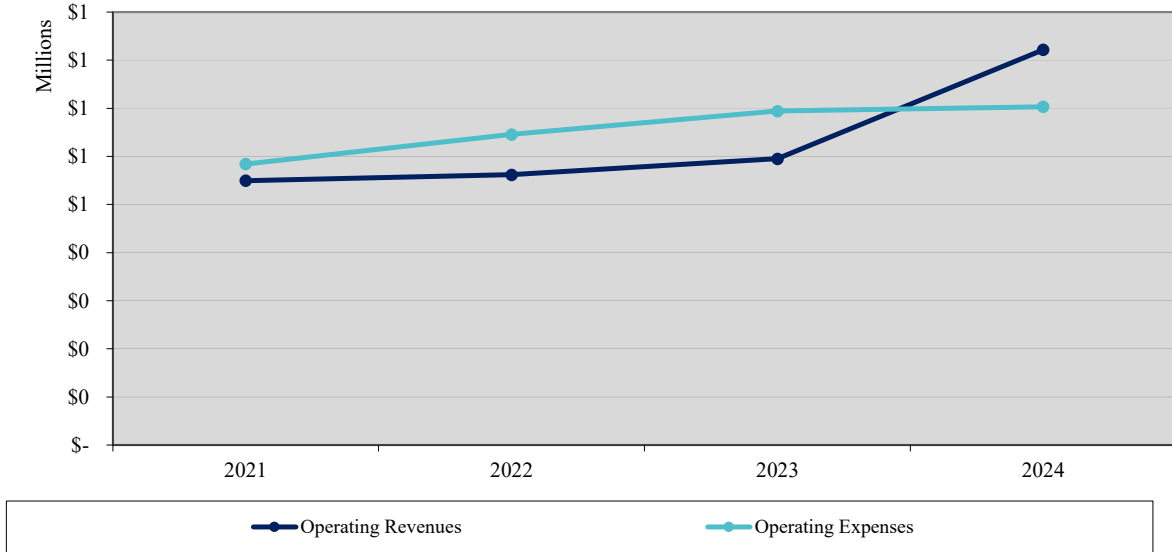
<u>Unrestricted Cash</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Minimum Funding Benchmark Bi-monthly Billing	450,000	488,333	560,000	595,000
Actual Unrestricted Funds on Hand	\$ 2,416,424	\$ 1,360,207	\$ 2,133,510	\$ 185,428
Bi-monthly Billings on Hand	5.37	2.79	3.81	0.31



VILLAGE OF McFARLAND

STORM WATER UTILITY FINANCIAL STATEMENT HIGHLIGHTS

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Operating Revenues	\$ 549,586	\$ 561,817	\$ 595,187	\$ 821,663
Operating Expenses	584,374	645,654	694,247	703,506



<u>Unrestricted Cash</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Minimum Funding Benchmark				
Bi-monthly Billing	\$ 91,667	\$ 93,667	\$ 99,167	\$ 137,000
Actual Unrestricted Funds on Hand	\$ 588,676	\$ 70,825	\$ 1,092	\$ 323,711
Bi-monthly Billings on Hand	6.42	0.76	0.01	2.36

McFarland Utilities

Enterprise Funds of the Village of McFarland, Wisconsin

Financial Statements and
Supplementary Information

December 31, 2024 and 2023

McFarland Utilities

Enterprise Funds of the Village of McFarland, Wisconsin
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 December 31, 2024 and 2023

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Independent Auditors' Report

To the Village Board of
Village of McFarland

Opinions

We have audited the financial statements of the McFarland Water and Sewer Utility and the McFarland Storm Water Utility (enterprise funds) of the Village of McFarland (the Village), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the enterprise funds of the Village as of December 31, 2024 and 2023, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the enterprise funds and do not purport to, and do not, present fairly the financial position of the Village as of December 31, 2024, and 2023, and the changes in financial position, or cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Madison, Wisconsin
May 28, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

McFarland Water and Sewer Utility

Management's Discussion and Analysis
December 31, 2024 and 2023

The management of the McFarland Water and Sewer Utility (Utility) offers this narrative discussion and analysis of the financial performance of the Utility for the year ended December 31, 2024. 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 increased \$587,000 from \$18,234,000 in 2023 to \$18,824,000 in 2024.
- The operating revenues of the Utility increased \$206,000 from \$3,363,000 in 2023 to \$3,569,000 in 2024.
- The operating expenses of the Utility, excluding depreciation, decreased \$142,000 from \$2,816,000 in 2023 to \$2,674,000 in 2024.
- The Water Utility recognized an operating profit of \$513,000 in 2024 compared to a loss of \$42,000 in 2023.
- The Sewer Utility recognized an operating loss of \$248,000 in 2024 compared to an operating loss \$15,000 in 2023.
- The authorized rate of return for the Public Service Commission of Wisconsin (PSCW) regulated water utility operations is 6.40%. The actual rate of return for 2024 was 4.57%, up from -1.10% in 2023.

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.

McFarland Water and Sewer Utility

Management's Discussion and Analysis
December 31, 2024 and 2023

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

	2024	2023	2022	2023 - 2024 Change
Current and other assets	\$ 4,677,176	\$ 5,536,156	\$ 8,031,971	\$ (858,980)
Capital assets	23,081,662	20,674,138	19,238,288	2,407,524
Total assets	27,758,838	26,210,294	27,270,259	1,548,544
Deferred outflows of resources	382,027	534,217	316,564	(152,190)
Long-term debt outstanding	6,600,000	5,605,000	6,400,000	995,000
Other liabilities	949,942	1,012,231	893,640	(62,289)
Total liabilities	7,549,942	6,617,231	7,293,640	932,711
Deferred inflows of resources	1,767,083	1,890,462	2,007,276	(123,379)
Investment in capital assets	16,562,769	15,108,777	15,359,009	1,453,992
Restricted	772,484	633,599	875,709	138,885
Unrestricted	1,488,587	2,494,442	2,051,189	(1,005,855)
Total net position	\$ 18,823,840	\$ 18,236,818	\$ 18,285,907	\$ 587,022

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

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

McFarland Water and Sewer Utility

Management's Discussion and Analysis
December 31, 2024 and 2023

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

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

Revenues, Expenses and Change in Net Position

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

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

	2024	2023	2022	2023 - 2024 Change
Operating revenues	\$ 3,569,252	\$ 3,362,702	\$ 2,930,499	\$ 206,550
Nonoperating revenues	221,744	387,129	175,344	(165,385)
Total revenues	3,790,996	3,749,831	3,105,843	41,165
Depreciation expense	630,239	604,028	578,362	26,211
Other operating expense	2,673,906	2,815,597	2,243,236	(141,691)
Nonoperating expense	228,831	158,351	243,881	70,480
Total expenses	3,532,976	3,577,976	3,065,479	(45,000)
Income before capital contributions and transfers	258,020	171,855	40,364	86,165
Transfers	(291,722)	(257,048)	(258,404)	(34,674)
Capital contributions	620,724	36,104	66,152	584,620
Change in net position	587,022	(49,089)	(151,888)	636,111
Net Position, Beginning	18,236,818	18,285,907	18,437,795	(49,089)
Net Position, Ending	\$ 18,823,840	\$ 18,236,818	\$ 18,285,907	\$ 587,022

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

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

See Independent Auditors' Report

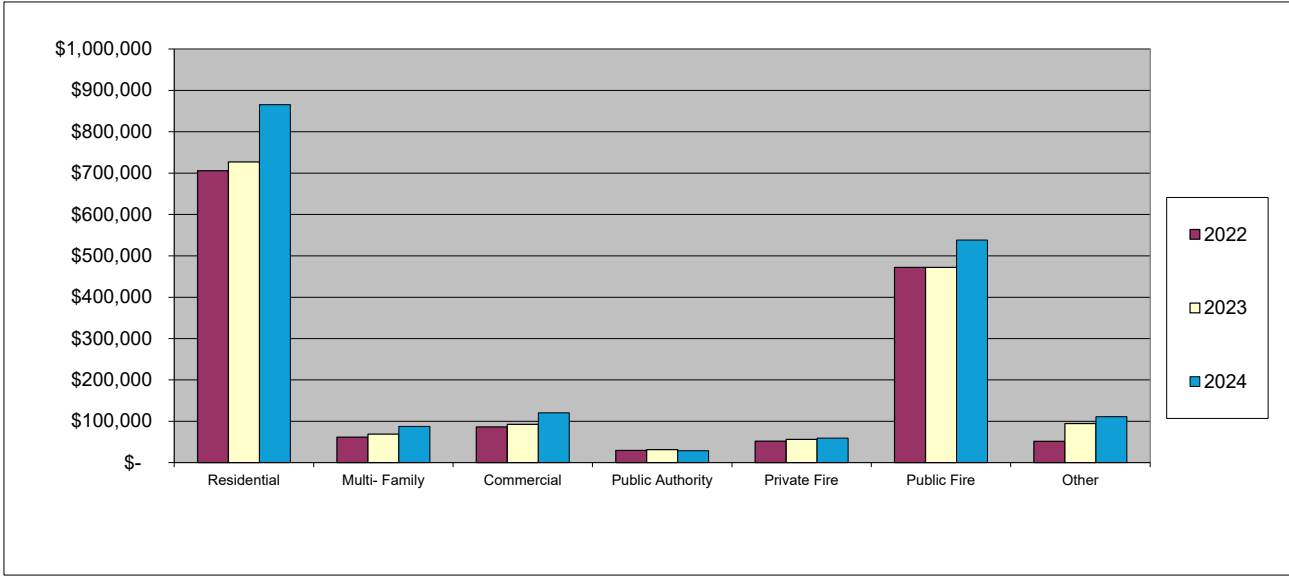
McFarland Water and Sewer Utility

Management's Discussion and Analysis
December 31, 2024 and 2023

Comparison of Operating Revenues

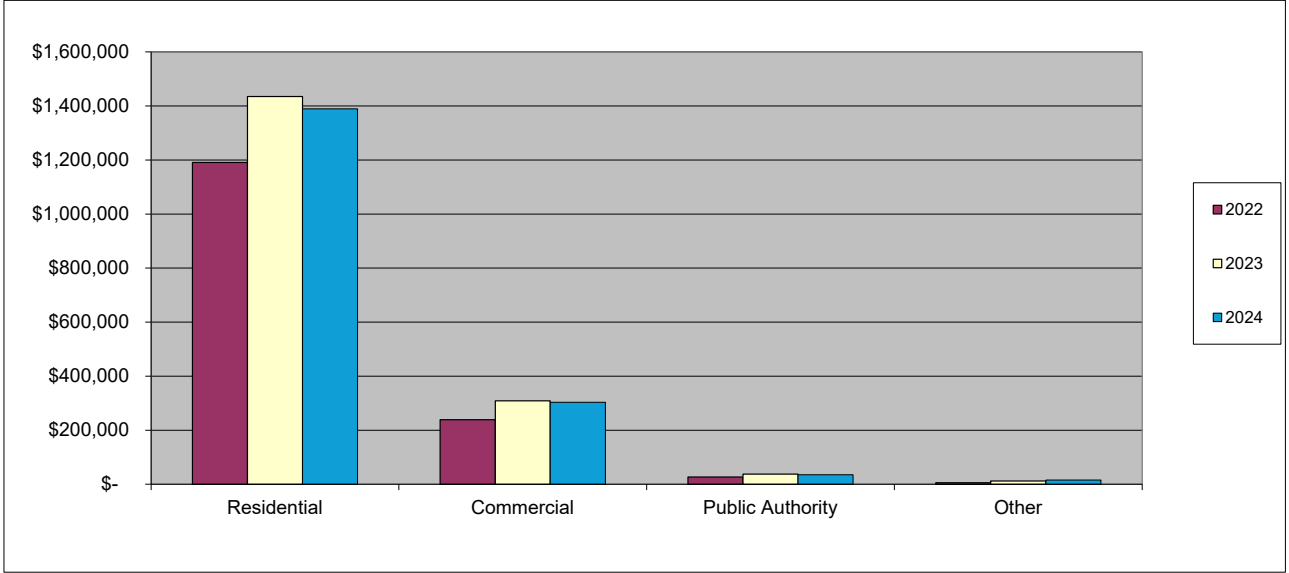
Tables 3 and 4 compare revenues received in 2024 from Water Utility and Sewer Utility operations with those revenues generated in 2023 and 2022. Revenues can be affected by a variety of factors including rate increases, customer growth, climate conditions and local economic conditions.

TABLE 3
COMPARISON OF WATER OPERATING REVENUES



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

TABLE 4
COMPARISON OF SEWER OPERATING REVENUES



Sewer Utility revenues from user charges decreased by \$50,000 or 3.34%, in 2024, mainly due to changes in consumption.

McFarland Water and Sewer Utility

Management's Discussion and Analysis
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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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2023 - 2024</u> <u>Change</u>
Cash Flows From:				
Operating activities	\$ 827,242	\$ 605,617	\$ 473,973	\$ 221,625
Noncapital financing activities	(258,404)	(257,048)	(279,069)	(1,356)
Capital and related financing activities	(1,647,677)	(3,072,542)	1,589,685	1,424,865
Investing activities	<u>221,734</u>	<u>377,075</u>	<u>174,385</u>	<u>(155,341)</u>
Net change in cash and cash equivalents	(857,105)	(2,346,898)	1,958,974	1,489,793
Cash and Cash Equivalents, Beginning	<u>3,227,516</u>	<u>5,574,414</u>	<u>3,615,440</u>	<u>(2,346,898)</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,370,411</u>	<u>\$ 3,227,516</u>	<u>\$ 5,574,414</u>	<u>\$ (857,105)</u>

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

McFarland Water and Sewer Utility

Management's Discussion and Analysis
December 31, 2024 and 2023

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**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2023 - 2024 Change</u>
Capital assets:				
Source of supply	\$ 243,539	\$ 243,539	\$ 243,539	\$ -
Pumping	388,148	388,148	357,710	-
Water treatment	4,498	4,498	4,498	-
Transmission and distribution	19,825,817	19,585,027	18,087,560	240,790
General	696,186	644,066	653,106	52,120
Total capital assets	21,158,188	20,865,278	19,346,413	292,910
Less accumulated depreciation	(6,268,403)	(6,008,815)	(5,753,904)	(259,588)
Net capital assets	\$ 14,889,785	\$ 14,856,463	\$ 13,592,509	\$ 33,322

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

**TABLE 7
CAPITAL ASSETS - SEWER UTILITY OPERATIONS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2023 - 2024 Change</u>
Capital assets:				
Collection system	\$ 7,239,833	\$ 7,018,843	\$ 6,948,642	\$ 220,990
Collection system pumping	1,043,088	1,043,088	1,043,088	-
General	472,710	422,904	431,944	49,806
Total capital assets	8,755,631	8,484,835	8,423,674	270,796
Less accumulated depreciation	(3,179,622)	(3,003,944)	(2,842,797)	(175,678)
Net capital assets	\$ 5,576,009	\$ 5,480,891	\$ 5,580,877	\$ 95,118

McFarland Water and Sewer Utility

Management's Discussion and Analysis
December 31, 2024 and 2023

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

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

Debt Administration

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

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.

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

Overview of the Financial Statements

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

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

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2023-2024</u> <u>Change</u>
Current and other assets	\$ 900,489	\$ 87,326	\$ 228,522	\$ 813,163
Capital Assets	<u>5,433,812</u>	<u>4,927,506</u>	<u>4,637,295</u>	<u>506,306</u>
Total assets	<u>6,334,301</u>	<u>5,014,832</u>	<u>4,865,817</u>	<u>1,319,469</u>
Deferred outflows of resources	<u>129,718</u>	<u>187,659</u>	<u>124,037</u>	<u>(57,941)</u>
Long-term debt outstanding	1,360,000	70,000	135,000	1,290,000
Other liabilities	<u>114,328</u>	<u>441,365</u>	<u>46,680</u>	<u>(327,037)</u>
Total liabilities	<u>1,474,328</u>	<u>511,365</u>	<u>181,680</u>	<u>962,963</u>
Deferred inflows of resources	<u>76,538</u>	<u>101,861</u>	<u>140,325</u>	<u>(25,323)</u>
Investment in capital assets	4,427,723	4,857,365	4,482,038	(429,642)
Restricted for pension	-	-	66,385	-
Unrestricted	<u>485,430</u>	<u>(268,100)</u>	<u>119,426</u>	<u>753,530</u>
Total net position	<u>\$ 4,913,153</u>	<u>\$ 4,589,265</u>	<u>\$ 4,667,849</u>	<u>\$ 323,888</u>

McFarland Storm Water Utility

Management's Discussion and Analysis
December 31, 2024 and 2023

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

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

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

Revenues, Expenses, and Changes in Net Position

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2023-2024</u> <u>Change</u>
Operating revenues	\$ 821,663	\$ 595,187	\$ 561,817	\$ 226,476
Nonoperating revenues	22,631	23,491	9,510	(860)
Total revenues	<u>844,294</u>	<u>618,678</u>	<u>571,327</u>	<u>225,616</u>
Depreciation expense	170,137	161,839	160,151	8,298
Other operating expense	533,369	532,408	485,503	961
Nonoperating expense	<u>36,570</u>	<u>3,015</u>	<u>4,006</u>	<u>33,555</u>
Total expenses	<u>740,076</u>	<u>697,262</u>	<u>649,660</u>	<u>42,814</u>
Income before capital contributions and transfers	104,218	(78,584)	(78,333)	182,802
Transfers	-	-	-	-
Capital contributions	<u>219,670</u>	<u>-</u>	<u>-</u>	<u>219,670</u>
Change in net position	323,888	(78,584)	(78,333)	402,472
Net Position, Beginning	<u>4,589,265</u>	<u>4,667,849</u>	<u>4,746,182</u>	<u>(78,584)</u>
Net Position, Ending	<u>\$ 4,913,153</u>	<u>\$ 4,589,265</u>	<u>\$ 4,667,849</u>	<u>\$ 323,888</u>

See Independent Auditors' Report

McFarland Storm Water Utility

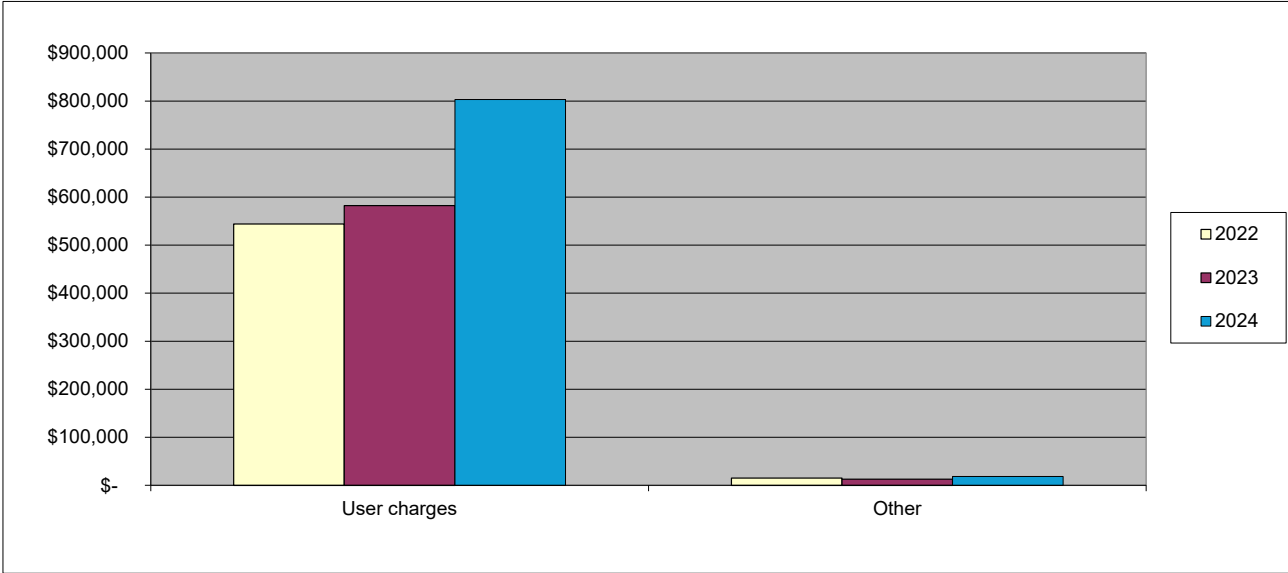
Management's Discussion and Analysis
December 31, 2024 and 2023

Operating revenues for the STW Utility in 2024 increased \$226,000, or 38.1%, from 2023. Revenue increased mainly due to an increase in rates, the customer base also increased 0.7% from the prior year. Table 3 below summarizes the operating revenues of the STW Utility.

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

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

TABLE 3
COMPARISON OF STORM WATER OPERATING REVENUES



Statements of Cash Flows

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

TABLE 4
CONDENSED STATEMENTS OF CASH FLOWS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2023-2024 Change</u>
Cash flows from:				
Operating activities	\$ (92,447)	\$ 101,627	\$ 19,428	\$ (194,074)
Noncapital financing activities	-	354,668	-	(354,668)
Capital and related financing activities	861,140	(529,005)	(546,337)	1,390,145
Investing activities	<u>19,056</u>	<u>2,977</u>	<u>9,058</u>	<u>16,079</u>
Net change in cash and cash equivalents	787,749	(69,733)	(517,851)	857,482
Cash and Cash Equivalents, Beginning	<u>1,092</u>	<u>70,825</u>	<u>588,676</u>	<u>(69,733)</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 788,841</u></u>	<u><u>\$ 1,092</u></u>	<u><u>\$ 70,825</u></u>	<u><u>\$ 787,749</u></u>

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

Capital Assets

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

TABLE 5
CAPITAL ASSETS – STORM WATER UTILITY OPERATIONS

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2023-2024</u> <u>Change</u>
Capital assets:				
Land and improvements	\$ 313,596	\$ 313,596	\$ 313,596	\$ -
Pipes	4,445,378	4,328,708	3,998,698	116,670
Manholes	675,786	620,876	580,052	54,910
Inlets	919,247	855,510	848,870	63,737
Basins	719,431	719,431	719,431	-
Miscellaneous and general	444,208	392,089	401,128	52,119
Total capital assets	7,517,646	7,230,210	6,861,775	287,436
Less accumulated depreciation	<u>(2,558,500)</u>	<u>(2,389,563)</u>	<u>(2,236,372)</u>	<u>(168,937)</u>
Net capital assets	<u>\$ 4,959,146</u>	<u>\$ 4,840,647</u>	<u>\$ 4,625,403</u>	<u>\$ 118,499</u>

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

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

Debt Administration

As of December 31, 2024 the STW Utility had \$1,360,000 in general obligation debt outstanding compared to \$70,000 in 2023. The STW Utility issued \$1,360,000 in new general obligation debt in 2024 for the purpose of funding 2024 and 2025 capital improvement projects and equipment purchases. Please refer to the notes to the financial statements for further detail about the debt obligations of the Storm Water Utility.

Currently Known Facts / Economic Conditions

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

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

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

Contacting Utility Management

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

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

WATER AND SEWER UTILITY

McFarland Water and Sewer Utility

Statements of Net Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 185,428	\$ 2,133,510
Restricted assets:		
Redemption account	206,481	97,942
Customer accounts receivable	455,946	349,091
Due from Municipality	48,932	68,754
Materials and supplies	19,450	19,450
Current portion of lease receivable	<u>60,171</u>	<u>52,799</u>
Total current assets	<u>976,408</u>	<u>2,721,546</u>
Noncurrent Assets		
Restricted assets:		
Reserve account	276,822	267,200
Replacement account	505,956	477,407
Impact fee account	106,528	69,525
Other assets:		
Water tower reserve	682,885	97,297
Depreciation reserve	89,311	84,635
Facility collection system reserve	67,000	-
Equipment replacement reserve	250,000	-
Special assessments receivable	-	36,109
Lease receivable	1,498,154	1,558,325
Property held for future use	224,112	224,112
Capital assets:		
Plant in service:		
Water	21,158,188	20,865,278
Sewer	<u>8,755,631</u>	<u>8,484,835</u>
Total plant in service	<u>29,913,819</u>	<u>29,350,113</u>
Accumulated depreciation/ amortization:		
Water	(6,268,403)	(6,008,815)
Sewer	<u>(3,179,622)</u>	<u>(3,003,944)</u>
Total accumulated depreciation/ amortization	<u>(9,448,025)</u>	<u>(9,012,759)</u>
Construction work in progress:		
Water	<u>2,615,868</u>	<u>336,784</u>
Total construction work in progress	<u>2,615,868</u>	<u>336,784</u>
Total noncurrent assets	<u>26,782,430</u>	<u>23,488,748</u>
Total assets	<u>27,758,838</u>	<u>26,210,294</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	<u>382,027</u>	<u>534,217</u>

See notes to the financial statements

McFarland Water and Sewer Utility

Statements of Net Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 274,019	\$ 249,648
Due to Municipality	291,722	258,404
Customer deposits	11,500	15,000
Accrued interest	3,075	4,464
Accrued vacation leave	12,556	13,022
Accrued liabilities	19,035	33,536
Current portion of general obligation debt	370,000	700,000
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	240,000	130,000
Accrued interest	<u>46,481</u>	<u>11,275</u>
Total current liabilities	<u>1,268,388</u>	<u>1,415,349</u>
Noncurrent Liabilities		
General obligation debt	1,010,000	1,380,000
Revenue bonds	4,980,000	3,395,000
Unamortized debt premium	195,715	227,561
Accrued sick leave	53,492	71,988
Net pension liability	<u>42,347</u>	<u>127,333</u>
Total noncurrent liabilities	<u>6,281,554</u>	<u>5,201,882</u>
Total liabilities	<u>7,549,942</u>	<u>6,617,231</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	208,758	279,338
Deferred inflows related to leases	<u>1,558,325</u>	<u>1,611,124</u>
Total deferred inflows of resources	<u>1,767,083</u>	<u>1,890,462</u>
Net Position		
Net investment in capital assets	16,562,769	15,108,777
Restricted for:		
Debt service	160,000	86,667
Equipment replacement	505,956	477,407
Impact fee	106,528	69,525
Unrestricted	<u>1,488,587</u>	<u>2,494,442</u>
Total net position	<u>\$ 18,823,840</u>	<u>\$ 18,236,818</u>

See notes to the financial statements

McFarland Water and Sewer Utility

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Water:		
Sales of water	\$ 1,705,795	\$ 1,453,557
Other	<u>119,577</u>	<u>115,486</u>
Total water	<u>1,825,372</u>	<u>1,569,043</u>
Sewer:		
Treatment charges	1,728,329	1,781,500
Other	<u>15,551</u>	<u>12,159</u>
Total sewer	<u>1,743,880</u>	<u>1,793,659</u>
Total operating revenues	<u>3,569,252</u>	<u>3,362,702</u>
Operating Expenses		
Water:		
Operation and maintenance	861,311	1,181,524
Depreciation	<u>451,048</u>	<u>429,909</u>
Total water	<u>1,312,359</u>	<u>1,611,433</u>
Sewer:		
Operation and maintenance	1,812,595	1,634,073
Depreciation	<u>179,191</u>	<u>174,119</u>
Total sewer	<u>1,991,786</u>	<u>1,808,192</u>
Total operating expenses	<u>3,304,145</u>	<u>3,419,625</u>
Operating Income (Loss)		
Water	513,013	(42,390)
Sewer	<u>(247,906)</u>	<u>(14,533)</u>
Total operating income (loss)	<u>265,107</u>	<u>(56,923)</u>
Nonoperating Expenses		
Investment income	221,734	377,075
Gain on equipment disposal	10	10,054
Interest expense	(209,377)	(193,257)
Debt issuance costs	(51,300)	-
Amortization of premium	<u>31,846</u>	<u>34,906</u>
Total nonoperating expenses	<u>(7,087)</u>	<u>228,778</u>
Income before contributions and transfers	258,020	171,855
Capital Contributions	620,724	36,104
Transfers, Tax Equivalent	<u>(291,722)</u>	<u>(257,048)</u>
Change in net position	587,022	(49,089)
Net Position, Beginning	<u>18,236,818</u>	<u>18,285,907</u>
Net Position, Ending	<u>\$ 18,823,840</u>	<u>\$ 18,236,818</u>

See notes to the financial statements

McFarland Water and Sewer Utility

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Received from customers	\$ 3,355,557	\$ 2,886,463
Received from Municipality for services	177,094	472,300
Paid to suppliers for goods and services	(2,045,618)	(2,151,028)
Paid to employees for operating payroll	<u>(659,791)</u>	<u>(602,118)</u>
Net cash flows from operating activities	<u>827,242</u>	<u>605,617</u>
Cash Flows From Noncapital Financing Activities		
Paid to Municipality for tax equivalent	<u>(258,404)</u>	<u>(257,048)</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(2,488,470)	(2,113,808)
Capital contributions received	72,653	36,104
Financed purchase payments	-	(4,952)
Debt retired	(830,000)	(795,000)
Interest paid	(175,560)	(194,886)
Proceeds from debt issue	1,825,000	-
Debt issuance costs	<u>(51,300)</u>	<u>-</u>
Net cash flows from capital and related financing activities	<u>(1,647,677)</u>	<u>(3,072,542)</u>
Cash Flows From Investing Activities		
Investment income	<u>221,734</u>	<u>377,075</u>
Net change in cash and cash equivalents	(857,105)	(2,346,898)
Cash and Cash Equivalents, Beginning	<u>3,227,516</u>	<u>5,574,414</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,370,411</u>	<u>\$ 3,227,516</u>
Noncash Capital and Related Financing Activities		
Developer financed additions to utility plant	<u>\$ 584,180</u>	<u>\$ -</u>
Amortization of debt premium	<u>\$ 31,846</u>	<u>\$ 34,906</u>
Write-off financed purchase	<u>\$ 36,119</u>	<u>\$ 34,998</u>
Write-off special assessments	<u>\$ 36,109</u>	<u>\$ -</u>

See notes to the financial statements

McFarland Water and Sewer Utility

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities		
Operating income (loss)	\$ 265,107	\$ (56,923)
Noncash items in operating income (loss):		
Depreciation	630,239	604,028
Depreciation charged to clearing and other utilities	53,932	48,986
Changes in assets and liabilities:		
Customer accounts receivable	(106,855)	5,829
Other accounts receivable	52,799	45,765
Due from Municipality	19,822	(68,754)
Accounts payable	24,371	3,179
Accrued vacation and sick leave	(18,496)	21,028
Other current liabilities	(34,002)	33,536
Deferred inflow of resources	(52,799)	(45,765)
Pension related deferrals and liabilities	(3,376)	4,708
Customer deposits	(3,500)	10,000
	<u>\$ 827,242</u>	<u>\$ 605,617</u>
Net cash flows from operating activities	<u>\$ 827,242</u>	<u>\$ 605,617</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 185,428	\$ 2,133,510
Redemption account	206,481	97,942
Reserve account	276,822	267,200
Replacement account	505,956	477,407
Impact fee account	106,528	69,525
Water tower reserve	682,885	97,297
Depreciation reserve	89,311	84,635
Facility collection system reserve	67,000	-
Equipment replacement reserve	250,000	-
	<u>\$ 2,370,411</u>	<u>\$ 3,227,516</u>
Cash and cash equivalents	<u>\$ 2,370,411</u>	<u>\$ 3,227,516</u>

See notes to the financial statements

STORM WATER UTILITY

McFarland Storm Water Utility

Statements of Net Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 323,711	\$ 1,092
Customer accounts receivable	<u>111,648</u>	<u>86,234</u>
Total current assets	<u>435,359</u>	<u>87,326</u>
Noncurrent Assets		
Restricted assets:		
Construction account	405,130	-
Other assets:		
Sweeper reserve	60,000	-
Capital assets:		
Plant in service	7,517,646	7,230,120
Accumulated depreciation/amortization	(2,558,500)	(2,389,563)
Construction work in progress	<u>474,666</u>	<u>86,949</u>
Total noncurrent assets	<u>5,898,942</u>	<u>4,927,506</u>
Total assets	<u>6,334,301</u>	<u>5,014,832</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	<u>129,718</u>	<u>187,659</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	5,004	1,053
Due to Municipality	-	354,668
Accrued interest	23,314	125
Accrued vacation leave	3,859	4,761
Accrued liabilities	166	9,950
Current portion of general obligation debt	<u>75,000</u>	<u>70,000</u>
Total current liabilities	<u>107,343</u>	<u>440,557</u>
Noncurrent Liabilities		
General obligation debt	1,285,000	-
Unamortized debt premium	51,219	141
Accrued sick leave	15,572	25,752
Net pension liability	<u>15,194</u>	<u>44,915</u>
Total noncurrent liabilities	<u>1,366,985</u>	<u>70,808</u>
Total liabilities	<u>1,474,328</u>	<u>511,365</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	<u>76,538</u>	<u>101,861</u>
Net Position		
Net investment in capital assets	4,427,723	4,857,365
Unrestricted	<u>485,430</u>	<u>(268,100)</u>
Total net position	<u>\$ 4,913,153</u>	<u>\$ 4,589,265</u>

See notes to the financial statements

McFarland Storm Water Utility

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Charges for services	\$ 803,291	\$ 582,442
Other	<u>18,372</u>	<u>12,745</u>
Total operating revenues	<u>821,663</u>	<u>595,187</u>
Operating Expenses		
Operation and maintenance	533,369	532,408
Depreciation	<u>170,137</u>	<u>161,839</u>
Total operating expenses	<u>703,506</u>	<u>694,247</u>
Operating Income (Loss)	<u>118,157</u>	<u>(99,060)</u>
Nonoperating Expenses		
Investment income	19,056	2,977
Miscellaneous revenues (expenses)	3,575	19,076
Gain on disposal of equipment	-	1,438
Interest expense	(24,694)	(3,156)
Debt issuance costs	(19,000)	-
Amortization of debt premium	<u>7,124</u>	<u>141</u>
Total nonoperating expenses	<u>(13,939)</u>	<u>20,476</u>
Income (loss) before contributions	104,218	(78,584)
Capital Contributions	<u>219,670</u>	<u>-</u>
Change in net position	323,888	(78,584)
Net Position, Beginning	<u>4,589,265</u>	<u>4,667,849</u>
Net Position, Ending	<u>\$ 4,913,153</u>	<u>\$ 4,589,265</u>

See notes to the financial statements

McFarland Storm Water Utility

Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Received from customers	\$ 799,824	\$ 619,341
Paid to suppliers for goods and services	(698,878)	(340,960)
Paid to employees for operating payroll	<u>(193,393)</u>	<u>(176,754)</u>
Net cash flows from operating activities	<u>(92,447)</u>	<u>101,627</u>
Cash Flows From Noncapital Financing Activities		
Operating advances from other funds	<u>-</u>	<u>354,668</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(466,557)	(458,161)
Financed purchase payments	-	(2,476)
Premium on debt	58,202	-
Debt retired	(70,000)	(65,000)
Interest paid	(1,505)	(3,368)
Proceeds from debt issue	1,360,000	-
Debt issuance costs	<u>(19,000)</u>	<u>-</u>
Net cash flows from capital and related financing activities	<u>861,140</u>	<u>(529,005)</u>
Cash Flows From Investing Activities		
Investment income	<u>19,056</u>	<u>2,977</u>
Net change in cash and cash equivalents	787,749	(69,733)
Cash and Cash Equivalents, Beginning	<u>1,092</u>	<u>70,825</u>
Cash and Cash Equivalents, Ending	<u>\$ 788,841</u>	<u>\$ 1,092</u>
Noncash Capital and Related Financing Activities		
Developer financed additions to utility plant	<u>\$ 219,670</u>	<u>\$ -</u>
Write-off financed purchase	<u>\$ -</u>	<u>\$ 17,499</u>
Amortization of debt premium	<u>\$ 7,127</u>	<u>\$ 141</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities		
Operating income (loss)	\$ 118,157	\$ (99,060)
Nonoperating revenue (expense)	3,575	19,076
Noncash items in operating income (loss):		
Depreciation	170,137	161,839
Changes in assets and liabilities:		
Customer accounts receivable	(25,414)	(2,484)
Other accounts receivable	-	7,562
Pension related deferrals and liabilities	2,897	9,214
Accounts payable	3,951	(1,148)
Due to Municipality	(354,668)	-
Accrued vacation	(902)	6,292
Accrued sick leave	<u>(10,180)</u>	<u>336</u>
Net cash flows from operating activities	<u>\$ (92,447)</u>	<u>\$ 101,627</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 323,711	\$ 1,092
Construction account	405,130	-
Sweeper reserve	<u>60,000</u>	<u>-</u>
Cash and cash equivalents	<u>\$ 788,841</u>	<u>\$ 1,092</u>

See notes to the financial statements

McFarland Utilities

Notes to Financial Statements
December 31, 2024 and 2023

1. Summary of Significant Accounting Policies

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

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

Reporting Entity

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized in financial statements prepared using the economic resources measurement focus for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This standard was implemented January 1, 2024. The prior year impact of the standard was not considered material to the financial statements, therefore the prior year balances were not adjusted for the change.

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position**Deposits and Investments**

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

McFarland Utilities

Notes to Financial Statements
December 31, 2024 and 2023

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.

McFarland Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Other Asset Reserve Accounts

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

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. 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

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

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

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

Deferred Outflows of Resources

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

Accrued Vacation and Sick Leave

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

Long-Term Obligations

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

Leases

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

Deferred Inflows of Resources

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

McFarland Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Revenues and Expenses

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

Charges for Services

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

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

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

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

Capital Contributions

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

Connection or Impact Fee

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

Transfers

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

Miscellaneous Operating Revenues

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

Effect of New Accounting Standards on Current Period Financial Statements

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

- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*

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

McFarland Utilities

Notes to Financial Statements
December 31, 2024 and 2023

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,		Risks
	2024	2023	
LGIP	\$ 2,256,514	\$ 1,129,492	Credit
Checking and savings	902,738	2,099,116	Custodial credit
Total	\$ 3,159,252	\$ 3,228,608	

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

Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$1,000,000.

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, 2024 and 2023, 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.

	2024		2023	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
McFarland State Bank	(A)	\$ 902,738	(A)	\$ 2,099,116

(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.

McFarland Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Credit Risk

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

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

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

Investment Policy

Credit Risk

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

3. Interfund Receivables/Payables and Transfers

The following is a schedule of interfund balances for the years ended December 31, 2024 and 2023:

<u>Due To</u>	<u>Due From</u>	<u>2024</u>		<u>2023</u>	
		<u>Amount</u>	<u>Principal Purpose</u>	<u>Amount</u>	<u>Principal Purpose</u>
Water and Sewer Utility Municipality	Municipality	\$ 48,932	Operating	\$ 68,754	Fire protection charge
Municipality	Water and Sewer Utility	291,722	Tax equivalent	258,404	Tax equivalent
Municipality	Storm water	-		354,668	Operating

The following is a schedule of transfer balances for the years ended December 31, 2024 and 2023:

<u>To</u>	<u>From</u>	<u>2024</u>		<u>2023</u>	
		<u>Amount</u>	<u>Principal Purpose</u>	<u>Amount</u>	<u>Principal Purpose</u>
Municipality	Water and Sewer Utility	\$ 291,722	Tax equivalent	\$ 257,048	Tax equivalent

4. Restricted Assets

Restricted Accounts

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

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

McFarland Utilities

Notes to Financial Statements
December 31, 2024 and 2023

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.

Restricted Net Position

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

	2024	2023
Restricted assets:		
Redemption account	\$ 206,481	\$ 97,942
Reserve account	276,822	267,200
Replacement account	505,956	477,407
Impact fee account	106,528	69,525
Total restricted assets	1,095,787	912,074
Less restricted assets not funded by revenues:		
Reserve from borrowing	(276,822)	(267,200)
Current liabilities payable from restricted assets	(46,481)	(11,275)
Total restricted net position as calculated	\$ 772,484	\$ 633,599

The purpose of the restricted net position is as follows:

	2024	2023
Debt service	\$ 160,000	\$ 86,667
Equipment replacement	505,956	477,407
Impact fee	106,528	69,525
Total restricted net position	\$ 772,484	\$ 633,599

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

	2024	2023
Restricted assets:		
Construction account	\$ 405,130	\$ -
Less restricted assets not funded by revenues:		
Construction account	(405,130)	-
Total restricted net position as calculated	\$ -	\$ -

McFarland Utilities

Notes to Financial Statements
December 31, 2024 and 2023

5. Changes in Capital Assets

Water Utility

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

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

A summary of changes in water capital assets for 2023 follows:

	<u>Balance 1/1/23</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/23</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 87,550	\$ -	\$ -	\$ 87,550
Capital assets being depreciated:				
Source of supply	211,239	-	-	211,239
Pumping	357,710	30,438	-	388,148
Water treatment	4,498	-	-	4,498
Transmission and distribution	18,032,310	1,709,949	212,482	19,529,777
General	653,106	15,669	24,709	644,066
Total capital assets being depreciated	<u>19,258,863</u>	<u>1,756,056</u>	<u>237,191</u>	<u>20,777,728</u>
Total capital assets	<u>19,346,413</u>	<u>1,756,056</u>	<u>237,191</u>	<u>20,865,278</u>
Less accumulated depreciation	<u>(5,753,904)</u>	<u>(492,102)</u>	<u>237,191</u>	<u>(6,008,815)</u>
Construction in progress	<u>64,902</u>	<u>1,719,699</u>	<u>1,447,817</u>	<u>336,784</u>
Net capital assets	<u>\$ 13,657,411</u>			<u>\$ 15,193,247</u>

McFarland Utilities

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Sewer Utility

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

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

A summary of changes in sewer capital assets for 2023 follows:

	<u>Balance 1/1/23</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/23</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 78,020	\$ -	\$ -	\$ 78,020
Capital assets being depreciated:				
Collecting system	6,870,622	70,201	-	6,940,823
Collecting system pumping	1,043,088	-	-	1,043,088
General	431,944	15,669	24,709	422,904
Total capital assets being depreciated	<u>8,345,654</u>	<u>85,870</u>	<u>24,709</u>	<u>8,406,815</u>
Total capital assets	<u>8,423,674</u>	<u>85,870</u>	<u>24,709</u>	<u>8,484,835</u>
Less accumulated depreciation	<u>(2,842,797)</u>	<u>(185,856)</u>	<u>24,709</u>	<u>(3,003,944)</u>
Net capital assets	<u>\$ 5,580,877</u>			<u>\$ 5,480,891</u>

McFarland Utilities

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Storm Water Utility

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

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

A summary of changes in storm water capital assets for 2023 follows:

	<u>Balance 1/1/23</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/23</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 160,275	\$ -	\$ -	\$ 160,275
Capital assets being depreciated:				
Storm water plant	6,412,742	377,384	-	6,790,126
General	288,758	15,670	24,709	279,719
Total capital assets being depreciated	<u>6,701,500</u>	<u>393,054</u>	<u>24,709</u>	<u>7,069,845</u>
Total capital assets	<u>6,861,775</u>	<u>393,054</u>	<u>24,709</u>	<u>7,230,120</u>
Less accumulated depreciation	<u>(2,236,372)</u>	<u>(177,900)</u>	<u>24,709</u>	<u>(2,389,563)</u>
Construction in progress	<u>11,892</u>	<u>472,215</u>	<u>397,158</u>	<u>86,949</u>
Net capital assets	<u>\$ 4,637,295</u>			<u>\$ 4,927,506</u>

McFarland Utilities

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December 31, 2024 and 2023

6. Lease Disclosures

Lessor - Lease Receivables

Water Utility

<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Receivable Balance 12/31/24</u>	<u>Receivable Balance 12/31/23</u>
Tower Space (US Cellular)	04/01/2020	12/01/2033	4.00%	\$ 418,972	\$ 444,988
Tower Space (AT&T)	08/01/2005	07/31/2035	2.50	295,263	314,233
Tower Space (T-mobile)	11/11/2009	12/31/2044	4.00	<u>844,090</u>	<u>851,903</u>
Total water utility activities				<u>\$ 1,558,325</u>	<u>\$ 1,611,124</u>

The Utilities recognized \$52,799 and \$45,765 of lease revenue during 2024 and 2023, respectively.

The Utilities recognized \$66,442 and \$69,295 of interest revenue during 2024 and 2023, respectively.

7. Long-Term Obligations

Revenue Debt - Water and Sewer Utility

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

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount 12/31/24</u>
04/27/2022	Water & Sewer System Revenue Bonds 2022	05/01/2042	4.00 %	\$ 3,650,000	\$ 3,395,000
08/28/2024	Water & Sewer System Revenue BANS 2024	05/01/2029	3.75-5.00	1,825,000	1,825,000

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

<u>Years Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 240,000	\$ 211,108	\$ 451,108
2026	245,000	188,025	433,025
2027	1,530,000	152,525	1,682,525
2028	265,000	116,769	381,769
2029	270,000	106,356	376,356
2030-2034	885,000	423,325	1,308,325
2035-2039	1,050,000	254,225	1,304,225
2040-2042	<u>735,000</u>	<u>44,900</u>	<u>779,900</u>
Total	<u>\$ 5,220,000</u>	<u>\$ 1,497,233</u>	<u>\$ 6,717,233</u>

McFarland Utilities

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All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2024 and 2023 were \$262,700 and \$262,800, respectively. Total customer gross revenues as defined for the same periods were \$3,850,786 and \$3,775,881. Annual principal and interest payments are expected to require 10% of gross revenues on average.

General Obligation Debt - Water and Sewer Utility

The following general obligation notes have been issued:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount 12/31/24</u>
06/23/2015	2015 and 2016 improvement projects	12/01/2024	2.00 %	\$ 2,495,000	\$ -
07/20/2017	2017 improvement projects	12/01/2025	1.20	845,000	130,000
08/01/2019	2019 improvement projects	12/01/2028	2.00	720,000	380,000
06/22/2020	2020 Improvement projects	12/01/2029	1.50	645,000	370,000
03/01/2021	2021 Improvement projects	12/01/2030	1.00	725,000	500,000

General obligation notes debt service requirements to maturity follows:

<u>Years Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 370,000	\$ 24,450	\$ 394,450
2026	250,000	17,300	267,300
2027	255,000	12,150	267,150
2028	260,000	6,950	266,950
2029	160,000	1,975	161,975
2030	85,000	425	85,425
Total	<u>\$ 1,380,000</u>	<u>\$ 63,250</u>	<u>\$ 1,443,250</u>

General Obligation Debt - Storm Water Utility

The following general obligation notes have been issued:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount 12/31/24</u>
06/23/2015	2015 and 2016 improvement projects	12/01/2024	2.00 %	\$ 500,000	\$ -
7/25/2024	2024 and 2025 improvement projects	09/01/2034	4.00	1,360,000	1,360,000

McFarland Utilities

Notes to Financial Statements
December 31, 2024 and 2023

General obligation notes debt service requirements to maturity follows:

Years Ending December 31:	Principal	Interest	Total
2025	\$ 75,000	\$ 58,340	\$ 133,340
2026	100,000	49,400	149,400
2027	110,000	45,200	155,200
2028	125,000	40,500	165,500
2029	135,000	35,300	170,300
2030-2034	<u>815,000</u>	<u>83,700</u>	<u>898,700</u>
Total	<u>\$ 1,360,000</u>	<u>\$ 312,440</u>	<u>\$ 1,672,440</u>

Long-Term Obligations Summary - Water and Sewer Utility

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

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

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

Long-term obligation activity for the year ended December 31, 2023 is as follows:

	1/1/23 Balance	Additions	Reductions	12/31/23 Balance	Due Within One Year
Revenue bonds	\$ 3,650,000	\$ -	\$ 125,000	\$ 3,525,000	\$ 130,000
General obligation debt	2,750,000	-	670,000	2,080,000	700,000
Accrued sick leave	52,987	23,468	4,467	71,988	-
Financed purchase	39,950	-	39,950	-	-
Unamortized debt premium	<u>262,467</u>	<u>-</u>	<u>34,906</u>	<u>227,561</u>	<u>-</u>
Total	<u>\$ 6,755,404</u>	<u>\$ 23,468</u>	<u>\$ 874,323</u>	<u>\$ 5,904,549</u>	<u>\$ 830,000</u>

McFarland Utilities

Notes to Financial Statements
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Long-Term Obligations Summary - Storm Water Utility

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

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

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

Long-term obligation activity for the year ended December 31, 2023 is as follows:

	<u>1/1/23 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/23 Balance</u>	<u>Due Within One Year</u>
General obligation debt	\$ 135,000	\$ -	\$ 65,000	\$ 70,000	\$ 70,000
Accrued sick leave	19,460	8,767	3,475	24,752	-
Financed purchase	19,975	-	19,975	-	-
Unamortized debt premium	282	-	141	141	-
Total	<u>\$ 174,717</u>	<u>\$ 8,767</u>	<u>\$ 88,591</u>	<u>\$ 94,893</u>	<u>\$ 70,000</u>

8. Net Position

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

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

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

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

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

McFarland Utilities

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

	2024	2023
Plant in service	\$ 29,913,819	\$ 29,350,113
Accumulated depreciation	(9,448,025)	(9,012,759)
Construction work in progress	2,615,868	336,784
Subtotal	23,081,662	20,674,138
Less capital related debt:		
Current portion of capital related long-term debt	610,000	830,000
Long-term portion of capital related long-term debt	5,990,000	4,775,000
Unamortized debt premium	195,715	227,561
Subtotal	6,795,715	5,832,561
Add unspent debt proceeds:		
Reserve from borrowing	276,822	267,200
Total net investment in capital assets	\$ 16,562,769	\$ 15,108,777

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

	2024	2023
Plant in service	\$ 7,517,646	\$ 7,230,120
Accumulated depreciation/amortization	(2,558,500)	(2,389,563)
Construction work in progress	474,666	86,949
Subtotal	5,433,812	4,927,506
Less capital related debt:		
Current portion of capital related long-term debt	75,000	70,000
Long-term portion of capital related long-term debt	1,285,000	-
Unamortized debt premium	51,219	141
Subtotal	1,411,219	70,141
Add unspent debt proceeds:		
Construction funds	405,130	-
Total net investment in capital assets	\$ 4,427,723	\$ 4,857,365

9. Employees Retirement System

General Information About the Pension Plan

Plan Description

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

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

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

Vesting

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

Benefits Provided

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

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

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

The WRS also provides death and disability benefits for employees.

McFarland Utilities

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Postretirement Adjustments

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

Year	Core Fund Adjustment	Variable Fund Adjustment
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)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)

Contributions

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

The WRS recognized \$59,608 and \$56,198 in contributions from the Utilities during the current and prior reporting periods, respectively.

Contribution rates for the plan year reported as of December 31, 2024 and December 31, 2023 are:

	2024		2023	
	Employee	Employer	Employee	Employer
General (including executives and elected officials)	6.80%	6.80%	6.50%	6.50%
Protective with Social Security	6.80	13.20	6.50	12.00
Protective without Social Security	6.80	18.10	6.50	16.40

McFarland Utilities

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

At December 31, 2024, the Utilities reported a liability (asset) of \$57,541 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utilities' proportion of the net pension liability (asset) was based on the Utilities' share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2023, the Village of McFarland's proportion was 0.03482756%, which was an increase of 0.00217929% from its proportion measured as of December 31, 2022.

At December 31, 2023, the Utilities reported a liability (asset) of \$172,248 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. 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, 2022, the Village of McFarland's proportion was 0.03264827%, which was an increase of 0.00156747% from its proportion measured as of December 31, 2021.

For the years ended December 31, 2024 and 2023, the Utilities recognized pension expense (revenue) of \$28,439 and \$71,314, respectively.

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

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

McFarland Utilities

Notes to Financial Statements
December 31, 2024 and 2023

At December 31, 2023, the Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Water and Sewer Utility</u>		<u>Storm Water Utility</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 155,130	\$ 276,559	\$ 66,061	\$ 100,840
Changes in assumption	25,993	-	10,357	-
Net differences between project and actual earnings on pension plan	310,711	-	96,198	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,018	2,779	202	1,021
Employer contributions subsequent to the measurement date	<u>41,365</u>	<u>-</u>	<u>14,841</u>	<u>-</u>
Total	<u>\$ 534,217</u>	<u>\$ 279,338</u>	<u>\$ 187,659</u>	<u>\$ 101,861</u>

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

<u>Years Ending December 31:</u>	<u>Water and Sewer Utility</u>	<u>Storm Water Utility</u>
2025	\$ 25,674	\$ 8,069
2026	26,730	8,401
2027	107,817	33,886
2028	(33,277)	(10,459)
2029	-	-
Thereafter	<u>-</u>	<u>-</u>
Total	<u>\$ 126,944</u>	<u>\$ 39,897</u>

McFarland Utilities

Notes to Financial Statements
December 31, 2024 and 2023

Actuarial Assumptions

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

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

* *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 postretirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 actuarial valuation. The total pension liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

McFarland Utilities

Notes to Financial Statements
December 31, 2024 and 2023

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, 2024 are summarized in the following table:

Asset Allocation Targets and Expected Returns¹ as of December 31, 2023			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %²
Public Equity	40 %	7.3 %	4.5 %
Public Fixed Income	27	5.8	3.0
Inflation Sensitive	19	4.4	1.7
Real Estate	8	5.8	3.0
Private Equity/Debt	18	9.6	6.7
Leverage ³	(12)	3.7	1.0
Total Core Fund ³	100	7.4	4.6
Variable Fund Asset			
U.S. Equities	70	6.8	4.0
International Equities	30	7.6	4.8
Total Variable Fund	100	7.3	4.5

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

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

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

McFarland Utilities

Notes to Financial Statements
December 31, 2024 and 2023

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2023 are summarized in the following table:

Asset Allocation Targets and Expected Returns¹ as of December 31, 2022			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %²
Public Equity	48 %	7.6 %	5.0 %
Public Fixed Income	25	5.3	2.7
Inflation Sensitive	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund ³	115	7.4	4.8
Variable Fund Asset			
U.S. Equities	70	7.2	4.6
International Equities	30	8.1	5.5
Total Variable Fund	100	7.7	5.1

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

² New England Pension Consultants' Long-Term U.S. CPI (Inflation) Forecast: 2.5%.

³ The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.

Single Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability as of December 31, 2024 and December 31, 2023. As of December 31, 2023, this discount rate was based on the expected rate of return on pension plan investments of 6.80% and a long term bond rate of 3.77%. As of December 31, 2022, the discount rate was based on the expected rate of return on pension plan investments of 6.80% and a long term bond rate of 4.05%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2023 and 2022, respectively. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

McFarland Utilities

Notes to Financial Statements
December 31, 2024 and 2023

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, 2024 follows:

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

The sensitivity analysis as of December 31, 2023 follows:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Water and Sewer Utility's proportionate share of the net position liability (asset)	\$ 422,614	\$ 127,333	\$ (75,795)
Storm Water Utility's proportionate share of the net position liability (asset)	14,071	44,915	(26,736)

Pension Plan Fiduciary Net Position

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

10. Commitments and Contingencies

Claims and Judgments

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

11. Risk Management

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

12. Subsequent Events

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

Rate Adjustment

Effective April 10, 2025, sewer rates for volume charges increase from \$5.5 per 1,000 gallons to \$7.15. The change also impacts the bimonthly base charge by an average increase of 24%. The rate increase was approved by the Public Works & Utilities Committee on January 27, 2025 and Village Board on February 11, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

McFarland Utilities

Schedule of Proportionate Share of the Net Pension Liability (Asset) -
 Wisconsin Retirement System
 Year Ended December 31, 2024

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)
12/31/24	0.03482756%	\$ 57,541	\$ 573,886	10.03%	98.85%
12/31/23	0.03264827%	172,248	442,410	38.93%	95.75%
12/31/22	0.03108080%	(232,462)	381,402	60.95%	106.02%
12/31/21	0.02979184%	(140,813)	301,886	46.81%	105.26%
12/31/20	0.02809358%	(77,334)	304,653	25.37%	102.96%
12/31/19	0.02660430%	84,737	392,821	21.57%	96.45%
12/31/18	0.02526343%	(66,445)	359,265	18.49%	102.93%
12/31/17	0.02403967%	19,856	388,576	5.11%	99.12%
12/31/16	0.02415237%	43,275	379,603	11.40%	98.20%
12/31/15	0.02466399%	(66,963)	302,389	22.14%	102.74%

Schedule of Employer Contributions - Wisconsin Retirement System
 Year Ended December 31, 2024

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
12/31/24	\$ 59,608	\$ 59,608	\$ -	\$ 583,802	10.21%
12/31/23	56,198	56,198	-	573,886	9.77%
12/31/22	39,330	39,330	-	442,410	8.98%
12/31/21	34,807	34,807	-	381,402	9.13%
12/31/20	27,337	27,337	-	301,886	9.06%
12/31/19	25,926	25,926	-	304,653	8.51%
12/31/18	26,319	26,319	-	392,821	6.70%
12/31/17	24,430	24,430	-	359,265	6.80%
12/31/16	25,646	25,646	-	388,576	6.60%
12/31/15	25,813	25,813	-	379,603	6.80%

See notes to required supplementary information

McFarland Utilities

Notes to Required Supplementary Information
Year Ended December 31, 2024

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

Changes of assumptions.

	<u>2015-2018</u>	<u>2019-2021</u>	<u>2022-2024</u>
Long-term expected rate of	7.2%	7.0%	6.8%
Discount rate	7.2%	7.0%	6.8%
Salary increases			
Inflation	3.2%	3.0%	3.0%
Seniority/Merit	0.2%-5.6%	0.1%-5.6%	0.1%-5.6%
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2018 Mortality Table	2020 WRS Experience Mortality Table
Postretirement adjustments	2.10%	1.90%	1.70%

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

SUPPLEMENTARY INFORMATION

McFarland Water and Sewer Utility

Water Utility Plant
Year Ended December 31, 2024

	Balance 1/1/24	Additions	Retirements	Balance 12/31/24
Source of Supply				
Land and land rights	\$ 32,300	\$ -	\$ -	\$ 32,300
Wells and springs	211,239	-	-	211,239
Total source of supply	<u>243,539</u>	<u>-</u>	<u>-</u>	<u>243,539</u>
Pumping				
Structures and improvements	145,092	-	-	145,092
Electric pumping equipment	220,840	-	-	220,840
Other pumping equipment	22,216	-	-	22,216
Total pumping	<u>388,148</u>	<u>-</u>	<u>-</u>	<u>388,148</u>
Water Treatment				
Water treatment equipment	<u>4,498</u>	<u>-</u>	<u>-</u>	<u>4,498</u>
Transmission and Distribution				
Land and land rights	55,250	-	-	55,250
Structures and improvements	-	104,922	-	104,922
Distribution reservoirs and standpipes	1,231,105	-	-	1,231,105
Transmission and distribution mains	12,213,976	212,690	-	12,426,666
Services	2,701,986	129,500	-	2,831,486
Meters	2,080,646	4,988	243,930	1,841,704
Hydrants	1,302,064	32,882	262	1,334,684
Total transmission and distribution	<u>19,585,027</u>	<u>484,982</u>	<u>244,192</u>	<u>19,825,817</u>
General				
Office furniture and equipment	9,946	-	-	9,946
Transportation equipment	258,987	53,320	-	312,307
Tools, shop and garage equipment	75,431	-	-	75,431
Laboratory equipment	6,649	-	-	6,649
Power-operated equipment	111,808	-	1,200	110,608
Communication equipment	180,943	-	-	180,943
Miscellaneous equipment	302	-	-	302
Total general	<u>644,066</u>	<u>53,320</u>	<u>1,200</u>	<u>696,186</u>
Total water utility plant	<u>\$ 20,865,278</u>	<u>\$ 538,302</u>	<u>\$ 245,392</u>	<u>\$ 21,158,188</u>

McFarland Water and Sewer Utility

Sewer Utility Plant

Year Ended December 31, 2024

	Balance 1/1/24	Additions	Retirements	Balance 12/31/24
Collecting System				
Land and land rights	\$ 78,020	\$ -	\$ -	\$ 78,020
Service connections	802,956	74,000	-	876,956
Collecting mains	5,946,834	146,990	-	6,093,824
Force mains	191,033	-	-	191,033
Total collecting system	<u>7,018,843</u>	<u>220,990</u>	<u>-</u>	<u>7,239,833</u>
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	<u>1,043,088</u>	<u>-</u>	<u>-</u>	<u>1,043,088</u>
General				
Office furniture and equipment	9,948	-	-	9,948
Transportation equipment	245,955	53,319	-	299,274
Communication equipment	144,871	-	-	144,871
Other general equipment	2,313	-	2,313	-
Other tangible property	19,817	-	1,200	18,617
Total general	<u>422,904</u>	<u>53,319</u>	<u>3,513</u>	<u>472,710</u>
Total sewer utility plant	<u>\$ 8,484,835</u>	<u>\$ 274,309</u>	<u>\$ 3,513</u>	<u>\$ 8,755,631</u>

McFarland Storm Water Utility

Storm Water Utility Plant
Year Ended December 31, 2024

	Balance 1/1/24	Additions	Retirements	Balance 12/31/24
Storm Water Plant				
Land and land rights	\$ 160,275	\$ -	\$ -	\$ 160,275
Pipes	4,328,708	116,670	-	4,445,378
Manholes	620,786	55,000	-	675,786
Inlets	855,510	63,737	-	919,247
Basins	719,431	-	-	719,431
	153,321	-	-	153,321
Miscellaneous	112,370	-	-	112,370
	<u>6,950,401</u>	<u>235,407</u>	<u>-</u>	<u>7,185,808</u>
Total storm water plant				
General				
Transportation equipment	245,956	53,319	-	299,275
Power-operated equipment	19,817	-	1,200	18,617
Communication equipment	13,946	-	-	13,946
	<u>279,719</u>	<u>53,319</u>	<u>1,200</u>	<u>331,838</u>
Total general				
	<u>\$ 7,230,120</u>	<u>\$ 288,726</u>	<u>\$ 1,200</u>	<u>\$ 7,517,646</u>
Total storm water utility plant				

McFarland Water and Sewer Utility

Water Utility Operating Revenues and Expenses
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Revenues		
Sales of water:		
Unmetered	\$ 5,501	\$ 5,124
Metered:		
Residential	865,674	727,166
Multifamily residential	87,660	69,102
Commercial	120,542	92,572
Public authorities	28,854	31,274
Total metered sales	1,102,730	920,114
Private fire protection	59,279	56,069
Public fire protection	538,285	472,250
Total sales of water	1,705,795	1,453,557
Other operating revenues:		
Forfeited discounts	6,978	5,674
Miscellaneous service revenue	11,662	15,179
Other	100,937	94,633
Total operating revenues	1,825,372	1,569,043
Operating Expenses		
Operation and maintenance:		
Pumping:		
Operation labor	15,088	17,700
Fuel or power purchased for pumping	46,042	48,367
Operation supplies	12,539	12,977
Maintenance	13,350	10,522
Total pumping	87,019	89,566
Water treatment:		
Operation labor	8,781	9,709
Chemicals	15,882	16,980
Maintenance	1,898	1,496
Total water treatment	26,561	28,185
Transmission and distribution:		
Operation labor	74,828	105,287
Operation supplies	5,258	6,193
Maintenance:		
Distribution reservoirs and standpipes	-	210,771
Mains	14,036	39,621
Services	8,449	20,534
Meters	7,006	6,247
Hydrants	11,857	5,114
Other	206	-
Total transmission and distribution	121,640	393,767
Customer accounts:		
Meter reading labor	1,199	18,471
Accounting and collecting labor	68,833	43,397
Supplies	29,835	46,121
Total customer accounts	99,867	107,989

McFarland Water and Sewer Utility

Water Utility Operating Revenues and Expenses
Years Ended December 31, 2024 and 2023

	2024	2023
Administrative and general:		
Salaries	\$ 211,540	\$ 173,839
Office supplies	15,478	21,747
Outside services employed	78,868	121,054
Property insurance	46,387	52,989
Employee pensions and benefits	82,868	91,120
Miscellaneous	61,814	58,404
Transportation	12,914	22,496
Total administrative and general	509,869	541,649
Taxes	16,355	20,368
Total operation and maintenance	861,311	1,181,524
Depreciation	451,048	429,909
Total operating expenses	1,312,359	1,611,433
Operating income (loss)	\$ 513,013	\$ (42,390)

McFarland Water and Sewer Utility

Sewer Utility Operating Revenues and Expenses
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Revenues		
Wastewater revenues:		
Residential	\$ 1,389,272	\$ 1,435,234
Commercial	303,778	308,443
Public authorities	35,279	37,823
Total sewer revenues	1,728,329	1,781,500
Other operating revenues:		
Forfeited discounts	8,765	10,392
Miscellaneous	6,786	1,767
Total operating revenues	1,743,880	1,793,659
Operating Expenses		
Operation and maintenance:		
Operation:		
Power and fuel for pumping	11,739	13,479
Treatment charges	1,050,003	956,857
Other operating supplies	28,594	11,800
Transportation	1,619	1,666
Total operation	1,091,955	983,802
Maintenance:		
Collection system	23,776	22,040
General plant structures and equipment	33,090	31,971
Total maintenance	56,866	54,011
Customer accounts:		
Accounting and collecting	41,870	24,491
Meter Reading	749	11,544
Total customer accounts	42,619	36,035
Administrative and general:		
Salaries	213,127	175,640
Office supplies	14,564	15,963
Outside services employed	95,537	72,542
Insurance	46,387	48,346
Employees pensions and benefits	55,159	83,932
Miscellaneous	2,590	-
Rents	173,291	146,396
Total administrative and general	600,655	542,819
Taxes	20,500	17,406
Total operation and maintenance	1,812,595	1,634,073
Depreciation	179,191	174,119
Total operating expenses	1,991,786	1,808,192
Operating loss	\$ (247,906)	\$ (14,533)

McFarland Storm Water Utility

Storm Water Utility Operating Revenues and Expenses
 Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Storm water revenues:		
Charges for services	\$ 803,291	\$ 582,442
Other operating revenues:		
Forfeited discounts	3,862	3,575
Other	<u>14,510</u>	<u>9,170</u>
Total operating revenues	<u>821,663</u>	<u>595,187</u>
Operating Expenses		
Operation and maintenance:		
Operations:		
Operation supervision and labor	193,393	176,754
Facility equipment and rental	53,543	64,805
Operation supplies	<u>128,388</u>	<u>94,076</u>
Total operations	<u>375,324</u>	<u>335,635</u>
Administrative and general:		
Office supplies	5,216	5,092
Outside services employed	59,212	61,040
Property insurance	37,028	52,698
Employee pensions and benefits	53,628	72,468
Miscellaneous	<u>2,961</u>	<u>5,475</u>
Total administrative and general	<u>158,045</u>	<u>196,773</u>
Total operation and maintenance	533,369	532,408
Depreciation	<u>170,137</u>	<u>161,839</u>
Total operating expenses	<u>703,506</u>	<u>694,247</u>
Operating income (loss)	<u>\$ 118,157</u>	<u>\$ (99,060)</u>

McFarland Water and Sewer Utility

Rate of Return - Regulatory Basis
 Years Ended December 31, 2024 and 2023

	Water	
	2024	2023
Utility Financed Plant in Service		
Beginning of year	\$ 13,113,239	\$ 11,594,372
End of year	<u>13,042,957</u>	<u>13,113,239</u>
Average	<u>13,078,098</u>	<u>12,353,806</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(3,689,293)	(3,563,878)
End of year	<u>(3,815,891)</u>	<u>(3,689,293)</u>
Average	<u>(3,752,592)</u>	<u>(3,626,586)</u>
Materials and Supplies		
Beginning of year	19,450	19,450
End of year	<u>19,450</u>	<u>19,450</u>
Average	<u>19,450</u>	<u>19,450</u>
Regulatory Liability		
Beginning of year	-	(22,822)
End of year	<u>-</u>	<u>-</u>
Average	<u>-</u>	<u>(11,411)</u>
Average net rate base	<u>\$ 9,344,956</u>	<u>\$ 8,735,259</u>
Operating income, regulatory basis	<u>\$ 417,348</u>	<u>\$ (95,937)</u>
Rate of return (percent)	<u>4.47 %</u>	<u>(1.10)%</u>
Authorized rate of return (percent)	<u>6.40 %</u>	<u>4.90 %</u>

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


VILLAGE OF
McFarland
SUMMARY SHEET

MEETING DATE: Wednesday, May 28, 2025

SECTION: Business

DEPARTMENT: Public Works

CONTACT: Lee Igl, Public Works Director

AGENDA ITEM: Discussion and action to make a recommendation to the Village Board regarding the annual CMAR submittal for 2024.

PREVIOUS ACTION:

None.

ISSUE SUMMARY:

The 2024 CMAR (Compliance Maintenance Annual Report) is an annual DNR report that indicates the health of the sewer utility in the area of maintenance and its equipment replacement fund. We are required to submit this report on an annual basis.

The utility has a Grade of "A" for the 2024 reporting year.

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

FINANCIAL/BUDGET IMPACT:

None.

VILLAGE PLAN REFERENCE:

None.

ORDINANCE REFERENCE:

None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

Recommended motion:

Motion, second to recommend approval to the Village Board regarding the 2024 Compliance Maintenance Annual Report (CMAR) as presented.

ATTACHMENTS:

1. 2024 Draft CMAR 2024 reporting in 2025

Compliance Maintenance Annual Report

Mcfarland Sewage Collection System

Last Updated: Reporting For:
5/5/2025 **2024**

Financial Management

<p>1. Provider of Financial Information</p> <p>Name: <input style="width: 80%;" type="text" value="Village of McFarland - Lee Igl"/></p> <p>Telephone: <input style="width: 20%;" type="text" value="608-838-7287"/> (XXX) XXX-XXXX</p> <p>E-Mail Address (optional): <input style="width: 80%;" type="text" value="lee.igl@mcfarland.wi.gov"/></p>													
<p>2. Treatment Works Operating Revenues</p> <p>2.1 Are User Charges or other revenues sufficient to cover O&M expenses for your wastewater treatment plant AND/OR collection system ?</p> <p>● Yes (0 points) <input type="checkbox"/><input type="checkbox"/></p> <p>○ No (40 points)</p> <p>If No, please explain:</p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <p>2.2 When was the User Charge System or other revenue source(s) last reviewed and/or revised?</p> <p>Year: <input style="width: 150px;" type="text" value="2024"/></p> <p>● 0-2 years ago (0 points) <input type="checkbox"/><input type="checkbox"/></p> <p>○ 3 or more years ago (20 points) <input type="checkbox"/><input type="checkbox"/></p> <p>○ N/A (private facility)</p> <p>2.3 Did you have a special account (e.g., CFWP required segregated Replacement Fund, etc.) or financial resources available for repairing or replacing equipment for your wastewater treatment plant and/or collection system?</p> <p>● Yes (0 points)</p> <p>○ No (40 points)</p>	0												
<p>REPLACEMENT FUNDS [PUBLIC MUNICIPAL FACILITIES SHALL COMPLETE QUESTION 3]</p>													
<p>3. Equipment Replacement Funds</p> <p>3.1 When was the Equipment Replacement Fund last reviewed and/or revised?</p> <p>Year: <input style="width: 150px;" type="text" value="2024"/></p> <p>● 1-2 years ago (0 points) <input type="checkbox"/><input type="checkbox"/></p> <p>○ 3 or more years ago (20 points) <input type="checkbox"/><input type="checkbox"/></p> <p>○ N/A</p> <p>If N/A, please explain:</p> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <p>3.2 Equipment Replacement Fund Activity</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">3.2.1 Ending Balance Reported on Last Year's CMAR</td> <td style="width: 5%; text-align: right;">\$</td> <td style="width: 35%; text-align: right;"><input style="width: 90%;" type="text" value="477,407.00"/></td> </tr> <tr> <td>3.2.2 Adjustments - if necessary (e.g. earned interest, audit correction, withdrawal of excess funds, increase making up previous shortfall, etc.)</td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><input style="width: 90%;" type="text" value="0.00"/></td> </tr> <tr> <td>3.2.3 Adjusted January 1st Beginning Balance</td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><input style="width: 90%;" type="text" value="477,407.00"/></td> </tr> <tr> <td>3.2.4 Additions to Fund (e.g. portion of User Fee, earned interest, etc.)</td> <td style="text-align: right;">\$</td> <td style="text-align: right;"><input style="width: 90%;" type="text" value="0.00"/></td> </tr> </table>	3.2.1 Ending Balance Reported on Last Year's CMAR	\$	<input style="width: 90%;" type="text" value="477,407.00"/>	3.2.2 Adjustments - if necessary (e.g. earned interest, audit correction, withdrawal of excess funds, increase making up previous shortfall, etc.)	\$	<input style="width: 90%;" type="text" value="0.00"/>	3.2.3 Adjusted January 1st Beginning Balance	\$	<input style="width: 90%;" type="text" value="477,407.00"/>	3.2.4 Additions to Fund (e.g. portion of User Fee, earned interest, etc.)	\$	<input style="width: 90%;" type="text" value="0.00"/>	
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Compliance Maintenance Annual Report

Mcfarland Sewage Collection System

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

- \$ 0.00

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

\$ 477,407.00

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

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

Exchange Street sewer rehabilitation project

3.3 What amount should be in your Replacement Fund?

\$ 10,000.00

0

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

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

- Yes
- No

If No, please explain.

4. Future Planning

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

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

Project #	Project Description	Estimated Cost	Approximate Construction Year
1	Upgrade to Lift Station #2	\$3,600,000	2025
2	Lift Station 2 Force Main replacement	\$450,000	2030

5. Financial Management General Comments

ENERGY EFFICIENCY AND USE

6. Collection System

6.1 Energy Usage

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

COLLECTION SYSTEM PUMPAGE: Total Power Consumed

Number of Municipally Owned Pump/Lift Stations:

Compliance Maintenance Annual Report

Mcfarland Sewage Collection System

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	Electricity Consumed (kWh)	Natural Gas Consumed (therms)
January	4,289	171
February	4,079	106
March	4,029	71
April	3,890	55
May	3,537	7
June	3,931	4
July	4,155	4
August	3,911	4
September	3,563	4
October	3,320	9
November	3,196	42
December	3,022	174
Total	44,922	651
Average	3,744	54

6.1.2 Comments:

6.2 Energy Related Processes and Equipment

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

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

6.2.2 Comments:

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

No

Yes

Year:

By Whom:

Describe and Comment:

Compliance Maintenance Annual Report

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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?

In 2025, Lift station 2 is being replaced with Variable speed drive pumps and solar.

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

Compliance Maintenance Annual Report

Mcfarland Sewage Collection System

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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 approximately 1/3 of the system per.

Did you accomplish them?

- Yes
- No

If No, explain:

No, we were unable to meet this goal in 2024, due to budgeting.

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 47

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

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

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

0

2. Operation and Maintenance

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

Cleaning	<input type="text" value="10"/>	% of system/year
Root removal	<input type="text" value="10"/>	% of system/year
Flow monitoring	<input type="text" value="0"/>	% of system/year
Smoke testing	<input type="text" value="0"/>	% of system/year
Sewer line televising	<input type="text" value="10"/>	% of system/year
Manhole inspections	<input type="text" value="12"/>	% of system/year
Lift station O&M	<input type="text" value="0"/>	# per L.S./year
Manhole rehabilitation	<input type="text" value="2"/>	% of manholes rehabbed
Mainline rehabilitation	<input type="text" value="2"/>	% of sewer lines rehabbed
Private sewer inspections	<input type="text" value="0"/>	% of system/year
Private sewer I/I removal	<input type="text" value="0"/>	% of private services

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Mcfarland Sewage Collection System

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River or water crossings % of pipe crossings evaluated or maintained

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

3. Performance Indicators

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

48.47	Total actual amount of precipitation last year in inches
37.13	Annual average precipitation (for your location)
36.4	Miles of sanitary sewer
5	Number of lift stations
1	Number of lift station failures
0	Number of sewer pipe failures
1	Number of basement backup occurrences
7	Number of complaints
	Average daily flow in MGD (if available)
0.0	Peak monthly flow in MGD (if available)
0	Peak hourly flow in MGD (if available)

3.2 Performance ratios for the past year:

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

4. Overflows

LIST OF SANITARY SEWER (SSO) AND TREATMENT FACILITY (TFO) OVERFLOWS REPORTED **			
Date	Location	Cause	Estimated Volume
None reported			

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

5. Infiltration / Inflow (I/I)

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

- Yes
- No

If Yes, please describe:

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

- Yes
- No

If Yes, please describe:

Compliance Maintenance Annual Report

Mcfarland Sewage Collection System

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<div data-bbox="133 205 1461 260" style="border: 1px solid black; height: 26px;"></div> <p>5.3 Explain any infiltration/inflow (I/I) changes this year from previous years:</p> <div data-bbox="126 302 1461 352" style="border: 1px solid black; padding: 2px;">In the last four years we have repaired over 50 major infiltrations in our system.</div> <p>5.4 What is being done to address infiltration/inflow in your collection system?</p> <div data-bbox="126 399 1461 449" style="border: 1px solid black; padding: 2px;">In the last four years we have repaired over 50 major infiltrations in our system.</div>

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

Compliance Maintenance Annual Report

Mcfarland Sewage Collection System

Last Updated: Reporting For:
5/5/2025 **2024**

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)


McFarland
SUMMARY SHEET

MEETING DATE: Wednesday, May 28, 2025

SECTION: Business

DEPARTMENT: Public Works

CONTACT: Lee Igl, Public Works Director

AGENDA ITEM: Update regarding the 2025 Sanitary Survey report performed by the Wisconsin Department of Natural Resources (DNR)

PREVIOUS ACTION:

None.

ISSUE SUMMARY:

A Sanitary Survey performed by the Wisconsin DNR was recently conducted for the McFarland Waterworks. A sanitary survey is the inspection of a municipality's water system and is conducted every three years. Records indicate that these inspections go back to 1991 and were performed annually until 2007. The last inspection occurred in 2019. Overall, the water system has received good reports.

Enclosed is the letter from the DNR regarding this year's inspection along with our response. There were two deficiencies identified in the letter from the DNR. The first deficiency is not implementing a comprehensive cross-connection control program for public authorities. Public authorities need to be tested every two years. The cross connections were completed in 2023 and need to be completed in 2025, which is planned to be completed by the end of the year. The second deficiency is not maintaining and practicing a comprehensive Emergency Operations plan. This plan is the list of all the contacts for the Village if an emergency were to happen. The plan has been updated and will be reviewed during the next business item.

FINANCIAL/BUDGET IMPACT:

None.

VILLAGE PLAN REFERENCE:

None.

ORDINANCE REFERENCE:

None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

No action is required on this item.

ATTACHMENTS:

1. McFarland 2025 SurveyLetter-116348378
2. 2025 Sanitary Survey Report response letter



State of Wisconsin
DEPARTMENT OF NATURAL RESOURCES
FITCHBURG SERVICE CENTER
3911 FISH HATCHERY RD
FITCHBURG WI 53711

Tony Evers, Governor
Karen Hyun, Ph.D., Secretary
Telephone 608-266-2621
Toll Free 1-888-936-7463
TTY Access via relay - 711



March 21, 2025

LEE IGL
5115 TERMINAL DR
MCFARLAND, WI 53558

FILE REF:
PWS ID: 11302412
McFarland Waterworks
MC
Dane County

Subject: Sanitary Survey Report and Notice of Noncompliance

Dear Mr. Igl:

The purpose of a sanitary survey is to evaluate the system's source, facilities, equipment, operation, maintenance, and management as they relate to providing safe drinking water. The sanitary survey is also an opportunity to update the Department's records, provide technical assistance, and identify potential risks that may adversely affect drinking water quality. This Sanitary Survey Report also serves as a Notice of Noncompliance.

On March 5, 2025, Amy Kubly conducted a sanitary survey of your water system, McFarland Waterworks. During the sanitary survey Lee Igl, Robert Jacobs, Aimee Irwin and David Pospyhalla were present. At the completion of the survey, they were briefed on the preliminary findings. This report outlines the final findings, discusses problems that need to be addressed, and timelines for corrective action where appropriate.

A plan for corrective action, including a work schedule must be completed by **May 5, 2025**. A proposed corrective action plan and schedule is included below. Please contact me to discuss this before May 5, 2025. Depending on the type of corrective action you employ, you may need to obtain prior approval and submit additional plans to the Department.

System Summary

The Village of McFarland is located in central Dane County and is just south of the City of Madison. The water system is owned by the Village and began operation in 1940 for general use and fire protection. The present water system consists of three deep sandstone wells, two elevated storage tanks with a combined capacity of 1,250,000 gallons, and a distribution system consisting of 243,548 feet of water mains. At each well, chlorine is added for disinfection purposes and fluoride is added for dental health protection.

Deficiencies

During the course of the sanitary survey, 2 deficiencies were identified. Deficiencies are problems in the drinking water system that have the potential to cause serious health risks or represent long-term health risks to consumers. These deficiencies may indicate noncompliance with one or more Wisconsin Administrative Codes. Corrective action should be completed for these deficiencies as soon as possible

Deficiency	Compliance Due Date	Code Citation
1. System is not implementing a comprehensive Cross-Connection Control Program.	12/31/2025	810.15(1)
2. System is not maintaining and practicing a comprehensive Emergency Operations Plan.	10/01/2025	810.23(2)

Discussion and Schedule for Correction of Deficiencies:

1. By **December 31, 2025**, please perform cross connection inspections at all of the public authority facilities in McFarland. These inspections shall be documented on a comprehensive cross connection inspection form. Public authority cross connection inspections are required every 2 years and all of McFarland public authority facilities did not have cross connection inspections performed in 2024.
2. By **October 1, 2025**, please update the Emergency Response Plan for the Water Department. The plan shall contain at a minimum the following elements:
 - a. Emergency Contact information for local and state contacts.
 - b. A method for emergency communication.
 - c. Mutual aid agreements you have with surrounding communities (if you have them).
 - d. A description of how you will produce water in the event of an emergency.
 - e. A means for sharing information with customers.

Non-conforming Features

During the course of the sanitary survey, 2 features that met code requirements at the time of your public water system's construction, but would not be allowed in the current code, were discovered. These are referred to as "non-conforming features." Though you are not required to correct these non-conforming features at this time, they will need to be corrected when any major work is done in the future.

Non-conforming Feature
1. There is not at least one adequately sized well vent installed at wells 1 and 3.
2. Chemical storage and handling procedures are not appropriate.

Discussion of Non-conforming Features:

1. Well 1 and well 3 do not have 2 inch well vents, which is the minimum required well vent size in the current code. When these wells pumps are pulled for maintenance, please have at least 2 inch well vents installed.
2. At wells 1 and 3 the chlorine and fluoride are stored in the same room as the well pump. At well 4 the chlorine and fluoride are stored in the same chemical room. All chemical barrels at all three well houses do not have secondary containment. When major upgrades are made to these well houses, separate chemical rooms shall be provided for each chemical and secondary containment shall be provided for all chemical barrels.

Water Quality Monitoring and Reporting

Your system has a very good record of compliance with monitoring requirements. We appreciate your sampler's continued efforts in complying with these Safe Drinking Water Act requirements.

Cyber Security

Cyber-attacks have been striking critical infrastructure across the United States with increased frequency in recent years. The following best management practices can be made to prevent a cybersecurity incident:

- Update the latest version of the operating system (e.g., Windows 10)
- Use multiple-factor authentication to access critical applications.
- Use strong passwords to protect remote access credentials.
- Update user access lists to critical programs regularly (e.g., Employee retires)
- Train users to identify and report attempts at social engineering. Identify and suspend access of users exhibiting unusual activity.
- Ensure anti-virus, spam filters, and firewalls are up-to-date, properly configured, and secure.
- Audit network configurations and isolate computer systems that cannot be updated.
- Only use secure networks and consider installing a virtual private network (VPN).
- Restrict all remote connections to SCADA systems, specifically those that allow physical control and manipulation of devices within the SCADA network. One-way unidirectional monitoring devices are recommended to monitor SCADA systems remotely.

Certified Operators

As a reminder, all certified waterworks operators must complete at least 18 hours of approved training every three years to retain their certification. Kim Barkhahn, 608-304-5399, can be contacted for further information concerning certification, and acceptable training courses.

Water System Security

We recommend that you conduct a daily security check of your entire drinking water system to ensure doors are locked and windows secured.

Capacity Development Evaluation

This sanitary survey serves as an evaluation of the capabilities of your water system. This system has been determined to have adequate technical, managerial, and financial capacity to provide safe drinking water. The ability to plan for, achieve, and maintain compliance with applicable drinking water standards has been demonstrated.

The next sanitary survey of your system is scheduled to take place in 2028. You will be contacted prior to the survey to schedule a date that is convenient for you.

Required Action

Please respond by May 5, 2025, with notification that all deficiencies have been corrected, or that you agree to correct the deficiencies identified in this letter by the due dates, or with alternative dates for correcting these deficiencies. Failure to respond to this letter by May 5, 2025, may result in enforcement activities.

Please also consider correcting the non-conforming features discussed in this letter.

Thank you for your assistance during the sanitary survey. If you have any questions, you can reach me by phone at (608)219-3068, or by e-mail at amy.kubly@wisconsin.gov, or by postal mail at the address on this letterhead.

Sincerely,

A handwritten signature in black ink that reads "Amy Kubly". The signature is written in a cursive, flowing style with a long tail on the final letter.

Amy Kubly

cc: Robert Jacobs(email)
Aimee Irwin (email)
Eileen Pierce (email)
Shelly Allness (email)

May 2, 2025

Amy Kubly
WI DNR, Water Supply
3911 Fish Hatchery Road
Fitchburg, WI 53711-5397

RE: Follow up to the letter dated March 21, 2025, addressing the 2025 Sanitary Survey Report and Notice of Noncompliance

Dear Amy,

Thank you for taking the time to complete our Sanitary Survey on March 5, 2025. I would like to take this opportunity to address the items listed in your report. Thank you for bringing these items to our attention.

Deficiencies

1. The system is not implementing a comprehensive Cross-Connection Control Program for public authority facilities.

Response: The utility, as part of our meter change outs of all meters within the utility, completed cross connection inspections for all but one facility, including public authority customers. The one public authority location that did not have a cross connection inspection completed is a seasonal meter for the village’s outdoor ice rink. We have tried to have the meter tested and cross connection inspection completed prior to its installation, but it did not occur in this timeframe last year. We will be purchasing a second meter, so we can test one while still maintaining our floating ice rink. This is the only meter that did not comply with our comprehensive cross-connection control program. This will be inspected by December 31, 2025. All other public authority facilities will have a cross connection completed within their required timeframe.

2. The system is not maintaining and practicing a comprehensive Emergency Operations plan.

Response: The utility does have an Emergency Operations Plan but it was last updated in 2021. The plan has now been updated and will be presented to the Public Works & Utilities Committee on May 28, 2025.

Non-Conforming Features

1. There is not at least one adequately sized well vent installed at wells 1 and 3.
2. Chemical storage and handling procedures are not appropriate

Response: The utility has well improvements scheduled in the Capital Improvement Plan and these non-conforming features will be addressed at that time.

Water Quality Monitoring and Reporting

The department works hard to ensure that all water samples and daily testing is performed as needed and required.

Certified Operator

Lee Igl renewed his certified waterworks operator license in April 2025. All new Public Works staff are required to attend water school and become certified operators.

Water System Security

Wells are walked through daily to ensure operations and security are being maintained.

I hope that this letter addresses our efforts that have been and will be put forth to improve our water system. If you have any questions, please feel free to contact me.

Regards,



LEE IGL
Director of Public Works

cc: Matt Schuenke, Village Administrator, via e-mail


McFarland
SUMMARY SHEET

MEETING DATE: Wednesday, May 28, 2025

SECTION: Business

DEPARTMENT: Public Works

CONTACT: Lee Igl, Public Works Director

AGENDA ITEM: Discussion and action to make a recommendation regarding the updated Community Water System Emergency Response Plan for EPA.

PREVIOUS ACTION:

The Public Utilities Committee reviewed and approved the Community Water System Emergency Response Plan at their June 15, 2021, meeting.

ISSUE SUMMARY:

McFarland Utility has a comprehensive Emergency Operations Plan, which lists all the contacts for the Village and material suppliers, if an emergency were to occur. Enclosed is the updated plan.

FINANCIAL/BUDGET IMPACT:

None.

VILLAGE PLAN REFERENCE:

None.

ORDINANCE REFERENCE:

None.

BOARD, COMMISSION OR COMMITTEE RECOMMENDATION:

Recommended motion:

Motion, second to approve the updated Community Water System Emergency Response Plan as presented.

ATTACHMENTS:

1. Emergency Response Plan 03.10.2025



**Village of McFarland, Wisconsin
Community Water System
Emergency Response Plan**

PWSID	11302412
Street Address	5915 Milwaukee Street
City, State Zip Code	McFarland, WI
Phone number	608-838-7287
Population Served	<u>89529676</u>
Prepared by	<u>Jim HesslingLee Igl</u>
Reviewed by	Public <u>Works & Utilities</u> Committee meeting of <u>6/15/21TBD</u>
Date completed	<u>6/16/2021TBD</u>

PLAN DISTRIBUTION

Please fill in the recipient's name and title, the person who gave them the plan and on what date.

RECIPIENT/TITLE	DISTRIBUTED BY	DATE
Fire Chief - Chris Dennis	Jim Hessling via email Lee Igl via email	6/16/2021 <u>TBD</u>
Police Chief - Aaron Chapin <u>TBD</u>	Lee Igl via email Jim Hessling via email	<u>TBD</u> 6/16/2021
Administrator - Matt Schuenke	Lee Igl via email Jim Hessling via email	<u>TBD</u> 6/16/2021
<u>Deputy Administrator</u> /Clerk - Casandra Suettinger	Lee Igl via email Jim Hessling via email	<u>TBD</u> 6/16/2021
Streets Superintendent Lee Igl <u>Bob Jacobs</u>	Lee Igl via email Jim Hessling via email	<u>TBD</u> 6/16/2021
Assistant to the Director - Aimee Irwin	Lee Igl via email Jim Hessling via email	<u>TBD</u> 6/16/2021
Director of Public Works Jim Hessling <u>Lee Igl</u>	Lee Igl via email Jim Hessling via email	<u>TBD</u> 6/16/2021

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UTILITY INFORMATION

During an incident, you need to have system information about your water utility readily available for your personnel, first responders, repair contractors/vendors, the media, and other response partner agencies.

i Utility Overview

Provide basic information about your utility.

Utility Information	
PWSID	11302412
Utility name and address	McFarland Waterworks
Owner	Village of McFarland
Directions to utility from major roadway, include lat./long. coordinates	Village of McFarland Public Works Department 5115 Terminal Drive McFarland, WI 53558 43.00233314, -89.3009411
Total population served and total service connections	<u>8,9529,676</u>
Name, title, phone number of primary contact	<u>Jim Hessling</u> <u>Lee Igl</u> Director of Public Works 608-838-7287
Alternate contact	<u>Lee Igl</u> <u>Bob Jacobs</u> Public Works Superintendent 608-838-7287
Location of treatment, distribution, collection schematics and operation manuals	Village of McFarland Public Works Department 5115 Terminal Drive McFarland, WI 53558 43.01327, -89.28693

Use this checklist to ensure the following additional utility information (as applicable) is included as a part of your ERP.

- Map of distribution systems
Maps of the water distribution are available in both electronic and paper form
- Site plans and “as built” drawings for the components of your system (as applicable):
Maps of the water distribution components are available in both electronic and paper form
- Distribution system diagrams and instrumentation information
These are available from our SCADA system and paper documentation located at the public works center
- Equipment specifications and operation instructions
This information is located at the public works center
- Emergency power and light generation operation specifications
These instructions are available in the well houses and at the public works center
- Supervisory Control and Data Acquisition (SCADA) system operation instructions
This information is located at the public works center

ii Personnel Information

Personnel

Name and Title	Job Duties and Responsibilities	Contact Information	Emergency Information
Jim Hessling <u>Lee Igl</u> Director of Public Works	Oversee Operations	608-838-7287 jim.hessling@mcfarland.wi.us lee.igl@mcfarland.wi.gov	608-838-7287
Lee Igl <u>Bob Jacobs</u> , PW Superintendent	Day to Day Operations	608-838-7287 lee.igl@mcfarland.wi.us usrjacobs@mcfarland.wi.gov	608-838-7287
Aimee Irwin Asst. to the PW Director	Day to Day Operations	608-838-7287 aimee.irwin@mcfarland.wi.us aimee.irwin@mcfarland.wi.gov	608-838-7287
Brad Warren	Operator	608-838-7287	608-838-7287
Brett Brandt	Operator	608-838-7287	608-838-7287
Mark Weber	Operator	608-838-7287	608-838-7287 608-212-2625
Jack Kelln	Operator	608-838-7287	608-838-7287
Dave Pospyhalla	Operator	608-838-7287	608-838-7287 608-212-2625
Bryan Westbury	Operator	608-838-7287	608-838-7287 608-212-2625
Austin Gaffney	Operator	608-838-7287	608-838-7287 608-212-2625
Jordan Thompson	Operator	608-838-7287	608-838-7287 608-212-2625
Dave Newton	Operator	608-838-7287	608-838-7287 608-212-2625
Austin Morris	Operator	608-838-7287	608-838-7287 608-212-2625
Rich Whipple	Operator	608-838-7287	608-838-7287 608-212-2625
Collin Prill	Operator	608-838-7287	608-838-7287 608-212-2625
Keean Paltz	Operator	608-838-7287	608-838-7287
Phil McDade	Utility Clerk	608-838-7287	608-838-7287

iii Primary Utility Components

List all the components necessary to maintain effective operation of your utility. Simply add more rows to the tables below if you have additional components. Text in italics represents examples – be sure to delete italicized text as necessary as you fill out the tables below and throughout this template.

Wells			
Well Name	Location/Depth	Available Yield	Associated Treatment
Well #1	5412 Long Street 560 feet	395 <u>550</u> GPM	Addition of chlorine & fluoride
Well #3	5001 N. Autumn Ln. 700 feet	1,200 <u>950</u> GPM	Addition of chlorine & fluoride
Well #4	5703 Bird Song Ct. 800 feet	1,000 <u>1,150</u> GPM	Addition of chlorine & fluoride

Storage and Distribution System – Tanks, Primary Mains and Pumping Stations

Location	Area Served	Comments
Burma Road Tower 4901 Burma Road	Entire community	500,000 gallon capacity
Holscher Road Tower 5107 Holscher Road	Entire community	750,000 gallon capacity

Treatment Chemical Storage Facilities

Location	Chemical(s)	Comments
Pump House #1	Chlorine & fluoride	This is in liquid form and there is both an eye wash and shower station in the pump house
Pump House #3	Chlorine & fluoride	This is in liquid form and there is both an eye wash and shower station in the pump house
Pump House #4	Chlorine & fluoride	This is in liquid form and there is both an eye wash and shower station in the pump house

Other Key Facilities

Location	Function	Comments

iv Industry Chemical Handling and Storage Facilities

List surrounding chemical production, handling or storage industries that could impact your utility during incidents such as accidental releases, hurricanes or earthquakes.

Industry Chemical Handling Facilities

Facility Name	Location	Distance	Chemical and Exposure Pathway
Midwest Refrigerated Svs-Lineage Logistics Services LLC	4704 Terminal Drive	1 mile away from well #3	Facility uses large amounts of ammonia for refrigeration. In the event of a release of material, the well house could be compromised.
Flint Hills Resources	4405 Terminal Drive	1,000 feet east of well #3	Underground liquid fuel pipe line could rupture
Tank Farms	Terminal Drive Triangle Street	Between 3,700 & 7,000 feet NW of well #3	Several (~40) above ground petroleum storage tanks

Chemical Storage Tanks

Facility Name	Location	Distance	Chemical and Exposure Pathway
Lineage Logistics Services LLC Midwest Refrigerated Services	4704 Terminal Drive	1 mile away from well #3	Facility uses large amounts of ammonia for refrigeration. In the event of a release of material, the well house could be compromised.
Flint Hills Resources	4405 Terminal Drive	1,000 feet east of well #3	Underground liquid fuel pipe line could rupture
Tank Farms	Terminal Drive Triangle Street	Between 3,700 & 7,000 feet NW of well #3	Several (~40) above ground petroleum storage tanks

v Safety

List safety materials and important safety information to help protect utility personnel during an incident. You may also reference your utility Health and Safety Plan, if available.

Safety Materials	
Type	Location
PPE - Powder free nitrile gloves, coated aprons, face shields & eye wash stations	All wells and the Public Works Center have these items available
Material Safety Data Sheets (MSDS)/ Safety Data Sheets (SDS) are present at each location)	Safety information sheets for the chemicals used at each well are in each well.
First Aid kits	First-aid kits are located in all trucks and at the Public Works Center
PPE - Hardhats, hearing protection, various gloves, safety glasses, aprons, face shields & eye wash stations	All wells and the Public Works Center have these items available

Safety Information	
Topic	Description
Inclement weather	All utility personnel are expected to work in all types of weather environments.

vi Response Resources

Provide an inventory of available resources (e.g., equipment, supplies) either maintained on site or readily available off site (e.g., neighboring water system) in the table below, or insert an existing inventory sheet.

Resources			
Kind	Type	Quantity	Location
Right angle drive stand-by engine	Natural Gas	1	Well #1 5412 Long Street
Right angle drive stand-by engine	Natural Gas	1	Well #3 5001 N. Autumn Lane
Right angle drive stand-by engine	Natural Gas	1	Well #4 5703 Bird Song Court
Towable Generators	Gas/Diesel	3	Various places around the village

vii Key Local Services

Note the closest locations of key logistical and medical services that you or mutual aid and assistance providers may need during an incident. Include a map if available.

Essential Services	
Facility	Location/Description
UW Clinics	1050 East Broadway Monona, WI 53716 Phone: (608) 222-8779
Dean Care Clinics	1821 S. Stoughton Road Madison, WI 53716 Phone: (608) 250-1525260-6000
UW Hospital	600 Highland Ave. Madison, WI 53792 Phone: (608) 263-6400
St Mary's Hospital	700 S. Park St. Brooks St Madison, WI 53715 Phone: (608) 251-6100
Meriter Hospital	202 South Park Street Madison, WI 53715 (608) 417-6000
Gas Station - Kwik Trip	4701 Farwell Street McFarland, WI 53558 (608) 838-9011
Gas Station - BP	4701 Burma Road McFarland, WI 53558 (608) 838-4222579-1011
Gas Station - BP	4800 Larson Beach Road McFarland, WI 53558 (608) 838-4915579-1224
Pharmacy	4880 Larson Beach Road McFarland, WI 53558 (608) 838-7455
ATM	Kwik-Trip 4701 Farwell Street McFarland, WI 53558 (608) 838-9011
Pick 'n Save Grocery Store	5709 Hwy. 51 McFarland, WI 53558 (608) 838-3604
Ace Hardware Store	5210 Farwell Street McFarland, WI 53558 (608) 838-4285

1 RESILIENCE STRATEGIES

This section contains strategies and resources to improve the resilience of the system, including the physical security and cybersecurity of the system.

1.1 Emergency Response Roles

Describe the roles and responsibilities for key utility and external response partner personnel in the table below. You can add, edit or delete rows as necessary.

Water Utility and Partner Roles		
Name/Title	Emergency Response Role	Responsibilities
Jim Hessling Lee Igl Director of Public Works	Emergency Response Lead (ER Lead)	Assign and direct personnel and take care of the emergency situation.
Lee Igl Bob Jacobs Public Works Superintendent	Alternate Emergency Response Lead	Perform duties as assigned by ER Lead; assumes duties listed above when ER Lead is not available.
Aimee Irwin Assistant to the Director	Alternate Emergency Response Lead	Perform duties as assigned by ER Lead; assumes duties listed above when ER Lead is not available.
Chris Dennis Fire Chief	Alternate Emergency Response Lead	Perform duties as assigned by ER Lead; assumes duties listed above when ER Lead is not available.
Matt Schuenke Public Information Officer	Public Information	Responsible for leading the public information effort based on information supplied by either the ER or Alternate ER Lead.
Aaron Chapin TBD Chief of Police	Security	Will provide incident security as needed once notified by ER Lead.

External Response Partner Roles

Name/Title	Organization	Responsibilities During an Incident
Local Partners		
Dane County Emergency Management	County Emergency Management/EOC	Assist as needed
McFarland Police	Police	Assist as needed
McFarland Fire	Fire/EMS	Assist as needed
Elected officials	Village Board members	Assist as needed
Madison Metropolitan Sewerage District	Neighboring Wastewater utility	Assist as needed
Madison Water Utility	Neighboring Water utility	Assist as needed
Alliant Energy/MG&E	Power utility (electric & gas)	Assist as needed
Surrounding Communities	Mutual aid	Assist as needed
Wisconsin Rural Water Association	Industry representative	Assist as needed
State Partners		
WI Dept. of Health Services	Health Department	Assist as needed
WI State Patrol	Police	Assist as needed
WISWARN	Utility Mutual Aid	Assist as needed
WI State Lab of Hygiene	Laboratories	Assist as needed
Federal Partners		
WI EPA Office	EPA regional office	Assist as needed
WI FBI	FBI field office	Assist as needed
Center for Disease Control	CDC in Atlanta	Assist as needed
Health & Human Services	HHS in Washington, D.C.	Assist as needed

1.2 Incident Command System (ICS) Roles

ICS is used to organize both near-term and long-term field-level operations for a broad spectrum of emergencies, from small to complex incidents, both natural and manmade. An ICS Incident Organization Chart (ICS Form 207), available at FEMA's [ICS Resource Center](#), may be completed for your utility and inserted here or attached to your ERP.

Most staff of the Public Works Department have been trained in ICS. Those individuals that haven't been or need a refresher will be attending a class.

1.3 Communication

Communication during an incident is critical to relay information to employees, response partners and critical customers about potential risks to health, infrastructure, and the environment.

1.3.1 Internal Communication

List all utility emergency response team members, their response role, title and contact information.

Contact List

Name	Role/Title	Phone	Alternate Phone	Email
Please see Section ii under Utility Information of this document				

1.3.2 External Response Partner Communication

List all external response partners, their response role or position as well as contact information.

External Response Partner Contact List

Organization or Department	Point Person Name or Position	Phone	Alternate Phone	Email or Website
Local Partners				
Dane County Emergency Management	On Call person	608-266- 4330 4387	911	https://em.countyofdane.com
McFarland Police	McFarland Police	911	608-838-3151	https://www.mcfarland.wi.us/212/Police
McFarland Fire & Rescue	McFarland Fire	911	608-838-3278	https://www.mcfarland.wi.us/187/Fire-Rescue
Madison Metropolitan Sewerage District	On Call person	608-222-1201	911	https://www.madsewer.org
Madison Water Utility	On Call person	608-266-4651 608-266-4665	911	https://www.cityofmadison.com/water
Alliant Energy/MG&E	On Call person	A-800-255-4268 M-800-245-1123	911	https://www.alliantenergy.com https://www.mge.com
Surrounding Communities	See Mutual Aid Agreement			
Wisconsin Rural Water Association	On Call person	715-344-7778	911	https://www.wrwa.org
Public Health Madison & Dane County	On Call person	608-266-4821	911	https://www.publichealthmdc.com
Wisconsin State Lab of Hygiene (Bacti, Fluoride & others)	On Call person	(800) 442-4618	911	www.slh.wisc.edu
Eurofins (Synthetics)	On Call person	(800) 332-4345	911	www.EurofinsUS.com/Eaton
State Partners				
WI State Patrol	On Call person	(608) 846-8500	911	https://wsp.wi.gov/Pages/home.aspx
WI Department of Health Services	On Call person	(608) 266-1865	911	https://www.dhs.wisconsin.gov/
WARN	On Call person	414-423-7000		https://www.wiawwa.org/mpage/WIWARN_Homepage

External Response Partner Contact List

Organization or Department	Point Person Name or Position	Phone	Alternate Phone	Email or Website
Federal Partners				
EPA Region V Office	On Call person	312-353-2000		https://www.epa.gov/aboutepa/epa-region-5
FBI Field Office Middleton, WI	On Call person	608-833-4600	911	https://www.fbi.gov/contact-us/field-offices/milwaukee
CDC	On Call person	800-232-4636		https://www.cdc.gov

1.3.3 Critical Customer Communication

List critical customers below who should be given priority notification due to their reliance on the water supply either for medical reasons, based on usage, public health mission or because they may serve customers considered to be sensitive sub-populations.

Critical Customer Contact List

Organization or Department	Point Person Name or Position	Contact Instructions	Phone	Alternate Phone	Email or Website
McFarland Fire	Chris Dennis		608-838-3278	911	https://www.mcfarland.wi.us/187/Fire-Rescue
Skaalen Village Senior Living	Main Desk		608-299-4839 938-8632		https://skaalen.com https://skaalen.com/communities/skaalen-village/
McFarland Villa Assisted Living	Main Desk		608-838-2234 597-3177		https://mcfarlandvilla.com
Midwest Refrigerated Services Line Logistics Services LLC	Main Desk		608-838-5550 800-678-7271		https://www.midwestrefrigerated.com/onlineage.com/facilities/mcfarland
McFarland School District	Main Desk		608-838-3169		https://www.mcfarland.k12.wi.us

1.3.4 Communication Equipment Inventory

Communication Equipment			
Type	Assigned to	Location	Number/Frequency/Channel
On Call Phone	On Call Crew person	Portable	608- 235-2625 <u>212-2625</u>
Portable Radios	All staff	Public Works Center	Varies
WISCOM		Statewide	Varies

1.4 Media Outreach

List contact information for all media outlets that your utility may coordinate with during notification efforts. Additionally, include existing risk communication procedures, such as composing and delivering messages (e.g. message mapping), or reference an existing Risk Communication Plan.

Contact List				
Organization or Department	Point Person Name & Position	Phone	Alternate phone	Email or Website
Vil of McFarland Communications & Technology	Stephanie Miller Melanie Camellia	608-838-6717	N/A	https://www.mcfarland.wi.us/167/Communications-Technology
McFarland Thistle Leader Independent – local newspaper	Staff	608-839-1544 478-2509	N/A	https://www.hngnews.com/mcfarland_thistle/site/mcfarland_contact.html
WI State Journal regional newspaper	Staff	800-362-8333	N/A	https://madison.com/WSJ
iHeart Radio Stations (Madison Market)	Staff	608-274-5450	N/A	https://www.iheartmedia.com/stations?market=MADISON-WI
Mid-West Family Radio Broadcasting (Madison Market)	Staff	608-273-1000	N/A	https://www.midwestfamilymadison.com
WISC-TV Channel 3	Staff	608-271-4321	N/A	https://www.channel3000.com
WMTV Channel 15	Staff	608-274-1515	N/A	https://www.wmtvabe15news.com
WKOW Channel 27	Staff	608-273-2727	N/A	https://wkow.com

Contact List

Organization or Department	Point Person Name & Position	Phone	Alternate phone	Email or Website
WMSN Channel 47	Staff	608-833-0047274-4321	N/A	http://fox47.com

1.5 Public Notification Templates

Insert your templates for public notifications here, or reference where they may be found. Ensure that your templates are consistent with the regulatory requirements for public notification contained in the Public Notification Rule (see 40 CFR 141, Subpart Q) and all relevant state regulations.

Below is a statement from McFarland Utilities Public Information Officer Matt Schuenke on this incident:

"On _____, McFarland Utilities experienced a _____ at _____ . Crews were working on the situation. At this time, we do not have a time when the incident will be cleared.

Description of incident goes here.

When notified of the incident McFarland Utilities crews responded to the incident. More information will be available as we learn more about the incident.

2 EMERGENCY PLANS AND PROCEDURES

This section contains plans and procedures that can be implemented in the event of a malevolent act or natural hazard that threatens your utility’s ability to deliver safe drinking water.

2.1 Core Response Procedures

Core procedures are the “building blocks” for incident specific response procedures, as they are typically implemented across a broad variety of incidents (e.g., hurricane, earthquake, flood). List all your core procedures here.

Access	
Item	Description
Identification Badges	All village staff including, police, fire and rescue personnel have an official ID for access through police barricades or off limit zones.
Check/Entry Points	All check/entry points into an emergency site will be monitored.

Physical Security	
Item	Description
Access control procedures	All buildings are controlled through a lock and key system. An alarm notification mechanism is also present on most buildings.
Security culture	Staff has been advised that if they “See Something, Say Something” so management can address the issue and eliminate occurrences.

Cybersecurity

Item	Description
Disconnect procedure	If possible, compromised computers will be disconnected from the network to isolate breached components and prevent further damage, such as the spreading of malware.
Notification	In the event of a cyber-incident, the village's information technology (IT) person or our contracted IT service provider will be notified and used accordingly. The State of Wisconsin . Also list any external entities that may have remote connections to your network. Personnel at the State of Wisconsin and at the national level (Department of Homeland Security National Cybersecurity and Communications Integration Center) will be contacted as the situation is discovered or escalates.
Assess procedure	The utility department will assess any damage to the utility system and equipment, along with disruptions to utility operations and that information will be provided by our computer technician.
Implementation processes	Depending upon the nature of the event, utility personnel will implement actions to restore operations of critical processes (e.g., switch to manual operation if necessary) and provide public notification (if required).
Documentation	All operations to document key information on the incident, including any suspicious calls, emails, or messages before or during the incident, damage to utility systems, and steps taken in response to the incident will be undertaken. All documentation should include dates and times.

Power Loss

Item	Description
Backup power systems	All wells have auxiliary stand by natural gas powered engines. The public works center is powered by a natural gas generation station, which powers the building.
Power utility	We contact our power utility for expected restoration priorities and timing. Power utility contact information is listed in Section 1.3.2 above.
Fuel plan	All generators are powered by natural gas and at this time, a backup fuel source is not available.
Maintenance plan	Our in house mechanic, along with water utility staff, test and repair our stand-by engines and generators to assure proper operations. Spare parts for some of these generation units are on hand.

Emergency Alternate Drinking Water Supplies*

Item	Description
Bottled water	Provider name: WP Beverages, 6176 Pepsi Way, Windsor, WI 53598 Phone: 608-846-1200 / 608-846-1275 / 800-652-7232 Contract No. (if applicable):N/A Available supply: Unknown at this time Distribution point (notify public of location): TBD
Bottled water	Provider name: Great Lakes Coca-Cola, 6364 Blanchar's Crossing, Windsor, WI 53598 Phone: 608-846-8866 / 844-861-2653 (COKE) Contract No. (if applicable):N/A

	Available supply: Unknown at this time Distribution point (notify public of location): TBD
Bulk water	Provider name: The Waterman Inc, 11122 W Rogers St. West Allis, WI 53227 Phone: 800-213-4221 or 414-443-0330 Contract No. (if applicable): N/A Available supply: Unknown at this time Distribution point (notify public of location): TBD

* Interconnections are listed and described in Section 3.1

Sampling and Analysis

Item	Description
Sampling procedures	WI DNR personnel will dictate the sampling requirements in the case of an emergency. Water system sampling procedures (after collection) will be handled by the WI State Lab of Hygiene. They in turn will notify the WI DNR as needed/directed.
Pre-identified sampling locations	While some sampling sites will be dictated by the emergency, the utility has pre-approved WI DNR sampling sites for the water system.
Sampling containers and preservatives	Standard Bacti, Raw Water and Fluoride sampling bottles are on site at the Public Works Center. We also have an "Emergency Response Drinking Water Collection Kit" to use if need be.
Sample collection	All public works personnel are approved and qualified to collect water samples as needed.
Sample transportation	All public works personnel are approved and qualified to transport water samples as needed.
Laboratory capabilities	The WI DNR or other regulatory agency will decide what requirements will be required for water sampling analysis. A list of laboratories are listed in section 2.1.
Interpreting results	This will be completed by the lab and the WI DNR.

Local Contract/State/Federal Laboratory Contact List

Name	Address	Analyses/Methods	Phone	Email or Website
Wisconsin State Lab of Hygiene	2601 Agriculture Drive Madison, WI 53718	Bacti, Fluoride & others	(800) 442-4618	www.slh.wisc.edu
Eurofins	110 South Hill Street South Bend, IN 46617	Synthetics	(800) 574-332233-43454777	www.EurofinsUS.com/Eaton
Madison Metropolitan Sewerage District	1610 Moorland Road Madison, WI 53713	Misc.	(608) 222-1201	www.madsewer.org

Family and Utility Personnel Well Being

Item	Description
Family disaster plan	The Village of McFarland does not have an official plan that addresses an employee's family's needs during an emergency. We are confident that if a situation were to happen where the family or the employee needed assistance, the utility would help that individual and their family out.
Alternate work and shelter locations	Personnel may need to or be required to work from home. Employees will be provided the necessary equipment to complete their assigned tasks.
Extreme temperatures	All utility personnel are expected to work in all types of weather environments. Additional supplies may be provided if necessary.

2.2 Incident-Specific Response Procedures

In the event that any of the below situations were to happen:

- Cybersecurity
- Drought
- Extreme cold and heat
- Winter storms
- Flooding
- Tornado
- Fire
- Source water contamination
- Distribution system contamination

The McFarland Utility along with assistance from the McFarland Police and Fire Departments would develop a plan to combat the incident. While no one can predict the outcome of any one specific event, we hope that this document helps prepare us.

3 MITIGATION ACTIONS

This section contains actions, procedures, and equipment which can obviate or significantly lessen the impact of a malevolent act or natural hazard on the public health and the safety and supply of drinking water provided to your community and individuals, including the development of alternative source water options, relocation of water intakes, and construction of flood protection barriers.

3.1 Alternative Source Water Options and Interconnected Utilities

List information on alternative source water options and interconnected utilities to mitigate impacts during incidents.

Alternative Source Water Options

Type	Location	Comments
Bulk Water	The Waterman Inc Brinkmann Water, 11122 W Rogers St 2215 N. Dousman Rd. West Allis Oconomowoc, WI 53227-53066 Phone: 800-213-4221 or 414-443-0330 262-567-7702	Provider and transporter of potable bulk water

Interconnected Utilities

Utility Name	Location	Contact Information	Comments
Madison Water Utility	City next door	608-266-4651 or 608-266-4665	If needed, with pressure regulation apparatuses in place, the City of Madison Water Utility could provide water to McFarland.

4 DETECTION STRATEGIES

This section contains strategies that can be used to aid in the detection of malevolent acts or natural hazards that threaten the security or resilience of the system.

List the detection strategies and methods your utility uses to aid in the detection of malevolent acts or natural hazards. Also list the corresponding procedure to be used if the threat is detected.

Detection Strategies		
Threat	Detection Method	Procedure
Unauthorized entry	Alarm from intrusion detection system	Check out situation and notify police if needed
Source water contamination	This is detected by quarterly raw water sampling as required by the WI DNR	Take water samples as required
Distribution system contamination	Monthly water sampling along with customer complaint surveillance	Take water samples as required and at other times as needed/required
Cyber intrusion/interruptions	Daily check of the SCADA system along with alarm monitoring	Contact IT department for assistance
Hazardous chemical spill	Manual inspections	Call fire department as needed
Tornado	Weather Service alerts	Respond as needed
Power outage	Notification alarm from line power sensor	Generator start-up checklist in each well