

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
GREEN BAY, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2021 AND 2020



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**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
GREEN BAY, WISCONSIN
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INDEPENDENT AUDITORS' REPORT

Commissioners
Green Bay Metropolitan Sewerage District
Green Bay, Wisconsin

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Green Bay Metropolitan Sewerage District (the GBMSD), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the GBMSD's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the GBMSD, as of December 31, 2021 and 2020, and the changes in its financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 GBMSD 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 opinion.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the GBMSD's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinion. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 GBMSD'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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the GBMSD's ability to continue as a going concern for a reasonable period of time.

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

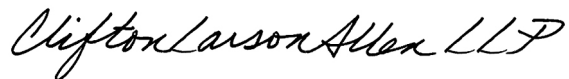
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules related to pension and other postemployment benefits be presented to supplement the basic financial statements. Such information is the responsibility of management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

Supplementary Information

Our audit for the year ended December 31, 2021 and 2020 was conducted for the purpose of forming an opinion on the GBMSD's basic financial statements. The schedule of operating revenues and expenses is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of operating revenues and expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2022 on our consideration of the GBMSD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the GBMSD's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Green Bay Metropolitan Sewerage District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
May 18, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
GREEN BAY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 3, 2021 AND 2020**

The management of the Green Bay Metropolitan Sewerage District (GBMSD), offers readers of its financial statements this narrative overview and analysis for the fiscal year ended December 31, 2021 and 2020. Readers are encouraged to consider the information presented here in conjunction with the GBMSD's financial statements and notes to the financial statements to enhance their understanding of the GBMSD's financial performance.

The GBMSD has adopted a new brand: NEW Water. The GBMSD has proudly served Northeast Wisconsin for more than 90 years, serving the mission of leading water quality improvements for the bay of Green Bay through operational excellence, resource recovery, education, and watershed management. The organization will continue to be known as the Green Bay Metropolitan Sewerage District legally, and will continue to provide the same quality water treatment service customers have come to expect. This new brand complements a new attitude of viewing materials received as a resource to be recovered, rather than as with which to dispose. Further, the GBMSD will be working closely with the greater Northeast Wisconsin community toward a common goal of clean water, an essential part of the quality of life in the watershed area. Clean water from wastewater was one of the greatest innovations of the 20th century. The GBMSD looks forward to Watershed Conservation and Stewardship being its signature contribution to the 21st century.

Financial Highlights

- The assets and deferred outflows of the GBMSD exceeded its liabilities and deferred inflows at the close of the most recent year by \$244,175,526 (net position). Of this amount, unrestricted net position is \$41,300,534.
- The GBMSD's operating expenses decreased by \$481,782.
- User fees from municipal waste increased \$470,594 and mill waste increased \$762,477.

Overview of the Financial Statements

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

Financial Statements

The financial statements of the GBMSD report information of the GBMSD using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Position includes all of the GBMSD's assets, deferred outflows, liabilities and deferred inflows, and provides information about the nature and amounts of investments in resources (assets) and the obligations to the GBMSD creditors (liabilities). It also provides the basis for evaluating the capital structure of the GBMSD and assessing the liquidity and financial flexibility of the GBMSD.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the GBMSD's operations over the past year and can be used to determine whether the GBMSD has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities during the reporting period.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED DECEMBER 3, 2021 AND 2020**

Financial Analysis of the GBMSD

The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about the GBMSD's financial activities for the years ending December 31, 2021 and 2020. These statements report the year-end balances of net position as well as the changes in net position from one year to the next. The balance of net position – the difference between assets and deferred outflows and liabilities and deferred inflows – measures the GBMSD's financial health or financial position. Over time, increases or decreases in the GBMSD's net position indicate whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in economic conditions, population growth, and changes in governmental regulations must also be considered.

Net Position

A summary of the GBMSD's Statement of Net Position is presented below:

	Condensed Summary of Net Position			Variance of 2021 to 2020 Increase (Decrease)	
	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>Dollars</u>	<u>%</u>
Capital assets:					
Net plant in service	\$ 307,549,845	\$ 311,697,638	\$ 301,517,599	\$ (4,147,793)	(1.3) %
Construction in progress	21,854,118	21,657,660	40,904,386	196,458	0.9
Current, restricted and other assets	<u>107,274,966</u>	<u>105,062,788</u>	<u>107,201,086</u>	<u>2,212,178</u>	<u>2.1</u>
Total assets	<u>436,678,929</u>	<u>438,418,086</u>	<u>449,623,071</u>	<u>(1,739,157)</u>	<u>(0.4)</u>
Deferred outflows of resources	<u>8,372,728</u>	<u>6,636,944</u>	<u>4,745,578</u>	<u>1,735,784</u>	<u>26.2</u>
Current liabilities	18,898,378	16,592,864	23,393,503	2,305,514	13.9
Long-term liabilities	<u>174,932,315</u>	<u>183,262,269</u>	<u>183,868,697</u>	<u>(8,329,954)</u>	<u>(4.5)</u>
Total liabilities	<u>193,830,693</u>	<u>199,855,133</u>	<u>207,262,200</u>	<u>(6,024,440)</u>	<u>(3.0)</u>
Deferred inflows of resources	<u>7,045,438</u>	<u>4,882,402</u>	<u>2,632,356</u>	<u>2,163,036</u>	<u>44.3</u>
Net position:					
Net investment in capital assets	144,514,662	142,069,145	143,757,500	2,445,517	1.7
Restricted	58,360,330	54,530,836	62,640,820	3,829,494	7.0
Unrestricted	<u>41,300,534</u>	<u>43,717,514</u>	<u>38,075,773</u>	<u>(2,416,980)</u>	<u>(5.5)</u>
Total net position	<u>\$ 244,175,526</u>	<u>\$ 240,317,495</u>	<u>\$ 244,474,093</u>	<u>\$ 3,858,031</u>	<u>1.6 %</u>

The largest portion of the GBMSD's net position (59%) is reflected in its investment in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure); less any related outstanding indebtedness used to acquire those assets and deferred outflows. The GBMSD uses these capital assets for operational purposes; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the GBMSD's net position (24%) represents resources that are subject to external restrictions on how they may be used. The restricted net position of \$58,360,330 is made up of equipment and interceptor replacement (\$35,082,942), debt service (\$20,184,460) and pension (\$3,092,928). The remaining \$41,300,534 balance is considered unrestricted at the end of 2021.

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YEARS ENDED DECEMBER 3, 2021 AND 2020**

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes. A summary of the Statement of Revenues, Expenses, and Changes in Net Position is shown below:

Condensed Summary of Revenues, Expenses and Changes in Net Position	Variance of 2021 to 2020				
	Increase (Decrease)				
	2021	2020	2019	Dollars	%
Revenues					
Operating revenues	\$ 44,686,016	\$ 43,131,235	\$ 41,762,537	\$ 1,554,781	3.6 %
Non-operating revenues	163,499	1,697,797	2,294,107	(1,534,298)	(90.4)
Total Revenues	<u>44,849,515</u>	<u>44,829,032</u>	<u>44,056,644</u>	<u>20,483</u>	<u>0.0</u>
Expenses					
Depreciation expense	13,891,830	13,648,659	11,603,616	243,171	1.8
Other operating expense	23,001,916	23,726,869	23,708,934	(724,953)	(3.1)
Total operating expenses	36,893,746	37,375,528	35,312,550	(481,782)	(1.3)
Non-operating expenses	4,629,377	15,642,670	2,662,853	(11,013,293)	(70.4)
Total expenses	<u>41,523,123</u>	<u>53,018,198</u>	<u>37,975,403</u>	<u>(11,495,075)</u>	<u>(21.7)</u>
Increase in net position before capital contributions	3,326,392	(8,189,166)	6,081,241	11,515,558	(140.6)
Capital contributions	531,639	4,032,568	417,826	(3,500,929)	(86.8)
Change in net position	3,858,031	(4,156,598)	6,499,067	8,014,629	(192.8)
Net position, January 1	240,317,495	244,474,093	237,975,026	(4,156,598)	(1.7)
Cumulative effect of change in account	-	-	-	-	-
Net position, January 1, as restated	240,317,495	244,474,093	237,975,026	(4,156,598)	(1.7)
Net position, December 31	<u>\$ 244,175,526</u>	<u>\$ 240,317,495</u>	<u>\$ 244,474,093</u>	<u>\$ 3,858,031</u>	<u>1.6 %</u>

Net position increased by \$3,858,031. Key elements of this increase are as follows:

- Operating income of \$7,792,270 from 2021 increased from prior year operating income of \$5,755,707. The increase was due to an increase in operating revenues of \$1,554,781 and a decrease in operating expenses of \$481,782. Municipal waste fees increased \$470,594 and mill waste increased \$762,477.
- Operating income of \$5,755,707 from 2020 decreased from prior year operating income of \$6,449,987. The decrease was due to an increase in operating expenses of \$2,062,998, with the largest percentage due to increased depreciation due to plant upgrade costs being reclassified from work in progress during 2020, offset by additional operating revenues of \$1,368,698. Municipal waste fees increased \$1,168,800 and mill waste increased \$8,603.

BUDGETARY HIGHLIGHTS

The GBMSD adopts an annual budget and a five-year capital plan following public budget workshops and a public hearing. The budget includes proposed expenses for operations, debt service, and plant and equipment. The budget then identifies the means of financing the expenses. The budget is used as the basis for establishing user rates on an

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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annual basis. A budget comparison and analysis is presented to management as interim financial statements; however, they are not reported on nor shown in the financial statement section of this report.

The following is a summary of the 2021 budget:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ 43,299,521	\$ 44,686,016	\$ 1,386,495
Expenses:			
Salaries and benefits	11,904,741	11,132,224	772,517
Power	1,847,792	1,868,548	(20,756)
Contracted services	4,059,129	3,559,057	500,072
Maintenance - plant	1,704,494	2,302,684	(598,190)
Chemicals	1,168,540	1,429,667	(261,127)
Natural gas and fuel oil	417,144	411,331	5,813
Solid waste disposal	282,468	382,096	(99,628)
Maintenance - interceptors	455,409	261,735	193,674
Office related expenses	633,283	580,468	52,815
Insurance	346,936	385,373	(38,437)
Supplementary expenses	563,001	598,638	(35,637)
Employee development	159,079	76,803	82,276
Travel and meetings	66,396	13,292	53,104
Total Expenses	<u>23,608,412</u>	<u>23,001,916</u>	<u>606,496</u>
Net change	<u>\$ 19,691,109</u>	<u>\$ 21,684,100</u>	<u>\$ 1,992,991</u>

The following is a summary of the 2020 budget:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ 39,630,962	\$ 43,131,235	\$ 3,500,273
Expenses:			
Salaries and benefits	11,383,710	11,764,581	(380,871)
Power	1,607,896	2,006,818	(398,922)
Contracted services	3,863,924	3,119,659	744,265
Maintenance - plant	1,634,541	2,105,742	(471,201)
Chemicals	978,403	1,549,300	(570,897)
Natural gas and fuel oil	702,907	670,150	32,757
Solid waste disposal	254,828	459,298	(204,470)
Maintenance - interceptors	631,136	409,836	221,300
Office related expenses	659,991	572,196	87,795
Insurance	290,490	314,697	(24,207)
Supplementary expenses	352,774	674,441	(321,667)
Employee development	178,562	73,572	104,990
Travel and meetings	88,493	6,579	81,914
Total Expenses	<u>22,627,655</u>	<u>23,726,869</u>	<u>(1,099,214)</u>
Net change	<u>\$ 17,003,307</u>	<u>\$ 19,404,366</u>	<u>\$ 2,401,059</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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CAPITAL ASSETS

At the end of 2021, the GBMSD had \$481,392,925 invested in capital assets including two treatment plants and interceptors.

Capital Assets			
	2021	2020	2019
Land and land improvements	\$ 12,144,491	\$ 11,492,745	\$ 4,048,104
Structures	149,223,971	163,803,665	173,319,120
Machinery and equipment	197,295,381	184,093,478	189,658,971
Furniture and fixtures	2,172,521	718,989	844,575
Autos and trucks	962,417	1,546,103	1,548,559
Interceptors	94,937,794	86,844,551	86,826,972
Amortizable assets	2,802,232	2,507,974	2,543,109
Construction in process	21,854,118	21,657,660	40,904,386
Total	481,392,925	472,665,165	499,693,796
Less: Accumulated depreciation	151,988,962	139,309,867	157,271,811
Net Capital Assets	\$ 329,403,963	\$ 333,355,298	\$ 342,421,985

More detailed information about the GBMSD's capital assets is presented in Note 2.D of the financial statements.

DEBT ADMINISTRATION

In order to abate levying a tax for debt service, the GBMSD maintains cash and investments in a reserve fund in an amount no less than what is required to meet the balance of the current year's debt service requirements plus the subsequent year's debt service. By October 1 of each year, the GBMSD's customers are informed that the GBMSD will not levy any taxes for the existing debt service. The GBMSD believes the most equitable method is collecting for municipal debt service requirements based on the flow and loadings to the plant. Procter and Gamble and Green Bay Packaging are assessed debt service cost based on its contractual plant capacity.

Indebtedness outstanding at December 31, 2021 and 2020 amounted to \$182.6 million, and \$191.7 million, respectively. This balance includes funds received by the GBMSD through the State of Wisconsin Clean Water Fund Loan program, which has replaced grant funding for the construction of wastewater treatment facilities, and General Obligation Bonds. More detailed information about the GBMSD's long-term liabilities is presented in Note 2.E of the financial statements.

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ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Commission and management of the GBMSD considered many factors when setting the fiscal year budgets, user fees, and charges. One of those factors is the local economy, and the impact the GBMSD rates have on the major industries. By maintaining competitive rates, the GBMSD believes it can help keep its industrial customers competitive in their respective markets. The following table presents the budget rate history:

Municipal Rate History

Fiscal Year	Volume (Per 1,000 gallons)	BOD (Per Lb.)	Suspended Solids (Per Lb.)	Phosphorus (Per Lb.)	TKN (Per Lb.)	Fixed Charge
2011	0.71112	0.23857	0.26360	0.70698	0.87221	N/A
2012	0.84274	0.26511	0.29365	0.48596	0.76667	N/A
2013	0.85682	0.30901	0.34795	0.62393	0.78995	N/A
2014	0.76333	0.33466	0.29867	0.62124	0.68741	0.46763
2015	0.80448	0.39331	0.34822	0.56768	0.65358	0.52659
2016	0.79357	0.43068	0.41292	0.60597	0.64043	0.54580
2017	0.71260	0.41913	0.36651	0.58901	0.76448	0.78834
2018	0.69897	0.35126	0.28304	0.75833	0.70556	0.93605
2019	0.72428	0.29558	0.26732	0.44398	0.74148	0.98048
2020	0.72007	0.33516	0.27929	0.71609	0.82425	0.94829
2021	0.69630	0.31750	0.28332	0.71995	0.84000	0.97619

Mill Rate History

Fiscal Year	Volume (Per 1,000 gallons)	BOD (Per Lb.)	Suspended Solids (Per Lb.)	Phosphorus (Per Lb.)	TKN (Per Lb.)
2011	0.43660	0.17744	0.22522	0.61497	0.66935
2012	0.47128	0.18786	0.20413	0.36372	0.55581
2013	0.50944	0.20116	0.19775	0.44714	0.57453
2014	0.51836	0.24896	0.19362	0.50636	0.56970
2015	0.52549	0.26270	0.19420	0.40750	0.50956
2016	0.53420	0.25789	0.18371	0.38906	0.49819
2017	0.58553	0.26840	0.20301	0.43617	0.64142
2018	0.58847	0.28878	0.22148	0.69239	0.64105
2019	0.58964	0.23376	0.20216	0.29866	0.67460
2020	0.56266	0.25891	0.20401	0.56941	0.74910
2021	0.52942	0.24470	0.20904	0.55710	0.75739

GBMSD CONTACT INFORMATION

This financial report is designed to provide a general overview of the finances of the GBMSD for interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Beth Clausen, Accounting Manager, 2231 N. Quincy Street, Green Bay, WI 54302.

FINANCIAL STATEMENTS

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
GREEN BAY, WISCONSIN
STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020**

	2021	2020
ASSETS		
Current Assets:		
Cash and Investments	\$ 40,646,873	\$ 41,842,745
Restricted Cash	3,451,598	1,772,724
Receivables:		
Customer Accounts	6,029,544	6,310,536
Other	211,313	149,212
Inventories	1,375,882	1,298,805
Prepaid Items	474	243,566
Total Current Assets	51,715,684	51,617,588
Noncurrent Assets:		
Restricted Assets:		
Cash	21,068,061	30,678,324
Investments	28,800,484	18,627,851
Accrued Interest Receivable	1,411,072	1,102,195
Interceptor Cost Recovery Receivable	1,186,727	1,496,804
Total Restricted Assets	52,466,354	51,905,174
Other Assets:		
Net Pension Asset - Restricted	3,092,928	1,540,026
Total Other Assets	3,092,928	1,540,026
Capital Assets:		
Construction in Progress:		
Nondepreciable	21,854,118	21,657,660
Wastewater Treatment Facilities:		
Nondepreciable	706,857	706,857
Depreciable, Net	237,383,200	247,416,075
Interceptor Sewers:		
Depreciable, Net	69,459,788	63,574,706
Total Capital Assets	329,403,963	333,355,298
Total Assets	436,678,929	438,418,086
DEFERRED OUTFLOWS OF RESOURCES		
Loss on Advance Refunding	2,267,303	2,400,674
Pension Related Amounts	5,151,781	3,637,298
Other Postemployment Related Amounts	953,644	598,972
Total Deferred Outflows of Resources	8,372,728	6,636,944

See accompanying Notes to Financial Statements.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
GREEN BAY, WISCONSIN
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 2,833,678	\$ 2,108,022
Accrued and Other Current Liabilities	358,184	303,511
Compensated Absences	573,381	574,734
Current Portion of Long-Term Debt	11,681,537	11,833,873
Payable from Restricted Assets:		
Accounts Payable	2,801,058	1,085,637
Accrued Interest	650,540	687,087
Total Current Liabilities	<u>18,898,378</u>	<u>16,592,864</u>
 Long-Term Obligations, Less Current Portion		
General Obligation Debt	171,332,997	180,318,452
Compensated Absences	1,524,825	1,477,580
Other Postemployment Benefits	<u>2,074,493</u>	<u>1,466,237</u>
Total Long-Term Liabilities	<u>174,932,315</u>	<u>183,262,269</u>
 Total Liabilities	193,830,693	199,855,133
 DEFERRED INFLOWS OF RESOURCES		
Pension Related Amounts	6,773,817	4,616,742
Other Postemployment Related Amounts	<u>271,621</u>	<u>265,660</u>
Total Deferred Inflows of Resources	<u>7,045,438</u>	<u>4,882,402</u>
 NET POSITION		
Net Investment in Capital Assets	144,514,662	142,069,145
Restricted for Equipment and Interceptor Replacement	35,082,942	36,624,625
Restricted for Debt Retirement	20,184,460	16,366,185
Restricted for Pension Benefits	3,092,928	1,540,026
Unrestricted	<u>41,300,534</u>	<u>43,717,514</u>
 Total Net Position	<u>\$ 244,175,526</u>	<u>\$ 240,317,495</u>

See accompanying Notes to Financial Statements.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
GREEN BAY, WISCONSIN
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES	\$ 44,686,016	\$ 43,131,235
OPERATING EXPENSES	<u>36,893,746</u>	<u>37,375,528</u>
OPERATING INCOME	7,792,270	5,755,707
NONOPERATING REVENUES (EXPENSES)		
Interest Income	163,499	1,697,797
Loss on Disposal of Capital Assets	(446,177)	(10,829,098)
Interest and Fiscal Charges	<u>(4,183,200)</u>	<u>(4,813,572)</u>
Total Nonoperating Revenues (Expenses)	<u>(4,465,878)</u>	<u>(13,944,873)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	3,326,392	(8,189,166)
CAPITAL CONTRIBUTIONS	<u>531,639</u>	<u>4,032,568</u>
CHANGE IN NET POSITION	3,858,031	(4,156,598)
Net Position - Beginning of Year	<u>240,317,495</u>	<u>244,474,093</u>
NET POSITION - DECEMBER 31	<u><u>\$ 244,175,526</u></u>	<u><u>\$ 240,317,495</u></u>

See accompanying Notes to Financial Statements.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
GREEN BAY, WISCONSIN
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 44,904,907	\$ 42,656,295
Cash Paid for Employee Wages and Benefits	(11,682,424)	(11,747,527)
Cash Paid to Suppliers	(12,319,033)	(12,620,433)
Net Cash Provided by Operating Activities	<u>20,903,450</u>	<u>18,288,335</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(7,330,239)	(21,331,923)
Interceptor Cost Recovery Income	310,077	564,537
Capital Contributions	531,629	4,032,568
Proceeds from Long-Term Debt	2,751,806	32,467,339
Premium on Long-Term Debt	-	153,944
Issuance Costs Paid on Long-Term Debt	-	(339,900)
Payment to the Escrow Agent	-	(22,534,044)
Principal Paid on Long-Term Debt	(11,848,709)	(11,637,200)
Interest Paid on Long-Term Debt	(4,127,264)	(4,473,407)
Net Cash Used by Capital and Related Financing Activities	<u>(19,712,700)</u>	<u>(23,098,086)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	309,722	860,696
Purchase of Investments	(12,058,733)	(2,000,000)
Proceeds from Sales and Maturities of Investments	2,020,000	4,000,000
Net Cash Provided (Used) by Investing Activities	<u>(9,729,011)</u>	<u>2,860,696</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(8,538,261)	(1,949,055)
Cash and Cash Equivalents - Beginning of Year	<u>74,293,793</u>	<u>76,242,848</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 65,755,532</u>	<u>\$ 74,293,793</u>

See accompanying Notes to Financial Statements.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
GREEN BAY, WISCONSIN
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 7,792,270	\$ 5,755,707
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	13,891,830	13,648,659
Change in Liability and Deferred Outflows and Inflows of Resources:		
Net Pension Asset	(1,552,902)	(1,540,026)
Deferred Outflows - Pension Related	(1,514,483)	965,651
Deferred Outflows - Opeb Related	(354,672)	(456,343)
Net Pension Liability	-	(1,700,516)
Other Postemployment Benefits	608,256	575,213
Deferred Inflows - Pension Related	2,157,075	2,266,924
Deferred Inflows - Opeb Related	5,961	(16,878)
Change in Operating Assets and Liabilities:		
Accounts Receivables	218,891	21,305
Inventories and Prepaid Items	166,015	(19,472)
Accounts Payable	(615,356)	(638,673)
Accrued and Other Current Liabilities	54,673	(226,567)
Unearned Revenue	-	(496,245)
Compensated Absences	45,892	149,596
Net Cash Provided by Operating Activities	\$ 20,903,450	\$ 18,288,335
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and Cash Equivalents in Current Assets	\$ 40,646,873	\$ 41,842,745
Cash and Cash Equivalents in Restricted Assets	24,519,659	32,451,048
Noncash Unrealized Loss on Investments	589,000	-
Total Cash and Cash Equivalents	\$ 65,755,532	\$ 74,293,793
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital related Accounts Payable	\$ 4,142,070	\$ 1,534,502

See accompanying Notes to Financial Statements.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Green Bay Metropolitan Sewerage District, Green Bay, Wisconsin (the GBMSD), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to 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 GBMSD are described below:

A. Reporting Entity

The GBMSD was organized in 1931, under Section 66.20 of the Wisconsin Statutes, to construct interceptor sewers, including rights-of-way and appurtenances, and construct and operate a sewage disposal plant. The GBMSD's service area includes all of the Cities of Green Bay and De Pere; Villages of Allouez, Ashwaubenon, Bellevue, Hobart, Howard, Luxemburg, Pulaski, and Suamico; the Towns of Ledgeview Sanitary District #2, Lawrence Utility District, Pittsfield Sanitary District #1, Scott Municipal Utility and Dyckesville Sanitary District.

The GBMSD, the City of Green Bay, and two paper mills located within the Green Bay city limits (Green Bay Packaging, Inc. and Procter & Gamble Paper Products Company) have entered into a tripartite agreement setting forth the distribution of total cost of construction and operation of the wastewater treatment facilities. Pursuant to agreements, the two paper mills share proportionately in the principal and interest payments falling due during the fiscal year, thus reducing the amount assessable to the various municipalities with the GBMSD. Each entity utilizing the GBMSD's services is billed for the actual units of volume and strength of its sewage treated.

The GBMSD is governed by a five member Board of Commission, appointed by the Brown County Executive, and operates under the jurisdiction of the Wisconsin State Statutes. In accordance with GAAP, the financial statements are required to include the GBMSD and any separate component units that have a significant operational or financial relationship with the GBMSD. The GBMSD has not identified any component units that are required to be included in the financial statements.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Enterprise Fund

The accounts of the GBMSD are accounted for in an enterprise fund as required by GAAP. An enterprise fund is used to account for government operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, and other purposes.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and deferred inflows and outflows of resources associated with the operation are included on the statement of net position. Enterprise fund operating statement present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Unpaid enterprise fund service receivables are recorded at year-end. All capital assets are capitalized at historical cost and depreciated over their useful lives.

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

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

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

2. Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the financial statements.

3. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

4. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

5. 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.

6. Capital Assets

Capital assets, which include property, plant and equipment assets, are reported in the financial statements. Capital assets are defined by the GBMSD as assets with an initial, individual cost of \$2,500 for general assets or \$5,000 for computers, or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position
(Continued)**

6. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the GBMSD are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	20 to 80
Improvements	3 to 80
Sewers	50 to 100
Equipment	3 to 30

7. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses and revenues are deferred until the future periods to which the outflows and inflows are applicable.

8. Unearned Revenues

Unearned revenues are reported for amounts received prior to the GBMSD earning the funds.

9. Long-Term Obligations

In the financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

10. Compensated Absences

It is the GBMSD's policy to permit employees to accumulate earned but unused vacation, PTO, and EDB benefits in accordance with employee handbook policies. All vacation, PTO, and EDB is accrued when incurred in the financial statements.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position
(Continued)**

11. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Other Postemployment Benefits Other than Pensions (OPEB)

Local Retiree Life Insurance Fund

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense (revenue), and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Net Position

Equity is classified as net position and displayed in three components:

- **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- **Restricted net position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position
(Continued)**

14. Capital Contributions

Capital contributions consist of interceptor capacity charges, contributed capital assets, and federal and state grants received to pay a portion of the construction costs of the wastewater treatment facility.

E. Use of Estimates

The 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The GBMSD maintains various cash and investment accounts which are displayed on the financial statements as "Cash and investments".

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state, and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the GBMSD's cash and investments totaled \$93,967,016 and \$92,921,644 on December 31, 2021 and 2020, respectively, as summarized below:

	<u>2021</u>	<u>2020</u>
Deposits with Financial Institutions	\$ 40,786,827	\$ 23,021,461
Investments	<u>53,180,189</u>	<u>69,900,183</u>
Total	<u>\$ 93,967,016</u>	<u>\$ 92,921,644</u>

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Reconciliation to the financial statements:

Statement of Net Position:

Cash and Investments	\$ 40,646,873	\$ 41,842,745
Restricted Cash	24,519,659	32,451,048
Restricted Investments	28,800,484	18,627,851
Total	\$ 93,967,016	\$ 92,921,644

Fair Value Measurements

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

The GBMSD has the following fair value measurements as of December 31, 2021:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments:			
U.S. Treasury Notes	\$ -	\$ 26,103,440	\$ -
Corporate Bonds	-	1,000,415	-
Money Market Funds	26,076,334	-	-
Total	\$ 26,076,334	\$ 27,103,855	\$ -

The GBMSD has the following fair value measurements as of December 31, 2020:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments:			
U.S. Treasury Notes	\$ -	\$ 18,600,938	\$ -
Corporate Bonds	-	2,023,320	-
Money Market Funds	49,275,925	-	-
Total	\$ 49,275,925	\$ 20,624,258	\$ -

Deposits and investments of the GBMSD are subject to various risks. Presented below is a discussion of the GBMSD's deposits and investments and the related risks.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin Statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The GBMSD does not have an additional custodial credit policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2021 and 2020, \$40,054,076 and \$22,568,316, respectively, of the GBMSD's deposits with financial institutions were in excess of federal and state depository insurance limits. GBMSD's financial institution's trust department pledged collateral with a fair value of \$37,971,469 as of December 31, 2021 and \$45,051,580 as of December 31, 2020.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin Statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Credit Risk (Continued)

Presented below is the actual rating as of December 31, 2021 for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	AA	Not Rated
U.S. Treasury Notes	\$ 26,103,440	\$ 26,103,440	\$ -	\$ -	\$ -
Corporate Bonds	1,000,415	-	1,000,415	-	-
Money Market Funds	26,076,334	-	-	-	26,076,334
Investment Pool	-	-	-	-	-
Totals	<u>\$ 53,180,189</u>	<u>\$ 26,103,440</u>	<u>\$ 1,000,415</u>	<u>\$ -</u>	<u>\$ 26,076,334</u>

Presented below is the actual rating as of December 31, 2020 for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	AA	Not Rated
U.S. Treasury Notes	\$ 18,600,938	\$ 18,600,938	\$ -	\$ -	\$ -
Corporate Bonds	2,023,320	-	1,022,199	1,001,121	-
Money Market Funds	49,275,925	-	-	-	49,275,925
Totals	<u>\$ 69,900,183</u>	<u>\$ 18,600,938</u>	<u>\$ 1,022,199</u>	<u>\$ 1,001,121</u>	<u>\$ 49,275,925</u>

Concentration of Credit Risk

The investment policy of the GBMSD allows that no more than 50% of its total investment portfolio can be invested in any one issuer, other than U.S. agency obligations, U.S. Treasury obligations, certificates of deposit, and authorized pools. At December 31, 2021 and 2020, the GBMSD had no investments in any one issuer that represent 5% or more of total GBMSD investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the GBMSD manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. In accordance with its investment policy, the GBMSD manages its exposure to declines in fair values by limiting the maximum maturity dates as follows:

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Interest Rate Risk (Continued)

- No more than 80% will have a maturity date greater than two years from purchase.
- No more than 50% will have a maturity date greater than three years from purchase.
- No more than 30% will have a maturity date greater than four years from purchase.
- No more than 20% will have a maturity date greater than five years from purchase.
- No more than 10% will have a maturity date greater than six years from purchase.

Information about the sensitivity of the fair values of the GBMSD's investments to market interest rate fluctuations is provided by the following tables.

As of December 31, 2021, GBMSD had the following investments and maturities:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury Notes	\$ 26,103,440	\$ 2,010,550	\$ 8,116,250	\$ 15,976,640	\$ -
Corporate Bonds	1,000,415	1,000,415	-	-	-
Money Market Funds	26,076,334	26,076,334	-	-	-
Totals	<u>\$ 53,180,189</u>	<u>\$ 29,087,299</u>	<u>\$ 8,116,250</u>	<u>\$ 15,976,640</u>	<u>\$ -</u>

As of December 31, 2020, GBMSD had the following investments and maturities:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury Notes	\$ 18,600,938	\$ 4,038,750	\$ 2,043,125	\$ 12,519,063	\$ -
Corporate Bonds	2,023,320	1,001,121	1,022,199	-	-
Money Market Funds	49,275,925	49,275,925	-	-	-
Totals	<u>\$ 69,900,183</u>	<u>\$ 54,315,796</u>	<u>\$ 3,065,324</u>	<u>\$ 12,519,063</u>	<u>\$ -</u>

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Restricted Assets

Restricted assets on December 31, 2021 totaled \$55,917,942 held for the following purposes:

	Equipment and Interceptor Replacement	Debt Retirement	Total
Cash, Cash Equivalents, and Investments	\$ 33,611,087	\$ 19,709,056	\$ 53,320,143
Receivables:			
Accrued Interest Receivable	285,128	1,125,944	1,411,072
Interceptor Cost Recovery	1,186,727	-	1,186,727
Total	<u>\$ 35,082,942</u>	<u>\$ 20,835,000</u>	<u>\$ 55,917,942</u>

Restricted assets on December 31, 2020 totaled \$53,677,898 held for the following purposes:

	Equipment and Interceptor Replacement	Debt Retirement	Total
Cash, Cash Equivalents, and Investments	\$ 34,997,701	\$ 16,081,198	\$ 51,078,899
Receivables:			
Accrued Interest Receivable	130,122	972,073	1,102,195
Interceptor Cost Recovery	1,496,804	-	1,496,804
Total	<u>\$ 36,624,627</u>	<u>\$ 17,053,271</u>	<u>\$ 53,677,898</u>

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Restricted Assets (Continued)

	Purpose
Equipment Replacement Account	As a condition of receiving state and federal funds for wastewater treatment facility construction, the GBMSD has established an account for replacement of mechanical equipment during the life of the facility.
Interceptor Replacement Account	The interceptor cost recovery receivables and payments are kept in a separate restricted account to pay any debt incurred in connection with the construction and also repair and replacement of interceptor facilities.
Debt Retirement Account	In order to allow the GBMSD to abate levying a tax for debt service, the GBMSD maintains cash and investments in a sinking fund in an amount no less than what is required to meet the balance of the current year debt service requirements plus the subsequent year's debt service requirements.
Construction Account	Used to report debt proceeds or other financial resources available for use in construction projects.

C. Interceptor Cost Recovery Receivable

The GBMSD has agreements with various municipal customers in which the municipalities have agreed to reimburse the GBMSD for the cost of interceptors owned by the GBMSD whose capacity has been allocated to the municipalities.

Annual repayments on the receivables for the year ended December 31, 2021 are as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2022	\$ 321,121
2023	199,327
2024	178,673
2025	186,099
2026	9,368
2027-2031	51,840
2032-2036	61,273
2037-2041	179,026
Total	\$ 1,186,727

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interceptor Cost Recovery Receivable (Continued)

On September 29, 2020, the GBMSD entered into a new interceptor agreement with the Village of Hobart. Total payments will be \$1,001,158, which will be repaid March 2022 through March 2040. These future payments are not reflected in the receivable above.

D. Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Additions	Reclassifications	Retirements	Ending Balance
Construction in Progress					
Capital Assets, Nondepreciable	\$ 21,657,660	\$ 10,401,886	\$ -	\$ 10,205,428	\$ 21,854,118
Wastewater Treatment Facilities					
Capital Assets, Nondepreciable					
Land	706,857	-	-	-	706,857
Capital Assets, Depreciable					
Land Improvements	10,785,888	429,253	222,493	-	11,437,634
Structures and Equipment	160,623,455	474,408	(14,869,385)	112,383	146,116,095
Machinery and Equipment	184,093,478	5,560,588	8,659,966	1,018,651	197,295,381
Furniture and Fixtures	718,989	-	1,468,224	14,692	2,172,521
Autos and Trucks	1,546,103	12,910	(530,070)	66,526	962,417
Amortizable Assets	<u>2,507,974</u>	<u>316,468</u>	<u>20,040</u>	<u>42,250</u>	<u>2,802,232</u>
Subtotals	<u>360,275,887</u>	<u>6,793,627</u>	<u>(5,028,732)</u>	<u>1,254,502</u>	<u>360,786,280</u>
Less Accumulated Depreciation for:					
Land Improvements	3,106,395	424,558	93,040	-	3,623,993
Structures and Equipment	54,189,725	3,476,460	(4,405,683)	78,763	53,181,739
Machinery and Equipment	52,980,503	7,877,780	3,004,710	858,471	63,004,522
Furniture and Fixtures	164,807	140,669	861,113	14,692	1,151,897
Autos and Trucks	686,059	21,707	(97,768)	66,526	543,472
Amortizable Assets	<u>1,732,323</u>	<u>187,343</u>	<u>20,041</u>	<u>42,250</u>	<u>1,897,457</u>
Subtotals	<u>112,859,812</u>	<u>12,128,517</u>	<u>(524,547)</u>	<u>1,060,702</u>	<u>123,403,080</u>
Total Capital Assets, Depreciable, Net	<u>247,416,075</u>	<u>(5,334,890)</u>	<u>(4,504,185)</u>	<u>193,800</u>	<u>237,383,200</u>
Total Wastewater Treatment Facilities, Net	248,122,932	(5,334,890)	(4,504,185)	193,800	238,090,057
Interceptor Sewers					
Capital Assets, Depreciable					
Structures	3,180,210	-	(72,334)	-	3,107,876
Interceptors	<u>86,844,551</u>	<u>3,287,382</u>	<u>5,101,066</u>	<u>295,205</u>	<u>94,937,794</u>
Subtotals	<u>90,024,761</u>	<u>3,287,382</u>	<u>5,028,732</u>	<u>295,205</u>	<u>98,045,670</u>
Less Accumulated Depreciation for:					
Structures	1,756,434	72,640	(18,988)	-	1,810,086
Interceptors	<u>24,693,621</u>	<u>1,690,670</u>	<u>543,535</u>	<u>152,030</u>	<u>26,775,796</u>
Subtotals	<u>26,450,055</u>	<u>1,763,310</u>	<u>524,547</u>	<u>152,030</u>	<u>28,585,882</u>
Total Capital Assets, Depreciable, Net	<u>63,574,706</u>	<u>1,524,072</u>	<u>4,504,185</u>	<u>143,175</u>	<u>69,459,788</u>
Total Interceptor Sewers, Net	<u>63,574,706</u>	<u>1,524,072</u>	<u>4,504,185</u>	<u>143,175</u>	<u>69,459,788</u>
Total Capital Assets, Net	<u>\$ 333,355,298</u>	<u>\$ 6,591,068</u>	<u>\$ -</u>	<u>\$ 10,542,403</u>	<u>\$ 329,403,963</u>

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Reclassifications	Retirements	Ending Balance
Construction in Progress					
Capital Assets, Nondepreciable	\$ 40,904,386	\$ 8,966,274	\$ -	\$ 28,213,000	\$ 21,657,660
Wastewater Treatment Facilities					
Capital Assets, Nondepreciable					
Land	706,857	-	-	-	706,857
Capital Assets, Depreciable					
Land Improvements	3,341,247	7,444,641	-	-	10,785,888
Structures and Equipment	170,180,477	5,539,636	-	15,096,658	160,623,455
Machinery and Equipment	189,658,971	21,581,361	-	27,146,854	184,093,478
Furniture and Fixtures	844,575	-	-	125,586	718,989
Autos and Trucks	1,548,559	33,010	-	35,466	1,546,103
Amortizable Assets	2,543,109	-	-	35,135	2,507,974
Subtotals	<u>368,116,938</u>	<u>34,598,648</u>	<u>-</u>	<u>42,439,699</u>	<u>360,275,887</u>
Less Accumulated Depreciation for:					
Land Improvements	2,873,014	233,381	-	-	3,106,395
Structures and Equipment	59,433,875	3,816,362	-	9,060,512	54,189,725
Machinery and Equipment	67,644,979	7,703,530	-	22,368,006	52,980,503
Furniture and Fixtures	237,135	53,258	-	125,586	164,807
Autos and Trucks	665,201	51,004	-	30,146	686,059
Amortizable Assets	1,583,754	174,920	-	26,351	1,732,323
Subtotals	<u>132,437,958</u>	<u>12,032,455</u>	<u>-</u>	<u>31,610,601</u>	<u>112,859,812</u>
Total Capital Assets, Depreciable, Net	<u>235,678,980</u>	<u>22,566,193</u>	<u>-</u>	<u>10,829,098</u>	<u>247,416,075</u>
Total Wastewater Treatment Facilities, Net	236,385,837	22,566,193	-	10,829,098	248,122,932
Interceptor Sewers					
Capital Assets, Depreciable					
Structures	3,138,646	41,564	-	-	3,180,210
Interceptors	86,826,972	17,579	-	-	86,844,551
Subtotals	<u>89,965,618</u>	<u>59,143</u>	<u>-</u>	<u>-</u>	<u>90,024,761</u>
Less Accumulated Depreciation for:					
Structures	1,679,534	76,900	-	-	1,756,434
Interceptors	23,154,322	1,539,299	-	-	24,693,621
Subtotals	<u>24,833,856</u>	<u>1,616,199</u>	<u>-</u>	<u>-</u>	<u>26,450,055</u>
Total Capital Assets, Depreciable, Net	<u>65,131,762</u>	<u>(1,557,056)</u>	<u>-</u>	<u>-</u>	<u>63,574,706</u>
Total Interceptor Sewers, Net	<u>65,131,762</u>	<u>(1,557,056)</u>	<u>-</u>	<u>-</u>	<u>63,574,706</u>
Total Capital Assets, Net	<u>\$ 342,421,985</u>	<u>\$ 29,975,411</u>	<u>\$ -</u>	<u>\$ 39,042,098</u>	<u>\$ 333,355,298</u>

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations

The following is a summary of changes in long-term obligations of the GBMSD for the year ended December 31, 2021:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Notes from Direct Borrowings					
Clean Water Fund	\$ 162,735,565	\$ 2,751,806	\$ 10,909,655	\$ 154,577,716	\$ 10,711,780
G.O. Bonds - Bonded	28,080,000	-	825,000	27,255,000	850,000
G.O. Notes - Bonded	<u>928,627</u>	<u>-</u>	<u>114,054</u>	<u>814,573</u>	<u>119,757</u>
Total	191,744,192	2,751,806	11,848,709	182,647,289	11,681,537
Debt Premium	408,133	-	40,888	367,245	-
Compensated Absences	<u>2,052,314</u>	<u>620,626</u>	<u>574,734</u>	<u>2,098,206</u>	<u>573,381</u>
Business-Type Activities					
Total Long-Term Obligations	<u>\$ 194,204,639</u>	<u>\$ 3,372,432</u>	<u>\$ 12,464,331</u>	<u>\$ 185,112,740</u>	<u>\$ 12,254,918</u>

The following is a summary of changes in long-term obligations of the GBMSD for the year ended December 31, 2020:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Notes from Direct Borrowings					
Clean Water Fund	\$ 163,936,802	\$ 9,747,339	\$ 10,948,576	\$ 162,735,565	\$ 10,894,819
G.O. Bonds - Bonded	25,940,000	22,720,000	20,580,000	28,080,000	825,000
G.O. Notes - Bonded	<u>1,037,251</u>	<u>-</u>	<u>108,624</u>	<u>928,627</u>	<u>114,054</u>
Total	190,914,053	32,467,339	31,637,200	191,744,192	11,833,873
Debt Premium	295,077	153,944	40,888	408,133	-
Compensated Absences	<u>1,902,718</u>	<u>660,330</u>	<u>510,734</u>	<u>2,052,314</u>	<u>574,734</u>
Total Long-Term Obligations	<u>\$ 193,111,848</u>	<u>\$ 33,281,613</u>	<u>\$ 32,188,822</u>	<u>\$ 194,204,639</u>	<u>\$ 12,408,607</u>

Total interest paid on long-term debt during the years ended December 31, 2021 and 2020 totaled \$4,127,264 and \$4,473,407, respectively.

Clean Water Fund Loan Programs

The District's outstanding notes from direct borrowings of \$154,577,716 contain the following provisions in the event of a default: 1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the District or add the amounts due as a special charge to the property taxes apportioned; 2) may appoint a receiver for the Program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance or mandamus; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Clean Water Fund Loan Programs (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance	
					12/31/21	12/31/20
Clean Water Fund	07/11/01	05/01/21	3.175%	\$ 1,490,715	\$ -	\$ 99,042
Clean Water Fund	07/11/01	05/01/21	3.355%	946,212	-	63,573
Clean Water Fund	01/23/02	05/01/21	2.933%	3,881,879	-	253,810
Clean Water Fund	02/27/02	05/01/21	2.881%	695,592	-	45,068
Clean Water Fund	12/08/04	05/01/24	2.365%	5,347,693	1,020,162	1,344,626
Clean Water Fund	04/13/05	05/01/24	2.365%	2,761,525	529,077	697,351
General Obligation Notes	12/28/07	12/28/27	5.000%	2,000,000	814,574	928,628
Clean Water Fund	03/11/09	05/01/28	2.668%	9,861,264	4,227,286	4,770,062
Clean Water Fund	12/09/09	05/01/29	2.910%	4,211,341	2,142,137	2,376,971
Clean Water Fund	12/09/09	05/01/29	2.910%	12,821,922	6,276,839	6,964,943
Clean Water Fund	11/10/10	05/01/30	2.400%	3,421,382	1,747,707	1,919,860
Clean Water Fund	12/22/10	05/01/30	2.400%	3,246,148	1,683,563	1,849,397
Clean Water Fund	12/12/12	05/01/32	2.625%	2,891,810	1,781,780	1,919,973
Clean Water Fund	04/10/13	05/01/32	2.625%	3,086,300	1,968,710	2,121,401
Clean Water Fund	01/08/14	05/01/33	2.625%	4,153,498	2,784,685	2,979,990
Clean Water Fund	08/13/14	05/01/34	2.625%	15,209,242	10,786,570	11,475,426
Clean Water Fund (1)	10/14/15	05/01/35	0.02061	138,880,269	103,289,941	109,342,028
Clean Water Fund	12/23/15	05/01/35	2.275%	1,789,477	1,352,767	1,434,057
General Obligation Bonds	03/01/18	05/01/28	2.00 - 5.00%	6,505,000	4,765,000	5,360,000
Clean Water Fund	09/11/19	05/01/39	1.760%	13,543,329	13,110,130	13,077,986
General Obligation Bonds	05/27/20	11/01/38	2.00-2.50%	22,720,000	22,490,000	22,720,000
Clean Water Fund	11/10/21	05/01/41	1.56%	1,876,361	1,876,361	-
Total Outstanding General Obligation Debt					<u>\$ 182,647,289</u>	<u>\$ 191,744,192</u>

⁽¹⁾The District has authorized clean water fund debt of \$250,792,147, with total disbursed of \$224,714,093 as of December 31, 2021.

Annual principal and interest maturities of the outstanding general obligation debt of \$182,647,289 on December 31, 2021 are detailed below:

Year Ending December 31,	Bonded		Notes from Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2022	\$ 969,757	\$ 673,532	\$ 10,711,780	\$ 3,229,707	\$ 15,584,776
2023	995,744	647,195	11,037,445	2,987,521	15,667,905
2024	1,027,032	616,857	11,284,281	2,737,867	15,666,037
2025	1,063,633	585,431	10,995,723	2,488,911	15,133,698
2026	1,100,565	552,799	11,241,164	2,240,670	15,135,198
2027-2031	8,142,842	2,197,612	55,170,970	7,433,683	72,945,107
2032-2036	10,775,000	1,096,510	41,107,515	1,964,172	54,943,197
2037-2040	3,995,000	99,313	3,028,838	87,574	7,210,725
Total	<u>\$ 28,069,573</u>	<u>\$ 6,469,249</u>	<u>\$ 154,577,716</u>	<u>\$ 23,170,105</u>	<u>\$ 212,286,643</u>

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Clean Water Fund Loan Programs (Continued)

Legal Margin for New Debt

GBMSD's legal margin for creation of additional general obligation debt on December 31, 2021 was \$939,526,113 as follows:

Equalized valuation of GBMSD	\$ 22,443,468,033
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	1,122,173,402
Total outstanding general obligation debt applicable to debt limitation	<u>182,647,289</u>
Legal margin for new debt	<u><u>\$ 939,526,113</u></u>

Debt Defeasance

In prior years, the District advance refunded a general obligation bond issue from 2013. The District issued \$22,720,000 of taxable general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt.

As of December 31, 2020, \$20,000,000 of outstanding general obligation bonds are considered to be defeased.

F. Pension Plan

1. 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, expected to work at least 1200 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.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

1. Plan Description (Continued)

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/publications/cafr.htm>.

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.

Employees who retire at or after age 65 (54 for protective occupations, 62 for elected officials and executive service retirement plan participants if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

2. Postretirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21

3. 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, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was 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 years ending December 31, 2021 and 2020, the WRS recognized \$579,024 and \$588,401, respectively, in contributions from the GBMSD.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

3. Contributions (Continued)

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

4. Pension Assets, Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021 and 2020, the GBMSD reported a pension asset of \$3,092,928 and \$1,540,026, respectively, for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021 and 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 and 2018 rolled forward to December 31, 2020 and 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The GBMSD's proportion of the net pension asset was based on the GBMSD's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the GBMSD's proportion was 0.04954124%, which was an increase of 0.00178042% from its proportion measured as of December 31, 2019. At December 31, 2019, the GBMSD's proportion was 0.04776082%, which was a decrease of 0.00003755% from its proportion measured as of December 31, 2018.

For the years ended December 31, 2021 and 2020, GBMSD recognized pension expense (revenue) of \$(330,382) and \$581,390, respectively.

At December 31, 2021 and 2020, the GBMSD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2021		December 31, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 4,476,415	\$ 964,212	\$ 2,923,323	\$ 1,462,927
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	5,806,720	-	3,148,363
Changes in Assumptions	70,153	-	120,009	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	26,189	2,885	5,565	5,452
Employer Contributions Subsequent to the Measurement Date	579,024	-	588,401	-
Total	<u>\$ 5,151,781</u>	<u>\$ 6,773,817</u>	<u>\$ 3,637,298</u>	<u>\$ 4,616,742</u>

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

4. Pension Assets, Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$579,024 reported as deferred outflows related to pension resulting from the GBMSD's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Expense</u>
2022	\$ (566,935)
2023	(148,112)
2024	(1,044,773)
2025	(441,240)
Total	<u>\$ (2,201,060)</u>

5. Actuarial Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset)	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Postretirement Adjustments*	1.9%

* No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.

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

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

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

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>			
Global equities	51%	7.2%	4.7%
Fixed income	25.0%	3.2%	0.8%
Inflation sensitive assets	16.0%	2.0%	-0.4%
Real estate	8%	5.6%	3.1%
Private equity/debt	11%	10.2%	7.6%
Multi-asset	4%	5.8%	3.3%
Cash	-15%	0.9%	N/A
Total Core Fund	100%	6.6%	4.1%
<u>Variable Fund Asset Class</u>			
U.S. equities	70%	6.6%	4.1%
International equities	30%	7.4%	4.9%
Total Variable Fund	100%	7.1%	4.6%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%

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

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.0% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2020. 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 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members 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 municipal bond 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 GBMSD’s proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the GBMSD’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the GBMSD’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
GBMSD's Proportionate Share of the Net Pension Liability (Asset)			
December 31, 2021	\$ 2,944,039	\$ (3,092,928)	\$ (7,527,035)
December 31, 2020	\$ 3,965,844	\$ (1,540,026)	\$ (5,656,298)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

6. Payables to the Pension Plan

At December 31, 2021 and 2020, the GBMSD reported a payable of \$155,179 and \$160,305, respectively, for the outstanding amount of contributions to the pension plan for the years ended December 31, 2021 and 2020, respectively.

G. Other Postemployment Benefits

Local Retiree Life Insurance Fund

Plan Description

The LRLIF is a cost-sharing, multiple-employer defined benefit OPEB 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 postemployment life insurance benefits for all eligible members.

OPEB Plan Fiduciary Net Position

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired members and pre-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 member 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 member premiums until age 65 in order to be eligible for the benefit after age 65.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

Contributions (Continued)

Contribution rates as of December 31, 2021 are:

Coverage Type	Employer Contribution
50% Postretirement Coverage	40% of Member Contribution
25% Postretirement Coverage	20% of Member Contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2020 are listed below:

Life Insurance Member Contribution Rates For the Year Ended December 31, 2020	
Attained Age	Basic
Under 30	\$0.05
30 - 34	0.06
35 - 39	0.07
40 - 44	0.08
45 - 49	0.12
50 - 54	0.22
55 - 59	0.39
60 - 64	0.49
65 - 69	0.57

During the year ending December 31, 2021 and 2020, the LRLIF recognized \$8,514 and \$7,732 in contributions from the employer, respectively.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2021 and 2020, the GBMSD reported a liability (asset) of \$2,074,493 and \$1,466,237 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2020 and 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2020 and 2019 rolled forward to December 31, 2020 and 2019. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The GBMSD' proportion of the net OPEB liability (asset) was based on the GBMSD' share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the GBMSD' proportion was 0.37713100%, which was an increase of 0.03279800% from its proportion measured as of December 31, 2019. At December 31, 2019, the GBMSD' proportion was 0.34433300%, which was a decrease of 0.00098000% from its proportion measured as of December 31, 2018.

For the years ended December 31, 2021 and 2020, the GBMSD recognized OPEB expense of \$267,064 and \$152,788, respectively.

At December 31, 2021 and 2020, the GBMSD reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	December 31, 2021		December 31, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 98,987	\$ -	\$ 65,686
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	30,203	-	27,658	-
Changes in Assumptions	807,006	142,338	540,901	161,275
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	116,435	30,296	30,413	38,699
Total	<u>\$ 953,644</u>	<u>\$ 271,621</u>	<u>\$ 598,972</u>	<u>\$ 265,660</u>

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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>Year Ending December 31,</u>	<u>Expense</u>
2022	\$ 124,757
2023	121,491
2024	118,127
2025	111,729
2026	134,960
Thereafter	70,959
Total	<u>\$ 682,023</u>

Actuarial assumptions. The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	January 1, 2020
Measurement Date of net OPEB Liability (Asset)	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20-Year Tax-Exempt Municipal Bond Yield:	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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 carriers' 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.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return %</u>
U.S. Credit Bonds	Barclays Credit	50%	1.47%
U.S. Mortgages	Barclays MBS	50%	82.00%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return and expected inflation rate remain unchanged from the prior year at 4.25% and 2.20% respectively. 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.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Single discount rate. A single discount rate of 2.25% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020. 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 contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the GBMSD' proportionate share of net OPEB liability (asset) to changes in the discount rate. The following presents the GBMSD's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.25%, as well as what the GBMSD's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
District's Proportionate Share of the Net OPEB Liability (Asset)			
December 31, 2021	\$ 2,821,903	\$ 2,074,493	\$ 1,509,248
December 31, 2020	\$ 2,024,628	\$ 1,466,237	\$ 1,041,410

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

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

Payable to the OPEB Plan

At December 31, 2021 and 2020, the GBMSD reported a payable of \$-0- and \$-0- for the outstanding amount of contributions to the Plan required for the years ended December 31, 2021 and 2020, respectively.

H. Net Position

The GBMSD reports net investment in capital assets at December 31, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Capital Assets	\$ 329,403,963	\$ 333,355,298
Less: Capital Related Debt	182,647,289	191,744,192
Less: Debt Premium	367,245	408,133
Less: Capital Related Accounts Payable	4,142,070	1,534,502
Add: Loss on Advance Refunding	2,267,303	2,400,674
Total Net Investment in Capital Assets	<u>\$ 144,514,662</u>	<u>\$ 142,069,145</u>

NOTE 3 OTHER INFORMATION

A. Risk Management

The GBMSD is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The GBMSD completes an annual review of its insurance coverage to ensure adequate coverage. No settlements exceeded insurance coverage during any of the past three fiscal years.

B. Contingencies

GBMSD is involved in lawsuits related to failures of a force main constructed by contractors for GBMSD, resulting in repair costs incurred or expected to be incurred in the future by the parties to the lawsuit. Although GBMSD's portion of repair costs, net of any settlement, cannot be forecast with any certainty, management does not anticipate a material impact on GBMSD's financial position or results of operations. GBMSD is also party to other pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the GBMSD's financial position or results of operations.

REQUIRED SUPPLEMENTARY INFORMATION

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
GREEN BAY, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST 10 MEASUREMENT PERIODS**

Measurement Period Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.04721400%	\$ (1,159,705)	\$ 6,481,885	17.89%	102.74%
12/31/15	0.04696725%	763,209	6,688,466	11.41%	98.20%
12/31/16	0.04722948%	389,284	6,985,769	5.57%	99.12%
12/31/17	0.04748235%	(1,409,807)	6,990,465	20.17%	102.93%
12/31/18	0.04779837%	1,700,516	7,382,849	23.03%	96.45%
12/31/19	0.04776082%	(1,540,026)	7,711,717	19.97%	102.96%
12/31/20	0.04954124%	(3,092,928)	8,717,053	35.48%	105.26%

**SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 454,816	\$ 454,816	\$ -	\$ 6,688,466	6.80%
12/31/16	461,061	461,061	-	6,985,769	6.60%
12/31/17	475,352	475,352	-	6,990,465	6.80%
12/31/18	494,651	494,651	-	7,382,849	6.70%
12/31/19	505,118	505,118	-	7,711,717	6.55%
12/31/20	588,401	588,401	-	8,717,053	6.75%
12/31/21	579,024	579,024	-	8,578,138	6.75%

See Notes to Required Supplementary Information.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
GREEN BAY, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 MEASUREMENT PERIODS**

Measurement Period Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.32982200%	\$ 992,296	\$ 6,990,465	14.19%	44.81%
12/31/18	0.34531300%	891,024	7,056,000	12.63%	48.69%
12/31/19	0.34433300%	1,466,237	7,200,000	20.36%	37.58%
12/31/20	0.37713100%	2,074,493	8,030,000	25.83%	31.36%

**SCHEDULE OF CONTRIBUTIONS
LOCAL RETIREE INSURANCE FUND
LAST 10 FISCAL YEARS**

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/18	\$ 6,675	\$ 6,675	\$ -	\$ 7,056,000	0.09%
12/31/19	6,846	6,846	-	7,200,000	0.10%
12/31/20	7,732	7,732	-	8,030,000	0.10%
12/31/21	8,514	8,514	-	8,578,138	0.10%

See Notes to Required Supplementary Information.

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
GREEN BAY, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021 AND 2020**

A. WISCONSIN RETIREMENT SYSTEM

There were no changes of benefit terms for any participating employer in the WRS.

No significant change in assumptions were noted from the prior year.

GBMSD 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 10 fiscal years are presented.

B. OTHER POSTEMPLOYMENT BENEFITS

There were no changes in benefit terms or assumptions for any participating employer in LRLIF.

The Single Discount Rate assumption used to develop total OPEB liability changed from the prior year. Please refer to the Actuarial Assumptions section above for additional details.

GBMSD 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.

SUPPLEMENTARY INFORMATION

**GREEN BAY METROPOLITAN SEWERAGE DISTRICT
GREEN BAY, WISCONSIN
SCHEDULE OF OPERATING REVENUES AND EXPENSES
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Charges for Services:		
User Fees - Municipal Waste	\$ 38,809,201	\$ 38,338,607
User Fees - Mill Waste	2,264,404	1,501,927
Capital Revenue - Mills	2,129,745	1,700,712
Other Revenues	<u>1,482,666</u>	<u>1,589,989</u>
Total Operating Revenues	44,686,016	43,131,235
 OPERATING EXPENSES		
Salaries and Wages	8,863,614	8,671,102
Fringe Benefits	2,268,610	3,093,479
Employee Development	76,803	73,572
Travel and Meetings	13,292	6,579
Power	1,868,548	2,006,818
Natural Gas and Fuel Oil	411,331	670,150
Chemicals	1,429,667	1,549,300
Maintenance - Plant	2,302,684	2,105,742
Maintenance - Interceptors	261,735	409,836
Contracted Services	3,559,057	3,119,659
Insurance	385,373	314,697
Solid Waste Disposal	382,096	459,298
Office Related Expenses	580,468	572,196
Supplementary Expenses	<u>598,638</u>	<u>674,441</u>
Subtotal	23,001,916	23,726,869
Depreciation	<u>13,891,830</u>	<u>13,648,659</u>
Total Operating Expenses	36,893,746	37,375,528
 Operating Income	 <u>\$ 7,792,270</u>	 <u>\$ 5,755,707</u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR FINANCIAL STATEMENTS**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Green Bay Metropolitan Sewerage District
Green Bay, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Green Bay Metropolitan Sewerage District, as of and for the year ended December 31, 2021, and the related notes to the financial statements and have issued our report thereon dated May 18, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the GBMSD's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the GBMSD's internal control. Accordingly, we do not express an opinion on the effectiveness of the GBMSD's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

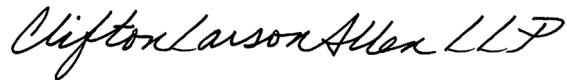
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether GBMSD’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
May 18, 2022