

FINAL OFFICIAL STATEMENT DATED DECEMBER 4, 2019

NEW ISSUES

Bank Qualified - Bonds

Moody's Rated "Aa2"
(See "RATING" herein)

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes. The Bonds shall be "qualified tax-exempt obligations. See "TAX STATUS" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. Interest on the Notes is included in gross income for federal income tax purposes. See "TAX STATUS" herein. Interest on the Securities is not exempt from present Wisconsin income or franchise taxes.

CITY OF OAK CREEK
Milwaukee County, Wisconsin
\$4,075,000 General Obligation Refunding Bonds
\$1,135,000 Taxable General Obligation Promissory Notes

Dated: January 6, 2020

Due: April 1, as shown herein

The \$4,075,000 General Obligation Refunding Bonds (the "Bonds") and the \$1,135,000 Taxable General Obligation Promissory Notes (the "Notes", and collectively with the Bonds, the "Securities") will be dated January 6, 2020, and will be in the denomination of \$5,000 each or any multiple thereof. The Bonds will mature serially on April 1 of the years 2020 through 2030. The Notes will mature serially on April 1 of the years 2021 through 2029. Interest on the Securities shall be payable commencing on April 1, 2020 and semi-annually thereafter on October 1 and April 1. Associated Trust Company, National Association, Green Bay, Wisconsin will serve as paying agent for the Securities.

The Securities will be issued pursuant to Chapter 67 of the Wisconsin Statutes. The Securities will be general obligations of the City of Oak Creek, Wisconsin (the "City"), for which its full faith and credit and taxing powers are pledged which taxes may, under current law, be levied without limitation as to rate or amount. The proceeds from the sale of the Bonds will be used for the public purpose of current refunding certain outstanding obligations of the City, including interest on them. The proceeds from the sale of the Notes will be used for public purposes, including development grants in tax incremental districts. (See "THE FINANCING PLAN" herein.)

The Securities maturing on April 1, 2028 and thereafter are subject to call and prior redemption, at the option of the City, on April 1, 2027 or on any date thereafter, in whole or in part, and if in part, from maturities selected by the City and by lot within each maturity at a price of par plus accrued interest to the date of redemption. (See "REDEMPTION PROVISIONS" herein.)

The Securities will be issued only as fully registered Securities and will be registered in the name of CEDE & CO. as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository of the Securities. Individual purchases will be made in book-entry form only in denominations of \$5,000 principal amount or any integral multiple thereof. Purchasers of the Securities will not receive certificates representing their interest in the Securities purchased. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

The City's Securities are offered when, as and if issued subject to the approval of legality by Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel. Quarles & Brady LLP will also act as Disclosure Counsel for the City. The anticipated settlement date for the Securities is on or about January 6, 2020.



MATURITY SCHEDULES

\$4,075,000 General Obligation Refunding Bonds

Dated: January 6, 2020

Due: April 1, 2020 - 2030

<u>(April 1)</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾ Base 671137</u>	<u>(April 1)</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾ Base 671137</u>
2020	\$ 75,000	3.00%	1.20%	ZU4	2026	\$400,000	4.00%	1.60%	A23
2021	335,000	3.00	1.20	ZV2	2027	420,000	4.00	1.65	A31
2022	335,000	3.00	1.25	ZW0	2028	445,000	3.00	1.73	A49
2023	355,000	3.00	1.35	ZX8	2029	460,000	3.00	1.83	A56
2024	375,000	4.00	1.45	ZY6	2030	500,000	3.00	1.88	A64
2025	375,000	4.00	1.50	ZZ3					

\$1,135,000 Taxable General Obligation Promissory Notes

Dated: January 6, 2020

Due: April 1, 2021 - 2029

<u>(April 1)</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾ Base 671137</u>	<u>(April 1)</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP⁽¹⁾ Base 671137</u>
2021	\$115,000	1.80%	1.80%	A72	2026	\$130,000	2.20%	2.20%	B48
2022	120,000	1.85	1.85	A80	2027	130,000	2.30	2.30	B55
2023	120,000	1.90	1.90	A98	2028	135,000	2.40	2.40	B63
2024	125,000	2.00	2.00	B22	2029	135,000	2.50	2.50	B71
2025	125,000	2.10	2.10	B30					

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**CITY OF OAK CREEK
(Milwaukee County, Wisconsin)**

COMMON COUNCIL

Daniel Bukiewicz, Mayor

Kenneth Gehl, President
Chris Guzikowski, Alderperson
Steven Kurkowski, Alderperson
Gregory Loreck, Alderperson
Richard Duchniak, Alderperson
Michael E. Toman, Alderperson

ADMINISTRATION

Andrew J. Vickers, City Administrator
Bridget M. Souffrant, Assistant City Administrator/Comptroller
Catherine A. Roeske, City Clerk
Barbara A. Guckenberger, City Treasurer
Melissa Karls, City Attorney

PROFESSIONAL SERVICES

Underwriter: Robert W. Baird & Co. Incorporated, Milwaukee, Wisconsin
Bond Counsel: Quarles & Brady LLP, Milwaukee, Wisconsin
Disclosure Counsel: Quarles & Brady LLP, Milwaukee, Wisconsin
Paying Agent: Associated Trust Company, National Association, Green Bay, Wisconsin

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement is being distributed in connection with the sale of the Securities referred to in this Official Statement and may not be used, in whole or in part, for any other purpose. No dealer, broker, salesman or other person is authorized to make any representations concerning the Securities other than those contained in this Official Statement, and if given or made, such other information or representations may not be relied upon as statements of the City of Oak Creek, Wisconsin (the "City"). This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Securities by any person in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale.

Unless otherwise indicated, the City is the source of the information contained in this Official Statement. Certain information in this Official Statement has been obtained by the City or on its behalf from The Depository Trust Company and other non-City sources that the City believes to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information. Nothing contained in this Official Statement is a promise of or representation by Robert W. Baird & Co. Incorporated (the "Underwriter"). The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and opinions expressed in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that there has been no change in the financial condition or operations of the City or other information in this Official Statement, since the date of this Official Statement.

This Official Statement contains statements that are "forward-looking statements" as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used in this Official Statement, the words "estimate," "intend," "project" or "projection," "expect" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are subject to risks and uncertainties, some of which are discussed herein, that could cause actual results to differ materially from those contemplated in such forward-looking statements. Investors and prospective investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Official Statement.

This Official Statement should be considered in its entirety. No one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports or other documents are referred to in this Official Statement, reference should be made to those documents for more complete information regarding their subject matter.

The Securities will not be registered under the Securities Act of 1933, as amended, or the securities laws of any state of the United States, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity shall have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE SECURITIES, THE UNDERWRITER MAY OR MAY NOT OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SECURITIES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE SECURITIES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE SECURITIES ARE RELEASED FOR SALE AND THE SECURITIES MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE SECURITIES INTO INVESTMENT ACCOUNTS.

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SUMMARY – BONDS

City:	City of Oak Creek, Milwaukee County, Wisconsin.
Issue:	\$4,075,000 General Obligation Refunding Bonds (the "Bonds").
Dated Date:	January 6, 2020.
Principal Due:	April 1 of the years 2020 through 2030.
Interest Due:	Interest on the Bonds shall be payable commencing on April 1, 2020 and semiannually thereafter on October 1 and April 1 of each year. Interest is calculated on the basis of a 30-day month and a 360-day year.
Redemption Provisions:	The Bonds maturing on and after April 1, 2028 shall be subject to call and prior payment, at the option of the City, on April 1, 2027 or on any date thereafter at a price of par plus accrued interest. The amounts and maturities of the Bonds to be redeemed shall be selected by the City. If less than the entire principal amount of any maturity is to be redeemed, the Bonds of that maturity which are to be redeemed shall be selected by lot. Notice of such call shall be given by sending a notice thereof by registered or certified mail, facsimile or electronic transmission, overnight express delivery, or in any other manner required by DTC not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books. (See "REDEMPTION PROVISIONS" herein.)
Security:	The full faith, credit and resources of the City are pledged to the payment of the principal of and the interest on the Bonds as the same become due and, for said purposes, there are levied on all the taxable property in the City, direct, annual irrevocable taxes in each year and in such amounts which will be sufficient to meet such principal and interest payments when due. Under current law, such taxes may be levied without limitation as to rate or amount.
Purpose:	The proceeds from the sale of the Bonds will be used for the public purpose of current refunding certain outstanding obligations of the City. (See "THE FINANCING PLAN" herein.)
Tax Status:	Interest on the Bonds is excludable from gross income for federal income tax purposes. (See "TAX STATUS" herein.)
Bank Qualification:	The Bonds shall be "qualified tax-exempt obligations."
Credit Rating:	This issue has been assigned a "Aa2" rating by Moody's Investors Service, Inc. (See "RATING" herein.)
Record Date:	The 15th day of the calendar month next preceding each interest payment date.

Information set forth on this page is qualified by the entire Official Statement. A full review of the entire Official Statement should be made by potential investors.

SUMMARY – NOTES

City:	City of Oak Creek, Milwaukee County, Wisconsin.
Issue:	\$1,135,000 Taxable General Obligation Promissory Notes (the "Notes").
Dated Date:	January 6, 2020.
Interest Due:	Interest on the Notes shall be payable commencing on April 1, 2020 and semiannually thereafter on October 1 and April 1 of each year. Interest is calculated on the basis of a 30-day month and a 360-day year.
Principal Due:	April 1, 2021 through 2029.
Redemption Provision:	The Notes maturing on and after April 1, 2028 shall be subject to call and prior payment, at the option of the City, on April 1, 2027 or on any date thereafter at a price of par plus accrued interest. The amounts and maturities of the Notes to be redeemed shall be selected by the City. If less than the entire principal amount of any maturity is to be redeemed, the Notes of that maturity which are to be redeemed shall be selected by lot. Notice of such call shall be given by sending a notice thereof by registered or certified mail, facsimile or electronic transmission, overnight express delivery, or in any other manner required by DTC not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books. (See "REDEMPTION PROVISIONS" herein.)
Security:	The full faith and credit of the City are pledged to the payment of the principal of and the interest on the Notes as the same become due and, for said purposes, there are levied on all the taxable property in the City, direct, annual irrevocable taxes in each year and in such amounts as will be sufficient to meet such principal and interest payments when due. Under current law, such taxes may be levied without limitation as to rate or amount.
Purpose:	The proceeds from the sale of the Notes will be used for public purposes, including development grants in tax incremental districts. (See "THE FINANCING PLAN" herein.)
Tax Status:	Interest on the Notes is included in gross income for federal income tax purposes. (See "TAX STATUS" herein.)
Credit Rating:	The Notes have been assigned a "Aa2" rating by Moody's Investors Service, Inc. (See "RATINGS" herein.)
Record Date:	The 15th day of the calendar month next preceding each interest payment date.

Information set forth on this page is qualified by the entire Official Statement. A full review of the entire Official Statement should be made by potential investors.

INTRODUCTORY STATEMENT

This Official Statement presents certain information relating to the City of Oak Creek, Wisconsin (the "City" and the "State" respectively) in connection with the sale of the City's \$4,075,000 General Obligation Refunding Bonds (the "Bonds") and the \$1,135,000 Taxable General Obligation Promissory Notes (the "Notes", and collectively with the Bonds, the "Securities"). The Securities are issued pursuant to the Constitution and laws of the State and the resolutions adopted by the Common Council and other proceedings and determinations related thereto.

All summaries of statutes, documents and the resolutions contained in this Official Statement are subject to all the provisions of, and are qualified in their entirety by reference to such statutes, documents and the resolutions, and references herein to the Securities are qualified in their entirety by reference to the form thereof included in the parameters resolutions (the "Bond Parameters Resolution" and "Note Parameters Resolution"). Copies of the Bond Parameters Resolution and the Note Parameters Resolution may be obtained from the Underwriter (defined herein) upon request.

THE FINANCING PLAN

The Bonds

The Bonds will be issued for the purpose of current refunding the following issue (the "2010 Bonds"):

<u>Issue</u>	<u>Original Amount</u>	<u>Call Price</u>	<u>Call Date</u>	<u>Maturity to be Refunded</u>	<u>Amount of Principal Refunded</u>	<u>Balance after Refunding (4/1/2020)</u>
General Obligation Refunding Bonds Dated: April 1, 2010	\$7,000,000	100%	4/1/2020	2021-2030	\$4,275,000	\$0*

*The principal maturing on April 1, 2020 will be paid with City funds on hand.

The Notes

The Notes will be issued to raise funds for public purposes, including development grants in tax incremental districts (the "Project").

ESTIMATED SOURCES AND USES

The Bonds

Sources of Funds

Par Amount of Bonds	\$4,075,000.00
Reoffering Premium	361,323.80
Estimated Investment Earnings	18,030.06
Total Sources of Funds:	<u><u>\$4,454,353.86</u></u>

Uses of Funds

Deposit to Current Refunding Fund	\$4,363,578.13
Underwriter's Discount	50,937.50
Costs of Issuance	36,378.19
Deposit to Debt Service Fund (Rounding)	3,460.04
Total Uses of Funds:	<u><u>\$4,454,353.86</u></u>

The Notes

Sources of Funds

Par Amount of Notes	\$1,135,000.00
Total Sources of Funds:	<u><u>\$1,135,000.00</u></u>

Uses of Funds

Deposit to Project Construction Fund	\$1,081,250.00
Costs of Issuance	18,216.53
Deposit to Debt Service Fund (for Capitalized Interest)	17,784.44
Underwriter's Discount	14,187.50
Deposit to Debt Service Fund (Rounding)	3,561.53
Total Uses of Funds:	<u><u>\$1,135,000.00</u></u>

REDEMPTION PROVISIONS

Optional Redemption

The Securities maturing on April 1, 2028 and thereafter are subject to call and prior redemption, at the option of the City, on April 1, 2027 or on any date thereafter, in whole or in part, and if in part, from maturities selected by the City and by lot within each maturity at a price of par plus accrued interest to the date of redemption.

CONSTITUTIONAL AND STATUTORY CONSIDERATIONS AND LIMITATIONS CONCERNING THE CITY'S POWER TO INCUR INDEBTEDNESS

The Constitution and laws of the State limit the power of the City (and other municipalities of the State) to issue obligations and to contract indebtedness. Such constitutional and legislative limitations include the following, in summary form and as generally applicable to the City.

Purpose

The City may not borrow money or issue notes or bonds therefore for any purpose except those specified by statute, which include among others the purposes for which the Securities are being issued.

General Obligation Bonds

The principal amount of every sum borrowed by the City and secured by an issue of bonds may be payable at one time in a single payment or at several times in two or more installments; however, no installment may be made payable later than the termination of twenty years immediately following the date of the bonds. The Common Council of the City is required to levy a direct, annual, irrevocable tax sufficient in amount to pay the interest on such bonds as it falls due and also to pay and discharge the principal thereof at maturity. Bonds issued by the City to refinance or refund outstanding notes or bonds issued by the City may be payable no later than twenty years following the original date of such notes or bonds.

Refunding Bonds

In addition to being authorized to issue bonds, the City is authorized to borrow money using refunding bonds for refunding existing debt. To evidence such indebtedness, the City must issue to the lender its refunding bonds (with interest) payable within a period not exceeding twenty years following the initial date of the debt to be refunded. Such refunding bonds constitute a general obligation of the City. Refunding bonds are not subject to referendum.

Bond or Note Anticipation Notes

In anticipation of issuing general obligation bonds or notes, the City is authorized to borrow money using bond or note anticipation notes. The bond or note anticipation notes shall in no event be a general obligation of the City, and do not constitute an indebtedness of the City, nor a charge against its general credit or taxing power. The bond or note anticipation notes are payable only from (a) proceeds of the bond or note anticipation notes set aside for payment of interest on the bond or note anticipation notes as they become due, and, (b) proceeds to be derived from the issuance and sale of general obligation bonds or promissory notes which proceeds constitute a special trust fund to be held and expended solely for the payment of the principal of and interest on the bond or note anticipation notes. The maximum term of any bond or note anticipation notes (including any refunding) is five years.

Promissory Notes

In addition to being authorized to issue bonds, the City is authorized to borrow money using notes for any public purpose. To evidence such indebtedness, the City must issue to the lender its promissory notes (with interest) payable within a period not exceeding ten years following the date of said notes. Such notes constitute a general obligation of the City. Notes may be issued to refinance or refund outstanding notes. However, such notes may be payable not later than twenty years following the original date of such notes.

Debt Limit

The City has the power to contract indebtedness for purposes specified by statute so long as the principal amount thereof does not exceed five percent of the equalized value of taxable property within the City. For information with respect to the City's percent of legal debt incurred, see the caption "Debt Limit," herein.

THE PARAMETERS RESOLUTIONS

The following are summaries of certain provisions of the resolutions adopted by the Common Council pursuant to the procedures prescribed by Wisconsin Statutes. Reference is made to the resolutions for a complete recital of their terms.

The Parameters Resolution – The Bonds

By way of the Bond Parameters Resolution adopted on November 5, 2019, the Common Council authorized the issuance of the Bonds and delegated authority to the City Administrator or the Assistant City Administrator/Comptroller (each, an "Authorized Officer") to accept the proposal of the Underwriter (the "Bond Purchase Agreement") for the purchase of the Bonds, provided the Bond Purchase Agreement met the parameters set forth in the Bond Parameters Resolution, by executing a Certificate Approving the Preliminary Official Statement and Details of General Obligation Refunding Bonds (the "Bond Approving Certificate"). The Common Council pledged the full faith, credit and resources of the City to the payment of the principal of and interest on the Bonds pursuant to the Bond Parameters Resolution. Pursuant to the "Bond Parameters Resolution, a direct annual irrevocable tax has been levied for collection in the years 2020 through 2030 in the amounts which will be sufficient to meet the principal and interest payments on the Bonds when due (or monies to pay such debt service will otherwise be appropriated). The Bond Parameters Resolution establishes separate and distinct from all other funds of the City a separate debt service fund with respect to payment of principal and interest on the Bonds.

Approving Certificate – The Bonds

On December 4, 2019, an Authorized Officer executed the Bond Approving Certificate, approving the Preliminary Official Statement, accepting the Bond Purchase Agreement, setting forth the details of the Bonds, and specifying the amount of the direct annual irrevocable tax levied to pay the principal of and interest on the Bonds.

The Parameters Resolution – The Notes

By way of the Note Parameters Resolution adopted on November 5, 2019, the Common Council authorized the issuance of the Notes and delegated authority to the Authorized Officer) to accept the proposal of the Underwriter (the "Note Purchase Agreement") for the purchase of the Notes, provided the Note Purchase Agreement met the parameters set forth in the Note Parameters Resolution, by executing a Certificate Approving the Preliminary Official Statement and Details of Taxable General Obligation Promissory Notes (the "Note Approving Certificate"). The Common Council pledged the full faith, credit and resources of the City to the payment of the principal of and interest on the Notes pursuant to the Note Parameters Resolution. Pursuant to the Note Parameters Resolution, a direct annual irrevocable tax has been levied for collection in the years 2020 through 2029 in the amounts which will be sufficient to meet the principal and interest payments on the Notes when due (or monies to pay such debt service will otherwise be appropriated). The Note Parameters Resolution establishes separate and distinct from all other funds of the City a separate debt service fund with respect to payment of principal and interest on the Notes.

Approving Certificate – The Notes

On December 4, 2019, an Authorized Officer executed the Note Approving Certificate, approving the Preliminary Official Statement, accepting the Note Purchase Agreement, setting forth the details of the Notes, and specifying the amount of the direct annual irrevocable tax levied to pay the principal of and interest on the Notes.

THE CITY

The City operates under the mayor-council form of government. The common council members are elected to two-year staggered terms. The mayor is elected to serve a three-year term. The common council meets in regular session twice monthly and performs the legislative and policymaking functions of city government. By statute, the mayor presides at common council meetings and serves as the chief executive officer. The administrative functions of the city government have been delegated to a city administrator, who is hired by and reports to the mayor and common council.

Common Council

<u>Name</u>	<u>Aldermanic District</u>	<u>Expiration of Term</u>
Steven Kurkowski	1 st Aldermanic District	April, 2021
Gregory Loreck	2 nd Aldermanic District	April, 2020
Richard Duchniak	3 rd Aldermanic District	April, 2021
Michael E. Toman	4 th Aldermanic District	April, 2020
Kenneth Gehl (President)	5 th Aldermanic District	April, 2021
Chris Guzikowski	6 th Aldermanic District	April, 2020

Source: The City.

Administration

<u>Name</u>	<u>Position</u>	<u>Years of Service</u>
Andrew J. Vickers*	City Administrator	2
Bridget M. Souffrant	Assistant City Administrator/Comptroller	6
Catherine A. Roeske**	City Clerk	7
Barbara A. Guckenberger**	City Treasurer	16
Melissa Karls	City Attorney	12

*Prior to joining the City, Mr. Vickers was previously the Village Administrator at the Village of Hobart.

**Elected Positions. Current terms expire April, 2021.

Source: The City.

Services

The City provides for a full range of municipal services including police and fire protection, parks, public works operations, building inspection and zoning control, water and sewer utilities, and general administrative services.

Public Safety

The City's police department has 60 police officers, 24 full-time and 9 part-time employees. The fire department has 53 firefighters of which 38 are paramedics. All firefighters are required to be EMTs. In addition, the department has one full-time employee and one part-time employee.

Employment Relations

<u>Department</u>	<u>Number of Employees*</u>
General Government	81
Police Department	93
Fire Department	55
Public Works	48
Water Utility	35
Library & Recreation	29
TOTAL	341

*Full-time equivalent ("FTE").

Source: The City.

Labor Contracts

<u>Organization</u>	<u>Employee Group</u>	<u>Contract Expiration</u>
Oak Creek Professional Police Officers' Association	Police Officers	December 31, 2020
International Association of Firefighters, Local 1848 AFL-CIO	Firefighters	December 31, 2020
Labor Association of Wisconsin (LAW)	Laborers and Clerical Workers	December 31, 2020*

*Contract may only cover total base wages.

The City considers its relationship with the employee group to be good.

Source: The City.

All eligible City personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and, after significant changes were made to the law in 2011, very limited rights to collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety or transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless the City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

Pension Plan

All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes. 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 ("Chapter 40"). The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal years ended December 31, 2016 ("Fiscal Year 2016"), December 31, 2017 ("Fiscal Year 2017") and December 31, 2018 ("Fiscal Year 2018"), the City's portion of the contributions to WRS (not including any employee contributions) totaled \$1,495,955, \$1,663,744, and \$1,729,528 respectively.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2015.

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on

what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2017, the total pension liability of the WRS was calculated as \$101.43 billion and the fiduciary net position of the WRS was calculated as \$104.40 billion, resulting in a net pension asset of \$2.97 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2018, the City reported an asset of \$4,722,129 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2017 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.15904145% of the aggregate WRS net pension liability as of December 31, 2017.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note IV-A in "Appendix A: Basic Financial Statements and Related Notes for the Year Ended December 31, 2018."

Other Post-Employment Benefits

The City provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) through a single-employer defined benefit plan to employees who have terminated their employment with the City and have satisfied specified eligibility standards. Membership in the plan consisted of 250 retirees receiving benefits and 210 active plan members as of November 12, 2018. The plan is closed to new members.

OPEB calculations are required to be updated every two years. Prior to fiscal years beginning after June 15, 2017, OPEB calculations were required to be prepared in accordance with Statement No. 45 of the Governmental Accounting Standards Board ("GASB 45") regarding retiree health and life insurance benefits, and related standards. For fiscal years beginning after June 15, 2017, OPEB calculations are required to be prepared in accordance with Statement Nos. 74 and 75 of the Governmental Accounting Standards Board ("GASB 74/75"). An actuarial study for the plan prepared in accordance with GASB 74/75 was most recently completed by Milliman, Inc. in January 2019 with an actuarial valuation date of January 1, 2018 (the "Actuarial Report").

For Fiscal Year 2018, the City's contributions totaled \$2,052,297. The City's current funding practice is to make annual contributions to the plan in the amounts at least equal to the benefits paid to retirees in a particular year on a "pay-as-you-go" basis.

Under GASB 74/75, a net OPEB liability (or asset) is calculated as the difference between the plan's total OPEB liability and the plan's fiduciary net position, which terms have similar meanings as under GASB 68 and GASB 73 for pension plans.

As of December 31, 2018, the plan's total OPEB liability was \$37,763,376 and the plan fiduciary net position was \$0, resulting in a net OPEB liability of \$37,763,376.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. For more detailed information regarding such actuarial assumptions, see Note IV-D in "Appendix A - Basic Financial Statements and Related Notes for the year ended December 31, 2018" attached hereto. The Actuarial Report is available upon request from the City.

The City also provides OPEB through the Local Retiree Life Insurance Fund ("LRLIF"), which is a cost-sharing multiple-employer defined benefit plan established by Chapter 40. The ETF and the Group Insurance Board have statutory authority for program administration and oversight, including establishing contribution requirements for employers.

For Fiscal Year 2018, the City's portion of contributions to the LRLIF totaled \$6,563. For Fiscal Year 2018, the City reported a liability of \$1,039,871 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2017 based on the City's share of contributions to the LRLIF relative to the contributions of all participating employers. The City's proportion was 0.345635% of the aggregate LRLIF net OPEB liability as of December 31, 2017.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net OPEB liability of the LRLIF, which may also cause ETF to change the contribution requirements for employers and employees. For more detailed information, see Note IV.D. in the "Appendix A - Basic Financial Statements and Related Notes for the year Ended December 31, 2018" attached hereto.

GENERAL INFORMATION

Location

The City is located in Milwaukee County in southeastern Wisconsin. The City is adjacent to the City of Milwaukee and 85 miles north of Chicago. The City is located on Interstate Highway 94, U.S. Highway 41, and State Highways 32, 38 and 100. The City is also served by passenger and freight railroads and General Mitchell International Airport in the City of Milwaukee.

Education

Oak Creek-Franklin Joint School District (the "District") provides a comprehensive education for students in pre-kindergarten through the twelfth grade. District facilities include one high school, two middle schools and seven elementary schools. Enrollment for the 2019-20 school year is 6,427 students. The District's estimated 2017 population is 38,909* and the District has approximately 706 employees.

*Source: U.S. Census Bureau.

Post-Secondary Education

Several colleges and universities serve the City:

Alverno College
 Cardinal Stritch University
 Carroll University
 Carthage College
 Concordia University Wisconsin
 Gateway Technical College
 Marquette University
 Milwaukee Area Technical College
 Milwaukee School of Engineering
 Mount Mary University
 University of Wisconsin-Milwaukee at Waukesha
 University of Wisconsin-Milwaukee
 Wisconsin Lutheran College

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

	<u>Milwaukee County</u>	<u>City of Oak Creek</u>
Estimate, 2019	946,296	35,830
Estimate, 2018	950,381	35,739
Estimate, 2017	945,416	35,560
Estimate, 2016	948,930	35,206
Census, 2010	947,735	34,451

Source: Wisconsin Department of Administration, Demographics Services Center.

Per Return Adjusted Gross Income

<u>Year</u>	<u>State of Wisconsin</u>	<u>Milwaukee County</u>	<u>City of Oak Creek</u>
2017	\$56,698	\$50,516	\$59,174
2016	55,267	49,692	58,196
2015	54,227	48,533	57,034
2014	52,050	45,980	54,880
2013	50,670	45,620	54,870

Source: Wisconsin Department of Revenue, Division of Research and Policy.

Unemployment Rate

	<u>State of Wisconsin</u>	<u>Milwaukee County</u>
September, 2019	2.9%	3.9%
September, 2018	2.4	3.2
Average, 2018	3.0%	3.6%
Average, 2017	3.3	4.0
Average, 2016	4.0	5.0
Average, 2015	4.6	5.7
Average, 2014	5.4	6.9

Source: Wisconsin Department of Workplace Development WisConomy.

Building Permits

<u>Year</u>	<u>Total New Construction</u>		<u>Total Residential⁽¹⁾</u>	
	<u>Number of Permits</u>	<u>Valuation</u>	<u>Number of Permits</u>	<u>Valuation</u>
2019 ⁽²⁾	66	\$237,517,681	41	\$12,886,963
2018	23	61,161,214	20	5,924,455
2017	62	134,014,052	31	8,645,252
2016	65	148,178,567	31	8,636,875
2015 ⁽³⁾	57	240,162,746	28	7,691,665

⁽¹⁾Total building permits for single family and two-family residences.

⁽²⁾As of September 30, 2019.

⁽³⁾Includes building permits for the Drexel Town Square development, the Oak View Business Park and apartment complexes.

Source: The City.

Largest Employers

<u>Employer Name</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Milwaukee Area Technical College District	Higher education	1,291
UPS	Parcel delivery and distribution center	1,210
Oak Creek-Franklin School District	Education	706
PPG Industries, Inc.	Coating and resin products	560
Oak Creek Power Plant (WE Energies)	Electrical power generation	480
Reinhart FoodService, LLC	Wholesale food distributor	417
Nordco, Inc.	Roadway work equipment	400
Joseph Campione Inc.	Food products	400
Grunau Co., Inc.	Fire protection and mechanical systems	350
The City	Government	341

Source: Milwaukee Area Technical College District Official Statement dated October 22, 2019, Oak Creek-Franklin Joint School District Official Statement dated May 17, 2019 and the City.

Largest Taxpayers

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2018 Assessed Valuation</u>	<u>2018 Equalized Valuation</u>
Springbrook Circle Apartments*	Apartments	\$55,793,400	\$55,721,600
Occidental Development LP	Apartments	50,585,400	50,520,300
Arbors at Centennial Park LLC	Apartments	38,555,000	38,505,500
Legacy/Timber Ridge LLC	Apartments	25,917,500	25,884,300
JES Oak Creek MOB LLC	Froedtert health clinic	24,411,200	24,379,800
Aldi Inc.	Grocery warehouse, distribution center	22,839,700	22,810,400
NDC LLC	Tri-City Bank	21,097,500	21,070,500
Woodman's Food Market, Inc.*	Grocery store	19,741,800	19,716,500
Barrett Visionary Development LLC	Apartments	19,665,400	19,640,100
HSI Drexel Ridge LLC	Apartments	19,003,400	18,979,000
TOTAL		\$297,610,300	\$297,228,000

*Assessment under appeal by taxpayer. The City has approved a settlement with Woodman's Food Market, Inc. that will include a net repayment of taxes by the City of approximately \$41,000.

The above taxpayers represent 8.51% of the City's 2018 Equalized Value (TID IN) (\$3,492,653,000). The City's 2019 Equalized Value (TID IN) is \$3,831,003,800. 2019 Taxpayer information is not yet available.

Source: The City.

TAX LEVIES, RATES AND COLLECTIONS

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31. Real property taxes may be paid in full by January 31 or in two equal installments payable by January 31 and July 31. Municipalities also have the option of adopting payment plans which allow taxpayers to pay their real property taxes and special assessments in three or more installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31 are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. Any amounts paid after July 31 are paid to the county treasurer. For municipalities which have not adopted an installment payment plan, the town, city or village treasurer settles with other taxing jurisdictions for collections through the preceding month on January 15 and February 20. For municipalities which have adopted an installment payment plan, the town, city or village treasurer settles with other taxing jurisdictions for collections through the preceding month on January 15, February 15 and the 15th day of each month following a month in which an installment payment is due. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. The County Board may authorize its County Treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment role are collected from each taxing entity in the year following the levy year. Since, in practice, all delinquent real property taxes are withheld from the county's share of taxes, the City receives 100 percent of the real property taxes it levies for real property taxes. See "Levy Limits" on page 17 herein for information on additional limitations on City tax levies.

Set forth below are tax levies for City purposes and the tax rate per \$1,000 assessed valuation on all taxable property in the City for collection years 2015-2019:

<u>Levy/Collection Year</u>	<u>City Tax Rate</u>	<u>Total City Levy</u>	<u>Uncollected Taxes as of August 20th of each Year</u>	<u>Percent of Levy Collected</u>
2018/2019	\$6.30	\$20,697,879	\$0	100%
2017/2018	6.41	20,261,131	0	100
2016/2017	6.60	19,878,080	0	100
2015/2016	6.64	19,566,773	0	100
2014/2015	6.76	19,329,408	0	100

Source: The City.

ASSESSED TAX RATES

	Levy/Collection Year				
	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
The City	\$6.30	\$6.41	\$6.60	\$6.64	\$6.76
Oak Creek-Franklin School District	8.51	8.70	8.93	9.67	9.17
Milwaukee Area Technical College District	1.23	1.26	1.26	1.24	1.28
County & State ⁽¹⁾	6.04	6.30	6.45	6.39	6.38
Milwaukee Metropolitan Sewerage District	1.70	1.73	1.75	1.72	1.73
Gross Tax Rate	23.78	24.40	24.99	25.66	25.32
State Tax Credit	(2.66)	(2.83)	(2.74)	(2.74)	(2.54)
Net Tax Rate	\$21.12	\$21.57	\$22.25	\$22.92	\$22.78

⁽¹⁾State property taxes were eliminated in the State's 2017-19 budget act.

Source: The City.

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

With respect to general obligation debt service, the following provisions are made:

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Securities will be authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Securities.

ASSESSED AND EQUALIZED VALUATIONS

All equalized valuations of property in the State of Wisconsin are determined by the State of Wisconsin, Department of Revenue, Supervisor of Assessments Office. Equalized valuations are the State's estimate of full market value. The State determines assessed valuations of all manufacturing property in the State. Assessed valuations of residential and commercial property are determined by local assessors.

Set forth in the table below are equalized valuations of property located within the City for the years 2015 through 2019. The City's equalized valuation (TID-IN) has increased by 27.53 percent since 2015, with an average annual growth of 6.27 percent.

Year	Assessed Valuation	Equalized Valuation (TID-IN)	Equalized Valuation (TID-OUT)
2019	\$3,564,841,400	\$3,831,003,800	\$3,501,006,200
2018	3,496,496,000	3,492,653,000	3,284,231,300
2017	3,304,022,300	3,318,333,100	3,175,445,200
2016	3,107,536,200	3,108,897,900	3,014,976,300
2015	3,045,245,700	3,003,919,300	2,908,050,200

Source: Wisconsin Department of Revenue.

Equalized Value by Property Class

Equalized value by class of property in the City (TID-IN) for 2019 is as follows:

	<u>2019 Equalized Value</u>	<u>Percent of Total</u>
Real Estate		
Residential	\$2,235,298,700	58.35%
Commercial	1,314,666,200	34.32
Manufacturing	165,232,100	4.31
Agriculture, Forest, Other	10,085,900	0.26
Total Real Estate	<u>\$3,725,282,900</u>	<u>97.24%</u>
 Total Personal Property	 <u>105,720,900</u>	 <u>2.76</u>
 Total Equalized Value	 <u><u>\$3,831,003,800</u></u>	 <u><u>100.00%</u></u>

Source: Wisconsin Department of Revenue.

Tax Increment Districts

The City has created Tax Increment Districts (“TIDs”) under Wisconsin Statute 66.1105. TID valuations totaling \$329,997,600 have been excluded from the City’s tax base for 2019.

<u>TID Number</u>	<u>Year Created</u>	<u>Base Value</u>	<u>2019 Value</u>	<u>Increment</u>
006	2001	\$1,377,200	\$16,264,200	\$14,887,000
007	2007	165,053,100	191,529,400	26,476,300
008	2009	23,056,600	101,365,600	78,309,000
010	2010	19,223,700	36,712,500	17,488,800
011	2012	12,861,900	152,269,900	139,408,000
012	2016	10,700	42,207,000	42,196,300
013	2017	4,703,500	5,037,700	334,200
014	2018	641,300	457,800	*
015	2018	1,899,900	2,924,900	1,025,000
016	2018	1,549,200	11,422,200	9,873,000
			TOTAL	<u><u>\$329,997,600</u></u>

*This TID has a negative or zero increment.

Source: Wisconsin Department of Revenue.

INDEBTEDNESS OF THE CITY

Direct Indebtedness

Set forth below is the general obligation direct indebtedness of the City, including principal and interest payments due on existing debt, as well as debt service on the Securities and excluding the refunded maturities of the Prior Issue. Interest on the Bonds has been calculated using an average rate of 3.37 percent. Interest on the Notes has been calculated using an average rate of 2.24 percent.

Year	Outstanding Bonds & Notes		Bonds		Notes		Total Debt Service Requirements	Less: Projected Offsetting Revenues ⁽¹⁾	Total Projected Net Debt Service Requirements
	Principal	Interest	Principal	Interest	Principal	Interest			
2020	\$12,130,000	\$3,078,717	\$75,000	\$100,422		\$17,784	\$15,401,923	(\$15,073,548)	\$328,375
2021	4,880,000	2,775,229	335,000	130,675	\$115,000	23,125	8,259,029	(7,912,701)	346,328
2022	5,505,000	2,611,748	335,000	120,625	120,000	20,980	8,713,353	(8,375,150)	338,203
2023	11,240,000	2,426,004	355,000	110,275	120,000	18,730	14,270,009	(13,940,540)	329,469
2024	5,435,000	2,032,770	375,000	97,450	125,000	16,340	8,081,560	(8,081,560)	0
2025	5,880,000	1,832,033	375,000	82,450	125,000	13,778	8,308,260	(8,308,260)	0
2026	6,305,000	1,613,595	400,000	66,950	130,000	11,035	8,526,580	(8,526,580)	0
2027	6,635,000	1,381,504	420,000	50,550	130,000	8,110	8,625,164	(8,625,164)	0
2028	5,370,000	1,171,689	445,000	35,475	135,000	4,995	7,162,159	(7,162,159)	0
2029	5,665,000	976,307	460,000	21,900	135,000	1,688	7,259,894	(7,259,894)	0
2030	5,885,000	763,106	500,000	7,500	0	0	7,155,606	(7,155,606)	0
2031	6,455,000	533,634	0	0	0	0	6,988,634	(6,988,634)	0
2032	6,765,000	328,065	0	0	0	0	7,093,065	(7,093,065)	0
2033	2,070,000	149,080	0	0	0	0	2,219,080	(2,219,080)	0
2034	2,085,000	81,629	0	0	0	0	2,166,629	(2,166,629)	0
2035	525,000	39,279	0	0	0	0	564,279	(564,279)	0
2036	545,000	16,405	0	0	0	0	561,405	(561,405)	0
2037	195,000	3,754	0	0	0	0	198,754	(198,754)	0
TOTAL	\$93,570,000	\$21,814,547	\$4,075,000	\$824,272	\$1,135,000	\$136,564	\$121,555,383	(\$120,213,008)	\$1,342,375

⁽¹⁾All outstanding debt was issued as general obligations of the City; however tax increment revenues and state utility aid are projected to offset the total debt service. The actual amount of these offsetting revenues is not guaranteed. Under State law, the City is required to levy an amount sufficient to meet the debt service on its outstanding general obligation debt, but such levy may be abated by the use of offsetting revenues, if and to the extent available.

Other Financings

The following issues are not general obligations of the City:

- Waterworks System Revenue Bonds, dated January 13, 2010 totaling \$465,682 in principal, due May 1, 2020 through 2029.
- Waterworks System Refunding Revenue Bonds, dated March 15, 2011 totaling \$5,200,000 in principal due December 1, 2020 through 2031.
- Waterworks System Revenue Bonds, dated November 23, 2011 totaling \$3,835,751 in principal due May 1, 2020 through 2031.
- Waterworks System Revenue Bonds, dated May 8, 2013 totaling \$1,917,360 in principal due May 1, 2020 through 2033.
- Waterworks System Revenue Bonds, dated May 28, 2014 totaling \$4,079,256 in principal due May 1, 2020 through 2034.
- Waterworks System Refunding Revenue Bonds, dated November 17, 2015 totaling \$275,000 in principal due December 1, 2020.

Future Financings

Over the next twelve months, the City does intends to issue additional general obligation debt of approximately \$810,000 for TIF #11 costs, \$4,900,000 Taxable General Obligation Refunding Bonds and \$2,850,000 Taxable General Obligation Promissory Notes to refund TIF #16 obligations.

Default Record

The City has no record of default on any prior debt repayment obligations.

Overlapping and Underlying Indebtedness

Set forth below is information relating to the outstanding overlapping and underlying indebtedness of the City.

<u>Entity</u>	<u>Amount of Debt (Less 2019 Principal Amounts)</u>	<u>Percent Applicable to City</u>	<u>Outstanding Debt Chargeable To City</u>
Milwaukee Area Technical College District*	\$101,965,000	4.57%	\$4,659,801
Milwaukee County	532,465,597	5.70	30,350,539
Oak Creek-Franklin Joint School District	133,815,000	82.84	110,852,346
Milwaukee Metropolitan Sewerage District	703,666,249	5.81	40,883,009
TOTAL	\$1,471,911,846		\$186,745,695

**Milwaukee Area Technical College District ("MATC") is anticipating the issuance of approximately \$39,000,000 annually. This is a preliminary amount and is subject to change. MATC may approve financings subsequent to the date of this official statement.*

NOTE: This summary may not reflect all of the City's outstanding overlapping and underlying indebtedness.

Source: Wisconsin Department of Revenue. Information provided by each municipal entity through publicly available disclosure documents available on EMMA.msrb.org and direct inquiries.

Statistical Summary

The table below reflects direct, overlapping and underlying bonded indebtedness net of all 2019 principal payments and refunded portion of the Prior Issue.

2019 Equalized Valuation as certified by the Wisconsin Department of Revenue	\$3,831,003,800
Direct Bonded Indebtedness (including the Securities)	\$98,780,000
Direct, Overlapping and Underlying Indebtedness (including the Securities)	\$285,525,695
Direct Bonded Indebtedness as a Percentage of Equalized Valuation	2.58%
Direct, Overlapping and Underlying Bonded Indebtedness as a Percentage of Equalized Valuation	7.45%
Population of City (2019 Estimate)*	35,830
Direct Bonded Indebtedness Per Capita	\$2,756.91
Direct, Overlapping and Underlying Bonded Indebtedness Per Capita	\$7,968.90

*Source: Wisconsin Department of Administration, Demographic Services Center.

Debt Limit

As described under the caption "CONSTITUTIONAL AND STATUTORY CONSIDERATIONS AND LIMITATIONS CONCERNING THE CITY'S POWER TO INCUR INDEBTEDNESS--Debt Limit," the total indebtedness of the City may not exceed five percent of the equalized value of property in the City. Set forth in the table below is a comparison of the outstanding indebtedness of the City, as of the closing date of the Bonds, excluding the portion of the Prior Issue to be refunded, as a percentage of the applicable debt limit.

Equalized Valuation (2019) as certified by Wisconsin Department of Revenue	\$3,831,003,800
Legal Debt Percentage Allowed	<u>5.00%</u>
Legal Debt Limit	\$191,550,190
General Obligation Debt Outstanding (including the Securities)	<u>\$98,780,000</u>
Unused Margin of Indebtedness	\$92,770,190
Percent of Legal Debt Incurred	51.57%
Percentage of Legal Debt Available	48.43%

FINANCIAL INFORMATION

The financial operations of the City are conducted primarily through its general fund. Most taxes and non-tax revenues (such as license fees, fines and costs and user's fees) are paid into the general fund and current operating expenditures are made from the general fund pursuant to appropriations made by the Common Council. Taxes levied for debt service are paid directly into the debt service fund and debt service expenditures are made from that fund.

Budgeting Process

The City is required by State law to annually formulate a budget and to hold public hearings thereon prior to the determination of the amounts to be financed, in whole or in part, by general property taxes, funds on hand or estimated revenues from other sources. The budget must list all existing indebtedness of the City and all anticipated revenues from all sources during the ensuing year and must also list all proposed appropriations for each department, activity and reserve account of the City during the ensuing year. The budget must show actual revenues and expenditures for the preceding year, actual revenues and expenditures for not less than the first six months of the current year and estimated revenues and expenditures for the balance of the current year.

As part of the budgeting process, public hearings are held on the proposed budget, at which time any resident or taxpayer in the City may be heard. At a council meeting in November of each year, the Common Council adopts the final budget for the succeeding year and levies taxes based on assessed valuations of property less any increment attributable to Tax Increment Districts. The amount of taxes so levied and the amounts of the various appropriations in the final budget (after any alterations made pursuant to public hearings) may not be changed unless authorized by a vote of two-thirds of the entire membership of the Common Council. Failure to publish notice of any such alteration within ten days thereafter shall preclude any change in the budget.

Financial Information

A copy of the City's Basic Financial Statements and Related Notes for the fiscal year ended December 31, 2018 including the accompanying independent auditor's report, is included as Appendix A to this Official Statement. Potential purchasers should read such financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor (defined herein), to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessment, procedures or evaluation with respect to such financial statements since the date thereof, or relating to this Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Securities, the City represents that there has been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

**GENERAL FUND SUMMARY
FOR YEARS ENDED DECEMBER 31**

	2020 BUDGET	2019 ESTIMATED	2018 ACTUAL	2017 ACTUAL	2016 ACTUAL
Revenues					
Taxes	\$16,626,716	\$16,080,106	\$13,672,382	\$13,632,350	\$13,427,303
Intergovernmental	6,082,582	6,157,233	6,071,829	5,714,573	5,415,480
Regulation and compliance	2,544,000	2,426,518	2,550,035	2,054,626	1,859,557
Public Charges for Services	394,780	403,550	369,492	334,464	304,371
Investment Income	220,000	550,000	404,721	183,922	122,770
Miscellaneous	526,840	473,338	278,317	188,264	205,324
Interfund charges for services	300,000	260,000	358,522	329,401	244,025
Total revenues	<u>26,694,918</u>	<u>26,350,745</u>	<u>23,705,298</u>	<u>22,437,600</u>	<u>21,578,830</u>
Expenditures					
General Government	7,631,215	6,553,849	5,974,818	6,431,888	6,517,355
Public Safety	11,752,582	10,470,359	10,997,815	10,386,204	10,191,351
Health and Human Services	508,456	414,926	428,176	501,377	470,962
Public Works	5,458,989	4,889,015	4,226,285	3,493,477	3,449,221
Leisure Activities	1,343,676	1,263,325	1,967,632	1,878,051	1,840,592
Total Expenditures	<u>26,694,918</u>	<u>23,591,474</u>	<u>23,594,726</u>	<u>22,690,997</u>	<u>22,469,481</u>
Excess of revenues over (under) expenditures	<u>0</u>	<u>2,759,271</u>	<u>110,572</u>	<u>(253,397)</u>	<u>(890,651)</u>
Other Financing Sources (uses)					
Sale of property	0	0	233,642	27,686	10,882
Operating Transfers In	0	0	1,686,766	1,663,609	1,707,741
Operating Transfers Out	0	0	(1,809,977)	(923,956)	(725,829)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>110,431</u>	<u>767,339</u>	<u>992,794</u>
Revenue and other sources over (under) expenditures and other uses	<u>0</u>	<u>2,759,271</u>	<u>221,003</u>	<u>513,942</u>	<u>102,143</u>
Fund balances - beginning of year	<u>11,192,404</u>	<u>8,433,133</u>	<u>8,212,130</u>	<u>7,698,188</u>	<u>7,596,045</u>
Fund balances - end of year	<u><u>\$11,192,404</u></u>	<u><u>\$11,192,404</u></u>	<u><u>\$8,433,133</u></u>	<u><u>\$8,212,130</u></u>	<u><u>\$7,698,188</u></u>

The amounts shown for the years ended December 31, 2015 through December 31, 2018 are excerpts from the audit reports which have been examined by Baker Tilly Virchow Krause, LLP, Milwaukee, Wisconsin (the "Auditor"). The amounts shown for the year ended December 31, 2019 are estimated and the amounts shown for the year ended December 31, 2020 are shown on a budgetary basis, and such amounts have been provided by the City. The comparative statement of revenues and expenditures should be read in conjunction with the other financial statements and notes thereto appearing in Appendix A of this Official Statement.

UNDERWRITING

Robert W. Baird & Co. Incorporated, (the "Underwriter") has agreed to purchase the Bonds from the City for a purchase price of \$4,385,386.30 plus accrued interest to the date of delivery of the Bonds.

The Underwriter has agreed to purchase the Notes from the City for a purchase price of \$1,120,812.50 plus accrued interest to the date of delivery of the Notes.

The Underwriter will be obligated to purchase all of the Securities of an issue if any of such Securities are purchased. The Underwriter reserves the right to join with dealers and other underwriters in offering the Securities to the public. The Underwriter may offer and sell the Securities to certain dealers (including dealers depositing the Securities into investment trusts) at prices lower than the offering prices derived from the rates and yields for each maturity set forth on the inside cover of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriter.

RATING

The Securities have been assigned a "Aa2" rating by Moody's Investors Service Inc. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Securities.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Securities, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Undertakings described under the heading "CONTINUING DISCLOSURE" neither the City nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Securities any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

TAX STATUS

The Bonds

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Bonds under existing law substantially in the following form:

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely

affect the market value of the Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Bonds may be enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Bond Premium - Bonds

To the extent that the initial offering price of certain of the Bonds is more than the principal amount payable at maturity, such Bonds ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

The Notes

Interest on the Notes is included in gross income for present Federal income tax purposes.

Interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

QUALIFIED TAX-EXEMPT OBLIGATIONS - BONDS

The Bonds will be "qualified tax-exempt obligations" for purposes of Section 265 of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "SEC"), pursuant to the Securities Exchange Act of 1934 (the "Rule"), the City shall covenant pursuant to the Bond Parameters Resolution and Note Parameters Resolution adopted by the Common Council to enter into an undertakings (the "Undertakings") for the benefit of holders including beneficial holders of the Securities to provide certain financial information and operating data relating to the City annually to the Municipal Securities Rulemaking Board (the "MSRB"), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. **The Undertakings provides that the annual report will be filed not later than 270 days after the end of each fiscal year. The City's fiscal year ends December 31st.** The details and terms of the Undertakings, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificates to be executed and delivered by the City at the time the Securities are delivered. Such Certificates will be in substantially the form attached hereto as Appendix B. A failure by the City to comply with the Undertakings will not constitute an event of default on the Securities (although holders will have the right to obtain specific performance of the obligations under the Undertakings). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Securities in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Securities and their market price.

The City is required to file its continuing disclosure information using the Electronic Municipal Market Access (“EMMA”) system. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

In the previous five years the City has not failed to comply in all material respects with any previous undertaking under the Rule.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Securities. The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial

Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

LITIGATION

There is no controversy or litigation of any nature now pending or, to the knowledge of the City, threatened, restraining or enjoining the issuance, sale, execution or delivery of the Securities, or in any way contesting or affecting the validity of the Securities or any proceedings of the Securities taken with respect to the issuance or sale thereof.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Securities are subject to the unqualified approving legal opinions of Quarles & Brady LLP, Bond Counsel. Such opinions will be issued on the basis of the law existing at the time of the issuance of the Securities. A copy of such opinions will be available at the time of the delivery of the Securities.

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Securities. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Securities and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Securities for any investor.

Quarles & Brady LLP from time to time serves as counsel to the Underwriter with respect to issuers other than the City and transactions other than the issuance of the Securities.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Securities are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Securities could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Securities, and there could ultimately be no assurance that holders of the Securities would be paid in full or in part on the Securities. Further, under such circumstances, there could be no assurance that the Securities would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Securities could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Securities.

Moreover, if the City were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Securities would not occur.

MISCELLANEOUS

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement by the Clerk has been duly authorized by the City.

AUTHORIZATION

This Official Statement has been approved for distribution to prospective purchasers and the Underwriter of the Securities. The City, acting through its Clerk, will provide to the Underwriter of the Securities at the time of delivery, certificates confirming that, to the best of its knowledge and belief, the Official Statement with respect to the Securities, together with any supplements thereto, at the time of the execution of the Approving Certificates for the Securities and at the time of delivery of the Securities, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated, where necessary to make the statements in light of the circumstances under which they were made, not misleading.

CITY OF OAK CREEK

By /s/ Catherine A. Roeske
Clerk

APPENDIX A

BASIC FINANCIAL STATEMENTS AND RELATED NOTES

CITY OF OAK CREEK MILWAUKEE COUNTY, WISCONSIN

For the Year Ended December 31, 2018

**Baker Tilly Virchow Krause, LLP
Milwaukee, Wisconsin**

A copy of the City's Basic Financial Statements and Related Notes for the fiscal year ended December 31, 2018 including the accompanying independent auditor's report, is included as Appendix A to this Official Statement. Potential purchasers should read such financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessment, procedures or evaluation with respect to such financial statements since the date thereof, or relating to this Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Securities, the City represents that there has been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

CITY OF OAK CREEK

Oak Creek, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

CITY OF OAK CREEK

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CITY OF OAK CREEK

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Oak Creek
Oak Creek, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oak Creek, Wisconsin, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Oak Creek's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of Oak Creek's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of Oak Creek's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the City Council
City of Oak Creek

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oak Creek, Wisconsin, as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Oak Creek adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective January 1, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the 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 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oak Creek's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
July 29, 2019



CITY OF OAK CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2018

As management of the City of Oak Creek (the City), we offer readers of the City of Oak Creek's financial statements this narrative overview and analysis of the financial activities of the City of Oak Creek for the fiscal year ended December 31, 2018. This discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, identify material deviations from the approved budget, and identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements following this section.

FINANCIAL HIGHLIGHTS

When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. You can think of this relationship between revenues and expenses as the City's operating results and the net position, as measured in the Statement of Net Position, as one way to measure the City's financial health, or financial position. Over time, increases and decreases in the City's net position, as measured in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. However, the City's goal is to provide services that improve the quality of life for our residents, not to generate profits as companies do. For this reason, you will need to consider many other non-financial factors, such as the condition of our roads and infrastructure, in assessing the overall health of our City.

Combined governmental and business-type activities net position decreased by 1.5% in 2018, to \$174.1 million. Of this amount, \$158.8 million represents the City's net investment in capital assets, while \$15.9 million was held for restricted purposes, and a balance of (\$.5) million was unrestricted.

At the end of 2018, the City's governmental activities reported total net position of \$54.7 million, including a deficit balance in unrestricted net position of \$26.9 million and the City's business-type activities reported total net position of \$119.4 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Oak Creek's basic financial statements. The City of Oak Creek's basic financial statements are comprised of four components:

- *Management's discussion and analysis*
- *Basic financial statements*
 - Government-wide Financial Statements
 - Fund Financial Statements
 - Notes to the Financial Statements
- Required supplementary information
- Combining statements for non-major governmental funds



The basic financial statements include two kinds of statements presenting different views of the City:

Government-wide financial statements provide both long-term and short-term information about the City's overall financial status.

Fund financial statements focus on individual parts of city government and report the City's operations in more detail than the government-wide statements. The financial statements also include notes explaining some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information further explaining and supporting the information in the financial statements. In addition to these required elements, this financial report includes a section with combining statements providing details about the City's non-major governmental funds. The non-major funds are added together and presented in single columns in the basic financial statements.

Government-wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Oak Creek's finances, in a manner similar to a private-sector business and are presented in two statements, the Statement of Net Position and the Statement of Activities, which can be found on pages 1 - 2 of this report.

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Oak Creek include general government, public safety, health and human services, public works, leisure activities (recreation and library), and conservation and development. The business-type activities of the City of Oak Creek include the water and sewer utility. Fiduciary activities, such as tax collection, are not included in the government-wide statements since these assets are not available to fund City programs.

The first of these government-wide statements is the Statement of Net Position. This is the citywide statement of position presenting information including all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City should extend to other non-financial factors such as the diversification of the tax base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the City's distinct activities or functions on revenues.

Fund Financial Statements

The fund financial statements provide detailed information about the City's significant *funds*. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The City has three kinds of funds:

- **Governmental funds** – are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. The focus, however, is very different with fund statements providing a distinctive view of the City’s governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term. Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist in understanding the differences between these two perspectives.
- **Proprietary funds** – are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City has two proprietary funds – water and sewer utilities. Proprietary fund statements offer short and long-term financial information about activities the City operates like a business. A second type of proprietary fund, the internal service fund, reports activities providing services to other City programs.
- **Fiduciary funds** – are reported in the fiduciary fund statements, but excluded from the government-wide reporting because these assets cannot be used to finance operations. The City is the trustee, or fiduciary, for collection of all property taxes within the City for all taxing jurisdictions, including the Oak Creek-Franklin Joint School District, Milwaukee County, State of Wisconsin, Milwaukee Area Technical College, and Milwaukee Metropolitan Sewerage District.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the City as a whole.

Net position. The City adopted GASB Statement No. 75 during 2018 and accordingly, the beginning net position has been restated. The City’s combined net position increased by \$3.2 million from fiscal year 2017 to 2018, a change of 1.9%; this increase was comprised of a government-activities decrease of \$1.3 million, and a business-type activities increase of \$4.5 million. The City’s governmental activities and business-type activities have approximately 32% and 68%, respectively, of the combined net position.

Total net position of the City’s governmental activities decreased to \$54.7 million, a decrease of 2.3% from 2017 net position. The City’s net investment in capital assets represents 122.6% of the total. Restricted net position of \$14.6 million represents 26.7% of the total. Unrestricted net position deficit of \$27.0 million represents (-49.3%) of the total.

Total net position of the City’s business-type activities increased by 3.9% to \$119.4 million, including unrestricted net position of \$24.3 million, representing 20.4% of the total. All government and business type activities are self-supporting entities; net position of one entity is not permanently used by other entities.



Table 1
City of Oak Creek, Wisconsin
2018 and 2017 Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	62.9	55.8	31.0	27.7	93.9	83.5
Capital assets	161.6	163.5	111.6	110.8	273.2	274.3
Total assets	224.5	219.3	142.6	138.5	367.1	357.8
Deferred charge on refunding	0.0	0.0	0.0	0.1	0.0	0.1
Deferred amount related to pensions	8.0	9.1	0.8	0.9	8.8	10.0
Deferred amount related to OPEB	3.0	0.0	0.2	0.0	3.2	0.0
Total deferred outflows of resources	11.0	9.1	1.0	1.0	12.0	10.1
Long-term debt outstanding	137.8	134.1	21.7	21.6	159.5	155.7
Other liabilities	8.0	5.8	1.7	1.1	9.7	6.9
Total liabilities	145.8	139.9	23.4	22.7	169.2	162.6
Unearned revenue	26.4	24.4	0.0	0.0	26.4	24.4
Deferred amount related to pensions	8.5	3.7	0.8	0.4	9.3	0.0
Deferred amount related to OPEB	0.0	0.0	0.0	0.0	0.0	0.0
Total deferred inflows of resources	34.9	24.4	0.8	0.0	35.7	24.4
Net position:						
Net investment in capital assets	67.1	68.0	93.8	92.0	158.8	160.0
Restricted	14.6	7.9	1.3	1.0	15.9	8.9
Unrestricted	-27.0	-15.5	24.3	23.4	-0.6	7.9
Total net position - end of year	54.7	60.4	119.4	116.4	174.1	176.8
Net position - beginning of year, as restated	56.0	62.0	114.9	113.8	170.9	175.8
Change in net position	-1.3	-1.6	4.5	2.6	3.2	1.0
Percent change in net position	-2.3%	-2.6%	3.9%	2.3%	1.9%	0.6%

Change in combined net position.

The City had combined total revenues of \$65.7 million in 2018 and combined total expenses of \$62.5 million. After transfers, governmental activities had a decrease in net position of \$1.3 million, while business-type activities had an increase in net position of \$4.5 million. Table 2 and the following narrative consider the operations of governmental and business-type activities separately.



Table 2
City of Oak Creek, Wisconsin

2018 and 2017 Changes in Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues						
Charges for service	6.3	5.4	15.3	14.8	21.6	20.2
Operating grants & contributions	3.3	3.0	-	-	3.3	3.0
Capital contributions	1.5	5.1	2.8	0.7	4.3	5.8
General Revenues						
Taxes	24.8	23.3	-	-	24.8	23.3
Intergovernmental	6.7	6.7	-	-	6.7	6.7
Other	4.6	4.4	0.4	0.2	5.0	4.6
Total Revenues	47.2	47.9	18.5	15.7	65.7	63.6
Expenses:						
General government	9.4	8.7	-	-	9.4	8.7
Public safety	20.9	18.8	-	-	20.9	18.8
Health and social services	2.2	2.1	-	-	2.2	2.1
Public works	8.8	10.2	-	-	8.8	10.2
Leisure activities	3.0	2.2	-	-	3.0	2.2
Conservation & development	2.2	6.2	-	-	2.2	6.2
Interest and fiscal charges	3.6	2.9	-	-	3.6	2.9
Water	-	-	7.7	7.2	7.7	7.2
Sewer	-	-	4.7	4.3	4.7	4.3
Total Expenses	50.1	51.1	12.4	11.5	62.5	62.6
Excess/(Deficiency) before transfers:	-2.9	-3.2	6.1	4.2	3.2	1.0
Transfers	1.6	1.6	-1.6	-1.6	-	-
Change in Net Position	-1.3	-1.6	4.5	2.6	3.2	1.0
Beginning Net Position, as restated	56.0	62.0	114.9	113.8	170.9	175.8
ENDING NET POSITION	54.7	60.4	119.4	116.4	174.1	176.8

Governmental Activities

The City of Oak Creek received a total of \$47.2 million in governmental activities revenues in 2018, down \$.7 million when compared to 2017 revenues. As Table 2 indicates, the largest revenue source is the property tax, which accounts for \$24.8 million, or 52.6% of all governmental revenues. Property tax revenue in 2018 was virtually flat when compared to 2017 levels. Any increase in tax revenue was due to increased values and revenues within the city's tax incremental districts. As of



this writing, the Legislature of the State of Wisconsin has imposed a permanent levy freeze, with the exception of new growth.

The next largest category of revenues is intergovernmental revenue with \$6.7 million (14.2%), followed by public charges for service of \$6.3 million (13.4%), and capital contributions of \$1.5 million (3.2%). Investment income and miscellaneous revenue for \$4.5 million (9.6%) and operating grants and contributions account for \$3.3 million (7.0%).

Total governmental activities expenses were \$50.1 million in 2018, which exceeded revenues by \$2.9 million. At \$20.9 million, Public Safety, including Police, EMS, Inspection and Fire services, accounts for the largest share of City expenses at 41.7%. This is followed by Public Works with \$8.8 million or 17.5%, and General Government with \$9.4 million, representing 18.8%. Conservation and Development group, at \$2.2 million, is next with 4.4%, Leisure activities at \$3.0 million 6.0%, and Health/social services with \$2.2 million (4.4%) complete the activities. Payment of interest and fiscal charges in the amount of \$3.6 million, accounts for 7.2% of total governmental activities expenses.

Business-type Activities

The City of Oak Creek received \$18.5 million in business-type activities revenue during 2018 from its water and sewer utilities. Charges for services are by far the largest revenue sources for these operations, representing \$15.3 million of non-capital contribution revenues. Capital grants and contributions received were \$2.7 million in 2018, with interest and miscellaneous income accounting for the balance of revenues of \$.5 million.

Net position of the City of Oak Creek's water and sewer utilities increased by \$4.5 million in 2018, which represents a 3.8% increase over the prior year's net position.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. In particular, the level of unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The basic governmental fund financial statements can be found on pages 3 - 6 of this report.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains twenty seven individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, EMS Fund, Debt Service Fund,



Debt Amortization Fund, Capital Improvement Fund, TIF 8 and TIF 11, all of which are considered to be major funds. Data from the other twenty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* at the end of this report.

At the end of 2018, the combined fund balances for the City’s governmental funds was \$24.7 million. Of this total, \$2.4 million is nonspendable, \$14.4 million is restricted, \$1.0 million is committed and \$4.8 is assigned. The balance of unassigned governmental fund balances is \$2.139 million. These funds are allocated across the following areas (in millions of dollars):

Unassigned Fund Balances (deficit):	
General Fund	\$ 4.393
Debt Service Fund	(1.096)
TIF No. 8 Capital Project Fund	(1.077)
Future Improvement Fund	(0.002)
TIF No. 14 Capital Project Fund	(0.018)
TIF No. 15 Capital Project Fund	(0.017)
TIF No. 16 Capital Project Fund	(0.044)
Total	\$ 2.139

General Fund: The general fund is the primary operating fund of the City.

- Total fund balance as of December 31, 2018 was \$8.4 million, of which \$1.7 million was assigned. Included in the assigned amount are tax equivalent dollars to be paid by the utility in 2019, and \$2.4 million is nonspendable, which includes minor amounts for delinquent personal property taxes, non-current receivables and inventories.
- Unassigned fund balance decreased from 2017 to \$4.4 million. The unassigned fund balance is now approximately 15.0% of the general fund 2018 actual revenues and 2017 state shared revenues; this is within the City’s policy target range of 15-25% for the purposes of cash flow, stabilization, and emergency reserves.

Emergency Medical Services Fund: This special revenue fund is used to account for resources legally restricted to supporting the operations for the paramedic rescue program.

- Total fund balance as of December 31, 2018 increased to \$858,749.
- Total revenues for 2018 were \$5.5 million, which included \$3.8 million from taxes, \$1.5 million from public charges for services, and \$154,973 of intergovernmental revenue.
- Total expenditures for the year were \$5.0 million.

Capital Improvement Fund: The general capital improvement fund is used to account for major capital improvement projects relating to City-owned capital assets and capital equipment.

- Total fund balance at the end of the year was \$3.1 million, an increase of \$4,740,630 from 2017.
- Revenue sources provided \$1.0 million consisting of \$.5 million in grants and sale of equipment and \$.5 million from a land sale.
- Expenditures in this fund totaled \$2.8 million in 2018. The largest expenses included intersection improvements at Pennsylvania and Milwaukee avenue, the purchase of a lift truck, the build out of public bathrooms at Drexel Town Square, the purchase of a street sweeper, completing the build out at Lake Vista Park, terrace and access to the lake, a new ambulance, and upgrades to the Oakleaf trail.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund budget is adopted at the department level of expenditure.

The City ended the year with a favorable variance in general fund revenues and favorable variance in expenditures. Revenues were above budget projections by approximately \$1,288,142, while expenditures were under budget by \$690,382. The expenditure outcome relates mainly to retirements and vacant positions, which occurred throughout the year in the Police, Health, Department of Public Works and Engineering departments.

On the revenue side, conservative budgeting kept all categories quite close to budget. Year over year revenues were mostly stagnant, but the City continued to see increased construction activity resulting in \$872,660 in excess of the budgeted permit revenue. The City also saw higher insurance incentives as it continues to mitigate risk and reduce our claims resulting in a partial return of premium. Additionally, with the increased interest rates the City was able to realize an excess of investment income of \$171,782 in 2018. The short-term revenue outlook is stable with the exception of planned growth in the next few years. The state approved legislation will continue to limit taxation to growth alone and short-term interest rates will remain near all-time lows.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2018, the City reported a net combined investment in capital assets of \$158.8 million. Of this amount, \$67.1 million, or 42.1%, is attributable to governmental activities, with the assets related to the City’s land, buildings, equipment and street network. Total accumulated depreciation for both governmental and business type activities was calculated at \$102.9 million.

In 2018, capital assets of governmental activities increased by \$8.2 million. Capital assets of business type activities decreased by \$1.0 million.

Table 3
City of Oak Creek, Wisconsin

**2018 and 2017 Capital Asset
Net of Accumulated Depreciation** (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land and improvements	30.0	25.8	0.2	0.2	30.2	26.0
Construction in progress	-	9.7	2.2	1.4	2.2	11.1
Buildings	37.1	36.3	-	-	37.1	36.3
Machinery and equipment	7.4	8.2	109.2	109.1	116.6	117.3
Infrastructure	87.1	83.5	-	-	87.1	83.5
Total	161.6	163.5	111.6	110.7	273.2	274.2



Long-term Debt

At year-end, the governmental activities had \$98.5 million in general obligation bonds and promissory notes, a decrease of \$3.3 million from last year. This was due to developer incentives in TIF 11. At the end of 2018, the business-type activities had a total of \$17.3 million in outstanding revenue bonds and general obligation debt. The City’s general obligation bonds are rated Aa2 by Moody’s Investors Service, which has also rated the City’s short term notes with a MIG1 rating. Revenue bonds of the water & sewer utilities are rated Aa2.

State law limits the City to issuing general obligation bonds totaling no more than 5% of the City’s equalized value. Based on the 2018 equalized value, this limit is \$174.6 million. The City currently has a combined total of \$98.5 million of general obligation notes and bonds outstanding, representing 56.4% of its legal debt capacity.

Table 4
City of Oak Creek, Wisconsin

2018 and 2017 Outstanding Debt (in millions of dollars)

	<u>Governmental</u>		<u>Business-type</u>		<u>Totals</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General obligation debt	98.5	101.8	-	-	98.5	101.8
Revenue debt	—	—	17.3	18.7	17.3	18.7
Totals	<u>98.5</u>	<u>101.8</u>	<u>17.3</u>	<u>18.7</u>	<u>115.8</u>	<u>120.5</u>

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The City of Oak Creek is located in southeastern Milwaukee County, and is one of only two municipalities in Milwaukee County with numerous tracts of vacant land. This location and land availability has contributed to the City’s rapid growth and strong economic position. The local economy has picked up over the last few years with growth expected to continue in 2019 at Drexel Town Square, Oak View Business Park, Ryan Business Park, and the area surrounding IKEA as well as other locations throughout the City.

The City’s population and building permit information is provided below:

	Estimated	Estimated	Estimated	Estimated	Census
	2018	2017	2016	2015	2010
City of Oak Creek	35,739	35,560	38,206	34,791	34,495
Milwaukee County	950,381	945,416	949,930	949,795	948,369
State of Wisconsin	5,783,278	5,775,120	5,775,120	5,753,324	5,694,236

Total New Construction Building Permits			Total Residential Building Permits		
Year	Number	Value	Number	Value	
2018	23	\$61,161,214	20	\$5,924,455	



The Oak Creek City Council adopted the 2019 budget in November of 2018, which authorized general fund expenditures of \$25.7 million, a 5.91% increase from 2018. The tax levy for the City of Oak Creek is \$20.69 million, an increase of \$436,748 from 2018 due to new construction. The mill rate for City services decreased by \$.45 in 2018, due to the increase in property values. The total tax levy has remained essentially at the same level since 2009, with any increase limited to the amount generated by new growth to the tax base and closure of TIF districts.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, please contact the City of Oak Creek, 8040 S. 6th Street, Oak Creek, Wisconsin, 53154.

BASIC FINANCIAL STATEMENTS

CITY OF OAK CREEK

STATEMENT OF NET POSITION

As of December 31, 2018

	Governmental Activities	Business- type Activities	Totals
ASSETS			
Unrestricted cash and investments	\$ 25,935,750	\$ 27,188,822	\$ 53,124,572
Taxes receivable	27,002,746	-	27,002,746
Delinquent personal property taxes receivable	21,490	-	21,490
Accounts receivable, net	1,423,673	3,439,847	4,863,520
Special assessments receivable	346,530	-	346,530
Loans receivable	6,503	-	6,503
Other assets	-	5,000	5,000
Internal balances	1,088,949	(1,088,949)	-
Inventories	109,988	70,180	180,168
Restricted Assets			
Cash and investments	2,701,921	902,802	3,604,723
Net pension asset	4,315,211	406,918	4,722,129
Capital Assets			
Land and land rights	24,958,961	255,895	25,214,856
Construction in progress	13,711	2,202,824	2,216,535
Other capital assets, net of depreciation / amortization	136,588,044	109,177,506	245,765,550
Total Assets	<u>224,513,477</u>	<u>142,560,845</u>	<u>367,074,322</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	24,827	24,827
Deferred amount related to pension	8,009,131	772,951	8,782,082
Deferred amount related to OPEB	2,992,846	236,591	3,229,437
Total Deferred Outflows of Resources	<u>11,001,977</u>	<u>1,034,369</u>	<u>12,036,346</u>
LIABILITIES			
Accounts payable and accrued liabilities	7,509,663	1,713,721	9,223,384
Deposits	555,447	-	555,447
Unearned revenue	-	22,735	22,735
Noncurrent Liabilities			
Due within one year	8,958,415	1,500,863	10,459,278
Due in more than one year	128,810,449	20,178,265	148,988,714
Total Liabilities	<u>145,833,974</u>	<u>23,415,584</u>	<u>169,249,558</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	26,396,705	-	26,396,705
Deferred amount related to pension	8,528,253	776,388	9,304,641
Deferred amount related to OPEB	12,515	2,137	14,652
Total Deferred Inflows of Resources	<u>34,937,473</u>	<u>778,525</u>	<u>35,715,998</u>
NET POSITION			
Net investment in capital assets	67,106,050	93,773,494	158,798,829
Restricted for debt service	-	879,806	879,806
Restricted for TID activity	2,079,788	-	2,079,788
Restricted for impact fees	2,599,727	-	2,599,727
Restricted for pensions	4,315,211	406,918	4,722,129
Restricted for other purposes	5,602,410	-	5,602,410
Unrestricted (deficit)	<u>(26,959,179)</u>	<u>24,340,887</u>	<u>(537,577)</u>
TOTAL NET POSITION	<u>\$ 54,744,007</u>	<u>\$ 119,401,105</u>	<u>\$ 174,145,112</u>

See accompanying notes to financial statements.

CITY OF OAK CREEK

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental Activities							
General government	\$ 9,370,556	\$ 1,511,865	\$ 6,140	\$ 73,270	\$ (7,779,281)	\$ -	\$ (7,779,281)
Public safety	20,844,537	3,293,998	310,194	8,642	(17,231,703)	-	(17,231,703)
Health and social services	2,229,758	24,245	100,186	-	(2,105,327)	-	(2,105,327)
Public works	8,842,394	1,278,716	2,875,426	978,765	(3,709,487)	-	(3,709,487)
Leisure activities	2,984,567	153,643	-	-	(2,830,924)	-	(2,830,924)
Conservation and development	2,177,133	-	-	451,765	(1,725,368)	-	(1,725,368)
Interest and fiscal charges	3,655,696	-	-	-	(3,655,696)	-	(3,655,696)
Total Governmental Activities	<u>50,104,641</u>	<u>6,262,467</u>	<u>3,291,946</u>	<u>1,512,442</u>	<u>(39,037,786)</u>	<u>-</u>	<u>(39,037,786)</u>
Business-type Activities							
Water utility	7,664,415	10,993,157	-	1,865,252	-	5,193,994	5,193,994
Sewer utility	4,713,061	4,304,483	-	885,311	-	476,733	476,733
Total Business-type Activities	<u>12,377,476</u>	<u>15,297,640</u>	<u>-</u>	<u>2,750,563</u>	<u>-</u>	<u>5,670,727</u>	<u>5,670,727</u>
Totals	<u>\$ 62,482,117</u>	<u>\$ 21,560,107</u>	<u>\$ 3,291,946</u>	<u>\$ 4,263,005</u>	<u>(39,037,786)</u>	<u>5,670,727</u>	<u>(33,367,059)</u>
General Revenues							
Taxes							
Property taxes, levied for general purposes					19,400,628	-	19,400,628
Property taxes, levied for debt service					1,252,875	-	1,252,875
Property taxes, levied for tax incremental districts					2,894,181	-	2,894,181
Other taxes					1,226,346	-	1,226,346
Intergovernmental revenues not restricted to specific programs					6,786,833	-	6,786,833
Investment income					948,498	475,323	1,423,821
Miscellaneous					3,564,474	(6,576)	3,557,898
Transfers					1,661,639	(1,661,639)	-
Total General Revenues and Transfers					<u>37,735,474</u>	<u>(1,192,892)</u>	<u>36,542,582</u>
Change in Net Position					(1,302,312)	4,477,835	3,175,523
NET POSITION - Beginning of Year (as restated)					<u>56,046,319</u>	<u>114,923,270</u>	<u>170,969,589</u>
NET POSITION - END OF YEAR					<u>\$ 54,744,007</u>	<u>\$ 119,401,105</u>	<u>\$ 174,145,112</u>

See accompanying notes to financial statements.

CITY OF OAK CREEK

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2018

	Special Revenue Fund		Debt Service Funds		Capital Projects Fund			Nonmajor Governmental Funds	Totals
	General Fund	Emergency Medical Services Fund	Debt Service Fund	Debt Amortization Fund	Capital Improvement Fund	TIF No. 8 Capital Projects Fund	TIF No. 11 Capital Projects Fund		
ASSETS									
Unrestricted cash and investments	\$ 6,044,441	\$ 617,307	\$ -	\$ 26,572	\$ 3,019,414	\$ -	\$ 4,303,695	\$ 8,878,775	\$ 22,890,204
Restricted cash and investments	-	-	-	-	-	-	-	2,701,921	2,701,921
Receivables									
Taxes	14,108,665	3,626,053	850,000	-	-	968,087	2,209,037	5,240,904	27,002,746
Delinquent personal property taxes	21,490	-	-	-	-	-	-	-	21,490
Accounts, net	524,494	297,540	-	-	439,921	463	72,992	81,322	1,416,732
Special assessments	-	-	-	-	-	-	-	346,530	346,530
Loans	-	-	-	-	-	-	-	6,503	6,503
Due from other funds	4,053,173	-	-	-	-	-	-	314,900	4,368,073
Inventories	109,988	-	-	-	-	-	-	-	109,988
TOTAL ASSETS	\$ 24,862,251	\$ 4,540,900	\$ 850,000	\$ 26,572	\$ 3,459,335	\$ 968,550	\$ 6,585,724	\$ 17,570,855	\$ 58,864,187
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)									
Liabilities									
Accounts payable	\$ 417,916	\$ 23,694	\$ -	\$ -	\$ 307,823	\$ -	\$ 8,834	\$ 910,471	\$ 1,668,738
Accrued liabilities	1,611,991	25,319	-	-	29,455	-	-	90,488	1,757,253
Deposits	184,439	-	-	-	-	-	-	371,008	555,447
Due to other funds	572,354	-	1,095,888	-	13,236	1,077,157	-	636,241	3,394,876
Total Liabilities	<u>2,786,700</u>	<u>49,013</u>	<u>1,095,888</u>	<u>-</u>	<u>350,514</u>	<u>1,077,157</u>	<u>8,834</u>	<u>2,008,208</u>	<u>7,376,314</u>
Deferred Inflows of Resources									
Unearned revenues	13,642,418	3,626,053	850,000	-	-	968,087	2,209,037	5,101,110	26,396,705
Unavailable revenues	-	7,085	-	-	-	-	72,992	288,488	368,565
Total Deferred inflows of Resources	<u>13,642,418</u>	<u>3,633,138</u>	<u>850,000</u>	<u>-</u>	<u>-</u>	<u>968,087</u>	<u>2,282,029</u>	<u>5,389,598</u>	<u>26,765,270</u>
Fund Balances (Deficit)									
Nonspendable	2,378,598	-	-	-	-	-	-	-	2,378,598
Restricted	-	-	-	26,572	-	-	4,294,861	10,058,491	14,379,924
Committed	-	858,749	-	-	-	-	-	195,414	1,054,163
Assigned	1,661,639	-	-	-	3,108,821	-	-	-	4,770,460
Unassigned (Deficit)	4,392,896	-	(1,095,888)	-	-	(1,076,694)	-	(80,856)	2,139,458
Total Fund Balances (Deficits)	<u>8,433,133</u>	<u>858,749</u>	<u>(1,095,888)</u>	<u>26,572</u>	<u>3,108,821</u>	<u>(1,076,694)</u>	<u>4,294,861</u>	<u>10,173,049</u>	<u>24,722,803</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 24,862,251	\$ 4,540,900	\$ 850,000	\$ 26,572	\$ 3,459,335	\$ 968,550	\$ 6,585,724	\$ 17,570,855	\$ 58,864,187

CITY OF OAK CREEK

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION For the Year Ended December 31, 2018

Fund balance - total governmental funds	\$ 24,722,603
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land	24,958,961
Construction in progress	13,711
Other capital assets, net of depreciation / amortization	136,588,044

Some receivables that are not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.

Special assessments	281,985
Accounts	80,077
Loans	6,503

Internal service funds are used by management to charge costs of insurance coverage to individual funds. The assets and liabilities of the internal service fund are included in government activities in the statement of net position.

(38,233)

The net pension asset does not relate to current financial resources and is not reported in the governmental funds.

4,315,211

Deferred outflows of resources related to pension do not relate to current financial resources and are not reported in the governmental funds.

8,009,131

Deferred inflows of resources related to pension do not relate to current financial resources and are not reported in the governmental funds.

(8,528,253)

Deferred outflows of resources related to other post employment benefits do not relate to current financial resources and are not reported in the governmental funds

2,992,846

Deferred inflows of resources related to other post employment benefits do not relate to current financial resources and are not reported in the governmental funds

(12,515)

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, not reported in the funds.

Bonds and notes payable	(98,490,000)
Unamortized debt premium	(1,861,093)
Other postemployment benefits	(36,015,032)
Vested compensated absences	(1,402,741)
Accrued interest	(877,198)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 54,744,007

See accompanying notes to financial statements.

CITY OF OAK CREEK

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018**

	Special Reveal Fund		Debt Service Funds		Capital Projects Fund			Nonmajor Governmental Funds	Totals
	General Fund	Emergency Medical Services Fund	Debt Service Fund	Debt Amortization Fund	Capital Improvement Fund	TIF No. 8 Capital Projects Fund	TIF No. 11 Capital Projects Fund		
REVENUES									
Taxes	\$ 13,672,382	\$ 3,788,857	\$ 850,000	\$ -	\$ -	\$ 627,954	\$ 1,716,495	\$ 4,118,342	\$ 24,774,030
Intergovernmental	6,071,829	154,973	-	3,145,951	460,128	11,868	35,655	658,716	10,539,120
Regulation and compliance	2,550,035	-	-	-	-	-	-	-	2,550,035
Public charges for services	369,492	1,505,367	-	-	-	-	-	1,530,729	3,405,588
Special assessments/developer contributions	-	-	-	-	-	-	-	234,722	234,722
Investment income	404,721	8,899	21,598	14,475	16,084	-	134,729	163,512	764,018
Miscellaneous	278,317	1,118	-	-	471,416	-	-	2,905,083	3,655,934
Interfund charges for services	358,522	-	-	-	-	-	335,034	-	693,556
Total Revenues	23,705,298	5,459,214	871,598	3,160,426	947,628	639,822	2,221,913	9,611,104	46,617,003
EXPENDITURES									
Current									
General government	5,974,818	-	-	-	-	-	-	581,708	6,556,526
Public safety	10,997,815	4,976,393	-	-	-	-	-	1,282,117	17,256,325
Health and social services	428,176	-	-	-	-	-	-	1,733,472	2,161,648
Public works	4,226,285	-	-	-	-	-	39,364	2,037,435	6,303,084
Leisure activities	1,967,632	-	-	-	-	-	-	145,516	2,113,148
Conservation and development	-	-	-	-	-	2,413	-	1,517,898	1,520,311
Capital Outlay	-	-	-	-	2,799,236	250,530	125,257	1,038,932	4,213,955
Debt Service									
Principal retirement	-	-	2,150,000	-	-	10,500,000	15,025,000	-	27,675,000
Interest and fiscal charges	-	-	1,415,000	-	-	420,114	1,489,785	110,784	3,435,683
Total Expenditures	23,594,726	4,976,393	3,565,000	-	2,799,236	11,173,057	16,679,406	8,447,862	71,235,680
Excess (deficiency) of revenues over expenditures	110,572	482,821	(2,693,402)	3,160,426	(1,851,608)	(10,533,235)	(14,457,493)	1,163,242	(24,618,677)
OTHER FINANCING SOURCES (USES)									
Long-term debt issued	-	-	-	-	-	10,315,000	14,000,000	-	24,315,000
Premium on debt	-	-	-	-	-	384,095	308,092	-	692,187
Sale of property	233,642	26,398	-	-	37,503	-	-	-	297,543
Transfers in	1,686,766	-	4,180,563	-	6,554,735	-	-	432,955	12,855,019
Transfers out	(1,809,977)	-	(2,906,074)	(4,640,000)	-	-	-	(2,675,981)	(12,032,032)
Total Other Financing Sources (Uses)	110,431	26,398	1,274,489	(4,640,000)	6,592,238	10,699,095	14,308,092	(2,243,026)	26,127,717
Net Change in Fund Balance	221,003	509,219	(1,418,913)	(1,479,574)	4,740,630	165,860	(149,401)	(1,079,784)	1,509,040
FUND BALANCES (Deficit) - Beginning of Year	8,212,130	349,530	323,025	1,506,146	(1,631,809)	(1,242,554)	4,444,262	11,252,833	23,213,563
FUND BALANCES (Deficit) - END OF YEAR	\$ 8,433,133	\$ 858,749	\$ (1,095,888)	\$ 26,572	\$ 3,108,821	\$ (1,076,694)	\$ 4,294,861	\$ 10,173,049	\$ 24,722,603

CITY OF OAK CREEK

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds	\$	1,509,040
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		4,213,955
Some items capitalized were not reported as capital outlay		15,213
Some amounts reported as capital outlay were not capitalized		(1,069,776)
Depreciation is reported in the government-wide statements		(4,933,760)
Net book value of disposed assets		(25,706)
Some items previously shown as construction in progress were expensed		(153,964)

Receivables not currently available are reported as unearned revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

Special assessments		(94,437)
Accounts		(384,675)

Debt issued provides current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repaid		27,675,000
Debt proceeds		(24,315,000)

Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net position, these are deferred and reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Premium on issued debt		(692,187)
Amortization of debt premium on debt issued		164,293

Part of net revenue of activities in the internal service fund is reported with governmental activities.		(2,209,753)
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Other postemployment benefits		(1,358,186)
Deferred outflows related to OPEB		1,106,415
Deferred inflows related to OPEB		(12,515)
Vest compensated absences		(9,786)
Accrued interest on debt		(220,012)
Net pension asset		5,479,505
Deferred outflows related to pensions		(1,113,981)
Deferred inflows related to pensions		<u>(4,871,995)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(1,302,312)</u>
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See accompanying notes to financial statements.

CITY OF OAK CREEK

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of December 31, 2018**

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
ASSETS				
Current Assets				
Cash and investments	\$ 18,998,446	\$ 8,190,376	\$ 27,188,822	\$ 3,045,546
Customer accounts receivable	2,065,756	911,574	2,977,330	-
Other accounts receivable	461,884	633	462,517	6,941
Due from other funds	462,645	329,990	792,635	153,985
Inventories	70,180	-	70,180	-
Restricted assets				
Revenue bond redemption account	91,746	-	91,746	-
Total Current Assets	<u>22,150,657</u>	<u>9,432,573</u>	<u>31,583,230</u>	<u>3,206,472</u>
Noncurrent Assets				
Restricted Assets				
Revenue bond reserve account	811,056	-	811,056	-
Net pension asset	325,534	81,384	406,918	-
Total Restricted Assets	<u>1,136,590</u>	<u>81,384</u>	<u>1,217,974</u>	<u>-</u>
Capital Assets				
Land and land rights	242,750	13,145	255,895	-
Construction in progress	2,194,879	7,945	2,202,824	-
Utility plant in service	116,657,598	45,324,881	161,982,479	-
Accumulated depreciation	(40,794,780)	(12,010,193)	(52,804,973)	-
Total Capital Assets	<u>78,300,447</u>	<u>33,335,778</u>	<u>111,636,225</u>	<u>-</u>
Other Assets				
Property held for future use	5,000	-	5,000	-
Due from other funds - special assessments	124,039	36,033	160,072	-
Due from other funds - advance	-	2,098,619	2,098,619	-
Total Other Assets	<u>129,039</u>	<u>2,134,652</u>	<u>2,263,691</u>	<u>-</u>
Total Assets	<u>101,716,733</u>	<u>44,984,387</u>	<u>146,701,120</u>	<u>3,206,472</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	24,827	-	24,827	-
Deferred outflows related to OPEB	189,282	47,309	236,591	-
Deferred outflows related to pension	618,357	154,594	772,951	-
Total Deferred Outflows of Resources	<u>832,466</u>	<u>201,903</u>	<u>1,034,369</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>102,549,199</u>	<u>45,186,290</u>	<u>147,735,489</u>	<u>3,206,472</u>

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 744,900	\$ 769,194	\$ 1,514,094	\$ 3,206,472
Accrued payroll	87,993	8,571	96,564	-
Accrued interest payable	37,694	-	37,694	-
Due to other funds	1,924,475	37,949	1,962,424	-
Due to other funds - Advance	117,465	-	117,465	-
Unearned revenue	22,735	-	22,735	-
Compensated absences	42,373	-	42,373	-
Revenue bonds payable net of unamortized premium	675,863	-	675,863	-
Liabilities Payable From Restricted Assets				
Accrued interest	22,996	-	22,996	-
Current portion of revenue bonds	825,000	-	825,000	-
Total Current Liabilities	4,501,494	815,714	5,317,208	3,206,472
Noncurrent Liabilities				
Net other postemployment benefits obligation	2,230,637	557,579	2,788,216	-
Due to other funds - Advance	2,098,619	-	2,098,619	-
Pollution remediation obligation	1,614,507	-	1,614,507	-
Revenue bonds, net of unamortized premiums	15,775,542	-	15,775,542	-
Total Noncurrent Liabilities	21,719,305	557,579	22,276,884	-
Total Liabilities	26,220,799	1,373,293	27,594,092	3,206,472
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	1,710	427	2,137	-
Deferred inflows related to pension	621,109	155,279	776,388	-
Total Deferred Inflows	622,819	155,706	778,525	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	26,843,618	1,528,999	28,372,617	3,206,472
NET POSITION				
Net investment in capital assets	60,516,255	33,257,239	93,773,494	-
Restricted				
Debt service	879,806	-	879,806	-
Pension	325,534	81,384	406,918	-
Unrestricted	13,983,986	10,318,668	24,302,654	-
TOTAL NET POSITION	\$ 75,705,581	\$ 43,657,291	119,362,872	\$ -
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			38,233	
Net Position of Business-type Activities			\$ 119,401,105	

See accompanying notes to financial statements.

CITY OF OAK CREEK

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

For the Year Ended December 31, 2018

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>	
OPERATING REVENUES				
Charges for services and sales	\$ 10,531,467	\$ 4,250,323	\$ 14,781,790	\$ -
Other operating revenues	<u>461,690</u>	<u>54,160</u>	<u>515,850</u>	<u>6,391,753</u>
Total Operating Revenues	<u>10,993,157</u>	<u>4,304,483</u>	<u>15,297,640</u>	<u>6,391,753</u>
OPERATING EXPENSES				
Operation and maintenance	4,455,532	4,115,969	8,571,501	9,466,919
Depreciation	2,517,822	552,791	3,070,613	-
Taxes	<u>129,033</u>	<u>44,301</u>	<u>173,334</u>	<u>-</u>
Total Operating Expenses	<u>7,102,387</u>	<u>4,713,061</u>	<u>11,815,448</u>	<u>9,466,919</u>
Operating Income (Loss)	<u>3,890,770</u>	<u>(408,578)</u>	<u>3,482,192</u>	<u>(3,075,166)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	320,498	154,825	475,323	20,185
Income (loss) from merchandising and jobbing	(2,670)	-	(2,670)	-
Interest expense	(559,816)	-	(559,816)	-
Amortization of bond premiums	<u>458</u>	<u>-</u>	<u>458</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(241,530)</u>	<u>154,825</u>	<u>(86,705)</u>	<u>20,185</u>
Income (Loss) Before Contributions and Transfers	3,649,240	(253,753)	3,395,487	(3,054,981)
CAPITAL CONTRIBUTIONS	1,865,252	885,311	2,750,563	-
TRANSFERS IN	-	-	-	838,652
TRANSFERS OUT	<u>(1,661,639)</u>	<u>-</u>	<u>(1,661,639)</u>	<u>-</u>
Change in Net Position	3,852,853	631,558	4,484,411	(2,216,329)
NET POSITION - Beginning of Year (as restated)	<u>71,852,728</u>	<u>43,025,733</u>		<u>2,216,329</u>
NET POSITION - END OF YEAR	<u>\$ 75,705,581</u>	<u>\$ 43,657,291</u>		<u>\$ -</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(6,576)</u>	
Change in Net Position of Business-Type Activities			<u>\$ 4,477,835</u>	

See accompanying notes to financial statements.

CITY OF OAK CREEK

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 10,565,665	\$ 4,243,975	\$ 14,809,640	\$ 6,428,502
Received from rents of water property	309,055	-	309,055	-
Received for nonoperating activities	3,851	-	3,851	-
Received from miscellaneous sources	79,840	4,747	84,587	-
Paid to Milwaukee Metro Sewerage District for sewer user charges	-	(2,743,685)	(2,743,685)	-
Paid to suppliers for goods and services	(2,776,663)	(963,976)	(3,740,639)	(6,660,166)
Paid to employees for services	(1,702,686)	(431,478)	(2,134,164)	-
Net Cash Flows From Operating Activities	<u>6,479,062</u>	<u>109,583</u>	<u>6,588,645</u>	<u>(231,664)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to city for tax equivalent	(1,663,327)	-	(1,663,327)	-
Principal received from Water Utility - advance	-	117,067	117,067	-
Transfers in	-	-	-	838,652
Net Cash Flows From Noncapital Financing Activities	<u>(1,663,327)</u>	<u>117,067</u>	<u>(1,546,260)</u>	<u>838,652</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments purchased	(3,582,279)	(1,233,278)	(4,815,557)	-
Proceeds from sale of investments	4,168,589	1,082,147	5,250,736	-
Interest received from Water Utility - advance	-	34,064	34,064	-
Investment income	<u>241,592</u>	<u>95,576</u>	<u>337,168</u>	<u>20,186</u>
Net Cash Flows From Investing Activities	<u>827,902</u>	<u>(21,491)</u>	<u>806,411</u>	<u>20,186</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,122,497)	(54,471)	(1,176,968)	-
Proceeds received for acquisition and construction of capital assets	56,550	58,710	115,260	-
Special assessment proceeds	80,695	26,068	106,763	-
Cost of removal	(4,537)	-	(4,537)	-
Connection fees received	2,820	5,640	8,460	-
Principal payment to Sewer Utility - advance	(117,067)	-	(117,067)	-
Debt retired	(1,454,289)	-	(1,454,289)	-
Interest paid to Sewer Utility - advance	(34,064)	-	(34,064)	-
Interest paid	<u>(528,684)</u>	<u>-</u>	<u>(528,684)</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(3,121,073)</u>	<u>35,947</u>	<u>(3,085,126)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	2,522,564	241,106	2,763,670	627,174
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>11,783,683</u>	<u>5,942,339</u>	<u>17,726,022</u>	<u>2,418,372</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 14,306,247	\$ 6,183,445	\$ 20,489,692	\$ 3,045,546

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 3,890,770	\$ (408,578)	\$ 3,482,192	\$ (3,075,166)
Nonoperating revenues (expenses)	(2,670)	-	(2,670)	-
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities				
Noncash items included in income				
Depreciation	2,517,822	552,791	3,070,613	-
Depreciation charged to other accounts	76,492	(45,986)	30,506	-
Gain on sale of transportation equipment	-	-	-	-
Changes in assets and liabilities and deferred outflows and inflows				
Customer accounts receivable	(24,844)	(46,609)	(71,453)	-
Other accounts receivable	(36,218)	502	(35,716)	31,383
Due from other funds	-	(8,603)	(8,603)	5,367
Inventories	10,555	-	10,555	-
Prepaid items	-	-	-	-
Pension	31,794	7,950	39,744	-
Accounts payable and accrued liabilities	(34,410)	50,752	16,342	2,806,752
Accrued expenses	5,357	1,673	7,030	-
Pollution remediation obligation	25,303	-	25,303	-
Due to other funds	(3,132)	-	(3,132)	-
Net other post employment benefits obligation	22,796	5,691	28,487	-
Unearned revenue	(553)	-	(553)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 6,479,062	\$ 109,583	\$ 6,588,645	\$ (231,664)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments	\$ 18,998,446	\$ 8,190,376	\$ 27,188,822	\$ 3,045,546
Restricted cash and investments - current	91,746	-	91,746	-
Restricted cash and investments - noncurrent	811,056	-	811,056	-
Less: Investments not considered to be cash and cash equivalents	(5,595,001)	(2,006,931)	(7,601,932)	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 14,306,247	\$ 6,183,445	\$ 20,489,692	\$ 3,045,546
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Interest income earned on noncash equivalents	\$ 82,664	\$ 24,970	\$ 107,634	\$ -
Market value adjustment on investments	(1,886)	(136)	(2,022)	-
Cost of capital assets installed and/or financed by developers	\$ 1,463,498	\$ 879,671	\$ 2,343,169	\$ -

See accompanying notes to financial statements.

CITY OF OAK CREEK

**STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2018**

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 42,266,262
Property taxes receivable	<u>11,359,254</u>
TOTAL ASSETS	<u>\$ 53,625,516</u>
LIABILITIES	
Due to other taxing units	<u>\$ 53,625,516</u>

See accompanying notes to financial statements.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Oak Creek, Wisconsin (the "City") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the City of Oak Creek. The reporting entity for the city consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The city has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2015, the GASB issued statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans for OPEB*. This standard was implemented January 1, 2018.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The city does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements

Financial statements of the city are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the city or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the city believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The city reports the following major governmental funds:

General Fund – accounts for the city’s primary operating activities. It is used to account for and report all financial resources except those required to be accounted for in another fund.

Emergency Medical Services Fund – Special Revenue Fund – used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the paramedic rescue program.

Debt Service Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal, interest, and related costs for debt related public works projects.

Debt Amortization Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal, interest, and related costs.

Capital Improvement Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the capital improvement program.

TIF No. 8 Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

TIF No. 11 Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

The city reports the following major enterprise funds:

Water Utility – accounts for operations of the water system
Sewer Utility – accounts for operations of the sewer system

The city reports the following non-major governmental funds:

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Solid Waste Fund
Donation and Activity Fund
WE Energies Fund
Low Income Loan Fund
Special Assessment Fund
Economic Development Fund
Future Improvement Fund
Impact Fee Escrow Fund
Asset Forfeiture Fund
Storm Water Fund
Consolidated Dispatch Services Fund
Tourism Commission Fund

Debt Service Funds – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal, interest, and related costs

TIF No. 4 Debt Service Fund
TIF No. 6 Debt Service Fund

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Capital Projects Funds – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

Developer Agreement Fund
TIF No. 7 Capital Projects Fund
TIF No. 10 Capital Projects Fund
TIF No. 12 Capital Projects Fund
TIF No. 13 Capital Projects Fund
TIF No. 14 Capital Projects Fund
TIF No. 15 Capital Projects Fund
TIF No. 16 Capital Projects Fund

In addition, the city reports the following fund types:

Internal service fund are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the city, or to other governmental units, on a cost-reimbursement basis.

Health Insurance Fund

Agency fund are used to account for and report assets held by the city in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Fund

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the city's water and sewer utility and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the city considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting and do not have a measurement focus.

The proprietary 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 water and sewer utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the city considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of city funds is restricted by state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

The city has adopted an investment policy. That policy contains the following guidelines for allowable investments.

Custodial Credit Risk

In order to safeguard investments and deposits, the city shall require, at a minimum, that each approved public depository, submit to the city its annual financial statements or complete Form ADV Part 2A, Part 2B and the IARD/CRD/SEC number that pertains to the public depository.

The city shall require, when investing in repurchase agreements, that collateral be pledged by the depository in an amount equal to or greater than the amount of the repurchase agreements the city has with such depository.

- a) The collateral shall be direct obligations of the United States, or of its agencies, if the payment of principal and interest is guaranteed by the federal government, or obligations of the State of Wisconsin, or collateral of commercial loans at one-hundred twenty-five percent, which are at all times current with regard to interest and principal.
- b) Evidence of such collateral shall be provided by the depository.

Credit Risk

Any security including commercial paper which matures or which may be tendered for purchase at the option of the holder within not more than seven years on the date which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency, or if that security is senior to, or on a parity with a security of the same issuer which has such a rating.

Concentration of Credit Risk

Consideration shall be given to the total amount of existing city funds which are already in such depository and or the capacity of the depository to handle the size of the deposit or investment. A ceiling may be established for individual financial institutions at each annual evaluation.

Interest Rate Risk

Yield shall be the final determining factor of the investment decision.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Interest Rate Risk (cont.)

Purchase obligations of the US Treasury and deposits into the Local Government Investment Pool and the BMO Investment Account shall not be subject to the bid process.

Securities shall not be sold prior to maturity with the following exceptions:

- a) A declining credit security could be sold early to minimize loss of principal.
- b) A security swap would improve the quality, yield or target duration in the portfolio.
- c) Liquidity needs of the portfolio require that the security be sold.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note III.A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2018, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III.A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the city, taxes are collected for and remitted to the county government as well as the local school district, technical college district and the Milwaukee Metropolitan Sewerage District. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities – agency fund.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

Property tax calendar – 2018 tax roll:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due (50%)	January 31, 2019
Second installment due (25%)	March 31, 2019
Third installment due (25%)	May 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale – 2018 delinquent real estate taxes	October 2021

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water and sewer utilities because they have the right by law to place delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance nonspendable account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

The city has received grant funds for CDBG housing loan programs to qualified individuals. The city records a loan receivable when the loan has been made and funds have been disbursed. The city is no longer disbursing these funds. This activity is accounted for in the Low Income Loan Fund.

It is the city's policy to record unearned revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

3. Inventories

Governmental fund inventories, if material, are recorded at cost using the consumption method of accounting. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction and/or for operation and maintenance expense when used.

4. 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. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government –Wide Statements

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. There was no interest capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Government –Wide Statements (cont.)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	30-50	Years
Land Improvements	20-30	Years
Machinery and Equipment	3-15	Years
Utility System	15-100	Years
Infrastructure	20-50	Years
Intangibles	2-15	Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

6. Deferred Outflows of Resources

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

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the proprietary fund financial statements.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

7. Compensated Absences

Under terms of employment, employees are granted paid time off in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested paid time off is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements and are payable with expendable available resources.

Payments for paid time off will be made at rates in effect when the benefits are used. The liabilities at December 31, 2018 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

8. Long-Term Obligations/Conduit Debt (cont.)

The city has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the city. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is made up of the following issues:

Name	Date	Original Principal Amount	Maturity	Principal Amount Outstanding at 12-31-18
Marquette13 LLC and Tower13 LLC	12/29/17	\$ 6,300,000	12/1/37	<u>\$ 6,130,686</u>

9. Pollution Remediation Obligations

As of December 31, 2018, the city was obligated to address the future pollution cleanup activities at its water treatment plant site due to federal and state laws and regulations. The city's obligation originated in 2016 to address the pollution remediation because the government unit has been determined to be the responsible party which compels the city to participate in remediation. Examples of expected future remediation activity costs include legal services, site investigation and required post-remediation monitoring costs. The amount reported as a pollution remediation obligation represents the current value of the expected cash flows to be paid for these activities. Any expected recoveries would be treated separately as a receivable when such reimbursements become measurable. As of December 31, 2018, the obligation was \$1,614,507 with no related receivable. The city will recognize these liabilities and related expenses as an operating expense in the water utility financial statements only when such costs become measurable. Because of this, the liability is subject to change as the city becomes aware of new information which may affect its estimate. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

10. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

11. Equity Classifications

Government–Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either 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.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

The net position section includes an adjustment for capital assets owned by the business-type activities column but financed by debt of the governmental activities column. The amount is a reduction of “net investment in capital assets,” and an increase in “unrestricted” net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net Investment in capital assets	\$ 67,106,050	\$ 93,773,494	\$ (2,080,715)	\$ 158,798,829
Unrestricted (deficit)	(26,959,179)	24,340,887	2,080,715	(537,577)

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted – Consists of fund balances with constraints placed on their use either 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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

11. Equity Classifications (cont.)

Fund Statements (cont.)

- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the city. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Council that originally created the commitment.
- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City Council has, by resolution, adopted a financial policy authorizing the City Administrator or Finance Director to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The city considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the city would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The city has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 15% to 25% of total general fund annual revenues plus the amount of state shared revenue during the previous year. General fund annual revenues were \$23,705,299 and the state shared revenue in the previous year was \$5,580,675, for a total of \$29,285,974. At year end, amounts available for working capital and included in unassigned general fund balance totaled \$4,392,896, or 15.0%.

12. Pension

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

13. Postemployment Benefits Other Than Pensions (OPEB)

Health Insurance

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the City OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Life Insurance

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. *BUDGETARY INFORMATION*

A budget has been adopted for the following funds in accordance with Wisconsin Statute 65.90.

- General Fund
- Special Revenue Funds
 - Emergency Medical Services Fund
 - Solid Waste Funds
 - Donation and Activity Fund
 - WE Energies Fund
 - Low Income Loan Fund
 - Special Assessment Fund
 - Economic Development Fund
 - Future Improvement Fund
 - Impact Fee Escrow Fund
 - Asset Forfeiture Fund
 - Storm Water Fund
 - Consolidated Dispatch Services Fund
 - Tourism Commission Fund
- Debt Service Funds
 - Debt Service Fund
 - Debt Amortization Fund
 - TIF No. 4 Debt Service Fund
 - TIF No. 6 Debt Service Fund
- Capital Projects Fund
 - Capital Improvement Fund
 - Developer Agreement Fund
 - TIF No. 7 Capital Projects Fund
 - TIF No. 8 Capital Projects Fund
 - TIF No. 10 Capital Projects Fund
 - TIF No. 11 Capital Projects Fund
 - TIF No. 12 Capital Projects Fund
 - TIF No. 13 Capital Projects Fund

A budget has not been formally adopted for the TIF No. 14, 15 and 16 Capital Projects Funds as of December 31, 2018.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

B. EXCESS EXPENDITURES OVER APPROPRIATION

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Special Revenue Funds			
We Energies Fund	\$ 2,171,501	\$ 2,184,680	\$ 13,179
Storm Sewer Fund	930,070	937,729	7,659
Impact Fee Escrow Fund	-	659,069	659,069
Donation and Activity Fund	40,611	482,681	442,070
Consolidated Dispatch Services Fund	1,544,425	1,642,645	98,220
Economic Development Fund	179,041	184,451	5,410
Asset Forfeiture Fund	15,000	21,258	6,258
Debt Service Funds			
Debt Service Fund	3,565,000	6,471,074	2,906,074
Debt Amortization Fund	3,215,000	4,640,000	1,425,000
Capital Projects Funds			
Capital Improvement Fund	383,670	2,799,236	2,415,566
TIF No. 7 Capital Project Fund	458,965	574,078	115,113
TIF No. 8 Capital Project Fund	11,061,141	11,173,057	111,916
TIF No. 12 Capital Project Fund	1,630,000	1,690,727	60,727
TIF No. 10 Capital Project Fund	258,964	290,495	31,531
TIF No. 14 Capital Project Fund	-	17,501	17,501
TIF No. 15 Capital Project Fund	-	17,187	17,187
TIF No. 16 Capital Project Fund	-	43,668	43,668
Internal Service Fund			
Health Insurance Fund	5,944,500	9,466,919	3,522,419

The city controls expenditures at the function level. Some individual functions experienced expenditures which exceeded appropriations. The detail of those items can be found in the city's year-end budget to actual report.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2018, the following individual funds held a deficit balance:

Fund	Amount	Reason
Special Revenue Fund		
Future Improvement Fund	\$ 2,500	Excess of expenditures over revenues
Debt Service Fund		
Debt Service Fund	1,095,888	Excess of expenditures over revenues
Capital Project Fund		
TIF No. 8 Capital Projects Fund	1,076,694	Excess of expenditures over revenues
TIF No. 14 Capital Projects Fund	17,501	Excess of expenditures over revenues
TIF No. 15 Capital Projects Fund	17,187	Excess of expenditures over revenues
TIF No. 16 Capital Projects Fund	43,668	Excess of expenditures over revenues

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases.

D. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the city's future tax levies. Generally the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The city maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

The city's cash and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 15,713,943	\$ 13,536,405	Custodial credit
Certificates of deposit - negotiable	1,040,115	1,040,115	Credit, interest rate, concentration of credit, highly sensitive to interest rate changes
U.S. Treasuries	6,335,434	6,335,434	Custodial credit, interest rate, Highly sensitive to interest rate changes
U.S. Agencies	125,617	125,617	Credit, custodial credit, interest rate, highly sensitive to interest rate changes, concentration of credit
Asset backed securities	7,369,387	7,369,387	Credit, custodial credit, interest rate, concentration of credit
Corporate bonds	4,292,573	4,292,573	Credit, custodial credit, interest rate, concentration of credit
Local Government Investment Pool	25,812,599	25,812,599	Credit
American Deposit Management	38,299,666	38,299,666	Credit
Petty cash	6,223	-	N/A
Total Cash and Investments	\$ 98,995,557	\$ 96,811,796	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 53,124,572		
Restricted cash and investments	3,604,723		
Per statement of assets and liabilities –			
Agency Fund	42,266,262		
Total Cash and Investments	\$ 98,995,557		

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk

The city has an agreement with Tri City National Bank, Oak Creek, where city deposits are collateralized by government securities owned by Tri City Capital Corp., a wholly owned investment subsidiary of Tri City National Bank. The investment portfolio is maintained with BMO Harris Bank, Milwaukee.

Custodial Credit Risk

Deposits

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

The city does not have any deposits exposed to custodial credit risk.

Investments

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

The city does not have any investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. As of December 31, 2018 the city's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poor's</u>	<u>Fitch Ratings</u>	<u>Moody's</u>
U.S. Agencies	AA	AAA	AAA
Asset backed securities	A+ – AA	AA- – AA	AA2
Corporate bonds	A – AA	A – AA	BAA – AAA
Certificates of deposit - negotiable	A – AA	N/A	AA

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

The city also held investments in the following external pool which is not rated:

Local Government Investment Pool

Concentration of Credit Risk

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

At December 31, 2018, the investment portfolio did not contain any single issuer in excess of 5% of total investments.

Interest Rate Risk

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

As of December 31, 2018, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In years)		
		Less than 1 year	1 - 10	> 10 years
U.S. Treasuries	\$ 6,335,434	\$ 1,819,973	\$ 4,515,461	\$ -
U.S. Agencies	125,617	-	125,617	-
Asset backed securities	7,369,387	863,129	2,075,189	4,431,069
Certificates of deposit - negotiable	1,040,115	914,702	125,412	-
Corporate bonds	4,292,573	555,212	3,737,362	-
Totals	\$ 19,163,126	\$ 4,153,016	\$ 10,579,041	\$ 4,431,069

The city 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 other observable inputs; Level 3 inputs are significant unobservable inputs. The valuation method for recurring fair value measurements of investments is the quoted market prices approach.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk (cont.)

The City's investments are categorized are as follows:

Investment Type	December 31, 2018			
	Level 1	Level 2	Level 3	Total
U.S. treasuries	\$ -	\$ 6,335,434	\$ -	\$ 6,335,434
U.S. Agencies	-	125,617	-	125,617
Asset backed securities	-	7,369,387	-	7,369,387
Certificate of deposit - negotiable	-	1,040,115	-	1,040,115
Corporate bonds	-	4,292,573	-	4,292,573
Total	\$ -	\$19,163,126	\$ -	\$ 19,163,126

Investments Highly Sensitive to Interest Rate Changes Risk

At December 31, 2018, the City held \$1,040,115, \$6,335,434, and \$125,617 in negotiable certificates of deposits, U.S. treasuries, and U.S. Agencies, respectively. With all fixed income securities, as interest rates rise, the values will fall. The longer the time to maturity, the more sensitive the values will be to a change in interest rates. The longest time to maturity on any holdings is 3 years, maturing December 31, 2021.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

Receivables as of year end for the governmental-type individual major funds and nonmajor funds in the aggregate are as follows:

	Total Net Receivables	Amounts Not Expected To be Collected Within one year
General Fund	\$ 14,654,649	\$ 21,490
Emergency Medical Services Fund	3,923,593	-
Debt Service Fund	850,000	-
Capital Improvement Fund	439,921	-
TIF No. 8 Capital Projects Fund	968,550	-
TIF No. 11 Capital Projects Fund	2,282,029	-
Nonmajor Governmental Funds	5,675,259	346,530
Total	\$ 28,794,001	\$ 368,020

Revenues of the city are reported net of uncollectible amounts. Accounts receivable in the Emergency Medical Services Fund have been adjusted by \$292,611 for an allowance for uncollectible accounts. No other allowance is necessary at year-end.

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unearned	Unavailable
Property taxes and special charges receivable for subsequent year	\$ 26,396,705	\$ -
Accounts receivable not collected	423,586	80,077
Special assessments not yet due	-	281,985
Loans receivable not collected	-	6,503
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 26,396,705	\$ 368,565
Unearned revenue included in liabilities	\$ -	
Unearned revenue included in deferred inflows	26,396,705	
Total Unearned Revenue for Governmental Funds	\$ 26,396,705	

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long Term Debt Accounts

- Redemption – Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve – Used to report resources set aside to make up potential future deficiencies in the redemption account.

Impact Fee Account

The city has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

Asset Forfeiture Account

The city has received asset forfeitures which must be used for specific purposes.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Following is a list of restricted assets at December 31, 2018:

	Governmental Activities	Business- type Activities	Total
Redemption account	\$ -	\$ 91,746	\$ 91,746
Reserve account	-	811,056	811,056
Impact fee account	2,599,727	-	2,599,727
Asset forfeiture account	102,194	-	102,194
Pension	4,315,211	406,918	4,722,129
Total	\$ 7,017,132	\$ 1,309,720	\$ 8,326,852

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 24,963,323	\$ 147,368	\$ 151,730	\$ 24,958,961
Construction in progress	<u>9,696,714</u>	<u>13,711</u>	<u>9,696,714</u>	<u>13,711</u>
Total Capital Assets Not Being Depreciated	<u>34,660,037</u>	<u>161,079</u>	<u>9,848,444</u>	<u>24,972,672</u>
Capital assets being depreciated/amortized				
Land improvements	1,988,013	4,367,352	-	6,355,365
Buildings	44,532,671	2,007,668	-	46,540,339
Intangible Asset – Easements	5,400	-	-	5,400
Machinery and equipment	21,305,229	1,094,968	288,264	22,111,933
Bridges	286,370	-	-	286,370
Roads	76,050,656	4,919,254	-	80,969,910
Sidewalks	4,570,182	96,984	-	4,667,166
Street lighting	7,125,995	90,574	-	7,216,569
Storm sewers	<u>25,734,701</u>	<u>115,993</u>	<u>-</u>	<u>25,850,694</u>
Total Capital Assets Being Depreciated/amortized	<u>181,599,217</u>	<u>12,692,793</u>	<u>288,264</u>	<u>194,003,746</u>
Less: Accumulated depreciation/amortization for				
Land improvements	(1,103,114)	(223,717)	-	(1,326,831)
Buildings	(8,266,826)	(1,228,491)	-	(9,495,317)
Intangible Asset – Easements	(5,400)	-	-	(5,400)
Machinery and equipment	(13,078,763)	(1,891,420)	262,558	(14,707,625)
Bridges	(34,368)	-	-	(34,368)
Roads	(12,384,435)	(767,670)	-	(13,152,105)
Sidewalks	(2,376,053)	(75,570)	-	(2,451,623)
Street lighting	(3,761,119)	(262,421)	-	(4,023,540)
Storm sewers	<u>(11,734,422)</u>	<u>(484,471)</u>	<u>-</u>	<u>(12,218,893)</u>
Total Accumulated Depreciation/ Amortization	<u>(52,744,500)</u>	<u>(4,933,760)</u>	<u>262,558</u>	<u>(57,415,702)</u>
Net Capital Assets Being Depreciated/Amortized	<u>128,854,717</u>	<u>7,759,033</u>	<u>25,706</u>	<u>136,588,044</u>
Total Governmental Activities Assets, Net of Accumulated Depreciation/amortization	<u>\$ 163,514,754</u>	<u>\$ 7,920,112</u>	<u>\$ 9,874,150</u>	<u>\$ 161,560,716</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation / amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 976,938
Public safety	1,212,440
Health and social services	550
Public works	2,281,046
Leisure activities	<u>462,786</u>
 Total Governmental Activities Depreciation / Amortization Expense	 <u><u>\$ 4,933,760</u></u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 242,750	\$ -	\$ --	\$ 242,750
Construction in progress	<u>1,375,093</u>	<u>2,895,701</u>	<u>2,075,915</u>	<u>2,194,879</u>
Total Capital Assets Not Being Depreciated	<u>1,617,843</u>	<u>2,895,701</u>	<u>2,075,915</u>	<u>2,437,629</u>
Capital assets being depreciated				
Source of supply	7,056,575	-	-	7,056,575
Pumping	8,873,111	13,550	25,446	8,861,215
Treatment	24,947,029	184,220	14,445	25,116,804
Transmission and distribution	68,911,493	2,003,352	117,333	70,797,512
General	<u>4,864,166</u>	<u>4,830</u>	<u>43,504</u>	<u>4,825,492</u>
Total Capital Assets Being Depreciated	<u>114,652,374</u>	<u>2,205,952</u>	<u>200,728</u>	<u>116,657,598</u>
Total Capital Assets	<u>116,270,217</u>	<u>5,101,653</u>	<u>2,276,643</u>	<u>119,095,227</u>
Less: Accumulated depreciation for				
Source of supply	(2,377,365)	(121,346)	-	(2,498,711)
Pumping	(4,523,809)	(359,299)	25,446	(4,857,662)
Treatment	(11,105,724)	(813,831)	14,445	(11,905,110)
Transmission and distribution	(17,338,769)	(1,162,667)	117,333	(18,384,103)
General	<u>(3,060,064)</u>	<u>(132,634)</u>	<u>43,504</u>	<u>(3,149,194)</u>
Total Accumulated Depreciation	<u>(38,405,731)</u>	<u>(2,589,777)</u>	<u>200,728</u>	<u>(40,794,780)</u>
Net Water Plant	<u><u>\$ 77,864,486</u></u>	<u><u>\$ 2,511,876</u></u>	<u><u>\$ 2,075,915</u></u>	<u><u>\$ 78,300,447</u></u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Sewer				
Capital assets not being depreciated				
Land and land rights	\$ 13,145	\$ -	\$ -	\$ 13,145
Construction in progress	11,845	963,693	967,593	7,945
Total Capital Assets Not Being Depreciated	24,990	963,693	967,593	21,090
Capital assets being depreciated				
Collection system	43,748,967	965,524	238,565	44,475,926
Collection system pumping	242,170	-	-	242,170
General	611,370	2,069	6,654	606,785
Total Capital Assets Being Depreciated	44,602,507	967,593	245,219	45,324,881
Total Capital Assets	44,627,497	1,931,286	1,212,812	45,345,971
Less: Accumulated depreciation for				
Collection system	(11,118,728)	(458,645)	238,565	(11,338,808)
Collection system pumping	(239,799)	(2,011)	-	(241,810)
General	(390,080)	(46,149)	6,654	(429,575)
Total Accumulated Depreciation	(11,748,607)	(506,805)	245,219	(12,010,193)
Net Sewer Plant	\$ 32,878,890	\$ 1,424,481	\$ 967,593	\$ 33,335,778
Business-type Capital Assets, Net of Depreciation	\$ 110,743,376	\$ 3,936,357	\$ 3,043,508	\$ 111,636,225

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 2,517,822
Sewer	552,791
Total Business-type Activities Depreciation Expense	\$ 3,070,613

Depreciation expense does not agree to the increase in accumulated depreciation due to joint metering, salvage and the cost of removal.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, TRANSFERS, AND ADVANCES

The following is a schedule of interfund receivables and payables and advances including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General fund	Water utility	\$ 1,798,900	\$ -
	Debt service fund -		
General fund	Debt service fund	1,095,888	1,095,888
	Capital projects fund -		
General fund	Capital projects fund – TIF #14	17,501	17,501
	Capital projects fund –		
General fund	Capital projects fund – TIF #15	17,187	17,187
	Capital projects fund –		
General fund	Capital projects fund – TIF #16	39,387	39,387
	Capital projects fund –		
General fund	Capital projects fund – TIF #8	1,077,157	1,077,157
General fund	Sewer Utility	7,152	-
Special revenue fund –	Capital projects fund – TIF #7		
Economic development fund	capital projects fund	314,900	314,900
Water utility	General fund	384,565	-
Sewer Utility	General fund	187,790	-
	Capital projects fund – Capital		
Water utility	improvement fund	5,497	5,497
	Special revenue fund		
Sewer utility	Storm water fund	2,206	2,206
	Capital projects fund – Capital		
Sewer utility	improvement fund	7,739	7,739
	Special revenue fund – Special		
Water utility	assessment fund	196,622	124,039
	Special revenue fund – Special		
Sewer utility	assessment fund	48,438	36,033
Sewer utility	Water utility	119,851	117,465
Internal service fund –			
Health Insurance	Water utility	123,188	-
Internal service fund –			
Health Insurance	Sewer utility	<u>30,797</u>	-
	Total – Fund Financial Statements	5,474,765	
	Less: Fund eliminations	(2,681,871)	
	Government-wide eliminations	<u>(1,703,945)</u>	
	Total Internal Balances – Government-Wide Statement of Net Position	<u>\$ 1,088,949</u>	

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, TRANSFERS, AND ADVANCES (cont.)

The principal purpose of these interfunds includes the tax equivalent payment from the utilities to general fund and special assessment collections by the special assessment fund for the utilities. Remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The following is a schedule of interfund transfers:

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>	<u>Principal Purpose</u>
Water utility	General fund	\$ 1,661,639	Tax equivalent
	Special revenue fund -		
General fund	Donation and activity fund	32,582	Library supplies
Special revenue fund -	Capital projects fund -		
WE Energies	Capital improvement fund	1,000,000	Finance of capital projects
Debt service funds -	Capital projects fund -		
Debt service fund	Capital improvement fund	2,906,074	Reduce deficit fund balance
Special revenue fund –	Capital projects fund -		
Storm water	Capital improvement fund	275,000	Finance of capital projects
Debt service funds -	Capital projects fund -		
Debt amortization fund	Capital improvement fund	659,437	Street rehab
Debt service funds -	Debt service funds -		Finance debt service
Debt amortization fund	Debt service	3,980,563	requirements
Debt service funds -	Capital projects fund -		
TID #6 debt service fund	TID #13 fund	400,000	Finance of capital projects
Special revenue fund –	Capital projects fund -		
Special assessments fund	Capital improvement fund	50,000	Finance of capital projects
Special revenue fund –			
Tourism fund	General fund	25,127	Budget transfer
Special revenue fund –	Capital projects fund -		
Future improvement fund	Capital improvement fund	2,500	Reimburse street trees
General Fund	Capital projects fund -		
	Capital improvement fund	938,370	Reimburse Capital Projects
General fund	Debt service funds -		
	TIF #4 debt service fund	373	Close out balance
Special revenue fund –	Capital projects fund -		
Economic development fund	Capital improvement fund	80,000	Finance of capital projects
Special revenue fund –	Capital projects fund -		
Impact fee fund	Capital improvement fund	643,354	Finance of capital projects
General Fund	Internal Service Fund		Finance health
	Health Insurance Fund	838,652	insurance needs
Capital projects fund -	Debt service fund -		Finance debt service
TID # 7 Capital projects fund	Debt service fund	200,000	requirements
Subtotal – Fund financials		13,693,671	
Less fund eliminations		(12,032,032)	
Total Government-Wide Statement of Activities		<u>\$ 1,661,639</u>	

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, TRANSFERS, AND ADVANCES (cont.)

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Advances

The Sewer Utility advanced \$2,500,000 to the Water Utility, dated December 15, 2013, for various construction projects. This advance will be repaid through annual installment payments of principal and interest through December 15, 2028. The annual interest rate was set by the Commission at .34% and is variable thereafter based on the LGIP rate. Effective December 31, 2018, the Commission approved 2.62% as the interest rate on this advance.

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

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 117,465	\$ 58,061
2020	117,865	54,984
2021	193,265	51,896
2022	218,923	46,832
2023	219,667	41,096
2024 – 2028	<u>1,348,899</u>	<u>108,916</u>
Totals	<u>\$ 2,216,084</u>	<u>361,785</u>

The current portion of principal due is included in due to other funds, on the Statement of Net Position – Proprietary Funds.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017 was as follows:

	Beginning Balance *	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt:					
Notes and bonds	\$ 101,850,000	\$ 24,315,000	\$ 27,675,000	\$ 98,490,000	\$ 8,450,000
Add: Unamortized debt premium	1,333,199	692,187	164,293	1,861,093	-
Sub-Total	103,183,199	25,007,187	27,839,293	100,351,093	8,450,000
Other Liabilities					
Vested compensated absences	1,392,956	841,972	832,187	1,402,741	508,415
Net OPEB liability – Life	690,980	197,260	-	888,240	-
Total OPEB liability – Health	33,965,843	1,160,949	-	35,126,792	-
Total Other Liabilities	36,050,481	2,200,179	832,186	37,417,773	508,415
Total Governmental Activities Long-Term Liabilities	\$ 139,233,680	\$ 27,207,366	\$ 28,671,479	\$ 137,768,864	\$ 8,958,415
	Beginning Balance *	Increases	Decreases	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
Revenue bonds	\$ 18,720,255	\$ -	\$ 1,454,289	\$ 17,265,966	\$ 1,492,920
Add: Unamortized debt premium	23,850	-	13,410	10,440	7,943
Sub-Total	18,744,105	-	1,467,699	17,276,406	1,500,863
Other Liabilities					
Net OPEB liability – Life	117,957	33,674	-	151,631	-
Total OPEB liability – Health	2,549,472	87,112	-	2,636,584	-
Pollution remediation obligation	1,589,204	31,063	5,760	1,614,507	-
Total Business-type Activities Long-Term Liabilities	\$ 23,000,035	\$ 151,851	\$ 1,473,459	\$ 21,679,128	\$ 1,500,863

* The City adopted GASB No. 75 effective January 1, 2018. The total and net OPEB liabilities beginning balances were restated.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All governmental general obligation notes and bonds payable are backed by the full faith and credit of the city. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed five percent of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2018 was \$174,632,650. Total general obligation debt outstanding at year end was \$98,490,000.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-18</u>
Governmental Activities					
General Obligation Debt					
G.O. notes and bonds					
2010 bonds	4/01/10	4/01/30	1.50-4.375%	\$ 7,000,000	\$ 4,925,000
2013 refunding bonds	4/2/13	4/01/32	2.00-3.75%	5,825,000	4,725,000
2013A notes	4/2/13	4/01/23	1.00-2.75%	3,000,000	1,575,000
2013E notes	12/30/13	12/01/22	1.00-4.00%	10,000,000	7,800,000
2014B refunding bonds	12/16/14	5/01/32	2.00-3.375%	2,725,000	2,225,000
2015A refunding bonds	1/20/15	6/01/34	2.00-4.00%	19,650,000	17,550,000
2016B notes	8/30/16	10/01/19	2.000%	5,100,000	5,100,000
2016C refunding bonds	10/18/16	10/01/32	2.00-4.00%	17,125,000	16,800,000
2016D refunding bonds	10/18/16	10/01/32	2.00-3.150%	5,925,000	5,675,000
2017A notes	7/6/17	10/1/20	3.00%	4,900,000	4,900,000
2017B refunding bonds	8/1/17	3/1/37	3.85-4.00%	2,900,000	2,900,000
2018A refunding bonds	4/3/18	4/1/32	3.57-4.00%	8,900,000	8,900,000
2018B refunding bonds	8/30/18	4/1/27	2.00-4.00%	5,175,000	5,175,000
2018C refunding bonds	8/30/18	4/1/27	3.00-4.00%	5,140,000	5,140,000
2018D refunding bonds	11/27/18	10/1/32	3.95-4.25%	5,100,000	5,100,000
Total Governmental Activities – General Obligation Debt					<u><u>\$98,490,000</u></u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity for general obligation notes and bonds are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 8,450,000	\$ 2,376,945
2020	9,075,000	2,125,632
2021	4,995,000	1,949,710
2022	5,615,000	1,834,035
2023	11,370,000	1,706,101
2024 – 2028	30,430,000	5,638,937
2029 – 2033	26,290,000	1,950,460
2034 – 2037	2,265,000	80,841
Totals	<u>\$ 98,490,000</u>	<u>\$ 17,662,661</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt

The city has pledged future water and sewer revenues, net of specified operating expenses, to repay \$17,265,966 in revenue bonds. Proceeds from the bonds provided financing for capital improvements. The bonds are payable solely from revenues and are payable through May 1, 2034. The total principal and interest remaining to be paid on the bonds is \$21,099,785. Principal and interest paid for the current year and total customer net revenues were \$1,982,973 and \$6,729,830, respectively. Future principal and interest payments are expected to require 20% of net revenues.

Revenue debt payable at December 31, 2018 consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-18
Water utility revenue bonds	1/13/10	5/1/29	2.668%	\$ 791,863	\$ 505,856
Water utility revenue bonds	3/15/11	12/1/31	2.25-5.00%	6,500,000	5,450,000
Water utility revenue bonds	11/23/11	5/1/31	2.20%	5,889,583	4,112,453
Water utility revenue bonds	5/22/13	5/1/33	1.925%	2,594,795	2,035,715
Water utility revenue bonds	5/28/14	5/1/34	1.925%	1,968,020	4,311,942
Water utility revenue bonds	11/17/15	1/1/20	2.00%	3,850,000	850,000
Total Business-type Activities Revenue Debt					\$ 17,265,966

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,492,920	\$ 495,160
2020	1,231,836	459,597
2021	1,046,046	428,738
2022	1,060,554	400,077
2023	1,100,368	370,058
2024 – 2028	6,010,183	1,327,459
2029 – 2033	5,014,330	349,749
2034	309,729	2,981
Totals	\$ 17,265,966	\$ 3,833,819

Other Debt Information

Estimated payments for vested compensated absences, pension liabilities, and other postemployment benefits are not included in the debt service requirement schedules. The vested compensated absences and other postemployment benefits liabilities attributable to governmental activities will be liquidated primarily by the general fund.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Current Refundings

On April 3, 2018, the city issued \$8.9 million of general obligation refunding bonds with an interest rate of 4.00% to refund \$8.9 million of outstanding 2015 general obligation promissory notes with an interest rate of 2.25% on the maturity date of the notes.

On August 30, 2018, the city issued \$10.315 million of general obligation refunding bonds with an interest rate of 4.00% to refund \$10.5 million of outstanding 2015 general obligation promissory notes with an interest rate of 2.25% on the maturity date of the notes.

On November 27, 2018, the city issued \$5.1 million of general obligation refunding bonds with an interest rate of 4.25% to refund \$5.75 million of outstanding 2016 general obligation promissory notes with an interest rate of 2.125% on the maturity date of the notes

G. LEASE DISCLOSURES

Lessor – Operating Leases – Governmental Activities

The city has entered into an operating lease with AT&T Wireless to lease the premises of city property at 800 West Puetz Road. The term of the lease is 5 years commencing August 19, 2008. The lease shall be automatically renewed for three additional four year terms unless AT&T Wireless notifies Oak Creek of its intention not to renew. Future annual lease payments are as follows:

First term (years 1-5)	\$	24,000
First renewal term (years 6-10)		27,600
Second renewal term (years 11-15)		31,740
Third renewal term (years 16-20)		36,501

Lessor – Operating Leases – Business-type Activities

The water and sewer utility have entered into operating leases with Verizon Wireless (VW), Sprint Spectrum L.P. (SSLP), Cingular Wireless (CW) and Crown Castle (CC) for space on Utility reservoirs to be used for cellular antennas. These leases terminate on November 30, 2020 (VW), March 20, 2022 (SSLP), March 1, 2020 (CW), February 26, 2021 (CC), January 24, 2018 (CC), January 24, 2018 (CC) and January 31, 2028 (CW). Minimum future lease rentals are as follows:

2019	\$	318,781
2020		270,427
2021		134,344
2022		105,600
2023		67,082
2024 – 2028		299,828

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2018 includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 24,958,961
Construction in progress	13,711
Other capital assets, net of accumulated depreciation	136,588,044
Less: Related long-term debt and premium outstanding (excluding non-capital debt)	(98,270,378)
Add: Unspent proceeds of capital-related debt included above	<u>3,815,712</u>
Total Net Investment in Capital Assets	<u>67,106,050</u>
Restricted	
Debt service	-
TID activity	2,079,788
Impact fee escrow	2,599,727
Storm Water	109,892
Donation and activity	1,792,437
Asset forfeiture	102,675
Pension asset	4,315,211
WE Energies	175,167
Special assessments	2,132,171
Economic development	884,548
Tourism commission	316,466
Developer agreements	81,229
Low income loans	<u>7,825</u>
Total Restricted	<u>14,597,136</u>
Unrestricted (deficit)	<u>(26,959,179)</u>
Total Governmental Activities Net Position	<u>\$ 54,744,007</u>

Governmental fund balances reported on the fund financial statements at December 31, 2018 include the following:

Nonspendable Fund Balance

Major Funds	
General Fund	
Inventories	\$ 109,988
Delinquent personal property taxes	21,490
Non-current receivables from other funds	<u>2,247,120</u>
Total General Fund	<u>2,378,598</u>
Total Nonspendable Fund Balance	<u>\$ 2,378,598</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Restricted Fund Balance	
Major Funds	
Debt Amortization	\$ 26,572
TIF No. 11 Capital Projects	4,294,861
Total Major Funds	4,321,433
Non-Major Funds	
Special Revenue Funds	
Donation and Activity	1,792,437
WE Energies Fund	175,167
Low Income Loan	7,825
Special Assessments	2,132,171
Impact Fee Escrow	2,599,727
Asset Forfeiture	102,675
Storm Water	109,892
Economic Development	884,548
Tourism Commission	316,466
Debt Service Funds	
TIF No. 6 Debt Service	255,714
TIF No. 4 Debt Service	1
Capital Projects Funds	
Developer Agreement	81,229
TIF No. 7 Capital Projects	92,590
TIF No. 10 Capital Projects	691,487
TIF No. 12 Capital Projects	549,753
TIF No. 13 Capital Projects	266,809
Total Non-Major Funds	10,058,491
Total Restricted Fund Balance	\$ 14,379,924
Committed Fund Balance	
Major Funds	
Emergency Medical Services	\$ 858,749
Non-Major Funds	
Special Revenue Funds	
Solid Waste	104,085
Consolidated Dispatch Services	91,329
Total Non-Major Funds	195,414
Total Committed Fund Balance	\$ 1,054,163

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Assigned Fund Balance

Major Funds

General Fund

Tax equivalent for subsequent year

\$ 1,661,639

Capital Improvement Fund

3,108,821

Total Assigned Fund Balance

\$ 4,770,460

Unassigned Fund Balance (Deficit)

Major Funds

General Fund

\$ 4,392,896

Debt Service Fund (deficit)

(1,095,888)

TIF No. 8 Capital Projects (deficit)

(1,076,694)

Total Major Funds

2,220,314

Non-Major Funds

Special Revenue Fund

Future Improvement Fund (deficit)

(2,500)

Capital Projects Funds

TIF No. 14 Capital Projects (deficit)

(17,501)

TIF No. 15 Capital Projects (deficit)

(17,187)

TIF No. 16 Capital Projects (deficit)

(43,668)

Total Non-Major Funds

(80,856)

Total Unassigned Fund Balance (Deficit)

\$ 2,139,458

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land and land rights	\$ 255,895
Construction in progress	2,202,824
Other capital assets, net of accumulated depreciation	109,177,506
Less: Payables and accruals for capital assets	(611,153)
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds, net of unamortized loss on debt refunding)	<u>(17,251,578)</u>
Total Net Investment in Capital Assets	<u>93,773,494</u>
Restricted	
Debt service	879,806
Pension asset	<u>406,918</u>
Total Restricted Fund Balance	<u>1,286,724</u>
Unrestricted	<u>24,340,887</u>
Total Business-type Activities Net Position	<u>\$ 119,401,105</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statements No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which required the City to record the total postemployment benefit liability and related expenses. The details of this restatement are as follows:

		<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
Net Position	December 31, 2017 (as Reported)	\$ 60,441,667	\$ 116,338,582	\$ 72,985,027	\$ 43,308,746
Plus	Deferred outflow of resources –health insurance	1,880,825	141,175	112,940	28,235
	Deferred outflow of resources – life insurance	5,606	957	766	191
Less	Change in total OPEB liability – health insurance	(5,590,799)	(1,439,487)	(1,151,590)	(287,897)
	Change in total OPEB liability – life insurance	(690,980)	(117,957)	(94,415)	(23,542)
Net position –	December 31, 2017 (as restated)	<u>\$ 56,046,319</u>	<u>\$ 114,923,270</u>	<u>\$ 71,852,728</u>	<u>\$ 43,025,733</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

General Information About the Pension Plan

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

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits. The WRS also provides death and disability benefits for employees.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Post-Retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with 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
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
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	2.0	4

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 and Executives and Elected Officials. Starting January 1, 2016, the Executives & Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$1,663,844 in contributions from the city.

Contribution rates for the plan year reported:

	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the city reported an asset of \$4,722,129 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city’s proportion of the net pension asset was based on the city’s share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the city’s proportion was 0.15904145%, which was an increase of 0.00321656% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the city recognized pension expense of \$2,209,960.

At December 31, 2018, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,999,583	\$ 2,806,406
Changes in assumptions	933,000	-
Net differences between projected and actual earnings on pension plan investments	-	6,490,127
Changes in proportion and differences between employer contributions and proportionate share of contributions	119,971	8,108
Employer contributions subsequent to the measurement date	1,729,528	-
Total	\$ 8,782,082	\$ 9,304,641

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$1,729,528 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Inflow of Resources and Deferred Inflows of Resources (net)
2019	\$ 568,730
2020	(2,384)
2021	(1,603,311)
2022	(1,226,435)
2023	11,312

Actuarial assumptions. The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2002 – 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4

Variable Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return
US Equities	70%	7.5%	4.6%
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Assets Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION

A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)

Sensitivity of the city’s proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the city’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the city’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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
City of Oak Creek’s proportionate share of the net pension liability (asset)	\$ 12,217,760	\$ (4,722,129)	\$ (17,596,970)

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

At December 31, 2018, the City reported a payable to the pension plan of \$254,991 which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

The city is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The city purchases commercial insurance to provide coverage for losses from torts; theft of, damage to, or destruction of assets; errors and omission and workers compensation. Employee health and dental care are accounted for and financed by the city in the health insurance internal service fund, which includes commercial insurance and self-funding. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Self Insurance

For health claims, the uninsured risk of loss is \$100,000 deductible per individual and \$4,219,902 in the aggregate for a policy year. Claims in excess of those amounts are covered by specific reinsurance with an unlimited lifetime maximum reimbursement. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

All funds in the city participate in the health and dental insurance internal service fund. Amounts payable to the health insurance fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. At December 31, 2018, no amounts were designated for that reserve.

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Claims Liability

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims – Beginning of Year	\$ 387,112	\$ 385,392
Current year claims and changes in estimates	4,392,939	8,223,211
Claim payments	<u>(4,394,659)</u>	<u>(5,410,583)</u>
Unpaid Claims – End of Year	<u>\$ 385,392</u>	<u>\$ 3,198,020</u>

Wisconsin Municipal Insurance Commission (WMIC) Cities and Villages Mutual Insurance Company (CVMIC)

The WMIC is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August, 1987 for the purpose of facilitating the organization, establishment and capitalization of the CVMIC, and has numerous cities and villages as members.

The CVMIC is a municipal mutual insurance company established on September 19, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC.

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities.

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The city does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of WMIC and CVMIC are available from the WMIC / CVMIC administrative office.

The city pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the city's retained liability. The city's retained liability is limited to \$75,000 per occurrence and an annual aggregate limit of \$250,000.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the city is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the city's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the city's financial position or results of operations.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

The city has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The city has active construction projects as of December 31, 2018. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Tax Incremental Financing

The City of Oak Creek through its Tax Incremental Financing Districts (TID) 7 has entered into a tax abatement agreement with developers in the form of a tax incremental financing incentive payment to stimulate economic development. The abatements are authorized through the TID project plan and development agreements. The developers guaranteed a property taxable value of \$10,200,000. The developers also pay property taxes as they become due, and after constructing the building as stated in the development agreements, are entitled to a future incentive payment that directly correlate to the taxes paid. The incentives are calculated based on the increment derived specifically from the parcels as stated in the developer agreement. The developer receives payments back of taxes paid less the base value \$3,000,000 or as much as can be received by October 1, 2024. Aggregate incentive payments for the year ended December 31, 2018 were \$258,622.

The City of Oak Creek through its Tax Incremental Financing District 8 has entered into a tax abatement agreement with developers in the form of a tax incremental financing incentive payment to stimulate economic development. The abatements are authorized through the TID project plan and development agreement. The developer received \$650,000 upon confirmation of job creation and City being awarded a grant. The developer pays property taxes as they become due, and after constructing the building as stated in the development agreement, is entitled to a future incentive payment that directly correlate to the taxes paid. The incentives are calculated based on the increment derived specifically from the parcels as stated in the developer agreement. The developer receives payments back of 75% taxes paid for 8 years (2023). Aggregate incentive payments for the year ended December 31, 2018 were \$227,292.

The City of Oak Creek through its Tax Incremental Financing Districts (TID) 10 has entered into a tax abatement agreement with developers in the form of a tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TID project plan and development agreements. The developers guaranteed a 15 year lease of space and job retainment. The developers are entitled to a future incentive payments that directly correlate to the taxes paid. The incentives are calculated based on the increment derived specifically from the parcels as stated in the developer agreement. The developer receives payments back of 75% taxes paid, up to \$1,800,000 or as much as can be received by October 1, 2023. Aggregate incentive payments for the year ended December 31, 2018 were \$263,712.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Tax Incremental Financing (cont.)

The City of Oak Creek through its Tax Incremental Financing District 11 has entered into a tax abatement agreement with developers in the form of a tax incremental financing incentive payment to stimulate economic development. The abatements are authorized through the TID project plan and development agreement. The developer received \$5,300,000 upon ownership of said property and entering into construction contracts and the construction process and agreed to meet a minimum assessed value varying each year from 2016-2032 and thereafter. In the event that the minimum assessed value is not met, the developer has a minimum valuation shortfall obligation payable for that year, in an amount equal to the difference between the real estate taxes that would have been due and payable had such real estate taxes been determined using the minimum assessed values, and the actual real estate taxes. Aggregate incentive payments for the year ended December 31, 2018 were \$0, (\$5,300,000 was paid in 2015).

The City of Oak Creek through its Tax Incremental Financing District 11 has entered into a tax abatement agreements with developers in the form of a tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TID project plans and development agreement. The developers received \$2,750,000 loan upon ownership of said property which will be paid back to the City beginning in 2021 (annually for 20 years). Additionally, the developer will receive a \$4,500,000 grant from the City for project costs once the construction process has begun and construction contracts are executed. The developer has agreed to meet a minimum assessed value of \$26,200,000 effective 2020 with a moderate increase each year the TID is open ending with a minimum assessed value of \$35,800,900 in 2032. Additionally in 2024 the developer will add another \$9 million in minimum assessed value for phase 3 of the development. In the event that the minimum assessed value is not met, the developer has a minimum valuation shortfall obligation payable for that year, in an amount equal to the difference between the real estate taxes that would have been due and payable had such real estate taxes been determined using the minimum assessed values, and the actual real estate taxes. Aggregate incentive payments for the year ended December 31, 2018 were \$0. (\$2,750,000 was paid in 2017).

The City of Oak Creek through its Tax Incremental Financing District 11 has entered into a tax abatement agreement with developers in the form of a tax incremental financing incentive payment to stimulate economic development. The abatements are authorized through the TID project plan and development agreement. The developer received \$2,500,000 upon beginning construction of a parking garage with 425 parking stalls. Once building permits are pulled for additional square footage of the medical facility (targeting 130,000 square foot) the developer will be paid \$65.80 per square foot up to an additional \$2,500,000. The City will in good faith effort work with the WEDC for a \$1,000,000 grant for the developer based on jobs, 425 parking stalls, and a 130,000 square foot facility. The developer agreed to meet a minimum assessed value varying each year from 2017-2032. In the event that the minimum assessed value is not met, the developer has a minimum valuation shortfall obligation payable for that year, in an amount equal to the difference between the real estate taxes that would have been due and payable had such real estate taxes been determined using the minimum assessed values, and the actual real estate taxes. Aggregate incentive payments for the year ended December 31, 2018 were \$0. (\$1,835,134 was paid in 2017).

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Tax Incremental Financing (cont.)

The City of Oak Creek through its Tax Incremental Financing District 11 has entered into a tax abatement agreement with developers in the form of a tax incremental financing incentive payment to stimulate economic development. The abatements are authorized through the TID project plan and development agreement. The developer received \$1,450,000 upon ownership of said property and entering into construction contracts and the construction process and a hotel franchise agreement and the construction process and agreed to meet a minimum assessed value varying each year from 2015-2032. In the event that the minimum assessed value is not met, the developer has a minimum valuation shortfall obligation payable for that year, in an amount equal to the difference between the real estate taxes that would have been due and payable had such real estate taxes been determined using the minimum assessed values, and the actual real estate taxes. Aggregate incentive payments for the year ended December 31, 2018 were \$0.

The City of Oak Creek through its Tax Incremental Financing District 11 has entered into a tax abatement agreement with developers in the form of a tax incremental financing incentive payment to stimulate economic development. The abatements are authorized through the TID project plan and development agreement. The developer received \$1,680,051 upon ownership of said property and entering into construction contracts and the construction process and agreed to meet a minimum assessed value varying each year from 2015-2032. In the event that the minimum assessed value is not met, the developer has a minimum valuation shortfall obligation payable for that year, in an amount equal to the difference between the real estate taxes that would have been due and payable had such real estate taxes been determined using the minimum assessed values, and the actual real estate taxes. Aggregate incentive payments for the year ended December 31, 2018 were \$0.

The City of Oak Creek through its Tax Incremental Financing District 11 has entered into a tax abatement agreement with developers in the form of a tax incremental financing incentive payment to stimulate economic development. The abatements are authorized through the TID project plan and development agreement. The developer received \$1,319,949 upon ownership of said property and entering into construction contracts and the construction process and agreed to meet a minimum assessed value varying each year from 2015-2032. In the event that the minimum assessed value is not met, the developer has a minimum valuation shortfall obligation payable for that year, in an amount equal to the difference between the real estate taxes that would have been due and payable had such real estate taxes been determined using the minimum assessed values, and the actual real estate taxes. Aggregate incentive payments for the year ended December 31, 2018 were \$0.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Tax Incremental Financing (cont.)

The City of Oak Creek through its Tax Incremental Financing District 11 has entered into a tax abatement agreements with developers in the form of a tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TID project plans and development agreement. The developers will receive not to exceed \$900,000 upon ownership, build out of project and having reached the minimum assessed value: \$5 million in 2019 and \$8 million in 2020 and for the remaining life of the project. In the event that the minimum assessed value is not met, the developer has a minimum valuation shortfall obligation payable for that year, in an amount equal to the difference between the real estate taxes that would have been due and payable had such real estate taxes been determined using the minimum assessed values, and the actual real estate taxes. Aggregate incentive payments for the year ended December 31, 2018 were \$0.

The City of Oak Creek through its Tax Incremental Financing District 12 has entered into a tax abatement agreement with developers in the form of a tax incremental financing incentive payment to stimulate economic development. The abatements are authorized through the TID project plan and development agreement. The developers agree to invest roughly \$50,000,000 in economic development building a 300,000 square foot retail facility. The City and developer agree to City Financing not to exceed \$5,225,000 for infrastructure leading up to the developer's property. In each year, beginning 2017 and ending the last year of the district 2036, the City will receive a check from the developer for taxes on the property. The developer will receive the tax amount back less the annual bond payment for infrastructure, and less \$25,000 for administrative costs each year up to \$13,000,000. Aggregate incentive payments for the year ended December 31, 2018 were \$0.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS

The City administers a single-employer defined contribution healthcare plan (the Retiree Health Plan”). The plan provides health insurance benefits for eligible retirees through the City’s group health insurance plan, which covers both active and retired members. Benefit provision are established through collective bargaining agreements and state that eligible retirees pay at established rates.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the city and the union.

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan description. The City’s defined benefit OPEB, Retiree Benefits Plan (RBP), provides OPEB for permanent full-time general and public safety employees of the City. RBP is a single-employer defined benefit OPEB plan administered by the City. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 Statement 75.

Benefits provided. The City of Oak Creek provides healthcare and life insurance benefits for retirees and their dependents based on the following:

Utility

Employees hired prior to 01/01/83 and retired prior to 12/31/06 pay the same as active and get benefits for life after retiring with 10 years of service. Employees hired 01/01/83 – 12/31/05 and retire prior to 12/31/05 pay 40% of the pre and post 65 premium after retiring with 10 years of service. Employees hired 01/01/83 – 12/31/05 and retire after 12/31/08 pay 20% of the pre 65 premium and are not eligible for post 65 coverage after retiring with 10 years of service. Employees hired after 12/31/05 pay 20% of the pre 65 premium and are not eligible for post 65 coverage after retiring with 15 years of service. No post 65 insurance for employees active on January 1, 2012 or later

Local 133 – General/Labor

Employees hired prior to 12/31/05 need 10 years of service, after 12/31/05, 15 years of service are required. Employees hired prior to 01/01/09 are eligible for post 65 insurance. Those hired after 01/01/09 are not. Future retirees are required to pay 20% of the premium to participate in the plan. No Post 65 insurance employee’s active January 1, 2012 or later. No future retirees from this group.

Local 1848 – Firefighters

Employees who attain 10 years of service who retired prior to May 4, 2010 shall be eligible for retiree level health insurance as of the prior bargaining agreement (5%). After May 4, 2010 retirees pay same as current employees (10%). No post 65 insurance available for employees hired after May 4, 2010. No post 65 insurance for employees active on January 1, 2012 or later.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Police Supervisors

Employees hired prior to 12/31/05 need 10 years of service, after 12/31/05, 15 years of service are required. Employees hired prior to 01/01/09 are eligible for post 65 insurance. Those hire after 01/01/09 are not. Future retirees are required to pay 10% of the premium to participate in the plan. No post 65 insurance for employees active on January 1, 2012 or later. Nor future retirees from this group.

Police Officers

Employees hired prior to 12/31/05 need 10 years of service, after 12/31/05, 15 years of service are required. Employees hired prior to 01/01/09 are eligible for post 65 insurance. Those hire after 01/01/09 are not. Future retirees are required to pay 10% of the premium to participate in the plan. No post 65 insurance for employees active on January 1, 2012 or later.

Dispatchers

Employees hired after 02/01/95 need 15 years of service. Employees who retired prior to 12/31/05 have post 65 Medicare supplemental insurance. Future retirees are required to pay 40% of the premium. No post 65 insurance for employees active on January 1, 2012 or later. No future retirees from this group.

Non Represented

Employees hired prior to 01/01/06 need 10 years of service, after 12/31/05 15 years of service are required. Employees hired before 07/01/83 who retired before 12/31/05 receive post 65 benefits and contribute 0%; those who retiree before 12/31/11 pay 20%. Future retirees are required to pay 20% of the premium to participate in the plan.

* General and Police hired after 01/01/2015 and firefighters hired after 01/01/2016 are not eligible for retiree medical coverage under this plan.

Employees covered by benefit terms. At December 31, 2018 the following employees were covered by the benefit terms:

Inactive plan members and spouses currently receiving benefit payments	250
Active plan members	<u>210</u>
TOTAL OPEB LIABILITY	<u>460</u>

The City's total OPEB liability of \$37,763,376 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Based on the “Long Term Healthcare Costs Trend Resource Model” created for the Society of Actuaries by Professor Thomas E. Getzen of Temple University
Salary increases	WRS assumption adopted by the Employee Truss Funds Board in connection with a study of experience during 2015-2017
Healthcare cost trend rates	Based on the “Long Term Healthcare Costs Trend Resource Model” created for the Society of Actuaries by Professor Thomas E. Getzen of Temple University
Retirees’ share of benefit-related costs	See benefits table above

The discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Bond Index.

Mortality rates were based on the Wisconsin 2018 Mortality table as the base table and project future improvements with 2018 generational improvement scale as adopted by the Board in connection with the 2015-2017 Experience Study by the Wisconsin Retirement System.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period 2015-2017

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balance at December 31, 2017	\$ 36,515,314
Charges for the year:	
Service cost	649,113
Interest	1,366,954
Changes in assumptions or other inputs	1,253,995
Benefit payments	(2,022,000)
Net changes	1,248,062
Balance at December 31, 2018	\$ 37,763,376

Changes of assumptions and other inputs reflect a change in the discount rate from 3.78 percent in 2016 to 3.44 percent in 2017.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.44 percent) or 1-percentage-point higher (4.44 percent) than the current discount rate:

	1% Decrease (2.44%)	Discount Rate (3.44%)	1% increase (4.44%)
Total OPEB liability	<u>\$ 41,854,882</u>	<u>\$ 37,763,376</u>	<u>\$ 34,248,573</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate

	1% Decrease	Current Trend Rate	1% increase
Total OPEB liability	<u>\$ 33,875,952</u>	<u>\$ 37,763,376</u>	<u>\$ 42,340,023</u>

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2018 the City recognized OPEB expense of \$2,239,198. At December 31, 2018 the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes of assumptions or other inputs	\$ 1,030,864
Employer contributions – subsequent to the measurement date	<u>2,052,297</u>
Total	<u>\$ 3,083,161</u>

\$2,052,297 reported as deferred outflows to OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2019. Amounts reported as deferred outflows of resource related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources</u>
2019	\$ 223,131
2020	223,131
2021	223,131
2022	223,131
2023	138,340

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Local Retiree Life Insurance Fund (LRLIF)

Plan description. The LRLIF is a 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 post-employment life insurance benefits for all eligible employees.

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

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

Benefits provided. The LRLIF plan provides fully paid life insurance benefits for post-age 64 retired employees and pre-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 contribution made during a member's working lifetime funds a post-retirement benefit.

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

Contribution rates for the plan year reports as of December 31, 2018 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

**Life Insurance Employee Contribution Rates for the Plan
Year**

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

During the reporting period, the LRLIF recognized \$6,563 in contribution from the employer.

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

At December 31, 2018, the city reported a liability of \$1,039,871 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net OPEB liability was based on the city's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the city's proportion was 0.34563500%, which was an increase of 0.012447% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the city recognized OPEB expense of \$112,436.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

At December 31, 2018 the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 14,652
Net differences between projected and actual earnings on OPEB plan investments	11,974	-
Changes in assumptions	100,485	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	26,206	-
Employer contributions subsequent to the measurement date	7,611	-
Total	\$ 146,276	\$ 14,652

\$7,611 reported as deferred outflows related to OPEB resulting from the LRLIF Employers contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2019	\$ 20,151
2020	20,151
2021	20,151
2022	20,151
2023	17,158
Thereafter	26,251

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Actuarial assumptions. The net OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	January 1, 2017
Measurement Date of Net OPEB Liability	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	3.44%
Long-Term Expected Rate of Return:	5.0%
Discount Rate:	3.63%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

Long-term expected return on plan assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF 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.

**Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2017**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
US Government Bonds	Barclays Government	1%	1.13%
US Credit Bonds	Barclays Credit	65	2.61
US Long Credit Bonds	Barclays Long Credit	3	3.08
US Mortgages	Barclays MBS	31	2.19
Inflation			2.3
Long Term Expected Rate of Return			5.0

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Single discount rate. A single discount rate of 3.63% was used to measure the net OPEB liability. 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 net 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.

Sensitivity of the city's proportionate share of the net OPEB liability changes in the discount rate.

The following presents the city's proportionate share of the net OPEB liability calculated using the discount rate of 3.63 percent, as well as what the city's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.63%)
City's proportionate share of the net OPEB liability	<u>\$ 1,469,732</u>	<u>\$ 1,039,871</u>	<u>\$ 709,997</u>

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>.

E. POWER GENERATING FACILITY MITIGATION REVENUE

The city entered into an agreement with Wisconsin Energy Corporation (WEC). WEC is expanding its electric generating facilities within the City of Oak Creek by creating three new units. WEC is expected to pay the following annual mitigation payments to the city 30 days after the commencement of construction:

Elm Road Unit 1	\$1,500,000
Elm Road Unit 2	750,000
Elm Road Unit 3	250,000

The payments are required annually unless the Public Service Commission of Wisconsin determines that these payments may not be included in the rent payments of the facilities lease or a new unit ceases operation after start-up and is decommissioned.

In 2018, the city received \$2,250,000.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*

When they become effective, application of these standards may restate portions of these financial statements.

G. SUBSEQUENT EVENTS

In June 2019, the City issued \$2.85 million of Taxable General Obligation Promissory Notes, which was used for Tax Incremental District No. 16.

In July 2019, the City approved issuing \$3.925 million in General Obligation Refunding Bonds and \$1.03 million in Taxable General Obligation Refunding Bonds, which will be used to refund previously issued debt.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OAK CREEK

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2018

REVENUES	Original and Final Budget	Actual	Variance with Final Budget
TAXES			
General property taxes	\$ 13,118,162	\$ 13,099,726	\$ (18,436)
Motel room tax	457,000	472,638	15,638
Mobile home taxes	68,000	59,107	(8,893)
Other taxes	26,200	40,911	14,711
TOTALS	13,669,362	13,672,382	3,020
INTERGOVERNMENTAL REVENUES			
Shared taxes from state	3,014,637	3,008,331	(6,306)
State transportation aids	2,771,384	2,771,384	-
State computer aids	130,437	130,437	-
Other state aids	6,000	4,890	(1,110)
Health department block grant	4,500	8,604	4,104
Police grants	130,847	148,183	17,336
TOTALS	6,057,805	6,071,829	14,024
REGULATION AND COMPLIANCE			
Licenses			
Liquor and beer	59,700	50,286	(9,414)
Publishing fees	900	880	(20)
Operators	28,000	25,295	(2,705)
Amusement devices	9,500	7,740	(1,760)
Amusement operators	1,200	1,050	(150)
Miscellaneous - business	11,000	10,774	(226)
Miscellaneous - non-business	75	49	(26)
DATCP	88,500	90,101	1,601
Late sanitarian license renewal	500	540	40
Sanitarian plan review	3,000	1,496	(1,504)
Landfill	500	1,500	1,000
Permits			
Building	402,000	1,234,514	832,514
Electrical	90,000	144,377	54,377
Plumbing	75,000	104,475	29,475
Street opening	7,500	14,133	6,633
Erosion control	10,000	40,065	30,065
Fire inspections	-	-	-
Temp food	2,000	2,495	495
Sundry	500	4,485	3,985
Landscape, Lighting & Sign Review	2,500	6,525	4,025
Cable TV	280,000	297,992	17,992
AT&T video service	180,000	105,064	(74,936)
Court fines	425,000	406,199	(18,801)
TOTALS	1,677,375	2,550,035	872,660
PUBLIC CHARGES FOR SERVICES			
General Government			
Property status letter fees	7,000	9,710	2,710
Administrative fees	28,000	27,029	(971)
Photo copies sold	1,500	866	(634)
Zoning/housing appeal fees	800	1,000	200
Rezoning petitions and filing fees	2,000	5,425	3,425
Text amendment fees	500	2,000	1,500
Right of way vacation fees	575	-	(575)
Special use request fees	10,000	20,725	10,725
Filing fee - certified survey maps	6,000	9,200	3,200
Plan commission agenda fees	11,000	26,070	15,070

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF OAK CREEK

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND (cont.)
 For the Year Ended December 31, 2018

	Original and <u>Final Budget</u>	<u>Actual</u>	Variance with <u>Final Budget</u>
PUBLIC CHARGES FOR SERVICES (cont.)			
General Government (cont.)			
Map amendments	\$ 1,200	\$ -	\$ (1,200)
Subdivision plat fees	500	3,500	3,000
Maps sold	25	51	26
Public Safety			
State DWI seizures	2,000	760	(1,240)
Police patrol service fees	4,000	19,266	15,266
Miscellaneous fees	2,000	9,649	7,649
Copies of police and fire reports	3,000	3,234	234
False alarm penalties	5,500	8,900	3,400
Health and Sanitation			
Health Department			
Clinic fees	8,000	12,587	4,587
Pet license fees/Humane Society	13,500	12,859	(641)
Public Works			
Weed cutting	11,000	8,552	(2,448)
Sale of culvert pipe	10,000	13,590	3,590
Culvert installation	1,000	3,570	2,570
Library			
Other income	20,000	18,096	(1,904)
Photocopies	7,000	9,386	2,386
Recreation	140,000	124,506	(15,494)
Sanitarian			
Pre-inspection	15	386	371
Regular service fee	7,000	9,622	2,622
Miscellaneous charges for services	3,100	8,953	5,853
TOTALS	<u>306,215</u>	<u>369,492</u>	<u>63,277</u>
INVESTMENT INCOME			
Investments	135,000	306,782	171,782
Taxes	70,000	97,939	27,939
TOTALS	<u>205,000</u>	<u>404,721</u>	<u>199,721</u>
MISCELLANEOUS INCOME			
AT&T American tower lease	27,600	61,740	34,140
South Suburban Chamber Lease	12,000	12,000	-
Insurance incentives	75,000	173,184	98,184
Insurance recoveries	9,800	8,128	(1,672)
P-card rebates	12,000	19,871	7,871
Miscellaneous revenues	10,000	3,394	(6,606)
TOTALS	<u>146,400</u>	<u>278,317</u>	<u>131,917</u>
INTERFUND CHARGES FOR SERVICES			
Engineering and administration charged to capital projects	15,000	-	(15,000)
Engineering and administration charged to TID projects	235,000	235,000	-
Highway equipment service fee	41,000	59,716	18,716
Administrative services charged to enterprise funds	45,000	45,000	-
Miscellaneous charges for services	19,000	18,806	(194)
TOTALS	<u>355,000</u>	<u>358,522</u>	<u>3,522</u>
TOTAL REVENUES	<u>\$ 22,417,157</u>	<u>\$ 23,705,298</u>	<u>\$ 1,288,141</u>

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF OAK CREEK

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (cont.)
For the Year Ended December 31, 2018

EXPENDITURES	Original and Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT			
General government	\$ 2,945,281	\$ 2,858,929	\$ 86,352
Building maintenance	676,438	614,350	62,088
City administrator	254,227	269,443	(15,216)
Data processing	922,057	839,675	82,382
City clerk	214,343	211,139	3,204
Treasurer	200,951	194,796	6,155
Finance	367,546	355,874	11,672
Assessor	202,714	193,004	9,710
Attorney and legal	250,983	172,259	78,724
Community development	284,792	265,349	19,443
TOTALS	<u>6,319,332</u>	<u>5,974,818</u>	<u>344,514</u>
PUBLIC SAFETY			
Police department	8,336,086	8,006,611	329,475
Emergency operations	13,950	6,468	7,482
Fire department	1,981,777	2,371,301	(389,524)
Inspection	595,970	517,182	78,788
Other	96,946	96,253	693
TOTALS	<u>11,024,729</u>	<u>10,997,815</u>	<u>26,914</u>
HEALTH AND SOCIAL SERVICES			
Health department	476,725	428,176	48,549
TOTALS	<u>476,725</u>	<u>428,176</u>	<u>48,549</u>
PUBLIC WORKS			
Engineering	753,567	660,051	93,516
Streets	3,710,524	3,566,234	144,290
TOTALS	<u>4,464,091</u>	<u>4,226,285</u>	<u>237,806</u>
LEISURE ACTIVITIES			
Conservation and recreation	598,401	583,858	14,543
Library	885,192	875,187	10,005
Parks	516,638	508,587	8,051
TOTALS	<u>2,000,231</u>	<u>1,967,632</u>	<u>32,599</u>
TOTAL EXPENDITURES	<u>24,285,108</u>	<u>23,594,726</u>	<u>690,382</u>
OTHER FINANCING SOURCES (USES)			
Sale of property	20,000	233,642	213,642
Transfer in	140,210	25,127	(115,083)
Transfer in - tax equivalent	1,707,741	1,661,639	(46,102)
Transfer out	-	(1,809,977)	(1,809,977)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,867,951</u>	<u>110,431</u>	<u>(1,757,520)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>221,003</u>	<u>\$ 221,003</u>
FUND BALANCE - Beginning of Year		<u>8,212,130</u>	
FUND BALANCE - END OF YEAR		<u>\$ 8,433,133</u>	

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF OAK CREEK

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 EMERGENCY MEDICAL SERVICES FUND - SPECIAL REVENUE FUND
 For the Year Ended December 31, 2018

	<u>Original and</u>		<u>Variance with</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUES			
Taxes	\$ 3,788,857	\$ 3,788,857	\$ -
Intergovernmental	117,130	154,973	37,843
Public charges for services	1,136,458	1,505,367	368,909
Investment income	500	8,899	8,399
Misc Revenue	-	1,118	1,118
Total Revenues	<u>5,042,945</u>	<u>5,459,214</u>	<u>416,269</u>
EXPENDITURES			
Current			
Public Safety	<u>5,042,945</u>	<u>4,976,393</u>	<u>66,552</u>
Total Expenditures	<u>5,042,945</u>	<u>4,976,393</u>	<u>66,552</u>
Excess of revenues over expenditures	-	482,821	482,821
OTHER FINANCING SOURCES			
Sale of Property	<u>-</u>	<u>26,398</u>	<u>26,398</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>509,219</u>	<u>\$ 509,219</u>
FUND BALANCE - Beginning of year		<u>349,530</u>	
FUND BALANCE - ENDING OF YEAR		<u>\$ 858,749</u>	

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF OAK CREEK

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS - CITY RETIREE BENEFITS PLAN For the Year Ended December 31, 2018

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 649,113
Interest	1,366,954
Changes in assumptions or other inputs	1,253,995
Benefit payments	<u>(2,022,000)</u>
Net change in total OPEB Liability	1,248,062
Total OPEB Liability - beginning	<u>36,515,314</u>
Total OPEB Liability - ending	<u>\$ 37,763,376</u>
Covered-employee payroll	\$ 19,862,279
Total OPEB liability as a percentage of covered-employee payroll	190.13%

See independent auditors' report and accompanying notes to the required supplementary information.

CITY OF OAK CREEK

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 LOCAL RETIREE LIFE INSURANCE FUND
 For the Year Ended December 31, 2018

<u>Plan Fiscal Year Ending</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
12/31/17	0.34563500%	\$ 1,039,871	\$ 14,534,940	7.15%	44.81%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - LOCAL RETIREE LIFE INSURANCE FUND
 For the Year Ended December 31, 2018

<u>City Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/18	\$ 7,611	\$ 7,611	\$ -	\$ 15,601,884	0.05%

See independent auditors' report and accompanying notes to the required supplementary information.

CITY OF OAK CREEK

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended 'December 31, 2018

<u>WRS Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/14	0.16047000%	\$ (3,941,582)	\$ 17,775,702	22.17%	102.74%
12/31/15	0.15775509%	2,563,490	18,256,231	14.04%	98.20%
12/31/16	0.15582489%	1,284,369	18,758,850	6.85%	99.12%
12/31/17	0.15904145%	(4,722,129)	19,181,462	24.62%	102.93%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2018

<u>City Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 1,495,972	\$ 1,495,972	\$ -	\$ 18,256,231	8.19%
12/31/16	1,495,955	1,495,955	-	18,758,850	7.97%
12/31/17	1,663,744	1,663,744	-	19,136,951	8.69%
12/31/18	1,729,528	1,729,528	-	19,862,279	8.71%

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF OAK CREEK

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2018

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I.C.

A budget has been adopted for all governmental fund types. The budgeted amounts presented include any amendments made. The city administrator may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action. There were no supplemental appropriations during the year.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$0. Budgets are adopted at the function level of expenditure.

WISCONSIN RETIREMENT SYSTEM

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

The city is required to present the last ten fiscal years data; however the standards allow the city to present as many years as are available until ten fiscal years are presented.

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

Changes in assumptions. There were no changes in the assumptions.

OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE

The data presented in the Schedule of Changes in the Total OPEB Liability and Related Ratios was taken from the reports issued by the actuary.

The city is required to present the last ten fiscal years data; however the standards allow the city to present as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for the City.

Changes in assumptions. The discount rate was changed from 3.7% to 3.44%

OTHER POST EMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND

The city is required to present the last ten fiscal years data; however the standards allow the city to present as many years as are available until ten fiscal years are presented.

Changes in benefit term. There were no changes of benefit terms for any participating employee in LRLIF.

Changes in assumption. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

CITY OF OAK CREEK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2018

	Special Revenue Funds											
	Solid Waste Fund	Donation and Activity Fund	WE Energies Fund	Low Income Loan Fund	Special Assessment Fund	Economic Development Fund	Future Improvement Fund	Impact Fee Escrow Fund	Asset Forfeiture Fund	Storm Water Fund	Consolidated Dispatch Services Fund	Tourism Commission Fund
ASSETS												
Cash and investments	\$ 312,530	\$ 1,775,020	\$ 220,102	\$ 7,825	\$ 2,172,892	\$ 572,184	\$ 368,508	\$ -	\$ 481	\$ 136,328	\$ 108,179	\$ 330,654
Restricted cash and investments	-	-	-	-	-	-	-	2,599,727	102,194	-	-	-
Taxes receivable	1,266,837	-	-	-	139,794	-	-	-	-	981,875	1,312,570	-
Accounts receivable	488	34,208	-	-	-	-	-	-	-	-	25,547	-
Special assessments receivable	-	-	-	-	346,530	-	-	-	-	-	-	-
Loans receivable	-	-	-	6,503	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	314,900	-	-	-	-	-	-
TOTAL ASSETS	\$ 1,579,855	\$ 1,809,228	\$ 220,102	\$ 14,328	\$ 2,659,216	\$ 887,084	\$ 368,508	\$ 2,599,727	\$ 102,675	\$ 1,118,203	\$ 1,446,296	\$ 330,654
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)												
Liabilities												
Accounts payable	\$ 206,200	\$ 16,791	\$ 20,532	\$ -	\$ -	\$ 316	\$ -	\$ -	\$ -	\$ 7,644	\$ 153	\$ 11,886
Accrued liabilities	2,733	-	24,403	-	-	2,220	-	-	-	16,586	42,244	2,302
Deposits	-	-	-	-	-	-	371,008	-	-	-	-	-
Due to other funds	-	-	-	-	245,060	-	-	-	-	2,206	-	-
Total Liabilities	208,933	16,791	44,935	-	245,060	2,536	371,008	-	-	26,436	42,397	14,188
Deferred Inflows of Resources												
Unearned revenues	1,266,837	-	-	-	-	-	-	-	-	981,875	1,312,570	-
Unavailable revenues	-	-	-	6,503	281,985	-	-	-	-	-	-	-
Total Deferred inflows of Resources	1,266,837	-	-	6,503	281,985	-	-	-	-	981,875	1,312,570	-
Fund Balances (Deficit)												
Restricted	-	1,792,437	175,167	7,825	2,132,171	884,548	-	2,599,727	102,675	109,892	-	316,466
Committed	104,085	-	-	-	-	-	-	-	-	-	91,329	-
Unassigned (Deficit)	-	-	-	-	-	-	(2,500)	-	-	-	-	-
Total Fund Balances (Deficit)	104,085	1,792,437	175,167	7,825	2,132,171	884,548	(2,500)	2,599,727	102,675	109,892	91,329	316,466
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 1,579,855	\$ 1,809,228	\$ 220,102	\$ 14,328	\$ 2,659,216	\$ 887,084	\$ 368,508	\$ 2,599,727	\$ 102,675	\$ 1,118,203	\$ 1,446,296	\$ 330,654

CITY OF OAK CREEK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (cont)
As of December 31, 2018

	Debt Service Funds			Capital Projects Funds						Total Nonmajor Governmental Funds	
	TIF No. 4 Debt Service Fund	TIF No. 6 Debt Service Fund	Developer Agreement Fund	TIF No. 7 Capital Projects Fund	TIF No. 10 Capital Projects Fund	TIF No. 12 Capital Projects Fund	TIF No. 13 Capital Projects Fund	TIF No. 14 Capital Projects Fund	TIF No. 15 Capital Projects Fund		TIF No. 16 Capital Projects Fund
ASSETS											
Cash and investments	\$ -	\$ 255,847	\$ 60,816	\$ 769,934	\$ 955,332	\$ 549,947	\$ 282,196	\$ -	\$ -	\$ -	\$ 8,878,775
Restricted cash and investments	-	-	-	-	-	-	-	-	-	-	2,701,921
Taxes receivable	-	348,248	-	402,735	365,259	422,095	1,491	-	-	-	5,240,904
Accounts receivable	-	-	21,079	-	-	-	-	-	-	-	81,322
Special assessments receivable	-	-	-	-	-	-	-	-	-	-	346,530
Loans receivable	-	-	-	-	-	-	-	-	-	-	6,503
Due from other funds	-	-	-	-	-	-	-	-	-	-	314,900
TOTAL ASSETS	\$ -	\$ 604,095	\$ 81,895	\$ 1,172,669	\$ 1,320,591	\$ 972,042	\$ 283,687	\$ -	\$ -	\$ -	\$ 17,570,855
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)											
Liabilities											
Accounts payable	\$ -	\$ 132	\$ 666	\$ 362,444	\$ 263,845	\$ 194	\$ 15,387	\$ -	\$ -	\$ 4,281	\$ 910,471
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	90,488
Deposits	-	-	-	-	-	-	-	-	-	-	371,008
Due to other funds	-	-	-	314,900	-	-	-	17,501	17,187	39,387	636,241
Total Liabilities	-	132	666	677,344	263,845	194	15,387	17,501	17,187	43,668	2,008,208
Deferred Inflows of Resources											
Unearned revenues	-	348,248	-	402,735	365,259	422,095	1,491	-	-	-	5,101,110
Unavailable revenues	-	-	-	-	-	-	-	-	-	-	288,488
Total Deferred inflows of Resources	-	348,248	-	402,735	365,259	422,095	1,491	-	-	-	5,389,598
Fund Balances (Deficit)											
Restricted	-	255,715	81,229	92,590	691,487	549,753	266,809	-	-	-	10,058,491
Committed	-	-	-	-	-	-	-	-	-	-	195,414
Unassigned (Deficit)	-	-	-	-	-	-	-	(17,501)	(17,187)	(43,668)	(80,856)
Total Fund Balances (Deficit)	-	255,715	81,229	92,590	691,487	549,753	266,809	(17,501)	(17,187)	(43,668)	10,173,049
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ -	\$ 604,095	\$ 81,895	\$ 1,172,669	\$ 1,320,591	\$ 972,042	\$ 283,687	\$ -	\$ -	\$ -	\$ 17,570,855

CITY OF OAK CREEK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	Special Revenue Funds											
	Solid Waste Fund	Donation and Activity Fund	WE Energies Fund	Low Income Loan Fund	Special Assessment Fund	Economic Development Fund	Future Improvement Fund	Impact Fee Escrow Fund	Asset Forfeiture Fund	Storm Water Fund	Consolidated Dispatch Services Fund	Tourism Commission Fund
REVENUES												
Taxes	\$ 1,236,780	\$ -	\$ -	\$ -	\$ -	\$ 100,083	\$ -	\$ -	\$ -	\$ -	\$ 1,269,332	\$ 425,397
Intergovernmental	94,199	98,620	-	-	-	-	-	-	-	-	429,058	-
Public charges for service	4,280	-	-	-	-	-	-	613,049	-	913,400	-	-
Special assessments / developer contributions	-	-	-	-	139,759	-	-	-	-	-	-	-
Investment income	4,808	-	6,931	-	43,587	4,086	-	53,487	212	3,772	3,298	549
Miscellaneous	37,506	297,430	2,250,000	-	-	41,913	-	-	56,660	-	-	57,688
Total Revenues	1,377,573	396,050	2,256,931	-	183,346	146,082	-	666,536	56,872	917,172	1,701,688	483,634
EXPENDITURES												
Current												
General Government	-	185,874	-	-	-	-	-	-	-	-	-	395,834
Public safety	-	60,464	1,184,680	-	-	-	-	15,715	21,258	-	-	-
Public works	1,374,706	-	-	-	-	-	-	-	-	662,729	-	-
Health and social services	-	90,827	-	-	-	-	-	-	-	-	1,642,645	-
Leisure activities	-	145,516	-	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	95,993	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	8,458	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	1,374,706	482,681	1,184,680	-	-	104,451	-	15,715	21,258	662,729	1,642,645	395,834
Excess (deficiency) of revenues over expenditures	2,867	(86,631)	1,072,251	-	183,346	41,631	-	650,821	35,614	254,443	59,043	87,800
OTHER FINANCING SOURCES (USES)												
Transfers in	-	32,582	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(1,000,000)	-	(50,000)	(80,000)	(2,500)	(643,354)	-	(275,000)	-	(25,127)
Total Other Financing Sources (Uses)	-	32,582	(1,000,000)	-	(50,000)	(80,000)	(2,500)	(643,354)	-	(275,000)	-	(25,127)
Net change in fund balances	2,867	(54,049)	72,251	-	133,346	(38,369)	(2,500)	7,467	35,614	(20,557)	59,043	62,673
FUND BALANCES (DEFICIT) - Beginning of Year	101,218	1,846,486	102,916	7,825	1,998,825	922,917	-	2,592,260	67,061	130,449	32,286	253,793
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 104,085	\$ 1,792,437	\$ 175,167	\$ 7,825	\$ 2,132,171	\$ 884,548	\$ (2,500)	\$ 2,599,727	\$ 102,675	\$ 109,892	\$ 91,329	\$ 316,466

CITY OF OAK CREEK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Cont.)
For the Year Ended December 31, 2018

	Debt Service Funds			Capital Projects Funds							Total Nonmajor Governmental Funds
	TIF No. 4 Debt Service Fund	TIF No. 6 Debt Service Fund	Developer Agreements Fund	TIF No. 7 Capital Projects Fund	TIF No. 10 Capital Projects Fund	TIF No. 12 Capital Projects Fund	TIF No. 13 Capital Projects Fund	TIF No. 14 Capital Projects Fund	TIF No. 15 Capital Projects Fund	TIF No. 16 Capital Projects Fund	
REVENUES											
Taxes	\$ -	\$ 402,875	\$ -	\$ 358,030	\$ 325,845	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,118,342
Intergovernmental	-	1,036	-	17,344	18,459	-	-	-	-	-	658,716
Public charges for service	-	-	-	-	-	-	-	-	-	-	1,530,729
Special assessments / developer contributions	-	-	94,963	-	-	-	-	-	-	-	234,722
Investment income	-	4,387	-	6,975	6,512	24,908	-	-	-	-	163,512
Miscellaneous	-	-	2,234	-	-	161,652	-	-	-	-	2,905,083
Total Revenues	-	408,298	97,197	382,349	350,816	186,560	-	-	-	-	9,611,104
EXPENDITURES											
Current											
General Government	-	-	-	-	-	-	-	-	-	-	581,708
Public Safety	-	-	-	-	-	-	-	-	-	-	1,282,117
Public works	-	-	-	-	-	-	-	-	-	-	2,037,435
Health and social services	-	-	-	-	-	-	-	-	-	-	1,733,472
Leisure activities	-	-	-	-	-	-	-	-	-	-	145,516
Conservation and development	-	25,000	-	-	288,712	1,014,689	93,504	-	-	-	1,517,898
Capital Outlay	-	-	-	372,295	-	572,256	7,567	17,501	17,187	43,668	1,038,932
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Interest	-	1,783	-	1,783	1,783	103,783	1,652	-	-	-	110,784
Total Expenditures	-	26,783	-	374,078	290,495	1,690,728	102,723	17,501	17,187	43,668	8,447,862
Excess (deficiency) of revenues over expenditures	-	381,515	97,197	8,271	60,321	(1,504,168)	(102,723)	(17,501)	(17,187)	(43,668)	1,163,242
OTHER FINANCING SOURCES (USES)											
Transfers in	373	-	-	-	-	-	400,000	-	-	-	432,955
Transfers out	-	(400,000)	-	(200,000)	-	-	-	-	-	-	(2,675,981)
Total Other Financing Sources (Uses)	373	(400,000)	-	(200,000)	-	-	400,000	-	-	-	(2,243,026)
Net change in fund balances	373	(18,485)	97,197	(191,729)	60,321	(1,504,168)	297,277	(17,501)	(17,187)	(43,668)	(1,079,784)
FUND BALANCES (DEFICIT) - Beginning of Year	(373)	274,200	(15,968)	284,319	631,166	2,053,921	(30,468)	-	-	-	11,252,833
FUND BALANCES (DEFICIT) - END OF YEAR	\$ -	\$ 255,715	\$ 81,229	\$ 92,590	\$ 691,487	\$ 549,753	\$ 266,809	\$ (17,501)	\$ (17,187)	\$ (43,668)	\$ 10,173,049

APPENDIX B

FORM OF CONTINUING DISCLOSURE CERTIFICATES

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Oak Creek, Milwaukee County, Wisconsin (the "Issuer") in connection with the issuance of \$4,075,000 General Obligation Refunding Bonds, dated January 6, 2020 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on November 5, 2019, as supplemented by a Certificate Approving the Preliminary Official Statement and Details of General Obligation Refunding Bonds, dated December 4, 2019 (collectively, the "Resolution") and delivered to Robert W. Baird & Co. Incorporated (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated December 4, 2019 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include

municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Common Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the City of Oak Creek, Milwaukee County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Clerk of the Issuer who can be contacted at 8040 South 6th Street, Oak Creek, Wisconsin 53154, phone (414) 766-7000, fax (414) 766-7976.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 270 days after the end of the Fiscal Year, commencing with the year ended December 31, 2019, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements, adopted annual budget and/or current general fund budget summary and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. TAX LEVIES, RATES AND COLLECTIONS
2. ASSESSED AND EQUALIZED VALUATIONS
3. INDEBTEDNESS OF THE CITY - Direct Indebtedness

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 6th day of January, 2020.

(SEAL)

Daniel Bukiewicz
Mayor

Catherine A. Roeske
City Clerk

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Oak Creek, Milwaukee County, Wisconsin (the "Issuer") in connection with the issuance of \$1,135,000 Taxable General Obligation Promissory Notes, dated January 6, 2020 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on November 5, 2019, as supplemented by a Certificate Approving the Preliminary Official Statement and Details of Taxable General Obligation Promissory Notes, dated December 4, 2019 (collectively, the "Resolution") and delivered to Robert W. Baird & Co. Incorporated (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated December 4, 2019 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include

municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Common Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the City of Oak Creek, Milwaukee County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Clerk of the Issuer who can be contacted at 8040 South 6th Street, Oak Creek, Wisconsin 53154, phone (414) 766-7000, fax (414) 766-7976.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 270 days after the end of the Fiscal Year, commencing with the year ended December 31, 2019, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements, adopted annual budget and/or current general fund budget summary and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. TAX LEVIES, RATES AND COLLECTIONS
2. ASSESSED AND EQUALIZED VALUATIONS
3. INDEBTEDNESS OF THE CITY - Direct Indebtedness

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 6th day of January, 2020.

(SEAL)

Daniel Bukiewicz
Mayor

Catherine A. Roeske
City Clerk

APPENDIX C

FORM OF LEGAL OPINIONS

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

January 6, 2020

Re: City of Oak Creek, Wisconsin ("Issuer")
\$4,075,000 General Obligation Refunding Bonds,
dated January 6, 2020 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on April 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2020	\$ 75,000	3.00%
2021	335,000	3.00
2022	335,000	3.00
2023	355,000	3.00
2024	375,000	4.00
2025	375,000	4.00
2026	400,000	4.00
2027	420,000	4.00
2028	445,000	3.00
2029	460,000	3.00
2030	500,000	3.00

Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2020.

The Bonds maturing on April 1, 2028 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on April 1, 2027 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.

3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

January 6, 2020

Re: City of Oak Creek, Wisconsin ("Issuer")
\$1,135,000 Taxable General Obligation Promissory Notes,
dated January 6, 2020 ("Notes")

We have acted as bond counsel to the Issuer in connection with the issuance of the Notes. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Notes are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on April 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	\$115,000	1.80%
2022	120,000	1.85
2023	120,000	1.90
2024	125,000	2.00
2025	125,000	2.10
2026	130,000	2.20
2027	130,000	2.30
2028	135,000	2.40
2029	135,000	2.50

Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2020.

The Notes maturing on April 1, 2028 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on April 1, 2027 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

We further certify that we have examined a sample of the Notes and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Notes have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Notes, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.

3. The interest on the Notes is included for federal income tax purposes in the gross income of the owners of the Notes.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Notes. Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth herein.

The rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP