Sanitary District No. 1

Town of Lyndon Sheboygan County Wisconsin

TO: Sanitary District Property Owners
FROM: Commissioners – Jim Schiel, Bradley Zank, Ray Zimmermann
DATE: March 16, 2026

2025 Activity Highlights

- **Planning**
  1. **Awarded contract bid to Great Lakes TV Seal for Repairs/Projects**
  2. **Tax Levy Public Hearing -** *On October 16th, the Sanitary District held a public hearing regarding the proposed $50,000 levy to be applied to the 2025 property taxes. The levy was approved at the meeting immediately following the public hearing.*
- **Maintenance:** *Sabel Mechanical performs bi-monthly preventative maintenance at Harbor Lights/Hwy NN lift station.*
- **Repairs/Projects:**
  1. **Harbor Lights/Hwy NN Lift Station** – *replaced float that regulates pump operation and replaced faulty pump starter.*
  2. **At three lifts station (two on Ellen View Road; one on Lake Ellen Drive) –** *upgraded electrical panels to eliminate obsolete components*
  3. **Three manholes on Lake Ellen Drive –** *repaired leaks via grouting and patching interior surfaces*
  4. **Repaired 3 sewer main fractures along Lake Ellen Drive with internal liners (two four foot liners and one 8 foot liner)**
  5. **Root removal in sewer main at one location along Lake Ellen Drive**
- **June 30th Annual Operations (for prior year) Filing to Dept. of Natural Resources:** *Received "A" grade for operations reported for 2024.*

2025 Finance Highlights

Included with this letter is the financial summary for the Sanitary District Operations and Projects. The 2025 year-end Account Balance Sheet is on one page. The Income and Expense for 2025 with budget for 2026 is on the following page. The line numbers on the Income and Expense report are for reference in the highlights provided below.

2025 Balance Sheet

Segregating Operational Funds from Tax Levy Funds: *Starting in 2022, the reserves and expenses have been separated to distinguish between normal operations versus the special repairs funded by the Tax Levies.*

1. **2025 Operations Certificates of Deposit:** *Year-end level of reserves were $223,805; an increase of $44,412. (Source of increase predominantly from accumulated savings over several years. Also, interest earned on CD's is retained in CD's as they mature and are rolled into new CD's)*
2. **2025 Money Market:** *Used to hold funds for near term payout on projects – Earnings better than savings account though less than CD,s Year end account balance of $9.625 represents a reduction from 2024 of $67,041 – chiefly the amount associated with 2025 payment for major repairs performed from late summer through autumn of 2024.*
3. **Tax Levy Savings:** *Year-end balance of $28,450.*
4. **General Savings:** *Year-end balance of $23,321. Savings grow by setting aside annual depreciation charges, user delinquency collections and annual planned reserve contributions. Periodically money is moved from Savings into CD's to increase the long term reserves for Lift Station rehabilitation. During 2025 savings growth allowed moving $40,000 into CD's as noted in #1 above.*

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5. **2025 Depreciation Payable to Reserves:** *Annually depreciation and additional reserve contributions are normally transferred from checking into savings at year end. However, for 2025 we chose to defer that transfer into 2026 so as to maintain a more robust checking balance during the first quarter of 2026. This payable balance of $8,708 will be transferred to savings later in the 1st quarter or early 2nd quarter of 2026.*

2025 Income and Expense

1. **Total Income (Line 22) –** *Collected $6,684 more than budgeted. This was largely due to user delinquency fees and strong CD interest income.*
2. **Depreciation (Line 51)** – *Note that depreciation has grown from $5,694 in 2024 to $8,708 in 2025 and is budgeted for $9,778 in 2026. All capital repairs performed are being set up for 20 to 30 year asset depreciation. The annual depreciation is transferred from checking into savings and ultimately into CD's as reserve for the future.*
3. **Capital Repairs (Lines 75-79) –** *Total Capital Repairs $9,616 less than budgeted. Though $10,384 was spent on unplanned electrical upgrades at three lift stations, the $20,000 planned for sewer line repairs was not billed to the District until January 2026*

2026 Budget

1. **Tax Levy (Line 16) –** *planning to apply $50,000 levy on 2026 property taxes in order to build towards funding $326,000 of sewer line repairs*
2. **Sewer Line – Capital Improvement (Line 76) –** *Pay $22,670 for Phase 2 work performed in December 2025*

Phase 3 Planned Infrastructure Repairs Remaining

Seven stretches of sewer main along Lake Ellen Drive, Hwy NN and Harbor Lights Road are in need of repair. The repairs are deemed to need excavation. Breaking the excavations into several phases would add repetitive equipment mobilization charges. Therefore, the planned approach is to do all the work at one time to minimize avoidable mobilization charges. The projected cost of this total effort is $326,000.

Thus far we have funded Phase 1-2 capital repairs, plus several unplanned capital repairs, through the 2022 Town of Lyndon ARPA contribution of $28,400 and annual tax levies since 2022. After the last portion of the 2025 Levy is received in August 2026, the unused Levy funds (CD's + Savings + Money Market) will be approximately $124,000. This is 38% of the Phase 3 project cost. The District will continue to apply tax levies to build sufficient funds to undertake the Phase 3 repairs. The 2026 debt outstanding to the State is $24,400 and the preference is to further reduce this debt before considering adding debt for Phase 3. The District will assess a combination of debt and levy funds on hand to determine when in the next couple of years to bid out the Phase 3 project.

2025 Lake Level

In 2024 the lake was closed down to Slow No Wake for most of that summer. The District took the position that we would test a high water threshold 3" above the historical high water mark. The lake was reopened on September 6, 2024 despit the level still being 3.75" above the historical mark. By April 16, 2025 the lake level was below the historical high water mark so the test level became a moot point. Let's hope that the lake remains below the historical high water mark for 2026.

Respectfully submitted,

Sanitary District Commissioners: Jim Schiel, Bradley Zank, Ray Zimmermann