

# OAK CREEK

## WATER AND SEWER UTILITY

### Annual Comprehensive Financial Report

*For the Years Ended December 31, 2022 and 2021*

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A Departmental Unit of the  
City of Oak Creek, Wisconsin



*A Commitment to Water Quality*



# OAK CREEK

## WATER AND SEWER UTILITY

### Annual Comprehensive Financial Report

*For the Years Ended December 31, 2022 and 2021*

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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

Assistant City Administrator / Comptroller, Maxwell Gagin

Assistant Comptroller, Kristina Strmsek

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# INTRODUCTORY SECTION



Highlift Discharge Room

*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**

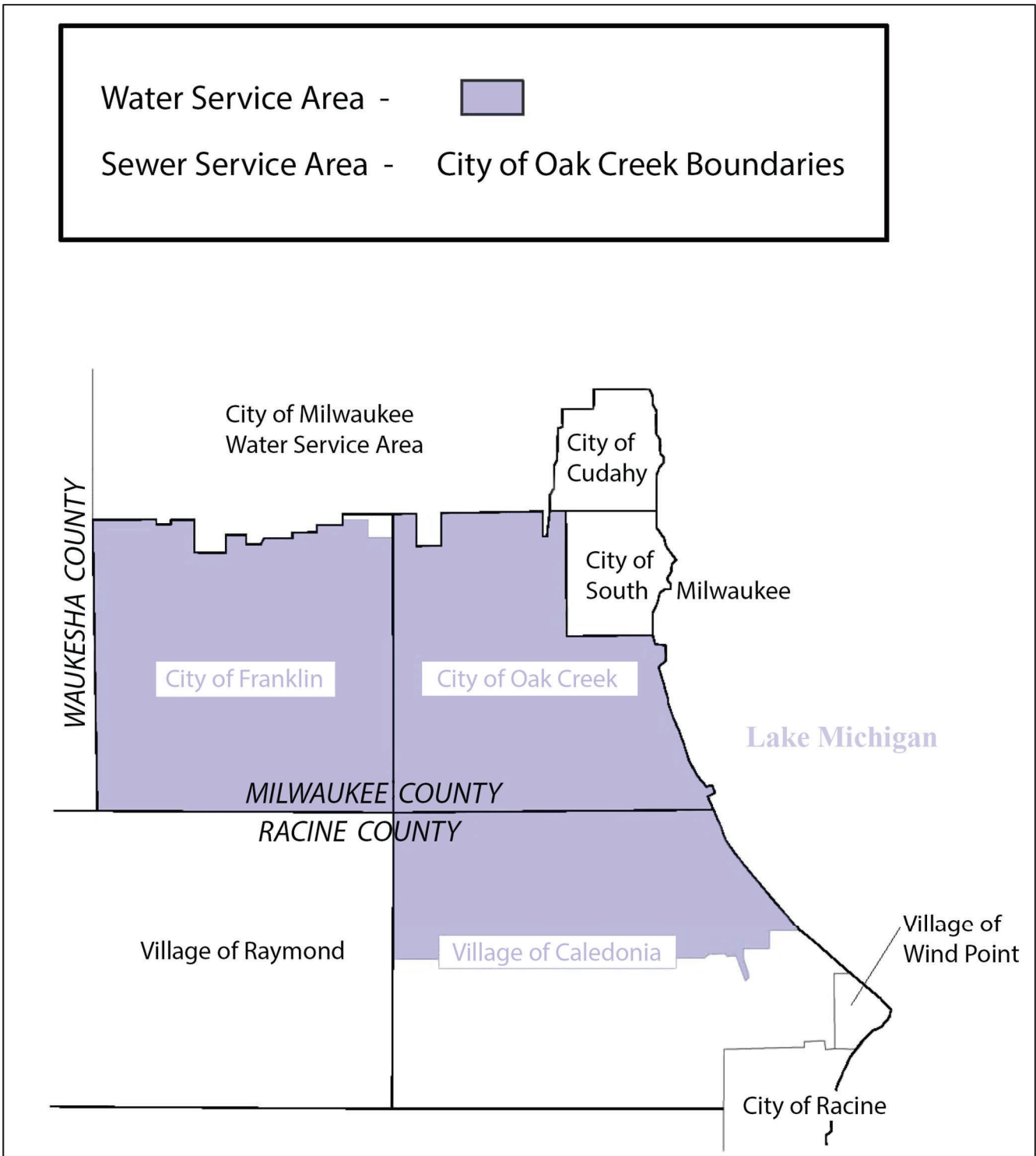
Continuous improvement – driven by customer needs, powered by teamwork, and guided by quality and cost.

### **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 and SEWER UTILITY**

170 West Drexel Avenue, Oak Creek, WI 53154  
414-766-6600

June 15, 2023

A Message from the General Manager:

The City of Oak Creek's Water and Sewer Utility is currently experiencing staff changes due to retirements and new career opportunities. Despite having a relatively small staff size of only 30 members, the utility has managed to maintain a diverse range of age and experience levels. However, the transitions and vacant positions resulting from retirements and new opportunities can have a negative impact on the utility's ability to provide reliable and high-quality water and sewer services to its customers.

To mitigate the effects of staff changes, the utility has implemented cross-training programs to ensure that employees can fill in the gaps when needed. Additionally, the City staff has stepped in to assist with accounting tasks, which helps maintain the overall operations of the utility. The recent hiring of new employees has brought a sense of vibrant and exciting energy to the water and sewer utility business.

The utility has also made appropriate succession plans to prepare for upcoming retirements, ensuring a smooth transition and continuity of operations. Throughout the past 60 years, the staff may have changed, but the utility's focus on continuous improvement, teamwork, and customer service has remained unwavering.

In June 2023, three members of the water distribution team have earned the opportunity to represent Wisconsin in two international competitions. These competitions directly reflect the work they do on a daily basis, with one challenge involving the assembly of a water meter and the other requiring the assembly of a hydrant from its component parts. It is a thrilling opportunity to showcase their expertise on an international stage.

Despite the staff changes, the Utility has seen consistent growth in its revenues. In the current year, revenues have increased by 2%, and over the past five years, they have grown by an average of 6%. Moreover, the total volume of water produced in 2022 exceeded three billion gallons for the first time in history. This healthy sales growth, combined with stable expense management, ensures the financial stability of the Utility and its ability to continue providing reliable services to its customers.

Sincerely,

A handwritten signature in black ink that reads "Michael J. Sullivan".

Michael J. Sullivan, P.E.  
General Manager

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## **WATER and SEWER UTILITY**

170 West Drexel Avenue, Oak Creek, WI 53154

June 26, 2023

Board of Public Works and Capital Assets

Members Our Customers

### **FORMAL TRANSMITTAL**

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The Annual Comprehensive Financial Report of the Oak Creek Water and Sewer Utility (Utility) for the year ended December 31, 2022 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 is 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 2022, 2021, and 2020.

### **UTILITY PROFILE**

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The Utility is comprised of the Water Utility and Sewer Utility, both enterprise funds of the City. A Board of Public Works and Capital Assets (BOPWACA) 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. In 2021, the Commission was replaced with the BOPWACA, which consists of five members and an alternate.

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 BOPWACA adopts a non-appropriated 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 2022 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 \$1,581,958 of capital assets in 2022 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 System Master Plan, prepared by CDM Smith will be approved in 2023. 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 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.

The Utility's Sewer System Master Plan was updated by Brown and Caldwell and approved in 2022. 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.

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 mains were 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 2022, including a new elementary school, apartment complex growth, a home furnishing store, and an Amazon Fulfillment eCenter. 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, 2022 is \$12,419,610. 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 and the Wisconsin State and Local Government Investment Pool.

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, 2021. This was the 29<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.

### **Sixty-Two Years of Excellent Service**

The Utility is proud to celebrate 62 years of excellent service, as the year 2022 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.

### **Best Tap Water in Wisconsin Contest**

The Wisconsin Section of the American Water Works Association selected the Utility for a Special Achievement Award in 2021. Four people judged tap water from around Wisconsin during a contest held on Monona Terrace in Madison, and it was declared that the Utility's water is the best tasting in Wisconsin. Different types of water depending on their source can have different characteristics, so the judges will smell the water a bit, you'll see the judges sip it, let it roll around in your mouth, and kind of get a sense for that.

### **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
- Distribution Committee – Chair
- IT and Security Committee – Committee Member
- Regulatory Affairs Committee – Committee Member

*Municipal Environmental Group – Water Division*

- Steering Committee – 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,



Kristina Strmsek  
Assistant Comptroller

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Oak Creek Water and Sewer Utility  
Wisconsin**

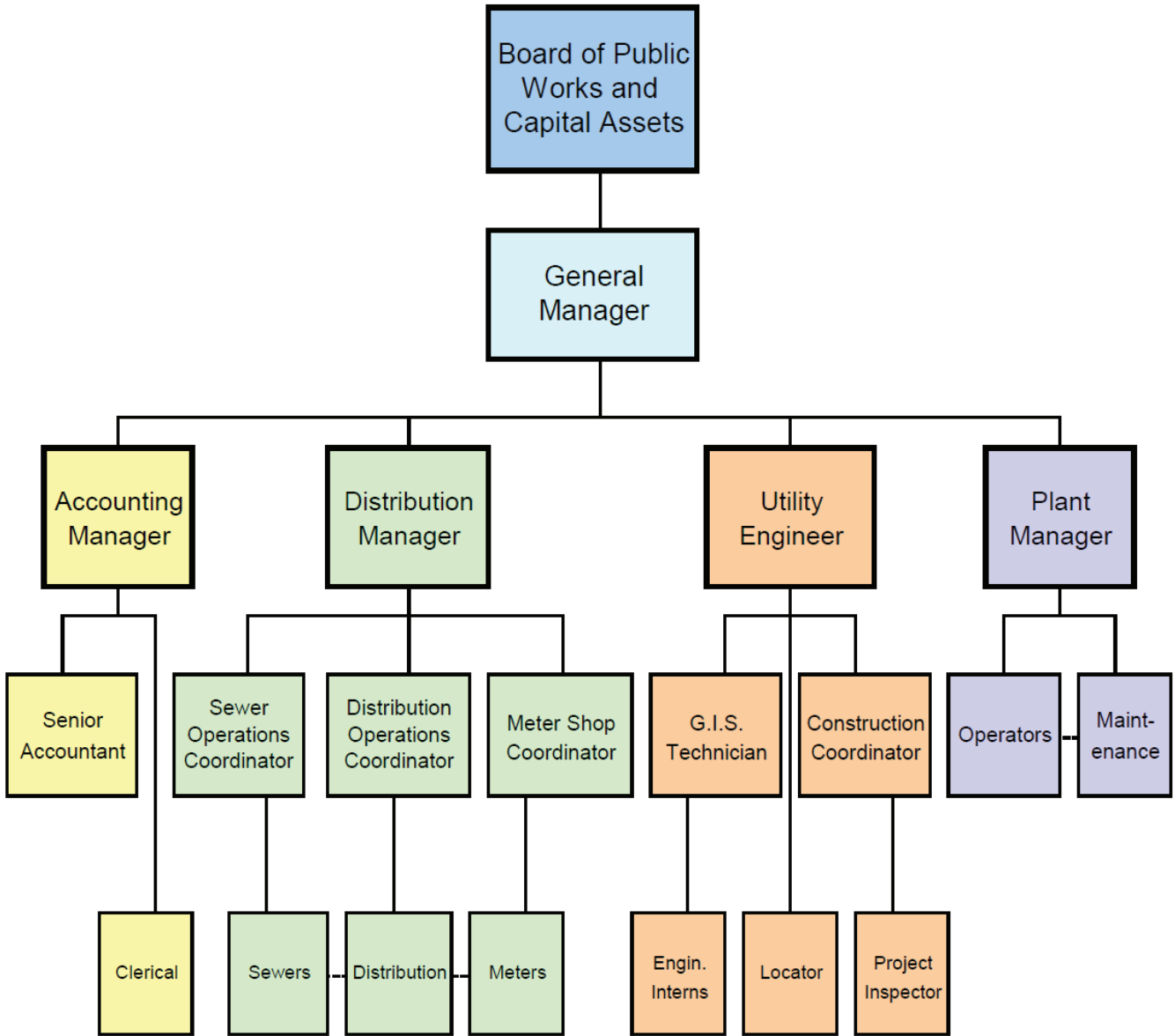
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2021

*Christopher P. Morrill*

Executive Director/CEO

# Organization Chart



## List of Principal Officials

### Board of Public Works and Capital Assets

---

Alderman . . . . .	Chris Guzikowski
Member . . . . .	Curt Czarnecki
Alderman . . . . .	Kenneth Gehl
Alderman . . . . .	Lisa Marshall
Member . . . . .	Robert Cigale
Alternate . . . . .	Fredrick Siepert

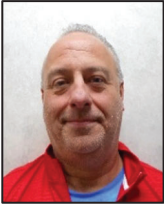
### Utility Management Staff

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

## Utility Team Members

### *Board of Public Works and Capital Assets*



Robert Cigale



Kenneth Gehl  
Alderman



Chris Guzikowski  
Alderman



Curt Czarnecki



Fredrick Siepert  
Alternate



Lisa Marshall  
Alderman



## Utility Team Members

### *General Manager*



Michael Sullivan  
General Manager  
18 years of service

### *Administrative Department*



Derrick Danner  
Outgoing Accounting Manager  
2 years of service



Catherine Leranath  
Senior Accountant  
20 years of service



Nicole Butler  
Account Clerk  
4 years of service



Taryn Knezevic  
Utility Clerk  
2 years of service

### *Engineering Department*



Brian Johnston  
Utility Engineer  
4 years of service



Daniel Niemi  
Engineering Tech II  
28 years of service



Sally Galewski  
GIS Technician  
27 years of service



Michael Wade  
Utility Locator  
5 years of service



Vacant  
Construction Coordinator

## Utility Team Members

### *Transmission and Distribution Department*



Darrin Allard  
Distribution Manager  
15 years of service



Andrew Volbrecht  
Senior Utility Service Worker  
25 years of service



Greg Price  
Senior Utility Service Worker  
15 years of service



Charles Struebing  
Utility Service Worker  
12 years of service



Eric Pier  
Utility Service Worker  
10 years of service



J. Ryan Maughan  
Utility Service Worker  
9 years of service



James Flatow  
Senior Utility Service Worker  
7 years of service



Mark Proeber  
Utility Service Worker  
7 years of service



Paul Craig  
Utility Service Worker  
2 year of service

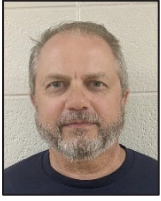
### *Custodian*



Connie Gulland  
Custodian  
13 years of service

## Utility Team Members

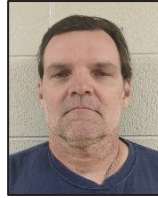
### *Treatment Plant Department*



Michael Robe  
Treatment Plant Manager  
26 years of service



Jeffery White  
Treatment Plant Operator  
35 years of service



Eugene Klees  
Treatment Plant Operator  
21 years of service



Juan Anaya  
Treatment Plant Operator  
14 years of service



Andrew Krueger  
Treatment Plant Operator  
7 years of service



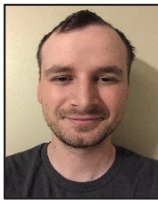
Melissa Ludke  
Treatment Plant Operator  
4 years of service



Jamey Roper  
Treatment Plant Operator  
3 years of service



Steven Edlebeck  
Treatment Plant Operator  
3 years of service

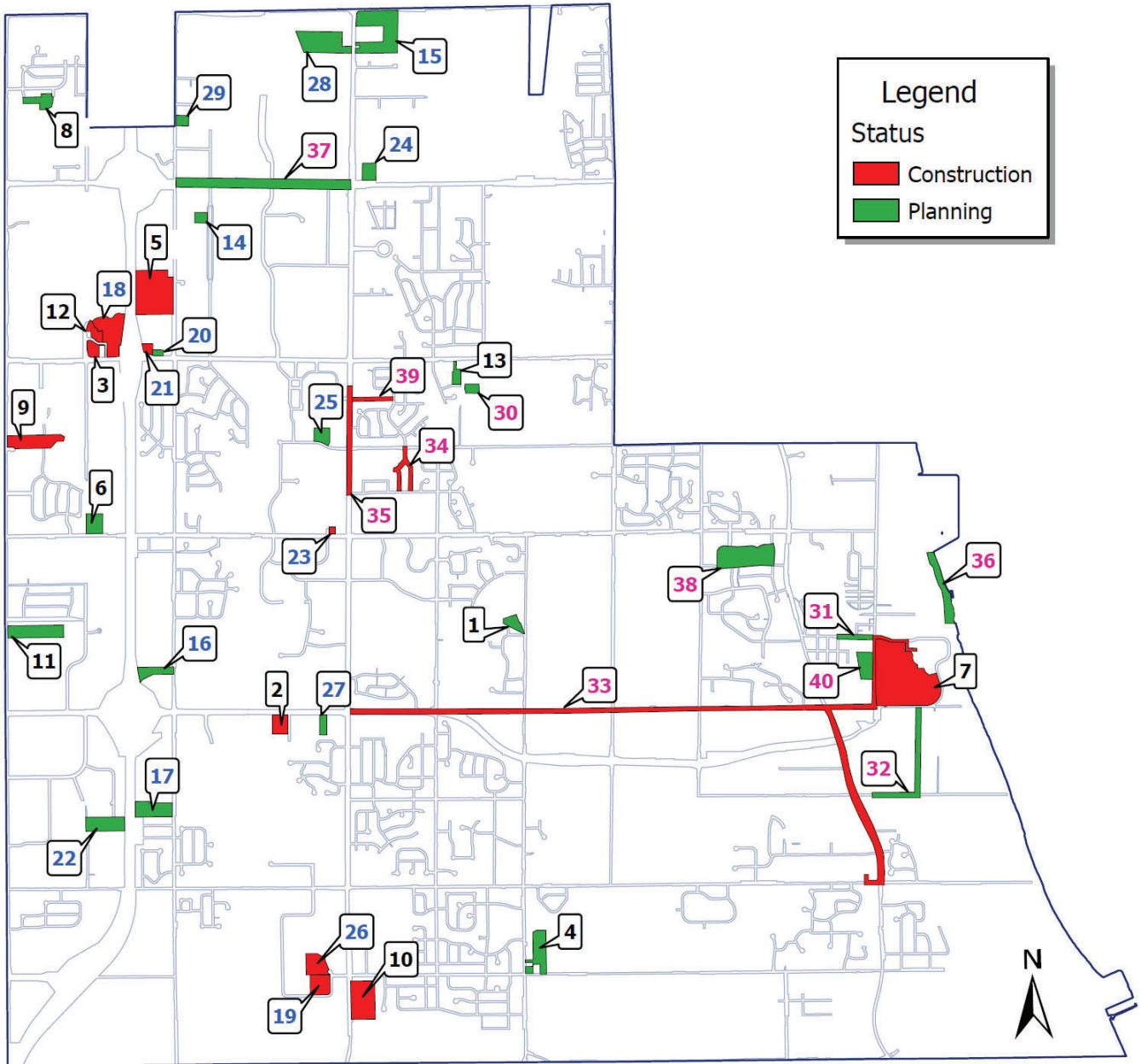


Patrick Gallagher  
Treatment Plant Operator  
2 years of service



Amy Thorgaard  
Treatment Plant Operator  
1 year of service

2022 Project Activity



Residential

- 1 Almeg
- 2 Broad Acre
- 3 Creekside Apts
- 4 Edgemont Estates
- 5 Hub 13
- 6 Lakes of Oak Creek
- 7 Lakeshore Commons
- 8 Menards Subdivision
- 9 Oakes at 8100
- 10 Residences of Oak View
- 11 Royal Estates
- 12 Stand Rock
- 13 Stonebrook on the Park

Commercial/Industrial

- 14 Action Express
- 15 Aimes
- 16 Avid Hotel
- 17 Creek Two
- 18 Creekside Crossing Market Place
- 19 Global Schoolwear
- 20 Summit CU
- 21 Texas Roadhouse
- 22 Truck Country
- 23 Tsunami Car Wash
- 24 140 E Rawson-St. John's
- 25 150 W Forest Hill-Daycare
- 26 150 W Oakview
- 27 175 W Ryan Rd
- 28 6475 Howell Ave
- 29 6826 S 13th St-Bliffert

Government/Institutional

- 30 Abendschein Beer Garden
- 31 American Sanitary Relay
- 32 Bender Park Sanitary Sewer
- 33 East Side Fiber
- 34 Forest Hill Manor WM Relay
- 35 Howell Ave WM Relay
- 36 Northbluff Redevelopment
- 37 Rawson Ave (W) Hydrant Relocation
- 38 Rowan Estates Sanitary Rehab
- 39 Susan Dr WM Relay
- 40 Underground Facilities Rehab
- \*\*\*Safe Routes to School (various locations)



# FINANCIAL SECTION



30-inch Water Main Repair

*A Commitment to Water Quality*





## Independent Auditors' Report

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

### Opinions

We have audited the financial statements of Oak Creek Water and Sewer Utility (Utility), enterprise funds of the City of Oak Creek, Wisconsin (City), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Oak Creek Water and Sewer Utility as of December 31, 2022 and 2021 and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Emphasis of Matters

As discussed in Note 1, the financial statements of the Utility, are intended to present the financial position, the changes in the financial position, and cash flows of only the enterprise funds of the City. They do not purport to, and do not, present fairly the financial position of the City of Oak Creek, Wisconsin, as of December 31, 2022, and 2021, and the changes in financial position, or cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 1, the Utility adopted the provisions of GASB Statement No. 87, Leases, effective January 1, 2022. Accordingly, the accounting changes have been retroactively applied to the prior period presented. Our opinions are not modified with respect to this matter.

As discussed in Note 19 to the financial statements, the Water Utility net position as of December 31, 2021 has been restated to correct a material misstatement due to an error in recording special assessments. Our opinions are not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

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

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

## **Required Supplementary Information**

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

## Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditors' report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Baker Tilly US, LLP*

Madison, Wisconsin  
June 26, 2023

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Management's Discussion and Analysis

*Years Ended December 31, 2022 and 2021*

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, 2022 and 2021. 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 \$4,385,552, or 3.33%. The Water Utility's net position increased by \$4,056,180, or 4.73%, and the Sewer Utility's net position increased by \$329,372, or 0.72%. 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 both the Water and Sewer Utility in 2022.
- Total operating revenues, generated mostly by user fees, increased by \$124,920 or about 0.75%. Operating revenues increased for the Water Utility by \$97,082, or 0.82%, and increased for the Sewer Utility by \$27,838, or 0.58%. 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, 2022. Water and local sanitary sewer rates remained unchanged from 2021 to 2022.
- Total operating expenses in 2022 were \$216,664 more than the amount in 2021, which is a 1.69% increase. The Water Utility's operating expenses increased by \$3,173, or 0.04%, and the Sewer Utility's operating expenses increased by \$213,491, or 4.70%. The overall increase is primarily due to a higher sewer user charge paid to Milwaukee Metropolitan Sewerage District.
- Total investment and interest income increased by \$529,029, or 1,003.24%, in 2022 as a result of much higher interest rates provided by the Local Government Investment Pool. Interest expense decreased in 2022 by \$10,205 or 4.06%, due to lower balances of outstanding debt.

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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 the Board of Public Works and Capital Assets (BOPWACA) 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 BOPWACA. Wastewater is treated per agreement with the Milwaukee Metropolitan Sewerage District.

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.

*See accompanying independent auditors' report.*



**Management's Discussion and Analysis**  
*Years Ended December 31, 2022 and 2021*

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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, 2022, and 2021.

*See accompanying independent auditors' report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Management's Discussion and Analysis**

*Years Ended December 31, 2022 and 2021*

**NET POSITION**

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

**Table 1**  
**Condensed Statements of Net Position – Utility Totals**  
**2022, 2021, and 2020**

	2022	Restated 2021	2020	2022 vs. 2021		2021 vs. 2020	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Current Assets	\$ 42,083,526	\$ 37,453,628	\$ 34,924,742	\$ 4,629,898	12.36 %	\$ 2,528,886	7.24 %
Net Capital Assets	112,254,769	113,573,211	113,883,477	(1,318,442)	(1.16)	(310,266)	(0.27)
Other Noncurrent Assets	13,870,158	14,173,802	2,876,029	(303,644)	(2.14)	11,297,773	392.83
Total Assets	<u>168,208,453</u>	<u>165,200,641</u>	<u>151,684,248</u>	<u>3,007,812</u>	<u>1.82</u>	<u>13,516,393</u>	<u>8.91</u>
Unamortized loss on advance refunding of revenue bonds	178,899	198,963	107,588	(20,064)	(10.08)	91,375	84.93
Deferred outflows related to pension	2,065,784	1,399,327	1,036,277	666,457	47.63	363,050	35.03
Deferred outflows related to other postemployment benefits	621,053	473,068	347,952	147,985	31.28	125,116	35.96
Total Deferred Outflows of Resources	<u>2,865,736</u>	<u>2,071,358</u>	<u>1,491,817</u>	<u>794,378</u>	<u>38.35</u>	<u>579,541</u>	<u>38.85</u>
Total Assets and Deferred Outflows of Resources	<u>171,074,189</u>	<u>167,271,999</u>	<u>153,176,065</u>	<u>3,802,190</u>	<u>2.27</u>	<u>14,095,934</u>	<u>9.20</u>
Long-term Debt Outstanding	12,419,609	13,555,164	14,671,210	(1,135,555)	(8.38)	(1,116,046)	(7.61)
Due to Sewer Utility - advance	1,568,566	1,787,489	1,980,754	(218,923)	(12.25)	(193,265)	(9.76)
Other Liabilities	7,830,632	7,365,286	7,904,303	465,346	6.32	(539,017)	(6.82)
Total Liabilities	<u>21,818,807</u>	<u>22,707,939</u>	<u>24,556,267</u>	<u>(889,132)</u>	<u>(3.92)</u>	<u>(1,848,328)</u>	<u>(7.53)</u>
Deferred inflows related to pension	2,412,330	1,740,041	1,230,333	672,289	38.64	509,708	41.43
Deferred inflows related to other postemployment benefits	79,967	96,168	122,051	(16,201)	(16.85)	(25,883)	(21.21)
Deferred inflows related to leases	10,860,619	11,210,937	-	(350,318)	(3.12)	11,210,937	N/A
Total Deferred Inflows of Resources	<u>13,352,916</u>	<u>13,047,146</u>	<u>1,352,384</u>	<u>305,770</u>	<u>2.34</u>	<u>11,694,762</u>	<u>864.75</u>
Total Liabilities and Deferred Inflows of Resources	<u>35,171,723</u>	<u>35,755,085</u>	<u>25,908,651</u>	<u>(583,362)</u>	<u>(1.63)</u>	<u>9,846,434</u>	<u>38.00</u>
Net Investment in Capital Assets	99,643,609	99,983,049	99,304,447	(339,440)	(0.34)	678,602	0.68
Restricted							
Revenue bond redemption	519,828	556,948	532,037	(37,120)	(6.66)	24,911	4.68
Revenue bond reserve	565,545	565,545	565,545	-	-	-	-
Revenue bond depreciation	17,000	17,000	17,000	-	-	-	-
Pension	1,002,950	752,439	416,184	250,511	33.29	336,255	80.79
Unrestricted	34,153,534	29,641,933	26,432,201	4,511,601	15.22	3,209,732	12.14
Total Net Position	<u>\$ 135,902,466</u>	<u>\$ 131,516,914</u>	<u>\$ 127,267,414</u>	<u>\$ 4,385,552</u>	<u>3.33 %</u>	<u>\$ 4,249,500</u>	<u>3.34 %</u>

As shown in the table above, total net position increased by \$4,385,552 in 2022, an increase of 3.33%. The majority of this increase is due to a combination of operating revenues exceeding operating expenses. Greater water usage in 2022 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, 2022 and 2021*

Total net position increased by \$4,249,500 to \$131,516,914 in 2021, an increase of 3.34%. 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 depreciation 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**  
**2022, 2021, and 2020**

	2022	Restated 2021	2020	2022 vs. 2021		2021 vs. 2020	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Current Assets	\$ 31,972,691	\$ 28,148,069	\$ 25,717,497	\$ 3,824,622	13.59 %	\$ 2,430,572	9.45 %
Net Capital Assets	76,556,273	77,656,702	78,199,981	(1,100,429)	(1.42)	(543,279)	(0.69)
Other Noncurrent Assets	12,305,442	12,435,670	986,227	(130,228)	(1.05)	11,449,443	1,160.93
Total Assets	120,834,406	118,240,441	104,903,705	2,593,965	2.19	13,336,736	12.71
Unamortized loss on advance refunding of revenue bonds	178,899	198,963	107,588	(20,064)	(10.08)	91,375	84.93
Deferred outflows related to pension	1,652,624	1,119,456	829,018	533,168	47.63	290,438	35.03
Deferred outflows related to other postemployment benefits	497,253	379,064	278,754	118,189	31.18	100,310	35.99
Total Deferred Outflows of Resources	2,328,776	1,697,483	1,215,360	631,293	37.19	482,123	39.67
Total Assets and Deferred Outflows of Resources	123,163,182	119,937,924	106,119,065	3,225,258	2.69	13,818,859	13.02
Long-term Debt Outstanding	12,419,609	13,555,164	14,671,210	(1,135,555)	(8.38)	(1,116,046)	(7.61)
Due to Sewer Utility - advance	1,568,566	1,787,489	1,980,754	(218,923)	(12.25)	(193,265)	(9.76)
Other Liabilities	6,599,992	6,250,955	6,638,854	349,037	5.58	(387,899)	(5.84)
Total Liabilities	20,588,167	21,593,608	23,290,818	(1,005,441)	(4.66)	(1,697,210)	(7.29)
Deferred inflows related to pension	1,929,865	1,392,032	984,267	537,833	38.64	407,765	41.43
Deferred inflows related to other postemployment benefits	63,961	76,957	97,645	(12,996)	(16.89)	(20,688)	(21.19)
Deferred inflows related to leases	10,860,619	11,210,937	-	(350,318)	(3.12)	11,210,937	N/A
Total Deferred Inflows of Resources	12,854,445	12,679,926	1,081,912	174,519	1.38	11,598,014	1,071.99

*See accompanying independent auditors' report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Management's Discussion and Analysis**

*Years Ended December 31, 2022 and 2021*

**Table 2 (continued)**

	2022	Restated 2021	2020	2022 vs. 2021		2021 vs. 2020	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Total Liabilities and Deferred Inflows of Resources	33,442,612	34,273,534	24,372,730	(830,922)	(2.42)	9,900,804	40.62
Net Investment in Capital Assets	63,955,607	64,109,898	63,620,951	(154,291)	(0.24)	488,947	0.77
Restricted							
Revenue bond redemption	519,828	499,321	532,037	20,507	4.11	(32,716)	(6.15)
Revenue bond reserve	565,545	565,545	565,545	-	-	-	-
Revenue bond depreciation	17,000	17,000	17,000	-	-	-	-
Pension	802,363	601,950	332,948	200,413	33.29	269,002	80.79
Unrestricted	23,860,227	19,870,676	16,677,854	3,989,551	20.08	3,192,822	19.14
Total Net Position	\$ 89,720,570	\$ 85,664,390	\$ 81,746,335	\$ 4,056,180	4.73 %	\$ 3,918,055	4.79 %

Table 2 displays the increase in the Water Utility's net position by \$4,056,180, or 4.73%, from 2021 to 2022. This increase in net position is mainly a result of 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 \$3,918,055 to \$85,664,390 from 2020 to 2021, or 4.79%. 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 2021 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**  
**2022, 2021, and 2020**

	2022	Restated 2021	2020	2022 vs. 2021		2021 vs. 2020	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Current Assets	\$ 10,110,835	\$ 9,305,559	\$ 9,207,245	\$ 805,276	8.65 %	\$ 98,314	1.07 %
Net Capital Assets	35,698,496	35,916,509	35,683,496	(218,013)	(0.61)	233,013	0.65
Other Noncurrent Assets	1,564,716	1,738,132	1,889,802	(173,416)	(9.98)	(151,670)	(8.03)
Total Assets	47,374,047	46,960,200	46,780,543	413,847	0.88	179,657	0.38
Deferred outflows related to pension	413,160	279,871	207,259	133,289	47.63	72,612	35.03
Deferred outflows related to other postemployment benefits	123,800	94,004	69,198	29,796	31.70	24,806	35.85
Total Deferred Outflows of Resources	536,960	373,875	276,457	163,085	43.62	97,418	35.24

*See accompanying independent auditors' report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Management's Discussion and Analysis**

*Years Ended December 31, 2022 and 2021*

**Table 3 (continued)**

	2022	Restated 2021	2020	2022 vs. 2021		2021 vs. 2020	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Total Assets and Deferred Outflows of Resources	\$ 47,911,007	\$ 47,334,075	\$ 47,057,000	\$ 576,932	1.22	\$ 277,075	0.59
Other Liabilities	1,230,640	1,114,331	1,265,449	116,309	10.44	(151,118)	(11.94)
Total Liabilities	1,230,640	1,114,331	1,265,449	116,309	10.44	(151,118)	(11.94)
Deferred inflows related to pension	482,465	348,009	246,066	134,456	38.64	101,943	41.43
Deferred inflows related to other postemployment benefits	16,006	19,211	24,406	(3,205)	(16.68)	(5,195)	(21.29)
Total Deferred Inflows of Resources	498,471	367,220	270,472	131,251	35.74	96,748	35.77
Total Liabilities and Deferred Inflows of Resources	1,729,111	1,481,551	1,535,921	247,560	16.71	(54,370)	(3.54)
Net Investment in Capital Assets	35,688,002	35,873,151	35,683,496	(185,149)	(0.52)	189,655	0.53
Restricted - Pension	200,587	150,489	83,236	50,098	33.29	67,253	80.80
Unrestricted	10,293,307	9,828,884	9,754,347	464,423	4.73	74,537	0.76
Sewer Utility Net Position	\$ 46,181,896	\$ 45,852,524	\$ 45,521,079	\$ 329,372	0.72 %	\$ 331,445	0.73 %

In review of Table 3, the Sewer Utility's net position increased by \$329,372 to \$46,181,896, or 0.72%, from 2021 to 2022. This increase in net position is primarily due to the excess of operating revenues over operating expenses and nonoperating interest earned on cash and investments.

The Sewer Utility's net position increased by \$331,445 to \$45,852,524 from 2020 to 2021, an increase of 0.73%. 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.

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

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, 2022 and 2021*

**Table 4**  
**Condensed Statements of Revenues, Expenses and Changes in Net Position – Utility Totals**  
**2022, 2021, and 2020**

	2022	Restated 2021	2020	2022 vs. 2021		2021 vs. 2020	
				Dollar Change	Percent Change	Dollar Change	Percent Change
<b>Operating Revenues:</b>							
Retail metered sales	\$ 10,981,368	\$ 10,840,128	\$ 10,342,456	\$ 141,240	1.30 %	\$ 497,672	4.81 %
Sales for resale	3,789,438	3,799,719	3,660,882	(10,281)	(0.27)	138,837	3.79
Unmetered sales	8,698	12,135	16,869	(3,437)	(28.32)	(4,734)	(28.06)
Private fire protection	213,250	210,350	206,808	2,900	1.38	3,542	1.71
Public fire protection	1,263,225	1,253,328	1,241,058	9,897	0.79	12,270	0.99
Interest and penalties	113,862	114,135	63,781	(273)	(0.24)	50,354	78.95
Rents from water property	350,318	366,074	327,893	(15,756)	(4.30)	38,181	11.64
Miscellaneous	78,969	78,339	69,571	630	0.80	8,768	12.60
<b>Total Operating Revenues</b>	<b>16,799,128</b>	<b>16,674,208</b>	<b>15,929,318</b>	<b>124,920</b>	<b>0.75</b>	<b>744,890</b>	<b>4.68</b>
<b>Nonoperating Revenues:</b>							
Investment and interest income	581,761	52,732	254,059	529,029	1,003.24	(201,327)	(79.24)
Gain on sale of capital assets	-	-	5,050	-	-	(5,050)	(100.00)
<b>Total Nonoperating Revenues</b>	<b>581,761</b>	<b>52,732</b>	<b>259,109</b>	<b>529,029</b>	<b>1,003.24</b>	<b>(206,377)</b>	<b>(79.65)</b>
<b>Total Revenues</b>	<b>17,380,889</b>	<b>16,726,940</b>	<b>16,188,427</b>	<b>653,949</b>	<b>3.91</b>	<b>538,513</b>	<b>3.33</b>
<b>Expenses:</b>							
Amortization Expense	10,432	10,432	10,432	-	-	-	-
Depreciation Expense	3,162,665	3,138,537	3,243,013	24,128	0.77	(104,476)	(3.22)
Taxes Expense	1,798,882	1,958,642	1,943,969	(159,760)	(8.16)	14,673	0.75
Other Operating Expenses	8,065,621	7,713,325	7,551,398	352,296	4.57	161,927	2.14
Nonoperating Expenses	275,640	286,803	634,271	(11,163)	(3.89)	(347,468)	(54.78)
<b>Total Expenses</b>	<b>13,313,240</b>	<b>13,107,739</b>	<b>13,383,083</b>	<b>205,501</b>	<b>1.57</b>	<b>(275,344)</b>	<b>(2.06)</b>
<b>Income Before Capital Contributions</b>	<b>4,067,649</b>	<b>3,619,201</b>	<b>2,805,344</b>	<b>448,448</b>	<b>12.39</b>	<b>813,857</b>	<b>29.01</b>
<b>Capital Contributions</b>	<b>317,903</b>	<b>415,547</b>	<b>2,667,029</b>	<b>(97,644)</b>	<b>(23.50)</b>	<b>(2,251,482)</b>	<b>(84.42)</b>
<b>Changes in Total Net Position</b>	<b>4,385,552</b>	<b>4,034,748</b>	<b>5,472,373</b>	<b>350,804</b>	<b>8.69</b>	<b>(1,437,625)</b>	<b>(26.27)</b>
<b>Beginning Total Net Position</b>	<b>131,516,914</b>	<b>127,267,414</b>	<b>121,795,041</b>	<b>4,249,500</b>	<b>3.34</b>	<b>5,472,373</b>	<b>4.49</b>
<b>Restatement to beginning net position</b>	<b>-</b>	<b>214,752</b>	<b>-</b>	<b>(214,752)</b>	<b>(100.00)</b>	<b>214,752</b>	<b>N/A</b>
<b>Ending Total Net Position</b>	<b>\$ 135,902,466</b>	<b>\$ 131,516,914</b>	<b>\$ 127,267,414</b>	<b>\$ 4,385,552</b>	<b>3.33 %</b>	<b>\$ 4,249,500</b>	<b>3.34 %</b>

*See accompanying independent auditors' report.*

## OAK CREEK WATER AND SEWER UTILITY

### Management's Discussion and Analysis

*Years Ended December 31, 2022 and 2021*

Operating revenues for the Utility increased by \$124,920, or 0.75%, for 2022 due to an increase in the volume of water sold and a Milwaukee Metropolitan Sewerage District rate increase effective January 1, 2022. Nonoperating revenues increased by \$529,029, or 1,003.24%, primarily as a result of higher interest rates and other investment income. Depreciation and amortization expense increased by \$24,128, or 0.77%, in 2022 due to additional capital assets placed in service during the year. Decreases in the tax rate and assessment ratio resulted in a decrease in taxes expense by \$159,760 or 8.16%, for 2022. The increase in other operating expenses of \$352,296, or 4.57%, was primarily due to a normal year of inflation. Nonoperating expenses decreased by \$11,163, or 3.89%, as a result of less interest incurred on outstanding debt. The decrease of \$97,644 in capital contributions is mainly from less developer funded projects entered into service during 2022.

The Utility's operating revenues increased by \$744,890, or 4.68%, for 2021 due to an increase in the volume of water sold and a Milwaukee Metropolitan Sewerage District rate increase effective January 1, 2021. Nonoperating revenues decreased by \$206,377, or 79.65%, primarily as a result of lower interest rates and other investment income. Depreciation and amortization expense decreased by \$104,476, or 3.22%, in 2021 due to certain capital assets being fully depreciated. Capital asset additions also resulted in an increase in taxes expense by \$14,673 or 0.75%, for 2021. The increase in other operating expenses of \$161,927, or 2.14%, was primarily due to a normal year of inflation. Nonoperating expenses decreased by \$347,468 or 54.78%, as a result of less interest incurred on outstanding debt. The decrease of \$2,251,482 in capital contributions is mainly from less developer funded projects entered into service during 2021.

**Table 5**  
**Condensed Statements of Revenues, Expenses and Changes in Net Position – Water Utility**  
**2022, 2021, and 2020**

	2022	Restated 2021	2020	2022 vs. 2021		2021 vs. 2020	
				Dollar Change	Percent Change	Dollar Change	Percent Change
<b>Operating Revenues:</b>							
Retail metered sales	\$ 6,184,309	\$ 6,080,960	\$ 5,814,538	\$ 103,349	1.70 %	\$ 266,422	4.58 %
Sales for resale	3,789,438	3,799,719	3,660,882	(10,281)	(0.27)	138,837	3.79
Unmetered sales	8,698	12,135	16,869	(3,437)	(28.32)	(4,734)	(28.06)
Private fire protection	213,250	210,350	206,808	2,900	1.38	3,542	1.71
Public fire protection	1,263,225	1,253,328	1,241,058	9,897	0.79	12,270	0.99
Interest and penalties	65,340	64,515	37,690	825	1.28	26,825	71.17
Rents from water property	350,318	366,074	327,893	(15,756)	(4.30)	38,181	11.64
Miscellaneous	75,643	66,058	65,839	9,585	14.51	219	0.33
<b>Total Operating Revenues</b>	<b>11,950,221</b>	<b>11,853,139</b>	<b>11,371,577</b>	<b>97,082</b>	<b>0.82</b>	<b>481,562</b>	<b>4.23</b>
<b>Nonoperating Revenues:</b>							
Investment and interest income	487,350	44,220	149,364	443,130	1,002.10	(105,144)	(70.39)
Gain on sale of capital assets	-	-	5,050	-	-	(5,050)	(100.00)
<b>Total Nonoperating Revenues</b>	<b>487,350</b>	<b>44,220</b>	<b>154,414</b>	<b>443,130</b>	<b>1,002.10</b>	<b>(110,194)</b>	<b>(71.36)</b>
<b>Total Revenues</b>	<b>12,437,571</b>	<b>11,897,359</b>	<b>11,525,991</b>	<b>540,212</b>	<b>4.54</b>	<b>371,368</b>	<b>3.22</b>

*See accompanying independent auditors' report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Management's Discussion and Analysis**

*Years Ended December 31, 2022 and 2021*

**Table 5 (continued)**

	2022	Restated 2021	2020	2022 vs. 2021		2021 vs. 2020	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Amortization Expense	\$ 10,432	\$ 10,432	\$ 10,432	\$ -	N/A	\$ -	N/A
Depreciation Expense	2,564,396	2,548,945	2,675,022	15,451	0.61	(126,077)	(4.71)
Taxes Expense	1,752,963	1,915,500	1,900,825	(162,537)	(8.49)	14,675	0.77
Other Operating Expenses	3,950,064	3,799,805	3,734,544	150,259	3.95	65,261	1.75
Nonoperating Expenses	275,640	286,803	634,271	(11,163)	(3.89)	(347,468)	(54.78)
<b>Total Expenses</b>	<b>8,553,495</b>	<b>8,561,485</b>	<b>8,955,094</b>	<b>(7,990)</b>	<b>(0.09)</b>	<b>(393,609)</b>	<b>(4.40)</b>
<b>Income (Loss) Before Capital Contributions</b>	<b>3,884,076</b>	<b>3,335,874</b>	<b>2,570,897</b>	<b>548,202</b>	<b>16.43</b>	<b>764,977</b>	<b>29.76</b>
Capital Contributions	172,104	367,429	1,641,296	(195,325)	(53.16)	(1,273,867)	(77.61)
Changes in Total Net Position	4,056,180	3,703,303	4,212,193	352,877	9.53	(508,890)	(12.08)
Beginning Total Net Position	85,664,390	81,746,335	77,534,142	3,918,055	4.79	4,212,193	5.43
Restatement to beginning net position	-	214,752	-	(214,752)	(100.00)	214,752	N/A
Ending Total Net Position	\$ 89,720,570	\$ 85,664,390	\$ 81,746,335	\$ 4,056,180	4.73 %	\$ 3,918,055	4.79 %

Operating revenues for the Water Utility increased by \$97,082, or 0.82%, for 2022 primarily due to greater water usage overall. Nonoperating revenues increased by \$443,130, or 1,002.10%, mostly from greater investment and interest income. Depreciation and amortization expense increased by \$15,451, or 0.61%, due to additional capital assets placed in service during the year. Taxes expense decreased by \$162,537, or 8.49%, due to decreases in the tax rate and assessment ratio for 2022. The increasing other operating expenses of \$150,259, or 3.95%, is mainly from normal year to year inflation. Nonoperating expenses decreased by \$11,163, or 3.89%, mostly as a result of less interest incurred on outstanding debt. Capital contributions decreased by \$195,325, or 53.16%, from the prior year due to less developer funded projects entered into service during 2022.

The Water Utility's operating revenues increased by \$481,562, or 4.23%, for 2021 primarily due to greater water usage overall. Nonoperating revenues decreased by \$110,194, or 71.36%, mostly from lesser investment and interest income. Depreciation and amortization expense decreased by \$126,077, or 4.71%, due to some capital assets being fully depreciated in 2021. Capital asset additions also resulted in an increase in taxes expense by \$14,675, or 0.77% for 2021. The increasing of other operating expenses of \$65,261, or 1.75%, is mainly from normal year to year inflation. Nonoperating expenses decreased by \$347,468, or 54.78%, mostly due to debt issuance costs associated with a bond refunding in the previous year. There is also less overall debt and a lower rate due to a refunding in 2020 that resulted in less interest expense. Capital contributions decreased by \$1,273,867 from the prior year, or 77.61%, due to less developer funded projects entered into service during 2021.

*See accompanying independent auditors' report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Management's Discussion and Analysis**

*Years Ended December 31, 2022 and 2021*

**Table 6**  
**Condensed Statements of Revenues, Expenses and Changes in Net Position – Sewer Utility**  
**2022, 2021, and 2020**

	2022	Restated 2021	2020	2022 vs. 2021		2021 vs. 2020	
				Dollar Change	Percent Change	Dollar Change	Percent Change
<b>Operating Revenues:</b>							
Retail metered sales	\$ 4,797,059	\$ 4,759,168	\$ 4,527,918	\$ 37,891	0.80 %	\$ 231,250	5.11 %
Interest and penalties	48,522	49,620	26,091	(1,098)	(2.21)	23,529	90.18
Miscellaneous	3,326	12,281	3,732	(8,955)	(72.92)	8,549	229.07
Total Operating Revenues	<u>4,848,907</u>	<u>4,821,069</u>	<u>4,557,741</u>	<u>27,838</u>	<u>0.58</u>	<u>263,328</u>	<u>5.78</u>
<b>Nonoperating Revenues:</b>							
Investment and interest income	94,411	8,512	104,695	85,899	1,009.15	(96,183)	(91.87)
Total Nonoperating Revenues	<u>94,411</u>	<u>8,512</u>	<u>104,695</u>	<u>85,899</u>	<u>1,009.15</u>	<u>(96,183)</u>	<u>(91.87)</u>
Total Revenues	<u>4,943,318</u>	<u>4,829,581</u>	<u>4,662,436</u>	<u>113,737</u>	<u>2.36</u>	<u>167,145</u>	<u>3.58</u>
Depreciation Expense	598,269	589,592	567,991	8,677	1.47	21,601	3.80
Taxes Expense	45,919	43,142	43,144	2,777	6.44	(2)	(0.00)
Other Operating Expenses	<u>4,115,557</u>	<u>3,913,520</u>	<u>3,816,854</u>	<u>202,037</u>	<u>5.16</u>	<u>96,666</u>	<u>2.53</u>
Total Expenses	<u>4,759,745</u>	<u>4,546,254</u>	<u>4,427,989</u>	<u>213,491</u>	<u>4.70</u>	<u>118,265</u>	<u>2.67</u>
Income Before Capital Contributions	183,573	283,327	234,447	(99,754)	(35.21)	48,880	20.85
Capital Contributions	<u>145,799</u>	<u>48,118</u>	<u>1,025,733</u>	<u>97,681</u>	<u>203.00</u>	<u>(977,615)</u>	<u>(95.31)</u>
Changes in Total Net Position	329,372	331,445	1,260,180	(2,073)	(0.63)	(928,735)	(73.70)
Beginning Total Net Position	<u>45,852,524</u>	<u>45,521,079</u>	<u>44,260,899</u>	<u>331,445</u>	<u>0.73</u>	<u>1,260,180</u>	<u>2.85</u>
Ending Total Net Position	<u>\$ 46,181,896</u>	<u>\$ 45,852,524</u>	<u>\$ 45,521,079</u>	<u>\$ 329,372</u>	<u>0.72 %</u>	<u>\$ 331,445</u>	<u>0.73 %</u>

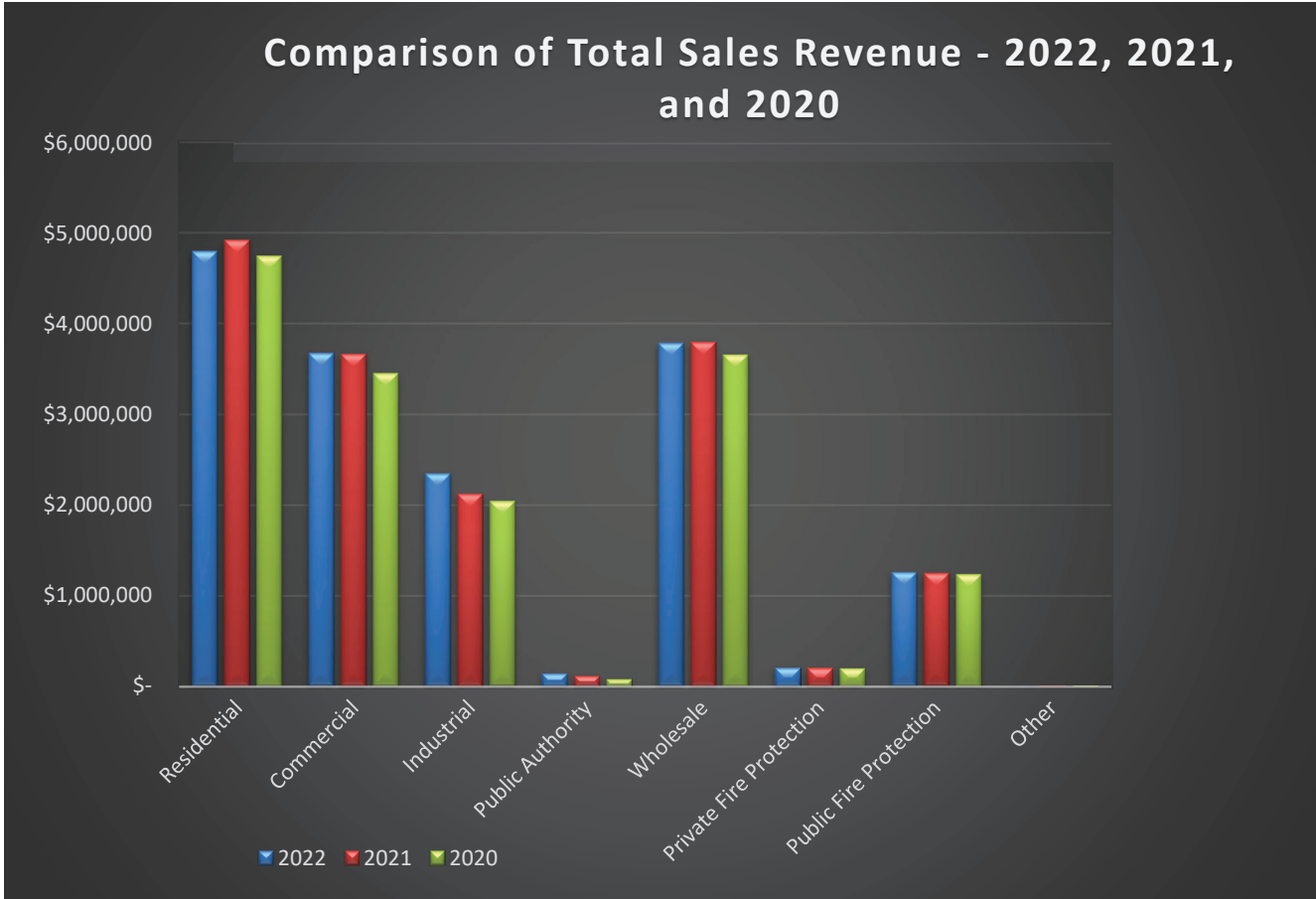
Operating revenues for the Sewer Utility increased by \$27,838, or 0.58%, mainly due to higher usage and an increase in Milwaukee Metropolitan Sewerage District rates which became effective January 1, 2022. Nonoperating revenues increased by \$85,899, or 1,009.15%, as a result of higher investment and interest income. Depreciation expense increased by \$8,677, or 1.47%, due to additional capital assets placed in service during the year and taxes expense increased by \$2,777, or 6.44%. Other operating expenses increased by \$202,037, or 5.16%, due to greater sewer user charges paid to Milwaukee Metropolitan Sewerage District in 2022, along with a slight increase in sanitary sewer collection volume. Capital contributions increased by \$97,681, or 203.00% as a result of more developer funded projects entered into service during 2022.

The Sewer Utility's operating revenues increased by \$263,328, or 5.78%, mainly due to higher usage and an increase in Milwaukee Metropolitan Sewerage District rates which became effective January 1, 2021. Nonoperating revenues decreased by \$96,186, or 91.87%, as a result of lower investment and interest income. Depreciation expense increased by \$21,601, or 3.80%, due to capital asset additions; and taxes expense decreased by \$2, or 0%. Other operating expenses increased by \$96,666, or 2.53%, due to greater sewer user charges paid to Milwaukee Metropolitan Sewerage District in 2021, along with a slight increase in sanitary sewer collection volume. Capital contributions decreased by \$977,616, or 95.31% as a result of less developer funded projects entered into service during 2021.

*See accompanying independent auditors' report.*

**Management’s Discussion and Analysis**  
*Years Ended December 31, 2022 and 2021*

The following graph shows a comparison of total sales revenue for 2022, 2021, and 2020.



Overall, total sales revenues increased by \$140,319, or 0.87%, in 2022, which is mostly due to greater water usage and an increase in Milwaukee Metropolitan Sewerage District rates that became effective January 1, 2022. Water and local sanitary sewer rates remained unchanged from 2021 to 2022.

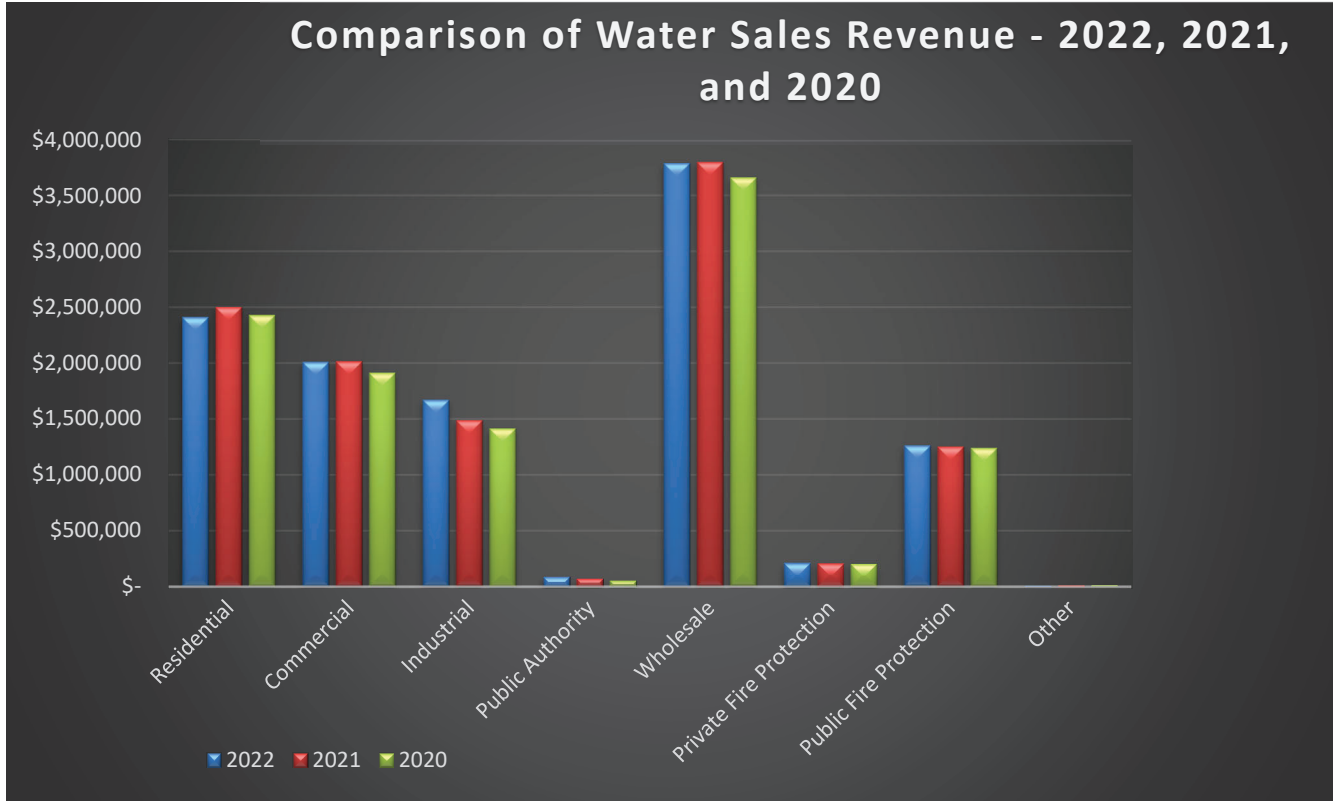
Total sales revenues increased by \$647,587, or 4.19%, in 2021, which is mostly due to greater water usage and an increase in Milwaukee Metropolitan Sewerage District rates that became effective January 1, 2021. Water and local sanitary sewer rates remained unchanged from 2020 to 2021.

*See accompanying independent auditors’ report.*



**Management’s Discussion and Analysis**  
*Years Ended December 31, 2022 and 2021*

The following graph shows a comparison of water sales revenues for 2022, 2021, and 2020.



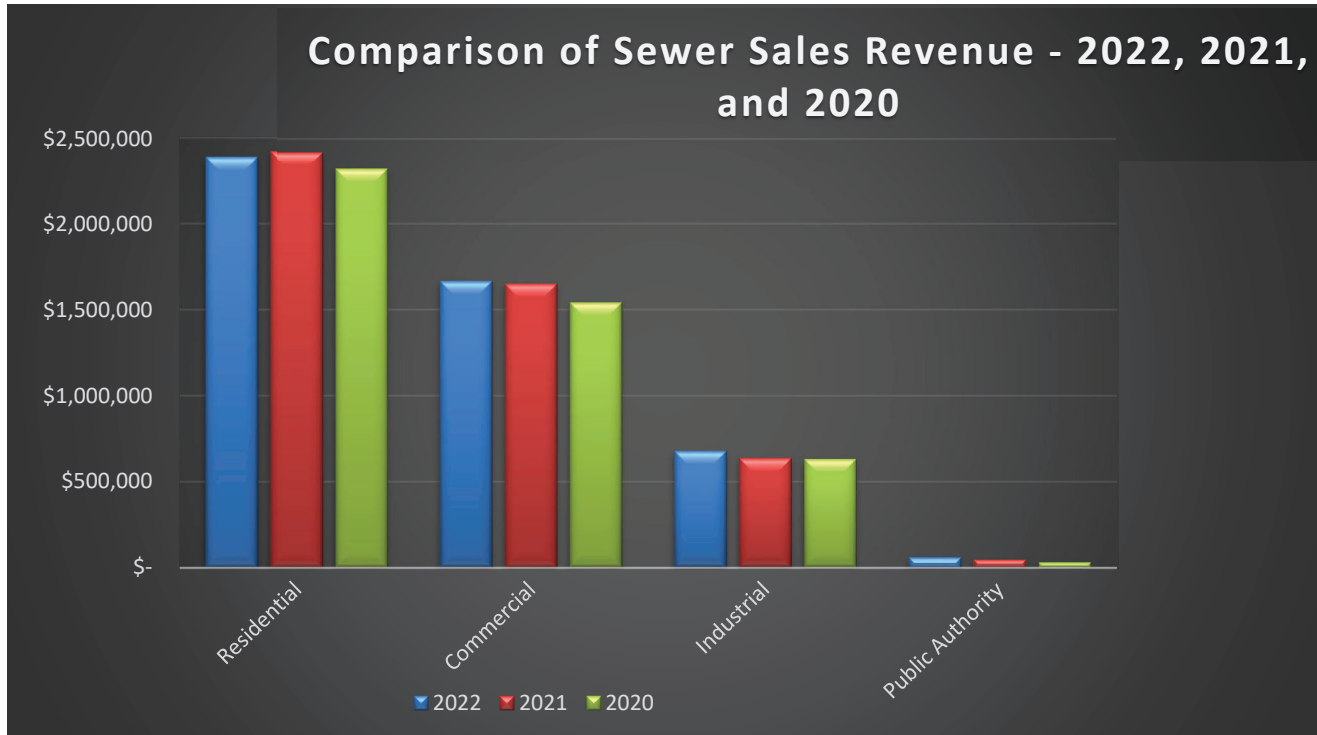
Sales of water services increased by \$102,428, or 0.90%, for 2022. This increase in sales revenue is a result of an overall increase in water usage. Water rates remained unchanged from 2021 to 2022.

Water sales revenue services increased by \$416,337, or 3.81%, for 2021. This increase in sales revenue is a result of an overall increase in water usage. Water rates remained unchanged from 2020 to 2021.

*See accompanying independent auditors’ report.*

**Management’s Discussion and Analysis**  
*Years Ended December 31, 2022 and 2021*

The following graph shows a comparison of sewer sales revenue for 2022, 2021, and 2020.



Sales of sewer services increased by \$37,891, or 0.80%, in 2022 and increased by \$231,250, or 5.11%, in 2021. These increases are mostly due to higher usage and annual adjustments in the Milwaukee Metropolitan Sewerage District charges.

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**CASH FLOWS**

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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.

*See accompanying independent auditors’ report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Management's Discussion and Analysis**

*Years Ended December 31, 2022 and 2021*

**Table 7**  
**Condensed Statements of Cash Flows – Utility Totals**  
**2022, 2021, and 2020**

	2022	Restated 2021	2020	2022 vs. 2021		2021 vs. 2020	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Cash Flows From:							
Operating activities	\$ 6,961,692	\$ 6,120,967	\$ 6,354,432	\$ 840,725	13.74 %	\$ (233,465)	(3.67) %
Capital and related financing activities	(3,412,032)	(4,129,375)	(4,675,250)	717,343	(17.37)	545,875	(11.68)
Noncapital and related financing activities	218,923	193,265	117,865	25,658	13.28	75,400	63.97
Investing activities	956,613	2,505,049	2,841,405	(1,548,436)	(61.81)	(336,356)	(11.84)
Net Change in Cash and Cash Equivalents	4,725,196	4,689,906	4,638,452	35,290	0.75	51,454	1.11
Cash and Cash Equivalents - Beginning of Year	33,612,832	28,922,926	24,284,474	4,689,906	16.22	4,638,452	19.10
Cash and Cash Equivalents - End of Year	<u>\$ 38,338,028</u>	<u>\$ 33,612,832</u>	<u>\$ 28,922,926</u>	<u>\$ 4,725,196</u>	<u>14.06 %</u>	<u>\$ 4,689,906</u>	<u>16.22 %</u>

**Table 8**  
**Condensed Statements of Cash Flows – Water Utility**  
**2022, 2021, and 2020**

	2022	Restated 2021	2020	2022 vs. 2021		2021 vs. 2020	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Cash Flows From:							
Operating activities	\$ 6,325,794	\$ 5,756,487	\$ 5,694,431	\$ 569,307	9.89 %	\$ 62,056	1.09 %
Capital and related financing activities	(3,077,404)	(3,406,276)	(3,032,246)	328,872	(9.65)	(374,030)	12.34
Investing activities	855,799	216,049	2,774,772	639,750	296.11	(2,558,723)	(92.21)
Net Change in Cash and Cash Equivalents	4,104,189	2,566,260	5,436,957	1,537,929	59.93	(2,870,697)	(52.80)
Cash and Cash Equivalents - Beginning of Year	25,753,292	23,187,032	17,750,075	2,566,260	11.07	5,436,957	30.63
Cash and Cash Equivalents - End of Year	<u>\$ 29,857,481</u>	<u>\$ 25,753,292</u>	<u>\$ 23,187,032</u>	<u>\$ 4,104,189</u>	<u>15.94 %</u>	<u>\$ 2,566,260</u>	<u>11.07 %</u>

*See accompanying independent auditors' report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Management's Discussion and Analysis**

*Years Ended December 31, 2022 and 2021*

**Table 9**  
**Condensed Statements of Cash Flows – Sewer Utility**  
**2022, 2021, and 2020**

	2022	2021	2020	2022 vs. 2021		2021 vs. 2020	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Cash Flows From:							
Operating activities	\$ 635,898	\$ 364,480	\$ 660,001	\$ 271,418	74.47 %	\$ (295,521)	(44.78) %
Capital and related financing activities	(334,628)	(723,099)	(1,643,004)	388,471	53.72	919,905	(55.99)
Noncapital and related financing activities	218,923	193,265	117,865	25,658	(13.28)	75,400	63.97
Investing activities	100,814	2,289,000	66,633	(2,188,186)	(95.60)	2,222,367	3,335.23
Net Change in Cash and Cash Equivalents	621,007	2,123,646	(798,505)	(1,502,639)	(70.76)	2,922,151	(365.95)
Cash and Cash Equivalents - Beginning of Year	7,859,540	5,735,894	6,534,399	2,123,646	37.02	(798,505)	(12.22)
Cash and Cash Equivalents - End of Year	\$ 8,480,547	\$ 7,859,540	\$ 5,735,894	\$ 621,007	7.90 %	\$ 2,123,646	37.02 %

**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 7 – Changes in Capital Assets*, for further detail of the Utility's capital assets.

**Table 10**  
**Capital Assets – Utility Totals**  
**2022, 2021, and 2020**

	2022	2021	2020	2022 vs. 2021		2021 vs. 2020	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Source of supply plant	\$ 7,116,586	\$ 7,064,286	\$ 7,064,286	\$ 52,300	0.74 %	\$ -	N/A %
Pumping plant	9,121,407	9,029,293	9,017,117	92,114	1.02	12,176	0.14
Water treatment plant	26,056,130	25,693,196	25,455,285	362,934	1.41	237,911	0.93
Transmission and distribution plant	78,384,226	77,473,922	76,983,064	910,304	1.17	490,858	0.64
Collecting system - intangible	16,175	16,175	16,175	-	N/A	-	N/A
Collecting system - pumping equipment	216,164	216,164	242,170	-	N/A	(26,006)	(10.74)
Collecting system - other	48,555,809	47,723,818	46,050,483	831,991	1.74	1,673,335	3.63
General plant - intangible	69,544	69,544	69,544	-	N/A	-	N/A
General plant - other	5,980,575	5,597,221	5,527,443	383,354	6.85	69,778	1.26
Total Capital Assets	175,516,616	172,883,619	170,425,567	2,632,997	1.52	2,458,052	1.44
Accumulated amortization	(34,494)	(24,062)	(13,631)	(10,432)	43.35	(10,431)	76.52
Accumulated depreciation	(64,466,436)	(61,475,492)	(58,480,376)	(2,990,944)	4.87	(2,995,116)	5.12
Construction in progress	1,239,083	2,189,146	1,951,917	(950,063)	(43.40)	237,229	12.15
Net Capital Assets	\$ 112,254,769	\$ 113,573,211	\$ 113,883,477	\$ (1,318,442)	(1.16) %	\$ (310,266)	(0.27) %

*See accompanying independent auditors' report.*

## OAK CREEK WATER AND SEWER UTILITY

### Management's Discussion and Analysis

*Years Ended December 31, 2022 and 2021*

The Utility's capital assets increased by \$2,632,997, or 1.52%, in 2022. This increase is comprised of developer funded contributions of \$98,306, Primary Government funded contributions of \$103,704, and Utility financed capital asset additions of \$2,635,809 less \$204,822 from retirements and sales. Construction in progress decreased by \$950,063, or 43.40%, mostly due to several projects being closed out.

Total capital assets increased by \$2,458,052, or 1.44%, in 2021. This increase is comprised of developer funded contributions of \$110,620, Primary Government funded contributions of \$1,705, and Utility financed capital asset additions of \$2,345,727, less \$153,841 from retirements and sales. Construction in progress increased by \$237,229, or 12.15%, mostly due to several large sewer projects that have not been closed out as of the end of 2021.

#### Capital Assets – Water Utility 2022, 2021, and 2020

	2022	2021	2020	2022 vs. 2021		2021 vs. 2020	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Source of supply plant	\$ 7,116,586	\$ 7,064,286	\$ 7,064,286	\$ 52,300	0.74 %	\$ -	N/A %
Pumping plant	9,121,407	9,029,293	9,017,117	92,114	1.02	12,176	0.14
Water treatment plant	26,056,130	25,693,196	25,455,285	362,934	1.41	237,911	0.93
Transmission and distribution plant	78,384,226	77,473,922	76,983,064	910,304	1.17	490,858	0.64
General plant - intangible	69,544	69,544	69,544	-	N/A	-	N/A
General plant - other	5,341,362	5,001,469	4,934,238	339,893	6.80	67,231	1.36
<b>Total Capital Assets</b>	<b>126,089,255</b>	<b>124,331,710</b>	<b>123,523,534</b>	<b>1,757,545</b>	<b>1.41</b>	<b>808,176</b>	<b>0.65</b>
Accumulated amortization	(34,494)	(24,062)	(13,631)	(10,432)	43.35	(10,431)	76.52
Accumulated depreciation	(50,529,140)	(48,079,042)	(45,528,130)	(2,450,098)	5.10	(2,550,912)	5.60
Construction in progress	1,030,652	1,428,096	218,208	(397,444)	(27.83)	1,209,888	554.47
<b>Net Capital Assets</b>	<b>\$ 76,556,273</b>	<b>\$ 77,656,702</b>	<b>\$ 78,199,981</b>	<b>\$ (1,100,429)</b>	<b>(1.42) %</b>	<b>\$ (543,279)</b>	<b>(0.69) %</b>

The Water Utility's capital assets increased by \$1,757,545, or 1.41%, in 2022. This increase is from a combination of developer funded contributions of \$56,109, Primary Government funded contributions of \$28,108, and Utility funded capital asset additions in the amount of \$1,873,853 less retirements and sales of \$200,525. Construction in progress decreased by \$397,444, or 27.83%, due to several larger projects being closed out.

The Water Utility's total capital assets increased by \$808,176, or 0.65%, in 2021. This increase is from a combination of developer funded contributions of \$63,897, Primary Government funded contributions of \$310, and Utility funded capital asset additions in the amount of \$743,969, less retirements and sales of \$59,841. Construction in progress increased by \$1,209,888, or 554.47%, due to water main extension and relay projects that were started in 2021, but not finished.

*See accompanying independent auditors' report.*

**OAK CREEK WATER AND SEWER UTILITY**

**Management's Discussion and Analysis**

*Years Ended December 31, 2022 and 2021*

**Table 12**  
**Capital Assets – Sewer Utility**  
**2022, 2021, and 2020**

	2022	2021	2020	2022 vs. 2021		2021 vs. 2020	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Collecting system - intangible	\$ 16,175	\$ 16,175	\$ 16,175	\$ -	N/A %	\$ -	N/A %
Collecting system - pumping equipment	216,164	216,164	242,170	-	-	(26,006)	(10.74)
Collecting system - other	48,555,809	47,723,818	46,050,483	831,991	1.74	1,673,335	3.63
General plant	639,213	595,752	593,206	43,461	7.30	2,546	0.43
Total Capital Assets	49,427,361	48,551,909	46,902,034	875,452	1.80	1,649,875	3.52
Accumulated depreciation	(13,937,296)	(13,396,450)	(12,952,246)	(540,846)	4.04	(444,204)	3.43
Construction in progress	208,431	761,050	1,733,709	(552,619)	(72.61)	(972,659)	(56.10)
Net Capital Assets	\$ 35,698,496	\$ 35,916,509	\$ 35,683,497	\$ (218,013)	(0.61) %	\$ 233,012	0.65 %

Capital assets for the Sewer Utility increased by \$875,452, or 1.80%, in 2022. This increase is comprised of developer funded contributions of \$42,197, Primary Government funded contributions of \$75,596, and Utility funded capital asset additions of \$761,956 less retirements and sales of \$4,297. Construction in progress decreased by \$552,619 in 2022, down from \$761,050 in 2020. This decrease is mainly due to several projects being closed out.

The Sewer Utility's total capital assets increased by \$1,649,875, or 3.52%, in 2021. This increase is comprised of developer funded contributions of \$46,723, Primary Government funded contributions of \$1,395, and Utility funded capital asset additions of \$1,601,757, less retirements and sales of \$94,000. Construction in progress decreased by \$972,659 in 2021, down from \$1,733,709 in 2020. This decrease is mainly due to the Jewell Steel lift station abandonment project, which was in placed into services during 2021.

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**LONG-TERM DEBT**

As of December 31, 2022 and 2021, the Utility had total revenue bond debt outstanding, of \$12,419,609 and \$13,555,164, 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, as of December 31, 2022 and 2021 respectively, in the amounts of \$12,419,609 and \$13,555,164. 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.

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, 2022 and 2021, respectively, were \$1,568,566 and \$1,787,716.

*See accompanying independent auditors' report.*



## Management's Discussion and Analysis

*Years Ended December 31, 2022 and 2021*

The Sewer Utility had no outstanding debt as of December 31, 2022 and 2021, respectively.

The Utility carries an Aa2 rating from Moody's Investors Service for its water and sewer revenue bonds. Please refer to *Note 8 – 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 Kristina Strmsek, Assistant Comptroller of the Oak Creek Water and Sewer Utility, at (414) 766-6600 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, 2022 and 2021

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2022	Restated 2021	2022	2021	2022	Restated 2021
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 28,722,216	\$ 24,950,523	\$ 8,480,547	\$ 7,868,274	\$ 37,202,763	\$ 32,818,797
Accounts receivable						
Customer	1,145,000	1,130,863	721,012	705,383	1,866,012	1,836,246
Unbilled	1,100,217	1,036,678	342,092	326,242	1,442,309	1,362,920
Other	1,416	3,452	-	2,188	1,416	5,640
Lease receivable	339,515	350,318	-	-	339,515	350,318
Inventory	111,607	83,731	-	-	111,607	83,731
Due from Water Utility - accrued interest receivable	-	-	2,559	228	2,559	228
Due from Water Utility - advance	-	-	219,667	218,923	219,667	218,923
Due from Primary Government	-	-	344,958	184,321	344,958	184,321
Restricted assets						
Revenue bond redemption account	552,720	592,504	-	-	552,720	592,504
Total Current Assets	31,972,691	28,148,069	10,110,835	9,305,559	42,083,526	37,453,628
<b>Noncurrent Assets</b>						
Restricted Assets						
Revenue bond reserve account	565,545	565,545	-	-	565,545	565,545
Revenue bond depreciation account	17,000	17,000	-	-	17,000	17,000
Net pension asset	802,363	601,950	200,587	150,489	1,002,950	752,439
Total Restricted Assets	1,384,908	1,184,495	200,587	150,489	1,585,495	1,334,984
Other Assets						
Property held for future use	5,000	5,000	-	-	5,000	5,000
Lease receivable	10,521,104	10,860,619	-	-	10,521,104	10,860,619
Due from Water Utility - advance	-	-	1,348,899	1,568,566	1,348,899	1,568,566
Special assessments	394,430	385,556	15,230	19,077	409,660	404,633
Total Other Assets	10,920,534	11,251,175	1,364,129	1,587,643	12,284,663	12,838,818
Capital Assets						
Land and land rights	295,050	242,750	13,145	13,145	308,195	255,895
Intangible assets	69,544	69,544	16,175	16,175	85,719	85,719
Plant in service	125,724,661	124,019,416	49,398,041	48,522,589	175,122,702	172,542,005
Construction work in progress	1,030,652	1,428,096	208,431	761,050	1,239,083	2,189,146
Accumulated amortization	(34,494)	(24,062)	-	-	(34,494)	(24,062)
Accumulated depreciation	(50,529,140)	(48,079,042)	(13,937,296)	(13,396,450)	(64,466,436)	(61,475,492)
Net Capital Assets	76,556,273	77,656,702	35,698,496	35,916,509	112,254,769	113,573,211
Total Noncurrent Assets	88,861,715	90,092,372	37,263,212	37,654,641	126,124,927	127,747,013
Total Assets	120,834,406	118,240,441	47,374,047	46,960,200	168,208,453	165,200,641
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Unamortized loss on advance refunding of revenue bonds	178,899	198,963	-	-	178,899	198,963
Deferred outflows related to pension	1,652,624	1,119,456	413,160	279,871	2,065,784	1,399,327
Deferred outflows related to other postemployment benefits	497,253	379,064	123,800	94,004	621,053	473,068
Total Deferred Outflows of Resources	2,328,776	1,697,483	536,960	373,875	2,865,736	2,071,358
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	123,163,182	119,937,924	47,911,007	47,334,075	171,074,189	167,271,999

See accompanying notes to financial statements.

**OAK CREEK WATER AND SEWER UTILITY**  
**Statements of Net Position**  
*As of December 31, 2022 and 2021*

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2022	Restated 2021	2022	2021	2022	Restated 2021
<i>(continued)</i>						
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable	898,342	397,595	720,428	617,423	1,618,770	1,015,018
Accrued payroll	44,322	41,389	1,675	1,323	45,997	42,712
Due to Sewer Utility - accrued interest payable	2,559	228	-	-	2,559	228
Due to Sewer Utility - advance	219,667	218,923	-	-	219,667	218,923
Due to Primary Government	1,239,552	1,425,284	-	-	1,239,552	1,425,284
Compensated absences	52,581	63,985	-	-	52,581	63,985
Payable from restricted assets						
Revenue bonds payable	1,160,367	1,135,555	-	-	1,160,367	1,135,555
Accrued interest payable	32,892	35,556	-	-	32,892	35,556
Total Current Liabilities	<u>3,650,282</u>	<u>3,318,515</u>	<u>722,103</u>	<u>618,746</u>	<u>4,372,385</u>	<u>3,937,261</u>
<b>Noncurrent Liabilities</b>						
Net other postemployment benefits liability	2,034,144	1,991,318	508,537	495,585	2,542,681	2,486,903
Pollution remediation obligation	2,295,600	2,295,600	-	-	2,295,600	2,295,600
Due to Sewer Utility - advance	1,348,899	1,568,566	-	-	1,348,899	1,568,566
Revenue bonds payable	11,259,242	12,419,609	-	-	11,259,242	12,419,609
Total Noncurrent Liabilities	<u>16,937,885</u>	<u>18,275,093</u>	<u>508,537</u>	<u>495,585</u>	<u>17,446,422</u>	<u>18,770,678</u>
TOTAL LIABILITIES	<u>20,588,167</u>	<u>21,593,608</u>	<u>1,230,640</u>	<u>1,114,331</u>	<u>21,818,807</u>	<u>22,707,939</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pension	1,929,865	1,392,032	482,465	348,009	2,412,330	1,740,041
Deferred inflows related to other postemployment benefits	63,961	76,957	16,006	19,211	79,967	96,168
Deferred inflows related to leases	10,860,619	11,210,937	-	-	10,860,619	11,210,937
Total Deferred Inflows of Resources	<u>12,854,445</u>	<u>12,679,926</u>	<u>498,471</u>	<u>367,220</u>	<u>13,352,916</u>	<u>13,047,146</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>33,442,612</u>	<u>34,273,534</u>	<u>1,729,111</u>	<u>1,481,551</u>	<u>35,171,723</u>	<u>35,755,085</u>
<b>NET POSITION</b>						
Net investment in capital assets	63,955,607	64,109,898	35,688,002	35,873,151	99,643,609	99,983,049
Restricted						
Revenue bond redemption	519,828	556,948	-	-	519,828	556,948
Revenue bond reserve	565,545	565,545	-	-	565,545	565,545
Revenue bond depreciation	17,000	17,000	-	-	17,000	17,000
Pension	802,363	601,950	200,587	150,489	1,002,950	752,439
Unrestricted	<u>23,860,227</u>	<u>19,813,049</u>	<u>10,293,307</u>	<u>9,828,884</u>	<u>34,153,534</u>	<u>29,641,933</u>
TOTAL NET POSITION	<u>\$ 89,720,570</u>	<u>\$ 85,664,390</u>	<u>\$ 46,181,896</u>	<u>\$ 45,852,524</u>	<u>\$ 135,902,466</u>	<u>\$ 131,516,914</u>

*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, 2022 and 2021*

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2022	Restated 2021	2022	2021	2022	Restated 2021
<b>Operating Revenues</b>						
Retail metered sales						
Residential	\$ 2,411,761	\$ 2,501,268	\$ 2,389,272	\$ 2,422,294	\$ 4,801,033	\$ 4,923,562
Commercial	2,011,040	2,016,703	1,667,876	1,651,833	3,678,916	3,668,536
Industrial	1,672,271	1,488,872	679,545	637,465	2,351,816	2,126,337
Public authority	89,237	74,117	60,366	47,576	149,603	121,693
Total retail metered sales	6,184,309	6,080,960	4,797,059	4,759,168	10,981,368	10,840,128
Sales for resale	3,789,438	3,799,719	-	-	3,789,438	3,799,719
Unmetered sales	8,698	12,135	-	-	8,698	12,135
Private fire protection	213,250	210,350	-	-	213,250	210,350
Public fire protection	1,263,225	1,253,328	-	-	1,263,225	1,253,328
Interest and penalties	65,340	64,515	48,522	49,620	113,862	114,135
Water property leases	350,318	366,074	-	-	350,318	366,074
Miscellaneous	75,643	66,058	3,326	12,281	78,969	78,339
Total Operating Revenues	11,950,221	11,853,139	4,848,907	4,821,069	16,799,128	16,674,208
<b>Operating Expenses</b>						
Operation and maintenance expenses						
Sewer user charge - Milwaukee Metropolitan Sewerage District	-	-	3,286,935	3,085,894	3,286,935	3,085,894
Source of supply						
Operation	53,090	50,838	-	-	53,090	50,838
Maintenance	3,910	3,793	-	-	3,910	3,793
Total source of supply	57,000	54,631	-	-	57,000	54,631
Pumping						
Operation	705,725	667,493	2,140	2,240	707,865	669,733
Maintenance	244,701	203,947	12,347	8,892	257,048	212,839
Total pumping	950,426	871,440	14,487	11,132	964,913	882,572
Water treatment						
Operation	726,353	656,381	-	-	726,353	656,381
Maintenance	306,362	239,683	-	-	306,362	239,683
Total water treatment	1,032,715	896,064	-	-	1,032,715	896,064
Transmission and distribution						
Operation	623,807	591,236	-	-	623,807	591,236
Maintenance	310,610	369,889	-	-	310,610	369,889
Total transmission and distribution	934,417	961,125	-	-	934,417	961,125
Collection						
Operation	-	-	263,809	246,080	263,809	246,080
Maintenance	-	-	98,245	116,045	98,245	116,045
Total collection	-	-	362,054	362,125	362,054	362,125

*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, 2022 and 2021*

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2022	Restated 2021	2022	2021	2022	Restated 2021
<i>(continued)</i>						
<b>Operating Expenses</b>						
Operation and maintenance expenses (cont.)						
Customer accounts						
Meter reading	\$ 11,832	\$ 12,704	\$ 11,517	\$ 12,040	\$ 23,349	\$ 24,744
Records and collection	110,521	112,870	58,850	59,217	169,371	172,087
Total customer accounts	<u>122,353</u>	<u>125,574</u>	<u>70,367</u>	<u>71,257</u>	<u>192,720</u>	<u>196,831</u>
Administration and general						
Operation	415,298	417,030	270,048	271,390	685,346	688,420
Maintenance	-	645	1,991	1,240	1,991	1,885
Pension and benefits	526,214	491,854	129,724	115,569	655,938	607,423
Other postemployment benefits	(88,359)	(18,558)	(20,049)	(5,087)	(108,408)	(23,645)
Total administration and general	<u>853,153</u>	<u>890,971</u>	<u>381,714</u>	<u>383,112</u>	<u>1,234,867</u>	<u>1,274,083</u>
Total operation and maintenance expenses	3,950,064	3,799,805	4,115,557	3,913,520	8,065,621	7,713,325
Amortization	10,432	10,432	-	-	10,432	10,432
Depreciation	2,564,396	2,548,945	598,269	589,592	3,162,665	3,138,537
Taxes	1,752,963	1,915,500	45,919	43,142	1,798,882	1,958,642
Total Operating Expenses	<u>8,277,855</u>	<u>8,274,682</u>	<u>4,759,745</u>	<u>4,546,254</u>	<u>13,037,600</u>	<u>12,820,936</u>
<b>Operating Income (Loss)</b>	<u>3,672,366</u>	<u>3,578,457</u>	<u>89,162</u>	<u>274,815</u>	<u>3,761,528</u>	<u>3,853,272</u>
<b>Nonoperating Revenues (Expenses)</b>						
Investment income (loss)	-	215	-	(1,301)	-	(1,086)
Interest income	487,350	44,005	86,538	2,938	573,888	46,943
Interest income - Water Utility	-	-	7,873	6,875	7,873	6,875
Loss from merchandising and jobbing	(14,629)	(15,047)	-	-	(14,629)	(15,047)
Interest expense	(233,075)	(244,278)	-	-	(233,075)	(244,278)
Interest expense - Sewer Utility	(7,873)	(6,875)	-	-	(7,873)	(6,875)
Amortization	(20,063)	(20,603)	-	-	(20,063)	(20,603)
Total Nonoperating Revenues (Expenses)	<u>211,710</u>	<u>(242,583)</u>	<u>94,411</u>	<u>8,512</u>	<u>306,121</u>	<u>(234,071)</u>
<b>Income (Loss) Before Capital Contributions</b>	<u>3,884,076</u>	<u>3,335,874</u>	<u>183,573</u>	<u>283,327</u>	<u>4,067,649</u>	<u>3,619,201</u>
<b>Capital Contributions</b>	<u>172,104</u>	<u>367,429</u>	<u>145,799</u>	<u>48,118</u>	<u>317,903</u>	<u>415,547</u>
<b>CHANGE IN NET POSITION</b>	<u>4,056,180</u>	<u>3,703,303</u>	<u>329,372</u>	<u>331,445</u>	<u>4,385,552</u>	<u>4,034,748</u>
<b>Net Position - Beginning of Year</b>	85,664,390	81,746,335	45,852,524	45,521,079	131,516,914	127,267,414
<b>Restatement to beginning net position</b>	-	214,752	-	-	-	214,752
<b>Net Position - End of Year</b>	<u>\$ 89,720,570</u>	<u>\$ 85,664,390</u>	<u>\$ 46,181,896</u>	<u>\$ 45,852,524</u>	<u>\$ 135,902,466</u>	<u>\$ 131,516,914</u>

*See accompanying notes to financial statements.*



**OAK CREEK WATER AND SEWER UTILITY**  
**Statements of Cash Flows**  
*Years Ended December 31, 2022 and 2021*

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2022	Restated 2021	2022	2021	2022	Restated 2021
<b>Cash Flows From Operating Activities</b>						
Received from customers	\$ 11,519,760	\$ 11,392,054	\$ 4,724,287	\$ 4,522,709	\$ 16,244,047	\$ 15,914,763
Received from water property leases	350,318	366,074	-	-	350,318	366,074
Received for nonoperating activities	27,382	24,838	-	-	27,382	24,838
Paid for nonoperating activities	(42,011)	(39,885)	-	-	(42,011)	(39,885)
Received from other miscellaneous sources	75,643	66,058	3,326	12,281	78,969	78,339
Paid to Milwaukee Metropolitan Sewerage District for sewer user charges	-	-	(3,226,596)	(3,192,043)	(3,226,596)	(3,192,043)
Paid to Primary Government for tax equivalent	(1,892,737)	(1,771,473)	-	-	(1,892,737)	(1,771,473)
Paid to suppliers for goods and services	(1,936,610)	(2,484,407)	(460,177)	(575,900)	(2,396,787)	(3,060,307)
Paid to employees for operating payroll	(1,775,951)	(1,796,772)	(404,942)	(402,567)	(2,180,893)	(2,199,339)
Net Cash Flows From Operating Activities	6,325,794	5,756,487	635,898	364,480	6,961,692	6,120,967
<b>Cash Flows From Capital and Related Financing Activities</b>						
Acquisition and construction of capital assets	(1,714,632)	(1,887,321)	(361,732)	(741,043)	(2,076,364)	(2,628,364)
Proceeds received for acquisition and construction of capital assets	12,692	64,207	-	17,944	12,692	82,151
Special assessment proceeds	220,295	-	27,104	-	247,399	-
Principal payment to Sewer Utility - advance	(218,923)	(193,265)	-	-	(218,923)	(193,265)
Debt retired	(1,135,555)	(1,116,046)	-	-	(1,135,555)	(1,116,046)
Interest paid to Sewer Utility - advance	(5,542)	(6,933)	-	-	(5,542)	(6,933)
Interest paid	(235,739)	(266,918)	-	-	(235,739)	(266,918)
Net Cash Flows From Capital and Related Financing Activities	(3,077,404)	(3,406,276)	(334,628)	(723,099)	(3,412,032)	(4,129,375)
<b>Cash Flows From Noncapital and Related Financing Activities</b>						
Principal received from Water Utility - advance	-	-	218,923	193,265	218,923	193,265
Net Cash Flows From Noncapital and Related Financing Activities	-	-	218,923	193,265	218,923	193,265
<b>Cash Flows From Investing Activities</b>						
Purchase of investments	-	(767,734)	-	(2,936,447)	-	(3,704,181)
Proceeds from sale of investments	372,280	969,923	8,734	5,177,501	381,014	6,147,424
Interest received from Water Utility - advance	-	-	5,542	6,933	5,542	6,933
Interest received	483,519	13,860	86,538	41,013	570,057	54,873
Net Cash Flows From Investing Activities	855,799	216,049	100,814	2,289,000	956,613	2,505,049
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>4,104,189</b>	<b>2,566,260</b>	<b>621,007</b>	<b>2,123,646</b>	<b>4,725,196</b>	<b>4,689,906</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>25,753,292</b>	<b>23,187,032</b>	<b>7,859,540</b>	<b>5,735,894</b>	<b>33,612,832</b>	<b>28,922,926</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 29,857,481</b>	<b>\$ 25,753,292</b>	<b>\$ 8,480,547</b>	<b>\$ 7,859,540</b>	<b>\$ 38,338,028</b>	<b>\$ 33,612,832</b>

*See accompanying notes to financial statements.*

**OAK CREEK WATER AND SEWER UTILITY**  
**Statements of Cash Flows**  
*Years Ended December 31, 2022 and 2021*

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2022	Restated 2021	2022	2021	2022	Restated 2021
<i>(continued)</i>						
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities</b>						
Operating income (loss)	\$ 3,672,366	\$ 3,578,457	\$ 89,162	\$ 274,815	\$ 3,761,528	\$ 3,853,272
Nonoperating loss	(14,629)	(15,047)	-	-	(14,629)	(15,047)
Noncash items included in operating income						
Amortization	10,432	10,432	-	-	10,432	10,432
Depreciation	2,564,396	2,548,945	598,269	589,592	3,162,665	3,138,537
Depreciation charged to clearing and other utilities	86,537	65,024	(51,388)	(51,387)	35,149	13,637
Changes in assets and liabilities						
Customer accounts receivable	(77,676)	(58,241)	(31,479)	(87,567)	(109,155)	(145,808)
Other accounts receivable	2,034	20,153	2,188	24	4,222	20,177
Inventory	(27,876)	16,664	-	-	(27,876)	16,664
Pension related deferrals and asset	(195,748)	(151,675)	(48,931)	(37,923)	(244,679)	(189,598)
Due from Primary Government	-	-	(38,095)	(141,954)	(38,095)	(141,954)
Accounts payable	654,755	208,073	135,869	(175,661)	790,624	32,412
Accrued expenses	(8,471)	5,178	352	(372)	(8,119)	4,806
Other postemployment benefits related deferrals and liability	(88,359)	(18,559)	(20,049)	(5,087)	(108,408)	(23,646)
Due to Primary Government	(251,967)	(452,917)	-	-	(251,967)	(452,917)
Net Cash Flows From Operating Activities	<u>\$ 6,325,794</u>	<u>\$ 5,756,487</u>	<u>\$ 635,898</u>	<u>\$ 364,480</u>	<u>\$ 6,961,692</u>	<u>\$ 6,120,967</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</b>						
Cash and cash equivalents	\$ 28,722,216	\$ 24,950,523	\$ 8,480,547	\$ 7,868,274	\$ 37,202,763	\$ 32,818,797
Restricted assets - current	552,720	592,504	-	-	552,720	592,504
Restricted assets - noncurrent	582,545	582,545	-	-	582,545	582,545
Total Cash, Investments and Restricted Assets	<u>29,857,481</u>	<u>26,125,572</u>	<u>8,480,547</u>	<u>7,868,274</u>	<u>38,338,028</u>	<u>33,993,846</u>
Less: Noncash Equivalents	-	(372,280)	-	(8,734)	-	(381,014)
Total Cash and Cash Equivalents	<u>\$ 29,857,481</u>	<u>\$ 25,753,292</u>	<u>\$ 8,480,547</u>	<u>\$ 7,859,540</u>	<u>\$ 38,338,028</u>	<u>\$ 33,612,832</u>
<b>Noncash Investment and Capital and Related Financing Activities</b>						
Income earned on noncash equivalents	\$ -	\$ 16,879	\$ -	\$ 60,149	\$ -	\$ 77,028
Fair value adjustment on noncash equivalents	-	(16,664)	-	(61,450)	-	(78,114)
Cost of capital assets installed and/or financed by the primary government and developers	71,525	64,207	117,793	48,118	119,643	183,850
Cost of capital assets financed by assessments of benefits to property owners	100,579	303,222	28,806	-	129,385	303,222

*See accompanying notes to financial statements.*

# Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

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## 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 Board of Public Works and Capital Assets (BOPWACA). The Utility was created by City of Oak Creek (Municipality, Primary Government or City) ordinances in 1960. BOPWACA provides nonpartisan management to the Utility pursuant to Chapter 66 of the Wisconsin Statutes. 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 BOPWACA. 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.

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.

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the Utility's leasing activities. The Utility adopted this statement effective January 1, 2022. Accordingly, the changes have been retroactively applied to the prior period presented.

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

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### 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.
- 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 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.

### Leases

The Utility is a lessor because it leases capital assets to other entities. As a lessor, the lessor reports a lease receivable and corresponding deferred inflow of resources in the financial statements. The Utility continues to report and depreciate the capital assets being leased as capital assets.

### 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.

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

### 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.

### 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. At December 31, 2022 there were \$843,141 deferred assessments of which \$479,358 relate to Water and \$363,783 relate to Sewer. At December 31, 2021 there were \$934,749 deferred assessments of which \$501,470 relate to Water and \$433,279 relate to Sewer. The deferred assessments are not reported as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

### Property Held for Future Use

The water utility has land held for a future water tower.

### 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:

	December 31		Useful Lives in Years
	2022	2021	
Water Plant			
Source of supply plant	\$ 7,116,586	\$ 7,064,286	34 - 60
Pumping plant	9,121,407	9,029,293	22 - 32
Water treatment plant	26,056,130	25,693,196	30 - 32
Transmission and distribution plant	78,384,226	77,473,922	18 - 77
General plant	5,410,906	5,071,013	3 - 35
Total Water Plant	<u>126,089,255</u>	<u>124,331,710</u>	
Sewer Plant			
Collecting system plant	48,555,809	47,723,818	17 - 100
Collecting system pumping plant	216,164	216,164	16 - 25
General plant	655,388	611,927	3 - 16
Total Sewer Plant	<u>49,427,361</u>	<u>48,551,909</u>	
Total Enterprise Fund Capital Assets	<u>\$ 175,516,616</u>	<u>\$ 172,883,619</u>	

## **Oak Creek Water and Sewer Utility**

Notes to Financial Statements

December 31, 2022 and 2021

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### **Deferred Outflows of Resources**

A deferred outflow of resources represent a consumption of net assets that applies to a future periods 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 LRLIFs 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 refunding's 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.



## **Oak Creek Water and Sewer Utility**

Notes to Financial Statements

December 31, 2022 and 2021

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### **Pollution Remediation Obligations**

As of December 31, 2022, the Utility was obligated to address the future pollution cleanup activities at its water treatment plant site due to Federal and State 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, 2022, and 2021, 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 represent an acquisition of net assets that applies to a future periods 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.

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

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

The GASB has approved Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements*, Statement No. 99, *Omnibus 2022*, Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*, and Statement No. 101, *Compensated Absences*. When they become effective, application of these standards may restate portions of these financial statements.

## 2. Deposits and Investments

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

	<u>2022</u>	<u>2021</u>	<u>Associated Risk</u>
Demand deposits	\$ 4,072,917	\$ 6,879,409	Custodial credit
Local Government Investment Pool	<u>34,265,111</u>	<u>27,114,437</u>	Credit
Total cash and investments	<u>\$ 38,338,028</u>	<u>\$ 33,993,846</u>	

Reconciliation of carrying balances to Statement of Net Position:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 37,202,763	\$ 32,818,797
Revenue bond redemption account	552,720	592,504
Revenue bond depreciation account	17,000	17,000
Revenue bond reserve account	<u>565,545</u>	<u>565,545</u>
Total Cash and Investments	<u>\$ 38,338,028</u>	<u>\$ 33,993,846</u>

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, 2022 and 2021. 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, 2022 and 2021 are in the amounts of \$5,970,701 and \$6,938,081, respectively.

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 categorization of custodial credit risk on all municipal accounts.

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

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 14 and 36 days, respectively, for the years 2022 and 2021. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2022 and 2021, the fair values of the LGIP's assets were substantially equal to the Utility's share as reported above.

### 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, 2022 and 2021, the Utility does not have any deposits exposed to custodial credit risk. 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. The Utility held 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.

### 3. Due From/To Primary Government

The following schedule summarizes the Utility's "Due From and To Primary Government" balances as of December 31, 2022 and 2021:

<b>Water</b>	<u>2022</u>	<u>Restated 2021</u>
Due from Primary Government:		
Delinquent accounts transferred to tax roll	\$ 237,092	\$ 213,832
Developer billings	87,390	15,866
Locating municipal services	691	5,423
Special assessments	62,813	251,540
Subtotal	<u>387,986</u>	<u>486,661</u>
Due to Primary Government:		
Tax equivalent	(1,627,538)	(1,767,312)
Goods and services	-	(144,633)
Subtotal	<u>(1,627,538)</u>	<u>(1,911,945)</u>
Net Due to Primary Government	<u><u>\$(1,239,552)</u></u>	<u><u>\$ (1,425,284)</u></u>
<b>Sewer</b>		
Due from Primary Government:		
Delinquent accounts transferred to tax roll	\$ 175,079	\$ 171,312
Developer billings	185,751	37,473
Storm water monitoring	2,605	2,554
Special assessments	5,429	10,618
Subtotal	<u>368,864</u>	<u>221,957</u>
Due to Primary Government:		
Goods and services	<u>(23,906)</u>	<u>(37,636)</u>
Net Due from Primary Government	<u><u>\$ 344,958</u></u>	<u><u>\$ 184,321</u></u>

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

### 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, 2022, 3.97% is the interest rate on this advance.

The following schedules summarize the Utility's interfund advance activity for the year ended December 31, 2022:

	Balance 01/01/22	Increases	Decreases	Balance 12/31/22	Due Within One Year
<b>Water</b>					
Due to Sewer Utility - advance	\$1,787,489	\$ -	\$ 218,923	\$1,568,566	\$219,667
Due to Sewer Utility - accrued interest payable	228	7,872	5,541	2,559	2,559
Totals	<u>\$1,787,717</u>	<u>\$ 7,872</u>	<u>\$ 224,464</u>	<u>\$1,571,125</u>	<u>\$281,939</u>
<b>Sewer</b>					
Due from Water Utility - advance	\$1,787,489	\$ -	\$ 218,923	\$1,568,566	\$219,667
Due from Sewer Utility - accrued interest receivable	228	7,872	5,541	2,559	2,559
Totals	<u>\$1,787,717</u>	<u>\$ 7,872</u>	<u>\$ 224,464</u>	<u>\$1,571,125</u>	<u>\$281,939</u>

The following schedules summarize the Utility's interfund advance activity for the year ended December 31, 2021:

	Balance 01/01/21	Increases	Decreases	Balance 12/31/21	Due Within One Year
<b>Water</b>					
Due to Sewer Utility - advance	\$1,980,754	\$ -	\$ 193,265	\$1,787,489	\$218,923
Due to Sewer Utility - accrued interest payable	285	6,876	6,933	228	228
Totals	<u>\$1,981,039</u>	<u>\$ 6,876</u>	<u>\$ 200,198</u>	<u>\$1,787,717</u>	<u>\$224,464</u>
<b>Sewer</b>					
Due from Water Utility - advance	\$1,980,754	\$ -	\$ 193,265	\$1,787,489	\$218,923
Due from Sewer Utility - accrued interest receivable	285	6,876	6,933	228	228
Totals	<u>\$1,981,039</u>	<u>\$ 6,876</u>	<u>\$ 200,198</u>	<u>\$1,787,717</u>	<u>\$224,464</u>

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

Year Ending December 31	Principal	Interest	Total
2023	\$ 219,667	\$ 62,272	\$ 281,939
2024	220,414	53,551	273,965
2025	271,163	44,801	315,964
2026	297,085	34,036	331,121
2027	298,095	22,241	320,336
2028	262,142	10,407	272,549
Totals	<u>\$ 1,568,566</u>	<u>\$ 227,308</u>	<u>\$ 1,795,874</u>

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

### 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 amount of water restricted net position:

<b>Water</b>	<u>2022</u>	<u>2021</u>
Revenue bond redemption:		
Current restricted assets	\$ 552,720	\$ 592,504
Current liabilities payable from restricted assets	(32,892)	(35,556)
Total Revenue Bond Redemption Net Position	<u>519,828</u>	<u>556,948</u>
Revenue bond reserve:		
Noncurrent restricted assets	<u>565,545</u>	<u>565,545</u>
Revenue bond depreciation:		
Noncurrent restricted assets	<u>17,000</u>	<u>17,000</u>
Net pension asset:		
Noncurrent restricted assets	<u>802,363</u>	<u>601,950</u>
Total Restricted Net Position	<u><u>\$1,904,736</u></u>	<u><u>\$1,741,443</u></u>

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

<b>Sewer</b>	<u>2022</u>	<u>2021</u>
Net pension asset:		
Noncurrent restricted assets	<u>\$ 200,587</u>	<u>\$ 150,489</u>
Total Restricted Net Position	<u><u>\$ 200,587</u></u>	<u><u>\$ 150,489</u></u>

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

### 6. Leases

#### LESSOR - LEASE RECEIVABLES

Water Utility Lease Receivables Description	Date of Inception	Final Maturity	Interest Rates	Receivable Balance 12/31/22	Receivable Balance 12/31/21
Cellular antennas on water towers	1995-2013	2032-2049	0.5%	\$ 10,860,619	\$ 11,210,937

The Utility recognized \$350,318 and \$366,074 of lease revenue as of December 31, 2022 and 2021, respectively. The Utility recognized \$16,587 and \$15,785 of interest revenue as of December 31, 2022 and 2021, respectively.

### 7. Changes in Capital Assets

A summary of changes in the Water Utility's capital assets for 2022 follows:

<b>2022</b>	Balance 01/01/22	Increases	Decreases	Balance 12/31/22
Capital assets not being depreciated/amortized				
Land and land rights	\$ 242,750	\$ 52,300	\$ -	\$ 295,050
Capital assets being depreciated/amortized				
Source of supply	7,056,575	-	-	7,056,575
Pumping	9,010,683	92,114	-	9,102,797
Water treatment	25,524,041	362,934	-	25,886,975
Transmission and distribution	77,446,365	1,036,945	126,641	78,356,669
Intangible	69,544	-	-	69,544
General	4,981,752	413,777	73,884	5,321,645
Total capital assets being depreciated/amortized	124,088,960	1,905,770	200,525	125,794,205
Total Capital Assets	124,331,710	1,958,070	200,525	126,089,255
Less: Accumulated depreciation/amortization				
Source of supply	2,862,749	121,346	-	2,984,095
Pumping	5,708,663	240,866	-	5,949,529
Water treatment	14,196,719	841,885	-	15,038,604
Transmission and distribution	21,822,110	1,299,415	126,641	22,994,884
Intangible	24,063	10,431	-	34,494
General	3,488,800	147,112	73,884	3,562,028
Total accumulated depreciation/amortization	48,103,104	2,661,055	200,525	50,563,634
Construction in progress	1,428,096	1,443,367	1,840,811	1,030,652
Net Capital Assets	\$77,656,702	\$ 740,382	\$1,840,811	\$76,556,273



## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

A summary of changes in the Water Utility's capital assets for 2021 follows:

<b>2021</b>	Balance 01/01/21	Increases	Decreases	Balance 12/31/21
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	12,176	-	9,010,683
Water treatment	25,286,129	237,912	-	25,524,041
Transmission and distribution	76,955,507	521,235	30,377	77,446,365
Intangible	69,544	-	-	69,544
General	4,914,522	114,279	47,049	4,981,752
Total capital assets being depreciated/amortized	123,280,784	885,602	77,426	124,088,960
Total Capital Assets	123,523,534	885,602	77,426	124,331,710
Less: Accumulated depreciation/amortization				
Source of supply	2,741,403	121,346	-	2,862,749
Pumping	5,471,373	237,290	-	5,708,663
Water treatment	13,366,813	829,906	-	14,196,719
Transmission and distribution	20,565,728	1,286,759	30,377	21,822,110
Intangible	13,631	10,432	-	24,063
General	3,382,809	153,040	47,049	3,488,800
Total accumulated depreciation/amortization	45,541,757	2,638,773	77,426	48,103,104
Construction in progress	218,208	2,032,855	822,967	1,428,096
Net Capital Assets	\$78,199,985	\$ 279,684	\$ 822,967	\$77,656,702

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

A summary of changes in the Sewer Utility's capital assets for 2022 follows:

<b>2022</b>	Balance 01/01/22	Increases	Decreases	Balance 12/31/22
Capital assets, not being depreciated				
Land and land rights	\$ 13,145	\$ -	\$ -	\$ 13,145
Intangible Assets - Land Rights	16,175	-	-	16,175
Total capital assets, not being depreciated	29,320	-	-	29,320
Capital assets being depreciated				
Collecting system	47,710,673	838,027	6,035	48,542,665
Collecting system pumping	216,164	-	-	216,164
General	595,752	43,460	-	639,212
Total capital assets being depreciated	48,522,589	881,487	6,035	49,398,041
Total Capital Assets	48,551,909	881,487	6,035	49,427,361
Less: Accumulated depreciation				
Collecting system	12,638,054	498,977	6,035	13,130,996
Collecting system pumping	216,164	-	-	216,164
General	542,232	47,904	-	590,136
Total accumulated depreciation	13,396,450	546,881	6,035	13,937,296
Construction in progress	761,050	422,580	975,199	208,431
Net Capital Assets	<u>\$35,916,509</u>	<u>\$ 757,186</u>	<u>\$ 975,199</u>	<u>\$35,698,496</u>

A summary of changes in the Sewer Utility's capital assets for 2021 follows:

<b>2021</b>	Balance 01/01/21	Increases	Decreases	Balance 12/31/21
Capital assets, not being depreciated				
Land and land rights	\$ 13,145	\$ -	\$ -	\$ 13,145
Intangible Assets - Land Rights	16,175	-	-	16,175
Total capital assets, not being depreciated	29,320	-	-	29,320
Capital assets being depreciated				
Collecting system	46,037,338	1,767,335	94,000	47,710,673
Collecting system pumping	242,170	-	26,006	216,164
General	593,206	2,546	-	595,752
Total capital assets being depreciated	46,872,714	1,769,881	120,006	48,522,589
Total Capital Assets	46,902,034	1,769,881	120,006	48,551,909
Less: Accumulated depreciation				
Collecting system	12,219,737	512,317	94,000	12,638,054
Collecting system pumping	242,170	-	26,006	216,164
General	490,339	51,893	-	542,232
Total accumulated depreciation	12,952,246	564,210	120,006	13,396,450
Construction in progress	1,733,709	761,050	1,733,709	761,050
Net Capital Assets	<u>\$35,683,497</u>	<u>\$1,966,721</u>	<u>\$1,733,709</u>	<u>\$35,916,509</u>

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

Decreases in accumulated depreciation include capital asset retirements, costs of removal, and losses on capital asset retirements. Increases in accumulated depreciation include depreciation expense, salvage values, 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 2022 and 2021:

	<u>2022</u>	<u>2021</u>
<b>Water</b>		
Increases in accumulated depreciation/amortization	\$ 2,661,055	\$ 2,638,773
Transfers and adjustments	(1,224)	42,383
Depreciation charged to Sewer Utility for share of meters	(50,703)	(51,388)
Depreciation charged to clearing for transportation equipment	(34,300)	(70,391)
Depreciation/Amortization Expense	<u>\$ 2,574,828</u>	<u>\$ 2,559,377</u>
Amortization expense	\$ 10,432	\$ 10,432
Depreciation expense	<u>2,564,396</u>	<u>2,548,945</u>
Total Depreciation/Amortization Expense	<u>\$ 2,574,828</u>	<u>\$ 2,559,377</u>
<b>Sewer</b>		
Increases in accumulated depreciation	\$ 546,881	\$ 564,210
Transfers and adjustments	685	(26,006)
Cost of removal	-	-
Depreciation charged from Water Utility for share of meters	<u>50,703</u>	<u>51,388</u>
Total Depreciation Expense	<u>\$ 598,269</u>	<u>\$ 589,592</u>

### 8. Long-Term Debt Obligations

Long-term obligation activity for the Water Utility for the years ended December 31, 2022 and 2021 is as follows:

<b>2022</b>	<u>01/01/22</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/22</u>	<u>One Year</u>
Revenue bonds	\$13,555,164	\$ -	\$1,135,555	\$12,419,609	\$1,160,367
Pollution remediation obligation	2,295,600	-	-	2,295,600	-
Totals	<u>\$15,850,764</u>	<u>\$ -</u>	<u>\$1,135,555</u>	<u>\$14,715,209</u>	<u>\$1,160,367</u>
<b>2021</b>	<u>01/01/21</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/21</u>	<u>One Year</u>
Revenue bonds	\$14,671,210	\$ -	\$1,116,046	\$13,555,164	\$1,135,555
Pollution remediation obligation	2,295,600	-	-	2,295,600	-
Totals	<u>\$16,966,810</u>	<u>\$ -</u>	<u>\$1,116,046</u>	<u>\$15,850,764</u>	<u>\$1,135,555</u>

In addition to the liabilities shown above, information on the net pension liability (asset) for water and sewer is provided in Note 10. Information on the long-term advance is in note 4. Information on the net OPEB liability/obligation for water and sewer is provided in Notes 11 and 12.

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

### Revenue Bonds – Water

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rates	Original Indebtedness	Outstanding Amounts as of December 31,	
					2022	2021
1/13/2010	Water construction*	5/1/2029	2.668%	\$ 791,863	\$ 338,610	\$ 382,087
11/23/2011	Water Treatment Plant Construction*	5/1/2031	2.200%	5,889,583	2,968,578	3,263,948
5/22/2013	Water Treatment Plant Standby Generation*	5/1/2033	1.925%	2,594,795	1,548,447	1,673,770
5/28/2014	Water Main Replacements*	5/1/2034	1.925%	4,850,988	3,353,974	3,600,359
11/12/2020	Bond Refunding	12/1/2031	1.670%	4,705,000	4,210,000	4,635,000

\*Direct placement debt

Revenue bonds debt service requirements to maturity follows:

Year Ending December 31	Bonds			Direct Placement		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 435,000	\$ 57,280	\$ 492,280	\$ 725,367	\$ 161,152	\$ 886,519
2024	450,000	54,235	504,235	740,493	145,868	886,361
2025	430,000	50,410	480,410	755,936	130,261	886,197
2026	440,000	46,110	486,110	771,705	114,327	886,032
2027	450,000	40,610	490,610	787,806	98,057	885,863
2028-2032	2,005,000	92,218	2,097,218	3,660,128	244,568	3,904,696
2033-2034	-	-	-	768,174	13,356	781,530
Subtotals	\$ 4,210,000	\$ 340,863	\$ 4,550,863	\$8,209,609	\$ 907,589	\$9,117,198

Year Ending December 31	Total All Debt		
	Principal	Interest	Total
2023	\$ 1,160,367	\$ 218,432	\$ 1,378,799
2024	1,190,493	200,103	1,390,596
2025	1,185,936	180,671	1,366,607
2026	1,211,705	160,437	1,372,142
2027	1,237,806	138,667	1,376,473
2028-2032	5,665,128	336,786	6,001,914
2033-2034	768,174	13,356	781,530
Subtotals	\$12,419,609	\$1,248,452	\$13,668,061

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 2022 and 2021 were \$1,371,294 and \$1,382,964, respectively. Total customer net revenues as defined for the same periods were \$8,362,082 and \$7,949,366. Annual principal and interest payments are expected to require 14% of net revenues, on average.

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

The Water Utility's outstanding revenue bonds from direct borrowings and/or direct placements related to business-type activities of \$8,209,609 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 16 *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:

<b>Water</b>	<b>2022</b>	<b>Restated 2021</b>
Operating revenues	\$ 11,950,221	\$11,853,139
Interest and Investment income	487,350	44,220
Less:		
Operations and maintenance expense	(3,950,064)	(3,799,805)
Taxes other than tax equivalent	(125,425)	(148,188)
Net Defined Earnings	<u>\$ 8,362,082</u>	<u>\$ 7,949,366</u>
Debt service:		
Principal	\$ 1,160,367	\$ 1,135,555
Interest	218,432	235,739
Total	<u>1,378,799</u>	<u>1,371,294</u>
Coverage factor	<u>1.25</u>	<u>1.25</u>
Minimum Required Earnings	<u>\$ 1,723,499</u>	<u>\$ 1,714,118</u>
Actual debt coverage	<u>6.06</u>	<u>5.80</u>

### 9. 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 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 consists of constraints placed on net 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 consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

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:

<b>Water</b>	<b>2022</b>	<b>2021</b>
Land and land rights	\$ 295,050	\$ 242,750
Intangible assets	69,544	69,544
Plant in service	125,724,661	124,019,416
Construction work in progress	1,030,652	1,428,096
Accumulated amortization	(34,494)	(24,062)
Accumulated depreciation	(50,529,140)	(48,079,042)
Payables and accruals for capital assets	<u>(359,956)</u>	<u>(190,603)</u>
Subtotal	76,196,317	77,466,099
Less Capital Related Debt:		
Current portion of capital related long term debt	1,160,367	1,135,555
Long-term portion of capital related long term debt, net of unspent debt proceeds	11,259,242	12,419,609
Unamortized loss on advance refunding	<u>(178,899)</u>	<u>(198,963)</u>
Subtotal	<u>12,240,710</u>	<u>13,356,201</u>
Total Net Investment in Capital Assets	<u>\$63,955,607</u>	<u>\$ 64,109,898</u>

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

<b>Sewer</b>	<b>2022</b>	<b>2021</b>
Land and land rights	\$ 13,145	\$ 13,145
Intangible assets	16,175	16,175
Plant in service	49,398,041	48,522,590
Construction work in progress	208,431	761,050
Accumulated depreciation	(13,937,296)	(13,396,450)
Payables and accruals for capital assets	<u>(10,494)</u>	<u>(43,359)</u>
Subtotal	35,688,002	35,873,151
Less Capital Related Debt:	<u>-</u>	<u>-</u>
Total Net Investment in Capital Assets	<u>\$ 35,688,002</u>	<u>\$ 35,873,151</u>



## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

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### 10. Employees' Retirement System

#### General Information about the Pension Plan

##### Plan Description

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

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

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

##### Vesting

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

##### Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to 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.

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

### 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
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)
2020	1.7	21.0
2021	5.1	13.0

### Contributions

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

During the reporting period ending December 31, 2022, the WRS recognized \$144,012 in contributions from the Utility, of which \$115,210 is for the Water Utility and \$28,802 is for the Sewer Utility. For the year ending December 31, 2021, the WRS recognized \$150,247 in contributions from the Utility, of which \$120,198 is for the Water Utility and \$30,049 is for the Sewer Utility.

Contribution rates for the plan year reported as of December 31, 2022 and 2021 are:

	2022		2021	
	Employee	Employer	Employee	Employer
General (including Executives and Elected Officials)	6.75%	6.75%	6.75%	6.75%
Protective with Social Security	6.75%	11.75%	6.75%	11.65%
Protective without Social Security	6.75%	16.35%	6.75%	16.25%

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

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

At December 31, 2022, the Utility reported a liability (asset) of (\$1,002,950), of which (\$802,363), is for the Water Utility and (\$200,587), 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, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2021, the City of Oak Creek's proportion was 0.17123434%. This proportion was an increase of .00125282% from its proportion measured as of December 31, 2020.

At December 31, 2021, the Utility reported a liability (asset) of (\$752,439), of which (\$601,950), is for the Water Utility and (\$150,489), 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, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The 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, 2020, the City of Oak Creek's proportion was 0.16998152%. This proportion was an increase of 0.00390204% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2022, the Utility recognized pension expense of (\$94,432), of which (\$75,550) is for the Water Utility and (\$18,882) is for the Sewer Utility. For the year ended December 31, 2021, the Utility recognized pension expense of (\$39,133), of which (\$31,304) is for the Water Utility and (\$7,829) is for the Sewer Utility.

At December 31, 2022 and 2021, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Water</b>				
Differences between expected and actual experience	\$1,365,978	\$ (193,742)	\$ 962,696	\$ (292,602)
Changes in assumptions	167,511	-	31,811	-
Net differences between projected and actual earnings on pension plan investments	-	(1,735,024)	-	(1,098,317)
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,925	(1,099)	4,751	(1,113)
Employer contributions subsequent to the measurement date	115,210	-	120,198	-
<b>Water Totals</b>	<u>\$1,652,624</u>	<u>\$ (1,929,865)</u>	<u>\$1,119,456</u>	<u>\$ (1,392,032)</u>

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Sewer</b>				
Differences between expected and actual experience	\$ 341,496	\$ (48,439)	\$ 240,678	\$ (73,153)
Changes in assumptions	41,879	-	7,954	-
Net differences between projected and actual earnings on pension plan investments	-	(433,751)	-	(274,578)
Changes in proportion and differences between employer contributions and proportionate share of contributions	983	(275)	1,190	(278)
Employer contributions subsequent to the measurement date	28,802	-	30,049	-
Sewer Totals	\$ 413,160	\$ (482,465)	\$ 279,871	\$ (348,009)
<b>Utility Totals</b>	<b>\$2,065,784</b>	<b>\$(2,412,330)</b>	<b>\$1,399,327</b>	<b>\$(1,740,041)</b>

At December 31, 2022, the Utility reported \$144,012 as deferred outflows related to pension resulting from WRS Employer's contributions subsequent to the measurement date. Of this total, \$115,210 is for the Water Utility and \$28,802 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, 2023.

At December 31, 2021, the Utility reported \$150,247 as deferred outflows related to pension resulting from WRS Employer's contributions subsequent to the measurement date. Of this total, \$120,198 is for the Water Utility and \$30,049 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, 2022.

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

	Net Deferred Outflows and Inflows of Resources
<b>Water</b>	
2023	\$ (33,278)
2024	(193,060)
2025	(84,528)
2026	(81,585)
Water Totals	\$ (392,451)

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

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	Net Deferred Outflows and Inflows of Resources	
<b>Sewer</b>		
2023	\$	(8,163)
2024		(48,199)
2025		(21,282)
2026		(20,463)
Sewer Totals	\$	(98,107)
<hr/>		
<b>Utility Totals</b>	\$	(490,558)

### Actuarial Assumptions

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

	<u>2022</u>	<u>2021</u>
Actuarial valuation date	December 31, 2020	December 31, 2019
Measurement date of net pension liability (asset)	December 31, 2021	December 31, 2020
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	Fair Value	Fair Value
Long-term expected rate of return	6.8%	7.0%
Discount rate	6.8%	7.0%
Salary increases:		
Inflation	3.0%	3.0%
Seniority/Merit	0.1% - 5.6%	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table	Wisconsin 2018 Mortality Table
Post-retirement adjustments*	1.7%	1.9%

*\*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. The percentages listed above are the assumed annual adjustment based on the investment assumption and the post-retirement discount rate.*

Actuarial assumptions for the December 31, 2020 actuarial valuation are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from the prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The total pension liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

Actuarial assumptions for the December 31, 2019 actuarial valuation are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

### 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, 2022 are summarized in the following table:

<b>Core Fund Asset Class</b>	<b>Current Asset Allocation %</b>	<b>2022 Long-Term Expected Nominal Rate of Return %</b>	<b>2022 Long-Term Expected Real Rate of Return %</b>
Global Equities	52%	6.8%	4.2%
Fixed Income	25	4.3	1.8
Inflation Sensitive Assets	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Total Core Fund	115	6.6	4.0
<b>Variable Fund Asset Class</b>			
U.S Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

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

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2021 are summarized in the following table:

<b>Core Fund Asset Class</b>	<b>Current Asset Allocation %</b>	<b>2021 Long-Term Expected Nominal Rate of Return %</b>	<b>2021 Long-Term Expected Real Rate of Return %</b>
Global Equities	51%	7.2%	4.7%
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	-0.4
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
<b>Variable Fund Asset Class</b>			
U.S Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.4%.

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



## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

### Discount Rate

A single discount rate of 6.80% and 7.00% was used to measure the total pension liability as of December 31, 2022 and December 31, 2021, respectively. As of December 31, 2022, this single discount rate was based on the expected rate of return on pension plan investments of 6.80% and a long term bond rate of 1.84%. As of December 31, 2021, the single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long term bond rate of 2.0%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021 and 2020, respectively. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.)

Because of the unique structure of WRS, the 6.80% (7.00% for 2021) expected rate of return implies that a dividend of approximately 1.7% (1.9% for 2021) 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 Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Utility's proportionate share of the net pension liability (asset) calculated using the current discount rate, 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 or 1-percentage-point higher than the current rate.

The sensitivity analysis as of December 31, 2022 follows:

	<b>1% Decrease to Discount Rate (5.80%)</b>	<b>Current Discount Rate (6.80%)</b>	<b>1% Increase to Discount Rate (7.80%)</b>
The Water Utility's proportionate share of the net pension liability/(asset)	\$ 587,601	\$ (802,363)	\$ (1,847,156)
The Sewer Utility's proportionate share of the net pension liability/(asset)	\$ 97,934	\$ (200,587)	\$ (307,859)

The sensitivity analysis as of December 31, 2021, follows:

	<b>1% Decrease to Discount Rate (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase to Discount Rate (8.00%)</b>
The Water Utility's proportionate share of the net pension liability/(asset)	\$ 606,080	\$ (601,950)	\$ (1,549,566)
The Sewer Utility's proportionate share of the net pension liability/(asset)	\$ 101,013	\$ (150,489)	\$ (258,261)

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

### Pension Plan Fiduciary Net Position

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

## 11. Other Postemployment Benefits, Oak Creek Water and Sewer Utilities

### 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.

#### 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.

#### 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 2022. The Utility contributed 94.18% of the current year premiums for a family and a single plan for eligible retired plan members and their spouses. For fiscal years 2022 and 2021, the Utility contributed \$112,039 and \$136,465 to the plan, respectively. Plan members receiving benefits contribute 11.83% of their premium costs for a family and a single plan. For fiscal years 2022 and 2021, total member contributions were \$13,254 and \$15,011, respectively.

#### Employees Covered by Benefit Terms

At December 31, 2022 and 2021, the following employees were covered by the benefit terms:

	<u>2022</u>	<u>2021</u>
Active employees	19	17
Inactive plan members or beneficiaries currently receiving benefit payments	<u>11</u>	<u>19</u>
Total members	<u>30</u>	<u>36</u>

#### Net OPEB Liability

At December 31, 2022, the Utility reported a total OPEB liability of \$2,310,648. Of this total, \$1,848,518 is for the Water Utility and \$462,130 is for the Sewer Utility, which was measured as of December 31, 2021 and determined by an actuarial valuation as of January 1, 2022.

At December 31, 2021, the Utility reported a total OPEB liability of \$2,210,015. Of this total, \$1,768,012 is for the Water Utility and \$442,003 is for the Sewer Utility, which was measured as of December 31, 2020 and determined by an actuarial valuation as of January 1, 2020.

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

### Actuarial Assumptions and Other Inputs

The total OPEB liability as of December 31, 2022 and 2021 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>2022</u>	<u>2021</u>
Valuation date	January 1, 2022	January 1, 2020
Measurement date	December 31, 2021	December 31, 2020
Discount rate	2.06%	2.12%
Salary increases:		
Inflation	3.00%	3.00%
Seniority/Merit	0.40 - 4.80%	0.40 - 4.80%
Healthcare cost trend rates	(3.1%) - 5.60%	2.30 - 6.70%

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

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 2022 and 2021 monthly medical costs per retiree by age is as follows:

Age	<u>2022</u>				<u>2021</u>				
	<u>Male</u>		<u>Female</u>		<u>Male</u>		<u>Female</u>		
	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>	
55	\$ 1,029	\$ 2,236	\$ 1,158	\$ 2,236	55	\$ 857	\$ 1,898	\$ 960	\$ 1,899
60	1,317	2,722	1,356	2,722	60	1,096	2,302	1,123	2,302
64	1,634	3,215	1,532	3,215	64	1,361	2,712	1,269	2,712
65	367	709	342	709	65	381	748	366	748
70	438	834	396	834	70	425	820	394	820
75	499	933	433	933	75	464	878	414	878

Mortality rates used in the January 1, 2022 and January 1, 2020 valuations were based on the following criteria were:

#### Pre-Retirement

This assumption applies to death while in service.

As of January 1, 2022, rates are based on the 2020 WRS Experience Table for Active Employees as the base table and projected with mortality improvements using 100% of the fully generational MP-2021 projection scale from a base year of 2010.

As of January 1, 2020, 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.

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

As of January 1, 2022, rates are based on the 2020 WRS Experience Table for Healthy Retirees as the base table and projected with mortality improvements using 100% of the fully generational MP-2021 projection scale from a base year of 2010.

As of January 1, 2020, 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.

As of January 1, 2022, rates are based on the 2020 WRS Experience Table for Disabled Retirees as the base table and projected with mortality improvements using 100% of the fully generational MP-2021 projection scale from a base year of 2010.

As of January 1, 2020, 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, 2022 valuation were based on the results of an actuarial experience study for the period 2018-2020 for the Wisconsin Retirement System. The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period 2015-2017 for the Wisconsin Retirement System.

### Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
<b>Water</b>	
Balance at December 31, 2020	\$ 1,734,714
Changes for the Year:	
Service cost	12,443
Interest	20,578
Changes in assumptions or other inputs	45,355
Benefit payments	(45,078)
Net Changes	<u>33,298</u>
Balance at December 31, 2021	<u>\$ 1,768,012</u>
Balance at December 31, 2021	\$ 1,768,012
Changes for the Year:	
Service cost	10,076
Interest	11,795
Differences between expected and actual experience	45,880
Changes in assumptions or other inputs	45,113
Benefit payments	(32,358)
Net Changes	<u>80,506</u>
Balance at December 31, 2022	<u>\$ 1,848,518</u>

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

	Total OPEB Liability
<b>Sewer</b>	
Balance at December 31, 2020	\$ 433,679
Changes for the Year:	
Service cost	3,110
Interest	5,144
Changes in assumptions or other inputs	11,338
Benefit payments	(11,268)
Net Changes	8,324
Balance at December 31, 2021	\$ 442,003
Balance at December 31, 2021	\$ 442,003
Changes for the Year:	
Service cost	2,519
Interest	2,949
Differences between expected and actual experience	11,470
Changes in assumptions or other inputs	11,279
Benefit payments	(8,090)
Net Changes	20,127
Balance at December 31, 2022	\$ 462,130
<b>Utility Total Balance at December 31, 2022</b>	<b>\$ 2,310,648</b>

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 2.12% in 2021 and 2.06% in 2022.

### 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:

The sensitivity analysis to the Discount Rate as of December 31, 2022 follows:

	1% Decrease to Discount Rate (1.06%)	Current Discount Rate (2.06%)	1% Increase to Discount Rate (1.06%)
The Water Utility's proportionate share of the total OPEB liability	\$ 2,037,649	\$1,848,518	\$ 1,688,398
The Sewer Utility's proportionate share of the total OPEB liability	\$ 510,640	\$ 462,130	\$ 423,117

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

The sensitivity analysis to the Discount Rate as of December 31, 2021 follows:

	<b>1% Decrease to Discount Rate (1.12%)</b>	<b>Current Discount Rate (2.12%)</b>	<b>1% Increase to Discount Rate (3.12%)</b>
The Water Utility's proportionate share of the total OPEB liability	\$ 1,951,846	\$ 1,768,012	\$ 1,609,470
The Sewer Utility's proportionate share of the total OPEB liability	\$ 487,961	\$ 442,003	\$ 402,367

### 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:

The sensitivity analysis to the Healthcare Cost Trend as of December 31, 2022 follows:

	<b>1% Decrease to Discount Rate (-4.10 - 4.60%)</b>	<b>Current Discount Rate (-3.10 - 5.60%)</b>	<b>1% Increase to Discount Rate (-2.10 - 6.60%)</b>
The Water Utility's proportionate share of the total OPEB liability	\$ 1,673,641	\$ 1,848,518	\$ 2,056,857
The Sewer Utility's proportionate share of the total OPEB liability	\$ 419,418	\$ 462,130	\$ 515,453

The sensitivity analysis to the Healthcare Cost Trend as of December 31, 2021 follows:

	<b>1% Decrease to Discount Rate (1.70 - 5.70%)</b>	<b>Current Discount Rate (2.70 - 6.70%)</b>	<b>1% Increase to Discount Rate (3.70 - 7.70%)</b>
The Water Utility's proportionate share of the total OPEB liability	\$ 1,577,299	\$ 1,768,012	\$ 1,992,547
The Sewer Utility's proportionate share of the total OPEB liability	\$ 394,325	\$ 442,003	\$ 498,137

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

For the year ended December 31, 2022, OPEB expense was recognized in the total amount of \$106,138. Of this total, \$84,593 is for the Water Utility and \$21,545 is for the Sewer Utility. For the year ended December 31, 2021, OPEB expense was recognized in in the total amount of \$74,493. Of this total, \$59,573 is for the Water Utility and \$14,920 is for the Sewer Utility.



## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

As of December 31, 2022 and 2021, the Utility reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Water</b>				
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Changes of assumptions or other inputs	204,042	(27,688)	155,869	(48,880)
Net Differences between projected and actual investment earnings on pension plan investment	105,653	-	-	-
Employer contributions subsequent to the measurement date	115,701	-	131,050	-
Total	<u>\$ 425,396</u>	<u>\$(27,688)</u>	<u>\$ 286,919</u>	<u>\$(48,880)</u>
<b>Sewer</b>				
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Changes of assumptions or other inputs	51,133	(6,939)	38,967	(12,193)
Net Differences between projected and actual investment earnings on pension plan investment	26,477	-	-	-
Employer contributions subsequent to the measurement date	28,995	-	32,762	-
Total	<u>\$ 106,605</u>	<u>\$(6,939)</u>	<u>\$ 71,729</u>	<u>\$(12,193)</u>
<b>Utility Totals</b>	<u>\$ 532,001</u>	<u>\$(34,627)</u>	<u>\$ 358,648</u>	<u>\$(61,073)</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:

	Net Deferred Outflows and Inflows of Resources	
<b>Water</b>		
2023	\$	74,342
2024		75,094
2025		80,262
2026		52,309
Water Totals	\$	<u>282,007</u>
<b>Sewer</b>		
2023	\$	18,630
2024		18,818
2025		20,114
2026		13,109
Sewer Totals	\$	<u>70,671</u>
<b>Utility Totals</b>	\$	<u><u>352,678</u></u>

# Oak Creek Water and Sewer Utility

Notes to Financial Statements  
December 31, 2022 and 2021

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## 12. 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 Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>. Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at the link above.

#### Vesting

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

#### Benefits Provided

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, 2022 and 2021 are:

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

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

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:

Life Insurance Employee Contribution Rates for the Plan Year		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
34-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

For the year ended December 31, 2022, the LRLIF recognized employer contributions in the total amount \$975. Of this total, \$784 is from the Water Utility and \$191 is from the Sewer Utility. For the year ended December 31, 2021, the LRLIF recognized employer contributions in the total amount of \$980. Of this total, \$784 is from the Water Utility and \$196 is from the Sewer Utility.

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

At December 31, 2022, total liabilities in the amount of \$232,033, of which \$185,626 is for the Water Utility and \$46,407 is 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, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2021, the Utility's proportion was 0.313788%, which was a decrease of 0.037396% from its proportion measured as of December 31, 2020.

At December 31, 2021, total liabilities in the amount of \$276,888, of which \$223,306 is for the Water Utility and \$53,582 is 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, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The 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, 2020, the Utility's proportion was 0.351184%, which was an increase of 0.01079% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2022, OPEB expense was recognized in the total amount of (\$8,064). Of this total, (\$8,247) is for the Water Utility and \$183 is for the Sewer Utility. For the year ended December 31, 2021, OPEB expense was recognized in the total amount of \$51,835. Of this total, \$41,811 is for the Water Utility and \$10,024 is for the Sewer Utility.

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

As of December 31, 2022 and 2021, the Utility reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Water</b>				
Differences between expected and actual experience	\$ -	\$ (10,739)	\$ -	\$ (10,522)
Net differences between projected and actual earnings on OPEB plan investments	2,819	-	3,219	-
Changes of assumptions	63,604	(11,595)	82,735	(15,864)
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,584	(13,939)	5,572	(1,691)
Employer contributions subsequent to the measurement date	850	-	619	-
Total	<u>\$ 71,857</u>	<u>\$ (36,273)</u>	<u>\$ 92,145</u>	<u>\$ (28,077)</u>
<b>Sewer</b>				
Differences between expected and actual experience	\$ -	\$ (2,632)	\$ -	\$ (2,578)
Net differences between projected and actual earnings on OPEB plan investments	697	-	797	-
Changes of assumptions	15,162	(2,967)	19,945	(4,034)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,123	(3,468)	1,370	(406)
Employer contributions subsequent to the measurement date	213	-	163	-
Total	<u>\$ 17,195</u>	<u>\$ (9,067)</u>	<u>\$ 22,275</u>	<u>\$ (7,018)</u>
<b>Utility Total</b>	<u>\$ 89,052</u>	<u>\$ (45,340)</u>	<u>\$ 114,420</u>	<u>\$ (35,095)</u>

## Oak Creek Water and Sewer Utility

Notes to Financial Statements  
December 31, 2022 and 2021

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:

	<u>Net Outflows/Inflows of Resources</u>	
<b>Water</b>		
2023	\$	8,874
2024		8,551
2025		7,360
2026		9,317
2027		2,946
Thereafter		<u>(2,314)</u>
Water Total	\$	<u>34,734</u>
<b>Sewer</b>		
2023	\$	2,020
2024		1,946
2025		1,678
2026		2,122
2027		674
Thereafter		<u>(525)</u>
Sewer Total	\$	<u>7,915</u>
<b>Total Utility</b>	\$	<u><u>42,649</u></u>

### 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:

	<u>2022</u>	<u>2021</u>
Actuarial valuation date	January 1, 2021	January 1, 2020
Measurement date of net OPEB liability	December 31, 2021	December 31, 2020
Actuarial cost method	Entry Age Normal	Entry Age Normal
20 year tax-exempt municipal bond yield	2.06%	2.12%
Long-term expected rate of return	4.25%	4.25%
Discount rate	2.17%	2.25%
Salary increases:		
Inflation	3.00%	3.00%
Seniority/Merit	0.10% - 5.60%	0.10% - 5.60%
Mortality	2020 WRS Experience Mortality Table	Wisconsin 2018 Mortality Table

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

Actuarial assumptions for the January 1, 2021 actuarial valuation are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from the prior year, including the price inflation, mortality and separation rates. The Total OPEB Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

Actuarial assumptions for the January 1, 2020 actuarial valuation are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2020 actuarial valuation.

### 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, 2021

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interm Credit	45 %	1.68 %
US Long Credit Bonds	Barclays US Long Credit	5	1.82
US Mortgages	Barclays US MBS	50	1.94
Inflation			2.30
Long-Term Expected Rate of Return			4.25

#### Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2020

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Credit Bonds	Barclays Credit	50 %	1.47 %
US Mortgages	Barclays MBS	50	0.82
Inflation			2.20
Long-Term Expected Rate of Return			4.25

The long-term expected rate of return remained unchanged from the prior year at 4.25%. 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. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.



## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

### Single Discount Rate

A single discount rate was used to measure the total OPEB liability (2.17% for 2022 and 2.25% for 2021). The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient 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 payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

### Sensitivity of the Utility's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the utility's proportionate share of the net OPEB liability calculated using the discount rate, as well as what the utility's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

The sensitivity analysis as of December 31, 2022 follows:

	<b>1% Decrease to Discount Rate (1.17%)</b>	<b>Current Discount Rate (2.17%)</b>	<b>1% Increase to Discount Rate (3.17%)</b>
The Water Utility's proportionate share of the net OPEB liability	\$ 251,828	\$ 185,626	\$ 135,812
The Sewer Utility's proportionate share of the net OPEB liability	\$ 62,958	\$ 46,407	\$ 33,953

The sensitivity analysis as of December 31, 2021 follows:

	<b>1% Decrease to Discount Rate (1.25%)</b>	<b>Current Discount Rate (2.25%)</b>	<b>1% Increase to Discount Rate (3.25%)</b>
The Water Utility's proportionate share of the net OPEB liability	\$ 303,760	\$ 223,306	\$ 162,461
The Sewer Utility's proportionate share of the net OPEB liability	\$ 72,887	\$ 53,582	\$ 38,982

### 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/about-etf/reports-and-studies/financial-reports-and-statements>.

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

### Other OPEB Disclosures

For the years ended December 31, 2022 and December 31, 2021, the Utility recognized pension expense under the OPEB plans as follows:

	Year-ended December 31,	
	2022	2021
OPEB - Health Insurance Plan	\$106,138	\$ 74,493
OPEB - Life Insurance Plan	(8,064)	51,835
Total all Plans	<u>\$ 98,074</u>	<u>\$126,328</u>

The following table summarizes the Deferred Outflows of Resources, Net OPEB Liability and Deferred Inflows of Resources for each of the plans as follows for December 31, 2022 and 2021:

Plan	December 31, 2022			December 31, 2021		
	Deferred Outflows of Resources	Net OPEB Liability/Obligation	Deferred Inflows of Resources	Deferred Outflows of Resources	Net OPEB Liability/Obligation	Deferred Inflows of Resources
OPEB - Health Insurance Plan	\$ 532,001	\$2,310,648	\$(34,627)	\$ 358,648	\$2,210,015	\$(61,073)
OPEB - Life Insurance Plan	89,052	232,033	(45,340)	114,420	276,888	(35,095)
Total all Plans	<u>\$ 621,053</u>	<u>\$2,542,681</u>	<u>\$(79,967)</u>	<u>\$ 473,068</u>	<u>\$2,486,903</u>	<u>\$(96,168)</u>

### 13. Commitments

The Water Utility had the following outstanding contractual commitments as of December 31, 2022 and 2021:

Project Description	Contractor and Commitment Date	Contract Amount	Remaining Amount
<b>2022</b>			
PLC Replacement at WTP	CH2M Hill 7/20/2021	\$ 520,000	\$ 520,000
Susan Drive Water Relay	Globe Contractors, Inc 6/20/2022	393,256	393,256
Howell Avenue Water Relay	A.W. Oakes & Son, Inc. 10/28/2022	2,474,645	2,474,645
Forest Hill Manor Water Relay	Willkomm Excavating & Grading, Inc 11/11/2022	726,160	726,160

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

Project Description	Contractor and Commitment Date	Contract Amount	Remaining Amount
<b>2021</b>			
Rawson Ave water main relay	IHC Construction Companies, LLC 4/26/2021	\$ 519,195	\$ -
Rawson hydrant relocate	Cornerstone One, LLC 6/30/2021	97,694	197
2021 Sanitary rehabilitation	Visu Sewer, Inc. 3/19/2021	605,702	-
Low lift drive maintenance	C.W. Purpero, Inc. 8/4/2021	335,305	-

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, 2022 and 2021 for pollution remediation in the amount of \$2,295,600, recorded as a liability.

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

### 15. Wholesale Contracts

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 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.

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

### 16. Risk Management and Insurance

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.

#### 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 \$6,608,970 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 - 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	1,232,369
Claims and changes in estimates	6,761,571
Claim payments	<u>(7,646,638)</u>
Unpaid claims - December 31, 2021	347,302
Claims and changes in estimates	6,016,079
Claim payments	<u>(5,946,727)</u>
Unpaid claims - December 31, 2022	<u>\$ 416,654</u>
Unpaid claims and judgements due within one year from December 31, 2022	<u>\$ 416,654</u>

## Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2022 and 2021

### 17. 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.

### 18. Subsequent Events

The Utility has adjusted Milwaukee Metropolitan Sewerage District (MMSD) rates as of January 1, 2023. These rates are based on annual MMSD calculations and are passed through to the Utility's sewer customers.

### 19. Restatements

The Water Utility has restated the December 31, 2021 Statement of Net Position, Statement of Revenues, Expenses and Changes in Net position, and Statement of Cash Flows for the implementation of GASB 87, *Leases* and for an error in recording the special assessments as follows:

	As Previously Reported, Year Ended December 31, 2021	Adjustments	As Restated, Year Ended December 31, 2021
<b>Statement of Net Position</b>			
Assets and deferred outflows of resources:			
Current lease receivable	\$ -	\$ 350,318	\$ 350,318
Noncurrent lease receivable	-	10,860,619	10,860,619
Special assessments	58,274	327,282	385,556
Liabilities, deferred inflows, and net position:			
Due to primary government	1,625,053	(199,769 )	1,425,284
Unearned revenue	29,790	(29,790 )	-
Deferred inflows related to leases	-	11,210,937	11,210,937
Unrestricted net position	19,313,835	556,841	19,870,676
<b>Statement of Revenues, Expenses and Changes in Net Position</b>			
Water property leases	352,069	14,005	366,074
Interest income	19,143	24,862	44,005
Capital contributions	64,207	303,222	367,429
Beginning net position	81,746,335	214,752	81,961,087
<b>Statement of Cash Flows</b>			
Cash flows from operating activities:			
Received from water property leases	353,116	12,958	366,074
Cash flows from capital and related financing activities:			
Special assessment proceeds	7,460	(7,460 )	-
Cash flows from investing activities:			
Interest received	19,358	(5,498 )	13,860

# REQUIRED SUPPLEMENTARY INFORMATION

## Oak Creek Water and Sewer Utility

Required Supplementary Information (Unaudited)

December 31, 2022 and 2021

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**

	2022	2021	2020	2019	2018	2017	2016	2015
<b>Water Utility</b>								
City of Oak Creek's proportion of the net pension liability (asset)	0.171234%	0.169982%	0.166079%	0.163908%	0.159041%	0.155825%	0.157755%	0.160470%
Utility's proportionate share of the net pension liability (asset)	\$(802,363)	\$(601,950)	\$(332,948)	\$ 396,406	\$(325,534)	\$ 96,060	\$ 193,760	\$(303,195)
Utility's covered payroll	1,780,711	1,720,044	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	-45.06%	-35.00%	-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)	106.02%	105.26%	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)	0.171234%	0.169982%	0.166079%	0.163908%	0.159041%	0.155825%	0.157755%	0.157755%
Utility's proportionate share of the net pension liability (asset)	\$(200,587)	\$(150,489)	\$(83,236)	\$ 99,102	\$(81,384)	\$ 24,015	\$ 48,440	\$(75,799)
Utility's covered payroll	445,170	430,015	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	-45.06%	-35.00%	-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)	106.02%	105.26%	102.60%	96.45%	102.93%	99.12%	98.20%	102.74%

*See accompanying independent auditors' report.*



## Oak Creek Water and Sewer Utility

Required Supplementary Information (Unaudited)  
December 31, 2022 and 2021

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**

	2022	2021	2020	2019	2018	2017	2016	2015
<b>Water Utility</b>								
Contractually required contributions	\$115,210	\$120,198	\$116,103	\$115,049	\$117,571	\$114,695	\$108,028	\$113,072
Contributions in relation to the contractually required contributions	(115,210)	(120,198)	(116,103)	(115,049)	(117,571)	(114,695)	(108,028)	(113,072)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Utility's covered payroll	1,706,815	1,780,711	1,720,044	1,756,473	1,754,791	1,686,691	1,636,788	1,662,824
Contributions as a percentage of covered payroll	6.75%	6.75%	6.75%	6.55%	6.70%	6.80%	6.60%	6.80%
<b>Sewer Utility</b>								
Contractually required contributions	\$ 28,802	\$ 30,049	\$ 29,026	\$ 28,762	\$ 29,393	\$ 28,674	\$ 27,009	\$ 28,268
Contributions in relation to the contractually required contributions	(28,802)	(30,049)	(29,026)	(28,762)	(29,393)	(28,674)	(27,009)	(28,268)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Utility's covered payroll	426,696	445,170	430,015	439,115	438,701	421,676	409,227	415,706
Contributions as a percentage of covered payroll	6.75%	6.75%	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 (Unaudited)

December 31, 2022 and 2021

### 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**

	2022	2021	2020	2019	2018
<b>Water Utility</b>					
Changes for the Year:					
Service cost	\$ 10,076	\$ 12,443	\$ 72,182	\$ 48,416	\$ 36,256
Interest on total OPEB liability	11,795	20,578	157,053	86,927	76,351
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual	45,880	-	-	-	-
Experiences changes in assumptions	45,113	45,355	211,512	(156,118)	70,042
Benefit payments	(32,358)	(45,078)	(225,396)	(138,429)	(112,939)
Net Changes in Total OPEB Liability	80,506	33,298	(215,351)	(159,204)	69,710
Total OPEB Liability, Beginning Balance	1,768,012	1,734,714	1,950,065	2,109,269	2,039,559
Total OPEB Liability, Ending Balance	<u>\$ 1,848,518</u>	<u>\$ 1,768,012</u>	<u>\$ 1,734,714</u>	<u>\$ 1,950,065</u>	<u>\$ 2,109,269</u>
Covered-Employee Payroll	\$ 899,434	\$ 941,230	\$ 941,657	\$ 1,920,227	\$ 1,916,505
Total OPEB Liability as a Percentage of Covered-Employee Payroll	205.52%	187.84%	184.22%	101.55%	110.06%
<b>Sewer Utility</b>					
Changes for the Year:					
Service cost	\$ 2,519	\$ 3,110	\$ 18,044	\$ 12,103	\$ 9,064
Interest on total OPEB liability	2,949	5,144	39,263	21,732	19,088
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual	11,470	-	-	-	-
Experiences changes in assumptions	11,279	11,338	52,878	(39,029)	17,510
Benefit payments	(8,090)	(11,268)	(56,349)	(34,607)	(28,235)
Net Changes in Total OPEB Liability	20,127	8,324	(53,836)	(39,801)	17,427
Total OPEB Liability, Beginning Balance	442,003	433,679	487,515	527,316	509,889
Total OPEB Liability, Ending Balance	<u>\$ 462,130</u>	<u>\$ 442,003</u>	<u>\$ 433,679</u>	<u>\$ 487,515</u>	<u>\$ 527,316</u>
Covered-Employee Payroll	\$ 224,859	\$ 235,309	\$ 235,414	\$ 362,689	\$ 374,388
Total OPEB Liability as a Percentage of Covered-Employee Payroll	205.52%	187.84%	184.22%	134.42%	140.85%

*See accompanying independent auditors' report.*

## Oak Creek Water and Sewer Utility

Required Supplementary Information (Unaudited)  
December 31, 2022 and 2021

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**

	2022	2021	2020	2019	2018
<b>Water Utility</b>					
City of Oak Creek's proportion of the net OPEB liability	0.313788%	0.351184%	0.340394%	0.348558%	0.345635%
Utility's proportionate share of the net OPEB liability	\$ 185,626	\$ 223,306	\$ 154,164	\$ 104,935	\$ 121,368
Utility's covered-employee payroll	1,780,711	1,720,044	1,756,473	1,754,791	1,686,691
Proportionate share of the net OPEB liability as a percentage of covered-employee payroll	10.42%	12.98%	8.78%	5.98%	7.20%
Plan fiduciary net position as a percentage of the total OPEB liability	29.57%	31.36%	37.58%	48.69%	44.81%
<b>Sewer Utility</b>					
City of Oak Creek's proportion of the net OPEB liability	0.313788%	0.351184%	0.340938%	0.348558%	0.345635%
Utility's proportionate share of the net OPEB liability	46,407	53,582	36,992	26,234	30,263
Utility's covered-employee payroll	445,170	430,015	439,115	438,701	421,676
Proportionate share of the net OPEB liability as a percentage of covered-employee payroll	10.42%	12.46%	8.42%	5.98%	7.18%
Plan fiduciary net position as a percentage of the total OPEB liability	29.57%	31.36%	37.58%	48.69%	44.81%

*See accompanying independent auditors' report.*

## Oak Creek Water and Sewer Utility

Required Supplementary Information (Unaudited)

December 31, 2022 and 2021

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**

	2022	2021	2020	2019	2018
<b>Water Utility</b>					
Contractually required contributions	784	784	631	796	888
Contributions in relation to the contractually required contributions	(784)	(784)	(631)	(796)	(888)
Contribution deficiency (excess)	-	-	-	-	-
Utility's covered-employee payroll	1,706,815	1,780,711	1,720,044	1,756,473	1,754,791
Contributions as a percentage of covered-employee payroll	0.05%	0.04%	0.04%	0.05%	0.05%
<b>Sewer Utility</b>					
Contractually required contributions	191	196	158	191	222
Contributions in relation to the contractually required contributions	(191)	(196)	(158)	(191)	(222)
Contribution deficiency (excess)	-	-	-	-	-
Utility's covered-employee payroll	426,696	445,170	430,015	439,115	438,701
Contributions as a percentage of covered-employee payroll	0.04%	0.04%	0.04%	0.04%	0.05%

There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

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### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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#### 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.*

## Oak Creek Water and Sewer Utility

Required Supplementary Information (Unaudited)

December 31, 2022 and 2021

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

	2022	2019-2021	2015-2018
Long-term expected rate of return	6.80%	7.00%	7.20%
Discount rate	6.80%	7.00%	7.20%
Salary increases:			
Inflation	3.00%	3.00%	3.20%
Seniority/Merit	0.1% - 5.6%	0.1% - 5.6%	0.2% - 5.6%
Mortality	2020 WRS Experience Mortality Table	Wisconsin 2018 Mortality Table	Wisconsin 2012 Mortality Table
Post-retirement adjustments	1.70%	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 3.44% in 2018, 4.10% in 2019, 2.74% in 2020, 2.12% in 2021, and 2.06% in 2022. 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.*

# Oak Creek Water and Sewer Utility

Required Supplementary Information (Unaudited)  
December 31, 2022 and 2021

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

	2022	2021	2020	2019	2018
20 year tax-exempt municipal bond yield	2.06%	2.12%	2.74%	4.10%	3.44%
Long-term expected rate of return	4.25%	4.25%	5.00%	5.00%	5.00%
Discount rate	2.17%	2.25%	2.87%	4.22%	3.63%
Salary increases:					
Inflation	3.00%	3.00%	3.00%	3.00%	3.20%
Seniority/Merit	0.1% - 5.6%	0.1% - 5.6%	0.1% - 5.6%	0.1% - 5.6%	0.2% - 5.6%
Mortality	2020 WRS Experience Mortality Table	Wisconsin 2018 Mortality Table	Wisconsin 2018 Mortality Table	Wisconsin 2018 Mortality Table	Wisconsin 2012 Mortality Table

*See accompanying independent auditors' report.*

# STATISTICAL SECTION



Interior of the Lowlift Pump Station

*A Commitment to Water Quality*





## Statistical Section

(Unaudited)

This part of the Utility’s annual comprehensive 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>
<p><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.</p>	101
<p><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.</p>	111
<p><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.</p>	117
<p><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.</p>	120
<p><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.</p>	123

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

# FINANCIAL TRENDS

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

	2022	Restated 2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>WATER</b>										
Net Investment in Capital Assets	\$ 63,955,607	\$ 64,109,898	\$ 63,620,951	\$ 62,179,713	\$ 60,516,255	\$ 59,105,099	\$ 60,972,888	\$ 60,630,573	\$ 55,008,228	\$ 53,495,307
Restricted										
Revenue bond redemption	519,828	556,948	532,037	45,833	68,750	66,667	110,416	120,584	116,667	112,500
Revenue bond reserve	565,545	565,545	565,545	763,961	811,056	850,954	931,741	1,014,793	1,445,817	1,445,817
Revenue bond depreciation	17,000	17,000	17,000	-	-	-	-	-	-	-
Pension	802,363	601,950	332,948	-	325,534	-	-	303,195	-	-
Unrestricted	23,860,227	19,813,049	16,677,854	14,544,635	13,983,986	12,962,307	8,496,393	6,489,916	8,989,093	8,762,870
Total Water Net Position	89,720,570	85,664,390	81,746,335	77,534,142	75,705,581	72,985,027	70,511,438	68,559,061	65,559,805	63,816,494
<b>SEWER</b>										
Net Investment in Capital Assets	35,688,002	35,873,151	35,683,496	33,540,001	33,257,239	32,872,618	32,924,483	33,201,625	31,669,449	32,179,675
Restricted										
Pension	200,587	150,489	83,236	-	81,384	-	-	75,799	-	-
Unrestricted	10,293,307	9,828,884	9,745,347	10,720,898	10,318,668	10,436,128	10,354,909	9,609,448	8,938,839	8,397,411
Total Sewer Net Position	46,181,896	45,852,524	45,512,079	44,260,899	43,657,291	43,308,746	43,279,392	42,886,872	40,608,288	40,577,086
<b>Total Utility Net Position</b>	<b>\$ 135,902,466</b>	<b>\$ 131,516,914</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>

Notes: The year 2021 was restated to reflect the implementation of GASB 87, Leases, as well as an error in recording special assessments.

See accompanying notes to financial statements.

**OAK CREEK WATER AND SEWER UTILITY**  
**Schedule 2**  
**Change in Net Position, Last Ten Fiscal Years**

	2022	Restated 2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Operating Revenues</b>										
<b>Water</b>										
Retail metered sales	\$ 6,184,309	\$ 6,080,960	\$ 5,814,538	\$ 5,667,686	\$ 5,686,475	\$ 5,541,988	\$ 5,506,450	\$ 5,170,945	\$ 5,047,384	\$ 4,954,115
Sales for resale	3,789,438	3,799,719	3,660,882	3,488,294	3,422,276	3,355,336	3,602,897	3,834,565	3,520,581	3,594,922
Public fire protection	1,263,225	1,253,328	1,241,058	1,227,984	1,216,171	1,205,957	1,170,963	1,135,891	1,111,316	1,084,420
Private fire protection	213,250	210,350	206,808	196,347	189,952	180,732	172,789	166,787	158,167	156,069
Other operating revenues	499,999	508,782	448,291	434,121	478,283	542,719	421,119	403,876	405,745	392,751
<b>Total Water Operating Revenues</b>	<b>11,950,221</b>	<b>11,853,139</b>	<b>11,371,577</b>	<b>11,014,432</b>	<b>10,993,157</b>	<b>10,826,732</b>	<b>10,874,218</b>	<b>10,712,064</b>	<b>10,243,193</b>	<b>10,182,277</b>
<b>Sewer</b>										
Retail metered sales	4,797,059	4,759,168	4,527,918	4,311,241	4,250,323	3,926,957	3,906,569	3,591,266	3,435,950	3,421,732
Other operating revenues	51,848	61,901	29,823	38,059	54,160	52,198	54,446	48,489	50,152	53,057
<b>Total Sewer Operating Revenues</b>	<b>4,848,907</b>	<b>4,821,069</b>	<b>4,557,741</b>	<b>4,349,300</b>	<b>4,304,483</b>	<b>3,979,155</b>	<b>3,961,015</b>	<b>3,639,755</b>	<b>3,486,102</b>	<b>3,474,789</b>
<b>Total Utility Operating Revenues</b>	<b>16,799,128</b>	<b>16,674,208</b>	<b>15,929,318</b>	<b>15,363,732</b>	<b>15,297,640</b>	<b>14,805,887</b>	<b>14,835,233</b>	<b>14,351,819</b>	<b>13,729,295</b>	<b>13,657,066</b>
<b>Operating Expenses</b>										
<b>Water</b>										
Operation and maintenance	3,950,064	3,799,805	3,734,544	6,159,958	4,455,532	4,109,730	4,834,064	5,759,964	4,005,733	4,103,228
Depreciation/amortization	2,574,828	2,559,377	2,685,454	2,569,640	2,517,822	2,497,439	2,494,182	2,421,798	2,352,525	2,347,067
Taxes	1,752,963	1,915,500	1,900,825	1,856,151	1,790,672	1,782,553	1,832,880	1,838,487	1,720,543	1,798,420
<b>Total Water Operating Expenses</b>	<b>8,277,855</b>	<b>8,274,682</b>	<b>8,320,823</b>	<b>10,585,749</b>	<b>8,764,026</b>	<b>8,389,722</b>	<b>9,161,126</b>	<b>10,020,249</b>	<b>8,078,801</b>	<b>8,248,715</b>
<b>Sewer</b>										
Operation and maintenance	4,115,557	3,913,520	3,816,854	3,674,618	4,115,969	3,716,310	3,233,396	2,979,879	2,894,764	3,071,160
Depreciation	598,269	589,592	567,991	554,528	552,791	541,553	560,735	525,741	548,716	534,330
Taxes	45,919	43,142	43,144	44,579	44,301	45,759	43,936	43,406	42,805	48,347
<b>Total Sewer Operating Expenses</b>	<b>4,759,745</b>	<b>4,546,254</b>	<b>4,427,989</b>	<b>4,273,725</b>	<b>4,713,061</b>	<b>4,303,622</b>	<b>3,838,067</b>	<b>3,549,026</b>	<b>3,486,285</b>	<b>3,653,837</b>
<b>Total Utility Operating Expenses</b>	<b>13,037,600</b>	<b>12,820,936</b>	<b>12,748,812</b>	<b>14,859,474</b>	<b>13,477,087</b>	<b>12,693,344</b>	<b>12,999,193</b>	<b>13,569,275</b>	<b>11,565,086</b>	<b>11,902,552</b>
<b>Operating Income</b>	<b>3,761,528</b>	<b>3,853,272</b>	<b>3,180,506</b>	<b>504,258</b>	<b>1,820,553</b>	<b>2,112,543</b>	<b>1,836,040</b>	<b>782,544</b>	<b>2,164,209</b>	<b>1,754,514</b>
<b>Nonoperating Revenues (Expenses)</b>										
<b>Water</b>										
	211,710	(242,583)	(479,857)	(34,712)	(241,530)	(658,117)	(436,997)	(702,683)	(552,335)	(814,529)
<b>Sewer</b>										
	94,411	8,512	104,695	238,369	154,825	75,851	50,729	30,244	31,385	73,437
<b>Total Nonoperating Revenues (Expenses)</b>	<b>306,121</b>	<b>(234,071)</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>Income Before Capital Contributions</b>	<b>4,067,649</b>	<b>3,619,201</b>	<b>2,805,344</b>	<b>707,915</b>	<b>1,733,848</b>	<b>1,530,277</b>	<b>1,449,772</b>	<b>110,105</b>	<b>1,643,259</b>	<b>1,013,422</b>
<b>Capital Contributions</b>	<b>317,903</b>	<b>415,547</b>	<b>2,881,781</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>Change in Net Position</b>	<b>\$ 4,385,552</b>	<b>\$ 4,034,748</b>	<b>\$ 5,687,125</b>	<b>\$ 2,432,169</b>	<b>\$ 4,484,411</b>	<b>\$ 2,502,943</b>	<b>\$ 2,344,897</b>	<b>\$ 4,502,973</b>	<b>\$ 1,774,513</b>	<b>\$ 1,305,702</b>

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 2021 was restated to reflect the implementation of GASB 87, Leases, as well as an error in recording special assessments.*

*See accompanying notes to financial statements.*

OAK CREEK WATER AND SEWER UTILITY

*Schedule 3*

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>WATER</b>										
Residential	\$ 2,411,761	\$ 2,501,268	\$ 2,429,692	\$ 2,296,453	\$ 2,335,299	\$ 2,351,294	\$ 2,384,121	\$ 2,283,337	\$ 2,226,983	\$ 2,240,322
Commercial	2,011,040	2,016,703	1,913,865	1,853,665	1,840,121	1,839,722	1,804,790	1,743,097	1,687,669	1,604,511
Industrial	1,672,271	1,488,872	1,416,040	1,452,661	1,444,856	1,283,458	1,249,565	1,041,359	1,044,845	1,014,873
Public authority	89,237	74,117	54,941	64,907	66,199	67,514	67,974	103,152	87,887	94,409
Total Water Operating Revenues from Retail Metered Sales	\$ 6,184,309	\$ 6,080,960	\$ 5,814,538	\$ 5,667,686	\$ 5,686,475	\$ 5,541,988	\$ 5,506,450	\$ 5,170,945	\$ 5,047,384	\$ 4,954,115
<b>SEWER</b>										
Residential	\$ 2,389,272	\$ 2,422,294	\$ 2,320,617	2,162,541	2,150,041	2,034,534	2,075,495	1,997,963	1,927,621	1,947,468
Commercial	1,667,876	1,651,833	1,543,728	1,466,898	1,434,572	1,318,348	1,299,707	1,172,839	1,091,741	1,061,604
Industrial	679,545	637,465	632,320	637,932	622,254	532,338	489,134	359,484	365,803	354,524
Public authority	60,366	47,576	31,253	43,870	43,456	41,737	42,233	60,980	50,785	58,136
Total Sewer Operating Revenues from Retail Metered Sales	\$ 4,797,059	\$ 4,759,168	\$ 4,527,918	\$ 4,311,241	\$ 4,250,323	\$ 3,926,957	\$ 3,906,569	\$ 3,591,266	\$ 3,435,950	\$ 3,421,732
<b>Total Utility Operating Revenues from Retail Metered Sales</b>	<b>\$ 10,981,368</b>	<b>\$ 10,840,128</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>

See accompanying notes to financial statements.

**OAK CREEK WATER AND SEWER UTILITY**  
**Schedule 4**  
**Operation and Maintenance Expenses, Last Ten Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>WATER</b>										
Source of supply-										
Operation	\$ 53,090	\$ 50,838	\$ 49,016	\$ 49,066	\$ 52,335	\$ 50,579	\$ 49,923	\$ 52,855	\$ 50,737	\$ 31,929
Maintenance	3,910	3,793	288	3,173	2,976	2,961	3,124	3,125	20,653	42,385
Pumping-										
Operation	705,725	667,493	606,111	627,041	623,221	579,913	603,027	602,711	614,840	642,270
Maintenance	244,701	203,947	211,403	203,801	228,008	240,860	274,315	219,241	202,461	153,519
Water Treatment-										
Operation	726,353	656,381	596,399	639,520	662,882	604,320	624,753	612,410	621,005	647,358
Maintenance	306,362	239,683	254,918	251,589	308,249	244,914	260,726	267,606	334,166	227,444
Pollution Remediation	-	-	-	683,139	31,063	11,854	81,736	1,787,367	-	-
Transmission and Distribution-										
Operation	623,807	591,236	626,237	584,410	544,610	529,349	503,310	483,502	525,275	482,458
Maintenance	310,610	369,889	305,888	293,145	225,343	197,419	323,833	403,431	455,303	479,003
Pollution Remediation	-	-	-	-	-	-	-	39,105	-	-
Customer Accounts-										
Meter Reading	11,832	12,704	10,876	10,968	10,027	10,240	11,106	12,250	13,683	13,518
Records and Collection	110,521	112,870	115,965	110,193	105,097	110,615	111,158	106,488	109,050	103,333
Administrative and General-										
Operation	415,298	417,675	563,738	2,002,408	959,077	722,201	1,174,554	549,105	405,889	550,992
Pension and Benefits	526,214	491,854	621,038	792,188	679,848	599,548	609,469	410,820	445,212	446,241
Other Postemployment Benefits	(88,359)	(18,558)	(227,333)	(90,683)	22,796	204,957	203,030	209,948	207,459	282,778
Total Water Operation and Maintenance Expenses	3,950,064	3,799,805	3,734,544	6,159,958	4,455,532	4,109,730	4,834,064	5,759,964	4,005,733	4,103,228
<b>SEWER</b>										
Sewer User Charge - Milwaukee Metropolitan Sewerage District	3,286,935	3,085,894	2,914,664	2,824,908	2,757,233	2,446,379	2,357,804	2,213,262	2,121,549	2,053,930
Pumping-										
Operation	2,140	2,240	2,483	3,310	3,037	2,341	2,066	1,995	2,775	2,977
Maintenance	12,347	8,892	7,058	13,655	13,484	10,789	11,320	8,892	10,620	12,057
Collection-										
Operation	263,809	246,080	250,394	256,355	266,045	256,337	274,449	280,689	264,165	268,646
Maintenance	98,245	116,045	106,334	87,896	626,100	489,556	94,126	91,442	114,337	310,080
Customer Accounts-										
Operation	11,517	12,040	10,546	10,084	9,966	9,732	9,547	9,426	9,264	7,570
Maintenance	58,850	59,217	59,679	56,954	53,236	57,333	57,921	56,666	58,829	54,608
Administrative and General-										
Operation	270,048	271,390	354,523	240,921	209,539	224,132	215,152	168,130	155,273	161,356
Maintenance	1,991	1,240	434	1,651	76	3,574	4,133	427	476	4,670
Pension and Benefits	129,724	115,569	165,291	201,470	171,561	164,898	156,120	96,463	105,611	124,571
Other Postemployment Benefits	(20,049)	(5,087)	(54,552)	(22,586)	5,692	51,239	50,758	52,487	51,865	70,695
Total Sewer Operation and Maintenance Expenses	4,115,557	3,913,520	3,816,854	3,674,618	4,115,969	3,716,310	3,233,396	2,979,879	2,894,764	3,071,160
<b>Total Utility Operations and Maintenance Expenses</b>	<b>\$ 8,065,621</b>	<b>\$ 7,713,325</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>

*See accompanying notes to financial statements.*

**OAK CREEK WATER AND SEWER UTILITY**  
**Schedule 5**  
**Nonoperating Revenues and Expenses, Last Ten Fiscal Years**

	2022	Restated 2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>WATER</b>										
Investment and interest income	\$ 487,350	\$ 44,220	\$ 149,364	\$ 502,509	\$ 320,498	\$ 146,151	\$ 103,646	\$ 60,008	\$ 66,754	\$ 11,295
Merchandising and jobbing	(14,629)	(15,047)	(20,345)	(2,445)	(2,670)	4,553	(1,946)	(8,419)	(1,832)	5,190
Interest expense	(233,075)	(244,278)	(460,212)	(491,049)	(524,766)	(525,998)	(528,749)	(637,480)	(728,980)	(798,957)
Interest expense - Sewer Utility	(7,873)	(6,875)	(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	(20,063)	(20,603)	(10,510)	(5,010)	458	(5,193)	932	(23,819)	(27,192)	(24,708)
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>211,710</b>	<b>(242,583)</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>SEWER</b>										
Investment and interest income	86,538	1,637	66,577	181,072	119,775	58,509	39,849	21,792	22,890	13,088
Interest income - Water Utility	7,873	6,875	38,118	57,297	35,050	17,342	10,880	8,452	8,495	349
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	60,000
<b>Total Sewer Nonoperating Revenues and Expenses</b>	<b>94,411</b>	<b>8,512</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>Total Utility Nonoperating Revenues and Expenses</b>	<b>\$ 306,121</b>	<b>\$ (234,071)</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>

*See accompanying notes to financial statements.*



**OAK CREEK WATER AND SEWER UTILITY**  
***Schedule 6***  
**Special Assessment Collections, Last Ten Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>WATER</b>										
Current Assessments Due	\$ 51,772	\$ 38,907	\$ 33,805	\$ 64,949	\$ 80,695	\$ 84,192	\$ 263,814	\$ 21,278	\$ 21,935	\$ 14,009
Current Assessments Collected	\$ 98,193	162,788	105,596	66,449	80,695	84,192	263,814	21,278	21,935	16,678
<b>SEWER</b>										
Current Assessments Due	10,618	10,827	11,387	9,347	26,068	18,248	16,766	11,230	30,418	16,081
Current Assessments Collected	28,202	10,827	52,877	10,777	26,068	18,248	16,766	11,230	30,418	16,081

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. If 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.*

*See accompanying notes to financial statements.*

**OAK CREEK WATER AND SEWER UTILITY**  
**Schedule 7**  
**Utility Capital Assets, Last Ten Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>WATER</b>										
Source of supply plant	\$ 7,116,586	\$ 7,064,286	\$ 7,064,286	\$ 7,064,286	\$ 7,064,286	\$ 7,064,286	\$ 7,226,702	\$ 7,226,702	\$ 6,220,959	\$ 6,221,734
Pumping plant	9,121,407	9,029,293	9,017,117	9,017,117	8,879,824	8,891,721	9,012,302	9,012,302	9,031,026	9,114,294
Water treatment plant	26,056,130	25,693,196	25,455,285	25,423,116	25,285,960	25,116,184	25,116,184	25,190,569	25,052,914	25,052,914
Transmission and distribution plant	78,384,226	77,473,922	76,983,064	74,431,070	70,825,069	68,939,050	67,830,154	66,813,531	60,497,748	59,412,718
General plant - intangible	69,544	69,544	69,544	69,544	-	-	-	-	-	-
General plant - other	5,341,362	5,001,469	4,934,237	4,868,958	4,845,209	4,883,883	4,897,245	4,807,670	4,811,027	4,797,762
<b>Total Water Utility Capital Assets</b>	<b>126,089,255</b>	<b>124,331,710</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>SEWER</b>										
Collecting system - intangible	16,175	16,175	16,175	16,175	-	-	-	-	-	-
Collecting system - pumping equipment	216,164	216,164	242,170	242,170	242,170	242,170	242,170	242,170	243,040	243,040
Collecting system - other	48,555,809	47,723,818	46,050,483	45,057,952	44,489,071	43,762,112	43,329,873	43,111,030	41,173,722	41,176,932
General plant	639,213	595,752	593,206	604,254	606,785	611,370	618,217	604,914	616,114	616,870
<b>Total Sewer Utility Capital Assets</b>	<b>49,427,361</b>	<b>48,551,909</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>Total Utility Capital Assets</b>	<b>\$ 175,516,616</b>	<b>\$ 172,883,619</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>

*See accompanying notes to financial statements.*

**OAK CREEK WATER AND SEWER UTILITY**  
**Schedule 8**  
**Capital Contributions by Source, Last Ten Fiscal Years**

	2022	Restated 2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>WATER</b>										
Developer projects	\$ 43,417	\$ 63,897	\$ 1,611,157	\$ 702,373	\$ 1,450,248	\$ 628,624	\$ 566,560	\$ 2,008,341	\$ 119,564	\$ -
City TIF projects	28,108	310	26,128	258,245	-	-	-	-	-	-
State projects	-	-	-	444,972	398,934	-	-	-	-	-
Special assessments	100,579	303,222	214,752	-	-	23,491	104,972	378,390	1,300	-
Grant revenue	-	-	-	-	-	-	-	-	-	288,690
Individual water taps	-	-	4,014	29,000	13,250	41,500	4,750	3,500	4,985	1,250
Water connections	-	-	-	-	2,820	1,081	-	-	5,405	-
Equipment contributions	-	-	-	-	-	-	-	-	-	1,638
<b>Total Water Capital Contributions</b>	<b>172,104</b>	<b>367,429</b>	<b>1,856,051</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>SEWER</b>										
Developer projects	42,197	46,723	1,025,734	271,911	879,671	261,028	218,843	1,997,100	-	-
City TIF projects	75,596	1,395	-	8,804	-	-	-	-	-	-
Special assessments	28,006	-	-	1,429	-	14,780	-	5,537	-	-
Sewer connections	-	-	-	7,520	5,640	2,162	-	-	-	-
Equipment contributions	-	-	-	-	-	-	-	-	-	702
<b>Total Sewer Capital Contributions</b>	<b>145,799</b>	<b>48,118</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>Total Utility Capital Contributions</b>	<b>\$ 317,903</b>	<b>\$ 415,547</b>	<b>\$ 2,881,785</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>

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.

See accompanying notes to financial statements.

**OAK CREEK WATER AND SEWER UTILITY**  
**Schedule 9**  
**Return on Rate Base, Last Ten Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>WATER</b>										
Total plant in service - average	\$126,444,856	\$ 123,927,622	\$ 122,198,812	\$ 118,887,220	\$ 115,897,736	\$ 114,488,856	\$ 113,566,681	\$ 109,332,224	\$ 105,106,548	\$ 104,200,173
Less: Accumulated depreciation/ amortization - average	49,333,634	46,822,431	44,284,954	41,911,465	39,600,256	37,360,789	35,135,266	33,005,244	31,009,784	29,128,140
Add: Materials and supplies - average	97,668	92,063	88,874	73,767	75,458	79,335	70,037	63,682	57,230	60,252
Less: Adjustment for contributions	30,592,410	30,200,826	30,239,468	29,370,425	28,541,688	28,271,151	28,387,780	27,649,574	27,157,720	27,691,155
Average net rate base	\$46,616,480	46,996,428	47,763,264	47,679,097	47,831,250	48,936,251	50,113,672	48,741,088	46,996,274	47,441,130
Operating income per GAAP	3,672,366	3,578,457	3,050,754	428,683	2,229,131	2,437,010	1,713,092	691,815	2,164,392	1,933,562
Add: Adjustment to reconcile to the Public Service Commission of Wisconsin operating income	706,687	691,561	432,480	711,900	655,672	714,857	700,433	552,231	525,327	733,926
Net operating income per WPSC	4,379,053	4,270,018	3,483,234	1,140,583	2,884,803	3,151,867	2,413,525	1,244,046	2,689,719	2,667,488
Rate of Return	9.39%	9.09%	7.29%	2.39%	6.03%	6.44%	4.82%	2.55%	5.72%	5.62%
<b>SEWER</b>										
Utility plant in service - average	\$48,994,258	\$ 47,726,972	\$ 46,411,293	\$ 45,629,289	\$ 44,976,839	\$ 44,402,956	\$ 44,074,187	\$ 42,995,495	\$ 42,034,859	\$ 41,950,045
Less: Accumulated depreciation - average	13,666,874	13,174,348	12,705,226	12,234,200	11,879,400	11,512,728	11,018,335	10,561,799	10,113,656	9,721,463
Less: Adjustment for contributions	35,385,606	35,305,206	35,281,147	34,768,280	34,180,793	33,599,152	33,350,746	32,240,006	31,238,687	31,238,336
Average net rate base	(58,221)	(752,583)	(1,575,081)	(1,373,191)	(1,083,354)	(708,924)	(294,894)	193,691	682,516	990,246
Operating income (loss)	89,162	274,815	129,752	75,575	(408,578)	(324,467)	122,948	90,729	(183)	(179,048)
Rate of Return	-153.14%	-36.52%	-8.24%	-5.50%	37.71%	45.77%	-41.69%	46.84%	-0.03%	-18.08%

*See accompanying notes to financial statements.*

# REVENUE CAPACITY

OAK CREEK WATER AND SEWER UTILITY

*Schedule 10*

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>WATER</b>										
Pumpage from surface water (in thousand gallons)	\$ 2,969,971	\$ 2,956,591	\$ 2,792,288	\$ 2,813,865	\$ 2,756,213	\$ 2,645,000	\$ 2,836,785	\$ 2,750,081	\$ 2,679,126	\$ 2,696,037
Volume sold (in thousand gallons)	2,787,255	2,740,399	2,613,027	2,524,173	2,503,934	2,441,595	2,542,693	2,580,869	2,461,439	2,490,701
Volume pumped, but not sold (in thousand gallons)	182,716	216,192	179,261	289,692	252,279	203,405	294,092	169,212	217,687	205,336
Percent billed	94%	93%	94%	90%	91%	92%	90%	94%	92%	92%
Volume not sold, but accounted for-										
Volume used for water production, water quality and system maintenance (in thousand gallons)	10,443	18,507	7,556	12,644	13,928	14,050	19,205	17,435	20,470	24,337
Volume related to equipment and system malfunction (in thousand gallons)	6,149	5,009	5,543	1,982	2,509	1,714	55,611	3,457	2,069	2,857
Total volume not sold, but accounted for (in thousand gallons)	16,592	23,516	13,099	14,626	16,437	15,764	74,816	20,892	22,539	27,194
Volume pumped, but unaccounted for (in thousand gallons)	166,124	192,676	166,162	275,066	235,842	187,641	219,276	148,320	195,148	178,142
Percent of Water Loss	6%	7%	6%	10%	9%	7%	8%	5%	7%	7%
Maximum day pumpage (in thousand gallons)	13,400	13,740	11,660	12,280	12,110	10,510	11,950	13,150	11,450	11,880
Minimum day pumpage (in thousand gallons)	5,020	4,790	4,310	4,130	4,540	5,650	4,710	5,610	5,210	5,750
Total KWH used for pumping	5,669,418	5,997,663	5,381,824	5,671,326	4,988,442	5,068,671	5,549,511	5,507,733	5,563,448	5,832,168

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.

See accompanying notes to financial statements.

**OAK CREEK WATER AND SEWER UTILITY**  
**Schedule 11**  
**Customer and Sales Information, Last Ten Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>WATER</b>										
Number of Customers-										
Residential	8,329	8,299	8,218	8,152	8,115	8,081	8,060	7,973	7,941	7,908
Commercial	1,099	1,086	1,078	1,039	1,024	1,000	976	996	986	982
Industrial	42	42	42	42	44	43	47	30	28	28
Public authority	35	35	35	31	31	30	28	61	59	58
Wholesale	2	2	2	2	2	2	2	2	2	2
Total Number of Customers	9,507	9,464	9,375	9,266	9,216	9,156	9,113	9,062	9,016	8,978
Gallons Sold (in thousands)-										
Residential	438,579	463,797	452,636	416,182	428,992	432,164	452,344	440,641	431,281	446,453
Commercial	511,309	510,119	488,253	474,023	466,142	477,702	469,412	459,522	448,438	428,891
Industrial	628,400	539,093	494,969	518,921	515,434	454,310	445,429	387,516	399,529	388,377
Public authority	19,830	15,287	10,967	13,327	13,915	14,407	14,769	23,424	18,646	21,822
Wholesale	1,186,317	1,209,485	1,166,202	1,101,720	1,079,451	1,063,012	1,160,739	1,269,766	1,163,545	1,205,158
Total Gallons Sold	2,784,435	2,737,781	2,613,027	2,524,173	2,503,934	2,441,595	2,542,693	2,580,869	2,461,439	2,490,701
Average Day Sales (in thousands)	7,629	7,501	7,159	6,916	6,860	6,689	6,966	7,071	6,744	6,824
Maximum Day Sales (in thousands)	13,400	13,740	11,660	12,280	12,110	10,510	11,950	13,150	11,450	11,880
Gallons Sold per Residential Customer (in thousands)	52.7	55.9	55.1	51.1	52.9	53.5	56.1	55.3	54.3	56.5
Chemical Costs for Production	\$ 245,947	\$ 176,532	\$ 153,561	\$ 155,348	\$ 149,989	\$ 136,299	\$ 158,458	\$ 162,984	\$ 151,673	\$ 159,996
Electric Power for Pumping	\$ 420,582	\$ 416,315	\$ 378,925	\$ 371,412	\$ 364,121	\$ 354,884	\$ 380,086	\$ 378,882	\$ 384,601	\$ 379,161
Total Direct Rate (5/8" and 3/4" meters)-										
Quarterly service charge	\$ 49.03	\$ 49.03	\$ 49.03	\$ 49.03	\$ 49.03	\$ 49.03	\$ 49.03	\$ 47.61	\$ 47.61	\$ 46.22
Usage rate (per thousand gallons)	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.29	\$ 3.29	\$ 3.19
<b>SEWER</b>										
Number of Customers-										
Residential	8,557	8,535	8,461	8,422	8,396	8,366	8,347	8,266	8,240	8,222
Commercial	1,017	1,002	996	987	973	949	923	943	934	931
Industrial	37	37	37	37	39	38	42	27	25	25
Public authority	31	31	31	30	30	29	28	60	58	57
Total Number of Customers	9,642	9,605	9,525	9,476	9,438	9,382	9,340	9,296	9,257	9,235
Gallons Collected (in thousands)-										
Residential	450,757	475,446	466,120	430,557	443,968	447,203	455,423	443,629	434,823	450,497
Commercial	475,526	469,517	458,521	449,242	446,470	443,330	429,981	419,967	411,290	394,967
Industrial	205,082	202,345	213,408	215,799	209,396	192,472	179,714	149,825	163,490	176,615
Public authority	16,538	12,437	8,682	12,887	13,176	13,390	12,491	20,536	17,183	20,913
Total Gallons Collected	1,147,903	1,159,745	1,146,731	1,108,485	1,113,010	1,096,395	1,077,609	1,033,957	1,026,786	1,042,992
Average Day Sales (in thousands)	3,145	3,177	3,142	3,037	3,049	3,004	2,952	2,833	2,813	2,858
Total Direct Rate (5/8" and 3/4" meters)-										
Quarterly service charge	\$ 29.82	\$ 28.36	\$ 27.55	\$ 27.38	\$ 26.84	\$ 25.24	\$ 24.75	\$ 26.93	\$ 27.04	\$ 26.58
Usage rate (per thousand gallons)	\$ 3.11	\$ 3.13	\$ 3.02	\$ 2.89	\$ 2.84	\$ 2.67	\$ 2.68	\$ 2.44	\$ 2.32	\$ 2.30

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

See accompanying notes to financial statements.



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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<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	\$ 27.58	\$ 27.58	\$ 26.78	\$ 26.78	\$ 26.00
1"	41.38	41.38	41.38	41.38	41.38	41.38	41.38	40.17	40.17	39.00
1-1/4"	54.11	54.11	54.11	54.11	54.11	54.11	54.11	52.53	52.53	51.00
1-1/2"	81.69	81.69	81.69	81.69	81.69	81.69	81.69	79.31	79.31	77.00
2"	118.82	118.82	118.82	118.82	118.82	118.82	118.82	115.36	115.36	112.00
2-1/2"	163.38	163.38	163.38	163.38	163.38	163.38	N/A	N/A	N/A	N/A
3"	207.94	207.94	207.94	207.94	207.94	207.94	207.94	201.88	201.88	196.00
4"	336.31	336.31	336.31	336.31	336.31	336.31	336.31	326.51	326.51	317.00
6"	659.88	659.88	659.88	659.88	659.88	659.88	659.88	640.66	640.66	622.00
8"	1,058.78	1,058.78	1,058.78	1,058.78	1,058.78	1,058.78	1,058.78	1,027.94	1,027.94	998.00
10"	1,564.83	1,564.83	1,564.83	1,564.83	1,564.83	1,564.83	1,564.83	1,519.25	1,519.25	1,475.00
12"	2,070.88	2,070.88	2,070.88	2,070.88	2,070.88	2,070.88	2,070.88	2,010.56	2,010.56	1,952.00
Volume Charge (per thousand gallons)-										
First 6,000 gallons used	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.29	\$ 3.29	\$ 3.19	\$ 3.19
Next 18,000 gallons used	2.61	2.61	2.61	2.61	2.61	2.61	2.53	2.53	2.46	2.46
Over 24,000 gallons used	2.09	2.09	2.09	2.09	2.09	2.09	2.03	2.03	1.97	1.97
Wholesale Charge (per thousand gallons used)	\$ 3.12	\$ 3.12	\$ 3.12	\$ 3.12	\$ 3.12	\$ 3.12	\$ 3.03	\$ 3.03	\$ 2.94	\$ 2.94
<b>Public Fire Protection Rates-</b>										
Quarterly service charge (by meter size)-										
5/8" & 3/4"	\$ 21.45	\$ 21.45	\$ 21.45	\$ 21.45	\$ 21.45	\$ 21.45	\$ 20.83	\$ 20.83	\$ 20.22	\$ 20.22
1"	53.47	53.47	53.47	53.47	53.47	53.47	51.91	51.91	50.40	50.40
1-1/4"	79.25	79.25	79.25	79.25	79.25	79.25	76.94	76.94	74.70	74.70
1-1/2"	107.25	107.25	107.25	107.25	107.25	107.25	104.13	104.13	101.10	101.10
2"	171.55	171.55	171.55	171.55	171.55	171.55	166.55	166.55	161.70	161.70
2-1/2"	246.50	246.50	246.50	246.50	246.50	N/A	N/A	N/A	N/A	N/A
3"	321.45	321.45	321.45	321.45	321.45	321.45	312.09	312.09	303.00	303.00
4"	535.97	535.97	535.97	535.97	535.97	535.97	520.36	520.36	505.20	505.20
6"	1,071.93	1,071.93	1,071.93	1,071.93	1,071.93	1,071.93	1,040.71	1,040.71	1,010.40	1,010.40
8"	1,715.16	1,715.16	1,715.16	1,715.16	1,715.16	1,715.16	1,665.20	1,665.20	1,616.70	1,616.70
10"	2,572.58	2,572.58	2,572.58	2,572.58	2,572.58	2,572.58	2,497.65	2,497.65	2,424.90	2,424.90
12"	3,429.99	3,429.99	3,429.99	3,429.99	3,429.99	3,429.99	3,330.09	3,330.09	3,233.10	3,233.10

Note: The 2021 rates became effective June 6, 2016.

See accompanying notes to financial statements.

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

	2021	2021	2020	2019	2018	2017	2016	2015	2014	2013
<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	57.00	57.00	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)	\$ 2.424264	\$ 2.437993	\$ 2.334450	\$ 2.201584	\$ 2.152241	\$ 1.977825	\$ 1.990968	\$ 1.753133	\$ 1.632498	\$ 1.614778
High strength customers-										
Volume rate (per thousand gallons used)	\$ 1.48096	\$ 1.53935	\$ 1.41098	\$ 1.31058	\$ 1.25965	\$ 1.12748	\$ 1.11377	\$ 0.96079	\$ 0.88437	\$ 0.86507
B.O.D. rate (per pound)	0.10883	0.10607	0.12070	0.13062	0.13589	0.12730	0.11869	0.11781	0.10061	0.09992
T.S.S. rate (per pound)	0.21451	0.20235	0.19814	0.17931	0.17541	0.16289	0.16275	0.15807	0.15815	0.15924
Metro connection charge-										
All customers (quarterly service charge)	\$ 10.55	\$ 9.16	\$ 8.29	\$ 8.11	\$ 7.59	\$ 6.00	\$ 5.43	\$ 7.56	\$ 7.67	\$ 7.46
Household hazardous waste charge-										
Residential customers only (quarterly service charge)	\$ 1.27	\$ 1.28	\$ 1.26	\$ 1.27	\$ 1.25	\$ 1.24	\$ 1.32	\$ 1.37	\$ 1.37	\$ 1.12

Note: The current Sewer Utility Rates became effective October 15, 2010.  
The current Metropolitan Sewerage District Rates became effective February 1, 2022.

See accompanying notes to financial statements.

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 2022 - WATER</u></b>				
We Energies	Electric power plant	405,149	\$ 939,531	7.85%
	Manufacturing - pet food	52,716	160,010	1.34%
	Laundry Service	39,723	126,963	1.06%
	Manufacturing - resin and paint	35,727	124,910	1.04%
	Waste water treatment plant	27,216	109,398	0.91%
	Apartment complex	17,366	106,129	0.89%
PPG Industries	Apartment complex	25,087	105,042	0.88%
	Air separation plant	23,492	89,609	0.75%
Country Oak Apartments	Apartment complex	18,425	85,561	0.72%
Oak Creek - Franklin School District	Manufacturing - circuit board	23,398	84,283	0.70%
	Total Ten Largest Water Customers for 2022	<u>668,299</u>	<u>\$ 1,931,436</u>	<u>16.14%</u>
<b><u>FISCAL YEAR 2022 - SEWER</u></b>				
Oak Creek Utility	Laundry Service	30,042	\$ 149,675	3.09%
	Manufacturing - pet food	40,720	148,575	3.06%
	Manufacturing - water	54,435	123,461	2.55%
Electro-Tek Corp.	Manufacturing - food products	17,322	66,163	1.36%
Ed Rose & Sons	Apartment Complex	19,889	65,286	1.35%
Occidental Development	Apartment Complex	17,366	61,807	1.27%
	Apartment Complex	18,222	60,735	1.25%
	Travel Plaza	18,961	59,514	1.23%
	Manufacturing - resin and paint	20,396	59,462	1.23%
Country Oak Apartments	Manufacturing - circuit board	22,929	57,773	1.19%
	Total Ten Largest Sewer Customers for 2022	<u>260,282</u>	<u>\$ 852,451</u>	<u>17.58%</u>
<b><u>FISCAL YEAR 2013 - WATER</u></b>				
We Energies	Electric power plant	250,594	\$ 565,108	5.55%
	Manufacturing - resin and paint	38,286	124,543	1.22%
	Manufacturing - circuit boards	31,678	107,562	1.06%
	Waste water treatment plant	27,330	103,278	1.01%
	Apartment complex	23,290	92,745	0.91%
	Laundry service	22,874	76,133	0.75%
Delphi	Apartment complex	16,501	74,361	0.73%
	Apartment complex	14,380	68,811	0.68%
	Air separation plant	20,006	66,744	0.66%
	Education	7,917	53,767	0.53%
	Total Ten Largest Water Customers for 2013	<u>452,856</u>	<u>\$ 1,333,052</u>	<u>13.10%</u>
<b><u>FISCAL YEAR 2013 - SEWER</u></b>				
Oak Creek Utility	Manufacturing - water	64,851	\$ 114,177	3.29%
	Laundry service	22,874	76,785	2.21%
	Manufacturing - circuit boards	31,043	53,809	1.55%
	Manufacturing - resin and paint	27,041	53,201	1.53%
	Apartment complex	17,004	42,212	1.21%
	Apartment complex	16,375	41,368	1.19%
	Apartment complex	14,380	37,430	1.08%
	Manufacturing - food products	10,765	33,705	0.97%
	Apartment complex	11,843	29,755	0.86%
	Apartment complex	11,099	29,612	0.85%
	Total Ten Largest Sewer Customers for 2013	<u>227,275</u>	<u>\$ 512,054</u>	<u>14.74%</u>

See accompanying notes to financial statements.

# DEBT CAPACITY

**OAK CREEK WATER AND SEWER UTILITY**  
**Schedule 15**  
**Ratios of Outstanding Debt by Type, Last Ten Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Types of Debt-										
Revenue bonds - water	\$ 12,419,609	\$ 13,555,164	\$ 14,671,211	\$ 15,773,047	\$ 17,265,966	\$ 18,720,255	\$ 17,803,227	\$ 19,748,115	\$ 21,877,573	\$ 21,650,541
Unamortized premiums	-	-	-	2,496	10,439	23,850	47,926	86,195	39,100	54,646
Total Debt	\$ 12,419,609	\$ 13,555,164	\$ 14,671,211	\$ 15,775,543	\$ 17,276,405	\$ 18,744,105	\$ 17,851,153	\$ 19,834,310	\$ 21,916,673	\$ 21,705,187
Total Debt per Capita	\$ 342.52	\$ 374.84	\$ 404.79	N/A	\$ 483.40	\$ 527.11	\$ 507.05	\$ 570.10	\$ 631.42	\$ 625.51
Total Debt as a Share of Personal Income	\$ 293.91	\$ 360.15	N/A	N/A	\$ 529.24	\$ 617.86	\$ 602.31	\$ 674.68	\$ 784.50	\$ 788.05

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.*

*See accompanying notes to financial statements.*

**OAK CREEK WATER AND SEWER UTILITY**  
**Schedule 16**  
**Pledged-Revenue Coverage, Last Ten Fiscal Years**

	2022	Restated 2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>WATER</b>										
Gross Revenues (1)	\$ 12,437,571	\$ 11,897,359	\$ 11,525,991	\$ 11,535,521	\$ 11,314,113	\$ 10,977,436	\$ 10,977,864	\$ 10,772,072	\$ 10,467,857	\$ 10,203,460
Operating Expenses (2)	4,075,489	3,947,993	3,863,896	6,285,542	4,584,283	4,228,956	4,959,203	5,878,904	4,130,243	4,217,976
Net Revenue Available for Debt Service	8,362,082	7,949,366	7,662,095	5,249,979	6,729,830	6,748,480	6,018,661	4,893,168	6,337,614	5,985,484
Debt Service: (3)										
Principal	1,160,367	1,135,555	1,116,046	1,231,837	1,492,920	1,454,289	1,830,402	1,944,887	1,799,458	1,740,988
Interest	218,432	235,739	266,916	459,597	495,160	528,684	517,482	561,354	744,051	768,542
Total	1,378,799	1,371,294	1,382,962	1,691,434	1,988,080	1,982,973	2,347,884	2,506,241	2,543,509	2,509,530
Coverage	6.06	5.80	5.54	3.10	3.39	3.40	2.56	1.95	2.49	2.39
<b>SEWER</b>										
Gross Revenues (1)	\$ 4,943,318	\$ 4,829,581	\$ 4,662,436	\$ 4,587,669	\$ 4,459,308	\$ 4,055,006	\$ 4,011,744	\$ 3,669,999	\$ 3,517,487	\$ 3,488,226
Operating Expenses (2)	4,161,476	3,956,662	3,859,998	3,719,197	4,160,270	3,762,069	3,277,332	3,023,285	2,937,569	3,119,507
Net Revenue Available for Debt Service	781,842	872,919	802,438	868,472	299,038	292,937	734,412	646,714	579,918	368,719
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.

See accompanying notes to financial statements.

# DEMOGRAPHIC AND ECONOMIC INFORMATION



**OAK CREEK WATER AND SEWER UTILITY**  
**Schedule 17**  
**Demographic and Economic Statistics, Last Ten Calendar Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Population (1)</b>										
City of Oak Creek	37,608	36,163	36,244	N/A	35,739	35,560	35,206	34,791	34,710	34,700
City of Franklin	36,646	35,772	35,798	N/A	35,779	36,046	35,741	35,655	35,700	35,810
Milwaukee County	947,241	943,240	944,483	N/A	950,381	945,416	948,930	949,795	949,740	950,410
State of Wisconsin	5,901,473	5,867,518	5,854,594	N/A	5,816,231	5,783,278	5,775,028	5,753,324	5,732,980	5,717,110
<b>Total Personal Income (1)</b>										
City of Oak Creek	N/A	N/A	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
City of Franklin	N/A	N/A	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
Milwaukee County	N/A	N/A	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
State of Wisconsin	N/A	N/A	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
<b>Per Capita Personal Income (1)</b>										
City of Oak Creek	N/A	N/A	N/A	N/A	\$ 32,644	\$ 30,337	\$ 29,638	\$ 29,398	\$ 27,937	\$ 27,543
City of Franklin	N/A	N/A	N/A	N/A	38,784	37,393	37,662	36,088	35,075	33,500
Milwaukee County	N/A	N/A	N/A	N/A	25,780	24,269	24,327	23,939	22,507	22,411
State of Wisconsin	N/A	N/A	N/A	N/A	31,962	30,182	29,711	29,145	27,671	26,963
<b>Unemployment Rates (2)</b>										
City of Oak Creek	1.9%	3.9%	4.6%	3.0%	2.7%	3.0%	3.7%	4.2%	4.9%	6.0%
City of Franklin	2.0%	4.4%	4.7%	3.2%	2.9%	3.3%	3.9%	4.5%	5.0%	5.7%
Milwaukee County	2.8%	3.4%	5.0%	4.0%	3.6%	4.0%	5.1%	5.8%	7.0%	8.3%
State of Wisconsin	3.2%	3.1%	4.0%	3.3%	3.0%	3.3%	4.1%	4.6%	5.5%	6.7%

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

*See accompanying notes to financial statements.*

**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><u>CALENDAR YEAR 2022</u></b>				
Amazon Fulfillment Center	Distribution center	2,286		9.25%
Milwaukee Area Technical College	Higher Education	1,341		5.43%
UPS	Parcel delivery	730		2.95%
Oak Creek-Franklin School District	Education	722		2.92%
PPG Industries, Inc.	Coating and resin products	700		2.83%
Reinhart FoodService, LLC	Wholesale food distributor	480		1.94%
Oak Creek Power Plant (WE Energies)	Electrical power generation	400		1.62%
City of Oak Creek	Municipal government	342		1.38%
Joseph Campione Inc.	Food products	298		1.21%
YRC Freight	Trucking	250		1.01%
	Total Principal Employers for 2022	<u>9,105</u>	<u>24,704</u>	<u>36.84%</u>
<b><u>CALENDAR YEAR 2013</u></b>				
UPS	Parcel delivery	1,121		5.86%
Oak Creek - Franklin School District	Education	660		3.45%
We Energies	Electrical power generation	543		2.84%
PPG Industries, Inc.	Coating and resin products	440		2.30%
City of Oak Creek	Municipal government	247		1.29%
Joseph Campione Inc.	Manufacturing - food products	300		1.57%
Milwaukee Area Technical College	Education	297		1.55%
Caterpillar Global Mining	Corporate Headquarters	290		1.51%
Master Lock	Security systems; locks	225		1.18%
Woodman's Market	Retail grocery store	215		1.12%
	Total Principal Employers for 2013	<u>4,338</u>	<u>19,145</u>	<u>22.67%</u>

Source of approximate employment: 2022 Bond Refunding Documents

See accompanying notes to financial statements.

# OPERATING INFORMATION

OAK CREEK WATER AND SEWER UTILITY

*Schedule 19*

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
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	3	3	2	2	2	2
Utility Service Workers	5	5	5	5	5	5	6	6	5	5
Total Water and Sewer Field Operations Employees	9	9	9	9	9	9	9	9	8	8
Engineering-										
Manager	1	1	1	1	1	1	1	1	1	1
Construction Coordinator		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	1
Total Engineering Employees	4	5	5	5	5	5	5	5	5	5
Aministration-										
General Manager	1	1	1	1	1	1	1	1	1	1
Administrative Manager		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	4	5	5	5	5	5	5	5	5	5
Custodian	1	1	1	1	1	1	1	1	1	1
Total	28	30	30	30	30	30	30	30	29	29

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.

See accompanying notes to financial statements.

**OAK CREEK WATER AND SEWER UTILITY**  
**Schedule 20**  
**Operating and Capital Indicators, Last Ten Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Date Created - September 23, 1960										
Service Area in Square Miles	83	83	83	83	83	83	83	83	83	83
Number of Customers	9,855	9,381	9,381	9,650	9,618	9,566	9,508	9,454	9,410	9,385
Number of Retail Customers Outside Municipal Boundary	-	-	-	-	-	-	-	-	-	-
Water System-										
Miles of Watermain	196	198	198	196	194	192	191	190	185	185
Production capacity (MGD)	35	35	35	35	35	35	35	35	35	35
Storage capacity (MG)	6.70	6.70	6.70	6.70	6.70	6.70	7.25	7.25	7.25	7.25
Number of towers and reservoirs	3	3	3	3	3	3	4	4	4	4
Number of Fire Hydrants	2,331	2,301	2,301	2,274	2,247	2,225	2,211	2,189	2,128	2,119
Sales in Thousands of Gallons	2,784,435	2,613,027	2,613,027	2,524,173	2,503,934	2,441,595	2,542,693	2,580,869	2,461,439	2,490,701
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	164	164	163	162	162	161	159	159	159
Lift Stations	2	2	2	3	3	3	3	3	3	3
Sales in Thousands of Gallons	1,147,903	1,146,508	1,146,508	1,146,508	1,113,010	1,096,395	1,077,609	1,033,957	1,026,786	1,042,992
Field Operations-										
New meters installed	50	87	87	57	64	75	63	53	39	39
Electronic meter head replacements	463	530	530	518	523	552	325	796	768	2,533
Meter batteries replaced	-	-	-	-	-	-	-	-	-	-
Water meters tested/exchanged	496	598	598	1,052	1,203	1,194	554	544	1,034	2,870
Cross connection inspections	966	150	150	855	979	728	661	1,115	1,386	3,128
Water valves operated	484	261	261	1,202	1,138	1,798	2,809	485	446	673
Hydrants flushed	1,665	2,206	2,206	2,160	2,169	2,164	2,093	2,135	2,070	2,070
Sanitary sewer cleaned (in feet)	200,758	129,564	129,564	179,105	153,026	158,939	203,910	214,240	174,887	159,988
Sanitary sewer televised (in feet)	201,439	128,182	128,182	90,720	97,142	72,972	106,603	149,670	180,932	166,289

Note: MGD represents millions of gallons per day.

See accompanying notes to financial statements.