

OAK CREEK

WATER AND SEWER UTILITY

Annual Comprehensive Financial Report

For the Years Ended December 31, 2023 and 2022

A Departmental Unit of the
City of Oak Creek, Wisconsin



A Commitment to Water Quality



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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

Deputy City Administrator / Finance Officer, Maxwell Gagin

Finance & Accounting Manager, Kristina Strmsek

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INTRODUCTORY SECTION



Hey Day Main Break

A Commitment to Water Quality



Our Mission, Vision and Values

Our Mission

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

Our Vision


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

Our Values

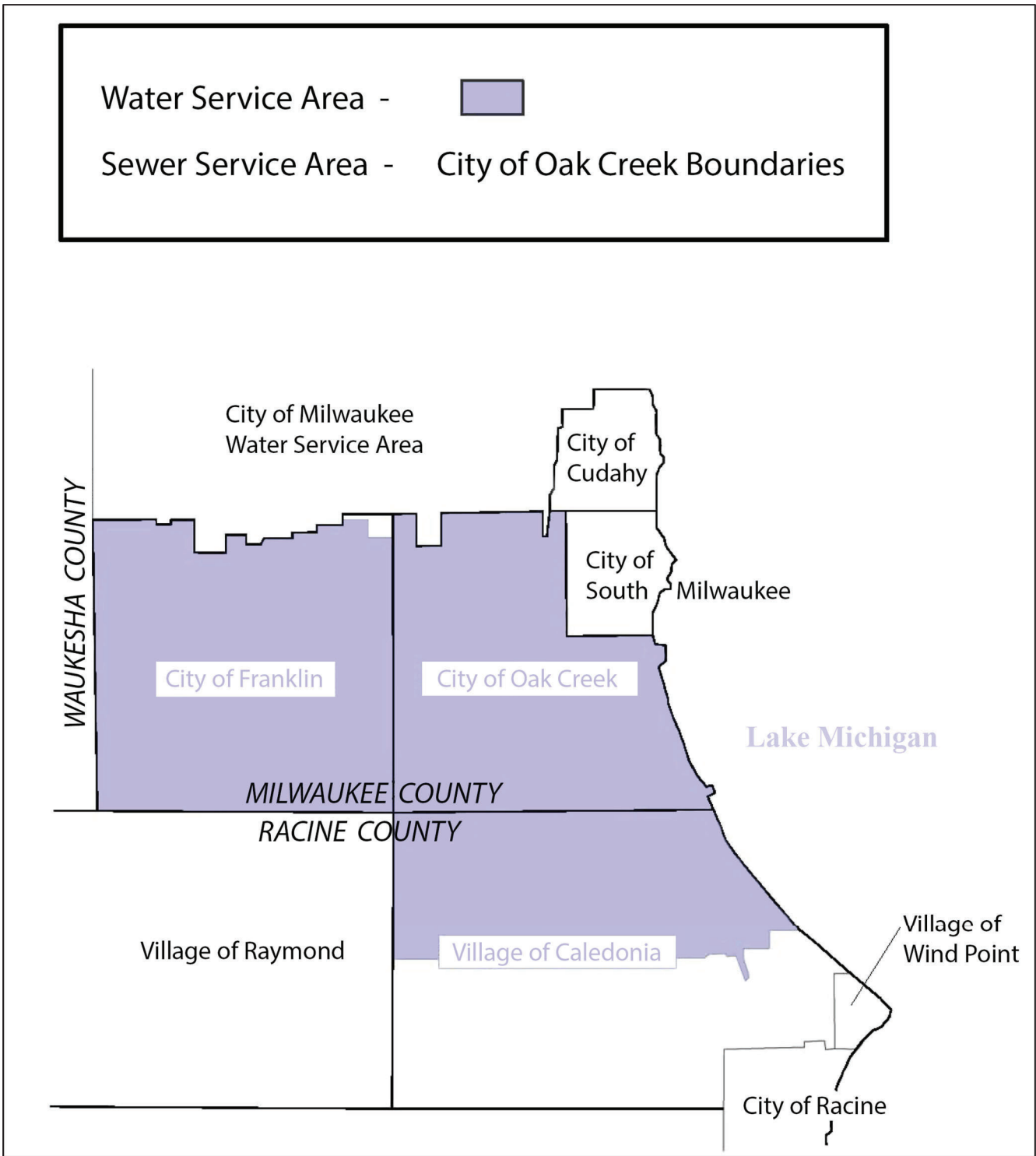
All Utility activities are guided by these underlying values:

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

Service Area

Water Service Area - 

Sewer Service Area - City of Oak Creek Boundaries





WATER and SEWER UTILITY

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

May 20, 2024

A Message from the General Manager:

The cornerstone of any thriving community is a robust and reliable infrastructure. At the Oak Creek Water and Sewer Utility, we understand this responsibility deeply. That's why we're constantly looking ahead, investing in the future of your water and sewer services.

This year, we've embarked on a significant initiative to revitalize the very lifeblood of our system: our water and sewer mains. Upgrading aging infrastructure is not just about keeping things functional; it's about safeguarding the quality and reliability of the water that reaches our customer's homes and businesses.

But our dedication doesn't stop at the pipes. We're continuously pushing the boundaries of water treatment and distribution system excellence. Through our development and participation in cutting-edge national programs, we're constantly refining our processes and implementing the latest advancements. This relentless pursuit of optimization has earned us a remarkable combined 39 years of recognition for both treatment and distribution system excellence – a testament to our unwavering commitment to providing the highest quality water possible.

Our strength lies not only in our unwavering commitment but also in the expertise of our people. We foster a dynamic team environment, where seasoned veterans with a wealth of knowledge collaborate seamlessly with fresh talent, brimming with innovative ideas.

Despite our lean staff size, we're technological trailblazers. We leverage cutting-edge tools and strategies to maximize efficiency and keep costs under control. This focus on fiscal responsibility has translated to steady revenue growth, allowing us to reinvest even more in infrastructure and cutting-edge solutions.

Looking ahead, we're not resting on our laurels. We've implemented proactive succession plans, ensuring a smooth transition of knowledge and expertise as our valued team members retire. This forward-thinking approach guarantees a continuous flow of talent and unwavering dedication to serving our community.

The dedication and expertise of our staff don't go unnoticed. Their tireless efforts have been recognized on the international stage, a true testament to their skill and unwavering commitment to excellence.

At the Oak Creek Water and Sewer Utility, we're not just delivering exceptional services today; we're diligently building a foundation for a sustainable and reliable future. We're committed to continuous optimization, infrastructure renewal, and fostering a team of dedicated experts.

Together, we're safeguarding the well-being of our community, ensuring clean water and efficient sewer services for generations to come.

Sincerely,

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

Michael J. Sullivan, P.E.
General Manager

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170 West Drexel Avenue, Oak Creek, WI 53154

May 28, 2024

Board of Public Works and Capital Assets Members

Our Customers

FORMAL TRANSMITTAL

The Annual Comprehensive Financial Report of the Oak Creek Water and Sewer Utility (Utility) for the year ended December 31, 2023 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 2023, 2022, and 2021.

UTILITY PROFILE

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. Currently, the plant's capacity is at 35 mgd.

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 2023 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 \$2,997,662 of capital assets in 2023 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 was 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.

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.

To address water main break frequency concerns, the Utility replaced a 3,200-foot section of the original 1956 cast iron water main in the central city and under a major state highway, in 2023. The project cost \$2.5 million. In the 1990s, the Utility began using

sacrificial anodes to slow the corrosion and extend the life of the main until its replacement.

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.

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, 2023 is \$11,259,242. 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

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. The Utility 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.

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, 2022. This was the 30th 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.

Sixty-Three Years of Excellent Service

The Utility is proud to celebrate 63 years of excellent service, as the year 2023 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

- Distribution Committee – Chair
- Engineering Committee – Member
- 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
Finance & Accounting Manager

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Certificate of Achievement



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Oak Creek Water and Sewer Utility
Wisconsin**

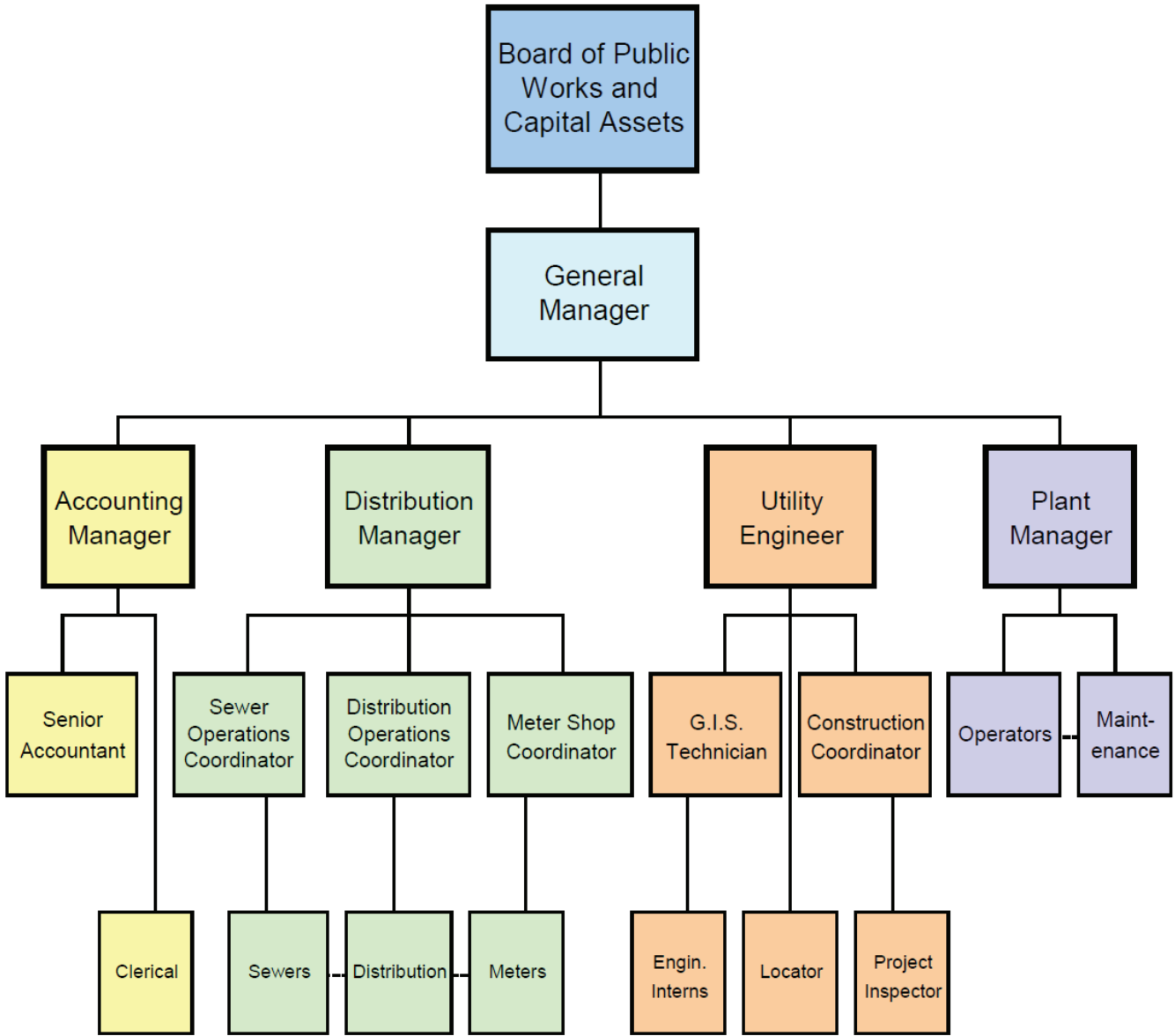
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

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

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
Aldersperson



Chris Guzikowski
Aldersperson



Curt Czarnecki



Fredrick Siepert
Alternate



Lisa Marshall
Aldersperson

Utility Team Members

General Manager



Michael Sullivan
General Manager
19 years of service

Administrative Department



Vacant
Accounting Manager



Catherine Leranath
Senior Accountant
21 years of service



Nicole Butler
Account Clerk
5 years of service



Taryn Knezevic
Utility Clerk
3 years of service

Engineering Department



Brian Johnston
Utility Engineer
5 years of service



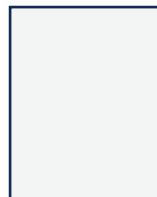
Daniel Niemi
Engineering Tech II
29 years of service



Jennifer Howski
Incoming GIS Technician
Less than 1 year of service



Michael Wade
Utility Locator
6 years of service



Vacant
Construction Coordinator

Utility Team Members

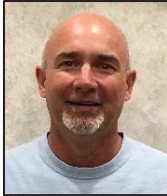
Transmission and Distribution Department



Darrin Allard
Distribution Manager
16 years of service



Andrew Volbrecht
Senior Utility Service Worker
26 years of service



Greg Price
Outgoing Senior Utility Service Worker
16 years of service



Charles Struebing
Senior Utility Service Worker
13 years of service



Eric Pier
Utility Service Worker
11 years of service



J. Ryan Maughan
Utility Service Worker
10 years of service



James Flatow
Senior Utility Service Worker
8 years of service



Mark Proeber
Utility Service Worker
8 years of service



Paul Craig
Utility Service Worker
3 years of service



Michael Nitecki
Utility Service Worker
Less than 1 year of service

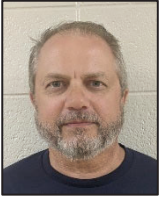
Custodian



Connie Gulland
Custodian
14 years of service

Utility Team Members

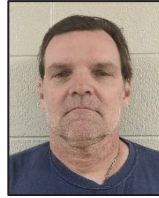
Treatment Plant Department



Michael Robe
Treatment Plant Manager
27 years of service



Jeffery White
Treatment Plant Operator
36 years of service



Eugene Klees
Treatment Plant Operator
22 years of service



Juan Anaya
Treatment Plant Operator
15 years of service



Andrew Krueger
Treatment Plant Operator
8 years of service



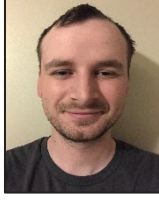
Melissa Ludke
Treatment Plant Operator
5 years of service



Jamey Roper
Treatment Plant Operator
4 years of service



Steven Edlebeck
Treatment Plant Operator
4 years of service

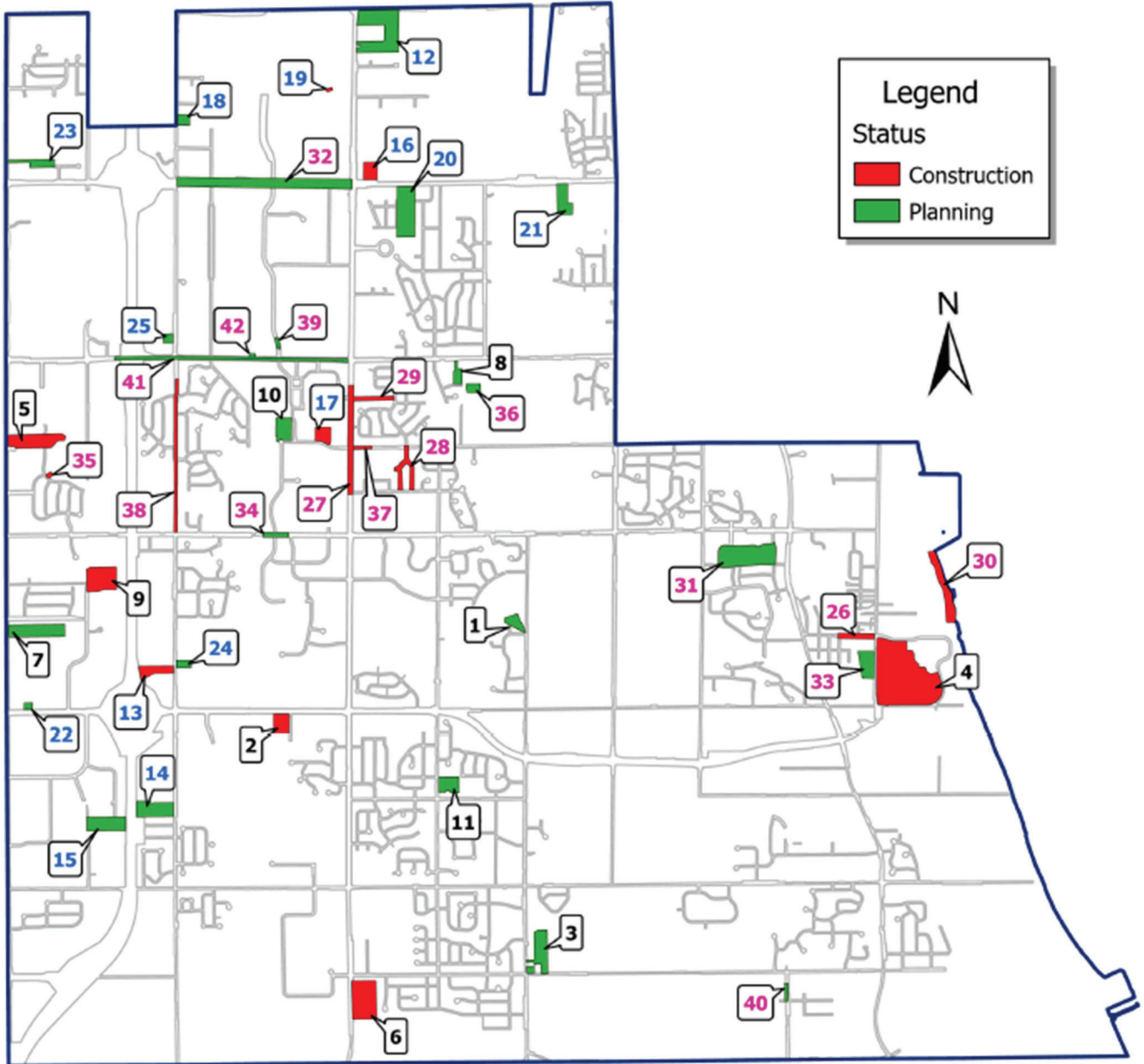


Patrick Gallagher
Treatment Plant Operator
3 years of service



Amy Thorgaard
Treatment Plant Operator
2 years of service

2023 Project Activity



Residential

- 1 Almeg
- 2 Broadacre
- 3 Edgemont Estates
- 4 Lakeshore Commons
- 5 Oakes at 8100
- 6 Residences of Oak View
- 7 Royal Estates
- 8 Stonebrook on the Park
- 9 Hey Day
- 10 Emerald Row Ph3 & Ph4
- 11 9830 S Shepard Ave

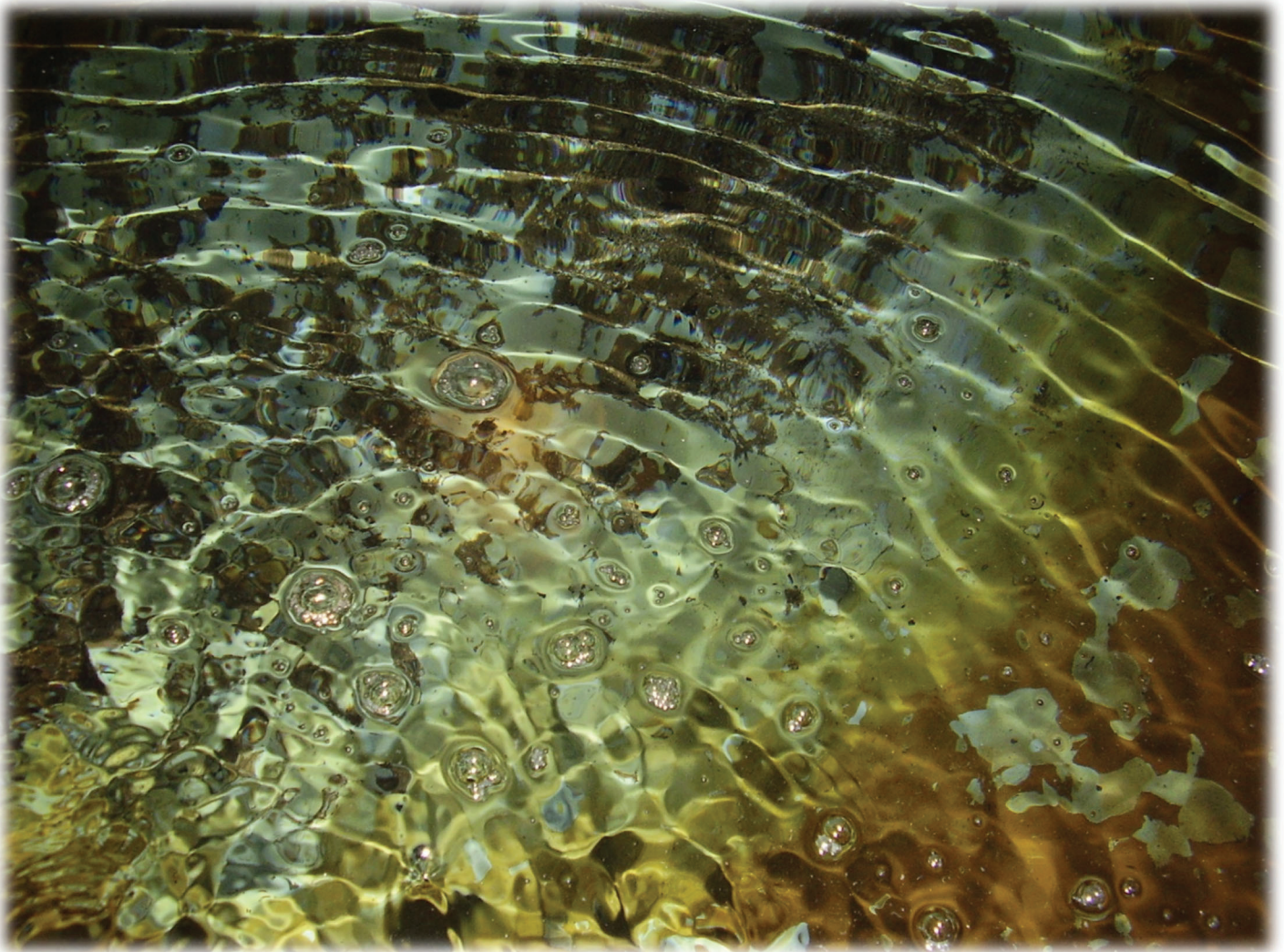
Commercial/Industrial

- 12 Aimes
- 13 Avid Hotel
- 14 Creek Two
- 15 Frontline
- 16 140 E Rawson Ave-St. John's
- 17 The Learning Experience
- 18 6826 S 13th St Bliffert
- 19 MATC Water
- 20 517 E Rawson Ave
- 21 1901 E Rawson Ave
- 22 2440 W Ryan Rd
- 23 6988 S 27th St
- 24 Aldi Water Relocation
- 25 Meiji Cuisine

Government/Institutional

- 26 American Ave Sanitary Relay
- 27 Howell Ave WM Relay
- 28 Forest Hill Manor WM Relay
- 29 Susan Dr WM Relay
- 30 Northbluff Redevelopment
- 31 Rowan Estates Sanitary Rehab
- 32 Rawson Ave (W) Hydrant Relocation
- 33 Underground Facilities Rehab
- 34 Puetz & Liberty
- 35 Orchard Way Micro Park
- 36 Abendschein Parking Lot
- 37 Forest Hill WM Relay
- 38 13th St Hydrant Relocation
- 39 6th St Bridge
- 40 MMSD 10th Ave Laterals
- 41 Drexel Ave Streetscape
- 42 Drexel Ave Lift Station
- *** 2023 Sanitary Rehab (various locations)

FINANCIAL SECTION



Filter Clearwell

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 the Oak Creek Water and Sewer Utility (Utility), enterprise funds of the City of Oak Creek, Wisconsin (the City), as of and for the years ended December 31, 2023 and 2022, 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 for each enterprise fund of the City as of December 31, 2023 and 2022, and the changes in financial position and, where applicable, 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 Matter

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 Utility, 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, 2023, and 2022, and the changes in financial position, or cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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
May 28, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

Years Ended December 31, 2023 and 2022

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, 2023 and 2022. You are invited to read this narrative in conjunction with the Utility's financial statements.

FINANCIAL HIGHLIGHTS

- Total net position increased by \$5,399,414, or 3.97%. The Water Utility's net position increased by \$4,980,065, or 5.55%, and the Sewer Utility's net position increased by \$419,349, or 0.91%. 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 2023.
- Total operating revenues, generated mostly by user fees, increased by \$1,007,134 or about 6.00%. Operating revenues increased for the Water Utility by \$638,448, or 5.34% and increased for the Sewer Utility by \$368,686, or 7.60%. 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, 2023. Water and local sanitary sewer rates remained unchanged from 2022 to 2023.
- Total operating expenses in 2023 were \$1,508,236 more than the amount in 2022, which is an 11.57% increase. The Water Utility's operating expenses increased by \$1,121,914, or 13.55%, and the Sewer Utility's operating expenses increased by \$386,322, or 8.12%. The overall increase is primarily due to higher energy and pension and benefit costs.
- Total investment and interest income increased by \$1,302,562, or 233.90%, in 2023 as a result of higher interest rates provided by the Local Government Investment Pool. Interest expense decreased in 2023 by \$17,418, or 7.47%, due to lower balances of outstanding debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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, 2023 and 2022

REQUIRED FINANCIAL STATEMENTS

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.

UTILITY FINANCIAL ANALYSIS

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, 2023, and 2022.

NET POSITION

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

See accompanying independent auditors' report.

OAK CREEK WATER AND SEWER UTILITY

Management's Discussion and Analysis

Years Ended December 31, 2023 and 2022

Table 1
Condensed Statements of Net Position – Utility Totals
2023, 2022, and 2021

	2023	2022	Restated 2021	2023 vs. 2022		2022 vs. 2021	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Current Assets	\$ 43,698,380	\$ 42,083,526	\$ 37,453,628	\$ 1,614,854	3.84 %	\$ 4,629,898	12.36 %
Net Capital Assets	115,110,179	112,254,769	113,573,211	2,855,410	2.54	(1,318,442)	(1.16)
Other Noncurrent Assets	15,888,500	13,870,158	14,173,802	2,018,342	14.55	(303,644)	(2.14)
Total Assets	<u>174,697,059</u>	<u>168,208,453</u>	<u>165,200,641</u>	<u>6,488,606</u>	<u>3.86</u>	<u>3,007,812</u>	<u>1.82</u>
Unamortized loss on advance refunding of revenue bonds	158,836	178,899	198,963	(20,063)	(11.21)	(20,064)	(10.08)
Deferred outflows related to pension	2,545,659	2,065,784	1,399,327	479,875	23.23	666,457	47.63
Deferred outflows related to other postemployment benefits	485,850	621,053	473,068	(135,203)	(21.77)	147,985	31.28
Total Deferred Outflows of Resources	<u>3,190,345</u>	<u>2,865,736</u>	<u>2,071,358</u>	<u>324,609</u>	<u>11.33</u>	<u>794,378</u>	<u>38.35</u>
Total Assets and Deferred Outflows of Resources	<u>177,887,404</u>	<u>171,074,189</u>	<u>167,271,999</u>	<u>6,813,215</u>	<u>3.98</u>	<u>3,802,190</u>	<u>2.27</u>
Long-term Debt Outstanding, net of unamortized premiums	11,259,242	12,419,609	13,555,164	(1,160,367)	(9.34)	(1,135,555)	(8.38)
Due to Sewer Utility - advance	1,348,899	1,568,566	1,787,489	(219,667)	(14.00)	(218,923)	(12.25)
Other Liabilities	7,891,437	7,830,632	7,365,286	60,805	0.78	465,346	6.32
Total Liabilities	<u>20,499,578</u>	<u>21,818,807</u>	<u>22,707,939</u>	<u>(1,319,229)</u>	<u>(6.05)</u>	<u>(889,132)</u>	<u>(3.92)</u>
Deferred inflows related to pension	1,471,395	2,412,330	1,740,041	(940,935)	(39.01)	672,289	38.64
Deferred inflows related to other postemployment benefits	404,612	79,967	96,168	324,645	405.97	(16,201)	(16.85)
Deferred inflows related to leases	14,209,939	10,860,619	11,210,937	3,349,320	30.84	(350,318)	(3.12)
Total Deferred Inflows of Resources	<u>16,085,946</u>	<u>13,352,916</u>	<u>13,047,146</u>	<u>2,733,030</u>	<u>20.47</u>	<u>305,770</u>	<u>2.34</u>
Total Liabilities and Deferred Inflows of Resources	<u>36,585,524</u>	<u>35,171,723</u>	<u>35,755,085</u>	<u>1,413,801</u>	<u>4.02</u>	<u>(583,362)</u>	<u>(1.63)</u>
Net Investment in Capital Assets	103,618,731	99,643,609	99,983,049	3,975,122	3.99	(339,440)	(0.34)
Restricted							
Revenue bond redemption	531,162	519,828	556,948	11,334	2.18	(37,120)	(6.66)
Revenue bond reserve	565,545	565,545	565,545	-	-	-	-
Revenue bond depreciation	51,000	17,000	17,000	34,000	200.00	-	-
Pension	-	1,002,950	752,439	(1,002,950)	(100.00)	250,511	33.29
Unrestricted	36,535,442	34,153,534	29,641,933	2,381,908	6.97	4,511,601	15.22
Total Net Position	<u>\$ 141,301,880</u>	<u>\$ 135,902,466</u>	<u>\$ 131,516,914</u>	<u>\$ 5,399,414</u>	<u>3.97 %</u>	<u>\$ 4,385,552</u>	<u>3.33 %</u>

As shown in the table above, total net position increased by \$5,399,414 in 2023, an increase of 3.97%. The majority of this increase is due to increased interest income and capital contributions. Greater water usage in 2023 contributed to an increase in operating revenues and net position.

Total net position increased by \$4,385,552 to \$135,902,466 in 2022, an increase of 3.33%. This increase is primarily due to the receipt of capital contributions, increased interest income, and greater operating revenues

See accompanying independent auditors' report.

OAK CREEK WATER AND SEWER UTILITY

Management's Discussion and Analysis
Years Ended December 31, 2023 and 2022

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
2023, 2022, and 2021

	2023	2022	Restated 2021	2023 vs. 2022		2022 vs. 2021	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Current Assets	\$ 32,884,416	\$ 31,972,691	\$ 28,148,069	\$ 911,725	2.85 %	\$ 3,824,622	13.59 %
Net Capital Assets	79,455,959	76,556,273	77,656,702	2,899,686	3.79	(1,100,429)	(1.42)
Other Noncurrent Assets	14,748,262	12,305,442	12,435,670	2,442,820	19.85	(130,228)	(1.05)
Total Assets	<u>127,088,637</u>	<u>120,834,406</u>	<u>118,240,441</u>	<u>6,254,231</u>	<u>5.18</u>	<u>2,593,965</u>	<u>2.19</u>
Unamortized loss on advance refunding of revenue bonds	158,836	178,899	198,963	(20,063)	(11.21)	(20,064)	(10.08)
Deferred outflows related to pension	2,036,527	1,652,624	1,119,456	383,903	23.23	533,168	47.63
Deferred outflows related to other postemployment benefits	389,293	497,253	379,064	(107,960)	(21.71)	118,189	31.18
Total Deferred Outflows of Resources	<u>2,584,656</u>	<u>2,328,776</u>	<u>1,697,483</u>	<u>255,880</u>	<u>10.99</u>	<u>631,293</u>	<u>37.19</u>
Total Assets and Deferred Outflows of Resources	<u>129,673,293</u>	<u>123,163,182</u>	<u>119,937,924</u>	<u>6,510,111</u>	<u>5.29</u>	<u>3,225,258</u>	<u>2.69</u>
Long-term Debt Outstanding, net of unamortized premiums	11,259,242	12,419,609	13,555,164	(1,160,367)	(9.34)	(1,135,555)	(8.38)
Due to Sewer Utility - advance	1,348,899	1,568,566	1,787,489	(219,667)	(14.00)	(218,923)	(12.25)
Other Liabilities	6,653,805	6,599,992	6,250,955	53,813	0.82	349,037	5.58
Total Liabilities	<u>19,261,946</u>	<u>20,588,167</u>	<u>21,593,608</u>	<u>(1,326,221)</u>	<u>(6.44)</u>	<u>(1,005,441)</u>	<u>(4.66)</u>
Deferred inflows related to pension	1,177,118	1,929,865	1,392,032	(752,747)	(39.01)	537,833	38.64
Deferred inflows related to other postemployment benefits	323,655	63,961	76,957	259,694	406.02	(12,996)	(16.89)
Deferred inflows related to leases	14,209,939	10,860,619	11,210,937	3,349,320	30.84	(350,318)	(3.12)
Total Deferred Inflows of Resources	<u>15,710,712</u>	<u>12,854,445</u>	<u>12,679,926</u>	<u>2,856,267</u>	<u>22.22</u>	<u>174,519</u>	<u>1.38</u>

See accompanying independent auditors' report.

OAK CREEK WATER AND SEWER UTILITY

Management's Discussion and Analysis

Years Ended December 31, 2023 and 2022

Table 2 (continued)

	2023	2022	Restated 2021	2023 vs. 2022		2022 vs. 2021	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Total Liabilities and Deferred Inflows of Resources	34,972,658	33,442,612	34,273,534	1,530,046	4.58	(830,922)	(2.42)
Net Investment in Capital							
Assets	68,015,160	63,955,607	64,109,898	4,059,553	6.35	(154,291)	(0.24)
Restricted							
Revenue bond redemption	531,162	519,828	499,321	11,334	2.18	20,507	4.11
Revenue bond reserve	565,545	565,545	565,545	-	-	-	-
Revenue bond depreciation	51,000	17,000	17,000	34,000	200.00	-	-
Pension	-	802,363	601,950	(802,363)	(100.00)	200,413	33.29
Unrestricted	25,537,768	23,860,227	19,870,676	1,677,541	7.03	3,989,551	20.08
Total Net Position	\$ 94,700,635	\$ 89,720,570	\$ 85,664,390	\$ 4,980,065	5.55 %	\$ 4,056,180	4.73 %

Table 2 displays the increase in the Water Utility's net position by \$4,980,065, or 5.55%, from 2022 to 2023. This increase in net position is largely due to increased interest income and capital contributions. Greater water usage contributed to an increase in operating revenues and net position.

The Water Utility's net position increased by \$4,056,180 to \$89,720,570 from 2021 to 2022, or 4.73%. This increase in net position is mostly due to increased interest income, operating revenues exceeding operating expenses and the addition of capital contributions. An increase in water usage for 2022 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
2023, 2022, and 2021

	2023	2022	Restated 2021	2023 vs. 2022		2022 vs. 2021	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Current Assets	\$ 10,813,964	\$ 10,110,835	\$ 9,305,559	\$ 703,129	6.95 %	\$ 805,276	8.65 %
Net Capital Assets	35,654,220	35,698,496	35,916,509	(44,276)	(0.12)	(218,013)	(0.61)
Other Noncurrent Assets	1,140,238	1,564,716	1,738,132	(424,478)	(27.13)	(173,416)	(9.98)
Total Assets	47,608,422	47,374,047	46,960,200	234,375	0.49	413,847	0.88
Deferred outflows related to pension	509,132	413,160	279,871	95,972	23.23	133,289	47.63
Deferred outflows related to other postemployment benefits	96,557	123,800	94,004	(27,243)	(22.01)	29,796	31.70
Total Deferred Outflows of Resources	605,689	536,960	373,875	68,729	12.80	163,085	43.62

See accompanying independent auditors' report.

OAK CREEK WATER AND SEWER UTILITY

Management's Discussion and Analysis

Years Ended December 31, 2023 and 2022

Table 3 (continued)

	2023	2022	Restated 2021	2023 vs. 2022		2022 vs. 2021	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Total Assets and Deferred Outflows of Resources	48,214,111	47,911,007	47,334,075	303,104	0.63	576,932	1.22
Other Liabilities	1,237,632	1,230,640	1,114,331	6,992	0.57	116,309	10.44
Total Liabilities	1,237,632	1,230,640	1,114,331	6,992	0.57	116,309	10.44
Deferred inflows related to pension	294,277	482,465	348,009	(188,188)	(39.01)	134,456	38.64
Deferred inflows related to other postemployment benefits	80,957	16,006	19,211	64,951	405.79	(3,205)	(16.68)
Total Deferred Inflows of Resources	375,234	498,471	367,220	(123,237)	(24.72)	131,251	35.74
Total Liabilities and Deferred Inflows of Resources	1,612,866	1,729,111	1,481,551	(116,245)	(6.72)	247,560	16.71
Net Investment in Capital Assets	35,603,571	35,688,002	35,873,151	(84,431)	(0.24)	(185,149)	(0.52)
Restricted - Pension	-	200,587	150,489	(200,587)	(100.00)	50,098	33.29
Unrestricted	10,997,674	10,293,307	9,828,884	704,367	6.84	464,423	4.73
Sewer Utility Net Position	\$ 46,601,245	\$ 46,181,896	\$ 45,852,524	\$ 419,349	0.91 %	\$ 329,372	0.72 %

In review of Table 3, the Sewer Utility's net position increased by \$419,349 to \$46,601,245, or 0.91%, from 2022 to 2023. This increase in net position is primarily due to interest earned on cash and investments.

The Sewer Utility's net position increased by \$329,372 to \$46,181,896 from 2021 to 2022, an increase of 0.72%. 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, 2023 and 2022

Table 4
Condensed Statements of Revenues, Expenses and Changes in Net Position – Utility Totals
2023, 2022, and 2021

	2023	2022	Restated 2021	2023 vs. 2022		2022 vs. 2021	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Operating Revenues:							
Retail metered sales	\$ 11,622,661	\$ 10,981,368	\$ 10,840,128	\$ 641,293	5.84 %	\$ 141,240	1.30 %
Sales for resale	4,027,229	3,789,438	3,799,719	237,791	6.28	(10,281)	(0.27)
Unmetered sales	11,806	8,698	12,135	3,108	35.73	(3,437)	(28.32)
Private fire protection	219,737	213,250	210,350	6,487	3.04	2,900	1.38
Public fire protection	1,277,291	1,263,225	1,253,328	14,066	1.11	9,897	0.79
Interest and penalties	115,738	113,862	114,135	1,876	1.65	(273)	(0.24)
Rents from water property	411,212	350,318	366,074	60,894	17.38	(15,756)	(4.30)
Miscellaneous	120,588	78,969	78,339	41,619	52.70	630	0.80
Total Operating Revenues	17,806,262	16,799,128	16,674,208	1,007,134	6.00	124,920	0.75
Nonoperating Revenues:							
Investment and interest income	1,884,323	581,761	52,732	1,302,562	223.90	529,029	1,003.24
Total Nonoperating Revenues	1,884,323	581,761	52,732	1,302,562	223.90	529,029	1,003.24
Total Revenues	19,690,585	17,380,889	16,726,940	2,309,696	13.29	653,949	3.91
Operation and Maintenance Expense							
Amortization Expense	9,425,126	8,065,621	7,713,325	1,359,505	16.86	352,296	4.57
Depreciation Expense	10,432	10,432	10,432	-	-	-	-
Taxes Expense	3,286,854	3,162,665	3,138,537	124,189	3.93	24,128	0.77
Nonoperating Expenses	1,823,424	1,798,882	1,958,642	24,542	1.36	(159,760)	(8.16)
Total Expenses	14,868,414	13,313,240	13,107,739	1,555,174	11.68	205,501	1.57
Income Before Capital Contributions							
Contributions	4,822,171	4,067,649	3,619,201	754,522	18.55	448,448	12.39
Capital Contributions	577,243	317,903	415,547	259,340	81.58	(97,644)	(23.50)
Changes in Total Net Position	5,399,414	4,385,552	4,034,748	1,013,862	23.12	350,804	8.69
Beginning Total Net Position	135,902,466	131,516,914	127,267,414	4,385,552	3.33	4,249,500	3.34
Restatement to beginning net position	-	-	214,752	-	-	(214,752)	(100.00)
Ending Total Net Position	\$ 141,301,880	\$ 135,902,466	\$ 131,516,914	\$ 5,399,414	3.97 %	\$ 4,385,552	3.33 %

Operating revenues for the Utility increased by \$1,007,134, or 6.00%, for 2023 due to an increase in the volume of water sold and a Milwaukee Metropolitan Sewerage District rate increase effective January 1, 2023.

Nonoperating revenues increased by \$1,302,562, or 223.90%, primarily as a result of higher interest rates and other investment income. Operation and maintenance expense increased by \$1,359,505, or 16.68%, largely due to increased expenses for pensions and other postemployment benefits. Depreciation and amortization expense increased by \$124,189, or 3.93%, in 2023 due to additional capital assets placed in service during the year.

Capital asset additions also resulted in an increase in taxes expense by \$24,542 or 1.36%, for 2023.

Nonoperating expenses increased by \$46,938, or 17.03%, as a result of increased interest expense. The increase of \$259,340 in capital contributions is mainly from the increase in developer-funded projects entered into service during 2023.

See accompanying independent auditors' report.

OAK CREEK WATER AND SEWER UTILITY

Management's Discussion and Analysis

Years Ended December 31, 2023 and 2022

The Utility's operating revenues 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. Operation and maintenance expense increased by \$352,296, or 4.57%, primarily due to a normal year of inflation. Depreciation and amortization expense increased by \$24,128, or 0.77%, in 2022 due to certain 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. 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.

Table 5
Condensed Statements of Revenues, Expenses and Changes in Net Position – Water Utility
2023, 2022, and 2021

	2023	2022	Restated 2021	2023 vs. 2022		2022 vs. 2021	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Operating Revenues:							
Retail metered sales	\$ 6,509,664	\$ 6,184,309	\$ 6,080,960	\$ 325,355	5.26 %	\$ 103,349	1.70 %
Sales for resale	4,027,229	3,789,438	3,799,719	237,791	6.28	(10,281)	(0.27)
Unmetered sales	11,806	8,698	12,135	3,108	35.73	(3,437)	(28.32)
Private fire protection	219,737	213,250	210,350	6,487	3.04	2,900	1.38
Public fire protection	1,277,291	1,263,225	1,253,328	14,066	1.11	9,897	0.79
Interest and penalties	64,836	65,340	64,515	(504)	(0.77)	825	1.28
Rents from water property	411,212	350,318	366,074	60,894	17.38	(15,756)	(4.30)
Miscellaneous	66,894	75,643	66,058	(8,749)	(11.57)	9,585	14.51
Total Operating Revenues	12,588,669	11,950,221	11,853,139	638,448	5.34	97,082	0.82
Nonoperating Revenues:							
Investment and interest income	1,545,616	487,350	44,220	1,058,266	217.15	443,130	1,002.10
Total Nonoperating Revenues	1,545,616	487,350	44,220	1,058,266	217.15	443,130	1,002.10
Total Revenues	14,134,285	12,437,571	11,897,359	1,696,714	13.64	540,212	4.54

See accompanying independent auditors' report.

OAK CREEK WATER AND SEWER UTILITY

Management's Discussion and Analysis

Years Ended December 31, 2023 and 2022

Table 5 (continued)

	2023	2022	Restated 2021	2023 vs. 2022		2022 vs. 2021	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Operation and Maintenance Expense	4,901,775	3,950,064	3,799,805	951,711	24.09	150,259	3.95
Amortization Expense	10,432	10,432	10,432	-	-	-	-
Depreciation Expense	2,706,825	2,564,396	2,548,945	142,429	5.55	15,451	0.61
Taxes Expense	1,780,737	1,752,963	1,915,500	27,774	1.58	(162,537)	(8.49)
Nonoperating Expenses	322,578	275,640	286,803	46,938	17.03	(11,163)	(3.89)
Total Expenses	9,722,347	8,553,495	8,561,485	1,168,852	13.67	(7,990)	(0.09)
Income (Loss) Before Capital Contributions	4,411,938	3,884,076	3,335,874	527,862	13.59	548,202	16.43
Capital Contributions	568,127	172,104	367,429	396,023	230.11	(195,325)	(53.16)
Changes in Total Net Position	4,980,065	4,056,180	3,703,303	923,885	22.78	352,877	9.53
Beginning Total Net Position	89,720,570	85,664,390	81,746,335	4,056,180	4.73	3,918,055	4.79
Restatement to beginning net position	-	-	214,752	-	-	(214,752)	(100.00)
Ending Total Net Position	<u>\$ 94,700,635</u>	<u>\$ 89,720,570</u>	<u>\$ 85,664,390</u>	<u>\$ 4,980,065</u>	<u>5.55 %</u>	<u>\$ 4,056,180</u>	<u>4.73 %</u>

Operating revenues for the Water Utility increased by \$638,448, or 5.34%, for 2023 primarily due to greater water usage overall. Nonoperating revenues increased by \$1,058,266, or 217.15%, mostly from greater investment and interest income. Operation and maintenance expense increased by \$951,711, or 24.09%, mainly from an increase in expenses for pensions and other postemployment benefits and an increased staffing costs. Depreciation and amortization expense increased by \$142,429, or 5.55%, due to additional capital assets placed in service during the year. Taxes expense increased by \$27,774, or 1.58%, due to increases in the tax rate and assessment ratio for 2023. Nonoperating expenses increased by \$46,938, or 17.03%, mostly as a result of increased interest expense. Capital contributions increased by \$396,023, or 230.11%, from the prior year due to more developer funded projects entered into service during 2023.

The Water Utility's operating revenues 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. Operation and maintenance expense increased by \$150,259, or 3.95%, mainly from normal year to year inflation. 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. 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.

See accompanying independent auditors' report.

OAK CREEK WATER AND SEWER UTILITY

Management's Discussion and Analysis

Years Ended December 31, 2023 and 2022

Table 6
Condensed Statements of Revenues, Expenses and Changes in Net Position – Sewer Utility
2023, 2022, and 2021

	2023	2022	Restated 2021	2023 vs. 2022		2022 vs. 2021	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Operating Revenues:							
Retail metered sales	\$ 5,112,997	\$ 4,797,059	\$ 4,759,168	\$ 315,938	6.59 %	\$ 37,891	0.80 %
Interest and penalties	50,902	48,522	49,620	2,380	4.90	(1,098)	(2.21)
Miscellaneous	53,694	3,326	12,281	50,368	1,514.37	(8,955)	(72.92)
Total Operating Revenues	<u>5,217,593</u>	<u>4,848,907</u>	<u>4,821,069</u>	<u>368,686</u>	<u>7.60</u>	<u>27,838</u>	<u>0.58</u>
Nonoperating Revenues:							
Investment and interest income	338,707	94,411	8,512	244,296	258.76	85,899	1,009.15
Total Nonoperating Revenues	<u>338,707</u>	<u>94,411</u>	<u>8,512</u>	<u>244,296</u>	<u>258.76</u>	<u>85,899</u>	<u>1,009.15</u>
Total Revenues	<u>5,556,300</u>	<u>4,943,318</u>	<u>4,829,581</u>	<u>612,982</u>	<u>12.40</u>	<u>113,737</u>	<u>2.36</u>
Operation and Maintenance Expense	4,523,351	4,115,557	3,913,520	407,794	9.91	202,037	5.16
Depreciation Expense	580,029	598,269	589,592	(18,240)	(3.05)	8,677	1.47
Taxes Expense	42,687	45,919	43,142	(3,232)	(7.04)	2,777	6.44
Total Expenses	<u>5,146,067</u>	<u>4,759,745</u>	<u>4,546,254</u>	<u>386,322</u>	<u>8.12</u>	<u>213,491</u>	<u>4.70</u>
Income Before Capital Contributions	410,233	183,573	283,327	226,660	123.47	(99,754)	(35.21)
Capital Contributions	<u>9,116</u>	<u>145,799</u>	<u>48,118</u>	<u>(136,683)</u>	<u>(93.75)</u>	<u>97,681</u>	<u>203.00</u>
Changes in Total Net Position	419,349	329,372	331,445	89,977	27.32	(2,073)	(0.63)
Beginning 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>
Ending Total Net Position	<u>\$ 46,601,245</u>	<u>\$ 46,181,896</u>	<u>\$ 45,852,524</u>	<u>\$ 419,349</u>	<u>0.91 %</u>	<u>\$ 329,372</u>	<u>0.72 %</u>

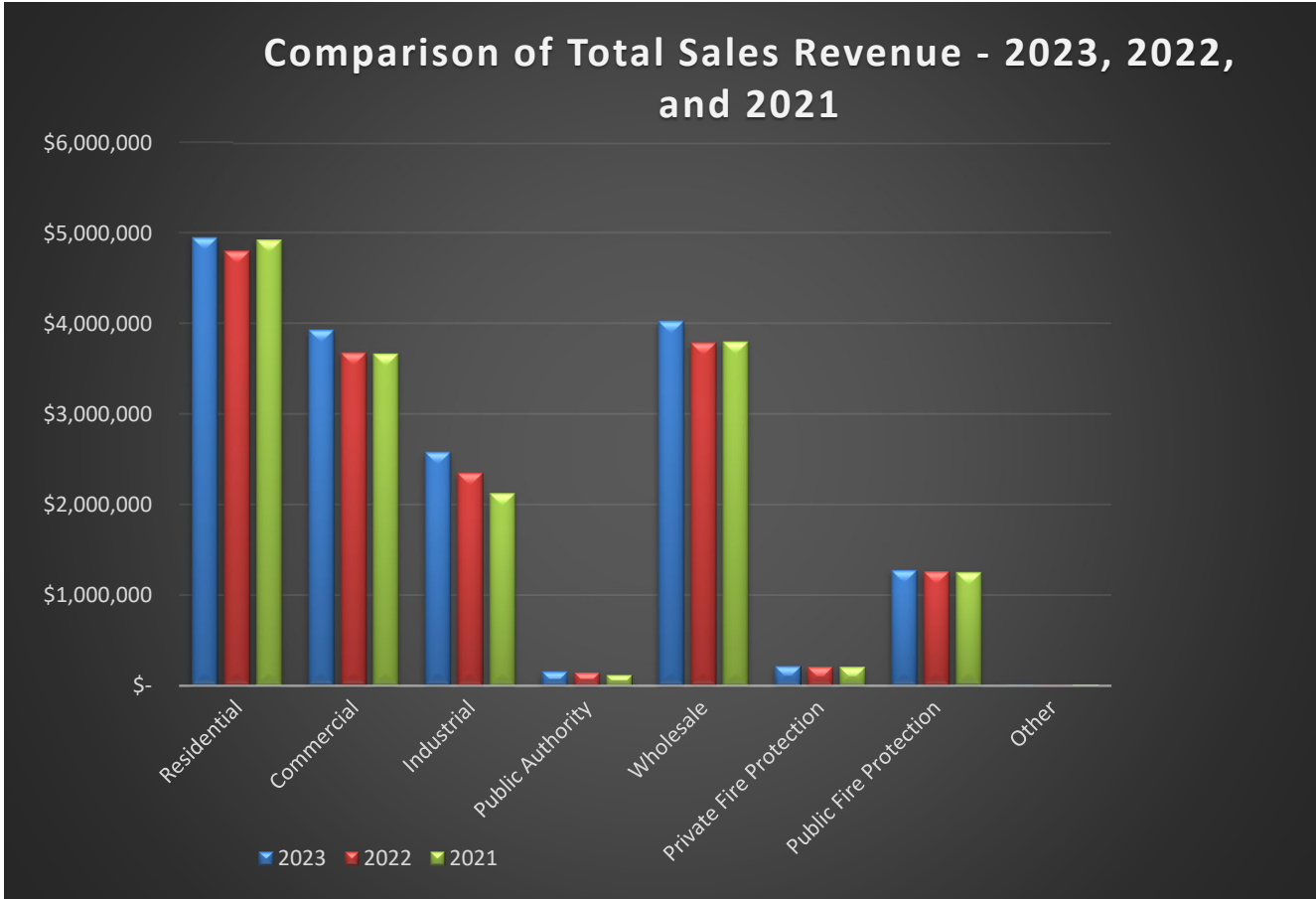
Operating revenues for the Sewer Utility increased by \$368,686, or 7.60%, mainly due to higher usage and an increase in Milwaukee Metropolitan Sewerage District rates which became effective January 1, 2023. Nonoperating revenues increased by \$244,296, or 258.76%, as a result of higher investment and interest income. Operation and maintenance expense increased by \$407,794, or 9.91%, due to greater sewer user charges paid to Milwaukee Metropolitan Sewerage District in 2023, along with a slight increase in sanitary sewer collection volume. Depreciation expense decreased by \$18,240, or 3.05%, due to fewer capital assets placed in service during the year and taxes expense decreased by \$3,232, or 7.04%. Capital contributions decreased by \$136,683, or 93.75% as a result of fewer developer funded projects entered into service during 2023.

The Sewer Utility's operating revenues 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. Operation and maintenance expense increased by \$202,037, or 5.16%, due to greater sewer user charges paid to Milwaukee Metropolitan Sewerage District in 2022. Depreciation expense increased by \$8,677, or 1.47%, due to capital asset additions; and taxes expense increased by \$2,777, or 6.44%. Capital contributions increased by \$97,681, or 203.00% as a result of more developer funded projects entered into service during 2022.

See accompanying independent auditors' report.

Management’s Discussion and Analysis
Years Ended December 31, 2023 and 2022

The following graph shows a comparison of total sales revenue for 2023, 2022, and 2021.



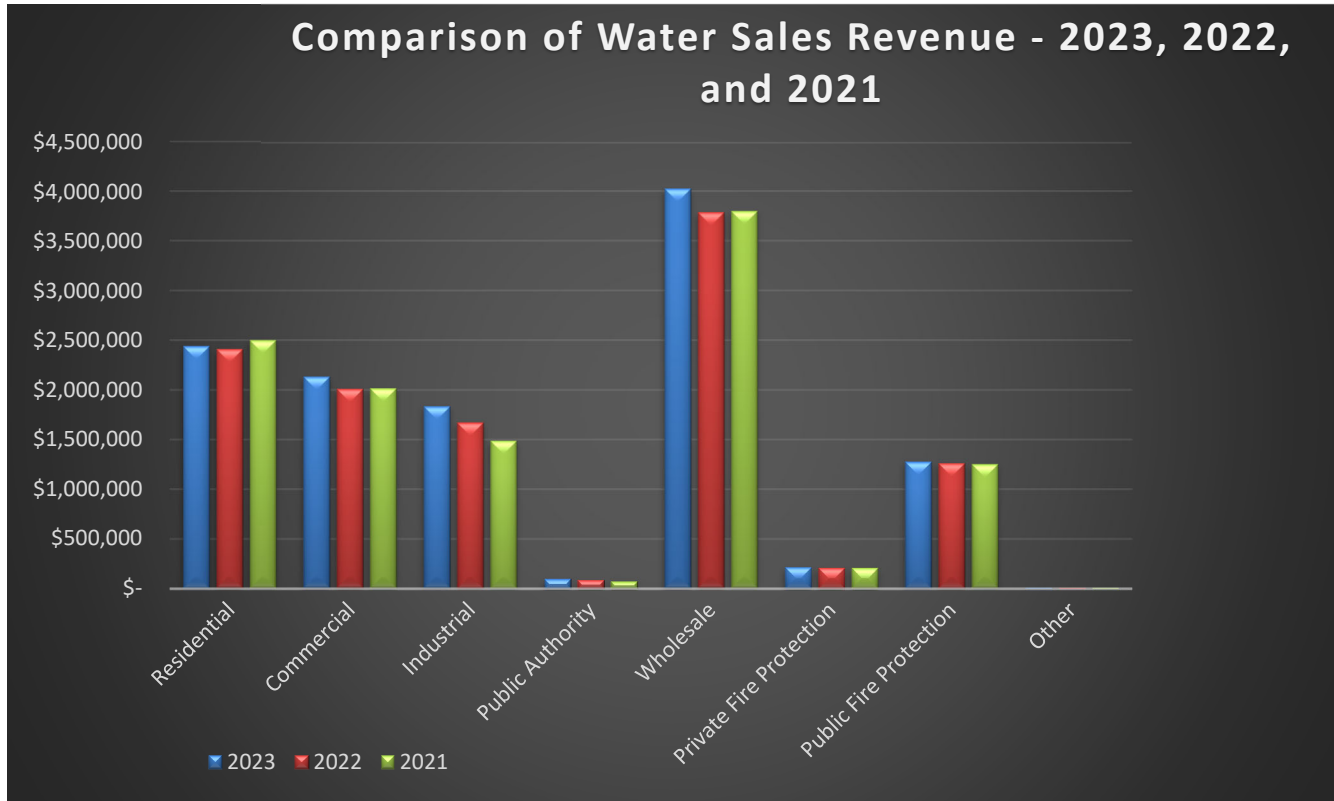
Overall, total sales revenues increased by \$902,745, or 5.55%, in 2023, which is mostly due to greater water usage and an increase in Milwaukee Metropolitan Sewerage District rates that became effective January 1, 2023. Water and local sanitary sewer rates remained unchanged from 2022 to 2023.

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.

See accompanying independent auditors’ report.

Management’s Discussion and Analysis
Years Ended December 31, 2023 and 2022

The following graph shows a comparison of water sales revenues for 2023, 2022, and 2021.



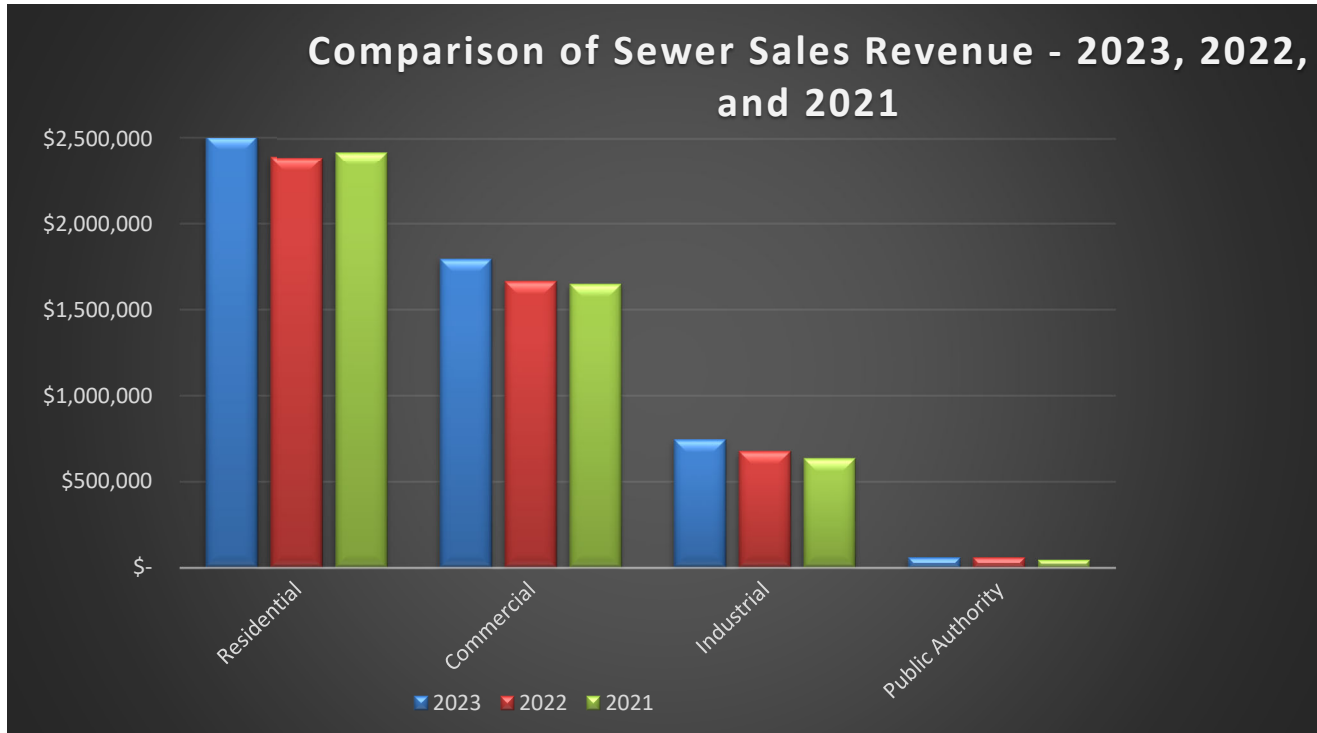
Sales of water services increased by \$586,807, or 5.12%, for 2023. This increase in sales revenue is a result of an overall increase in water usage. Water rates remained unchanged from 2022 to 2023.

Water sales revenue 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.

See accompanying independent auditors’ report.

Management’s Discussion and Analysis
Years Ended December 31, 2023 and 2022

The following graph shows a comparison of sewer sales revenue for 2023, 2022, and 2021.



Sales of sewer services increased by \$315,938, or 6.59%, in 2023 and increased by \$37,891, or 0.80%, in 2022. These increases are mostly due to higher usage and annual adjustments in the Milwaukee Metropolitan Sewerage District charges.

Sewer sales revenue 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.

CASH FLOWS

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

See accompanying independent auditors’ report.

OAK CREEK WATER AND SEWER UTILITY

Management's Discussion and Analysis

Years Ended December 31, 2023 and 2022

Table 7
Condensed Statements of Cash Flows – Utility Totals
2023, 2022, and 2021

	2023	2022	Restated 2021	2023 vs. 2022		2022 vs. 2021	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Cash Flows From:							
Operating activities	\$ 6,355,227	\$ 6,961,692	\$ 6,120,967	\$ (606,465)	(8.71) %	\$ 840,725	13.74 %
Capital and related financing activities	(6,969,051)	(3,412,032)	(4,129,375)	(3,557,019)	104.25	717,343	(17.37)
Noncapital and related financing activities	219,667	218,923	193,265	744	0.34	25,658	13.28
Investing activities	1,884,606	956,613	2,505,049	927,993	97.01	(1,548,436)	(61.81)
Net Change in Cash and Cash Equivalents	1,490,449	4,725,196	4,689,906	(3,234,747)	(68.46)	35,290	0.75
Cash and Cash Equivalents - Beginning of Year	38,338,028	33,612,832	28,922,926	4,725,196	14.06	4,689,906	16.22
Cash and Cash Equivalents - End of Year	\$ 39,828,477	\$ 38,338,028	\$ 33,612,832	\$ 1,490,449	3.89 %	\$ 4,725,196	14.06 %

Table 8
Condensed Statements of Cash Flows – Water Utility
2023, 2022, and 2021

	2023	2022	Restated 2021	2023 vs. 2022		2022 vs. 2021	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Cash Flows From:							
Operating activities	\$ 5,790,681	\$ 6,325,794	\$ 5,756,487	\$ (535,113)	(8.46) %	\$ 569,307	9.89 %
Capital and related financing activities	(6,519,992)	(3,077,404)	(3,406,276)	(3,442,588)	111.87	328,872	(9.65)
Investing activities	1,546,461	855,799	216,049	690,662	80.70	639,750	296.11
Net Change in Cash and Cash Equivalents	817,150	4,104,189	2,566,260	(3,287,039)	(80.09)	1,537,929	59.93
Cash and Cash Equivalents - Beginning of Year	29,857,481	25,753,292	23,187,032	4,104,189	15.94	2,566,260	11.07
Cash and Cash Equivalents - End of Year	\$ 30,674,631	\$ 29,857,481	\$ 25,753,292	\$ 817,150	2.74 %	\$ 4,104,189	15.94 %

See accompanying independent auditors' report.

OAK CREEK WATER AND SEWER UTILITY

Management's Discussion and Analysis

Years Ended December 31, 2023 and 2022

Table 9
Condensed Statements of Cash Flows – Sewer Utility
2023, 2022, and 2021

	2023	2022	2021	2023 vs. 2022		2022 vs. 2021	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Cash Flows From:							
Operating activities	\$ 564,546	\$ 635,898	\$ 364,480	\$ (71,352)	(11.22) %	\$ 271,418	74.47 %
Capital and related financing activities	(449,059)	(334,628)	(723,099)	(114,431)	(34.20)	388,471	(53.72)
Noncapital and related financing activities	219,667	218,923	193,265	744	(0.34)	25,658	13.28
Investing activities	338,145	100,814	2,289,000	237,331	235.41	(2,188,186)	(95.60)
Net Change in Cash and Cash Equivalents	673,299	621,007	2,123,646	52,292	8.42	(1,502,639)	(70.76)
Cash and Cash Equivalents - Beginning of Year	8,480,547	7,859,540	5,735,894	621,007	7.90	2,123,646	37.02
Cash and Cash Equivalents - End of Year	\$ 9,153,846	\$ 8,480,547	\$ 7,859,540	\$ 673,299	7.94 %	\$ 621,007	7.90 %

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
2023, 2022, and 2021

	2023	2022	2021	2023 vs. 2022		2022 vs. 2021	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Source of supply plant	\$ 7,116,586	\$ 7,116,586	\$ 7,064,286	\$ -	- %	\$ 52,300	0.74 %
Pumping plant	9,612,297	9,121,407	9,029,293	490,890	5.38	92,114	1.02
Water treatment plant	26,334,645	26,056,130	25,693,196	278,515	1.07	362,934	1.41
Transmission and distribution plant	80,397,074	78,384,226	77,473,922	2,012,848	2.57	910,304	1.17
Collecting system - intangible	16,175	16,175	16,175	-	-	-	-
Collecting system - pumping equipment	216,164	216,164	216,164	-	-	-	-
Collecting system - other	48,555,809	48,555,809	47,723,818	-	-	831,991	1.74
General plant - intangible	69,544	69,544	69,544	-	-	-	-
General plant - other	6,195,984	5,980,575	5,597,221	215,409	3.60	383,354	6.85
Total Capital Assets	178,514,278	175,516,616	172,883,619	2,997,662	1.71	2,632,997	1.52
Accumulated amortization	(44,926)	(34,494)	(24,062)	(10,432)	30.24	(10,432)	43.35
Accumulated depreciation	(67,609,614)	(64,466,436)	(61,475,492)	(3,143,178)	4.88	(2,990,944)	4.87
Construction in progress	4,250,441	1,239,083	2,189,146	3,011,358	243.03	(950,063)	(43.40)
Net Capital Assets	\$ 115,110,179	\$ 112,254,769	\$ 113,573,211	\$ 2,855,410	2.54 %	\$ (1,318,442)	(1.16) %

See accompanying independent auditors' report.

OAK CREEK WATER AND SEWER UTILITY

Management's Discussion and Analysis

Years Ended December 31, 2023 and 2022

The Utility's capital assets increased by \$2,997,662, or 1.71%, in 2023. This increase is from a combination of Utility funded capital asset additions of \$2,644,429 and developer funded contributions of \$548,271, less retirements and sales of \$195,038. Construction in progress increased by \$3,011,358, or 243.03%, due to more project activity.

Total capital assets increased by \$2,632,997, or 1.52%, in 2022. This increase is from a combination of Utility funded capital asset additions of \$2,839,557, less retirements and sales of \$206,560. Construction in progress decreased by \$950,063, or 43.40%, mostly due to several projects being closed out.

Table 11
Capital Assets – Water Utility
2023, 2022, and 2021

	2023	2022	2021	2023 vs. 2022		2022 vs. 2021	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Source of supply plant	\$ 7,116,586	\$ 7,116,586	\$ 7,064,286	\$ -	- %	\$ 52,300	0.74 %
Pumping plant	9,612,297	9,121,407	9,029,293	490,890	5.38	92,114	1.02
Water treatment plant	26,334,645	26,056,130	25,693,196	278,515	1.07	362,934	1.41
Transmission and distribution plant	80,397,074	78,384,226	77,473,922	2,012,848	2.57	910,304	1.17
General plant - intangible	69,544	69,544	69,544	-	-	-	-
General plant - other	5,527,111	5,341,362	5,001,469	185,749	3.48	339,893	6.80
Total Capital Assets	129,057,257	126,089,255	124,331,710	2,968,002	2.35	1,757,545	1.41
Accumulated amortization	(44,926)	(34,494)	(24,062)	(10,432)	30.24	(10,432)	43.35
Accumulated depreciation	(53,142,498)	(50,529,140)	(48,079,042)	(2,613,358)	5.17	(2,450,098)	5.10
Construction in progress	3,586,126	1,030,652	1,428,096	2,555,474	247.95	(397,444)	(27.83)
Net Capital Assets	\$ 79,455,959	\$ 76,556,273	\$ 77,656,702	\$ 2,899,686	3.79 %	\$ (1,100,429)	(1.42) %

The Water Utility's capital assets increased by \$2,968,002, or 2.35%, in 2023. This increase is from a combination of Utility funded capital asset additions of \$2,614,769 and developer funded contributions of \$548,271, less retirements and sales of \$195,038. Construction in progress increased by \$2,555,474, or 247.95%, due to more project activity.

The Water Utility's total capital assets increased by \$1,757,545, or 1.41%, in 2022. This increase is from a combination of Utility funded capital asset additions of \$1,958,070, less retirements and sales of \$200,525. Construction in progress increased by \$397,444, or 27.83%, due to several larger projects being closed out.

See accompanying independent auditors' report.

OAK CREEK WATER AND SEWER UTILITY

Management's Discussion and Analysis

Years Ended December 31, 2023 and 2022

Table 12
Capital Assets – Sewer Utility
2023, 2022, and 2021

	2023	2022	2021	2023 vs. 2022		2022 vs. 2021	
				Dollar Change	Percent Change	Dollar Change	Percent Change
Collecting system - intangible	\$ 16,175	\$ 16,175	\$ 16,175	\$ -	- %	\$ -	- %
Collecting system - pumping equipment	216,164	216,164	216,164	-	-	-	-
Collecting system - other	48,555,809	48,555,809	47,723,818	-	-	831,991	1.74
General plant	668,873	639,213	595,752	29,660	4.64	43,461	7.30
Total Capital Assets	49,457,021	49,427,361	48,551,909	29,660	0.06	875,452	1.80
Accumulated depreciation	(14,467,116)	(13,937,296)	(13,396,450)	(529,820)	3.80	(540,846)	4.04
Construction in progress	664,315	208,431	761,050	455,884	218.72	(552,619)	(72.61)
Net Capital Assets	\$ 35,654,220	\$ 35,698,496	\$ 35,916,509	\$ (44,276)	(0.12) %	\$ (218,013)	(0.61) %

Capital assets for the Sewer Utility increased by \$29,660, or 0.06%, in 2023. This increase is solely from Utility funded capital asset additions of \$29,660. Construction in progress increased by \$455,884 in 2023, up from \$208,431 in 2022. This increase is mainly due to more project activity.

The Sewer Utility's total capital assets increased by \$875,452, or 1.80%, in 2022. This increase is from a combination of Utility funded capital asset additions of \$881,487, less retirements and sales of \$6,035. Construction in progress decreased by \$552,619 in 2022, down from \$761,050 in 2021. This decrease is mainly due to several projects being closed out.

LONG-TERM DEBT

As of December 31, 2023 and 2022, the Utility had total revenue bond debt outstanding of \$11,259,242 and \$12,419,609, 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, 2023 and 2022, respectively, in the amounts of \$11,259,242 and \$12,419,609. 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, 2023 and 2022, respectively, were \$1,348,899 and \$1,568,566.

The Sewer Utility had no outstanding debt as of December 31, 2023 and 2022, respectively.

See accompanying independent auditors' report.

Management's Discussion and Analysis

Years Ended December 31, 2023 and 2022

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.

ECONOMIC FACTORS AND FUTURE PLANNING

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.

CONTACTING UTILITY'S FINANCIAL MANAGEMENT

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, Finance & Accounting Manager 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, 2023 and 2022

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 29,496,806	\$ 28,722,216	\$ 9,153,846	\$ 8,480,547	\$ 38,650,652	\$ 37,202,763
Accounts receivable						
Customer	1,141,900	1,145,000	762,616	721,012	1,904,516	1,866,012
Unbilled	1,094,687	1,100,217	357,158	342,092	1,451,845	1,442,309
Other	19,010	1,416	-	-	19,010	1,416
Lease receivable	432,368	339,515	-	-	432,368	339,515
Inventory	138,365	111,607	-	-	138,365	111,607
Due from Water Utility - accrued interest receivable	-	-	3,121	2,559	3,121	2,559
Due from Water Utility - advance	-	-	220,414	219,667	220,414	219,667
Due from Primary Government	-	-	316,809	344,958	316,809	344,958
Restricted assets						
Revenue bond redemption account	561,280	552,720	-	-	561,280	552,720
Total Current Assets	32,884,416	31,972,691	10,813,964	10,110,835	43,698,380	42,083,526
Noncurrent Assets						
Restricted Assets						
Revenue bond reserve account	565,545	565,545	-	-	565,545	565,545
Revenue bond depreciation account	51,000	17,000	-	-	51,000	17,000
Net pension asset	-	802,363	-	200,587	-	1,002,950
Total Restricted Assets	616,545	1,384,908	-	200,587	616,545	1,585,495
Other Assets						
Property held for future use	5,000	5,000	-	-	5,000	5,000
Lease receivable	13,777,571	10,521,104	-	-	13,777,571	10,521,104
Due from Water Utility - advance	-	-	1,128,485	1,348,899	1,128,485	1,348,899
Special assessments	349,146	394,430	11,753	15,230	360,899	409,660
Total Other Assets	14,131,717	10,920,534	1,140,238	1,364,129	15,271,955	12,284,663
Capital Assets						
Land and land rights	295,050	295,050	13,145	13,145	308,195	308,195
Intangible assets	69,544	69,544	16,175	16,175	85,719	85,719
Plant in service	128,692,663	125,724,661	49,427,701	49,398,041	178,120,364	175,122,702
Construction work in progress	3,586,126	1,030,652	664,315	208,431	4,250,441	1,239,083
Accumulated amortization	(44,926)	(34,494)	-	-	(44,926)	(34,494)
Accumulated depreciation	(53,142,498)	(50,529,140)	(14,467,116)	(13,937,296)	(67,609,614)	(64,466,436)
Net Capital Assets	79,455,959	76,556,273	35,654,220	35,698,496	115,110,179	112,254,769
Total Noncurrent Assets	94,204,221	88,861,715	36,794,458	37,263,212	130,998,679	126,124,927
Total Assets	127,088,637	120,834,406	47,608,422	47,374,047	174,697,059	168,208,453
DEFERRED OUTFLOWS OF RESOURCES						
Unamortized loss on advance refunding of revenue bonds	158,836	178,899	-	-	158,836	178,899
Deferred outflows related to pension	2,036,527	1,652,624	509,132	413,160	2,545,659	2,065,784
Deferred outflows related to other postemployment benefits	389,293	497,253	96,557	123,800	485,850	621,053
Total Deferred Outflows of Resources	2,584,656	2,328,776	605,689	536,960	3,190,345	2,865,736
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	129,673,293	123,163,182	48,214,111	47,911,007	177,887,404	171,074,189

See accompanying notes to financial statements.

OAK CREEK WATER AND SEWER UTILITY
Statements of Net Position
As of December 31, 2023 and 2022

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2023	2022	2023	2022	2023	2022
<i>(continued)</i>						
LIABILITIES						
Current Liabilities						
Accounts payable	546,080	898,342	660,331	720,428	1,206,411	1,618,770
Accrued payroll	50,095	44,322	1,168	1,675	51,263	45,997
Due to Sewer Utility - accrued interest payable	3,121	2,559	-	-	3,121	2,559
Due to Sewer Utility - advance	220,414	219,667	-	-	220,414	219,667
Due to Primary Government	1,363,428	1,239,552	-	-	1,363,428	1,239,552
Compensated absences	61,153	52,581	-	-	61,153	52,581
Payable from restricted assets						
Revenue bonds payable	1,190,493	1,160,367	-	-	1,190,493	1,160,367
Accrued interest payable	30,118	32,892	-	-	30,118	32,892
Total Current Liabilities	3,464,902	3,650,282	661,499	722,103	4,126,401	4,372,385
Noncurrent Liabilities						
Net other postemployment benefits liability	1,793,850	2,034,144	448,545	508,537	2,242,395	2,542,681
Net pension liability	510,360	-	127,588	-	637,948	-
Pollution remediation obligation	2,295,600	2,295,600	-	-	2,295,600	2,295,600
Due to Sewer Utility - advance	1,128,485	1,348,899	-	-	1,128,485	1,348,899
Revenue bonds payable	10,068,749	11,259,242	-	-	10,068,749	11,259,242
Total Noncurrent Liabilities	15,797,044	16,937,885	576,133	508,537	16,373,177	17,446,422
TOTAL LIABILITIES	19,261,946	20,588,167	1,237,632	1,230,640	20,499,578	21,818,807
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension	1,177,118	1,929,865	294,277	482,465	1,471,395	2,412,330
Deferred inflows related to other postemployment benefits	323,655	63,961	80,957	16,006	404,612	79,967
Deferred inflows related to leases	14,209,939	10,860,619	-	-	14,209,939	10,860,619
Total Deferred Inflows of Resources	15,710,712	12,854,445	375,234	498,471	16,085,946	13,352,916
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	34,972,658	33,442,612	1,612,866	1,729,111	36,585,524	35,171,723
NET POSITION						
Net investment in capital assets	68,015,160	63,955,607	35,603,571	35,688,002	103,618,731	99,643,609
Restricted						
Revenue bond redemption	531,162	519,828	-	-	531,162	519,828
Revenue bond reserve	565,545	565,545	-	-	565,545	565,545
Revenue bond depreciation	51,000	17,000	-	-	51,000	17,000
Pension	-	802,363	-	200,587	-	1,002,950
Unrestricted	25,537,768	23,860,227	10,997,674	10,293,307	36,535,442	34,153,534
TOTAL NET POSITION	\$ 94,700,635	\$ 89,720,570	\$ 46,601,245	\$ 46,181,896	\$ 141,301,880	\$ 135,902,466

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, 2023 and 2022

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2023	2022	2023	2022	2023	2022
Operating Revenues						
Retail metered sales						
Residential	\$ 2,442,038	\$ 2,411,761	\$ 2,507,383	\$ 2,389,272	\$ 4,949,421	\$ 4,801,033
Commercial	2,133,718	2,011,040	1,797,220	1,667,876	3,930,938	3,678,916
Industrial	1,834,876	1,672,271	747,726	679,545	2,582,602	2,351,816
Public authority	99,032	89,237	60,668	60,366	159,700	149,603
Total retail metered sales	6,509,664	6,184,309	5,112,997	4,797,059	11,622,661	10,981,368
Sales for resale	4,027,229	3,789,438	-	-	4,027,229	3,789,438
Unmetered sales	11,806	8,698	-	-	11,806	8,698
Private fire protection	219,737	213,250	-	-	219,737	213,250
Public fire protection	1,277,291	1,263,225	-	-	1,277,291	1,263,225
Interest and penalties	64,836	65,340	50,902	48,522	115,738	113,862
Water property leases	411,212	350,318	-	-	411,212	350,318
Miscellaneous	66,894	75,643	53,694	3,326	120,588	78,969
Total Operating Revenues	12,588,669	11,950,221	5,217,593	4,848,907	17,806,262	16,799,128
Operating Expenses						
Operation and maintenance expenses						
Sewer user charge - Milwaukee Metropolitan Sewerage District	-	-	3,583,503	3,286,935	3,583,503	3,286,935
Source of supply						
Operation	55,804	53,090	-	-	55,804	53,090
Maintenance	4,490	3,910	-	-	4,490	3,910
Total source of supply	60,294	57,000	-	-	60,294	57,000
Pumping						
Operation	803,154	705,725	2,287	2,140	805,441	707,865
Maintenance	254,602	244,701	8,280	12,347	262,882	257,048
Total pumping	1,057,756	950,426	10,567	14,487	1,068,323	964,913
Water treatment						
Operation	785,404	726,353	-	-	785,404	726,353
Maintenance	298,555	306,362	-	-	298,555	306,362
Total water treatment	1,083,959	1,032,715	-	-	1,083,959	1,032,715
Transmission and distribution						
Operation	609,879	623,807	-	-	609,879	623,807
Maintenance	317,724	310,610	-	-	317,724	310,610
Total transmission and distribution	927,603	934,417	-	-	927,603	934,417
Collection						
Operation	-	-	252,602	263,809	252,602	263,809
Maintenance	-	-	111,696	98,245	111,696	98,245
Total collection	-	-	364,298	362,054	364,298	362,054

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, 2023 and 2022

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2023	2022	2023	2022	2023	2022
<i>(continued)</i>						
Operating Expenses						
Operation and maintenance expenses (cont.)						
Customer accounts						
Meter reading	\$ 13,339	\$ 11,832	\$ 12,298	\$ 11,517	\$ 25,637	\$ 23,349
Records and collection	123,389	110,521	63,501	58,850	186,890	169,371
Total customer accounts	136,728	122,353	75,799	70,367	212,527	192,720
Administration and general						
Operation	605,784	415,298	244,833	270,048	850,617	685,346
Maintenance	-	-	4,325	1,991	4,325	1,991
Pension and benefits	902,291	526,214	207,824	129,724	1,110,115	655,938
Other postemployment benefits	127,360	(88,359)	32,202	(20,049)	159,562	(108,408)
Total administration and general	1,635,435	853,153	489,184	381,714	2,124,619	1,234,867
Total operation and maintenance expenses	4,901,775	3,950,064	4,523,351	4,115,557	9,425,126	8,065,621
Amortization	10,432	10,432	-	-	10,432	10,432
Depreciation	2,706,825	2,564,396	580,029	598,269	3,286,854	3,162,665
Taxes	1,780,737	1,752,963	42,687	45,919	1,823,424	1,798,882
Total Operating Expenses	9,399,769	8,277,855	5,146,067	4,759,745	14,545,836	13,037,600
Operating Income (Loss)	3,188,900	3,672,366	71,526	89,162	3,260,426	3,761,528
Nonoperating Revenues (Expenses)						
Interest income	1,545,616	487,350	275,873	86,538	1,821,489	573,888
Interest income - Water Utility	-	-	62,834	7,873	62,834	7,873
Loss from merchandising and jobbing	(24,024)	(14,629)	-	-	(24,024)	(14,629)
Interest expense	(215,657)	(233,075)	-	-	(215,657)	(233,075)
Interest expense - Sewer Utility	(62,834)	(7,873)	-	-	(62,834)	(7,873)
Amortization	(20,063)	(20,063)	-	-	(20,063)	(20,063)
Total Nonoperating Revenues (Expenses)	1,223,038	211,710	338,707	94,411	1,561,745	306,121
Income (Loss) Before Capital Contributions	4,411,938	3,884,076	410,233	183,573	4,822,171	4,067,649
Capital Contributions	568,127	172,104	9,116	145,799	577,243	317,903
CHANGE IN NET POSITION	4,980,065	4,056,180	419,349	329,372	5,399,414	4,385,552
Net Position - Beginning of Year	89,720,570	85,664,390	46,181,896	45,852,524	135,902,466	131,516,914
Net Position - End of Year	\$ 94,700,635	\$ 89,720,570	\$ 46,601,245	\$ 46,181,896	\$ 141,301,880	\$ 135,902,466

See accompanying notes to financial statements.

OAK CREEK WATER AND SEWER UTILITY
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	WATER UTILITY		SEWER UTILITY		TOTALS	
	2023	2022	2023	2022	2023	2022
Cash Flows From Operating Activities						
Received from customers	\$ 12,394,893	\$ 11,519,760	\$ 5,159,217	\$ 4,724,287	\$ 17,554,110	\$ 16,244,047
Received from water property leases	411,212	350,318	-	-	411,212	350,318
Received for nonoperating activities	-	27,382	-	-	-	27,382
Paid for nonoperating activities	(24,024)	(42,011)	-	-	(24,024)	(42,011)
Received from other miscellaneous sources	66,894	75,643	-	3,326	66,894	78,969
Paid to Milwaukee Metropolitan Sewerage District for sewer user charges	-	-	(3,551,215)	(3,226,596)	(3,551,215)	(3,226,596)
Paid to Primary Government for tax equivalent	(1,755,271)	(1,892,737)	-	-	(1,755,271)	(1,892,737)
Paid to suppliers for goods and services	(3,458,669)	(1,936,610)	(649,382)	(460,177)	(4,108,051)	(2,396,787)
Paid to employees for operating payroll	(1,844,354)	(1,775,951)	(394,074)	(404,942)	(2,238,428)	(2,180,893)
Net Cash Flows From Operating Activities	5,790,681	6,325,794	564,546	635,898	6,355,227	6,961,692
Cash Flows From Capital and Related Financing Activities						
Acquisition and construction of capital assets	(4,950,960)	(1,714,632)	(471,391)	(361,732)	(5,422,351)	(2,076,364)
Proceeds received for acquisition and construction of capital assets	-	12,692	-	-	-	12,692
Special assessment proceeds	91,705	220,295	22,332	27,104	114,037	247,399
Principal payment to Sewer Utility - advance	(219,667)	(218,923)	-	-	(219,667)	(218,923)
Debt retired	(1,160,367)	(1,135,555)	-	-	(1,160,367)	(1,135,555)
Interest paid to Sewer Utility - advance	(62,272)	(5,542)	-	-	(62,272)	(5,542)
Interest paid	(218,431)	(235,739)	-	-	(218,431)	(235,739)
Net Cash Flows From Capital and Related Financing Activities	(6,519,992)	(3,077,404)	(449,059)	(334,628)	(6,969,051)	(3,412,032)
Cash Flows From Noncapital and Related Financing Activities						
Principal received from Water Utility - advance	-	-	219,667	218,923	219,667	218,923
Net Cash Flows From Noncapital and Related Financing Activities	-	-	219,667	218,923	219,667	218,923
Cash Flows From Investing Activities						
Proceeds from sale of investments	-	372,280	-	8,734	-	381,014
Interest received from Water Utility - advance	-	-	62,272	5,542	62,272	5,542
Interest received	1,546,461	483,519	275,873	86,538	1,822,334	570,057
Net Cash Flows From Investing Activities	1,546,461	855,799	338,145	100,814	1,884,606	956,613
NET CHANGE IN CASH AND CASH EQUIVALENTS	817,150	4,104,189	673,299	621,007	1,490,449	4,725,196
Cash and Cash Equivalents - Beginning of Year	29,857,481	25,753,292	8,480,547	7,859,540	38,338,028	33,612,832
Cash and Cash Equivalents - End of Year	\$ 30,674,631	\$ 29,857,481	\$ 9,153,846	\$ 8,480,547	\$ 39,828,477	\$ 38,338,028

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	
	2023	2022	2023	2022	2023	2022
<i>(continued)</i>						
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities						
Operating income (loss)	\$ 3,188,900	\$ 3,672,366	\$ 71,526	\$ 89,162	\$ 3,260,426	\$ 3,761,528
Nonoperating loss	(24,024)	(14,629)	-	-	(24,024)	(14,629)
Noncash items included in operating income						
Amortization	10,432	10,432	-	-	10,432	10,432
Depreciation	2,706,825	2,564,396	580,029	598,269	3,286,854	3,162,665
Depreciation charged to clearing and other utilities	101,570	86,537	(50,209)	(51,388)	51,361	35,149
Changes in assets and liabilities						
Customer accounts receivable	8,630	(77,676)	(56,670)	(31,479)	(48,040)	(109,155)
Other accounts receivable	(17,594)	2,034	-	2,188	(17,594)	4,222
Inventory	(26,758)	(27,876)	-	-	(26,758)	(27,876)
Pension related deferrals and asset	176,073	(195,748)	44,015	(48,931)	220,088	(244,679)
Due from Primary Government	(16,609)	-	(16,448)	(38,095)	(33,057)	(38,095)
Accounts payable	(466,655)	654,755	(39,392)	135,869	(506,047)	790,624
Accrued expenses	14,345	(8,471)	(507)	352	13,838	(8,119)
Other postemployment benefits related deferrals and liability	110,080	(88,359)	32,202	(20,049)	142,282	(108,408)
Due to Primary Government	25,466	(251,967)	-	-	25,466	(251,967)
Net Cash Flows From Operating Activities	\$ 5,790,681	\$ 6,325,794	\$ 564,546	\$ 635,898	\$ 6,355,227	\$ 6,961,692
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position						
Cash and cash equivalents	\$ 29,496,806	\$ 28,722,216	\$ 9,153,846	\$ 8,480,547	\$ 38,650,652	\$ 37,202,763
Restricted assets - current	561,280	552,720	-	-	561,280	552,720
Restricted assets - noncurrent	616,545	582,545	-	-	616,545	582,545
Total Cash, Investments and Restricted Assets	30,674,631	29,857,481	9,153,846	8,480,547	39,828,477	38,338,028
Less: Noncash Equivalents	-	-	-	-	-	-
Total Cash and Cash Equivalents	\$ 30,674,631	\$ 29,857,481	\$ 9,153,846	\$ 8,480,547	\$ 39,828,477	\$ 38,338,028
Noncash Investment and Capital and Related Financing Activities						
Cost of capital assets installed and/or financed by the primary government and developers	\$ 537,066	\$ 71,525	\$ -	\$ 117,793	\$ 654,859	\$ 189,318
Cost of capital assets financed by assessments of benefits to property owners	87,864	100,579	130,711	28,806	218,575	129,385

See accompanying notes to financial statements.

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

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.

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

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, but it is not the principal ongoing operations of the entity. 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, 2023 and 2022

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, 2023 there were \$628,757 deferred assessments of which \$386,959 relate to Water and \$241,798 relate to Sewer. At December 31, 2022 there were \$843,141 deferred assessments of which \$479,358 relate to Water and \$363,783 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
	2023	2022	
Water Plant			
Source of supply plant	\$ 7,116,586	\$ 7,116,586	34 - 60
Pumping plant	9,612,296	9,121,407	22 - 32
Water treatment plant	26,334,645	26,056,130	30 - 32
Transmission and distribution plant	80,397,075	78,384,226	18 - 77
General plant	5,596,655	5,410,906	3 - 35
Total Water Plant	<u>129,057,257</u>	<u>126,089,255</u>	
Sewer Plant			
Collecting system plant	48,555,809	48,555,809	17 - 100
Collecting system pumping plant	216,164	216,164	16 - 25
General plant	685,048	655,388	3 - 16
Total Sewer Plant	<u>49,457,021</u>	<u>49,427,361</u>	
Total Enterprise Fund Capital Assets	<u>\$178,514,278</u>	<u>\$ 175,516,616</u>	

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

Deferred Outflows of Resources

A deferred outflow of resources represent a consumption of net assets that applies to 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

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

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

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

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 recourses measurement focus and the accrual basis of accounting. This includes for purposes of measuring following:

- Net OPEB Liability,
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits, and
- OPEB Expense (Revenue).

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

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

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.

Pollution Remediation Obligations

As of December 31, 2023, 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, 2023, and 2022, 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.

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

Capital Contributions

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

Comparative Data

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

Effect of New Accounting Standards on Current Period Financial Statements

The GASB has approved Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*, Statement No. 101, *Compensated Absences*, and Statement No. 102, *Certain Risk Disclosures*. 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>2023</u>	<u>2022</u>	<u>Associated Risk</u>
Demand deposits	\$ 5,165,309	\$ 4,072,917	Custodial credit
Local Government Investment Pool	<u>34,663,168</u>	<u>34,265,111</u>	Credit
Total cash and investments	<u>\$ 39,828,477</u>	<u>\$ 38,338,028</u>	

Reconciliation of carrying balances to Statement of Net Position:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 38,650,652	\$ 37,202,763
Revenue bond redemption account	561,280	552,720
Revenue bond depreciation account	51,000	17,000
Revenue bond reserve account	<u>565,545</u>	<u>565,545</u>
Total Cash and Investments	<u>\$ 39,828,477</u>	<u>\$ 38,338,028</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, 2023 and 2022. 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, 2023 and 2022 are in the amounts of \$6,175,271 and \$5,970,701, respectively.

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

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.

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 34 and 14 days, respectively, for the years 2023 and 2022. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2023 and 2022, 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, 2023 and 2022, 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.

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

3. Due From/To Primary Government

The following schedule summarizes the Utility's "Due From and To Primary Government" balances as of December 31, 2023 and 2022:

Water	<u>2023</u>	<u>2022</u>
Due from Primary Government:		
Delinquent accounts transferred to tax roll	\$ 242,189	\$ 237,092
Developer billings	35,252	87,390
Locating municipal services	1,076	691
Special assessments	153,066	62,813
Subtotal	<u>431,583</u>	<u>387,986</u>
Due to Primary Government:		
Tax equivalent	(1,653,004)	(1,627,538)
Goods and services	(142,007)	-
Subtotal	<u>(1,795,011)</u>	<u>(1,627,538)</u>
Net Due to Primary Government	<u><u>\$(1,363,428)</u></u>	<u><u>\$ (1,239,552)</u></u>
Sewer		
Due from Primary Government:		
Delinquent accounts transferred to tax roll	\$ 191,528	\$ 175,079
Developer billings	57,589	185,751
Storm water monitoring	2,670	2,605
Special assessments	125,882	5,429
Subtotal	<u>377,669</u>	<u>368,864</u>
Due to Primary Government:		
Goods and services	(60,860)	(23,906)
Net Due from Primary Government	<u><u>\$ 316,809</u></u>	<u><u>\$ 344,958</u></u>

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. The December 31, 2023 advance was based on the effective December 15, 2022 rate of 3.97%. The December 31, 2022 advance was based on the effective December 15, 2021 rate of 0.31%.

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

The following schedules summarize the Utility's interfund advance activity for the year ended December 31, 2023:

	Balance 01/01/23	Increases	Decreases	Balance 12/31/23	Due Within One Year
Water					
Due to Sewer Utility - advance	\$1,568,566	\$ -	\$ 219,667	\$ 1,348,899	\$ 220,414
Due to Sewer Utility - accrued interest payable	2,559	62,834	62,272	3,121	3,121
Totals	<u>\$1,571,125</u>	<u>\$ 62,834</u>	<u>\$ 281,939</u>	<u>\$ 1,352,020</u>	<u>\$223,535</u>

Sewer					
Due from Water Utility - advance	\$1,568,566	\$ -	\$ 219,667	\$ 1,348,899	\$220,414
Due from Water Utility - accrued interest receivable	2,559	62,834	62,272	3,121	3,121
Totals	<u>\$1,571,125</u>	<u>\$ 62,834</u>	<u>\$ 281,939</u>	<u>\$1,352,020</u>	<u>\$ 223,535</u>

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
Water					
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>\$222,226</u>

Sewer					
Due from Water Utility - advance	\$1,787,489	\$ -	\$ 218,923	\$1,568,566	\$219,667
Due from Water 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>\$222,226</u>

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

Year Ending December 31	Principal	Interest	Total
2024	\$ 220,414	\$ 75,943	\$ 296,357
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>\$ 1,348,899</u>	<u>\$ 187,428</u>	<u>\$ 1,536,327</u>

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

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:

Water	<u>2023</u>	<u>2022</u>
Revenue bond redemption:		
Current restricted assets	\$ 561,280	\$ 552,720
Current liabilities payable from restricted assets	<u>(30,118)</u>	<u>(32,892)</u>
Total Revenue Bond Redemption Net Position	<u>531,162</u>	<u>519,828</u>
Revenue bond reserve:		
Noncurrent restricted assets	<u>565,545</u>	<u>565,545</u>
Revenue bond depreciation:		
Noncurrent restricted assets	<u>51,000</u>	<u>17,000</u>
Net pension asset:		
Noncurrent restricted assets	<u>-</u>	<u>802,363</u>
Total Restricted Net Position	<u><u>\$1,147,707</u></u>	<u><u>\$1,904,736</u></u>

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

Sewer	<u>2023</u>	<u>2022</u>
Net pension asset:		
Noncurrent restricted assets	<u>-</u>	<u>\$ 200,587</u>
Total Restricted Net Position	<u><u>-</u></u>	<u><u>\$ 200,587</u></u>

Oak Creek Water and Sewer Utility

Notes to Financial Statements
December 31, 2023 and 2022

6. Leases

LESSOR - LEASE RECEIVABLES

Water Utility Lease Receivables Description	Date of Inception	Final Maturity	Interest Rates	Receivable Balance 12/31/23	Receivable Balance 12/31/22
Cellular antennas on water towers	1995-2013	2032-2052	0.5%	\$ 14,209,939	\$ 10,860,619

The Utility recognized \$411,212 and \$350,318 of lease revenue as of December 31, 2023 and 2022, respectively. The Utility recognized \$18,919 and \$16,587 of interest revenue as of December 31, 2023 and 2022, respectively. During 2023, the water utility had new lease amendments and remeasurements on two of the current water towers for a total increase of \$3,760,532.

7. Changes in Capital Assets

A summary of changes in the Water Utility's capital assets for 2023 follows:

2023	Balance 01/01/23	Increases	Decreases	Balance 12/31/23
Capital assets not being depreciated/amortized				
Land and land rights	\$ 295,050	\$ -	\$ -	\$ 295,050
Capital assets being depreciated/amortized				
Source of supply	7,056,575	-	-	7,056,575
Pumping	9,102,797	490,890	-	9,593,687
Water treatment	25,886,975	278,514	-	26,165,489
Transmission and distribution	78,356,669	2,119,009	106,161	80,369,517
Intangible	69,544	-	-	69,544
General	5,321,645	274,627	88,877	5,507,395
Total capital assets being depreciated/amortized	125,794,205	3,163,040	195,038	128,762,207
Total Capital Assets	126,089,255	3,163,040	195,038	129,057,257
Less: Accumulated depreciation/amortization				
Source of supply	2,984,095	121,346	-	3,105,441
Pumping	5,949,529	270,920	-	6,220,449
Water treatment	15,038,604	851,068	-	15,889,672
Transmission and distribution	22,994,884	1,335,473	106,161	24,224,196
Intangible	34,494	10,432	-	44,926
General	3,562,028	229,589	88,877	3,702,740
Total accumulated depreciation/amortization	50,563,634	2,818,828	195,038	53,187,424
Construction in progress	1,030,652	6,025,723	3,470,249	3,586,126
Net Capital Assets	\$76,556,273	\$6,369,935	\$3,470,249	\$79,455,959

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

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

2022	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, 2023 and 2022

A summary of changes in the Sewer Utility's capital assets for 2023 follows:

2023	Balance 01/01/23	Increases	Decreases	Balance 12/31/23
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	48,542,665	-	-	48,542,665
Collecting system pumping	216,164	-	-	216,164
General	639,212	29,660	-	668,872
Total capital assets being depreciated	49,398,041	29,660	-	49,427,701
Total Capital Assets	49,427,361	29,660	-	49,457,021
Less: Accumulated depreciation				
Collecting system	13,130,996	503,329	-	13,634,325
Collecting system pumping	216,164	-	-	216,164
General	590,136	26,491	-	616,627
Total accumulated depreciation	13,937,296	529,820	-	14,467,116
Construction in progress	208,431	818,999	363,115	664,315
Net Capital Assets	\$35,698,496	\$ 318,839	\$ 363,115	\$35,654,220

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

2022	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	\$35,916,509	\$ 757,186	\$ 975,199	\$35,698,496

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

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 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Water		
Increases in accumulated depreciation/amortization	\$ 2,818,828	\$ 2,661,055
Transfers and adjustments	-	(1,224)
Depreciation charged to Sewer Utility for share of meters	(50,209)	(50,703)
Depreciation charged to clearing for transportation equipment	(51,362)	(34,300)
Depreciation/Amortization Expense	<u>\$ 2,717,257</u>	<u>\$ 2,574,828</u>
Amortization expense	\$ 10,432	\$ 10,432
Depreciation expense	<u>2,706,825</u>	<u>2,564,396</u>
Total Depreciation/Amortization Expense	<u>2,717,257</u>	<u>\$ 2,574,828</u>
Sewer		
Increases in accumulated depreciation	\$ 529,820	\$ 546,881
Transfers and adjustments	-	685
Cost of removal	-	-
Depreciation charged from Water Utility for share of meters	<u>50,209</u>	<u>50,703</u>
Total Depreciation Expense	<u>\$ 580,029</u>	<u>\$ 598,269</u>

8. Long-Term Debt Obligations

Long-term obligation activity for the Water Utility for the years ended December 31, 2023 and 2022 is as follows:

2023	01/01/23	Increases	Decreases	12/31/23	One Year
Revenue bonds	\$12,419,609	\$ -	\$1,160,367	\$11,259,242	\$1,190,493
Pollution remediation obligation	2,295,600	-	-	2,295,600	-
Totals	<u>\$14,715,209</u>	<u>\$ -</u>	<u>\$1,160,367</u>	<u>\$13,554,842</u>	<u>\$1,190,493</u>
2022	01/01/22	Increases	Decreases	12/31/22	One Year
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>

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, 2023 and 2022

Revenue Bonds – Water

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rates	Original Indebtedness	Outstanding Amounts as of December 31,	
					2023	2022
1/13/2010	Water construction*	5/1/2029	2.668%	\$ 791,863	\$ 293,973	\$ 338,610
11/23/2011	Water Treatment Plant Construction*	5/1/2031	2.200%	5,889,583	2,666,710	2,968,578
5/22/2013	Water Treatment Plant Standby Generation*	5/1/2033	1.925%	2,594,795	1,420,712	1,548,447
5/28/2014	Water Main Replacements*	5/1/2034	1.925%	4,850,988	3,102,847	3,353,974
11/12/2020	Bond Refunding	12/1/2031	1.670%	4,705,000	3,775,000	4,210,000

*Direct placement debt

Revenue bonds debt service requirements to maturity follows:

Year Ending December 31	Bonds			Direct Placement		
	Principal	Interest	Total	Principal	Interest	Total
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	460,000	34,535	494,535	804,245	81,444	885,689
2029-2033	1,545,000	57,683	1,602,683	3,314,330	173,499	3,487,829
2034	-	-	-	309,727	2,981	312,708
Subtotals	\$ 3,775,000	\$ 283,583	\$ 4,058,583	\$7,484,242	\$ 746,437	\$8,230,679

Year Ending December 31	Total All Debt		
	Principal	Interest	Total
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	1,264,245	115,979	1,380,224
2029-2033	4,859,330	231,182	5,090,512
2034	309,727	2,981	312,708
Subtotals	\$11,259,242	\$1,030,020	\$12,289,262

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 2023 and 2022 were \$1,378,799 and \$1,371,294, respectively. Total customer net revenues as defined for the same periods were \$9,124,605 and \$8,362,082. 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, 2023 and 2022

The Water Utility's outstanding revenue bonds from direct borrowings and/or direct placements related to business-type activities of \$7,484,242 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:

Water	2023	2022
Operating revenues	\$ 12,588,669	\$ 11,950,221
Interest and Investment income	1,545,616	487,350
Less:		
Operations and maintenance expense	(4,901,775)	(3,950,064)
Taxes other than tax equivalent	(127,733)	(125,425)
Net Defined Earnings	<u>\$ 9,104,777</u>	<u>\$ 8,362,082</u>
Debt service:		
Principal	\$ 1,190,493	\$ 1,160,367
Interest	200,103	218,432
Total	<u>1,390,596</u>	<u>1,378,799</u>
Coverage factor	<u>1.25</u>	<u>1.25</u>
Minimum Required Earnings	<u>\$ 1,738,245</u>	<u>\$ 1,723,499</u>
Actual debt coverage	<u>6.55</u>	<u>6.06</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

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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:

Water	2023	2022
Land and land rights	\$ 295,050	\$ 295,050
Intangible assets	69,544	69,544
Plant in service	128,692,663	125,724,661
Construction work in progress	3,586,126	1,030,652
Accumulated amortization	(44,926)	(34,494)
Accumulated depreciation	(53,142,498)	(50,529,140)
Payables and accruals for capital assets	<u>(340,393)</u>	<u>(359,956)</u>
Subtotal	79,115,566	76,196,317
Less Capital Related Debt:		
Current portion of capital related long term debt	1,190,493	1,160,367
Long-term portion of capital related long term debt, net of unspent debt proceeds	10,068,749	11,259,242
Unamortized loss on advance refunding	<u>(158,836)</u>	<u>(178,899)</u>
Subtotal	<u>11,100,406</u>	<u>12,240,710</u>
Total Net Investment in Capital Assets	<u>\$ 68,015,160</u>	<u>\$ 63,955,607</u>

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

Sewer	2023	2022
Land and land rights	\$ 13,145	\$ 13,145
Intangible assets	16,175	16,175
Plant in service	49,427,701	49,398,041
Construction work in progress	664,315	208,431
Accumulated depreciation	(14,467,116)	(13,937,296)
Payables and accruals for capital assets	<u>(50,649)</u>	<u>(10,494)</u>
Subtotal	35,603,571	35,688,002
Less Capital Related Debt:	<u>-</u>	<u>-</u>
Total Net Investment in Capital Assets	<u>\$ 35,603,571</u>	<u>\$ 35,688,002</u>

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

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, 2023 and 2022

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
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
2022	7.4	15.0

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, 2023, the WRS recognized \$152,432 in contributions from the Utility, of which \$121,946 is for the Water Utility and \$30,486 is for the Sewer Utility. For the year 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.

Contribution rates for the plan year reported as of December 31, 2023 and 2022 are:

	2023		2022	
	Employee	Employer	Employee	Employer
General (including Executives and Elected Officials)	6.50%	6.50%	6.75%	6.75%
Protective with Social Security	6.50%	12.00%	6.75%	11.75%
Protective without Social Security	6.50%	16.40%	6.75%	16.35%

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

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

At December 31, 2023, the Utility reported a liability (asset) of \$637,948, of which \$510,360, is for the Water Utility and \$127,588, 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, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The 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, 2022, the City of Oak Creek's proportion was 0.17384721%. This proportion was an increase of 0.00261287% from its proportion measured as of December 31, 2021.

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.

For the year ended December 31, 2023, the Utility recognized pension expense of \$220,088, of which \$176,073 is for the Water Utility and \$44,015 is for the Sewer Utility. 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.

At December 31, 2023 and 2022, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Water				
Differences between expected and actual experience	\$ 943,301	\$(1,172,545)	\$1,365,978	\$(193,742)
Changes in assumptions	125,180	-	167,511	-
Net differences between projected and actual earnings on pension plan investments	842,919	-	-	(1,735,024)
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,181	(4,573)	3,925	(1,099)
Employer contributions subsequent to the measurement date	121,946	-	115,210	-
Water Totals	<u>\$2,036,527</u>	<u>\$(1,177,118)</u>	<u>\$1,652,624</u>	<u>\$(1,929,865)</u>

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Sewer				
Differences between expected and actual experience	\$ 235,829	\$ (293,134)	\$ 341,496	\$ (48,439)
Changes in assumptions	31,297	-	41,879	-
Net differences between projected and actual earnings on pension plan investments	210,723	-	-	(433,751)
Changes in proportion and differences between employer contributions and proportionate share of contributions	797	(1,143)	983	(275)
Employer contributions subsequent to the measurement date	30,486	-	28,802	-
Sewer Totals	<u>\$ 509,132</u>	<u>\$ (294,277)</u>	<u>\$ 413,160</u>	<u>\$ (482,465)</u>
Utility Totals	<u>\$2,545,659</u>	<u>\$(1,471,395)</u>	<u>\$2,065,784</u>	<u>\$(2,412,330)</u>

At December 31, 2023, the Utility reported \$152,432 as deferred outflows related to pension resulting from WRS Employer's contributions subsequent to the measurement date. Of this total, \$121,946 is for the Water Utility and \$30,486 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, 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.

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	
Water		
2024	\$	30,109
2025		152,630
2026		155,988
2027		398,736
Water Totals	<u>\$</u>	<u>737,463</u>

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

	Net Deferred Outflows and Inflows of Resources	
Sewer		
2024	\$	7,527
2025		38,158
2026		38,997
2027		99,687
Sewer Totals	\$	184,369
Utility Totals	\$	921,832

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:

	2023	2022
Actuarial valuation date	December 31, 2021	December 31, 2020
Measurement date of net pension liability (asset)	December 31, 2022	December 31, 2021
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	Fair Value	Fair Value
Long-term expected rate of return	6.8%	6.8%
Discount rate	6.8%	6.8%
Salary increases:		
Inflation	3.0%	3.0%
Seniority/Merit	0.1% - 5.6%	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table	2020 WRS Experience Mortality Table
Post-retirement adjustments*	1.7%	1.7%

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

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

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

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 weighing 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, 2023 are summarized in the following table:

Asset Allocation Targets and Expected Returns¹ As of December 31, 2022

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

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

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

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

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:

Asset Allocation Targets and Expected Returns¹ As of December 31, 2021

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %²
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 ³	115	6.6	4.0
Variable Fund Asset Class			
U.S Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

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

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

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

Oak Creek Water and Sewer Utility

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December 31, 2023 and 2022

Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability as of December 31, 2023 and December 31, 2022, respectively. As of December 31, 2023, 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 4.05%. As of December 31, 2022, the 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%. (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, 2022 and 2021, 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% (6.80% for 2022) expected rate of return implies that a dividend of approximately 1.7% (1.7% for 2022) 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, 2023 follows:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
The Water Utility's proportionate share of the net pension liability/(asset)	\$ 1,693,868	\$ 510,360	\$ (303,792)
The Sewer Utility's proportionate share of the net pension liability/(asset)	\$ 423,459	\$ 127,588	\$ (75,947)

The sensitivity analysis as of December 31, 2022, follows:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
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)

Oak Creek Water and Sewer Utility

Notes to Financial Statements

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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 2023. The Utility contributed 94.16% of the current year premiums for a family and a single plan for eligible retired plan members and their spouses. For fiscal years 2023 and 2022, the Utility contributed \$117,914 and \$112,039 to the plan, respectively. Plan members receiving benefits contribute 13.04% of their premium costs for a family and a single plan. For fiscal years 2023 and 2022, total member contributions were \$15,380 and \$13,254, respectively.

Employees Covered by Benefit Terms

At December 31, 2023 and 2022, the following employees were covered by the benefit terms:

	<u>2023</u>	<u>2022</u>
Active employees	19	19
Inactive plan members or beneficiaries currently receiving benefit payments	11	11
Total members	<u>30</u>	<u>30</u>

Net OPEB Liability

At December 31, 2023, the Utility reported a total OPEB liability of \$2,065,792. Of this total, \$1,652,634 is for the Water Utility and \$413,158 is for the Sewer Utility, which was measured as of December 31, 2022 and determined by an actuarial valuation as of January 1, 2022.

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.

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

Actuarial Assumptions and Other Inputs

The total OPEB liability as of December 31, 2023 and 2022 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>2023</u>	<u>2022</u>
Valuation date	January 1, 2022	January 1, 2022
Measurement date	December 31, 2022	December 31, 2021
Discount rate	3.72%	2.06%
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%	(3.1%) - 5.60%

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 2023 and 2022 monthly medical costs per retiree by age is as follows:

<u>Age</u>	<u>Male</u>		<u>Female</u>	
	<u>Single</u>	<u>Family</u>	<u>Single</u>	<u>Family</u>
55	\$ 1,029	\$ 2,236	\$ 1,158	\$ 2,236
60	1,317	2,722	1,356	2,722
64	1,634	3,215	1,532	3,215
65	367	709	342	709
70	438	834	396	834
75	499	933	433	933

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

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.

Post-Retirement

This assumption applies to death of participants after retirement.

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.

Oak Creek Water and Sewer Utility

Notes to Financial Statements

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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.

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.

Changes in the Total OPEB Liability

	Total OPEB Liability
Water	
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	<u>(32,358)</u>
Net Changes	<u>80,506</u>
Balance at December 31, 2022	<u>\$ 1,848,518</u>
Balance at December 31, 2022	\$ 1,848,518
Changes for the Year:	
Service cost	22,008
Interest	26,638
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(173,368)
Benefit payments	<u>(71,162)</u>
Net Changes	<u>(195,884)</u>
Balance at December 31, 2023	<u>\$ 1,652,634</u>

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

	Total OPEB Liability
Sewer	
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	<u>20,127</u>
Balance at December 31, 2022	<u>\$ 462,130</u>
Balance at December 31, 2022	\$ 462,130
Changes for the Year:	
Service cost	5,502
Interest	6,660
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(43,343)
Benefit payments	(17,791)
Net Changes	<u>(48,972)</u>
Balance at December 31, 2023	<u>\$ 413,158</u>
Utility Total Balance at December 31, 2023	<u><u>\$ 2,065,792</u></u>

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 2.06% in 2022 and 3.72% in 2023.

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, 2023 follows:

	1% Decrease to Discount Rate (2.72%)	Current Discount Rate (3.72%)	1% Increase to Discount Rate (4.72%)
The Water Utility's proportionate share of the total OPEB liability	\$ 1,801,320	\$ 1,652,634	\$ 1,521,952
The Sewer Utility's proportionate share of the total OPEB liability	\$ 450,330	\$ 413,158	\$ 380,488

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

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

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, 2023 follows:

	1% Decrease to Discount Rate (-4.10 - 4.60%)	Current Discount Rate (-3.10 - 5.60)	1% Increase to Discount Rate (-2.10 - 6.60%)
The Water Utility's proportionate share of the total OPEB liability	\$ 1,495,747	\$ 1,652,634	\$ 1,834,325
The Sewer Utility's proportionate share of the total OPEB liability	\$ 373,937	\$ 413,323	\$ 458,581

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

	1% Decrease to Discount Rate (-4.10 - 4.60%)	Current Discount Rate (-3.10 - 5.60)	1% Increase to Discount Rate (-2.10 - 6.60%)
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

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

For the year ended December 31, 2023, OPEB expense was recognized in the total amount of \$126,749. Of this total, \$101,209 is for the Water Utility and \$25,540 is for the Sewer Utility. For the year ended December 31, 2022, OPEB expense was recognized in 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.

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

As of December 31, 2023 and 2022, the Utility reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Water				
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Changes of assumptions or other inputs	128,876	(212,424)	204,042	(27,688)
Net Differences between projected and actual investment earnings on pension plan investment	83,047	-	105,653	-
Employer contributions subsequent to the measurement date	101,116	-	115,701	-
Total	<u>\$ 313,039</u>	<u>\$(212,424)</u>	<u>\$ 425,396</u>	<u>\$(27,688)</u>
Sewer				
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Changes of assumptions or other inputs	32,219	(53,106)	51,133	(6,939)
Net Differences between projected and actual investment earnings on pension plan investment	20,762	-	26,477	-
Employer contributions subsequent to the measurement date	25,279	-	28,995	-
Total	<u>\$ 78,260</u>	<u>\$(53,106)</u>	<u>\$ 106,605</u>	<u>\$(6,939)</u>
Utility Totals	<u>\$ 391,299</u>	<u>\$(265,530)</u>	<u>\$ 532,001</u>	<u>\$(34,627)</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	
Water		
2024	\$	28,370
2025		24,224
2026		(21,909)
2027		(31,186)
Water Totals		<u>(501)</u>
Sewer		
2024	\$	7,092
2025		6,057
2026		(5,477)
2027		(7,797)
Sewer Totals		<u>(125)</u>
Utility Totals		<u>(626)</u>

Oak Creek Water and Sewer Utility

Notes to Financial Statements
December 31, 2023 and 2022

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 cost-sharing 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, 2023 and 2022 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

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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, 2023, the LRLIF recognized employer contributions in the total amount \$1,024. Of this total, \$819 is from the Water Utility and \$205 is from the Sewer Utility. For the year ended December 31, 2022, the LRLIF recognized employer contributions in the total amount of \$975. Of this total, \$784 is from the Water Utility and \$191 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, 2023, total liabilities in the amount of \$176,603, of which \$141,216 is for the Water Utility and \$35,387 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, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The 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, 2022, the Utility's proportion was 0.347813%, which was an increase of 0.034025% from its proportion measured as of December 31, 2021.

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 an increase of 0.037396% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2023, OPEB expense was recognized in the total amount of \$32,813. Of this total, \$26,151 is for the Water Utility and \$6,662 is for the Sewer Utility. For the year ended December 31, 2022, OPEB expense was recognized in in the total amount of (\$8,064). Of this total, (\$8,247) is for the Water Utility and \$183 is for the Sewer Utility.

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

As of December 31, 2023 and 2022, the Utility reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Water				
Differences between expected and actual experience	\$ -	\$ (14,505)	\$ -	\$ (10,739)
Net differences between projected and actual earnings on OPEB plan investments	54,625	(85,371)	2,819	-
Changes of assumptions	2,897	-	63,604	(11,595)
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,913	(11,355)	4,584	(13,939)
Employer contributions subsequent to the measurement date	819	-	850	-
Total	<u>\$ 76,254</u>	<u>\$ (111,231)</u>	<u>\$ 71,857</u>	<u>\$ (36,273)</u>
Sewer				
Differences between expected and actual experience	\$ -	\$ (3,576)	\$ -	\$ (2,632)
Net differences between projected and actual earnings on OPEB plan investments	12,912	(21,455)	697	-
Changes of assumptions	717	-	15,162	(2,967)
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,463	(2,820)	1,123	(3,468)
Employer contributions subsequent to the measurement date	205	-	213	-
Total	<u>\$ 18,297</u>	<u>\$ (27,851)</u>	<u>\$ 17,195</u>	<u>\$ (9,067)</u>
Utility Total	<u>\$ 94,551</u>	<u>\$ (139,082)</u>	<u>\$ 89,052</u>	<u>\$ (45,340)</u>

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

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>	
Water		
2024	\$	(1,979)
2025		(3,097)
2026		(1,264)
2027		(7,304)
2028		(12,413)
Thereafter		<u>(9,739)</u>
Water Total		<u>(35,796)</u>
Sewer		
2024	\$	(543)
2025		(847)
2026		(340)
2027		(1,988)
2028		(3,387)
Thereafter		<u>(2,654)</u>
Sewer Total		<u>(9,759)</u>
Total Utility	\$	<u>(45,555)</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>2023</u>	<u>2022</u>
Actuarial valuation date	January 1, 2022	January 1, 2021
Measurement date of net OPEB liability	December 31, 2022	December 31, 2021
Actuarial cost method	Entry Age Normal	Entry Age Normal
20 year tax-exempt municipal bond yield	3.72%	2.06%
Long-term expected rate of return	4.25%	4.25%
Discount rate	3.76%	2.17%
Salary increases:		
Inflation	3.00%	3.00%
Seniority/Merit	0.10% - 5.60%	0.10% - 5.60%
Mortality	2020 WRS Experience Mortality Table	2020 WRS Experience Mortality Table

Oak Creek Water and Sewer Utility

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

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, 2022

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interm Credit	50 %	2.45 %
US Mortgages	Bloomberg US MBS	50	2.83
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, 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

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 remained unchanged from the prior year at 2.30%.

Oak Creek Water and Sewer Utility

Notes to Financial Statements

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Single Discount Rate

A single discount rate was used to measure the total OPEB liability (3.76% for 2023 and 2.17% for 2022). The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. 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, 2023 follows:

	1% Decrease to Discount Rate (2.76%)	Current Discount Rate (3.76%)	1% Increase to Discount Rate (4.76%)
The Water Utility's proportionate share of the net OPEB liability	\$ 192,533	\$ 141,216	\$ 101,887
The Sewer Utility's proportionate share of the net OPEB liability	\$ 48,246	\$ 35,387	\$ 25,532

The sensitivity analysis as of December 31, 2022 follows:

	1% Decrease to Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
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

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, 2023 and 2022

Other OPEB Disclosures

For the years ended December 31, 2023 and December 31, 2022, the Utility recognized pension expense under the OPEB plans as follows:

	Year-ended December 31,	
	2023	2022
OPEB - Health Insurance Plan	\$126,749	\$106,138
OPEB - Life Insurance Plan	32,813	(8,064)
Total all Plans	<u>\$159,562</u>	<u>\$ 98,074</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, 2023 and 2022:

Plan	December 31, 2023			December 31, 2022		
	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	\$ 391,299	\$2,065,792	\$(265,530)	\$ 532,001	\$2,310,648	\$(34,627)
OPEB - Life Insurance Plan	94,551	176,603	(139,082)	89,052	232,033	(45,340)
Total all Plans	<u>\$ 485,850</u>	<u>\$2,242,395</u>	<u>\$(404,612)</u>	<u>\$ 621,053</u>	<u>\$2,542,681</u>	<u>\$(79,967)</u>

13. Commitments

The Water Utility had the following outstanding contractual commitments as of December 31, 2023:

Project Description	Contractor and Commitment Date	Contract Amount	Remaining Amount
PLC Replacement at WTP	CH2M Hill 7/20/2021	\$ 520,000	\$ 200,000
Howell Avenue Water Relay	A.W. Oakes & Son, Inc. 10/28/2022	2,474,645	123,732
HVAC Replacement at WTP	ClarkDietz 8/21/2023	75,000	75,000
South 13th Street Utility Relocation	UPI LLC 10/20/2023	243,212	7,621

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, 2023 and 2022 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.

Oak Creek Water and Sewer Utility

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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. On March 19, 2024, the Oak Creek and Franklin Common Council approved a term sheet for a new, 40-year wholesale water agreement. Oak Creek anticipates the two parties will ratify a new wholesale water agreement by the end of 2024. The Franklin wholesale water agreement expired on April 3, 2024, however, Oak Creek is obligated to service the City of Franklin even without a new agreement in place per the PSC.

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.

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 \$7,362,690 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.

Oak Creek Water and Sewer Utility

Notes to Financial Statements

December 31, 2023 and 2022

A liability for a claim is established in the health and dental insurance internal service fund 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, 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	416,654
Claims and changes in estimates	7,385,418
Claim payments	<u>(7,260,430)</u>
Unpaid claims - December 31, 2023	<u>\$ 541,642</u>
Unpaid claims and judgements due within one year from December 31, 2023	<u>\$ 541,642</u>

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, 2024. These rates are based on annual MMSD calculations and are passed through to the Utility's sewer customers.

See note 15 for more information related to the Franklin wholesale water agreement approved on March 19, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

Oak Creek Water and Sewer Utility

Required Supplementary Information (Unaudited)

December 31, 2023 and 2022

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Water Utility									
City of Oak Creek's proportion of the net pension liability (asset)	0.173847%	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)	\$510,360	\$(802,363)	\$(601,950)	\$(332,948)	\$ 396,406	\$(325,534)	\$ 96,060	\$ 193,760	\$(303,195)
Utility's covered payroll	1,706,815	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	29.90%	-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)	95.72%	106.02%	105.26%	102.60%	96.45%	102.93%	99.12%	98.20%	102.74%
Sewer Utility									
City of Oak Creek's proportion of the net pension liability (asset)	0.173847%	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)	\$127,588	\$(200,587)	\$(150,489)	\$(83,236)	\$ 99,102	\$(81,384)	\$ 24,015	\$ 48,440	\$(75,799)
Utility's covered payroll	426,696	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	29.90%	-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)	95.72%	106.02%	105.26%	102.60%	96.45%	102.93%	99.12%	98.20%	102.74%

See notes to required supplementary information.

Oak Creek Water and Sewer Utility

Required Supplementary Information (Unaudited)

December 31, 2023 and 2022

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Water Utility									
Contractually required contributions	\$121,946	\$115,210	\$120,198	\$116,103	\$115,049	\$117,571	\$114,695	\$108,028	\$113,072
Contributions in relation to the contractually required contributions	(121,946)	(115,210)	(120,198)	(116,103)	(115,049)	(117,571)	(114,695)	(108,028)	(113,072)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Utility's covered payroll	1,793,324	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	6.80%	6.75%	6.75%	6.75%	6.55%	6.70%	6.80%	6.60%	6.80%
Sewer Utility									
Contractually required contributions	\$30,486	\$ 28,802	\$ 30,049	\$ 29,026	\$ 28,762	\$ 29,393	\$ 28,674	\$ 27,009	\$ 28,268
Contributions in relation to the contractually required contributions	(30,486)	(28,802)	(30,049)	(29,026)	(28,762)	(29,393)	(28,674)	(27,009)	(28,268)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Utility's covered payroll	448,324	426,696	445,170	430,015	439,115	438,701	421,676	409,227	415,706
Contributions as a percentage of covered payroll	6.80%	6.75%	6.75%	6.75%	6.55%	6.70%	6.80%	6.60%	6.80%

See notes to required supplementary information.

Oak Creek Water and Sewer Utility

Required Supplementary Information (Unaudited)

December 31, 2023 and 2022

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

	2023	2022	2021	2020	2019	2018
Water Utility						
Changes for the Year:						
Service cost	\$ 22,008	\$ 10,076	\$ 12,443	\$ 72,182	\$ 48,416	\$ 36,256
Interest on total OPEB liability	26,638	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	(173,368)	45,113	45,355	211,512	(156,118)	70,042
Benefit payments	(71,162)	(32,358)	(45,078)	(225,396)	(138,429)	(112,939)
Net Changes in Total OPEB Liability	(195,884)	80,506	33,298	(215,351)	(159,204)	69,710
Total OPEB Liability, Beginning Balance	1,848,518	1,768,012	1,734,714	1,950,065	2,109,269	2,039,559
Total OPEB Liability, Ending Balance	1,652,634	\$ 1,848,518	\$ 1,768,012	\$ 1,734,714	\$ 1,950,065	\$ 2,109,269
Covered-Employee Payroll	\$966,062	\$ 899,434	\$ 941,230	\$ 941,657	\$ 1,920,227	\$ 1,916,505
Total OPEB Liability as a Percentage of Covered-Employee Payroll	171.07%	205.52%	187.84%	184.22%	101.55%	110.06%
Sewer Utility						
Changes for the Year:						
Service cost	\$ 5,502	\$ 2,519	\$ 3,110	\$ 18,044	\$ 12,103	\$ 9,064
Interest on total OPEB liability	6,660	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	(43,343)	11,279	11,338	52,878	(39,029)	17,510
Benefit payments	(17,791)	(8,090)	(11,268)	(56,349)	(34,607)	(28,235)
Net Changes in Total OPEB Liability	(48,972)	20,127	8,324	(53,836)	(39,801)	17,427
Total OPEB Liability, Beginning Balance	462,130	442,003	433,679	487,515	527,316	509,889
Total OPEB Liability, Ending Balance	\$ 413,158	\$ 462,130	\$ 442,003	\$ 433,679	\$ 487,515	\$ 527,316
Covered-Employee Payroll	\$ 241,515	\$ 224,859	\$ 235,309	\$ 235,414	\$ 362,689	\$ 374,388
Total OPEB Liability as a Percentage of Covered-Employee Payroll	171.07%	205.52%	187.84%	184.22%	134.42%	140.85%

See notes to required supplementary information.

Oak Creek Water and Sewer Utility

Required Supplementary Information (Unaudited)
December 31, 2023 and 2022

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

	2023	2022	2021	2020	2019	2018
Water Utility						
City of Oak Creek's proportion of the net OPEB liability	0.347813%	0.313788%	0.351184%	0.340394%	0.348558%	0.345635%
Utility's proportionate share of the net OPEB liability	\$ 141,216	\$ 185,626	\$ 223,306	\$ 154,164	\$ 104,935	\$ 121,368
Utility's covered-employee payroll	1,706,815	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	8.27%	10.42%	12.98%	8.78%	5.98%	7.20%
Plan fiduciary net position as a percentage of the total OPEB liability	38.81%	29.57%	31.36%	37.58%	48.69%	44.81%
Sewer Utility						
City of Oak Creek's proportion of the net OPEB liability	0.347813%	0.313788%	0.351184%	0.340938%	0.348558%	0.345635%
Utility's proportionate share of the net OPEB liability	35,387	46,407	53,582	36,992	26,234	30,263
Utility's covered-employee payroll	426,696	445,170	430,015	439,115	438,701	421,676
Proportionate share of the net OPEB liability as a percentage of covered-employee payroll	8.29%	10.42%	12.46%	8.42%	5.98%	7.18%
Plan fiduciary net position as a percentage of the total OPEB liability	38.81%	29.57%	31.36%	37.58%	48.69%	44.81%

See notes to required supplementary information.

Oak Creek Water and Sewer Utility

Required Supplementary Information (Unaudited)

December 31, 2023 and 2022

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

	2023	2022	2021	2020	2019	2018
Water Utility						
Contractually required contributions	819	784	784	631	796	888
Contributions in relation to the contractually required contributions	(819)	(784)	(784)	(631)	(796)	(888)
Contribution deficiency (excess)	-	-	-	-	-	-
Utility's covered-employee payroll	1,793,324	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%	0.05%	0.04%	0.04%	0.05%	0.05%
Sewer Utility						
Contractually required contributions	205	191	196	158	191	222
Contributions in relation to the contractually required contributions	(205)	(191)	(196)	(158)	(191)	(222)
Contribution deficiency (excess)	-	-	-	-	-	-
Utility's covered-employee payroll	448,324	426,696	445,170	430,015	439,115	438,701
Contributions as a percentage of covered-employee payroll	0.05%	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.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Wisconsin Retirement System

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

The Utility is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

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

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

See notes to required supplementary information.

Oak Creek Water and Sewer Utility

Required Supplementary Information (Unaudited)

December 31, 2023 and 2022

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

	2022 -2023	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 4.10% in 2019, 2.74% in 2020, 2.12% in 2021, 2.06% in 2022, and 3.72% in 2023. 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 notes to required supplementary information.

Oak Creek Water and Sewer Utility

Required Supplementary Information (Unaudited)

December 31, 2023 and 2022

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

	2023	2022	2021	2020	2019	2018
20 year tax-exempt municipal bond yield	3.72%	2.06%	2.12%	2.74%	4.10%	3.44%
Long-term expected rate of return	4.25%	4.25%	4.25%	5.00%	5.00%	5.00%
Discount rate	3.76%	2.17%	2.25%	2.87%	4.22%	3.63%
Salary increases:						
Inflation	3.00%	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%	0.1% - 5.6%	0.2% - 5.6%
Mortality	2020 WRS Experience Mortality Table	2020 WRS Experience Mortality Table	Wisconsin 2018 Mortality Table	Wisconsin 2018 Mortality Table	Wisconsin 2018 Mortality Table	Wisconsin 2012 Mortality Table

See notes to required supplementary information.

STATISTICAL SECTION



Howell Tower Cleaning

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.

Contents

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Financial Trends (Schedules 1 – 9)

These schedules contain trend information to help the reader understand how the Utility’s financial performance and well-being have changed over time.

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Revenue Capacity (Schedules 10 – 14)

These schedules contain information to help the reader assess the factors affecting the Utility’s ability to generate revenue from water and sewer ratepayers.

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Debt Capacity (Schedules 15 – 16)

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.

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Demographic and Economic Information (Schedules 17 – 18)

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.

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Operating Information (Schedules 19 – 20)

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.

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***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

	2023	2022	Restated 2021	2020	2019	2018	2017	2016	2015	2014
WATER										
Net Investment in Capital Assets	\$ 68,015,160	\$ 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
Restricted										
Revenue bond redemption	531,162	519,828	556,948	532,037	45,833	68,750	66,667	110,416	120,584	116,667
Revenue bond reserve	565,545	565,545	565,545	565,545	763,961	811,056	850,954	931,741	1,014,793	1,445,817
Revenue bond depreciation	51,000	17,000	17,000	17,000	-	-	-	-	-	-
Pension	-	802,363	601,950	332,948	-	325,534	-	-	303,195	-
Unrestricted	25,537,768	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
Total Water Net Position	94,700,635	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
SEWER										
Net Investment in Capital Assets	35,603,571	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
Restricted										
Pension	-	200,587	150,489	83,236	-	81,384	-	-	75,799	-
Unrestricted	10,997,674	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
Total Sewer Net Position	46,601,245	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
Total Utility Net Position	\$ 141,301,880	\$ 135,902,466	\$ 131,516,914	\$ 127,258,414	\$ 121,795,041	\$ 119,362,872	\$ 116,293,773	\$ 113,790,830	\$ 111,445,933	\$ 106,168,093

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

	2023	2022	Restated 2021	2020	2019	2018	2017	2016	2015	2014
Operating Revenues										
Water										
Retail metered sales	\$ 6,509,664	\$ 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
Sales for resale	4,027,229	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
Public fire protection	1,277,291	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
Private fire protection	219,737	213,250	210,350	206,808	196,347	189,952	180,732	172,789	166,787	158,167
Other operating revenues	554,748	499,999	508,782	448,291	434,121	478,283	542,719	421,119	403,876	405,745
Total Water Operating Revenues	12,588,669	11,950,221	11,853,139	11,371,577	11,014,432	10,993,157	10,826,732	10,874,218	10,712,064	10,243,193
Sewer										
Retail metered sales	5,112,997	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
Other operating revenues	104,596	51,848	61,901	29,823	38,059	54,160	52,198	54,446	48,489	50,152
Total Sewer Operating Revenues	5,217,593	4,848,907	4,821,069	4,557,741	4,349,300	4,304,483	3,979,155	3,961,015	3,639,755	3,486,102
Total Utility Operating Revenues	17,806,262	16,799,128	16,674,208	15,929,318	15,363,732	15,297,640	14,805,887	14,835,233	14,351,819	13,729,295
Operating Expenses										
Water										
Operation and maintenance	4,881,947	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
Depreciation/amortization	2,717,257	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
Taxes	1,780,737	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
Total Water Operating Expenses	9,379,941	8,277,855	8,274,682	8,320,823	10,585,749	8,764,026	8,389,722	9,161,126	10,020,249	8,078,801
Sewer										
Operation and maintenance	4,523,351	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
Depreciation	580,029	598,269	589,592	567,991	554,528	552,791	541,553	560,735	525,741	548,716
Taxes	42,687	45,919	43,142	43,144	44,579	44,301	45,759	43,936	43,406	42,805
Total Sewer Operating Expenses	5,146,067	4,759,745	4,546,254	4,427,989	4,273,725	4,713,061	4,303,622	3,838,067	3,549,026	3,486,285
Total Utility Operating Expenses	14,526,008	13,037,600	12,820,936	12,748,812	14,859,474	13,477,087	12,693,344	12,999,193	13,569,275	11,565,086
Operating Income	3,280,254	3,761,528	3,853,272	3,180,506	504,258	1,820,553	2,112,543	1,836,040	782,544	2,164,209
Nonoperating Revenues (Expenses)										
Water										
	1,223,038	211,710	(242,583)	(479,857)	(34,712)	(241,530)	(658,117)	(436,997)	(702,683)	(552,335)
Sewer										
	338,707	94,411	8,512	104,695	238,369	154,825	75,851	50,729	30,244	31,385
Total Nonoperating Revenues (Expenses)	1,561,745	306,121	(234,071)	(375,162)	203,657	(86,705)	(582,266)	(386,268)	(672,439)	(520,950)
Income Before Capital Contributions	4,841,999	4,067,649	3,619,201	2,805,344	707,915	1,733,848	1,530,277	1,449,772	110,105	1,643,259
Capital Contributions	577,243	317,903	415,547	2,881,781	1,724,254	2,750,563	972,666	895,125	4,392,868	131,254
Change in Net Position	\$ 5,419,242	\$ 4,385,552	\$ 4,034,748	\$ 5,687,125	\$ 2,432,169	\$ 4,484,411	\$ 2,502,943	\$ 2,344,897	\$ 4,502,973	\$ 1,774,513

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
WATER										
Residential	\$ 2,442,038	\$ 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
Commercial	2,133,718	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
Industrial	1,834,876	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
Public authority	99,032	89,237	74,117	54,941	64,907	66,199	67,514	67,974	103,152	87,887
Total Water Operating Revenues from Retail Metered Sales	\$ 6,509,664	\$ 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
SEWER										
Residential	\$ 2,507,383	\$ 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
Commercial	1,797,220	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
Industrial	747,726	679,545	637,465	632,320	637,932	622,254	532,338	489,134	359,484	365,803
Public authority	60,668	60,366	47,576	31,253	43,870	43,456	41,737	42,233	60,980	50,785
Total Sewer Operating Revenues from Retail Metered Sales	\$ 5,112,997	\$ 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
Total Utility Operating Revenues from Retail Metered Sales	\$ 11,622,661	\$ 10,981,368	\$ 10,840,128	\$ 10,342,456	\$ 9,978,927	\$ 9,936,798	\$ 9,468,945	\$ 9,413,019	\$ 8,762,211	\$ 8,483,334

See accompanying notes to financial statements.

OAK CREEK WATER AND SEWER UTILITY

Schedule 4

Operation and Maintenance Expenses, Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
WATER										
Source of supply-										
Operation	\$ 55,804	\$ 53,090	\$ 50,838	\$ 49,016	\$ 49,066	\$ 52,335	\$ 50,579	\$ 49,923	\$ 52,855	\$ 50,737
Maintenance	4,490	3,910	3,793	288	3,173	2,976	2,961	3,124	3,125	20,653
Pumping-										
Operation	803,154	705,725	667,493	606,111	627,041	623,221	579,913	603,027	602,711	614,840
Maintenance	254,602	244,701	203,947	211,403	203,801	228,008	240,860	274,315	219,241	202,461
Water Treatment-										
Operation	785,404	726,353	656,381	596,399	639,520	662,882	604,320	624,753	612,410	621,005
Maintenance	298,555	306,362	239,683	254,918	251,589	308,249	244,914	260,726	267,606	334,166
Pollution Remediation	-	-	-	-	683,139	31,063	11,854	81,736	1,787,367	-
Transmission and Distribution-										
Operation	609,879	623,807	591,236	626,237	584,410	544,610	529,349	503,310	483,502	525,275
Maintenance	317,724	310,610	369,889	305,888	293,145	225,343	197,419	323,833	403,431	455,303
Pollution Remediation	-	-	-	-	-	-	-	-	39,105	-
Customer Accounts-										
Meter Reading	13,339	11,832	12,704	10,876	10,968	10,027	10,240	11,106	12,250	13,683
Records and Collection	123,389	110,521	112,870	115,965	110,193	105,097	110,615	111,158	106,488	109,050
Administrative and General-										
Operation	605,784	415,298	417,675	563,738	2,002,408	959,077	722,201	1,174,554	549,105	405,889
Pension and Benefits	902,291	526,214	491,854	621,038	792,188	679,848	599,548	609,469	410,820	445,212
Other Postemployment Benefits	107,532	(88,359)	(18,558)	(227,333)	(90,683)	22,796	204,957	203,030	209,948	207,459
Total Water Operation and Maintenance Expenses	4,881,947	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
SEWER										
Sewer User Charge - Milwaukee Metropolitan Sewerage District	3,583,503	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
Pumping-										
Operation	2,287	2,140	2,240	2,483	3,310	3,037	2,341	2,066	1,995	2,775
Maintenance	8,280	12,347	8,892	7,058	13,655	13,484	10,789	11,320	8,892	10,620
Collection-										
Operation	252,602	263,809	246,080	250,394	256,355	266,045	256,337	274,449	280,689	264,165
Maintenance	111,696	98,245	116,045	106,334	87,896	626,100	489,556	94,126	91,442	114,337
Customer Accounts-										
Operation	12,298	11,517	12,040	10,546	10,084	9,966	9,732	9,547	9,426	9,264
Maintenance	63,501	58,850	59,217	59,679	56,954	53,236	57,333	57,921	56,666	58,829
Administrative and General-										
Operation	244,833	270,048	271,390	354,523	240,921	209,539	224,132	215,152	168,130	155,273
Maintenance	4,325	1,991	1,240	434	1,651	76	3,574	4,133	427	476
Pension and Benefits	207,824	129,724	115,569	165,291	201,470	171,561	164,898	156,120	96,463	105,611
Other Postemployment Benefits	27,245	(20,049)	(5,087)	(54,552)	(22,586)	5,692	51,239	50,758	52,487	51,865
Total Sewer Operation and Maintenance Expenses	4,518,394	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
Total Utility Operations and Maintenance Expenses	\$ 9,400,341	\$ 8,065,621	\$ 7,713,325	\$ 7,551,398	\$ 9,834,576	\$ 8,571,501	\$ 7,826,040	\$ 8,067,460	\$ 8,739,843	\$ 6,900,497

See accompanying notes to financial statements.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
WATER										
Investment and interest income	\$ 1,545,616	\$ 487,350	\$ 44,220	\$ 149,364	\$ 502,509	\$ 320,498	\$ 146,151	\$ 103,646	\$ 60,008	\$ 66,754
Merchandising and jobbing	(24,024)	(14,629)	(15,047)	(20,345)	(2,445)	(2,670)	4,553	(1,946)	(8,419)	(1,832)
Interest expense	(215,657)	(233,075)	(244,278)	(460,212)	(491,049)	(524,766)	(525,998)	(528,749)	(637,480)	(728,980)
Interest expense - Sewer Utility	(62,834)	(7,873)	(6,875)	(38,118)	(57,297)	(35,050)	(17,342)	(10,880)	(8,452)	(8,495)
Debt issuance costs	-	-	-	(107,718)	-	-	-	-	(84,521)	(10,500)
Amortization expense	(20,063)	(20,063)	(20,603)	(10,510)	(5,010)	458	(5,193)	932	(23,819)	(27,192)
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	-	-	-	-	-	-
Total Water Nonoperating Revenues and Expenses	1,223,038	211,710	(242,583)	(479,857)	(34,712)	(241,530)	(658,117)	(436,997)	(702,683)	(552,335)
SEWER										
Investment and interest income	275,873	86,538	1,637	66,577	181,072	119,775	58,509	39,849	21,792	22,890
Interest income - Water Utility	62,834	7,873	6,875	38,118	57,297	35,050	17,342	10,880	8,452	8,495
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total Sewer Nonoperating Revenues and Expenses	338,707	94,411	8,512	104,695	238,369	154,825	75,851	50,729	30,244	31,385
Total Utility Nonoperating Revenues and Expenses	\$ 1,561,745	\$ 306,121	\$ (234,071)	\$ (375,162)	\$ 203,657	\$ (86,705)	\$ (582,266)	\$ (386,268)	\$ (672,439)	\$ (520,950)

See accompanying notes to financial statements.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
WATER										
Current Assessments Due	\$ 62,813	\$ 51,772	\$ 38,907	\$ 33,805	\$ 64,949	\$ 80,695	\$ 84,192	\$ 263,814	\$ 21,278	\$ 21,935
Current Assessments Collected	\$ 62,813	\$ 98,193	162,788	105,596	66,449	80,695	84,192	263,814	21,278	21,935
SEWER										
Current Assessments Due	5,429	10,618	10,827	11,387	9,347	26,068	18,248	16,766	11,230	30,418
Current Assessments Collected	5,429	28,202	10,827	52,877	10,777	26,068	18,248	16,766	11,230	30,418

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
WATER										
Source of supply plant	\$ 7,116,586	\$ 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
Pumping plant	9,612,297	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
Water treatment plant	26,334,645	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
Transmission and distribution plant	80,397,074	78,384,225	77,473,922	76,983,064	74,431,070	70,825,069	68,939,050	67,830,154	66,813,531	60,497,748
General plant - intangible	69,544	69,544	69,544	69,544	69,544	-	-	-	-	-
General plant - other	5,527,111	5,341,361	5,001,469	4,934,237	4,868,958	4,845,209	4,883,883	4,897,245	4,807,670	4,811,027
Total Water Utility Capital Assets	129,057,257	126,089,253	124,331,710	123,523,533	120,874,091	116,900,348	114,895,124	114,082,587	113,050,774	105,613,674
SEWER										
Collecting system - intangible	16,175	16,175	16,175	16,175	16,175	-	-	-	-	-
Collecting system - pumping equipment	216,164	216,164	216,164	242,170	242,170	242,170	242,170	242,170	242,170	243,040
Collecting system - other	48,555,809	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
General plant	668,873	639,214	595,752	593,206	604,254	606,785	611,370	618,217	604,914	616,114
Total Sewer Utility Capital Assets	49,457,021	49,427,362	48,551,909	46,902,034	45,920,551	45,338,026	44,615,652	44,190,260	43,958,114	42,032,876
Total Utility Capital Assets	\$ 178,514,278	\$ 175,516,615	\$ 172,883,619	\$ 170,425,567	\$ 166,794,642	\$ 162,238,374	\$ 159,510,776	\$ 158,272,847	\$ 157,008,888	\$ 147,646,550

See accompanying notes to financial statements.

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

	2023	2022	Restated 2021	2020	2019	2018	2017	2016	2015	2014	2013
WATER											
Developer projects	\$ 563,854	\$ 43,417	\$ 63,897	\$ 1,611,157	\$ 702,373	\$ 1,450,248	\$ 628,624	\$ 566,560	\$ 2,008,341	\$ 119,564	\$ -
City TIF projects	4,273	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
Total Water Capital Contributions	568,127	172,104	367,429	1,856,051	1,434,590	1,865,252	694,696	676,282	2,390,231	131,254	291,578
SEWER											
Developer projects	764	42,197	46,723	1,025,734	271,911	879,671	261,028	218,843	1,997,100	-	-
City TIF projects	8,352	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
Total Sewer Capital Contributions	9,116	145,799	48,118	1,025,734	289,664	885,311	277,970	218,843	2,002,637	-	702
Total Utility Capital Contributions	\$ 577,243	\$ 317,903	\$ 415,547	\$ 2,881,785	\$ 1,724,254	\$ 2,750,563	\$ 972,666	\$ 895,125	\$ 4,392,868	\$ 131,254	\$ 292,280

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
WATER										
Total plant in service - average	\$127,208,662	\$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
Less: Accumulated depreciation/ amortization - average	51,875,528	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
Add: Materials and supplies - average	124,985	97,668	92,063	88,874	73,767	75,458	79,335	70,037	63,682	57,230
Less: Adjustment for contributions	28,395,200	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
Average net rate base	\$47,062,919	\$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
Operating income per GAAP	3,188,900	3,672,366	3,564,452	3,050,754	428,683	2,229,131	2,437,010	1,713,092	691,815	2,164,392
Add: Adjustment to reconcile to the Public Service Commission of Wisconsin operating income	736,304	706,687	691,561	432,480	711,900	655,672	714,857	700,433	552,231	525,327
Net operating income per WPSC	3,925,204	4,379,053	4,256,013	3,483,234	1,140,583	2,884,803	3,151,867	2,413,525	1,244,046	2,689,719
Rate of Return	8.34%	9.39%	9.06%	7.29%	2.39%	6.03%	6.44%	4.82%	2.55%	5.72%
SEWER										
Utility plant in service - average	\$49,412,871	\$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
Less: Accumulated depreciation - average	14,202,207	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
Less: Adjustment for contributions	35,358,605	35,354,047	35,305,206	35,281,147	34,768,280	34,180,793	33,599,152	33,350,746	32,240,006	31,238,687
Average net rate base	(147,941)	(26,662)	(752,583)	(1,575,081)	(1,373,191)	(1,083,354)	(708,924)	(294,894)	193,691	682,516
Operating income (loss)	71,526	89,162	274,815	129,752	75,575	(408,578)	(324,467)	122,948	90,729	(183)
Rate of Return	-48.35%	-334.42%	-36.52%	-8.24%	-5.50%	37.71%	45.77%	-41.69%	46.84%	-0.03%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
WATER										
Pumpage from surface water (in thousand gallons)	3,211,836	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
Volume sold (in thousand gallons)	3,009,617	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
Volume pumped, but not sold (in thousand gallons)	202,219	182,716	216,192	179,261	289,692	252,279	203,405	294,092	169,212	217,687
Percent billed	94%	94%	93%	94%	90%	91%	92%	90%	94%	92%
Volume not sold, but accounted for-										
Volume used for water production, water quality and system maintenance (in thousand gallons)	20,187	10,443	18,507	7,556	12,644	13,928	14,050	19,205	17,435	20,470
Volume related to equipment and system malfunction (in thousand gallons)	6,674	6,149	5,009	5,543	1,982	2,509	1,714	55,611	3,457	2,069
Total volume not sold, but accounted for (in thousand gallons)	26,861	16,592	23,516	13,099	14,626	16,437	15,764	74,816	20,892	22,539
Volume pumped, but unaccounted for (in thousand gallons)	175,358	166,124	192,676	166,162	275,066	235,842	187,641	219,276	148,320	195,148
Percent of Water Loss	5%	6%	7%	6%	10%	9%	7%	8%	5%	7%
Maximum day pumpage (in thousand gallons)	13,860	13,400	13,740	11,660	12,280	12,110	10,510	11,950	13,150	11,450
Minimum day pumpage (in thousand gallons)	5,520	5,020	4,790	4,310	4,130	4,540	5,650	4,710	5,610	5,210
Total KWH used for pumping	5,898,404	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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
WATER										
Number of Customers-										
Residential	8,388	8,329	8,299	8,218	8,152	8,115	8,081	8,060	7,973	7,941
Commercial	1,123	1,099	1,086	1,078	1,039	1,024	1,000	976	996	986
Industrial	36	42	42	42	42	44	43	47	30	28
Public authority	35	35	35	35	31	31	30	28	61	59
Wholesale	2	2	2	2	2	2	2	2	2	2
Total Number of Customers	9,584	9,507	9,464	9,375	9,266	9,216	9,156	9,113	9,062	9,016
Gallons Sold (in thousands)-										
Residential	452,460	438,579	463,797	452,636	416,182	428,992	432,164	452,344	440,641	431,281
Commercial	552,165	511,309	510,119	488,253	474,023	466,142	477,702	469,412	459,522	448,438
Industrial	700,350	628,400	539,093	494,969	518,921	515,434	454,310	445,429	387,516	399,529
Public authority	19,581	19,830	15,287	10,967	13,327	13,915	14,407	14,769	23,424	18,646
Wholesale	1,285,061	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
Total Gallons Sold	3,009,617	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
Average Day Sales (in thousands)	8,246	7,629	7,501	7,159	6,916	6,860	6,689	6,966	7,071	6,744
Maximum Day Sales (in thousands)	13,860	13,400	13,740	11,660	12,280	12,110	10,510	11,950	13,150	11,450
Gallons Sold per Residential Customer (in thousands)	53.9	52.7	55.9	55.1	51.1	52.9	53.5	56.1	55.3	54.3
Chemical Costs for Production	\$ 283,527	\$ 245,947	\$ 176,532	\$ 153,561	\$ 155,348	\$ 149,989	\$ 136,299	\$ 158,458	\$ 162,984	\$ 151,673
Electric Power for Pumping	\$ 521,408	\$ 420,582	\$ 416,315	\$ 378,925	\$ 371,412	\$ 364,121	\$ 354,884	\$ 380,086	\$ 378,882	\$ 384,601
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	\$ 49.03	\$ 47.61	\$ 47.61
Usage rate (per thousand gallons)	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.39	\$ 3.29	\$ 3.29
SEWER										
Number of Customers-										
Residential	8,617	8,557	8,535	8,461	8,422	8,396	8,366	8,347	8,266	8,240
Commercial	1,042	1,017	1,002	996	987	973	949	923	943	934
Industrial	30	37	37	37	37	39	38	42	27	25
Public authority	31	31	31	31	30	30	29	28	60	58
Total Number of Customers	9,720	9,642	9,605	9,525	9,476	9,438	9,382	9,340	9,296	9,257
Gallons Collected (in thousands)-										
Residential	464,079	450,757	475,446	466,120	430,557	443,968	447,203	455,423	443,629	434,823
Commercial	504,611	475,526	469,517	458,521	449,242	446,470	443,330	429,981	419,967	411,290
Industrial	212,529	205,082	202,345	213,408	215,799	209,396	192,472	179,714	149,825	163,490
Public authority	17,590	16,538	12,437	8,682	12,887	13,176	13,390	12,491	20,536	17,183
Total Gallons Collected	1,198,809	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
Average Day Sales (in thousands)	3,284	3,145	3,177	3,142	3,037	3,049	3,004	2,952	2,833	2,813
Total Direct Rate (5/8" and 3/4" meters)-										
Quarterly service charge	\$ 30.15	\$ 29.82	\$ 28.36	\$ 27.55	\$ 27.38	\$ 26.84	\$ 25.24	\$ 24.75	\$ 26.93	\$ 27.04
Usage rate (per thousand gallons)	\$ 3.14	\$ 3.11	\$ 3.13	\$ 3.02	\$ 2.89	\$ 2.84	\$ 2.67	\$ 2.68	\$ 2.44	\$ 2.32

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Water Utility Rates-											
Quarterly service charge (by meter size)-											
5/8" & 3/4"	\$ 27.58	\$ 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	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	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	81.69	79.31	79.31	77.00
2"	118.82	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	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	207.94	201.88	201.88	196.00
4"	336.31	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	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	1,058.78	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	1,564.83	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	2,070.88	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	\$ 3.39	\$ 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	2.61	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	2.09	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	\$ 3.12	\$ 3.03	\$ 3.03	\$ 2.94	\$ 2.94
Public Fire Protection Rates-											
Quarterly service charge (by meter size)-											
5/8" & 3/4"	\$ 21.45	\$ 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	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	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	107.25	104.13	104.13	101.10	101.10
2"	171.55	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	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	321.45	312.09	312.09	303.00	303.00
4"	535.97	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	1,071.93	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	1,715.16	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	2,572.58	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	3,429.99	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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Sewer Utility Rates-											
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	\$ 18.00
1"	24.00	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	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	33.00
2"	42.00	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	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	69.00
4"	105.00	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	195.00
8"	303.00	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	447.00
12"	591.00	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	\$ 0.69
Metropolitan Sewerage District Rates-											
Domestic strength customers- Metro volume charge (per thousand gallons used)	\$ 2.622210	\$ 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)	\$ 1.65927	\$ 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)	0.10918	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)	0.22058	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)	\$ 10.88	\$ 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	\$ 1.27	\$ 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, 2023.*

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	
<u>FISCAL YEAR 2023 - WATER</u>				
WE Energies	Electric power plant	453,507	\$ 1,038,969	8.25%
STC Oak Creek WI LLC	Manufacturing - pet food	62,481	185,497	1.47%
Crothall Services Group	Laundry Service	54,113	164,181	1.30%
MMSD-South Shore	Waste water treatment plant	38,499	144,495	1.15%
PPG Industries	Manufacturing - resin and paint	34,128	120,636	0.96%
Centennial Park	Apartment complex	16,870	104,447	0.83%
Sierra Electro-Tek Corp.	Manufacturing - circuit board	27,286	98,449	0.78%
Ed Rose & Sons	Apartment complex	23,236	98,207	0.78%
Air Products & Chemical	Air separation plant	21,388	83,304	0.66%
Occidental Development	Apartment complex	17,429	81,959	0.65%
	Total Ten Largest Water Customers for 2023	<u>748,937</u>	<u>\$ 2,120,144</u>	<u>16.83%</u>
<u>FISCAL YEAR 2023 - SEWER</u>				
Crothall Services Group	Laundry Service	44,894	\$ 224,993	4.31%
STC Oak Creek LLC	Manufacturing - pet food	41,607	170,912	3.28%
Oak Creek Utility	Manufacturing - water	51,018	119,450	2.29%
PPG Industries	Manufacturing - resin and paint	24,651	69,221	1.33%
Sierra Electro-Tek Corp.	Manufacturing - circuit board	26,739	67,717	1.30%
Ed Rose & Sons	Apartment Complex	18,872	62,558	1.20%
Centennial Park	Apartment Complex	16,870	61,194	1.17%
Furlani Foods LLC (Joseph Campione)	Manufacturing - food products	17,141	58,888	1.13%
Loves Travel Stops	Travel Plaza	18,199	58,115	1.11%
Occidental Development	Apartment complex	17,088	57,949	1.11%
	Total Ten Largest Sewer Customers for 2023	<u>277,079</u>	<u>\$ 950,997</u>	<u>18.23%</u>
<u>FISCAL YEAR 2014 - WATER</u>				
We Energies	Electric power plant	264,225	\$ 601,671	5.87%
	Manufacturing - resin and paint	36,362	121,340	1.18%
	Air separation plant	29,966	96,187	0.94%
	Laundry service	27,626	91,034	0.89%
	Waste water treatment plant	21,784	87,896	0.86%
Delphi	Manufacturing - circuit boards	25,087	86,079	0.84%
	Apartment complex	19,481	81,561	0.80%
	Apartment complex	17,914	80,183	0.78%
	Apartment complex	14,187	69,386	0.68%
	Bottling company	19,083	66,934	0.65%
	Total Ten Largest Water Customers for 2014	<u>475,715</u>	<u>\$ 1,382,271</u>	<u>13.49%</u>
<u>FISCAL YEAR 2014 - SEWER</u>				
Oak Creek Utility	Manufacturing - water	76,496	\$ 124,446	3.57%
	Laundry service	27,626	103,875	2.98%
	Manufacturing - circuit boards	24,586	46,488	1.33%
	Manufacturing - resin and paint	12,234	25,519	0.73%
	Apartment complex	18,251	45,098	1.29%
	Apartment complex	17,799	44,913	1.29%
	Apartment complex	14,187	37,201	1.07%
	Manufacturing - food products	11,074	34,874	1.00%
	Apartment complex	12,136	30,351	0.87%
	Apartment complex	10,662	28,687	0.82%
	Total Ten Largest Sewer Customers for 2014	<u>225,051</u>	<u>\$ 521,452</u>	<u>14.95%</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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Types of Debt-										
Revenue bonds - water	\$ 11,259,242	\$ 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
Unamortized premiums	-	-	-	-	2,496	10,439	23,850	47,926	86,195	39,100
Total Debt	<u>\$ 11,259,242</u>	<u>\$ 12,419,609</u>	<u>\$ 13,555,164</u>	<u>\$ 14,671,211</u>	<u>\$ 15,775,543</u>	<u>\$ 17,276,405</u>	<u>\$ 18,744,105</u>	<u>\$ 17,851,153</u>	<u>\$ 19,834,310</u>	<u>\$ 21,916,673</u>
Total Debt per Capita	<u>\$ 313.79</u>	<u>\$ 342.52</u>	<u>\$ 374.84</u>	<u>\$ 404.79</u>	<u>N/A</u>	<u>\$ 483.40</u>	<u>\$ 527.11</u>	<u>\$ 507.05</u>	<u>\$ 570.10</u>	<u>\$ 631.42</u>
Total Debt as a Share of Personal Income	<u>N/A</u>	<u>\$ 293.91</u>	<u>\$ 360.15</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ 529.24</u>	<u>\$ 617.86</u>	<u>\$ 602.31</u>	<u>\$ 674.68</u>	<u>\$ 784.50</u>

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

	2023	2022	Restated 2021	2020	2019	2018	2017	2016	2015	2014	2013
WATER											
Gross Revenues (1)	\$ 14,134,285	\$ 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)	5,029,508	3,947,993	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	9,104,777	8,489,578	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	1,135,555	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	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	1,371,294	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	6.60	6.19	5.80	5.54	3.10	3.39	3.40	2.56	1.95	2.49	2.39
SEWER											
Gross Revenues (1)	\$ 5,556,300	\$ 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)	4,566,038	3,956,662	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	990,262	986,656	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	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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Population (1)										
City of Oak Creek	35,881	37,608	36,163	36,244	N/A	35,739	35,560	35,206	34,791	34,710
City of Franklin	35,688	36,646	35,772	35,798	N/A	35,779	36,046	35,741	35,655	35,700
Milwaukee County	937,259	947,241	943,240	944,483	N/A	950,381	945,416	948,930	949,795	949,740
State of Wisconsin	5,951,400	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
Total Personal Income (1)										
City of Oak Creek	N/A	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
City of Franklin	N/A	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
Milwaukee County	N/A	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
State of Wisconsin	N/A	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
Per Capita Personal Income (1)										
City of Oak Creek	N/A	N/A	N/A	N/A	N/A	\$ 32,644	\$ 30,337	\$ 29,638	\$ 29,398	\$ 27,937
City of Franklin	N/A	N/A	N/A	N/A	N/A	38,784	37,393	37,662	36,088	35,075
Milwaukee County	N/A	N/A	N/A	N/A	N/A	25,780	24,269	24,327	23,939	22,507
State of Wisconsin	N/A	N/A	N/A	N/A	N/A	31,962	30,182	29,711	29,145	27,671
Unemployment Rates (2)										
City of Oak Creek	3.2%	1.9%	3.9%	4.6%	3.0%	2.7%	3.0%	3.7%	4.2%	4.9%
City of Franklin	3.4%	2.0%	4.4%	4.7%	3.2%	2.9%	3.3%	3.9%	4.5%	5.0%
Milwaukee County	3.9%	2.8%	3.4%	5.0%	4.0%	3.6%	4.0%	5.1%	5.8%	7.0%
State of Wisconsin	3.3%	3.2%	3.1%	4.0%	3.3%	3.0%	3.3%	4.1%	4.6%	5.5%

- (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
<u>CALENDAR YEAR 2023</u>				
Amazon Fulfillment Center	Distribution center	3,216		12.43%
Milwaukee Area Technical College	Higher Education	1,353		5.23%
Oak Creek-Franklin School District	Education	738		2.85%
UPS	Parcel delivery and distribution center	730		2.82%
PPG Industries, Inc.	Coating and resin products	700		2.71%
Reinhart FoodService, LLC	Wholesale food distributor	480		1.86%
Oak Creek Power Plant (WE Energies)	Electrical power generation	399		1.54%
City of Oak Creek	Municipal government	341		1.32%
Joseph Campione Inc.	Food products	298		1.15%
Arena Americas	Event equipment rental	250		0.97%
		<u>8,505</u>	<u>25,870</u>	<u>32.88%</u>
Total Principal Employers for 2023				
<u>CALENDAR YEAR 2014</u>				
UPS	Parcel delivery	1,142		5.91%
Oak Creek - Franklin School District	Education	671		3.47%
WE Energies	Electrical power generation	532		2.75%
PPG Industries, Inc.	Coating and resin products	462		2.39%
Caterpillar Global Mining	Corporate Headquarters	301		1.56%
Master Lock & Waterloo Industries	Security systems; locks	300		1.55%
Milwaukee Area Technical College	Education	297		1.54%
City of Oak Creek	Municipal government	241		1.25%
Grunau Co., Inc.	Fire protection equipment	230		1.19%
Joseph Campione Inc.	Manufacturing - food products	228		1.18%
		<u>4,404</u>	<u>19,316</u>	<u>22.79%</u>
Total Principal Employers for 2014				

Source of approximate employment: 2023 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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Water Treatment Plant-											
Manager	1	1	1	1	1	1	1	1	1	1	1
Operators	9	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	10
Water and Sewer Field Operations-											
Manager	1	1	1	1	1	1	1	1	1	1	1
Senior Utility Workers	3	3	3	3	3	3	3	2	2	2	2
Utility Service Workers	5	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	9	8	8
Engineering-											
Manager	1	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	2
Utility Locator	1	1	1	1	1	1	1	1	1	1	1
Total Engineering Employees	4	4	5	5	5	5	5	5	5	5	5
Administration-											
General Manager	1	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	1
Accounts Payable Clerk	1	1	1	1	1	1	1	1	1	1	1
Utility Clerk	1	1	1	1	1	1	1	1	1	1	1
Total Administrative Employees	4	4	5	5	5	5	5	5	5	5	5
Custodian	1	1	1	1	1	1	1	1	1	1	1
Total	28	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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Date Created - September 23, 1960										
Service Area in Square Miles	83	83	83	83	83	83	83	83	83	83
Number of Customers	10,058	9,855	9,381	9,381	9,650	9,618	9,566	9,508	9,454	9,410
Number of Retail Customers Outside Municipal Boundary	-	-	-	-	-	-	-	-	-	-
Water System-										
Miles of Watermain	199	196	198	198	196	194	192	191	190	185
Production capacity (MGD)	35	35	35	35	35	35	35	35	35	35
Storage capacity (MG)	3.70	6.70	6.70	6.70	6.70	6.70	6.70	7.25	7.25	7.25
Number of towers and reservoirs	3	3	3	3	3	3	3	4	4	4
Number of Fire Hydrants	2,341	2,331	2,301	2,301	2,274	2,247	2,225	2,211	2,189	2,128
Sales in Thousands of Gallons	3,009,617	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
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	166	164	164	164	163	162	162	161	159	159
Lift Stations	2	2	2	2	3	3	3	3	3	3
Sales in Thousands of Gallons	1,198,809	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
Field Operations-										
New meters installed	86	50	87	87	57	64	75	63	53	39
Electronic meter head replacements	520	463	530	530	518	523	552	325	796	768
Water meters tested/exchanged	646	496	598	598	1,052	1,203	1,194	554	544	1,034
Cross connection inspections	1,067	966	150	150	855	979	728	661	1,115	1,386
Water valves operated	807	484	261	261	1,202	1,138	1,798	2,809	485	446
Hydrants flushed	2,206	1,665	2,206	2,206	2,160	2,169	2,164	2,093	2,135	2,070
Sanitary sewer cleaned (in feet)	154,346	200,758	129,564	129,564	179,105	153,026	158,939	203,910	214,240	174,887
Sanitary sewer televised (in feet)	155,328	201,439	128,182	128,182	90,720	97,142	72,972	106,603	149,670	180,932

Note: MGD represents millions of gallons per day.

See accompanying notes to financial statements.