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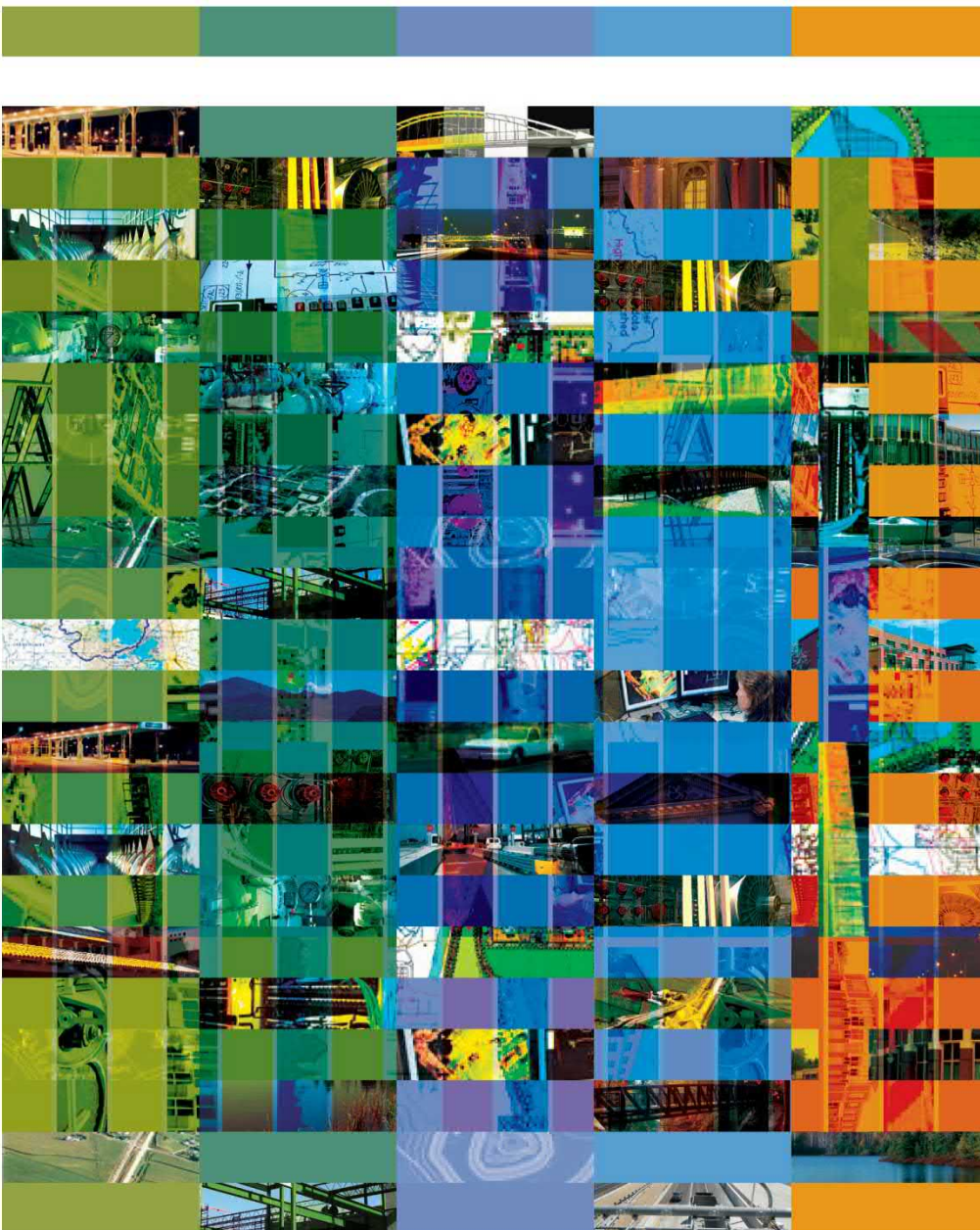
Preliminary
Engineering
Report

Report

Village of

Lannon, WI

December 2019



Report for Village of Lannon, Wisconsin

Water System Improvements Preliminary Engineering Report



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1.01 PROJECT PLANNING

This section describes the Village of Lannon (Village) project planning for its Water System Improvements project.

A. Location

The Village is located in Waukesha County in southwestern Wisconsin (see Appendix 1-1 through 1-3). The water system is located within the Village limits (Appendix 1-4). The Village of Lannon Water System Improvements project consists of two projects constructed in two phases that are described as follows:

1. Phase 1–Water Main Extensions

The proposed water main extensions span through several streets within the Village limits. See Appendix 1-5 through Appendix 1-7 for the project limits. The extensions will connect to the existing water distribution system and are anticipated to add approximately 175 new customers to the system.

2. Phase 2–Well and Well Facility Acquisition

The Village will acquire the existing groundwater well and well facility currently owned and operated by Lannon Estates, a local mobile home park within the Village limits located on the northeast corner of Diamond Drive and Lannon Road. See Appendix 1-8 for the project limits. The project will include an extension of water main from a proposed water main extension on Lannon Road to the well facility located on the northeast corner of Lannon Road and Diamond Drive.

B. Environmental Resources Present

An Environmental Report (ER) has been completed to complement this report and will be submitted as part of the funding application. See the report for additional details regarding the environmental resources present.

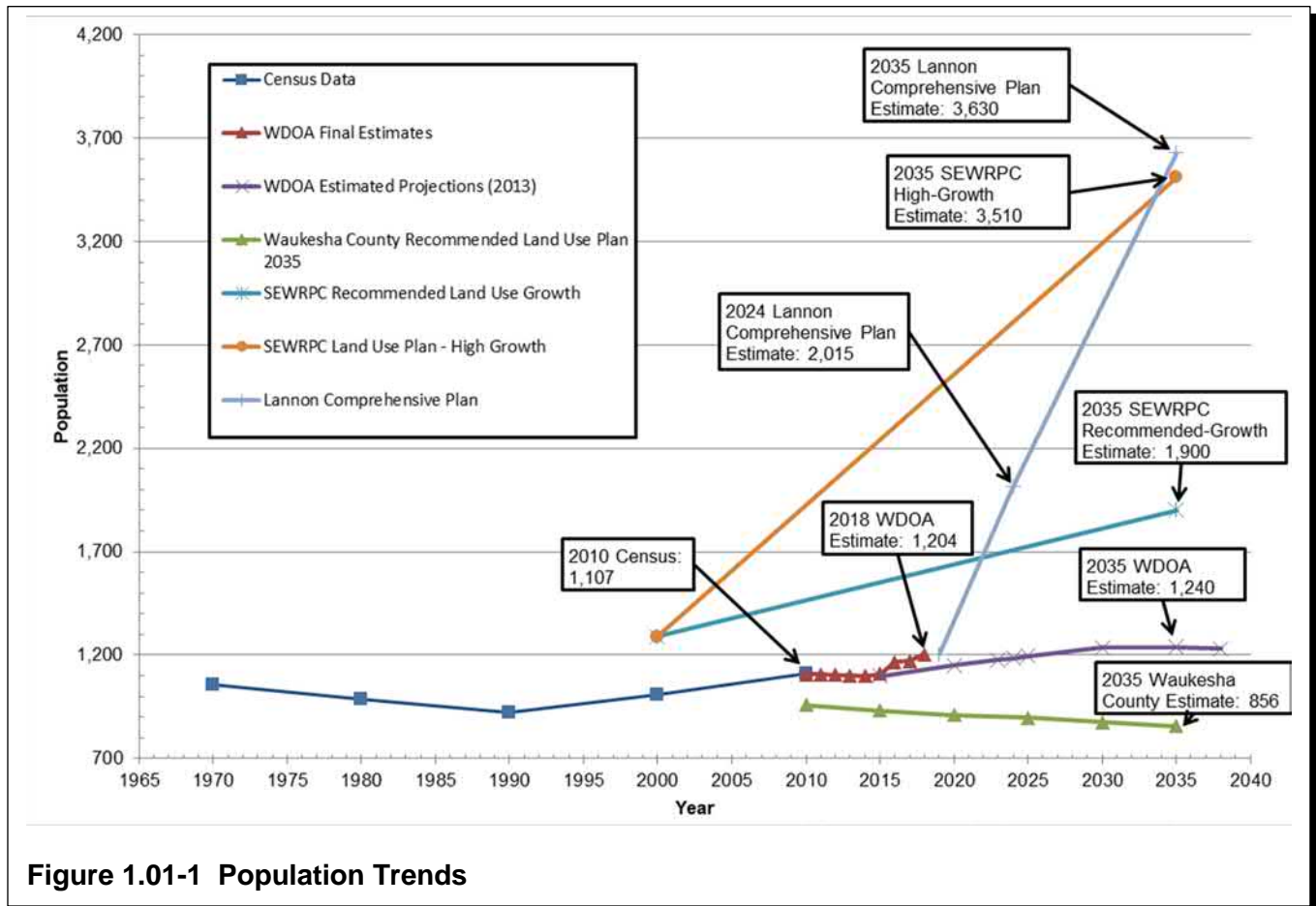
The water main extensions will be constructed primarily in existing road rights-of-way (ROW) in previously disturbed areas. Several of the extensions will be constructed below existing pavement. There are no known environmental resources that affect the design of this project.

The existing well and well facility proposed to be acquired are located on a grassy private property plot. Water main extensions to the well facility will be done on the acquired private land, which will be owned by the Village. There are no known environmental resources on these lands that affect the design for this project.

C. Population Trends

There are several population projections available for the Village. The 2010 United States Census population for the Village was 1,107. Southeastern Wisconsin Regional Planning Commission (SEWRPC) projects a recommended-growth estimate of 1,900 and a high-growth estimate

of 3,510 for the existing Village sewer service area by 2035. The Wisconsin Department of Agriculture (WDOA) projects the population to be 1,240 by 2035. The Waukesha County Land Use Plan projects the population to decline to 856 by 2035. See Figure 1.01-1 for a compilation of the population projections. For the purposes of this report, the projections from the Lannon Comprehensive Plan were used as it includes planned development projects within the Village.



D. Community Engagement

The public has been notified of and asked to provide input on the water system improvements project. A public information meeting was held on August 14, 2019, to inform the Village residents about the project details and the identified funding sources to pay for the project.

A notice of intent (NOI) to file an application with United States Department of Agriculture (USDA) Rural Development (RD) was published and distributed to all residents. The NOI included a notice of a public hearing that occurred during the Village Board meeting on December 9, 2019. A copy of the formal notification, affidavit, tear sheet, agenda, and meeting minutes will be submitted with the application.

The project has been discussed at Village Board meetings and Plan Commission meetings that have been open to the public. During design and construction, the Village Board will continue to hold public meetings for input.

1.02 ABBREVIATIONS AND DEFINITIONS

ER	Environmental Report
ERP	Emergency Response Plan
gpm	gallons per minute
HDPE	high-density polyethylene
hp	horsepower
KWH	kilowatt-hour
O&M	operation and maintenance
OPCC	opinion of probable construction cost
OTM	other-than-municipal
PER	Preliminary Engineering Report
PVC	polyvinyl chloride
PSC	Public Service Commission
psi	pounds per square inch
RD	Rural Development
ROW	right-of-way
SEWRPC	Southeastern Wisconsin Regional Planning Commission
Strand	Strand Associates, Inc.®
TID	tax increment district
Village	Village of Lannon
VFD	variable frequency drive
WDNR	Wisconsin Department of Natural Resources
WDOA	Wisconsin Department of Agriculture
WEGS	Water, Electric, Gas, and Sewer

SECTION 2
EXISTING FACILITIES

2.01 EXISTING FACILITIES

This section describes the Village's existing water system facilities. A more detailed explanation of the existing facilities is described in the Water System Study in Appendix 2-1.

A. Location Map

The Village currently operates one shallow-aquifer well (Well No. 1) that is located within the pumping facility located on South Weather Edge Circle. The pumping facility contains the well, reservoir, two booster pumps, and a 5,500-gallon pneumatic pressure tank. A 160,000-gallon below-ground concrete reservoir is located just south of the existing pumping facility. Based on information provided by the Village to the Public Service Commission, there is approximately 18,440 feet of existing water main in the distribution system. See Appendix 1-4 for facility locations.

B. History

As noted above, there is currently only one well facility for the entire system; construction began on the well in 2007 and the facility was completed and operating in 2008. The system operation is described below followed by a more detailed review of each of the system components.

Water is pumped from Well No. 1 and sodium hypochlorite is injected for disinfection upstream of the below grade reservoir. The well is called to run by a pressure transducer in the reservoir. Water is routed through baffles in the reservoir to provide contact time for disinfection and prevent short cycling. Two booster pumps pump the water from the reservoir into the distribution system. A pneumatic pressure tank in the facility maintains system pressure (at the facility) between 62 and 70 pounds per square inch (psi). The booster pumps operate in an alternating lead-lag function and the second booster pump is only called to run if the pressure at the facility reaches 58 psi.

CTW, a local well contractor, is the licensed operator for the water system. The water system is set up so that the system can be automatically operated. Periodic visits are required to fill the sodium hypochlorite chemical tank and collect system data stored locally. In the event of an emergency, the facility is equipped with a dialer system to notify the operator of any issues.

1. Water System Supply and Treatment Facilities

Well No. 1 was constructed in 2007 and drilled to a depth of 340 feet. The capacity of Well No. 1 well pump is currently 250 gallons per minute (gpm) but the borehole is designed for 300 gpm. The well pump is powered by a 30-horsepower (hp) motor that is fitted with a variable frequency drive (VFD).

Two booster pumps are rated at 550 gpm each. The pumps are powered by 30-hp motors fitted with VFDs. The booster pumps draw water from the reservoir and pump to the distribution system. There is a vacant pump pad adjacent to the existing booster pumps for a third booster pump.

The facility has an enclosed sodium hypochlorite room that contains a storage tank and chemical dosing pump. The facility has a backup diesel-powered generator.

2. Water System Storage Facilities

The concrete below-ground reservoir has a capacity of 160,000 gallons.

The pneumatic pressure tank has a capacity of 5,500 gallons. The tank is connected downstream of the booster pumps and helps maintain pressure in the distribution system.

3. Water Distribution System

The water distribution system is comprised of 6-, 8-, 12-, and 16-inch ductile iron, polyvinyl chloride (PVC), and high-density polyethylene (HDPE) piping. Most of the piping is PVC piping and was constructed in 2008 when the distribution system was first established. There are approximately 39 fire hydrants in the system.

There are approximately 141 total customers consisting of 131 residential, with seven commercial and three public authority users.

See Appendix 1-4 for a water system map that depicts the location and size of all water main and location of fire hydrants.

The Village of Menomonee Falls Fire Department currently handles all administrative, fire, and medical emergencies needed by the Village.

C. Condition of Existing Facilities

1. Water System Supply and Treatment Facilities

The well pump has not been pulled or inspected since it has been installed. If the well needs to be taken out of service, the water system is dependent on the amount of storage remaining in the reservoir. The Village currently limits the well pump to 250 gpm as it draws down local private wells at higher rates. The Village and its operator report the well is operating with no major issues. However, it is generally recommended to rehabilitate wells and pumping equipment at least every ten years and the Village is currently restricted as it only has one source of supply.

The booster pumps are operating at the rated capacity and there are no known issues.

The pumping facility appears to be in good condition. The operator noted that there is not a paved walkway to get to the sodium hypochlorite room. When a new tank of chemical needs to be installed, it must be carried over rocks to get to the chemical feed room door.

The well pump meter was replaced in 2019.

According to the 2018 Public Service Commission (PSC) Water, Electric, Gas, and Sewer (WEGS) report, the water utility used 43,225 kilowatt-hours (KWH) of energy for the year.

2. Water System Storage Facilities

The below-ground reservoir was last inspected and cleaned in 2019. According to the reservoir inspection report, the reservoir appeared to be in good condition and no repairs are required.

The pressure tank was last inspected and cleaned in 2015. According to pictures taken during the inspection, the tank appears to be in good condition and no repairs are required.

3. Water Distribution System

According to the 2018 PSC WEGS report, the water system has 39 percent non-revenue water and 39 percent water loss as a percentage of net water supplied. There have been leaks found in past years and it is suspected that additional leaks in the system are causing the water loss issue. The 2018 Sanitary Survey noted that a leak detection study shall be conducted to find and address leaks in the system.

The Village of Menomonee Falls Fire Department currently performs annual hydrant flushing and valve turning to maintain the distribution system.

In October 2018, several surrounding private wells for residents in the Village tested positive for coliform and *E.coli*. Although the existing public water distribution system has not had any positive coliform tests, there is some concern that the Village's well may be contaminated in the future.

The Village currently does not have an asset management plan in place.

D. Financial Status of any Existing Facilities

The 2018 PSC WEGS report that contains financial information can be found in Appendix 2-2.

1. Rate Schedules

The current water rate structure can be seen in the approved PSC rate case decision approved for October 20, 2017 in Appendix 2-3.

2. O&M Cost

Operating expenses for the water system can be found in the 2018 PSC WEGS report in Appendix 2-2. The expenses for the year total \$171,781 with the total depreciation expense and taxes totaling \$6,091.

3. Tabulation of Users

Table 2.01 shows the number of customers for each category of water users; 131 of the 141 total customers (93 percent) are residential.

Year	Residential	Commercial	Public	Total
2008	39	0	3	42
2009	45	1	3	49
2010	65	1	3	69
2011	66	7	3	76
2012	66	6	3	75
2013	66	6	3	75
2014	66	7	3	76
2015	84	7	3	94
2016	105	7	3	115
2017	113	7	3	123
2018	131	7	3	141

Table 2.01-1 Number of Customers by Category

4. Existing Debts and Required Reserve Accounts

As shown in the 2018 WEGS report, the Village currently has a 2017 General Obligation (GO) Refunding Bond.

E. Water/Energy/Waste Audits

The 2018 PSC WEGS report provides a brief water audit that can be seen in Appendix 2-2. The audit showed a substantial non-revenue and water loss issue and stated that leak-detection study shall be completed.

As part of the Water System Study, an in-depth water audit was completed and a water loss control plan was created. See Section 6 of the Water System Study in Appendix 2-1. The Water Loss Control Plan recommends finding real losses in the water system, improving the water meter accuracy in the customer meters, and improving unbilled, unmetered consumption data and recording hydrant use within the system.

3.01 NEED FOR PROJECT

This section describes the need for proposed water system improvement projects.

A. Health, Sanitation and Security

1. Water System Supply and Treatment Facilities

A second source of supply is needed immediately for system redundancy. The system currently only has one well and one storage facility to meet demands and supply fire protection. Ten States Standards (the Standards) Code 3.2.1.1 state the total source capacity must equal or exceed the design maximum day demand with the largest producing well out of service. The Standards Code and 3.2.1.2 states a minimum of two sources of groundwater shall be provided. WDNR guidance also states a water system that relies on only one source does not have adequate source capacity.

Strand Associates, Inc.[®] (Strand) completed a Water System Study that performed a capacity analysis and recommended a second source of supply immediately and a third source of supply once the maximum day demand exceeded the existing well capacity, which is projected to be in 2024. The Water System Study is located in Appendix 2-1.

2. Water System Storage Facilities

The Water System Study included a detail analysis for current and future water storage needs. The Village needs additional storage volume to provide adequate fire protection. The Water Study (Appendix 2-1) recommends that 178,000 gallons of additional storage is currently required to meet maximum day demand fluctuations plus a 2,500 gpm fire for two hours. Assuming a second source of supply is added in 2024, 167,000 gallons of storage is needed in the future to meet 2035 projected maximum day demands plus fire demands. For planning purposes, it is generally assumed that only 80 percent of the tank's volume is available; thus a 250,000-gallon storage tank is recommended. The study also recommends an elevated tank versus a second reservoir and booster pumping station.

3. Water Distribution System

The Village needs to extend the water distribution system to serve areas of private well contamination. In 2018, there were several private wells that tested positive for coliform and *E.coli* bacteria. Through the end of October 2018, 33 of 55 private wells tested at the Waukesha County Laboratory were positive for coliform and 12 were positive for *E.coli*. Appendix 3-1 shows a map of the contamination areas. Some of the residents with a contaminated well have tried to clean and chlorinate the well but the wells still tested positive. The positive test results have prompted interest in existing residential, commercial, and public facilities to connect to the Village's public water system.

B. Aging Infrastructure

The water distribution system began operation in 2008. All infrastructure is relatively new and does not need replacement in the near future.

C. Reasonable Growth

1. Water System Supply and Treatment Facilities

The water system cannot currently meet its maximum day demand with its largest and only well out of service. A second source is needed at this time to meet the existing and future demand. Additional customers currently using private wells will connect to the distribution system once the distribution system expansion is complete. A third source will be needed in 2024 when additional customers from planned development projects connect to the system. See the Water System Study (Appendix 2-1) for a detailed analysis of source supply.

2. Water System Storage Facilities

The Village cannot provide adequate fire flows with its existing facilities. The Village needs additional storage. The Village only has three to five days of storage to supply average day demands if the existing well is out of service. This issue is only exacerbated with anticipated system growth or under maximum day and fire supply scenarios.

3. Water Distribution System

Several existing residents will connect to the water main extensions throughout the Village. Approximately 175 residential customers would be added to the system as water main extensions are constructed.

This section summarizes the water supply, water storage, and distribution needs, briefly reviews alternatives for each, discusses infeasible alternatives, and then presents two project alternatives for a Water System Improvements project.

4.01 SUMMARY OF ALL ALTERNATIVES CONSIDERED

A Source Water Supply

As discussed in Section 3, the Village is in need of a second source of supply immediately and a third source of supply in 2024. For the purposes of the Water System Improvements project for this report, only the second source of supply is considered.

1. Deep-Aquifer Well with Treatment

The benefit of a deep well is it reduces the bacteriological concerns of the shallow aquifer. However, deep wells in the area are known to have elevated radionuclide levels, which typically require treatment. According to the Water System Study, a deep-aquifer well with treatment was the recommended solution to provide a redundant source for the Village. The addition of this component to the project would increase project costs by approximately \$3 million. This is the option currently being targeted for the third source of supply in 2024 and is planned to be funded through Tax Increment District revenue. Based on current revenue and preliminary discussions with the USDA, increasing project costs by \$3,000,000 makes this alternative infeasible.

2. Neighboring Interconnection

Constructing an interconnection with a neighboring community would provide a second source. Considerations of system hydraulic gradient, water main extension, necessary infrastructure improvements, community politics, and the Great Lakes Compact are necessary. The Village had detailed discussions with several communities and an interconnection is currently infeasible.

3. Emergency Response Plan (ERP)

A second source is needed immediately for a redundant source of supply in the event of Well No. 1 being taken out of service. The third source shown to be needed in 2024 is required due to increasing demand. An ERP can identify how water will be obtained when Well No. 1 is out of service and how fire protection will be handled in that event. While not a preferred option, this option is technically feasible, if necessary. Operating with an ERP is included in Alternative No. 1.

4. Shallow-Aquifer

The Water System Study discusses the local shallow aquifer in detail. The concerns of a shallow limestone aquifer include lowering water levels due to increased quarry mining and potential bacteriological concerns that some local private wells are already experiencing. A

shallow well can be constructed deeper than private wells in the area, thereby eliminating the water level concerns. However, the potential for bacteriological issues still remains. The Village could consider two separate shallow-aquifer well options. One option would be to drill a new shallow well and construct a new well facility; this has an opinion of probable construction cost (OPCC) of \$1,500,000. The second option is to acquire an existing shallow well and pumping station. Including acquisition costs and upgrade, this has an anticipated OPCC of \$600,000. The second option of acquiring an existing shallow well is included in Alternative No. 2.

B. Water System Storage Facilities

While water storage is a need, based on future projections, elevated storage can be delayed until 2024 and a storage project is not included in the current proposed Water System Improvements project. No alternatives for Water Storage are included.

The Village recently implemented a tax increment district (TID) that includes planning to construct an elevated storage tank using future revenues. This funding has been identified as the preferred method to construct the elevated tank. Construction of this tank is estimated to begin in 2021.

C. Water Distribution System

Water system expansion is necessary to build out the system. Both Alternative Nos. 1 and 2 include the same proposed water main improvements.

D. Do Nothing

The Village has an obligation to provide safe and abundant drinking water to its customers. Several residents have private wells that are bacteriologically contaminated. New developments funded through TIDs are anticipating public water supply to be available. The Village currently does not have a redundant source of supply which makes proper maintenance and operation of its only well facility difficult. The “do nothing” approach does not solve any of these issues.

4.02 ALTERNATIVE NO. 1–WATER MAIN EXTENSIONS AND ERP

A. Description

The project alternative includes constructing 1,471 feet of 6-inch, 7,967 feet of 8-inch, and 6,860 feet of 12-inch water main to extend the water distribution system to areas of private well contamination. Hydrants and distribution system valves will also be installed. The majority of the water main will be constructed within existing road right-of-way and no additional land acquisition will be needed to route the water main.

This alternative does not include any new water supply or storage sources. Therefore, an ERP will be incorporated into Village operations to account for the use of only one groundwater well. The ERP will include the following items:

1. Identify alternative sources of potable water to use in the event of a failure of the Village's well.
2. Provide agreements between necessary parties to provide water and fire protection during an emergency response situation.
3. Provide a communication plan for operations during an emergency response situation.
4. Provide operational guidelines for operations during an emergency response situation.

B. Design Criteria

The proposed project components will meet the applicable design criteria standard requirements of the Wisconsin Department of Natural Resources (WDNR) Chapter NR 811.

C. Map

A map of the water main improvements is shown in Appendices 1-5 through 1-7.

D. Environmental Impacts

A comprehensive ER has not been completed at this time. However, no environmental impacts are anticipated for any portion of this project. If there were any need to cross wetlands, directional drilling will be implemented. Similarly, any installation of water main in floodplains will not impact surrounding areas as the land will be returned to its original condition. Any historical and archaeological properties found within the project area are identified and discussed in the ER and will not be impacted as part of the project.

E. Land Requirements

Most of the water main will be installed within existing road ROW. Three existing easements will be required to route the proposed water main to connect customers to the distribution system. See Appendix 4-1 for the easement locations.

1. Private Road Utility Easement

An existing permanent sanitary sewer easement was established along the private road located approximately 100 feet east of the intersection of Good Hope Road and Main Street when the sanitary sewer system was installed. The existing easement is 20 feet wide and spans from West Good Hope Road to the 20577 Good Hope Road residence. The 720 feet of water main is anticipated to be constructed within the limits of the easement. The easement is located on parcel LANV0073452002.

2. Lannon Elementary School Easement

An existing permanent utility easement was established along the south edge of the elementary school as part of the Lannon Elementary School water main project. The existing easement is 25 feet wide and spans from the ROW from Lannon Road to the west edge of North Parkview Drive. The easement is located on parcel LANV0073453.

3. Diamond Drive Utility Easement

An existing permanent sanitary sewer easement was established along Diamond Drive south of Good Hope Road when the sanitary sewer was installed. The existing easement is 30 feet wide and spans from Good Hope Road to 20255 West Good Hope Road Unit A. Approximately 800 feet of water main is anticipated to be constructed with the limits of the easement. A pressure reducing valve and manhole structure are anticipated to be constructed at the end of the water main to serve as a redundant service lateral connection for the Lannon Estates system. The easement currently routes through the private road, parcel LANV0078481, LANV0078480003, and terminates on parcel LANV0078480005.

F. Potential Construction Problems

Potential construction issues for the water main extension include encountering shallow bedrock, traffic control, noise requirements, land restoration, and parking.

G. Sustainability Considerations

It is not sustainable for private residents to replace or rehabilitate their private wells that test positive for coliform and *E. coli*. Extending public water supply to these customers provides a source of safe and reliable drinking water.

H. Opinion of Probable Costs

1. Capital Costs

The opinion of probable cost for the alternative is \$8,211,000. This is comprised of \$6,870,000 in construction costs and \$1,341,000 in non-construction costs. See Appendix 4-2 for a more comprehensive breakdown of the project costs. A 10 percent contingency is used for the project.

2. Operation and Maintenance (O&M) Costs

The anticipated additional annual O&M cost and short-lived assets for the alternative is \$39,000 and is detailed in Appendix 4-3.

4.04 ALTERNATIVE NO. 2–WATER MAIN EXTENSIONS PLUS WELL FACILITY ACQUISITION

A. Description

In addition to the water main extensions described for Alternative No. 1, Alternative No. 2 includes the acquisition and improvements of an existing well and well facility currently owned and operated by Lannon Estates. The well will be operated in tandem with the existing Village well. A land parcel of approximately 100 feet by 100 feet will be acquired from Lannon Estates and will be owned by the Village. The existing well and well facility will also be acquired. The well facility contains a storage room that is currently used by Lannon Estates. The room will be leased out to Lannon Estates for maintenance equipment storage.

The well and well facility were originally constructed in 1992. The well facility consists of a wooden structure with a sloped roof located on the northeast corner of Lannon Road and Diamond Drive. The well was originally designed to pump from the well to a 5,000-gallon steel pressure tank and to the private distribution system. In 2003, a 22,000-gallon below-ground fiberglass storage tank and two 150 gpm booster pumps were constructed to the west of the well facility to decrease the peak demand on the well. See Appendix 4-4 for a copy of the approved construction plans and the well construction report.

The well currently supplies water to the Lannon Estates Mobile Home Park. Approximately 170 units are served by the private water supply. According to historical pumpage records, the well currently pumps an average of approximately 15 gpm. The well was originally tested to have a capacity of around 200 gpm. During the design of the 2003 additions, it was determined to assume a capacity of 150 gpm.

The WDNR regulates the water system as an other-than-municipal (OTM) facility that is regulated by the WDNR NR 811 code, which is the same code as municipal water systems. According to the 2018 Sanitary Survey, there were two minor deficiencies with the system that included the floor drain discharge outlet not being completely buried and an electrical conduit sensor box for the reservoir not being completely sealed. See Appendix 4-5 for a copy of the document.

Historical water quality was obtained for the well and compared to the existing Village well. Appendix 4-6 provides a table of the water quality results for each well. The water quality in the Lannon Estates well is very comparable to the water quality of the existing Village well. This is expected as the two wells generally draw water from the same depth of the aquifer formation.

The following improvements are proposed to convert the existing well facility from providing water to the mobile home park to the Village.

1. Water main will be extended from a 12-inch water main stub on Lannon Road, just west of the well facility.
2. The process piping inside of the well facility will be replaced to connect to the Village water distribution system.
3. The existing pressure tank is only rated for 50 psi maximum working pressure. The gradient of the existing Village water system would exceed the pressure needed to be kept

in the pressure tank once the two wells serve the same water system zone. Therefore, it is proposed to eliminate the pressure tank in the Lannon Estates well facility by valving it off from the system.

4. Sodium hypochlorite storage and feed equipment will be installed at the Lannon Estates well facility as it currently does not chlorinate the water.
5. Other minor improvements to the facility will also be done to have the facility meet the current WDNR code requirements.

B. Design Criteria

The proposed project components will meet the applicable design criteria standard requirements of the WDNR Chapter NR 811. Improvements have been identified to bring the Lannon Estates well facility in compliance with current WDNR code.

C. Map

A map of the well facility is shown in Appendix 1-8.

D. Environmental Impacts

A comprehensive ER has not been completed at this time. As a requirement of the WDNR, a well siting study and a wellhead protection plan will need to be completed prior to the well being approved to produce water for the Village's system. No environmental impacts are anticipated for any portion of this project as the current well facility is permitted to pump water under the same regulatory code section as the Village will be.

E. Land Requirements

The Village will be purchasing a parcel of land from Lannon Estates that will contain the well facility and the adjacent below-ground water storage reservoir.

F. Potential Construction Problems

Potential construction issues for the well facility acquisition and improvements include shallow bedrock and coordination of schedule with the water main extension project. Shallow bedrock issues are also a potential issue with the water main expansion. Temporary water connections will need to be implemented to keep pressure within the existing Lannon Estates private water system.

G. Sustainability Considerations

As part of the water main extension project, Lannon Estates will be required to connect to the Village water distribution system and abandon the well facility. This project allows the existing well and facility to remain active and not be abandoned. It will also provide the Village a redundant water supply source.

H. Opinion of Probable Costs

1. Capital Costs

The opinion of probable cost for the alternative is \$8,831,000. This is comprised of \$6,870,000 in construction costs and \$1,961,000 in non-construction costs. See Appendix 4-2 for a more comprehensive breakdown of the project costs. A 10 percent contingency is used for the project.

2. O&M Costs

The anticipated additional annual O&M cost and short-lived assets for the alternative is \$40,000 and is detailed in Appendix 4-3.

SECTION 5
SELECTION OF AN ALTERNATIVE

5.01 SELECTION PARAMETERS

This section describes the process by which data from Section 4 is analyzed in a systematic manner to identify the recommended alternative. The selection of an alternative will consider both life cycle costs and non-monetary factors.

A. Life Cycle Cost Analysis

A 20-year present worth life cycle cost analysis was conducted for each alternative. A discount rate of 1.2 percent was used. Appendix 4-3 details the present worth analysis. The 20-year present worth of Alternative No.1 is \$8,901,000 and Alternative No. 2 is \$9,538,000.

B. Nonmonetary Factors

Several nonmonetary factors need to be considered.

1. Water Supply

Both alternatives add approximately 195 equivalent connections, or approximately 800 residents to the Village's existing water distribution system.

For Alternative No. 1, the residents would be served by one existing groundwater well for supply. In the event that the existing well would need to go out of service, additional storage or a temporary water supply would be needed through an ERP. Supplying water through an ERP is not the preferred way to operate a water system as the outage period for a well facility can range between several hours to several weeks depending on the circumstances.

Alternative No. 2 proposes to acquire an additional groundwater well as a redundant source of supply to the existing well. From a water supply perspective, Alternative 2 is preferred as it provides a redundant water supply source to the Village's distribution system, which allows the Village to properly maintain and operate its water system.

Additionally, under Alternative No. 1, the Lannon Estates well and well facility would need to be abandoned. While this does not necessarily cost the Village any money, it is arguably a waste of resources and a politically sensitive issue.

2. Cost Effectiveness

The cost of an entirely new water well with treatment would range between \$1.5 million and \$3.0 million depending on the source or type of well and if treatment is needed. With Alternative No. 2, the Village will obtain an existing well and well facility that has provided reliable drinking water for almost 30 years for a fraction of the cost to drill and construct a new well and facility.

5.02 SELECTION OF AN ALTERNATIVE

After consideration of the life cycle cost analysis and the nonmonetary factors, it was determined that Alternative No. 2 is the preferred alternative to provide the Village with a second water supply source and extending water main to areas with well contamination. Section 6 discusses the proposed project in more detail.

6.01 PROJECT DESIGN

The proposed project, Alternative No. 2, is the extension of the water distribution system and the acquisition and upgrades of the Lannon Estates Well Facility in the project areas shown in Appendices 1-5 through 1-8.

The project will extend approximately 16,298 lineal feet of 6-, 8-, and 12-inch water main. Throughout the project corridor, mainline valves, hydrants, fittings, curb stops, corporation stops, valve boxes, and Village-owned portions of the water services will be constructed. The project will include construction of a PRV station that will be used to serve the existing Lannon Estates private water system located in the southeast portion of the Village. The project will also include necessary road restoration and ditch improvements to facilitate the watermain expansion.

The project will acquire the existing Lannon Estates Well Facility and the surrounding parcel of land. Several minor improvements will be done to the facility including connection to the Village distribution system, addition of sodium hypochlorite injection, and disconnection of the existing pressure tank to the system. A meter will be installed within the well facility to meter the water usage to the Lannon Estates Mobile Home Park users.

6.02 PROJECT SCHEDULE

The Village will bid and construct this project under two phases and two contracts. Table 6.02-1 shows the anticipated project schedule for the water main and Table 6.02-2 shows the anticipated project schedule for the well facility acquisition and improvements.

Action	Anticipated Schedule
Start Water Main Design	November 2019
Submit Pre-Application (Preliminary Engineering Report [PER] and ER)	December 2019
Receive Application Decision and Complete Application	February 2020
WDNR Agency Review	March 2020
USDA RD Agency Review	March 2020 and April 2020
Advertisement	April 2020
Bid	May 2020
Contract Execution	July 2020
Start Construction	August 2020
Final Completion	September 2021
Loan Closing	September 2021
One-Year Warranty	September 2022

Table 6.02-1 Anticipated Project Schedule–Water Main Extension

Action	Anticipated Schedule
Acquire Lannon Estates Facility	March 2020
Start Facility Upgrade Design	April 2020
WPSC Agency Submittal	April 2020
WDNR and WPSC Agency Review	November 2020
USDA RD Agency Review	February 2021
Advertisement	March 2021
Bid	April 2021
Contract Execution	May 2021
Start Construction	June 2021
Substantial Completion	August 2021
Final Completion	September 2021
Loan Closing	September 2021
One-Year Warranty	September 2022

Table 6.02-2 Anticipated Project Schedule–Well Acquisition

6.03 PERMIT REQUIREMENTS

The following permits are anticipated to be required for this project and will be submitted as part of the design process.

- WDNR Water Main Extension Approval
- WDNR Construction Site Storm Water Runoff
- Waukesha County Concurrence on Temporary Construction on Bug Line Trail, which is listed as a Formally Classified Land

In order for the WDNR to approve the well facility to operate as a Village groundwater well, the following WDNR forms and submittals will need to be completed.

- WDNR Form 3300-044 Public Well Approval
- WDNR Form 3300-266 High Capacity Well Ownership
- WDNR Form 3300-296 Pump Discharge Line Checklist
- WDNR Form 3300-304 Pumping Stations, Pumphouses, and Water Treatment Plant Buildings Submittal Checklist
- Water System Study
- Well Investigation Report
- Wellhead Protection Plan
- Plumbness and Alignment Test

6.04 SUSTAINABILITY CONSIDERATIONS

All water main is anticipated to be constructed within existing road ROW and no additional land acquisition will be needed. Road ROW provides an area of already disturbed ground to construct new utilities without impacting natural resources or native soils.

The recommended alternative preserves existing infrastructure by incorporating the acquisition of the Lannon Estates well facility; the well will be used to supply water to the Village instead of being demolished.

6.05 TOTAL PROJECT COST ESTIMATES

Refer to Section 4.02.

6.05 WATER ANNUAL OPERATING BUDGET

A. Income Expenses

According to the 2018 PSC report, the Village operating revenue from the sales of water in 2018 was \$84,295. The current volumetric rate is \$5.80 per 1,000 gallons with a quarterly service charge of \$48 and a quarterly fire protection charge of 9.12 for a 5/8-inch or 3/4-inch meter. The average residential customers in the Village uses approximately 116 gallons per day. The calculated usage of 42,400 gallons per year costs approximately \$475 per year for water service. Therefore, the addition of 195 equivalent residential meters would add an additional \$92,625 of estimated annual revenue.

The Village is anticipating funding the project by special assessing the residents, charging parcels for improvement projects in the form of taxing the properties, that are connected to the system. According to preliminary calculations, this is estimated to be approximately \$30,000 per household over 15 years.

B. O&M Costs

Water O&M costs are anticipated to increase due to the additional infrastructure. Valves and hydrants are recommended to be exercised, which will required additional staff time. With the additional demand in the system, additional water usage will occur. Additional maintenance costs will occur at the existing well and booster pumping facility in addition to the acquired well facility. Additional chemicals will need to be delivered and the existing equipment will need to be maintained and replaced more frequently. An estimated additional \$25,000 of O&M costs will be needed with the additional infrastructure. See Appendix 4-3 for details regarding the increase in O&M Costs.

C. Debt Repayments

1. Existing

See Appendix 6-1 for the last three years of financial audits.

2. Proposed

The projected increase in indebtedness for the proposed project is approximately \$188,400 per annum. This is based on a 55 percent RD loan and 45 percent grant at 2.375 percent and a 40-year life.

D. Rate Increases

The Village is anticipating to perform a rate study once the proposed customers are connected to the system. This is anticipated to take place in 2022.

E. Reserves and Short-Lived Assets

Appendix 6-2 shows a table of the Reserves and Short-Lived Assets for the Village. The total annual budgeted asset maintenance and replacement cost is estimated to be approximately \$40,200, or approximately \$19,600 more than the existing system.

7.01 CONCLUSIONS AND RECOMMENDATIONS

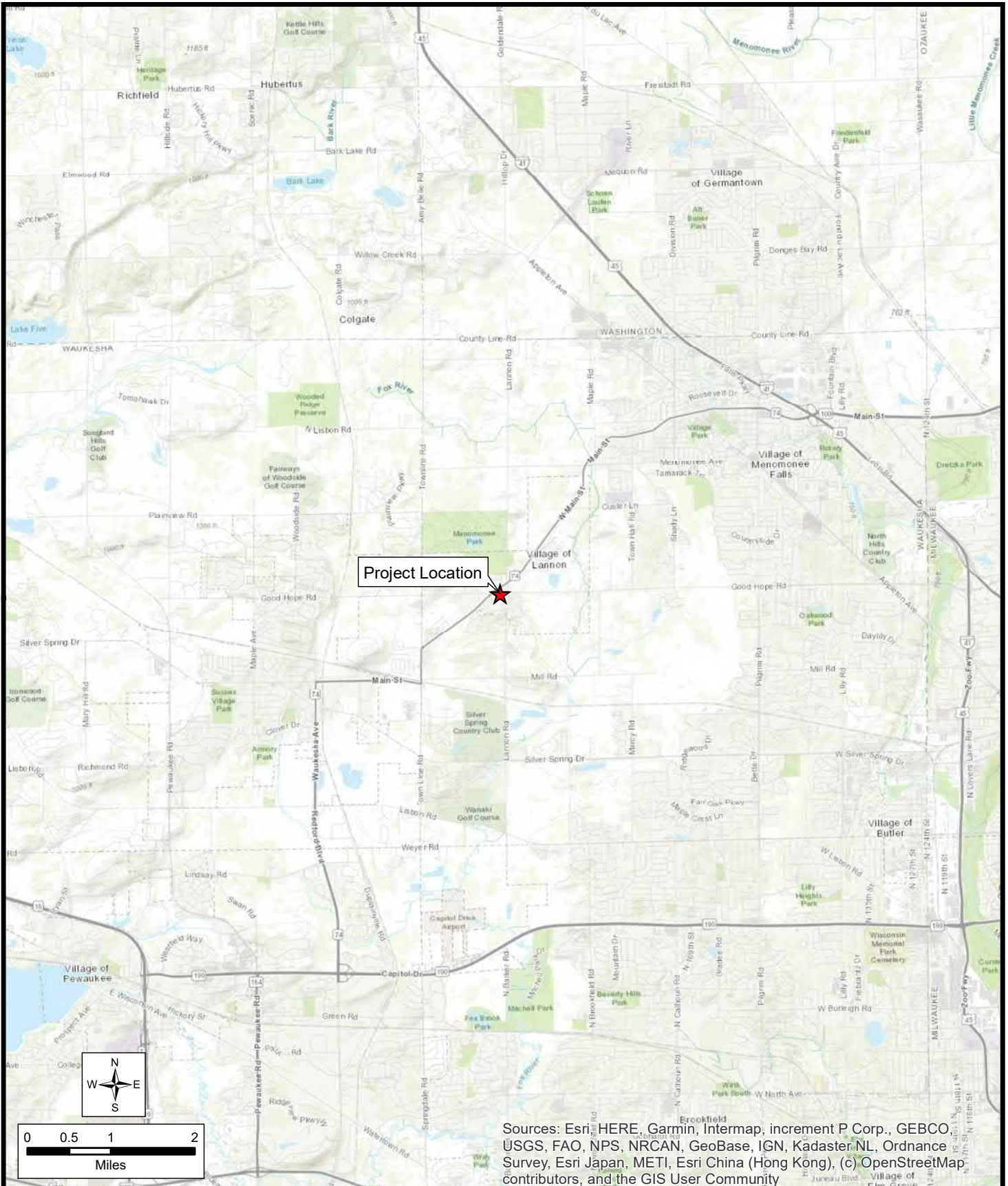
The proposed project is to extend the water distribution system to the areas of private well contamination and acquire the Lannon Estates Well Facility as shown in this report to provide safe and reliable drinking water to the Village residents. Additional storage volume is anticipated to be constructed in the near future to provide adequate storage and fire protection. Section 7.02 includes additional items for contingency funding.

7.02 ADDITIONAL ITEMS FOR CONTINGENCY FUNDING

In addition to the needed projects described in Section 6, additional project improvements to be constructed using additional contingency monies are shown in Table 7.02-1.

Item	Design Life (years)	Replacement Cost	Annual Set Aside
Deep-Aquifer Well and Radium Treatment Facility	80	\$2,500,000	\$25,000
250,000-Gallon Elevated Tank	80	\$2,300,000	\$28,750
Well No. 1 Rehabilitation	10	\$15,000	\$1,500
Third Fire Booster Pump	20	\$50,000	\$2,500
Booster Pumping Station Facility Improvements	20	\$10,000	\$500
Leak Detection Study	10	\$5,000	\$500
	Total	\$4,880,000	\$58,750

Table 7.02-1 Contingency Funding Items

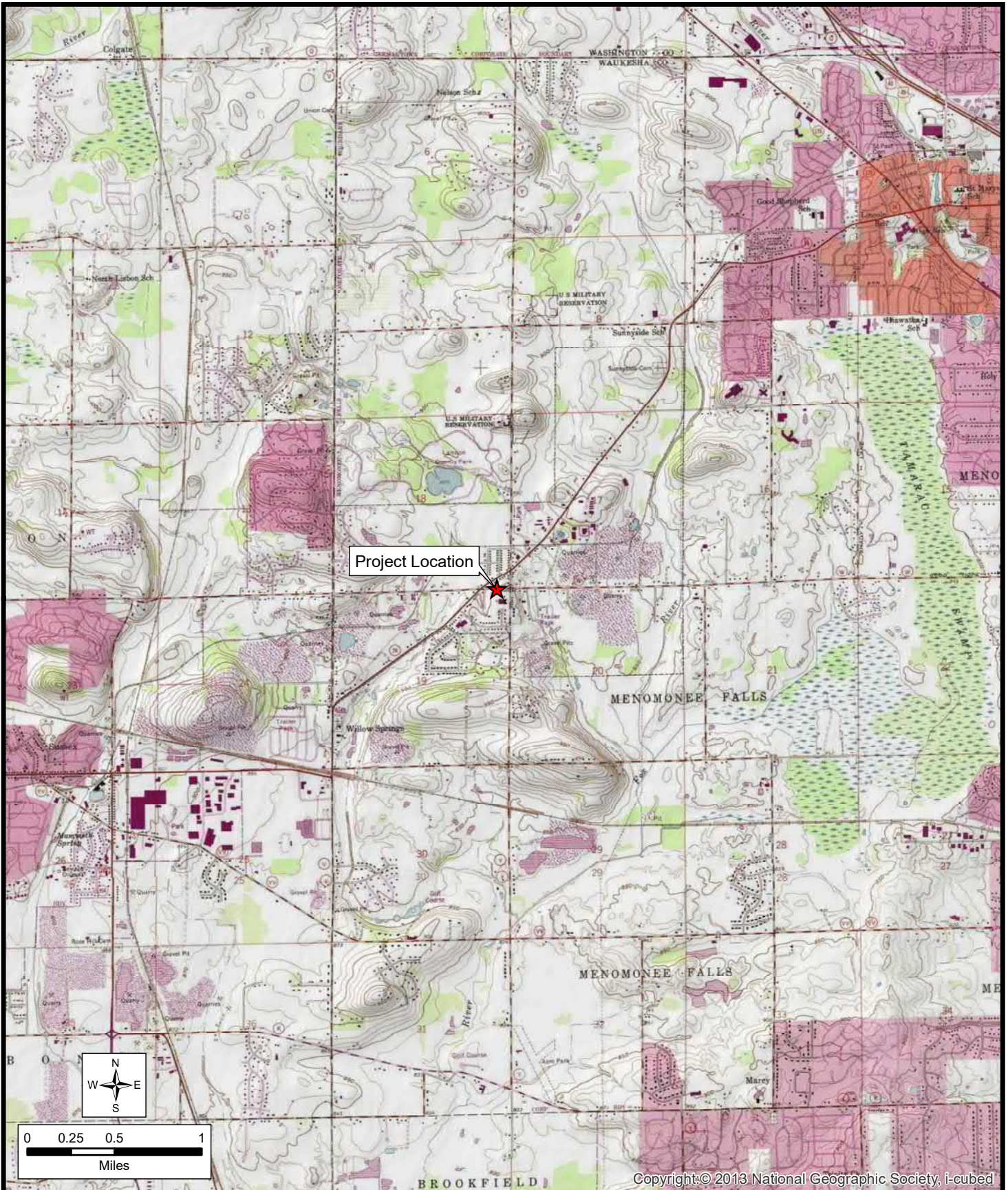


LOCATION MAP

WATER SYSTEM IMPROVEMENTS PRELIMINARY ENGINEERING REPORT VILLAGE OF LANNON WAUKESHA COUNTY, WISCONSIN



APPENDIX 1-1
3500.010



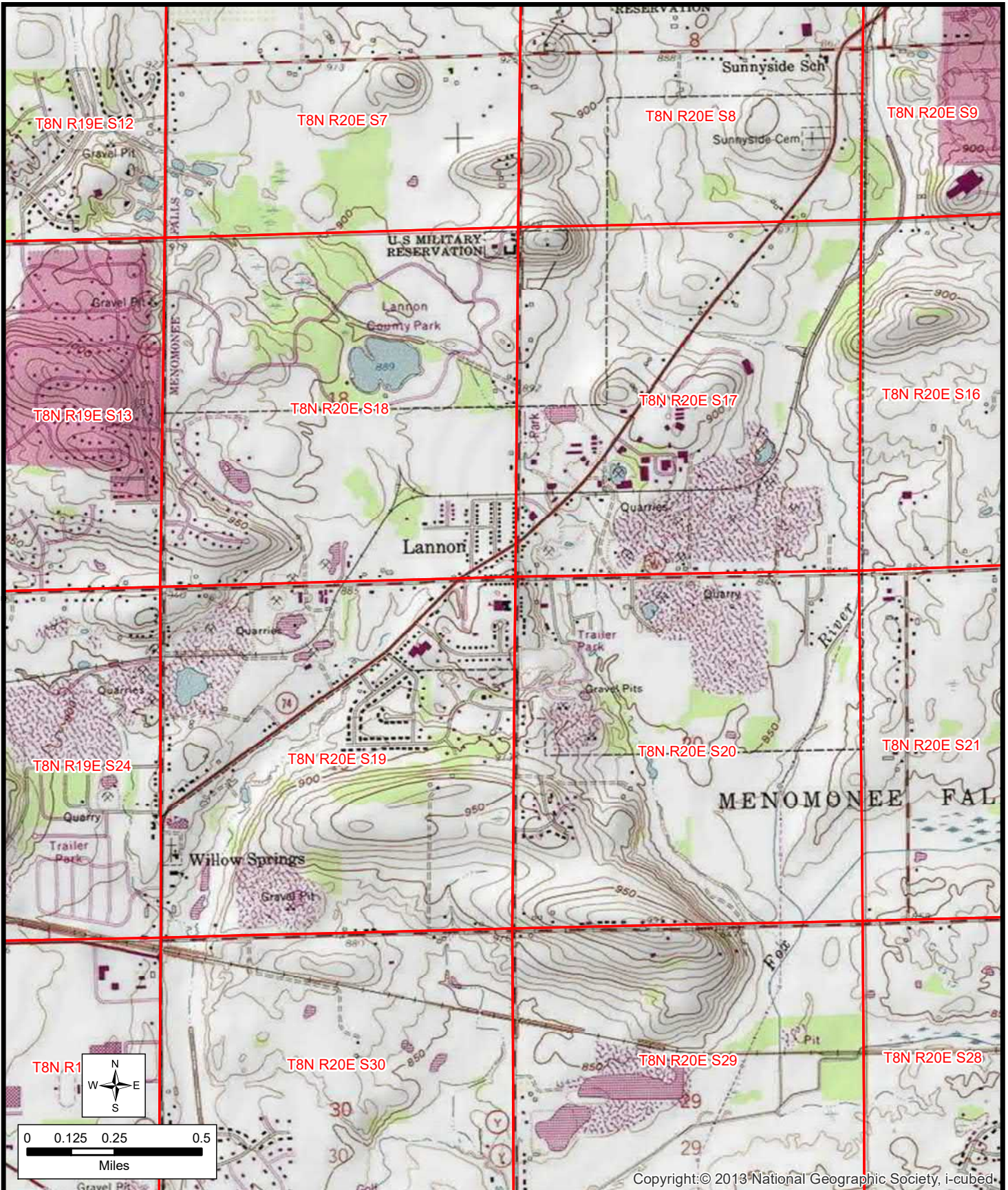
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USGS MAP

WATER SYSTEM IMPROVEMENTS PRELIMINARY ENGINEERING REPORT VILLAGE OF LANNON WAUKESHA COUNTY, WISCONSIN



**APPENDIX 1-2
3500.010**

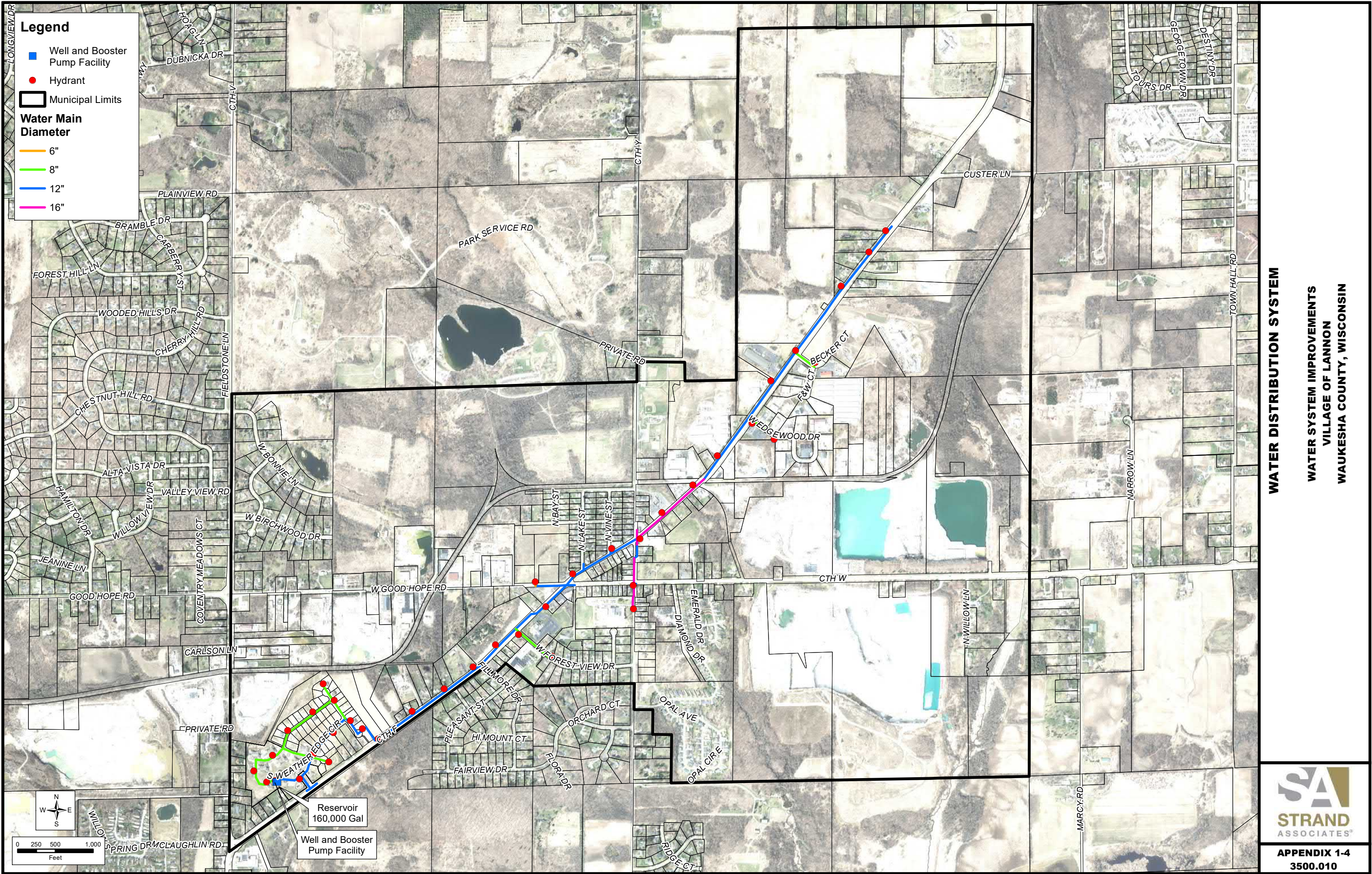


LOCATION MAP

**WATER SYSTEM IMPROVEMENTS PRELIMINARY ENGINEERING REPORT
VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN**



**APPENDIX 1-3
3500.010**



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Water Main Diameter

6"

8"

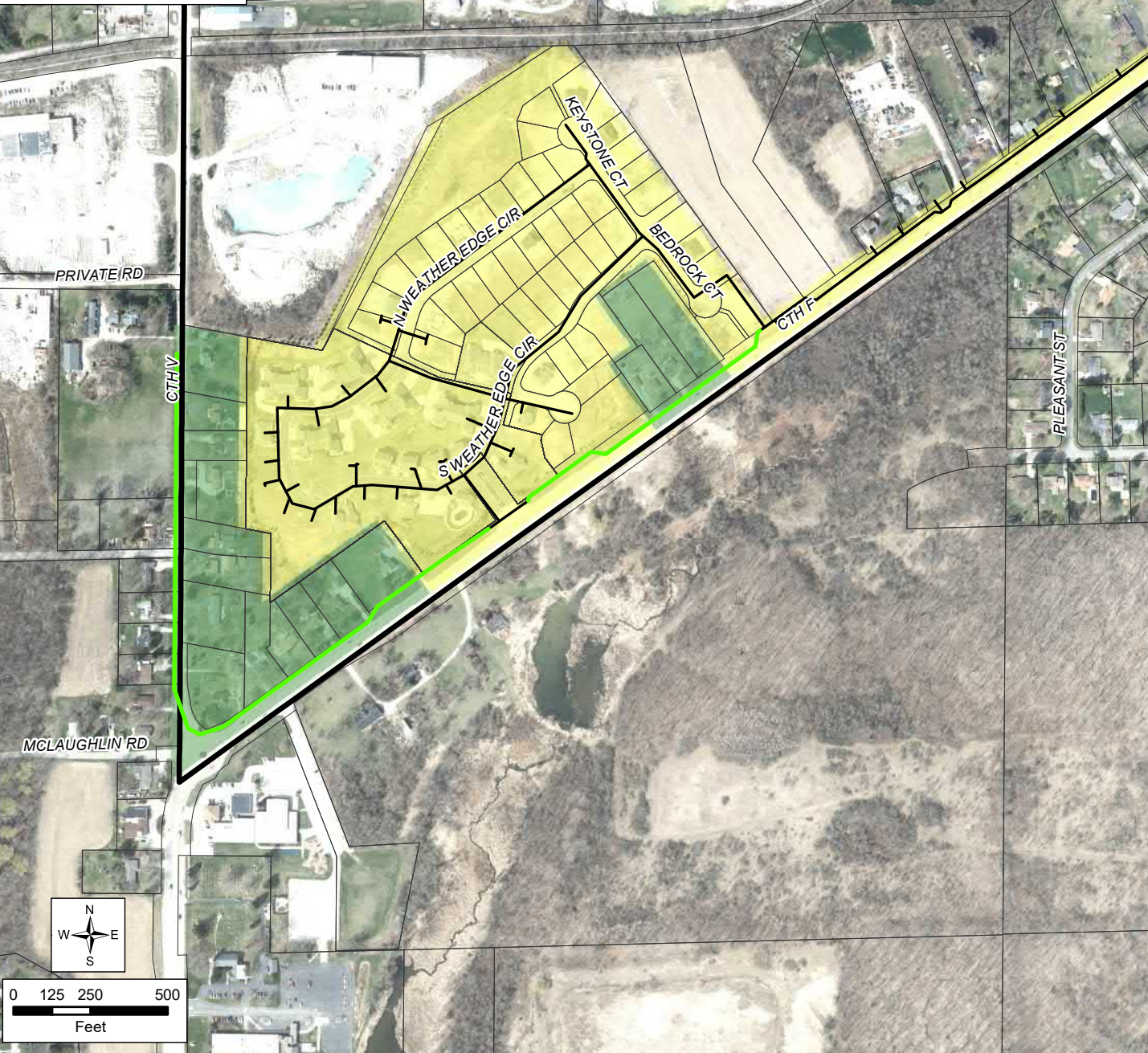
12"

Existing Water Main

Existing Service Area

Future Service Area

Municipal Limits

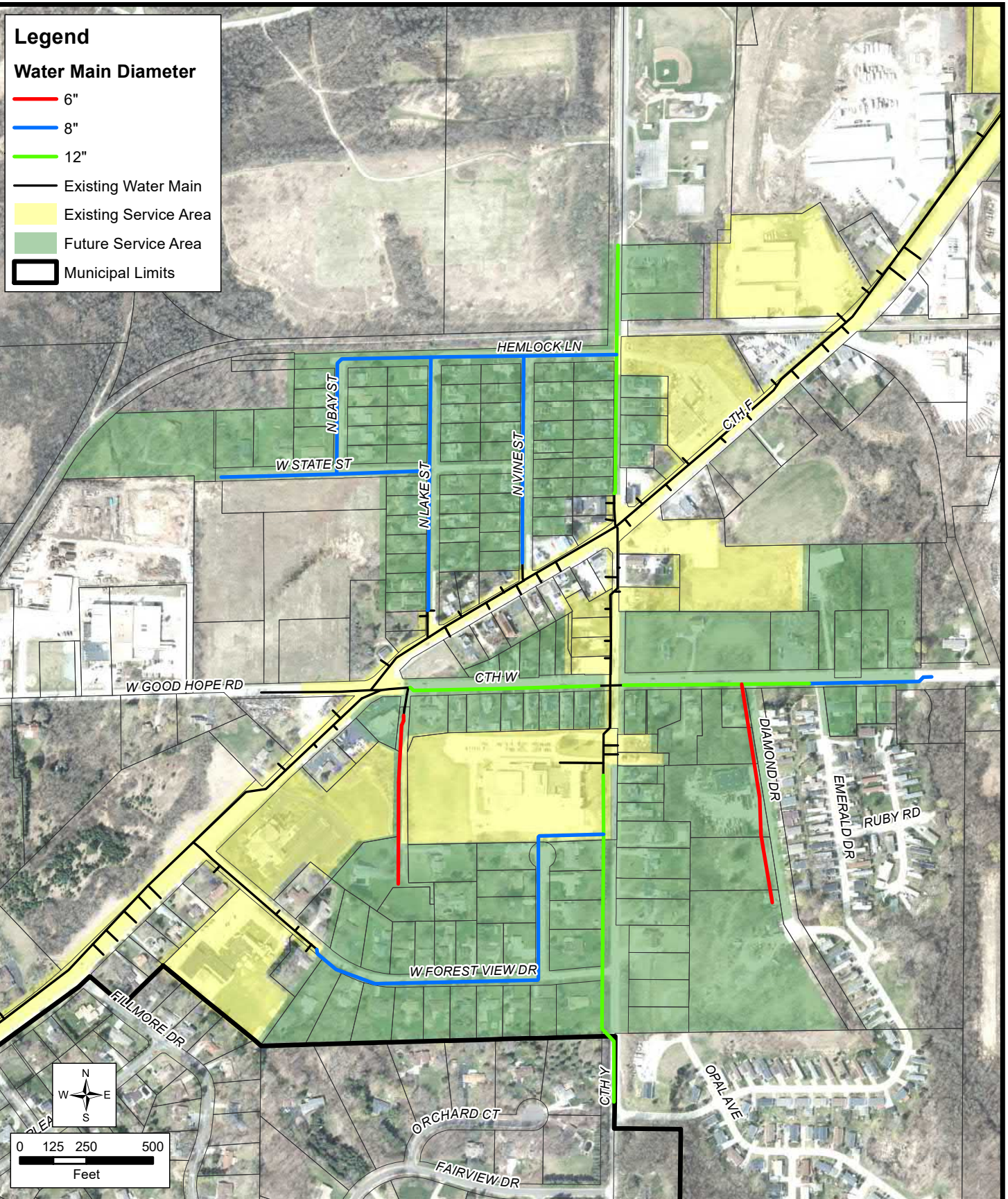


WATER MAIN EXTENSION PROJECT LIMITS SOUTHWEST REGION

WATER SYSTEM IMPROVEMENTS PRELIMINARY ENGINEERING REPORT
VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN



APPENDIX 1-5
3500.010



**WATER MAIN EXTENSION PROJECT LIMITS
CENTRAL REGION**

**WATER SYSTEM IMPROVEMENTS PRELIMINARY ENGINEERING REPORT
VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN**



**APPENDIX 1-6
3500.010**

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Water Main Diameter

6"

8"

12"

Existing Water Main

Existing Service Area

Future Service Area

Municipal Limits



0 125 250 500
Feet

WATER MAIN EXTENSION PROJECT LIMITS NORTHEAST REGION

WATER SYSTEM IMPROVEMENTS PRELIMINARY ENGINEERING REPORT
VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN



APPENDIX 1-7
3500.010

Legend

--- Proposed Water Main Extension

Well Facility Acquisition
Project limits

Existing Lannon
Estates Well Facility

Proposed well facility connection to
proposed water main extension



0 15 30 60
Feet

WELL FACILITY ACQUISITION PROJECT LIMITS

WATER SYSTEM IMPROVEMENTS PRELIMINARY ENGINEERING REPORT
VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN



APPENDIX 1-8
3500.010

Professional

Engineering

Services

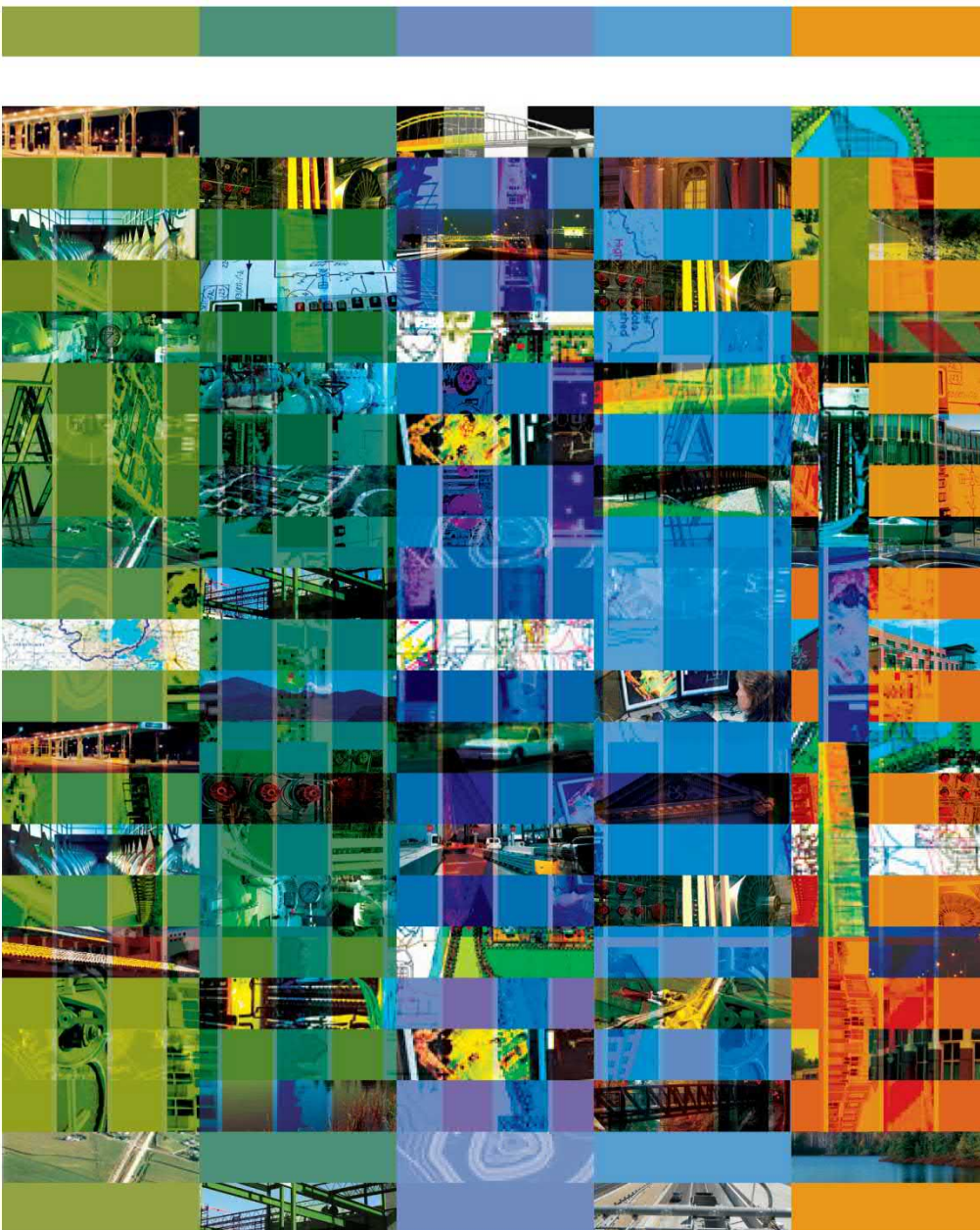
Water System Study

Report

Village of

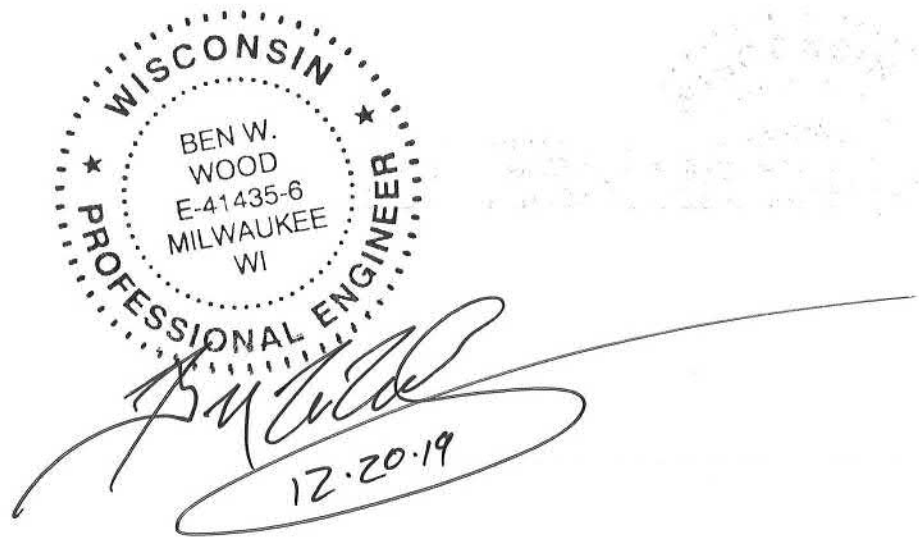
Lannon, WI

December 2019



Report for Village of Lannon, Wisconsin

Water System Study



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December 2019



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or Following

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APPENDIX A—HISTORIC WATER PUMPAGE AND SALES DATA
APPENDIX B—LANNON COMPREHENSIVE PLAN AMENDMENT

As the Village of Lannon (Village) continues to proactively plan for future growth of the service area, water system improvements and routine maintenance are needed to build redundancy into the system and keep pace with increasing water demands due to system build-out and future growth.

The Village water system currently supplies water to 141 service connections that, on average, consume a total of 29,000 gallons per day (gpd). On days of maximum water use, the system supplies approximately 72,000 gpd. The existing water system includes one shallow limestone-aquifer well with a capacity of 250 gallons per minute (gpm), a ground-level storage reservoir, and booster pump facility.

Certain areas within the Village are still served by private wells. Many private wells have recently tested positive for coliform and *E.coli* bacteria. The Village should construct additional water main to provide water service to residents impacted by contaminated private wells. It is estimated that approximately 150 residential customers would connect to approximately 2.5 miles of new water main. These improvements should take place within the next three years.

Future growth was estimated based on the Village's 2018 Comprehensive Land Use Plan and compared against other sources of population estimates. Based on the future growth and system build-out of existing residents, projected maximum day water demands for design years 2024 and 2035 are estimated to increase to 271,000 gpd and 705,000 gpd, respectively.

An additional source of water is currently needed as a redundant source of supply and to satisfy growing demands. As additional customers connect to the system, a third source of supply will be needed around the year 2028 based on future growth estimates. Alternatives for adding supply include a shallow limestone-aquifer well, similar to the existing well, a deep sandstone-aquifer well, and an interconnection with the Village of Menomonee Falls. Because of issues with an interconnection with the Village of Menomonee Falls, and concerns about water quality and capacity of a shallow limestone-aquifer well, a deep sandstone-aquifer well is recommended. A deep sandstone well will likely require treatment for iron and radium removal.

Water storage is generally needed to satisfy periods of high water use including peak hourly demands and firefighting events. The existing reservoir and booster station provides enough capacity to fight a small residential fire, but the reservoir may run out of water if a larger commercial building fire were to happen. As the water system expands, more water storage will be also be needed. Additional storage volume of at least 250,000 gallons is needed to maintain enough fire flow and satisfy peak daily demands. Alternatives for additional storage include a reservoir and booster station or an elevated tank. Costs for each alternative are similar, but the additional operation and maintenance (O&M) associated with a booster station make the elevated tank the recommended improvement.

A computerized hydraulic model was updated and calibrated to simulate existing system and future build-out scenarios. Section 5 describes the process used to calibrate the hydraulic model. The model was used to simulate a new elevated tank in the system with two different overflow elevations. It was determined that a high-pressure zone and booster station would be needed to supply Lannon Village Hills if a water tower is constructed at a height to match that of the Village of Menomonee

Falls system. If the water tower is constructed at a higher elevation, a high-pressure zone is not needed.

The Village water system has struggled with non-revenue water since the system was established in 2008 and exceeds the limits set by the Wisconsin Public Service Commission. Non-revenue water is water that gets pumped to the distribution system but, for a variety of reasons, does not get billed to a customer. Typical causes of non-revenue water include meter inaccuracies, hydrant flushing, and water main leaks. Section 6 shows the results from a water audit and provides recommendations on how to reduce the amount non-revenue water.

Section 7 presents an implementation schedule and anticipated costs for the recommended improvements. Major improvements include a new well facility, elevated tank, and water main extensions. The well facility project starts with a well site investigation, drilling the well, then constructing the well facility. The entire process typically takes about two years. Elevated tank construction also takes approximately two years. Starting the process in spring 2020, with site development tasks such as site survey and soil borings, will put the project on track for completion in fall 2022.

The anticipated cost for a deep sandstone-aquifer well with a treatment facility, a new 250,000-gallon elevated tank, and 2.5 miles of water main, including professional services and contingencies, is \$11.7 million and is summarized below.

Project	Anticipated Cost	Anticipated Construction Years
Deep-Aquifer Sandstone Well and Treatment Facility	\$3.0 million	2021 to 2022
250,000-Gallon Elevated Tank	\$2.3 million	2021 to 2022
Water Main Improvements	\$6.4 million	2020 to 2021
Total Cost	\$11.7 million	

Summary of Water System Improvements

The Village of Lannon, Wisconsin (Village), is a community of approximately 1,200 people located in Waukesha County in southeastern Wisconsin.

The municipal water system is owned by the Village and is operated by CTW, a well installer and maintenance provider. The water system contains one pressure zone, one well, two booster pumps, one ground-level storage facility, and approximately 3.5 miles of water main ranging in size from 6 to 16 inches in diameter. As of 2018, there were approximately 141 water services.

1.01 PURPOSE AND SCOPE

The purpose of this Water System Study report is to assess the current distribution system performance, review existing supply and storage capacity, analyze the water system's ability to meet future demands, and develop a capital improvements plan for future system improvements. This report will allow system improvements to be implemented in an adequate and economical method.

The scope of the report includes the following elements:

1. Prepare a brief inventory of existing water system supply components. Incorporate recent correspondence from the Wisconsin Department of Natural Resources (WDNR) and any comments from the water system operator.
2. Tabulate historical data from reports made to the Wisconsin Public Service Commission (PSC) since 2008. Use gathered data, population projections, and anticipated future growth areas to estimate current, year 2024 and year 2035 water demands.
3. Evaluate ability of existing infrastructure to meet average day demands, maximum day demands and maximum day water plus fire demands for each plan year.
4. Update and calibrate the water system model and incorporate current storage facility, pump, hydrant, valve, and supervisory control and data acquisition (SCADA) information into the model.
5. Conduct four field hydrant flow tests throughout the system during periods of low water demand. Perform a steady-state calibration of the water model to industry-accepted standards using field hydrant flow testing results and SCADA records.
6. Simulate current and future demands using water system model. Evaluate capacity of the distribution system to meet current and future maximum day and peak hour water demands using steady state scenarios. Evaluate system improvements needed to meet current and future needs.
7. Prepare an Opinion of Probable Project Cost (OPPC) and implementation schedule for water system improvements developed from the system capacity and model analysis efforts.

1.02 ABBREVIATIONS AND DEFINITIONS

amsl	above mean sea level
AWWA	American Water Works Association
Chemrite	Chemrite Copac
CIP	Capital Improvements Plan
gcd	gallons per customer per day
GIS	geographical information system
gpad	gallons per acre per day
gpd	gallons per day
gpm	gallons per minute
HGL	hydraulic grade line
hp	horsepower
ISO	Insurance Services Office
MG	million gallons
mgd	million gallons per day
MSL	mean sea level
OPPC	opinion of probable project cost
PSC	Public Service Commission
psi	pounds per square inch
REC	residential equivalent connections
SCADA	supervisory control and data acquisition
SEWRPC	Southeast Wisconsin Regional Planning Commission
TIF	tax incremental finance
VFD	variable frequency drive
WDNR	Wisconsin Department of Natural Resources
WDOA	Wisconsin Department of Administration
WEGS	Water, Electric, Gas, and Sewer
Village	Village of Lannon

2.01 SYSTEM OVERVIEW

Figure 2.01-1 shows a map of the current distribution system with locations of water facilities. The Village owns one well, one below-ground reservoir, one hydro-pneumatic tank and two booster pumps that supply water through approximately 3.5 miles of water main ranging from 6 to 16 inches in diameter. The well, two booster pumps, and the hydro-pneumatic tank are located in the same facility. CTW, a local well contractor, is the licensed operator for the water system. Table 2.01-1 summarizes the quantity of water main in the distribution system as reported to the Wisconsin PSC at the end of 2018.

Water Main Diameter (inches)	Length (feet)	Percentage of Total
6	90	0.5%
8	5,102	27.7%
12	11,829	64.1%
16	1,419	7.7%
Total	18,440	100.0%

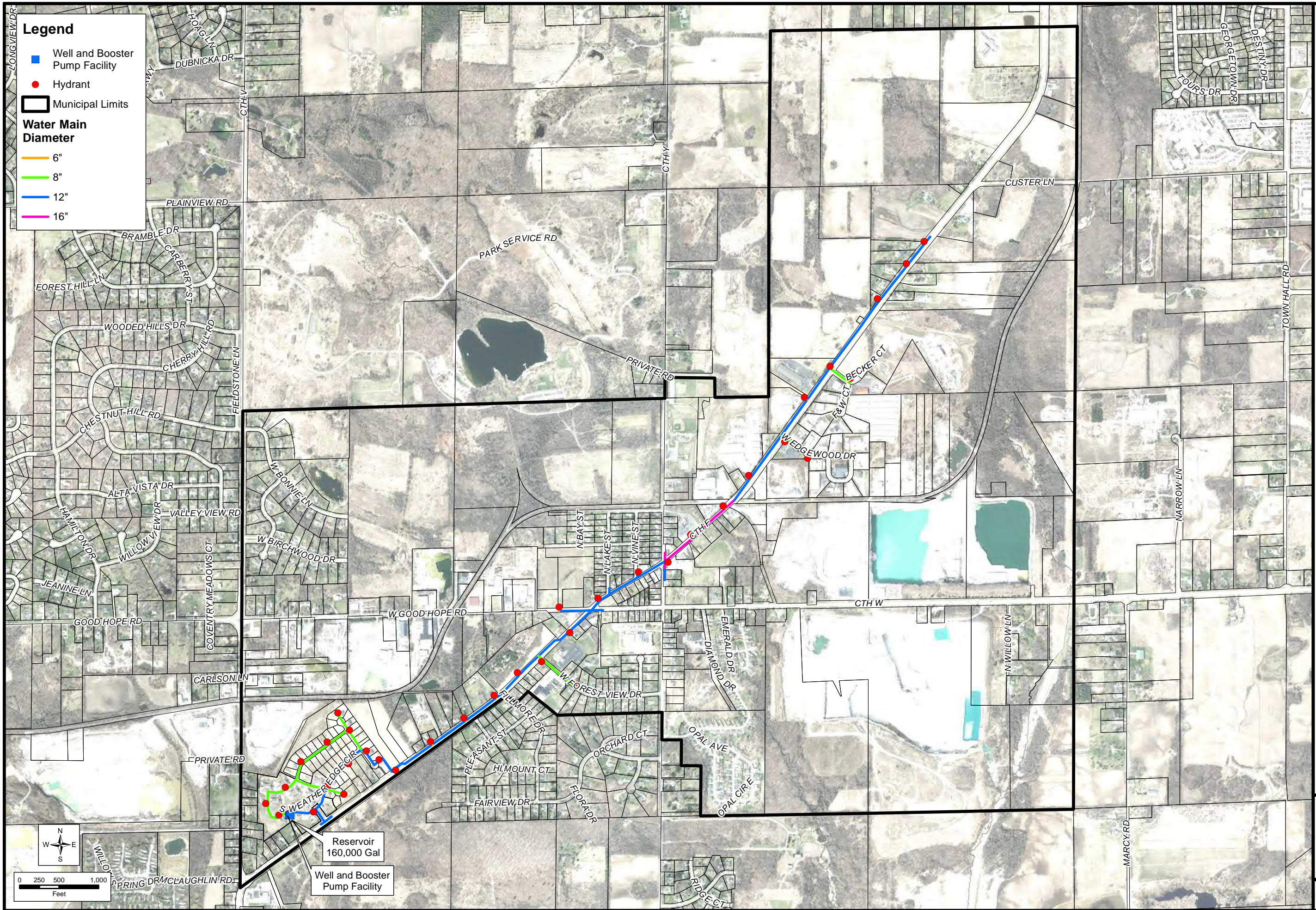
Table 2.01-1 Existing Distribution System Water Main Inventory

2.02 WELL SUPPLY

The Village has one groundwater well (Well No. 1) that was constructed in 2007 and has a reported rated capacity of 250 gallons per minute (gpm). The well pump is designed for a maximum output of 300 gpm and is driven by a 30 horsepower (hp) motor, which was replaced in 2019. The motor is fitted with a variable frequency drive (VFD). Currently, the VFD runs at 37 Hz and the resulting flow is approximately 150 gpm. Well No. 1 is metered and pumps to the 160,000-gallon below-ground reservoir. Sodium hypochlorite is injected before the reservoir for disinfection purposes. The injection location was recently relocated in 2019 further downstream of the meter as it was suspected that the injection feed was interfering with the flow meter. The discharge piping was modified, and the meter was replaced as part of that project. Figure 2.02-1 shows a photograph of the well facility and Figure 2.02-2 shows a photograph of the well pump discharge piping.

The total amount of water that can be withdrawn from a source with the largest pumping unit out of service is referred to as the firm capacity. Therefore, the firm well supply firm capacity of the Village is 0 gpm and another source of supply is required. The guidance document *Guidance for Municipal Drinking Water Source Capacity Determination* published by WDNR in 2018 considers “a water system that relies on only one source to not have adequate source capacity.”

CTW indicates that anticipated common well failures could be fixed within three days. During an outage, supply would have to come from storage to meet demands. Depending on the demands in the system, the Village might not be able to provide enough supply during a well outage. See Section 4 for a capacity evaluation. Contact the Village for the most recent Emergency Response Plan that should be considered until additional supply or storage is added to the system.



WATER DISTRIBUTION SYSTEM

WATER SYSTEM STUDY
VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN



FIGURE 2.01-1
3500.008



Figure 2.02-1 Well and Booster Facility



Figure 2.02-2 Well Discharge Piping

2.03 BOOSTER PUMPS

There are two booster pumps with 30 hp motors fitted with VFDs located in the well facility. Water from the booster pumps is metered and is pumped out of the adjacent below-ground reservoir to the distribution system. The current capacities of the two booster pumps are listed in Table 2.03-1 in gpm and million gallons per day (mgd). The total current booster pump capacity is 1,100 gpm, or 1.584 mgd. The firm booster pump capacity assuming the largest booster pump out of service is 550 gpm or 0.792 mgd. There is space in the well and booster pump facility for an additional booster pump adjacent to the two existing booster pumps. The Village has been considering installing a 1,000-gpm fire pump at this location. Neither of the existing booster pumps have had any maintenance performed on them since being installed. Figure 2.03-1 shows a photograph of the booster pumps and Figure 2.03-2 shows a photograph of the entry point to the distribution system.

Booster No.	Current Capacity (gpm)	Current Capacity (mgd)
1	550	0.792
2	550	0.792
Total Capacity	1,100	1.584
Firm Capacity	550	0.792

Table 2.03-1 Existing Booster Pump Capacity



Figure 2.03-1 Booster Pumps



Figure 2.03-2 Distribution System Entry

2.04 STORAGE

System storage includes one concrete below-ground reservoir and one hydro-pneumatic pressure tank. The reservoir is located to the south of the well and booster pump facility. The reservoir was constructed in 2007 and has a storage capacity of 160,000 gallons. The reservoir contains baffle walls intended to increase chlorine contact time. The reservoir was last inspected on February 2, 2019.

The pneumatic pressure tank has a capacity 5,500 gallons and sets the hydraulic grade line (HGL) in the distribution system. The tank is located in the well and booster pump facility and is connected to the system downstream of the booster pumps. The tank was last inspected on August 26, 2015. The setpoints of the booster pumps are such that the pressure tank has a maximum pressure of 70 pounds per square inch (psi) and minimum pressure of 62 psi. This correlates to a HGL that ranges between 1,045 feet and 1,064 feet. The corresponding average pressure in the distribution system ranges between 65 and 81 psi and is discussed in more detail in Section 5 of this report. Once the HGL in the system drops below the minimum set point, one booster pump turns on at full speed. If the pressure drops below 58 psi (1,036 feet HGL) while one booster pump is running, the second booster pump turns on. Figure 2.04-1 shows a photograph of the pneumatic pressure tank and Figure 2.04-2 shows a photograph of the below-ground reservoir area.



Figure 2.04-1 Pneumatic Pressure Tank



Figure 2.04-2 Below-Ground Reservoir

SECTION 3
HISTORICAL AND PROJECTED DEMANDS

3.01 GENERAL

This section presents historic water demands for the Village and develops a projection of future water demands. Water demand rate terminology used in this report is defined as follows:

- Average Day Demand: The total volume of water produced in a year divided by the number of days in the year.
- Maximum Day Demand: The greatest volume of water pumped in a single day over the course of one year.
- Fire Demand: The estimated amount of water required to fight a fire. This demand is generally specified as a rate of flow in gpm for a given time period in hours. The estimated fire demand is added to the domestic demand during the average hour of the maximum day to obtain the demand on a day that a major fire occurs. Fire demand generally increase the volume of storage that must be available on a maximum day.

Estimation of future water demands is not precise. A forecast of future water demand can be obtained by projecting average day demand based on population or customer growth and current water use within the service area. Future maximum day demands are then estimated by analyzing past ratios of maximum to average day demand and applying the resulting factor to average day water use projections.

3.02 WATER SALES AND PUMPAGE

A. Water Use Records

Historical water use records were obtained from the Wisconsin PSC *Water, Electric, Gas, and Sewer (WEGS) Annual Report* for the years 2008 through 2018. Appendix A summarizes the historical water pumpage and sales data. Table 3.02-1 presents the number of customers in each category as shown in the PSC reports since 2008. Only a small portion of the Village is currently served by the existing water distribution system. As of 2018, there are only 141 customers that purchase water from the Village. The existing Village water system is primarily residential with a few commercial and public customers. Approximately 131 of the estimated 528 households (25 percent) are connected to the distribution system. The number of residential

Year	Residential	Commercial	Public
2008	39	0	3
2009	45	1	3
2010	65	1	3
2011	66	7	3
2012	66	6	3
2013	66	6	3
2014	66	7	3
2015	84	7	3
2016	105	7	3
2017	113	7	3
2018	131	7	3

Table 3.02-1 Number of Customers by Category

customers has been generally increasing while the number commercial and public customers have remained constant.

B. Sales to Pumpage Ratio

Figure 3.02-1 presents sales to pumpage ratios since 2008. Sales will typically be less than pumpage because of unaccounted for water, unmetered sales, leakage, water main breaks, and hydrant flushing. The sales to pumpage ratio, also known as efficiency, has ranged from 0.37 to 1.09. The highest ratio of 1.09 occurred in the second year that the distribution system was in operation. This was caused by the water meter for the well not being calibrated properly and has since been fixed. The lowest sales to pumpage ratio of 0.37 occurred in 2016. There was a slight decline in efficiency from 2010 to 2016 with a sudden increase in 2017 and continuation in 2018. The low sales to pumpage ratios are likely because the overall water sales are very low. A small water main leak can have a large impact on the sales to pumpage ratio. It is a priority for the Village to increase the sales to pumpage ratio in the future. This could potentially be completed by fixing any leaking mains and improving tracking of non-revenue water. It is also expected that the sales to pumpage ratio decreases as the system expands and the overall sales increases. Projecting future demands, a sales to pumpage ratio of 0.8 will be used for the 2024 and 2035 design years. A value of 0.6 will be used for 2019 based on last year's sales to pumpage ratio.

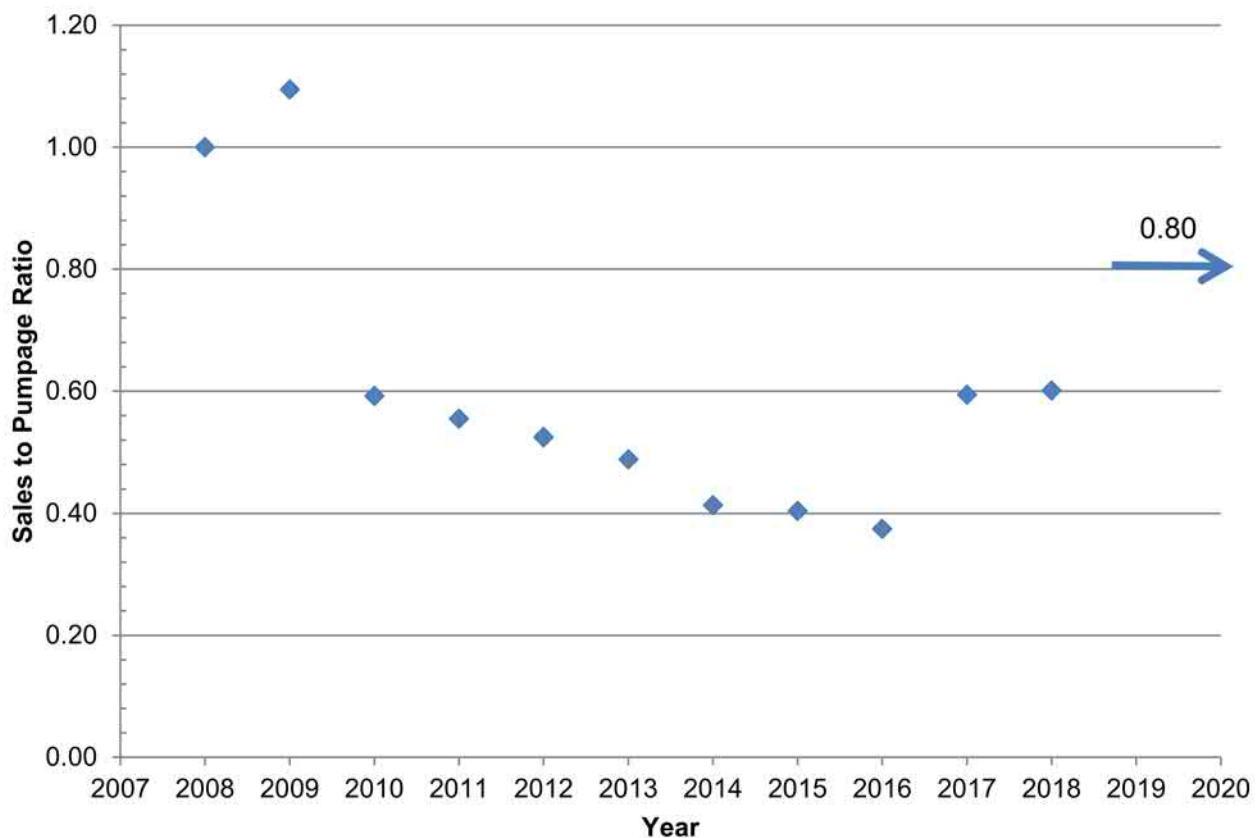


Figure 3.02-1 Sales to Pumpage Ratios

C. Maximum to Average Day Demand Ratio

Figure 3.02-2 presents maximum day to average day ratios since 2008. The values range from 2.21 to 10.53. The higher ratios occurred during the first few years of system operation whereas the past four years have been the lowest. The high ratios occurred due to system construction and hydrant flushing. Because the background system demand was so low, a day of hydrant flushing brings significant demand to the system and high maximum to average day ratios. As noted on the WEGS reports, the maximum day pumpage occurred during days when hydrant flushing occurred. Once the system increases in background demand, maximum day to average day demand ratios will likely decrease. Values above 2.5 are not typically expected for well-established residential distribution systems. An average of the last three years, or a value of 2.5, will be used to forecast future maximum day demands.

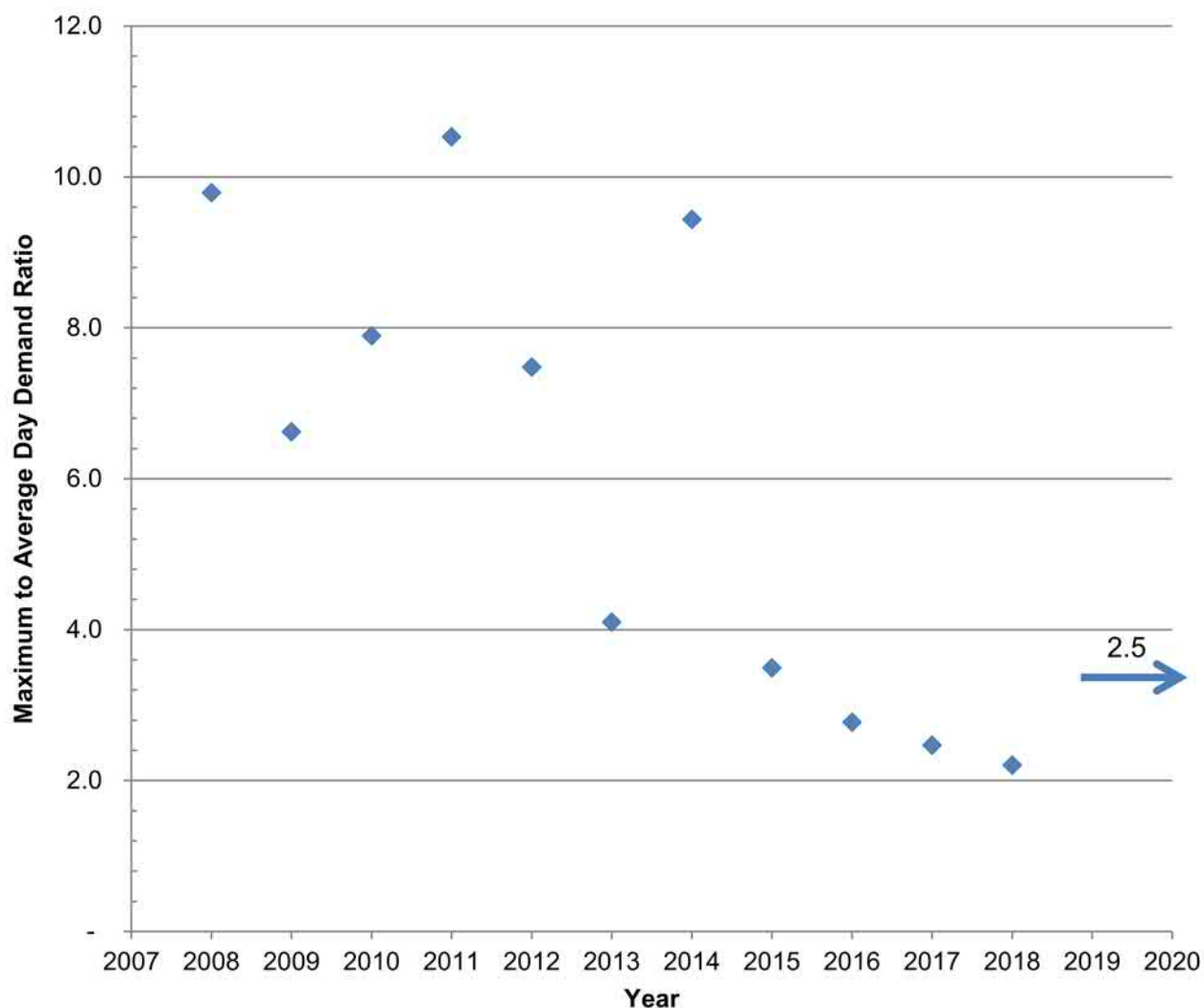


Figure 3.02-2 Maximum to Average Day Demand Ratios

D. Residential Sales

Figure 3.02-3 presents the residential sales per customer per day since 2008. Sales per customer is calculated by taking the total sales for each category and dividing by the number of meters for each category for that year. The number of residential customers has increased an average of 16 percent each year for the past three years. Residential sales per customer reached a maximum of 122 gallons per customer per day in 2016 and have since slightly declined. An average of the last three years is 116 gallons per customer per day and will be used to project the usage for the existing 131 residential customers, or approximately 15,200 gallons per day. Future growth will also use this number to project demands.

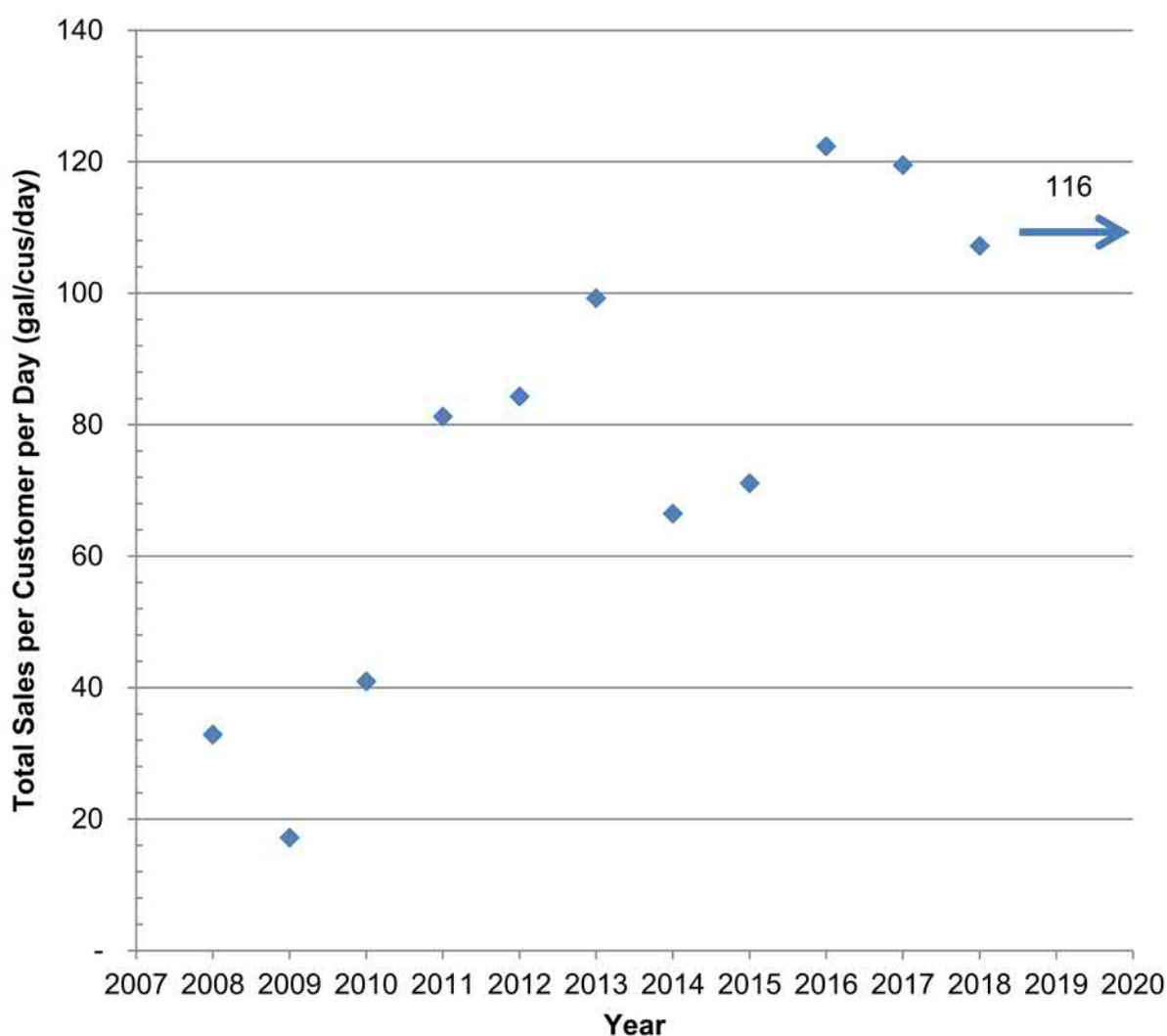


Figure 3.02-3 Per Customer Sales–Residential

E. Commercial Sales

Figure 3.02-4 presents the commercial sales per customer per day since 2008. The number of commercial customers has remained the same for the past 5 years. Commercial sales per customer were sporadic for the first few years after the utility was created, but have since stabilized and have been slowly increasing since 2011 to a recent maximum of 114 gallons per customer per day. An average of the last three years is 107 gallons per customer per day and will be used to project the usage for the existing 7 commercial customers, or approximately 750 gallons per day.

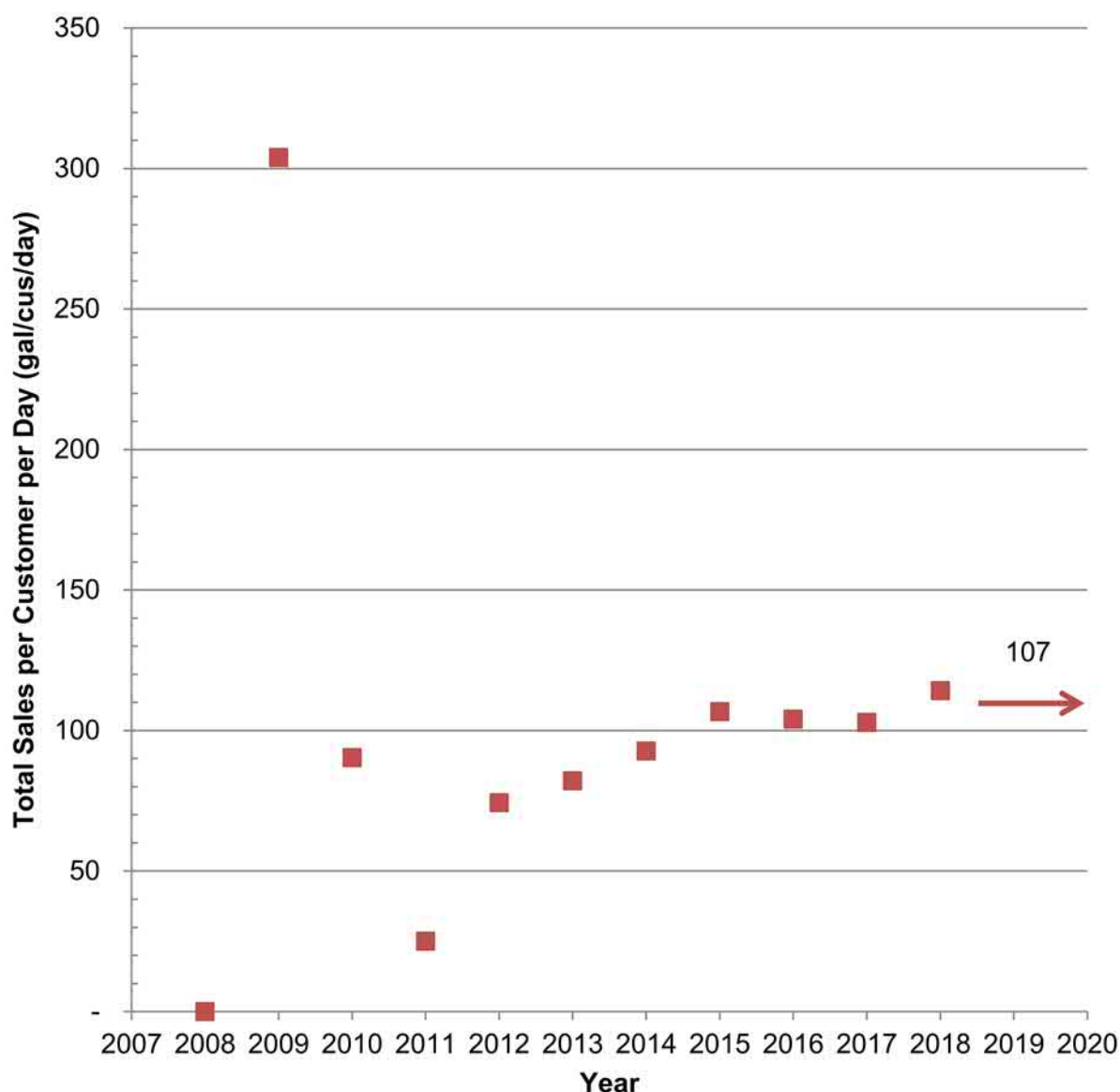


Figure 3.02-4 Per Customer Sales–Commercial

F. Public Sales

Figure 3.02-5 presents public sales per customer per day since 2008. The number of public customers has remained the same since the utility was created. Public sales per customer per day were sporadic for the first few years when the utility was created, but have since stabilized and have been slowly decreasing since 2015 to a recent minimum of 320 gallons per customer per day. An average of the last three years is 421 gallons per customer per day and will be used to project the usage for the existing 3 public commercial customers, or approximately 1,260 gallons per day.

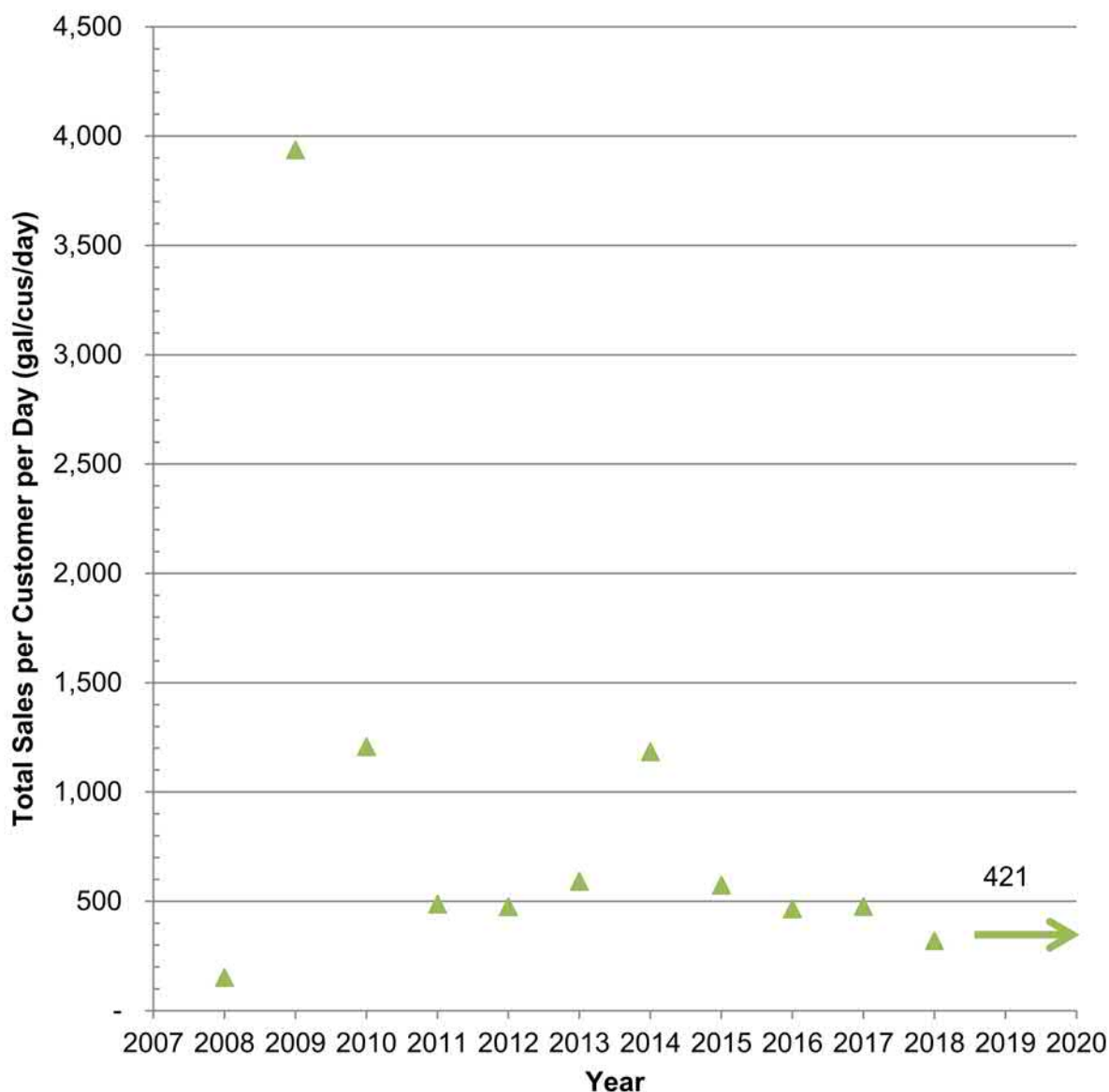


Figure 3.02-5 Per Customer Sales–Public

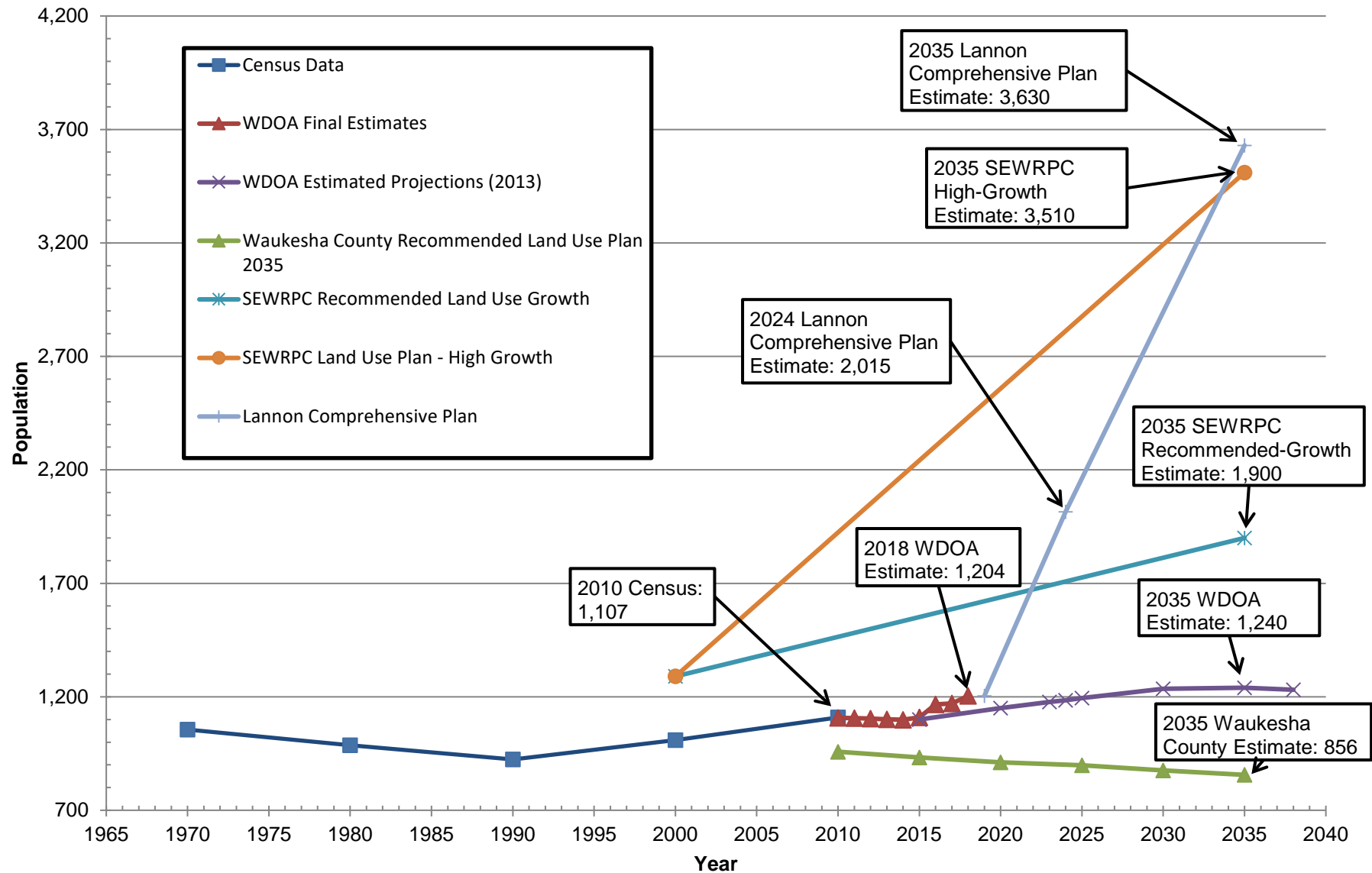
3.03 POPULATION PROJECTIONS

Population projects shown in this report are for comparative and perspective purposes only. Future water demand was calculated based on future customers discussed in the next section. Figure 3.03-1 presents the historical census data from 1970 to 2010 in addition to several population projections from different sources. It also shows the current estimated population and a 2035 population projection from the Wisconsin Department of Administration (WDOA) Demographics Services Center. Southeastern Wisconsin Regional Planning Commission (SEWRPC) also published recommended-growth and high-growth population projections for the Village's sanitary sewer service area, which encompassed the Village in 2010. Finally, the Waukesha County Recommended Land Use Plan also contains population projections for 2035.

The Census data shows a slight decline in population from the 1970s to the 1990s only to begin increasing thereafter. The 2010 Census showed the Village at its greatest population of 1,107. The WDOA estimated the total population to decrease after 2010 for a few years followed by a significant increase starting in 2016. In 2013, the WDOA projected the population to increase and then top out in 2035 with a population of 1,240. The 2018 WDOA estimate of 1,204 is higher than an interpolated value from the previous WDOA projections. SEWRPC population projections for the sanitary sewer service area projects a significant increase in population whereas the Waukesha County Land Use Plan projects the population to decrease.

While there is much variability in the published projections of these entities, which are more focused on regional growth, in addition to them being nearly ten years old, the Village completed a Comprehensive Land Use Plan in 2018 to understand its anticipated growth on a parcel by parcel basis. The Village land use plan is based on residential densities. These densities were applied to buildable acreage at various sites in the Village to develop a growth projection. Based on that analysis, the Village is expected to grow to a population of 3,645 by 2035 as represented in the Lannon Comprehensive Plan trendline in Figure 3.03-1. See the following section for details.

Figure 3.03-1 Population Projections



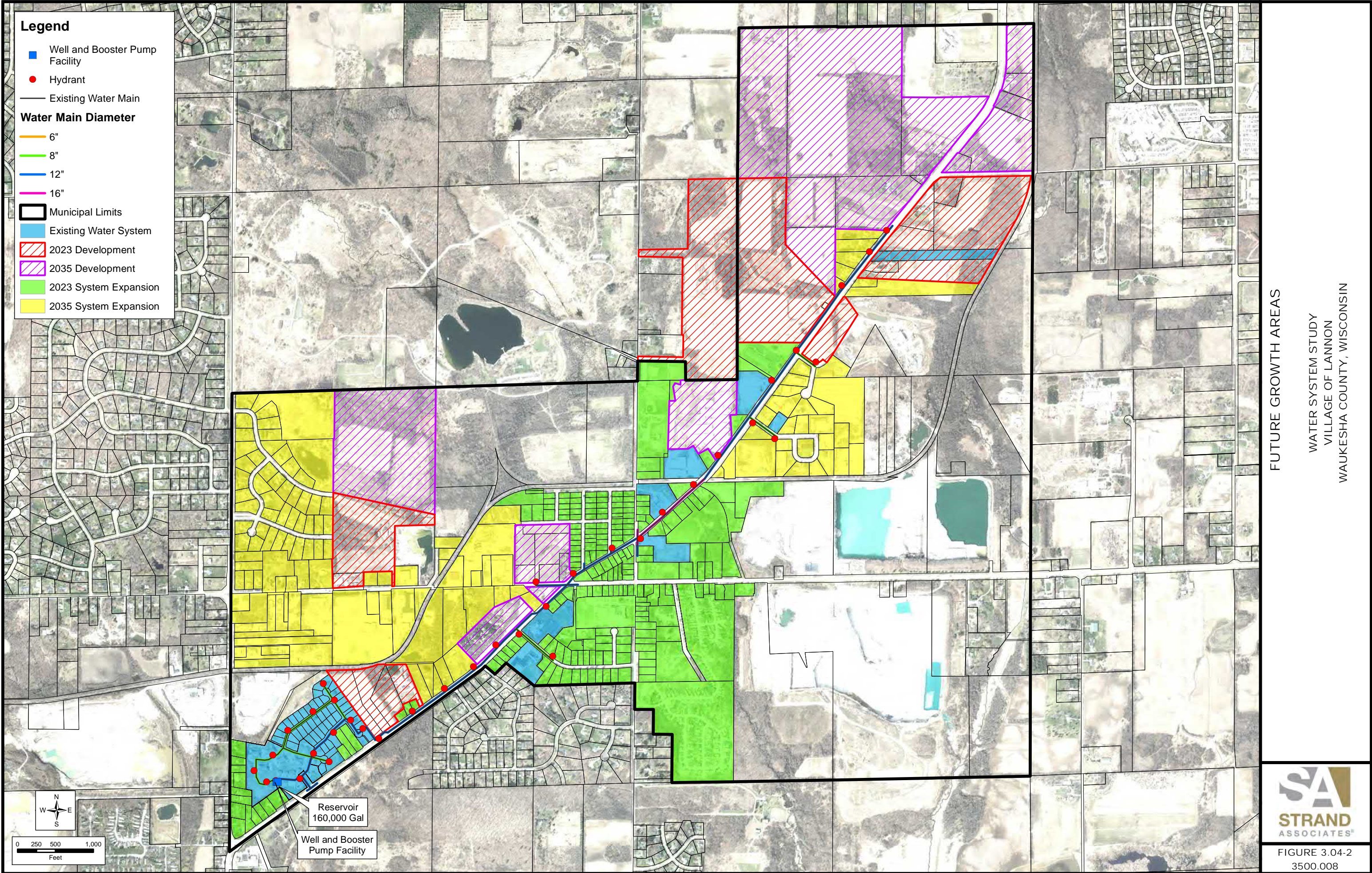
3.04 FUTURE GROWTH

The Village adopted a Comprehensive Plan Amendment to the existing *Recommended Land Use Plan for Waukesha County–2035* in June 2018. The amendment was prepared by Vandewalle & Associates and contains a future land use map that displays areas for planned neighborhoods. Appendix B contains a copy of the amendment.

There are several developers planning to construct single-family, multi-family, and mixed-use buildings throughout the Village, primarily in the planned neighborhood areas shown in the Comprehensive Plan Amendment. The developers have indicated an approximate number of units and when they are being planned for construction. The Village also indicated areas of commercial development. The projected commercial demand was calculated using the amount of proposed development area and multiplying it by a land-use demand factor. Figure 3.04-1 displays the Future Land Use Map from the amendment that shows all residential, commercial, and public areas to be developed and/or added to the water system.

In 2018, there were several private wells, including the well providing water to the Lannon Elementary School, that tested positive for coliform and *E.coli* bacteria. Through the end of October 2018, 33 of 55 wells tested at the Waukesha County Laboratory were positive for coliform and 12 were positive for *E.coli*. The positive tests results have prompted interest in existing residential, commercial, and public facilities to convert to the Village's public water system. It is assumed that all residents will convert to the water distribution system by 2035 as additional water main is constructed.

The Land Use Map, in addition to knowledge of potential developers for the area, was used to create a future growth map that displays what parcels are scheduled to be developed for each design year. Figure 3.04-2 shows the future growth areas that illustrate the developments anticipated to be constructed and areas of the existing Village to be connected to the water distribution system.



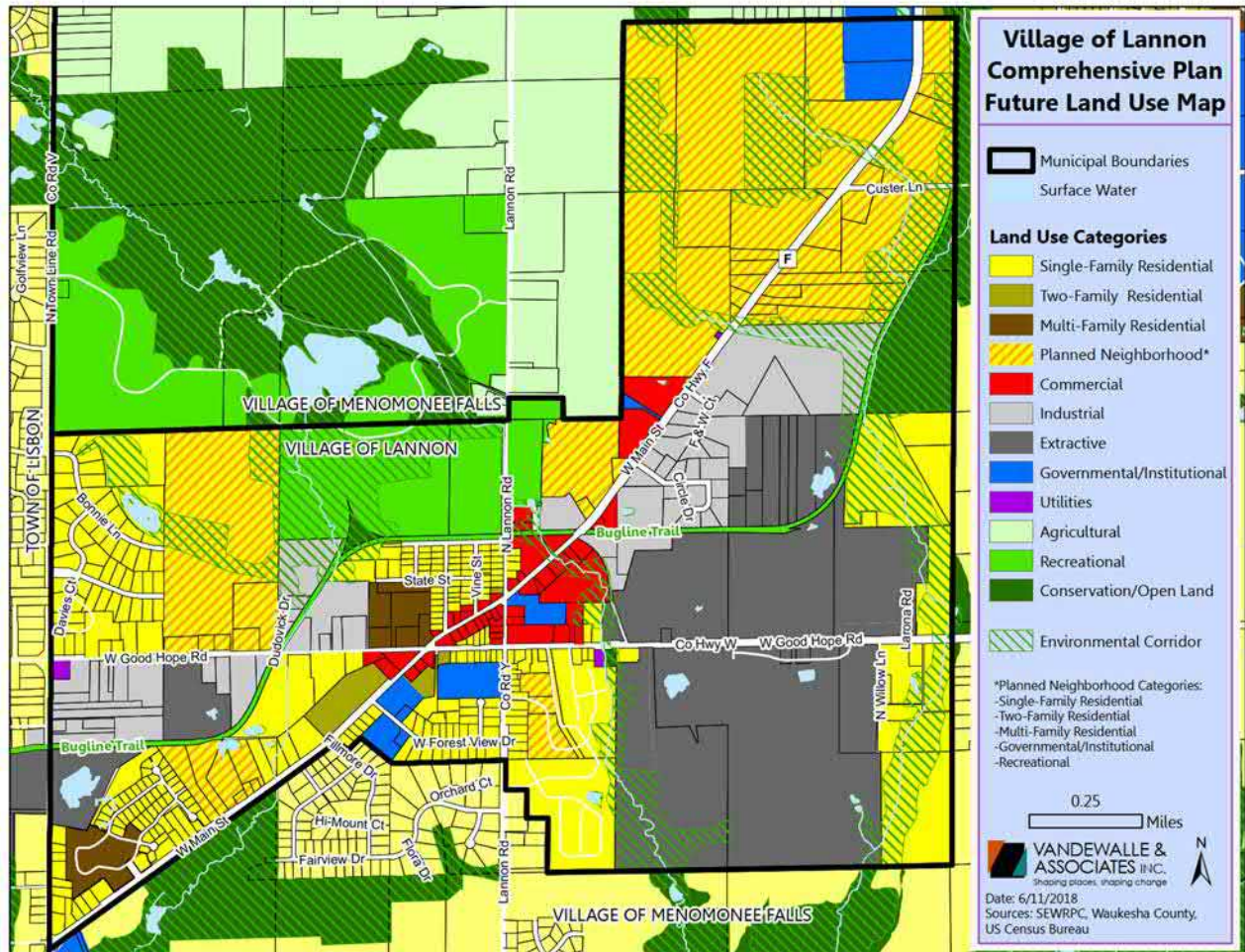


Figure 3.04-1 Future Land Use Map–Vandewalle & Associates

A. Residential

Residential customer projections were developed to estimate the residential demand in the system based on future growth and existing residents that may connect to the distribution system. The number of existing customers, as shown in Table 3.02-1, was used to develop sales per customer for residential demand. The number of future residential customers is summarized below.

1. Private Well Conversion

There are approximately 397 existing households that are currently using private wells for water supply. It is assumed that approximately 150 of these households will connect to either existing or proposed water main within the next five years. The remaining households are anticipated to connect by 2035. The number of households, or future customers, was multiplied by the residential sales per customer value of 116 to get the projected water demand.

2. Development

There are significant residential developments planned in the northern and western parts of the Village. Two tax incremental finance (TIF) districts have been established. Approximately 386 residential units are anticipated to be developed in the next five years and a total of 1,249 units are anticipated to be developed by 2035. The number of units was multiplied by the residential sales per customer value to get the projected water demand.

B. Commercial/Light Industrial

1. Private Well Conversion

There are approximately 47 existing commercial or light industrial facilities that are currently using private wells for water supply. It is assumed that all of these facilities will connect to either existing or proposed water main by 2035. Sanitary sewer billing was obtained for each of these facilities and a residential equivalent connection (REC), or amount of usage compared to an average residential sewer connection, was calculated for each facility. All existing commercial facilities not currently connected to the water system combined for a total of 58 RECs. To estimate the amount of water demand each facility would require, it was assumed that one REC equates to the amount of water that one residential customer would consume. Therefore, the number of RECs was multiplied by the estimated residential sales per customer value of 116 gallons per customer per day to get the projected commercial water demand.

2. Development

The Village indicated approximately 4 acres of land is anticipated to be developed for commercial use between 2018 and 2023. An additional 2 acres of land is anticipated to be developed between 2023 and 2029. Using the Southeast Wisconsin Regional Planning Commission (SEWRPC) 1,500 gallons per acre per day (gpac) estimate for the average day water usage for commercial facilities, approximately 6,000 gallons of commercial demand will be added to the system by 2024 and an additional 3,000 gallons of commercial demand will be added to the system by 2035.

C. Public

1. Private Well Conversion

There are only two public facilities currently not being served by the existing water system: Hamilton Elementary School and Lannon Village Park. The additional water use from the elementary school was calculated using the number of RECs from the sanitary sewer billing data and converting to public customers, similar to how the commercial customers were calculated. Both facilities are anticipated to be connected before 2024. The Lannon Village Park does not have public sanitary sewer and an assumed REC of one was given. Hamilton Elementary School had an estimated 10.5 RECs. The total number of RECs was multiplied by the estimated residential sales per customer value of 116 gallons per customer per day to

get the projected public water demand. The Hamilton Elementary School is anticipated to be connected to the distribution system by the end of 2019.

2. Development

According to the future land use map, there are no additional public facilities planned for future development.

D. Summary of Future Demand

Table 3.04-1 presents the estimated additional water demand for each type of development or private well conversion for each of the design years.

	2024	2035
Residential–Conversion	17,280	46,050
Residential–Development	<u>44,780</u>	<u>144,880</u>
Subtotal (gpd)	62,060	190,930
Commercial–Conversion	6,000	6,000
Commercial–Development	<u>-</u>	<u>9,730</u>
Subtotal (gpd)	6,000	15,730
Public–Conversion	1,330	1,330
Public–Development	<u>-</u>	<u>-</u>
Subtotal (gpd)	1,330	1,330
Total Demand (gpd)	69,390	207,990

Table 3.04-1 Summary of Future Additional Water Demand (gallons)

3.05 2019 PROJECTED DEMANDS

Demand projections were calculated using the water use trends developed in the previous sections. The projected 2019, 2024, and 2035 demands will be used in the following sections where demands will be compared to available supply.

A. 2019 Average Day

The projected 2019 average day pumpage was calculated by multiplying the design number of customers for each category by the projected total per customer sales per day and dividing by the corresponding sales to pumpage ratio (0.6). The estimated average day pumpage is approximately 28,700 gpd, or 20 gpm.

B. 2019 Maximum Day

1. Domestic

The 2019 maximum day pumpage is estimated to be approximately 71,750 gpd, or 50 gpm by applying the maximum to average day demand ratio of 2.5 to the 2019 average day pumpage.

2. Domestic Plus Fire

The Insurance Services Office (ISO) typically recommends basic fire flow requirements that are based on the amount of water a municipality should be able to supply. The required fire flow for individual buildings can range from a minimum 500 gpm for two hours for residential districts to a maximum of 12,000 gpm for four hours for large industrial complexes. The maximum basic fire flow requirement the ISO will credit a community that contains industrial-type facilities is 3,500 gpm for a duration of three hours. The Village does not contain any large industrial facilities currently served by the water system; however, it does contain some commercial facilities that are rated for 2,500 gpm.

The PSC produces a list titled *ISO Fire Flow Data for Select Wisconsin Utilities* that provides recommended fire flows and durations. It also contains the 5th highest rated fire flow and duration for a building in each community according to ISO. While the PSC recommends a 500 gpm fire flow for two hours, the ISO 5th highest needed fire flow is 2,500 gpm for two hours in the Village. A 2,500 gpm fire flow for two hours will be assumed for this study.

The total volume of water required to fight a fire on the 2019 maximum day is estimated as follows:

Domestic Maximum Day	72,000 gallons
<u>Fire (2 hours at 2,500 gpm)</u>	<u>300,000 gallons</u>
Total	372,000 gallons

Water for firefighting demands can come from a combination of excess well capacity and water storage facilities.

3.06 2024 PROJECTED DEMANDS

A. 2024 Average Day

The projected 2024 average day pumpage was calculated by adding the estimated future additional demand to the 2019 average day sales and dividing by the projected sales to pumpage ratio (0.8). The estimated average day pumpage is approximately 108,250 gpd, or 75 gpm.

B. 2024 Maximum Day

1. Domestic

The 2024 maximum day pumpage is estimated to be approximately 270,625 gpd, or 188 gpm by applying the maximum to average day demand ratio of 2.5 to the 2024 average day pumpage.

2. Domestic Plus Fire

A fire flow demand of 2,500 gpm for a duration of two hours was used for calculation purposes. Basic fire flow requirements are based on the amount of water the Village should be able to supply on the day of maximum domestic demand.

The total volume of water required to fight a fire on the 2024 maximum day is estimated as follows:

Domestic Maximum Day	270,625 gallons
<u>Fire (2 hours at 2,500 gpm)</u>	<u>300,000 gallons</u>
Total	570,625 gallons

3.07 2035 PROJECTED DEMANDS

A. 2035 Average Day

The projected 2035 average day pumpage was calculated by adding the estimated future growth demand to the 2024 average day sales and dividing by the projected sales to pumpage ratio (0.8). The estimated average day pumpage is approximately 282,000 gpd, or 196 gpm.

B. 2035 Maximum Day

1. Domestic

The 2035 maximum day pumpage is estimated to be approximately 705,000 gpd, or 490 gpm by applying the maximum to average day demand ratio of 2.5 to the 2035 average day pumpage.

2. Domestic Plus Fire

A fire flow demand of 2,500 gpm for a duration of two hours was used for calculation purposes. Basic fire flow requirements are based on the amount of water the Village should be able to supply on the day of maximum domestic demand.

The total volume of water required to fight a fire on the 2035 maximum day is estimated as follows:

Domestic Maximum Day	705,000 gallons
<u>Fire (2 hours at 2,500 gpm)</u>	<u>300,000 gallons</u>
Total	1,005,000 gallons

Figure 3.07-1 presents projected average and maximum day demands for 2024 and 2035. The increase in both average and maximum day demand is because of the anticipated development and service to existing structures being added to the water system.

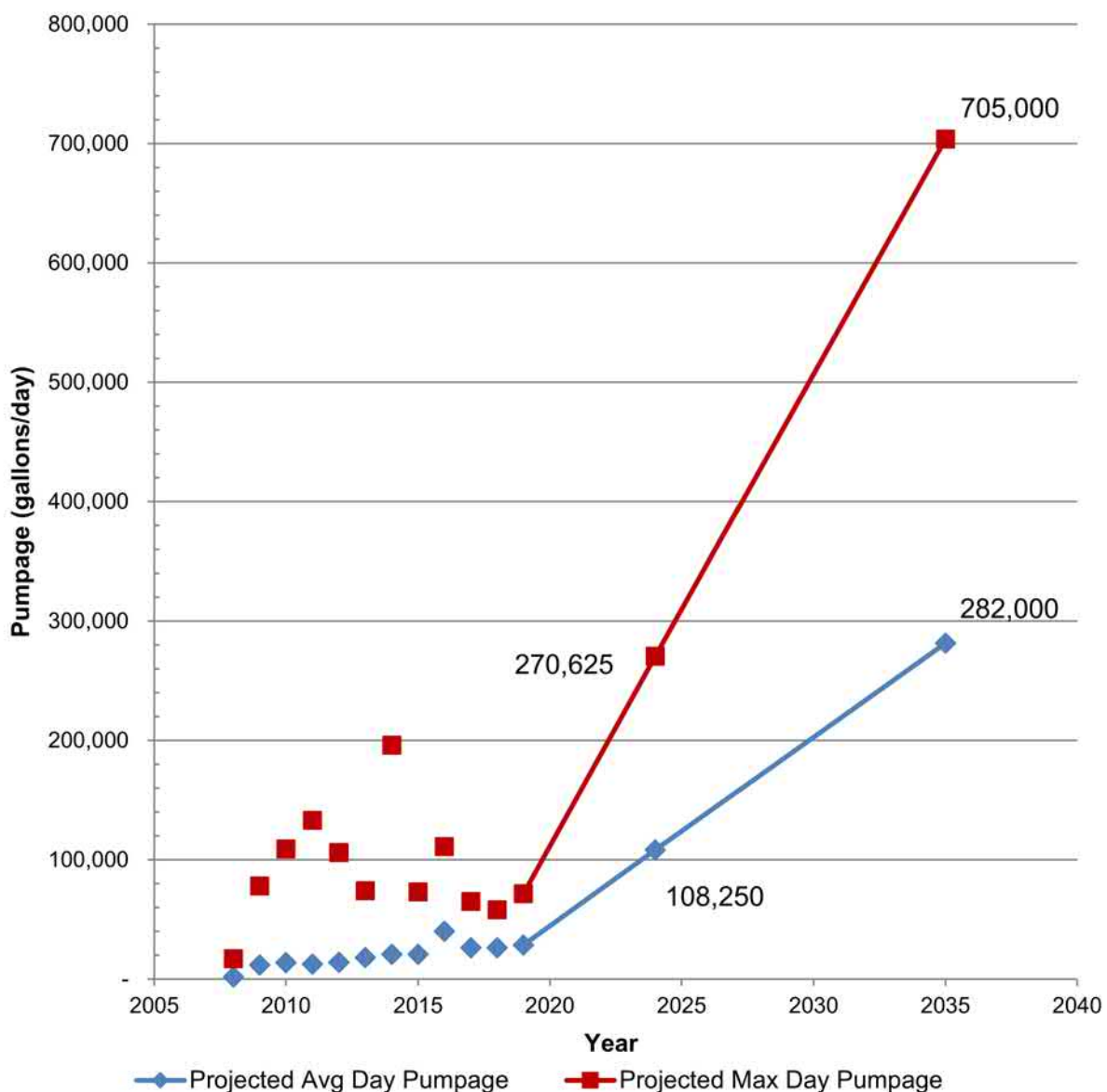


Figure 3.07-1 Projected Average and Maximum Day Pumpage

4.01 GENERAL

A. General

Days of maximum demand can and do occur on several days in succession, especially during the warm summer months. As a result, water withdrawn from storage during any one maximum day must be replaced before the following day to ensure an adequate supply of water for the next day. Therefore, total demand on the maximum day determines the minimum amount of water that must be available the next day. It is recommended the system be designed to meet maximum day domestic demands with the most critical source unit out of service.

If the firm pump capacity is less than the maximum day demand, storage will be depleted and an inadequate amount of water may exist for the following day. Alternatively, if the firm capacity meets or exceeds the total demands, all storage facilities may be refilled during any 24-hour period and water will be available to meet the following potential maximum day demands.

If the firm capacity just equals the maximum day domestic demand, the amount of storage required would be equal to fire requirements plus peak domestic storage demands. Water withdrawn from storage facilities to meet fire demand need not be replaced the same day or the day following the fire. However, it is recommended to replenish the storage as soon as possible.

Prudent operation of a water utility requires that firm system capacity always be in excess of system demands. Therefore, recommended system improvements may be deferred until they become necessary, or they may have to be implemented sooner if demands increase at a rate faster than projected.

B. Capacity Evaluation Discussion

As noted in Section 4.01, well maintenance, emergency repairs, well contamination, or other unforeseen conditions can all create circumstances where the source supply is unavailable. Because a well being offline is a fairly common, and not always planned occurrence, the firm source capacity is used in water system master planning and capacity evaluations. The 2019 capacity evaluation presented in Section 4.01 has limitations because the firm source capacity is zero. The capacity evaluation for the 2019 average day, 2019 maximum day, and 2019 maximum day plus fire demand conditions are all limited by the amount of water in the reservoir because there is no source replenishing the reservoir. The current system 2024 and 2035 capacity evaluations have similar limitations; whereas the additional source conditions do not have those limitations. The current system fire demand condition evaluations have the most limitations because they assume the reservoir is 80 percent full when the maximum day plus fire demand condition begins. A reservoir 80 percent full is a typical assumption when there is a firm supply replenishing the reservoir; without a firm source of supply, there is no basis for that assumption as the reservoir could be empty when a fire scenario occurs. The most recent Emergency Response Plan should address how the Village will handle these scenarios. Ultimately, the Village needs a second source of supply immediately.

C. Additional Source Assumptions

For the purpose of this evaluation, each additional source is assumed to be 500 gpm or greater. Section 4.06 discusses source of supply alternatives considered.

4.02 2019 CAPACITY EVALUATION

A. 2019 Average Day

The estimated 2019 average day demand equals 20 gpm. Firm supply capacity is 0 gpm assuming the Village's only well out of service. The Village can still supply the water system with the booster pumps and ground-level storage to meet 2019 average day demands. Dividing the amount of active storage with 20 percent being allocated for operational needs (128,000 gallons), the Village is able to supply approximately four and a half 2019 average day demands from storage. An additional source or an emergency interconnect is highly recommended because certain well maintenance work items or emergency repairs require additional time to be completed. If the well is out of service for longer than five days, the Village will have a water deficit and an alternative source will be needed to meet demands.

B. 2019 Maximum Day

The estimated 2019 maximum day demand equals 50 gpm. Firm supply capacity equals 0 gpm. The Village is able to supply approximately two 2019 maximum day demands from storage. If the well is out of service for longer than two consecutive maximum demand days, the Village will have a water deficit.

C. 2019 Maximum Day Plus Fire—2,500 gpm for Two Hours

The total amount of water available to satisfy the maximum day plus fire demand is equal to the firm supply capacity plus the water available from useable storage.

The below-ground reservoir has a capacity of 160,000 gallons. Assuming that 20 percent of the existing storage (32,000 gallons) is allocated for operational needs and the fire event takes place immediately after the supply source is offline, the total amount of storage available to meet projected hourly demands and fire protection is 128,000 gallons.

A demand rate of 2,550 gpm (50 gpm domestic demand plus 2,500 gpm fire demand) for two hours must be satisfied to provide the necessary fire protection. Because a fire can start at any time during the day, maximum day domestic use must be taken into account when calculating available capacity.

Storage from the reservoir is available only at the capacity of the two booster pumps and is equal to 1,100 gpm. Over 120 minutes, this equals a pumped volume of 132,000, which is greater than the 128,000 gallons of usable storage in the reservoir. Therefore, the reservoir capacity is only equal to the rate at which the reservoir can drain over two hours.

Maximum Day Demand	- 50 gpm
Fire Demand	- 2,500 gpm
Firm Supply Capacity	+ 0 gpm
Elevated Storage	+ 0 gpm
<u>Reservoir Capacity*</u>	<u>+ 1,067 gpm</u>
Total	- 1,483 gpm

*Reservoir Capacity = 128,000/120 minutes

During a 120-minute fire event, the system is projected to have a deficit of 1,483 gpm or approximately 177,960 gallons. Additional storage and/or supply capacity is needed to meet the projected 2019 maximum day plus fire demand. These approximations also assume the fire occurs during the beginning of a well out-of-service event as the reservoir capacity would continue to be reduced the longer the well is out of service.

D. 2019 Maximum Day Plus Fire—500 gpm

A typical residential fire flow is 500 gpm. Given the maximum day demand equals 50 gpm and the reservoir capacity equals 128,000 gallons, the available storage could provide fire flow for a 500-gpm residential fire for approximately four hours under firm supply condition. If the well is assumed to be operating, the available storage could provide ample fire flow for a 500-gpm residential fire for approximately seven hours.

4.03 2024 CAPACITY EVALUATION

The 2024 capacity evaluation includes a comparison between the available storage with an additional source and available storage without an additional source. It is assumed that private wells located near the Village well have been converted to the water system, and the well can operate at the design condition of 300 gpm.

A. 2024 Average Day

The estimated 2024 average day demand equals 75 gpm. Current firm supply capacity equals 0 gpm. The Village is able to supply approximately one 2024 average day demand from storage. If the well is out of service for longer than one average demand day, the Village will have a water deficit.

If the Village adds a second source with a capacity greater than the existing well, firm supply capacity then equals the existing well capacity of 300 gpm and the Village will have a reserve well supply of 225 gpm and no additional supply capacity is required to meet 2024 average day demands.

Initial storage requirements based on WDNR NR 811.62 indicate that an average day supply under normal operating conditions must be available when only one well is available to serve the water system. According to the projected demands, storage equal to the average day demand, plus 20 percent to account for operational uses, is 135,000 gallons in 2024. No additional storage capacity is required to meet 2024 average day demands.

B. 2024 Maximum Day

The estimated 2024 maximum day demand equals 188 gpm. Current firm supply capacity equals 0 gpm. The Village is able to supply approximately eleven hours of demand during 2024 maximum day demands from storage. If the well is out of service for longer than eleven hours during a maximum demand day, the Village will have a water deficit.

If the Village adds a second source with a capacity greater than the existing well, firm supply capacity equals 300 gpm and the Village has a reserve source supply of 112 gpm and no additional supply capacity is required to meet 2024 maximum day demands.

C. 2024 Maximum Day Plus Fire

A demand rate of 2,688 gpm (188 gpm domestic demand plus 2,500 gpm fire demand) for two hours must be satisfied to provide the necessary fire protection. Because a fire can start at any time during the day, domestic use must be taken into account when calculating available capacity.

Assuming an additional source is added to the system, storage from the reservoir is available only at the capacity of the two booster pumps that is in excess of the well pump because the well pumps directly to the reservoir. Subtracting the existing well capacity from the booster pump capacity equals 800 gpm. Over 120 minutes, this equals a pumped volume of 96,000, which is less than the 128,000 gallons of usable storage in the reservoir. Therefore, the reservoir capacity is estimated a rate of 800 gpm.

As noted previously, current system evaluation assumes the fire event occurs immediately after the single supply source is offline.

	<u>Current System</u>	<u>Additional Source</u>
Maximum Day Demand	- 188 gpm	-188 gpm
Fire Demand	- 2,500 gpm	- 2,500 gpm
Firm Supply Capacity	+ 0 gpm	+ 300 gpm
Elevated Storage	+ 0 gpm	+ 0 gpm
Reservoir Capacity	+1,067 gpm*	+ 800 gpm**
Total	- 1,621 gpm	-1,588 gpm

*Reservoir Capacity = 128,000/120 minutes

**Reservoir Capacity = 1,100 gpm - 300 gpm

During a 120-minute fire event, the system is projected to have a deficit of 1,621 gpm or approximately 194,520 gallons with only the existing well as a source. If an additional source is added, the system is projected to have a deficit of 1,588 gpm or approximately 190,560 gallons. Additional storage is needed regardless if another source is added to the system to meet the projected 2024 maximum day plus fire demand.

4.04 2035 CAPACITY EVALUATION

The 2035 capacity evaluation includes a comparison between the available storage with an additional source and available storage without an additional source.

A. 2035 Average Day

The estimated 2035 average day demand equals 196 gpm. Current firm supply capacity equals 0 gpm. The Village is able to supply approximately eleven hours of a 2035 average day demand from storage. If the well is out of service for longer than eleven hours during a 2035 average day, the Village will have a water deficit.

If the Village adds a second source with a capacity greater than the existing well, firm supply capacity then equals the existing well capacity of 300 gpm. With the additional source, the Village has a firm supply capacity surplus of 104 gpm and no additional firm supply capacity is required to meet 2035 average day demands.

According to the projected demands, storage equal to the average day demand, plus 20 percent to account for operational uses, is 352,800 gallons in 2035. Assuming no additional sources have been completed at this time, additional storage capacity is required to meet 2035 average day demands.

B. 2035 Maximum Day

The estimated 2035 maximum day demand equals 490 gpm. Current firm supply capacity equals 0 gpm. The Village is able to supply approximately four hours of demand during 2035 maximum day demands from storage. If the well is out of service for longer than four hours during a maximum demand day, the Village will have a water deficit.

If the Village adds a second source with a capacity greater than the existing well, firm supply capacity equals 300 gpm and the Village has a firm well supply deficit of 190 gpm and additional firm supply capacity is required to meet 2035 maximum day demands.

If the Village adds a third source, assuming the second additional source has a capacity of 500 gpm, and the third source has a capacity of 500 gpm, the Village would have enough capacity to meet 2035 maximum day demands. This could be met by various combinations of new well supply or interconnections with neighboring systems.

Using linear interpolation of the projected customer growth, the estimated maximum day demand is projected to exceed firm supply capacity in 2028, assuming the second source had been installed prior to 2028. Therefore, a third source would be needed if growth occurs at the projected rate.

C. 2035 Maximum Day Plus Fire

A demand rate of 2,990 gpm (490 gpm domestic demand plus 2,500 gpm fire demand) for two hours must be satisfied to provide the necessary fire protection. Because a fire can start at any time during the day, maximum day domestic use must be taken into account when calculating available capacity.

As noted previously, current system evaluation assumes the fire event occurs immediately after the single supply source is offline.

	<u>Current System</u>	<u>Additional Source</u>	<u>2 Additional Sources</u>
Maximum Day Demand	- 490 gpm	- 490 gpm	- 490 gpm
Fire Demand	- 2,500 gpm	- 2,500 gpm	- 2,500 gpm
Firm Supply Capacity	+ 0 gpm	+ 300 gpm	+ 800 gpm
Elevated Storage	+ 0 gpm	+ 0 gpm	+ 0 gpm
Reservoir Capacity	+ 1,067 gpm*	+ 800 gpm**	+ 800 gpm**
Total	- 1,923 gpm	- 1,890 gpm	- 1,390 gpm

*Reservoir Capacity = 128,000/120 minutes

**Reservoir Capacity = 1,100 gpm - 300 gpm

During a 120-minute fire event, the system is projected to have a deficit of 1,923 gpm or approximately 230,760 gallons with only the existing well as a source. If one additional source is added, the system is projected to have a deficit of 1,890 gpm or approximately 226,800 gallons. If two additional sources are added, the system is projected to have a deficit of 1,390 gpm or approximately 167,000. This number may change less depending on the smallest capacity of the two additional sources. Additional storage is needed regardless if one or two sources are added to the system to meet the projected 2035 maximum day plus fire demand.

4.05 SUMMARY OF REQUIRED CAPACITY

Table 4.05-1 presents additional capacity required for each design year. It's assumed that the existing well is out of service and the reservoir has 20 percent removed for operational purposes. Average day and maximum day demands need to be met with additional supply. The additional required capacity required for maximum day plus fire can be met with either supply or storage improvements.

Design Year	Average Day	Maximum Day	Maximum Day plus Fire
2019	20 gpm	50 gpm	1,483 gpm
2024	75 gpm	188 gpm	1,621 gpm
2035	196 gpm	490 gpm	1,923 gpm

Table 4.05-1 Summary of Additional Capacity Required

4.06 OPTIONS FOR ADDITIONAL SUPPLY

The Village only has one groundwater well to supply water to the system. The guidance document *Guidance for Municipal Drinking Water Source Capacity Determination* recently published by WDNR states that a water system that relies on one source does not have adequate source capacity. A redundant source of water is required immediately to allow for long-term well servicing due to maintenance or emergency. In addition to having a redundant source, the 2035 capacity evaluation shows additional firm source capacity is required to meet maximum day demands by 2035. Options to provide additional supply include shallow-aquifer wells, deep-aquifer wells potentially with treatment, interconnections with neighboring communities, or a combination of any of these alternatives. Brief evaluations of the options are below.

A. Shallow Limestone Aquifer Well

Shallow wells, like the Village's existing well, are an option for additional sources of supply. The existing shallow well was drilled approximately 340 feet below grade and pumps water from the unconfined Niagara limestone aquifer. The well is cased to 15 feet below the sand-and-gravel aquifer and has a rated capacity of 250 gpm, which is currently limited to reduce the draw-down for nearby private-wells. The well capacity has the potential to increase to the well pump design 300 gpm. It is assumed that constructing another shallow aquifer well would provide similar yields of 300 gpm.

One well is required immediately to have a redundant source. An additional well would be needed by 2028 to meet projected 2035 maximum day demands. While the Village's current well has always provided safe water, shallow wells are generally more susceptible to water quality impacts from bacteria and could be impacted by nearby rock quarries that present a potential route for contamination. Several nearby private wells have experienced water quality issues that draw from the same aquifer. The OPPC for drilling a shallow limestone aquifer well and constructing a well facility is approximately \$1,500,000, which includes 35 percent for contingencies and technical services.

B. Deep Sandstone Aquifer Well

Constructing one or more deep sandstone aquifer wells is an alternative to shallow limestone aquifer wells. Sandstone aquifer well capacities tend to be greater than shallow limestone aquifer wells. Nearby sandstone aquifer wells tend to produce capacities above 500 gpm, but additional pump testing would be required to determine the actual well capacity. Deep aquifer wells also tend to have elevated levels of iron and radium that may require treatment. One well is required immediately to have a redundant source. An additional well would be needed by 2028 to meet projected 2035 maximum day demands. The OPPC for drilling a deep sandstone aquifer well and constructing a facility that includes treatment is approximately \$2,500,000, which includes 35 percent contingencies and technical services.

C. Interconnection

Interconnecting with an adjacent community is an alternative for the Village. This assumes the adjacent community has excess water system capacity to provide to the Village. Depending on several factors including the Great Lakes Watershed Divide boundaries, lake water allocations, system hydraulic gradients, permitting by the WDNR, and creating separate service areas, an interconnection may be a possible alternative. Additional hydraulic studies would be needed to determine the feasibility of the interconnection. One interconnection, either a direct or an emergency connection, would be required immediately to have a redundant source. Depending on available capacity of the interconnection, only one additional interconnection would be needed by 2028 to meet projected 2035 maximum day demands. The OPPC to construct a water main that extends from the Village to the Village of Menomonee Falls' distribution system and a metering station is approximately \$1,900,000, which includes 35 percent contingencies and technical services.

4.07 OPTIONS FOR ADDITIONAL STORAGE

The only storage in the existing system is the 160,000-gallon reservoir. As shown in the 2019 Capacity Evaluation in a previous section, additional storage is required to meet current maximum day demands plus fire.

Once additional sources of supply are constructed, storage requirements should be based on the capacity evaluation in the previous sections. Assuming 20 percent of future storage would be used for operational uses, a storage facility with a minimum 250,000-gallon capacity should be constructed to meet 2035 maximum day plus fire demands.

Alternatives to meet storage requirements include either a ground-level reservoir or an elevated tank. It was assumed that storage capacity from an interconnected source is not available to the Village.

A. Reservoir and Booster Station

Constructing another reservoir and booster station could provide the required storage. Depending on where an additional source would be connected to in the system, water entering the new ground-level reservoir would need to be pumped to the distribution system, which increases operation costs compared to an elevated tank. Additional pumps and equipment would need to be maintained which increases maintenance costs compared to an elevated tank. System hydraulics would still vary, as seen in the existing system, because the existing pressure tank would still hold the hydraulic gradient in the system.

B. Elevated Tank

An elevated tank could provide the required storage while not substantially increasing operation costs and would cost less to maintain than a reservoir and booster station. An elevated tank could also provide hydraulic benefits to the system by keeping a more consistent gradient in the system especially during fire flow events.

Depending on which additional sources are implemented, the elevated tank height could be constructed either to service the entire Village limits with one pressure zone or to match the existing Village of Menomonee Falls system gradient if an interconnection is the selected source of supply. If the tank is constructed to match the existing Village of Menomonee Falls system gradient, an additional high-pressure zone will be required as further discussed in Section 5. If the tank is constructed to serve the entire Village limits, additional improvements would be needed to the existing booster pumps to maintain the existing station capacity as used in this analysis.

4.08 SUPPLY AND STORAGE ALTERNATIVES

the following alternatives for adding capacity were formed based on the different source and storage options. Each opinion of probable project cost (OPPC) includes 35 percent for contingencies and technical services.

A. Alternative 1

Alternative 1 includes constructing a deep sandstone aquifer well with treatment facility and an elevated tank with a minimum capacity of 250,000 gallons immediately, and constructing another deep sandstone aquifer well with treatment facility by 2028. The elevated tank would be constructed at an overflow elevation to service the entire Village limits. Table 4.08-1 presents an OPPC for Alternative 1. The cost opinions include 35 percent contingencies and technical services.

Improvement	Anticipated Capacity	Anticipated Time of Construction	OPPC
Deep Sandstone-Aquifer Well with Treatment	~ 500 gpm	Immediately	3,000,000
Elevated Tank	250,000 gal	Immediately	\$2,270,000
Booster Pump Improvements		Immediately	\$75,000
Deep Sandstone-Aquifer Well with Treatment	~ 500 gpm	2028	\$3,300,000
Total OPPC			\$8,345,000

Table 4.08-1 Alternative 1 Capacity Improvements OPPC

B. Alternative 2

Alternative 2 includes constructing a shallow limestone aquifer well facility and an elevated tank with a minimum capacity of 250,000 gallons immediately, and constructing another a shallow sandstone aquifer well facility by 2028. The elevated tank would be constructed at an overflow elevation to service the entire Village limits. Table 4.08-2 presents an OPPC for Alternative 2. The cost opinions include 35 percent contingencies and technical services.

Improvement	Anticipated Capacity	Anticipated Time of Construction	OPPC
Shallow Limestone-Aquifer Well Facility	~ 300 gpm	Immediately	\$1,500,000
Elevated Tank	250,000 gal	Immediately	\$2,270,000
Booster Pump Improvements		Immediately	\$75,000
Shallow Limestone-Aquifer Well Facility	~ 300 gpm	2028	\$1,500,000
Total OPPC			\$5,345,000

Table 4.08-2 Alternative 2 Capacity Improvements OPPC

C. Alternative 3

Alternative 3 includes constructing a direct interconnection with the Village of Menomonee Falls and an elevated tank with a minimum capacity of 250,000 gallons immediately. Based on current land elevations, water will not be able to be supplied to the Lannon Village Hills neighborhood located in the west part of the Village under enough pressure once the water system is constructed in that area. An additional booster pumping station would need to be constructed to provide adequate pressure. A deep sandstone aquifer well with treatment facility would be constructed by 2028. The elevated tank would be constructed at an overflow elevation of 1,030 above mean sea level (amsl)

to match the gradient of the Village of Menomonee Falls' system. Table 4.08-3 presents an OPPC for Alternative 3. The cost opinions include 35 percent contingencies and technical services.

Improvement	Anticipated Capacity	Anticipated Time of Construction	OPPC
Elevated Tank	250,000 gal	Immediately	\$2,120,000
Interconnection	> 300 gpm	Immediately	\$1,900,000
Deep Sandstone—Aquifer Well with Treatment	~ 500 gpm	2028	\$2,500,000
Booster Pumping Station	1,500 gpm	Before 2035	\$2,010,000
Total OPPC			\$9,030,000

Table 4.08-3 Alternative 3 Capacity Improvements OPPC

5.01 GENERAL

This section summarizes the services completed in updating and calibrating the Village's water system model, including the results of the model calibration and system-wide pressures and available fire flows.

5.02 MODEL UPDATE

A computer model of the Village's water distribution system was previously created but not calibrated. The scope of this project is to update the model and then calibrate it to industry accepted standards. The model was previously created using Geographic Information System (GIS) shape files provided by the Village. This included water main diameter and length. Hydrant location was manually entered into the model. Well, booster pump, and storage facility information were added separately to the model from information provided by the Village and System Operator. Each model junction, defined as a point where one or more pipes connect, was assigned an elevation by importing 2-foot topographic contours using the model's Terrain Extractor tool.

Water demands were entered using 2019 projected average and maximum day demands using information from the past ten years gathered from the Wisconsin PSC annual reports. The 2019 projected average demand is 20 gpm. The 2019 projected maximum day demand is 50 gpm.

5.03 MODEL CALIBRATION

To successfully calibrate the computer model, predicted results in the model were confirmed against observed conditions in the distribution system. This was completed by performing field testing of hydrant flows in various parts of the distribution system. Four flow tests were completed on October 22, 2018. Test locations were chosen to provide data that was thought to be representative of the distribution system.

The flow test used one monitoring hydrant and one flowing hydrant. The monitoring hydrant was used to observe the static pressure when the flowing hydrant was closed, and to observe residual pressure when the flowing hydrant was open. A pressure gauge was attached to the monitoring hydrant and air was purged from the hydrant and gauge manifold before taking a static pressure reading.

After the flowing hydrant was fully opened using a single outlet, the residual pressure reading was taken at the monitoring hydrant. After obtaining all of the readings, the hydrants were closed and the caps were replaced.

The flow from the hydrants was calculated after the field tests were completed. The flow from each outlet was determined based on the pitot gauge reading observed and the diameter of the hydrant outlet. Discharge rates were obtained using the equation in Figure 5.03-1. Only one 2 1/2-inch diameter hydrant outlet was used. Therefore, a C-factor of 0.90, which assumes a full and relatively smooth flow from the hydrant outlet, was used.

$$Q = 29.83 * C * D^2 * P^{0.5}$$

where Q = flow (gpm)
 C = c-factor (unitless)
 D = diameter (inches)
 P = pressure (psi)

Figure 5.03-1 Hydrant Flow Equation

The model was calibrated from a steady-state perspective by modifying the roughness coefficients of the pipes, or C-factors, within the distribution system based on size, location, and age. As a starting point, all C-factors were set to 130 to simulate brand new piping. A computer model is typically considered to be calibrated when the static and residual pressures predicted by the model at the specific flow test locations are within 5 psi of the field measurements.

Real-time operating data was obtained from a system operator during each field flow test and was used to set the boundary condition of system pressure at the hydro-pneumatic tank. The model was then used to simulate the flow tests under the observed conditions. Table 5.03-1 presents the flows and pressures measured in the field compared to the final model-simulated pressures at the testing locations in the distribution system under both static and residual flow conditions. Table 5.03-2 presents the HPR static pressures measured in the field compared to the final model-simulated pressures at each hydrant location. Table 5.03-3 presents the HPR residual pressures measured in the field compared to model-simulated pressures.

Test Number	Flowing Hydrant Location	Field Static Pressure (psi)	Modeled Static Pressure (psi)	Field Residual Pressure (psi)	Modeled Residual Pressure (psi)	Field Measured Fire Flow (gpm)
1	19461 West Main Street	80.0	80.0	57.5	57.5	1,165
2	19865 West Edgewood Drive	70.0	68.3	54.0	51.7	1,118
3	20765 West Forest View Drive	70.5	70.5	65.5	65.4	1,130
4	End of Keystone Court	78.5	77.9	62.0	62.4	1,215

Table 5.03-1 Final Model Calibration Results—Test Hydrants

Test Number	HPR 1 Field Static Pressure (psi)	HPR 1 Modeled Static Pressure (psi)	HPR 2 Field Static Pressure (psi)	HPR 2 Modeled Static Pressure (psi)	HPR 3 Field Static Pressure (psi)	HPR 3 Modeled Static Pressure (psi)
1	74.3	75.5	77.3	77.0	72.8	72.7
2	69.8	71.5	73.1	73.0	68.7	68.7
3	67.5	68.5	70.6	70.0	67.0	65.7
4	73.8	75.5	77.1	77.0	73.3	72.7

Table 5.03-2 Final Model Calibration Results–HPR Static Pressures

Test Number	HPR 1 Field Residual Pressure (psi)	HPR 1 Modeled Residual Pressure (psi)	HPR 2 Field Residual Pressure (psi)	HPR 2 Modeled Residual Pressure (psi)	HPR 3 Field Residual Pressure (psi)	HPR 3 Modeled Residual Pressure (psi)
1	52.8	55.3	59.1	60.3	63.2	64.7
2	54.8	55.7	59.6	58.9	62.8	62.7
3	61.7	64.1	65.0	65.6	66.1	66.7
4	59.0	61.4	62.2	62.9	59.3	59.7

Table 5.03-3 Final Model Calibration Results–HPR Residual Pressures

Differences between the model-simulated and field-collected static and residual pressures were within 5 psi with no C-factor adjustments. Because the water system is approximately ten years old or newer, it is likely that the pipes have a relatively high C-factor. Through hydrant flow testing and HPR pressure verification, the model was considered calibrated.

5.04 2019 MODEL ANALYSIS

A. General

The current day 2019 water model was analyzed under various demand and flow conditions. Two general types of steady-state simulations were performed with the model: domestic (non-fire) and fire flow.

A steady-state simulation evaluates the operation behavior of the system at a specific point in time under steady-state (unchanging) conditions. Using this type of analysis, the behavior or pump, tank, and supply/storage relationships can be determined. It can be useful for determining pressures and flow rates within the distribution system main supporting fire hydrants under various demand conditions.

A fire flow simulation provides an instantaneous snapshot of the amount of water available at hydrants within the system while still maintaining 20 psi residual pressure. The model simulates a separate fire event at each junction in the system and increases the flow until either the hydrant itself or any point in the system reaches the 20 psi residual pressure threshold. Very high available fire flows (over 5,000 gpm) are not considered realistic but indicate areas of very strong hydraulic connectivity.

B. Average Day—Domestic Demand

The 2019 maximum day domestic demand condition, equaling 20 gpm, was modeled using a steady-state analysis with no booster pumps operating and the pressure tank set in between the lowest and highest-pressure setting (1054.5 feet). This resulted in an average pressure condition. The model projected system operating pressures to be between approximately 65 and 81 psi, as shown by the pressure contours generated by the model in Figure 5.04-1. Areas of lower pressures appear to be on the eastern side of Main Street throughout the Village. This is primarily caused by higher land elevations. Areas of higher pressure, although not excessive, occur toward the southern end of the Village. Similarly, the higher pressures are caused by lower ground elevations.

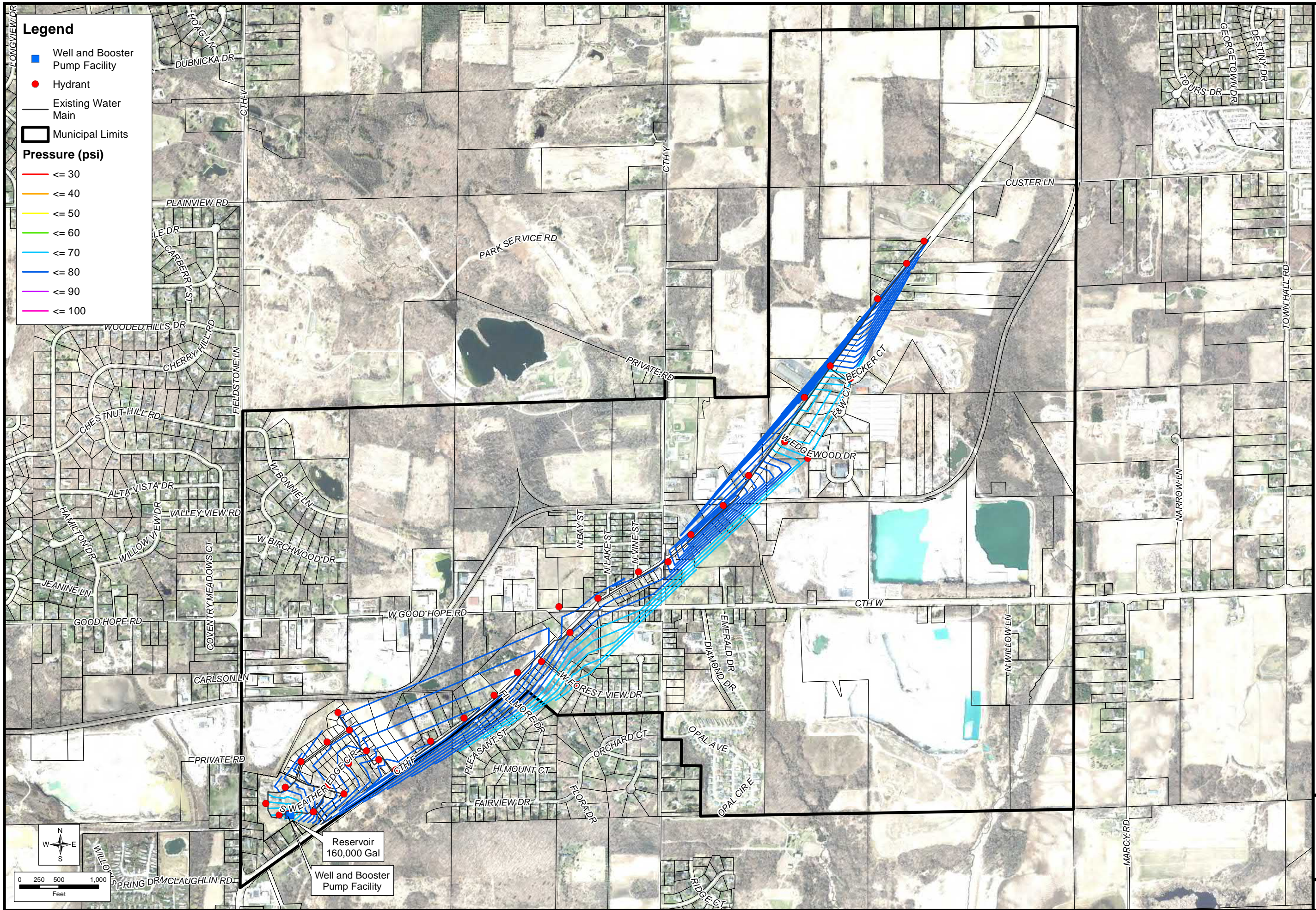
C. Maximum Day—Domestic Demand

The 2019 maximum day domestic demand condition, equaling 50 gpm, was modeled using a steady-state analysis with no booster pumps operating and the pressure tank set in between the lowest and highest-pressure setting (1054.5 feet). The model projected system operating pressures to be between approximately 65 and 81 psi, as shown by the pressure contours generated by the model in Figure 5.04-2. The areas of lowest and highest pressure appear to be in the same locations as the average day.

D. Maximum Day—Domestic Demand with Fire Flow

The model was operated in a similar manner to the maximum day domestic-only scenario when simulating available fire flows throughout the distribution system and is anticipated to provide a conservative estimate for planning purposes. The model projected available fire flow, which was based on a minimum 20 psi residual pressure threshold, ranged from approximately 2,000 gpm to greater than 5,000 gpm, as shown by the available fire flow contours generated by the model, which can be seen in Figure 5.04-3.

The hydrant with the lowest modeled available fire flow of 2,016 gpm is a hydrant located at the intersection of Becker Drive and F and W Court. This is because of higher land elevations and being located adjacent to a dead-end water main. Several areas with other low available fire flows are in similar locations. Several hydrants were modeled to have an available fire flow of 5,000 gpm or greater. These hydrants are generally located near the pumping station and those near Main Street. It should be noted that this amount of fire flow is typically not available from a single hydrant because of hydrant and hydrant lead head losses, but signifies a strong hydraulic connection within the distribution system.

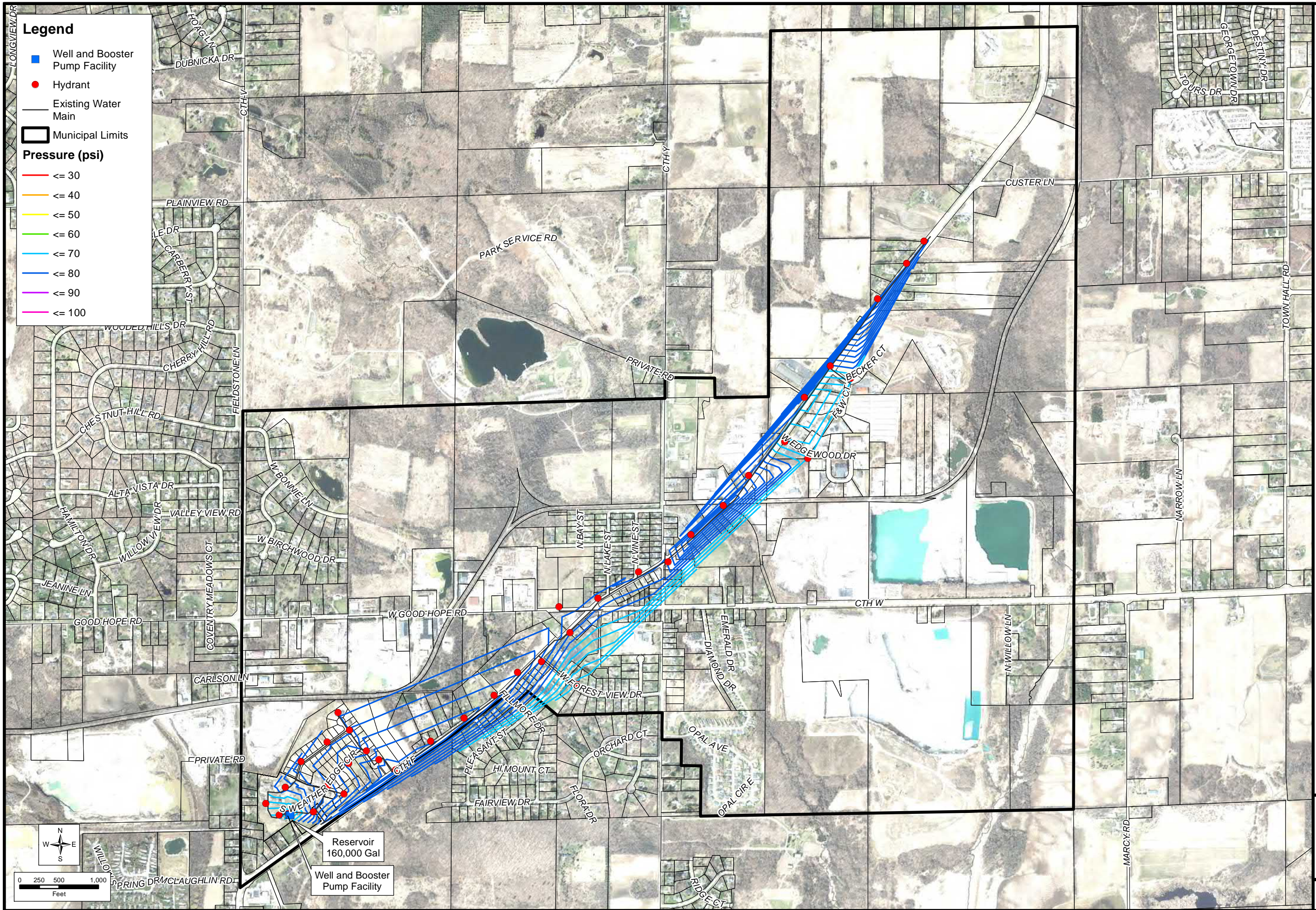


2019 AVERAGE DAY DEMAND PRESSURE CONTOURS

WATER SYSTEM STUDY
VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN



FIGURE 5.04-1
3500.008

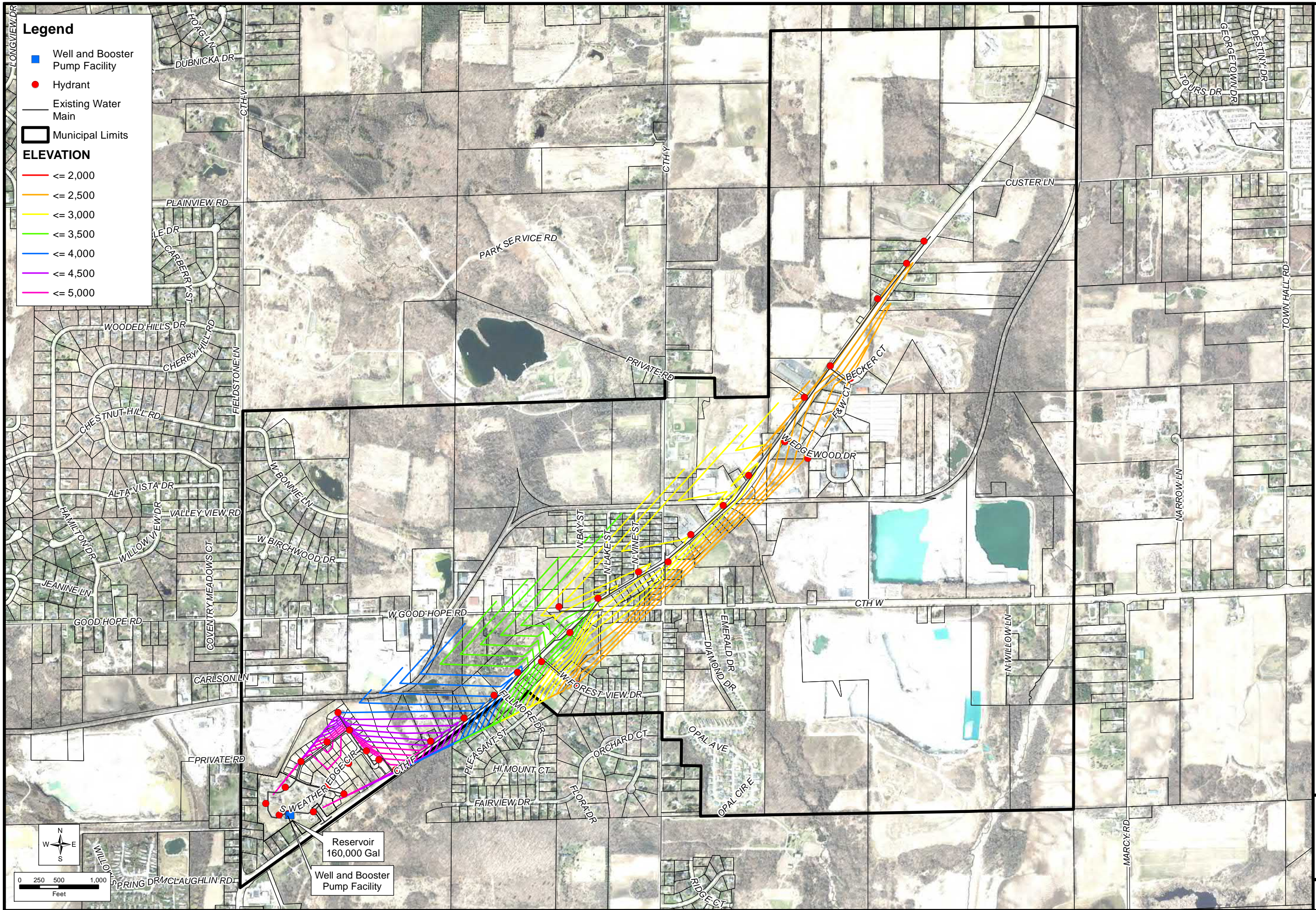


2019 MAXIMUM DAY DEMAND PRESSURE CONTOURS

WATER SYSTEM STUDY
VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN



FIGURE 5.04-2
3500.008



2019 MAXIMUM DAY DEMAND PLUS FIRE AVAILABLE FIRE FLOW CONTOURS

WATER SYSTEM STUDY
VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN



FIGURE 5.04-3
3500.008

5.05 2024 MODEL ANALYSIS–ELEVATED TANK OVERFLOW AT 1,080 FEET AMSL

A. Expansion of the Distribution System

A 2024 water system model was created to simulate future demands and additional infrastructure. The 2024 water model was also analyzed using domestic (non-fire) and fire flow demand conditions. Infrastructure improvements are divided into new developments and conversion of existing private wells.

There are prioritized water main projects that should be installed in order to convert existing residents from private wells to the existing water distribution system. These street projects are shown in Figure 5.05-1.

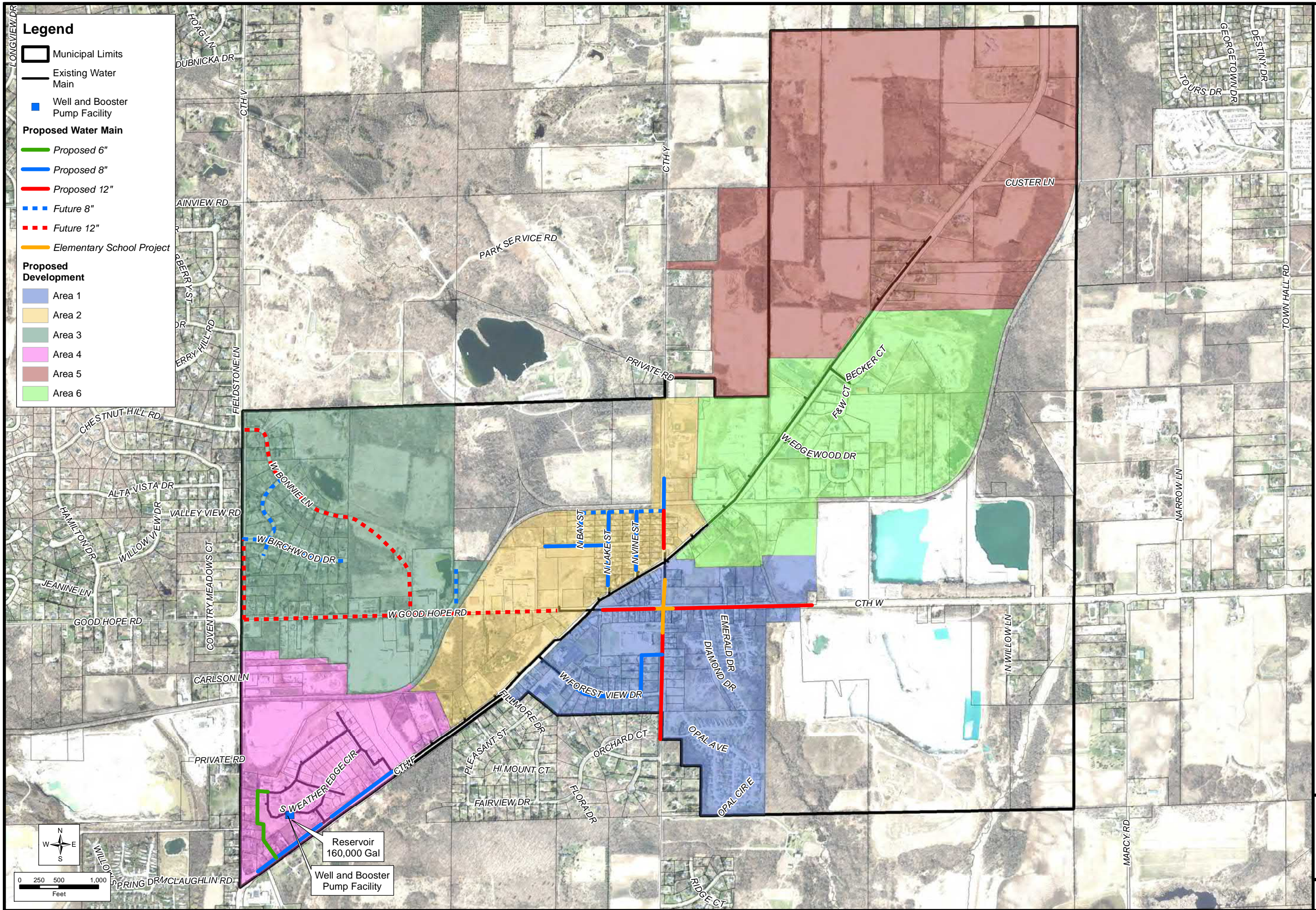
Other infrastructure improvements were added based on locations shown in the Village's Future Land Use Map. A broad schematic of water main was added to the water model distribution system to generally represent future development in the areas and develop future fire flow and pressure contour projections. The difference in demand from 2019 to 2024 was allocated to these new areas by spreading the demand evenly to each future model node. Upon future development, the projected fire flows and pressures might not fully represent future conditions. When future road and development designs are completed, the model should be updated to determine actual future conditions.

This analysis assumes the same well, booster pumps, and reservoir storage as current day. It also includes a 250,000-gallon elevated tank with an overflow elevation of 1,080 feet to match the existing hydraulic gradient of the system. The existing hydro-pneumatic pressure tank is assumed to be out of service as it is not needed with the elevated tank. See Figure 5.05-2 for a map of the future water main that was modeled.

The Village has existing drawings for an elevated tank in the Village's north side that was designed in 2008, but the facility was never constructed. The new elevated tank was modeled in the same location as shown on these drawings. The tank was originally designed to have an overflow elevation to match the neighboring community's gradient of 1,030 feet and a range of 32.5 feet. However, this analysis used a tank of the same size and location, but with an overflow elevation of 1,080 feet. This elevation was determined to optimize the pressure range within Village limits between the lowest and highest ground elevation areas while staying within the WDNR regulated working pressure range.

B. Average Day–Domestic Demand

The 2024 maximum day domestic demand condition, equaling 75 gpm, was modeled using a steady-state analysis. System conditions include no booster pumps operating, the pressure tank isolated (inactive), and the new elevated tank set to 10 feet below overflow. The model projected system operating pressures to be between approximately 45 and 95 psi, as shown by the pressure contours generated by the model in Figure 5.05-3. The area of lowest pressure appear to be near Lannon Village Hills where elevations are generally greater than the rest of the Village. The areas

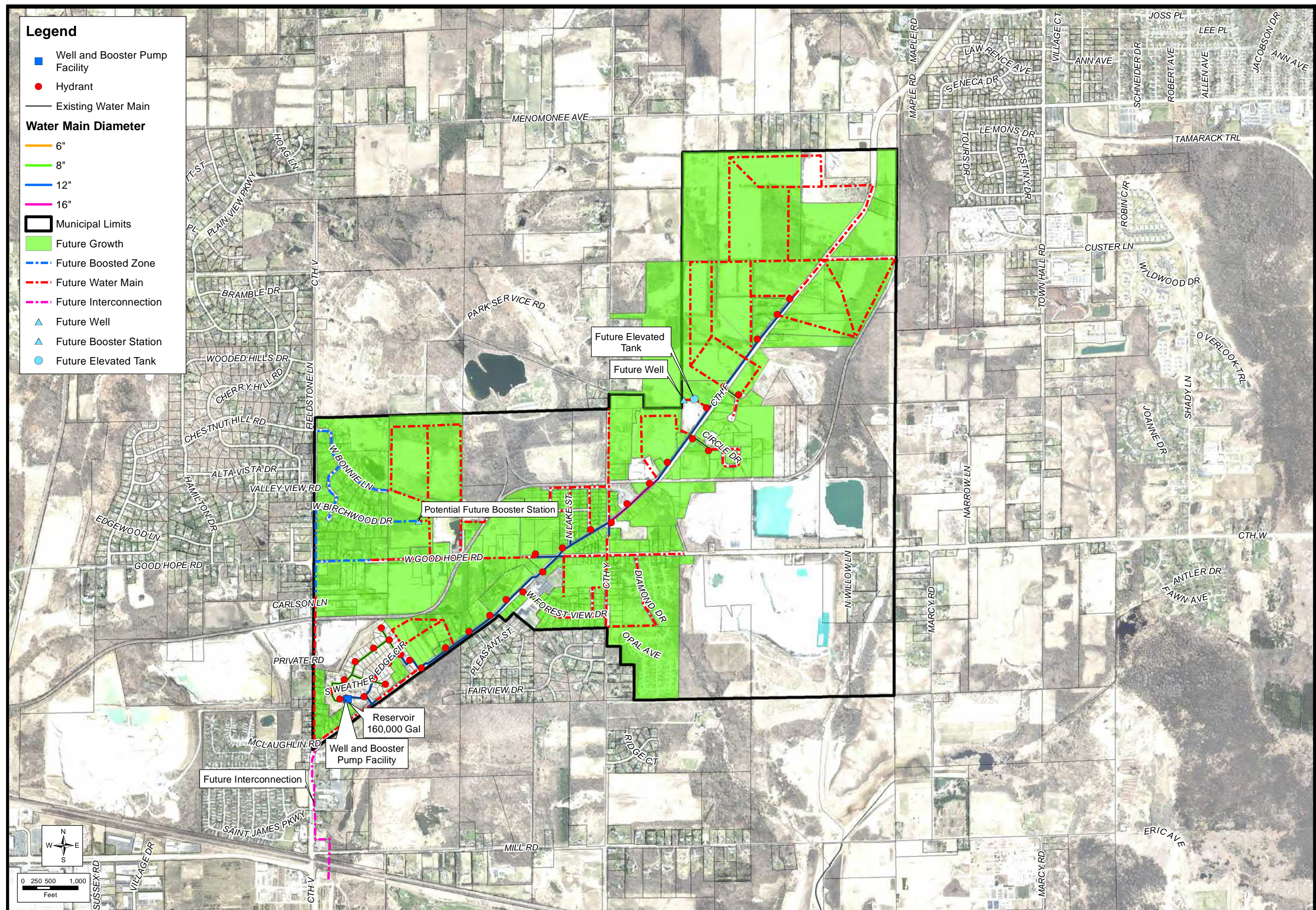


PRIORITY WATER MAIN

WATER SYSTEM STUDY
VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN



FIGURE 5.05-1
3500.008

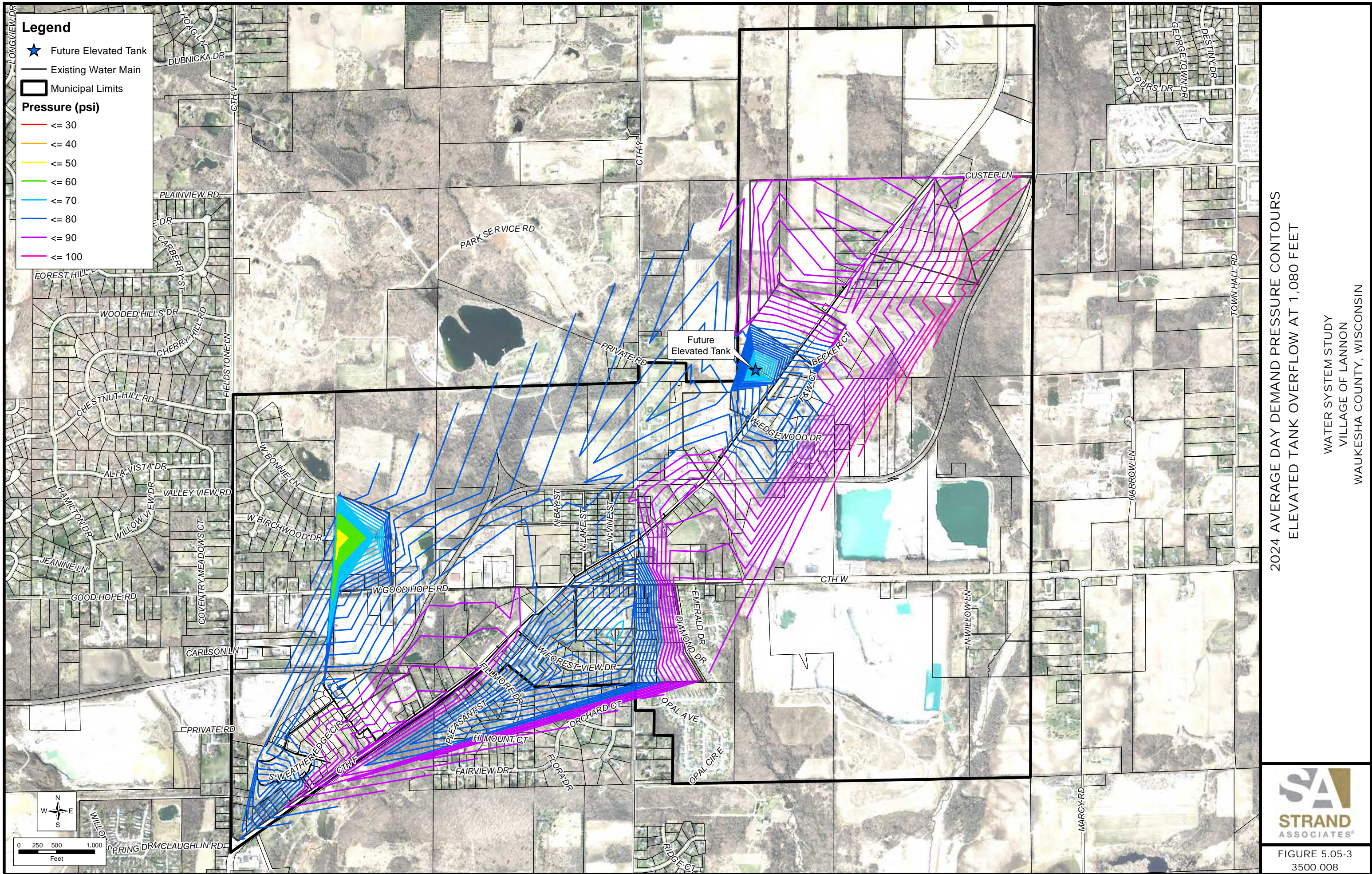


WATER SYSTEM FULL BUILD OUT

WATER SYSTEM STUDY
VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN



FIGURE 5.05-2
3500.008



Legend

- ★ Future Elevated Tank
- Existing Water Main
- ▭ Municipal Limits

Pressure (psi)

- ≤ 30
- ≤ 40
- ≤ 50
- ≤ 60
- ≤ 70
- ≤ 80
- ≤ 90
- ≤ 100

2024 AVERAGE DAY DEMAND PRESSURE CONTOURS
ELEVATED TANK OVERFLOW AT 1,080 FEET

WATER SYSTEM STUDY
VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN



FIGURE 5.05-3
3500.008

of highest pressure, although not excessive, occur in the northeastern part of the Village near the Fox River.

C. Maximum Day–Domestic Demand

The 2024 maximum day domestic demand condition, equaling 188 gpm, was modeled using a steady-state analysis with no booster pumps operating, the pressure tank isolated, and the new elevated tank set to 10 feet below overflow. The model projected system operating pressures to be between approximately 45 and 95 psi, as shown by the pressure contours generated by the model in Figure 5.05-4. The areas of lowest and highest pressure appear to be in the same places as the average day.

D. Maximum Day–Domestic Demand with Fire Flow

The 2024 maximum day domestic demand condition plus fire flow was modeled using a steady-state analysis with no booster pumps operating, the pressure tank isolated, and the new elevated tank set to 10 feet below overflow. The model projected available fire flow, which ranged from approximately 1,437 gpm to greater than 5,000 gpm, as shown by the available fire flow contours generated by the model, which can be seen in Figure 5.05-5.

The hydrant with the lowest available fire flow is located at the end of the existing development of West Birchwood Drive in the west part of the Village. This is primarily caused by the water main terminating in a dead-end and higher ground elevations.

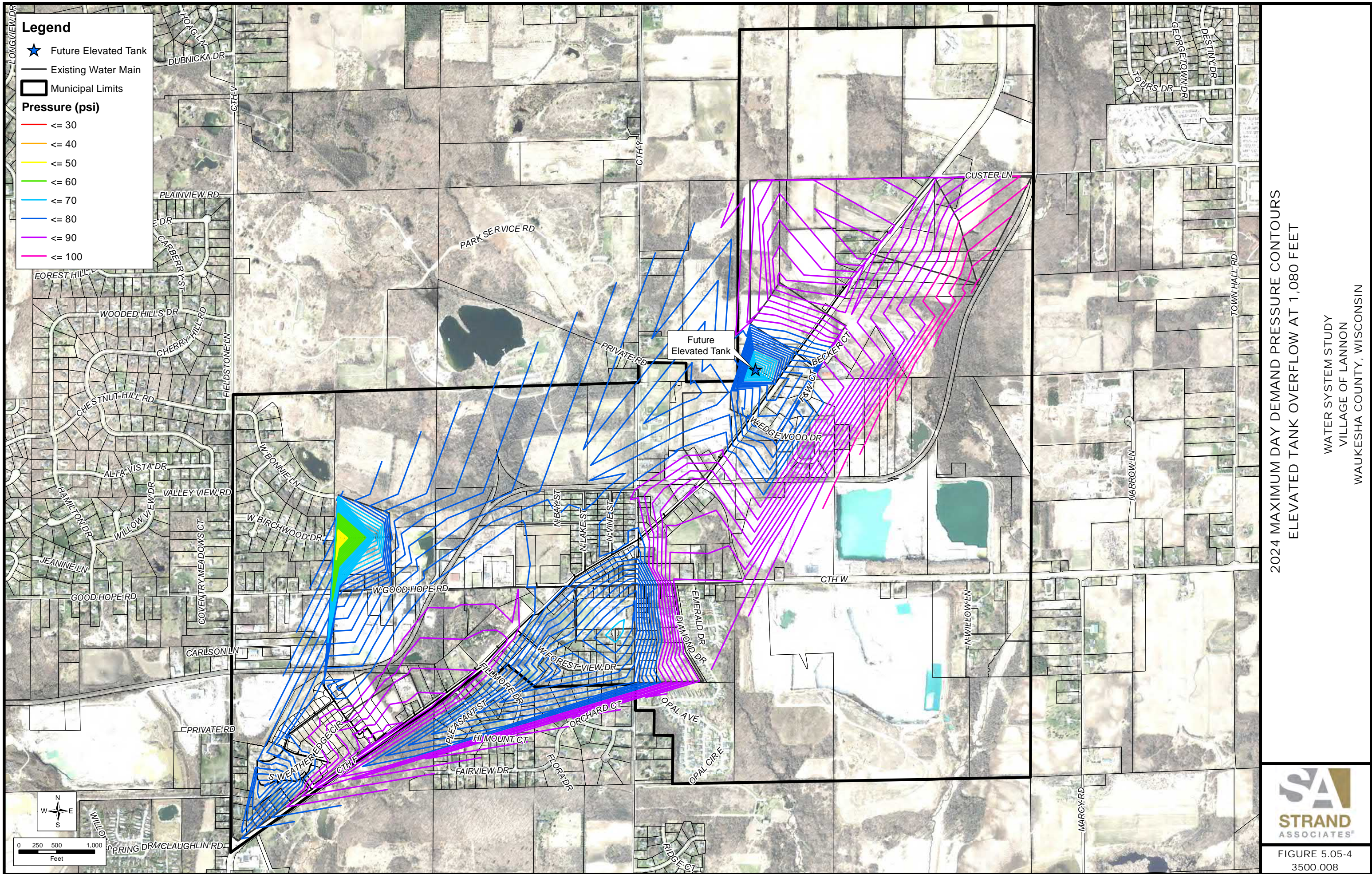
5.06 2024 MODEL ANALYSIS–ELEVATED TANK OVERFLOW AT 1,030 FEET AMSL

A. Expansion of the Distribution System

A second growth scenario was run, which included the same distribution growth as Section 5.05, but with the new elevated tank constructed with an overflow elevation of 1,030 feet to match the neighboring community’s hydraulic grade. All demand junctions were allocated with the same demand. The scenario was analyzed using domestic (non-fire) and fire flow demand conditions. For this analysis, it assumed that no wells or sources of supply are operating. Therefore, adding the additional supply sources to the model was not necessary.

B. Average Day–Domestic Demand

The 2024 maximum day domestic demand condition, equaling 75 gpm, was modeled using a steady-state analysis. System conditions include no booster pumps operating, the pressure tank isolated (inactive), and the new elevated tank set to 10 feet below overflow. The model projected system operating pressures to be between approximately 23 and 74 psi, as shown by the pressure contours generated by the model in Figure 5.06-1. The area of lowest pressure appears to be near Lannon Village Hills where elevations are generally higher than the rest of the Village and result in pressures below the minimum required distribution system pressures. A booster station is required in this area to increase the pressures. The booster station would connect the suction side to the existing distribution system and would require emergency power. With the booster station operating

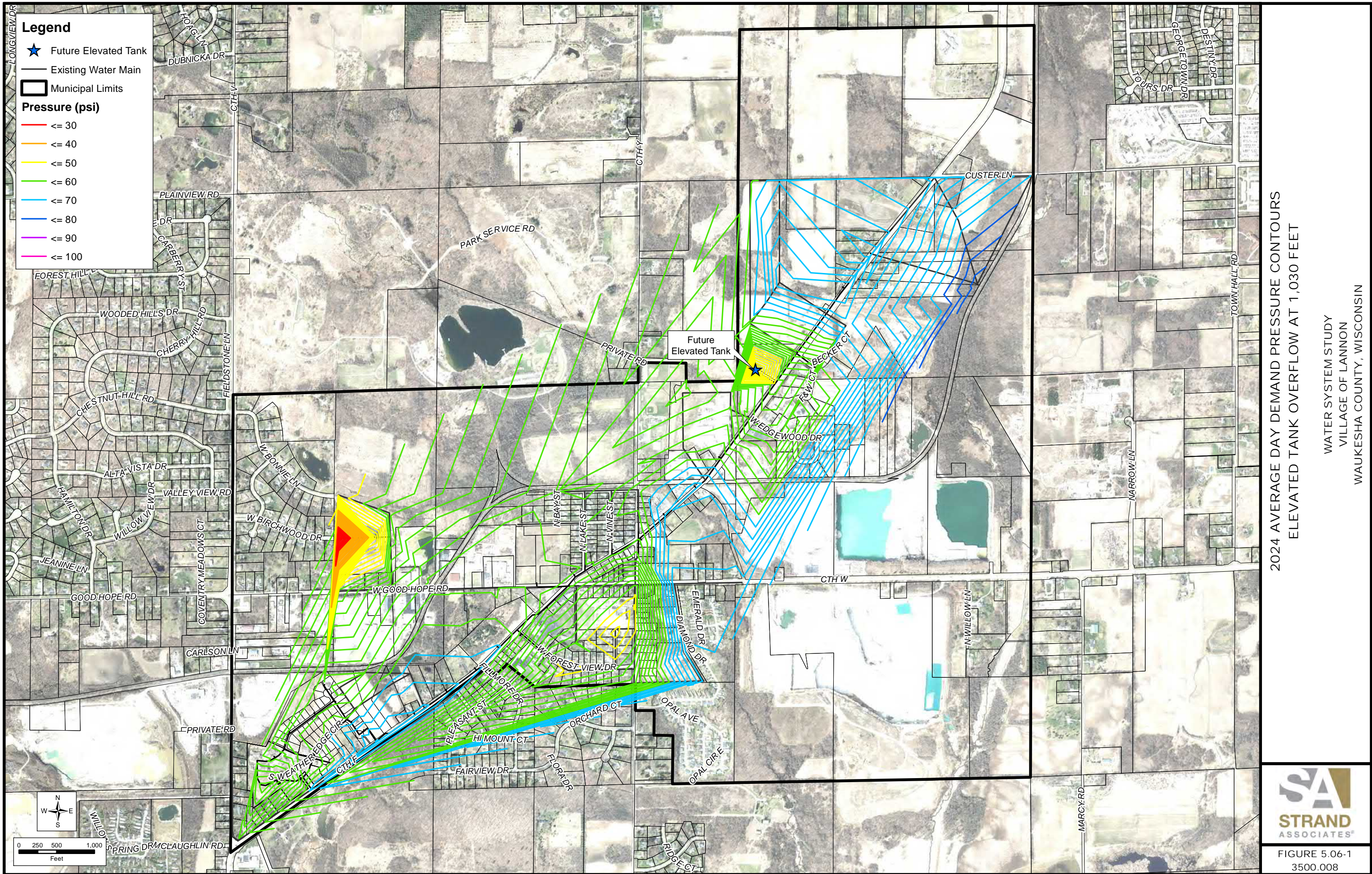


2024 MAXIMUM DAY DEMAND PRESSURE CONTOURS
ELEVATED TANK OVERFLOW AT 1,080 FEET

WATER SYSTEM STUDY
VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN



FIGURE 5.05-4
3500.008



2024 AVERAGE DAY DEMAND PRESSURE CONTOURS
ELEVATED TANK OVERFLOW AT 1,030 FEET

WATER SYSTEM STUDY
VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN



at a gradient of 1,088 feet, operating pressures are between 41 and 74 psi with the area of lowest pressure appearing near the elevated tank where ground elevations are higher. Figure 5.06-2 shows the pressure contours with the booster station operating.

C. Maximum Day—Domestic Demand

The 2024 maximum day domestic demand condition, equaling 188 gpm, was modeled using a steady-state analysis with no booster pumps operating in the main zone, the new booster station operating in the high zone, the pressure tank isolated, and the new elevated tank set to 10 feet below overflow. The model projected system operating pressures to be between approximately 41 and 74 psi, as shown by the pressure contours generated by the model in Figure 5.06-3. The areas of lowest and highest pressure appear to be in the same places as the average day.

D. Maximum Day—Domestic Demand with Fire Flow

The 2024 maximum day domestic demand condition plus fire flow was modeled using a steady-state analysis with no booster pumps operating in the main zone, the new booster station operating in the high zone, the pressure tank isolated, and the new elevated tank set to 10 feet below overflow. The model projected available fire flow, which ranged from approximately 1,900 gpm to greater than 5,000 gpm, as shown by the available fire flow contours generated by the model, which can be seen in Figure 5.06-3. The hydrant with the lowest available fire flow is located within the new boosted zone. The low flow is dictated by the ground elevation of the suction pipe from the main zone. The hydrant with the lowest available fire flow in the main zone of 1,995 gpm is located at the end of North Parkview Drive and is located on the end of an 8-inch water main.

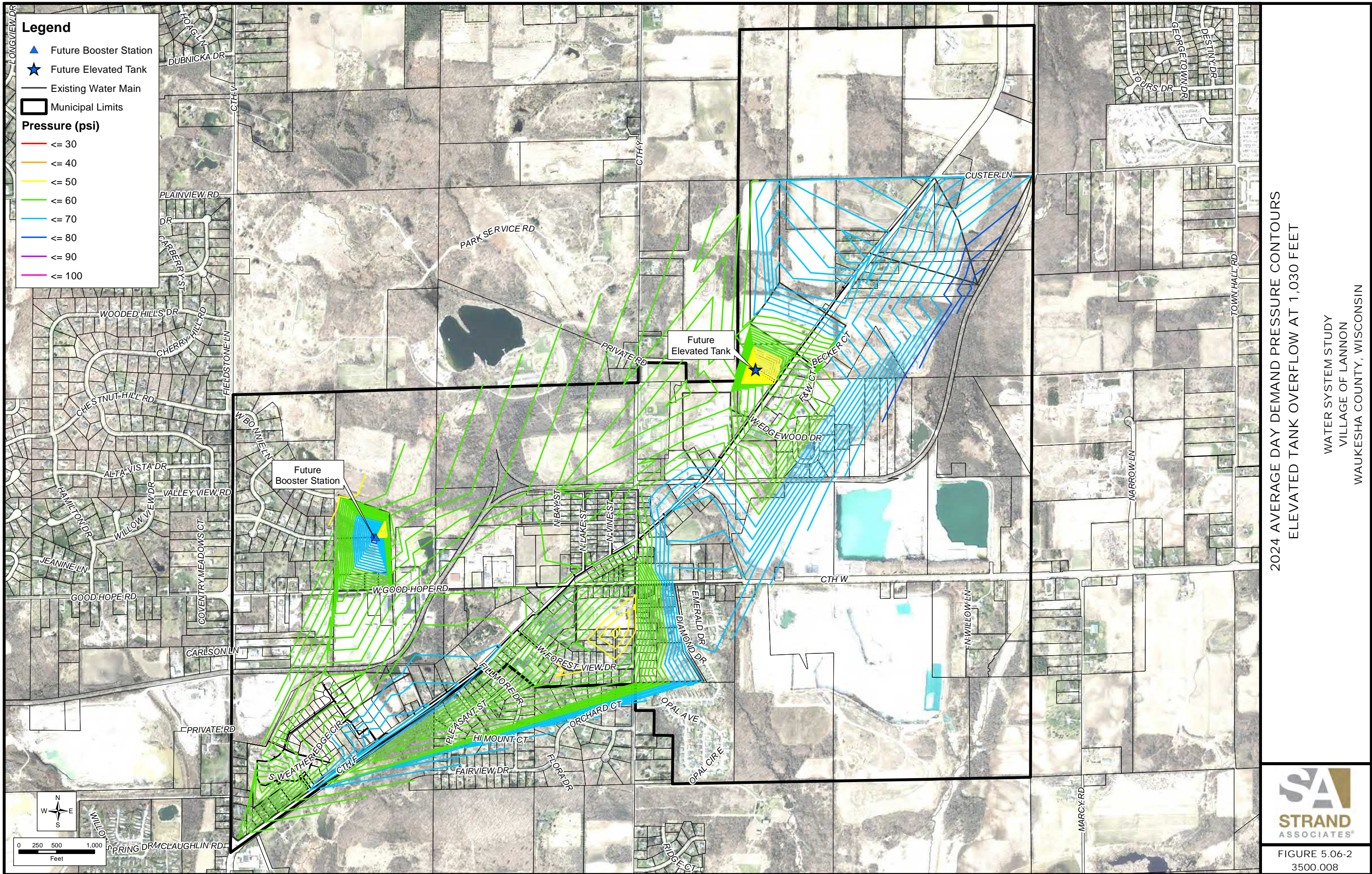
5.07 2035 MODEL ANALYSIS—ELEVATED TANK OVERFLOW AT 1,080 FEET AMSL

A. Expansion of the Distribution System

A 2035 water system model was created to simulation future demands and additional infrastructure. The 2035 water model was also analyzed using domestic (non-fire) and fire flow demand conditions. The additional water main shown in Figure 5.05-1 was added to the model to simulate future growth between 2024 and 2035. This analysis assumes the well, booster pumps, reservoir, and elevated tank are active. Two additional supply sources would have been added to meet the demands by this time. For this analysis, it assumed that no wells or sources of supply are operating. Therefore, adding the additional supply sources to the model was not necessary.

B. Average Day—Domestic Demand

The 2035 maximum day domestic demand condition, equaling 188 gpm, was modeled using a steady-state analysis. System conditions include no booster pumps operating, the pressure tank isolated (inactive), and the new elevated tank set to 10 feet below overflow. The model projected system operating pressures to be between approximately 42 and 95 psi, as shown by the pressure contours generated by the model in Figure 5.07-1. The area of lowest pressure appear to be east of the intersection of Davies Drive and West Birchwood Drive and are caused by higher ground

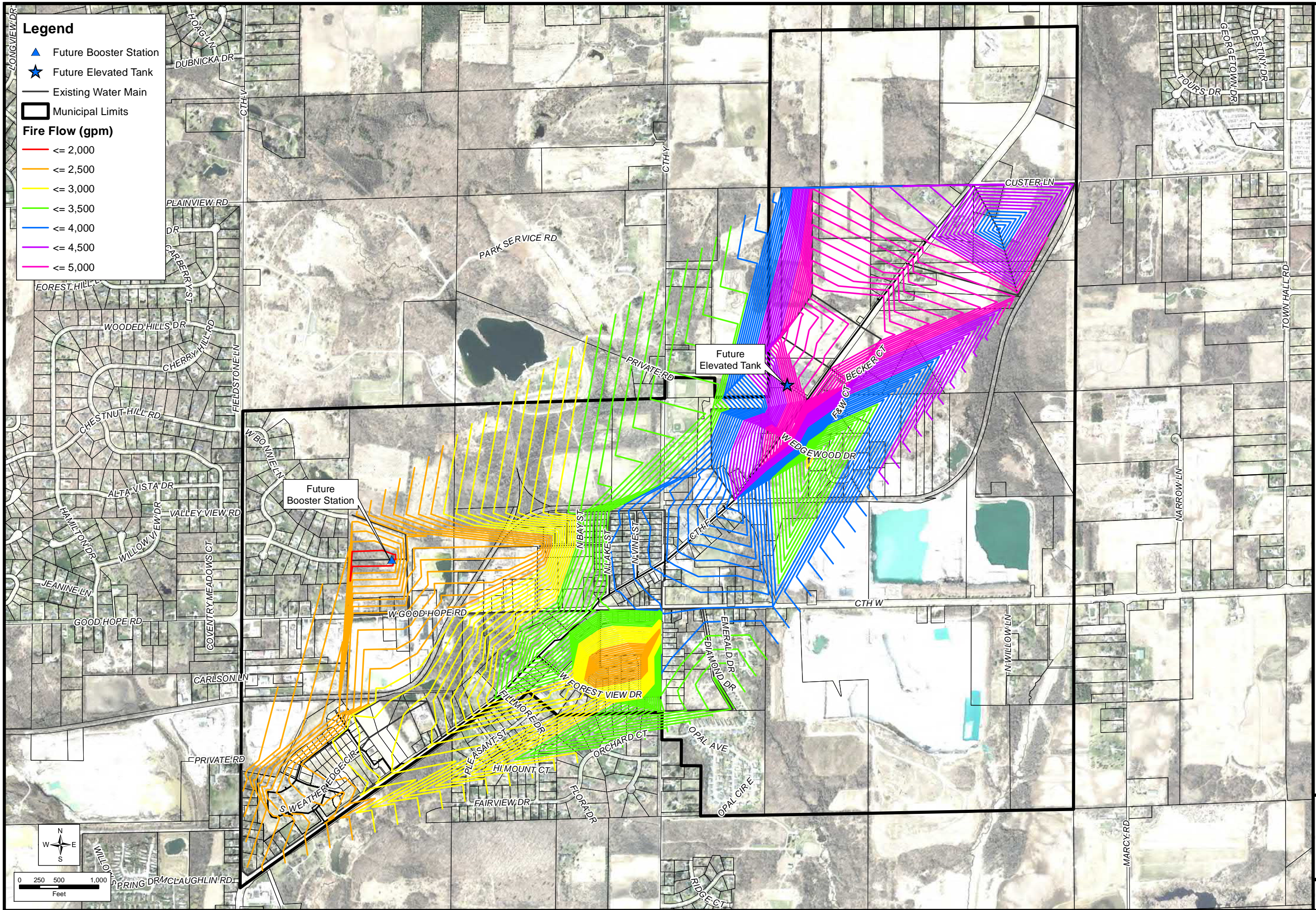


2024 AVERAGE DAY DEMAND PRESSURE CONTOURS
ELEVATED TANK OVERFLOW AT 1,030 FEET

WATER SYSTEM STUDY
VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN



FIGURE 5.06-2
3500.008

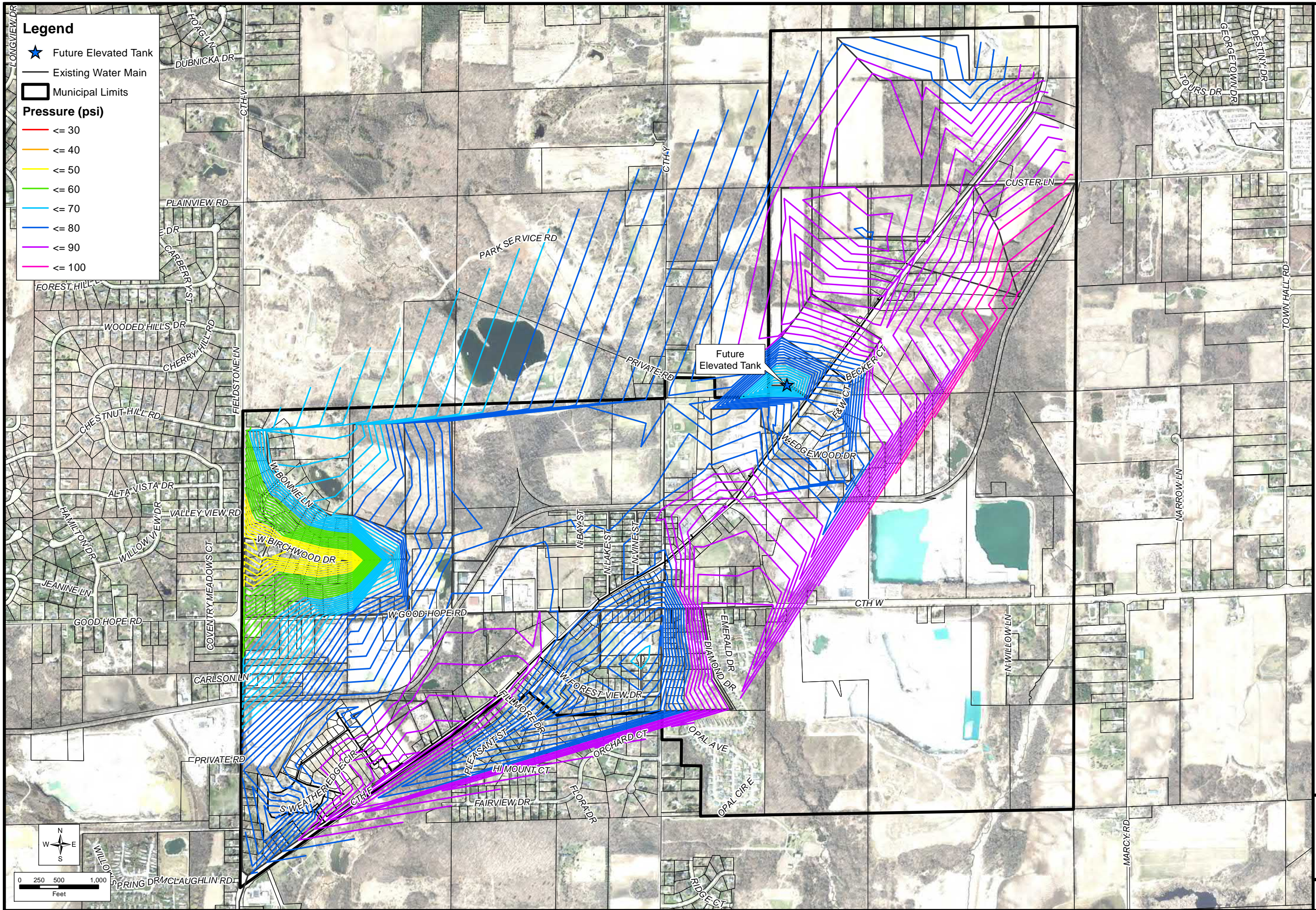


2024 MAXIMUM DAY AVAILABLE FIRE FLOW CONTOURS
ELEVATED TANK OVERFLOW AT 1,030 FEET

WATER SYSTEM STUDY
VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN



FIGURE 5.06-4
3500.008

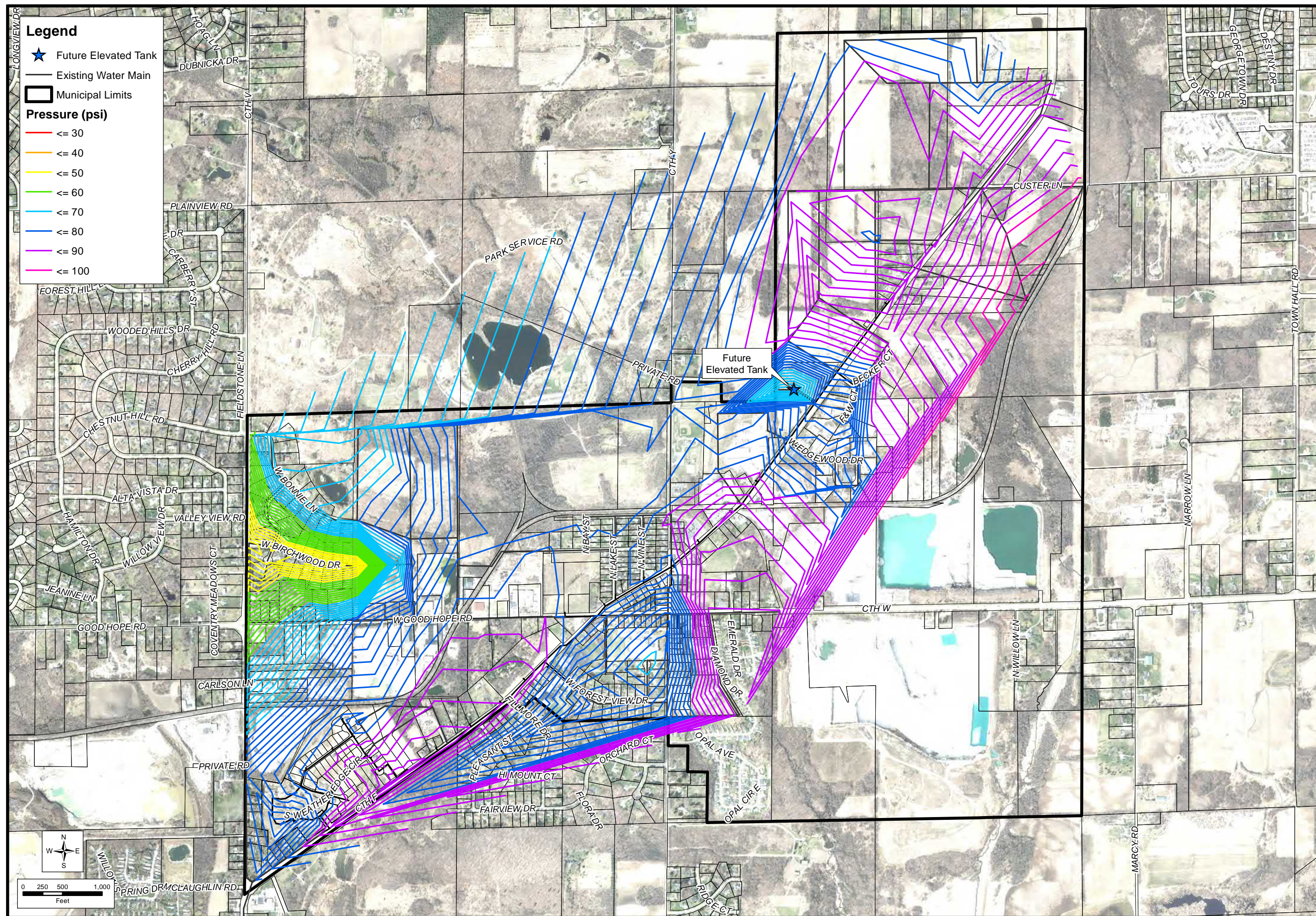


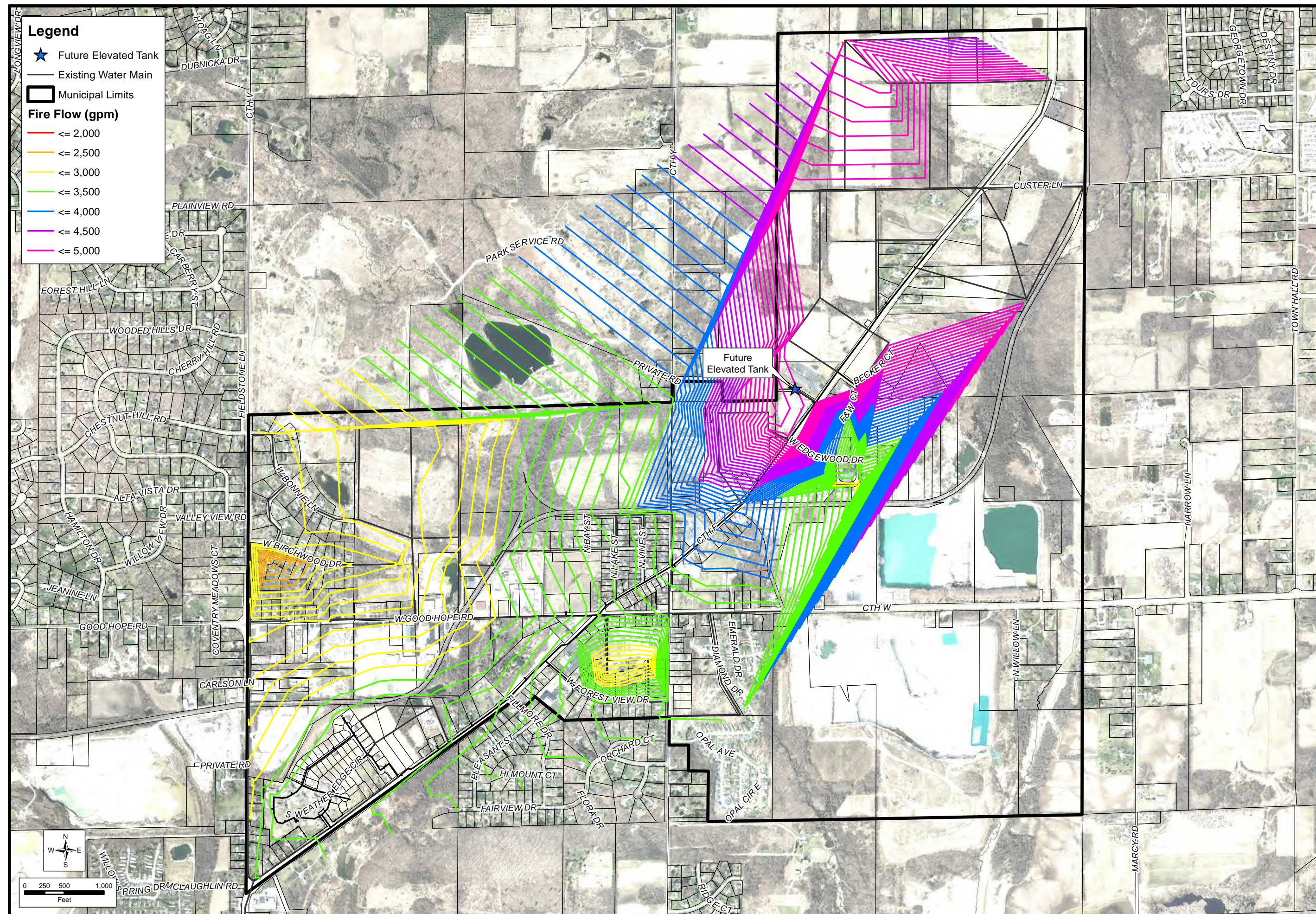
2035 AVERAGE DAY DEMAND PRESSURE CONTOURS
ELEVATED TANK OVERFLOW AT 1,080 FEET

WATER SYSTEM STUDY
VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN



FIGURE 5.07-1
3500.008





elevations. The areas of highest pressure, although not excessive, occur in the northeastern part of the Village near the Fox River and are caused by lower ground elevations.

C. Maximum Day–Domestic Demand

The 2035 maximum day domestic demand condition, equaling 490 gpm, was modeled using a steady-state analysis with no booster pumps operating, the pressure tank isolated, and the new elevated tank set to 10 feet below overflow. The model projected system operating pressures to be between approximately 42 and 95 psi, as shown by the pressure contours generated by the model in Figure 5.06-4. The areas of lowest and highest pressure appear to be in the same places as the average day.

D. Maximum Day–Domestic Demand with Fire Flow

The 2035 maximum day domestic demand condition plus fire flow was modeled using a steady-state analysis no booster pumps operating in the main zone, the new booster station operating in the high zone, the pressure tank isolated, and the new elevated tank set to 10 feet below overflow. The model projected available fire flow, which ranged from approximately 2,247 gpm to greater than 5,000 gpm, as shown by the available fire flow contours generated by the model, which can be seen in Figure 5.06-5. The area with the lowest available fire flow occurred at the end of Davies Court along a dead-end 8-inch water main.

5.08 2035 MODEL ANALYSIS–ELEVATED TANK OVERFLOW AT 1,030 FEET AMSL

A. Expansion of the Distribution System

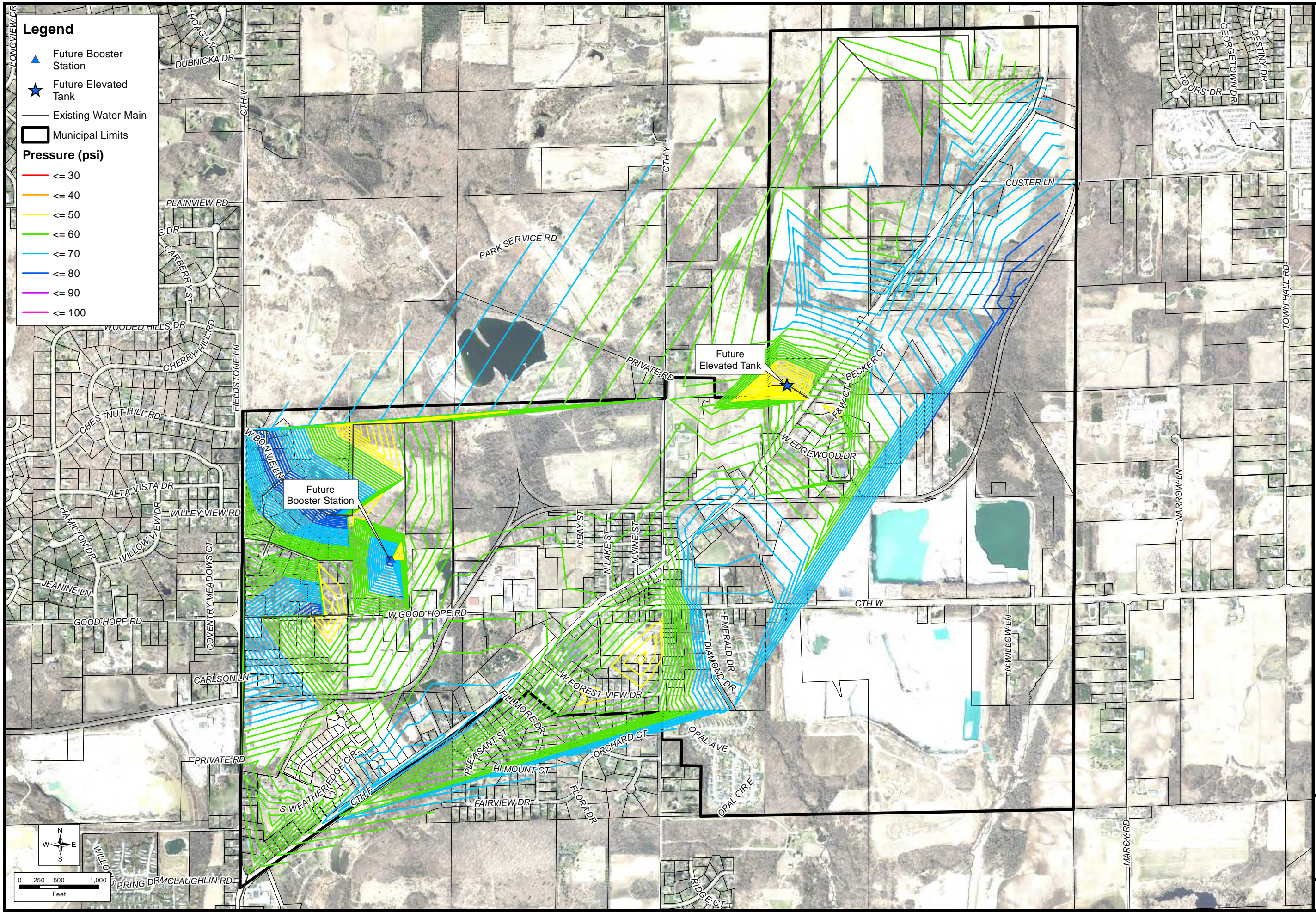
A second growth scenario was run, which included the same distribution growth as section 5.07 but with the new elevated tank constructed with an overflow elevation of 1,030 feet to match the neighboring community's hydraulic grade. All demand junctions were allocated with the same demand. The scenario was analyzed using domestic (non-fire) and fire flow demand conditions.

B. Average Day–Domestic Demand

The 2035 maximum day domestic demand condition, equaling 188 gpm, was modeled using a steady-state analysis. System conditions include no booster pumps operating, the pressure tank isolated (inactive), and the new elevated tank set to 10 feet below overflow. The model projected system operating pressures to be between approximately 41 and 79 psi, as shown by the pressure contours generated by the model in Figure 5.08-1. The area of lowest pressure appears to be near the new elevated tank and is caused by higher ground elevations. The areas of highest pressure, although not excessive, occur in the new boosted zone and are controlled. by the setpoint of the booster station.

C. Maximum Day–Domestic Demand

The 2035 maximum day domestic demand condition, equaling 198 gpm, was modeled using a steady-state analysis with no booster pumps operating, the pressure tank isolated, and the new



2035 AVERAGE DAY DEMAND OVERFLOW PRESSURE CONTOURS
ELEVATED TANK OVERFLOW AT 1,030 FEET

WATER SYSTEM STUDY
VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN

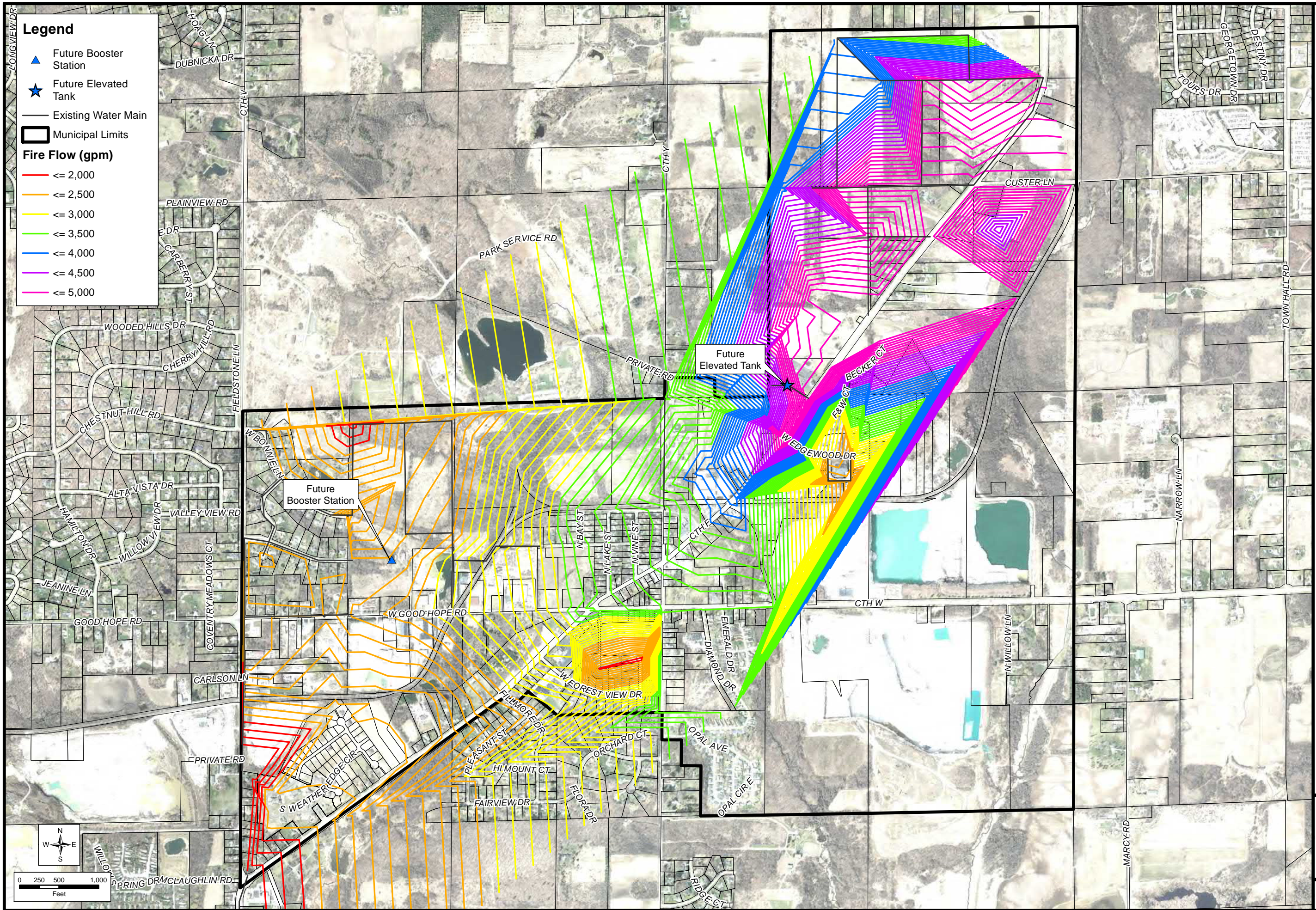


FIGURE 5.08-1
3500.008

elevated tank set to 10 feet below overflow. The model projected system operating pressures to be between approximately 41 and 79 psi, as shown by the pressure contours generated by the model in Figure 5.08-2. The areas of lowest and highest pressure appear to be in the same places as the average day.

D. Maximum Day–Domestic Demand with Fire Flow

The 2023 maximum day domestic demand condition plus fire flow was modeled using a steady-state analysis with no booster pumps operating, the pressure tank isolated, and the new elevated tank set to 10 feet below overflow. The model projected available fire flow, which ranged from approximately 1,639 gpm to greater than 5,000 gpm, as shown by the available fire flow contours generated by the model, which can be seen in Figure 5.08-3. The area with the lowest available fire flow is located along County Highway V in the southwestern portion of the Village and is caused by a long dead-end length of water main and higher ground elevation.



2035 MAXIMUM DAY AVAILABLE FIRE FLOW CONTOURS
ELEVATED TANK OVERFLOW AT 1,030 FEET

WATER SYSTEM STUDY
VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN



FIGURE 5.08-3
3500.008

6.01 GENERAL

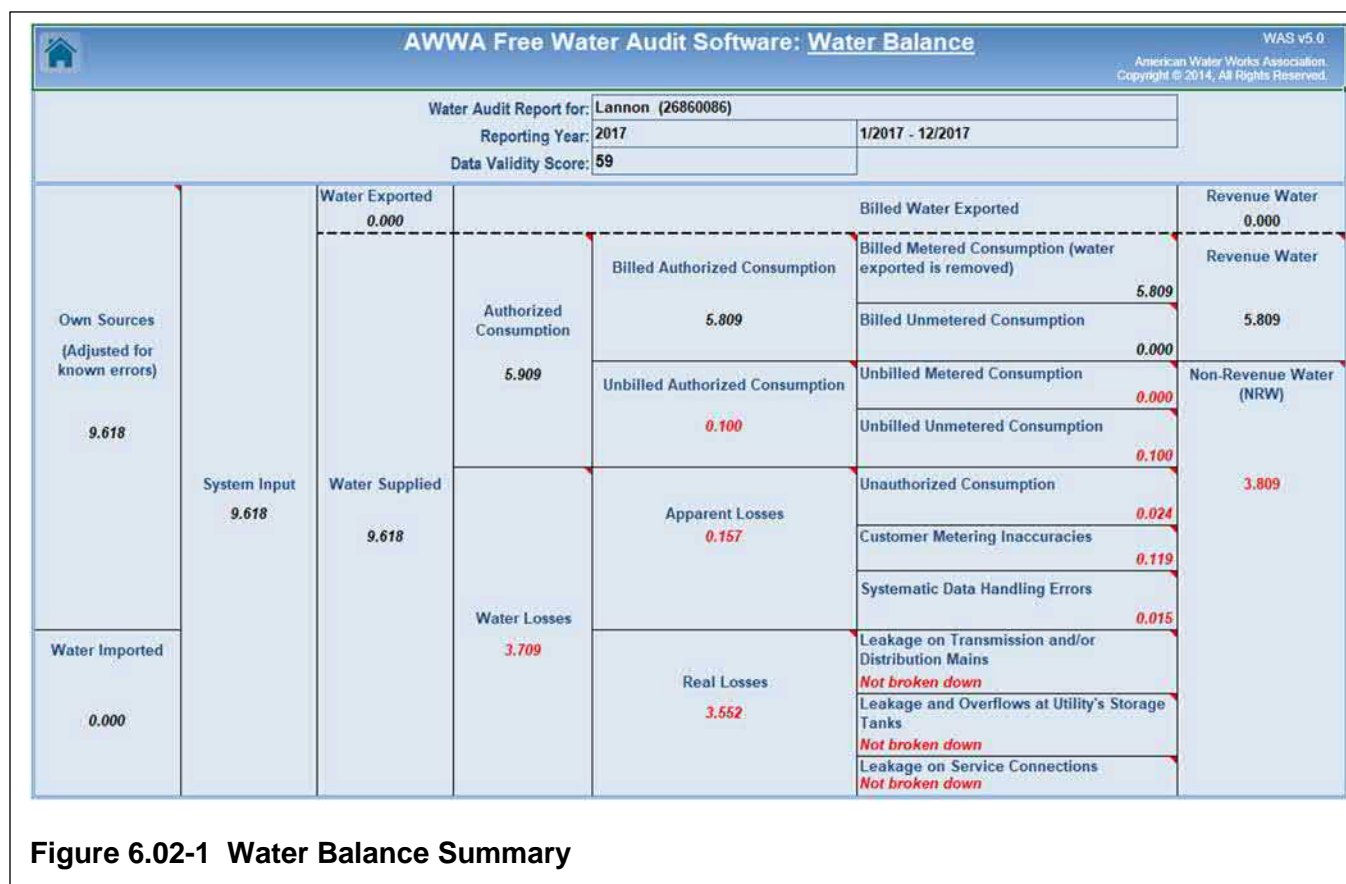
The 2018 Sanitary Survey completed by the WDNR states that the Village has a high percentage of water loss in the system and exceeds the limits set by the PSC. As shown in Figure 3.02-1, the sales to pumpage ratio for the past few years was around 0.4. According to PSC 185.85(4), a Class D utility shall keep non-revenue water below 30 percent, and water loss below 25 percent. According to the information provided in the 2017 WEGS report, the Village did not meet either of these requirements with a non-revenue water of 39 percent of net water supplied and total water loss of 38 percent of net water supplied. As regulated by the PSC, a water loss control plan is required. This section represents the control plan.

6.02 WATER AUDIT

Produced water can be divided into two categories: revenue and non-revenue water. Revenue water consists of billed authorized users or billed metered and unmetered users. Non-revenue water consists of three categories: unbilled authorized users, apparent losses, and real losses. The water loss control plan will strategize ways to reduce the current values in each of the non-revenue water categories.

The American Water Works Association (AWWA) created water auditing software to assist water systems in evaluating the current state of the water system by analyzing water system data. The software then generates a validity score, based on several input parameters, that evaluates the system on a scale from 0 to 100. It also provides priority areas for attention.

A water audit of the Village's system was completed using the AWWA software for the 2017 calendar year. Data was obtained using the 2017 PSC report, discussions with the water system operator, and other information provided by the Village. The results of the audit are shown as a water balance summary in Figure 6.02-1.



As shown in Figure 6.02-1, the Village scored 59 out of 100 for 2017. Real losses account for the majority, approximately 93 percent, of the Village's non-revenue water. This equates to approximately 37 percent of all water supplied. Real losses include leakage coming from both transmission water mains and water service connections.

Apparent losses only account for approximately 4 percent of non-revenue water; however, unauthorized consumption (illegal water use from hydrants, illegal connections, and meter bypasses) and customer metering inaccuracies may be a greater issue than the software estimates. Similarly, unbilled unmetered consumption may also be greater because of hydrant use being undocumented and under-estimated.

In addition to volumetric values and percentages, the AWWA software provides a dollar amount to losses for the system to understand the financial impacts of water loss. The Village had an annual cost of \$3,115 in 2017 for real losses. This value is derived from the Village's variable production cost, or the cost to produce and supply water, which is determined by calculating unit costs for water treatment and power used to supply water. Figure 6.02-2 shows the Village's performance indicators based on financial and operational efficiency.

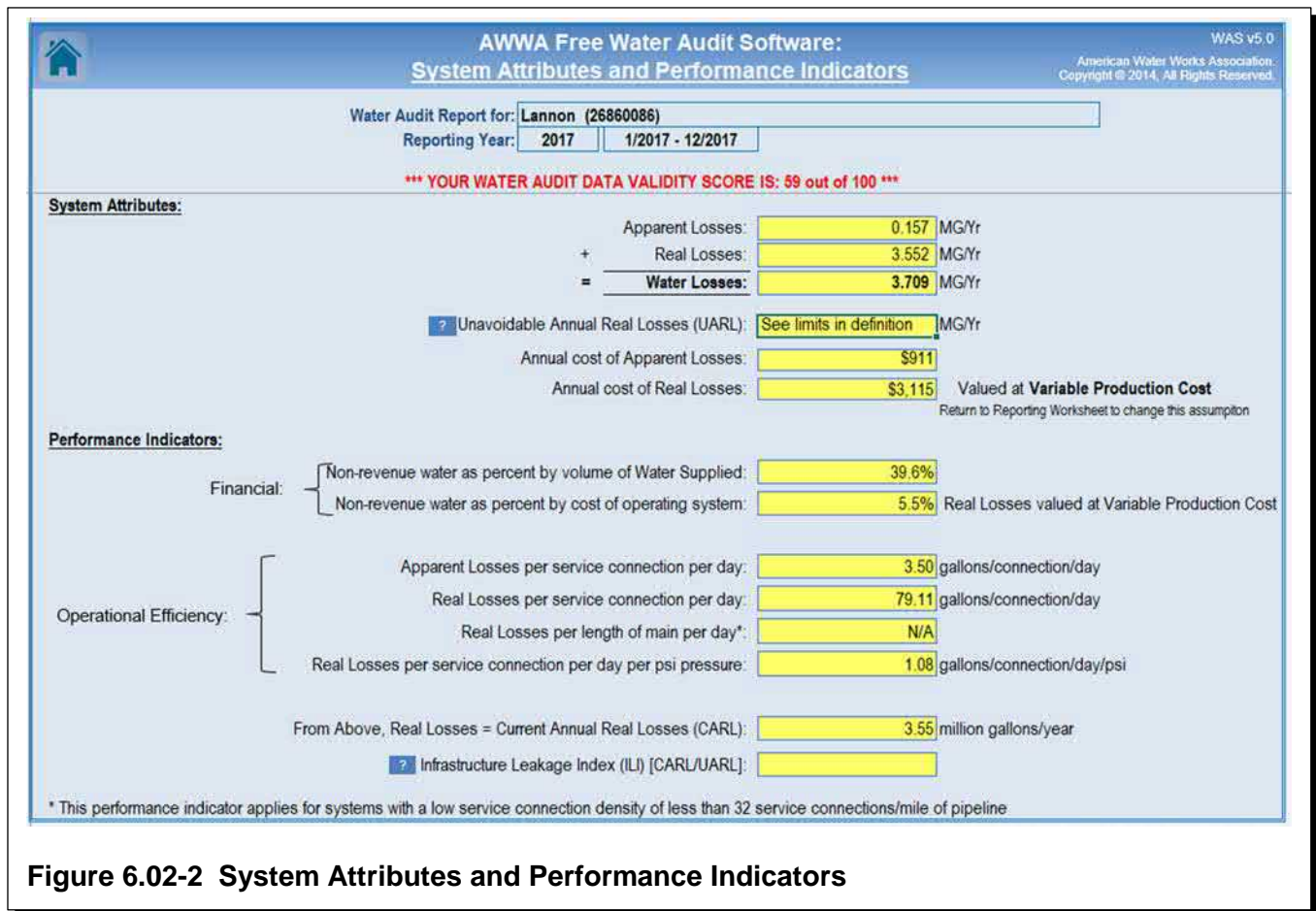


Figure 6.02-2 System Attributes and Performance Indicators

6.03 WATER LOSS CONTROL PLAN

This report will serve as the Village's suggested water system improvement plan to identify several ways to reduce water loss. It is recommended that the following actions be improved or implemented for both short- and long-term sustainability for the Village's water system:

1. Find real losses in the water system.
2. Improve and monitor water meter accuracy and accountability (both well meter and customer meters).
3. Improve unbilled unmetered consumption data and recording for hydrants within the system.

A. Real Losses

Real losses are the largest problem and should be corrected to improve water loss and non-revenue water in the Village. The Village has attempted to identify leaks in the system and has encountered and corrected a few in previous years. The PSC has required a leak detection study to find and

address suspected leaks in the system. The leak detection study will scan the existing distribution system and listen for any leaks occurring in water mains and service connections.

It is recommended that a system-wide leak test be completed after corrections to the well meter have occurred. A leak detection study would take a couple of days and would cost approximately \$5,000 to perform. After the study is complete, any leaks encountered would be investigated further and corrected.

B. Meter Accuracy and Accountability

CTW previously tested the existing well pump meter on June 12, 2018, by placing a calibrated meter downstream of the existing flow meter. 15,000 gallons of water flowed through both meters and the registered value in the meters was compared. The existing 4-inch Badger magnetic flow meter showed readings 4.92 percent higher than the readings on the calibrated meter. CTW suspects the poor readings are caused by the chemical injection location being too close upstream and is interfering with the meter. CTW has since relocated the injection location and replaced the water meter with a Badger M2000 4-inch diameter meter with serial number 49425727. It is recommended to monitor the results of the new meter.

The Village does not currently test existing customer meters. Rather, the Village of Menomonee Falls currently is contracted to repair, test, and read customer water meters. The Village of Menomonee Falls also obtains the billing information from the meters and provides it to the Village. The average age of the meters is approximately eight years old with very few of the meters ever being replaced or recalibrated.

It is recommended that the Village improve meter accuracy and accountability. The well flow meter needs to be calibrated once every two years. Customer meters need to be bench tested to determine their accuracy. It is recommended that the Village incorporate a meter testing and replacement program as the existing meters are starting to get close to their expected life span and might not be recording accurately. This will need to be coordinated with the Village of Menomonee Falls, or an in-house program should be created.

C. Unbilled Unmetered Consumption

The only unbilled unmetered consumption in 2017 was 100,000 gallons of hydrant flushing reported on the WEGS report. The Village currently flushes hydrants annually and estimates the amount of water used.

There are several residents located along the existing distribution system that are not identified as an existing customer. It is possible that a service connection was illegally installed when the water main was being constructed and a water meter was never installed.

It is recommended that the Village incorporate a better method to document the amount of water used during hydrant testing. Using a hydrant flow meter is much more accurate than calculating based on estimated flow and duration. Reporting procedures should be reviewed to make sure all non-revenue water is reported.

6.04 WATER LOSS CONTROL PLAN SUMMARY

Water loss and non-revenue water is a problem for the Village. The Village needs to incorporate measures to reduce the amount of non-revenue water within the system. Real losses need to be found in the system by performing a leak detection study. Both the well meter and customer meters need to be tested and calibrated as recommended to accurately measure the water flowing in the system. Procedures need to be incorporated to understand how much unbilled unmetered water is being consumed for hydrant flushing activities and find any existing service connections that might not be metered.

7.01 SOURCE CAPACITY AND SYSTEM DEMANDS

A. 2019

The estimated 2019 maximum day demand equals 50 gpm. The current system firm source capacity with the largest well out of service is 0 gpm. An additional source of supply is needed to meet maximum day demand under firm source capacity. It is recommended to construct an additional supply source as soon as feasibly possible to provide a redundant source of supply.

B. 2024

The estimated 2024 maximum day demand equals 188 gpm. By 2024, it is assumed that the Village will have incorporated an additional source of supply and firm capacity will increase to 300 gpm and no additional source capacity is needed at this time.

C. 2035

The estimated 2035 maximum day demand equals 490 gpm which exceeds the assumed 300 gpm firm source capacity by 190 gpm. An additional source of supply equal to or greater than 190 gpm is estimated to be needed by 2028 when the maximum day demands exceed 300 gpm.

7.02 STORAGE CAPACITY

A. 2019

The total amount of usable reservoir storage is currently 128,000 gallons. Under firm supply conditions, the Village can supply approximately two maximum demand days from storage. During a maximum day plus fire demand condition under firm supply capacity, the system is projected to have a deficit of 177,960 gallons. Additional storage in the form of an elevated tank is recommended to meet maximum day plus fire demands.

B. 2024

Assuming no additional storage or source capacity is constructed by 2024, the Village can supply approximately 11 hours of maximum day demands under firm supply conditions. Assuming an additional source is constructed by 2024, the system is projected to have a deficit of 190,560 gallons during a maximum day plus fire demand condition under firm supply capacity and additional storage is required.

C. 2035

Assuming no additional storage or source is constructed by 2035, the Village can supply approximately four hours of maximum day demands under firm supply conditions. Assuming two additional sources have been constructed by 2035, the system is projected to have a deficit of 167,000 gallons during a maximum day plus fire demand condition under firm supply capacity and additional storage is required.

Considering the 2019, 2024, and 2035 storage capacity evaluations, a 250,000-gallon elevated tank should be constructed to meet maximum day plus fire conditions for both current and future design years.

7.03 NON-REVENUE WATER

The ratio of water sold to the volume of water pumped is defined as the sales to pumpage ratio. The volume of water between these two values can be defined as non-revenue water. Historically, annual sales to pumpage ratio has been between 0.4 and 0.6 (approximately 40 to 60 percent non-revenue water).

A water audit was completed using AWWA auditing software. The Village scored 59 out of 100 using 2017 data and was estimated to be losing approximately \$3,115 per year for the real losses. The software provided three priority areas for attention: volume from own sources, customer metering inaccuracies, and billed metered.

A water loss control plan was created and identified three items that should be improved or implemented. These items include finding real losses in the water system, improving and monitoring water meter accuracy and accountability, and improving unbilled unauthorized consumption data. A full system leak detection study is recommended after these items have been completed.

7.04 DISTRIBUTION SYSTEM

A. 2019

In general, water modeling indicates that the distribution system provides adequate pressures to all locations under simulated demand conditions. Pressures range from 65 psi to 81 psi. Fire flow availability at existing hydrants range from 2,000 gpm to 5,000 gpm based on distribution system hydraulics, but are limited by booster pump capacity to approximately 1,100 gpm.

B. 2024

After incorporating future growth areas, existing infrastructure areas, and construction of an elevated tank, the distribution system experiences different pressures compared to 2019 because the hydraulic gradient in the system changes to the elevated tank. Pressures range from 45 psi to 95 psi with the elevated tank overflow of 1,080 feet and from 41 to 74 psi with the elevated tank overflow of 1,030 and booster station. Pressures in the boosted zone range from 51 to 78 psi. Fire flow availability with implementation of the elevated tank ranges from 1,400 gpm to over 5,000 gpm with the elevated tank overflow of 1,080 feet and from 1,900 gpm to over 5,000 gpm with the elevated tank overflow of 1,030 feet.

C. 2035

After further incorporating future growth areas and existing infrastructure areas, the distribution system experiences pressures and fire flows similar to those in 2024. Pressures range from 42 to 95 psi with the elevated tank overflow of 1,080 feet and from 41 to 79 psi with the elevated tank overflow of 1,030 feet.

Fire flow availability range from about 2,250 gpm to over 5,000 gpm with the elevated tank overflow of 1,080 feet and 1,650 to over 5,000 gpm with the elevated tank overflow of 1,030 feet and booster station.

7.05 CAPITAL IMPROVEMENTS PLAN (CIP)

A CIP for the various water system improvements was created through 2035 and is shown in Tables 7.05-1 through 7.05-4 depending on the type of project. An approximate year or range of years is provided for each project. The projected schedule of project implementation may change as development occurs in the Village.

A. Distribution System

The distribution improvements shown in Table 7.05-1 should be constructed to convert the existing residents and businesses from private wells to the municipal water system. See Figure 5.05-1 for a map of the improvements.

Project	OPPC*	Planned Construction Year(s)	Approximate Number of Added Services
Elementary School Water Main	Under Construction 2019		
Area 1 Water Main	\$2,680,000	2020-2021	68
Area 2 Water Main	\$2,040,000	2020-2021	67
Area 4 Water Main	\$1,190,000	2020-2021	16
Area 1 Mill and Overlay	\$288,000	2020-2021	--
Area 2 Mill and Overlay	\$201,000	2020-2021	--
Total	\$6,399,000		151

*All project cost opinions are in 2019 dollars and include 35 percent contingencies and technical services

Table 7.05-1 Distribution Improvements OPPC and Schedule

B. Storage and Supply Alternatives

Table 7.05-2 through 7.05-5 display the three alternatives for storage and supply and provide OPPCs for each.

1. Alternative 1—1,080-foot Overflow Tank and Two Deep Sandstone Aquifer Wells with Treatment Facilities

The total OPPC to construct an elevated tank with an overflow of 1,080 feet, and two deep sandstone aquifer wells with treatment facilities is \$8,345,000. The elevated tank and one well facility should be constructed immediately and the second well should be constructed in 2028.

Improvement	Anticipated Capacity	Anticipated Time of Construction	OPPC
Deep Sandstone-Aquifer Well with Treatment	~ 500 gpm	Immediately	\$3,000,000
Elevated Tank	250,000 gal	Immediately	\$2,270,000
Booster Pump Improvements		Immediately	\$75,000
Deep Sandstone-Aquifer Well with Treatment	~ 500 gpm	2028	\$3,000,000
Total OPPC			\$8,345,000

Table 7.05-2 Alternative 1 Capacity Improvements OPPC

2. Alternative 2—1,080-foot Overflow Tank and Two Shallow Limestone Aquifer Well Facilities

The total OPPC to construct an elevated tank with an overflow of 1,080 feet, and two shallow limestone aquifer well facilities is \$5,345,000. The elevated tank and one well facility should be constructed immediately and the second well should be constructed in 2028.

Improvement	Anticipated Capacity	Anticipated Time of Construction	OPPC
Shallow Limestone-Aquifer Well Facility	~ 300 gpm	Immediately	\$1,500,000
Elevated Tank	250,000 gal	Immediately	\$2,270,000
Booster Pump Improvements		Immediately	\$75,000
Shallow Limestone-Aquifer Well Facility	~ 300 gpm	2028	\$1,500,000
Total OPPC			\$5,345,000

Table 7.05-3 Alternative 2 Capacity Improvements OPPC

3. Alternative 3—1,030-foot Overflow Tank, Interconnection, Booster Pumping Station, and a Deep Sandstone Aquifer Well with Treatment Facility

The total OPPC to construct an elevated tank with an overflow of 1,030 feet, an interconnection with the Village of Menomonee Falls, deep sandstone aquifer well with treatment facility, and a booster pumping station is \$9,030,000.

Improvement	Anticipated Capacity	Anticipated Time of Construction	OPPC
Elevated Tank	250,000 gal	Immediately	\$2,120,000
Interconnection	> 300 gpm	Immediately	\$1,900,000
Deep Sandstone-Aquifer Well with Treatment	~ 1,000 gpm	2028	\$3,000,000
Booster Pumping Station	1,500 gpm	Before 2035	\$2,010,000
Total OPPC			\$9,030,000

Table 7.05-4 Alternative 3 Capacity Improvements OPPC

4. Recommended Alternative

Alternative 1 is the recommended group of alternatives based on several considerations. The deep-aquifer sandstone wells were selected based on higher well capacity and improved water quality and quantity compared to the shallow limestone aquifers. An elevated tank at an overflow elevation of 1,080 feet creates a single-zoned water system with no additional O&M costs for a boosted zone. It also provides opportunities to potentially have interconnections with other neighboring communities.

C. Miscellaneous

The Village has expressed interest in pursuing low-interest loan and grant funding opportunities for the major capacity and water main improvement projects. Additional applications and reports are anticipated to be required and an OPPC to apply to these funding agencies is \$75,000.

When an additional source and an elevated tank are constructed, additional SCADA improvements will be needed at the existing well and booster pumping facility. An OPPC for these improvements is approximately \$150,000.

CTW has expressed concern with the existing site layout of the existing well and booster pumping facility. Currently, there is no accessible walkway to the existing chemical facility. When an operator needs to refill the chemicals, he or she needs to step over rocks to get to the loading platform. Site work modifications are recommended to provide a better access. The OPPC for the site improvements is \$10,000 and should be completed in the next five years.

It is also recommended to perform a distribution system leak study to reduce water loss in the system. The OPPC to perform a leak detection study is \$5,000 and should be completed in the next five years.

D. Summary of Plan

Table 7.05-5 shows the recommended improvements and the costs required for each year for the next five years.

Table 7.05-5 CIP Summary Schedule

Project Description	Project Year				
	2019	2020	2021	2022	2023
Distribution System					
Water Main Design and Construction		\$ 3,200,000	\$ 3,200,000		
Storage Improvements					
Elevated Tank Design (Engineering)		\$ 80,000			
Elevated Tank Construction (Construction)			\$ 1,055,000	\$ 1,055,000	
Elevated Tank Administration (Engineering)			\$ 40,000	\$ 40,000	
Booster Station Improvements				\$ 75,000	
Supply Improvements					
Well 2 Design and Facility Design (Engineering)		\$ 175,000			
Well 2 Drilling (Construction)		\$ 400,000			
Well 2 Drilling Administration (Engineering)		\$ 15,000			
Well 2 Facility Bid and Construction (Construction)			\$ 1,155,000	\$ 1,155,000	
Well 2 Facility Administration (Engineering)			\$ 50,000	\$ 50,000	
Miscellaneous					
Funding Applications and Reports	\$ 75,000				
SCADA Improvements			\$ 50,000	\$ 100,000	
Well 1 Facility Improvements					\$ 10,000
Leak Detection					\$ 5,000
Annual Totals	\$ 75,000	\$ 3,870,000	\$ 5,550,000	\$ 2,475,000	\$ 15,000
5-Year CIP Total	\$ 11,985,000				

APPENDIX A
HISTORIC WATER PUMPAGE AND SALES DATA

HISTORIC WATER PUMPAGE AND SALES DATA

Year	Annual Pumpage (gal)	Average Day Pumpage (gpd)	Maximum Day Pumpage (gpd)	Average Day Sales (gpd)	Sales to Pumpage Ratio	Maximum to Average Day Ratio	Accounted for Water (gal)	Unaccounted for Water (gpd)
2008	634,000	1,736	17,000	1,736	1.00	9.79	0	0
2009	4,301,000	11,775	78,000	12,890	1.09	6.62	-407,000	-1,115
2010	5,041,000	13,802	109,000	8,172	0.59	7.90	2,056,000	5,633
2011	4,612,000	12,627	133,000	7,003	0.55	10.53	2,054,000	5,627
2012	5,175,000	14,168	106,000	7,436	0.52	7.48	2,459,000	6,737
2013	6,588,000	18,037	74,000	8,816	0.49	4.10	3,368,000	9,227
2014	7,586,000	20,769	196,000	8,589	0.41	9.44	4,449,000	12,189
2015	7,626,000	20,879	73,000	8,441	0.40	3.50	4,543,000	12,447
2016	14,603,000	39,981	111,000	14,973	0.37	2.78	9,134,000	25,025
2017	9,618,000	26,333	65,000	15,650	0.59	2.47	3,902,000	10,690
2018	9,605,000	26,297	58,000	15,800	0.60	2.21	3,834,000	10,504

APPENDIX B
LANNON COMPREHENSIVE PLAN AMENDMENT



LANNON COMPREHENSIVE PLAN AMENDMENT

ADOPTED: JUNE 11, 2018



PREPARED BY VANDEWALLE & ASSOCIATES INC.

VILLAGE OF
LANNON,
WISCONSIN



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Introduction

Relationship to Waukesha County Comprehensive Plan

This document is an amendment to the *Recommended Land Use Plan for Waukesha County – 2035* contained in the *Comprehensive Development Plan for Waukesha County*, adopted February 24, 2009. The land use plan map included in this document is intended to serve as the Village’s official Future Land Use Map, as required by Wis. Stat. 66.1001(2)(h). The 2018 Future Land Use Map should be reflected in the forthcoming ten-year update of the *Comprehensive Development Plan for Waukesha County*.

The 2018 Future Land Use Map and accompanying text included in this document will be described hereafter in this document as the “2018 Plan Amendment.”

The 2018 Plan Amendment reflects a number of intentional policy changes by the Village of Lannon. These policy changes relate to the following sections of the 2009 County Plan:

- The Land Use Element (Chapter 7) of the 2009 County Plan includes the *Recommended Land Use Plan for Waukesha County – 2035* and a text description of the land use categories included on that map. The *Recommended Land Use Plan* and related descriptions will be superseded by the 2018 Plan Amendment.
- Environmental Corridor data has been updated to reflect the latest information from the Southeastern Wisconsin Regional Plan Commission (2010).

In the above locations and in all other locations where contradictions between the 2018 Plan Amendment and the 2009 County Plan exist, the 2018 Plan Amendment will supersede the 2009 County Plan.

Planning Process

Public Participation

Section 66.1001(4) of the Wisconsin Statutes requires that the Village Board adopt a public participation plan that includes written procedures that are “designed to foster public participation, including open discussion, communication programs, information services, and public meetings for which advance notice has been provided, in every stage of the preparation of a comprehensive plan.” The public participation plan was adopted by resolution of the Lannon Village Board on September 11, 2017. The major public involvement steps included the following:

- The 2018 Plan Amendment and related issues were discussed at two joint meetings of the Plan Commission and Village Board (September 20 and October 2, 2017), which were noticed, open to the public, and included an opportunity for public comment.
- A Public Hearing was held on November 16, 2017.

Additionally, the draft Plan Amendment was available for public review at Village Hall, and opportunities for written comments to be submitted by the public to the Village were provided.

Plan Review and Adoption

On November 16, 2017, the Village Plan Commission and Village Board held a joint public hearing to hear comments on adopting the *Comprehensive Development Plan for Waukesha County* as the Village’s official Comprehensive Plan in accordance with Wis. Stat. 66.1001. Following the public hearing, the Village Plan Commission recommended the *Comprehensive Development Plan for Waukesha County* to the Village Board, and the Village Board adopted the Plan by ordinance.

After adopting the *Comprehensive Development Plan for Waukesha County*, the Village Plan Commission and Village Board held a joint public hearing to hear comments on the proposed 2018 Plan Amendment.

On June 11, 2018, the Village Plan Commission recommended the 2018 Plan Amendment to the Village Board. On June 11, 2018, the Village Board adopted the 2018 Plan Amendment by ordinance.

Recommended Future Land Use Map

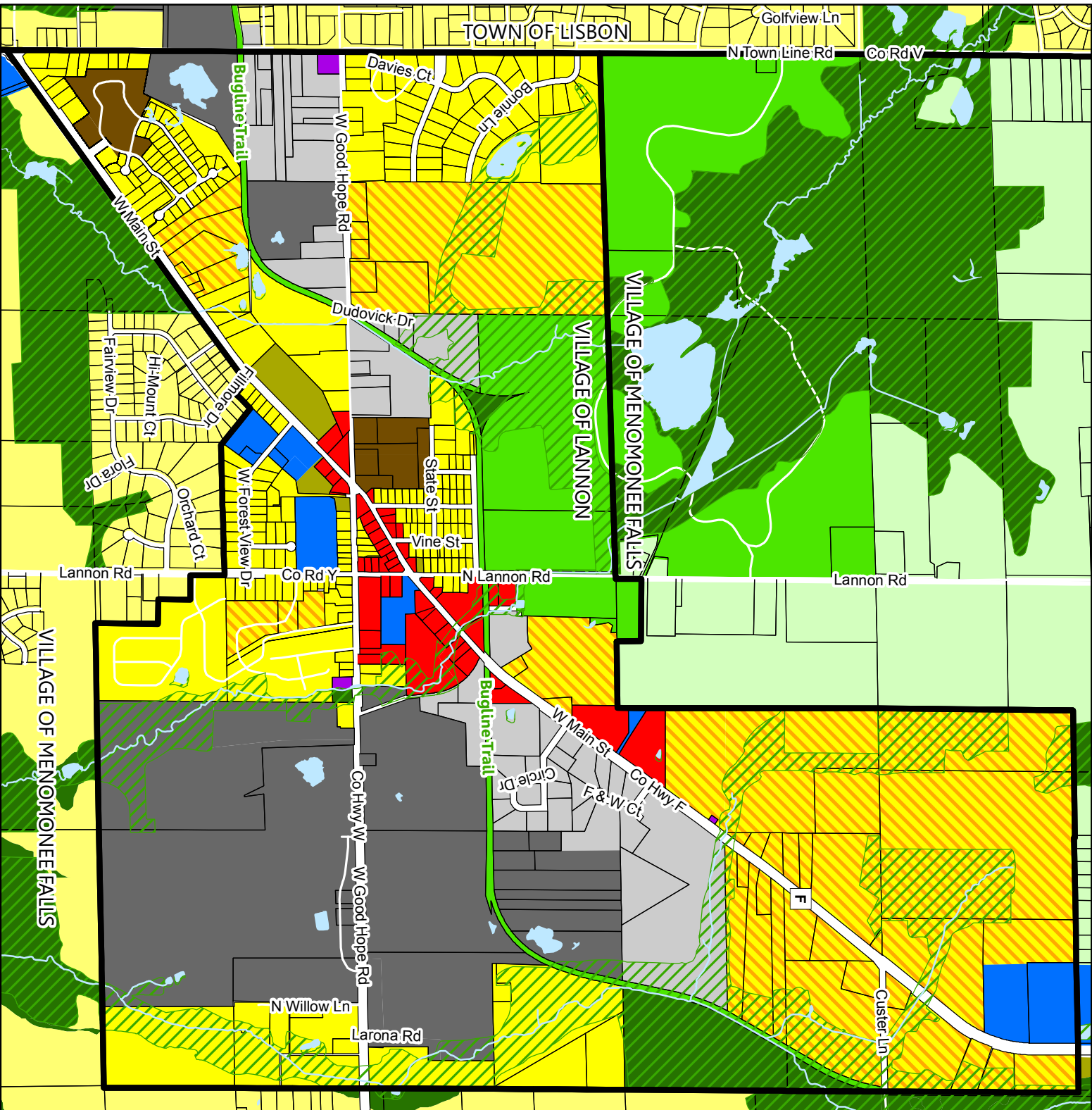
Future Land Use Pattern

The Future Land Use Map is the centerpiece of the Village's land use policy and provides the Comprehensive Plan's land use policy direction. The Future Land Use Map in this 2018 Plan Amendment replaces the *Recommended Land Use Plan* for the Village of Lannon in the 2009 *Comprehensive Development Plan for Waukesha County*. The Future Land Use Map was prepared based on an analysis of a variety of factors, including development trends, location and availability of vacant land in the Village, adjacent development, input from Village officials, and environmental constraints.

The Future Land Use Map and related guidance described below should be used as a basis to update the Village's regulatory land use tools such as the Zoning Ordinance and Zoning Map. They should also be used as a basis for all public and private sector development decisions including annexations, zoning map amendments (rezonings), subdivisions, extension of municipal utilities, and other public or private investments. Changes in land use to implement the recommendations of this Plan Amendment will generally be initiated by property owners and private developers. This Plan Amendment does not compel property owners to change the use of their land.

Not all land shown for development on the Future Land Use Map will be immediately appropriate for rezoning and other land use approvals following adoption of this Plan Amendment. Given service demands and other factors, it will be essential to consider the amount, mix, and timing of development in order to keep development manageable and sustainable. Where necessary, the Village advocates the phased development of land that focuses growth in areas and types that advance the vision of the community and that can be efficiently served with transportation facilities, utilities, public services, and other community facilities.

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Village of Lannon Comprehensive Plan Future Land Use Map

Municipal Boundaries

Surface Water

Land Use Categories

- Single-Family Residential
 - Two-Family Residential
 - Multi-Family Residential
 - Planned Neighborhood*
 - Commercial
 - Industrial
 - Extractive
 - Governmental/Institutional
 - Utilities
 - Agricultural
 - Recreational
 - Conservation/Open Land
 - Environmental Corridor
- *Planned Neighborhood Categories:
 -Single-Family Residential
 -Two-Family Residential
 -Multi-Family Residential
 -Governmental/Institutional
 -Recreational

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Future Land Use Map Categories

Each of the future land use categories shown on the Future Land Use Map is described below. Each land use category description summarizes where that type of land uses should be promoted, the appropriate zoning district(s) to implement that category, policies related to future development in areas designated by that category, and overall approaches for achieving the Village's overall vision for the future.

The Village's Planned Unit Development (PUD) zoning districts are intended to accommodate the relaxation of certain development standards of the underlying zoning district. In exchange for this flexibility, the Village holds development within a PUD to a higher standard of development that reflects policies established the Village's Comprehensive Plan and other adopted plans and policies. A PUD may be appropriate for many of the future land use categories described above.

Single-Family Residential: Sewered single-family residential on lots ranging from 6,000 to 19,999 square feet. Recommended Village zoning districts include ROP Residential, R-1, R-2, R-3, NR-1, NR-2, and NR-3.

The Village should consider amending the Zoning Ordinance to create one or more zoning districts, including NR-4, that enable smaller lot single-family development (6,000 to 15,000 square feet per lot) as permitted by right.

Two Family Residential: Two family residential development, including duplexes and zero-lot-line duplexes. Recommended Village zoning districts include RD and NRD.

Multi-Family Residential: Residential development, including apartment buildings with densities averaging 8 dwelling units per acre or higher. Development in this category should include top quality building materials and design, generous landscaping, functional outdoor space, and other resident amenities. The recommended Village zoning district is RM.

The Village should consider amending the Zoning Ordinance to establish design standards for multi-family development that address site layout, exterior building materials, façade articulation, lighting, landscaping, open space, and screening of equipment.

Planned Neighborhood: A carefully planned mixture of predominantly Single-Family Residential development, which may be combined with one or more of the following future land use categories: Two Family Residential, Multi-Family Residential, Governmental/ Institutional, and Recreational. Overall, the density of residential uses shall be a minimum of three dwelling units per acre. The suggested balance of residential development consists of at least 64 percent single-family units (minimum), up to 36 percent two family units (maximum), and up to 20 percent multi-family units (maximum). See pages 9-10 for more information about the target residential balance. Recommended zoning districts include ROP Residential, R-1, R-2, R-3, NR-3, NR-4, RD, NRD, RM, I (Institutional and Public Service), and B-1.



The Village should consider amending the Zoning Ordinance to establish a minimum density of three dwelling units per acre for Planned Neighborhood development.

Commercial: Land devoted to high quality indoor retail, commercial, office, and/or service activities. This category also includes related off-street parking. Recommended Village zoning districts include B-1, B-2, OS, and ROP Business.



Industrial: High quality indoor manufacturing, wholesaling, assembly, and storage uses, including contractor storage yards, with associated office and off-street parking. Development in this category should include adequate landscaping and limited signage. Recommended Village zoning districts include LI and BP.

Extractive: Areas devoted primarily to the extraction of sand, gravel and stone, and related activities. Future land use designation following the cessation of extraction activity will be determined in a future Comprehensive Plan amendment process. The recommended zoning district is Q.

Governmental/Institutional: Areas for government, public, or private institutional buildings, facilities and grounds such as schools, churches, libraries, hospitals, health and special-care facilities, cultural facilities, nonprofit organizations, and police and fire stations. Small institutional uses may be permitted in other land use categories. The recommended zoning district is I (Institutional and Public Service).

Utilities: Areas for essential utility and communication facilities. The recommended zoning district is I (Institutional and Public Service).

Agricultural: Agricultural uses, farmsteads, open lands and single-family residential development with densities at 1 dwelling per 20 or more acres. This category is not mapped or planned within the Village of Lannon municipal limits.

Recreational: Park and open space facilities devoted to both active and passive recreation, such as playgrounds, golf courses, athletic fields, trails, picnic areas, natural areas, and related recreational activities. The recommended Village zoning district is P-1, although FP, C-1, and C-2 may be applicable in some cases.



Environmental Corridor (Overlay Category): Systems of open space that include environmentally sensitive lands and natural resources requiring protection from disturbance and development, and lands needed for open space and recreational use, based mainly on drainageways, stream channels, floodplains, wetlands, and other resource lands and features. As an overlay category, there is no applicable zoning district, although it is commonly associated with FP, C-1, and C-2 zoning.

Conservation/Open Land: Lands adjacent to, but outside, identified environmental corridors and isolated natural resource areas, including lands within the 100-year recurrence interval floodplain, open lands within existing County or State park and open space sites, and lands covered by soils with a high water table, poorly drained soils, or organic soils. The recommended Village zoning district is C-2.



Planned Neighborhood and Residential Density and Balance

A Planned Neighborhood is a carefully planned mixture of predominantly residential development with a focus on a minimum density of three dwelling units per acre in order to provide a tax base that supports the infrastructure necessary to serve these developments. The residential use can be comprised of one or more of the following land use categories: single-family residential, two family residential, multi-family residential, institutional, neighborhood-serving commercial, and park and open space facilities. This approach results in a mix of residential dwelling units and density types and provides opportunities for a wide variety of different housing products. It allows for carefully planned multi-family development while preventing large complexes.

The Village's residential growth areas are shown on the Future Land Use Map as the "Planned Neighborhood" category. This approach gives the Village control of the timing and quantity of multi-family development, as the exact land use pattern would be determined as projects are proposed and rezoned. The Village's suggested residential balance would be applied to the Village's residential growth area overall, i.e., the undeveloped land within the Village's municipal limits. The new growth area would be zoned to achieve the suggested balance overall so that individual projects can implement the residential zoning most advantageous for the specific environmental and site conditions, i.e. depth of bedrock, so long as each project satisfies the minimum density. The Village's suggested residential balance for the growth area is 64 percent single-family units, no more than 36 percent two family units, and no more than 20 percent multi-family units. (The percentage of single-family is minimum, while the percentages of two family and multi-family are maximums.) See Figure 1. The suggested residential balance only applies to areas shown for Planned Neighborhood on the Future Land Use Map.

Suggested Residential Balance in Planned Neighborhoods:

Minimum 64% Single-Family
Maximum 36% Two Family
Maximum 20% Multi-Family

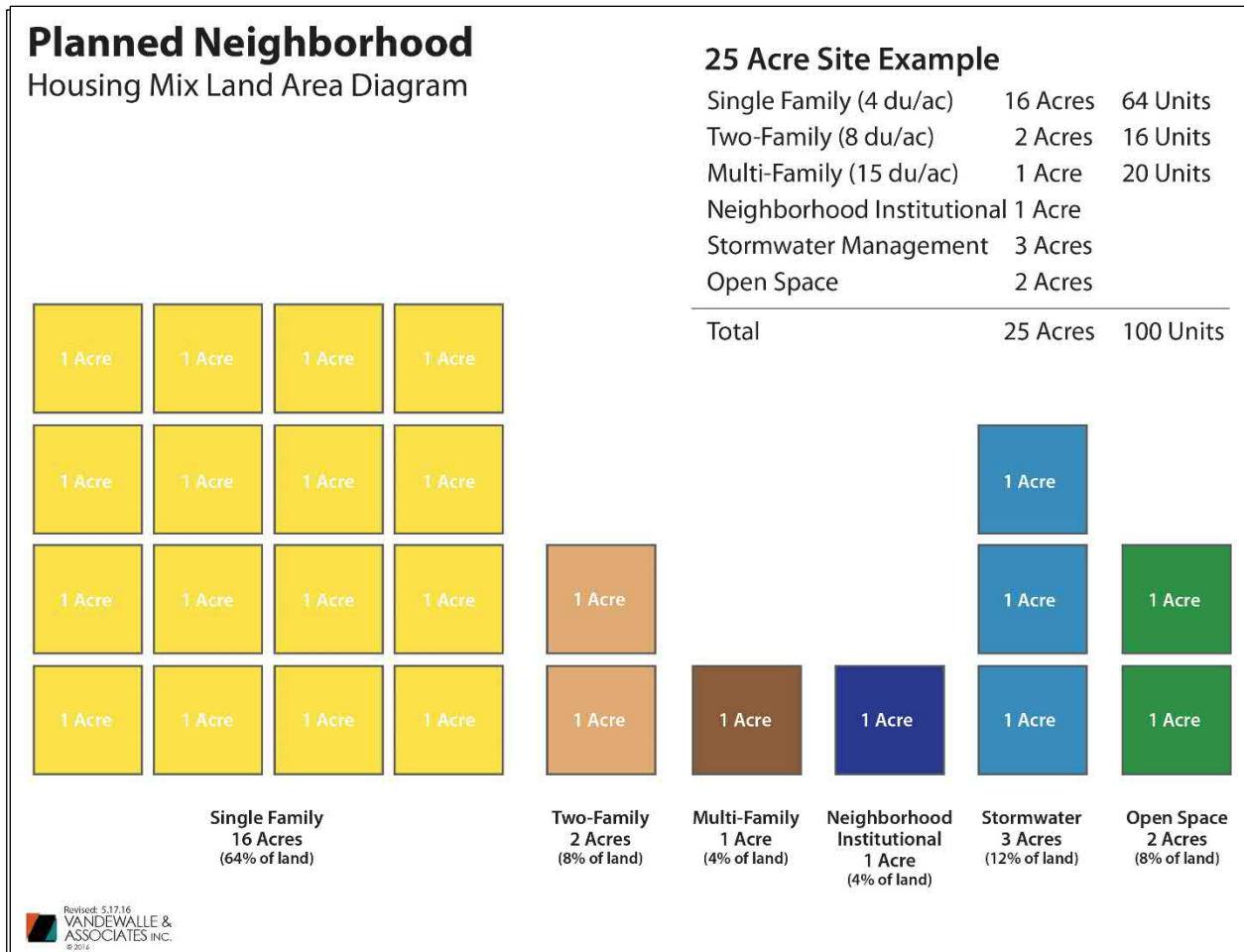
Typically, Planned Neighborhoods compel a multi-family developer to partner with a single-family developer in order to enable the multi-family units he or she would like to build. The suggested residential balance also tends to increase the overall caliber of multi-family development, as single-family developers will insist on quality development constructed with attractive and long-lasting materials to ensure that the nearby single-family lots are marketable.

By mapping residential growth areas as "Planned Neighborhood," a variety of housing types are allowed. This approach has the advantage of distributing the potential profits associated with multi-family development among all of the landowners in the Planned Neighborhood area.

Senior Housing Developments

Within Planned Neighborhoods, multi-family development restricted to residents 55 or over will be exempt from the suggested residential balance. As the baby boomer population ages, the Village will need more housing options for individuals who are looking to downsize from their single-family homes but who wish to continue living in Lannon.

Figure 1: Example Residential Balance within a Planned Neighborhood, by Land Area



For more location information
please visit www.strand.com

Office Locations

Brenham, Texas | 979.836.7937

Cincinnati, Ohio | 513.861.5600

Columbus, Indiana | 812.372.9911

Columbus, Ohio | 614.835.0460

Indianapolis, Indiana | 317.423.0935

Joliet, Illinois | 815.744.4200

Lexington, Kentucky | 859.225.8500

Louisville, Kentucky | 502.583.7020

Madison, Wisconsin* | 608.251.4843

Milwaukee, Wisconsin | 414.271.0771

Phoenix, Arizona | 602.437.3733

*Corporate Headquarters





WATER, ELECTRIC, OR JOINT UTILITY ANNUAL REPORT

OF

LANNON MUNICIPAL WATER UTILITY

PO BOX 456
LANNON, WI 53046-0456

For the Year Ended: DECEMBER 31, 2018

TO

PUBLIC SERVICE COMMISSION OF WISCONSIN

P.O. Box 7854
Madison, WI 53707-7854
(608) 266-3766

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

I **Brenda Klemmer, Clerk/Treasurer** of **LANNON MUNICIPAL WATER UTILITY**, certify that I am the person responsible for accounts; that I have examined the following report and, to the best of my knowledge, information and belief, it is a correct statement of the business and affairs of said utility for the period covered by the report in respect to each and every matter set forth therein.

Date Signed: **3/13/2019**

General Footnote

ACCOUNTANTS' COMPILATION REPORT

Village of Lannon Water Utility
Lannon, Wisconsin

Management is responsible for the Village of Lannon Water Utility Annual Report to the Public Service Commission for the year ended December 31, 2018 included in the accompanying prescribed form. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the Annual Report to the Public Service Commission included in the accompanying prescribed form, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the Annual Report to the Public Service Commission included in the accompanying prescribed form.

The Annual Report to the Public Service Commission included in the accompanying prescribed form is presented in accordance with the requirements of the Public Service Commission of Wisconsin, and is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Public Service Commission of Wisconsin and is not intended to be and should not be used by anyone other than this specified party

Milwaukee, Wisconsin
March 31, 2019

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Identification and Ownership - Contacts

Utility employee in charge of correspondence concerning this report

Name: Brenda Klemmer

Title: Clerk/Treasurer

Mailing Address: 20399 West Main Street
Lannon, WI 53046

Phone: (262) 254-7690

Email Address: bklemmer@villageoflannon.com

Accounting firm or consultant preparing this report (if applicable)

Name: Wendi Unger

Title: Partner

Mailing Address: Baker Tilly Virchow Krause, LLP
777 E. Wisconsin Ave, 32nd Floor
Milwaukee, WI 53202

Phone: (414) 777-5423

Email Address: wendi.unger@bakertilly.com

Name and title of utility General Manager (or equivalent)

Name: Thomas Gudex

Title: Village President

Mailing Address: 20399 West Main Street
Lannon, WI 53046

Phone: (262) 251-7690

Email Address: bklemmer@villageoflannon.com

President, chairman, or head of utility commission/board or committee

Name: Thomas Gudex

Title: Village President

Mailing Address: 20399 West Main Street
Lannon, WI 53046

Phone: (262) 251-7690

Email Address: bklemmer@villageoflannon.com

Contact person for cybersecurity issues and events

Name: Brenda Klemmer

Title: Clerk/Treasurer

Mailing Address: 20399 West Main Street
Lannon, WI 53046

Phone: (262) 251-7690

Email Address: bklemmer@villageoflannon.com

Identification and Ownership - Governing Authority and Audit Information

Utility Governing Authority

Select the governing authority for this utility.

☒ Reports to utility board/commission

☐ Reports directly to city/village council

Audit Information

Are utility records audited by individuals or firms other than utility employees? ☒ Yes ☐ No

Date of most recent audit report: 12/31/2018

Period covered by most recent audit: January 1, 2018 through December 31, 2018

Individual or firm, if other than utility employee, auditing utility records

Name: Wendi Unger

Title: Partner

Organization Name: Baker Tilly Virchow Krause, LLP

USPS Address: 777 E. Wisconsin Ave, 32nd Floor

City State Zip Milwaukee, WI 53202

Telephone: (414) 777-5423

Email Address: wendi.unger@bakertilly.com

Identification and Ownership - Contract Operations

Do you have any contracts?

Are any the utility administrative or operational functions under contract or agreement with an outside provider for the year covered by this annual report and/or current year (i.e., operation of water or sewer treatment plant)? **YES**

Contract Type (a)	Organization (b)	Contact Name (c)	
Operations	CTW Corporation	Sarah Nunn	1
Operations	Village of Menomonee Falls	Randal Hager	2

Income Statement

Particulars (a)	This Year (b)	Last Year (c)	
UTILITY OPERATING INCOME			1
Operating Revenues (400)	138,340	52,265	2
Operating Expenses:			3
Operation and Maintenance Expense (401)			4
Operation and Maintenance Expense (401-402)	171,781	68,407	5
Depreciation Expense (403)	5,173	4,903	6
Amortization Expense (404)			7
Amortization Expense (404-407)	0	0	8
Taxes (408)	918	1,225	9
Total Operating Expenses	177,872	74,535	10
Net Operating Income	(39,532)	(22,270)	11
Income from Utility Plant Leased to Others (412-413)			12
Utility Operating Income	(39,532)	(22,270)	13
OTHER INCOME			14
Income from Merchandising, Jobbing and Contract Work (415-416)	0	0	15
Income from Nonutility Operations (417)			16
Nonoperating Rental Income (418)			17
Interest and Dividend Income (419)			18
Miscellaneous Nonoperating Income (421)	40,223	35,344	19
Total Other Income	40,223	35,344	20
Total Income	691	13,074	21
MISCELLANEOUS INCOME DEDUCTIONS			22
Miscellaneous Amortization (425)			23
Other Income Deductions (426)	69,970	69,970	24
Total Miscellaneous Income Deductions	69,970	69,970	25
Income Before Interest Charges	(69,279)	(56,896)	26
INTEREST CHARGES			27
Interest on Long-Term Debt (427)	31,935	71,300	28
Amortization of Debt Discount and Expense (428)			29
Amortization of Premium on Debt--Cr. (429)			30
Interest on Debt to Municipality (430)	0	0	31
Other Interest Expense (431)	0	0	32
Interest Charged to Construction--Cr. (432)			33
Total Interest Charges	31,935	71,300	34
Net Income	(101,214)	(128,196)	35
EARNED SURPLUS			36
Unappropriated Earned Surplus (Beginning of Year) (216)	1,408,024	1,536,220	37
Balance Transferred from Income (433)	(101,214)	(128,196)	38
Miscellaneous Credits to Surplus (434)			39
Miscellaneous Debits to Surplus--Debit (435)			40
Appropriations of Surplus--Debit (436)			41
Appropriations of Income to Municipal Funds--Debit (439)			42
Total Unappropriated Earned Surplus End of Year (216)	1,306,810	1,408,024	43

Income Statement Account Details

- Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.
- Nonregulated sewer income should be reported as Miscellaneous Nonoperating Income, Account 421.

Description (a)	Earnings (216.1) (b)	Contributions (216.2) (c)	Total This Year (d)	
UTILITY OPERATING INCOME	0	0	0	1
Operating Revenues (400)	0	0	0	2
Derived	138,340		138,340	3
Total (Acct. 400)	138,340	0	138,340	4
Operation and Maintenance Expense (401-402)	0	0	0	5
Derived	171,781		171,781	6
Total (Acct. 401-402)	171,781	0	171,781	7
Depreciation Expense (403)	0	0	0	8
Derived	5,173		5,173	9
Total (Acct. 403)	5,173	0	5,173	10
Amortization Expense (404-407)	0	0	0	11
Derived	0		0	12
Total (Acct. 404-407)	0	0	0	13
Taxes (408)	0	0	0	14
Derived	918		918	15
Total (Acct. 408)	918	0	918	16
TOTAL UTILITY OPERATING INCOME	(39,532)	0	(39,532)	17
OTHER INCOME	0	0	0	18
Income from Merchandising, Jobbing and Contract Work (415-416)	0	0	0	19
Derived	0	0	0	20
Total (Acct. 415-416)	0	0	0	21
Miscellaneous Nonoperating Income (421)	0	0	0	22
Contributed Plant - Water			0	23
Impact Fees - Water		36,177	36,177	24
Amortization of premium		4,046	4,046	25
Total (Acct. 421)	0	40,223	40,223	26
TOTAL OTHER INCOME	0	40,223	40,223	27
MISCELLANEOUS INCOME DEDUCTIONS	0	0	0	28
Other Income Deductions (426)	0	0	0	29
Depreciation Expense on Contributed Plant - Water		69,970	69,970	30
Total (Acct. 426)	0	69,970	69,970	31
TOTAL MISCELLANEOUS INCOME DEDUCTIONS	0	69,970	69,970	32
INTEREST CHARGES	0	0	0	33
Interest on Long-Term Debt (427)	0	0	0	34
Derived	31,935		31,935	35
Total (Acct. 427)	31,935	0	31,935	36
Interest on Debt to Municipality (430)	0	0	0	37
Derived	0		0	38
Total (Acct. 430)	0	0	0	39
Other Interest Expense (431)	0	0	0	40

Income Statement Account Details

- Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.
- Nonregulated sewer income should be reported as Miscellaneous Nonoperating Income, Account 421.

Description (a)	Earnings (216.1) (b)	Contributions (216.2) (c)	Total This Year (d)	
Derived	0		0	41
Total (Acct. 431)	0	0	0	42
TOTAL INTEREST CHARGES	31,935	0	31,935	43
NET INCOME	(71,467)	(29,747)	(101,214)	44
EARNED SURPLUS	0	0	0	45
Unappropriated Earned Surplus (Beginning of Year) (216)	0	0	0	46
Derived	(752,716)	2,160,740	1,408,024	47
Total (Acct. 216)	(752,716)	2,160,740	1,408,024	48
Balance Transferred from Income (433)	0	0	0	49
Derived	(71,467)	(29,747)	(101,214)	50
Total (Acct. 433)	(71,467)	(29,747)	(101,214)	51
UNAPPROPRIATED EARNED SURPLUS (END OF YEAR)	(824,183)	2,130,993	1,306,810	52

Income from Merchandising, Jobbing & Contract Work (Accts. 415-416)

Particulars (a)	Water (b)	Electric (c)	Gas (d)	Sewer (e)	Total (f)	
Revenues						1
Revenues (account 415)					0	2
Cost and Expenses of Merchandising, Jobbing and Contract Work (416)						3
Cost of merchandise sold					0	4
Payroll					0	5
Materials					0	6
Taxes					0	7
Total costs and expenses	0	0	0	0	0	8
Net Income (or loss)	0	0	0	0	0	9

Revenues Subject to Wisconsin Remainder Assessment

- Report data necessary to calculate revenue subject to Wisconsin remainder assessment pursuant to Wis. Stat § 196.85(2) and Wis. Admin. Code Ch. PSC 5.
- If the sewer department is not regulated by the PSC, do not report sewer department in data column (d).

Description (a)	Water Utility (b)	Electric Utility (c)	Gas Utility (d)	Sewer Utility (Regulated Only (e)	Total (f)	
Total operating revenues	138,340				138,340	1
Less: interdepartmental sales	0				0	2
Less: interdepartmental rents	0				0	3
Less: return on net investment in meters charged to regulated sewer department. (Do not report if nonregulated sewer.)					0	4
Less: uncollectibles directly expensed as reported in water acct. 904 (690 class D), sewer acct. 843, and electric acct. 904 -or- Net write-offs when Accumulated Provision for Uncollectible Accounts (acct. 144) is maintained	0				0	5
Revenues subject to Wisconsin Remainder Assessment	138,340	0	0	0	138,340	6

Full-Time Employees (FTE)

- Use FTE numbers where FTE stands for Full-Time Employees or Full-Time Equivalency. FTE can be computed by using total hours worked/2080 hours for a fiscal year. Estimate to the nearest hundredth. If an employee works part time for more than one industry then determine FTE based on estimate of hours worked per industry.
- Example: An employee worked 35% of their time on electric jobs, 30% on water jobs, 20% on sewer jobs and 15% on municipal nonutility jobs. The FTE by industry would be .35 for electric, .30 for water and .20 for sewer.

Industry (a)	FTE (b)	
Water	0.3	1
Electric		2
Gas		3
Sewer		4

Balance Sheet

Assets and Othe Debits (a)	Balance End of Year (b)	Balance First of Year (c)	
ASSESTS AND OTHER DEBITS			1
UTILITY PLANT			2
Utility Plant (101)	4,020,649	4,016,400	3
Less: Accumulated Provision for Depreciation and Amortization of Utility Plant (111)	717,030	642,628	4
Utility Plant Acquisition Adjustments (117-118)	0	0	5
Other Utility Plant Adjustments (119)	0	0	6
Net Utility Plant	3,303,619	3,373,772	7
OTHER PROPERTY AND INVESTMENTS			8
Nonutility Property (121)	0	0	9
Less: Accumulated Provision for Depreciation and Amortization of Nonutility Property (122)	0	0	10
Investment in Municipality (123)	0	0	11
Other Investments (124)	0	0	12
Sinking Funds (125)	0	0	13
Depreciation Fund (126)	0	0	14
Other Special Funds (128)	0	0	15
Total Other Property and Investments	0	0	16
CURRENT AND ACCRUED ASSETS			17
Cash (131)	0	1,072,066	18
Special Deposits (134)	0	0	19
Working Funds (135)	0	0	20
Temporary Cash Investments (136)	0	0	21
Notes Receivable (141)	0	0	22
Customer Accounts Receivable (142)	77,228	14,457	23
Other Accounts Receivable (143)	333,698	333,421	24
Accumulated Provision for Uncollectible Accounts- -Cr. (144)	0	0	25
Receivables from Municipality (145)	0	0	26
Plant Materials and Operating Supplies (154)	0	0	27
Merchandise (155)	0	0	28
Other Materials and Supplies (156)	0	0	29
Stores Expense (163)	0	0	30
Prepayments (165)	25	140	31
Interest and Dividends Receivable (171)	0	0	32
Accrued Utility Revenues (173)	0	0	33
Miscellaneous Current and Accrued Assets (174)	982	0	34
Total Current and Accrued Assets	411,933	1,420,084	35
DEFERRED DEBITS			36
Unamortized Debt Discount and Expense (181)	0	0	37
Extraordinary Property Losses (182)	0	0	38
Preliminary Survey and Investigation Charges (183)	123,007	123,007	39
Clearing Accounts (184)	0	0	40
Temporary Facilities (185)	0	0	41
Miscellaneous Deferred Debits (186)	643	795	42
Total Deferred Debits	123,650	123,802	43
TOTAL ASSETS AND OTHER DEBITS	3,839,202	4,917,658	44

Balance Sheet

Liabilities and Othe Credits (a)	Balance End of Year (b)	Balance First of Year (c)	
LIABILITIES AND OTHER CREDITS			1
PROPRIETARY CAPITAL			2
Capital Paid in by Municipality (200)	0	0	3
Appropriated Earned Surplus (215)	0	0	4
Unappropriated Earned Surplus (216)	1,306,810	1,408,024	5
Total Proprietary Capital	1,306,810	1,408,024	6
LONG-TERM DEBT			7
Bonds (221)	972,064	2,136,760	8
Advances from Municipality (223)	0	0	9
Other long-Term Debt (224)	0	0	10
Total Long-Term Debt	972,064	2,136,760	11
CURRENT AND ACCRUED LIABILITIES			12
Notes Payable (231)	0	0	13
Accounts Payable (232)	44,829	17,140	14
Payables to Municipality (233)	1,156,274	991,499	15
Customer Deposits (235)	0	0	16
Taxes Accrued (236)	0	0	17
Interest Accrued (237)	2,430	4,374	18
Tax Collections Payable (241)	0	0	19
Miscellaneous Current and Accrued Liabilities (242)	0	279	20
Total Current and Accrued Liabilities	1,203,533	1,013,292	21
DEFERRED CREDITS			22
Unamortized Premium on Debt (251)	30,004	34,050	23
Customer Advances for Construction (252)	0	0	24
Other Deferred Credits (253)	326,791	325,532	25
Total Deferred Credits	356,795	359,582	26
OPERATING RESERVES			27
Property Insurance Reserve (261)	0	0	28
Injuries and Damages Reserve (262)	0	0	29
Pensions and Benefits Reserve (263)	0	0	30
Miscellaneous Operating Reserves (265)	0	0	31
Total Operating Reserves	0	0	32
TOTAL LIABILITIES AND OTHER CREDITS	3,839,202	4,917,658	33

Net Utility Plant

- Report utility plant accounts and related accumulated provisions for depreciation and amortization after allocation of common plant accounts and related provisions for depreciation and amortization to utility departments as of December 31.

Particulars (a)	Water (b)	Electric (c)	Gas (d)	Sewer (e)	
First of Year					1
Total Utility Plant - First of Year	4,016,400	0	0	0	2
	4,016,400	0	0	0	3
Plant Accounts					4
Utility Plant in Service - Financed by Utility Operations or by the Municipality (101.1)	173,302				5
Utility Plant in Service - Contributed Plant (101.2)	3,777,430				6
Utility Plant Purchased or Sold (102)					7
Utility Plant Leased to Others (104)					8
Property Held for Future Use (105)	69,917				9
Completed Construction not Classified (106)					10
Construction Work in Progress (107)	0				11
Total Utility Plant	4,020,649	0	0	0	12
Accumulated Provision for Depreciation and Amortization					13
Accumulated Provision for Depreciation of Utility Plant in Service - Financed by Utility Operations or by the Municipality (111.1)	26,593				14
Accumulated Provision for Depreciation of Utility Plant in Service - Contributed Plant (111.2)	690,437				15
Accumulated Provision for Depreciation of Utility Plant Leased to Others (112)					16
Accumulated Provision for Depreciation of Property Held for Future Use (113)					17
Accumulated Provision for Amortization of Utility Plant in Service (114)					18
Accumulated Provision for Amortization of Utility Plant Leased to Others (115)					19
Accumulated Provision for Amortization of Property Held for Future Use (116)					20
Total Accumulated Provision	717,030	0	0	0	21
Accumulated Provision for Depreciation and Amortization					22
Utility Plant Acquisition Adjustments (117)					23
Accumulated Provision for Amortization of Utility Plant Acquisition Adjustments (118)					24
Other Utility Plant Adjustments (119)					25
Total Other Utility Plant Accounts	0	0	0	0	26
Net Utility Plant	3,303,619	0	0	0	27

Accumulated Provision for Depreciation of Utility Plant on Utility Plant Financed by Utility Operations or by the Municipality (Acct. 111.1)

Depreciation Accruals (Credits) during the year (111.1):

- Report the amounts charged in the operating sections to Depreciation Expense (403).
- If sewer operations are nonregulated, do not report sewer depreciation on this schedule.
- Report the Depreciation Expense on Meters charged to sewer operations as an addition in the Water Column. If the sewer is also a regulated utility by the PSC, report an equal amount as a reduction in the Sewer column.
- Report all other accruals charged to other accounts, such as to clearing accounts.

Description (a)	Water (b)	Electric (c)	Gas (d)	Sewer (e)	Total (f)	
Balance First of Year (111.1)	22,161	0	0	0	22,161	1
Credits during year						2
Charged Depreciation Expense (403)	5,173				5,173	3
Depreciation Expense on Meters Charged to Sewer					0	4
Salvage					0	5
Total credits	5,173	0	0	0	5,173	6
Debits during year						7
Book Cost of Plant Retired	741				741	8
Cost of Removal					0	9
Total debits	741	0	0	0	741	10
Balance end of year (111.1)	26,593	0	0	0	26,593	11

Accumulated Provision for Depreciation of Utility Plant on Contributed Plant in Service (Acct. 111.2)

Depreciation Accruals (Credits) during the year (111.2):

- Report the amounts charged in the operating sections to Other Income Deductions (426).
- If sewer operations are nonregulated, do not report sewer depreciation on this schedule.
- Report the Depreciation Expense on Meters charged to sewer operations as an addition in the Water Column. If the sewer is also a regulated utility by the PSC, report an equal amount as a reduction in the Sewer column.
- Report all other accruals charged to other accounts, such as to clearing accounts.

Description (a)	Water (b)	Electric (c)	Gas (d)	Sewer (e)	Total (f)	
Balance First of Year (111.2)	620,467	0	0	0	620,467	1
Credits during year						2
Charged Other Income Deductions (426)	69,970				69,970	3
Depreciation Expense on Meters Charged to Sewer					0	4
Salvage					0	5
Total credits	69,970	0	0	0	69,970	6
Debits during year						7
Book Cost of Plant Retired	0				0	8
Cost of Removal					0	9
Total debits	0	0	0	0	0	10
Balance end of year (111.2)	690,437	0	0	0	690,437	11

Net Nonutility Property (Accts. 121 & 122)

- Report separately each item of property with a book cost of \$5,000 or more included in account 121.
- Other items may be grouped by classes of property.
- Describe in detail any investment in sewer department carried in this account.

Description (a)	Balance First of Year (b)	Additions During Year (c)	Deductions During Year (d)	Balance End of Year (e)	
Nonregulated sewer plant	0			0	1
Total Nonutility Property (121)	0	0	0	0	2
Less accum. prov. depr. & amort. (122)	0			0	3
Net Nonutility Property	0	0	0	0	4

Accumulated Provision for Uncollectible Accounts-Cr. (Acct. 144)

Description (a)	Amount (b)	
Balance first of year	0	1
Additions		2
Provision for uncollectibles during year	0	3
Collection of accounts previously written off: Utility Customers	0	4
Collection of accounts previously written off: Others	0	5
Total Additions	0	6
Accounts Written Off		7
Accounts written off during the year: Utility Customers	0	8
Accounts written off during the year: Others	0	9
Total Accounts Written Off	0	10
Balance End of Year	0	11

Materials and Supplies

Account (a)	Generation (b)	Transmission (d)	Distribution (d)	Other (e)	Total End of Year (f)	Amount Prior Year (g)	
Electric Utility							1
Fuel (151)					0	0	2
Fuel stock expenses (152)					0	0	3
Plant mat. & oper. sup. (154)					0	0	4
Total Electric Utility	0	0	0	0	0	0	5
Account					Total End of Year	Amount Prior Year	
Electric utility total					0	0	1
Water utility (154)							2
Sewer utility (154)							3
Heating utility (154)							4
Gas utility (154)							5
Merchandise (155)							6
Other materials & supplies (156)							7
Stores expense (163)							8
Total Material and Supplies					0	0	9

Unamortized Debt Discount & Expense & Premium on Debt (Accts. 181 and 251)

Report net discount and expense or premium separately for each security issue.

Debt Issue to Which Related (a)	Written Off During Year		Balance End of Year (d)	
	Amount (b)	Account Charged or Credited (c)		
Unamortized debt discount & expense (181)				1
None				2
Total	0		0	3
Unamortized premium on debt (251)				4
2017 GO Refunding	34,050	4,046	30,004	5
None				6
Total	34,050		30,004	7

Capital Paid in by Municipality (Acct. 200)

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D, sewer and privates) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

	Description (a)	Amount (b)	
Balance first of year		0	1
Balance end of year		0	2

Bonds (Acct. 221)

- Report information required for each separate issue of bonds.
- If there is more than one interest rate for an aggregate obligation issue, average the interest rates and report one rate.
- Proceeds advanced by the municipality from sale of general obligation bonds, if repayable by utility, should be included in account 223.
- Enter interest rates in decimal form. For example, enter 6.75% as 0.0675

Description of Issue (a)	Date of Issue (b)	Final Maturity Date (c)	Interest Rate (d)	Principal Amount End of Year (e)	
2017 GO Refunding Bond	12/27/2017	06/01/2027	30.00%	972,064	1
Total				972,064	2

Notes Payable & Miscellaneous Long-Term Debt

- Report each class of debt included in Accounts 223, 224 and 231.
- Proceeds of general obligation issues, if subject to repayment by the utility, should be included in Account 223.
- If there is more than one interest rate for an aggregate obligation issue, average the interest rates and report one rate.
- Enter interest rates in decimal form. For example, enter 6.75% as 0.0675

- - - THIS SCHEDULE NOT APPLICABLE TO THIS UTILITY- - -

Taxes Accrued (Acct. 236)

Description (a)	Amount (b)	
Balance first of year	0	1
Charged water department expense	918	2
Charged electric department expense		3
Charged gas department expense		4
Charged sewer department expense		5
Total accruals and other credits	918	6
County, state and local taxes		7
Social Security taxes	393	8
PSC Remainder Assessment	525	9
Gross Receipts Tax		10
Total payments and other debits	918	11
Balance end of year	0	12

Interest Accrued (Acct. 237)

- Report below interest accrued on each utility obligation.
- Report customer deposits under account 235.

Description of Issue (a)	Interest Accrued Balance First of Year (b)	Interest Accrued During Year (c)	Interest Paid During Year (d)	Interest Accrued Balance End of Year (e)	
Bonds (221)	0	0	0	0	1
2007 GO CORP PURPOSE BONDS	4,374	31,935	33,879	2,430	2
Subtotal Bonds (221)	4,374	31,935	33,879	2,430	3
Advances from Municipality (223)	0	0	0	0	4
None				0	5
Subtotal Advances from Municipality (223)	0	0	0	0	6
Other Long-Term Debt (224)	0	0	0	0	7
None				0	8
Subtotal Other Long-Term Debt (224)	0	0	0	0	9
Notes Payable (231)	0	0	0	0	10
None				0	11
Subtotal Notes Payable (231)	0	0	0	0	12
Customer Deposits (235)	0	0	0	0	13
None				0	14
Subtotal Customer Deposits (235)	0	0	0	0	15
Total	4,374	31,935	33,879	2,430	16

Balance Sheet Detail - Other Accounts

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Description (a)	Balance End of Year (b)	
Cash and Working Funds (131)	0	1
Cash	0	2
Total (Acct. 131)	0	3
Customer Accounts Receivable (142)	0	4
Water	77,228	5
Total (Acct. 142)	77,228	6
Other Accounts Receivable (143)	0	7
Sewer (Non-regulated)		8
Merchandising, jobbing and contract work		9
Due from tax roll	744	10
DUE FROM UTILITY CUSTOMERS FOR CONSTRUCTION RELATED WORK	332,954	11
Total (Acct. 143)	333,698	12
Prepayments (165)	0	13
PREPAID EXPENSE	25	14
Total (Acct. 165)	25	15
GASB 68 pension asset	982	16
Total (Acct. 174)	982	17
Preliminary Survey and Investigation Charges (183)	0	18
CONSTRUCTION IN PROGRESS - 2ND WELL	123,007	19
Total (Acct. 183)	123,007	20
Miscellaneous Deferred Debits (186)	0	21
GASB 68 DEFERRED OUTFLOWS	643	22
Total (Acct. 186)	643	23
Accounts Payable (232)	0	24
Accounts Payable	44,829	25
Total (Acct. 232)	44,829	26
Payables to Municipality (233)	0	27
NEGATIVE CASH	1,156,274	28
Total (Acct. 233)	1,156,274	29
Other Deferred Credits (253)	0	30
Regulatory Liability	0	31
Deferred Inflows of Resources	2,089	32

Balance Sheet Detail - Other Accounts

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

DEFERRED REVENUE	324,702	33
Total (Acct. 253)	326,791	34

Balance Sheet Detail - Other Accounts

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Balance Sheet Detail - Other Accounts (Page F-22)

Explain amounts in Accounts 143, 145 and/or 233 in excess of \$2,000. Provide a short list or detailed description, but do not use terms such as other revenues, general, miscellaneous, or repeat the account title.

Done

Return on Rate Base Computation

- The data used in calculating rate base are averages.
- Calculate those averages by summing the first-of-year and the end-of-year figures for each account and then dividing the sum by two.
- For municipal utilities, do not include contributed plant in service, property held for future use, or construction work in progress with utility plant in service. These are not rate base components.
- For private utilities, do not include property held for future use, or construction work in progress with utility plant in service. These are not rate base components.

Average Rate Base (a)	Water (b)	Electric (c)	Gas (d)	Sewer (e)	Total (f)	
Add Average						1
Utility Plant in Service (101.1)	171,177				171,177	2
Materials and Supplies	0				0	3
Less Average						4
Reserve for Depreciation (111.1)	24,377				24,377	5
Customer Advances for Construction					0	6
Regulatory Liability	0				0	7
Average Net Rate Base	146,800	0	0	0	146,800	8
Net Operating Income	-39,532				-39,532	9
Net Operating Income as a percent of Average Net Rate Base	-26.93%	N/A	N/A	N/A	-26.93%	10

Regulatory Liability - Pre-2003 Historical Accumulated Depreciation on Contributed Utility Plant (253)

Description (a)	Water (b)	Electric (c)	Gas (d)	Sewer (e)	Total (f)	
Balance First of Year	0	0	0	0	0	1
Credits During Year					0	2
None					0	3
Charges (Deductions)					0	4
Miscellaneous Amortization (425)					0	5
Balance End of Year	0	0	0	0	0	6

Important Changes During the Year

Report changes of any of the following types:

1. Acquisitions

2. Leaseholder changes

3. Extensions of service

4. Estimated changes in revenues due to rate changes

5. Obligations incurred or assumed, excluding commercial paper

6. Formal proceedings with the Public Service Commission

7. Any additional matters

Village increased water rates effective 1/1/18.

Water Operating Revenues & Expenses

Description (a)	This Year (b)	Last Year (c)	
Operating Revenues - Sales of Water			1
Sales of Water (460-467)	84,295	51,851	2
Total Sales of Water	84,295	51,851	3
Other Operating Revenues			4
Forfeited Discounts (470)	809	414	5
Rents from Water Property (472)	0	0	6
Interdepartmental Rents (473)	0	0	7
Other Water Revenues (474)	53,236	0 *	8
Total Other Operating Revenues	54,045	414	9
Total Operating Revenues	138,340	52,265	10
Operation and Maintenance Expenses			11
Plant Operation and Maintenance Expenses (600-660)	11,807	10,167	12
General Operating Expenses (680-691)	159,974	58,240	13
Total Operation and Maintenance Expenses	171,781	68,407	14
Other Operating Expenses			15
Depreciation Expense (403)	5,173	4,903	16
Amortization Expense (404-407)			17
Taxes (408)	918	1,225	18
Total Other Operating Expenses	6,091	6,128	19
Total Operating Expenses	177,872	74,535	20
NET OPERATING INCOME	(39,532)	(22,270)	21

Water Operating Revenues & Expenses

Water Operating Revenues & Expenses (Page W-01)

General Footnote

Lannon Elementry reimbursement for engineering fees paid for by the village for the watermain extension needed for the school.

Water Operating Revenues - Sales of Water

- Where customer meters record cubic feet, multiply by 7.48 to obtain number of gallons.
- Report estimated gallons for unmetered sales.
- Sales to multiple dwelling buildings through a single meter serving 3 or more family units should be classified multifamily residential.
- Account 460, Unmetered Sales to General Customers - Gallons of Water Sold should not include in any way quantity of water, i.e. metered or measured by tank of pool volume. The quantity should be estimated based on size of pipe, flow, foot of frontage, etc. Bulk water sales should be Account 460 if the quantity is estimated and should be Account 461 if metered or measured by volume. Water related to construction should be a measured sale of water (Account 461).
- Report average number of individually-metered accounts (meters). The amount reported should be the average meter count. E.g. if a hospital has 5 meters, a total of 5 meters should be reported on this schedule in column b (Average No. of Customers).

Description (a)	Average No. Customer (b)	Thousand of Gallons of Water Sold (c)	Amount (d)	
Unmetered Sales to General Customers (460)				1
Residential (460.1)				2
Commercial (460.2)				3
Industrial (460.3)				4
Public Authority (460.4)				5
Multifamily Residential (460.5)				6
Irrigation (460.6)				7
Total Unmetered Sales to General Customers (460)	0	0	0	8
Metered Sales to General Customers (461)				9
Residential (461.1)	131	5,128	53,923	10
Commercial (461.2)	7	292	3,135	11
Industrial (461.3)				12
Public Authority (461.4)	3	351	2,707	13
Multifamily Residential (461.5)				14
Irrigation (461.6)				15
Total Metered Sales to General Customers (461)	141	5,771	59,765	16
Private Fire Protection Service (462)	1		288	17
Public Fire Protection Service (463)	1		23,789	18
Other Water Sales (465)	1	62	453 *	19
Sales for Resale (466)	0	0	0	20
Interdepartmental Sales (467)				21
Total Sales of Water	144	5,833	84,295	22

Sales for Resale (Acct. 466)

Use a separate line for each delivery point.
--

- - - THIS SCHEDULE NOT APPLICABLE TO THIS UTILITY- - -

Other Operating Revenues (Water)

- Report revenues relating to each account and fully describe each item using other than the account title.
- Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D and privates) and all other lesser amounts grouped as Miscellaneous.
- For a combined utility which also provides sewer service that is based upon water readings, report the return on net investment in meters charged to sewer department in Other Water Revenues (474).

Description (a)	Amount (b)	
Public Fire Protection Service (463)		1
Amount billed (usually per rate schedule F-1 or Fd-1)	23,789	2
Wholesale fire protection billed		3
Amount billed for fighting fires outside utility's service areas (usually per rate schedule F-2 or BW-1)		4
Total Public Fire Protection Service (463)	23,789	5
Forfeited Discounts (470)		6
Customer late payment charges	809	7
Total Forfeited Discounts (470)	809	8
Rents from Water Property (472)		9
Rent of tower for cellular antennas		10
Total Rents from Water Property (472)	0	11
Interdepartmental Rents (473)		12
None		13
Total Interdepartmental Rents (473)	0	14
Other Water Revenues (474)		15
Return on net investment in meters charged to sewer department		16
Water main reimbursement from Lannon Elementary	53,236	17
Total Other Water Revenues (474)	53,236	18

Other Operating Revenues (Water)

- Report revenues relating to each account and fully describe each item using other than the account title.
 - Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D and privates) and all other lesser amounts grouped as Miscellaneous.
 - For a combined utility which also provides sewer service that is based upon water readings, report the return on net investment in meters charged to sewer department in Other Water Revenues (474).

Other Operating Revenues (Water) (Page W-04)

Explain all amounts in Account 474 in excess of \$2,000.

Done

Water Operation & Maintenance Expenses

- Each expense account that has a difference between This Year and Last Year greater than 15 percent and \$10,000 (class AB), 25 percent and \$5,000 (class C), 30 percent and \$2,000 (class D) shall be fully explained in the schedule footnotes.
- Class C and class D report all expenses in Other Expense (column c)

Description (a)	Labor Expense (b)	Other Expense (c)	Total This Year (d)	Last Year (e)	
PLANT OPERATION AND MAINTENANCE EXPENSES					1
Salaries and Wages (600)		5,140	5,140	5,164	2
Purchased Water (610)			0	0	3
Fuel or Power Purchased for Pumping (620)		6,025	6,025	5,971	4
Chemicals (630)		642	642	474	5
Supplies and Expenses (640)			0	(3,432)	6
Repairs of Water Plant (650)			0	1,990	7
Transportation Expenses (660)			0	0	8
Total Plant Operation and Maintenance Expenses	0	11,807	11,807	10,167	9
GENERAL OPERATING EXPENSES					10
Administrative and General Salaries (680)		295	295	295	11
Office Supplies and Expenses (681)		828	828	907	12
Outside Services Employed (682)		152,162	152,162	51,527 *	13
Insurance Expense (684)			0	0	14
Employees Pensions and Benefits (686)		494	494	1,569	15
Regulatory Commission Expenses (688)			0	0	16
Miscellaneous General Expenses (689)		6,195	6,195	3,942 *	17
Uncollectible Accounts (690)			0	0	18
Customer Service and Informational Expenses (691)			0	0	19
Total General Operating Expenses	0	159,974	159,974	58,240	20
TOTAL OPERATION AND MAINTENANCE EXPENSES	0	171,781	171,781	68,407	21

Water Operation & Maintenance Expenses

- Each expense account that has a difference between This Year and Last Year greater than 15 percent and \$10,000 (class AB), 25 percent and \$5,000 (class C), 30 percent and \$2,000 (class D) shall be fully explained in the schedule footnotes.
 - Class C and class D report all expenses in Other Expense (column c)

Water Operation & Maintenance Expenses (Page W-05)

Explain all This Year amounts that are more than 30% and \$2,000 higher or lower than the Last Year amount.

682- Increased legal and engineering fees. Increase related to Lannon Elementary water main extension, rate study, impact fee study.

689- Majority of expenses from Precise Underground for locating utilities. Balance varies based on work done year to year.

Taxes (Acct. 408 - Water)

When allocation of taxes is made between departments, explain method used.

Description of Tax (a)	This Year (b)	Last Year (c)	
Property Tax Equivalent	0	0	1
Less: Local and School Tax Equivalent on Meters Charged to Sewer Department			2
Net Property Tax Equivalent	0	0	3
Social Security	393	395	4
PSC Remainder Assessment	525	830	5
Total Tax Expense	918	1,225	6

Water Property Tax Equivalent - Detail

- No property tax equivalent shall be determined for sewer utilities or town sanitary district water utilities.
- Tax rates are those issued in November (usually) of the year being reported and are available from the municipal treasurer. Report the tax rates in mills to six (6) decimal places.
- The assessment ratio is available from the municipal treasurer. Report the ratio as a decimal to six (6) places.
- The utility plant balance first of year should include the gross book values of plant in service (total of utility financed and contributed plant), property held for future use and construction work in progress.
- An "other tax rate" is included in the "Net Local and School Tax Rate Calculation" to the extent that it is local. An example is a local library tax. Fully explain the rate in the Property Tax Equivalent schedule footnotes.
- Property Tax Equivalent - Total**
If the municipality has authorized a lower tax equivalent amount, the authorization description and date of the authorization must be reported in the schedule footnotes. If the municipality has NOT authorized a lower amount, leave the cell blank.

COUNTY: WAUKESHA(0)

SUMMARY OF TAX RATES

1. State Tax Rate	mills	0.000000
2. County Tax Rate	mills	2.303611
3. Local Tax Rate	mills	3.353925
4. School Tax Rate	mills	20.956763
5. Vocational School Tax Rate	mills	0.388136
6. Other Tax Rate - Local	mills	0.000000
7. Other Tax Rate - Non-Local	mills	0.000000
8. Total Tax Rate	mills	27.002435
9. Less: State Credit	mills	1.772306
11. Net Tax Rate	mills	25.230129

PROPERTY TAX EQUIVALENT CALCULATION

12. Local Tax Rate	mills	3.353925
13. Combined School Tax Rate	mills	21.344899
14. Other Tax Rate - Local	mills	0.000000
15. Total Local & School Tax Rate	mills	24.698824
16. Total Tax Rate	mills	27.002435
17. Ratio of Local and School Tax to Total	dec.	0.914689
18. Total Tax Net of State Credit	mills	25.230129
19. Net Local and School Tax Rate	mills	23.077716
20. Utility Plant, Jan 1	\$	4,016,400
21. Materials & Supplies	\$	0
22. Subtotal	\$	4,016,400
23. Less: Plant Outside Limits	\$	0
24. Taxable Assets	\$	4,016,400
25. Assessment Ratio	dec.	0.932748
26. Assessed Value	\$	3,746,289
27. Net Local and School Tax Rate	mills	23.077716
28. Tax Equiv. Computed for Current Year	\$	86,456

PROPERTY TAX EQUIVALENT - TOTAL

PROPERTY TAX EQUIVALENT CALCULATION

1. Utility Plant, Jan 1	\$	4,016,400
2. Materials & Supplies	\$	0
3. Subtotal	\$	4,016,400
4. Less: Plant Outside Limits	\$	0
5. Taxable Assets	\$	4,016,400
6. Assessed Value	\$	3,746,289
7. Tax Equiv. Computed for Current Year	\$	86,456
8. Tax Equivalent per 1994 PSC Report	\$	0
9. Amount of Lower Tax Equiv. as Authorized by Municipality for Current Year (see notes)	\$	0
10. Tax Equivalent for Current Year (see notes)	\$	0

Water Property Tax Equivalent - Detail

- No property tax equivalent shall be determined for sewer utilities or town sanitary district water utilities.
- Tax rates are those issued in November (usually) of the year being reported and are available from the municipal treasurer. Report the tax rates in mills to six (6) decimal places.
- The assessment ratio is available from the municipal treasurer. Report the ratio as a decimal to six (6) places.
- The utility plant balance first of year should include the gross book values of plant in service (total of utility financed and contributed plant), property held for future use and construction work in progress.
- An "other tax rate" is included in the "Net Local and School Tax Rate Calculation" to the extent that it is local. An example is a local library tax. Fully explain the rate in the Property Tax Equivalent schedule footnotes.
- **Property Tax Equivalent - Total**
If the municipality has authorized a lower tax equivalent amount, the authorization description and date of the authorization must be reported in the schedule footnotes. If the municipality has NOT authorized a lower amount, leave the cell blank.

Water Property Tax Equivalent - Total (Page W-07)

Lower Tax Equivalent authorized by municipality is greater than or equal to zero, please explain.

The Village adopted a resolution to charge a zero tax equivalent for the year.

Water Utility Plant in Service - Plant Financed by Utility or Municipality

- All adjustments, corrections and reclassifications (including to/from plant financed by contributions) should be reported in Column (e), Adjustments.
- Explain fully as a footnote the nature of all entries reported in Column (e), Adjustments.
- For each account over \$100,000 (class AB) or \$50,000 (class C) or \$10,000 (class D), explain in the footnotes section the dollar additions and retirements. If applicable, the footnotes should cite construction authorization, complete with PSC docket number.
- Use only the account titles listed. If the utility has subaccounts other than accounts 391.1 and 397.1, combine them into one total and detail by subaccount as a schedule footnote.

Accounts (a)	Balance First of Year (b)	Additions During Year (c)	Retirements During Year (d)	Adjustments Increase or (Decrease) (e)	Balance End of Year (f)	
INTANGIBLE PLANT						1
Organization (301)	53,377				53,377	2
Franchises and Consents (302)	0				0	3
Miscellaneous Intangible Plant (303)	0				0	4
Total Intangible Plant	53,377	0	0	0	53,377	5
SOURCE OF SUPPLY PLANT						6
Land and Land Rights (310)	0				0	7
Structures and Improvements (311)	0				0	8
Collecting and Impounding Reservoirs (312)	0				0	9
Lake, River and Other Intakes (313)	0				0	10
Wells and Springs (314)	0				0	11
Supply Mains (316)	0				0	12
Other Water Source Plant (317)	0				0	13
Total Source of Supply Plant	0	0	0	0	0	14
PUMPING PLANT						15
Land and Land Rights (320)	0				0	16
Structures and Improvements (321)	0				0	17
Other Power Production Equipment (323)	0				0	18
Electric Pumping Equipment (325)	0				0	19
Diesel Pumping Equipment (326)	0				0	20
Other Pumping Equipment (328)	0				0	21
Total Pumping Plant	0	0	0	0	0	22
WATER TREATMENT PLANT						23
Land and Land Rights (330)	0				0	24
Structures and Improvements (331)	0				0	25
Sand or Other Media Filtration Equipment (332)	0				0	26
Membrane Filtration Equipment (333)	0				0	27
Other Water Treatment Equipment (334)	0				0	28
Total Water Treatment Plant	0	0	0	0	0	29
TRANSMISSION AND DISTRIBUTION PLANT						30
Land and Land Rights (340)	0				0	31
Structures and Improvements (341)	0				0	32
Distribution Reservoirs and Standpipes (342)	0				0	33
Transmission and Distribution Mains (343)	55,613				55,613	34
Services (345)	0				0	35
Meters (346)	32,227	4,990	741		36,476	36
Hydrants (348)	0				0	37

Water Utility Plant in Service - Plant Financed by Utility or Municipality

- All adjustments, corrections and reclassifications (including to/from plant financed by contributions) should be reported in Column (e), Adjustments.
- Explain fully as a footnote the nature of all entries reported in Column (e), Adjustments.
- For each account over \$100,000 (class AB) or \$50,000 (class C) or \$10,000 (class D), explain in the footnotes section the dollar additions and retirements. If applicable, the footnotes should cite construction authorization, complete with PSC docket number.
- Use only the account titles listed. If the utility has subaccounts other than accounts 391.1 and 397.1, combine them into one total and detail by subaccount as a schedule footnote.

Accounts (a)	Balance First of Year (b)	Additions During Year (c)	Retirements During Year (d)	Adjustments Increase or (Decrease) (e)	Balance End of Year (f)	
Other Transmission and Distribution Plant (349)	0				0	38
Total Transmission and Distribution Plant	87,840	4,990	741	0	92,089	39
GENERAL PLANT						40
Land and Land Rights (389)	0				0	41
Structures and Improvements (390)	0				0	42
Office Furniture and Equipment (391)	0				0	43
Computer Equipment (391.1)	0				0	44
Transportation Equipment (392)	0				0	45
Stores Equipment (393)	0				0	46
Tools, Shop and Garage Equipment (394)	0				0	47
Laboratory Equipment (395)	0				0	48
Power Operated Equipment (396)	0				0	49
Communication Equipment (397)	0				0	50
SCADA Equipment (397.1)	27,836				27,836	51
Miscellaneous Equipment (398)	0				0	52
Total General Plant	27,836	0	0	0	27,836	53
Total utility plant in service directly assignable	169,053	4,990	741	0	173,302	54
Common Utility Plant Allocated to Water Department	0				0	55
TOTAL UTILITY PLANT IN SERVICE	169,053	4,990	741	0	173,302	56

Water Utility Plant in Service - Plant Financed by Contributions

- All adjustments, corrections and reclassifications (including to/from plant financed by contributions) should be reported in Column (e), Adjustments.
- Explain fully as a footnote the nature of all entries reported in Column (e), Adjustments.
- For each account over \$100,000 (class AB) or \$50,000 (class C) or \$10,000 (class D), explain in the footnotes section the dollar additions and retirements. If applicable, the footnotes should cite construction authorization, complete with PSC docket number.
- Use only the account titles listed. If the utility has subaccounts other than accounts 391.1 and 397.1, combine them into one total and detail by subaccount as a schedule footnote.

Accounts (a)	Balance First of Year (b)	Additions During Year (c)	Retirements During Year (d)	Adjustments Increase or (Decrease) (e)	Balance End of Year (f)	
INTANGIBLE PLANT						1
Organization (301)	0				0	2
Franchises and Consents (302)	0				0	3
Miscellaneous Intangible Plant (303)	0				0	4
Total Intangible Plant	0	0	0	0	0	5
SOURCE OF SUPPLY PLANT						6
Land and Land Rights (310)	0				0	7
Structures and Improvements (311)	356,312				356,312	8
Collecting and Impounding Reservoirs (312)	265,523				265,523	9
Lake, River and Other Intakes (313)	0				0	10
Wells and Springs (314)	219,102				219,102	11
Supply Mains (316)	0				0	12
Other Water Source Plant (317)	0				0	13
Total Source of Supply Plant	840,937	0	0	0	840,937	14
PUMPING PLANT						15
Land and Land Rights (320)	0				0	16
Structures and Improvements (321)	0				0	17
Other Power Production Equipment (323)	30,625				30,625	18
Electric Pumping Equipment (325)	19,055				19,055	19
Diesel Pumping Equipment (326)	0				0	20
Other Pumping Equipment (328)	56,077				56,077	21
Total Pumping Plant	105,757	0	0	0	105,757	22
WATER TREATMENT PLANT						23
Land and Land Rights (330)	0				0	24
Structures and Improvements (331)	0				0	25
Sand or Other Media Filtration Equipment (332)	0				0	26
Membrane Filtration Equipment (333)	0				0	27
Other Water Treatment Equipment (334)	0				0	28
Total Water Treatment Plant	0	0	0	0	0	29
TRANSMISSION AND DISTRIBUTION PLANT						30
Land and Land Rights (340)	0				0	31
Structures and Improvements (341)	0				0	32
Distribution Reservoirs and Standpipes (342)	0				0	33
Transmission and Distribution Mains (343)	2,401,749				2,401,749	34
Services (345)	265,089				265,089	35
Meters (346)	0				0	36
Hydrants (348)	163,898				163,898	37

Water Utility Plant in Service - Plant Financed by Contributions

- All adjustments, corrections and reclassifications (including to/from plant financed by contributions) should be reported in Column (e), Adjustments.
- Explain fully as a footnote the nature of all entries reported in Column (e), Adjustments.
- For each account over \$100,000 (class AB) or \$50,000 (class C) or \$10,000 (class D), explain in the footnotes section the dollar additions and retirements. If applicable, the footnotes should cite construction authorization, complete with PSC docket number.
- Use only the account titles listed. If the utility has subaccounts other than accounts 391.1 and 397.1, combine them into one total and detail by subaccount as a schedule footnote.

Accounts (a)	Balance First of Year (b)	Additions During Year (c)	Retirements During Year (d)	Adjustments Increase or (Decrease) (e)	Balance End of Year (f)	
Other Transmission and Distribution Plant (349)	0				0	38
Total Transmission and Distribution Plant	2,830,736	0	0	0	2,830,736	39
GENERAL PLANT						40
Land and Land Rights (389)	0				0	41
Structures and Improvements (390)	0				0	42
Office Furniture and Equipment (391)	0				0	43
Computer Equipment (391.1)	0				0	44
Transportation Equipment (392)	0				0	45
Stores Equipment (393)	0				0	46
Tools, Shop and Garage Equipment (394)	0				0	47
Laboratory Equipment (395)	0				0	48
Power Operated Equipment (396)	0				0	49
Communication Equipment (397)	0				0	50
SCADA Equipment (397.1)	0				0	51
Miscellaneous Equipment (398)	0				0	52
Total General Plant	0	0	0	0	0	53
Total utility plant in service directly assignable	3,777,430	0	0	0	3,777,430	54
Common Utility Plant Allocated to Water Department	0				0	55
TOTAL UTILITY PLANT IN SERVICE	3,777,430	0	0	0	3,777,430	56

Age of Water Mains

- If asset management, capital improvement, or other infrastructure-related documents are not available, the utility should consult other potential sources of information: the year the utility was formed, year of initial build-out area, year in which new developments, subdivisions, etc. were added. This information can be used to develop estimated figures.
- If pipe diameter value is between those offered in the column, choose the diameter that is closest to the actual value.
- Report all pipe larger than 72" in diameter in the 72" category.

Pipe Size (a)	Feet of Main										Total (l)	
	pre-1900 (b)	1901-1920 (c)	1920-1940 (d)	1941-1960 (e)	1961-1970 (f)	1971-1980 (g)	1981-1990 (h)	1991-2000 (i)	2001-2010 (j)	2011-2020 (k)		
0.250											0	1
Total	0	0	0	0	0	0	0	0	0	0	0	2

If utility is unable to provide the detailed information above, utility must provide the following:
All utility main is from this year range **1996-2018**
(Example: 1954-1972)

Describe source of information used to develop data:
Accounting records

Sources of Water Supply - Statistics

- For Raw Water Withdrawn, use metered volume of untreated water withdrawn from the source.
- For Finished Water Pumped, use metered volume of treated water entering the distribution network, adjusted for known meter errors.
- If Finished Water is not metered, use Raw Water Withdrawn and subtract estimated water used in treatment.

Month (a)	Sources of Water Supply (000's gal)						Total Gallons	
	Raw Water Withdrawn		Finished Water Pumped		Purchased Water (Imported)		Entering Distribution	
	Ground Water (b)	Surface Water (c)	Ground Water (d)	Surface Water (e)	Ground Water (f)	Surface Water (g)	System (h)	
January	728		728				728	1
February	701		701				701	2
March	729		729				729	3
April	723		723				723	4
May	822		822				822	5
June	805		805				805	6
July	912		912				912	7
August	940		940				940	8
September	790		790				790	9
October	850		850				850	10
November	784		784				784	11
December	821		821				821	12
TOTAL	9,605	0	9,605	0	0	0	9,605	13

Water Audit and Other Statistics

- Where possible, report actual metered values. If water uses are not metered, estimate values for each line based on best available information. For assistance, refer to AWWA M36 Manual – Water Audits and Loss Control Programs.
- For unbilled, unmetered gallons (line 16), include water used for system operation and maintenance and water used for non-regulated sewer utility.
- If gallons estimated due to theft, data, and billing errors is unknown, multiply net gallons entering distribution system (line 3) by .0025.

Description (a)	Value (b)
WATER AUDIT STATISTICS	
Finished Water pumped or purchased (000s)	9,605
Less: Gallons (000s) sold to wholesale customers (exported water)	0
Subtotal: Net gallons (000s) entering distribution system	9,605
Less: Gallons (000s) sold to retail customers - Billed Authorized Consumption	5,833
Gallons (000s) of Non-Revenue Water	3,772
Gallons (000s) of unbilled-metered (including customer use to prevent freezing)	0
Gallons (000s) of unbilled-unmetered (including unmetered flushing, fire protection)	25
Subtotal: Unbilled Authorized Consumption	25
Total Water Loss	3,747
Gallons (000s) estimated due to theft, data, and billing errors (default)	0
Gallons (000s) estimated due to customer meter under-registration	0
Subtotal Apparent Losses	0
Gallons (000s) estimated due to reported leakage (mains, services, hydrants, overflows)	0
Gallons (000s) estimated due to unreported and background leakage	3,747
Subtotal Real Losses (leakage)	3,747
Non-Revenue Water as percentage of net water supplied	39%
Total Water Loss as percentage of net water supplied	39%
OTHER STATISTICS	
Maximum gallons (000s) pumped by all methods in any one day during reporting year	58
Date of maximum	10/22/2018
Cause of maximum	
Both Waterman and Johnsons pulled water on this day	
Minimum gallons (000s) pumped by all methods in any one day during reporting year	14
Date of minimum	04/03/2018
Total KWH used by the utility (including pumping, treatment facilities and other utility operations)	43,225
If water is purchased:	
Vendor Name	
Point of Delivery	
Source of purchased water	
Vendor Name (2)	
Point of Delivery (2)	
Source of purchased water (2)	
Vendor Name (3)	
Point of Delivery (3)	
Source of purchased water (3)	
Number of main breaks repaired this year	0
Number of service breaks repaired this year	0

Sources of Water Supply - Well Information

- Enter characteristics for each of the utility's functional wells (regardless of whether it is "in service" or not).
- Do not include abandoned wells on this schedule.
- All abandoned wells should be retired from the plant accounts and no longer listed in the utility's annual report.
- Abandoned wells should be permanently filled and sealed per Wisconsin Administrative codes Chapters NR811 and NR812.

Utility Name/ID for Well (a)	DNR Well ID (b)	Depth (feet) (c)	Casing Diameter (inches) (d)	Yield Per Day (gallons) (e)	In Service? (f)	
Whispering Ridge	1	340	18	26,316	Yes	1
				26,316		2

Sources of Water Supply - Intake Information

- - - THIS SCHEDULE NOT APPLICABLE TO THIS UTILITY- - -

Pumping & Power Equipment

Identification (a)	Location (b)	Pump				Actual Capacity (gpm) (g)	Pump Motor or Standby Engine			
		Primary Purpose (c)	Primary Destination (d)	Year Installed (e)	Type (f)		Year Installed (j)	Type (k)	Horse- power (l)	
BOOSTER #1	STH 74, BLGD #54	Booster	Distribution	2007	Other	550	2007	Electric	30	1
BOOSTER #2	STH 74, BLGD #54	Booster	Distribution	2007	Other	550	2007	Electric	30	2
WELL #1	STH 74, BLGD #54	Primary	Reservoir	2007	Other	250	2007	Electric	30	3

Reservoirs, Standpipes and Elevated Tanks

- Enter elevation difference between highest water level in Standpipe or Elevated Tank, (or Reservoir only on an elevated site) and the water main where the connection to the storage begins branching into the distribution system.

Facility Name (a)	Facility ID Site Code (b)	Year Constructed (c)	Type (d)	Primary Material (e)	Elevation Difference in Feet (f)	Total Capacity In Gallons (g)	
WHISP RDG PUMP STA	1	2007	Reservoir	Concrete	0	160,000	1

Water Treatment Plant

- Provide a generic description for (a). Do not give specific address of location.
- Please select all that apply for (d) and (e). If Other is selected please explain in Notes (h).
- Please identify the point of application for each treatment plant for (g). For example, please list each well or central treatment facility served by this unit.

- - - THIS SCHEDULE NOT APPLICABLE TO THIS UTILITY - - -

Water Mains

- Report mains separately by pipe material, function, diameter and either within or outside the municipal boundaries.
- Explain all reported adjustments as a schedule footnote.
- For main additions reported in column (e), as a schedule footnote:
 - Explain how the additions were financed.
 - If assessed against property owners, explain the basis of the assessments.
 - If the assessments are deferred, explain.
- Report all pipe larger than 72" in diameter in the 72" category.

Pipe Material (a)	Main Function (b)	Diameter (inches) (c)	Number of Feet			Adjustments Increase or (Decrease) (g)	End of Year (h)	
			First of Year (d)	Added During Year (e)	Retired During Year (f)			
Other Metal	Distribution	6	90				90	1
Other Metal	Distribution	8	113				113	2
Other Plastic	Distribution	8	4,989				4,989	3
Other Metal	Distribution	12	2,697				2,697	4
Other Plastic	Distribution	12	9,132				9,132	5
Other Metal	Distribution	16	1,419				1,419	6
Total Within Municipality			18,440				18,440	7
Total Utility			18,440				18,440	8

Utility-Owned Water Service Lines

- The utility's service line is the pipe from the main to and through the curb stop.
- Explain all reported adjustments as a schedule footnote.
- Report in column (h) the number of utility-owned service lines included in columns (g) which are temporarily shut off at the curb box or otherwise not in use at end of year.
- For service lines added during the year in column (d), as a schedule footnote:
 - Explain how the additions were financed.
 - If assessed against property owners, explain the basis of the assessments.
 - If installed by a property owner or developer, explain the basis of recording the cost of the additions, the total amount and the number of service lines recorded under this method.
 - If any were financed by application of Cz-1, provide the total amount recorded and the number of service lines recorded under this method.
- Report service lines separately by diameter and pipe materials.

Pipe Material (a)	Diameter (inches) (b)	First of Year (c)	Added During Year (d)	Removed or Permanently Disconnected During Year (e)	Adjustments Increase or (Decrease) (f)	End of Year (g)	NOT in Use at End of Year (h)	
Other Metal	1.000	23				23		1
Other Metal	1.250	55				55		2
Other Metal	2.000	31				31		3
Utility Total		109				109		4

Utility-Owned Water Service Lines

- The utility's service line is the pipe from the main to and through the curb stop.
- Explain all reported adjustments as a schedule footnote.
- Report in column (h) the number of utility-owned service lines included in columns (g) which are temporarily shut off at the curb box or otherwise not in use at end of year.
- For service lines added during the year in column (d), as a schedule footnote:
 - Explain how the additions were financed.
 - If assessed against property owners, explain the basis of the assessments.
 - If installed by a property owner or developer, explain the basis of recording the cost of the additions, the total amount and the number of service lines recorded under this method.
 - If any were financed by application of Cz-1, provide the total amount recorded and the number of service lines recorded under this method.
- Report service lines separately by diameter and pipe materials.

Utility-Owned Water Service Lines (Page W-22)

Total Utility-Owned Service Not In Use at End of Year is reported as zero, please explain.

The utility does not have any utility owned services not in use at the end of the year.

Meters

- Include in Columns (b-f) meters in stock as well as those in service.
- Report in Column (c) all meters purchased during the year and in Column (d) all meters junked, sold or otherwise permanently retired during the year.
- Use Column (e) to show correction to previously reported meter count because of inventory or property record corrections
- Totals by size in Column (f) should equal same size totals in Column (s).
- Explain all reported adjustments as schedule footnote.
- Do not include station meters in the meter inventory used to complete these tables.

Number of Utility-Owned Meters

Classification of All Meters at End of Year by Customers

Size of Meter	First of Year	Added During Year	Retired During Year	Adjust. Increase or Decrease	End of Year	Tested During Year	Residential	Commercial	Industrial	Public Authority	Multifamily Residential	Irrigation	Wholesale	Inter-Departmental	Utility Use	Deduct Meters	In Stock	Total	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	
3/4	119	21	3		137	1	131	5		1								137	1
1	4		0		4	1		2		2								4	2
Total	123	21	3		141	2	131	7		3								141	3

1. Indicate your residential meter replacement schedule:

- ☒ Meters tested once every 10 years and replaced as needed
 All meters replaced within 20 years of installation
 Other schedule as approved by PSC

2. Indicate the method(s) used to read customer meters

- Manually - remote register
 Manually - inside the premises
☒ Radio Frequency - Drive or walk-by technology
 Radio Frequency - fixed network or other automatic infrastructure (AMI)
 Other

Hydrants and Distribution System Valves

- Distinguish between fire and flushing hydrants by lead size.
 - Fire hydrants normally have a lead size of 6 inches or greater.
 - Record as a flushing hydrant where the lead size is less than 6 inches or if pressure is inadequate to provide fire flow.
- Explain all reported adjustments in the schedule footnotes.
- Report fire hydrants as within or outside the municipal boundaries.

Hydrant Type (a)	Number In Service First of Year (b)	Added During Year (c)	Removed During Year (d)	Adjustments Increase or (Decrease) (e)	Number In Service End of Year (f)	
Fire - Outside Municipality	0				0	1
Fire - Within Municipality	13			24	37	2
Total Fire Hydrants	13	0	0	24	37	3
Flushing Hydrants	1			1	2	4

NR810.13(2)(a) recommends that a schedule shall be adopted and followed for operating each system valve and hydrant at least once each two years. Please provide the number operated during the year.

Number of Hydrants operated during year	37
Number of Distribution System Valves end of year	93
Number of Distribution Valves operated during Year	37

Hydrants and Distribution System Valves

- Distinguish between fire and flushing hydrants by lead size.
 - Fire hydrants normally have a lead size of 6 inches or greater.
 - Record as a flushing hydrant where the lead size is less than 6 inches or if pressure is inadequate to provide fire flow.
- Explain all reported adjustments in the schedule footnotes.
- Report fire hydrants as within or outside the municipal boundaries.

Hydrants and Distribution System Valves (Page W-25)

Adjustments are nonzero for one or more accounts, please explain.

The Village has 37 hydrants per the village engineer which were installed at some point before 2009. An adjustment was made to adjust to the actual number of hydrants. There was also not a flushing hydrant identified per the Village's review.

List of All Station and Wholesale Meters

- Definition of Station Meter is any meter in service not used to measure customer consumption.
- Definition of Wholesale Meter is any meter used to measure sales to other utilities.
- Retail customer meters should not be included in this inventory.

- - - THIS SCHEDULE NOT APPLICABLE TO THIS UTILITY- - -

Water Conservation Programs

- List all water conservation-related expenditures for the reporting year. Include administrative costs, customer outreach and education, other program costs, and payments for rebates and other customer incentives.
- If the Commission has approved conservation program expenses, these should be charged to Account 186. Otherwise, these expenses are reported in Account 906 on Schedule W-05 (Account 691 for class D utilities).

Item Description (a)	Expenditures (b)	Number of Rebates (c)	Water Savings Gallons (d)	
Administrative and General Expenses				1
Program Administration	0	0	0	2
Customer Outreach & Education	0	0	0	3
Other Program Costs	0	0	0	4
Total Administrative and General Expenses	0	0	0	5
Customer Incentives				6
Residential Toilets	0	0	0	7
Multifamily/Commercial Toilets	0	0	0	8
Faucets	0	0	0	9
Showerheads	0	0	0	10
Clothes Washers	0	0	0	11
Dishwashers	0	0	0	12
Smart Irrigation Controller	0	0	0	13
Commercial Pre-Rinse Spray Valves	0	0	0	14
Cost Sharing Projects (Nonresidential Customers)	0	0	0	15
Customer Water Audits	0	0	0	16
Other Incentives	0	0	0	17
Total Customer Incentives	0	0	0	18
TOTAL CONSERVATION	0	0	0	19

Water Customers Served

- List the number of customer accounts in each municipality for which your utility provides retail general service. Do not include wholesale customers or fire protection accounts.
- Per Wisconsin state statute, a city, village, town or sanitary district owning water plant or equipment may serve customers outside its corporate limits, including adjoining municipalities. For purposes of this schedule, customers located "Within Muni Boundary" refers to those located inside the jurisdiction that owns the water utility.

Municipality (a)	Customers End of Year (b)	
Lannon (Village) **	141	1
Total - Waukesha County	141	2
Total - Customers Served	141	3
Total - Within Muni Boundary **	141	4

** = Within municipal boundary

Privately-Owned Water Service Lines

- The privately owned service line is the pipe from the curb stop to the meter.
- Explain all reported adjustments in columns(f) as a schedule footnote.
- Report in column (h) the number of privately-owned service lines included in columns (g) which are temporarily shut off at the curb box or otherwise not in use at end of year.
- Separate reporting of service lines by diameter and pipe material.

Pipe Material (a)	Diameter (inches) (b)	First of Year (c)	Added During Year (d)	Removed or Permanently Disconnected During Year (e)	Adjustments Increase or (Decrease) (f)	End of Year (g)	Utility Owned Service Laterals Not in Use at End of Year (i)	Replaced During Year Using Financial Assistance from Utility (h)	
Other Metal	1.000		0		23	23			1
Other Metal	1.250		0		55	55			2
Other Metal	2.000		0		31	31			3
Utility Total			0		109	109			4

Privately-Owned Water Service Lines

- The privately owned service line is the pipe from the curb stop to the meter.
- Explain all reported adjustments in columns(f) as a schedule footnote.
- Report in column (h) the number of privately-owned service lines included in columns (g) which are temporarily shut off at the curb box or otherwise not in use at end of year.
- Separate reporting of service lines by diameter and pipe material.

Privately-Owned Water Service Lines (Page W-29)

Adjustments are nonzero for one or more accounts, please explain.

These did not previously need to be reported.

Total Utility-Owned Service Not In Use at End of Year is reported as zero, please explain.

The utility does not have any utility owned services not in use at the end of the year.

PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of the Village of Lannon, Waukesha County, Wisconsin,
as a Water Public Utility, for Authority to Adjust Water Rates

3045-WR-101

FINAL DECISION

This is the Final Decision in the Class 1 proceeding conducted by the Public Service Commission (Commission) on the application of Lannon Municipal Water Utility (applicant) for approval to increase water rates. This application is APPROVED, subject to conditions.

Introduction

The applicant applied to the Commission on April 4, 2017, for authority to increase water rates. Pursuant to due notice, the Commission held a telephonic hearing at Madison and Lannon on October 3, 2017, before Administrative Law Judge Michael E. Newmark. The parties, for purposes of review under Wis. Stat. §§ 227.47 and 227.53, are listed in Appendix A. The applicant is the only party to this proceeding.

Findings of Fact

1. The applicant's presently authorized rates for water utility service will produce operating revenues of \$51,591 for the 2017 test year. These rates fall short of the test year revenue needed by \$23,956 and are unreasonable.
2. The estimated net investment rate base applicable to water utility operations for the 2017 test year is \$147,673.
3. According to the applicant's 2016 Annual Report to the Commission, the applicant pumped, treated, and distributed 8,009,000 gallons of water for which it received no revenue.

4. The rate changes set forth for water service in Appendix C will permit the applicant to earn the necessary revenue requirement and are consistent with the cost of service and rate design.

Conclusions of Law

1. The applicant is a municipal public utility as defined in Wis. Stat. § 196.01(5)(a).
2. The Commission has authority under Wis. Stat. §§ 196.02(1), 196.03(1) and (3), 196.19, 196.20, 196.22, 196.37(1), (2), and (3), and 196.395 to authorize the applicant to increase water utility rates and revise tariff provisions.
3. The Commission has authority under Wis. Stat. § 15.02(4) to delegate to the Administrator of the Division of Water, Telecommunications, and Consumer Affairs, those functions vested by law as enumerated above.

Opinion

Net Investment Rate Base

The estimated net investment rate base for the 2017 test year is as follows:

Utility Financed Plant in Service	\$167,518
Less: Accumulated Provision for Depreciation	<u>\$19,845</u>
Net Plant in Service	\$147,673
Plus: Materials and Supplies	0
Less: Regulatory Liability for Pre-2003 Accumulated Depreciation - CIAC	<u>0</u>
Net Investment Rate Base	<u>\$147,673</u>

Comparative Income Statement

The estimated test year income statement showing the effect of the increase in revenue which will result from authorized rates is as follows:

	<u>At Present Rates</u>	<u>Authorized Increase</u>	<u>After Rate Increase</u>
Operating Revenues	\$51,591	\$23,956	\$75,547
Operating Expenses:			
Oper. & Maint. Exp.	\$60,595		\$60,595
Depreciation	4,972		4,972
Taxes & Tax Equiv.	<u>380</u>		<u>380</u>
Total Oper. Expenses	<u>\$65,947</u>		<u>\$65,947</u>
Oper. Income (or Loss)	<u>(\$14,357)</u>		<u>\$9,599</u>
Rate of Return	N.A.%		6.50%

The depreciation expense included in the revenue requirement for the 2017 test year was computed using the depreciation rates shown in Appendix E. These depreciation rates are effective on January 1, 2017, for computing the depreciation expense on the average investment for each plant account.

The revenue requirement includes \$3,500 for the applicant to use the AWWA Water Loss Control Committee Free Water Audit Software version 5.0 in addressing the applicant's continued high levels of non-revenue water ([PSC REF#: 319268](#)). According to the 2016 Annual Report to the Commission, the applicant pumped, treated, and distributed more than eight million gallons of water for which it received no revenue. Based on 2016 Annual Report data on operating and maintenance expenses, the minimum value of this non-revenue is

approximately \$28,000. If depreciation expenses are added, the minimum value of this water is almost \$31,000 annually.

The Commission finds it reasonable to require the applicant to use the Free Water Audit Software to determine how much non-revenue water is associated with leaks and other real losses and how much is due to billing system errors, meter issues, theft, and other causes of apparent losses and to require the applicant develop a cost effective non-revenue water control plan. This plan should include specific goals for the applicant and detail how the applicant will evaluate its progress towards these goals.

Capital Structure

The applicant's capital employed in providing public utility service that is associated with the net investment rate base is estimated to be negative municipal equity and \$2,050,000 long-term debt. The applicant's net investment rate base is very low due to the majority of the utility plant being contributed. Specifically, the municipality has enacted impact fees to fund the construction of most utility plant. The composite cost of debt capital is 2.00 percent, comprised of a 3.87 percent interest rate on bonds and interest free loans from the sewer department. Most of the funds obtained from the sewer department have been used for debt payments. The funds from the sewer department were also used to pay the annual operating costs of the water utility. A return on rate base of 6.50 percent will provide the utility with sufficient earnings to repay the funds borrowed from the sewer department for operating expenses. This return on rate base will also maintain confidence in the utility's financial integrity without resulting in rates to customers that are excessive.

Allowing a 6.50 percent return, the applicant will not generate sufficient funds to meet its current debt service obligations nor will it be able to repay the sewer department for funds borrowed to meet past debt service obligations. The municipality must rely on impact fees collected to meet these obligations.

The Commission cautions the applicant that a capital structure consisting of negative equity does not provide the degree of financial integrity that is required over the long-term and recommends that this situation be corrected as soon as possible. A reasonable municipal capital structure is generally considered to contain roughly 50 percent equity.

Cost of Service

Commission staff submitted for the record an analysis of the cost of supplying water for general service and for public fire protection service. Commission staff used the base-extra capacity cost allocation method for the analysis. Under this method, the operating expenses are allocated first to the service cost functions of extra-capacity maximum-day and maximum-hour demand, base, customer, and fire protection and then to each of the customer classes served. Summaries of such analyses are shown in Schedules 8 and 11 of Ex.-PSC-Hanna-1, Commission staff's proposal in the record in this proceeding. Appendix B shows customer class revenue requirements resulting from the cost analysis compared with revenues at authorized rates.

Rates

Water service rates authorized in this decision will result in an estimated net operating income of approximately \$9,599, which provides a 6.50 percent return on the water utility net investment rate base of \$147,673. The applicant was provided with Commission staff's proposed rates for review prior to the hearing and had no objection to these rates.

As shown in attached Appendix B, the base-extra capacity cost allocation method results in a relatively wide range of increases in the charges to the various general service customer classes to reflect the cost of providing service to such classes. The percentage rate increase to any individual customer will not necessarily equal the overall percentage increase to the associated customer class, but will depend on the specific usage level of that customer.

Twelve water customers appeared at the hearing and spoke in opposition to the rate increase. In addition, two water customers filed comments on the Commission's Electronic Records Filing (ERF) system. They expressed concern over the magnitude of the increase and its impact on customers. The Commission appreciates the customers' concern in this matter. However, the Commission finds that the revenue resulting from the authorized rates is necessary to provide for the financial needs of the utility over the long-term. The Commission further concludes that the rates as proposed by Commission staff would provide a reasonable and nondiscriminatory recovery of the revenue requirement. Accordingly, the Commission approves Commission staff's proposed rates as shown in Ex.-PSC-Hanna-1 of the hearing record.

The authorized rates as set forth in Appendix C are based on the cost of supplying various classes or types of service. All customers will be required to pay an appropriate amount for the service provided.

Some typical water bills for residential, commercial, and public authority customers were computed using Schedule Mg-1 to compare existing rates with the new rates. That comparison is set forth in Appendix D.

The overall increase in annual revenues is 50.35 percent, comprised of an 83.28 percent increase in general service charges and a 2.81 percent increase in fire protection charges. A

typical residential customer's bill will rise 83.01 percent not including public fire protection or 49.60 percent including public fire protection. Rates have risen because of a 4.76 percent increase in operating expenses since the applicant's last rate case in 2008 and because fewer customers are projected to be connected to the water system in the test year than were projected in the applicant's last rate case in 2008. The authorized rate increase will allow the applicant to meet annual operating expenses plus repay the portion of the funds borrowed from the sewer department that were used to meet operating expenses. The applicant must continue to monitor its financial situation and increase water rates on a timely basis. The typical bills calculated using the authorized rates are above average when compared with those of similar water utilities in the state.

The general service charges will increase by 83.28 percent, compared to a 2.81 percent increase in the annual public fire protection charge. The larger increase in general service charges results because a greater proportion of the annual operating costs is allocated to general service than was allocated at the time of the applicant's last rate proceeding, based on current ratios of maximum general service demand to available system fire protection capacity. The larger increase in general service charges is reasonable in that it appropriately reflects the cost of providing service.

The applicant requested rates that would provide for direct billing of water utility public fire protection costs to general service customers. This request conforms to Wis. Stat. § 196.03(3)(b), which provides municipalities the option to include the public fire protection charges directly in the water utility bills of all general service customers.

The authorized general service rates provide a greater percentage increase to large-volume users than for average residential customers based on the results of the base-extra capacity cost allocation as discussed above. The greater increase to large-volume users is reasonable in that the authorized rates more appropriately reflect the cost of providing service than do the present rates.

The applicant has agreed to revise its tariff provisions (operating rules and main extension rules) to be consistent with those of other Wisconsin water utilities. The proposed rules were incorporated into the record by receipt of Ex.-PSC-Hanna-1 which incorporates the rules by reference. They are in accordance with Commission policy and the Wisconsin Administrative Code.

Effective Date

The test year commenced on January 1, 2017. Pursuant to Wis. Stat. §§ 196.19 and 196.21, the changes in rates and tariff provisions that are authorized in this Final Decision take effect no sooner than one day after the date of service, provided that these rates and tariff provisions are filed with the Commission and the utility makes a copy of the new rates available to the public before this date by placing a copy of the new rates at locations where customer payments are accepted, on the utility's Internet site, or in a form and place that is otherwise readily accessible to the public.

Order

1. This Final Decision takes effect one day after the date of service.
2. The authorized rate increases and tariff provisions shall take effect no sooner than one day after the day the utility has: (a) filed these rates and tariff provisions with the

Commission; and (b) made them available to the public at locations where customer payments are accepted, on the utility's Internet site, or in a form and place that is otherwise readily accessible to the public, pursuant to Wis. Stat. § 196.19 and Wis. Admin. Code § PSC 185.33(1) (f). If a copy of the new rates and tariff provisions is not made available to the public when they are filed with the Commission, the new rates and tariff provisions shall take effect one day after the day they are made available to the public.

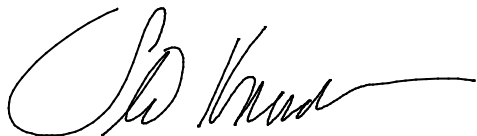
3. The rates approved in this docket shall take effect no later than 90 days from the service date of this Final Decision or as directed by the Commission or Commission staff.

4. No later than 180 days from the effective date of this Final Decision, the applicant shall use the most recent version of the AWWA Water Audit Spreadsheet to conduct a detailed water audit and develop a non-revenue water control plan. The applicant shall provide a copy of the audit and plan to the Commission.

5. Jurisdiction is retained.

Dated at Madison, Wisconsin, October 19, 2017

For the Commission:

A handwritten signature in black ink, appearing to read 'S. Knudson', with a long horizontal flourish extending to the right.

Steven A. Knudson
Administrator
Division of Water, Telecommunications, and Consumer Affairs

SAK:ajh:jac DL:01583867

See attached Notice of Appeal Rights

PUBLIC SERVICE COMMISSION OF WISCONSIN
610 North Whitney Way
P.O. Box 7854
Madison, Wisconsin 53707-7854

**NOTICE OF RIGHTS FOR REHEARING OR JUDICIAL REVIEW, THE
TIMES ALLOWED FOR EACH, AND THE IDENTIFICATION OF THE
PARTY TO BE NAMED AS RESPONDENT**

The following notice is served on you as part of the Commission's written decision. This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

PETITION FOR REHEARING

If this decision is an order following a contested case proceeding as defined in Wis. Stat. § 227.01(3), a person aggrieved by the decision has a right to petition the Commission for rehearing within 20 days of the date of service of this decision, as provided in Wis. Stat. § 227.49. The date of service is shown on the first page. If there is no date on the first page, the date of service is shown immediately above the signature line. The petition for rehearing must be filed with the Public Service Commission of Wisconsin and served on the parties. An appeal of this decision may also be taken directly to circuit court through the filing of a petition for judicial review. It is not necessary to first petition for rehearing.

PETITION FOR JUDICIAL REVIEW

A person aggrieved by this decision has a right to petition for judicial review as provided in Wis. Stat. § 227.53. In a contested case, the petition must be filed in circuit court and served upon the Public Service Commission of Wisconsin within 30 days of the date of service of this decision if there has been no petition for rehearing. If a timely petition for rehearing has been filed, the petition for judicial review must be filed within 30 days of the date of service of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition of the petition for rehearing by operation of law pursuant to Wis. Stat. § 227.49(5), whichever is sooner. If an *untimely* petition for rehearing is filed, the 30-day period to petition for judicial review commences the date the Commission serves its original decision.¹ The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

If this decision is an order denying rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not permitted.

Revised: March 27, 2013

¹ See *Currier v. Wisconsin Dep't of Revenue*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.

CONTACT LIST FOR SERVICE BY PARTIES

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LANNON MUNICIPAL WATER UTILITY
Comparison of Revenue
at
Present Rates, Cost of Service and Authorized Rates

<u>Customer Class</u>	<u>Revenue at Present Rates</u>	<u>Cost of Service</u>		<u>Authorized Rates</u>		
		<u>Revenue Required</u>	<u>Increase over Present Rates</u>	<u>Revenue</u>	<u>Increase over Present Rates</u>	<u>Percent of Cost of Service</u>
Residential	\$24,600	\$45,487	85%	\$45,083	83%	99%
Commercial	\$1,575	\$2,733	74%	\$2,887	83%	106%
Public Authority	\$1,934	\$3,297	70%	\$3,582	85%	109%
Public Fire Protection	<u>\$19,469</u>	<u>\$20,016</u>	3%	<u>\$20,016</u>	3%	100%
Total	<u>\$47,578</u>	<u>\$71,534</u>	<u>50%</u>	<u>\$71,568</u>	<u>50%</u>	<u>100%</u>

Lannon Municipal Water Utility
Authorized Water Rates and Rules

New or Amended

F-1
Upf-1
Mg-1
OC-1
Mpa-1
Ug-1
Sg-1
BW-1
R-1
Cz-1
X-1
X-2
X-3

Deleted

Fd-1
Mz-1
Mgt-1

RATE FILESheet No. 1 of 1Schedule No. F-1Amendment No. 3**Public Service Commission of Wisconsin****Lannon Municipal Water Utility****Public Fire Protection Service**

Public fire protection service shall include the use of hydrants for fire protection service only and such quantities of water as may be demanded for the purpose of extinguishing fires within the service area. This service shall also include water used for testing equipment and training personnel. For all other purposes, the metered or other rates set forth, or as may be filed with the Public Service Commission shall apply.

Under Wis. Stat. § 196.03(3)(b), the municipality has chosen to have the utility bill the retail general service customers for public fire protection service.

Quarterly Public Fire Protection Service Charges:

$\frac{5}{8}$ - inch meter:	\$ 42.60	3 - inch meter:	\$ 636.00
$\frac{3}{4}$ - inch meter:	\$ 42.60	4 - inch meter:	\$ 1,062.00
1 - inch meter:	\$ 105.00	6 - inch meter:	\$ 2,127.00
1 $\frac{1}{4}$ - inch meter:	\$ 159.00	8 - inch meter:	\$ 3,405.00
1 $\frac{1}{2}$ - inch meter:	\$ 213.00	10 - inch meter:	\$ 5,109.00
2 - inch meter:	\$ 339.00	12 - inch meter:	\$ 6,813.00

Customers who are provided service under Schedules Mg-1, Ug-1 or Sg-1 shall also be subject to the charges in this schedule according to the size of their primary meter.

Billing: Same as Schedule Mg-1.

RATE FILESheet No. 1 of 1Schedule No. Upf-1Amendment No. 3**Public Service Commission of Wisconsin****Lannon Municipal Water Utility****Private Fire Protection Service - Unmetered**

This service shall consist of permanent or continuous unmetered connections to the main for the purpose of supplying water to private fire protection systems such as automatic sprinkler systems, standpipes, and private hydrants. This service shall also include reasonable quantities of water used for testing check valves and other backflow prevention devices.

Quarterly Private Fire Protection Service Demand Charges:

2 - inch or smaller connection:	\$	24.00
3 - inch connection:	\$	45.00
4 - inch connection:	\$	75.00
6 - inch connection:	\$	150.00
8 - inch connection:	\$	240.00
10 - inch connection:	\$	360.00
12 - inch connection:	\$	480.00
14 - inch connection:	\$	600.00
16 - inch connection:	\$	720.00

Billing: Same as Schedule Mg-1.

RATE FILESheet No. 1 of 1Schedule No. Mg-1Amendment No. 3**Public Service Commission of Wisconsin****Lannon Municipal Water Utility****General Service - Metered**

Quarterly Service Charges:

5/8 - inch meter:	\$	48.00	3 - inch meter:	\$	210.00
3/4 - inch meter:	\$	48.00	4 - inch meter:	\$	300.00
1 - inch meter:	\$	60.00	6 - inch meter:	\$	405.00
1 1/4 - inch meter:	\$	75.00	8 - inch meter:	\$	600.00
1 1/2 - inch meter:	\$	90.00	10 - inch meter:	\$	900.00
2 - inch meter:	\$	120.00	12 - inch meter:	\$	1,200.00

Plus Volume Charges:

All water used quarterly: \$5.80 per 1,000 gallons

Billing: Bills for water service are rendered quarterly and become due and payable upon issuance following the period for which service is rendered. A late payment charge of 3 percent but not less than 50 cents will be added to bills not paid within 20 days of issuance. This ONE-TIME 3 percent late payment charge will be applied only to any unpaid balance for the current billing period's usage. This late payment charge is applicable to all customers. The utility customer may be given a written notice that the bill is overdue no sooner than 20 days after the bill is issued and unless payment or satisfactory arrangement for payment is made within the next 10 days, service may be disconnected pursuant to Wis. Admin. Code ch. PSC 185.

Combined Metering: Volumetric meter readings will be combined for billing if the utility for its own convenience places more than one meter on a single water service lateral. Multiple meters placed for the purpose of identifying water not discharged into the sanitary sewer are not considered for utility convenience and shall not be combined for billing. This requirement does not preclude the utility from combining readings when metering configurations support such an approach. Meter readings from individually metered separate service laterals shall not be combined for billing purposes.

Public Service Commission of Wisconsin**Lannon Municipal Water Utility****Other Charges**

Payment Not Honored by Financial Institution Charge: The utility shall assess a \$25.00 charge when a payment rendered for utility service is not honored by the customer's financial institution. This charge may not be in addition to, but may be inclusive of, other such charges when the payment was for multiple services.

Special Billing Charge: The utility shall assess a \$25.00 charge to the requestor to cover administrative expenses whenever an existing customer or the property owner requests a special billing outside of the normal utility billing. This charge may not be assessed to a new customer.

Special Meter Reading Charge: The utility shall assess a \$25.00 charge to the requestor whenever an existing customer or the property owner requests a special meter reading by utility personnel on a date other than the regularly scheduled meter reading. This charge may not be assessed if the customer or the property owner provides the meter reading. This charge may not be assessed to a new customer.

Billing: Same as Schedule Mg-1.

RATE FILE

Sheet No. 1 of 1

Schedule No. Mpa-1

Amendment No. 3

Public Service Commission of Wisconsin

Lannon Municipal Water Utility

Public Service

Metered Service

Water used by the Village of Lannon on an intermittent basis for flushing sewers, street washing, flooding skating rinks, drinking fountains, etc., shall be metered and billed according to the rates set forth in Schedule Mg-1.

Unmetered Service

Where it is impossible to meter the service, the utility shall estimate the volume of water used based on the pressure, size of opening, and the period of time the water is used. The estimated quantity shall be billed at the volumetric rates set forth in Schedule Mg-1, excluding any service charges.

Billing: Same as Schedule Mg-1.

RATE FILESheet No. 1 of 1Schedule No. Ug-1Amendment No. 3**Public Service Commission of Wisconsin****Lannon Municipal Water Utility****General Water Service - Unmetered**

Service may be supplied temporarily on an unmetered basis where the utility cannot immediately install a water meter, including water used for construction. Unmetered service shall be billed the amount that would be charged to a metered residential customer using 10,000 gallons of water quarterly under Schedule Mg-1, including the service charge for a $\frac{5}{8}$ -inch meter. If the utility determines that actual usage exceeds 10,000 gallons of water quarterly, an additional charge for the estimated excess usage shall be made according to the rates under Schedule Mg-1.

This schedule applies only to customers with a 1-inch or smaller service connection. For customers with a larger service connection, the utility shall install a temporary meter and charges shall be based on the rates set forth under Schedule Mg-1.

Billing: Same as Schedule Mg-1.

Public Service Commission of Wisconsin**Lannon Municipal Water Utility**

Seasonal Service

Seasonal customers are general service customers who voluntarily request disconnection of water service and who resume service at the same location within 12 months of the disconnection, unless service has been provided to another customer at that location in the intervening period. The utility shall bill seasonal customers the applicable service charges under Schedule Mg-1 year-round, including the period of temporary disconnection.

Seasonal service shall include customers taking service under Schedule Mg-1, Schedule Ug-1, or Schedule Am-1.

Upon reconnection, the utility shall apply a charge under Schedule R-1 and require payment of any unpaid charges under this schedule.

Billing: Same as Schedule Mg-1, unless the utility and customer agree to an alternative payment schedule for the period of voluntary disconnection.

Public Service Commission of Wisconsin**Lannon Municipal Water Utility**

Bulk Water

All bulk water supplied from the water system through hydrants or other connections shall be metered or estimated by the utility. Utility personnel or a party approved by the utility shall supervise the delivery of water.

Bulk water sales are:

- A. Water supplied by tank trucks or from hydrants for the purpose of extinguishing fires outside the utility's service area;
- B. Water supplied by tank trucks or from hydrants for purposes other than extinguishing fires, such as water used for irrigation or filling swimming pools; or,
- C. Water supplied from hydrants or other temporary connections for general service type applications, except that Schedule Ug-1 applies for water supplied for construction purposes.

A service charge of \$40.00 and a charge for the volume of water used shall be billed to the party using the water. The volumetric charge shall be calculated using the highest volumetric rate for residential customers under Schedule Mg-1. In addition, for meters that are assigned to bulk water customers for more than 7 days, the applicable service charge in Schedule Mg-1 will apply after the first 7 days.

The water utility may require a reasonable deposit for the temporary use of its equipment under this and other rate schedules. The deposit(s) collected shall be refunded upon return of the utility's equipment. Damaged or lost equipment shall be repaired or replaced at the customer's expense.

Billing: Same as Schedule Mg-1.

RATE FILESheet No. 1 of 1Schedule No. R-1Amendment No. 3**Public Service Commission of Wisconsin****Lannon Municipal Water Utility**

Reconnection Charges

The utility shall assess a charge to reconnect a customer, which includes reinstalling a meter and turning on the valve at the curb stop, if necessary. A utility may not assess a charge for disconnecting a customer.

During normal business hours: \$40.00

After normal business hours: \$60.00

Billing: Same as Schedule Mg-1.

EFFECTIVE: =TBD=

PSCW AUTHORIZATION: 3045-WR-101

RATE FILE

Sheet No. 1 of 1

Schedule No. Cz-1

Amendment No. 3

Public Service Commission of Wisconsin

Lannon Municipal Water Utility

Water Lateral Installation Charge
--

The utility shall charge a customer for the actual cost of installing a water service lateral from the main through curb stop and box if these costs are not contributed as part of a subdivision development or otherwise recovered under Wis. Stats. Chapter 66.

Billing: Same as Schedule Mg-1.

Public Service Commission of Wisconsin**Lannon Municipal Water Utility****Water Utility Operating Rules**Compliance with Rules

All persons now receiving water service from this water utility, or who may request service in the future, shall be considered as having agreed to be bound by the rules and regulations as filed with the Public Service Commission of Wisconsin.

Establishment of Service

Application for water service may be made in writing on a form furnished by the water utility. The application will contain the legal description of the property to be served, the name of the owner, the exact use to be made of the service, and the size of the service lateral and meter desired. Note particularly any special refrigeration, fire protection, or water-consuming air-conditioning equipment.

Service will be furnished only if (1) the premises have a frontage on a properly platted street or public strip in which a cast iron or other long-life water main has been laid, or where the property owner has agreed to and complied with the provisions of the water utility's filed main extension rule, (2) the property owner has installed or agrees to install a service lateral from the curb stop to the point of use that is not less than 6 feet below the surface of an established or proposed grade and meets the water utility's specifications, and (3) the premises have adequate piping beyond the metering point.

The owner of a multi-unit dwelling has the option of being served by individual metered water service to each unit. The owner, by selecting this option, is required to provide interior plumbing and meter settings to enable individual metered service to each unit and individual disconnection without affecting service to other units. Each meter and meter connection will be treated as a separate water utility account for the purpose of the filed rules and regulations.

No division of the water service lateral to any lot or parcel of land shall be made for the extension and independent metering of the supply to an adjoining lot or parcel of land. Except for duplexes, no division of a water service lateral shall be made at the curb for separate supplies for two or more separate premises having frontage on any street or public service strip, whether owned by the same or different parties. Duplexes may be served by one lateral provided (1) individual metered service and disconnection is provided and (2) it is permitted by local ordinance.

Buildings used in the same business, located on the same parcel, and served by a single lateral may have the customer's water supply piping installed to a central point so that volume can be metered in one place.

The water utility may withhold approval of any application where full information of the purpose of such supply is not clearly indicated and set forth by the applicant property owner.

Public Service Commission of Wisconsin**Lannon Municipal Water Utility****Water Utility Operating Rules**Reconnection of Service

Where the water utility has disconnected service at the customer's request, a reconnection charge shall be made when the customer requests reconnection of service. See Schedule R-1 for the applicable rate.

A reconnection charge shall also be required from customers whose services are disconnected (shut off at curb stop box) because of nonpayment of bills when due. See Schedule R-1 for the applicable rate.

If reconnection is requested for the same location by any member of the same household, or, if a place of business, by any partner of the same business, it shall be considered as the same customer.

Temporary Metered Service, Meter, and Deposits

An applicant for temporary water service on a metered basis shall make and maintain a monetary deposit for each meter installed as security for payment for use of water and for such other charges which may arise from the use of the supply. A charge shall be made for setting the valve and furnishing and setting the meter. See Schedule BW-1 for the applicable rate.

Water for Construction

When water is requested for construction purposes or for filling tanks or other such uses, an application shall be made to the water utility, in writing, giving a statement of the amount of construction work to be done or the size of the tank to be filled, etc. Payment for the water for construction may be required in advance at the scheduled rates. The service lateral must be installed into the building before water can be used. No connection with the service lateral at the curb shall be made without special permission from the water utility. In no case will any employee of the water utility turn on water for construction work unless the contractor has obtained permission from the water utility.

Customers shall not allow contractors, masons, or other persons to take unmetered water from their premises without permission from the water utility. Any customer failing to comply with this provision may have water service discontinued and will be responsible for the cost of the estimated volume of water used.

Public Service Commission of Wisconsin**Lannon Municipal Water Utility****Water Utility Operating Rules**Use of Hydrants

In cases where no other supply is available, permission may be granted by the water utility to use a hydrant. No hydrant shall be used until the proper meter and valve are installed. In no case shall any valve be installed or moved except by an employee of the water utility.

Before a valve is set, payment must be made for its setting and for the water to be used at the scheduled rates. Where applicable, see Schedule BW-1 for deposits and charges. Upon completing the use of the hydrant, the customer must notify the water utility to that effect.

Operation of Valves and Hydrants and Unauthorized Use of Water - Penalty

Any person who shall, without authority of the water utility, allow contractors, masons, or other unauthorized persons to take water from their premises, operate any valve connected with the street or supply mains, or open any fire hydrant connected with the distribution system, except for the purpose of extinguishing fire, or who shall wantonly damage or impair the same, shall be subject to a fine as provided by municipal ordinance. Utility permission for the use of hydrants applies only to such hydrants that are designated for the specific use.

Refunds of Monetary Deposits

All money deposited as security for payment of charges arising from the use of temporary water service on a metered basis, or for the return of a hydrant valve and fixtures if the water is used on an unmetered basis, will be refunded to the depositor on the termination of the use of water, the payment of all charges levied against the depositor, and the return of the water utility's equipment.

Service Laterals

No water service lateral shall be laid through any trench having cinders, rubbish, rock or gravel fill, or any other material which may cause injury to or disintegration of the service lateral, unless adequate means of protection are provided by sand filling or such other insulation as may be approved by the water utility. Service laterals passing through curb or retaining walls shall be adequately safeguarded by provision of a channel space or pipe casing not less than twice the diameter of the service connection. The space between the service lateral and the channel or pipe casing shall be filled and lightly caulked with an oakum, mastic cement, or other resilient material and made impervious to moisture.

In backfilling the pipe trench, the service lateral must be protected against injury by carefully hand tamping the ground filling around the pipe. There should be at least 6 inches of ground filling over the pipe, and it should be free from hard lumps, rocks, stones, or other injurious material.

Public Service Commission of Wisconsin**Lannon Municipal Water Utility****Water Utility Operating Rules**Service Laterals (continued)

All water service laterals shall be of undiminished size from the street main into the point of meter placement. Beyond the meter outlet valve, the piping shall be sized and proportioned to provide, on all floors, at all times, an equitable distribution of the water supply for the greatest probable number of fixtures or appliances operating simultaneously.

Replacement and Repair of Service Laterals

The service lateral from the main to and through the curb stop will be maintained and kept in repair and, when worn out, replaced at the expense of the water utility. The property owner shall maintain the service lateral from the curb stop to the point of use.

If an owner fails to repair a leaking or broken service lateral from the curb to the point of metering or use within such time as may appear reasonable to the water utility after notification has been served on the owner by the water utility, the water will be shut off and will not be turned on again until the repairs have been completed.

Abandonment of Service

If a property owner changes the use of a property currently receiving water service such that water service will no longer be needed in the future, the water utility may require the abandonment of the water service at the water main. In such case, the property owner may be responsible for all removal and/or repair costs, including the water main and the utility portion of the water service lateral.

Charges for Water Wasted Due to Leaks

See Wis. Admin. Code § PSC 185.35 or Schedule X-4, if applicable.

Thawing Frozen Service Laterals

See Wis. Admin. Code § PSC 185.88 or Schedule X-4, if applicable.

Curb Stop Boxes

The curb stop box is the property of the water utility. The water utility is responsible for its repair and maintenance. This includes maintaining, through adjustment, the curb stop box at an appropriate grade level where no direct action by the property owner or occupant has contributed to an elevation problem. The property owner is responsible for protecting the curb stop box from situations that could obstruct access to it or unduly expose it to harm. The water utility shall not be liable for failure to locate the curb stop box and shut off the water in case of a leak on the owner's premises.

Public Service Commission of Wisconsin**Lannon Municipal Water Utility****Water Utility Operating Rules**Installation of Meters

Meters will be owned, furnished, and installed by the water utility or a utility-approved contractor and are not to be disconnected or tampered with by the customer. All meters shall be so located that they shall be protected from obstructions and permit ready access for reading, inspection, and servicing, such location to be designated or approved by the water utility. All piping within the building must be supplied by the owner. Where additional meters are desired by the owner, the owner shall pay for all piping. Where applicable, see Schedule Am-1 for rates.

Repairs to Meters

Meters will be repaired by the water utility, and the cost of such repairs caused by ordinary wear and tear will be borne by the water utility.

Repair of any damage to a meter resulting from the carelessness of the owner of the premises, owner's agent, or tenant, or from the negligence of any one of them to properly secure and protect same, including any damage that may result from allowing a water meter to become frozen or to be damaged from the presence of hot water or steam in the meter, shall be paid for by the customer or the owner of the premises.

Service Piping for Meter Settings

Where the original service piping is installed for a new metered customer, where existing service piping is changed for the customer's convenience, or where a new meter is installed for an existing unmetered customer, the owner of the premises at his/her expense shall provide a suitable location and the proper connections for the meter. The meter setting and associated plumbing shall comply with the water utility's standards. The water utility should be consulted as to the type and size of the meter setting.

Turning on Water

The water may only be turned on for a customer by an authorized employee of the water utility. Plumbers may turn the water on to test their work, but upon completion must leave the water turned off.

Sprinkling Restrictions and Emergency Water Conditions

Where the municipality has a policy regarding sprinkling restrictions and/or emergency water conditions, failure to comply with such may result in disconnection of service.

See Wis. Admin. Code § PSC 185.37.

RATE FILE

Sheet No. 6 of 10

Schedule No. X-1

Public Service Commission of Wisconsin

Amendment No. 3

Lannon Municipal Water Utility

Water Utility Operating Rules

Failure to Read Meters

Where the water utility is unable to read a meter, the fact will be plainly indicated on the bill, and either an estimated bill will be computed or the minimum charge applied. The difference shall be adjusted when the meter is again read, that is, the bill for the succeeding billing period will be computed with the gallons or cubic feet in each block of the rate schedule doubled, and credit will be given on that bill for the amount of the bill paid the preceding period. Only in unusual cases shall more than three consecutive estimated or minimum bills be rendered.

If the meter is damaged (see Surreptitious Use of Water) or fails to operate, the bill will be based on the average use during the past year, unless there is some reason why the use is not normal. If the average use cannot be properly determined, the bill will be estimated by some equitable method.

See Wis. Admin. Code § PSC 185.33.

Complaint Meter Tests

See Wis. Admin. Code § PSC 185.77.

Inspection of Premises

During reasonable hours, any officer or authorized employee of the water utility shall have the right of access to the premises supplied with service for the purpose of inspection or for the enforcement of the water utility's rules and regulations. Whenever appropriate, the water utility will make a systematic inspection of all unmetered water taps for the purpose of checking waste and unnecessary use of water.

See Wis. Stat. § 196.171.

Vacation of Premises

When premises are to be vacated, the water utility shall be notified, in writing, at once, so that it may remove the meter and shut off the water supply at the curb stop. The owner of the premises shall be liable for prosecution for any damage to the water utility's property. See "Abandonment of Service" in Schedule X-1 for further information.

Deposits for Residential Service

See Wis. Admin. Code § PSC 185.36.

Public Service Commission of Wisconsin

Lannon Municipal Water Utility

Water Utility Operating Rules

Deposits for Nonresidential Service

See Wis. Admin. Code § PSC 185.361.

Deferred Payment Agreement

See Wis. Admin. Code § PSC 185.38 or Schedule X-4, if applicable.

Dispute Procedures

See Wis. Admin. Code § PSC 185.39.

Disconnection and Refusal of Service

See Wis. Admin. Code § PSC 185.37.

The following is an example of a disconnection notice that the utility may use to provide the required notice to customers.

DISCONNECTION NOTICE

Dear Customer:

The bill enclosed with this notice includes your current charge for water utility service and your previous unpaid balance.

You have 10 days to pay the water utility service arrears or your service is subject to disconnection.

If you fail to pay the service arrears or fail to contact us within the 10 days allowed to make reasonable deferred payment arrangement or other suitable arrangement, we will proceed with disconnection action.

To avoid the inconvenience of service interruption and an additional charge of (amount) for reconnection, we urge you to pay the full arrears IMMEDIATELY AT ONE OF OUR OFFICES.

If you have entered into a Deferred Payment Agreement with us and have failed to make the deferred payments you agreed to, your service will be subject to disconnection unless you pay the entire amount due within 10 days.

If you have a reason for delaying the payment, call us and explain the situation.

Public Service Commission of Wisconsin

Lannon Municipal Water Utility

Water Utility Operating Rules

Disconnection and Refusal of Service (continued)

DISCONNECTION NOTICE (continued)

PLEASE CALL THIS TELEPHONE NUMBER, (telephone number), IMMEDIATELY IF:

1. You dispute the notice of delinquent account.
2. You have a question about your water utility service arrears.
3. You are unable to pay the full amount of the bill and are willing to enter into a deferred payment agreement with us.
4. There are any circumstances you think should be taken into consideration before service is discontinued.
5. Any resident is seriously ill.

Illness Provision: If there is an existing medical emergency in your home and you furnish the water utility with a statement signed by either a licensed Wisconsin physician or a public health official, we will delay disconnection of service up to 21 days. The statement must identify the medical emergency and specify the period of time during which disconnection will aggravate the existing emergency.

Deferred Payment Agreements: If you are a residential customer and you are unable to pay the full amount of the water utility service arrears on your bill, you may contact the water utility to discuss arrangements to pay the arrears over an extended period of time.

This time payment agreement will require:

1. Payment of a reasonable amount at the time the agreement is made.
2. Payment of the remainder of the outstanding balance in monthly installments over a reasonable length of time.
3. Payment of all future water utility service bills in full by the due date.

In any situation where you are unable to resolve billing disputes or disputes about the grounds for proposed disconnection through contacts with our water utility, you may make an appeal to the Public Service Commission of Wisconsin by calling (800) 225-7729.

(WATER UTILITY NAME)

Public Service Commission of Wisconsin**Lannon Municipal Water Utility****Water Utility Operating Rules**Collection of Overdue Bills

An amount owed by the customer may be levied as a tax as provided in Wis. Stat. § 66.0809.

Surreptitious Use of Water

When the water utility has reasonable evidence that a person is obtaining water, in whole or in part, by means of devices or methods used to stop or interfere with the proper metering of the water utility service being delivered, the water utility reserves the right to estimate and present immediately a bill for unmetered service as a result of such interference, and such bill shall be payable subject to a 24-hour disconnection of service. If the water utility disconnects the service for any such reason, the water utility will reconnect the service upon the following conditions:

- A. The customer will be required to deposit with the water utility an amount sufficient to guarantee the payment of the bills for water utility service.
- B. The customer will be required to pay the water utility for any and all damages to water utility equipment resulting from such interference with the metering.
- C. The customer must further agree to comply with reasonable requirements to protect the water utility against further losses.

See Wis. Stat. §§ 98.26 and 943.20.

Repairs to Mains

The water utility reserves the right to shut off the water supply in the mains temporarily to make repairs, alterations, or additions to the plant or system. When the circumstances will permit, the water utility will give notification, by newspaper publication or otherwise, of the discontinuance of the water supply. No credit will be allowed to customers for such temporary suspension of the water supply.

See Wis. Admin. Code § PSC 185.87.

Duty of Water Utility with Respect to Safety of the Public

It shall be the duty of the water utility to see that all open ditches for water mains, hydrants, and service laterals are properly guarded to prevent accident to any person or vehicle, and at night there shall be displayed proper signal lighting to insure the safety of the public.

Public Service Commission of Wisconsin

Lannon Municipal Water Utility

Water Utility Operating RulesHandling Water Mains and Service Laterals in Excavation Trenches

Contractors must call Digger's Hotline and ensure a location is done to establish the existence and location of all water mains and service laterals as provided in Wis. Stat. § 182.0175. Where water mains or service laterals have been removed, cut, or damaged during trench excavation, the contractors must, at their own expense, cause them to be replaced or repaired at once. Contractors must not shut off the water service laterals to any customer for a period exceeding 6 hours.

Protective Devices

- A. Protective Devices in General: The owner or occupant of every premise receiving water supply shall apply and maintain suitable means of protection of the premise supply and all appliances against damage arising in any manner from the use of the water supply, variation of water pressure, or any interruption of water supply. Particularly, such owner or occupant must protect water-cooled compressors for refrigeration systems by means of high and/or low pressure safety cutout devices. There shall likewise be provided means for the prevention of the transmission of water ram or noise of operation of any valve or appliance through the piping of their own or adjacent premises.
- B. Relief Valves: On all "closed systems" (i.e., systems having a check valve, pressure regulator, reducing valve, water filter, or softener), an effective pressure relief valve shall be installed at or near the top of the hot water tank or at the hot water distribution pipe connection to the tank. No stop valve shall be placed between the hot water tank and the relief valve or on the drain pipe. See applicable plumbing codes.
- C. Air Chambers: An air chamber or approved shock absorber shall be installed at the terminus of each riser, fixture branch, or hydraulic elevator main for the prevention of undue water hammer. The air chamber shall be sized in conformance with local plumbing codes. Where possible, the air chamber should be provided at its base with a valve for water drainage and replenishment of air.

Cross-Connections

Every person owning or occupying a premise receiving municipal water supply shall maintain such municipal water supply free from any connection, either of a direct or of an indirect nature, with a water supply from a foreign source or of any manner of connection with any fixture or appliance whereby water from a foreign supply or the waste from any fixture, appliance, or waste or soil pipe may flow or be siphoned or pumped into the piping of the municipal water system.

See Wis. Admin. Code § NR 811.06.

Public Service Commission of Wisconsin**Lannon Municipal Water Utility****Water Main Extension Rule**

Water mains will be extended for new customers on the following basis:

- A. Where the cost of the extension is to immediately be collected through assessment by the municipality against the abutting property, the procedure set forth under Wis. Stat. § 66.0703 will apply, and no additional customer contribution to the utility will be required.
- B. Where the municipality is unwilling or unable to make a special assessment, the extension will be made on a customer-financed basis as follows:
 - 1. The applicant(s) will advance as a contribution in aid of construction the total amount equivalent to that which would have been assessed for all property under paragraph A.
 - 2. Part of the contribution required in paragraph B.1. will be refundable. When additional customers are connected to the extended main within 10 years of the date of completion, contributions in aid of construction will be collected equal to the amount which would have been assessed under paragraph A. for the abutting property being served. This amount will be refunded to the original contributor(s). In no case will the contributions received from additional customers exceed the proportionate amount which would have been required under paragraph A., nor will it exceed the total assessable cost of the original extension.
- C. When a customer connects to a transmission main or connecting loop installed at utility expense within 10 years of the date of completion, there will be a contribution required of an amount equivalent to that which would have been assessed under paragraph A.

Public Service Commission of Wisconsin

Lannon Municipal Water Utility

Water Main Installations in Platted Subdivisions

Application for installation of water mains in regularly platted real estate development subdivisions shall be filed with the utility.

If the developer, or a contractor employed by the developer, is to install the water mains (with the approval of the utility), the developer shall be responsible for the total cost of construction.

If the utility or its contractor is to install the water mains, the developer shall be required to advance to the utility, prior to the beginning of the construction, the total estimated cost of the extension. If the final costs exceed estimated costs, an additional billing will be made for the balance of the cost due. This balance is to be paid within 30 days. If final costs are less than estimated, a refund of the overpayment will be made by the water utility.

LANNON MUNICIPAL WATER UTILITY
Customer Water Bill Comparison at Present and Authorized Rates

Customer Type	Meter Size	Volume (1000 Gallons)	<u>Quarterly</u>			<u>Quarterly Including Public Fire Protection</u>		
			Bills at Old Rates	Bills at New Rates	Percent Change	Bills at Old Rates	Bills at New Rates	Percent Change
Small Residential	3/4"	5	\$ 41.32	\$ 77.00	86.35%	\$ 82.73	\$ 119.60	44.57%
Average Residential	3/4"	10	\$ 57.92	\$ 106.00	83.01%	\$ 99.33	\$ 148.60	49.60%
Large Residential	3/4"	25	\$ 107.72	\$ 193.00	79.17%	\$ 149.13	\$ 235.60	57.98%
Large Residential	3/4"	50	\$ 186.12	\$ 338.00	81.60%	\$ 227.53	\$ 380.60	67.27%
Large Residential	3/4"	375	\$ 1,132.62	\$ 2,223.00	96.27%	\$ 1,174.03	\$ 2,265.60	92.98%
Commercial	3/4"	50	\$ 186.12	\$ 338.00	81.60%	\$ 227.53	\$ 380.60	67.27%
Commercial	3/4"	100	\$ 340.62	\$ 628.00	84.37%	\$ 382.03	\$ 670.60	75.54%
Commercial	3/4"	200	\$ 628.62	\$ 1,208.00	92.17%	\$ 670.03	\$ 1,250.60	86.65%
Commercial	3/4"	300	\$ 916.62	\$ 1,788.00	95.06%	\$ 958.03	\$ 1,830.60	91.08%
Public Authority	3/4"	200	\$ 628.62	\$ 1,208.00	92.17%	\$ 670.03	\$ 1,250.60	86.65%
Public Authority	3/4"	400	\$ 1,204.62	\$ 2,368.00	96.58%	\$ 1,246.03	\$ 2,410.60	93.46%
Public Authority	1"	4,700	\$13,594.80	\$27,320.00	100.96%	\$13,699.86	\$27,425.00	100.18%

LANNON MUNICIPAL WATER UTILITY**Schedule of Water Depreciation Rates
Effective January 1, 2017**

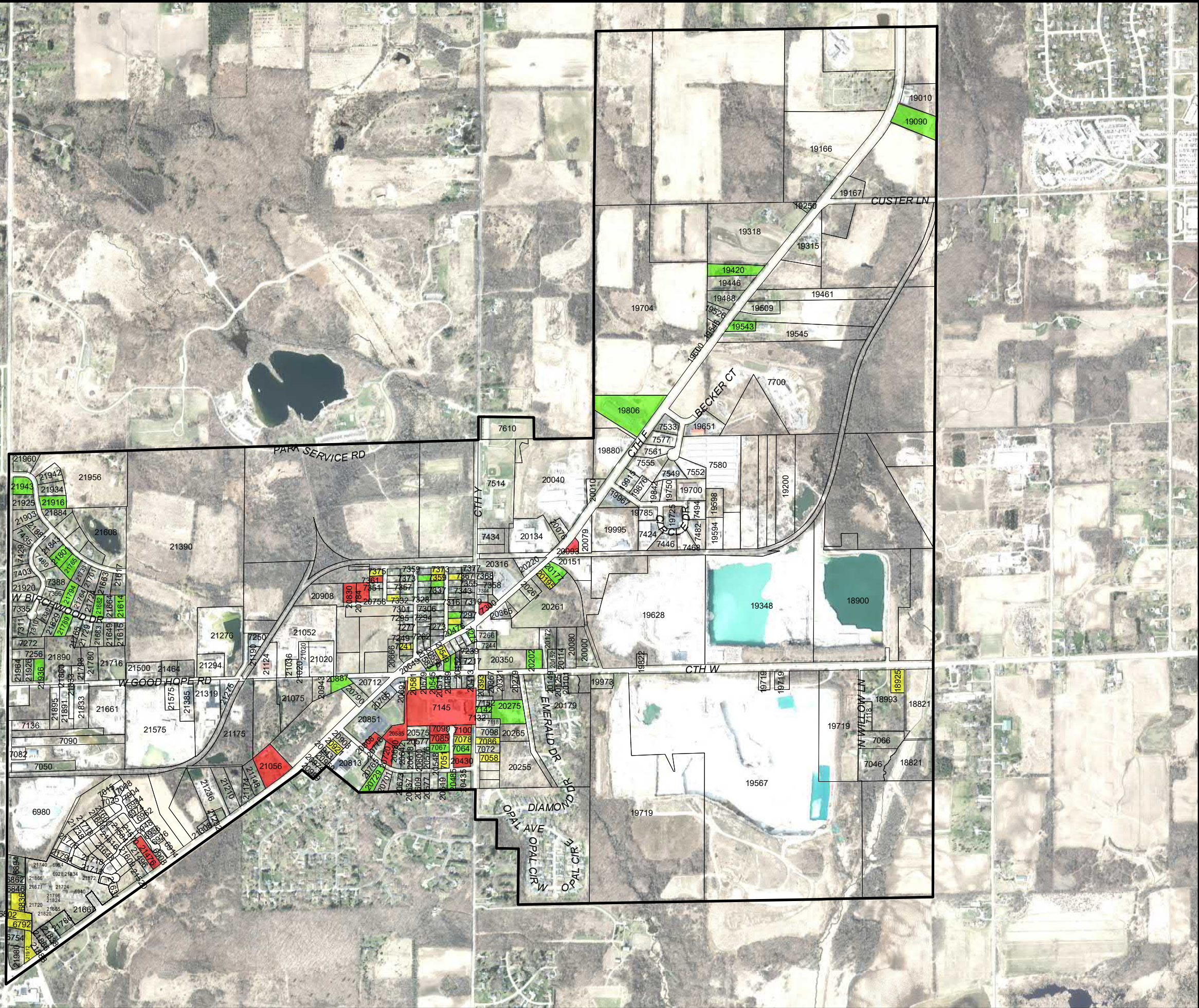
Account Number	Account Title	Depreciation Rate
	SOURCE OF SUPPLY PLANT	
311	Structures and Improvements	3.2%
314	Wells and Springs	2.9%
	PUMPING PLANT	
323	Other Power Production Equipment	4.4%
325	Electric Pumping Equipment	4.4%
328	Other Pumping Equipment	4.4%
	TRANSMISSION AND DISTRIBUTION PLANT	
342	Distribution Reservoirs and Standpipes	1.9%
343	Transmission and Distribution Mains	1.3%
345	Services	2.9%
346	Meters	5.5%
348	Hydrants	2.2%
	GENERAL PLANT	
397.1	SCADA Equipment	9.2%

APPENDIX 3-1
PRIVATE WELL WATER QUALITY MAP

Legend

- Safe
- Unsafe
- E. Coli

0 250 500 1,000
Feet

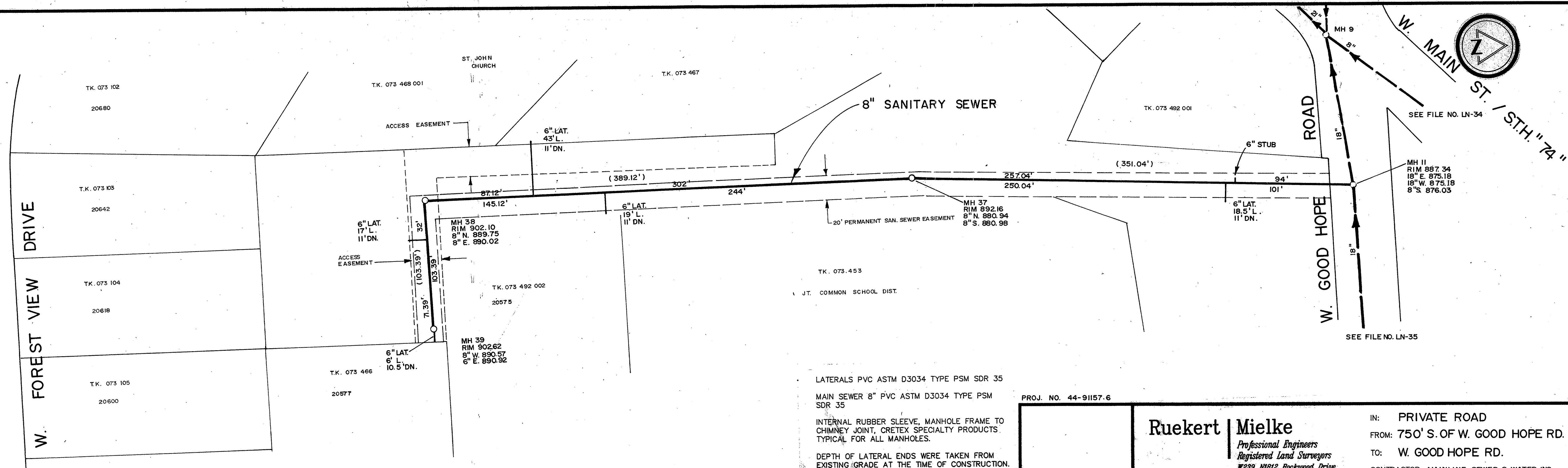


PRIVATE WELL WATER QUALITY

VILLAGE OF LANNON
WAUKESHA COUNTY, WISCONSIN



APPENDIX 4-1
EXISTING EASEMENT DOCUMENTS



LATERALS PVC ASTM D3034 TYPE PSM SDR 35
MAIN SEWER 8" PVC ASTM D3034 TYPE PSM SDR 35
INTERNAL RUBBER SLEEVE, MANHOLE FRAME TO CHIMNEY JOINT, CRETEX SPECIALTY PRODUCTS. TYPICAL FOR ALL MANHOLES.
DEPTH OF LATERAL ENDS WERE TAKEN FROM EXISTING GRADE AT THE TIME OF CONSTRUCTION. SUBSEQUENT SITE GRADING MAY AFFECT BURY DEPTH.
ALL ELEVATIONS BASED ON USGS DATUM.
MANHOLE RIM ELEVATIONS ARE SUBJECT TO CHANGE WITH ROAD RECONSTRUCTION.

PROJ. NO. 44-91157.6

Ruekert | Mielke
*Professional Engineers
Registered Land Surveyors*
W239 N1812 Rockwood Drive
Waukesha, Wisconsin 53188
(414) 542-5793

VILLAGE OF LANNON
SANITARY SEWER AS-BUILTS

IN: PRIVATE ROAD
FROM: 750' S. OF W. GOOD HOPE RD.
TO: W. GOOD HOPE RD.
CONTRACTOR: MAINLINE SEWER & WATER INC.
COMPLETION DATE: MARCH 1997
DR. BY: CEA. CHK. BY: SCALE: 1"= 40'
FILE NO. LN-37

DECLARATION OF PERPETUAL EASEMENT FOR UTILITY PURPOSES

This Declaration of Perpetual Easement for Utility Purposes (“Declaration”) is made as of May __, 2019, by the Hamilton School District, a Wisconsin Public School District, (“Owner”).

RECITALS:

- A. Owner is the fee holder of certain real property which is free and clear of all liens and encumbrances in the Village of Lannon (the “Village”), Waukesha County, State of Wisconsin, and more particularly depicted and described on Exhibits A and B attached hereto and made a part hereof (the “Property”).
- B. The Village has requested that Owner grant a perpetual easement over and under a portion of the Property to install above and below ground materials, and conduits and apparatus for water conveyance and to maintain, repair and replace same within the Property depicted and described on Exhibits A and B.

Recording Area

Return to:

Village Clerk
Village of Lannon
20399 W. Main Street
Lannon, WI 53046

Parcel Number:
LANV0073453

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Owner declares as follows:

1. Incorporation of Recitals. The above stated recitals are fully incorporated herein and made a part hereof.
2. Grant of Easement. In consideration of One Dollar (\$1) and other valuable covenants, namely installation and replacement obligations on the part of the Village, Owner does hereby grant to the Village, its successors, and assigns, the perpetual right and easement as described as may be needed from time to time, upon, across, through and adjacent to the Easement Area to construct, maintain and operate below ground conduits and apparatus to convey water and related facilities for water utility purposes (the “Easement”). The Easement shall commence with the date hereof.
3. Maintenance. The Village shall be responsible for the full cost and installation and repair or replacement of the conduit and materials needed for the conveyance of water through the Easement Area. The Village shall have the right to enter the Easement Areas and adjacent area to perform such maintenance, repair, or replacement of the surface and below ground materials and conduits ancillary thereto as the Village deems necessary.

4. Uses Allowed. Owner shall only use the Easement Areas for those purposes allowed to the Village and which will not interfere with the Village's full use of the Easement rights granted hereby.

5. Covenants Run with Land. All of the terms, conditions, covenants and other provisions contained in this Declaration, including the benefits and burdens, shall run with the land and shall be binding upon and inure to the benefit of and be enforceable by Owner and the Village and their respective successors and assigns.

6. Governing Law. This Declaration shall be construed and enforced in accordance with the internal laws of the State of Wisconsin.

7. Public Record. This Declaration will be recorded by the Village in the office of the Register of Deeds of Waukesha County, Wisconsin.

8. Invalidity. If any term, covenant, or condition of this Declaration or the application thereof to any person or circumstance shall be deemed invalid or unenforceable, the remainder of this Declaration, or the application of such term, covenant, or condition to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant and condition shall be valid and enforceable to the fullest extent permitted by law.

Dated this _____ day of May, 2019.

**Hamilton School District,
a Wisconsin Public School District**

By: _____

Name:

Title: [INSERT]

ACKNOWLEDGMENT

STATE OF WISCONSIN)
) ss.
WAUKESHA COUNTY)

Personally came before me this _____ day of May, 2019, the above named _____, who acknowledged himself to be the _____ of the Hamilton School District, a Wisconsin Public School District, and to me known to be the person who executed the foregoing instrument as the _____ of such entity by its authority, and acknowledged the same.

NOTARY PUBLIC

Printed name of Notary Public

My Commission Expires: _____

Attachments: Exhibit A & B-----Depiction and Legal Description of Property

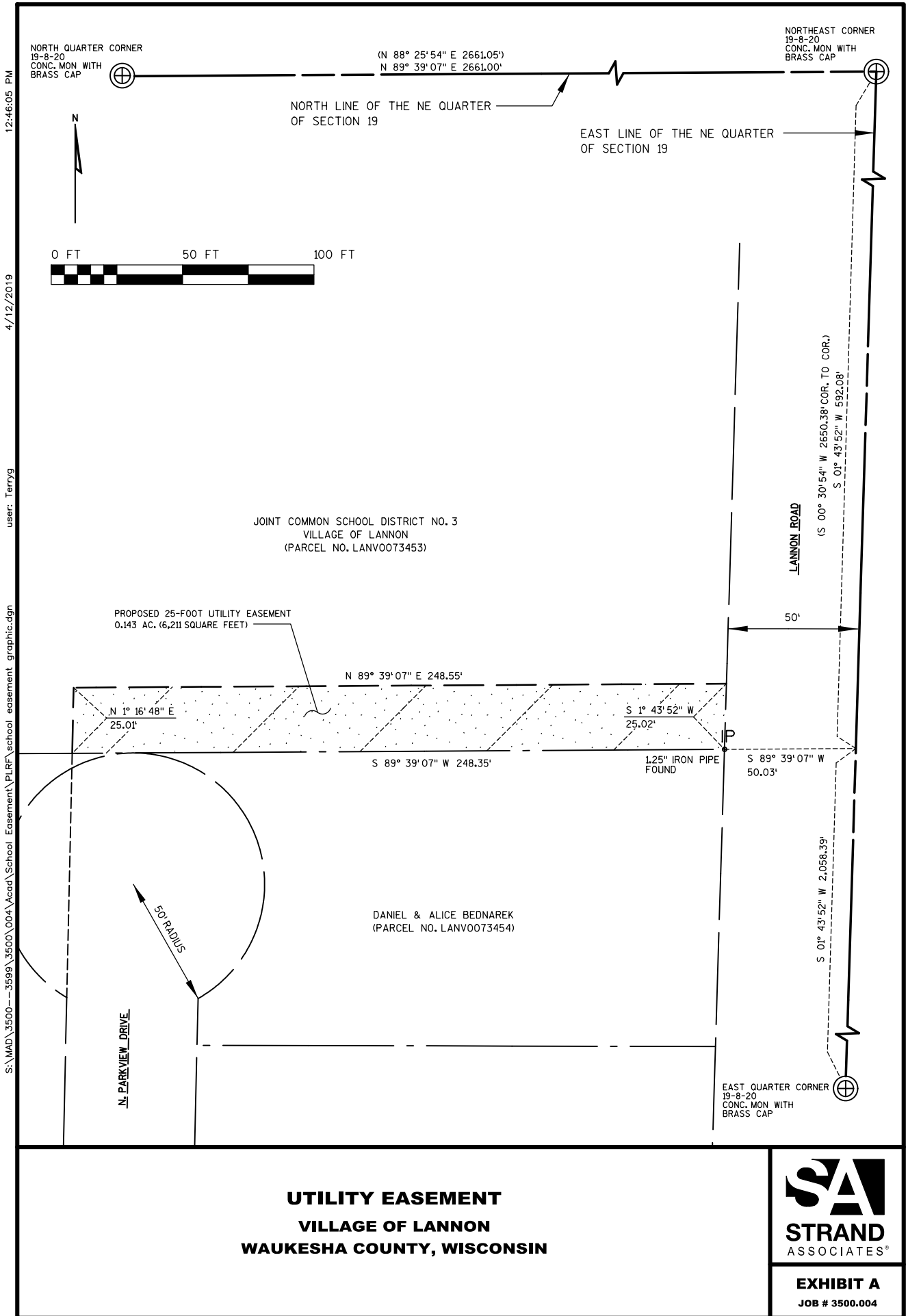


EXHIBIT B: LEGAL DESCRIPTION

A 25-foot permanent easement for utility purposes, located in the NE 1/4 - NE 1/4 of Section 19, T 8 N, R 20 E, Village of Lannon, Waukesha County, Wisconsin, more fully described as follows:

Commencing at the North 1/4 Corner of said Section 19;

Thence N 89° 39' 07" E, 2661.00 feet along the north line of the NE 1/4 of said Section to the Northeast corner of Section 19;

Thence S 1° 43' 52" W, 592.08 feet along the east line of the NE 1/4 of said Section 19 to the southerly line of school grounds owned by the Joint Common School District No. 3 of the Village of Lannon;

Thence S 89° 39' 07" W, 50.03 feet along said southerly line to a found 1.25" iron pipe on the existing westerly right of way line of Lannon Road and the point of beginning;

Thence continuing S 89° 39' 07" W, 248.35 feet along said southerly line of the school grounds to the approximate northerly extension of the westerly right of way line of N. Parkview Drive;

Thence N 1° 16' 48" E, 25.01 feet;

Thence N 89° 39' 07" E, 248.55 feet to said westerly right of way line of Lannon Road;

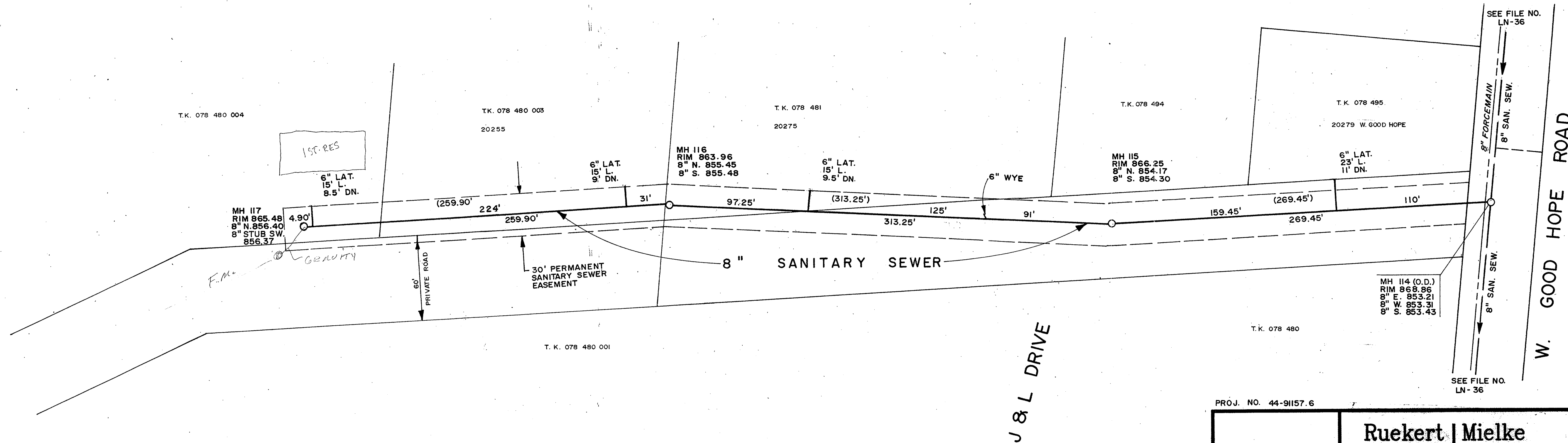
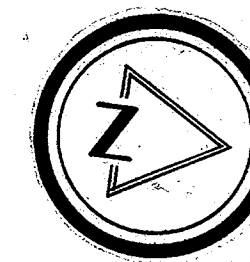
Thence S 1° 43' 52" W, 25.02 feet along said westerly line to the point of beginning.

Said easement contains 0.143 acres (6,211 square feet), more or less.

Excluded from this easement is any land currently occupied by buildings.

Subject to all other easements, restrictions and agreements, recorded and unrecorded.

Tax parcel number LANV0073453



LATERALS PVC ASTM D3034 TYPE PSM SDR 35

MAIN SEWER 8" PVC ASTM D3034 TYPE PSM SDR 35

INTERNAL RUBBER SLEEVE, MANHOLE FRAME TO CHIMNEY JOINT, CRETEX SPECIALTY PRODUCTS TYPICAL FOR ALL MANHOLES.

DEPTH OF LATERAL ENDS WERE TAKEN FROM EXISTING GRADE AT THE TIME OF CONSTRUCTION SUBSEQUENT SITE GRADING MAY AFFECT BURY DEPTH.

ALL ELEVATIONS BASED ON USGS DATUM.

MANHOLE RIM ELEVATIONS ARE SUBJECT TO CHANGE WITH ROAD RECONSTRUCTION.

PROJ. NO. 44-91157.6

Ruekert | Mielke
Professional Engineers
Registered Land Surveyors
#239 N1812 Rockwood Drive
Waukesha, Wisconsin 53188
(414) 542-5733

VILLAGE OF LANNON
SANITARY SEWER AS-BUILTS

IN: PRIVATE ROAD
FROM: 1000'S. OF GOOD HOPE RD.
TO: W. GOOD HOPE ROAD
CONTRACTOR: MAINLINE SEWER & WATER INC.
COMPLETION DATE: MARCH 1997
DR. BY: CEA CHK. BY: SCALE: 1" = 40'

FILE NO. LN-68

VILLAGE OF LANNON (WAUKESHA COUNTY WISCONSIN)
PRELIMINARY ENGINEERING REPORT (PER)-WATER SYSTEM IMPROVEMENTS
OPINION OF PROBABLE COST

CONSTRUCTION COSTS

CONTRACT 1 - WATER MAIN EXTENSION (2019 Dollars)

Item No.	Description	Est. Qty.	Unit	Unit Price	Total -	Total -
					Alternative 1	Alternative 2
1	12-IN PVC Water Main with Slurry Backfill	4,871	LF	\$170	\$828,150	\$828,150
2	12-IN PVC Water Main with Granular Backfill	1,989	LF	\$130	\$258,570	\$258,570
3	8-IN PVC Water Main with Slurry Backfill	584	LF	\$160	\$93,440	\$93,440
4	8-IN PVC Water Main with Granular Backfill	7,143	LF	\$120	\$857,148	\$857,148
5	8-IN PVC Water Main with Native Backfill	240	LF	\$95	\$22,800	\$22,800
6	6-IN PVC Water Main with Granular Backfill	1,471	LF	\$115	\$169,165	\$169,165
7	24-IN Steel Casing	40	LF	\$650	\$26,000	\$26,000
8	18-IN Steel Casing	30	LF	\$625	\$18,750	\$18,750
9	Fire Hydrant W/ Aux Valve	35	EA	\$6,500	\$227,500	\$227,500
10	12-IN Gate Valve & Valve Box	12	EA	\$3,500	\$42,000	\$42,000
11	8-IN Gate Valve & Valve Box	18	EA	\$2,500	\$45,000	\$45,000
12	6-IN Gate Valve & Valve Box	1	EA	\$1,500	\$1,500	\$1,500
13	Connect New Water Main to Existing Water Main	14	EA	\$7,500	\$105,000	\$105,000
14	1 1/4-IN Water Service with Slurry Backfill	1,081	LF	\$160	\$173,027	\$173,027
15	1 1/4-IN Water Service with Granular Backfill	3,279	LF	\$120	\$393,444	\$393,444
16	1 1/4-IN Water Service, HDD	680	LF	\$105	\$71,400	\$71,400
17	1 1/4-IN Corporation Stop, Curb Stop, and Curb Box	175	EA	\$450	\$78,750	\$78,750
18	Exploratory Excavation	15	EA	\$1,500	\$22,067	\$22,067
19	Insulation	2,411	SF	\$10	\$24,110	\$24,110
20	Rock Excavation	3,323	LF	\$275	\$913,712	\$913,712
21	Pressure Reducing Valve in Manhole	1	EA	\$10,000	\$10,000	\$10,000
22	Sawcutting	24,274	LF	\$1	\$24,274	\$24,274
23	Concrete Pavement, 9-IN	645	SY	\$95	\$61,286	\$61,286
24	Crushed Aggregate Base Course	7,813	Ton	\$20	\$156,269	\$156,269
25	Aggregate Shoulder	1,509	LF	\$7	\$10,561	\$10,561
26	30-IN Concrete Curb and Gutter Removal and Replacement	2,573	LF			
				\$30	\$77,186	\$77,186
27	Remove and Replace Culvert	50	LF	\$40	\$2,000	\$2,000
28	Adjust Existing Structure	63	EA	\$750	\$47,250	\$47,250
29	Remove and Reset Inlet	8	EA	\$2,000	\$16,000	\$16,000
30	Asphaltic Concrete Pavement - Trench Patch	3,034	Ton	\$120	\$364,094	\$364,094
31	Asphaltic Concrete Pavement - Overlay	4,167	Ton	\$105	\$437,483	\$437,483
32	Milling	37,388	SY	\$2	\$74,777	\$74,777
33	Remove and Replace Asphalt Driveway	1,232	SY	\$40	\$49,280	\$49,280
34	Pavement Marking - General	22,736	LF	\$2	\$45,472	\$45,472
35	Restoration	4,205	SY	\$10	\$42,049	\$42,049
36	Remove and Replace Fence	50	LF	\$175	\$8,750	\$8,750
37	Remove and Reset Mailbox	1	LS	\$7,500	\$7,500	\$7,500
38	Remove and Reset Existing Landscaping	1	LS	\$25,000	\$25,000	\$25,000
39	Clearing and Grubbing	1	LS	\$15,000	\$15,000	\$15,000
40	Traffic Control	1	LS	\$50,000	\$50,000	\$50,000
41	Mobilization	1	LS	\$130,000	\$130,000	\$130,000
42	Erosion Control	1	LS	\$20,000	\$20,000	\$20,000
43	Ditching	6,900	LF	\$13	\$89,700	\$89,700
44	12-IN Driveway Culverts	1,500	LF	\$40	\$60,000	\$60,000
45	Remove and Repalce Asphalt Driveway	1,000	SY	\$40	\$40,000	\$40,000
46	Remove and Replace Concrete Driveway	60	SY	\$70	\$4,200	\$4,200
47	Remove and Replace Gravel Driveway	60	SY	\$10	\$600	\$600
48	Adjust Inlet	6	EA	\$750	\$4,500	\$4,500
Subtotal Contract					\$6,244,764	\$6,244,764
General Contingency (10%)					\$624,476	\$624,476
Total Contract					\$6,869,241	\$6,869,241

CONTRACT 2 - LANNON ESTATES WELL FACILITY ACQUISITION (2019 Dollars)

Item No.	Description	Est. Qty.	Unit	Unit Price	Total -	Total -
					Alternative 1	Alternative 2
1	Well Facility Improvements	1	LS	\$195,500	\$0	\$195,500
Subtotal Contract					\$0	\$195,500
General Contingency (10%)					\$0	\$20,000
Total Contract					\$0	\$215,500

NON-CONSTRUCTION COSTS

Description		Est. Qty.	Unit	Unit Price	Total -	Total -
					Alternative 1	Alternative 2
Engineering Service Costs						
<u>Engineering (Design)</u>						
Contract 1 - Water Main		1	LS	\$256,000	\$256,000	\$256,000
Contract 1 - Water Main Amendment 1		1	LS	\$34,000	\$34,000	\$34,000
Contract 2 - Facility Improvements		1	LS	\$45,000	\$0	\$45,000
<u>Engineering (Additional Services)</u>						
Contract 1 - Surveying		1	LS	\$84,000	\$84,000	\$84,000
Contract 1 - Surveying Amendment 1		1	LS	\$5,000	\$5,000	\$5,000
Contract 1 - Soil Borings		1	LS	\$25,650	\$25,650	\$25,650
Contract 2 - Wellhead Protection Plan		1	LS	\$7,500	\$0	\$7,500
Contract 2 - Plumbness and Alignment Test		1	LS	\$7,500	\$0	\$7,500
Contract 2 - Well Siting Study		1	LS	\$12,500	\$0	\$12,500
<u>Engineering (Inspection)</u>						
Contract 1 - Geotechnical Construction		1	LS	\$55,000	\$55,000	\$55,000
<u>Engineering - Construction Administration</u>						
Contract 1 - Bidding Services		1	LS	\$10,000	\$10,000	\$10,000
Contract 1 - RPR		1	LS	\$251,000	\$251,000	\$251,000
Contract 1 - Construction Staking		1	LS	\$54,000	\$54,000	\$54,000
Contract 1 - General Admin		1	LS	\$120,000	\$120,000	\$120,000
Contract 2 - Bidding Services		1	LS	\$10,000	\$0	\$10,000
Contract 2 - RPR		1	LS	\$10,000	\$0	\$10,000
Contract 2 - General Admin		1	LS	\$12,000	\$0	\$12,000
<u>Engineering - PreDevelopment</u>						
Environmental Report		1	LS	\$14,000	\$14,000	\$14,000
Pre-Application		1	LS	\$10,000	\$10,000	\$10,000
Preliminary Engineering Report		1	LS	\$23,000	\$23,000	\$23,000
PSC Construction Authorization		1	LS	\$10,000	\$10,000	\$10,000
USDA Final Application Assistance and Agreement Prepar		1	LS	\$40,000	\$40,000	\$40,000
Water System Expansion Program Management		1	LS	\$200,000	\$200,000	\$200,000
Other Costs						
<u>Legal Services</u>						
Owner's Attourney Fees		1	LS	\$20,000	\$20,000	\$20,000
Municipal Advisor Fees		1	LS	\$20,000	\$20,000	\$20,000
<u>Bond Counsel</u>						
Owner's Bond Counsel		1	LS	\$30,000	\$30,000	\$30,000
<u>Interim Financing</u>						
Owner's Interim Financing		1	LS	\$80,000	\$80,000	\$80,000
<u>Land & Rights</u>						
Lannon Estates Well Facility and Land Acquisiton		1	LS	\$300,000	\$0	\$300,000
<u>Contingencies</u>						
Construction - Contract 1		10%			\$624,476	\$624,476
Construction - Contract 2		10%			\$0	\$20,000
Total Non-Construction Costs					\$1,341,650	\$1,746,150
TOTAL OPINION OF PROBABLE COST					\$8,210,891	\$8,830,891

Present Worth Analysis, Operation and Maintenance, and Short Lived Depreciation

Community Name: Village of Lannon
Project Water System Improvements

Federal Discount Rate for Water Resources Planning (Interest Rate) i = 0.012
 Number of Years, n = 20

Calculations

Present Worth (PW) of Salvage Value=	$\frac{FSV * 1}{(1 + i)^n}$	PW of O&M = Annual O&M $\frac{* (1+i)^n - 1}{i * (1+i)^n}$
--------------------------------------	-----------------------------	--

Parameters	Alt. 1 Watermain Extension, ERP	Alt. 2 - Watermain Extension, Add Well Acquisition
Construction Capital Costs	\$6,869,241	\$7,084,741
Non Construction Capital Costs	\$1,341,650	\$1,746,150
Total Capital Costs	\$8,210,891	\$8,830,891
Annual O&M Costs	\$39,000	\$40,000
Future Salvage Value (FSV) =	\$0	\$0
PW of 20 years of O&M =	\$689,800	\$707,500
PW of 20 yr Salvage Value =	\$0	\$0
Total Present Worth =	\$8,901,000	\$9,538,000

O&M Costs

Item	Notes			Alt. 1 Watermain Extension	Alt. 2 - Add Well Acquisition
Personnel				\$0	\$2,400
Administrative Costs				\$1,600	\$1,895
Water Purchase or Waste Treatment				\$0	\$0
Insurance (\$2/\$1,000 PV)				\$13,700	\$14,200
Energy				\$4,600	\$4,600
Process Chemical				\$500	\$500
Monitoring and Testing				\$0	\$1,200
Professional Services				\$0	\$0
Residuals Disposal				\$0	\$0
Emergency Response Plan				\$14,000	\$0
Annual SLAM				\$4,800	\$14,900
Total O&M =				\$39,000	\$40,000

Lannon Estates Mobile Home Park

Water Supply Plans

Prepared by:

Peter J. Hurth, P.E.
Baudhuin Incorporated
P.O. Box 105
Sturgeon Bay, WI 54235

Prepared for:

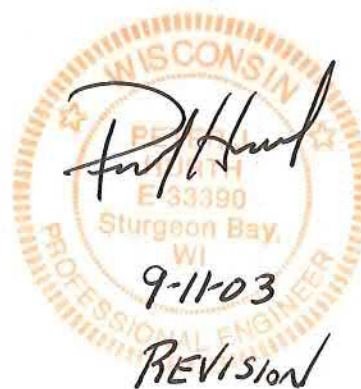
Richard J. Rand
Lannon Development Group
8050 N. Port Washington Rd.
Milwaukee, WI 53217

Section

1
2
3
4
5
6

Description

OTM Application Forms
Summary
Water Supply Design
Pitless Booster Station Information
Chemical Feed Information
Overall Site Plan



SUMMARY

Lannon Estates Water Supply Summary

- The DNR has directed the Owner to remove existing Well #1 from service.
- The DNR regulations call for one of the following:
 - 2 wells, each capable of supply the peak demand of the other-than-municipal water system.
 - One well and a storage reservoir system with capacity for one day demand.
- Existing Well # 2 was test pumped by CTW Corporation.
- CTW Corporation has recommended the storage reservoir system be utilized while maintaining Well # 2 pump and pressure tank in its existing condition.
- The storage reservoir system will be buried, with proposed booster pumps placed in two pitless booster stations. (Located outside reservoir).
- Construction plans have been enclosed.
- Well # 1 will be abandoned at the time when Well # 2 and the reservoir are put on line.
- The existing water main system in the park will continue to be used to serve the entire park from Well # 2.



CORPORATION
Water Wells & Pumps

February 6, 2003

BAUDHUIN INC
MR PETER HURTH PE
55 S THIRD AVE
STURGEON BAY WI 54235

Subject: Lannon Estates MHP

Dear Pete:

We have completed the capacity testing at Lannon Estates MHP well #2 and have determined the following:

1. Original pump setting at time of test was 231' (63' added in fall of 2002)
2. Static water level of 98' (when drilled in 1992 the static water level was 75'0)
3. The well depth was measured at 350', indicating five feet of fill since construction.
4. Utilizing 20 hp test pump set 294', stabilized flow of 120 gpm @ pumping level of 275'
5. Water quality appeared good throughout the testing
6. Original pump has been reinstalled, disinfected and sampled

Based on these readings and the many unknowns associated with new well construction, we believe the best option for the owner would be to construct the required reservoir and not shoulder the risks inherent in trying to obtain 130 gpm from this well and a new well. We will try to get by and get the measurements from the well #2 pump station you have requested. Please note that while this testing was being performed, the entire park was satisfied by the small 5hp, 50-60 gpm pump in well #1.

Please keep us informed on how you are coming with the plans and let us know if we can help. As you can see, this letter will be copied to both Rick and Darrell

Respectfully,

CTW CORPORATION

Timothy J. Cummens, P.E.

cc: Mr. Rick Rand
Mr. Darrell Ottow

WATER SUPPLY DESIGN

Water Supply Design

- Total existing = 171 units
- Lots to be abandoned = 4 units
- Resultant current demand = 167 units
- Potential future expansion on property west of Diamond Drive = 43 units
- Therefore design water system for 210 units
- Peak demand for mobile home park water systems based on Carolina Curve = 130 gpm
- Existing well #2 pump rate = 90 gpm +/-
- Test pump in Well # 2 has been completed by CTW Corporation
- CTW's February 6, 2003 correspondence indicates that the aquifer was able to produce 120 gpm but encountered a pumping depth of 294' (vs. 98' measured static depth)
- We can not be assured 130 gpm is available at existing Well # 2 or at a new well.
- Therefore utilize the existing well and pump set-up (90 gpm) and provide a storage reservoir capable of holding one day average supply under normal operating conditions
- Average daily demands
 - Based on Oakridge Mobile Home Park (year 2000 – 2002).
 - Metered data recorded for 74 mobile homes
 - Average daily flow = $5,473 \text{ gal/day} \div 74 = 74 \text{ gpd/unit}$
 - Peak daily flow = $6,589 \text{ gal/day} \div 74 = 89 \text{ gpd/unit}$
 - See attached Oakridge #13, #14, & #15 summaries
 - Therefore utilize 100 gpd/unit as daily demand to be conservative
- Therefore the minimum storage reservoir volume required = $210 \text{ units} \times 100 \text{ gpd/unit} = 21,000 \text{ gallons}$
- Select Xerxes Corporation 22,000 gallon NSF listed potable water tank.
- To meet the intent of the DNR code, the water line from the well will need to enter the tank at an elev. that exceeds the existing ground grade at the tank (inlet set at 896.1, existing ground = 895.1).
- Must also be a system in place that allows the water line from the reservoir to the well house to remain pressurized (due to burying).
- This will be accomplished by connecting two pitless booster stations outside the tank and connecting to the tank near the bottom. The pumps will have a check valve that allows the buried line to remain full/pressurized after the pumps turn off.
- Design two booster pumps approximately matching the 130 gpm demand to feed the existing 5,000 gallon pressure tank.
- The booster pumps shall be set up to alternate so each pump runs every other cycle.

- Booster pump design
 - Total dynamic head
 - Maximum pressure tank = 65 psi = 150.15 ft
 - $\Delta \text{elev} = \text{pressure tank} - \text{low tank level} = 897.1 - 888.0 = 9.10 \text{ ft.}$
 - Friction loss, 50' of 4" at 130 gpm = $50' \times 9.52 \text{ ft}/1000' = 0.48 \text{ ft}$
 - $\text{TDH} = 150.15 + 9.10 + 0.48 = 159.73 \text{ ft}$
 - Select duplex booster pumps, each rated at 130 gpm at 160' TDH
 - Booster pumps shall be located in the two pitless booster stations to be located outside the reservoir tank.
 - Boosters shall be Grundfos 150S75-4 (7 ½ HP) or equal
 - Pumps shall turn on when pressure tank drops to 40 PSI and turn off when pressure tank reaches 60 psi.
- Check pressure tank capacity
 - Need 10 minute minimum pump run time, use $130 \text{ gpm} \times 10 \text{ minutes} = 1300 \text{ gallons useable} / 0.27 \text{ acceptance factor} = 4815 \text{ gallons minimum.}$
 - Therefore 5000 gallon pressure tank is adequate.

CHEMICAL FEED INFORMATON

State of Wisconsin
Department of Natural Resources
P.O. Box 7921
Madison, WI 53707

FAX# 1-800-273-6817 # OF PAGES 3 DATE 8-11-03

CO/DEPT. Baudwin

ATTN: Pete Hurth

FROM: Bill CTW CORP.

PHONE: (262) 253-6813 • FAX (262) 253-6887

COMMENTS _____

Chemical Feeder Submittal Instructions:

The following is a listing of the information to be:

1. Three sets of specifications. For municipal and engineer. Manufacturer's specifications are not additional information.
2. Three sets of plans prepared in accordance with specifications must be sealed by a professional.
3. One copy of a chemical analysis of the water to
For iron and manganese sequestering, only the i
For chlorine addition, a water analysis is not req
For fluoride addition, only background fluoride levels need to be submitted.
For corrosion control, a completed Desktop Study with the chemical analyses needs to be submitted.

INCOMPLETE SUBMITTALS WILL BE RETURNED WITHOUT REVIEW

Notice: This form is authorized by ss. 281.11, 281.19(1) and (2) and 280.11, Wis. Stats., and ss. NR 108.04(2)(a) and NR 811.13(1)(h)(3), Wis. Adm. Code. Completion of this form or a similar form approved by the Department is mandatory. Failure to submit a completed form to the Department is punishable: by a forfeiture of not less than \$10 nor more than \$5,000; or by a fine of not less than \$10 or more than \$100 or imprisonment of not more than 30 days, or both. Each day of continued violation is a separate offense (ss. 299.97 and 280.97, Wis. Stats.). Personally identifiable information on this form will be used for no other purpose.

A. General Information

Name of Municipality/Sanitary District, Other <u>Ass ID 26802743</u>	Clerk or Contact Name		
<u>LANNON ESTATES MOBILE HOME PARK</u>	<u>ASSET DEVELOPMENT</u>		
Mailing Address	City	State	ZIP Code
<u>8050 N PART WASHINGTON RD</u>	<u>MILWAUKEE</u>	<u>WI</u>	<u>53217</u>
Location of Project or Well Number			

WELL #2- RESERVOIR PROJECT

B. Submittal Information

1. Are copies of the appropriate chemical analyses included? (NR811.13(4)) ☐ Yes ☒ No
2. Are three set of P.E. sealed plans and specifications included? (NR108.04(2)(c)) ☒ Yes ☐ No ☐ N/A
3. What is the purpose of adding the proposed chemical? (NR811.13(4))
STANDBY CHLORINATION

C. Evaluation Information

1. Is the proposed chemical approved under NSF chapter 60? (NR811.07(4)(c)) ☒ Yes ☐ No
2. Will the injection point be located downstream of the last shut-off valve? (NR811.40(1)) ☐ Yes ☒ No
If no, where is the injection point located? AT WELLHEAD TO ALLOW OPERATION
DURING RESERVOIR BYPASS TO SYSTEM
3. If the proposed chemical is a phosphate, will the water be continuously chlorinated? (NR811.51(1)) ☐ Yes ☐ No
4. Will appropriate protective clothing, eyewear, gloves, showers, and eyewash facilities be provided in accordance with the DCOM requirements for chemical handling facilities? (NR811.41(2)(c)(2)) ☒ Yes ☐ No
5. Will a separate room be provided for the chemical feed equipment? ☐ Yes ☒ No
6. GAS CHLORINATION INSTALLATIONS ONLY
 - a. Will a separate gas tight chlorine room be provided? (NR811.44(5)(a)) ☐ Yes ☐ No
 - b. Will an airtight viewing window be provided? (NR811.44(5)(b)) ☐ Yes ☐ No
 - c. Will the chlorine room door open outward to the outside of the building? (NR811.44(5)(c)) ☐ Yes ☐ No
 - d. Will the fan and light switches be located outside the pumproom or be door activated? (NR811.44(6)(c)) ☐ Yes ☐ No
 - e. Will the fresh air intake be located near the ceiling? (NR811.44(6)(b)) ☐ Yes ☐ No

Chemical Feeder Submittal Checklist

Form 3300-227 (R 6/01)

Page 3 of 3

Calculation for dilution. (Show calculations below or attach)

NONE

Calculation for average daily chemical use. (Show calculations below or attach)

$$@ 90 \text{ gpm} = 130,000 \text{ gpd} = .13 \text{ mgd}$$

$$\text{MAX. Pump CAPACITY} = 3 \text{ gpd}$$

$$@ 10\% \text{ solution, } 100\% \text{ Pump SPEED MAX. FEED} = \frac{.1 \times 3}{.13} = 2.3 \text{ ppm}$$

Calculation for feeder settings. (Show calculations below or attach)

$$\text{for } 0.5 \text{ ppm speed} = \frac{.5}{2.3} \approx 25\%$$

Speed (12 strokes per minute minimum) (NR811.40(2)(b)) 25% MAX.

Stroke Length (30% to 70%) (NR811.40(2)(b)) _____

Calculations for solution tank size. (Show calculations below or attach) (NR 811.41(d), requires that the maximum capacity of the solution tank to be such that the daily solution usage is a minimum of 5 % of the tank capacity.)

Assume 20 DAY SUPPLY

AVERAGE USE 21,000 gpd DEMAND

$$@ 0.5 \text{ ppm } \& 25\% \text{ SPEED} = \frac{21,000}{130,000} \times 3 \times .25 \times 20 = 2.5 \text{ gal}$$

F. Comments: _____

G. I certify that I have examined the above information and found it to be correct, true and complete.



Signature of Preparer

8-11-03

Date Signed

PE-7443

Wis. P.E. Number (if P.E.)

262 253-6613

Telephone Number

Page 2 of 3

- [illegible]

(Check $\sqrt{\text{one}}$) ☐ Schedule 80 PVC
☐ Schedule 40 polyethylene

☐ Yes ☐ No
☐ Yes ☐ No

- ☐ Yes ☐ No

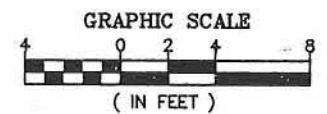
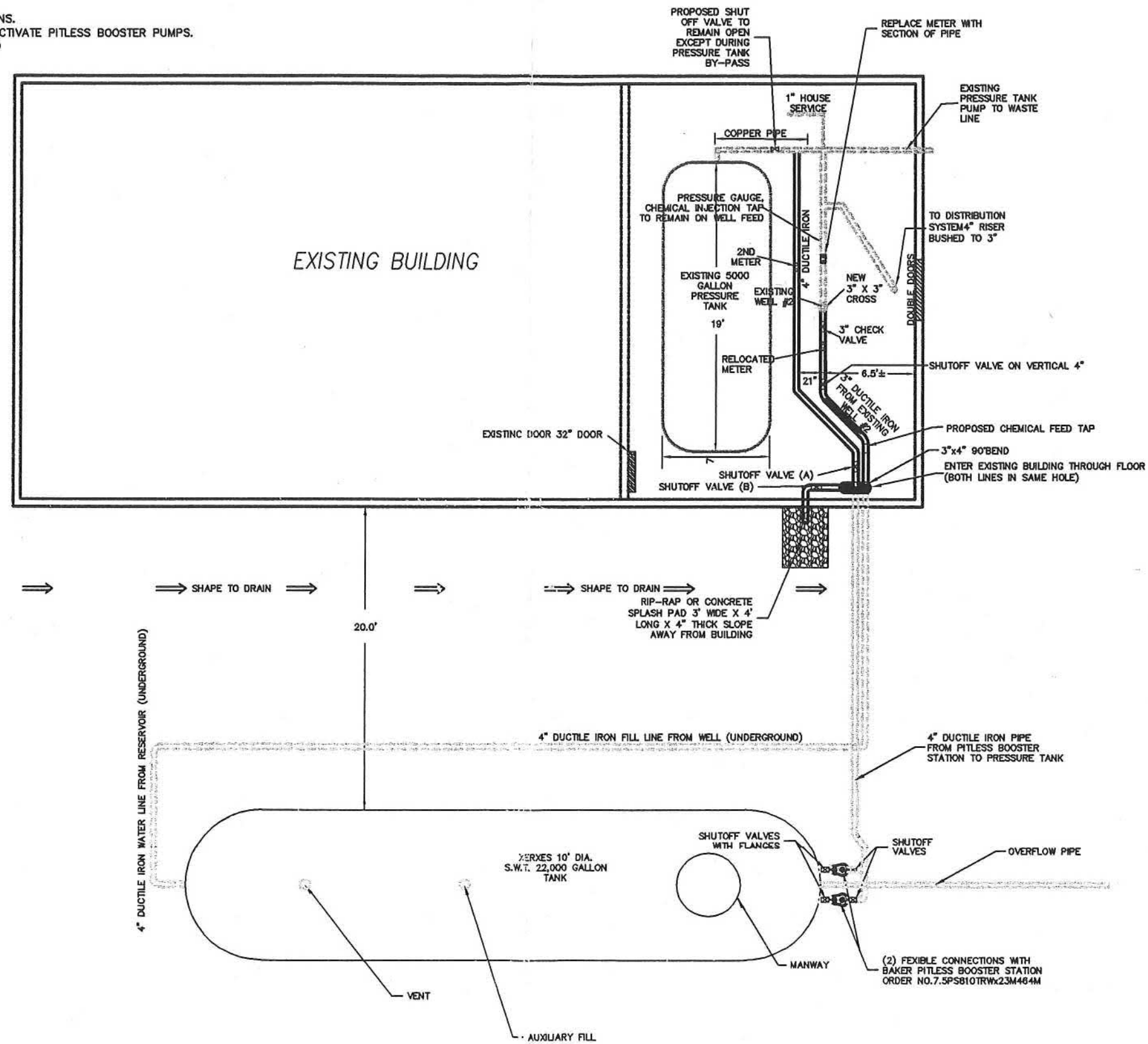
0.5

ppm

Calculations for amount of chemical to be added. (show calculations below or attach)

NOTES:

- ALL INTERNAL PIPING TO BE 4" DUCTILE IRON.
- PUMP HOUSE TO BE ADEQUATELY EQUIPPED WITH LIGHTING FIXTURES.
- EXISTING COMPONENTS = DASHED LINE
- PROPOSED COMPONENTS = BOLD LINE
- ANCHOR RESERVOIR TANK AS PER MANUFACTURER RECOMMENDATIONS.
- TO PUMP TO WASTE, CLOSE VALVE A, OPEN VALVE B, MANUALLY ACTIVATE PITLESS BOOSTER PUMPS.
- VALVE EXTENSIONS REQUIRED AT VALVES NEAR BOOSTER PUMPS TO ALLOW OPERATION FROM GROUND SURFACE.



LANNON DEVELOPMENT GROUP, LLC.
C/O RICHARD J. RAND
8050 N. PORT WASHINGTON ROAD
MILWAUKEE, WI 53217

PLAN
VIEW

LANNON ESTATES
WELL HOUSE EXPANSION

Baudhuin
Incorporated

P.O. BOX 105
55 S. 3RD AVENUE
STURGEON BAY, WI 54235
FAX: 920-743-8217
PHONE: 1-800-773-8211

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DATE: 9/16/03
DRAWN BY: R.J.R.
CHECKED BY: R.J.R.
APPROVED BY: R.J.R.

N

BENCHMARK
EXISTING SLAB
= 895.6'

STAINLESS 24 MESH OVER LARGER
STAINLESS MESH FOR SUPPORT
SANDWICHED BETWEEN FLANGE SECTION

895.85

2"x6" TREATED
SUPPORT POST
(MIN 24" BURY)

894.85

SPLASH PAD

894.80

PROPOSED CONTOUR

SPLASH PAD

→ SHAPE TO DRAIN →

20.0'

3:1 TYP

XERXES 10' DIA. S.W.T.
22,000 GALLON TANK

INV=896.10

50'-4" PVC OVERFLOW PIPE @0.5%

EXISTING CONTOUR

SPLASH PAD
INV=895.85

GRAPHIC SCALE

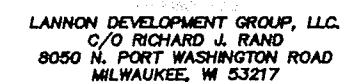
(IN FEET)

EXISTING GRAVEL
PARKING LOT

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				11/7/21

[illegible]

This drawing is for illustrative purposes only. Consult with an engineer for specific applications.	
XERXES® CORPORATION	
ILLUSTRATIVE APPLICATION DRAWINGS NSF Listed Potable Water Storage Tank With Tangential Nozzle Inlet And Full Bottom Drain	
DATE 5-00	DR. NO. S20-302



11721

Baudhuin
Incorporated
engineers • architects • soil scientists

**LANNON ESTATES
WELL HOUSE EXPANSION**

P.O. BOX 105
55 S. 3RD AVENUE
TURGEON BAY, W. 54235
FAX: 920-743-8217
PHONE: 1-800-773-8211
PHONE: 920-743-8211

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8/12/03
P.J.H. PE
DRF



WISCONSIN UNIQUE WELL NUMBER

Source: WELL CONSTRUCTION

FV745

State of Wi-Private Water Systems-DG/2
Department Of Natural Resources, Box 7921
Madison, WI 53707

Form 3300-77A
(Rev 02/02)bw

Depth 353 FT

Property Owner

CHARLES EDLEBECK

Telephone Number

414-761-1970

Mailing Address

20179 GOOD HOPE RD

City

LANNON

State

WI

Zip Code

53046

County of Well Location

68 WAUKESHA

SE

Co Well Permit No

W

Well Completion Date

August 10, 1992

Well Constructor

DARYL BUTCH GIBOUR

License #

17

Facility ID (Public)

268027430

Address

7482 CIRCLE DR

Public Well Plan Approval#

920889

City

LANNON

State

WI

Zip Code

53046

Date Of Approval

07/13/1992

Hicap Permanent Well #

1060

Common Well #

002

Specific Capacity

200 gpm/ft

3. Well Serves

of homes and or

TRAILOR PARK

O

(eg: barn, restaurant, church, school, industry, etc.)

High Capacity:

Well? Y

Property? Y

M=Munic O=OTM N=NonCom P=Private Z=Other X=NonPot A=Anode L=Loop H=Drillhole

4. Is the well located upslope or sideslope and not downslope from any contamination sources, including those on neighboring properties?

Y

Well located in floodplain? N

Distance in feet from well to nearest: (including proposed)

1. Landfill

2. Building Overhang

3. 1=Septic 2= Holding Tank

4. Sewage Absorption Unit

5. Nonconforming Pit

6. Buried Home Heating Oil Tank

7. Buried Petroleum Tank

8. 1=Shoreline 2= Swimming Pool

9. Downspout/ Yard Hydrant

10. Privy

11. Foundation Drain to Clearwater

12. Foundation Drain to Sewer

13. Building Drain

1=Cast Iron or Plastic 2=Other

14. Building Sewer 1=Gravity 2=Pressure

1=Cast Iron or Plastic 2=Other

15. Collector Sewer: ___ units ___ in . diam.

16. Clearwater Sump

17. Wastewater Sump

18. Paved Animal Barn Pen

19. Animal Yard or Shelter

20. Silo

21. Barn Gutter

22. Manure Pipe 1=Gravity 2=Pressure

1=Cast iron or Plastic 2=Other

23. Other manure Storage

24. Ditch

25. Other NR 812 Waste Source

5. Drillhole Dimensions and Construction Method

Lower Open Bedrock

From

To

Upper Enlarged Drillhole

Dia.(in.)

(ft)

(ft)

X -- 1. Rotary - Mud Circulation -----

-- 2. Rotary - Air -----

-- 3. Rotary - Air and Foam -----

-- 4. Drill-Through Casing Hammer

-- 5. Reverse Rotary

-- 6. Cable-tool Bit _ n. dia -----

-- 7. Temp. Outer Casing _ in. dia. ____ depth ft.

Removed ?

Other

12.0

surface

202

8.0

202

353

6. Casing Liner Screen

Material, Weight, Specification

From

To

Dia. (in.)

Manufacturer & Method of Assembly

(ft.)

(ft.)

8.0

ASTM A-53B 0.372 WALL THICKNESS, SAWHILL MANUF

surface

202

7. Grout or Other Sealing Material

Method

TREMIE-PUMPING

From

To

#

Kind of Sealing Material

(ft.)

(ft.)

Sacks Cement

NEAT CEMENT GROUT

surface

202.0

168 S

8. Geology

Geology

From

To

Codes

Type, Caving/Noncaving, Color, Hardness, etc

(ft.)

(ft.)

__ZG CLAY, GRAVEL @ BOULDERS

0

55

__L_ LIMESTONE

55

295

__HL SHALE @ LIMESTONE

295

325

__L_ LIMESTONE

325

353

9. Static Water Level

75.0 feet

B ground surface

A=Above B=Below

11. Well Is:

30 in.

A Grade

A=Above B=Below

10. Pump Test

Pumping level

75.0 ft. below surface

Pumping at

20.0 GP M

4.0 hrs

12. Did you notify the owner of the need to permanently abandon and fill all unused wells on this property?

If no, explain

13. Initials of Well Constructor or Supervisory Driller

Date Signed

DH

8/12/92

Initials of Drill Rig Operator (Mandatory unless same as above)

Date Signed

Additional Comments?

Variance Issued?

Owner Sent Label?

Y

More Geology?

WELL

Batch 179



May 25, 2018

Jim Reitzner- Asset Development Group LLC
PO BOX 1030
MENOMONEE FALLS, WI 53052-1030

PWS ID#: 26802743
Lannon Estates MHP-OC
Lannon, WI
Waukesha County

Subject: Public Water Supply Sanitary Survey Report and Notice of Noncompliance

Dear Jim Reitzner - Asset Development Group LLC:

The purpose of a water supply sanitary survey is to evaluate the system's source water, facilities, equipment, operation, maintenance, and management as they relate to providing safe drinking water. For other-than-municipal community (OTM) water supply systems, sanitary surveys are conducted once every three years. The sanitary survey is an opportunity to update the records of the Department of Natural Resource (the "Department"), 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 9, 2018, Joe Nadolski conducted a sanitary survey of your water system, *Lannon Estates MHP* (Public Water System ID 26802743). During the sanitary survey John Ringer (manager) and Tim Cummings of CTW Corporation (operator) were present. At the completion of the survey, you 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 July 9, 2018. A proposed corrective action plan and schedule is included below. Please contact me to discuss this before **July 9, 2018**. Depending on the type of corrective action you employ, you may need to obtain prior approval and submit additional plans to the Department.

Sanitary Survey Findings

Deficiencies: During the sanitary survey, **two** 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.

Deficiencies	Compliance Due Date	Code Citation
1. <i>Storage is not protected from contamination.</i> Ensure discharge pipe outlet is not buried and is properly screened	07/09/2018	NR 810.03
2. <i>The condition of the storage components is not satisfactory.</i> Repair electrical conduit for water level sensor box for reservoir. Also consider adding lock to the box for security.	07/09/2018	NR 811.64

Deficiencies

During the course of the sanitary survey, **two** 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.

Discussion and Schedule for Correction of Deficiencies:

1. By **July 9, 2018** please: Address the wellhouse floor drain discharge outlet as it is becoming partially buried and the screened cover for the end of the outlet is broken. Ensure discharge pipe outlet is not buried and is properly screened.
2. By **July 9, 2018** please: Address the electrical conduit for the water level sensor box for the reservoir. It is loose and becoming disconnected. Repair the conduit and line to ensure there is no power failure or contamination pathway.

Recommendations

During the course of the sanitary survey, **two** recommendations were identified. Recommendations are problems in the water system that hinder your public water system from consistently providing safe drinking water to consumers.

Recommendation	Compliance Due
1. All storage facilities shall be inspected a minimum of every 5 years and as required in sub. (2) (a) unless otherwise approved by the department.	Before next Sanitary Survey in 2021
2. Update and maintain a comprehensive Emergency Operations Plan.	Before next Sanitary Survey in 2021

Discussion of Recommendations:

1. Continue to inspect storage facilities once every five years. *Lannon Estates* has properly maintained a regular schedule for this and should continue to do so. Perform another reservoir inspection before 2020.
2. The current Emergency Operation Plan or Emergency Response Plan for *Lannon Estates* is complete but outdated, as it was authored in 2007. Work with the Department to update this plan and submit it to the Department for file retention.

Location, History, and Hydrogeology

Location of Lannon Estates MHP: Located in the northeast corner of Waukesha County, *Lannon Estates MHP* is a manufactured home subdivision park with approximately 167 mobile homes. The estimated population is 300 residents. The park is located in the town of Lannon and has a park office located at 20117 W. Good Hope Road. All lots are situated along drives named Emerald, Opal, Diamond, Ruby and Topaz, with Good Hope Road / County Highway W to the north and Lannon Rd/ County Highway Y to the west. It is legally described as being in the NE¼ of Section 20, Township 8 North, Range 20 East, in the town of Lannon. The surrounding landscape is characterized by medium-density residential neighborhoods, with low density residential to the south and a thin environmental corridor to the east with a large extractive sites (quarry) to the east and northeast of *Lannon Estates HP*.

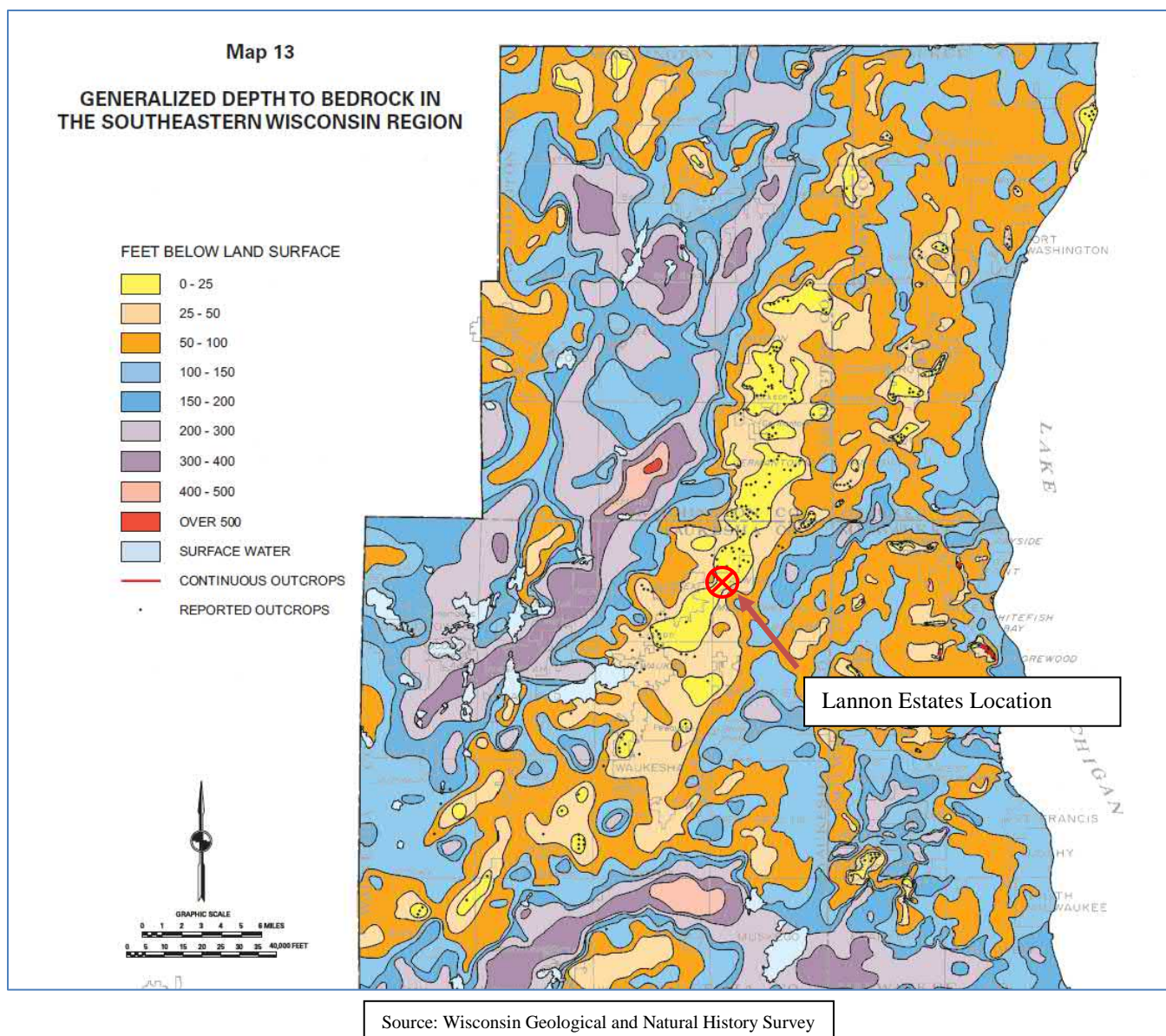
History of Lannon Estates MHP: The mobile home park development that is currently *Lannon Estates MHP* has been in operation since the 1950s. The first water supply well was in an old part of the mobile home park and was drilled in 1956. In many Department files for *Lannon Estates*, a 221-foot deep June 1964 well is referenced as the original “Well #1” for the mobile home park. This is incorrect, as the 1964 well drilled by Jake Oswald for Gerald Jakubowski was a 15 gpm private well. The actual original well #1 (BO796) was constructed in February 1956 by William Gregger for Schneider & Stube (Lannon MHP). However, BO796 was not built to community standards and due to aging infrastructure and water capacity concerns, this well was abandoned in 2004 with a new plan to increase system capacity.

In July 1992, DNR approval (92-0889) allowed for construction of new community well which was completed in August 1992. At the time, the original well (BO796) served 61 mobile homes and new well #2 (FV745) served 95 homes. In 1992, it was also discovered by the Department that a large diameter dug well was located about 25 feet east of BO796. The dug well was 13 feet wide and 12 to 16 feet deep. It was once a flowing artesian well but the water level had dropped below the top of the concrete curbing. This dug well was properly abandoned in April 2003.

In 1997, a new plan approval (96-1883) was documented for a new well pump, pumphouse and pressure tank for new well #2. After the pumphouse was constructed and running, plans were made to continue upgrading the system and to abandon outdated facilities. In October 2003, DNR approval (W-2003-0534) was created to install a ground reservoir, high life pumps, and piping improvements for the new well #2 system. Well #1 had been used as an emergency backup well from 1992 until 2004 and was properly abandoned once the reservoir was completed and in service. Currently, 167 mobile homes are served and expansion is available for up to 210 homes. There is room left for expansion on the west side of Diamond Drive, where an estimated 43 additional units could be created.

Local Hydrogeology: The area immediately surrounding *Lannon Estates* is primarily light suburban development and medium-density residential areas. Quarry stone extraction is also well-established in the area as well. There are dual aquifer and special casing requirements in this high bedrock area (59a), where 100 feet of casing is required. Found in the northern reach of the Upper Fox River (Illinois) watershed, much of the area has only 25 feet or less depth to bedrock, hence the numerous quarry extraction sites. The local soil type is classified as a gravel pit, with stratified extremely gravelly coarse sand to gravelly sand near the surface. Also found is Ozaukee Silt loam that is eroded and well drained with moderate runoff. Lannon Creek runs just east of the *Lannon Estates* home sites and forms a thin environmental corridor next to the large quarry extraction site. The only public water supply well (#2-FV745) is 353 feet deep into bedrock which is fully exposed at the neighboring quarry site. The well encounters glacial till near the surface and then passes through Silurian dolomite, Maquoketa shale, and Galena-Platteville dolomite.

The main contamination risk sites are sewer lines, sewage absorption areas, and underground leaking storage tanks, such as the Dale Sonnemann Petroleum contamination site (03-68-003944) that is 700 feet north of the public water supply well for *Lannon Estates*. This contamination site was closed in 1994 and water monitoring has indicated that the *Lannon Estates* water supply is safe.



Drinking Water Supply System

Drinking water supply well and pumping system: The drinking water supply for *Lannon Estates* is provided by one well in a large multi-purpose utility building: Well #2 (Wisconsin Unique Well Number: FV745) was approved in July 1992 and construction was completed by Gibour Well Drilling in August 1992. The well was determined to have a specific capacity of 200 gallons per minute (gpm) and has had a 150 gpm pump, causing it to be designated as a high capacity well (#01060).

Well #2 has an 8-inch diameter steel casing that is cement-grouted into a 12-inch borehole down to a depth of 202 feet, well beyond the 100-foot grouting depth requirement. From the surface, the well encounters first glacial clay till, gravel, and then boulder materials on top of the bedrock. The first solid bedrock layer of Silurian dolomite limestone is encountered at 55 feet. From this depth down to the bottom of the well at 353 feet, the borehole

passes through mostly limestone with some interspersed Maquoketa shale after 295 feet below the surface. At 325 feet, the Galena-Platteville dolomite formation is found and provides the final 28 feet of the well.

The well building is properly secured and monitored. Inside the building, a pumproom area is physically separated from the storage and garage section. The top of the well casing was originally 30 inches above grade and now about 18 inches above concrete floor inside the building. The well has a 6-inch concrete collar and an 8-inch b 3-inch one-piece sanitary draw-bolt seal. The pump system has an over-the-top discharge. The well has a screened gooseneck well vent, and airline and altitude gauge, and was found to be watertight and vermin proof. Above the top of the well casing, there is also a raw water sample point with a smooth-bore tap. The reservoir line has a check valve, a chemical injection point, a water meter, and a second chemical injection port prior to the pressure tank and a pump-to-waste line.

The well has a 15-horsepower submersible pump with a Franklin Electric Motor (model 2366039020). The pump is hung on a 3-inch galvanized drop pipe and discharges into a 25,000 gallon fiberglass buried reservoir tank. Pump cycles are Variable-Frequency Drive (VFD) controlled by an ultrasonic water level sensor mounted in the buried reservoir.

Water Storage: The buried reservoir tank is west of the wellhouse. Two 130 gpm submersible hi-life pumps are located in cans on top of the reservoir outside of the building. They are controlled by the VFD system and operate with a 5,000 gallon steel hydropneumatic tank inside the wellhouse. The pumps alternate start-up based on hours of pump run time. The system is designed where the well pump normally bypasses the pressure tank and pumps directly to the reservoir. The system is also designed to operate at 50 psi.

The 5,000 gallon steel pressure tank that is in the wellhouse has a manway hatch, sightglass, a Val-Matic air volume control valve with a screened end, a pressure relief valve and a drain valve. The buried reservoir has a manway hatch that is locked and secured, while extending about 32 inches above grade. The reservoir has a screened vent and most seals on accessways and caps appeared to be in good condition. However, the electrical conduit for the water level sensor box for the reservoir is loose and becoming disconnected. This will need to be repaired [**Deficiency 2**]. The reservoir overflow discharge is located south of the wellhouse. The clearance at the end of the discharge pipe could be improved as it is only about 8 inches above the ground. Similarly, the wellhouse floor drain outlet also leads to the south side of the wellhouse. The drain outlet is partially buried and has a broken screen cover. This drain needs to be opened up, repaired, and restored to a code-compliant condition with a proper screen or flow-thru cover [**Deficiency 1**].

Records have indicated that both the reservoir tank and the steel pressure tank were both inspected, drained, and cleaned in August 2014. **They will be due for reinspection in late 2019.**

Water Treatment: The *Lannon Estates* water supply system does not have any centralized water treatment installed. Only emergency chlorination is available, with equipment stored on-site and two possible injection locations. The chlorine pump is a US filter Model 45M1 rated at 3 gallons per day at 25 psi. All chemical locations and dedicated outlets are properly labelled. Two injection points are found pre-reservoir and pre-pressure tank. Ensure that emergency procedures documentation provides contact information for a professional that can provide treatment chemicals on a short notice.

Distribution: Water leaves the uphill wellhouse floor through a 4-inch ductile iron water main to serve 167 mobile home lots. The system had many problems in the past with deteriorated distribution infrastructure and main breaks, with complaints received by the Department of low pressure in 2006. This resulted in repeated deficiency citations by the Department in order for *Lannon Estates* to reduce water loss and improve distribution

infrastructure. However, much progress has been made in the past decade to upgrade the system. *Lannon Estates* informed the Department on November 27, 2007 that they had successfully completed the repair of their leaking water mains, as requested, and had reduced their average daily water pumpage from >100,000 gpd to 20,000 gpd. More leaks were found in later years and were also addressed with repair work.

In December 2015, Water supply Specialist Chad Czarkowski stated: “I am now satisfied that *Lannon Estates* has made real and substantial progress in controlling water loss and reducing daily consumption. This is in part due to an aggressive water main repair/replacement program; and also water conservation measures including installing individual water meters on each living unit. The data you provided indicates that in 2015 daily water use averaged ~20,000 gpd, with only 4 excursions above 25,000 over eleven months. Many days are less than 18,000 gpd. This is evidence that you are in compliance with the DNR approval conditions for operation of your reservoir. I am closing-out the significant deficiency.” Overall, water usage has dropped from a peak of 25.6 million gallons in 2011 to 6.2 million gallons in 2017.

Please continue to properly monitor water usage trends to ensure that the *Lannon Estates* water supply system is operating efficiently. Also, there are currently no control valves or flushing hydrants, but *Lannon Estates* representatives stated that they do wish to begin adding flushing hydrants to the system.

Operation, Reporting, and Management

Water Quality, Monitoring and Reporting: *Lannon Estates* water system has a good record of compliance with sampling, water quality, and reporting requirements. We appreciate your continued efforts in complying with these Safe Drinking Water Act requirements. Lead and copper have been below the action level exceedance targets. Iron and hardness, which are secondary contaminants, are high in raw water but are treated by many residents at the point of use. Residue, the weight of all minerals after evaporation, has also been high at 616 mg/l (over 500 can be unpalatable). Sodium and chloride were elevated in previous years and appear to be high in 2018 as well. After the previous 2015 sanitary survey, salt storage was relocated in order to reduce risk of groundwater contamination. No other contaminants of concern have been detected in recent years with the exception of a recent total coliform positive sample on May 1, 2018. This was followed by three compliant, total coliform negative samples on May 3, 2018.

Required Reports, Records, and Utility Programs: As no chemical treatment is being used, no monthly operating reports are required. Monthly well pumpage readings and water level readings are required under the high capacity/water use reporting program as *Lannon Estates* is a registered high capacity property (hi capacity well #01060). The property is permitted a total daily groundwater withdrawal of 172,800 gallons per day, with a well pump producing a maximum 120 gallons per minute. In just a few years, due to system upgrades, *Lannon Estates* has reduced water usage from being 1.4 million gallons per month in 2013 to 500,000 gallons per month in 2017. Continue to monitor your system by properly recording and reporting water usage trends.

Any documents relating to system maintenance, replacement of equipment, treatment, or repair work can be submitted to the DNR for records. This information can often be valuable when diagnosing system problems that may arise in the future. *Lannon Estates* must also provide an updated Emergency Response Plan [Recommendation 2], while also being aware of currently installed water supply system equipment, out-of-compliance or non-conforming features, and upgrades that must be made in the future to keep *Lannon Estates* in compliance with current administrative code.

Remember that the annual Consumer Confidence Report (CCR) is due each year by July 1st and Lead and Copper certification forms and notices are due when those contaminants are sampled as well.

Water System Security: The large utility building and attached wellhouse room for *Lannon Estates* is locked and secured and only accessible to authorized personnel. All exterior structures such as the reservoir hatch and lift pump covers are also locked and secured.

Certified Operator: Timothy Cummens of CTW Corporation is the certified operator for *Lannon Estates*. His certification number is #29132 and expires on June 1, 2020. We appreciate *Lannon Estates* for having a certified operator at all times for the public drinking water supply system and for representing quality and consistent work for meeting Safe Drinking Water Act standards.

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, financial, and managerial capacity to provide safe drinking water. The ability to plan for, achieve, and maintain compliance with applicable drinking water standards has been demonstrated. However, the ability to plan for, achieve, and maintain compliance with applicable drinking water standards should future problems arise will need to be demonstrated. Ensure that your system is prepared to make all necessary upgrades and repairs based on any potential problematic scenario that could arise for your water supply.

System Summary Information: A water system summary and photographs are attached. Please review for accuracy. If there are changes that need to be made, contact Joe Nadolski at 414-263-8522.

Required Action: Please respond by July 9, 2018 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 July 9, 2018 may result in enforcement activities. Please also consider completing the recommendations discussed in this letter.

Thank you for your assistance during the sanitary survey. The next sanitary survey of your system is scheduled to take place in 2021. You will be contacted prior to the survey to schedule a date that is convenient for you. If you have any questions, I can be reached at (414) 263-8522, by email at joseph.nadolski@wisconsin.gov, or by postal mail at the address on this letterhead.

Sincerely,



Joe Nadolski

Senior Water Supply Specialist
Wisconsin Department of Natural Resources
2300 N. Martin Luther King Jr Drive, Milwaukee, WI 53212
Phone: (414) 263-8522
joseph.nadolski@wisconsin.gov

CC: DNR Bureau of Drinking Water & Groundwater - DG/5
Tim Cummens (email)
Jim Reitzner (email)
Jesse Jensen (email) – DNR Drinking Water & Groundwater Field Supervisor-SER

Enc. Water System Summary Information
 Photographs from Sanitary Survey Inspection
 Well construction reports
 Monitoring Site Plan

Water System Summary Information

System ID: 26802743
 System Name: LANNON ESTATES MHP
 County: Waukesha
 Type: Other-than-municipal Community
 Basin: Fox River
 Population: 300
 Service Connections: 167
 Owner: REITZNER, JIM - ASSET DEVELOPMENT GROUP LLC
 PO BOX 1030
 MENOMONEE FALSS, WI 53052-1030

Date Security VA Complete:
 Date ERP Complete: 2007
 Date ERP Last Exercised/Updated:
 Emergency Phone:
 Emergency Fax:
 Emergency E-mail:

Certified Operators

Name	Lic. #	Expires	Phone/Fax/E-mail	Address 1	City, State, Zip
TIMOTHY CUMMENS	29132	06/01/2020			

Affiliations

Name	Affiliation	Start Date	End Date	Primary?	Phone
CTW CORP - ATTN: TIM CUMMENS	SAMPLER	01/20/2004		Y	
REITZNER, JIM - ASSET DEVELOPMENT GROUP LLC	OWNER	06/03/2004		Y	
DEBI OSGOOD	MANAGER	02/12/2015		Y	
LANNON DEVELOPMENT GROUP LLC	LEGAL_OWN	09/06/2017		Y	
RYAN MANTEY	EMERGENCY	09/06/2017		Y	
JOSEPH NADOLSKI	DNR_REP	10/03/2017		Y	
HERB WOLF & ASSOCIATES	CONTACT	02/24/2015		Y	
JULIE KREIF	MANAGER	02/12/2015		N	

Entry Points and Sources of Water (Basic Data)

Source ID	Name	WUWN	Status	Type	Source	Depth	Cased	Grouted
1		BO796	Perm Abandoned	ENTRY PT/SOURCE	Ground Water Source	78	41	41
2		FV745	Active	ENTRY PT/SOURCE	Ground Water Source	353	202	202
100			Perm Abandoned	ENTRY POINT	Permanent Ground Water Entry Point			

Entry Points and Sources of Water (Misc. Data)

Source ID	PLSS	Lat./Long.	Pump Cap.	Pump Type	Lube	Aux. Power?
1			15	Submersible	Water	Unknown
2			90	Submersible	Water	Unknown
100						Unknown

Storage

ID/Location	Type	Vol. (gal)	Firm Pumping Capacity (gpm)	Height to Overflow (ft.)	Overflow Elev.	Aux. Power?	Mfg.	Model
	PRESSURE TANK	5000	130			No	Lannon Tank Corp	
	GROUND STORAGE	25000	130	1		No	Xeres	

Treatment Summary Data

Source ID	Type	Description	Begin	End	Objective(s)	Pump Model	Cap.	Comments
1	000	0	05/17/2002		No Treatment at Source			Emergency Chlorination
2	000	0	05/17/2002		No Treatment at Source			Emergency Chlorination

System Evaluation Summary

Inspector/Reviewer	Date	Report Date	Type	Agency	Response Due	Response Recd
NADOLSKI,JOE	03/09/2018	05/07/2018	SURVEY	DNR	06/14/2018	
CZARKOWSKI, CHAD	03/11/2015	07/24/2015	SURVEY	DNR	09/05/2015	08/05/2015
CZARKOWSKI, CHAD	03/06/2012	05/24/2013	SURVEY	DNR	07/08/2013	09/24/2013
JAKUBIAK, ANNETTE	04/17/2007	05/09/2007	SURVEY	DNR	07/06/2007	06/28/2007
IWANSKI, PAT	10/21/2004	10/26/2004	PLAN APP	DNR		
IWANSKI, PAT	05/07/2002	05/13/2002	SURVEY	DNR		
Shurilla, Kevin	06/27/1997	06/25/1997	SURVEY	DNR		
Shurilla, Kevin	03/12/1997	03/17/1997	SURVEY	DNR		
	05/12/1992		SURVEY	DNR		

Bacteriological Sampling History

Year	Distribution Safe	Distribution Unsafe	Confirmed Unsafe	Missed Samples	Raw Safe	Raw Unsafe	Fecal Positive?
2018	4			0			N
2017	12			0			N
2016	11	1		0			N
2015	12			0			N
2014	14			0			N
2013	12			0			N
2012	12			0			N

Chemical Sampling History

Year	Sample Group	Source ID	Samples Taken	Missed Samples	MCL Violations
2018	IOC	2	2	0	0
2018	PBCU_RULE	2	1	0	0
2018	RAD	2	1	0	0
2018	VOC	2	1	0	0

Year	Sample Group	Source ID	Samples Taken	Missed Samples	MCL Violations
2018	NITRATE	2	1	0	0
2018	SOC	2	5	0	0
2017	NITRATE	2	1	0	0
2016	NITRATE	2	1	0	0
2015	PBCU		5	0	0
2015	IOC	2	2	0	0
2015	VOC	2	1	0	0
2015	RAD	2	1	0	0
2015	NITRATE	2	1	0	0
2014	NITRATE	2	1	0	0
2013	VOC	2	2	0	0
2013	NITRATE	2	1	0	0
2012	PBCU		5	0	0
2012	IOC	2	1	0	0
2012	RAD	2	1	0	0
2012	VOC	2	3	0	0
2012	SOC	2	2	0	0

Sample Group	Last Sampled
BACTI	2018
RAD	2018
IOC	2018
PBCU_RULE	2018
PBCU	2015
NITRATE	2018
VOC	2018
SOC	2018

MCL Violations

Source ID		Contaminant	Concentration	MCL	Units	Viol. Start	Viol. End	Continuing Operation?
-----------	--	-------------	---------------	-----	-------	-------------	-----------	-----------------------

None

Definitions

MCL = Maximum Contaminant Limit (as set by the Environmental Protection Agency (EPA))

BACTI = Bacteriological Sample

IOC = Sample for Inorganic Compounds

NITRATE = Nitrate Sample

PBCU = Lead and Copper Sample

RAD = Sample for Radioactivity

SOC = Sample for Synthetic Organic Compounds

VOC = Sample for Volatile Organic Compounds

FLUORIDE = Fluoride from Fluoridation

TTHM = Total Trihalomethane Sample

APPENDIX 4-6
COMPARISON OF WELL WATER QUALITY

Update Well Quality Reports - 2017

Parameter	Units	MCL	SMCL	Lannon Estates Well	Village of Lannon Well
Aluminum	ug/L	50 to 200	--	ND	ND
Antimony	ug/L	6	--	ND	ND
Arsenic	ug/L	10	--	0.5	0.105
Barium	ug/L	2000	--	43.6	120
Beryllium	ug/L	4	--	ND	ND
Cadmium	ug/L	5	--	0.0567	0.14
Calcium	mg/L	--	--	103	99
Chloride	mg/L	250	--	100	100
Chromium	ug/L	100	--	4.18	1.06
pH	SU	--	6.5-8.5	7.68	8.30
Alkalinity	mg/L	--	--	314	341
Fluoride	mg/L	4.0	2.0	0.23	0.34
Hardness	mg/L	--	--	429	446
Iron	mg/L	--	0.3	0.0263	0.0185
Magnesium	mg/L	--	--	41.9	48.3
Manganese	ug/L	300	50	12	7.33
Mercury	ug/L	2	--	0.3	ND
Nitrite	mg/L	1	--	0.0151	ND
Nitrate plus Nitrite	mg/L	10	--	0.469	1.29
Nickel	ug/L	100	--	3.99	8.1
Selenium	ug/L	50	--	0.3448	2.37
Silver	ug/L	--	100	ND	ND
Sodium	mg/L	--	--	68.7	51.1
Thallium	ug/L	2	--	0.0000504	ND
Total Dissolved Solids	mg/L	--	500	616	512
Zinc	ug/L	--	5000	22.9	8.56

VILLAGE OF LANNON

Lannon, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

VILLAGE OF LANNON

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Lannon
Lannon, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lannon, Wisconsin, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village of Lannon's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Lannon's preparation and fair presentation of the financial statements 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 Village of Lannon's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Village Board
Village of Lannon

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lannon, Wisconsin, as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 that collectively comprise the Village of Lannon's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
April 8, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2018
(Unaudited)

As management of the Village of Lannon, we offer readers of the Village of Lannon's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2018.

Financial Highlights

The assets of the Village of Lannon exceeded its liabilities at the close of the most recent fiscal year by \$12,458,207.

The government's total net position has decreased by \$413,697.

As of the close of the current fiscal year, the Village of Lannon's governmental funds reported combined ending fund balances of \$260,742.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$131,031.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Lannon's basic financial statements. The Village of Lannon's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Lannon's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Village of Lannon's assets, deferred outflows and liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Lannon is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Village of Lannon that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Lannon include general

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2018

(Unaudited)

government, public safety, public works, health and human services, culture, education, and recreation, and interest and fiscal charges. The business-type activities of the Village of Lannon include both a Sewer and Water Utility.

The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Lannon, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Lannon can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village of Lannon maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, both of which are considered to be major funds. Data from the other governmental fund is shown in a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

The Village of Lannon adopts an annual appropriated budget for the general fund and various other funds as required by state statute. A budgetary comparison statement, found on page 51, has been provided as required supplementary information for the general fund to demonstrate compliance with the adopted budget.

Proprietary funds. The Village of Lannon maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village of Lannon uses an enterprise fund to account for both its Sewer and Water Utility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Utility and the Water Utility which are considered both to be major funds of the Village of Lannon.

The basic proprietary fund financial statements can be found on pages 17-20 of this report.

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2018
(Unaudited)

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Village of Lannon's own programs. The only fiduciary fund maintained by the Village of Lannon is the Tax Collection Fund which records the tax roll and tax collections for other taxing jurisdictions within the Village of Lannon. The accounting used for fiduciary funds is much like that used for governmental funds.

The basic fiduciary fund financial statements can be found on page 21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-50 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Lannon, assets exceeded liabilities by \$12,458,207, at the close of the most recent fiscal year, as presented in the following table.

VILLAGE OF LANNON NET POSITION December 31, 2018

	Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
Current and other assets	\$ 872,818	\$ 1,392,809	\$ 3,212,159	\$ 4,675,180
Capital assets	611,561	675,898	10,880,436	11,185,214
Total assets	<u>1,484,379</u>	<u>2,068,707</u>	<u>14,092,595</u>	<u>15,860,394</u>
Deferred outflow of resources	<u>56,317</u>	<u>77,272</u>	<u>2,394</u>	<u>2,832</u>
Current and other liabilities	147,545	501,173	224,776	1,658,735
Long-term liabilities	316,903	366,294	1,366,089	1,515,664
Total liabilities	<u>464,448</u>	<u>867,467</u>	<u>1,590,865</u>	<u>3,174,399</u>
Deferred inflows of resources	<u>532,631</u>	<u>507,554</u>	<u>589,534</u>	<u>587,881</u>
Net position				
Net investment in capital assets	255,524	277,440	9,370,616	9,518,509
Restricted	89,827	405,984	666,411	650,953
Unrestricted	198,266	87,534	1,877,563	1,931,484
Total net position	<u>\$ 543,617</u>	<u>\$ 770,958</u>	<u>\$ 11,914,590</u>	<u>\$ 12,100,946</u>

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2018
(Unaudited)

The Village of Lannon's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and any infrastructure constructed during 2018); less any related debt used to acquire those assets that are still outstanding as a positive \$9.62 million. The Village of Lannon uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Lannon's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village of Lannon's governmental activities net position, \$89,827, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$198,266.

The government's total net position has decreased by \$413,697 during the current fiscal year. The decrease was related to both the governmental and business-type activities.

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2018
(Unaudited)

Governmental activities. Governmental activities decreased the Village of Lannon's net position by \$227,341. Key elements of this increase are as follows:

VILLAGE OF LANNON'S CHANGES IN NET POSITION For the year ending December 31, 2018

	Governmental Activities		Business-Type Activities	
	2018	2017	2018	2017
Revenues				
Program revenues				
Charges for services	\$ 296,564	\$ 302,004	\$ 438,147	\$ 391,840
Operating grants and contributions	36,576	39,016	-	-
Capital grants and contributions	-	-	53,768	70,364
General revenues				
Property taxes	465,887	566,461	-	-
Intergovernmental revenues not restricted to specific programs	24,454	23,114	-	-
Investment income	2,925	2,488	51,635	59,704
Other	35,875	169,322	-	-
Total revenues	<u>862,281</u>	<u>1,102,405</u>	<u>543,550</u>	<u>521,908</u>
Expenses				
General government	267,251	265,117	-	-
Public safety	382,526	400,760	-	-
Public works	147,232	205,348	-	-
Leisure activities	93,389	101,537	-	-
Conservation and development	189,862	-	-	-
Health and sanitation	200	500	-	-
Interest and fiscal charges	9,162	24,348	-	-
Sewer	-	-	452,917	504,313
Water	-	-	276,989	216,531
Total expenses	<u>1,089,622</u>	<u>997,610</u>	<u>729,906</u>	<u>720,844</u>
Increase (decrease) in net position	(227,341)	104,795	(186,356)	(198,936)
Net position - January 1,	<u>770,958</u>	<u>666,163</u>	<u>12,100,946</u>	<u>12,299,882</u>
Net position - December 31,	<u>\$ 543,617</u>	<u>\$ 770,958</u>	<u>\$ 11,914,590</u>	<u>\$ 12,100,946</u>

Business-type activities. Business-type activities decreased the Village of Lannon's net position by \$186,356 as shown above.

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2018
(Unaudited)

Financial Analysis of the Government's Funds

As noted earlier, the Village of Lannon uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Village of Lannon's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Village of Lannon's governmental funds reported combined ending fund balances of \$260,742 a decrease of \$548,584. Management has *assigned* \$6,725 of fund balance for appropriation of General Fund fund balance to balance the 2019 Budget. A portion of fund balance has been classified as *nonspendable* to indicate that it is not available for new spending because it has already been committed for a variety of other restricted purposes (\$251,489). The governmental funds also have \$61,359 *restricted* for the payment of debt service.

The general fund is the chief operating fund of the Village of Lannon. At the end of the current fiscal year, unassigned fund balance of the general fund was \$131,031, while total fund balance amounted to \$389,245. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 33 percent of total general fund expenditures, while total fund balance represents 43 percent of that same amount.

The debt service fund has a total fund balance of \$61,359, all of which is restricted for the payment of debt service.

Proprietary funds. The Village of Lannon's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Sewer Utility at the end of the year amounted to \$2,955,024. Unrestricted net position of the Water Utility at the end of the year amounted to (\$1,077,461). The total change in net position for the funds was a decrease of \$186,356.

General Fund Budgetary Highlights

Budget expenditures exceeded budget and revenues exceeded budget for the year. A budgetary comparison can be found on page 51 of this report.

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2018

(Unaudited)

Capital Asset and Debt Administration

Capital assets. The Village of Lannon's investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounts to \$11.49 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles and equipment, and utility infrastructure.

Major capital asset events during the current fiscal year included the following:

VILLAGE OF LANNON'S CAPITAL ASSETS

(net of accumulated depreciation)

December 31, 2018

	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
Land	\$ 45,397	\$ 45,397	\$ 69,917	\$ 69,917
Land improvements	39,217	46,720	-	-
Buildings	70,770	74,041	761,857	801,683
Vehicles and equipment	205,154	253,012	58,428	64,209
Intangible assets	-	-	380,762	431,409
Construction in Progress	-	-	123,007	123,007
Infrastructure	251,023	256,728	9,486,465	9,694,989
Total	<u>\$ 611,561</u>	<u>\$ 675,898</u>	<u>\$ 10,880,436</u>	<u>\$ 11,185,214</u>

Additional information on the Village of Lannon's capital assets can be found in Note III D on pages 35 - 37 of this report.

Long-term debt. At the end of the current fiscal year, the Village of Lannon had total debt outstanding of \$1.86 million. Of this amount, \$1.67 million comprises debt backed by the full faith and credit of the government. The remainder of the Village of Lannon's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

VILLAGE OF LANNON'S OUTSTANDING DEBT

December 31, 2018

	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
General obligation bonds and notes	\$ 346,139	\$ 738,139	\$ 1,319,392	\$ 2,900,237
Premiums	9,897	11,231	40,725	46,216
Revenue bonds	-	-	149,703	164,340
Total	<u>\$ 356,036</u>	<u>\$ 749,370</u>	<u>\$ 1,509,820</u>	<u>\$ 3,110,793</u>

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2018

(Unaudited)

The Village of Lannon's total debt has decreased by \$2,003,594 during the current fiscal year.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the Village of Lannon is \$6.55 million, which is significantly in excess of the Village of Lannon's outstanding general obligation debt.

Additional information on the Village of Lannon's long-term debt can be found in note III F on pages 39-41 of this report.

Economic Factors and Next Year's Budgets and Rates

Interest rates have remained steady and look to stay the same in the foreseeable future, and they will have a minimal impact on the Village's future investment portfolio return. The rates are expected to be about the same in 2019. By agreement with the Village's financial institution all invested and operating funds are fully protected by combination of pledged collateral and the State Guarantee Fund.

The Village of Lannon continues to maintain a healthy unassigned fund balance to fund projects that will be needed to be completed.

The Village continues to experience some growth, but at a much slower pace because of the housing industry slowdown. Whispering Ridge single family development has started to develop and sell at a steady rate. Potential developments are currently on hold.

The sewer utility rates were reviewed in 2011 and it was determined not to change the rates for 2012. Based on that review it was determined to hold the rates steady for 2019. Additional studies may be conducted in 2019 to determine the adequacy of the sewer rates.

The Village established a Water Utility in 2008, with service beginning at the end of September, 2008. There have been no substantial changes to the water system during 2017. A simplified rate review was performed during 2015 and the Village increased the water rates in 2015 and performed a water rate case application with the PSC in 2017 for a rate increase effective in 2018.

Requests for Information

This financial report is designed to provide a general overview of the Village of Lannon's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Clerk/Treasurer, Village of Lannon, 20399 West Main Street, P. O. Box 456, Lannon, Wisconsin 53046.

BASIC FINANCIAL STATEMENTS

VILLAGE OF LANNON

STATEMENT OF NET POSITION

As of December 31, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 513,979	\$ 1,688,823	\$ 2,202,802
Receivables			
Taxes	239,727	8,189	247,916
Accounts	43,842	499,272	543,114
Due from other governmental units	-	45,440	45,440
Other assets	-	40,135	40,135
Land held for resale	46,000	-	46,000
Prepays	-	52	52
Restricted assets			
Cash and investments	-	666,874	666,874
Special assessments receivable	-	262,064	262,064
Net pension asset	29,270	1,310	30,580
Capital assets			
Land	45,397	69,917	115,314
Construction in progress	-	123,007	123,007
Other capital assets, net of depreciation/amortization	566,164	10,687,512	11,253,676
Total Assets	<u>1,484,379</u>	<u>14,092,595</u>	<u>15,576,974</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>56,317</u>	<u>2,394</u>	<u>58,711</u>
LIABILITIES			
Accounts payable and accrued expenses	108,412	81,045	189,457
Noncurrent liabilities			
Due within one year	39,133	143,731	182,864
Due in more than one year	316,903	1,366,089	1,682,992
Total Liabilities	<u>464,448</u>	<u>1,590,865</u>	<u>2,055,313</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - taxes	475,195	-	475,195
Unearned revenue - special assessments & water hookup fees	-	586,766	586,766
Deferred inflows related to pensions	57,436	2,768	60,204
Total Deferred Inflows of Resources	<u>532,631</u>	<u>589,534</u>	<u>1,122,165</u>
NET POSITION			
Net investment in capital assets	255,524	9,370,616	9,626,140
Restricted for			
Debt service	60,557	364,851	425,408
Replacement of capital assets	-	300,250	300,250
Pensions	29,270	1,310	30,580
Unrestricted	<u>198,266</u>	<u>1,877,563</u>	<u>2,075,829</u>
TOTAL NET POSITION	<u>\$ 543,617</u>	<u>\$ 11,914,590</u>	<u>\$ 12,458,207</u>

See accompanying notes to financial statements.

VILLAGE OF LANNON

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental Activities							
General government	\$ 267,251	\$ 25,223	\$ -	\$ -	\$ (242,028)	\$ -	\$ (242,028)
Public safety	382,526	207,863	4,496	-	(170,167)	-	(170,167)
Public works	147,232	59,143	32,080	-	(56,009)	-	(56,009)
Health and human services	200	-	-	-	(200)	-	(200)
Conservation and development	189,862	-	-	-	(189,862)	-	(189,862)
Culture, education and recreation	93,389	4,335	-	-	(89,054)	-	(89,054)
Interest and fiscal charges	9,162	-	-	-	(9,162)	-	(9,162)
Total Governmental Activities	1,089,622	296,564	36,576	-	(756,482)	-	(756,482)
Business-type Activities							
Water utility	276,989	138,341	-	36,177	-	(102,471)	(102,471)
Sewer utility	452,917	299,806	-	17,591	-	(135,520)	(135,520)
Total Business-type Activities	729,906	438,147	-	53,768	-	(237,991)	(237,991)
Totals	\$ 1,819,528	\$ 734,711	\$ 36,576	\$ 53,768	(756,482)	(237,991)	(994,473)
General Revenues:							
Taxes:							
					417,539	-	417,539
					48,348	-	48,348
					24,454	-	24,454
					2,925	51,635	54,560
					35,875	-	35,875
					529,141	51,635	580,776
					(227,341)	(186,356)	(413,697)
					770,958	12,100,946	12,871,904
					\$ 543,617	\$ 11,914,590	\$ 12,458,207
					NET POSITION - END OF YEAR		

VILLAGE OF LANNON

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2018

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 428,783	\$ 85,196	\$ -	\$ 513,979
Receivables				
Taxes	201,310	22,790	-	224,100
Delinquent personal property taxes	15,627	-	-	15,627
Accounts	43,842	-	-	43,842
Due from other funds	161,479	-	-	161,479
Land held for resale	46,000	-	-	46,000
TOTAL ASSETS	<u>\$ 897,041</u>	<u>\$ 107,986</u>	<u>\$ -</u>	<u>\$ 1,005,027</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 79,228	\$ -	\$ 28,383	\$ 107,611
Due to other funds	-	-	161,479	161,479
Total Liabilities	<u>79,228</u>	<u>-</u>	<u>189,862</u>	<u>269,090</u>
Deferred inflows of resources				
Unearned Revenues	<u>428,568</u>	<u>46,627</u>	<u>-</u>	<u>475,195</u>
Fund Balances (Deficits)				
Nonspendable	251,489	-	-	251,489
Restricted	-	61,359	-	61,359
Assigned	6,725	-	-	6,725
Unassigned (deficits)	<u>131,031</u>	<u>-</u>	<u>(189,862)</u>	<u>(58,831)</u>
Total Fund Balances (Deficits)	<u>389,245</u>	<u>61,359</u>	<u>(189,862)</u>	<u>260,742</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 897,041</u>	<u>\$ 107,986</u>	<u>\$ -</u>	<u>\$ 1,005,027</u>

VILLAGE OF LANNON

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION For the Year Ended December 31, 2018

Fund balance - total governmental funds	\$ 260,742
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and other assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	
Land	45,397
Other capital assets	1,107,624
Less: Accumulated depreciation	(541,460)
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	29,270
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	56,317
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(57,436)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, not reported in the funds.	
Bonds and notes payable	(346,139)
Accrued interest	(801)
Unamortized debt premium	(9,897)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 543,617</u>

VILLAGE OF LANNON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2018

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 417,539	\$ 48,348	\$ -	\$ 465,887
Intergovernmental	61,031	-	-	61,031
Licenses and permits	81,703	-	-	81,703
Fines, forfeitures and penalties	142,764	-	-	142,764
Public charges for services	64,260	-	-	64,260
Interest income	2,058	867	-	2,925
Other revenues	43,711	-	-	43,711
Total Revenues	<u>813,066</u>	<u>49,215</u>	<u>-</u>	<u>862,281</u>
EXPENDITURES				
Current				
General government	258,156	-	-	258,156
Public safety	369,138	-	-	369,138
Public works	140,577	-	-	140,577
Health and human services	200	-	-	200
Conservation and development	-	-	189,862	189,862
Culture, recreation and education	48,087	-	-	48,087
Capital Outlay	1,248	-	-	1,248
Debt Service				
Principal	7,854	384,146	-	392,000
Interest and fiscal charges	424	11,173	-	11,597
Total Expenditures	<u>825,684</u>	<u>395,319</u>	<u>189,862</u>	<u>1,410,865</u>
Net change in fund balances	(12,618)	(346,104)	(189,862)	(548,584)
FUND BALANCES - Beginning of Year	<u>401,863</u>	<u>407,463</u>	<u>-</u>	<u>809,326</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 389,245</u>	<u>\$ 61,359</u>	<u>\$ (189,862)</u>	<u>\$ 260,742</u>

VILLAGE OF LANNON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds	\$ (548,584)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is reported in the government-wide financial statements as capital or other assets	1,248
Some items reported as capital outlay were not capitalized	(1,248)
Depreciation is reported in the government-wide statements	(64,337)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repaid	392,000
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Governmental funds report debt premiums and discounts as other financing sources (uses). However, in the statement of net position, these are deferred and reported as other assets or as deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as amortization expense.

Amortization of premium	1,334
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest on debt	678
Net pension liability (asset)	38,194
Deferred outflows of resources related to pensions	(20,955)
Deferred inflows of resources related to pensions	(25,671)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (227,341)
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VILLAGE OF LANNON

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2018

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 1,688,823	\$ -	\$ 1,688,823
Receivables			
Taxes	7,445	744	8,189
Accounts	89,089	77,229	166,318
Due from other governments	45,440	-	45,440
Prepaid items	27	25	52
Restricted Assets			
Cash and investments	35,389	-	35,389
Total Current Assets	<u>1,866,213</u>	<u>77,998</u>	<u>1,944,211</u>
Non-Current Assets			
Restricted Assets			
Cash and investments	631,485	-	631,485
Special assessments	262,064	-	262,064
Net pension asset	329	981	1,310
Capital Assets			
Construction in progress	-	123,007	123,007
Land	-	69,917	69,917
Property and equipment	13,841,584	3,897,355	17,738,939
Less: Accumulated depreciation/amortization	(6,334,397)	(717,030)	(7,051,427)
Other Assets			
Other receivables	-	332,954	332,954
Advance to other fund	1,156,274	-	1,156,274
Unamortized start-up costs	-	40,135	40,135
Total Non-Current Assets	<u>9,557,339</u>	<u>3,747,319</u>	<u>13,304,658</u>
Total Assets	<u>11,423,552</u>	<u>3,825,317</u>	<u>15,248,869</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>602</u>	<u>1,792</u>	<u>2,394</u>

See accompanying notes to financial statements.

VILLAGE OF LANNON

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2018

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 32,266	\$ 44,846	\$ 77,112
Accrued interest payable	-	2,430	2,430
Current portion of general obligation debt	-	94,835	94,835
Current portion of Sussex Clean Water Fund loan	15,010	-	15,010
Liabilities Payable from Restricted Assets			
Current portion of general obligation debt	33,886	-	33,886
Accrued interest payable	1,503	-	1,503
Total Current Liabilities	<u>82,665</u>	<u>142,111</u>	<u>224,776</u>
Noncurrent Liabilities			
Long-Term Debt			
Advance from other funds	-	1,156,274	1,156,274
Unamortized debt premiums	10,721	30,004	40,725
General obligation debt payable	313,441	877,230	1,190,671
Sussex Clean Water Fund loans	134,693	-	134,693
Total Noncurrent Liabilities	<u>458,855</u>	<u>2,063,508</u>	<u>2,522,363</u>
Total Liabilities	<u>541,520</u>	<u>2,205,619</u>	<u>2,747,139</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - special assessments & water hookup fees	262,064	324,702	586,766
Deferred inflows related to pensions	680	2,088	2,768
Total Deferred Inflows of Resources	<u>262,744</u>	<u>326,790</u>	<u>589,534</u>
NET POSITION			
Net investment in capital assets	6,999,436	2,371,180	9,370,616
Restricted for			
Replacement of capital assets	300,250	-	300,250
Debt service	364,851	-	364,851
Pensions	329	981	1,310
Unrestricted (deficit)	<u>2,955,024</u>	<u>(1,077,461)</u>	<u>1,877,563</u>
TOTAL NET POSITION	<u>\$ 10,619,890</u>	<u>\$ 1,294,700</u>	<u>\$ 11,914,590</u>

See accompanying notes to financial statements.

VILLAGE OF LANNON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
OPERATING REVENUES			
Public charges for services	\$ 299,806	\$ 85,105	\$ 384,911
Other operating revenues	-	53,236	53,236
Total Operating Revenues	<u>299,806</u>	<u>138,341</u>	<u>438,147</u>
OPERATING EXPENSES			
Operation and maintenance	183,339	172,624	355,963
Depreciation	205,020	75,142	280,162
Amortization	50,647	1,334	51,981
Total Operating Expenses	<u>439,006</u>	<u>249,100</u>	<u>688,106</u>
Operating Loss	<u>(139,200)</u>	<u>(110,759)</u>	<u>(249,959)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	51,635	-	51,635
Interest and fiscal charges	(13,911)	(27,889)	(41,800)
Total Nonoperating Revenues (Expenses)	<u>37,724</u>	<u>(27,889)</u>	<u>9,835</u>
Loss Before Contributions	<u>(101,476)</u>	<u>(138,648)</u>	<u>(240,124)</u>
CAPITAL CONTRIBUTIONS	<u>17,591</u>	<u>36,177</u>	<u>53,768</u>
Change in Net Position	(83,885)	(102,471)	(186,356)
NET POSITION – Beginning of Year	<u>10,703,775</u>	<u>1,397,171</u>	<u>12,100,946</u>
NET POSITION – END OF YEAR	<u>\$ 10,619,890</u>	<u>\$ 1,294,700</u>	<u>\$ 11,914,590</u>

See accompanying notes to financial statements.

VILLAGE OF LANNON

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 285,310	\$ 76,626	\$ 361,936
Paid to suppliers for goods and services	(188,354)	(140,939)	(329,293)
Paid to employees for services	(1,713)	(5,140)	(6,853)
Net Cash Flows From Operating Activities	95,243	(69,453)	25,790
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Paid to (from) other funds	(164,775)	164,775	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	51,635	-	51,635
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(21,040)	(4,991)	(26,031)
Capital contributions	17,591	36,177	53,768
Principal paid on debt	(430,787)	(1,164,695)	(1,595,482)
Interest paid on debt	(16,114)	(33,879)	(49,993)
Net Cash Flows From Capital and Related Financing Activities	(450,350)	(1,167,388)	(1,617,738)
Net Change in Cash and Cash Equivalents	(468,247)	(1,072,066)	(1,540,313)
CASH AND CASH EQUIVALENTS - Beginning of Year	2,823,944	1,072,066	3,896,010
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,355,697	\$ -	\$ 2,355,697
CASH AND CASH EQUIVALENTS - STATEMENT OF NET POSITION			
Unrestricted	\$ 1,688,823	\$ -	\$ 1,688,823
Restricted	666,874	-	666,874
	\$ 2,355,697	\$ -	\$ 2,355,697
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating loss	\$ (139,200)	\$ (110,759)	\$ (249,959)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities			
Depreciation	205,020	75,142	280,162
Amortization	50,647	1,334	51,981
Change in Assets and Liabilities			
Accounts receivable	(14,497)	(63,049)	(77,546)
Accounts payable	(7,185)	27,689	20,504
Prepayments	115	115	230
Pension related deferrals	343	75	418
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 95,243	\$ (69,453)	\$ 25,790
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
None	\$ -	\$ -	\$ -

VILLAGE OF LANNON

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2018

	<u>Agency Fund</u>
	<u>Tax Collection</u>
	<u>Fund</u>
ASSETS	
Cash and investments	\$ 768,707
Taxes receivable	<u>734,917</u>
Total Assets	<u>\$ 1,503,624</u>
LIABILITIES	
Due to other taxing units	<u>\$ 1,503,624</u>
Total Liabilities	<u>\$ 1,503,624</u>

VILLAGE OF LANNON

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VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Lannon, (the "Village") Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the Village. The reporting entity for the Village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The Village has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the Village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

General Fund - accounts for the Village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.

The Village reports the following major enterprise funds:

Water Utility - accounts for operations of the water system.
Sewer Utility - accounts for operations of the sanitary sewer system.

The Village reports the following nonmajor governmental funds:

Special Revenue Fund - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes.

Tax Incremental District No. 1 (TID No. 1) Tax Incremental District No. 2 (TID No. 2)

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

In addition, the Village reports the following fund types:

Agency Fund - used to account for and report assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Fund

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities 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. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water and sewer and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer and water utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary 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.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

Investment of Village funds is restricted by Wisconsin state statutes. Available investments are limited to:

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

The Village has not adopted an investment 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. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note III. A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities - agency fund.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

Property tax calendar - 2018 tax roll:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale - 2018 delinquent real estate taxes	October 2021

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. 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. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	10-40 Years
Utility System	15-60 Years
Vehicles and Equipment	10-20 Years
Intangible - Plant Capacity	30 Years
Infrastructure	50-100 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

6. Deferred Outflows of Resources

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

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

7. Compensated Absences

Under terms of employment, employees are granted vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

8. Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and capital leases.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

9. Deferred Inflows of Resources

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

10. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Village Board has, by resolution, adopted a financial policy authorizing the Village Clerk/Treasurer to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note III. H. for further information.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

11. Pension

For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Land Held for Resale

The Village purchased land held for resale in 2016. In both the fund financial statements and the government-wide statements, this item is reported at the lower of cost or estimated market value of the property.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the general fund and debt service fund. A budget has not been formally adopted for special revenue funds - TID No.1 and TID No. 2. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Debt Service Fund	\$ 48,348	\$ 395,319	\$ 346,971

The Village controls expenditures at the function level. Some individual functions experienced expenditures which exceeded appropriations. The detail of those items can be found in the Village's year-end budget to actual report.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. LIMITATIONS ON THE VILLAGE'S TAX LEVY

Wisconsin law limits the Village's future tax levies. Generally the Village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the Village's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The Village's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 3,638,133	\$ 3,223,412	Custodial Credit Risk
Petty cash	250	-	N/A
Total Deposits and Investments	<u>\$ 3,638,383</u>	<u>\$ 3,223,412</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 2,202,802		
Restricted cash and investments	666,874		
Per statement of assets and liabilities - agency fund			
Agency Fund	<u>768,707</u>		
Total Deposits and Investments	<u>\$ 3,638,383</u>		

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

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

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

As of December 31, 2018, \$2,573,412 of the Village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging financial institution's trust department or agent not in the Village's name	\$ <u>2,573,412</u>
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See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for \$262,064 of special assessments and \$332,954 of other water receivables that are outstanding.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ <u>475,195</u>

Enterprise funds report unearned revenue for special assessments and deferred water connections fees. As of December 31, 2018 unearned revenue totaled \$586,766.

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

Redemption	-	Used to segregate resources accumulated for debt service payments over the next twelve months.
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VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS (cont.)

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Net Pension Asset

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

Following is a list of restricted assets at December 31, 2018:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Debt service- cash and investments	\$ 366,354	\$ (1,503)	\$ 364,851
Special assessments	262,064	-	n/a
Equipment replacement - cash and investments	300,520	-	300,250
Net pension asset	<u>30,580</u>	<u>-</u>	<u>30,580</u>
Total	<u>\$ 959,518</u>	<u>\$ (1,503)</u>	<u>\$ 695,681</u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 45,397	\$ -	\$ -	\$ 45,397
Total Capital Assets Not Being Depreciated	<u>45,397</u>	<u>-</u>	<u>-</u>	<u>45,397</u>

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Capital assets being depreciated				
Land improvements	\$ 85,860	\$ -	\$ -	\$ 85,860
Buildings	193,438	-	-	193,438
Vehicles and equipment	543,073	-	-	543,073
Infrastructure/Storm Sewer	285,253	-	-	285,253
Total Capital Assets Being Depreciated	1,107,624	-	-	1,107,624
Total Capital Assets	1,153,021	-	-	1,153,021
Less: Accumulated depreciation for				
Land improvements	(39,140)	(7,503)	-	(46,643)
Buildings	(119,397)	(3,271)	-	(122,668)
Vehicles and equipment	(290,061)	(47,858)	-	(337,919)
Infrastructure/Storm Sewer	(28,525)	(5,705)	-	(34,230)
Total Accumulated Depreciation	(477,123)	(64,337)	-	(541,460)
Net Capital Assets Being Depreciated	630,501	(64,337)	-	566,164
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 675,898	\$ (64,337)	\$ -	\$ 611,561

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 5,013
Public safety	7,531
Culture, education and recreation	44,888
Public works	6,905
Total Governmental Activities Depreciation Expense	\$ 64,337

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 69,917	\$ -	\$ -	\$ 69,917
Construction in progress	123,007	-	-	123,007
Total Capital Assets Not Being depreciated	<u>192,924</u>	<u>-</u>	<u>-</u>	<u>192,924</u>
Capital assets being depreciated/amortized				
Buildings	1,521,130	-	-	1,521,130
Equipment	1,162,581	-	-	1,162,581
Sewer system	10,539,624	21,040	13,101	10,547,563
Intangible - plant capacity	1,100,217	-	-	1,100,217
Water system	<u>3,403,198</u>	<u>4,991</u>	<u>741</u>	<u>3,407,448</u>
Total Capital Assets Being Depreciated/Amortized	<u>17,726,750</u>	<u>26,031</u>	<u>13,842</u>	<u>17,738,939</u>
Total Capital Assets	<u>17,919,674</u>	<u>26,031</u>	<u>13,842</u>	<u>17,931,863</u>
Less: Accumulated depreciation/amortization for				
Buildings	(719,447)	(39,826)	-	(759,273)
Equipment	(1,098,372)	(5,781)	-	(1,104,153)
Sewer system	(3,757,729)	(175,468)	13,101	(3,920,096)
Intangible - plant capacity	(668,808)	(50,647)	-	(719,455)
Water system	<u>(490,104)</u>	<u>(59,087)</u>	<u>741</u>	<u>(548,450)</u>
Total Accumulated Depreciation/Amortization	<u>(6,734,460)</u>	<u>(330,809)</u>	<u>13,842</u>	<u>(7,051,427)</u>
Net Capital Assets Being Depreciated/Amortized	<u>10,992,290</u>	<u>(304,778)</u>	<u>-</u>	<u>10,687,512</u>
Business-type Capital Assets, Net of Accumulated Depreciation/Amortization	<u>\$ 11,185,214</u>	<u>\$ (304,778)</u>	<u>\$ -</u>	<u>\$ 10,880,436</u>

Depreciation expense was charged to functions as follows:

Business-type Activities	
Sewer	\$ 255,667
Water	<u>75,142</u>
Total Business-type Activities Depreciation/Amortization Expense	<u>\$ 330,809</u>

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES AND ADVANCES

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund -Tax Incremental District No. 1	\$ 90,422
General Fund	Special revenue Fund - Tax Incremental District No. 2	<u>71,057</u>
Total - Fund Financial Statements		161,479
Less: Fund eliminations		<u>(161,479)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ -</u></u>

All amounts are due within one year.

The principal purpose of these interfunds is an overdraft on pooled cash. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances

The sewer utility is advancing funds to the water utility. The amount advanced is determined by the deficit cash balance in the water utility. No repayment schedule has been established.

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
Sewer Utility	Water Utility	<u>\$ 1,156,274</u>	<u>\$ 1,156,274</u>

The principal purpose of this advance is an overdraft on pooled cash.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 738,139	\$ -	\$ 392,000	\$ 346,139	\$ 39,133
(Discounts)/Premiums	11,231	-	1,334	9,897	-
Sub-totals	<u>749,370</u>	<u>-</u>	<u>393,334</u>	<u>356,036</u>	<u>39,133</u>
Other Liabilities					
Net pension liability	8,924	-	8,924	-	-
Total Other Liabilities	<u>8,924</u>	<u>-</u>	<u>8,924</u>	<u>-</u>	<u>-</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 758,294</u>	<u>\$ -</u>	<u>\$ 402,258</u>	<u>\$ 356,036</u>	<u>\$ 39,133</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 2,900,237	\$ -	\$ 1,580,845	\$ 1,319,392	\$ 128,721
Sussex Clean Water Fund Loan	164,340	-	14,637	149,703	15,010
(Discounts)/Premiums	46,216	-	5,491	40,725	-
Sub-totals	<u>3,110,793</u>	<u>-</u>	<u>1,600,973</u>	<u>1,509,820</u>	<u>143,731</u>
Other Liabilities					
Net pension liability	363	-	363	-	-
Total Other Liabilities	<u>363</u>	<u>-</u>	<u>363</u>	<u>-</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 3,111,156</u>	<u>\$ -</u>	<u>\$ 1,601,336</u>	<u>\$ 1,509,820</u>	<u>\$ 143,731</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2018, was \$6,555,035. Total general obligation debt outstanding at year end was \$1,665,531.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the Village. Notes and bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

Governmental Activities

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2018
General Obligation Debt					
Trunked Radio Agreement	11/10/2014	2/15/2022	0%	\$ 15,725	\$ 7,861
Promissory Note	12/18/2016	12/28/2021	1.92%	29,441	17,665
Refunding GO Bonds	12/27/2017	6/1/2027	3.0%	350,912	320,613
Total Governmental Activities - General Obligation Debt					<u>\$ 346,139</u>

Business-type Activities

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2018
General Obligation Debt					
Refunding GO Bonds	12/27/2017	6/1/2027	3.0%	\$ 1,444,088	\$ 1,319,392
Total Business-type Activities - General Obligation Debt					<u>\$ 1,319,392</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2019	\$ 39,133	\$ 9,460	\$ 128,721	\$ 37,651
2020	41,088	8,380	136,766	33,669
2021	41,088	7,269	136,766	29,566
2022	36,174	6,173	140,789	25,402
2023	35,189	5,132	144,811	21,118
2024-2027	153,467	9,398	631,539	38,677
Totals	<u>\$ 346,139</u>	<u>\$ 45,812</u>	<u>\$ 1,319,392</u>	<u>\$ 186,083</u>

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Business-type Activities	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2018
Debt Certificates					
Clean Water Fund Loan	8/22/2007	5/1/2027	2.547%	\$ 280,752	<u>\$ 149,703</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Debt Certificates</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 15,010	\$ 3,622
2020	15,392	3,235
2021	15,784	2,838
2022	16,186	2,430
2023	16,599	2,013
2024-2027	<u>70,732</u>	<u>3,660</u>
Totals	<u>\$ 149,703</u>	<u>\$ 17,798</u>

Other Debt Information

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The village believe it is in compliance with all significant limitations and restriction, including federal arbitrage regulations.

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2018, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 45,397
Other capital assets, net of accumulated depreciation	566,163
Less: Long-term debt outstanding	(346,139)
Less: Unamortized debt premium	<u>(9,897)</u>
Total Net Investment in Capital Assets	<u>\$ 255,524</u>

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2018, include the following:

Nonspendable

Major Fund

General Fund

Delinquent personal property taxes	\$ 15,627
Amount due from TID No. 1 & 2	189,862
Land held for resale	<u>46,000</u>

Total	<u>\$ 251,489</u>
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Restricted

Major Fund

Debt Service Fund

Debt Service	<u>\$ 61,359</u>
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Assigned

Major Fund

General Fund

Budgeted use of fund balance - 2019	<u>\$ 6,725</u>
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Unassigned

Major Fund

General Fund	<u>\$ 131,031</u>
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Nonmajor Funds

Special Revenue Funds

Tax Incremental District No. 1	\$ (106,682)
Tax Incremental District No. 2	<u>(83,180)</u>

Total	<u>\$ (189,862)</u>
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Business-type Activities

Net Investment in Capital Assets

Land	\$ 69,917
Construction in progress	123,007
Other capital assets, net of accumulated depreciation/amortization	10,687,512
Less: Long-term debt outstanding	(1,469,095)
Less: Unamortized debt premium	<u>(40,725)</u>

Total Net Investment in Capital Assets	<u>\$ 9,370,616</u>
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VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year 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 Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$10,171 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2018 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2018, the Village reported an liability (asset) of \$30,580 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability (asset) was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Village's proportion was 0.00102996%, which was a decrease of 0.00023844% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Village recognized pension expense of \$19,675.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,853	\$ 18,174
Changes in assumptions	6,042	-
Net differences between projected and actual earnings on pension plan investments	-	42,030
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,990	-
Employer contributions subsequent to the measurement date	10,826	-
Totals	<u>\$ 58,711</u>	<u>\$ 60,204</u>

\$10,826 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2019	\$ 4,445
2020	647
2021	(9,871)
2022	(7,616)
2023	76

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 arithmetic real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
<u>Variable Fund Asset Class</u>			
U.S Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% 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.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the Village's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension liability (asset)	\$79,122	\$(30,580)	\$(113,958)

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/publications/cafr.htm>.

At December 31, 2018, the Village reported a payable of \$1,293 to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

The Village is 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. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the Village is 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 Village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Village's financial position or results of operations.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

D. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

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

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 87, *Leases*
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

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

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LANNON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 434,223	\$ 417,539	\$ (16,684)
Intergovernmental	60,644	61,031	387
Licenses and permits	60,302	81,703	21,401
Fines, forfeitures and penalties	107,000	142,764	35,764
Public charges for services	66,607	64,260	(2,347)
Investment income	3,000	2,058	(942)
Other revenues	44,850	43,711	(1,139)
Total Revenues	<u>776,626</u>	<u>813,066</u>	<u>36,440</u>
EXPENDITURES			
Current:			
General government	245,396	258,156	(12,760)
Public safety	346,293	369,138	(22,845)
Public works	164,055	140,577	23,478
Health and human services	750	200	550
Culture, recreation and education	45,765	48,087	(2,322)
Capital Outlay	2,520	1,248	1,272
Debt Service	2,771	8,278	(5,507)
Total Expenditures	<u>807,550</u>	<u>825,684</u>	<u>(18,134)</u>
Net Change in Fund Balance	<u>\$ (30,924)</u>	<u>(12,618)</u>	<u>\$ 18,306</u>
FUND BALANCE - Beginning of Year		<u>401,863</u>	
FUND BALANCE - END OF YEAR		<u>\$ 389,245</u>	

VILLAGE OF LANNON

SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY(ASSET) AND CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2018

WRS Fiscal Year End Date	Proportion of the Net Pension Liability(Asset)	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
12/31/14	0.001275270%	\$ (31,324)	\$ 143,284	21.86%	102.74%
12/31/15	0.001223220%	19,877	129,439	15.36	98.20
12/31/16	0.001268400%	9,287	154,763	7.95	99.12
12/31/17	0.001029960%	(30,580)	118,686	25.77	102.93

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2018

Fiscal Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 11,199	\$ (11,199)	\$ -	\$ 129,439	8.65%
12/31/16	9,724	(9,724)	-	154,763	6.28
12/31/17	10,922	(10,922)	-	118,686	9.20
12/31/18	10,826	(10,826)	-	119,627	9.05

VILLAGE OF LANNON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2018

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The Village is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

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

Changes of assumptions. There were no changes in the assumptions.

SUPPLEMENTARY INFORMATION

VILLAGE OF LANNON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2018

	<u>Special Revenue Funds</u>		Total Nonmajor Funds
	<u>TID No. 1</u>	<u>TID No. 2</u>	
ASSETS			
Cash and investments	\$ -	\$ -	\$ -
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 16,260	\$ 12,123	\$ 28,383
Due to other funds	<u>90,422</u>	<u>71,057</u>	<u>161,479</u>
Total Liabilities	<u>106,682</u>	<u>83,180</u>	<u>189,862</u>
Fund Balances (Deficits)			
Unassigned (deficits)	<u>(106,682)</u>	<u>(83,180)</u>	<u>(189,862)</u>
Total Fund Balances (Deficits)	<u>(106,682)</u>	<u>(83,180)</u>	<u>(189,862)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

VILLAGE OF LANNON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Funds</u>
	<u>TID No. 1</u>	<u>TID No. 2</u>	
REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES			
Current			
Conservation and development	<u>106,682</u>	<u>83,180</u>	<u>189,862</u>
Total Expenditures	<u>106,682</u>	<u>83,180</u>	<u>189,862</u>
Excess (deficiency) of revenues over expenditures	<u>(106,682)</u>	<u>(83,180)</u>	<u>(189,862)</u>
Net change in fund balances	<u>(106,682)</u>	<u>(83,180)</u>	<u>(189,862)</u>
FUND BALANCES - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ (106,682)</u>	<u>\$ (83,180)</u>	<u>\$ (189,862)</u>

VILLAGE OF LANNON

Lannon, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

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VILLAGE OF LANNON

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VILLAGE OF LANNON

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Lannon
Lannon, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lannon, Wisconsin, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Village of Lannon's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Lannon's preparation and fair presentation of the financial statements 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 Village of Lannon's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Village Board
Village of Lannon

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lannon, Wisconsin, as of December 31, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
March 22, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2016
(Unaudited)

As management of the Village of Lannon, we offer readers of the Village of Lannon's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2016.

Financial Highlights

The assets of the Village of Lannon exceeded its liabilities at the close of the most recent fiscal year by \$12,996,045.

The government's total net position has decreased by \$326,114.

As of the close of the current fiscal year, the Village of Lannon's governmental funds reported combined ending fund balances of \$436,349.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$284,340.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Lannon's basic financial statements. The Village of Lannon's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Lannon's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Village of Lannon's assets, deferred outflows and liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Lannon is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Village of Lannon that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Lannon include general

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2016

(Unaudited)

government, public safety, public works, health and human services, culture, education, and recreation, and interest and fiscal charges. The business-type activities of the Village of Lannon include both a Sewer and Water Utility.

The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Lannon, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Lannon can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village of Lannon maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, both of which are considered to be major funds. Data from the other governmental fund is shown in a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

The Village of Lannon adopts an annual appropriated budget for the general fund and various other funds as required by state statute. A budgetary comparison statement, found on page 51, has been provided as required supplementary information for the general fund to demonstrate compliance with the adopted budget.

Proprietary funds. The Village of Lannon maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village of Lannon uses an enterprise fund to account for both its Sewer and Water Utility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Utility and the Water Utility which are considered both to be major funds of the Village of Lannon.

The basic proprietary fund financial statements can be found on pages 17-20 of this report.

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2016

(Unaudited)

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Village of Lannon's own programs. The only fiduciary fund maintained by the Village of Lannon is the Tax Collection Fund which records the tax roll and tax collections for other taxing jurisdictions within the Village of Lannon. The accounting used for fiduciary funds is much like that used for governmental funds.

The basic fiduciary fund financial statements can be found on page 21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-50 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Lannon, assets exceeded liabilities by \$12,966,045, at the close of the most recent fiscal year, as presented in the following table.

VILLAGE OF LANNON NET POSITION

December 31, 2016

	Governmental Activities		Business-Type Activities	
	2016	2015	2016	2015
Current and other assets	\$ 1,072,470	\$ 1,096,222	\$ 3,181,925	\$ 3,239,156
Capital assets	707,084	950,300	11,498,618	11,762,194
Total assets	<u>1,779,554</u>	<u>2,046,522</u>	<u>14,680,543</u>	<u>15,001,350</u>
Deferred outflow of resources	<u>106,386</u>	<u>31,267</u>	<u>3,977</u>	<u>1,214</u>
Current and other liabilities	228,144	250,904	175,920	174,121
Long-term liabilities	387,227	493,009	1,620,488	1,747,394
Total liabilities	<u>615,371</u>	<u>743,913</u>	<u>1,796,408</u>	<u>1,921,515</u>
Deferred inflows of resources	<u>604,406</u>	<u>536,000</u>	<u>588,230</u>	<u>586,766</u>
Net position				
Net investment in capital assets	214,075	329,911	9,751,224	9,896,295
Restricted	74,460	74,181	637,410	624,808
Unrestricted	377,628	393,784	1,911,248	1,973,180
Total net position	<u>\$ 666,163</u>	<u>\$ 797,876</u>	<u>\$ 12,299,882</u>	<u>\$ 12,494,283</u>

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2015

(Unaudited)

The Village of Lannon's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and any infrastructure constructed during 2016); less any related debt used to acquire those assets that are still outstanding as a positive \$9.97 million. The Village of Lannon uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Lannon's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village of Lannon's governmental activities net position, \$711,870, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is \$2.29 million.

The government's net position has decreased by \$326,114 during the current fiscal year. The decrease was related to the governmental and business-type activities.

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2016

(Unaudited)

Governmental activities. Governmental activities decreased the Village of Lannon's net position by \$131,713. Key elements of this decrease are as follows:

VILLAGE OF LANNON'S CHANGES IN NET POSITION

For the year ending December 31, 2016

	Governmental Activities		Business-Type Activities	
	2016	2015	2016	2015
Revenues				
Program revenues				
Charges for services	\$ 259,219	\$ 327,870	\$ 378,991	\$ 314,816
Operating grants and contributions	46,872	44,318	-	-
Capital grants and contributions	-	6,403	17,591	-
General revenues				
Property taxes	543,311	596,252	-	-
Intergovernmental revenues not restricted to specific programs	24,243	23,006	-	-
Investment income	2,894	3,106	54,989	69,381
Other	61,149	203,851	-	-
Transfers	12,000	-	(12,000)	-
Total revenues	<u>949,688</u>	<u>1,204,806</u>	<u>439,571</u>	<u>384,197</u>
Expenses				
General government	262,553	252,860	-	-
Public safety	571,755	535,549	-	-
Public works	122,355	141,121	-	-
Leisure activities	106,423	107,350	-	-
Health and sanitation	250	-	-	-
Interest and fiscal charges	18,065	19,140	-	-
Sewer	-	-	458,808	503,177
Water	-	-	175,164	185,748
Total expenses	<u>1,081,401</u>	<u>1,056,020</u>	<u>633,972</u>	<u>688,925</u>
Increase (decrease) in net position	(131,713)	148,786	(194,401)	(73,908)
Net position - January 1,	<u>797,876</u>	<u>649,090</u>	<u>12,494,283</u>	<u>12,568,191</u>
Net position - December 31,	<u>\$ 666,163</u>	<u>\$ 797,876</u>	<u>\$ 12,299,882</u>	<u>\$ 12,494,283</u>

Business-type activities. Business-type activities decreased the Village of Lannon's net position by \$194,401 as shown above.

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2016

(Unaudited)

Financial Analysis of the Government's Funds

As noted earlier, the Village of Lannon uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Village of Lannon's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Village of Lannon's governmental funds reported combined ending fund balances of \$436,349, an increase of \$27,644. Approximately 65% of this total amount (\$284,340) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. Management has *assigned* \$12,812 of fund balance for appropriation of General Fund fund balance to balance the 2017 Budget. A portion of fund balance has been classified as *nonspendable* to indicate that it is not available for new spending because it has already been committed for a variety of other restricted purposes (\$63,080). The governmental funds also have \$76,117 *restricted* for the payment of debt service and borrowed money for the purchase of a police squad car.

The general fund is the chief operating fund of the Village of Lannon. At the end of the current fiscal year, unassigned fund balance of the general fund was \$284,340, while total fund balance amounted to \$389,673. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 35 percent of total general fund expenditures, while total fund balance represents 48 percent of that same amount.

The debt service fund has a total fund balance of \$46,676, all of which is restricted for the payment of debt service.

Proprietary funds. The Village of Lannon's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Sewer Utility at the end of the year amounted to \$1,911,248. Unrestricted net position of the Water Utility at the end of the year amounted to (\$830,793). The total change in net position for the funds was a decrease of \$194,401.

General Fund Budgetary Highlights

Budget expenditures exceeded budget and revenues exceeded budget for the year. A budgetary comparison can be found on page 51 of this report.

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2016
(Unaudited)

Capital Asset and Debt Administration

Capital assets. The Village of Lannon's investment in capital assets for its governmental and business-type activities as of December 31, 2016, amounts to \$12.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles and equipment, and utility infrastructure.

Major capital asset events during the current fiscal year included the following:

VILLAGE OF LANNON'S CAPITAL ASSETS

(net of accumulated depreciation)
December 31, 2016

	Governmental Activities		Business-type Activities	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 45,397	\$ 45,397	\$ 69,917	\$ 69,917
Land improvements	54,223	61,726	-	-
Buildings	77,312	80,583	841,509	881,335
Vehicles and equipment	267,719	494,456	69,990	75,004
Intangible assets	-	-	482,056	532,703
Construction in Progress	-	-	123,007	123,007
Infrastructure	262,433	268,138	9,912,139	10,080,228
Total	<u>\$ 707,084</u>	<u>\$ 950,300</u>	<u>\$ 11,498,618</u>	<u>\$ 11,762,194</u>

Additional information on the Village of Lannon's capital assets can be found in Note III D on pages 35 - 37 of this report.

Long-term debt. At the end of the current fiscal year, the Village of Lannon had total debt outstanding of \$2.26 million. Of this amount, \$2.09 million comprises debt backed by the full faith and credit of the government. The remainder of the Village of Lannon's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

VILLAGE OF LANNON'S OUTSTANDING DEBT

December 31, 2016

	Governmental Activities		Business-type Activities	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General obligation bonds and notes	\$ 522,450	\$ 620,389	\$ 1,568,780	\$ 1,673,367
Revenue bonds	-	-	178,613	192,532
Total	<u>\$ 522,450</u>	<u>\$ 620,389</u>	<u>\$ 1,747,393</u>	<u>\$ 1,865,899</u>

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2016
(Unaudited)

The Village of Lannon's total debt has decreased by \$216,444 during the current fiscal year.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the Village of Lannon is \$6.3 million, which is significantly in excess of the Village of Lannon's outstanding general obligation debt.

Additional information on the Village of Lannon's long-term debt can be found in note III E on pages 39-41 of this report.

Economic Factors and Next Year's Budgets and Rates

Interest rates have remained steady and look to stay the same in the foreseeable future, and they will have a minimal impact on the Village's future investment portfolio return. The rates are expected to be about the same in 2017. By agreement with the Village's financial institution all invested and operating funds are fully protected by combination of pledged collateral and the State Guarantee Fund.

The Village of Lannon continues to maintain a healthy unassigned fund balance to fund projects that will be needed to be completed.

The Village continues to experience some growth, but at a much slower pace because of the housing industry slowdown. Whispering Ridge single family development has started to develop and sell at a steady rate. Potential developments are currently on hold.

The sewer utility rates were reviewed in 2011 and it was determined not to change the rates for 2012. Based on that review it was determined to hold the rates steady for 2017. Additional studies may be conducted in 2017 to determine the adequacy of the sewer rates.

The Village established a Water Utility in 2008, with service beginning at the end of September, 2008. There have been no substantial changes to the water system during 2016. A simplified rate review was performed during 2015 and the Village increased the water rates in 2015 and will review again in 2017 for another possible increase.

Requests for Information

This financial report is designed to provide a general overview of the Village of Lannon's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Clerk/Treasurer, Village of Lannon, 20399 West Main Street, P. O. Box 456, Lannon, Wisconsin 53046.

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BASIC FINANCIAL STATEMENTS

VILLAGE OF LANNON

STATEMENT OF NET POSITION As of December 31, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 672,273	\$ 1,766,669	\$ 2,438,942
Receivables			
Taxes	288,310	13,442	301,752
Accounts	36,446	418,151	454,597
Due from other governmental units	-	38,948	38,948
Other assets	-	42,803	42,803
Land held for resale	46,000	-	46,000
Prepays	-	294	294
Restricted assets			
Cash and investments	29,441	639,554	668,995
Special assessments receivable	-	262,064	262,064
Capital assets			
Land	45,397	69,917	115,314
Construction in progress	-	123,007	123,007
Other capital assets, net of depreciation/amortization	661,687	11,305,694	11,967,381
Total Assets	<u>1,779,554</u>	<u>14,680,543</u>	<u>16,460,097</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>106,386</u>	<u>3,977</u>	<u>110,363</u>
Total Deferred Outflows of Resources	<u>106,386</u>	<u>3,977</u>	<u>110,363</u>
LIABILITIES			
Accounts payable and accrued expenses	73,740	48,319	122,059
Noncurrent liabilities			
Net pension liability	19,181	696	19,877
Due within one year	135,223	126,905	262,128
Due in more than one year	<u>387,227</u>	<u>1,620,488</u>	<u>2,007,715</u>
Total Liabilities	<u>615,371</u>	<u>1,796,408</u>	<u>2,411,779</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - taxes	564,039	-	564,039
Unearned revenue - special assessments & water hookup fees	-	586,766	586,766
Deferred inflows related to pensions	<u>40,367</u>	<u>1,464</u>	<u>41,831</u>
Total Deferred Inflows of Resources	<u>604,406</u>	<u>588,230</u>	<u>1,192,636</u>
NET POSITION			
Net investment in capital assets	214,075	9,751,224	9,965,299
Restricted for			
Debt service	45,019	364,210	409,229
Replacement of capital assets	-	273,200	273,200
Police Equipment	29,441	-	29,441
Unrestricted	<u>377,628</u>	<u>1,911,248</u>	<u>2,288,876</u>
TOTAL NET POSITION	<u>\$ 666,163</u>	<u>\$ 12,299,882</u>	<u>\$ 12,966,045</u>

See accompanying notes to financial statements.

VILLAGE OF LANNON

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities						
General government	\$ 262,553	\$ 23,926	\$ -	\$ -	\$ (238,627)	\$ -
Public safety	571,755	172,982	8,640	-	(390,133)	-
Public works	122,355	56,461	38,232	-	(27,662)	-
Health and human services	250	-	-	-	(250)	-
Culture, education and recreation	106,423	5,850	-	-	(100,573)	-
Interest and fiscal charges	18,065	-	-	-	(18,065)	-
Total Governmental Activities	1,081,401	259,219	46,872	-	(775,310)	-
Business-type Activities						
Water utility	175,164	61,936	-	-	-	(113,228)
Sewer utility	458,808	317,055	-	17,591	-	(124,162)
Total Business-type Activities	633,972	378,991	-	17,591	-	(237,390)
Totals	\$ 1,715,373	\$ 638,210	\$ 46,872	\$ 17,591	(775,310)	(237,390)
						(1,012,700)
General Revenues:						
Taxes:						
Property taxes, levied for general purposes					399,369	-
Property taxes, levied for debt service					143,942	-
Intergovernmental revenues not restricted to specific programs					24,243	-
Investment income					2,894	54,989
Miscellaneous					61,149	-
Transfers					12,000	(12,000)
Total General Revenues and Transfers					643,597	42,989
						686,586
Change in Net Position						
					(131,713)	(194,401)
						(326,114)
NET POSITION - Beginning of Year						
					797,876	12,494,283
						13,292,159
NET POSITION - END OF YEAR						
					\$ 666,163	\$ 12,299,882
						\$ 12,966,045

VILLAGE OF LANNON

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2016

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments	\$ 547,970	\$ 124,303	\$ 672,273
Receivables			
Taxes	199,113	72,117	271,230
Delinquent personal property taxes	17,080	-	17,080
Accounts	36,446	-	36,446
Land held for resale	46,000	-	46,000
Restricted cash and investments	29,441	-	29,441
TOTAL ASSETS	<u>\$ 876,050</u>	<u>\$ 196,420</u>	<u>\$ 1,043,029</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 72,082	\$ -	\$ 72,082
Total Liabilities	<u>72,082</u>	<u>-</u>	<u>72,082</u>
Deferred inflows of resources			
Unearned Revenues	414,295	149,744	564,039
Total Deferred Inflows of Resources	<u>414,295</u>	<u>149,744</u>	<u>564,039</u>
Fund Balances			
Nonspendable	63,080	-	63,080
Restricted	29,441	46,676	76,117
Assigned	12,812	-	12,812
Unassigned	284,340	-	284,340
Total Fund Balances	<u>389,673</u>	<u>46,676</u>	<u>436,349</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 876,050</u>	<u>\$ 196,420</u>	<u>\$ 1,072,470</u>

VILLAGE OF LANNON

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION For the Year Ended December 31, 2016

Fund balance - total governmental funds	\$ 436,349
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and other assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	
Land	45,397
Other capital assets	1,074,747
Less: Accumulated depreciation	(413,060)
The Net Pension Liability does not relate to current financial resources and is not reported in the governmental funds.	(19,181)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	106,386
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(40,367)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, not reported in the funds.	
Bonds and notes payable	(522,450)
Accrued interest	(1,658)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 666,163</u>

VILLAGE OF LANNON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2016

	General	Debt Service	Total Governmental Funds
REVENUES			
Taxes	\$ 399,369	\$ 143,942	\$ 543,311
Intergovernmental	71,115	-	71,115
Licenses and permits	67,129	-	67,129
Fines, forfeitures and penalties	118,915	-	118,915
Public charges for services	66,430	-	66,430
Investment income	2,404	490	2,894
Other revenues	63,597	-	63,597
Total Revenues	<u>788,959</u>	<u>144,432</u>	<u>933,391</u>
EXPENDITURES			
Current			
General government	253,099	-	253,099
Public safety	353,902	-	353,902
Public works	116,200	-	116,200
Health and human services	250	-	250
Culture, recreation and education	57,993	-	57,993
Capital Outlay	24,134	-	24,134
Debt Service			
Principal	1,966	125,414	127,380
Interest and fiscal charges	-	18,530	18,530
Total Expenditures	<u>807,544</u>	<u>143,944</u>	<u>951,488</u>
Excess (deficiency) of revenues over expenditures	<u>(18,585)</u>	<u>488</u>	<u>(18,097)</u>
OTHER FINANCING SOURCES			
Transfer in	12,000	-	12,000
Sale of Capital Assets	4,300	-	4,300
General obligation debt issued	29,441	-	29,441
Total Other Financing Sources	<u>45,741</u>	<u>-</u>	<u>45,741</u>
Net change in fund balances	27,156	488	27,644
FUND BALANCES - Beginning of Year	<u>362,517</u>	<u>46,188</u>	<u>408,705</u>
FUND BALANCES - END OF YEAR	<u>\$ 389,673</u>	<u>\$ 46,676</u>	<u>\$ 436,349</u>

VILLAGE OF LANNON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

Net change in fund balances - total governmental funds	\$ 27,644
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is reported in the government-wide financial statements as capital or other assets	24,134
Some items reported as capital outlay were not capitalized	(12,134)
Depreciation is reported in the government-wide statements	(60,848)
Net book value of assets sold	(194,368)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General obligation debt issued	(29,441)
Principal repaid	127,380

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest on debt	464
Net pension liability	(49,296)
Deferred outflows of resources related to pensions	75,119
Deferred inflows related to pensions	(40,367)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (131,713)
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VILLAGE OF LANNON

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2016

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 1,766,669	\$ -	\$ 1,766,669
Receivables			
Taxes	13,442	-	13,442
Accounts	73,053	12,144	85,197
Due from other governments	38,948	-	38,948
Prepaid items	148	146	294
Restricted Assets			
Cash and investments	31,794	-	31,794
Total Current Assets	<u>1,924,054</u>	<u>12,290</u>	<u>1,936,344</u>
Non-Current Assets			
Restricted Assets			
Cash and investments	607,760	-	607,760
Special assessments	262,064	-	262,064
Capital Assets			
Construction in progress	-	123,007	123,007
Land	-	69,917	69,917
Property and equipment	13,822,095	3,887,519	17,709,614
Less: Accumulated depreciation/amortization	(5,836,165)	(567,755)	(6,403,920)
Other Assets			
Other receivables	-	332,954	332,954
Advance to other fund	873,449	-	873,449
Unamortized start-up costs	-	42,803	42,803
Total Non-Current Assets	<u>9,729,203</u>	<u>3,888,445</u>	<u>13,617,648</u>
Total Assets	<u>11,653,257</u>	<u>3,900,735</u>	<u>15,553,992</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	988	2,989	3,977
Total Deferred Outflows of Resources	<u>988</u>	<u>2,989</u>	<u>3,977</u>

See accompanying notes to financial statements.

VILLAGE OF LANNON

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2016

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 24,123	\$ 18,172	\$ 42,295
Accrued interest payable	-	3,880	3,880
Current portion of general obligation debt	-	82,981	82,981
Current portion of Sussex Clean Water Fund loan	14,274	-	14,274
Liabilities Payable from Restricted Assets			
Current portion of general obligation debt	29,650	-	29,650
Accrued interest payable	2,144	-	2,144
Total Current Liabilities	70,191	105,033	175,224
Noncurrent Liabilities			
Net pension liability	174	522	696
Long-Term Debt			
Advance from other funds	-	873,449	873,449
General obligation debt payable	383,323	1,072,826	1,456,149
Sussex Clean Water Fund Loans	164,339	-	164,339
Total Noncurrent Liabilities	547,836	1,946,797	2,494,633
Total Liabilities	618,027	2,051,830	2,669,857
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - special assessments & water hookup fees	262,064	324,702	586,766
Deferred inflows related to pensions	366	1,098	1,464
Total Deferred Inflows of Resources	262,430	325,800	588,230
NET POSITION			
Net investment in capital assets	7,394,337	2,356,887	9,751,224
Restricted for			
Replacement of capital assets	273,200	-	273,200
Debt service	364,210	-	364,210
Unrestricted (deficit)	2,742,041	(830,793)	1,911,248
TOTAL NET POSITION	\$ 10,773,788	\$ 1,526,094	\$ 12,299,882

See accompanying notes to financial statements.

VILLAGE OF LANNON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
OPERATING REVENUES			
Public charges for services	\$ 317,055	\$ 51,084	\$ 368,139
Other operating revenues	-	10,852	10,852
Total Operating Revenues	<u>317,055</u>	<u>61,936</u>	<u>378,991</u>
OPERATING EXPENSES			
Operation and maintenance	177,904	51,445	229,349
Depreciation	204,195	74,553	278,748
Amortization	50,647	1,334	51,981
Total Operating Expenses	<u>432,746</u>	<u>127,332</u>	<u>560,078</u>
Operating Loss	<u>(115,691)</u>	<u>(65,396)</u>	<u>(181,087)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	54,989	-	54,989
Interest and fiscal charges	(21,757)	(47,832)	(69,589)
Loss on disposal of fixed assets	(4,305)	-	(4,305)
Total Nonoperating Revenues (Expenses)	<u>28,927</u>	<u>(47,832)</u>	<u>(18,905)</u>
Loss Before Contributions and Transfers	<u>(86,764)</u>	<u>(113,228)</u>	<u>(199,992)</u>
TRANSFERS OUT	(12,000)	-	(12,000)
CAPITAL CONTRIBUTIONS	<u>17,591</u>	<u>-</u>	<u>17,591</u>
Change in Net Position	(81,173)	(113,228)	(194,401)
NET POSITION – Beginning of Year (as restated)	<u>10,854,961</u>	<u>1,639,322</u>	<u>12,494,283</u>
NET POSITION – END OF YEAR	<u>\$ 10,773,788</u>	<u>\$ 1,526,094</u>	<u>\$ 12,299,882</u>

See accompanying notes to financial statements.

VILLAGE OF LANNON

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 294,813	\$ 74,701	\$ 369,514
Paid to suppliers for goods and services	(185,539)	(45,786)	(231,325)
Paid to employees for services	(1,476)	(4,428)	(5,904)
Net Cash Flows From Operating Activities	107,798	24,487	132,285
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers	(12,000)	-	(12,000)
Paid to (from) other funds	(160,828)	160,828	-
Net Cash Flows From Noncapital Activities	(172,828)	160,828	(12,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	54,989	-	54,989
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(9,950)	(60,174)	(70,124)
Capital contributions	17,591	-	17,591
Principal paid on debt	(41,453)	(77,053)	(118,506)
Interest paid on debt	(21,908)	(48,088)	(69,996)
Net Cash Flows From Capital and Related Financing Activities	(55,720)	(185,315)	(241,035)
Net Change in Cash and Cash Equivalents	(65,761)	-	(65,761)
CASH AND CASH EQUIVALENTS - Beginning of Year	2,471,984	-	2,471,984
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,406,223	\$ -	\$ 2,406,223
CASH AND CASH EQUIVALENTS - STATEMENT OF NET POSITION			
Unrestricted	\$ 1,766,669	\$ -	\$ 1,766,669
Restricted	639,554	-	639,554
	\$ 2,406,223	\$ -	\$ 2,406,223
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating loss	\$ (115,691)	\$ (65,396)	\$ (181,087)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities			
Depreciation	204,195	74,553	278,748
Amortization	50,647	1,334	51,981
Change in Assets and Liabilities			
Accounts receivable	(22,242)	11,433	(10,809)
Accounts payable	(9,135)	2,246	(6,889)
Prepayments	(133)	(132)	(265)
Pension related deferrals	157	449	606
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 107,798	\$ 24,487	\$ 132,285

See accompanying notes to financial statements.

VILLAGE OF LANNON

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND

For the Year Ended December 31, 2016

	<u>Agency Fund</u>
	<u>Tax Collection</u>
	<u>Fund</u>
ASSETS	
Cash and investments	\$ 768,654
Taxes receivable	<u>714,783</u>
Total Assets	<u>\$ 1,483,437</u>
LIABILITIES	
Due to other taxing units	<u>\$ 1,483,437</u>
Total Liabilities	<u>\$ 1,483,437</u>

See accompanying notes to financial statements.

VILLAGE OF LANNON

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VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Lannon, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the village. The reporting entity for the village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The village has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the village or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the village believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The village reports the following major governmental funds:

- General Fund - accounts for the village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Debt service fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.

The village reports the following major enterprise funds:

- Water Utility - accounts for operations of the water system
- Sewer Utility - accounts for operations of the sanitary sewer system

In addition, the village reports the following fund types:

- Agency Fund - used to account for and report assets held by the village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Fund

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities 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. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the village's water and sewer and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer and water utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary 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.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

Investment of village funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. 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, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

- g. Repurchase agreements with public depositories, with certain conditions.

The village has not adopted an investment 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. Fair values are based on methods and inputs as outlined in Note III. A. 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. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note III. A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities - fiduciary fund.

Property tax calendar - 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale - 2016 delinquent real estate taxes	October 2019

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. 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. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	10-40 Years
Utility System	15-60 Years
Vehicles and Equipment	10-20 Years
Intangible - Plant Capacity	30 Years
Infrastructure	50-100 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

6. Deferred Outflows of Resources

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

7. Compensated Absences

Under terms of employment, employees are granted vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

8. Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and capital leases.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. Deferred Inflows of Resources

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

10. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Village Board has, by resolution, adopted a financial policy authorizing the Village Clerk/Treasurer to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note III. G. for further information.

11. Pension

For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

12. Land Held for Resale

The Village purchased land held for resale in 2016. In both the fund financial statements and the government-wide statements, this item is reported at the lower of cost or estimated market value of the property.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

Budgeted expenditures in the general fund (including amendments) were \$788,600. Total expenditures were \$807,544. This results in excess expenditures of \$18,944.

The village controls expenditures at the function level. Some individual functions experienced expenditures which exceeded appropriations. The detail of those items can be found in the village's year-end budget to actual report.

B. LIMITATIONS ON THE VILLAGE'S TAX LEVY

Wisconsin law limits the village's future tax levies. Generally the village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the village's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The village's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 3,876,341	\$ 3,793,887	Custodial Credit Risk
Petty cash	<u>250</u>	<u>-</u>	N/A
Total Deposits and Investments	<u>\$ 3,876,591</u>	<u>\$ 3,793,887</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 2,468,383		
Restricted cash and investments	639,554		
Per statement of net position - fiduciary funds			
Agency Fund	<u>768,654</u>		
Total Deposits and Investments	<u>\$ 3,876,591</u>		

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

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

Custodial Credit Risk

Deposits

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

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Deposits (cont.)

As of December 31, 2016, \$3,143,887 of the village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging financial institution's trust department or agent not in the village's name	\$ 3,143,887
Total	<u>\$ 3,143,887</u>

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for \$262,064 of special assessments and \$332,954 of other water receivables that are outstanding.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ 564,039
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 564,039</u>

Enterprise funds report unearned revenue for special assessments and deferred water connections fees.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Following is a list of restricted assets at December 31, 2016:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Debt service- cash and investments	\$ 366,354	\$ 2,144	\$ 364,210
Special assessments	262,064	262,064	-
Equipment replacement - cash and investments	<u>273,200</u>	<u>-</u>	<u>273,200</u>
Total	<u>\$ 901,618</u>	<u>\$ 264,208</u>	<u>\$ 637,410</u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 45,397	\$ -	\$ -	\$ 45,397
Total Capital Assets Not Being Depreciated	<u>45,397</u>	<u>-</u>	<u>-</u>	<u>45,397</u>

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Capital assets being depreciated				
Land improvements	85,860	-	-	85,860
Buildings	193,438	-	-	193,438
Vehicles and equipment	918,349	12,000	420,153	510,196
Infrastructure/Storm Sewer	285,253	-	-	285,253
Total Capital Assets Being Depreciated	1,482,900	12,000	420,153	1,074,747
Total Capital Assets	1,528,297	12,000	420,153	1,120,144
Less: Accumulated depreciation for				
Land improvements	(24,134)	(7,503)	-	(31,637)
Buildings	(112,855)	(3,271)	-	(116,126)
Vehicles and equipment	(423,893)	(44,369)	225,785	(242,477)
Infrastructure/Storm Sewer	(17,115)	(5,705)	-	(22,820)
Total Accumulated Depreciation	(577,997)	(60,848)	225,785	(413,060)
Net Capital Assets Being Depreciated	904,903	(48,848)	194,368	661,687
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 950,300	\$ (48,848)	\$ 194,368	\$ 707,084

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 5,013
Public safety	4,242
Culture, education and recreation	45,188
Public Works	6,405
Total Governmental Activities Depreciation Expense	\$ 60,848

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 69,917	\$ -	\$ -	\$ 69,917
Construction in progress	123,007	-	-	123,007
Total Capital Assets Not Being depreciated	192,924	-	-	192,924

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities (cont.)				
Capital assets being depreciated/amortized				
Buildings	\$ 1,521,130	\$ -	\$ -	\$ 1,521,130
Equipment	1,162,581	-	-	1,162,581
Sewer system	10,524,581	9,950	6,457	10,528,074
Intangible - plant capacity	1,100,217	-	-	1,100,217
Water system	3,386,823	60,174	49,385	3,397,612
Total Capital Assets Being Depreciated/Amortized	<u>17,695,332</u>	<u>70,124</u>	<u>55,842</u>	<u>17,709,614</u>
Total Capital Assets	<u>17,888,256</u>	<u>70,124</u>	<u>55,842</u>	<u>17,902,538</u>
Less: Accumulated depreciation/amortization for				
Buildings	(639,795)	(39,826)	-	(679,621)
Equipment	(1,087,577)	(5,014)	-	(1,092,591)
Sewer system	(3,409,002)	(175,410)	2,151	(3,582,261)
Intangible - plant capacity	(567,514)	(50,647)	-	(618,161)
Water system	(422,174)	(58,498)	49,386	(431,286)
Total Accumulated Depreciation/Amortization	<u>(6,126,062)</u>	<u>(329,395)</u>	<u>51,537</u>	<u>(6,403,920)</u>
Net Capital Assets Being Depreciated/Amortized	<u>11,569,270</u>	<u>(259,271)</u>	<u>4,305</u>	<u>11,305,694</u>
Business-type Capital Assets, Net of Accumulated Depreciation/Amortization	<u>\$ 11,762,194</u>	<u>\$ (259,271)</u>	<u>\$ 4,305</u>	<u>\$ 11,498,618</u>

Business-type Activities

Depreciation expense was charged to functions as follows:

Business-type Activities

Sewer	\$ 254,842
Water	<u>74,553</u>
Total Business-type Activities Depreciation/Amortization Expense	<u>\$ 329,395</u>

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND ADVANCES AND TRANSFERS

Advances

The sewer utility is advancing funds to the water utility. The amount advanced is determined by the deficit cash balance in the water utility. No repayment schedule has been established.

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
Sewer Utility	Water Utility	<u>\$ 873,449</u>	\$ 873,449
Total		<u><u>\$ 873,449</u></u>	

The principal purpose of this advance is an overdraft on pooled cash.

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Sewer Utility	<u>\$ 12,000</u>	To fund the purchase of a truck
Total		<u><u>\$ 12,000</u></u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 620,389	\$ 29,441	\$ 127,380	\$ 522,450	\$ 135,223
Sub-totals	<u>620,389</u>	<u>29,441</u>	<u>127,380</u>	<u>522,450</u>	<u>135,223</u>
Other Liabilities					
Net pension liability (asset)	(30,115)	49,296	-	19,181	-
Total Other Liabilities	<u>(30,115)</u>	<u>49,296</u>	<u>-</u>	<u>19,181</u>	<u>-</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 590,274</u>	<u>\$ 78,737</u>	<u>\$ 127,380</u>	<u>\$ 541,631</u>	<u>\$ 135,223</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 1,673,367	\$ -	\$ 104,586	\$ 1,568,781	\$ 112,631
Sussex Clean Water Fund Loan	<u>192,532</u>	<u>-</u>	<u>13,919</u>	<u>178,613</u>	<u>14,274</u>
Sub-totals	<u>1,865,899</u>	<u>-</u>	<u>118,505</u>	<u>1,747,394</u>	<u>126,905</u>
Other Liabilities					
Net pension liability (asset)	(1,209)	1,905	-	696	-
Total Other Liabilities	<u>(1,209)</u>	<u>1,905</u>	<u>-</u>	<u>696</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 1,864,690</u>	<u>\$ 1,905</u>	<u>\$ 118,505</u>	<u>\$ 1,748,090</u>	<u>\$ 126,905</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed 5% of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2016, was \$6,284,545. Total general obligation debt outstanding at year end was \$2,091,231.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the village. Notes and bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
Corporate Purpose Bonds	11/14/2007	6/1/2027	4.0-4.125%	\$ 564,000	\$ 381,216
Promissory Note	10/15/2012	9/28/2017	1.50%	500,000	100,000
Trunked Radio Agreement	11/10/2014	2/15/2022	0%	15,725	11,793
Promissory Note	12/18/2016	12/28/2021	1.92%	29,441	29,441
Total Governmental Activities - General Obligation Debt					<u>\$ 522,450</u>

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
Corporate Purpose Bonds	11/14/2007	6/1/2027	4.0-4.125%	\$ 2,321,000	\$ 1,568,781
Total Business-type Activities - General Obligation Debt					<u>\$ 1,568,781</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2017	\$ 135,223	\$ 16,480	\$ 112,631	\$ 60,926
2018	36,200	14,114	116,654	56,341
2019	38,155	12,828	124,699	51,514
2020	40,110	11,465	132,744	46,365
2021	41,088	10,042	136,766	40,974
2022-2026	189,642	28,332	772,324	116,593
2027	42,032	867	172,963	3,567
Totals	<u>\$ 522,450</u>	<u>\$ 94,128</u>	<u>\$ 1,568,781</u>	<u>\$ 376,280</u>

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Business-type Activities					Balance December 31, 2016
Debt Certificates	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	
Clean Water Fund Loan	8/22/2007	5/1/2027	2.547%	\$ 280,752	\$ 178,613
Total Business-type Activities Debt Certificates					\$ 178,613

Debt service requirements to maturity are as follows:

Years	Business-type Activities Debt Certificates	
	Principal	Interest
2017	\$ 14,274	\$ 4,368
2018	14,637	3,999
2019	15,010	3,622
2020	15,392	3,235
2021	15,784	2,838
2022-2026	85,161	7,869
2027	18,355	234
Totals	\$ 178,613	\$ 26,165

Other Debt Information

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The village believe it is in compliance with all significant limitations and restriction, including federal arbitrage regulations.

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2016, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 45,397
Other capital assets, net of accumulated depreciation	661,687
Less: Long-term debt outstanding	(522,450)
Plus: Unspent capital related debt proceeds	29,441
Total Net Investment in Capital Assets	\$ 214,075

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2016, include the following:

Nonspendable

Major Funds

General Fund

Delinquent personal property taxes	\$ 17,080
Land held for resale	<u>46,000</u>

Total	<u><u>\$ 63,080</u></u>
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Restricted

Major Fund

General Fund

Police Equipment	<u><u>\$ 29,441</u></u>
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Debt Service Fund

Debt Service	<u><u>\$ 46,676</u></u>
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Assigned

Major Fund

General Fund

Budgeted use of fund balance - 2017	<u><u>\$ 12,812</u></u>
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Unassigned

Major Fund

General fund

	<u><u>\$ 284,340</u></u>
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VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 69,917
Construction in progress	123,007
Other capital assets, net of accumulated depreciation/amortization	11,305,694
Less: Long-term debt outstanding	<u>(1,747,394)</u>
Total Net Investment in Capital Assets	<u>\$ 9,751,224</u>

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year 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 Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8%	3%
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 and Executives and Elected Officials. 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.

During the reporting period, the WRS recognized \$10,715 in contributions from the village.

Contribution rates as of December 31, 2016 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

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

At December 31, 2016, the village reported a liability of \$19,877 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The village's proportion of the net pension liability was based on the village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the village's proportion was 0.00122322%, which was a decrease of 0.00005208% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the village recognized pension expense of \$24,068.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2016, the village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,363	\$ 41,831
Changes in assumptions	13,907	-
Net differences between projected and actual earnings on pension plan investments	81,382	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,987	-
Employer contributions subsequent to the measurement date	9,724	-
Totals	<u>\$ 110,363</u>	<u>\$ 41,831</u>

\$9,724 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 26,159	\$ 10,123
2018	26,159	10,123
2019	26,159	10,123
2020	21,693	10,123
2021	469	1,339

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 arithmetic real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the village's proportionate share of the net pension liability to changes in the discount rate. The following presents the village's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension liability	\$139,418	\$19,877	\$(73,487)

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/publications/cafr.htm>.

At December 31, 2016, the village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

The village is 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. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

From time to time, the village is 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 village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the village's financial position or results of operations.

D. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

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

- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*
- Statement No. 81, *Irrevocable Split-Interest Agreements*
- Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73*

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

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REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LANNON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 405,313	\$ 399,369	\$ (5,944)
Intergovernmental	64,834	71,115	6,281
Licenses and permits	81,950	67,129	(14,821)
Fines, forfeitures and penalties	107,000	118,915	11,915
Public charges for services	62,153	66,430	4,277
Investment income	8,000	2,404	(5,596)
Other revenues	45,350	63,597	18,247
Total Revenues	<u>774,600</u>	<u>788,959</u>	<u>14,359</u>
EXPENDITURES			
Current:			
General government	238,662	253,099	(14,437)
Public safety	336,339	353,902	(17,563)
Public works	156,808	116,200	40,608
Health and human services	300	250	50
Culture, recreation and education	44,594	57,993	(13,399)
Capital Outlay	11,897	24,134	(12,237)
Debt Service	-	1,966	(1,966)
Total Expenditures	<u>788,600</u>	<u>807,544</u>	<u>(18,944)</u>
Excess (Deficiency) of Revenues over Expenditures	(14,000)	(18,585)	(4,585)
OTHER FINANCING SOURCES (USES)			
Transfer In	-	12,000	12,000
Sale of capital assets	-	4,300	4,300
General obligation debt issued	-	29,441	29,441
Total Other Financing Sources (Uses)	<u>-</u>	<u>45,741</u>	<u>45,741</u>
Net Change in Fund Balance	<u>\$ (14,000)</u>	27,156	<u>\$ 41,156</u>
FUND BALANCE - Beginning of Year		<u>362,517</u>	
FUND BALANCE - END OF YEAR		<u>\$ 389,673</u>	

See independent auditors' report and notes to required supplementary information.

VILLAGE OF LANNON

SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY(ASSET) AND CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2016

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability(Asset)</u>	<u>Proportionate Share of the Net Pension Liability(Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability(Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/15	0.001275270%	\$ 31,324	\$ 143,284	21.86%	102.74%
12/31/16	0.001223220%	19,877	129,439	15.36	98.20

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2015

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 11,199	\$ (11,199)	\$ -	\$ 129,439	8.65%
12/31/16	9,724	(9,724)	-	154,763	6.28

VILLAGE OF LANNON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2016

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The Village is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

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

Changes of assumptions. There were no changes in the assumptions.

VILLAGE OF LANNON

Lannon, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

VILLAGE OF LANNON

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VILLAGE OF LANNON

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As of and for the Year Ended December 31, 2017

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Lannon
Lannon, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lannon, Wisconsin, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village of Lannon's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Lannon's preparation and fair presentation of the financial statements 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 Village of Lannon's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Village Board
Village of Lannon

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lannon, Wisconsin, as of December 31, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
April 9, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2017

(Unaudited)

As management of the Village of Lannon, we offer readers of the Village of Lannon's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2017.

Financial Highlights

The assets of the Village of Lannon exceeded its liabilities at the close of the most recent fiscal year by \$12,871,904.

The government's total net position has decreased by \$94,141.

As of the close of the current fiscal year, the Village of Lannon's governmental funds reported combined ending fund balances of \$809,326

At the end of the current fiscal year, unassigned fund balance for the general fund was \$305,962.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Lannon's basic financial statements. The Village of Lannon's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Lannon's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Village of Lannon's assets, deferred outflows and liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Lannon is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Village of Lannon that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Lannon include general

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2017
(Unaudited)

government, public safety, public works, health and human services, culture, education, and recreation, and interest and fiscal charges. The business-type activities of the Village of Lannon include both a Sewer and Water Utility.

The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Lannon, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Lannon can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village of Lannon maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, both of which are considered to be major funds. Data from the other governmental fund is shown in a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

The Village of Lannon adopts an annual appropriated budget for the general fund and various other funds as required by state statute. A budgetary comparison statement, found on page 51, has been provided as required supplementary information for the general fund to demonstrate compliance with the adopted budget.

Proprietary funds. The Village of Lannon maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village of Lannon uses an enterprise fund to account for both its Sewer and Water Utility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Utility and the Water Utility which are considered both to be major funds of the Village of Lannon.

The basic proprietary fund financial statements can be found on pages 17-20 of this report.

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2017

(Unaudited)

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Village of Lannon's own programs. The only fiduciary fund maintained by the Village of Lannon is the Tax Collection Fund which records the tax roll and tax collections for other taxing jurisdictions within the Village of Lannon. The accounting used for fiduciary funds is much like that used for governmental funds.

The basic fiduciary fund financial statements can be found on page 21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-50 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Lannon, assets exceeded liabilities by \$12,871,904, at the close of the most recent fiscal year, as presented in the following table.

VILLAGE OF LANNON NET POSITION

December 31, 2017

	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
Current and other assets	\$ 1,392,809	\$ 1,072,470	\$ 4,675,180	\$ 3,181,925
Capital assets	675,898	707,084	11,185,214	11,498,618
Total assets	<u>2,068,707</u>	<u>1,779,554</u>	<u>15,860,394</u>	<u>14,680,543</u>
Deferred outflow of resources	<u>77,272</u>	<u>106,386</u>	<u>2,832</u>	<u>3,977</u>
Current and other liabilities	501,173	228,144	1,658,735	175,920
Long-term liabilities	<u>366,294</u>	<u>387,227</u>	<u>1,515,664</u>	<u>1,620,488</u>
Total liabilities	<u>867,467</u>	<u>615,371</u>	<u>3,174,399</u>	<u>1,796,408</u>
Deferred inflows of resources	<u>507,554</u>	<u>604,406</u>	<u>587,881</u>	<u>588,230</u>
Net position				
Net investment in				
capital assets	277,440	214,075	9,518,509	9,751,224
Restricted	405,984	74,460	650,953	637,410
Unrestricted	<u>87,534</u>	<u>377,628</u>	<u>1,931,484</u>	<u>1,911,248</u>
Total net position	<u>\$ 770,958</u>	<u>\$ 666,163</u>	<u>\$ 12,100,946</u>	<u>\$ 12,299,882</u>

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2017

(Unaudited)

The Village of Lannon's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and any infrastructure constructed during 2017); less any related debt used to acquire those assets that are still outstanding as a positive \$9.79 million. The Village of Lannon uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Lannon's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village of Lannon's governmental activities net position, \$405,894, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is 87,534.

The government's total net position has decreased by \$94,141 during the current fiscal year. The decrease was related to the business-type activities.

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2017

(Unaudited)

Governmental activities. Governmental activities increased the Village of Lannon's net position by \$104,795. Key elements of this increase are as follows:

VILLAGE OF LANNON'S CHANGES IN NET POSITION For the year ending December 31, 2017

	Governmental Activities		Business-Type Activities	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues				
Program revenues				
Charges for services	\$ 302,004	\$ 259,219	\$ 391,840	\$ 378,991
Operating grants and contributions	39,016	46,872	-	-
Capital grants and contributions	-	-	70,364	17,591
General revenues				
Property taxes	566,461	543,311	-	-
Intergovernmental revenues not restricted to specific programs	23,114	24,243	-	-
Investment income	2,488	2,894	59,704	54,989
Other	169,322	61,149	-	-
Transfers	-	12,000	-	(12,000)
Total revenues	<u>1,102,405</u>	<u>949,688</u>	<u>521,908</u>	<u>439,571</u>
Expenses				
General government	265,117	262,553	-	-
Public safety	400,760	571,755	-	-
Public works	205,348	122,355	-	-
Leisure activities	101,537	106,423	-	-
Health and sanitation	500	250	-	-
Interest and fiscal charges	24,348	18,065	-	-
Sewer	-	-	504,313	458,808
Water	-	-	216,531	175,164
Total expenses	<u>997,610</u>	<u>1,081,401</u>	<u>720,844</u>	<u>633,972</u>
Increase (decrease) in net position	104,795	(131,713)	(198,936)	(194,401)
Net position - January 1,	666,163	797,876	12,299,882	12,494,283
Net position - December 31,	<u>\$ 770,958</u>	<u>\$ 666,163</u>	<u>\$ 12,100,946</u>	<u>\$ 12,299,882</u>

Business-type activities. Business-type activities decreased the Village of Lannon's net position by \$198,936 as shown above.

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2017

(Unaudited)

Financial Analysis of the Government's Funds

As noted earlier, the Village of Lannon uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Village of Lannon's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Village of Lannon's governmental funds reported combined ending fund balances of \$809,326 an increase of \$372,977. Approximately 38% of this total amount (\$305,962) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. Management has *assigned* \$30,924 of fund balance for appropriation of General Fund fund balance to balance the 2018 Budget. A portion of fund balance has been classified as *nonspendable* to indicate that it is not available for new spending because it has already been committed for a variety of other restricted purposes (\$64,977). The governmental funds also have \$407,463 *restricted* for the payment of debt service.

The general fund is the chief operating fund of the Village of Lannon. At the end of the current fiscal year, unassigned fund balance of the general fund was \$305,962, while total fund balance amounted to \$401,863. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 33 percent of total general fund expenditures, while total fund balance represents 43 percent of that same amount.

The debt service fund has a total fund balance of \$407,463, all of which is restricted for the payment of debt service.

Proprietary funds. The Village of Lannon's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Sewer Utility at the end of the year amounted to \$2,870,844. Unrestricted net position of the Water Utility at the end of the year amounted to (\$939,357). The total change in net position for the funds was a decrease of \$198,936.

General Fund Budgetary Highlights

Budget expenditures exceeded budget and revenues exceeded budget for the year. A budgetary comparison can be found on page 51 of this report.

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2017

(Unaudited)

Capital Asset and Debt Administration

Capital assets. The Village of Lannon's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to \$11.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles and equipment, and utility infrastructure.

Major capital asset events during the current fiscal year included the following:

VILLAGE OF LANNON'S CAPITAL ASSETS

(net of accumulated depreciation)

December 31, 2017

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Land	\$ 45,397	\$ 45,397	\$ 69,917	\$ 69,917
Land improvements	46,720	54,223	-	-
Buildings	74,041	77,312	801,683	841,509
Vehicles and equipment	253,012	267,719	64,209	69,990
Intangible assets			431,409	482,056
Construction in Progress			123,007	123,007
Infrastructure	256,728	262,433	9,694,989	9,912,139
Total	<u>\$ 675,898</u>	<u>\$ 707,084</u>	<u>\$ 11,185,214</u>	<u>\$ 11,498,618</u>

Additional information on the Village of Lannon's capital assets can be found in Note III D on pages 35 - 37 of this report.

Long-term debt. At the end of the current fiscal year, the Village of Lannon had total debt outstanding of \$3.85 million. Of this amount, \$3.64 million comprises debt backed by the full faith and credit of the government. The remainder of the Village of Lannon's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

VILLAGE OF LANNON'S OUTSTANDING DEBT

December 31, 2017

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
General obligation bonds and notes	\$ 738,139	\$ 522,450	\$ 2,900,237	\$ 1,568,781
Premiums	11,231	-	46,216	-
Revenue bonds	-	-	164,340	178,613
Total	<u>\$ 749,370</u>	<u>\$ 522,450</u>	<u>\$ 3,110,793</u>	<u>\$ 1,747,394</u>

VILLAGE OF LANNON

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2017
(Unaudited)

The Village of Lannon's total debt has increased by \$1,590,319 during the current fiscal year.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the Village of Lannon is \$6.69 million, which is significantly in excess of the Village of Lannon's outstanding general obligation debt.

Additional information on the Village of Lannon's long-term debt can be found in note III F on pages 38-41 of this report.

Economic Factors and Next Year's Budgets and Rates

Interest rates have remained steady and look to stay the same in the foreseeable future, and they will have a minimal impact on the Village's future investment portfolio return. The rates are expected to be about the same in 2018. By agreement with the Village's financial institution all invested and operating funds are fully protected by combination of pledged collateral and the State Guarantee Fund.

The Village of Lannon continues to maintain a healthy unassigned fund balance to fund projects that will be needed to be completed.

The Village continues to experience some growth, but at a much slower pace because of the housing industry slowdown. Whispering Ridge single family development has started to develop and sell at a steady rate. Potential developments are currently on hold.

The sewer utility rates were reviewed in 2011 and it was determined not to change the rates for 2012. Based on that review it was determined to hold the rates steady for 2018. Additional studies may be conducted in 2018 to determine the adequacy of the sewer rates.

The Village established a Water Utility in 2008, with service beginning at the end of September, 2008. There have been no substantial changes to the water system during 2017. A simplified rate review was performed during 2015 and the Village increased the water rates in 2015 and performed a water rate case application with the PSC in 2017 for a rate increase effective in 2018.

Requests for Information

This financial report is designed to provide a general overview of the Village of Lannon's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Clerk/Treasurer, Village of Lannon, 20399 West Main Street, P. O. Box 456, Lannon, Wisconsin 53046.

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BASIC FINANCIAL STATEMENTS

VILLAGE OF LANNON

STATEMENT OF NET POSITION As of December 31, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 1,056,768	\$ 2,170,730	\$ 3,227,498
Receivables			
Taxes	254,184	7,449	261,633
Accounts	35,857	430,681	466,538
Due from other governmental units	-	37,225	37,225
Other assets	-	41,469	41,469
Land held for resale	46,000	-	46,000
Prepays	-	282	282
Restricted assets			
Cash and investments	-	1,725,280	1,725,280
Special assessments receivable	-	262,064	262,064
Capital assets			
Land	45,397	69,917	115,314
Construction in progress	-	123,007	123,007
Other capital assets, net of depreciation/amortization	630,501	10,992,290	11,622,791
Total Assets	<u>2,068,707</u>	<u>15,860,394</u>	<u>17,929,101</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>77,272</u>	<u>2,832</u>	<u>80,104</u>
LIABILITIES			
Accounts payable and accrued expenses	109,173	63,243	172,416
Noncurrent liabilities			
Net pension liability	8,924	363	9,287
Due within one year	392,000	1,595,492	1,987,492
Due in more than one year	357,370	1,515,301	1,872,671
Total Liabilities	<u>867,467</u>	<u>3,174,399</u>	<u>4,041,866</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - taxes	475,789	-	475,789
Unearned revenue - special assessments & water hookup fees	-	586,766	586,766
Deferred inflows related to pensions	31,765	1,115	32,880
Total Deferred Inflows of Resources	<u>507,554</u>	<u>587,881</u>	<u>1,095,435</u>
NET POSITION			
Net investment in capital assets	277,440	9,518,509	9,795,949
Restricted for			
Debt service	405,984	364,153	770,137
Replacement of capital assets	-	286,800	286,800
Unrestricted	<u>87,534</u>	<u>1,931,484</u>	<u>2,019,018</u>
TOTAL NET POSITION	<u>\$ 770,958</u>	<u>\$ 12,100,946</u>	<u>\$ 12,871,904</u>

See accompanying notes to financial statements.

VILLAGE OF LANNON

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental Activities							
General government	\$ 265,117	\$ 24,054	\$ -	\$ -	\$ (241,063)	\$ -	\$ (241,063)
Public safety	400,760	214,991	4,439	-	(181,330)	-	(181,330)
Public works	205,348	57,539	34,577	-	(113,232)	-	(113,232)
Health and human services	500	-	-	-	(500)	-	(500)
Culture, education and recreation	101,537	5,420	-	-	(96,117)	-	(96,117)
Interest and fiscal charges	24,348	-	-	-	(24,348)	-	(24,348)
Total Governmental Activities	997,610	302,004	39,016	-	(656,590)	-	(656,590)
Business-type Activities							
Water utility	216,531	87,608	-	-	-	(128,923)	(128,923)
Sewer utility	504,313	304,232	-	70,364	-	(129,717)	(129,717)
Total Business-type Activities	720,844	391,840	-	70,364	-	(258,640)	(258,640)
Totals	\$ 1,718,454	\$ 693,844	\$ 39,016	\$ 70,364	(656,590)	(258,640)	(915,230)
General Revenues:							
Taxes:							
	Property taxes, levied for general purposes				416,717	-	416,717
	Property taxes, levied for debt service				149,744	-	149,744
	Intergovernmental revenues not restricted to specific programs				23,114	-	23,114
	Investment income				2,488	59,704	62,192
	Miscellaneous				169,322	-	169,322
	Total General Revenues				761,385	59,704	821,089
Change in Net Position							
					104,795	(198,936)	(94,141)
NET POSITION - Beginning of Year							
					666,163	12,299,882	12,966,045
NET POSITION - END OF YEAR							
					\$ 770,958	\$ 12,100,946	\$ 12,871,904

VILLAGE OF LANNON

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2017

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and investments	\$ 625,141	\$ 431,627	\$ 1,056,768
Receivables			
Taxes	211,023	24,184	235,207
Delinquent personal property taxes	18,977	-	18,977
Accounts	35,857	-	35,857
Land held for resale	46,000	-	46,000
TOTAL ASSETS	\$ 936,998	\$ 455,811	\$ 1,392,809
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 107,694	\$ -	\$ 107,694
Deferred inflows of resources			
Unearned Revenues	427,441	48,348	475,789
Fund Balances			
Nonspendable	64,977	-	64,977
Restricted	-	407,463	407,463
Assigned	30,924	-	30,924
Unassigned	305,962	-	305,962
Total Fund Balances	401,863	407,463	809,326
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 936,998	\$ 455,811	\$ 1,392,809

VILLAGE OF LANNON

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION For the Year Ended December 31, 2017

Fund balance - total governmental funds	\$ 809,326
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and other assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	
Land	45,397
Other capital assets	1,107,624
Less: Accumulated depreciation	(477,123)
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(8,924)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	77,272
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(31,765)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, not reported in the funds.	
Bonds and notes payable	(738,139)
Accrued interest	(1,479)
Unamortized debt premium	<u>(11,231)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 770,958</u>

VILLAGE OF LANNON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

	General	Debt Service	Total Governmental Funds
REVENUES			
Taxes	\$ 416,717	\$ 149,744	\$ 566,461
Intergovernmental	62,130	-	62,130
Licenses and permits	130,234	-	130,234
Fines, forfeitures and penalties	99,681	-	99,681
Public charges for services	64,207	-	64,207
Interest income	1,694	794	2,488
Other revenues	175,201	-	175,201
Total Revenues	<u>949,864</u>	<u>150,538</u>	<u>1,100,402</u>
EXPENDITURES			
Current			
General government	255,850	-	255,850
Public safety	384,763	-	384,763
Public works	198,693	-	198,693
Health and human services	500	-	500
Culture, recreation and education	56,395	-	56,395
Capital Outlay	35,080	-	35,080
Debt Service			
Principal	7,854	127,369	135,223
Interest and fiscal charges	539	24,525	25,064
Total Expenditures	<u>939,674</u>	<u>151,894</u>	<u>1,091,568</u>
Excess (deficiency) of revenues over expenditures	<u>10,190</u>	<u>(1,356)</u>	<u>8,834</u>
OTHER FINANCING SOURCES			
Premium on debt issued	-	11,231	11,231
Sale of capital assets	2,000	-	2,000
General obligation debt issued	-	350,912	350,912
Total Other Financing Sources	<u>2,000</u>	<u>362,143</u>	<u>364,143</u>
Net change in fund balances	12,190	360,787	372,977
FUND BALANCES - Beginning of Year	<u>389,673</u>	<u>46,676</u>	<u>436,349</u>
FUND BALANCES - END OF YEAR	<u>\$ 401,863</u>	<u>\$ 407,463</u>	<u>\$ 809,326</u>

VILLAGE OF LANNON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$ 372,977
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is reported in the government-wide financial statements as capital or other assets	35,080
Some items reported as capital outlay were not capitalized	(2,203)
Depreciation is reported in the government-wide statements	(64,063)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
General obligation debt issued	(350,912)
Principal repaid	135,223
Governmental funds report debt premiums and discounts as other financing sources (uses). However, in the statement of net position, these are deferred and reported as other assets or as deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as amortization expense.	
Premium on debt issued	(11,231)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Accrued interest on debt	179
Net pension liability	10,257
Deferred outflows of resources related to pensions	(29,114)
Deferred inflows of resources related to pensions	<u>8,602</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 104,795</u>

VILLAGE OF LANNON

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2017

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 2,170,730	\$ -	\$ 2,170,730
Receivables			
Taxes	6,982	467	7,449
Accounts	83,270	14,457	97,727
Due from other governments	37,225	-	37,225
Prepaid items	142	140	282
Restricted Assets			
Cash and investments	418,419	1,072,066	1,490,485
Total Current Assets	<u>2,716,768</u>	<u>1,087,130</u>	<u>3,803,898</u>
Non-Current Assets			
Restricted Assets			
Cash and investments	234,795	-	234,795
Special assessments	262,064	-	262,064
Capital Assets			
Construction in progress	-	123,007	123,007
Land	-	69,917	69,917
Property and equipment	13,833,645	3,893,105	17,726,750
Less: Accumulated depreciation/amortization	(6,091,832)	(642,628)	(6,734,460)
Other Assets			
Other receivables	-	332,954	332,954
Advance to other fund	991,499	-	991,499
Unamortized start-up costs	-	41,469	41,469
Total Non-Current Assets	<u>9,230,171</u>	<u>3,817,824</u>	<u>13,047,995</u>
Total Assets	<u>11,946,939</u>	<u>4,904,954</u>	<u>16,851,893</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>963</u>	<u>1,869</u>	<u>2,832</u>

See accompanying notes to financial statements.

VILLAGE OF LANNON

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2017

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 39,450	\$ 17,158	\$ 56,608
Accrued interest payable	-	4,374	4,374
Current portion of general obligation debt	-	1,164,697	1,164,697
Current portion of Sussex Clean Water Fund loan	14,637	-	14,637
Liabilities Payable from Restricted Assets			
Current portion of general obligation debt	416,158	-	416,158
Accrued interest payable	2,261	-	2,261
Total Current Liabilities	<u>472,506</u>	<u>1,186,229</u>	<u>1,658,735</u>
Noncurrent Liabilities			
Net pension liability	84	279	363
Long-Term Debt			
Advance from other funds	-	991,499	991,499
Unamortized debt premiums	12,166	34,050	46,216
General obligation debt payable	347,319	972,063	1,319,382
Sussex Clean Water Fund Loans	149,703	-	149,703
Total Noncurrent Liabilities	<u>509,272</u>	<u>1,997,891</u>	<u>2,507,163</u>
Total Liabilities	<u>981,778</u>	<u>3,184,120</u>	<u>4,165,898</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - special assessments & water hookup fees	262,064	324,702	586,766
Deferred inflows related to pensions	285	830	1,115
Total Deferred Inflows of Resources	<u>262,349</u>	<u>325,532</u>	<u>587,881</u>
NET POSITION			
Net investment in capital assets	7,181,978	2,336,531	9,518,509
Restricted for			
Replacement of capital assets	286,800	-	286,800
Debt service	364,153	-	364,153
Unrestricted (deficit)	<u>2,870,844</u>	<u>(939,360)</u>	<u>1,931,484</u>
TOTAL NET POSITION	<u>\$ 10,703,775</u>	<u>\$ 1,397,171</u>	<u>\$ 12,100,946</u>

See accompanying notes to financial statements.

VILLAGE OF LANNON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
OPERATING REVENUES			
Public charges for services	\$ 304,232	\$ 52,265	\$ 356,497
Other operating revenues	-	35,343	35,343
Total Operating Revenues	<u>304,232</u>	<u>87,608</u>	<u>391,840</u>
OPERATING EXPENSES			
Operation and maintenance	218,864	69,024	287,888
Depreciation	205,020	74,873	279,893
Amortization	50,647	1,334	51,981
Total Operating Expenses	<u>474,531</u>	<u>145,231</u>	<u>619,762</u>
Operating Loss	<u>(170,299)</u>	<u>(57,623)</u>	<u>(227,922)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	59,704	-	59,704
Interest and fiscal charges	(29,782)	(71,300)	(101,082)
Total Nonoperating Revenues (Expenses)	<u>29,922</u>	<u>(71,300)</u>	<u>(41,378)</u>
Loss Before Contributions	<u>(140,377)</u>	<u>(128,923)</u>	<u>(269,300)</u>
CAPITAL CONTRIBUTIONS	<u>70,364</u>	<u>-</u>	<u>70,364</u>
Change in Net Position	(70,013)	(128,923)	(198,936)
NET POSITION – Beginning of Year	<u>10,773,788</u>	<u>1,526,094</u>	<u>12,299,882</u>
NET POSITION – END OF YEAR	<u>\$ 10,703,775</u>	<u>\$ 1,397,171</u>	<u>\$ 12,100,946</u>

See accompanying notes to financial statements.

VILLAGE OF LANNON

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 302,198	\$ 86,162	\$ 388,360
Paid to suppliers for goods and services	(201,956)	(65,593)	(267,549)
Paid to employees for services	(1,721)	(5,164)	(6,885)
Net Cash Flows From Operating Activities	98,521	15,405	113,926
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Paid to (from) other funds	(118,050)	118,050	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	59,705	-	59,705
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(11,550)	(5,586)	(17,136)
Capital contributions	70,364	-	70,364
Proceeds from debt issued	380,154	1,063,934	1,444,088
Debt issuance costs	12,166	34,050	46,216
Principal paid on debt	(43,923)	(82,981)	(126,904)
Interest paid on debt	(29,666)	(70,806)	(100,472)
Net Cash Flows From Capital and Related Financing Activities	377,545	938,611	1,316,156
Net Change in Cash and Cash Equivalents	417,721	1,072,066	1,489,787
CASH AND CASH EQUIVALENTS - Beginning of Year	2,406,223	-	2,406,223
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,823,944	\$ 1,072,066	\$ 3,896,010
CASH AND CASH EQUIVALENTS - STATEMENT OF NET POSITION			
Unrestricted	\$ 2,170,730	\$ -	\$ 2,170,730
Restricted	653,214	1,072,066	1,725,280
	\$ 2,823,944	\$ 1,072,066	\$ 3,896,010
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating loss	\$ (170,299)	\$ (57,623)	\$ (227,922)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities			
Depreciation	205,020	74,873	279,893
Amortization	50,647	1,334	51,981
Change in Assets and Liabilities			
Accounts receivable	(2,034)	(2,780)	(4,814)
Accounts payable	15,327	(1,014)	14,313
Prepayments	6	6	12
Pension related deferrals	(146)	609	463
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 98,521	\$ 15,405	\$ 113,926
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Premium on debt issued	\$ 12,166	\$ 34,050	\$ 46,216
Debt issuance costs	\$ 9,260	\$ 25,918	\$ 35,178

See accompanying notes to financial statements.

VILLAGE OF LANNON

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND

For the Year Ended December 31, 2017

	<u>Agency Fund</u>
	<u>Tax Collection</u>
	<u>Fund</u>
ASSETS	
Cash and investments	\$ 748,423
Taxes receivable	<u>750,690</u>
Total Assets	<u>\$ 1,499,113</u>
LIABILITIES	
Due to other taxing units	\$ 1,499,113
Total Liabilities	<u>\$ 1,499,113</u>

See accompanying notes to financial statements.

VILLAGE OF LANNON

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VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Lannon, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the village. The reporting entity for the village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The village has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the village or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the village believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The village reports the following major governmental funds:

- General Fund - accounts for the village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.

The village reports the following major enterprise funds:

- Water Utility - accounts for operations of the water system.
- Sewer Utility - accounts for operations of the sanitary sewer system.

In addition, the village reports the following fund types:

- Agency Fund - used to account for and report assets held by the village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Fund

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities 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. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the village's water and sewer and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds 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 a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer and water utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary 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.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

Investment of village funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. 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, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The village has not adopted an investment 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. Fair values are based on quoted market prices. 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. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note III. A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities - agency fund.

Property tax calendar - 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale - 2017 delinquent real estate taxes	October 2020

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. 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. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	10-40 Years
Utility System	15-60 Years
Vehicles and Equipment	10-20 Years
Intangible - Plant Capacity	30 Years
Infrastructure	50-100 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

6. Deferred Outflows of Resources

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

7. Compensated Absences

Under terms of employment, employees are granted vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

8. Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and capital leases.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

8. Long-Term Obligations/Conduit Debt (cont.)

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

9. Deferred Inflows of Resources

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

10. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Village Board has, by resolution, adopted a financial policy authorizing the Village Clerk/Treasurer to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note III. G. for further information.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

11. Pension

For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Land Held for Resale

The Village purchased land held for resale in 2016. In both the fund financial statements and the government-wide statements, this item is reported at the lower of cost or estimated market value of the property.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Debt Service Fund	\$ 149,744	\$ 151,894	\$ 2,150

The village controls expenditures at the function level. Some individual functions experienced expenditures which exceeded appropriations. The detail of those items can be found in the village's year-end budget to actual report.

B. LIMITATIONS ON THE VILLAGE'S TAX LEVY

Wisconsin law limits the village's future tax levies. Generally the village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the village's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The village's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 5,700,951	\$ 5,337,464	Custodial Credit Risk
Petty cash	250	-	N/A
Total Deposits and Investments	<u>\$ 5,701,201</u>	<u>\$ 5,337,464</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 3,227,498		
Restricted cash and investments	1,725,280		
Per statement of assets and liabilities -			
agency fund			
Agency Fund	<u>748,423</u>		
Total Deposits and Investments	<u>\$ 5,701,201</u>		

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

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

Custodial Credit Risk

Deposits

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

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Deposits (cont.)

As of December 31, 2017, \$4,687,464 of the village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging financial institution's trust department or agent not in the village's name	\$ <u>4,687,464</u>
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See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for \$262,064 of special assessments and \$332,954 of other water receivables that are outstanding.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ <u>475,789</u>

Enterprise funds report unearned revenue for special assessments and deferred water connections fees. As of December 31, 2017 unearned revenue totaled \$587,881.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Unspent debt proceeds - The Village had unspent bond proceeds from a general obligation refunding on hand at year-end.

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Following is a list of restricted assets at December 31, 2017:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Debt service- cash and investments	\$ 367,414	\$ 2,261	\$ 364,153
Special assessments	262,064	262,064	-
Unspent bond proceeds - cash and investments	1,071,066	-	n/a
Equipment replacement - cash and investments	286,800	-	286,800
Total	<u>\$ 1,987,344</u>	<u>\$ 264,325</u>	<u>\$ 650,953</u>

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 45,397	\$ -	\$ -	\$ 45,397
Total Capital Assets Not Being Depreciated	45,397	-	-	45,397
Capital assets being depreciated				
Land improvements	85,860	-	-	85,860
Buildings	193,438	-	-	193,438
Vehicles and equipment	510,196	32,877	-	543,073
Infrastructure/Storm Sewer	285,253	-	-	285,253
Total Capital Assets Being Depreciated	1,074,747	32,877	-	1,107,624
Total Capital Assets	1,120,144	32,877	-	1,153,021
Less: Accumulated depreciation for				
Land improvements	(31,637)	(7,503)	-	(39,140)
Buildings	(116,126)	(3,271)	-	(119,397)
Vehicles and equipment	(242,477)	(47,584)	-	(290,061)
Infrastructure/Storm Sewer	(22,820)	(5,705)	-	(28,525)
Total Accumulated Depreciation	(413,060)	(64,063)	-	(477,123)
Net Capital Assets Being Depreciated	661,687	(31,186)	-	630,501
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 707,084	\$ (31,186)	\$ -	\$ 675,898

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities	
General government	\$ 5,013
Public safety	7,256
Culture, education and recreation	44,889
Public works	6,905
Total Governmental Activities Depreciation Expense	\$ 64,063

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 69,917	\$ -	\$ -	\$ 69,917
Construction in progress	123,007	-	-	123,007
Total Capital Assets Not Being depreciated	<u>192,924</u>	<u>-</u>	<u>-</u>	<u>192,924</u>
Capital assets being depreciated/amortized				
Buildings	1,521,130	-	-	1,521,130
Equipment	1,162,581	-	-	1,162,581
Sewer system	10,528,074	11,550	-	10,539,624
Intangible - plant capacity	1,100,217	-	-	1,100,217
Water system	<u>3,397,612</u>	<u>5,586</u>	<u>-</u>	<u>3,403,198</u>
Total Capital Assets Being Depreciated/Amortized	<u>17,709,614</u>	<u>17,136</u>	<u>-</u>	<u>17,726,750</u>
Total Capital Assets	<u>17,902,538</u>	<u>17,136</u>	<u>-</u>	<u>17,919,674</u>
Less: Accumulated depreciation/amortization for				
Buildings	(679,621)	(39,826)	-	(719,447)
Equipment	(1,092,591)	(5,781)	-	(1,098,372)
Sewer system	(3,582,261)	(175,468)	-	(3,757,729)
Intangible - plant capacity	(618,161)	(50,647)	-	(668,808)
Water system	<u>(431,286)</u>	<u>(58,818)</u>	<u>-</u>	<u>(490,104)</u>
Total Accumulated Depreciation/Amortization	<u>(6,403,920)</u>	<u>(330,540)</u>	<u>-</u>	<u>(6,734,460)</u>
Net Capital Assets Being Depreciated/Amortized	<u>11,305,694</u>	<u>(313,404)</u>	<u>-</u>	<u>10,992,290</u>
Business-type Capital Assets, Net of Accumulated Depreciation/Amortization	<u>\$ 11,498,618</u>	<u>\$ (313,404)</u>	<u>\$ -</u>	<u>\$ 11,185,214</u>

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities	
Sewer	\$ 255,667
Water	<u>74,873</u>
Total Business-type Activities Depreciation/Amortization Expense	<u>\$ 330,540</u>

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND ADVANCES AND TRANSFERS

Advances

The sewer utility is advancing funds to the water utility. The amount advanced is determined by the deficit cash balance in the water utility. No repayment schedule has been established.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Sewer Utility	Water Utility	<u>\$ 991,499</u>	\$ 991,499

The principal purpose of this advance is an overdraft on pooled cash.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 522,450	\$ 350,912	\$ 135,223	\$ 738,139	\$ 392,000
Premiums	-	11,231	-	11,231	-
Sub-totals	<u>522,450</u>	<u>362,143</u>	<u>135,223</u>	<u>749,370</u>	<u>392,000</u>
Other Liabilities					
Net pension liability	<u>19,181</u>	<u>-</u>	<u>10,257</u>	<u>8,924</u>	<u>-</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 541,631</u>	<u>\$ 362,143</u>	<u>\$ 145,480</u>	<u>\$ 758,294</u>	<u>\$ 392,000</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 1,568,781	\$ 1,444,088	\$ 112,632	\$ 2,900,237	\$ 1,580,855
Sussex Clean Water Fund Loan	178,613	-	14,273	164,340	14,637
Premiums	-	46,216	-	46,216	-
Sub-totals	<u>1,747,394</u>	<u>1,490,304</u>	<u>126,905</u>	<u>3,110,793</u>	<u>1,595,492</u>
Other Liabilities					
Net pension liability	<u>696</u>	<u>-</u>	<u>333</u>	<u>363</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 1,748,090</u>	<u>\$ 1,490,304</u>	<u>\$ 127,238</u>	<u>\$ 3,111,156</u>	<u>\$ 1,595,492</u>

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed 5% of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2017, was \$6,693,285. Total general obligation debt outstanding at year end was \$3,638,376.

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the village. Notes and bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2017</u>
Corporate Purpose Bonds	11/14/2007	6/1/2027	4.0-4.125%	\$ 564,000	\$ 353,847
Trunked Radio Agreement	11/10/2014	2/15/2022	0%	15,725	9,827
Promissory Note	12/18/2016	12/28/2021	1.92%	29,441	23,553
Refunding GO Bonds	12/27/2017	6/1/2027	3.0%	350,912	<u>350,912</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 738,139</u>

Business-type Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2017</u>
Corporate Purpose Bonds	11/14/2007	6/1/2027	4.0-4.125%	\$ 2,321,000	\$ 1,456,149
Refunding GO Bonds	12/27/2017	6/1/2027	3.0%	1,444,088	<u>1,444,088</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 2,900,237</u>

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2018	\$ 392,000	\$ 11,597	\$ 1,580,855	\$ 38,323
2019	39,133	9,460	128,721	37,651
2020	41,088	8,380	136,766	33,669
2021	41,088	7,269	136,766	29,566
2022	36,174	6,173	140,789	25,402
2023-2027	188,656	14,530	776,340	59,795
Totals	<u>\$ 738,139</u>	<u>\$ 57,409</u>	<u>\$ 2,900,237</u>	<u>\$ 224,406</u>

Business-type Activities					Balance
Debt Certificates	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	December 31, 2017
Clean Water Fund Loan	8/22/2007	5/1/2027	2.547%	\$ 280,752	<u>\$ 164,340</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities Debt Certificates	
	Principal	Interest
2018	\$ 14,637	\$ 3,999
2019	15,010	3,622
2020	15,392	3,235
2021	15,784	2,838
2022	16,186	2,430
2023-2027	87,331	5,673
Totals	<u>\$ 164,340</u>	<u>\$ 21,797</u>

Other Debt Information

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The village believe it is in compliance with all significant limitations and restriction, including federal arbitrage regulations.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Current Refunding

On December 27, 2017, the village issued \$1,795,000 in general obligation bonds with an average coupon rate of 3.00% to refund \$1,810,000 of outstanding bonds with an average coupon rate of 4.00%. The net proceeds along with existing funds of the village were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$2,189,589 from 2018 through 2027. The cash flow requirements on the refunding bonds are \$2,073,936 from 2018 through 2027. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$111,066.

The proceeds were on hand at December 31, 2017. The debt was paid on January 18, 2018.

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2017, includes the following:

Governmental Activities

Net Investment in Capital Assets

Land	\$ 45,397
Other capital assets, net of accumulated depreciation	630,501
Less: Long-term debt outstanding	(738,139)
Plus: Unspent capital related debt proceeds	350,912
Less: Unamortized debt premium	<u>(11,231)</u>

Total Net Investment in Capital Assets	<u>\$ 277,440</u>
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Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2017, include the following:

Nonspendable

Major Fund

General Fund

Delinquent personal property taxes	\$ 18,977
Land held for resale	<u>46,000</u>

Total	<u>\$ 64,977</u>
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VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

Restricted

Major Fund

Debt Service Fund

Debt Service

\$ 407,463

Assigned

Major Fund

General Fund

Budgeted use of fund balance - 2018

\$ 30,924

Unassigned

Major Fund

General Fund

\$ 305,962

Business-type Activities

Net Investment in Capital Assets

Land

\$ 69,917

Construction in progress

123,007

Other capital assets, net of accumulated depreciation/amortization

10,992,290

Less: Long-term debt outstanding

(3,064,577)

Plus: Unspent capital related debt proceeds

1,444,088

Less: Unamortized debt premium

(46,216)

Total Net Investment in Capital Assets

\$ 9,518,509

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year 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 Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$9,292 in contributions from the village.

Contribution rates as of December 31, 2017 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2017, the village reported a liability of \$9,287 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The village's proportion of the net pension liability was based on the village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the village's proportion was 0.00126840%, which was an increase of 0.00004518% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the village recognized pension expense of \$21,640.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2017, the village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,457	\$ 32,880
Changes in assumptions	10,931	-
Net differences between projected and actual earnings on pension plan investments	53,189	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,605	-
Employer contributions subsequent to the measurement date	10,922	-
Totals	<u>\$ 80,104</u>	<u>\$ 32,880</u>

\$10,922 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 25,103	\$ 10,497
2018	25,101	10,497
2019	20,478	10,497
2020	(1,515)	1,389
2021	15	-

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 arithmetic real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the village's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension liability (asset)	\$122,188	\$9,287	\$(77,650)

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/publications/cafr.htm>.

At December 31, 2017, the village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

The village is 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. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

VILLAGE OF LANNON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

From time to time, the village is 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 village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the village's financial position or results of operations.

D. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

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

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*
- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 85, *Omnibus 2017*
- Statement No. 86, *Certain Debt Extinguishment Issues*
- Statement No. 87, *Leases*

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

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REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LANNON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 423,591	\$ 416,717	\$ (6,874)
Intergovernmental	67,623	62,130	(5,493)
Licenses and permits	62,745	130,234	67,489
Fines, forfeitures and penalties	107,000	99,681	(7,319)
Public charges for services	72,465	64,207	(8,258)
Investment income	3,000	1,694	(1,306)
Other revenues	45,350	175,201	129,851
Total Revenues	<u>781,774</u>	<u>949,864</u>	<u>168,090</u>
EXPENDITURES			
Current:			
General government	234,983	255,850	(20,867)
Public safety	342,650	384,763	(42,113)
Public works	162,095	198,693	(36,598)
Health and human services	500	500	-
Culture, recreation and education	46,924	56,395	(9,471)
Capital Outlay	10,434	35,080	(24,646)
Debt Service	-	8,393	(8,393)
Total Expenditures	<u>797,586</u>	<u>939,674</u>	<u>(142,088)</u>
Excess (Deficiency) of Revenues over Expenditures	(15,812)	10,190	26,002
OTHER FINANCING SOURCES			
Sale of capital assets	<u>3,000</u>	<u>2,000</u>	<u>(1,000)</u>
Net Change in Fund Balance	<u>\$ (12,812)</u>	12,190	<u>\$ 25,002</u>
FUND BALANCE - Beginning of Year		<u>389,673</u>	
FUND BALANCE - END OF YEAR		<u>\$ 401,863</u>	

See independent auditors' report and notes to required supplementary information.

VILLAGE OF LANNON

SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY(ASSET) AND CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2017

WRS Fiscal Year End Date	Proportion of the Net Pension Liability(Asset)	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
12/31/14	0.001275270%	\$ (31,324)	\$ 143,284	21.86%	102.74%
12/31/15	0.001223220%	19,877	129,439	15.36	98.20
12/31/16	0.001268400%	9,287	154,763	7.95	99.12

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2017

Fiscal Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 11,199	\$ (11,199)	\$ -	\$ 129,439	8.65%
12/31/16	9,724	(9,724)	-	154,763	6.28
12/31/17	10,922	(10,922)	-	118,686	9.20

VILLAGE OF LANNON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2017

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The Village is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

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

Changes of assumptions. There were no changes in the assumptions.

**VILLAGE OF LANNON WATER SYSTEM
SHORT-LIVED ASSETS**

Item - Water Utility	Maintenance / Replacement Interval	Unit Cost	Watermain Extension Assets		Well Acquisition Assets		Existing System		Alternative No. 1 - Watermain Extension, ERP		Alternative No. 2 - Watermain Extension, Well Acquisition	
			Qty.	Annual Set Aside	Qty.	Annual Set Aside	Qty.	Annual Set Aside	Qty.	Annual Set Aside	Qty.	Annual Set Aside
Maintenance												
Chem Feed Equipment (heads, tubes, parts)	1	\$500	0	\$0	1	\$500	1	\$500	1	\$500	2	\$1,000
Well, Well Pump, and Motor Servicing	10	\$50,000	0	\$0	1	\$5,000	1	\$5,000	1	\$5,000	2	\$10,000
Flow Meter Calibration	5	\$500	0	\$0	2	\$200	2	\$200	2	\$200	4	\$400
Backup Generator	1	\$500	0	\$0	0	\$0	1	\$500	1	\$500	1	\$500
Reservoir and Pressure Tank Inspection	5	\$5,000	0	\$0	1	\$1,000	1	\$1,000	1	\$1,000	2	\$2,000
Computer Equipment/Software	5	\$2,000	0	\$0	1	\$400	1	\$400	1	\$400	2	\$800
Metering Pit (Lannon Estates)	5	\$1,000	1	\$200	0	\$0	0	\$0	1	\$200	1	\$200
Hydrants	1	\$50	37	\$1,900	1	\$100	37	\$1,900	74	\$3,700	75	\$3,800
Subtotal				\$2,100		\$7,200		\$9,500		\$11,500		\$18,700
Replacement												
Pump, Motor and Piping	10	\$25,000	0	\$0	1	\$2,500	1	\$2,500	1	\$2,500	2	\$5,000
Pump Controls	15	\$50,000	0	\$0	1	\$3,300	1	\$3,300	1	\$3,300	2	\$6,700
Chem Feed Equipment	10	\$12,000	0	\$0	1	\$1,200	1	\$1,200	1	\$1,200	2	\$2,400
Pressure Transducers	10	\$1,000	0	\$0	1	\$100	1	\$100	1	\$100	2	\$200
Flow Meters	10	\$3,000	0	\$0	2	\$600	2	\$600	2	\$600	4	\$1,200
Residential Meters	15	\$200	200	\$2,700	0	\$0	141	\$1,900	341	\$4,500	341	\$4,500
Pressure Tank Painting	15	\$20,000	0	\$0	0	\$0	1	\$1,300	1	\$1,300	1	\$1,300
Subtotal				\$2,700		\$7,700		\$10,900		\$13,500		\$21,300
Combined												
Total				\$4,800		\$14,900		\$20,400		\$25,000		\$40,000

For more location information
please visit www.strand.com

Office Locations

Brenham, Texas | 979.836.7937

Cincinnati, Ohio | 513.861.5600

Columbus, Indiana | 812.372.9911

Columbus, Ohio | 614.835.0460

Indianapolis, Indiana | 317.423.0935

Joliet, Illinois | 815.744.4200

Lexington, Kentucky | 859.225.8500

Louisville, Kentucky | 502.583.7020

Madison, Wisconsin* | 608.251.4843

Milwaukee, Wisconsin | 414.271.0771

Phoenix, Arizona | 602.437.3733

*Corporate Headquarters

