

# OAK CREEK

## WATER AND SEWER UTILITY

### Comprehensive Annual Financial Report

*For the Years Ended December 31, 2020 and 2019*

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A Departmental Unit of the  
City of Oak Creek, Wisconsin



*A Commitment to Water Quality*

The logo for Oak Creek Water, featuring a stylized blue circular design with a white swirl inside.

# OAK CREEK

## WATER AND SEWER UTILITY

### Comprehensive Annual Financial Report

*For the Years Ended December 31, 2020 and 2019*

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A Departmental Unit of the  
City of Oak Creek, Wisconsin

PREPARED BY THE DEPARTMENT OF ADMINISTRATION

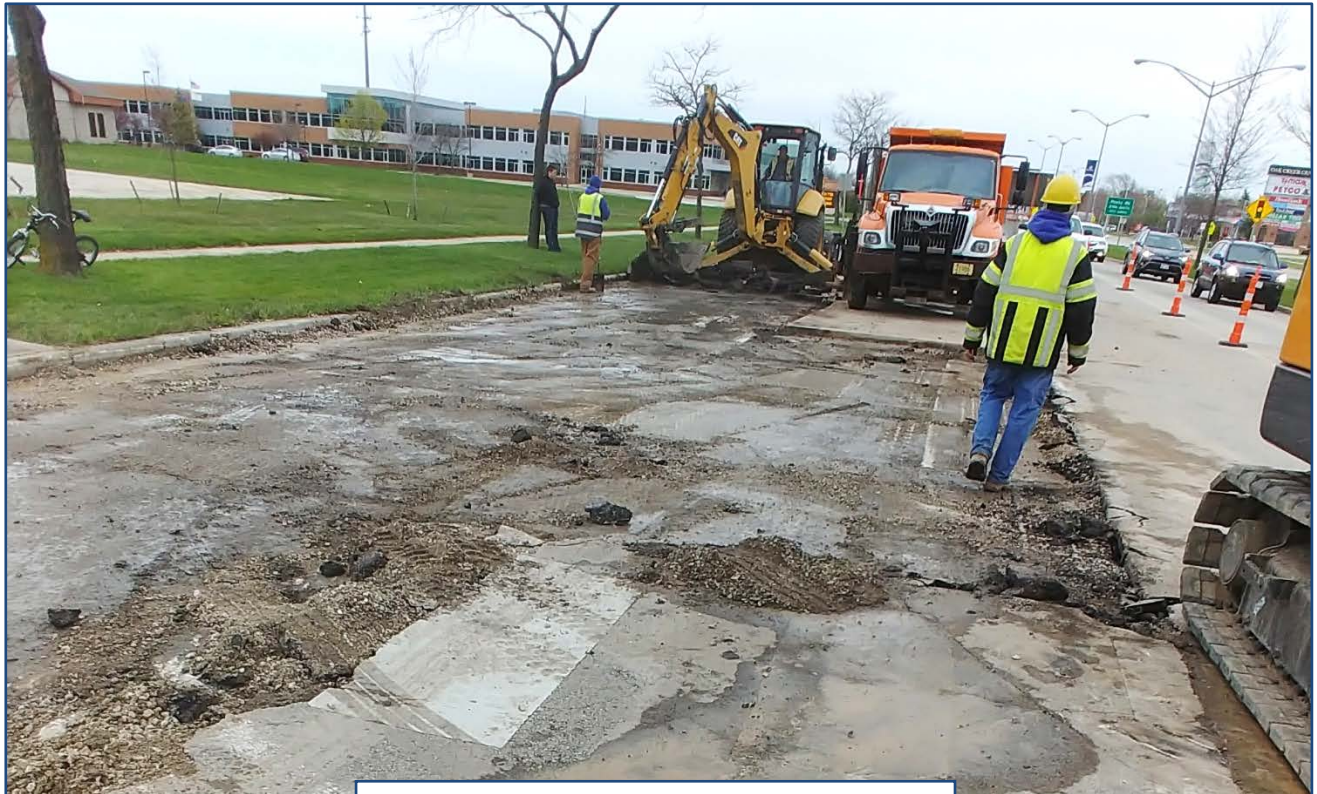
General Manager, Michael J. Sullivan, PE

Accounting Manager, Derrick Danner

## Table of Contents

INTRODUCTORY SECTION	Our Mission, Vision and Values ..... 1 Service Area ..... 2 A Message from the General Manager ..... 3 Letter of Transmittal ..... 5 Certificate of Achievement ..... 13 Organization Chart ..... 14 List of Principal Officials ..... 15 Utility Team Members ..... 16 2020 Project Activity ..... 20	1 2 3 5 13 14 15 16 20
FINANCIAL SECTION	Independent Auditors' Report ..... 21 Required Supplementary Information: Management's Discussion and Analysis ..... 24 Financial Statements: Statements of Net Position ..... 43 Statements of Revenues, Expenses and Changes in Net Position ..... 47 Statements of Cash Flows ..... 50 Notes to Financial Statements ..... 54 Required Supplementary Information: Employees' Retirement System ..... 86 Other Postemployment Benefits ..... 87 Notes to the Required Supplementary Information ..... 89	21 24 43 47 50 54 86 87 89
STATISTICAL SECTION	Schedule 1 - Net Position, Last Ten Fiscal Years ..... 93 Schedule 2 - Change in Net Position, Last Ten Fiscal Years ..... 94 Schedule 3 - Operating Revenues from Retail Metered Sales (by Class), Last Ten Fiscal Years ..... 95 Schedule 4 - Operation and Maintenance Expenses, Last Ten Fiscal Years ..... 96 Schedule 5 - Nonoperating Revenues and Expenses, Last Ten Fiscal Years ..... 97 Schedule 6 - Special Assessment Collections, Last Ten Fiscal Years ..... 98 Schedule 7 - Utility Capital Assets, Last Ten Fiscal Years ..... 99 Schedule 8 - Capital Contributions by Source, Last Ten Fiscal Years ..... 100 Schedule 9 - Return on Rate Base, Last Ten Fiscal Years ..... 101 Schedule 10 - Source of Supply, Pumping and Purchased Water Statistics, Last Ten Fiscal Years ..... 103 Schedule 11 - Customer and Sales Information, Last Ten Fiscal Years ..... 104 Schedule 12 - Water Rates, Last Ten Fiscal Years ..... 105 Schedule 13 - Sewer Rates, Last Ten Fiscal Years ..... 106 Schedule 14 - Ten Largest Customers, Current Year and Nine Years Ago ..... 107 Schedule 15 - Ratios of Outstanding Debt by Type, Last Ten Fiscal Years ..... 109 Schedule 16 - Pledged-Revenue Coverage, Last Ten Fiscal Years ..... 110 Schedule 17 - Demographic and Economic Statistics, Last Ten Calendar Years ..... 112 Schedule 18 - Principal Employers, Current Year and Nine Years Ago ..... 113 Schedule 19 - Number of Employees by Identifiable Activity, Last Ten Fiscal Years ..... 115 Schedule 20 - Operating and Capital Indicators, Last Ten Fiscal Years ..... 116	93 94 95 96 97 98 99 100 101 103 104 105 106 107 109 110 112 113 115 116

# INTRODUCTORY SECTION



12-inch water main break repair on Howell Avenue



*A Commitment to Water Quality*



## **Our Mission, Vision and Values**

### **Our Mission**

To provide reliable, high quality water and sewer services to our customers.

### **Our Vision**


Continuous improvement – driven by customer needs, powered by teamwork, and guided by quality and cost.

### **Our Values**

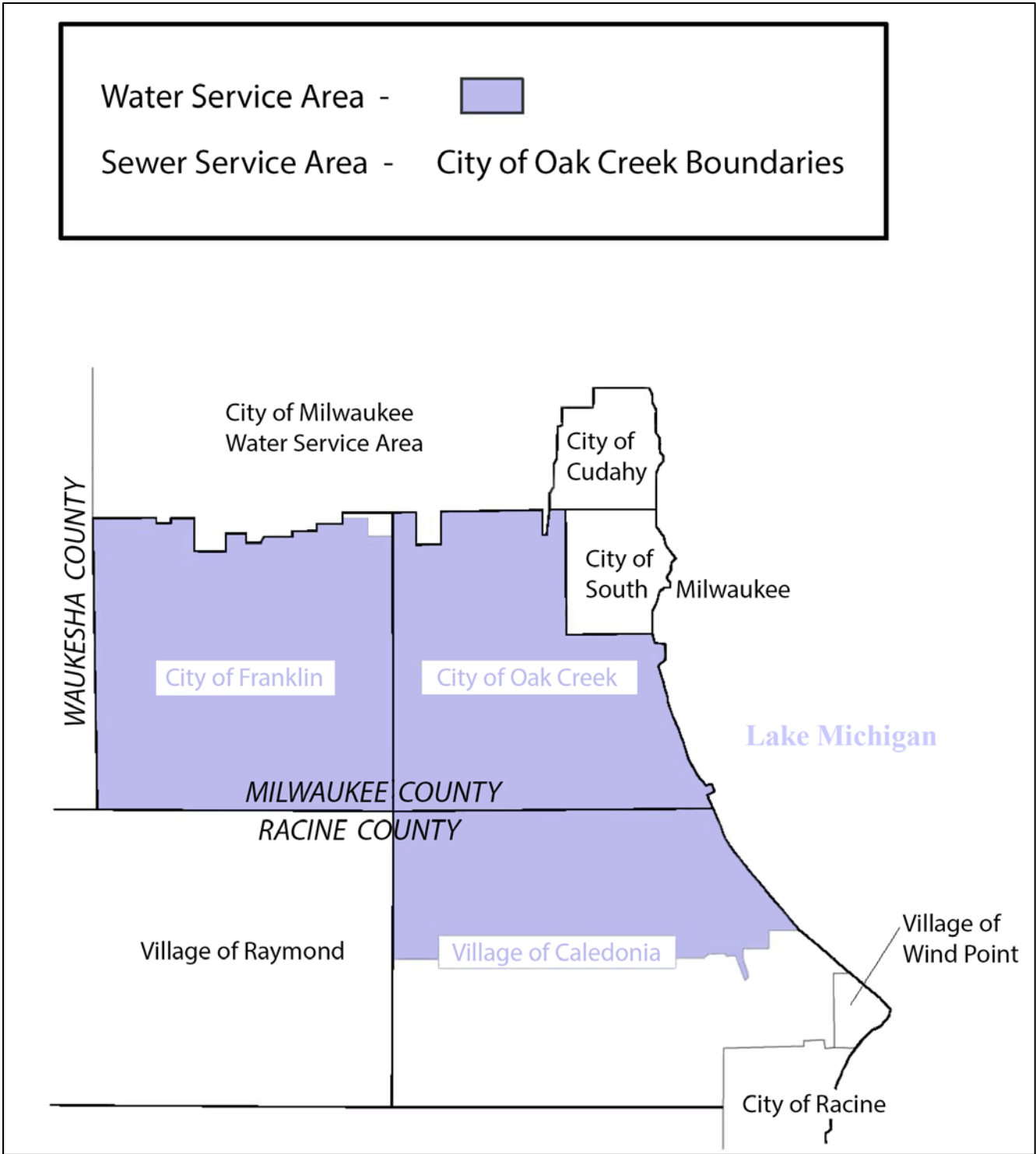
All Utility activities are guided by these underlying values:

1. Integrity – All Utility interactions will be conducted with the maximum degree of integrity and fairness.
2. Stewardship – We will be responsible and accountable for our resources and the well-being of the environment.
3. Customer service – Customer service will always be recognized as a top priority and an obligation of our employees.
4. Employees – We will maintain a commitment to the safety and security of our employees.

Service Area

Water Service Area - 

Sewer Service Area - City of Oak Creek Boundaries





## WATER and SEWER UTILITY

170 West Drexel Avenue, Oak Creek, WI 53154  
water.oak-creek.wi.us  
414-570-8210

June 30, 2021

### A Message from the General Manager:

With all the uncertainties of 2020 in the business world, the Utility was able to maintain and grow the business largely thanks to the new development in the City of Oak Creek. Revenues are up, without a water or sewer rate increase and production volumes are up as well. It appears the customer growth trend will remain strong in Oak Creek for the foreseeable future. In addition, existing customer usage is up from previous years. This contributes to a healthy financial status too.

The Utility has begun to shift to a younger work force. Currently, 37% of the staff have less than 5 years experience with the Utility. On the other end of the experience level 25% of the work force has 20 years or more with the Utility. The experience diversity has been an asset to the Utility with enough seasoned staff to help mold newer staff into high performing Utility employees.

The Utility looks forward to the completion of its comprehensive water system master plan and sanitary sewer system master plan later this year. These documents will provide the strategic framework for operation and infrastructure investment for the next 20 years and beyond. Using the master plan informed investment practice has contributed to decades of recognition for water safety and financial strength.

Sincerely,

A handwritten signature in blue ink that reads "Michael J. Sullivan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael J. Sullivan, P.E.  
General Manager

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## WATER and SEWER UTILITY

170 West Drexel Avenue, Oak Creek, WI 53154  
water.oak-creek.wi.us  
414-570-8210

July 23, 2021

Board of Public Works and Capital Assets Members

Our Customers

### FORMAL TRANSMITTAL

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The Comprehensive Annual Financial Report of the Oak Creek Water and Sewer Utility (Utility) for the year ended December 31, 2020 is hereby submitted.

The Utility is a Departmental Unit of the City of Oak Creek (City), Wisconsin, and its financial statements are included in the City's financial statements as two enterprise funds – the Oak Creek Water Utility (Water Utility) and the Oak Creek Sewer Utility (Sewer Utility).

#### Assumption of Responsibility

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Utility. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Utility. All disclosures necessary to enable the reader to gain an understanding of the Utility's financial activities have been included.

#### Internal Control

Management of the Utility is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Utility are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of

a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

#### Independent Audit

Although state statutes do not require an annual audit by independent certified public accountants, the Utility retained Baker Tilly US, LLP to perform an audit of the Utility's financial records. The Independent Auditors' Report is included in the financial section of this report.

#### Reference to Management's Discussion and Analysis

The *Management's Discussion and Analysis* in the financial section of this report offers complementary information that should be read in conjunction with this transmittal letter. Please refer to this section for a narrative overview and an analysis of the Utility's financial performance for 2020, 2019 and 2018.

### UTILITY PROFILE

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The Utility is comprised of the Water Utility and Sewer Utility, both enterprise funds of the City. A Utility Commission oversees all general operations, while the General Manager oversees daily activities and personnel of the Utility. The Utility consists of four departments including Administrative, Engineering, Treatment Plant and Distribution. Within these four departments, a total of 30 full time employees work together as a team to provide reliable, high quality water and sewer services to our customers.

#### Background Information

In 1960, City Ordinance No. 144 was adopted which created the Oak Creek Water and Sewer Utility. The Utility was deemed necessary for the protection of the health, safety and welfare of the public. City Ordinance No. 142, also adopted in 1960, created the

Water and Sewer Utility Commissioners (Commission) to manage the Utility pursuant to Chapter 66 of the Wisconsin Statutes. The Commission consists of five members, four of which are appointed by the Mayor and confirmed by the Common Council for five-year, non-concurrent terms. The remaining member of the Commission is a City Alderperson who is appointed by the Mayor annually.

In 1974, the Utility's Lake Michigan surface water treatment plant was placed in service. Before that time, the Utility's source of supply was from a series of wells. Treatment processes include chemical addition and rapid mixing, coagulation and flocculation, sedimentation, filtration, and disinfection. The original capacity of the plant was 6 million gallons per day (mgd) and was designed to allow expansion up to 48 mgd in 3 mgd increments. Currently, the plant's capacity is at 35 mgd, which was attained through an upgrade following the Utility's 2010 expansion project.

The Utility's water treatment plant features multimedia filtration and a coagulation control center utilizing a pilot filter. The latter feature allows Utility operators to react very quickly to changes in the raw water supply quality. The 1999 completion of the water treatment plant expansion project added additional features including new chemical feed and rapid mix facilities, inclined plate settlers, filter-to-waste capabilities on all filters, and a new Supervisory Control and Data Acquisition system. These features and the Utility's strong focus on operator training and certification have resulted in water quality that significantly exceeds all regulatory standards.

During the original construction of the treatment plant, the service area of the Utility expanded outside the City's boundaries for the first time. From 1973 to 2004, a retail contract was in effect with the City's western neighbor, the City of Franklin in Milwaukee County, to supply water in its southeastern area. From 1979 to 2004 another contract was in place to serve Franklin's northeastern area retail water service. In 1994, the Utility executed a wholesale contract with Franklin to sell wholesale water to the City, which added approximately 30 square miles to the water service area. In 1991, 1992, 2005, and again in 2008, the Utility's service area expanded

south with executed wholesale contracts to the Village of Caledonia, Racine County, Wisconsin. The Utility's total water service area covers approximately 83 square miles, with the addition of these wholesale contracts.

The Utility's sewer operations are confined to the City's boundaries and encompassed by the Milwaukee Metropolitan Sewerage District (MMSD). The Utility maintains the collection system and a series of lift stations. Construction and maintenance of all intercepting sewers, watercourse improvements and treatment plant facilities within MMSD's territorial area are the responsibilities of MMSD.

The Public Service Commission of Wisconsin (PSCW) regulates the Utility's water operations pursuant to Chapter 196 of the Wisconsin Statutes. The Utility's sewer operations are not regulated.

#### **Budget**

Annually, the Commission adopts a nonappropriated operating budget and updates its capital budget. Both budgets are used as financial plans in conjunction with the Utility's master plan to anticipate the needs for subsequent years. The operating budget identifies noncyclical operating budget requests that are added to the Utility's operating financial plan. The financial plan is based on a projected level of activity that is identical to a flexible budgeting methodology. This methodology is utilized due to the direct correlation between revenues and expenses, and the variable nature of the Utility's service level. The Utility's budget is not formally integrated into the accounting system; however, interim analysis is performed routinely to control costs and avoid potential deficits.

#### **ECONOMIC CONDITION AND OUTLOOK**

With improving economic conditions, the year 2020 has been another positive year for the Utility. As the population of the service area continues to grow, Utility staff continues to plan for the future responsibly. The Utility is committed to staying at the forefront of technological development, financial reporting, and customer service. With this responsible planning and commitment, the Utility will serve its customers with an adequate supply of very high quality water for many years.

The Utility's service area lies in one of the fastest growing areas in Wisconsin and contains a significant amount of the undeveloped land in Milwaukee County. The combined annual population growth for Oak Creek and Franklin has averaged 627 persons for the last ten years. Based on historical growth statistics and generally favorable economic conditions in the area, growth is expected to continue into the near future.

### **Construction and Planning**

The Utility placed in service approximately \$3,630,925 of capital assets in 2020 to meet the needs of the growth referred to above. These assets are funded by special assessments, municipal and developer contributions, state reimbursements, grants, funds on hand and debt.

The Utility's Water Supply and Distribution Study was reviewed and updated in 2008 by Strand & Associates. This study is periodically updated to provide the Utility with a current plan for adding new capital assets to meet the growing demand for water. In 2015, the population projection and water demand forecasting sections of the master plan were updated to better understand the future effect of the economic downturn that began in 2008. In 2016, a new comprehensive water demand study was performed by CDM Smith that took into account weather, employment, economic and growth factors. This study produced low, medium and high growth projections for the future. The study also performed a statistical analysis to identify the probability of growth exceeding the projections. A water system master plan is currently in progress, which is expected to be completed in 2022. This plan will aid the Utility with planning for future improvements.

The Utility's Sewer System Master Plan was originally prepared in 1992 by the joint effort of R.A. Smith and Associates, Inc. and Black & Veatch. This plan has also been updated in 2002 by R.A. Smith Associates, Inc. In addition, another full master plan is currently in progress, which is expected to be completed in 2021. This updated sewer system master plan will provide the Utility with a strategy to meet ultimate sewer needs.

During the year 2002, the Utility's Howell Avenue water tower was completely rehabilitated. This 500,000-gallon tank was sandblasted down to bare

metal, both on the inside and outside of the tower, and repainted with a new state-of-the-art coating. A cathodic protection system was also installed to mitigate future corrosion. The interior of the Sycamore Avenue Tower, a 200,000-gallon tank, was repainted in the same manner during 2004, while the exterior was repainted in 2013. During 2016, online chlorine analyzers were added to both water towers. These analyzers, along with existing online chlorine analyzers in the Orchard Way reservoir, allow the water treatment plant operators to be more efficient at maintaining water quality goals in the system. The Utility partnered with Verizon Wireless in 2008 to share power from a standby generator, which provided the Howell Avenue Tower with a constant source of emergency power. The same was done in 2017 for the Sycamore Avenue Tower.

Electrical redundancy at the Utility's low lift pumping station was added to capital assets in 2006. The treatment plant had redundant electrical feeds already in place from different We Energies substations. With this project, the Utility's electrical reliability was extended beyond the treatment plant to the lakeside pumping station as well. The system is completely automatic, thereby if one of the electrical feeds from the power company fails, the system will automatically switch to the new feed to allow the treatment process to continue running. The Utility completed the installation of two standby electrical generators in 2012; one at the water treatment plant and the other at the lakeside pumping station. These generators allow the Utility to operate independently of the power provided by We Energies.

Expansion and remodeling of the Utility's headquarters office building was placed in service in 2007. Internal Utility departments have grown over the years in conjunction with customer growth, creating a great need for more office and garage space. The expansion added approximately 10,000 square feet to the garage and 4,500 square feet to the office. The Utility had been budgeting for this project since 1999 and fully funded the construction costs without the need for new debt.

A second raw water line was installed in 2008 from the Utility's low lift pumping station, at Lake Michigan, to the water treatment plant. This new line will provide a redundant feed from the lake to the plant without interrupting treatment production. The

new line is 36 inches in diameter and will service the Utility's ultimate growth. The existing line was installed in 1974 and has served the Utility well; however, this second line was needed to ensure an adequate and reliable supply of lake water for years to come, as identified in the Utility's master plan. An expansion of the Utility's water treatment plant was placed in service during 2010. This expansion included an addition to the sedimentation and flocculation building, an addition to the filter building and a 300,000-gallon backwash storage tank, which increased water treatment capacity from 20 million gallons to 28 million gallons per day. Following the expansion, the Utility's treatment plant received an upgraded rating of 35 million gallons per day at no additional cost. This expansion is expected to serve the Utility's growing customer base beyond the year 2050.

The Orchard Way Booster Pump Station was placed in service in 2010, adjacent to the Orchard Way Reservoir, to enable greater use of stored water in the system. This new pump station has improved water quality by being able to cycle more of its stored water. The pumping capacity of this station is up to ten million gallons per day, and it will help the Utility meet projected water demand through 2050.

Beginning in the year 2013, the Utility had recognized the need for relaying water main in three subdivisions where breaks were becoming more frequent. Construction in two of these areas was completed in 2014 and the final one was installed during the year 2015. All three of these projects were funded by low-interest loans from the State Revolving Fund Safe Drinking Water Loan Program. The Utility continues to seek out areas with frequent breaks and is proactively relaying water main in areas as needed. As a result of these main replacements, system-wide water main breaks have dropped significantly.

During the year 2015, new water and sewer main was installed in three significant developments within the City of Oak Creek, including Drexel Town Square, Lake Vista and Oak View Business Park. Several additional water and sewer mains, from both developer funded and Utility extension projects, were placed in service during 2016 through 2020 including a new elementary school, apartment complex growth, a home furnishing store and an Amazon fulfillment

center. These improvements are very beneficial in helping to attract economic growth for our City.

In 2019, the Utility began a multi-year project to fill in gaps in the water main pipe network, connecting dead ends to enhance water quality, improve reliability and strengthen fire protection.

#### **Other Initiatives**

The Utility promotes a culture of continuous improvement, which is a major contributing factor to its high level of success. Ultimate goals of the team are to develop long-term system strategies, to improve overall operations and to enhance customer satisfaction.

During the year 2007, the Utility voluntarily hired the accounting firm of Reilly, Penner, & Benton LLP to conduct an internal control study of the Utility's treasury function. It was noted from the study that the Utility already had the majority of necessary controls in place; however, a few additional controls were recommended. As a result, the Utility's management team has implemented these few recommended improvements, reassesses its internal controls annually and believes the controls currently in place are adequate.

The Utility expanded its methods for collecting utility bill payments from customers in 2003, 2015 and again in 2017. In addition to the usual options of paying by mail or in-person, customers may also choose to conveniently pay by direct deposit, credit card and electronic check. Beginning in the year 2015, customers have the option to receive and view their bills online as well. A credit card terminal was installed at the Utility's front desk in 2017, allowing customers to make credit card payments at the office for the first time. With customer satisfaction being one of the top priorities of the Utility, these payment options were added in response to customer feedback.

#### **Financial Information**

Total debt outstanding as of December 31, 2020 is \$14,671,211. This entire amount is comprised of Water Utility revenue bonds outstanding. The Utility has a revenue bond rating by Moody's Investors Service of Aa2 for its water revenue bonds. Temporary, idle cash is invested in interest-bearing bank accounts, a BMO Harris Bank Government

Investment Account and the Wisconsin State and Local Government Investment Pool. Some investments are pooled with interest allocated to the Water Utility and Sewer Utility based on their respective balances.

The City offers its employees a group health plan that is self-funded by the City. The risk of this plan is reduced through the purchase of an excess loss policy with a current deductible of \$100,000 per employee.

Third-party insurance is maintained for worker's compensation, property, liability, and all other potential losses.

Please refer to the financial section of this report for more detailed financial information.

## **AWARDS AND ACKNOWLEDGEMENTS**

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The Utility is known as one of the most progressive utilities in the Nation. Always seeking new ways to improve, the Utility has committed to continued excellence through a program of quality improvement. Utility employees produce the highest quality drinking water possible, and are proud to announce its water meets and exceeds all federal and state drinking water health standards. The Utility also takes great pride in maintaining a high quality sewer system as well.

The following awards demonstrate the Utility's commitment to high quality service and standards.

### **Partnership for Safe Water Program**

The Water Utility was awarded the President's Award in the Partnership for Safe Water treatment program in June 2015. At that time, the Water Utility was the only utility in Wisconsin and one of only 19 in the Nation to receive this prestigious award. This program is a water quality improvement system that targets optimized treatment plant operations beyond what is required by regulation, and the President's Award recognizes a treatment plant for achieving the stringent goals of the program. Partnership for Safe Water is a voluntary, cooperative effort of six organizations including the American Water Works Association (AWWA) and the United States Environmental Protection Agency (EPA). The Partnership goal is to provide a new measure of

safety to millions of Americans by implementing prevention programs where legislation or regulation does not exist. The preventative measures are based on optimizing treatment plant performance to increase protection against microbial contamination in America's drinking water supply.

The EPA has awarded the Water Utility a Certificate of Recognition for its efforts. The Utility was also recognized by AWWA as one of 19 elite utilities committed to continuously improving water quality beyond current regulatory requirements. As part of the Partnership for Safe Water Program, the Utility was presented with the Twenty-Year Director's Award at the annual conference in 2018. The Utility is one of few utilities in the Nation that has achieved Phase III treatment optimization program standards for 20 consecutive years, and is currently seeking to attain the designation as a "fully optimized" treatment plant in Phase IV, the highest level of the Partnership for Safe Water program for water treatment.

The Water Utility is also one of few in the Nation that piloted the Partnership for Safe Water distribution system optimization program as a charter member. In June 2015, the Utility was presented with the Director's Award for achieving the Phase III optimization level in this program. At the time of this award, the Utility was the only utility in Wisconsin and one of only 12 in the Nation to achieve Phase III in the distribution system optimization program. The Utility is actively seeking to achieve Phase IV, the highest level for its distribution system.

### **Partnership for Clean Water Program**

The Utility is a founding member of the Partnership for Clean Water program. This program was conceived in 2014 to provide utilities with a wastewater optimization program, similar to what the Partnership for Safe Water does for drinking water systems. The Utility is using its staff expertise to help develop this new National program.

### **Utility Special Achievement Awards**

The Wisconsin Section of the American Water Works Association selected the Utility for a Special Achievement Award in 2006 and again in 2013 for its dedication to continuous improvement through the AWWA Partnership for Safe Water Program over the

years. This award symbolizes the contributions of all Utility employees who consistently seek more effective and efficient ways to produce high quality water. Participation in this program assures consumers as well as local, state and federal officials that the Utility is on the leading edge of providing the safest, cleanest drinking water possible at reasonable rates.

The Utility also received the On-Going Excellence Award in 2009 from Wisconsin Section of the American Water Works Association for demonstrating a commitment to ongoing excellence in both the technical and financial aspects of its operations. The Utility consistently strives for continuous improvement and on-going excellence in the municipal water and sewer industries.

#### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Utility for its comprehensive annual financial report for the fiscal year ended December 31, 2019. This was the 27<sup>th</sup> consecutive year that the Utility has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

#### **Engineering Awards**

The Utility's low lift pump station electrical improvement and standby generation projects both won a State Finalist Award from the American Council of Engineering Companies of Wisconsin in the years 2007 and 2014, respectively. This award is given to projects that have demonstrated excellence in engineering.

The low lift pump station electrical project involved the complete replacement of existing electrical motor

controls while keeping the pump station operational at all times. One of the unique engineering designs that the award recognized was the addition of an electrical mezzanine, which allowed space for the construction of the new electrical equipment over the existing equipment. The finished pump station has improved safety, efficiency and reliability for the Utility's low lift.

The standby generation project included the addition of two large generators, one at the treatment plant and one at the low lift pump station. These generators will provide the Utility with electrical redundancy for many years to come.

#### **Water Treatment Plant Employee Awards**

The Utility's plant manager was recognized with the Operator Meritorious award for Wisconsin at the Wisconsin Section of the American Water Works Association's annual meeting in 2016. He received this award due to his high level of commitment, leadership and continuity in providing safe drinking water. The Utility's previous plant manager received the same award in 2003 for his commitment to leadership and contribution to the water industry.

#### **Sewer Infiltration and Inflow**

Milwaukee Metropolitan Sewerage District (District) awarded the Utility an Honorable Mention in recognition of efforts to reduce sources of infiltration and inflow entering the sewer system for 2002. The project focused on 118 homes in the Chapel Hills Subdivision and was completely funded by the District. As a result of the project, improvements were made to the sewer system including repairs to private laterals, joints and sewer main.

#### **Sewer Capital Asset Program**

The Utility has completed and filed annual sewer program reports with the WDNR since the year 2005. As a part of this required program, the Utility demonstrates its compliance with sewer maintenance, infrastructure needs and overall financial stability. The WDNR has awarded the Utility with the highest rating level every year since the program was initiated.

#### **Fifty-Nine Years of Excellent Service**

The Utility is proud to celebrate 60 years of excellent service, as the year 2020 marks another anniversary. Since its beginning, the Utility has grown from

several hundred customers with annual water usage near 265 million gallons to more than 70,000 customers who use nearly 3 billion gallons of water annually. Back in 1960, the idea of forming a water and sewer utility was only a vision shared by the few thousands of residents living in Oak Creek at the time. Over the decades, the Utility's pioneering spirit has focused on investment in new technology to ensure the cleanest, safest, most reliable water possible flows to its customers. Its technical and financial soundness are demonstrated through the Utility's continuing participation in two of the nation's most prestigious programs. Looking back, this vision of forming a utility was the correct course of action; it has crossed generations of Utility leadership, producing one of the most respected, forward-thinking water and sewer utilities in the nation.

**Industry Leadership and Involvement**

The Utility's team consists of 30 full-time employees providing both water and sewer services at the highest quality possible. The Utility is very proactive with encouraging staff leadership and involvement in several organizations to share our expertise and guidance in the industry. Utility staff serves in numerous leadership roles within various water and wastewater organizations at the National, State and Local levels including the following examples:

National

*American Water Works Association*

- Instrumentation and Controls – Committee Member
- Instrumentation and Controls Manual Revision – Technical Reviewer

*Partnership for Safe Water*

- Performance Evaluation and Assessment Committee, Distribution System Optimization Program – Vice Chair, National Reviewer
- Performance Evaluation and Assessment Committee, Water Treatment Plant Optimization Program – National Reviewer
- Distribution System Optimization Program, Self-Assessment Guide Revision Committee – Chapter Author

State

*Wisconsin Section of American Water Works Association*

- Treatment Operations Committee – Chair
- Management Committee – Committee Member
- Distribution Committee – Committee Member
- IT and Security Committee – Committee Member
- Regulatory Affairs Committee – Committee Member

*Municipal Environmental Group – Water Division*

- Member

Local

*Milwaukee Metropolitan Sewerage District*

- Technical Advisory Team – Member

*Water Executives of Southeastern Wisconsin*

- Member

**Acknowledgments**

Preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Department of Administration. Appreciation is also extended to the General Manager, all department heads, employees and the Utility's independent auditors who contributed to its preparation.

Respectfully submitted,

Derrick Danner  
Accounting Manager

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## Certificate of Achievement



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Oak Creek Water and Sewer Utility  
Wisconsin**

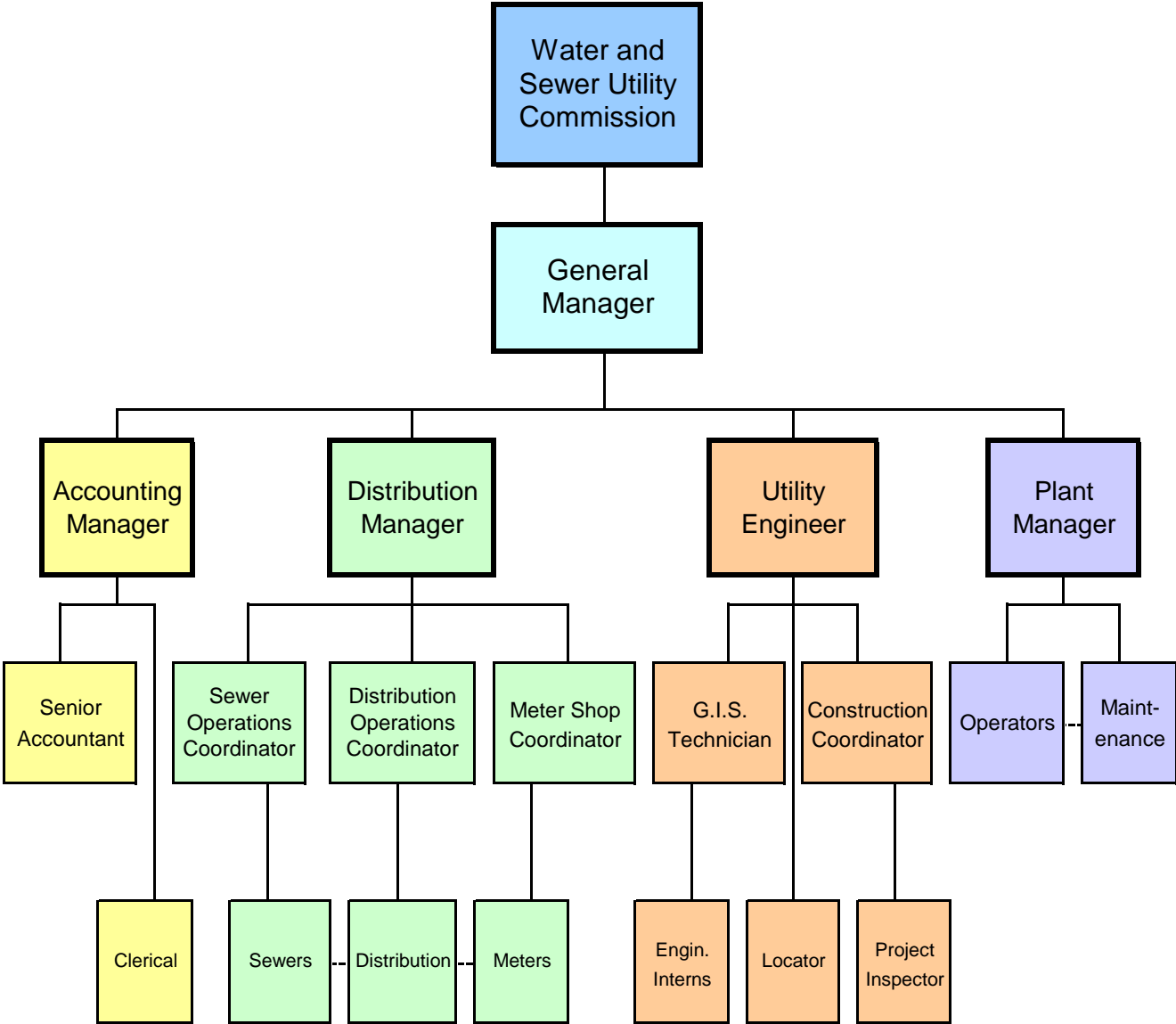
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morill*

Executive Director/CEO

# Organization Chart



## List of Principal Officials

### Water and Sewer Utility Commissioners

---

Chairman . . . . .	Dale J. Richards
Secretary . . . . .	Gerald H. Wille
Commissioner . . . . .	Fredrick R. Siepert
Commissioner . . . . .	Kenneth A. Gehl
Commissioner . . . . .	Robert A. Cigale

### Utility Management Staff

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General Manager . . . . .	Michael J. Sullivan
Utility Engineer . . . . .	Brian L. Johnston
Accounting Manager . . . . .	Derrick B. Danner
Distribution Manager . . . . .	Darrin J. Allard
Plant Manager . . . . .	Michael P. Robe

## Utility Team Members

### *Commissioners*



Dale Richards  
Chairman  
9 years of service



Gerald Wille  
Secretary  
35 years of service



Fredrick Siefert  
Commissioner  
27 years of service



Alderman Kenneth Gehl  
Commissioner  
11 years of service



Robert Cigale  
Commissioner  
1 year of service

## Utility Team Members

### *General Manager*



Michael Sullivan  
General Manager  
17 years of service

### *Administrative Department*



Derrick Danner  
Incoming Accounting Manager  
Less than 1 year of service



Annette Stenzel  
Outgoing Accounting Supervisor  
19 years of service



Catherine Leranath  
Senior Accountant  
18 years of service



Nicole Butler  
Account Clerk  
2 years of service



Taryn Knezevic  
Utility Clerk  
Less than 1 year of service

### *Engineering Department*



Brian Johnston  
Utility Engineer  
2 years of service



Daniel Niemi  
Engineering Tech II  
26 years of service



Sally Galewski  
GIS Technician  
25 years of service



Seth Ricker  
Construction Coordinator  
5 years of service



Michael Wade  
Utility Locator  
3 years of service

## Utility Team Members

### *Transmission and Distribution Department*



Douglas Schwartz  
Outgoing Distribution Manager  
27 years of service



Darrin Allard  
Incoming Distribution Manager  
13 years of service



Andrew Volbrecht  
Senior Utility Service Worker  
23 years of service



Greg Price  
Senior Utility Service Worker  
13 years of service



Charles Struebing  
Utility Service Worker  
10 years of service



Eric Pier  
Utility Service Worker  
8 years of service



J. Ryan Maughan  
Utility Service Worker  
7 years of service



James Flatow  
Senior Utility Service Worker  
5 years of service



Mark Proeber  
Utility Service Worker  
5 years of service



Paul Craig  
Utility Service Worker  
Less than 1 year of service

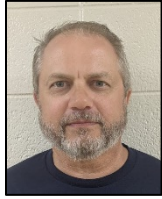
### *Custodian*



Connie Gulland  
Custodian  
11 years of service

## Utility Team Members

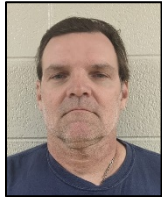
### *Treatment Plant Department*



Michael Robe  
Treatment Plant Manager  
24 years of service



Jeffery White  
Treatment Plant Operator  
33 years of service



Eugene Klees  
Treatment Plant Operator  
19 years of service



Matthew Messerschmidt  
Outgoing Treatment Plant Operator  
13 years of service



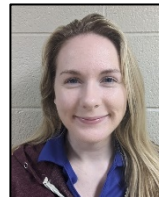
Michael Muschinski  
Outgoing Treatment Plant Operator  
12 years of service



Juan Anaya  
Treatment Plant Operator  
12 years of service



Andrew Krueger  
Treatment Plant Operator  
5 years of service



Melissa Ludke  
Treatment Plant Operator  
2 years of service



Jamey Roper  
Treatment Plant Operator  
1 year of service



Steven Edlebeck  
Treatment Plant Operator  
1 year of service

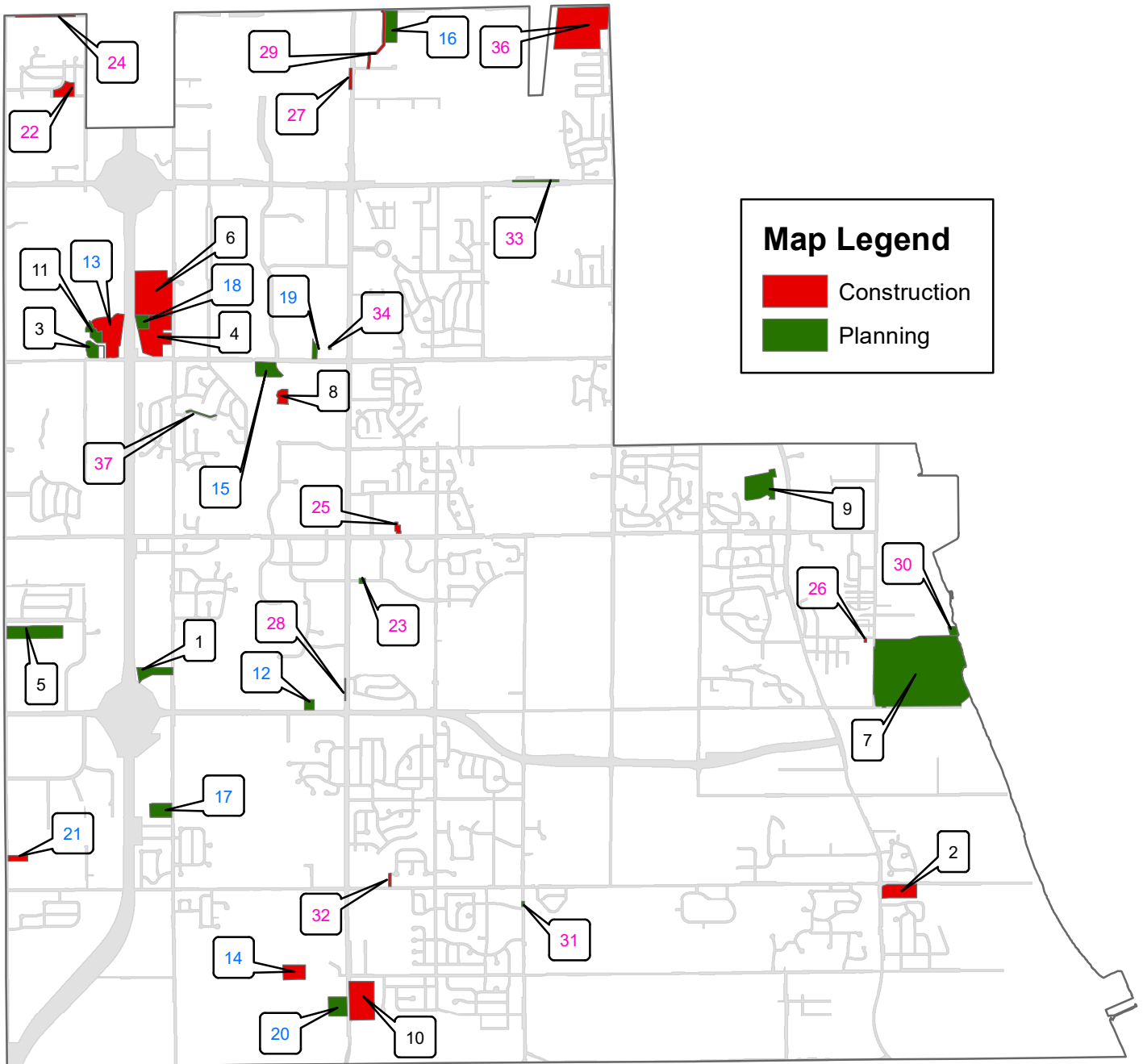


Cody Knoblock  
Treatment Plant Operator  
1 year of service



Patrick Gallagher  
Incoming Treatment Plant Operator  
Less than 1 year of service

## 2020 Project Activity



**Map Legend**

- Construction
- Planning

Residential

- 1 Avid Hotel
- 2 Chicago & Oakwood CSM
- 3 Creekside Apartments
- 4 Highgate
- 5 Hilltop Terrace
- 6 Hub 13
- 7 Lakeshore Commons
- 8 Parterre
- 9 Ashbury Woods Phase 2
- 10 Residences of Oak View
- 11 Stand Rock

Commercial/Industrial

- 12 Brentwood Vet
- 13 Creekside Crossing Market Place
- 14 Dickman IV
- 15 Froedtert Expansion
- 16 Industrial Development
- 17 Industrial Development
- 18 MKE Yard
- 19 North Shore Bank
- 20 Stella & Chewy's Adbn.
- 21 Surgery Center

Government/Institutional

- 22 Cedar Hills Renovation
- 23 Centennial Dr. Sanitary Relay
- 24 College WM Loop
- 25 High School PAC
- 26 House Demolition
- 27 Howell Ave. WM Loop
- 28 Howell WM Lining
- 29 Jewell St. Lift Station Aband  
& Sanitary Sewer Installation

Government/Institutional (cont.)

- 30 Low Lift Station Upgrades
- 31 Nicholson Bridge WM Offset
- 32 Quail Run WM Loop
- 33 Rawson Ave. Loop
- 34 Sanitary Sewer Dump Station
- 35 Sanitary Sewer Rehab (various areas)
- 36 USPS
- 37 Weatherly WM Loop



# FINANCIAL SECTION

Scrapped water meters from the  
Utility's meter exchange program



*A Commitment to Water Quality*

## **Independent Auditors' Report**

To the Board of Public Works and Capital Assets of  
Oak Creek Water and Sewer Utility

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Oak Creek Water and Sewer Utility, enterprise funds of the City of Oak Creek, Wisconsin, as of and for the years ended December 31, 2020 and 2019 and the related notes to the 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Oak Creek Water and Sewer Utility'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 Oak Creek Water and Sewer Utility'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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oak Creek Water and Sewer Utility as of December 31, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Oak Creek Water and Sewer Utility enterprise funds and do not purport to and do not, present fairly the financial position of the City of Oak Creek, Wisconsin, as of December 31, 2020 and 2019 and the respective changes in financial position or cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The introductory section and statistical information as identified in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion or provide any assurance on it.

*Baker Tilly US, LLP*

Madison, Wisconsin  
July 29, 2021

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Management's Discussion and Analysis

Years Ended December 31, 2020 and 2019

The management of Oak Creek Water and Sewer Utility (Utility) offers all persons interested in the financial position of the Utility this narrative overview and analysis of the Utility's financial performance during the years ending December 31, 2020 and 2019. You are invited to read this narrative in conjunction with the Utility's financial statements.

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### FINANCIAL HIGHLIGHTS

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- Total net position increased by \$5,472,373, or 4.49%. The Water Utility's net position increased by \$4,212,193, or 5.43%, and the Sewer Utility's net position increased by \$1,260,180, or 2.83%. This overall increase in net position is due to a combination of operating revenues exceeding operating expenses, nonoperating revenues including interest and investment income, less nonoperating expenses comprised mostly of interest expense on debt, and the addition of capital contributions. Usage was higher for the Water and Sewer Utility in 2020.
- Total operating revenues, generated mostly by user fees, increased by \$565,586 or about 3.68%. Operating revenues increased for the Water Utility by \$357,145, or 3.24 %, and increased for the Sewer Utility by \$208,441, or 4.79%. The overall increase is mainly due to greater water and sewer usage and an increase in Milwaukee Metropolitan Sewerage District pass-through rates that became effective on January 1, 2020. Water and local sanitary sewer rates remained unchanged from 2019 to 2020.
- Total operating expenses in 2020 were \$2,110,662 less than the amount in 2019, which is a 14.20% decrease. The Water Utility's operating expenses decreased by \$2,264,926, or 21.40%, and the Sewer Utility's operating expenses increased by \$154,264, or 3.61%. The overall decrease is primarily due to substantial expenses incurred in 2019 for engineering design costs pertaining to a water treatment plant upgrade project that was not constructed, per the Public Service Commission of Wisconsin, and an increase in the estimated liability for pollution remediation of contaminated soils. The Sewer Utility's decrease in operating expenses is mostly due to a greater sewer user charges paid to Milwaukee Metropolitan Sewerage District.
- Total investment and interest income decreased by \$486,819, or 65.71%, in 2020 as a result of much lower interest rates provided by the Local Government Investment Pool. Interest expense decreased in 2020 by \$50,016, or 9.12%, due to lower balances of outstanding debt and a bond refunding, which resulted in a lower rate.

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### OVERVIEW OF THE FINANCIAL STATEMENTS

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The Utility is a self-supporting entity and is comprised of two separate enterprise funds, water and sewer, of the City of Oak Creek (Municipality or Primary Government). The Utility provides water and sewer services to properties within the Municipality and also provides water services to certain areas outside the Municipality.

The Utility is managed by a Commission consisting of five appointed members. The Water Utility operates under service rules and rates that are established by the Public Service Commission of Wisconsin (PSCW). Rates and rules for the Sewer Utility are established by the Commission. Wastewater is treated per agreement with the Milwaukee Metropolitan Sewerage District.

*See accompanying independent auditors' report.*

## Management's Discussion and Analysis

Years Ended December 31, 2020 and 2019

This annual report includes management's discussion and analysis, the independent auditors' report and the financial statements of the Utility. The financial statements also include notes that explain in more detail some of the information in the financial statements.

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### REQUIRED FINANCIAL STATEMENTS

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The financial statements of the Utility report information using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

The *Statements of Net Position* includes all of the Utility's assets, liabilities and deferred outflows and inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the Utility and assessing the liquidity and financial flexibility of the Utility.

All of the current year's revenues and expenses are accounted for in the *Statements of Revenues, Expenses and Changes in Net Position*. This statement measures the success of the Utility's operations over the past year and can be used to determine whether the Utility's user charges are sufficient.

The final required financial statement is the *Statements of Cash Flows*. This statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing and financial activities, and provides answers to such questions as where did cash come from, what was cash used for and what was the change in the cash balance during the reporting period.

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### UTILITY FINANCIAL ANALYSIS

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An analysis of the Utility's financial position begins with a review of the *Statements of Net Position* and the *Statements of Revenues, Expenses and Changes in Net Position* report information. These two statements report the Utility's net position and changes therein. The Utility's net position (the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources) is the key to measuring the financial health of the Utility. Over time, increases or decreases in the net position value are an indicator of whether the financial position is improving or deteriorating. However, it should be noted that the financial position could also be affected by other non-financial factors including economic conditions, population growth and new regulations. The Utility's overall financial position has improved for the years ended December 31, 2020 and 2019.

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### NET POSITION

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A summary of the overall Utility's *Statements of Net Position* is presented below in Table 1.

*See accompanying independent auditors' report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Management's Discussion and Analysis**

*Years Ended December 31, 2020 and 2019*

**Table 1**  
**Condensed Statements of Net Position – Utility Totals**  
**2020, 2019 and 2018**

	2020	2019	2018	2020 vs. 2019		2019 vs. 2018	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Current Assets	\$ 34,924,742	\$ 32,897,669	\$ 31,082,636	\$ 2,027,073	6.16 %	\$ 1,815,033	5.84 %
Net Capital Assets	113,883,477	111,546,023	111,636,225	2,337,454	2.10	(90,202)	(0.08)
Other Noncurrent Assets	2,876,029	2,873,976	3,481,665	2,053	0.07	(607,689)	(17.45)
Total Assets	151,684,248	147,317,668	146,200,526	4,366,580	2.96	1,117,142	0.76
Unamortized loss on advance refunding of revenue bonds	107,588	11,874	24,827	95,714	806.08	(12,953)	(52.17)
Deferred outflows related to pension	1,036,277	1,421,262	772,951	(384,985)	(27.09)	648,311	83.87
Deferred outflows related to other postemployment benefits	347,952	294,348	236,591	53,604	18.21	57,757	N/A
Total Deferred Outflows of Resources	1,491,817	1,727,484	1,034,369	(235,667)	(13.64)	693,115	67.01
Total Assets and Deferred Outflows of Resources	153,176,065	149,045,152	147,234,895	4,130,913	2.77	1,810,257	1.23
Long-term Debt Outstanding, net of unamortized premiums	14,671,210	15,775,543	17,276,405	(1,104,333)	(7.00)	(1,500,862)	(8.69)
Due to Sewer Utility - advance	1,980,754	2,098,619	2,216,084	(117,865)	(5.62)	(117,465)	(5.30)
Other Liabilities	7,904,303	8,487,160	7,601,009	(582,857)	(6.87)	886,151	11.66
Total Liabilities	24,556,267	26,361,322	27,093,498	(1,805,055)	(6.85)	(732,176)	(2.70)
Deferred inflows related to pension	1,230,333	722,697	776,388	507,636	70.24	(53,691)	(6.92)
Deferred inflows related to other postemployment benefits	122,051	166,092	2,137	(44,041)	(26.52)	163,955	N/A
Total Deferred Inflows of Resources	1,352,384	888,789	778,525	463,595	52.16	110,264	14.16
Total Liabilities and Deferred Inflows of Resources	25,908,651	27,250,111	27,872,023	(1,341,460)	(4.92)	(621,912)	(2.23)
Net Investment in Capital Assets	99,304,447	95,719,714	93,773,494	3,584,733	3.75	1,946,220	2.08
Restricted							
Revenue bond redemption	532,037	45,833	68,750	486,204	1,060.82	(22,917)	(33.33)
Revenue bond reserve	565,545	763,961	811,056	(198,416)	(25.97)	(47,095)	(5.81)
Revenue bond depreciation	17,000	-	-	17,000	N/A	-	N/A
Pension	416,184	-	406,918	416,184	N/A	(406,918)	N/A
Unrestricted	26,432,201	25,265,533	24,302,654	1,166,668	4.62	962,879	3.96
Total Net Position	\$ 127,267,414	\$ 121,795,041	\$ 119,362,872	\$ 5,472,373	4.49 %	\$ 2,432,169	2.04 %

As shown in the table above, total net position increased by \$5,472,373 in 2020, an increase of 4.49%. The majority of this increase is due to a combination of operating revenues exceeding operating expenses and the addition of capital contributions. Greater water usage in 2020 contributed to an increase in operating revenues and net position.

*See accompanying independent auditors' report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Management's Discussion and Analysis**

*Years Ended December 31, 2020 and 2019*

Total net position increased by \$2,432,169 to \$121,795,041 in 2019, an increase of 2.04%. This increase is primarily due to the receipt of capital contributions and greater operating revenues than expenses. Increased water usage and sanitary sewer volume collected contributed to greater operating revenues and an increase in net position.

The restricted portion of net position includes accounts that are limited by bond covenants and the pension plan. Listed below are the restricted portions of net position:

Redemption – Used for debt service payments.

Reserve – Used for any deficiencies in the redemption account.

Depreciation – Provide a proper and adequate deprecation account for the system

Pension – Used for pension plan funding.

A summary of the individual funds', Water and Sewer Utilities, *Statements of Net Position* is presented in Tables 2 and 3.

**Table 2**  
**Condensed Statements of Net Position – Water Utility**  
**2020, 2019 and 2018**

	2020	2019	2018	2020 vs. 2019		2019 vs. 2018	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Current Assets	\$ 25,717,497	\$ 22,991,221	\$ 21,688,012	\$ 2,726,276	11.86 %	\$ 1,303,209	6.01 %
Net Capital Assets	78,199,981	77,973,399	78,300,447	226,582	0.29	(327,048)	(0.42)
Other Noncurrent Assets	986,227	864,624	1,265,629	121,603	14.06	(401,005)	(31.68)
<b>Total Assets</b>	<b>104,903,705</b>	<b>101,829,244</b>	<b>101,254,088</b>	<b>3,074,461</b>	<b>3.02</b>	<b>575,156</b>	<b>0.57</b>
Unamortized loss on advance refunding of revenue bonds	107,588	11,874	24,827	95,714	806.08	(12,953)	(52.17)
Deferred outflows related to pension	829,018	1,137,005	618,357	(307,987)	(27.09)	518,648	83.88
Deferred outflows related to other postemployment benefits	278,754	235,493	189,282	43,261	18.37	46,211	N/A
<b>Total Deferred Outflows of Resources</b>	<b>1,215,360</b>	<b>1,384,372</b>	<b>832,466</b>	<b>(169,012)</b>	<b>(12.21)</b>	<b>551,906</b>	<b>66.30</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>106,119,065</b>	<b>103,213,616</b>	<b>102,086,554</b>	<b>2,905,449</b>	<b>2.81</b>	<b>1,127,062</b>	<b>1.10</b>
Long-term Debt Outstanding, net of unamortized premiums	14,671,210	15,775,543	17,276,405	(1,104,333)	(7.00)	(1,500,862)	(8.69)
Due to Sewer Utility - advance	1,980,754	2,098,619	2,216,084	(117,865)	(5.62)	(117,465)	(5.30)
Other Liabilities	6,638,854	7,094,281	6,265,665	(455,427)	(6.42)	828,616	13.22
<b>Total Liabilities</b>	<b>23,290,818</b>	<b>24,968,443</b>	<b>25,758,154</b>	<b>(1,677,625)</b>	<b>(6.72)</b>	<b>(789,711)</b>	<b>(3.07)</b>
Deferred inflows related to pension	984,267	578,156	621,109	406,111	70.24	(42,953)	(6.92)
Deferred inflows related to other postemployment benefits	97,645	132,875	1,710	(35,230)	(26.51)	131,165	N/A
<b>Total Deferred Inflows of Resources</b>	<b>1,081,912</b>	<b>711,031</b>	<b>622,819</b>	<b>370,881</b>	<b>52.16</b>	<b>88,212</b>	<b>14.16</b>

*See accompanying independent auditors' report.*



**OAK CREEK WATER AND SEWER UTILITY**

**Management's Discussion and Analysis**

*Years Ended December 31, 2020 and 2019*

**Table 2 (continued)**

	2020	2019	2018	2020 vs. 2019		2019 vs. 2018	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Total Liabilities and Deferred Inflows of Resources	24,372,730	25,679,474	25,900,836	(1,306,744)	(5.09)	(221,362)	(0.85)
Net Investment in Capital Assets	63,620,951	62,179,713	60,516,255	1,441,238	2.32	1,663,458	2.75
Restricted							
Revenue bond redemption	532,037	45,833	68,750	486,204	1,060.82	(22,917)	(33.33)
Revenue bond reserve	565,545	763,961	811,056	(198,416)	(25.97)	(47,095)	(5.81)
Revenue bond depreciation	17,000	-	-	17,000	N/A	-	N/A
Pension	332,948	-	325,534	332,948	-	(325,534)	N/A
Unrestricted	16,677,854	14,544,635	13,983,986	2,133,219	14.67	560,649	4.01
Total Net Position	\$ 81,746,335	\$ 77,534,142	\$ 75,705,581	\$ 4,212,193	5.43 %	\$ 1,828,561	2.42 %

Table 2 displays the increase in the Water Utility's net position by \$4,212,193, or 5.43%, from 2019 to 2020.

This increase in net position is mainly a result of capital asset contributions and the excess of operating revenues over operating expenses. Greater water usage contributed to an increase in operating revenues and net position.

The Water Utility's net position increased by \$1,828,561 to \$77,534,142 from 2018 to 2019, or 2.42%. This increase in net position is mostly due to operating revenues exceeding operating expenses and the addition of capital contributions. An increase in water usage for 2018 contributed to greater operating revenues and an increase in net position.

The restricted portion of net position includes accounts that are limited by bond covenants and the pension plan. Listed below are the restricted portions of net position:

Redemption – Used for debt service payments.

Reserve – Used for any deficiencies in the redemption account.

Depreciation – Provide a proper and adequate depreciation account for the system

Pension – Used for pension plan funding.

**Table 3**  
**Condensed Statements of Net Position – Sewer Utility**  
**2020, 2019 and 2018**

	2020	2019	2018	2020 vs. 2019		2018 vs. 2017	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Current Assets	\$ 9,207,245	\$ 9,906,448	\$ 9,394,624	\$ (699,203)	(7.06) %	\$ 511,824	5.45 %
Net Capital Assets	35,683,496	33,572,624	33,335,778	2,110,872	6.29	236,846	0.71
Other Noncurrent Assets	1,889,802	2,009,352	2,216,036	(119,550)	(5.95)	(206,684)	(9.33)
Total Assets	46,780,543	45,488,424	44,946,438	1,292,119	2.84	541,986	1.21
Deferred outflows related to pension	207,259	284,257	154,594	(76,998)	(27.09)	129,663	83.87
Deferred outflows related to other postemployment benefits	69,198	58,855	47,309	10,343	17.57	11,546	N/A
Total Deferred Outflows of Resources	276,457	343,112	201,903	(66,655)	(19.43)	141,209	69.94

*See accompanying independent auditors' report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Management's Discussion and Analysis**

*Years Ended December 31, 2020 and 2019*

**Table 3 (continued)**

	2020	2019	2018	2020 vs. 2019		9	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Total Assets and Deferred Outflows of Resources	47,057,000	45,831,536	45,148,341	1,225,464	2.67	683,195	1.51
Other Liabilities	1,265,449	1,392,879	1,335,344	(127,430)	(9.15)	57,535	4.31
Total Liabilities	1,265,449	1,392,879	1,335,344	(127,430)	(9.15)	57,535	4.31
Deferred inflows related to pension	246,066	144,541	155,279	101,525	70.24	(10,738)	(6.92)
Deferred inflows related to other postemployment benefits	24,406	33,217	427	(8,811)	(26.53)	32,790	N/A
Total Deferred Inflows of Resources	270,472	177,758	155,706	92,714	52.16	22,052	14.16
Total Liabilities and Deferred Inflows of Resources	1,535,921	1,570,637	1,491,050	(34,716)	(2.21)	79,587	5.34
Net Investment in Capital Assets	35,683,496	33,540,001	33,257,239	2,143,495	6.39	282,762	0.85
Restricted - Pension	83,236	-	81,384	83,236	-	(81,384)	N/A
Unrestricted	9,754,347	10,720,898	10,318,668	(966,551)	(9.02)	402,230	3.90
Sewer Utility Net Position	\$ 45,521,079	\$ 44,260,899	\$ 43,657,291	\$ 1,260,180	2.85 %	\$ 603,608	1.38 %

In review of Table 3, the Sewer Utility's net position increased by \$1,260,180 to \$45,521,079 or 2.85%, from 2019 to 2020. This increase in net position is primarily due to capital asset contributions, the excess of operating revenues over operating expenses and nonoperating interest earned on cash and investments.

The Sewer Utility's net position increased by \$603,608 to \$44,260,899, from 2018 to 2019, an increase of 1.38%. This increase is mainly due to capital asset contributions and nonoperating investment and interest income. A slight increase in sanitary sewer volume collected contributed to an increase in operating revenues and net position.

The restricted portion of net position includes accounts that are limited by the pension plan. Listed below is the restricted portion of net position:

Pension – Used for pension plan funding.

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**REVENUES, EXPENSES AND CHANGES IN NET POSITION**

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The specific nature or source of changes in net position becomes more evident in the Utility's *Statements of Revenues, Expenses and Changes in Net Position* as shown in Tables 4 through 6. These statements provide an indication of the Utility's financial health.

*See accompanying independent auditors' report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Management's Discussion and Analysis**

*Years Ended December 31, 2020 and 2019*

**Table 4**  
**Condensed Statements of Revenues, Expenses and Changes in Net Position – Utility Totals**  
**2020, 2019 and 2018**

	2020	2019	2018	2020 vs. 2019		2019 vs. 2018	
				Dollar Change	Percent Change	Dollar Change	Percent Change
<b>Operating Revenues:</b>							
Retail metered sales	\$ 10,342,456	\$ 9,978,927	\$ 9,936,798	\$ 363,529	3.64 %	\$ 42,129	0.42 %
Sales for resale	3,660,882	3,488,294	3,422,276	172,588	4.95	66,018	1.93
Unmetered sales	16,869	25,734	16,593	(8,865)	(34.45)	9,141	55.09
Private fire protection	206,808	196,347	189,952	10,461	5.33	6,395	3.37
Public fire protection	1,241,058	1,227,984	1,216,171	13,074	1.06	11,813	0.97
Interest and penalties	63,781	115,753	121,595	(51,972)	(44.90)	(5,842)	(4.80)
Rents from water property	327,893	292,754	309,608	35,139	12.00	(16,854)	(5.44)
Uncollectible accounts	-	(28,560)	-	28,560	N/A	(28,560)	N/A
Miscellaneous	69,571	66,499	84,647	3,072	4.62	(18,148)	(21.44)
<b>Total Operating Revenues</b>	<b>15,929,318</b>	<b>15,363,732</b>	<b>15,297,640</b>	<b>565,586</b>	<b>3.68</b>	<b>66,092</b>	<b>0.43</b>
<b>Nonoperating Revenues:</b>							
Investment and interest income	254,059	740,878	475,323	(486,819)	(65.71)	265,555	55.87
Merchandising and jobbing	-	-	-	-	N/A	-	N/A
Amortization	-	-	458	-	N/A	(458)	N/A
Gain on sale of capital assets	5,050	18,580	-	(13,530)	N/A	18,580	N/A
<b>Total Nonoperating Revenues</b>	<b>259,109</b>	<b>759,458</b>	<b>475,781</b>	<b>(500,349)</b>	<b>(65.88)</b>	<b>283,677</b>	<b>59.62</b>
<b>Total Revenues</b>	<b>16,188,427</b>	<b>16,123,190</b>	<b>15,773,421</b>	<b>65,237</b>	<b>0.40</b>	<b>349,769</b>	<b>2.22</b>
<b>Expenses:</b>							
Amortization Expense	10,432	3,199	-	7,233	226.10	3,199	N/A
Depreciation Expense	3,243,013	3,120,969	3,070,613	122,044	3.91	50,356	1.64
Taxes Expense	1,943,969	1,900,730	1,834,973	43,239	2.27	65,757	3.58
Other Operating Expenses	7,551,398	9,834,576	8,571,501	(2,283,178)	(23.22)	1,263,075	14.74
Nonoperating Expenses	634,271	555,801	562,486	78,470	14.12	(6,685)	(1.19)
<b>Total Expenses</b>	<b>13,383,083</b>	<b>15,415,275</b>	<b>14,039,573</b>	<b>(2,032,192)</b>	<b>(13.18)</b>	<b>1,375,702</b>	<b>9.80</b>
<b>Income Before Capital Contributions</b>	<b>2,805,344</b>	<b>707,915</b>	<b>1,733,848</b>	<b>2,097,429</b>	<b>296.28</b>	<b>(1,025,933)</b>	<b>(59.17)</b>
<b>Capital Contributions</b>	<b>2,667,029</b>	<b>1,724,254</b>	<b>2,750,563</b>	<b>942,775</b>	<b>54.68</b>	<b>(1,026,309)</b>	<b>(37.31)</b>
<b>Changes in Total Net Position</b>	<b>5,472,373</b>	<b>2,432,169</b>	<b>4,484,411</b>	<b>3,040,204</b>	<b>125.00</b>	<b>(2,052,242)</b>	<b>(45.76)</b>
<b>Beginning Total Net Position</b>	<b>121,795,041</b>	<b>119,362,872</b>	<b>116,293,773</b>	<b>2,432,169</b>	<b>2.04</b>	<b>3,069,099</b>	<b>2.64</b>
<b>Ending Total Net Position, Prior to Cumulative Effect of a Change in Accounting Principle</b>	<b>127,267,414</b>	<b>121,795,041</b>	<b>120,778,184</b>	<b>5,472,373</b>	<b>4.49</b>	<b>1,016,857</b>	<b>0.84</b>
<b>Cumulative Effect of a Change in Accounting Principle</b>	<b>-</b>	<b>-</b>	<b>(1,415,312)</b>	<b>-</b>	<b>N/A</b>	<b>1,415,312</b>	<b>N/A</b>
<b>Ending Total Net Position</b>	<b>\$ 127,267,414</b>	<b>\$ 121,795,041</b>	<b>\$ 119,362,872</b>	<b>\$ 5,472,373</b>	<b>4.49 %</b>	<b>\$ 2,432,169</b>	<b>2.04 %</b>

Operating revenues for the Utility increased by \$565,586, or 3.68%, for 2020 due to an increase in the volume of water sold and a Milwaukee Metropolitan Sewerage District rate increase effective January 1, 2020.

Nonoperating revenues decreased by \$500,349, or 65.88%, primarily as a result of lower interest rates and other investment income. Depreciation and amortization expense increased by \$129,277, or 4.14%, in 2020 due to

*See accompanying independent auditors' report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Management's Discussion and Analysis**

*Years Ended December 31, 2020 and 2019*

additional capital assets placed in service during the year. Capital asset additions also resulted in an increase in taxes expense by \$43,239 or 2.27%, for 2020. The decrease in other operating expenses of \$2,283,178, or 23.22%, was primarily due to the 2019 expenses incurred for engineering design costs pertaining to a water treatment plant upgrade project that was not constructed and a 2019 increase in the estimated liability for pollution remediation of contaminated soils, which are unusual and non-recurring expenses. Nonoperating expenses increased by \$78,470, or 14.12%, as a result of less interest incurred on outstanding debt. The increase of \$942,775 in capital contributions is mainly from more developer funded projects entered into service during 2020.

The Utility's operating revenues increased by \$66,092, or .43%, for 2019, as a result of greater water usage, an increase in sanitary sewer volume collected and a Milwaukee Metropolitan Sewerage District rate increase effective January 1, 2019. Water and local sanitary sewer rates remained unchanged from 2018 to 2019. Nonoperating revenues increased by \$283,677, or 59.62%, due to an increase in interest income earned on cash and investments from improving economic conditions. Depreciation expense increased by \$53,555 and taxes expense increased by \$65,757 due to capital asset additions. Other operating expenses increased by \$1,263,075, or 14.74%, due mainly to the same reasons listed in the paragraph above for why the current year costs decreased. Nonoperating expenses decreased by \$6,685, or 1.19%, for 2019 as a result of less interest on outstanding debt. The decrease of \$1,206,309 in capital contributions is mainly from fewer developer funded projects entered into service during 2019.

**Table 5**  
**Condensed Statements of Revenues, Expenses and Changes in Net Position – Water Utility**  
**2020, 2019 and 2018**

	2020	2019	2018	2020 vs. 2019		2019 vs. 2018	
				Dollar Change	Percent Change	Dollar Change	Percent Change
<b>Operating Revenues:</b>							
Retail metered sales	\$ 5,814,538	\$ 5,667,686	\$ 5,686,475	\$ 146,852	2.59 %	\$ (18,789)	(0.33) %
Sales for resale	3,660,882	3,488,294	3,422,276	172,588	4.95	66,018	1.93
Unmetered sales	16,869	25,734	16,593	(8,865)	(34.45)	9,141	55.09
Private fire protection	206,808	196,347	189,952	10,461	5.33	6,395	3.37
Public fire protection	1,241,058	1,227,984	1,216,171	13,074	1.06	11,813	0.97
Interest and penalties	37,690	67,601	72,242	(29,911)	(44.25)	(4,641)	(6.42)
Rents from water property	327,893	292,754	309,608	35,139	12.00	(16,854)	(5.44)
Uncollectible accounts	-	(13,845)	-	13,845	N/A	(13,845)	N/A
Miscellaneous	65,839	61,877	79,840	3,962	6.40	(17,963)	(22.50)
<b>Total Operating Revenues</b>	<b>11,371,577</b>	<b>11,014,432</b>	<b>10,993,157</b>	<b>357,145</b>	<b>3.24</b>	<b>21,275</b>	<b>0.19</b>
<b>Nonoperating Revenues:</b>							
Investment and interest income	149,364	502,509	320,498	(353,145)	(70.28)	182,011	56.79
Merchandising and jobbing	-	-	-	-	N/A	-	N/A
Amortization	-	-	458	-	N/A	(458)	N/A
Gain on sale of capital assets	5,050	18,580	-	(13,530)	N/A	18,580	N/A
<b>Total Nonoperating Revenues</b>	<b>154,414</b>	<b>521,089</b>	<b>320,956</b>	<b>(366,675)</b>	<b>(70.37)</b>	<b>200,133</b>	<b>62.36</b>
<b>Total Revenues</b>	<b>11,525,991</b>	<b>11,535,521</b>	<b>11,314,113</b>	<b>(9,530)</b>	<b>(0.08)</b>	<b>221,408</b>	<b>1.96</b>

*See accompanying independent auditors' report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Management's Discussion and Analysis**

*Years Ended December 31, 2020 and 2019*

**Table 5 (continued)**

	2020	2019	2018	2020 vs. 2019		2019 vs. 2018	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Amortization Expense	10,432	3,199	-	7,233	N/A	3,199	N/A
Depreciation Expense	2,675,022	2,566,441	2,517,822	108,581	4.23	48,619	1.93
Taxes Expense	1,900,825	1,856,151	1,790,672	44,674	2.41	65,479	3.66
Other Operating Expenses	3,734,544	6,159,958	4,455,532	(2,425,414)	(39.37)	1,704,426	38.25
Nonoperating Expenses	634,271	555,801	562,486	78,470	14.12	(6,685)	(1.19)
<b>Total Expenses</b>	<b>8,955,094</b>	<b>11,141,550</b>	<b>9,326,512</b>	<b>(2,186,456)</b>	<b>(19.62)</b>	<b>1,815,038</b>	<b>19.46</b>
Income (Loss) Before Capital Contributions	2,570,897	393,971	1,987,601	2,176,926	552.56	(1,593,630)	(80.18)
Capital Contributions	1,641,296	1,434,590	1,865,252	206,706	14.41	(430,662)	(23.09)
Changes in Total Net Position	4,212,193	1,828,561	3,852,853	2,383,632	130.36	(2,024,292)	(52.54)
Beginning Total Net Position	77,534,142	75,705,581	72,985,027	1,828,561	2.42	2,720,554	3.73
Ending Total Net Position	<u>\$ 81,746,335</u>	<u>\$ 77,534,142</u>	<u>\$ 76,837,880</u>	<u>\$ 4,212,193</u>	<u>5.43 %</u>	<u>\$ 696,262</u>	<u>0.91 %</u>

Operating revenues for the Water Utility increased by \$357,145, or 3.24%, for 2020 primarily due to greater water usage overall. Nonoperating revenues decreased by \$366,675, or 70.37%, mostly from lesser investment and interest income. Depreciation and amortization expense increased by \$115,814, or 4.51%, due to the additions of capital assets placed in service during 2020, offset by capital asset retirements and cost of removal. Capital asset additions also resulted in an increase in taxes expense by \$44,674, or 2.41% for 2020. The decreasing other operating expenses of \$2,425,414 or 39.37%, is mainly from the prior year expensing of engineering design costs pertaining to a water treatment plant improvement project that will not be constructed and an increase in the estimated liability for pollution remediation of contaminated soils. Nonoperating expenses increased by \$78,470, or 14.12%, mostly due to debt issuance costs associated with a bond refunding. Capital contributions increased by \$206,706 from the prior year, or 14.41%, due to more developer funded projects entered into service during 2020.

The Water Utility's operating revenues increased by \$21,275 or .19%, for 2019 due to greater water usage. Water rates remained unchanged for 2018 as compared to 2017. Nonoperating revenues increased during 2019 by \$200,133, or 62.36%, due to an increase in interest income earned on cash and investments from improving economic conditions. The increases of \$51,818, or 2.06%, in depreciation expense and \$65,479, or 3.66%, in taxes expense are a result of capital asset additions. Other operating expenses increased by \$1,704,426, or 38.25%, is mainly from the expensing of engineering design costs pertaining to a water treatment plant improvement project that will not be constructed and an increase in the estimated liability for pollution remediation of contaminated soils. The \$6,685 decrease in nonoperating expenses, or 1.19%, is mostly less interest incurred on outstanding debt. Capital contributions decreased by \$430,662 due to less developer-funded projects entered into service and State funding due for projects during 2019.

*See accompanying independent auditors' report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Management's Discussion and Analysis**

*Years Ended December 31, 2020 and 2019*

**Table 6**  
**Condensed Statements of Revenues, Expenses and Changes in Net Position – Sewer Utility**  
**2020, 2019 and 2018**

	2020	2019	2018	2020 vs. 2019		2019 vs. 2018	
				Dollar Change	Percent Change	Dollar Change	Percent Change
<b>Operating Revenues:</b>							
Retail metered sales	\$ 4,527,918	\$ 4,311,241	\$ 4,250,323	\$ 216,677	5.03 %	\$ 60,918	1.43 %
Interest and penalties	26,091	48,152	49,353	(22,061)	(45.82)	(1,201)	(2.43)
Uncollectible accounts	-	(14,715)	-	14,715	N/A	(14,715)	N/A
Miscellaneous	3,732	4,622	4,807	(890)	(19.26)	(185)	(3.85)
<b>Total Operating Revenues</b>	<b>4,557,741</b>	<b>4,349,300</b>	<b>4,304,483</b>	<b>208,441</b>	<b>4.79</b>	<b>44,817</b>	<b>1.04</b>
<b>Nonoperating Revenues:</b>							
Investment and interest income	104,695	238,369	154,825	(133,674)	(56.08)	83,544	53.96
<b>Total Nonoperating Revenues</b>	<b>104,695</b>	<b>238,369</b>	<b>154,825</b>	<b>(133,674)</b>	<b>(56.08)</b>	<b>83,544</b>	<b>53.96</b>
<b>Total Revenues</b>	<b>4,662,436</b>	<b>4,587,669</b>	<b>4,459,308</b>	<b>74,767</b>	<b>1.63</b>	<b>128,361</b>	<b>2.88</b>
<b>Expenses:</b>							
Depreciation Expense	567,991	554,528	552,791	13,463	2.43	1,737	0.31
Taxes Expense	43,144	44,579	44,301	(1,435)	(3.22)	278	0.63
Other Operating Expenses	3,816,854	3,674,618	4,115,969	142,236	3.87	(441,351)	(10.72)
<b>Total Expenses</b>	<b>4,427,989</b>	<b>4,273,725</b>	<b>4,713,061</b>	<b>154,264</b>	<b>3.61</b>	<b>(439,336)</b>	<b>(9.32)</b>
<b>Income Before Capital Contributions</b>	<b>234,447</b>	<b>313,944</b>	<b>(253,753)</b>	<b>(79,497)</b>	<b>(25.32)</b>	<b>567,697</b>	<b>(223.72)</b>
<b>Capital Contributions</b>	<b>1,025,733</b>	<b>289,664</b>	<b>885,311</b>	<b>736,069</b>	<b>254.11</b>	<b>(595,647)</b>	<b>(67.28)</b>
<b>Changes in Total Net Position</b>	<b>1,260,180</b>	<b>603,608</b>	<b>631,558</b>	<b>656,572</b>	<b>108.77</b>	<b>(27,950)</b>	<b>(4.43)</b>
<b>Beginning Total Net Position</b>	<b>44,260,899</b>	<b>43,657,291</b>	<b>43,308,746</b>	<b>603,608</b>	<b>1.38</b>	<b>348,545</b>	<b>0.80</b>
<b>Ending Total Net Position</b>	<b>\$ 45,521,079</b>	<b>\$ 44,260,899</b>	<b>\$ 43,940,304</b>	<b>\$ 1,260,180</b>	<b>2.85 %</b>	<b>\$ 320,595</b>	<b>0.73 %</b>

Operating revenues for the Sewer Utility increased by \$208,441, or 4.79%, mainly due to higher usage and an increase in Milwaukee Metropolitan Sewerage District rates which became effective January 1, 2020. Nonoperating revenues decreased by \$133,674, or 56.08%, as a result of lower investment and interest income. Depreciation expense increased by \$13,463, or 2.43%, due to capital asset additions; and taxes expense decreased by \$1,435, or 3.22%. Other operating expenses increased by \$142,236, or 3.87%, greater sewer user charges paid to Milwaukee Metropolitan Sewerage District in 2020, along with a slight increase in sanitary sewer collection volume. Capital contributions increased by \$736,069 as a result of more developer funded projects entered into service during 2020.

The Sewer Utility's operating revenues for 2019 increased by \$44,817, or 1.04%, primarily due to an increase in the Milwaukee Metropolitan Sewerage District rates effective January 1, 2019. Local sanitary sewer rates remained unchanged from 2018 to 2019. Nonoperating revenues increased by \$83,544, or 53.96%, as a result of

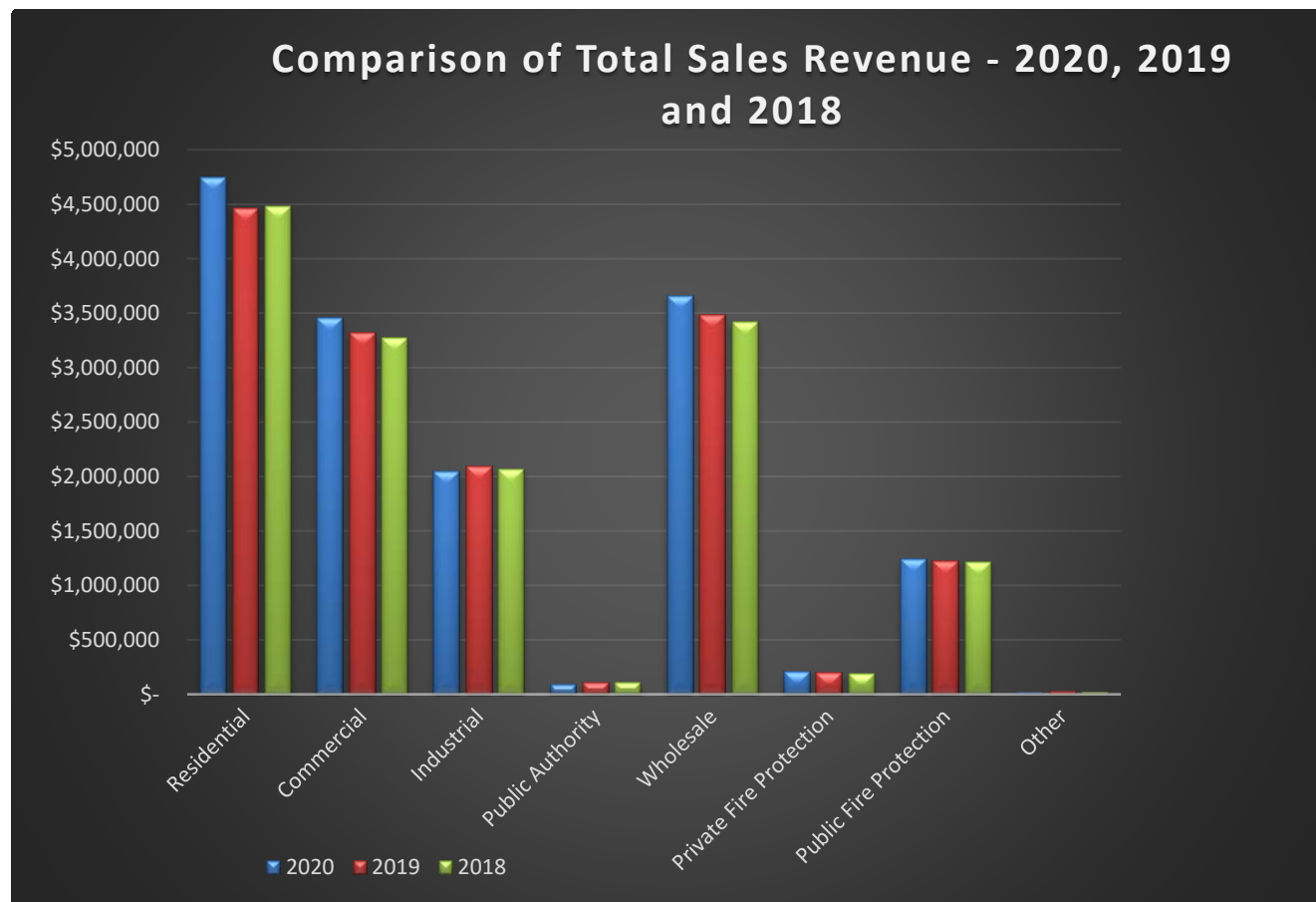
*See accompanying independent auditors' report.*

**Management’s Discussion and Analysis**

*Years Ended December 31, 2020 and 2019*

greater interest income earned on cash and investments from improving economic conditions. Depreciation expense increased by \$1,737, or .31%, and taxes expense increased slightly by \$278, or .68%. Other operating expenses decreased by \$441,351, or 10.72 due to significant sewer system rehabilitation costs incurred in the 2018, offset by greater sewer user charges paid to Milwaukee Metropolitan Sewerage District in 2019. Capital contributions decreased by \$595,647 due to less developer funded projects entered into service during 2019.

The following graph shows a comparison of total sales revenue for 2020, 2019 and 2018.



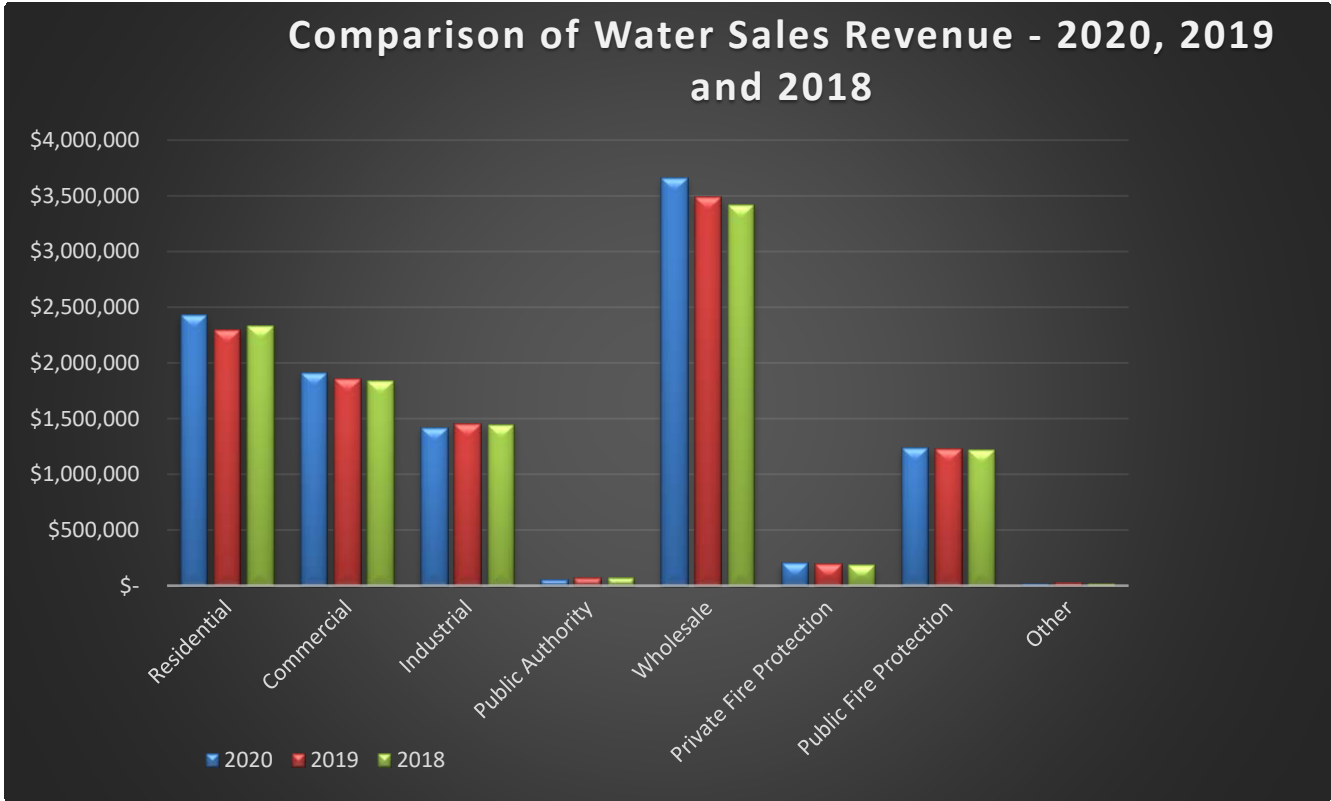
Overall, total sales revenues increased by \$550,787, or 3.69%, in 2020, which is mostly due to greater water usage and an increase in Milwaukee Metropolitan Sewerage District rates that became effective January 1, 2020. Water and local sanitary sewer rates remained unchanged from 2019 to 2020.

Total sales revenue increased by \$135,496, or .92%, for 2019 as compared to 2018. The primary reason for this increase in sales revenue is from greater water usage in 2019. Milwaukee Metropolitan Sewerage District rates were increased on January 1, 2019, which also contributed to an increase in sales revenue for the Utility. Water and local sanitary sewer rates remained unchanged from 2018 to 2019.

*See accompanying independent auditors’ report.*

**Management's Discussion and Analysis**  
*Years Ended December 31, 2020 and 2019*

The following graph shows a comparison of water sales revenues for 2020, 2019 and 2018.



Sales of water services increased by \$334,110, or 3.15%, for 2020. This increase in sales revenue is a result of an overall increase in water usage. Water rates remained unchanged from 2019 to 2020.

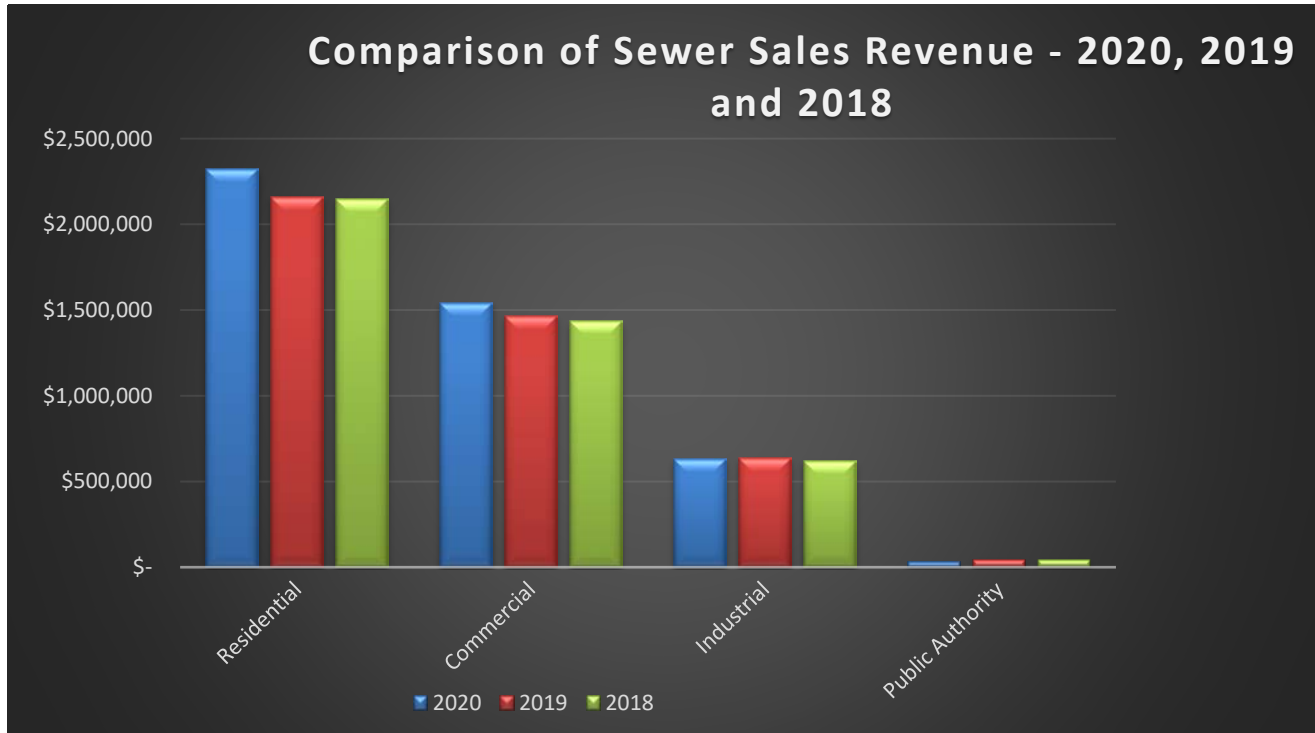
Water sales revenue increased by \$74,578, or .71%, for 2019. This increase is due to greater water usage for 2019. Water rates remained unchanged for 2019 as compared to 2018.

*See accompanying independent auditors' report.*



**Management's Discussion and Analysis**  
*Years Ended December 31, 2020 and 2019*

The following graph shows a comparison of sewer sales revenue for 2020, 2019 and 2018.



Sales of sewer services increased by \$216,677, or 5.03%, in 2020 and increased by \$60,918, or 1.43%, in 2019. These increases are mostly due to higher usage and annual adjustments in the Milwaukee Metropolitan Sewerage District charges. Changes in the sewage collection volume, which were slightly lower in 2019 and greater in 2018, also have an impact on revenues from sales of sewer services.

**CASH FLOWS**

The *Statements of Cash Flows*, illustrated in Tables 7 through 9, report the cash provided and used by operating activities, as well as other cash sources and uses derived from financing and investment activities.

**Table 7**  
**Condensed Statements of Cash Flows – Utility Totals**  
**2020, 2019 and 2018**

*See accompanying independent auditors' report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Management's Discussion and Analysis**

*Years Ended December 31, 2020 and 2019*

	2020	2019	2018	2020 vs. 2019		2019 vs. 2018	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Cash Flows From:							
Operating activities	\$ 6,354,432	\$ 6,301,220	\$ 4,925,318	\$ 53,212	0.84 %	\$ 1,375,902	27.94 %
Capital and related financing activities	(4,675,250)	(5,345,780)	(3,085,126)	670,530	(12.54)	(2,260,654)	73.28
Noncapital and related financing activities	117,865	117,465	117,067	400	0.34	398	0.34
Investing activities	2,841,405	2,721,877	806,411	119,528	4.39	1,915,466	237.53
Net Change in Cash and Cash Equivalents	4,638,452	3,794,782	2,763,670	843,670	22.23	1,031,112	37.31
Cash and Cash Equivalents - Beginning of Year	24,284,474	20,489,692	17,726,022	3,794,782	18.52	2,763,670	15.59
Cash and Cash Equivalents - End of Year	<u>\$ 28,922,926</u>	<u>\$ 24,284,474</u>	<u>\$ 20,489,692</u>	<u>\$ 4,638,452</u>	<u>19.10 %</u>	<u>\$ 3,794,782</u>	<u>18.52 %</u>

**Table 8  
Condensed Statements of Cash Flows – Water Utility  
2020, 2019 and 2018**

	2020	2019	2018	2020 vs. 2019		2019 vs. 2018	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Cash Flows From:							
Operating activities	\$ 5,694,431	\$ 5,573,332	\$ 4,815,735	\$ 121,099	2.17 %	\$ 757,597	15.73 %
Capital and related financing activities	(3,032,246)	(4,854,570)	(3,121,073)	1,822,324	(37.54)	(1,733,497)	55.54
Investing activities	2,774,772	2,725,066	827,902	49,706	1.82	1,897,164	229.15
Net Change in Cash and Cash Equivalents	5,436,957	3,443,828	2,522,564	1,993,129	57.88	921,264	36.52
Cash and Cash Equivalents - Beginning of Year	17,750,075	14,306,247	11,783,683	3,443,828	24.07	2,522,564	21.41
Cash and Cash Equivalents - End of Year	<u>\$ 23,187,032</u>	<u>\$ 17,750,075</u>	<u>\$ 14,306,247</u>	<u>\$ 5,436,957</u>	<u>30.63 %</u>	<u>\$ 3,443,828</u>	<u>24.07 %</u>

**Table 9  
Condensed Statements of Cash Flows – Sewer Utility  
2020, 2019 and 2018**

*See accompanying independent auditors' report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Management's Discussion and Analysis**

*Years Ended December 31, 2020 and 2019*

	2020	2019	2018	2020 vs. 2019		2019 vs. 2018	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Cash Flows From:							
Operating activities	\$ 660,001	\$ 727,888	\$ 109,583	\$ (67,887)	(9.33) %	\$ 618,305	564.23 %
Capital and related financing activities	(1,643,004)	(491,210)	35,947	(1,151,794)	(234.48)	(527,157)	(1,466.48)
Noncapital and related financing activities	117,865	117,465	117,067	400	(0.34)	398	0.34
Investing activities	66,633	(3,189)	(21,491)	69,822	(2,189.46)	18,302	(85.16)
Net Change in Cash and Cash Equivalents	(798,505)	350,954	241,106	(1,149,459)	(327.52)	109,848	45.56
Cash and Cash Equivalents - Beginning of Year	6,534,399	6,183,445	5,942,339	350,954	5.68	241,106	4.06
Cash and Cash Equivalents - End of Year	\$ 5,735,894	\$ 6,534,399	\$ 6,183,445	\$ (798,505)	(12.22) %	\$ 350,954	5.68 %

**CAPITAL ASSETS**

Tables 10 through 12 summarize the Utility's capital assets. Please refer to the *Notes to Financial Statements*, particularly the *Capital Assets* section of *Note 1 – Summary of Significant Accounting Policies* and *Note 8 – Changes in Capital Assets*, for further detail of the Utility's capital assets.

**Table 10**  
**Capital Assets – Utility Totals**  
**2020, 2019 and 2018**

	2020	2019	2018	2020 vs. 2019		2019 vs. 2018	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Source of supply plant	\$ 7,064,286	\$ 7,064,286	\$ 7,064,286	\$ -	- %	\$ -	- %
Pumping plant	9,017,117	9,017,117	8,879,824	-	-	137,293	1.55
Water treatment plant	25,455,285	25,423,116	25,285,960	32,169	0.13	137,156	0.54
Transmission and distribution plant	76,983,064	74,431,070	70,825,069	2,551,994	3.43	3,606,001	5.09
Collecting system - intangible	16,175	16,175	-	-	N/A	16,175	N/A
Collecting system - pumping equipment	242,170	242,170	242,170	-	-	-	-
Collecting system - other	46,050,483	45,057,952	44,489,071	992,531	2.20	568,881	1.28
General plant - intangible	69,544	69,544	-	-	N/A	69,544	N/A
General plant - other	5,527,443	5,473,212	5,451,994	54,231	0.99	21,218	0.39
Total Capital Assets	170,425,567	166,794,642	162,238,374	3,630,925	2.18	4,556,268	2.81
Accumulated amortization	(13,631)	(3,199)	-	(10,432)	N/A	(3,199)	N/A
Accumulated depreciation	(58,480,376)	(55,483,157)	(52,804,973)	(2,997,219)	5.40	(2,678,184)	5.07
Construction in progress	1,951,917	237,737	2,202,824	1,714,180	721.04	(1,965,087)	(89.21)
Net Capital Assets	\$ 113,883,477	\$ 111,546,023	\$ 111,636,225	\$ 2,337,454	2.10 %	\$ (90,202)	(0.08) %

*See accompanying independent auditors' report.*

## OAK CREEK WATER AND SEWER UTILITY

### Management's Discussion and Analysis

*Years Ended December 31, 2020 and 2019*

The Utility's capital assets increased by \$3,630,925, or 2.18%, in 2020. This increase is comprised of developer funded contributions of \$2,688,682, Primary Government funded contributions of \$26,128, and Utility financed capital asset additions of \$1,161,910 less \$245,795 from retirements and sales. Construction in progress increased by \$1,714,180, or 721.04%, mostly due a large sewer project that will be finished in 2021, but was still in progress at the end of 2020.

Total capital assets increased by \$4,556,268, or 2.81%, in 2019. This increase is comprised of developer funded contributions of \$1,003,285, State funded contributions of \$444,972, Primary Government funded contributions of \$267,048, special assessments of \$1,429 and Utility financed capital asset additions of \$3,222,570, less \$383,036 from retirements and sales. Construction in progress decreased by \$1,965,087, or 89.21%, mostly due water main extension and relay projects placed into service in 2019, along with expensing the engineering design costs pertaining to a water quality improvement project at the water treatment plant which was in progress as of 2018 and will no longer be constructed.

#### Capital Assets – Water Utility 2020, 2019 and 2018

	2020	2019	2018	2020 vs. 2019		2019 vs. 2018	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Source of supply plant	\$ 7,064,286	\$ 7,064,286	\$ 7,064,286	\$ -	- %	\$ -	- %
Pumping plant	9,017,117	9,017,117	8,879,824	-	-	137,293	1.55
Water treatment plant	25,455,285	25,423,116	25,285,960	32,169	0.13	137,156	0.54
Transmission and distribution plant	76,983,064	74,431,070	70,825,069	2,551,994	3.43	3,606,001	5.09
General plant - intangible	69,544	69,544	-	-	N/A	69,544	N/A
General plant - other	4,934,238	4,868,958	4,845,209	65,280	1.34	23,749	0.49
<b>Total Capital Assets</b>	<b>123,523,534</b>	<b>120,874,091</b>	<b>116,900,348</b>	<b>2,649,443</b>	<b>2.19</b>	<b>3,973,743</b>	<b>3.40</b>
Accumulated amortization	(13,631)	(3,199)	-	(10,432)	N/A	(3,199)	N/A
Accumulated depreciation	(45,528,130)	(43,024,951)	(40,794,780)	(2,503,179)	5.82	(2,230,171)	5.47
Construction in progress	218,208	127,458	2,194,879	90,750	71.20	(2,067,421)	(94.19)
<b>Net Capital Assets</b>	<b>\$ 78,199,981</b>	<b>\$ 77,973,399</b>	<b>\$ 78,300,447</b>	<b>\$ 226,582</b>	<b>0.29 %</b>	<b>\$ (327,048)</b>	<b>(0.42) %</b>

The Water Utility's capital assets increased by \$2,649,443, or 2.19%, in 2020. This increase is from a combination of developer funded contributions of \$1,615,171, Primary Government funded contributions of \$26,128 and Utility funded capital asset additions in the amount of \$1,229,573 less retirements and sales of \$221,573. Construction in progress increased by \$90,750, or 71.20%, due to water main extension and relay projects that were started in 2020, but not finished.

The Water Utility's total capital assets increased by \$3,973,743, or 3.40%, in 2019. This increase is from a combination of developer funded contributions of \$731,373, State funded contributions of \$444,972, Primary Government funded contributions of \$258,245 and Utility funded capital asset additions in the amount of \$2,913,067, less retirements and sales of \$373,914. Construction in progress decreased by \$2,067,421, or 94.19%, due to water main extension and relay projects placed into service in 2019, in addition to expensing the engineering design costs pertaining to a water quality improvement project at the water treatment plant which was in progress as of 2018 and will no longer be constructed.

*See accompanying independent auditors' report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Management's Discussion and Analysis**

*Years Ended December 31, 2020 and 2019*

**Table 12**  
**Capital Assets – Sewer Utility**  
**2020, 2019 and 2018**

	2020	2019	2018	2020 vs. 2019		2019 vs. 2018	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Collecting system - intangible	\$ 16,175	\$ 16,175	\$ -	\$ -	N/A %	\$ 16,175	N/A %
Collecting system - pumping equipment	242,170	242,170	242,170	-	-	-	-
Collecting system - other	46,050,483	45,057,952	44,489,071	992,531	2.20	568,881	1.28
General plant	593,206	604,254	606,785	(11,048)	(1.83)	(2,531)	(0.42)
<b>Total Capital Assets</b>	<b>46,902,034</b>	<b>45,920,551</b>	<b>45,338,026</b>	<b>981,483</b>	<b>2.14</b>	<b>582,525</b>	<b>1.28</b>
Accumulated depreciation	(12,952,246)	(12,458,206)	(12,010,193)	(494,040)	3.97	(448,013)	3.73
Construction in progress	1,733,709	110,279	7,945	1,623,430	1,472.11	102,334	1,288.03
<b>Net Capital Assets</b>	<b>\$ 35,683,497</b>	<b>\$ 33,572,624</b>	<b>\$ 33,335,778</b>	<b>\$ 2,110,873</b>	<b>6.29 %</b>	<b>\$ 236,846</b>	<b>0.71 %</b>

Capital assets for the Sewer Utility increased by \$981,483, or 2.14%, in 2020. This increase is comprised of developer funded contributions of \$992,531 and Utility funded capital asset additions of \$13,317, less retirements and sales of \$24,365. Construction in progress increased by \$1,623,430 in 2020, up from \$110,279 in 2019. This increase is mainly due to design costs incurred on the Jewell Streeel lift station abandonment project, which was in progress as of December 31, 2020.

The Sewer Utility's total capital assets increased by \$582,525, or 1.28%, in 2019. This increase is primarily due to the addition of sewer collection mains from developer projects in the amount of \$879,671. This increase is comprised of developer funded contributions of \$271,912, Primary Government funded contributions of \$8,803, special assessments of \$1,429 and Utility funded capital asset additions of \$309,503, less retirements and sales of \$9,122. Construction in progress increased by \$102,334 in 2019, up from \$7,945 in 2018. This increase is mainly due to design costs incurred on the Jewell Streeel lift station abandonment project, which was in progress as of December 31, 2019.

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**LONG-TERM DEBT**

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As of December 31, 2020 and 2019, the Utility had total revenue bond debt outstanding, net of unamortized premiums, of \$14,671,210 and \$15,773,047, respectively, payable from and secured by a pledge of income and revenue to be derived from the operation of the Utility.

The Water Utility had revenue bonds outstanding, net of unamortized premiums, as of December 31, 2020 and 2019 respectively, in the amounts of \$14,671,210 and \$15,773,047. These issues were for various construction projects including a raw water intake, a ground storage reservoir, a pumping station, transmission and distribution mains, expansion of the treatment plant and treatment plant electrical generation. In 2020, one of these issues was used to refund water revenue bonds to take advantage of lower rates. The Utility incurred current debt issuance costs but will save on future year's interest expense.

*See accompanying independent auditors' report.*

## Management's Discussion and Analysis

*Years Ended December 31, 2020 and 2019*

During 2013, the Sewer Utility advanced \$2,500,000 to the Water Utility to help finance Utility funded water main projects. The outstanding balances of this advance as of December 31, 2020 and 2019, respectively, were \$1,980,754 and \$2,098,619.

The Sewer Utility had no outstanding debt as of December 31, 2020 and 2019, respectively.

The Utility carries an Aa2 rating from Moody's Investors Service for its water and sewer revenue bonds. Please refer to *Note 9 – Long-Term Debt* in the *Notes to Financial Statements* for further detail of the Utility's long-term debt.

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### ECONOMIC FACTORS AND FUTURE PLANNING

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The primary service area of the Utility is located in southern Milwaukee County, and is one of the fastest growing areas in the state. The combined population growth for the Utility's service area has averaged 627 persons annually over the past ten years. Continued growth is projected for the Utility's service area into the extended future. In conjunction with its master plan, the Utility has maintained project and financial planning to keep pace with this growth. Rate structures are also reviewed on a consistent basis to ensure that water and sewer services are provided to customers at the best value.

The Utility's management team continues to focus on identifying and implementing necessary improvements. Through extensive planning, modeling, assessing and reviewing, all aspects of the Utility's operations are frequently evaluated in relation to best practices in the industry. The Utility has recognized opportunities for improvement, which are thoroughly researched and implemented by the team to best meet the growing needs of the Utility and its customers.

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### CONTACTING UTILITY'S FINANCIAL MANAGEMENT

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This financial report is designed to provide our customers and creditors with a general overview of the Utility's finances and to demonstrate the Utility's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Derrick Danner, Accounting Manager of the Oak Creek Water and Sewer Utility, at (414) 466-6644 or Oak Creek Water and Sewer Utility, 170 West Drexel Avenue, Oak Creek, WI 53154.

General information relating to the Oak Creek Water and Sewer Utility can be found at the Utility's web site <https://www.oakcreekwi.gov/government/departments/water-sewer-utility>

*See accompanying independent auditors' report.*

# FINANCIAL STATEMENTS

**OAK CREEK WATER AND SEWER UTILITY**

**Statements of Net Position**

*As of December 31, 2020 and 2019*

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2020	2019	2020	2019	2020	2019
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 22,814,996	\$ 17,750,075	\$ 5,735,894	\$ 6,534,399	\$ 28,550,890	\$ 24,284,474
Investments	-	2,543,650	2,289,165	2,249,788	2,289,165	4,793,438
Accounts receivable						
Customer	1,079,437	1,056,504	640,049	617,141	1,719,486	1,673,645
Unbilled	1,029,863	1,031,741	304,010	297,664	1,333,873	1,329,405
Other	23,603	464,859	2,212	668	25,815	465,527
Prepaid expenses	111,978	-	-	-	111,978	-
Inventory	100,395	77,354	-	-	100,395	77,354
Due from Water Utility - accrued interest receivable	-	-	285	1,621	285	1,621
Due from Water Utility - advance	-	-	193,265	117,865	193,265	117,865
Due from Primary Government	-	-	42,365	87,302	42,365	87,302
Restricted assets						
Revenue bond redemption account	557,225	67,038	-	-	557,225	67,038
Total Current Assets	25,717,497	22,991,221	9,207,245	9,906,448	34,924,742	32,897,669
<b>Noncurrent Assets</b>						
<b>Restricted Assets</b>						
Revenue bond reserve account	565,545	763,961	-	-	565,545	763,961
Revenue bond depreciation account	17,000	-	-	-	17,000	-
Net pension asset	332,948	-	83,236	-	416,184	-
Total Restricted Assets	915,493	763,961	83,236	-	998,729	763,961
<b>Other Assets</b>						
Property held for future use	5,000	5,000	-	-	5,000	5,000
Due from Water Utility - advance	-	-	1,787,489	1,980,754	1,787,489	1,980,754
Special assessments	65,734	95,663	19,077	28,598	84,811	124,261
Total Other Assets	70,734	100,663	1,806,566	2,009,352	1,877,300	2,110,015

43

*See accompanying notes to financial statements.*



**OAK CREEK WATER AND SEWER UTILITY**

**Statements of Net Position**

*As of December 31, 2020 and 2019*

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2020	2019	2020	2019	2020	2019
<i>(continued)</i>						
Capital Assets						
Land and land rights	242,750	242,750	13,145	13,145	255,895	255,895
Intangible assets	69,544	69,544	16,175	16,175	85,719	85,719
Plant in service	123,211,240	120,561,797	46,872,713	45,891,231	170,083,953	166,453,028
Construction work in progress	218,208	127,458	1,733,709	110,279	1,951,917	237,737
Accumulated amortization	(13,631)	(3,199)	-	-	(13,631)	(3,199)
Accumulated depreciation	(45,528,130)	(43,024,951)	(12,952,246)	(12,458,206)	(58,480,376)	(55,483,157)
Net Capital Assets	78,199,981	77,973,399	35,683,496	33,572,624	113,883,477	111,546,023
 Total Noncurrent Assets	79,186,208	78,838,023	37,573,298	35,581,976	116,759,506	114,419,999
 Total Assets	104,903,705	101,829,244	46,780,543	45,488,424	151,684,248	147,317,668
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Unamortized loss on advance refunding of revenue bonds	107,588	11,874	-	-	107,588	11,874
Deferred outflows related to pension	829,018	1,137,005	207,259	284,257	1,036,277	1,421,262
Deferred outflows related to other postemployment benefit	278,754	235,493	69,198	58,855	347,952	294,348
 Total Deferred Outflows of Resources	1,215,360	1,384,372	276,457	343,112	1,491,817	1,727,484
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	106,119,065	103,213,616	47,057,000	45,831,536	153,176,065	149,045,152
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable	171,705	249,237	785,403	771,111	957,108	1,020,348
Accrued payroll	32,258	109,711	1,695	8,917	33,953	118,628
Accrued interest payable	33,006	35,374	-	-	33,006	35,374
Due to Sewer Utility - accrued interest payable	285	1,621	-	-	285	1,621
Due to Sewer Utility - advance	193,265	117,865	-	-	193,265	117,865
Due to Primary Government	2,077,973	1,870,271	-	-	2,077,973	1,870,271

*See accompanying notes to financial statements.*

**OAK CREEK WATER AND SEWER UTILITY**

**Statements of Net Position**

*As of December 31, 2020 and 2019*

	<u>WATER UTILITY</u>		<u>SEWER UTILITY</u>		<u>TOTALS</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<i>(continued)</i>						
<b>Current Liabilities (continued)</b>						
Unearned revenue	28,743	19,295	-	-	28,743	19,295
Compensated absences	67,938	40,561	-	-	67,938	40,561
Payable from restricted assets						
Revenue bonds payable	1,116,046	1,234,333	-	-	1,116,046	1,234,333
Accrued interest payable	25,188	21,205	-	-	25,188	21,205
Total Current Liabilities	<u>3,746,407</u>	<u>3,699,473</u>	<u>787,098</u>	<u>780,028</u>	<u>4,533,505</u>	<u>4,479,501</u>
<b>Noncurrent Liabilities</b>						
Net other postemployment benefits liability/obligation	1,906,158	2,055,000	478,351	513,749	2,384,509	2,568,749
Net pension liability	-	396,406	-	99,102	-	495,508
Pollution remediation obligation	2,295,600	2,295,600	-	-	2,295,600	2,295,600
Due to Sewer Utility - advance	1,787,489	1,980,754	-	-	1,787,489	1,980,754
Revenue bonds payable, net of unamortized premiums	13,555,164	14,541,210	-	-	13,555,164	14,541,210
Total Noncurrent Liabilities	<u>19,544,411</u>	<u>21,268,970</u>	<u>478,351</u>	<u>612,851</u>	<u>20,022,762</u>	<u>21,881,821</u>
<b>TOTAL LIABILITIES</b>	<u>23,290,818</u>	<u>24,968,443</u>	<u>1,265,449</u>	<u>1,392,879</u>	<u>24,556,267</u>	<u>26,361,322</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pension	984,267	578,156	246,066	144,541	1,230,333	722,697
Deferred inflows related to other postemployment benefits	97,645	132,875	24,406	33,217	122,051	166,092
<b>Total Deferred Inflows of Resources</b>	<u>1,081,912</u>	<u>711,031</u>	<u>270,472</u>	<u>177,758</u>	<u>1,352,384</u>	<u>888,789</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>24,372,730</u>	<u>25,679,474</u>	<u>1,535,921</u>	<u>1,570,637</u>	<u>25,908,651</u>	<u>27,250,111</u>

45

*See accompanying notes to financial statements.*

**OAK CREEK WATER AND SEWER UTILITY**

**Statements of Net Position**

*As of December 31, 2020 and 2019*

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2020	2019	2020	2019	2020	2019
<i>(continued)</i>						
<b>NET POSITION</b>						
Net investment in capital assets	63,620,951	62,179,713	35,683,496	33,540,001	99,304,447	95,719,714
Restricted						
Revenue bond redemption	532,037	45,833	-	-	532,037	45,833
Revenue bond reserve	565,545	763,961	-	-	565,545	763,961
Revenue bond depreciation	17,000	-	-	-	17,000	-
Pension	332,948	-	83,236	-	416,184	-
Unrestricted	16,677,854	14,544,635	9,754,347	10,720,898	26,432,201	25,265,533
<b>TOTAL NET POSITION</b>	<b>\$ 81,746,335</b>	<b>\$ 77,534,142</b>	<b>\$ 45,521,079</b>	<b>\$ 44,260,899</b>	<b>\$ 127,267,414</b>	<b>\$ 121,795,041</b>

**OAK CREEK WATER AND SEWER UTILITY**

**Statements of Revenues, Expenses and Changes in Net Position**

*Years Ended December 31, 2020 and 2019*

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2020	2019	2020	2019	2020	2019
<b>Operating Revenues</b>						
Retail metered sales						
Residential	\$ 2,429,692	\$ 2,296,453	\$ 2,320,617	\$ 2,162,541	\$ 4,750,309	\$ 4,458,994
Commercial	1,913,865	1,853,665	1,543,728	1,466,898	3,457,593	3,320,563
Industrial	1,416,040	1,452,661	632,320	637,932	2,048,360	2,090,593
Public authority	54,941	64,907	31,253	43,870	86,194	108,777
Total retail metered sales	5,814,538	5,667,686	4,527,918	4,311,241	10,342,456	9,978,927
Sales for resale	3,660,882	3,488,294	-	-	3,660,882	3,488,294
Unmetered sales	16,869	25,734	-	-	16,869	25,734
Private fire protection	206,808	196,347	-	-	206,808	196,347
Public fire protection	1,241,058	1,227,984	-	-	1,241,058	1,227,984
Interest and penalties	37,690	67,601	26,091	48,152	63,781	115,753
Rents from water property	327,893	292,754	-	-	327,893	292,754
Uncollectible accounts	-	(13,845)	-	(14,715)	-	(28,560)
Miscellaneous	65,839	61,877	3,732	4,622	69,571	66,499
	11,371,577	11,014,432	4,557,741	4,349,300	15,929,318	15,363,732
<b>Operating Expenses</b>						
Operation and maintenance expenses						
Sewer user charge - Milwaukee Metropolitan Sewerage District	-	-	2,914,664	2,824,908	2,914,664	2,824,908
Source of supply						
Operation	49,016	49,066	-	-	49,016	49,066
Maintenance	288	3,173	-	-	288	3,173
Total source of supply	49,304	52,239	-	-	49,304	52,239
Pumping						
Operation	606,111	627,041	2,483	3,310	608,594	630,351
Maintenance	211,403	203,801	7,058	13,655	218,461	217,456
Total pumping	817,514	830,842	9,541	16,965	827,055	847,807

47

*See accompanying notes to financial statements.*

**OAK CREEK WATER AND SEWER UTILITY**

**Statements of Revenues, Expenses and Changes in Net Position**

*Years Ended December 31, 2020 and 2019*

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2020	2019	2020	2019	2020	2019
<i>(continued)</i>						
Water treatment						
Operation	596,399	639,520	-	-	596,399	639,520
Maintenance	254,918	251,589	-	-	254,918	251,589
Pollution remediation	-	683,139	-	-	-	683,139
Total water treatment	851,317	1,574,248	-	-	851,317	1,574,248
Transmission and distribution						
Operation	626,237	584,410	-	-	626,237	584,410
Maintenance	305,888	293,145	-	-	305,888	293,145
Total transmission and distribution	932,125	877,555	-	-	932,125	877,555
Collection						
Operation	-	-	250,394	256,355	250,394	256,355
Maintenance	-	-	106,334	87,896	106,334	87,896
Total collection	-	-	356,728	344,251	356,728	344,251
Customer accounts						
Meter reading	10,876	10,968	10,546	10,084	21,422	21,052
Records and collection	115,965	110,193	59,679	56,954	175,644	167,147
Total customer accounts	126,841	121,161	70,225	67,038	197,066	188,199
Administration and general						
Operation	563,738	2,002,408	354,523	240,921	918,261	2,243,329
Maintenance	636,294	631,849	434	1,651	636,728	633,500
Pension and benefits	(15,256)	160,339	165,291	201,470	150,035	361,809
Other postemployment benefits	(227,333)	(90,683)	(54,552)	(22,586)	(281,885)	(113,269)
Total administration and general	957,443	2,703,913	465,696	421,456	1,423,139	3,125,369

*See accompanying notes to financial statements.*

**OAK CREEK WATER AND SEWER UTILITY**

**Statements of Revenues, Expenses and Changes in Net Position**

*Years Ended December 31, 2020 and 2019*

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2020	2019	2020	2019	2020	2019
<i>(continued)</i>						
Total operation and maintenance expenses	3,734,544	6,159,958	3,816,854	3,674,618	7,551,398	9,834,576
Amortization	10,432	3,199	-	-	10,432	3,199
Depreciation	2,675,022	2,566,441	567,991	554,528	3,243,013	3,120,969
Taxes	1,900,825	1,856,151	43,144	44,579	1,943,969	1,900,730
<b>Total Operating Expenses</b>	8,320,823	10,585,749	4,427,989	4,273,725	12,748,812	14,859,474
<b>Operating Income (Loss)</b>	3,050,754	428,683	129,752	75,575	3,180,506	504,258
<b>Nonoperating Revenues (Expenses)</b>						
Investment income	49,228	165,418	39,377	67,330	88,605	232,748
Interest income	100,136	337,091	27,200	113,742	127,336	450,833
Interest income - Water Utility	-	-	38,118	57,297	38,118	57,297
Loss from merchandising and jobbing	(20,345)	(2,445)	-	-	(20,345)	(2,445)
Interest expense	(460,212)	(491,049)	-	-	(460,212)	(491,049)
Interest expense - Sewer Utility	(38,118)	(57,297)	-	-	(38,118)	(57,297)
Debt issuance costs	(107,718)	-	-	-	(107,718)	-
Amortization	(10,510)	(5,010)	-	-	(10,510)	(5,010)
Gain on sale of capital assets	5,050	18,580	-	-	5,050	18,580
Miscellaneous	2,632	-	-	-	2,632	-
<b>Total Nonoperating Revenues (Expenses)</b>	(479,857)	(34,712)	104,695	238,369	(375,162)	203,657
<b>Income (Loss) Before Capital Contributions</b>	2,570,897	393,971	234,447	313,944	2,805,344	707,915
<b>Capital Contributions</b>	1,641,296	1,434,590	1,025,733	289,664	2,667,029	1,724,254
<b>CHANGE IN NET POSITION</b>	4,212,193	1,828,561	1,260,180	603,608	5,472,373	2,432,169
<b>Net Position - Beginning of Year</b>	77,534,142	75,705,581	44,260,899	43,657,291	121,795,041	119,362,872
<b>Net Position - End of Year</b>	\$ 81,746,335	\$ 77,534,142	\$ 45,521,079	\$ 44,260,899	\$ 127,267,414	\$ 121,795,041

*See accompanying notes to financial statements.*

**OAK CREEK WATER AND SEWER UTILITY**

**Statements of Cash Flows**

*Years Ended December 31, 2020 and 2019*

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2020	2019	2020	2019	2020	2019
<b>Cash Flows From Operating Activities</b>						
Received from customers	\$ 11,016,353	\$ 10,661,486	\$ 4,523,187	\$ 4,350,979	\$ 15,539,540	\$ 15,012,465
Received from rents of water property	367,941	319,914	-	-	367,941	319,914
Paid for refund of rents of water property	(30,600)	(30,600)	-	-	(30,600)	(30,600)
Received for nonoperating activities	29,462	40,437	-	-	29,462	40,437
Paid for nonoperating activities	(49,807)	(42,742)	-	-	(49,807)	(42,742)
Received from other miscellaneous sources	65,839	102,141	3,732	4,587	69,571	106,728
Paid to Milwaukee Metropolitan Sewerage District for sewer user charges	-	-	(3,011,660)	(2,813,307)	(3,011,660)	(2,813,307)
Paid to Primary Government for tax equivalent	(1,730,567)	(1,661,921)	-	-	(1,730,567)	(1,661,921)
Paid to suppliers for goods and services	(2,167,231)	(2,121,451)	(437,786)	(395,451)	(2,605,017)	(2,516,902)
Paid to employees for operating payroll	(1,806,959)	(1,693,932)	(417,472)	(418,920)	(2,224,431)	(2,112,852)
Net Cash Flows From Operating Activities	5,694,431	5,573,332	660,001	727,888	6,354,432	6,301,220
<b>Cash Flows From Capital and Related Financing Activities</b>						
Acquisition and construction of capital assets	(1,519,448)	(3,213,032)	(1,725,149)	(513,296)	(3,244,597)	(3,726,328)
Proceeds received for acquisition and construction of capital assets	81,272	473,257	82,145	55,726	163,417	528,983
Received from Wisconsin Department of Transportation for acquisition and construction of capital assets	444,972	-	-	-	444,972	-
Proceeds received from salvage on capital assets	5,050	19,878	-	-	5,050	19,878
Cost of removal	-	(36,016)	-	(50,507)	-	(86,523)
Special assessment proceeds	-	64,949	-	9,347	-	74,296
Connection fees received	-	-	-	7,520	-	7,520
Paid to escrow for advance refunding of revenue bonds	(195,783)	-	-	-	(195,783)	-
Principal payment to Sewer Utility - advance	(117,865)	(117,465)	-	-	(117,865)	(117,465)
Debt retired	(1,231,837)	(1,492,919)	-	-	(1,231,837)	(1,492,919)
Interest paid to Sewer Utility - advance	(36,780)	(58,062)	-	-	(36,780)	(58,062)
Interest paid	(461,827)	(495,160)	-	-	(461,827)	(495,160)
Net Cash Flows From Capital and Related Financing Activities	(3,032,246)	(4,854,570)	(1,643,004)	(491,210)	(4,675,250)	(5,345,780)

50

*See accompanying notes to financial statements.*

**OAK CREEK WATER AND SEWER UTILITY**

**Statements of Cash Flows**

*Years Ended December 31, 2020 and 2019*

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2020	2019	2020	2019	2020	2019
<i>(continued)</i>						
<b>Cash Flows From Noncapital and Related Financing Activities</b>						
Principal received from Water Utility - advance	-	-	117,865	117,465	117,865	117,465
Net Cash Flows From Noncapital and Related Financing Activities	-	-	117,865	117,465	117,865	117,465
<b>Cash Flows From Investing Activities</b>						
Purchase of investments	(678,083)	(1,396,514)	(1,914,319)	(1,106,537)	(2,592,402)	(2,503,051)
Proceeds from sale of investments	3,254,263	3,782,284	1,796,089	931,010	5,050,352	4,713,294
Interest received from Water Utility - advance	-	-	39,455	58,062	39,455	58,062
Interest received	198,592	339,296	145,408	114,276	344,000	453,572
Net Cash Flows From Investing Activities	2,774,772	2,725,066	66,633	(3,189)	2,841,405	2,721,877
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>5,436,957</b>	<b>3,443,828</b>	<b>(798,505)</b>	<b>350,954</b>	<b>4,638,452</b>	<b>3,794,782</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	17,750,075	14,306,247	6,534,399	6,183,445	24,284,474	20,489,692
<b>Cash and Cash Equivalents - End of Year</b>	\$ 23,187,032	\$ 17,750,075	\$ 5,735,894	\$ 6,534,399	\$ 28,922,926	\$ 24,284,474

*See accompanying notes to financial statements.*



**OAK CREEK WATER AND SEWER UTILITY**

**Statements of Cash Flows**

*Years Ended December 31, 2020 and 2019*

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2020	2019	2020	2019	2020	2019
<i>(continued)</i>						
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>						
<b>Flows From Operating Activities</b>						
Operating income (loss)	\$ 3,050,754	\$ 428,683	\$ 129,754	\$ 75,575	\$ 3,180,508	\$ 504,258
Nonoperating loss	(20,345)	(2,445)	-	-	(20,345)	(2,445)
Noncash items included in operating income						
Uncollectible accounts written off	-	13,845	-	14,715	-	28,560
Amortization	10,432	3,199	-	-	10,432	3,199
Depreciation	2,675,022	2,566,441	617,577	554,528	3,292,599	3,120,969
Depreciation charged to clearing and other utilities	49,586	73,660	(49,586)	(46,886)	-	26,774
Gain on sale of transportation equipment	-	(1,298)	-	-	-	(1,298)
Changes in assets and liabilities						
Customer accounts receivable	(21,055)	(36,334)	(22,908)	(17,946)	(43,963)	(54,280)
Other accounts receivable	(3,716)	43,063	(5,010)	(35)	(8,726)	43,028
Inventory	(23,041)	(7,174)	-	-	(23,041)	(7,174)
Pension	(15,256)	160,339	(3,815)	40,085	(19,071)	200,424
Due from Primary Government	-	-	(10,372)	82,259	(10,372)	82,259
Construction in progress - discontinued project	-	1,347,829	-	-	-	1,347,829
Accounts payable	73,216	3,791	68,540	47,593	141,756	51,384
Accrued expenses	(30,077)	23,049	(9,627)	586	(39,704)	23,635
Pollution remediation obligation	-	681,093	-	-	-	681,093
Net other postemployment benefits liability/obligation	(227,333)	(90,683)	(54,552)	(22,586)	(281,885)	(113,269)
Due to Primary Government	166,796	369,714	-	-	166,796	369,714
Unearned revenue	9,448	(3,440)	-	-	9,448	(3,440)
Net Cash Flows From Operating Activities	\$ 5,694,431	\$ 5,573,332	\$ 660,001	\$ 727,888	\$ 6,354,432	\$ 6,301,220

**OAK CREEK WATER AND SEWER UTILITY**

**Statements of Cash Flows**

*Years Ended December 31, 2020 and 2019*

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2020	2019	2020	2019	2020	2019
<i>(continued)</i>						
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</b>						
Cash and cash equivalents	\$ 22,814,996	\$ 17,750,075	\$ 5,735,894	\$ 6,534,399	\$ 28,550,890	\$ 24,284,474
Investments	-	2,543,650	2,289,165	2,249,788	2,289,165	4,793,438
Restricted assets - current	557,225	67,038	-	-	557,225	67,038
Restricted assets - noncurrent	582,545	763,961	-	-	582,545	763,961
Total Cash, Investments and Restricted Assets	23,954,766	21,124,724	8,025,059	8,784,187	31,979,825	29,908,911
Less: Noncash Equivalents	(767,734)	(3,374,649)	(2,289,165)	(2,249,788)	(3,056,899)	(5,624,437)
Total Cash and Cash Equivalents	\$ 23,187,032	\$ 17,750,075	\$ 5,735,894	\$ 6,534,399	\$ 28,922,926	\$ 24,284,474
<b>Noncash Investment and Capital and Related Financing Activities</b>						
Income earned on noncash equivalents	\$ 43,021	\$ 81,018	\$ 42,254	\$ 34,018	\$ 85,275	\$ 115,036
Market value adjustment on noncash equivalents	6,207	84,400	(2,877)	33,312	3,330	117,712
Cost of capital assets installed and/or financed by the primary government and developers	1,641,299	989,618	1,027,013	280,715	2,668,312	1,270,333
Cost of capital assets financed by assessments of benefits to property owners	-	-	-	1,429	-	1,429
Prepaid interest from bond refunding	111,978	-	-	-	111,978	-
Bond proceeds used in refunding of debt	4,705,000	-	-	-	4,705,000	-

*See accompanying notes to financial statements.*

## Notes to Financial Statements

As Of and For the Years Ended December 31, 2020 and 2019

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The significant accounting principles and policies utilized by the Utility are described below:

#### Reporting Entity

The Utility accounts for its operations as two separate enterprise funds including the Water Utility and the Sewer Utility. Both funds are managed by the Water and Sewer Utility Commission (Commission). The Utility and Commission were created by City of Oak Creek (Municipality, Primary Government or City) ordinances in 1960. The Commission provides nonpartisan management to the Utility pursuant to Chapter 66 of the Wisconsin Statutes and is appointed to five-year, non-concurrent terms. The Utility encompasses all water supply, transmission operations and sewer collection operations within the Municipality. In addition, the Utility provides water to certain areas outside the Municipality.

The Water Utility operates under service rules and rates established by the Public Service Commission of Wisconsin (PSCW). The Sewer Utility operates under rules and rates established by the Commission. Wastewater is treated per agreement by Milwaukee Metropolitan Sewerage District.

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Utility is presented as enterprise funds of the Municipality. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of

revenues earned, costs incurred and net income is necessary for management accountability.

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

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. The Utility adopted this statement effective January 1, 2019.

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

#### Deposits and Investments

For purposes of the statement of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition. Investment of Utility funds is restricted by state statutes. Investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company or savings and loan association, maturing in three years or less.

## Notes to Financial Statements

As Of and For the Years Ended December 31, 2020 and 2019

- 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, the University of Wisconsin Hospitals and Clinics Authority, or by Wisconsin Aerospace Authority.
- Bonds or securities issued or guaranteed by the federal government.
- The Wisconsin local government investment pool.
- Any security maturing in seven years or less having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

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 2. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Fair market values may have changed significantly after year-end.

### Receivables and Payables

Transactions between the Utility and other funds of the Primary Government that are representative of lending/borrowing arrangements outstanding at year-end are referred to as advances to/from the Primary Government. Transactions between the Water Utility and Sewer Utility that are also representative of

lending/borrowing arrangements outstanding at year-end are referred to as advances to/from the Water or Sewer Utility. All other outstanding balances between the Utility and other funds of the Primary Government are reported as due to/from Primary Government.

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

### Inventory

Inventories are generally used for construction, operation and maintenance work rather than for resale. They are valued at cost and charged to construction or expense when used.

### Restricted Assets

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

### Capital Assets

Capital assets are generally defined by the Utility as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets of the Utility are recorded at cost or the acquisition value at the time of contribution to the Utility. Major outlays for Utility plant are capitalized as projects are constructed. Capital assets in service are depreciated using the straight-line method over the estimated useful lives of the related assets. Asset impairments are recognized and recorded in accordance with Statement No. 42 of the Governmental Accounting Standards Board.

A summary of the Utility's capital assets and their estimated useful lives is as follows:

**Notes to Financial Statements**

*As Of and For the Years Ended December 31, 2020 and 2019*

	December 31		Useful Lives in Years
	2020	2019	
<b>Water Plant</b>			
Source of supply plant	\$ 7,064,286	\$ 7,064,286	34 - 60
Pumping plant	9,017,117	9,017,117	22 - 32
Water treatment plant	25,455,284	25,423,116	30 - 32
Transmission and distribution plant	76,983,064	74,431,070	18 - 77
General plant	5,003,783	4,938,502	3 - 35
<b>Total Water Plant</b>	<b>123,523,534</b>	<b>120,874,091</b>	
<b>Sewer Plant</b>			
Collecting system plant	46,018,880	45,074,127	17 - 100
Collecting system pumping plant	242,170	242,170	16 - 25
General plant	640,983	604,254	3 - 16
<b>Total Sewer Plant</b>	<b>46,902,033</b>	<b>45,920,551</b>	
<b>Total Enterprise Fund</b>			
Capital Assets	\$ 170,425,567	\$ 166,794,642	

**Deferred Outflows of Resources**

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

**Compensated Absences**

Vested or accumulated paid time off is recorded as an expense and liability as this benefit accrues to employees in accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board.

**Pensions**

For purposes of measuring the net pension liability (asset), 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.

**Postemployment Benefits Other Than Pensions (OPEB)**

The Utility's postemployment benefits related to health care are not administered through a trust meeting the requirements of GASB Statement No. 75. As such, the total OPEB liability, related deferred outflows of resources, deferred inflows of resources and OPEB expense have been determined by an actuarial study in compliance with GASB Statement No. 75.

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

**Long-Term Obligations**

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

**Pollution Remediation Obligations**

As of December 31, 2020, the Utility was obligated to address the future pollution cleanup activities at its water treatment plant site due to Federal and State

## Notes to Financial Statements

As Of and For the Years Ended December 31, 2020 and 2019

laws and regulations. The Utility's obligation originated in the year 2015 to address the pollution remediation because the government unit has been determined to be the responsible party which compels the Utility to participate in remediation. Examples of expected future remediation activity costs include legal services, site investigation and required post-remediation monitoring costs. The amount reported as a pollution remediation obligation represents the current value of the expected cash flows to be paid for these activities. Any expected recoveries would be treated separately as a receivable when such reimbursements become measurable. As of December 31, 2020, and 2019, the obligation was \$2,295,600, with no related receivable. The Utility will recognize these liabilities and related expenses as an operating expense in the financial statements only when such costs become measurable. Because of this, the liability is subject to change as the Utility becomes aware of new information which may affect its estimate. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

### Deferred Inflows of Resources

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

### Revenues and Expenses

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

### Charges for Services

Utility billings are rendered and recorded monthly based on metered usage. The Utility also accrues revenues beyond billing dates.

### Taxes

The Utility is exempt from federal and state income taxes. Taxes paid by the Utility include the employer's share of social security and medicare, PSCW remainder assessment and tax equivalent. The tax equivalent is an annual payment in lieu of taxes expense paid to the Primary Government, which is based on the value of the Utility's plant, the current assessment ratio and the local and school portions of the mill rate. These taxes are reflected as operating expenses on the statement of revenues, expenses and changes in net position.

### Capital Contributions

Cash and capital assets are contributed to the Utility from customers, developers, granting agencies, the Municipality, or other external parties. The value of property contributed to the Utility is reported as revenue on the statement of revenues, expenses and changes in net position.

### Comparative Data

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

### Effect of New Accounting Standards on Current Period Financial Statements

The GASB has approved Statement No. 87, *Leases*, Statement No. 91, *Conduit Debt Obligations*, Statement No. 92, *Omnibus*, Statement No. 93, *Replacement of Interbank Offered Rates*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements*, and Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation plans – an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32*. When they become effective, application of

## OAK CREEK WATER AND SEWER UTILITY

### Notes to Financial Statements

As Of and For the Years Ended December 31, 2020 and 2019

these standards may restate portions of these financial statements.

These statements listed above, through Statement No. 93, had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one-and-a-half years.

#### NOTE 2 – DEPOSITS AND INVESTMENTS

At year-end, the Utility's carrying balances were as follows:

	2020	2019	Associated Risks
Demand deposits	\$ 3,936,920	\$ 2,924,856	Custodial Credit
U.S. Treasuries	1,365,006	2,337,228	Custodial Credit, Interest
U.S. Agencies	126,510	127,151	Custodial Credit, Credit, Interest, Concentration of Credit
Securitized notes	50,110	542,878	Custodial Credit, Credit, Interest, Concentration of Credit
Corporate bonds	1,429,437	2,355,733	Custodial Credit, Credit, Interest, Concentration of Credit
Certificates of deposit	-	75,304	Custodial Credit, Credit, Interest
Government money market	85,837	186,143	Credit, Interest
Local Government Investment Pool	24,985,755	21,359,368	Credit
Petty cash	250	250	N/A
<b>Total Cash and Investments</b>	<b>\$ 31,979,825</b>	<b>\$ 29,908,911</b>	

	2020	2019
Reconciliation of carrying balances to Statement of Net Position:		
Cash and cash equivalents	\$ 28,550,890	\$ 24,284,474
Investments	2,289,165	4,793,438
Revenue bond redemption account	557,225	67,038
Revenue bond depreciation account	17,000	
Revenue bond reserve account	565,545	763,961
<b>Total Cash and Investments</b>	<b>\$ 31,979,825</b>	<b>\$ 29,908,911</b>

Demand deposit accounts (interest and noninterest bearing), are insured by the Federal Deposit Insurance Corporation (FDIC) for a total of \$250,000 as of December 31, 2020 and 2019. In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts. Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$400,000. In addition, the Utility has an agreement with JPMorgan Chase Bank, N.A. where deposits and investments, in excess of insured amounts, are collateralized by an undivided security interest in a pool of assets owned by JPMorgan Chase Bank, N.A. for the Utility and other public depositors. This collateral is held in the Utility's name. The fair values of collateral held at December 31, 2020 and 2019 are in the amounts of \$3,817,128 and \$2,780,833, respectively.

The Utility's investment portfolio is maintained with BMO Harris Bank N.A., Milwaukee, and is held by their trust department in the Utility's name.

The Utility, as enterprise funds of the Municipality, may maintain separate cash and investment accounts at the same financial institutions utilized by the Municipality. Federal depository insurance and the State of Wisconsin Guarantee Fund Insurance apply to all municipal accounts, and accordingly, the amount of insured funds is not determinable for the Utility alone. Therefore, coverage for the Utility may be reduced. Investment income on commingled investments of the entire Municipality is allocated based on average investment balances. Please refer to the Municipality's financial statements for

**Notes to Financial Statements**

As Of and For the Years Ended December 31, 2020 and 2019

categorization of custodial credit risk on all municipal accounts.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. The weighted average maturity of the LGIP is 16 and 20 days, respectively, for the years 2020 and 2019. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020 and 2019, the fair values of the LGIP's assets were substantially equal to the Utility's share as reported above.

The Utility categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in the active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring methods fair value measurements are as follows:

Investment Type	2020	2019	Method
U.S. Treasuries	\$ 1,365,006	\$ 2,337,228	Level 2
U.S. Agencies	126,510	127,151	Level 2
Securitized Notes	50,110	542,878	Level 2
Corporate Bonds	1,429,437	2,355,733	Level 2
Certificates of Deposit	-	75,304	Level 2
Government Money			
Market	85,837	186,143	Level 2
Totals	<u>\$ 3,056,900</u>	<u>\$ 5,624,437</u>	

The investments classified in Level 2 of the fair value hierarchy are valued using the market approach. The market approach used in the valuation of these investments is through pricing techniques as provided by Interactive Data.

**Custodial Credit Risk**

**Deposits**

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

As of December 31, 2020 and 2019, \$0 of the Utility's bank balances were known to be individually exposed to custodial credit risk. The Utility's investment policy does not address this risk.

**Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Utility will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Utility had no custodial credit risk with regards to investments in 2020 and 2019, since all investments were held by BMO Harris Bank N.A., Milwaukee's trust department, in the Utility's name.

The Utility's investment policy does not address this risk.

**Credit Risk**

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

As of December 31, 2020 the Utility's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's	Fitch
U.S. Agencies	AA+	Aaa	AAA
Securitized Notes	AA+ - AAA	Aaa	AAA
Corporate Bonds	A+ - AA+	A1 - Aaa	A - AA+
Certificates of deposit	N/A	N/A	N/A
Government Money			
Market	AAA	Aaa	N/A



**OAK CREEK WATER AND SEWER UTILITY**

**Notes to Financial Statements**

*As Of and For the Years Ended December 31, 2020 and 2019*

As of December 31, 2019 the Utility's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's	Fitch
U.S. Agencies	AA+	Aaa	AAA
Securitized Notes	AA+ - AAA	Aaa	AAA
Corporate Bonds	A - AAA	A1 - Aaa	A - AAA
Certificates of deposit	Aa2	A+	N/A
Government Money Market	AAA	Aaa	N/A

The Utility held \$24,985,755 in 2020 and \$21,359,368 in 2019 of investments in the Local Government Investment Pool, which is an external pool that is not rated.

The Utility's investment policy does not address this risk.

***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2020 and 2019, the Utility's investment portfolio contained no significant concentration in any one single issuer.

The Utility's investment policy does not address this risk.

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of December 31, 2020 the Utility's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)	
		Less Than 1 Year	1 - 10 Years
U.S. Treasuries	\$ 1,365,006	\$ 1,314,002	\$ 51,004
U.S. Agencies	126,510	126,510	-
Securitized Notes	50,110	-	50,110
Corporate Bonds	1,429,437	752,535	676,902
Government Money Market	85,837	85,837	-
<b>Totals</b>	<b>\$ 3,056,900</b>	<b>\$ 2,278,884</b>	<b>\$ 778,016</b>

As of December 31, 2019 the Utility's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)	
		Less Than 1 Year	1 - 10 Years
U.S. Treasuries	\$ 2,337,228	\$ 893,225	\$ 1,444,003
U.S. Agencies	127,151	-	127,151
Securitized Notes	542,878	481,477	61,401
Corporate Bonds	2,355,733	784,362	1,571,371
Certificates of Deposit	75,304	75,304	-
Government Money Market	186,143	186,143	-
<b>Totals</b>	<b>\$ 5,624,437</b>	<b>\$ 2,420,511</b>	<b>\$ 3,203,926</b>

The Utility's investment policy does not address this risk.

**NOTE 3 – DUE FROM/TO PRIMARY GOVERNMENT**

The following schedule summarizes the Utility's "Due From and To Primary Government" balances as of December 31, 2020 and 2019:

	2020	2019
<b>Water</b>		
Due from Primary Government:		
Delinquent accounts transferred to tax roll	\$ 202,912	\$ 245,984

**OAK CREEK WATER AND SEWER UTILITY**

**Notes to Financial Statements**

*As Of and For the Years Ended December 31, 2020 and 2019*

<i>(continued)</i>	2020	2019
<b>Water</b>		
Inspection charges	60,818	3,162
Locating municipal services	3,157	2,359
Special assessments	38,907	33,804
Subtotal	<u>305,794</u>	<u>285,309</u>
Due to Primary Government:		
Tax equivalent	(1,771,473)	(1,730,567)
Goods and services	(612,294)	(425,013)
Subtotal	<u>(2,383,767)</u>	<u>(2,155,580)</u>
Net Due to Primary Government	<u>\$ (2,077,973)</u>	<u>\$ (1,870,271)</u>
<b>Sewer</b>		
Due from Primary Government:		
Delinquent accounts transferred to tax roll	\$ 148,095	\$ 178,258
Inspection charges	46,546	6,127
Storm water monitoring	2,433	2,317
Special assessments	10,827	11,387
Subtotal	<u>207,901</u>	<u>198,089</u>
Due to Primary Government:		
Goods and services	(165,536)	(110,787)
Subtotal	<u>(165,536)</u>	<u>(110,787)</u>
Net Due from Primary Government	<u>\$ 42,365</u>	<u>\$ 87,302</u>

**NOTE 4 – INTERFUND ADVANCES**

The Sewer Utility advanced \$2,500,000 to the Water Utility, dated December 15, 2013, for various construction projects. This advance will be repaid through annual installment payments of principal and interest through December 15, 2028. The annual interest rate was initially set by the Commission at .34% and is variable thereafter based on the LGIP rate. Effective December 15, 2020, the Commission approved .35% as the interest rate on this advance.

The following schedules summarize the Utility’s interfund advance activity for the year ended December 31, 2020:

	Balance 01/01/20	Increases	Decreases	Balance 12/31/20	Due Within One Year
<b>Water</b>					
Due to Sewer Utility - advance	\$ 2,098,619	\$ -	\$ 117,865	\$ 1,980,754	\$ 193,265
Due to Sewer Utility - accrued interest payable	1,621	38,118	39,454	285	285
<b>Totals</b>	<u>\$ 2,100,240</u>	<u>\$ 38,118</u>	<u>\$ 157,319</u>	<u>\$ 1,981,039</u>	<u>\$ 193,550</u>
<b>Sewer</b>					
Due from Water Utility - advance	\$ 2,098,619	\$ -	\$ 117,865	\$ 1,980,754	\$ 193,265
Due from Water Utility - accrued interest receivable	1,621	38,118	39,454	285	285
<b>Totals</b>	<u>\$ 2,100,240</u>	<u>\$ 38,118</u>	<u>\$ 157,319</u>	<u>\$ 1,981,039</u>	<u>\$ 193,550</u>

The following schedules summarize the Utility’s interfund advance activity for the year ended December 31, 2019:

	Balance 01/01/19	Increases	Decreases	Balance 12/31/19	Due Within One Year
<b>Water</b>					
Due to Sewer Utility - advance	\$ 2,216,084	\$ -	\$ 117,465	\$ 2,098,619	\$ 117,865
Due to Sewer Utility - accrued interest payable	2,386	57,297	58,062	1,621	1,621
<b>Totals</b>	<u>\$ 2,218,470</u>	<u>\$ 57,297</u>	<u>\$ 175,527</u>	<u>\$ 2,100,240</u>	<u>\$ 119,486</u>
<b>Sewer</b>					
Due from Water Utility - advance	\$ 2,216,084	\$ -	\$ 117,465	\$ 2,098,619	\$ 117,865
Due from Water Utility - accrued interest receivable	2,386	57,297	58,062	1,621	1,621
<b>Totals</b>	<u>\$ 2,218,470</u>	<u>\$ 57,297</u>	<u>\$ 175,527</u>	<u>\$ 2,100,240</u>	<u>\$ 119,486</u>

The Utility’s interfund loan repayment schedule to maturity is as follows:

**Notes to Financial Statements**

As Of and For the Years Ended December 31, 2020 and 2019

Year Ending December 31	Principal	Interest	Total
2021	193,265	6,933	200,198
2022	218,923	6,256	225,179
2023	219,667	5,490	225,157
2024	220,414	4,721	225,135
2025	271,163	3,950	275,113
2026	297,085	3,001	300,086
2027	298,095	1,961	300,056
2028	262,142	918	263,060
Totals	\$ 1,980,754	\$ 33,230	\$ 2,013,984

**NOTE 5 – RESTRICTED ASSETS**

Certain proceeds of the Utility’s revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants. The following revenue bond accounts are reported as restricted assets:

- Reserve – Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Redemption – Used to segregate resources accumulated for debt service payments over the next twelve months.
- Depreciation – Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemptions account.

The Utility’s proportionate share of the WRS pension plan’s net assets is reported as restricted assets as follows:

- Net Pension Asset – Used to report net pension assets set aside for WRS funding only.

The following calculation supports the amounts shown as restricted net position:

	2020	2019
<b>Water</b>		
Revenue bond redemption:		
Current restricted assets	\$ 557,225	\$ 67,038
Current liabilities payable from restricted assets	(25,188)	(21,205)
Total Revenue Bond Redemption Net Position	532,037	45,833
Revenue bond reserve:		
Noncurrent restricted assets	565,545	763,961
Revenue bond depreciation:		
Noncurrent restricted assets	17,000	763,961
Net pension asset:		
Noncurrent restricted assets	332,948	-
Total Restricted Net Position	\$ 1,447,530	\$ 809,794
<b>Sewer</b>		
Net pension asset:		
Noncurrent restricted assets	83,236	-
Total Restricted Net Position	\$ 83,236	\$ -

**NOTE 6 – LEASES**

The Utility has entered into operating leases with Verizon Wireless (VW), Sprint Spectrum L.P. (SSLP), Cingular Wireless (CW) and Crown Castle (CC) for space on Utility reservoirs to be used for cellular antennas. These leases terminate on November 30, 2021 (VW), March 20, 2022 (SSLP), March 1, 2021 (CW), February 26, 2021 (CC), January 24, 2023 (CC) and January 31, 2028 (CW). Minimum future lease rentals are as follows:

**OAK CREEK WATER AND SEWER UTILITY**

**Notes to Financial Statements**

*As Of and For the Years Ended December 31, 2020 and 2019*

2021	\$	253,799	2026	\$	81,283
2022		110,788	2027		85,347
2023		72,529	2028		7,278
2024		73,726			
2025		77,413			

**NOTE 7 – SPECIAL ASSESSMENTS**

The Municipality collects special assessments on behalf of the Utility and generally transfers the funds to the Utility in the year following the collection. The Utility's remaining current portion of special assessments receivable is reflected in the Due From/To Primary Government balance.

**NOTE 8 – CHANGES IN CAPITAL ASSETS**

A summary of changes in the Water Utility's capital assets for 2020 and 2019 follows:

	Balance		Balance	
	01/01/20	Increases	Decreases	12/31/20
<b>2020</b>				
Capital assets not being depreciated/amortized				
Land and land rights	\$ 242,750	\$ -	\$ -	\$ 242,750
Capital assets being depreciated/amortized				
Source of supply	7,056,575	-	-	7,056,575
Pumping	8,998,507	-	-	8,998,507
Water treatment	25,253,960	120,140	87,971	25,286,129
Transmission and distribution	74,403,514	2,648,527	96,534	76,955,507
Intangible	69,544	-	-	69,544
General	4,849,241	102,206	36,925	4,914,522
Total capital assets being depreciated/amortized	120,631,341	2,870,873	221,430	123,280,784
Total Capital Assets	120,874,091	2,870,873	221,430	123,523,534
Less: Accumulated depreciation/amortization				
Source of supply	2,620,057	121,346	-	2,741,403
Pumping	5,209,424	261,949	-	5,471,373
Water treatment	12,632,729	822,055	87,971	13,366,813
Transmission and distribution	19,385,814	1,276,448	96,534	20,565,728
Intangible	3,199	10,432	-	13,631
General	3,176,927	242,807	36,925	3,382,813
Total accumulated depreciation/amortization	43,028,150	2,735,037	221,430	45,541,761
Construction in progress	127,458	208,602	117,852	218,208
Net Capital Assets	\$ 77,973,399	\$ 344,438	\$ 117,852	\$ 78,199,981

**OAK CREEK WATER AND SEWER UTILITY**

**Notes to Financial Statements**

*As Of and For the Years Ended December 31, 2020 and 2019*

	Balance 01/01/19	Increases	Decreases	Balance 12/31/19
<b>2019</b>				
Capital assets, not being depreciated				
Land and land rights	\$ 242,750	\$ -	\$ -	\$ 242,750
Capital assets being depreciated/amortized				
Source of supply	7,056,575	-	-	7,056,575
Pumping	8,861,215	146,744	9,452	8,998,507
Water treatment	25,116,804	198,957	61,801	25,253,960
Transmission and distribution	70,797,512	3,807,534	201,532	74,403,514
Intangible	-	69,544	-	69,544
General	4,825,492	124,878	101,129	4,849,241
Total capital assets being depreciated/amortized	116,657,598	4,347,657	373,914	120,631,341
Total Capital Assets	116,900,348	4,347,657	373,914	120,874,091
Less: Accumulated depreciation/amortization				
Source of supply	2,498,711	121,346	-	2,620,057
Pumping	4,857,662	361,214	9,452	5,209,424
Water treatment	11,905,110	789,420	61,801	12,632,729
Transmission and distribution	18,384,103	1,203,243	201,532	19,385,814
Intangible	-	3,199	-	3,199
General	3,149,194	128,862	101,129	3,176,927
Total accumulated depreciation/amortization	40,794,780	2,607,284	373,914	43,028,150
Construction in progress	2,194,879	2,150,076	4,217,497	127,458
Net Capital Assets	\$ 78,300,447	\$ 3,890,449	\$ 4,217,497	\$ 77,973,399

	Balance 01/01/20	Increases	Decreases	Balance 12/31/20
<b>2020</b>				
Capital assets, not being depreciated				
Land and land rights	\$ 13,145	\$ -	\$ -	\$ 13,145
	16,175	-	-	16,175
Total capital assets, not being depreciated	29,320	-	-	29,320
Capital assets being depreciated				
Collecting system	45,044,807	992,531	-	46,037,338
Collecting system pumping	242,170	-	-	242,170
General	604,254	13,316	24,365	593,205
Total capital assets being depreciated	45,891,231	1,005,847	24,365	46,872,713
Total Capital Assets	45,920,551	1,005,847	24,365	46,902,033
Less: Accumulated depreciation				
Collecting system	11,746,940	472,797	-	12,219,737
Collecting system pumping	242,170	-	-	242,170
General	469,096	45,608	24,365	490,339
Total accumulated depreciation	12,458,206	518,405	24,365	12,952,246
Construction in progress	110,279	2,629,194	1,005,764	1,733,709
Net Capital Assets	\$ 33,572,624	\$ 3,116,636	\$ 1,005,764	\$ 35,683,496

A summary of changes in the Sewer Utility's capital assets for 2020 and 2019 follows:

**OAK CREEK WATER AND SEWER UTILITY**

**Notes to Financial Statements**

*As Of and For the Years Ended December 31, 2020 and 2019*

	01/01/19	Increases	Decreases	12/31/19
<b>2019</b>				
Capital assets, not being depreciated				
Land and land rights	\$ 13,145	\$ -	\$ -	\$ 13,145
Intangible	-	16,175	-	16,175
<b>Total capital assets, not being depreciated</b>	<b>13,145</b>	<b>16,175</b>	<b>-</b>	<b>29,320</b>
Capital assets being depreciated				
Collecting system	44,475,926	575,472	6,591	45,044,807
Collecting system pumping	242,170	-	-	242,170
General	606,785	-	2,531	604,254
<b>Total capital assets being depreciated</b>	<b>45,324,881</b>	<b>575,472</b>	<b>9,122</b>	<b>45,891,231</b>
<b>Total Capital Assets</b>	<b>45,338,026</b>	<b>591,647</b>	<b>9,122</b>	<b>45,920,551</b>
Less: Accumulated depreciation				
Collecting system	11,338,808	414,723	6,591	11,746,940
Collecting system pumping	241,810	360	-	242,170
General	429,575	42,052	2,531	469,096
<b>Total accumulated depreciation</b>	<b>12,010,193</b>	<b>457,135</b>	<b>9,122</b>	<b>12,458,206</b>
Construction in progress	7,945	677,805	575,471	110,279
<b>Net Capital Assets</b>	<b>\$ 33,335,778</b>	<b>\$ 812,317</b>	<b>\$ 575,471</b>	<b>\$ 33,572,624</b>

Decreases in accumulated depreciation include capital asset retirements. Increases in accumulated depreciation include depreciation expense, salvage values, cost of removal, losses on capital asset retirements and gains on the sale of capital assets. The following schedules reconcile increases in total accumulated depreciation from the tables above to depreciation expense, as shown in the Statements of Revenues, Expenses and Changes in Net Position for 2020 and 2019:

	2020	2019
<b>Water</b>		
Increases in accumulated depreciation/ amortization	\$ 2,735,040	\$ 2,607,284
Transfers and adjustments	-	19,878
Cost of removal	-	36,016
Salvage	-	(19,878)
Depreciation charged to Sewer Utility for share of meters	(49,586)	(46,886)
Depreciation charged to clearing for transportation equipment	-	(26,774)
<b>Depreciation/Amortization Expense</b>	<b>\$ 2,685,454</b>	<b>\$ 2,569,640</b>
Amortization expense	\$ 10,432	\$ 3,199
Depreciation expense	2,675,022	2,566,441
<b>Total Depreciation/Amortization Expense</b>	<b>\$ 2,685,454</b>	<b>\$ 2,569,640</b>
<b>Sewer</b>		
Increases in accumulated depreciation	\$ 518,405	\$ 457,135
Cost of removal	-	50,507
Depreciation charged from Water Utility for share of meters	49,586	46,886
<b>Depreciation Expense</b>	<b>\$ 567,991</b>	<b>\$ 554,528</b>

**NOTE 9 – LONG-TERM DEBT**

**Long-Term Obligations Summary**

Long-term obligation activity for the Water Utility for the years ended December 31, 2020 and 2019 is as follows:

	Balance 01/01/20	Increases	Decreases	Balance 12/31/20	Due Within One Year
<b>2020</b>					
Revenue bonds	\$ 15,773,047	\$ 4,705,000	\$ 5,806,837	\$ 14,671,210	\$ 1,116,046
Unamortized premiums	2,496	-	2,496	-	-
Pollution remediation obligation	2,295,600	-	-	2,295,600	-
<b>Totals</b>	<b>\$ 18,071,143</b>	<b>\$ 4,705,000</b>	<b>\$ 5,809,333</b>	<b>\$ 16,966,810</b>	<b>\$ 1,116,046</b>

	Balance 01/01/19	Increases	Decreases	Balance 12/31/19	Due Within One Year
<b>2019</b>					
Revenue bonds	\$ 17,265,966	\$ -	\$ 1,492,919	\$ 15,773,047	\$ 1,231,837
Unamortized premiums	10,439	-	7,943	2,496	2,496
Pollution remediation obligation	1,614,507	683,139	2,046	2,295,600	-
<b>Totals</b>	<b>\$ 18,890,912</b>	<b>\$ 683,139</b>	<b>\$ 1,502,908</b>	<b>\$ 18,071,143</b>	<b>\$ 1,234,333</b>

## OAK CREEK WATER AND SEWER UTILITY

### Notes to Financial Statements

As Of and For the Years Ended December 31, 2020 and 2019

On November 18, 2020, bonds in the amount of \$4,705,000 were issued with an average interest rate of 1.478% to advance refund \$4,575,000 of outstanding bonds with an average interest rate of 4.78%. The irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. As a result, that portion of the old bonds are considered defeased and the liability for that portion of the old bonds has been removed from the statement of position.

The cash flow requirements on the old bonds prior to the advance refunding was \$6,165,569 from June 1, 2021 through December 1, 2031. The cash flow requirements on the new bonds are \$5,167,613 from June 1, 2021 through December 1, 2031. The advance refunding resulted in an economic gain of \$704,101.

In addition to the liabilities shown above, information on the net pension liability (asset) for water and sewer is provided in Note 11. Information on the net OPEB liability/obligation for water and sewer is provided in Notes 12 and 13.

#### Revenue Bonds – Water

The following bonds have been issued:

	Outstanding Amounts as of	
	December 31,	
	2020	2019
\$791,863 dated January 13, 2010 for water construction, due annually through May 1, 2029; interest at 2.668%	\$ 424,435	\$ 465,681
\$6,500,000 dated March 15, 2011 for water treatment plant construction, due annually through December 1, 2031; interest at 2.25% - 5.00%	350,000	5,200,000
\$5,889,583 dated November 23, 2011 for water treatment plant construction, due annually through May 1, 2031; interest at 2.20%	3,552,960	3,835,750
\$2,594,795 dated May 22, 2013 for water treatment plant standby generation, due annually through May 1, 2033; interest at 1.925%	1,796,725	1,917,360
\$4,850,988 dated May 28, 2014 for water main replacements, due annually through May 1, 2034; interest at 1.925%	3,842,090	4,079,256

(continued)

	Outstanding Amounts as of	
	December 31,	
	2020	2019
\$3,850,000 dated November 17, 2015 for refunding of water revenue bonds, due annually through December 1, 2020; interest at 2.00%	-	275,000
\$4,705,000 dated November 12, 2020 for refunding of water revenue bonds, due annually through December 1, 2031; interest at 1.67%	4,705,000	-

Revenue bonds debt service requirements to maturity follows:

Year Ending			
December 31	Principal	Interest	Total
<u>Bonds</u>			
2021	420,000	76,133	496,133
2022	425,000	59,618	484,618
2023	435,000	57,280	492,280
2024	450,000	54,235	504,235
2025	430,000	50,410	480,410
2026	440,000	46,110	486,110
2027	450,000	40,610	490,610
2028	460,000	34,535	494,535
2029	465,000	27,405	492,405
2030	525,000	19,733	544,733
2031	555,000	10,545	565,545
Subtotals	\$ 5,055,000	\$ 476,614	\$ 5,531,614

#### Direct Placement

2021	696,046	190,783	886,829
2022	710,555	176,121	886,676
2023	725,368	161,152	886,520
2024	740,493	145,868	886,361
2025	755,936	130,261	886,197
2026	771,705	114,327	886,032
2027	787,806	98,057	885,863
2028	804,244	81,444	885,688
2029	821,030	64,482	885,512
2030	784,498	47,879	832,377
2031	800,567	31,646	832,213
2032	449,788	19,117	468,905
2033	458,447	10,375	468,822
2034	309,727	2,981	312,708
Subtotals	\$ 9,616,210	\$ 1,274,493	\$ 10,890,703
Totals	\$ 14,671,210	\$ 1,751,107	\$ 16,422,317

**Notes to Financial Statements**

As Of and For the Years Ended December 31, 2020 and 2019

All Water Utility revenues, net of specified operating expenses, are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2020 and 2019 were \$1,691,434 and \$1,988,079, respectively. Total customer net revenues as defined for the same periods were \$7,662,095 and \$5,249,979. Annual principal and interest payments are expected to require 15% of net revenues, on average.

The following schedule reconciles revenue bonds payable, net of unamortized premiums, as shown in the Statements of Net Position for 2020 and 2019:

	2020	2019
<b>Water</b>		
Current:		
Revenue bonds payable, gross	\$ 420,000	\$ 681,837
Unamortized premiums	-	2,496
Revenue bonds payable, net of unamortized premiums	<u>\$ 420,000</u>	<u>\$ 684,333</u>
Noncurrent:		
Revenue bonds payable, gross	\$ 13,555,164	\$ 14,541,210
Unamortized premiums	-	-
Revenue bonds payable, net of unamortized premiums	<u>\$ 13,555,164</u>	<u>\$ 14,541,210</u>

The Water Utility's outstanding revenue bonds from direct borrowings and/or direct placements related to business-type activities of \$9,616,210 do not contain any default or termination provisions that could result in possible finance-related consequences.

**Bond Covenant Disclosures**

The following information is provided in compliance with the resolution creating the Utility's revenue bonds:

*Insurance*

See Note 17 *Risk Management and Insurance*.

*Debt Coverage*

Under terms of the resolutions providing for the issuance of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the annual debt service based on the bond year. The coverage

requirement is calculated based on the subsequent year's debt service and is met as follows:

	2020	2019
<b>Water</b>		
Operating revenues	\$ 11,371,577	\$ 11,014,432
Interest and Investment income	149,364	502,509
Other income	5,050	18,580
Less:		
Operations and maintenance expenses	(3,734,544)	(6,159,958)
Taxes other than tax equivalent	(129,352)	(125,584)
Net Defined Earnings	<u>\$ 7,662,095</u>	<u>\$ 5,249,979</u>
Debt service:		
Principal	\$ 1,116,046	\$ 1,231,837
Interest	266,916	459,597
Total	<u>1,382,962</u>	<u>1,691,434</u>
Coverage factor	<u>1.25</u>	<u>1.25</u>
Minimum Required Earnings	<u>\$ 1,728,703</u>	<u>\$ 2,114,293</u>
Actual debt coverage	<u>5.54</u>	<u>3.10</u>

**NOTE 10 – NET POSITION**

GASB 34 requires the classification of net position into three components – net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

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



**Notes to Financial Statements**

As Of and For the Years Ended December 31, 2020 and 2019

position use through external constraints imposed by creditors (such as through debt covenants and pension plans), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- *Unrestricted net position* – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

The following calculation supports the Water Utility’s net investment in capital assets:

	2020	2019
Land and land rights	\$ 242,750	\$ 242,750
Intangible assets	69,544	69,544
Plant in service	123,211,240	120,561,797
Construction work in progress	218,208	127,458
Accumulated amortization	(13,631)	(3,199)
Accumulated depreciation	(45,528,130)	(43,024,951)
Payables and accruals for capital assets	(15,408)	(30,017)
Subtotal	<u>78,184,573</u>	<u>77,943,382</u>
Less Capital Related Debt:		
Current portion of capital related long term debt	1,116,046	1,231,837
Long-term portion of capital related long term debt, net of unspent debt proceeds	13,555,164	14,541,210
Unamortized premiums on debt	-	2,496
Unamortized loss on advance refunding	(107,588)	(11,874)
Subtotal	<u>14,563,622</u>	<u>15,763,669</u>
Total Net Investment in Capital Assets	<u>\$ 63,620,951</u>	<u>\$ 62,179,713</u>

The following calculation supports the Sewer Utility’s net investment in capital assets:

	2020	2019
Land and land rights	\$ 13,145	\$ 13,145
Intangible assets	16,175	16,175
Plant in service	46,872,713	45,891,231
Construction work in progress	1,733,709	110,279
Accumulated depreciation	(12,952,246)	(12,458,206)
Payables and accruals for capital assets	-	(32,623)
Subtotal	<u>35,683,496</u>	<u>33,540,001</u>
Less Capital Related Debt:	-	-
Total Net Investment in Capital Assets	<u>\$ 35,683,496</u>	<u>\$ 33,540,001</u>

**NOTE 11 – EMPLOYEES’ RETIREMENT SYSTEM**

*General Information about the Pension Plan*

**Plan Description**

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

ETF issues a standalone Comprehensive Annual Financial Report, 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

**Notes to Financial Statements**

*As Of and For the Years Ended December 31, 2020 and 2019*

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.

**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 Wisconsin Statute Section 40.27.

An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system’s consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities

cannot be reduced to an amount below the original, guaranteed amount (the “floor”) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.1)

**Contributions**

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

During the reporting period ending December 31, 2020, the WRS recognized \$143,811 in contributions from the Utility, of which \$115,049 is for the Water Utility and \$28,762 is for the Sewer Utility. For the year ending December 31, 2019, the WRS recognized \$146,963 in contributions from the Utility, of which \$117,570 is for the Water Utility and \$29,393 is for the Sewer Utility.

Contribution rates as of December 31, 2020 and 2019 are:

**Notes to Financial Statements**

As Of and For the Years Ended December 31, 2020 and 2019

	Employee	Employer
<b>2020</b>		
General (including Executives and Elected Officials)	6.55%	6.55%
Protective with Social Security	6.00%	10.55%
Protective without Social Security	6.75%	14.95%
<b>2019</b>		
General (including Executives and Elected Officials)	6.70%	6.70%
Protective with Social Security	6.70%	10.70%
Protective without Social Security	6.70%	14.90%

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

At December 31, 2020, the Utility reported a liability (asset) of (\$416,184), of which (\$332,948), is for the Water Utility and (\$83,236), is for the Sewer Utility, for its proportionate share of the total net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utility's proportion of the net pension liability (asset) was based on the Utility's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City of Oak Creek's proportion was 0.16608%. This proportion was an increase of 0.00217% from its proportion measured as of December 31, 2018.

At December 31, 2019, the Utility reported a liability (asset) of \$495,508, of which \$396,406 is for the Water Utility and \$99,102 is for the Sewer Utility, for its proportionate share of the total net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial

valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utility's proportion of the net pension liability (asset) was based on the Utility's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the City of Oak Creek's proportion was 0.16391%. This proportion was an increase of 0.00487% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2020, the Utility recognized pension expense of \$124,740, of which \$99,793 is for the Water Utility and \$24,947 is for the Sewer Utility. For the year ended December 31, 2019, the Utility recognized pension expense of \$347,388, of which \$277,910 is for the Water Utility and \$69,478 is for the Sewer Utility.

At December 31, 2020, the Utility 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
<b>Water</b>		
Differences between expected and actual experience	\$ 668,093	\$ (393,497)
Changes in assumptions	41,829	-
Net differences between projected and actual earnings on pension plan		(589,195)
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,993	(1,575)
Employer contributions subsequent to the measurement date	116,103	-
<b>Water Totals</b>	<b>\$ 829,018</b>	<b>\$ (984,267)</b>

**OAK CREEK WATER AND SEWER UTILITY**

**Notes to Financial Statements**

*As Of and For the Years Ended December 31, 2020 and 2019*

*(continued)*

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Sewer</b>		
Differences between expected and actual experience	\$ 167,025	\$ (98,377)
Changes in assumptions	10,458	-
Net differences between projected and actual earnings on pension plan	-	(147,296)
Changes in proportion and differences between employer contributions and proportionate share of contributions	750	(393)
Employer contributions subsequent to the measurement date	29,026	-
<b>Sewer Totals</b>	<u>\$ 207,259</u>	<u>\$ (246,066)</u>
<b>Utility Totals</b>	<u>\$ 1,036,277</u>	<u>\$ (1,230,333)</u>

At December 31, 2019, the Utility 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
<b>Water</b>		
Differences between expected and actual experience	\$ 318,456	\$ (576,353)
Changes in assumptions	76,996	-
Net differences between projected and actual earnings on pension plan	620,951	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,553	(1,803)
Employer contributions subsequent to the measurement date	115,049	-
<b>Water Totals</b>	<u>\$ 1,137,005</u>	<u>\$ (578,156)</u>

*(continued)*

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Sewer</b>		
Differences between expected and actual experience	\$ 79,616	\$ (144,090)
Changes in assumptions	19,250	-
Net differences between projected and actual earnings on pension plan	155,239	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,390	(451)
Employer contributions subsequent to the measurement date	28,762	-
<b>Sewer Totals</b>	<u>\$ 284,257</u>	<u>\$ (144,541)</u>
<b>Utility Totals</b>	<u>\$ 1,421,262</u>	<u>\$ (722,697)</u>

At December 31, 2020, the Utility reported \$145,129 as deferred outflows related to pension resulting from WRS Employer's contributions subsequent to the measurement date. Of this total, \$116,103 is for the Water Utility and \$29,026 is for the Sewer Utility. This deferred outflow amount will be recognized as a reduction of the net pension liability (asset) in the subsequent year ended December 31, 2020.

At December 31, 2019, the Utility reported \$143,811 as deferred outflows related to pension resulting from WRS Employer's contributions subsequent to the measurement date. Of this total, \$115,049 is for the Water Utility and \$28,762 is for the Sewer Utility. This deferred outflow amount will be recognized as a reduction of the net pension liability (asset) in the subsequent year ended December 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**Notes to Financial Statements**

As Of and For the Years Ended December 31, 2020 and 2019

	Net Deferred Outflows and Inflows of Resources
<b>Water</b>	
2021	\$ (80,009)
2022	(60,398)
2023	9,137
2024	(140,082.00)
2025	-
Water Totals	<u>\$ (271,352)</u>
<b>Sewer</b>	
2021	\$ (20,001)
2022	(15,099)
2023	2,284
2024	(35,017.00)
2025	-
Sewer Totals	<u>\$ (67,833)</u>
<b>Utility Totals</b>	<u><u>\$ (339,185)</u></u>

**Actuarial Assumptions**

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

	2020	2019
Actuarial valuation date	December 31, 2018	December 31, 2017
Measurement date of net pension liability (asset)	December 31, 2019	December 31, 2018
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	Fair Value	Fair Value
Long-term expected rate of return	7.0%	7.0%
Discount Rate	7.0%	7.0%
Salary increases:		
Inflation	3.0%	3.0%
Seniority/Merit	0.1% - 5.6%	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table	Wisconsin 2018 Mortality Table
Post-retirement adjustments	1.9%	1.9%
* No post-retirement adjustment is guaranteed. Actual adjusts are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.		

Actuarial assumptions used in the December 31, 2018 actuarial valuation is based upon an experience study conducted in 2018 using experience from 2015 through 2017. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

*Long-Term Expected Return on Plan Assets*

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

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

Asset Class	Current Asset Allocation %	Long-Term	Long-Term
		Expected Nominal Rate of Return %	Expected Real Rate of Return %
<i>Core Fund:</i>			
Global equities	49.0%	8.1%	5.5%
Fixed income	24.5	4.00	1.5
Inflation sensitive assets	15.5	3.8	1.3
Real estate	9.0	6.5	3.9
Private equity/debt	8.0	9.4	6.7
Multi-asset	4.0	6.7	4.1
Total Core Fund	110.0%	7.3%	4.7%

Notes to Financial Statements

As Of and For the Years Ended December 31, 2020 and 2019

(continued)

Asset Class	Current Asset Allocation %	Long-Term Expected	Long-Term Expected
		Nominal Rate of Return %	Real Rate of Return %
<i>Variable Fund:</i>			
US equities	70.0%	7.6%	5.0%
International equities	30.0	8.5	5.9
Total Variable Fund	100.0%	8.0%	5.4%

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2019 are summarized in the following table

Asset Class	Current Asset Allocation %	Long-Term Expected	Long-Term Expected
		Nominal Rate of Return %	Real Rate of Return %
<i>Core Fund:</i>			
Global equities	50.0%	8.2%	5.3%
Fixed income	24.5	4.20	1.4
Inflation sensitive assets	15.5	3.8	1.0
Real estate	8.0	6.5	3.6
Private equity/debt	8.0	9.4	6.5
Multi-asset	4.0	6.5	3.6
Total Core Fund	110.0%	7.3%	4.4%

*Variable Fund:*

US equities	70.0%	7.5%	4.6%
International equities	30.0	7.8	4.9
Total Variable Fund	100.0%	7.9%	5.0%

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

Single Discount Rate

Single discount rates of 7.00% was used to measure the total pension liability as of December 31, 2020 and December 31, 2019. This single discount rate was based on the expected rates of return on pension plan investments of 7.00%, in addition to a long-term bond rate of 2.75% in 2020 and 3.71% in 2019. Because of the unique structure of the WRS, the

7.00% expected rates of return imply that a dividend of approximately 1.9% 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 Utility's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following table presents the Utility's proportionate share of the net pension liability (asset) calculated using the discount rates of 7.00% for 2020 and 2019, as well as what the Utility's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

The sensitivity analysis as of December 31, 2020 and 2019 follows:

	2020	2019
<b>Water</b>		
1% Decrease to Discount Rate (6.00%)	965,335	\$ 1,622,200
Current Discount Rate (7.00%)	(332,948)	396,406
1% Increase to Discount Rate (8.00%)	(1,376,812)	(494,516)
<b>Sewer</b>		
1% Decrease to Discount Rate (6.00%)	275,810	463,486
Current Discount Rate (7.00%)	(83,236)	99,102
1% Increase to Discount Rate (8.00%)	(393,375)	(141,290)

**Notes to Financial Statements**

As Of and For the Years Ended December 31, 2020 and 2019

*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>.

respectively. Plan members receiving benefits contribute 9.91% of their premium costs for a family and a single plan. For fiscal years 2020 and 2019, total member contributions were \$14,127 and \$12,688, respectively.

**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE**

**Employees Covered by Benefit Terms**

At December 31, 2020 and December 31, 2019, the following Utility employees were covered by the benefit terms:

*General Information about the OPEB - Health Insurance Plan*

**Plan Description**

The Utility participates in a single-employer defined benefit group health insurance plan (“the Retiree Health Benefits Plan”) administered by the City, which provides coverage to active employees and retirees at blended premium rates. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Retiree Health Benefits Plan does not issue a publicly available financial report.

	2020	2019
Active employees	17	24
Inactive plan members or beneficiaries currently receiving benefit payments	19	22
	<hr/>	<hr/>
Total	36	46

**Total OPEB Liability**

At December 31, 2020, the Utility reported a total OPEB liability of \$1,734,714 for the Water Utility and \$433,679 for the Sewer Utility, which was measured as of December 31, 2019 and determined by an actuarial valuation as of January 1, 2019.

**Benefits Provided**

Benefit provisions are established through collective bargaining agreements, personnel policy guidelines or past practice and state that eligible retirees, their spouses and eligible dependents receive health insurance benefits at differing contribution rates, depending on years of service, date of hire and date of retirement. Health insurance benefits are subject to deductibles and co-pays as determined by the Primary Government.

At December 31, 2019, the Utility reported a total OPEB liability of \$1,950,065 for the Water Utility and \$487,515 for the Sewer Utility, which was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2018.

**Contributions**

Contribution requirements are established by the Primary Government. The Utility made health insurance contributions of 90% on behalf of all active employees and 60-100% on behalf of retirees for the year 2020. The Utility contributed 90.09% of the current year premiums for a family and a single plan for eligible retired plan members and their spouses. For fiscal years 2020 and 2019, the Utility contributed \$128,195 and \$115,340 to the plan,

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the actuarial valuation as of December 31, 2020 and 2019 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<hr/>	<hr/>
	2020	2019
Discount rate	2.74%	4.10%
Salary increases:		
Inflation	3.00%	3.00%
Seniority/Merit	0.40% - 4.80%	0.40% - 4.80%
Healthcare cost trend rates	2.30%-6.70%	1.12%-7.30%

The discount rate was based on the 20-year Bond Buyer GO Index.

**Notes to Financial Statements**

As Of and For the Years Ended December 31, 2020 and 2019

90% of current employees with medical coverage are expected to participate in the City’s retiree health insurance plan. 10% of current employees without medical coverage are expected to participate in the City’s retiree health insurance plan. 70% of future retirees who take medical coverage are assumed to elect family coverage. Expected 2020 and 2019 monthly medical costs per retiree by age is as follows:

Age	Male		Female	
	Single	Family	Single	Family
55	\$ 857	\$ 1,898	\$ 960	\$ 1,899
60	1,096	2,302	1,123	2,302
64	1,361	2,712	1,269	2,712
65	381	748	366	748
70	425	820	394	820
75	464	878	414	878

Mortality rates were based on the following criteria:

**Pre-Retirement:** This assumption applies to death while in service. Rates are based on the Wisconsin 2018 Mortality Table (multiplied by 50% for males and females) as the base table and project future improvements with 2018 generational improvement scale (multiplied by 60%), as adopted by the Board in connection with the 2015-2017 Experience Study performed by the actuary for the Wisconsin Retirement System.

**Post-Retirement:** This assumption applies to death of participants after retirement. Rates are based on the Wisconsin 2018 Mortality Table as the base table and project future improvements with 2018 generational improvement scale (multiplied by 60%), as adopted by the Board in connection with the 2015-2017 Experience Study performed by the actuary for the Wisconsin Retirement System.

**Post-Disability:** This assumption applies to death after disablement. Rates are based on the 2015-2017 Experience Study performed by the actuary for the Wisconsin Retirement System as the base table and project future improvements with 2018 generational improvement scale (multiplied by 60%), as adopted by the Board in connection with the 2015-2017

Experience Study performed by the actuary for the Wisconsin Retirement System.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period 2015-2017.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
<b>Water</b>	
Balance at December 31, 2018	\$ 2,109,269
Changes for the Year:	
Service cost	48,416
Interest	86,927
Change of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(156,118)
Benefit payments	(138,429)
Net Changes	(159,204)
Balance at December 31, 2019	\$ 1,950,065
Balance at December 31, 2019	\$ 1,950,065
Changes for the Year:	
Service cost	72,182
Interest	157,053
Change of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	211,512
Benefit payments	(225,396)
Net Changes	(215,351)
Balance at December 31, 2020	\$ 1,734,714



Notes to Financial Statements

As Of and For the Years Ended December 31, 2020 and 2019

	Total OPEB Liability
<b>Sewer</b>	
Balance at December 31, 2018	\$ 527,316
Changes for the Year:	
Service cost	12,103
Interest	21,732
Change of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(39,029)
Benefit payments	(34,607)
Net Changes	(39,801)
Balance at December 31, 2019	\$ 487,515
Balance at December 31, 2019	\$ 487,515
Changes for the Year:	
Service cost	18,044
Interest	39,263
Change of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	52,878
Benefit payments	(56,349)
Net Changes	(53,836)
Balance at December 31, 2020	\$ 433,679

There have been no significant changes in benefit terms impacting the retirees' share of health insurance premiums.

Changes of assumptions and other inputs reflect a change in the discount rate from 4.10% in 2019 to 2.12% in 2020 and 3.44% in 2018 to 4.10% in 2019.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following table presents the total OPEB liability of the Utility, as well as what the Utility's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	2020	2019
<b>Water</b>		
1% Decrease to Discount Rate (1.74%)	\$ 1,914,545	N/A
Current Discount Rate (2.74%)	1,734,714	N/A
1% Increase to Discount Rate (3.74%)	1,579,680	N/A
1% Decrease to Discount Rate (3.10%)	N/A	\$ 2,148,169
Current Discount Rate (4.10%)	N/A	1,950,065
1% Increase to Discount Rate (5.10%)	N/A	1,778,181
<b>Sewer</b>		
1% Decrease to Discount Rate (1.74%)	478,636	N/A
Current Discount Rate (2.74%)	433,679	N/A
1% Increase to Discount Rate (3.74%)	394,920	N/A
1% Decrease to Discount Rate (3.10%)	N/A	537,042
Current Discount Rate (4.10%)	N/A	487,515
1% Increase to Discount Rate (5.10%)	N/A	444,545

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following table presents the net OPEB liability of the Utility, as well as what the Utility's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower and one percentage point higher than the current healthcare cost trend rates:

	2020	2019
<b>Water</b>		
1% Decrease to Trend Rate (1.70-5.70%)	\$ 1,742,509	N/A
Current Discount Rate (2.70-6.70%)	1,950,065	N/A
1% Increase to Discount Rate (3.70-7.70%)	2,193,752	N/A
1% Decrease to Trend Rate (.12-5.3%)	N/A	\$ 1,742,509
Current Discount Rate (1.12-6.3%)	N/A	1,950,065
1% Increase to Discount Rate (2.12-7.3%)	N/A	2,193,752
<b>Sewer</b>		
1% Decrease to Trend Rate (1.70-5.70%)	435,627	N/A
Current Discount Rate (2.70-6.70%)	487,516	N/A
1% Increase to Discount Rate (3.70-7.70%)	548,438	N/A
1% Decrease to Trend Rate (.12-5.3%)	N/A	435,627
Current Discount Rate (1.12-6.3%)	N/A	487,515
1% Increase to Discount Rate (2.12-7.3%)	N/A	548,438

**OAK CREEK WATER AND SEWER UTILITY**

**Notes to Financial Statements**

*As Of and For the Years Ended December 31, 2020 and 2019*

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended December 31, 2020, OPEB expense was recognized in the amount of (\$246,541) for the Water Utility and (\$61,633) for the Sewer Utility. For the year ended December 31, 2019, OPEB expense was recognized in the amount of \$100,972 for the Water Utility and \$25,244 for the Sewer Utility.

As of December 31, 2020, the Utility 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
<b>Water</b>		
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	99,268	(69,200)
Employer contributions subsequent to the measurement date	115,100	-
Total	<u>\$ 214,368</u>	<u>\$ (69,200)</u>
<b>Sewer</b>		
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	24,817	(17,300)
Employer contributions subsequent to the measurement date	28,775	-
Total	<u>\$ 53,592</u>	<u>\$ (17,300)</u>

As of December 31, 2019, the Utility reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(continued)

**Sewer**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	11,123	(26,201)
Employer contributions subsequent to the measurement date	43,573	-
Total	<u>\$ 54,696</u>	<u>\$ (26,201)</u>

**Water**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	44,491	(104,805)
Employer contributions subsequent to the measurement date	174,292	-
Total	<u>\$ 218,783</u>	<u>\$ (104,805)</u>

Deferred outflows related to OPEB resulting from the employer's contributions subsequent to the measurement date reported in the table above will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Notes to Financial Statements**

As Of and For the Years Ended December 31, 2020 and 2019

Year Ended December 31	Net Deferred Outflows and Inflows of Resources
<b>Water</b>	
2021	8,921
2022	8,921
2023	4,985
2024	5,828
2025	1,413
Thereafter	-
Total	<u>\$ 30,068</u>
<b>Sewer</b>	
2021	2,230
2022	2,230
2023	1,246
2024	1,457
2025	354
Thereafter	-
Total	<u>\$ 7,517</u>

**NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE**

*General Information about the OPEB - Life Insurance Plan*

**Plan Description**

The Local Retiree Life Insurance Fund (LRLIF) is a multiple-employer defined benefit OPEB plan (Plan). LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The Plan provides post-employment life insurance benefits for all eligible employees. ETF issues a standalone Comprehensive Annual Financial Report, 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 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**

The LRLIF plan provides fully paid life insurance benefits for post-age 64 retired employees and pre-age 65 retirees who pay for their coverage.

**Contributions**

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member’s working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates for the plan year reported as of December 31, 2020 and 2019 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the plan year are listed below:

**Notes to Financial Statements**

As Of and For the Years Ended December 31, 2020 and 2019

Life Insurance Employee Contribution Rates for the Plan Year

Attained Age	Basic
Under 30	\$0.05
30-34	0.06
34-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

For the year ended December 31, 2020, the LRLIF recognized employer contributions in the amount of \$796 from the Water Utility and \$191 from the Sewer Utility. For the year ended December 31, 2019, the LRLIF recognized employer contributions in the amount of \$888 from the Water Utility and \$222 from the Sewer Utility.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs***

At December 31, 2020, liabilities in the amount of \$154,164 for the Water Utility and \$36,992 for the Sewer Utility were reported for their proportionate shares of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utility’s proportion of the net OPEB liability was based on the Utility’s share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the Utility’s proportion was 0.340938%, which was a decrease of 0.00762% from its proportion measured as of December 31, 2018.

At December 31, 2019, liabilities in the amount of \$104,935 for the Water Utility and \$26,234 for the Sewer Utility were reported for their proportionate shares of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and

the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utility’s proportion of the net OPEB liability was based on the Utility’s share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the Utility’s proportion was 0.348558%, which was an increase of 0.002923% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2020, OPEB expense was recognized in the amount of \$2,724 for the Water Utility and \$(407) for the Sewer Utility. For the year ended December 31, 2019, OPEB expense was recognized in the amount of \$11,177 for the Water Utility and \$2,880 for the Sewer Utility.

As of December 31, 2020, the Utility reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**OAK CREEK WATER AND SEWER UTILITY**

**Notes to Financial Statements**

*As Of and For the Years Ended December 31, 2020 and 2019*

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Water</b>		
Differences between expected and actual experience	\$ -	\$ (7,385)
Net differences between projected and actual earnings on OPEB plan investments	3,134	-
Changes of assumptions	57,776	(19,001)
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,845	(2,059)
Employer contributions subsequent to the measurement date	631	-
Total	<u>\$ 64,386</u>	<u>\$ (28,445)</u>

<b>Sewer</b>		
Differences between expected and actual experience	\$ -	\$ (1,825)
Net differences between projected and actual earnings on OPEB plan investments	776	
Changes of assumptions	13,956	(4,787)
Changes in proportion and differences between employer contributions and proportionate share of contributions	716	(494)
Employer contributions subsequent to the measurement date	158	-
Total	<u>\$ 15,606</u>	<u>\$ (7,106)</u>

As of December 31, 2019, the Utility reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Water</b>		
Differences between expected and actual experience	\$ -	\$ (5,324)
Net differences between projected and actual earnings on OPEB plan investments	2,508	-
Changes of assumptions	10,017	(22,746)
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,389	-
Employer contributions subsequent to the measurement date	796	-
Total	<u>\$ 16,710</u>	<u>\$ (28,070)</u>

<b>Sewer</b>		
Differences between expected and actual experience	\$ -	\$ (1,330)
Net differences between projected and actual earnings on OPEB plan investments	626	
Changes of assumptions	2,495	(5,686)
Changes in proportion and differences between employer contributions and proportionate share of contributions	847	
Employer contributions subsequent to the measurement date	191	-
Total	<u>\$ 4,159</u>	<u>\$ (7,016)</u>

Deferred outflows related to OPEB resulting from the LRLIF employer's contributions subsequent to the measurement date reported in the table above will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	Net Outflows/ Inflows of Resources
<b>Water</b>	
2021	\$ 6,200
2022	6,200
2023	5,818
2024	5,514
2025	4,443
Thereafter	7,135
Total	<u>\$ 35,310</u>

**OAK CREEK WATER AND SEWER UTILITY**

**Notes to Financial Statements**

*As Of and For the Years Ended December 31, 2020 and 2019*

<i>(continued)</i> Year Ended December 31	Net Outflows/ Inflows of Resources
<b>Sewer</b>	
2021	\$ 1,466
2022	1,466
2023	1,374
2024	1,302
2025	1,051
Thereafter	1,683
<b>Total</b>	<b>\$ 8,342</b>

**Actuarial Assumptions**

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2020	2019
Actuarial valuation date	January 1, 2019	January 1, 2018
Measurement date of net OPEB liability	December 31, 2019	December 31, 2018
Actuarial cost method	Entry Age Normal	Entry Age Normal
20 year tax-exempt municipal bond yield	2.74%	4.10%
Long-term expected rate of return	4.25%	5.00%
Discount rate	2.87%	4.22%
Salary increases:		
Inflation	3.00%	3.20%
Seniority/Merit	0.1% - 5.6%	0.2% - 5.6%
Mortality	Wisconsin 2018 Mortality Table	Wisconsin 2012 Mortality Table

**Long-Term Expected Return on Plan Assets**

The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carrier's general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate

rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance  
Asset Allocation Targets and Expected Returns  
As of December 31, 2019

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Government Bonds	Barclays Government	1 %	1.44 %
US Credit Bonds	Barclays Credit	40	2.69
US Long Credit Bonds	Barclays Long Credit	4	3.01
US Mortgages	Barclays MBS	54	2.25
US Municipal Bonds	Bloomberg Barclays Muni	1	1.68
Inflation			2.2
Long-Term Expected Rate of Return			4.25

Local OPEB Life Insurance  
Asset Allocation Targets and Expected Returns  
As of December 31, 2018

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Government Bonds	Barclays Government	1 %	1.13 %
US Credit Bonds	Barclays Credit	65	2.61
US Long Credit Bonds	Barclays Long Credit	3	3.08
US Mortgages	Barclays MBS	31	2.19
Inflation			2.3
Long-Term Expected Rate of Return			5.00

**Single Discount Rate**

Single discount rates of 5.00% and 4.25% were used to measure the total OPEB liability as of December 31, 2019 and December 31, 2018. The Plan's fiduciary net position was projected to be insufficient

**Notes to Financial Statements**

As Of and For the Years Ended December 31, 2020 and 2019

to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments to the extent that the plan’s fiduciary net position is projected to be insufficient.

**Sensitivity of the Utility’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following table presents the Utility’s proportionate share of the net pension liability (asset) calculated using the discount rate of 2.87 percent, as well as what the utility’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 (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate.

The sensitivity analysis as of December 31, 2020 and 2019 follows:

	2020	2019
<b>Water</b>		
1% Decrease to Discount Rate (1.87%)	\$ 259,003	N/A
Current Discount Rate (2.87%)	187,570	N/A
1% Increase to Discount Rate (3.87%)	133,224	N/A
1% Decrease to Discount Rate (3.22%)	N/A	\$ 166,329
Current Discount Rate (4.22%)	N/A	104,935
1% Increase to Discount Rate (5.22%)	N/A	78,815
<b>Sewer</b>		
1% Decrease to Discount Rate (1.87%)	62,145	N/A
Current Discount Rate (2.87%)	45,005	N/A
1% Increase to Discount Rate (3.87%)	31,965	N/A
1% Decrease to Discount Rate (3.22%)	N/A	38,384
Current Discount Rate (4.22%)	N/A	26,234
1% Increase to Discount Rate (5.22%)	N/A	18,188

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan’s fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

**NOTE 14 – COMMITMENTS**

The Water Utility had the following outstanding contractual commitments as of December 31, 2020 and 2019:

Project Description	Contractor and Commitment Date	Contract Amount	Remaining Amount
<b>2020</b>			
Weatherly water main loop	Give Star Energy Services, LLC 12/18/2020	149,411	125,540
Howell Ave water main lining	Mid City Corporation 9/9/2019	247,616	230,839
<b>2019</b>			
College Avenue water main extension	Cornerstone One, LLC 12/13/2019	406,414	406,414
Howell Avenue and Quail Run water main looping	Cornerstone One, LLC 12/18/2019	276,759	276,759
Pollution remediation	Ramboll Environ 4/19/2016, amendments	438,000	200,518

The Utility was deemed to be the responsible party for pollution cleanup at its water treatment plant site and is obligated to address the pollution remediation under Federal and State laws and regulations. The Utility has an outstanding estimated commitment as of December 31, 2020 and 2019 for pollution remediation in the amount of \$2,295,600, recorded as a liability.

**NOTE 15 – CONTINGENCIES**

From time to time, the Utility 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 legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse

## Notes to Financial Statements

*As Of and For the Years Ended December 31, 2020 and 2019*

effect on the Utility's financial position or results of operations.

### **NOTE 16 – WHOLESALE CONTRACTS**

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The Utility, along with the City of Oak Creek (Oak Creek), have entered into a 30-year contract with the City of Franklin and the Franklin Water Utility (Franklin) in Milwaukee County on April 4, 1994 to sell water to Franklin at wholesale rates approved by the Public Service Commission of Wisconsin (PSC). Under the contract, Franklin is a wholesale customer of the Utility and customers of the City of Franklin are retail customers of Franklin. The Utility is responsible for maintaining and repairing all parts of the water delivery system, which are located in Oak Creek, and Franklin is responsible for maintaining the water system in Franklin. Under the contract terms, Franklin is obligated to obtain all of its water from Oak Creek, except for a small part of the city that gets water from the City of Milwaukee. This contract terminates on April 3, 2024.

On December 6, 1991, Oak Creek and the Utility entered into a 30-year contract with the Crestview Sanitary District (Crestview) in Racine County to provide water to Crestview at wholesale rates approved by the PSC. Under the contract, Crestview is a wholesale customer of the Utility and customers of Crestview Sanitary District are retail customers of Crestview. In accordance with the contract terms, the Utility is responsible for maintaining and repairing all parts of the water delivery system located in Oak Creek, and Crestview is responsible for maintaining all parts of the system located outside Oak Creek. Under the contract, Crestview shall obtain all of its water from the Utility exclusively. On January 18, 1994, the North Park Sanitary District (North Park) entered into a contract with Crestview to receive water from Crestview, thereby expanding the Utility's wholesale service area. Oak Creek and the Utility have amended the original contract with Crestview to include this new service area.

On February 12, 1992, Oak Creek and the Utility entered into a 30-year contract with the Caddy Vista

Sanitary District (Caddy Vista) in Racine County to provide water to Caddy Vista at wholesale rates approved by the PSC. In accordance with the contract, Caddy Vista is a wholesale customer of the Utility and customers of Caddy Vista Sanitary District are retail customers of Caddy Vista. Under the terms of this contract, the Utility is responsible for maintaining and repairing all parts of the water delivery system located in Oak Creek. Caddy Vista is responsible for maintaining the water delivery system located outside of Oak Creek. Caddy Vista must purchase its entire public water supply from the Utility, in accordance with the contract.

On December 17, 2008, Oak Creek and the Utility have entered into a new 40-year contract with the Village of Caledonia (Caledonia) to provide water to certain areas of Caledonia at wholesale rates approved by the PSC. This new contract supersedes the prior contracts with Crestview and Caddy Vista. Both Crestview and Caddy Vista fall under the umbrella of the Village of Caledonia and are included in this contract. Under the contract, Caledonia is a wholesale customer of the Utility and customers of the Village of Caledonia, in the covered service areas, are retail customers of Franklin. The Utility's wholesale service area in Racine County was expanded under the terms of this contract. In accordance with the contract, Caledonia will be responsible for the construction of new water mains needed for the delivery of water to the new service area. Except for this construction, the Utility is responsible for maintaining and repairing all parts of the water delivery system located in Oak Creek and Caledonia is responsible for maintaining the portion of the system outside of Oak Creek's boundaries. The Utility shall be the sole provider of water service to Caledonia, within the designated service area. This contract terminates on December 16, 2048.

### **NOTE 17 – RISK MANAGEMENT AND INSURANCE**

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The Utility participates in the risk management and insurance programs of the City, and the following information is representative of the City as a whole.



**Notes to Financial Statements**

*As Of and For the Years Ended December 31, 2020 and 2019*

**Risk Management**

The City 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. The City purchases commercial insurance to provide coverage for losses from torts; theft of, damage to, or destruction of assets; errors and omissions and workers compensation. Employee health and dental care are accounted for and financed by the City in the health insurance internal service fund, which includes commercial insurance and self-funding. 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.

**Self Insurance**

For health claims, the uninsured risk of loss is \$100,000 deductible per individual and \$6,242,999 in the aggregate for a policy year. Claims in excess of those amounts are covered by specific reinsurance with an unlimited lifetime maximum reimbursement. 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.

All funds in the City participate in the health and dental insurance internal service fund. Amounts payable to the health insurance fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. \$0 was designated for that reserve at year end, and is included in unrestricted net position of the internal service fund.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred, but not yet reported. The City does not allocate overhead costs or other non-incremental costs to the claims liability.

**Claims Liability**

	<u>Amount</u>
Unpaid claims - January 1, 2018	\$ 385,392
Claims and changes in estimates	8,223,211
Claim payments	<u>(5,410,583)</u>
Unpaid claims - December 31, 2018	3,198,020
Claims and changes in estimates	5,430,157
Claim payments	<u>(7,982,997)</u>
Unpaid claims - December 31, 2019	645,180
Claims and changes in estimates	4,834,480
Claim payments	<u>(4,247,291)</u>
Unpaid claims - December 31, 2020	<u>\$ 1,232,369</u>
Unpaid claims and judgements due within one year from December 31, 2020	<u>\$ 1,232,369</u>

**NOTE 18 – BASIS FOR EXISTING RATES**

Current water rates were approved by the PSCW on May 9, 2016 and became effective on June 6, 2016. These rates are based on a 4.20% return on rate base for retail customers and a 6.00% return on rate base for wholesale customers, resulting in a composite return on rate base of 4.85% overall.

Current sewer rates were approved by the Commission and Primary Government on September 21, 2010 and became effective on October 15, 2010. Adjustments are made annually for treatment costs pursuant to MMSD’s Cost Recovery Procedures Manual. Sewer Rates are authorized by City Ordinance 2597.

**NOTE 19 – SUBSEQUENT EVENTS**

The Utility has adjusted Milwaukee Metropolitan Sewerage District (MMSD) rates as of January 1, 2021. These rates are based on annual MMSD calculations and are passed through to the Utility’s sewer customers.

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# REQUIRED SUPPLEMENTARY INFORMATION

**OAK CREEK WATER AND SEWER UTILITY**

**Required Supplementary Information**

*As Of and For the Years Ended December 31, 2020 and 2019*

The following information is supplemental to the Oak Creek Water and Sewer Utility's (Utility) financial statements and footnotes. You are invited to review this section in conjunction with the entire financial section of this report.

**EMPLOYEES' RETIREMENT SYSTEM**

A summary of the Utility's proportionate share of the net pension liability (asset) for the most recent ten years (as available) is presented in Table 1, as follows.

**Table 1**  
**Schedule of Proportionate Share of the Net Pension Liability (Asset)**  
**Wisconsin Retirement System**  
**Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015
<b>Water Utility</b>						
City of Oak Creek's proportion of the net pension liability (asset)	0.166079%	0.163908%	0.159041%	0.155825%	0.157755%	0.160470%
Utility's proportionate share of the net pension liability (asset)	\$ (332,948)	\$ 396,406	\$ (325,534)	\$ 96,060	\$ 193,760	\$ (303,195)
Utility's covered payroll	1,756,473	1,754,791	1,686,691	1,636,787	1,748,546	1,782,684
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	-18.96%	22.59%	-19.30%	5.87%	11.08%	-17.01%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.60%	96.45%	102.93%	99.12%	98.20%	102.74%
<b>Sewer Utility</b>						
City of Oak Creek's proportion of the net pension liability (asset)	0.166079%	0.163908%	0.159041%	0.155825%	0.157755%	0.157755%
Utility's proportionate share of the net pension liability (asset)	\$ (83,236)	\$ 99,102	\$ (81,384)	\$ 24,015	\$ 48,440	\$ (75,799)
Utility's covered payroll	439,115	438,701	421,676	409,227	329,980	308,932
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	-18.96%	22.59%	-19.30%	5.87%	14.68%	-24.54%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.60%	96.45%	102.93%	99.12%	98.20%	102.74%

Table 2 summarizes the Utility's contributions to the Wisconsin Retirement System for the most recent ten years, as follows:

**Table 2**  
**Schedule of Utility's Contributions**  
**Wisconsin Retirement System**  
**Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015
<b>Water Utility</b>						
Contractually required contributions	\$ 116,103	\$ 115,049	\$ 117,571	\$ 114,695	\$ 108,028	\$ 113,072
Contributions in relation to the contractually required contributions	(116,103)	(115,049)	(117,571)	(114,695)	(108,028)	(113,072)
Contribution deficiency (excess)	-	-	-	-	-	-
Utility's covered payroll	1,720,044	1,756,473	1,754,791	1,686,691	1,636,788	1,662,824
Contributions as a percentage of covered employee payroll	6.75%	6.55%	6.70%	6.80%	6.60%	6.80%

*See accompanying independent auditors' report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Required Supplementary Information**

*As Of and For the Years Ended December 31, 2020 and 2019*

Table 2 (continued)

	2020	2019	2018	2017	2016	2015
<b>Sewer Utility</b>						
Contractually required contributions	\$ 29,026	\$ 28,762	\$ 29,393	\$ 28,674	\$ 27,009	\$ 28,268
Contributions in relation to the contractually required contributions	(29,026)	(28,762)	(29,393)	(28,674)	(27,009)	(28,268)
Contribution deficiency (excess)	-	-	-	-	-	-
Utility's covered payroll	430,015	439,115	438,701	421,676	409,227	415,706
Contributions as a percentage of covered employee payroll	6.75%	6.55%	6.70%	6.80%	6.60%	6.80%

**OTHER POSTEMPLOYMENT BENEFITS**

A summary of the Utility's schedule of changes in its total OPEB health insurance liability and related ratios for the most recent ten years (as available) is presented in Table 3, as follows.

**Table 3**  
**Schedule of Changes in the Utility's Total OPEB Liability and Related Ratios**  
**Health Insurance Plan**  
**Last Ten Fiscal Years**

	2020	2019	2018
<b>Water Utility</b>			
Changes for the Year:			
Service cost	\$ 72,181	\$ 48,416	\$ 36,256
Interest on total OPEB liability	157,053	86,927	76,351
Changes in benefit terms	-	-	-
Difference between expected and actual	-	-	-
Experiences changes in assumptions	211,512	(156,118)	70,042
Benefit payments	(225,396)	(138,429)	(112,939)
Net Changes in Total OPEB Liability	(215,350)	(159,204)	69,710
Total OPEB Liability, Beginning Balance	1,950,065	2,109,269	2,039,559
Total OPEB Liability, Ending Balance	<u>\$ 1,734,715</u>	<u>\$ 1,950,065</u>	<u>\$ 2,109,269</u>
Covered-Employee Payroll	\$ 1,910,454	\$ 1,920,227	\$ 1,916,505
Total OPEB Liability as a Percentage of Covered-Employee Payroll	90.80%	101.55%	110.06%
<b>Sewer Utility</b>			
Changes for the Year:			
Service cost	\$ 18,045	\$ 12,103	\$ 9,064
Interest on total OPEB liability	39,263	21,732	19,088
Changes in benefit terms	-	-	-
Difference between expected and actual	-	-	-

*See accompanying independent auditors' report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Required Supplementary Information**

*As Of and For the Years Ended December 31, 2020 and 2019*

<b>Table 3 (continued)</b>	2020	2019	2018
Changes in assumptions	52,878	(39,029)	17,510
Benefit payments	(56,349)	(34,607)	(28,235)
Net Changes in Total OPEB Liability	(53,837)	(39,801)	17,427
Total OPEB Liability, Beginning Balance	487,515	527,316	509,889
Total OPEB Liability, Ending Balance	\$ 433,678	\$ 487,515	\$ 527,316
Covered-Employee Payroll	\$ 426,265	\$ 362,689	\$ 374,388
Total OPEB Liability as a Percentage Of Covered-Employee Payroll	101.74%	134.42%	140.85%

A summary of the Utility's proportionate share of the net OPEB life insurance liability for the most recent ten years (as available) is presented in Table 4, as follows.

**Table 4**  
**Schedule of Proportionate Share of the Net OPEB Liability**  
**Local Retiree Life Insurance Fund**  
**Last Ten Fiscal Years**

	2020	2019	2018
<b>Water Utility</b>			
City of Oak Creek's proportion of the net OPEB liability	0.340938%	0.348558%	0.345635%
Utility's proportionate share of the net OPEB liability	154,164	104,935	121,368
Utility's covered-employee payroll	1,756,473	1,754,791	1,686,691
Proportionate share of the net OPEB liability as a percentage of covered-employee payroll	8.78%	5.98%	7.20%
Plan fiduciary net position as a percentage of the total OPEB liability	37.58%	48.69%	44.81%
<b>Sewer Utility</b>			
City of Oak Creek's proportion of the net OPEB liability	0.340938%	0.348558%	0.345635%
Utility's proportionate share of the net OPEB liability	36,992	26,234	30,263
Utility's covered-employee payroll	439,115	438,701	421,676
Proportionate share of the net OPEB liability as a percentage of covered-employee payroll	8.42%	5.98%	7.18%
Plan fiduciary net position as a percentage of the total OPEB liability	37.58%	48.69%	44.81%

*See accompanying independent auditors' report.*

OAK CREEK WATER AND SEWER UTILITY

Required Supplementary Information

As Of and For the Years Ended December 31, 2020 and 2019

Table 5 summarizes the Utility’s contributions to the Local Retiree Life Insurance Fund for the most recent ten years, as follows:

Table 5
Schedule of Utility’s Contributions
Local Retiree Life Insurance Fund
Last Ten Fiscal Years

Table with 4 columns: Description, 2020, 2019, 2018. Rows include Water Utility and Sewer Utility categories with sub-rows for contractually required contributions, deficiency/excess, payroll, and percentage of payroll.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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 Utility 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 in benefit terms: There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in assumptions: Changes in assumptions are summarized in the following table.

See accompanying independent auditors’ report.

**Required Supplementary Information**  
*As Of and For the Years Ended December 31, 2020 and 2019*

**Table 6**  
**Changes in Assumptions**  
**Wisconsin Retirement System**  
**Last Ten Fiscal Years**

	2019-2020	2015 - 2018
Long-term expected rate of return	7.00%	7.20%
Discount rate	7.00%	7.20%
Salary increases:		
Inflation	3.00%	3.20%
Seniority/Merit	0.1% - 5.6%	0.2% - 5.6%
Mortality	Wisconsin 2018 Mortality Table	Wisconsin 2012 Mortality Table
Post-retirement adjustments	1.90%	2.10%

**OPEB – Health Insurance Plan**

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The Utility 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 in benefit terms:* There were no changes of benefit terms in the OPEB Health Insurance Plan.

*Changes in assumptions:* The discount rate changed from 4.10% in 2019 to 2.74% in 2020. There were no other changes in assumptions.

**OPEB – Local Retiree Life Insurance Fund**

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The Utility 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 in benefit terms:* There were no changes of benefit terms for any participating employer in the Local Retiree Life Insurance Fund.

*Changes in assumptions:* Changes in assumptions are summarized in the following table.

*See accompanying independent auditors' report.*



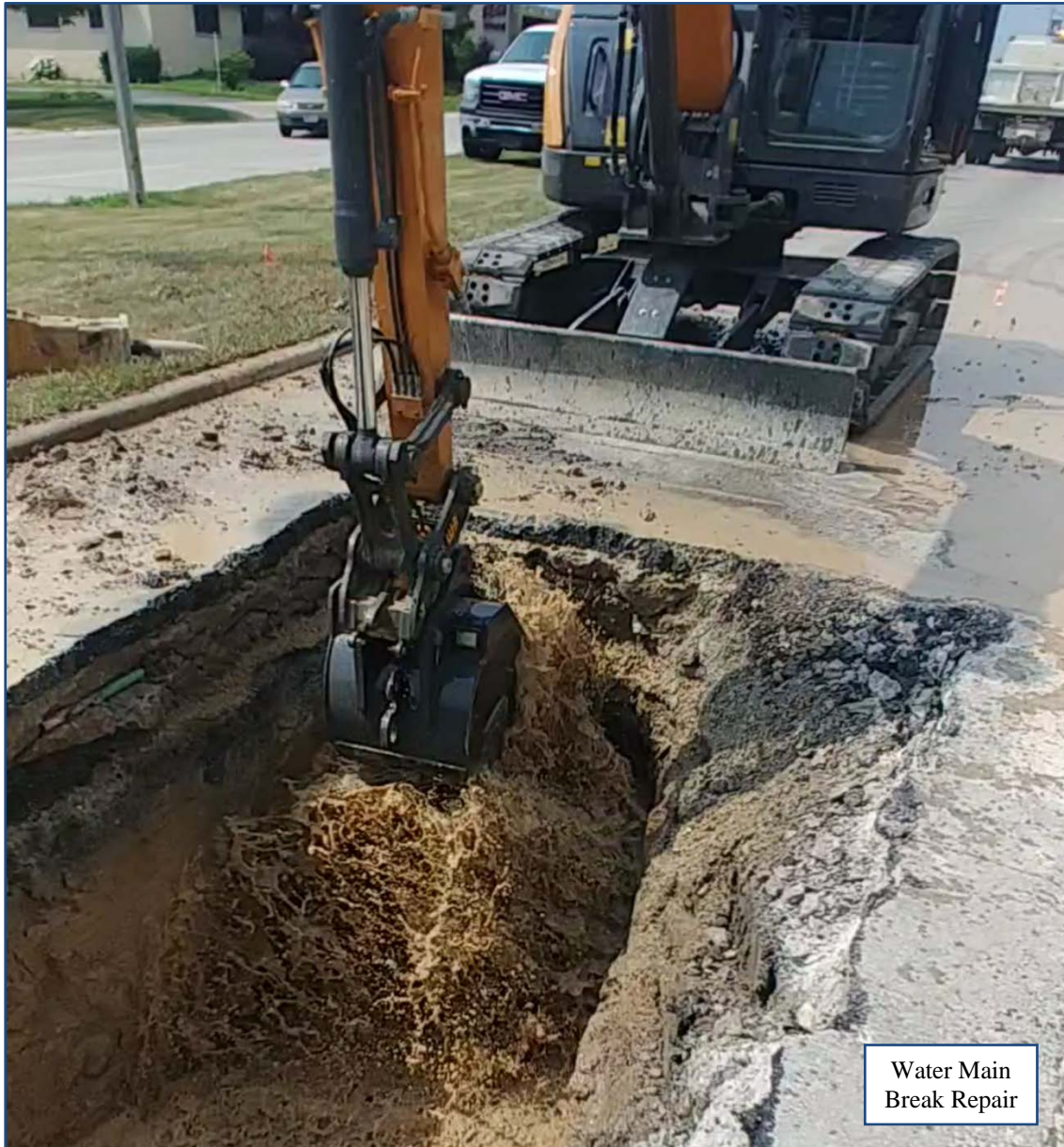
**Required Supplementary Information**  
*As Of and For the Years Ended December 31, 2020 and 2019*

**Table 7**  
**Changes in Assumptions**  
**Local Retiree Life Insurance Fund**  
**Last Ten Fiscal Years**

	2020	2019	2018
20 year tax-exempt municipal bond yield	2.74%	4.10%	3.44%
Long-term expected rate of return	5.00%	5.00%	5.00%
Discount rate	2.87%	4.22%	3.63%
Salary increases:			
Inflation	3.00%	3.00%	3.20%
Seniority/Merit	0.1% - 5.6%	0.1% - 5.6%	0.2% - 5.6%
Mortality	Wisconsin 2018 Mortality Table	Wisconsin 2018 Mortality Table	Wisconsin 2012 Mortality Table

*See accompanying independent auditors' report.*

# STATISTICAL SECTION



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## Statistical Section

This part of the Utility’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Utility’s overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends (Schedules 1 – 9)</b> These schedules contain trend information to help the reader understand how the Utility’s financial performance and well-being have changed over time.	93
<b>Revenue Capacity (Schedules 10 – 14)</b> These schedules contain information to help the reader assess the factors affecting the Utility’s ability to generate revenue from water and sewer ratepayers.	103
<b>Debt Capacity (Schedules 15 – 16)</b> These schedules present information to help the reader assess the affordability of the Utility’s current levels of outstanding debt and the Utility’s ability to issue additional debt in the future.	109
<b>Demographic and Economic Information (Schedules 17 – 18)</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Utility’s financial activities take place and to help make comparisons over time and with other governments.	112
<b>Operating Information (Schedules 19 – 20)</b> These schedules contain information about the Utility’s operations and resource to help the reader understand how the Utility’s financial information relates to the services the Utility provides and the activities it performs.	115

*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year.*

# FINANCIAL TRENDS

**OAK CREEK WATER AND SEWER UTILITY**  
**Schedule 1**  
**Net Position, Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	Restated 2012	2011
<b>WATER</b>										
Net Investment in Capital Assets	\$ 63,620,951	\$ 62,179,713	\$ 60,516,255	\$ 59,105,099	\$ 60,972,888	\$ 60,630,573	\$ 55,008,228	\$ 53,495,307	\$ 55,069,162	\$ 54,561,949
Restricted										
Revenue bond redemption	532,037	45,833	68,750	66,667	110,416	120,584	116,667	112,500	108,334	104,167
Revenue bond reserve	565,545	763,961	811,056	850,954	931,741	1,014,793	1,445,817	1,445,817	1,445,817	1,445,817
Revenue bond depreciation	17,000	-	-	-	-	-	-	-	-	-
Pension	332,948	-	325,534	-	-	303,195	-	-	-	-
Unrestricted	16,677,854	14,544,635	13,983,986	12,962,307	8,496,393	6,489,916	8,989,093	8,762,870	5,782,570	4,898,842
<b>Total Water Net Position</b>	<b>81,746,335</b>	<b>77,534,142</b>	<b>75,705,581</b>	<b>72,985,027</b>	<b>70,511,438</b>	<b>68,559,061</b>	<b>65,559,805</b>	<b>63,816,494</b>	<b>62,405,883</b>	<b>61,010,775</b>
<b>SEWER</b>										
Net Investment in Capital Assets	35,683,496	33,540,001	33,257,239	32,872,618	32,924,483	33,201,625	31,669,449	32,179,675	32,283,858	34,518,994
Restricted										
Pension	83,236	-	81,384	-	-	75,799	-	-	-	-
Unrestricted	9,745,347	10,720,898	10,318,668	10,436,128	10,354,909	9,609,448	8,938,839	8,397,411	8,398,137	4,947,287
<b>Total Sewer Net Position</b>	<b>45,512,079</b>	<b>44,260,899</b>	<b>43,657,291</b>	<b>43,308,746</b>	<b>43,279,392</b>	<b>42,886,872</b>	<b>40,608,288</b>	<b>40,577,086</b>	<b>40,681,995</b>	<b>39,466,281</b>
<b>Total Utility Net Position</b>	<b>\$ 127,258,414</b>	<b>\$ 121,795,041</b>	<b>\$ 119,362,872</b>	<b>\$ 116,293,773</b>	<b>\$ 113,790,830</b>	<b>\$ 111,445,933</b>	<b>\$ 106,168,093</b>	<b>\$ 104,393,580</b>	<b>\$ 103,087,878</b>	<b>\$ 100,477,056</b>

Notes: The year 2012 was restated to reflect the implementation of GASB 65, Items Previously Reported as Assets and Liabilities, which required debt issuance costs to be expensed in the period incurred.

**OAK CREEK WATER AND SEWER UTILITY**

**Schedule 2**

**Change in Net Position, Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	Restated 2012	2011
Operating Revenues-										
Water-										
Retail metered sales	\$ 5,814,538	\$ 5,667,686	\$ 5,686,475	\$ 5,541,988	\$ 5,506,450	\$ 5,170,945	\$ 5,047,384	\$ 4,954,115	\$ 4,724,514	\$ 4,211,071
Sales for resale	3,660,882	3,488,294	3,422,276	3,355,336	3,602,897	3,834,565	3,520,581	3,594,922	3,288,247	2,707,244
Public fire protection	1,241,058	1,227,984	1,216,171	1,205,957	1,170,963	1,135,891	1,111,316	1,084,420	1,032,985	978,365
Private fire protection	206,808	196,347	189,952	180,732	172,789	166,787	158,167	156,069	153,990	152,296
Other operating revenues	448,291	434,121	478,283	542,719	421,119	403,876	405,745	392,751	292,620	280,746
Total Water Operating Revenues	11,371,577	11,014,432	10,993,157	10,826,732	10,874,218	10,712,064	10,243,193	10,182,277	9,492,356	8,329,722
Sewer-										
Retail metered sales	4,527,918	4,311,241	4,250,323	3,926,957	3,906,569	3,591,266	3,435,950	3,421,732	3,633,624	3,540,258
Other operating revenues	29,823	38,059	54,160	52,198	54,446	48,489	50,152	53,057	51,219	47,683
Total Sewer Operating Revenues	4,557,741	4,349,300	4,304,483	3,979,155	3,961,015	3,639,755	3,486,102	3,474,789	3,684,843	3,587,941
Total Utility Operating Revenues	15,929,318	15,363,732	15,297,640	14,805,887	14,835,233	14,351,819	13,729,295	13,657,066	13,177,199	11,917,663
Operating Expenses-										
Water-										
Operation and maintenance	3,734,544	6,159,958	4,455,532	4,109,730	4,834,064	5,759,964	4,005,733	4,103,228	3,777,020	3,804,244
Depreciation/amortization	2,685,454	2,569,640	2,517,822	2,497,439	2,494,182	2,421,798	2,352,525	2,347,067	2,283,410	2,212,947
Taxes	1,900,825	1,856,151	1,790,672	1,782,553	1,832,880	1,838,487	1,720,543	1,798,420	1,794,815	1,628,424
Total Water Operating Expenses	8,320,823	10,585,749	8,764,026	8,389,722	9,161,126	10,020,249	8,078,801	8,248,715	7,855,245	7,645,615
Sewer-										
Operation and maintenance	3,816,854	3,674,618	4,115,969	3,716,310	3,233,396	2,979,879	2,894,764	3,071,160	2,769,158	2,855,298
Depreciation	567,991	554,528	552,791	541,553	560,735	525,741	548,716	534,330	549,564	583,805
Taxes	43,144	44,579	44,301	45,759	43,936	43,406	42,805	48,347	49,541	71,511
Total Sewer Operating Expenses	4,427,989	4,273,725	4,713,061	4,303,622	3,838,067	3,549,026	3,486,285	3,653,837	3,368,263	3,510,614
Total Utility Operating Expenses	12,748,812	14,859,474	13,477,087	12,693,344	12,999,193	13,569,275	11,565,086	11,902,552	11,223,508	11,156,229
Operating Income	3,180,506	504,258	1,820,553	2,112,543	1,836,040	782,544	2,164,209	1,754,514	1,953,691	761,434
Nonoperating Revenues (Expenses)-										
Water										
	(479,857)	(34,712)	(241,530)	(658,117)	(436,997)	(702,683)	(552,335)	(814,529)	(704,986)	(865,089)
Sewer										
	104,695	238,369	154,825	75,851	50,729	30,244	31,385	73,437	438,923	295,796
Total Nonoperating Revenues (Expenses)	(375,162)	203,657	(86,705)	(582,266)	(386,268)	(672,439)	(520,950)	(741,092)	(266,063)	(569,293)
Income Before Capital Contributions, Extraordinary Item and Special Item	2,805,344	707,915	1,733,848	1,530,277	1,449,772	110,105	1,643,259	1,013,422	1,687,628	192,141
Capital Contributions	2,667,029	1,724,254	2,750,563	972,666	895,125	4,392,868	131,254	292,280	1,026,677	-
Change in Net Position	\$ 5,472,373	\$ 2,432,169	\$ 4,484,411	\$ 2,502,943	\$ 2,344,897	\$ 4,502,973	\$ 1,774,513	\$ 1,305,702	\$ 2,714,305	\$ 192,141

Notes: Other Operating Revenues for Water and Sewer include unmetered sales, interest and penalties on past due accounts and rents from water property.

The year 2012 was restated to reflect the implementation of GASB 65, Items Previously Reported as Assets and Liabilities, which required debt issuance costs to be expensed in the period incurred.

**OAK CREEK WATER AND SEWER UTILITY**

**Schedule 3**

**Operating Revenues from Retail Metered Sales (by Class), Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>WATER</b>										
Residential	\$ 2,429,692	\$ 2,296,453	\$ 2,335,299	\$ 2,351,294	\$ 2,384,121	\$ 2,283,337	\$ 2,226,983	\$ 2,240,322	\$ 2,223,281	\$ 1,955,162
Commercial	1,913,865	1,853,665	1,840,121	1,839,722	1,804,790	1,743,097	1,687,669	1,604,511	1,558,302	1,503,344
Industrial	1,416,040	1,452,661	1,444,856	1,283,458	1,249,565	1,041,359	1,044,845	1,014,873	846,991	676,527
Public authority	54,941	64,907	66,199	67,514	67,974	103,152	87,887	94,409	95,940	76,038
<b>Total Water Operating Revenues from Retail Metered Sales</b>	<b>5,814,538</b>	<b>5,667,686</b>	<b>5,686,475</b>	<b>5,541,988</b>	<b>5,506,450</b>	<b>5,170,945</b>	<b>5,047,384</b>	<b>4,954,115</b>	<b>4,724,514</b>	<b>4,211,071</b>
<b>SEWER</b>										
Residential	\$ 2,320,617	2,162,541	2,150,041	2,034,534	2,075,495	1,997,963	1,927,621	1,947,468	2,143,883	2,070,049
Commercial	1,543,728	1,466,898	1,434,572	1,318,348	1,299,707	1,172,839	1,091,741	1,061,604	1,151,064	1,084,874
Industrial	632,320	637,932	622,254	532,338	489,134	359,484	365,803	354,524	275,955	331,366
Public authority	31,253	43,870	43,456	41,737	42,233	60,980	50,785	58,136	62,722	53,969
<b>Total Sewer Operating Revenues from Retail Metered Sales</b>	<b>4,527,918</b>	<b>4,311,241</b>	<b>4,250,323</b>	<b>3,926,957</b>	<b>3,906,569</b>	<b>3,591,266</b>	<b>3,435,950</b>	<b>3,421,732</b>	<b>3,633,624</b>	<b>3,540,258</b>
<b>Total Utility Operating Revenues from Retail Metered Sales</b>	<b>\$ 10,342,456</b>	<b>\$ 9,978,927</b>	<b>\$ 9,936,798</b>	<b>\$ 9,468,945</b>	<b>\$ 9,413,019</b>	<b>\$ 8,762,211</b>	<b>\$ 8,483,334</b>	<b>\$ 8,375,847</b>	<b>\$ 8,358,138</b>	<b>\$ 7,751,329</b>

**OAK CREEK WATER AND SEWER UTILITY**

**Schedule 4**

**Operation and Maintenance Expenses, Last Ten Fiscal Years**

96

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>WATER</b>										
Source of supply-										
Operation	\$ 49,016	\$ 49,066	\$ 52,335	\$ 50,579	\$ 49,923	\$ 52,855	\$ 50,737	\$ 31,929	\$ 38,931	\$ 39,453
Maintenance	288	3,173	2,976	2,961	3,124	3,125	20,653	42,385	17,448	-
Pumping-										
Operation	606,111	627,041	623,221	579,913	603,027	602,711	614,840	642,270	670,654	692,649
Maintenance	211,403	203,801	228,008	240,860	274,315	219,241	202,461	153,519	107,647	111,599
Water Treatment-										
Operation	596,399	639,520	662,882	604,320	624,753	612,410	621,005	647,358	693,439	741,497
Maintenance	254,918	251,589	308,249	244,914	260,726	267,606	334,166	227,444	184,868	178,338
Pollution Remediation	-	683,139	31,063	11,854	81,736	1,787,367	-	-	-	-
Transmission and Distribution-										
Operation	626,237	584,410	544,610	529,349	503,310	483,502	525,275	482,458	433,436	440,916
Maintenance	305,888	293,145	225,343	197,419	323,833	403,431	455,303	479,003	190,582	192,320
Pollution Remediation	-	-	-	-	-	39,105	-	-	-	-
Customer Accounts-										
Meter Reading	10,876	10,968	10,027	10,240	11,106	12,250	13,683	13,518	6,946	6,024
Records and Collection	115,965	110,193	105,097	110,615	111,158	106,488	109,050	103,333	103,209	100,698
Administrative and General-										
Operation	563,738	2,002,408	959,077	722,201	1,174,554	549,105	405,889	550,992	588,392	379,396
Pension and Benefits	621,038	792,188	679,848	599,548	609,469	410,820	445,212	446,241	462,504	544,335
Other Postemployment Benefits	(227,333)	(90,683)	22,796	204,957	203,030	209,948	207,459	282,778	278,964	377,019
Total Water Operation and Maintenance Expenses	3,734,544	6,159,958	4,455,532	4,109,730	4,834,064	5,759,964	4,005,733	4,103,228	3,777,020	3,804,244
<b>SEWER</b>										
Sewer User Charge - Milwaukee Metropolitan Sewerage District	2,914,664	2,824,908	2,757,233	2,446,379	2,357,804	2,213,262	2,121,549	2,053,930	1,979,056	1,990,602
Pumping-										
Operation	2,483	3,310	3,037	2,341	2,066	1,995	2,775	2,977	1,903	2,495
Maintenance	7,058	13,655	13,484	10,789	11,320	8,892	10,620	12,057	11,247	13,075
Collection-										
Operation	250,394	256,355	266,045	256,337	274,449	280,689	264,165	268,646	266,753	239,541
Maintenance	106,334	87,896	626,100	489,556	94,126	91,442	114,337	310,080	93,403	152,775
Customer Accounts-										
Operation	10,546	10,084	9,966	9,732	9,547	9,426	9,264	7,570	4,396	4,983
Maintenance	59,679	56,954	53,236	57,333	57,921	56,666	58,829	54,608	53,208	52,184
Administrative and General-										
Operation	354,523	240,921	209,539	224,132	215,152	168,130	155,273	161,356	156,910	153,104
Maintenance	434	1,651	76	3,574	4,133	427	476	4,670	889	266
Pension and Benefits	165,291	201,470	171,561	164,898	156,120	96,463	105,611	124,571	131,652	152,018
Other Postemployment Benefits	(54,552)	(22,586)	5,692	51,239	50,758	52,487	51,865	70,695	69,741	94,255
Total Sewer Operation and Maintenance Expenses	3,816,854	3,674,618	4,115,969	3,716,310	3,233,396	2,979,879	2,894,764	3,071,160	2,769,158	2,855,298
<b>Total Utility Operations and Maintenance Expenses</b>	<b>\$ 7,551,398</b>	<b>\$ 9,834,576</b>	<b>\$ 8,571,501</b>	<b>\$ 7,826,040</b>	<b>\$ 8,067,460</b>	<b>\$ 8,739,843</b>	<b>\$ 6,900,497</b>	<b>\$ 7,174,388</b>	<b>\$ 6,546,178</b>	<b>\$ 6,659,542</b>



**OAK CREEK WATER AND SEWER UTILITY**

**Schedule 5**

**Nonoperating Revenues and Expenses, Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	Restated 2012	2011
<b>WATER</b>										
Investment and interest income	\$ 149,364	\$ 502,509	\$ 320,498	\$ 146,151	\$ 103,646	\$ 60,008	\$ 66,754	\$ 11,295	\$ 87,852	\$ 108,110
Merchandising and jobbing	(20,345)	(2,445)	(2,670)	4,553	(1,946)	(8,419)	(1,832)	5,190	(4,103)	(3,920)
Non-utility operations	-	-	-	-	-	-	-	-	-	(1,694)
Interest expense	(460,212)	(491,049)	(524,766)	(525,998)	(528,749)	(637,480)	(728,980)	(798,957)	(766,448)	(924,704)
Interest expense - Sewer Utility	(38,118)	(57,297)	(35,050)	(17,342)	(10,880)	(8,452)	(8,495)	(349)	-	-
Debt issuance costs	(107,718)	-	-	-	-	(84,521)	(10,500)	(7,000)	-	-
Amortization expense	(10,510)	(5,010)	458	(5,193)	932	(23,819)	(27,192)	(24,708)	(22,287)	(42,881)
Loss on capital asset retirements	-	-	-	(260,288)	-	-	-	-	-	-
Gain on sale of capital assets	5,050	18,580	-	-	-	-	13,128	-	-	-
Insurance proceeds	-	-	-	-	-	-	144,782	-	-	-
Miscellaneous	2,632	-	-	-	-	-	-	-	-	-
<b>Total Water Nonoperating Revenues and Expenses</b>	<b>(479,857)</b>	<b>(34,712)</b>	<b>(241,530)</b>	<b>(658,117)</b>	<b>(436,997)</b>	<b>(702,683)</b>	<b>(552,335)</b>	<b>(814,529)</b>	<b>(704,986)</b>	<b>(865,089)</b>
<b>SEWER</b>										
Investment and interest income	66,577	181,072	119,775	58,509	39,849	21,792	22,890	13,088	38,793	33,887
Interest income - Water Utility	38,118	57,297	35,050	17,342	10,880	8,452	8,495	349	-	-
Rental income	-	-	-	-	-	-	-	-	99,000	264,000
Interest expense	-	-	-	-	-	-	-	-	-	(2,091)
Gain on sale of capital assets	-	-	-	-	-	-	-	60,000	301,130	-
<b>Total Sewer Nonoperating Revenues and Expenses</b>	<b>104,695</b>	<b>238,369</b>	<b>154,825</b>	<b>75,851</b>	<b>50,729</b>	<b>30,244</b>	<b>31,385</b>	<b>73,437</b>	<b>438,923</b>	<b>295,796</b>
<b>Total Utility Nonoperating Revenues and Expenses</b>	<b>\$ (375,162)</b>	<b>\$ 203,657</b>	<b>\$ (86,705)</b>	<b>\$ (582,266)</b>	<b>\$ (386,268)</b>	<b>\$ (672,439)</b>	<b>\$ (520,950)</b>	<b>\$ (741,092)</b>	<b>\$ (266,063)</b>	<b>\$ (569,293)</b>

Note: The year 2012 was restated to reflect the implementation of GASB 65, Items Previously Reported as Assets and Liabilities, which required debt issuance costs to be expensed in the period incurred.

OAK CREEK WATER AND SEWER UTILITY

*Schedule 6*

**Special Assessment Collections, Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>WATER</b>										
Current Assessments Due	\$ 33,805	\$ 64,949	\$ 80,695	\$ 84,192	\$ 263,814	\$ 21,278	\$ 21,935	\$ 14,009	\$ 11,589	\$ 75,847
Current Assessments Collected	33,805	64,949	80,695	84,192	263,814	21,278	21,935	16,678	56,807	75,847
<b>SEWER</b>										
Current Assessments Due	11,387	9,347	26,068	18,248	16,766	11,230	30,418	16,081	12,301	13,443
Current Assessments Collected	11,387	9,347	26,068	18,248	16,766	11,230	30,418	16,081	101,114	13,443

Notes: *Current assessments due represent special assessment installments placed on the Primary Government's tax roll. Payment for these assessments are received no later than August from Milwaukee County pursuant to their settlement procedures.*  
*For the year 2012, current assessments collected exceeds current assessments due since the Primary Government paid the Utility in advance for new 2012 assessments collected during 2012, in addition to the current assessments due.*  
*For the year 2013, current assessments collected exceeds current assessments due for the Water Utility since a resident paid his/her current assessment in full prior to the due date.*

**OAK CREEK WATER AND SEWER UTILITY**

**Schedule 7**

**Utility Capital Assets, Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>WATER</b>										
Source of supply plant	\$ 7,064,286	\$ 7,064,286	\$ 7,064,286	\$ 7,064,286	\$ 7,226,702	\$ 7,226,702	\$ 6,220,959	\$ 6,221,734	\$ 6,221,734	\$ 6,221,734
Pumping plant	9,017,117	9,017,117	8,879,824	8,891,721	9,012,302	9,012,302	9,031,026	9,114,294	9,164,277	6,204,095
Water treatment plant	25,455,285	25,423,116	25,285,960	25,116,184	25,116,184	25,190,569	25,052,914	25,052,914	25,164,631	25,148,831
Transmission and distribution plant	76,983,064	74,431,070	70,825,069	68,939,050	67,830,154	66,813,531	60,497,748	59,412,718	58,404,221	57,921,012
General plant - intangible	69,544	69,544	-	-	-	-	-	-	-	-
General plant - other	4,934,237	4,868,958	4,845,209	4,883,883	4,897,245	4,807,670	4,811,027	4,797,762	4,846,061	5,003,535
<b>Total Water Utility Capital Assets</b>	<b>123,523,533</b>	<b>120,874,091</b>	<b>116,900,348</b>	<b>114,895,124</b>	<b>114,082,587</b>	<b>113,050,774</b>	<b>105,613,674</b>	<b>104,599,422</b>	<b>103,800,924</b>	<b>100,499,207</b>
<b>SEWER</b>										
Collecting system - intangible	16,175	16,175	-	-	-	-	-	-	-	-
Collecting system - pumping equipment	242,170	242,170	242,170	242,170	242,170	242,170	243,040	243,040	243,410	260,600
Collecting system - other	46,050,483	45,057,952	44,489,071	43,762,112	43,329,873	43,111,030	41,173,722	41,176,932	41,160,402	43,462,941
General plant	593,206	604,254	606,785	611,370	618,217	604,914	616,114	616,870	459,435	472,128
<b>Total Sewer Utility Capital Assets</b>	<b>46,902,034</b>	<b>45,920,551</b>	<b>45,338,026</b>	<b>44,615,652</b>	<b>44,190,260</b>	<b>43,958,114</b>	<b>42,032,876</b>	<b>42,036,842</b>	<b>41,863,247</b>	<b>44,195,669</b>
<b>Total Utility Capital Assets</b>	<b>\$ 170,425,567</b>	<b>\$ 166,794,642</b>	<b>\$ 162,238,374</b>	<b>\$ 159,510,776</b>	<b>\$ 158,272,847</b>	<b>\$ 157,008,888</b>	<b>\$ 147,646,550</b>	<b>\$ 146,636,264</b>	<b>\$ 145,664,171</b>	<b>\$ 144,694,876</b>

**OAK CREEK WATER AND SEWER UTILITY**

**Schedule 8**

**Capital Contributions by Source, Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>WATER</b>										
Developer projects	\$ 1,611,157	\$ 702,373	\$ 1,450,248	\$ 628,624	\$ 566,560	\$ 2,008,341	\$ 119,564	\$ -	\$ 464,646	\$ -
City TIF projects	26,128	258,245	-	-	-	-	-	-	-	-
State projects	-	444,972	398,934	-	-	-	-	-	-	-
Special assessments	-	-	-	23,491	104,972	378,390	1,300	-	97,320	-
Grant revenue	-	-	-	-	-	-	-	288,690	-	-
Individual water taps	4,014	29,000	13,250	41,500	4,750	3,500	4,985	1,250	4,500	-
Water connections	-	-	2,820	1,081	-	-	5,405	-	-	-
Equipment contributions	-	-	-	-	-	-	-	1,638	-	-
<b>Total Water Capital Contributions</b>	<b>1,641,299</b>	<b>1,434,590</b>	<b>1,865,252</b>	<b>694,696</b>	<b>676,282</b>	<b>2,390,231</b>	<b>131,254</b>	<b>291,578</b>	<b>566,466</b>	<b>-</b>
<b>SEWER</b>										
Developer projects	1,025,734	271,911	879,671	261,028	218,843	1,997,100	-	-	308,824	-
City TIF projects	-	8,804	-	-	-	-	-	-	-	-
Special assessments	-	1,429	-	14,780	-	5,537	-	-	151,387	-
Sewer connections	-	7,520	5,640	2,162	-	-	-	-	-	-
Equipment contributions	-	-	-	-	-	-	-	702	-	-
<b>Total Sewer Capital Contributions</b>	<b>1,025,734</b>	<b>289,664</b>	<b>885,311</b>	<b>277,970</b>	<b>218,843</b>	<b>2,002,637</b>	<b>-</b>	<b>702</b>	<b>460,211</b>	<b>-</b>
<b>Total Utility Capital Contributions</b>	<b>\$ 2,667,033</b>	<b>\$ 1,724,254</b>	<b>\$ 2,750,563</b>	<b>\$ 972,666</b>	<b>\$ 895,125</b>	<b>\$ 4,392,868</b>	<b>\$ 131,254</b>	<b>\$ 292,280</b>	<b>\$ 1,026,677</b>	<b>\$ -</b>

Notes: Developer projects include contributed infrastructure from the Primary Government and developers.

State projects include contributed infrastructure from the Wisconsin Department of Transportation.

Grant revenues consist of funds contributed through the American Recovery and Reinvestment Act Assistance, Safe Drinking Water Loan program principal forgiveness and the Focus on Energy program, which are designated for specific construction projects.

**OAK CREEK WATER AND SEWER UTILITY**

**Schedule 9**

**Return on Rate Base, Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>WATER</b>										
Total plant in service - average	\$ 122,198,812	\$ 118,887,220	\$ 115,897,736	\$ 114,488,856	\$ 113,566,681	\$ 109,332,224	\$ 105,106,548	\$ 104,200,173	\$ 102,150,066	\$ 100,502,322
Less: Accumulated depreciation/ amortization - average	44,284,954	41,911,465	39,600,256	37,360,789	35,135,266	33,005,244	31,009,784	29,128,140	27,556,853	25,875,089
Add: Materials and supplies - average	88,874	73,767	75,458	79,335	70,037	63,682	57,230	60,252	69,015	65,662
Less: Adjustment for contributions	30,239,468	29,370,425	28,541,688	28,271,151	28,387,780	27,649,574	27,157,720	27,691,155	27,999,945	28,441,022
Average net rate base	47,763,264	47,679,097	47,831,250	48,936,251	50,113,672	48,741,088	46,996,274	47,441,130	46,662,283	46,251,873
Operating income per GAAP	3,050,754	428,683	2,229,131	2,437,010	1,713,092	691,815	2,164,392	1,933,562	1,637,111	684,107
Add: Adjustment to reconcile to the Public Service Commission of Wisconsin operating income	432,480	711,900	655,672	714,857	700,433	552,231	525,327	733,926	498,637	466,240
Net operating income per WPSC	3,483,234	1,140,583	2,884,803	3,151,867	2,413,525	1,244,046	2,689,719	2,667,488	2,135,748	1,150,347
Rate of Return	7.29%	2.39%	6.03%	6.44%	4.82%	2.55%	5.72%	5.62%	4.58%	2.49%
<b>SEWER</b>										
Utility plant in service - average	\$ 46,411,293	\$ 45,629,289	\$ 44,976,839	\$ 44,402,956	\$ 44,074,187	\$ 42,995,495	\$ 42,034,859	\$ 41,950,045	\$ 43,029,458	\$ 44,231,428
Less: Accumulated depreciation - average	12,705,226	12,234,200	11,879,400	11,512,728	11,018,335	10,561,799	10,113,656	9,721,463	9,703,430	9,600,098
Less: Adjustment for contributions	35,281,147	34,768,280	34,180,793	33,599,152	33,350,746	32,240,006	31,238,687	31,238,336	31,007,880	30,777,774
Average net rate base	(1,575,081)	(1,373,191)	(1,083,354)	(708,924)	(294,894)	193,691	682,516	990,246	2,318,149	3,853,556
Operating income (loss)	129,752	75,575	(408,578)	(324,467)	122,948	90,729	(183)	(179,048)	316,580	77,327
Rate of Return	-8.24%	-5.50%	37.71%	45.77%	-41.69%	46.84%	-0.03%	-18.08%	13.66%	2.01%

# REVENUE CAPACITY

**OAK CREEK WATER AND SEWER UTILITY**

**Schedule 10**

**Source of Supply, Pumping and Purchased Water Statistics, Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>WATER</b>										
Pumpage from surface water (in thousand gallons)	2,792,288	2,813,865	2,756,213	2,645,000	2,836,785	2,750,081	2,679,126	2,696,037	2,865,871	2,754,060
Volume sold (in thousand gallons)	2,613,027	2,524,173	2,503,934	2,441,595	2,542,693	2,580,869	2,461,439	2,490,701	2,686,974	2,595,711
Volume pumped, but not sold (in thousand gallons)	179,261	289,692	252,279	203,405	294,092	169,212	217,687	205,336	178,897	158,349
Percent billed	94%	90%	91%	92%	90%	94%	92%	92%	94%	94%
Volume not sold, but accounted for- Volume used for water production, water quality and system maintenance (in thousand gallons)	7,556	12,644	13,928	14,050	19,205	17,435	20,470	24,337	23,031	28,319
Volume related to equipment and system malfunction (in thousand gallons)	5,543	1,982	2,509	1,714	55,611	3,457	2,069	2,857	6,842	2,529
Total volume not sold, but accounted for (in thousand gallons)	13,099	14,626	16,437	15,764	74,816	20,892	22,539	27,194	29,873	30,848
Volume pumped, but unaccounted for (in thousand gallons)	166,162	275,066	235,842	187,641	219,276	148,320	195,148	178,142	149,024	127,501
Percent of Water Loss	6%	10%	9%	7%	8%	5%	7%	7%	5%	5%
Maximum day pumpage (in thousand gallons)	11,660	12,280	12,110	10,510	11,950	13,150	11,450	11,880	15,730	13,400
Minimum day pumpage (in thousand gallons)	4,310	4,130	4,540	5,650	4,710	5,610	5,210	5,750	5,650	4,820
Total KWH used for pumping	5,381,824	5,671,326	4,988,442	5,068,671	5,549,511	5,507,733	5,563,448	5,832,168	5,574,410	5,805,659

*Notes: All sewage is collected by the Utility and distributed to Milwaukee Metropolitan Sewerage District for treatment. See Schedule 11 for gallons collected and sold.*

**OAK CREEK WATER AND SEWER UTILITY**

**Schedule 11**

**Customer and Sales Information, Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>WATER</b>										
Number of Customers-										
Residential	8,218	8,152	8,115	8,081	8,060	7,973	7,941	7,908	7,881	7,831
Commercial	1,078	1,039	1,024	1,000	976	996	986	982	981	973
Industrial	42	42	44	43	47	30	28	28	25	25
Public authority	35	31	31	30	28	61	59	58	58	57
Wholesale	2	2	2	2	2	2	2	2	2	2
Total Number of Customers	9,375	9,266	9,216	9,156	9,113	9,062	9,016	8,978	8,947	8,888
Gallons Sold (in thousands)-										
Residential	452,636	416,182	428,992	432,164	452,344	440,641	431,281	446,453	512,673	483,707
Commercial	488,253	474,023	466,142	477,702	469,412	459,522	448,438	428,891	464,651	526,210
Industrial	494,969	518,921	515,434	454,310	445,429	387,516	399,529	388,377	366,548	317,338
Public authority	10,967	13,327	13,915	14,407	14,769	23,424	18,646	21,822	25,102	20,471
Wholesale	1,166,202	1,101,720	1,079,451	1,063,012	1,160,739	1,269,766	1,163,545	1,205,158	1,318,000	1,247,985
Total Gallons Sold	2,613,027	2,524,173	2,503,934	2,441,595	2,542,693	2,580,869	2,461,439	2,490,701	2,686,974	2,595,711
Average Day Sales (in thousands)										
Maximum Day Sales (in thousands)	7,159	6,916	6,860	6,689	6,966	7,071	6,744	6,824	7,362	7,112
Gallons Sold per Residential Customer (in thousands)	11,660	12,280	12,110	10,510	11,950	13,150	11,450	11,880	15,730	13,400
Chemical Costs for Production	\$ 55.1	\$ 51.1	\$ 52.9	\$ 53.5	\$ 56.1	\$ 55.3	\$ 54.3	\$ 56.5	\$ 65.1	\$ 61.8
Electric Power for Pumping	\$ 153,561	\$ 155,348	\$ 149,989	\$ 136,299	\$ 158,458	\$ 162,984	\$ 151,673	\$ 159,996	\$ 163,948	\$ 185,784
Total Direct Rate (5/8" and 3/4" meters)-	\$ 378,925	\$ 371,412	\$ 364,121	\$ 354,884	\$ 380,086	\$ 378,882	\$ 384,601	\$ 379,161	\$ 398,262	\$ 409,039
Quarterly service charge	\$ 49.03	\$ 49.03	\$ 49.03	\$ 49.03	\$ 49.03	\$ 47.61	\$ 47.61	\$ 46.22	\$ 46.22	\$ 39.24
Usage rate (per thousand gallons)	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.29	\$ 3.29	\$ 3.19	\$ 3.19	\$ 2.71
<b>SEWER</b>										
Number of Customers-										
Residential	8,461	8,422	8,396	8,366	8,347	8,266	8,240	8,222	8,199	8,158
Commercial	996	987	973	949	923	943	934	931	930	922
Industrial	37	37	39	38	42	27	25	25	22	22
Public authority	31	30	30	29	28	60	58	57	57	56
Total Number of Customers	9,525	9,476	9,438	9,382	9,340	9,296	9,257	9,235	9,208	9,158
Gallons Collected (in thousands)-										
Residential	466,120	430,557	443,968	447,203	455,423	443,629	434,823	450,497	516,062	487,460
Commercial	458,521	449,242	446,470	443,330	429,981	419,967	411,290	394,967	432,161	405,906
Industrial	213,408	215,799	209,396	192,472	179,714	149,825	163,490	176,615	161,560	196,577
Public authority	8,682	12,887	13,176	13,390	12,491	20,536	17,183	20,913	22,800	18,546
Total Gallons Collected	1,146,731	1,108,485	1,113,010	1,096,395	1,077,609	1,033,957	1,026,786	1,042,992	1,132,583	1,108,489
Average Day Sales (in thousands)										
Total Direct Rate (5/8" and 3/4" meters)-	3,142	3,037	3,049	3,004	2,952	2,833	2,813	2,858	3,103	3,037
Quarterly service charge	\$ 27.55	\$ 27.38	\$ 26.84	\$ 25.24	\$ 24.75	\$ 26.93	\$ 27.04	\$ 26.58	\$ 27.05	\$ 27.67
Usage rate (per thousand gallons)	\$ 3.02	\$ 2.89	\$ 2.84	\$ 2.67	\$ 2.68	\$ 2.44	\$ 2.32	\$ 2.30	\$ 2.38	\$ 2.34

104

Note: The water quarterly service charge includes the Utility's public fire protection rate.



**OAK CREEK WATER AND SEWER UTILITY**  
**Schedule 12**  
**Water Rates, Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Water Utility Rates-</b>										
Quarterly service charge (by meter size)-										
5/8" & 3/4"	\$ 27.58	\$ 27.58	\$ 27.58	\$ 27.58	\$ 27.58	\$ 26.78	\$ 26.78	\$ 26.00	\$ 26.00	\$ 21.63
1"	41.38	41.38	41.38	41.38	41.38	40.17	40.17	39.00	39.00	33.99
1-1/4"	54.11	54.11	54.11	54.11	54.11	52.53	52.53	51.00	51.00	50.99
1-1/2"	81.69	81.69	81.69	81.69	81.69	79.31	79.31	77.00	77.00	64.89
2"	118.82	118.82	118.82	118.82	118.82	115.36	115.36	112.00	112.00	95.79
2-1/2"	163.38	163.38	163.38	163.38	N/A	N/A	N/A	N/A	N/A	N/A
3"	207.94	207.94	207.94	207.94	207.94	201.88	201.88	196.00	196.00	169.95
4"	336.31	336.31	336.31	336.31	336.31	326.51	326.51	317.00	317.00	278.10
6"	659.88	659.88	659.88	659.88	659.88	640.66	640.66	622.00	622.00	556.20
8"	1,058.78	1,058.78	1,058.78	1,058.78	1,058.78	1,027.94	1,027.94	998.00	998.00	896.10
10"	1,564.83	1,564.83	1,564.83	1,564.83	1,564.83	1,519.25	1,519.25	1,475.00	1,475.00	1,328.70
12"	2,070.88	2,070.88	2,070.88	2,070.88	2,070.88	2,010.56	2,010.56	1,952.00	1,952.00	1,761.30
Volume Charge (per thousand gallons)-										
First 6,000 gallons used	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.29	\$ 3.29	\$ 3.19	\$ 3.19	\$ 2.71	\$ 2.63
Next 18,000 gallons used	2.61	2.61	2.61	2.61	2.53	2.53	2.46	2.46	1.99	1.93
Over 24,000 gallons used	2.09	2.09	2.09	2.09	2.03	2.03	1.97	1.97	1.50	1.46
Wholesale Charge (per thousand gallons used)	\$ 3.12	\$ 3.12	\$ 3.12	\$ 3.12	\$ 3.03	\$ 3.03	\$ 2.94	\$ 2.94	\$ 2.16	\$ 2.10
<b>Public Fire Protection Rates-</b>										
Quarterly service charge (by meter size)-										
5/8" & 3/4"	\$ 21.45	\$ 21.45	\$ 21.45	\$ 21.45	\$ 20.83	\$ 20.83	\$ 20.22	\$ 20.22	\$ 17.61	\$ 17.10
1"	53.47	53.47	53.47	53.47	51.91	51.91	50.40	50.40	43.57	42.30
1-1/4"	79.25	79.25	79.25	79.25	76.94	76.94	74.70	74.70	64.74	62.85
1-1/2"	107.25	107.25	107.25	107.25	104.13	104.13	101.10	101.10	87.45	84.90
2"	171.55	171.55	171.55	171.55	166.55	166.55	161.70	161.70	139.67	135.60
2-1/2"	246.50	246.50	246.50	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3"	321.45	321.45	321.45	321.45	312.09	312.09	303.00	303.00	262.65	255.00
4"	535.97	535.97	535.97	535.97	520.36	520.36	505.20	505.20	435.69	423.00
6"	1,071.93	1,071.93	1,071.93	1,071.93	1,040.71	1,040.71	1,010.40	1,010.40	874.47	849.00
8"	1,715.16	1,715.16	1,715.16	1,715.16	1,665.20	1,665.20	1,616.70	1,616.70	1,396.68	1,356.00
10"	2,572.58	2,572.58	2,572.58	2,572.58	2,497.65	2,497.65	2,424.90	2,424.90	2,095.02	2,034.00
12"	3,429.99	3,429.99	3,429.99	3,429.99	3,330.09	3,330.09	3,233.10	3,233.10	2,793.36	2,712.00

Note: The 2020 rates became effective June 6, 2016.

**OAK CREEK WATER AND SEWER UTILITY**  
**Schedule 13**  
**Sewer Rates, Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Sewer Utility Rates-</b>										
Quarterly service charge (by meter size)-										
5/8" & 3/4"	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00
1"	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00
1-1/4"	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00
1-1/2"	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00	33.00
2"	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00
2-1/2"	57.00	57.00	57.00	57.00	N/A	N/A	N/A	N/A	N/A	N/A
3"	69.00	69.00	69.00	69.00	69.00	69.00	69.00	69.00	69.00	69.00
4"	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00
6"	195.00	195.00	195.00	195.00	195.00	195.00	195.00	195.00	195.00	195.00
8"	303.00	303.00	303.00	303.00	303.00	303.00	303.00	303.00	303.00	303.00
10"	447.00	447.00	447.00	447.00	447.00	447.00	447.00	447.00	447.00	447.00
12"	591.00	591.00	591.00	591.00	591.00	591.00	591.00	591.00	591.00	591.00
Volume Charge (per thousand gallons used)	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.69
<b>Metropolitan Sewerage District Rates-</b>										
Domestic strength customers- Metro volume charge (per thousand gallons used)	\$ 2.334450	\$ 2.201584	\$ 2.152241	\$ 1.977825	\$ 1.990968	\$ 1.753133	\$ 1.632498	\$ 1.614778	\$ 1.685596	\$ 1.645106
High strength customers- Volume rate (per thousand gallons used)	\$ 1.41098	\$ 1.31058	\$ 1.25965	\$ 1.12748	\$ 1.11377	\$ 0.96079	\$ 0.88437	\$ 0.86507	\$ 0.81173	\$ 0.81861
B.O.D. rate (per pound)	0.12070	0.13062	0.13589	0.12730	0.11869	0.11781	0.10061	0.09992	0.09910	0.09120
T.S.S. rate (per pound)	0.19814	0.17931	0.17541	0.16289	0.16275	0.15807	0.15815	0.15924	0.15803	0.16142
Metro connection charge- All customers (quarterly service charge)	\$ 8.29	\$ 8.11	\$ 7.59	\$ 6.00	\$ 5.43	\$ 7.56	\$ 7.67	\$ 7.46	\$ 7.95	\$ 8.37
Household hazardous waste charge- Residential customers only (quarterly service charge)	\$ 1.26	\$ 1.27	\$ 1.25	\$ 1.24	\$ 1.32	\$ 1.37	\$ 1.37	\$ 1.12	\$ 1.10	\$ 1.30

*Note: The current Sewer Utility Rates became effective October 15, 2010.  
The current Metropolitan Sewerage District Rates became effective January 1, 2020.*

**OAK CREEK WATER AND SEWER UTILITY**

**Schedule 14**

**Ten Largest Customers, Current Year and Nine Years Ago**

Customer Occupation	Consumption (in Thousand Gallons)	Revenue	% of Total Operating Revenue
<b><u>FISCAL YEAR 2020 - WATER</u></b>			
Electric power plant	258,212	\$ 631,360	5.55%
Waste water treatment plant	44,470	163,404	1.44%
Manufacturing - circuit board	46,400	160,886	1.41%
Manufacturing - pet food	41,020	129,076	1.14%
Manufacturing - resin and paint	34,765	122,085	1.07%
Apartment complex	21,540	107,885	0.95%
Laundry Service	30,765	102,793	0.90%
Apartment complex	24,343	101,957	0.90%
Air separation plant	23,909	89,636	0.79%
Apartment complex	18,468	85,481	0.75%
Total Ten Largest Water Customers for 2020	<u>543,892</u>	<u>\$ 1,694,562</u>	<u>14.90%</u>
<b><u>FISCAL YEAR 2020 - SEWER</u></b>			
Manufacturing - pet food	41,020	\$ 124,187	2.72%
Manufacturing - water	49,826	108,548	2.38%
Manufacturing - circuit board	45,472	108,193	2.37%
Laundry Service	21,713	105,326	2.31%
Manufacturing - resin and paint	21,540	65,347	1.43%
Apartment Complex	20,407	64,048	1.41%
Apartment Complex	17,876	61,327	1.35%
Apartment Complex	18,097	58,273	1.28%
Manufacturing - food products	12,868	51,470	1.13%
Apartment Complex	15,543	51,243	1.12%
Total Ten Largest Sewer Customers for 2020	<u>264,362</u>	<u>\$ 797,961</u>	<u>17.50%</u>
<b><u>FISCAL YEAR 2011 - WATER</u></b>			
Electric power plant	277,068	\$ 480,015	5.76%
Manufacturing - resin and paint	34,187	95,091	1.14%
Manufacturing - circuit board	35,568	92,883	1.12%
Apartment complex	26,982	88,062	1.06%
Waste water treatment plant	24,924	81,161	0.97%
Air separation plant	28,357	73,909	0.89%
Manufacturing - food products	12,266	37,786	0.45%
Education	5,434	33,129	0.40%
Apartment Complex	9,441	33,075	0.40%
Laundry Service	10,075	30,262	0.36%
Total Ten Largest Water Customers for 2011	<u>464,302</u>	<u>\$ 1,045,373</u>	<u>12.55%</u>
<b><u>FISCAL YEAR 2011 - SEWER</u></b>			
Manufacturing - water	113,626	\$ 125,994	3.51%
Manufacturing - circuit board	34,858	66,063	1.84%
Apartment Complex	16,671	41,945	1.17%
Manufacturing - resin and paint	20,314	41,743	1.16%
Manufacturing - food products	3,872	34,130	0.95%
Manufacturing - food products	10,415	32,591	0.91%
Mobile homes	10,451	31,623	0.88%
Laundry Service	9,881	23,560	0.66%
Apartment Complex	8,582	22,709	0.63%
Mobile homes	6,987	19,935	0.56%
Total Ten Largest Sewer Customers for 2011	<u>235,657</u>	<u>\$ 440,293</u>	<u>12.27%</u>



# DEBT CAPACITY

**OAK CREEK WATER AND SEWER UTILITY**

**Schedule 15**

**Ratios of Outstanding Debt by Type, Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Types of Debt-										
Revenue bonds - water	\$ 14,671,211	\$ 15,773,047	\$ 17,265,966	\$ 18,720,255	\$ 17,803,227	\$ 19,748,115	\$ 21,877,573	\$ 21,650,541	\$ 20,632,884	\$ 22,153,902
Revenue bond anticipation notes - water	-	-	-	-	-	-	-	-	-	-
General obligation debt - sewer	-	-	-	-	-	-	-	-	-	-
Unamortized premiums	-	2,496	10,439	23,850	47,926	86,195	39,100	54,646	72,676	93,127
<b>Total Debt</b>	<b>\$ 14,671,211</b>	<b>\$ 15,775,543</b>	<b>\$ 17,276,405</b>	<b>\$ 18,744,105</b>	<b>\$ 17,851,153</b>	<b>\$ 19,834,310</b>	<b>\$ 21,916,673</b>	<b>\$ 21,705,187</b>	<b>\$ 20,705,560</b>	<b>\$ 22,247,029</b>
Total Debt per Capita	\$ 404.79	N/A	\$ 483.40	\$ 527.11	\$ 507.05	\$ 570.10	\$ 631.42	\$ 625.51	\$ 599.64	\$ 644.84
Total Debt as a Share of Personal Income	N/A	N/A	\$ 529.24	\$ 617.86	\$ 602.31	\$ 674.68	\$ 784.50	\$ 788.05	\$ 780.69	\$ 861.05

N/A Not available

Notes: See Schedule 17 for population and personal income information.

Total Debt per Capita is total debt divided by the population of the City of Oak Creek.

Total Debt as a Share of Personal Income is total debt divided by the per capita personal income for the City of Oak Creek.

OAK CREEK WATER AND SEWER UTILITY

*Schedule 16*

**Pledged-Revenue Coverage, Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>WATER</b>										
Gross Revenues (1)	\$ 11,525,991	\$ 11,535,521	\$ 11,314,113	\$ 10,977,436	\$ 10,977,864	\$ 10,772,072	\$ 10,467,857	\$ 10,203,460	\$ 9,580,208	\$ 8,437,832
Operating Expenses (2)	3,863,896	6,285,542	4,584,283	4,228,956	4,959,203	5,878,904	4,130,243	4,217,976	3,891,053	3,914,243
Net Revenue Available for Debt Service	7,662,095	5,249,979	6,729,830	6,748,480	6,018,661	4,893,168	6,337,614	5,985,484	5,689,155	4,523,589
Debt Service: (3)										
Principal	1,116,046	1,231,837	1,492,920	1,454,289	1,830,402	1,944,887	1,799,458	1,740,988	1,577,137	1,521,018
Interest	266,916	459,597	495,160	528,684	517,482	561,354	744,051	768,542	775,769	822,290
Total	1,382,962	1,691,434	1,988,080	1,982,973	2,347,884	2,506,241	2,543,509	2,509,530	2,352,906	2,343,308
Coverage	5.54	3.10	3.39	3.40	2.56	1.95	2.49	2.39	2.42	1.93
<b>SEWER</b>										
Gross Revenues (1)	\$ 4,662,436	\$ 4,587,669	\$ 4,459,308	\$ 4,055,006	\$ 4,011,744	\$ 3,669,999	\$ 3,517,487	\$ 3,488,226	\$ 3,822,636	\$ 3,885,828
Operating Expenses (2)	3,859,998	3,719,197	4,160,270	3,762,069	3,277,332	3,023,285	2,937,569	3,119,507	2,818,699	2,900,809
Net Revenue Available for Debt Service	802,438	868,472	299,038	292,937	734,412	646,714	579,918	368,719	1,003,937	985,019
Debt Service: (3)										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Coverage	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Total revenues

(2) Total operating expenses exclusive of depreciation and tax equivalent

(3) Subsequent year's debt service

Note: The Sewer Utility has no revenue bonds outstanding.

# DEMOGRAPHIC AND ECONOMIC INFORMATION



**OAK CREEK WATER AND SEWER UTILITY**

**Schedule 17**

**Demographic and Economic Statistics, Last Ten Calendar Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Population (1)</b>										
City of Oak Creek	36,244	N/A	35,739	35,560	35,206	34,791	34,710	34,700	34,530	34,500
City of Franklin	35,798	N/A	35,779	36,046	35,741	35,655	35,700	35,810	35,520	35,500
Milwaukee County	944,483	N/A	950,381	945,416	948,930	949,795	949,740	950,410	948,320	948,370
State of Wisconsin	5,854,594	N/A	5,816,231	5,783,278	5,775,028	5,753,324	5,732,980	5,717,110	5,703,530	5,694,240
<b>Total Personal Income (1)</b>										
City of Oak Creek	N/A	N/A	\$ 1,166,650,203	\$ 1,078,800,832	\$ 1,043,445,273	\$ 1,022,791,683	\$ 969,695,650	\$ 955,755,410	\$ 915,818,050	\$ 891,372,770
City of Franklin	N/A	N/A	1,387,644,109	1,347,878,092	1,346,060,081	1,286,727,609	1,252,194,890	1,199,623,750	1,218,584,060	1,098,257,160
Milwaukee County	N/A	N/A	24,501,019,938	22,944,629,585	23,084,801,158	22,736,850,309	21,375,906,370	21,299,226,330	20,325,223,240	19,613,282,100
State of Wisconsin	N/A	N/A	185,899,848,769	174,549,454,998	171,579,587,736	167,680,805,514	158,635,267,650	154,152,061,570	149,838,938,450	142,023,000,000
<b>Per Capita Personal Income (1)</b>										
City of Oak Creek	N/A	N/A	\$ 32,644	\$ 30,337	\$ 29,638	\$ 29,398	\$ 27,937	\$ 27,543	\$ 26,522	\$ 25,837
City of Franklin	N/A	N/A	38,784	37,393	37,662	36,088	35,075	33,500	34,307	30,937
Milwaukee County	N/A	N/A	25,780	24,269	24,327	23,939	22,507	22,411	21,433	20,681
State of Wisconsin	N/A	N/A	31,962	30,182	29,711	29,145	27,671	26,963	26,271	24,942
<b>Unemployment Rates (2)</b>										
City of Oak Creek	4.6%	3.0%	2.7%	3.0%	3.7%	4.2%	4.9%	6.0%	6.2%	6.6%
City of Franklin	4.7%	3.2%	2.9%	3.3%	3.9%	4.5%	5.0%	5.7%	5.7%	6.2%
Milwaukee County	5.0%	4.0%	3.6%	4.0%	5.1%	5.8%	7.0%	8.3%	8.4%	9.0%
State of Wisconsin	4.0%	3.3%	3.0%	3.3%	4.1%	4.6%	5.5%	6.7%	6.9%	7.5%

(1) Wisconsin Department of Revenue  
(2) Wisconsin Department of Workforce Development  
N/A Not available

OAK CREEK WATER AND SEWER UTILITY

**Schedule 18**

**Principal Employers, Current Year and Nine Years Ago**

Employer	Occupation	Approximate Employment	Total City Employment	Percentage of Total
<b>CALENDAR YEAR 2020</b>				
Milwaukee Area Technical College	Higher Education	1,337		6.57%
UPS	Parcel delivery	1,210		5.95%
Oak Creek - Franklin School District	Education	706		3.47%
PPG Industries, Inc.	Coating and resin products	700		3.44%
Reinhart Food Service, LLC	Wholesale food distributor	480		2.36%
We Energies	Electrical power generation	470		2.31%
Nordco, Inc.	Roadway work equipment	400		1.97%
City of Oak Creek	Municipal government	341		1.68%
Joseph Campione Inc.	Manufacturing - food products	310		1.52%
Arena Americas	Event equipment rental	250		1.23%
Total Principal Employers for 2020		<u>6,204</u>	<u>20,339</u>	<u>30.50%</u>
<b>CALENDAR YEAR 2011</b>				
UPS	Parcel delivery	1,030		5.84%
Oak Creek - Franklin School District	Education	650		3.69%
We Energies	Electrical power generation	544		3.09%
PPG Industries, Inc.	Coating and resin products	400		2.27%
Milwaukee Area Technical College	Education	297		1.68%
City of Oak Creek	Municipal government	247		1.40%
Caterpillar Global Mining	Corporate Headquarters	220		1.25%
Woodman's Market	Retail grocery store	215		1.22%
Master Lock	Security systems; locks	213		1.21%
Superior Die Set Corp.	Manufacturing of steel products	200		1.13%
Total Principal Employers for 2011		<u>4,016</u>	<u>17,629</u>	<u>22.78%</u>

Source of approximate employment: 2020 Bond Refunding Documents

# OPERATING INFORMATION

**OAK CREEK WATER AND SEWER UTILITY**

**Schedule 19**

**Number of Employees by Identifiable Activity, Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Water Treatment Plant-										
Manager	1	1	1	1	1	1	1	1	1	1
Operators	9	9	9	9	9	9	9	9	9	9
Total Water Treatment Plant Employees	10	10	10	10	10	10	10	10	10	10
Water and Sewer Field Operations-										
Manager	1	1	1	1	1	1	1	1	1	1
Senior Utility Workers	3	3	3	3	2	2	2	2	2	2
Utility Service Workers	5	5	5	5	6	6	5	5	5	6
Total Water and Sewer Field Operations Employees	9	9	9	9	9	9	8	8	8	9
Engineering-										
Manager	1	1	1	1	1	1	1	1	1	1
Construction Coordinator	1	1	1	1	1	1	1	1	1	1
Engineering Technicians	2	2	2	2	2	2	2	2	2	2
Utility Locator	1	1	1	1	1	1	1	1	1	-
Total Engineering Employees	5	5	5	5	5	5	5	5	5	4
Aministration-										
General Manager	1	1	1	1	1	1	1	1	1	1
Administrative Manager	1	1	1	1	1	1	1	1	1	1
Senior Accountant	1	1	1	1	1	1	1	1	1	1
Accounts Payable Clerk	1	1	1	1	1	1	1	1	1	1
Utility Clerk	1	1	1	1	1	1	1	1	1	1
Total Administrative Employees	5	5	5	5	5	5	5	5	5	5
Custodian	1	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>29</b>

*Note: A full-time employee is defined as a an employee who is scheduled to work 2,080 hours per year, including paid time off.*

OAK CREEK WATER AND SEWER UTILITY

*Schedule 20*

**Operating and Capital Indicators, Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Date Created - September 23, 1960										
Service Area in Square Miles	83	83	83	83	83	83	83	83	83	83
Number of Customers	9,381	9,650	9,618	9,566	9,508	9,454	9,410	9,385	9,359	9,311
Number of Retail Customers Outside Municipal Boundary	-	-	-	-	-	-	-	-	-	-
Water System-										
Miles of Watermain	198	196	194	192	191	190	185	185	184	184
Production capacity (MGD)	35	35	35	35	35	35	35	35	35	35
Storage capacity (MG)	6.70	6.70	6.70	6.70	7.25	7.25	7.25	7.25	7.25	7.25
Number of towers and reservoirs	3	3	3	3	4	4	4	4	4	4
Number of Fire Hydrants	2,301	2,274	2,247	2,225	2,211	2,189	2,128	2,119	2,109	2,107
Sales in Thousands of Gallons	2,613,027	2,524,173	2,503,934	2,441,595	2,542,693	2,580,869	2,461,439	2,490,701	2,686,974	2,595,711
Lake Michigan Surface Water Intakes-										
30 Inch Diameter Intake-										
Depth - 18 ft.										
Length - 3,000 ft.										
60 Inch Diameter Intake-										
Depth - 31 ft.										
Length - 7,500 ft.										
Sewer System-										
Miles of Sanitary Sewer Main	164	163	162	162	161	159	159	159	159	159
Lift Stations	2	3	3	3	3	3	3	3	3	3
Sales in Thousands of Gallons	1,146,508	1,108,485	1,113,010	1,096,395	1,077,609	1,033,957	1,026,786	1,042,992	1,132,583	1,108,489
Field Operations-										
New meters installed	87	57	64	75	63	53	39	39	62	65
Electronic meter head replacements	530	518	523	552	325	796	768	2,533	3,191	
Meter batteries replaced	-	-	-	-	-	-	-	-	-	963
Water meters tested/exchanged	598	1,052	1,203	1,194	554	544	1,034	2,870	6,559	1,002
Cross connection inspections	150	855	979	728	661	1,115	1,386	3,128	3,737	1,653
Water valves operated	261	1,202	1,138	1,798	2,809	485	446	673	101	977
Hydrants flushed	2,206	2,160	2,169	2,164	2,093	2,135	2,070	2,070	2,070	2,069
Sanitary sewer cleaned (in feet)	129,564	179,105	153,026	158,939	203,910	214,240	174,887	159,988	143,388	156,465
Sanitary sewer televised (in feet)	128,182	90,720	97,142	72,972	106,603	149,670	180,932	166,289	149,840	145,691

Note: MGD represents millions of gallons per day.