

CITY OF OAK CREEK

Oak Creek, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

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, 2019, 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.

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, 2019 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.

To the City Council
City of Oak Creek

Emphasis of Matters

As discussed in Note I, City of Oak Creek adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

As discussed in Note I, City of Oak Creek adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective January 1, 2019. 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, 2020



CITY OF OAK CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and For the Year Ended December 31, 2019

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, 2019. 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 increased by 1.2% in 2019, to \$176.2 million. Of this amount, \$157.4 million represents the City's net investment in capital assets, while \$14.2 million was held for restricted purposes, and a balance of \$4.7 million was unrestricted.

At the end of 2019, the City's governmental activities reported total net position of \$54.4 million, including a deficit balance in unrestricted net position of \$22.7 million and the City's business-type activities reported total net position of \$121.8 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’s combined net position increased by \$2 million from fiscal year 2018 to 2019, a change of 1.1%; this increase was comprised of a government-activities decrease of \$.3 million, and a business-type activities increase of \$2.4 million. The City’s governmental activities and business-type activities have approximately 31% and 69%, respectively, of the combined net position.

Total net position of the City’s governmental activities decreased to \$54.3 million, a decrease of 0.7% from 2018 net position. The City’s net investment in capital assets represents 117.2% of the total. Restricted net position of \$13.3 million represents 24.5% of the total. Unrestricted net position deficit of \$22.7 million represents (-41.7%) of the total.

Total net position of the City’s business-type activities increased by 2% to \$121.8 million, including unrestricted net position of \$25.3 million, representing 20.8% 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
2019 and 2018 Net Position (in millions of dollars)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current and other assets	63.5	62.9	31.8	31.0	95.3	93.9
Capital assets	158.1	161.6	111.5	111.6	269.6	273.2
Total assets	221.6	224.5	143.3	142.6	364.9	367.1
Deferred charge on refunding	0.0	0.0	0.0	0.0	0.0	0.0
Deferred amount related to pensions	14.5	8.0	1.4	0.8	15.9	8.8
Deferred amount related to OPEB	3.8	3.0	0.3	0.2	4.1	3.2
Total deferred outflows of resources	18.3	11.0	1.7	1.0	20.0	12.0
Long-term debt outstanding	140.3	137.8	21.1	21.7	161.4	159.5
Other liabilities	5.9	8.0	1.3	1.7	7.2	9.7
Total liabilities	146.2	145.8	22.4	23.4	168.6	169.2
Unearned revenue	30.0	26.4	0.0	0.0	30.0	26.4
Deferred amount related to pensions	7.3	8.5	0.7	0.8	8.0	0.0
Deferred amount related to OPEB	2.0	0.0	0.2	0.0	2.2	0.0
Total deferred inflows of resources	39.3	34.9	0.9	0.8	40.2	26.4
Net position:						
Net investment in capital assets	63.7	67.0	95.7	93.8	157.3	160.8
Restricted	13.4	14.6	0.8	1.3	14.2	15.9
Unrestricted	-22.7	-26.9	25.3	24.3	4.7	-2.6
Total net position - end of year	54.4	54.7	121.8	119.4	176.2	174.1
Net position - beginning of year	54.7	56.0	119.4	114.9	174.1	170.9
Change in net position	-0.3	-1.3	2.4	4.5	2.1	3.2
Percent change in net position	-0.5%	-2.3%	2.0%	3.9%	1.2%	1.9%



Change in combined net position.

The City had combined total revenues of \$68.7 million in 2019 and combined total expenses of \$66.6 million. After transfers, governmental activities had a decrease in net position of \$.3 million, while business-type activities had an increase in net position of \$2.4 million. Table 2 and the following narrative consider the operations of governmental and business-type activities separately.

Table 2
City of Oak Creek, Wisconsin

2019 and 2018 Changes in Net Position (in millions of dollars)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues						
Charges for service	7.0	6.3	15.4	15.3	22.4	21.6
Operating grants & contributions	3.5	3.3	-	-	3.5	3.3
Capital contributions	2.3	1.5	1.7	2.8	4.0	4.3
General Revenues						
Taxes	27.1	24.8	-	-	27.1	24.8
Intergovernmental	6.6	6.7	-	-	6.6	6.7
Other	4.4	4.6	0.7	0.4	5.1	5.0
Total Revenues	50.9	47.2	17.8	18.5	68.7	65.7
Expenses:						
General government	9.4	9.4	-	-	9.4	9.4
Public safety	20.0	20.9	-	-	20.0	20.9
Health and social services	2.1	2.2	-	-	2.1	2.2
Public works	10.3	8.8	-	-	10.3	8.8
Leisure activities	2.6	3.0	-	-	2.6	3.0
Conservation & development	4.8	2.2	-	-	4.8	2.2
Interest and fiscal charges	3.7	3.6	-	-	3.7	3.6
Water	-	-	9.4	7.7	9.4	7.7
Sewer	-	-	4.3	4.7	4.3	4.7
Total Expenses	52.9	50.1	13.7	12.4	66.6	62.5
Excess/(Deficiency) before transfers:	-2.0	-2.9	4.1	6.1	2.1	3.2
Transfers	1.7	1.6	-1.7	-1.6	-	-
Change in Net Position	-0.3	-1.3	2.4	4.5	2.1	3.2
Beginning Net Position	54.7	56.0	119.4	114.9	174.1	170.9
ENDING NET POSITION	54.4	54.7	121.8	119.4	176.2	174.1

Governmental Activities

The City of Oak Creek received a total of \$50.9 million in governmental activities revenues in 2019, up \$3.7 million when compared to 2018 revenues. As Table 2 indicates, the largest revenue source is the property tax, which accounts for \$27.1 million, or 53.2% of all governmental revenues. Property tax revenue in 2019 increased \$2.3 million due to significant new commercial and multifamily development within the City. The increase in tax revenue was due to increased values and revenues mainly 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 public charges for service of \$7 million (13.8%), followed by intergovernmental revenues of \$6.6 million (13%), investment income and miscellaneous revenue for \$4.4 million (8.6%), operating grants and contributions account for \$3.5 million (6.9%) and capital contributions of \$2.3 million (4.5%).

Total governmental activities expenses were \$52.9 million in 2019, which exceeded revenues by \$2 million. At \$20 million, Public Safety, including Police, EMS, Inspection and Fire services, accounts for the largest share of City expenses at 37.8%. This is followed by Public Works with \$10.3 million or 19.5%, and General Government with \$9.4 million, representing 17.8%. Conservation and Development group, at \$4.8 million, is next with 9.1%, Leisure activities at \$2.6 million 4.9%, and Health/social services with \$2.1 million (4%) complete the activities. Payment of interest and fiscal charges in the amount of \$3.7 million, accounts for 7% of total governmental activities expenses.

Business-type Activities

The City of Oak Creek received \$17.8 million in business-type activities revenue during 2019 from its water and sewer utilities. Charges for services are by far the largest revenue sources for these operations, representing \$15.4 million of non-capital contribution revenues. Capital grants and contributions received were \$1.7 million in 2019, with interest and miscellaneous income accounting for the balance of revenues of \$.7 million.

Net position of the City of Oak Creek's water and sewer utilities increased by \$2.4 million in 2019, which represents a 2% 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 thirty 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-three 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 2019, the combined fund balances for the City’s governmental funds was \$27.6 million. Of this total, \$2.6 million is nonspendable, \$16.7 million is restricted, \$1.1 million is committed and \$4.7 is assigned. The balance of unassigned governmental fund balances is \$2.467 million. These funds are allocated across the following areas (in millions of dollars):

Unassigned Fund Balances (deficit):	
General Fund	\$ 5.032
Debt Service Fund	(0.928)
TIF No. 8 Capital Project Fund	(1.165)
Future Improvement Fund	(0.003)
TIF No. 14 Capital Project Fund	(0.020)
TIF No. 15 Capital Project Fund	(0.017)
TIF No. 16 Capital Project Fund	<u>(0.432)</u>
Total	<u>\$ 2.467</u>

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

- Total fund balance as of December 31, 2019 was \$9.4 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 \$2.6 million is nonspendable which includes minor amounts for delinquent personal property taxes, non-current receivables and inventories.
- Unassigned fund balance increased from 2018 to \$5.03 million. The unassigned fund balance is now approximately 17.0% of the general fund 2019 actual revenues and 2018 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, 2019 increased to \$862,246.
- Total revenues for 2019 were \$5.3 million, which included \$3.6 million from taxes, \$1.5 million from public charges for services, and \$174,092 of intergovernmental revenue.
- Total expenditures for the year were \$5.28 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 million, a decrease of (\$106,313) from 2018.
- Revenue sources provided \$2.98 million consisting of 207,791 in intergovernmental grants, interest income, and miscellaneous revenue as well as \$2.72 million in interfund transfers to the capital improvement fund and \$50,451 from a land sale.
- Expenditures in this fund totaled \$3.1 million in 2019. The largest expenses included a new ambulance, the bi-annual road replacement program (\$1.7 million), a new backhoe, various sidewalk and road upgrades for the safe routes to school program, and repairs to the street lighting system throughout the city.

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 \$1,978,204, while expenditures were under budget by \$1,290,115. The expenditure outcome relates mainly to the lack of spending for the budgeted contingency in addition to retirements and vacant positions, which occurred throughout the year in the Fire, Police, Health 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 recognized a significant building permit payment from Amazon in January 2019 in conjunction with continued increased construction activity resulting in \$1.274 million in excess of the budgeted permit revenue. The City also saw higher investment income of \$492,000 over budget. 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, 2019, the City reported a net combined investment in capital assets of \$157.3 million. Of this amount, \$63.7 million, or 40.5%, 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 \$116.2 million.

In 2019, capital assets of governmental activities decreased by \$3.5 million. Capital assets of business type activities decreased by \$.1 million.



Table 3
City of Oak Creek, Wisconsin

**2019 and 2018 Capital Asset
Net of Accumulated Depreciation** (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land and improvements	29.7	30.0	0.3	0.2	30.0	30.2
Intangible assets	0.0	0.0	0.1	0.0	0.1	0.0
Construction in progress	-	0.0	0.2	2.2	0.2	2.2
Buildings	35.8	37.1	-	-	35.8	37.1
Machinery and equipment	6.9	7.4	110.9	109.2	117.8	116.6
Infrastructure	85.7	87.1	-	-	85.7	87.1
Total	158.1	161.6	111.5	111.6	269.6	273.2

Long-term Debt

At year-end, the governmental activities had \$97.9 million in general obligation bonds and promissory notes, a decrease of \$.5 million from last year. At the end of 2019, the business-type activities had a total of \$15.8 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 2019 equalized value, this limit is \$191.55 million. The City currently has a combined total of \$97.9 million of general obligation notes and bonds outstanding, representing 51.6% of its legal debt capacity.

Table 4
City of Oak Creek, Wisconsin

2019 and 2018 Outstanding Debt (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation debt	97.9	98.4	-	-	97.9	98.4
Revenue debt	—	—	15.8	17.3	15.8	17.3
Totals	<u>97.9</u>	<u>98.4</u>	<u>15.8</u>	<u>17.3</u>	<u>113.7</u>	<u>115.8</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 2020 at Oak View Business Park and surrounding area, 13th and Drexel, Ryan Business Park, the land adjacent to 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
	2019	2018	2017	2016	2010
City of Oak Creek	35,830	35,739	35,560	38,206	34,495
Milwaukee County	946,296	950,381	945,416	949,930	948,369
State of Wisconsin	5,816,231	5,783,278	5,775,120	5,775,120	5,694,236

Total New Construction Building Permits			Total Residential Building Permits		
Year	Number	Value	Number	Value	
2019	78	\$242,270,920	49	\$16,135,766	

The Oak Creek City Council adopted the 2020 budget in November of 2019, which authorized general fund expenditures of \$26.7 million, a 3.79% increase from 2019. The tax levy for the City of Oak Creek is \$21.532 million, an increase of \$835,027 from 2019 due to new construction. The mill rate for City services decreased by \$.04 in 2019, 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, 2019

	Governmental Activities	Business- type Activities	Totals
ASSETS			
Unrestricted cash and investments	\$ 25,133,145	\$ 29,077,912	\$ 54,211,057
Taxes receivable	30,604,379	-	30,604,379
Delinquent personal property taxes receivable	4,483	-	4,483
Accounts receivable, net	1,206,353	3,468,577	4,674,930
Special assessments receivable	230,779	-	230,779
Loans receivable	6,503	-	6,503
Other assets	-	5,000	5,000
Internal balances	1,621,618	(1,621,618)	-
Inventories	237,337	77,354	314,691
Restricted Assets			
Cash and investments	4,423,851	830,999	5,254,850
Capital Assets			
Land and land rights	24,856,242	255,895	25,112,137
Intangible assets	-	85,719	85,719
Construction in progress	13,711	237,737	251,448
Other capital assets, net of depreciation / amortization	<u>133,217,483</u>	<u>110,966,672</u>	<u>244,184,155</u>
Total Assets	<u>221,555,884</u>	<u>143,384,247</u>	<u>364,940,131</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	11,874	11,874
Deferred amount related to pension	14,530,180	1,421,262	15,951,442
Deferred amount related to OPEB	<u>3,821,437</u>	<u>294,348</u>	<u>4,115,785</u>
Total Deferred Outflows of Resources	<u>18,351,617</u>	<u>1,727,484</u>	<u>20,079,101</u>
LIABILITIES			
Accounts payable and accrued liabilities	5,164,552	1,236,116	6,400,668
Deposits	701,420	-	701,420
Unearned revenue	-	19,295	19,295
Noncurrent Liabilities			
Due within one year	12,668,222	1,231,837	13,900,059
Due in more than one year	<u>127,667,418</u>	<u>19,903,563</u>	<u>147,570,981</u>
Total Liabilities	<u>146,201,612</u>	<u>22,390,811</u>	<u>168,592,423</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	30,044,235	-	30,044,235
Deferred amount related to pension	7,331,836	722,697	8,054,533
Deferred amount related to OPEB	<u>1,977,196</u>	<u>166,092</u>	<u>2,143,288</u>
Total Deferred Inflows of Resources	<u>39,353,267</u>	<u>888,789</u>	<u>40,242,056</u>
NET POSITION			
Net investment in capital assets	63,688,805	95,719,714	157,351,448
Restricted for debt service	-	809,794	809,794
Restricted for TID activity	3,027,458	-	3,027,458
Restricted for impact fees	4,369,866	-	4,369,866
Restricted for other purposes	5,944,566	-	5,944,566
Unrestricted (deficit)	<u>(22,678,073)</u>	<u>25,302,623</u>	<u>4,681,621</u>
TOTAL NET POSITION	<u>\$ 54,352,622</u>	<u>\$ 121,832,131</u>	<u>\$ 176,184,753</u>

See accompanying notes to financial statements.

CITY OF OAK CREEK

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

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	\$ 9,446,813	\$ 1,806,941	\$ 27,049	\$ 5,000	\$ (7,607,823)	\$ -	\$ (7,607,823)
Public safety	19,965,073	3,676,450	395,303	-	(15,893,320)	-	(15,893,320)
Health and social services	2,146,596	12,971	163,399	-	(1,970,226)	-	(1,970,226)
Public works	10,313,154	1,317,110	2,917,157	202,364	(5,876,523)	-	(5,876,523)
Leisure activities	2,644,053	147,697	-	-	(2,496,356)	-	(2,496,356)
Conservation and development	4,754,528	-	-	2,060,272	(2,694,256)	-	(2,694,256)
Interest and fiscal charges	3,705,196	-	-	-	(3,705,196)	-	(3,705,196)
Total Governmental Activities	52,975,413	6,961,169	3,502,908	2,267,636	(40,243,700)	-	(40,243,700)
Business-type Activities							
Water utility	9,410,983	11,014,432	-	1,453,170	-	3,056,619	3,056,619
Sewer utility	4,273,725	4,349,300	-	289,664	-	365,239	365,239
Total Business-type Activities	13,684,708	15,363,732	-	1,742,834	-	3,421,858	3,421,858
Totals	\$ 66,660,121	\$ 22,324,901	\$ 3,502,908	\$ 4,010,470	(40,243,700)	3,421,858	(36,821,842)
General Revenues							
Taxes							
Property taxes, levied for general purposes					20,563,158	-	20,563,158
Property taxes, levied for debt service					1,197,958	-	1,197,958
Property taxes, levied for tax incremental districts					3,945,118	-	3,945,118
Other taxes					1,425,101	-	1,425,101
Intergovernmental revenues not restricted to specific programs					6,631,412	-	6,631,412
Investment income					1,332,847	740,878	2,073,725
Miscellaneous					3,026,154	(1,143)	3,025,011
Transfers					1,730,567	(1,730,567)	-
Total General Revenues and Transfers					39,852,315	(990,832)	38,861,483
Change in Net Position					(391,385)	2,431,026	2,039,641
NET POSITION - Beginning of Year					54,744,007	119,401,105	174,145,112
NET POSITION - END OF YEAR					\$ 54,352,622	\$ 121,832,131	\$ 176,184,753

See accompanying notes to financial statements.

CITY OF OAK CREEK

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	Special Revenue Fund		Debt Service Funds		Capital Projects Funds			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	\$ 7,059,637	\$ 675,234	\$ -	\$ 25,295	\$ 3,539,436	\$ -	\$ 4,335,350	\$ 8,653,859	\$ 24,288,811
Restricted cash and investments	-	-	-	-	-	-	-	4,423,851	4,423,851
Receivables									
Taxes	14,671,287	3,655,849	850,000	-	-	1,771,875	3,154,344	6,552,096	30,655,451
Delinquent personal property taxes	4,483	-	-	-	-	-	-	-	4,483
Accounts, net	734,730	226,073	-	-	10,140	595	73,536	101,593	1,146,667
Special assessments	-	-	-	-	-	-	-	240,779	240,779
Loans	-	-	-	-	-	-	-	6,503	6,503
Due from other funds	4,222,546	-	-	-	-	-	-	314,900	4,537,446
Inventories	237,337	-	-	-	-	-	-	-	237,337
TOTAL ASSETS	\$ 26,930,020	\$ 4,557,156	\$ 850,000	\$ 25,295	\$ 3,549,576	\$ 1,772,470	\$ 7,563,230	\$ 20,293,581	\$ 65,541,328
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)									
Liabilities									
Accounts payable	\$ 878,883	\$ 24,008	\$ -	\$ -	\$ 508,323	\$ -	\$ -	\$ 355,668	\$ 1,766,882
Accrued liabilities	2,057,989	7,967	-	-	29,456	-	-	107,211	2,202,623
Deposits	358,242	-	-	-	-	-	-	343,178	701,420
Due to other funds	-	-	927,646	-	9,289	1,165,235	-	796,768	2,898,938
Total Liabilities	<u>3,295,114</u>	<u>31,975</u>	<u>927,646</u>	<u>-</u>	<u>547,068</u>	<u>1,165,235</u>	<u>-</u>	<u>1,602,825</u>	<u>7,569,863</u>
Deferred Inflows of Resources									
Unearned revenues	14,229,755	3,655,849	850,000	-	-	1,771,874	3,154,345	6,382,412	30,044,235
Unavailable revenues	-	7,086	-	-	-	-	72,992	206,013	286,091
Total Deferred inflows of Resources	<u>14,229,755</u>	<u>3,662,935</u>	<u>850,000</u>	<u>-</u>	<u>-</u>	<u>1,771,874</u>	<u>3,227,337</u>	<u>6,588,425</u>	<u>30,330,326</u>
Fund Balances (Deficit)									
Nonspendable	2,642,784	-	-	-	-	-	-	-	2,642,784
Restricted	-	-	-	25,295	-	-	4,335,893	12,375,160	16,736,348
Committed	-	862,246	-	-	-	-	-	199,788	1,062,034
Assigned	1,730,567	-	-	-	3,002,508	-	-	-	4,733,075
Unassigned (Deficit)	5,031,800	-	(927,646)	-	-	(1,164,639)	-	(472,617)	2,466,898
Total Fund Balances (Deficits)	<u>9,405,151</u>	<u>862,246</u>	<u>(927,646)</u>	<u>25,295</u>	<u>3,002,508</u>	<u>(1,164,639)</u>	<u>4,335,893</u>	<u>12,102,331</u>	<u>27,641,139</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 26,930,020	\$ 4,557,156	\$ 850,000	\$ 25,295	\$ 3,549,576	\$ 1,772,470	\$ 7,563,230	\$ 20,293,581	\$ 65,541,328

See accompanying notes to financial statements.

CITY OF OAK CREEK

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION For the Year Ended December 31, 2019

Fund balance - total governmental funds	\$ 27,641,139
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	24,856,242
Construction in progress	13,711
Other capital assets, net of depreciation / amortization	133,217,483
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	189,510
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.	
	665,220
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	
	(5,335,815)
Deferred outflows of resources related to pension do not relate to current financial resources and are not reported in the governmental funds.	
	14,530,180
Deferred inflows of resources related to pension do not relate to current financial resources and are not reported in the governmental funds.	
	(7,331,836)
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	
	3,821,437
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	
	(1,977,196)
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	(97,845,000)
Unamortized debt premium	(1,979,864)
Other postemployment benefits	(33,733,716)
Vested compensated absences	(1,441,245)
Accrued interest	<u>(1,024,208)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 54,352,622</u>

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, 2019

	Special Revenue Fund		Debt Service Funds		Capital Projects Funds			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	\$ 14,591,049	\$ 3,626,053	\$ 850,000	\$ -	\$ -	\$ 975,418	\$ 2,436,038	\$ 4,652,776	\$ 27,131,334
Intergovernmental	6,179,617	174,092	-	3,186,893	61,936	12,155	670	547,683	10,163,046
Regulation and compliance	2,982,083	-	-	-	-	-	-	-	2,982,083
Public charges for services	324,191	1,462,332	-	-	-	-	-	3,030,544	4,817,067
Special assessments/developer contributions	-	-	-	-	-	-	-	151,924	151,924
Investment income (loss)	715,917	25,285	(950)	4,177	33,786	-	132,836	222,906	1,133,957
Miscellaneous	98,775	1,432	-	-	112,069	-	-	2,803,746	3,016,022
Interdepartmental charges for services	360,104	-	-	-	-	-	93,833	-	453,937
Total Revenues	25,251,736	5,289,194	849,050	3,191,070	207,791	987,573	2,663,377	11,409,579	49,849,370
EXPENDITURES									
Current									
General government	6,583,217	-	-	-	-	41,539	-	604,854	7,229,610
Public safety	11,141,719	5,285,697	-	-	-	-	-	1,331,023	17,758,439
Health and social services	365,789	-	-	-	-	-	-	1,758,689	2,124,478
Public works	4,223,646	-	-	-	-	-	-	2,067,303	6,290,949
Leisure activities	2,113,004	-	-	-	-	-	-	165,835	2,278,839
Conservation and development	-	-	-	-	-	175,254	-	3,810,354	3,985,608
Capital Outlay	-	-	-	-	3,086,721	224,107	115,421	926,240	4,352,489
Debt Service									
Principal retirement	-	-	2,200,000	-	-	250,000	900,000	5,100,000	8,450,000
Interest and fiscal charges	-	-	1,359,500	-	-	384,618	1,606,924	207,146	3,558,188
Total Expenditures	24,427,375	5,285,697	3,559,500	-	3,086,721	1,075,518	2,622,345	15,971,444	56,028,600
Excess (deficiency) of revenues over expenditures	824,361	3,497	(2,710,450)	3,191,070	(2,878,930)	(87,945)	41,032	(4,561,865)	(6,179,230)
OTHER FINANCING SOURCES (USES)									
Long-term debt issued	-	-	-	-	-	-	-	7,805,000	7,805,000
Premium on debt	-	-	-	-	-	-	-	300,755	300,755
Sale of property	10,993	-	-	-	50,451	-	-	-	61,444
Transfers in	1,748,903	-	2,878,692	-	2,722,166	-	-	494,160	7,843,921
Transfers out	(1,612,239)	-	-	(3,192,347)	-	-	-	(2,108,768)	(6,913,354)
Total Other Financing Sources (Uses)	147,657	-	2,878,692	(3,192,347)	2,772,617	-	-	6,491,147	9,097,766
Net Change in Fund Balance	972,018	3,497	168,242	(1,277)	(106,313)	(87,945)	41,032	1,929,282	2,918,536
FUND BALANCES (Deficit) - Beginning 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
FUND BALANCES (Deficit) - END OF YEAR	\$ 9,405,151	\$ 862,246	\$ (927,646)	\$ 25,295	\$ 3,002,508	\$ (1,164,639)	\$ 4,335,893	\$ 12,102,331	\$ 27,641,139

See accompanying notes to financial statements.

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, 2019

Net change in fund balances - total governmental funds	\$ 2,918,536
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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	4,352,489
Some items capitalized were not reported as capital outlay	111,742
Some amounts reported as capital outlay were not capitalized	(2,937,481)
Depreciation is reported in the government-wide statements	(4,170,662)
Net book value of disposed assets	(829,368)

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	(85,852)
Accounts	(6,624)

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	8,450,000
Debt proceeds	(7,805,000)

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	(300,755)
Amortization of debt premium on debt issued	181,984

Part of net revenue of activities in the internal service fund is reported with governmental activities.

703,453

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	2,281,316
Deferred outflows related to OPEBs	828,591
Deferred inflows related to OPEBs	(1,964,681)
Vest compensated absences	(38,504)
Accrued interest on debt	(147,009)
Net pension liability	(9,651,026)
Deferred outflows related to pensions	6,521,049
Deferred inflows related to pensions	<u>1,196,417</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>(391,385)</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, 2019

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
ASSETS				
Current Assets				
Cash and investments	\$ 20,293,725	\$ 8,784,187	\$ 29,077,912	\$ 844,334
Customer accounts receivable	2,088,245	914,805	3,003,050	-
Other accounts receivable	464,859	668	465,527	503,156
Due from other funds	-	206,788	206,788	-
Inventories	77,354	-	77,354	-
Restricted assets				
Revenue bond redemption account	67,038	-	67,038	-
Total Current Assets	<u>22,991,221</u>	<u>9,906,448</u>	<u>32,897,669</u>	<u>1,347,490</u>
Noncurrent Assets				
Restricted Assets				
Revenue bond reserve account	763,961	-	763,961	-
Total Restricted Assets	<u>763,961</u>	<u>-</u>	<u>763,961</u>	<u>-</u>
Capital Assets				
Land and land rights	242,750	13,145	255,895	-
Intangible assets	69,544	16,175	85,719	-
Construction in progress	127,458	110,279	237,737	-
Utility plant in service	120,561,797	45,891,231	166,453,028	-
Accumulated amortization	(3,199)	-	(3,199)	-
Accumulated depreciation	(43,024,951)	(12,458,206)	(55,483,157)	-
Total Capital Assets	<u>77,973,399</u>	<u>33,572,624</u>	<u>111,546,023</u>	<u>-</u>
Other Assets				
Property held for future use	5,000	-	5,000	-
Due from other funds - special assessments	95,663	28,598	124,261	-
Due from other funds - advance	-	1,980,754	1,980,754	-
Total Other Assets	<u>100,663</u>	<u>2,009,352</u>	<u>2,110,015</u>	<u>-</u>
Total Assets	<u>101,829,244</u>	<u>45,488,424</u>	<u>147,317,668</u>	<u>1,347,490</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	11,874	-	11,874	-
Deferred outflows related to OPEB	235,493	58,855	294,348	-
Deferred outflows related to pension	1,137,005	284,257	1,421,262	-
Total Deferred Outflows of Resources	<u>1,384,372</u>	<u>343,112</u>	<u>1,727,484</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>103,213,616</u>	<u>45,831,536</u>	<u>149,045,152</u>	<u>1,347,490</u>

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 249,237	\$ 771,111	\$ 1,020,348	\$ 645,180
Accrued payroll	109,711	8,917	118,628	-
Accrued interest payable	35,374	-	35,374	-
Due to other funds	1,871,892	-	1,871,892	-
Due to other funds - Advance	117,865	-	117,865	-
Unearned revenue	19,295	-	19,295	-
Compensated absences	40,561	-	40,561	-
Revenue bonds payable net of unamortized premium	684,333	-	684,333	-
Liabilities Payable From Restricted Assets				
Accrued interest	21,205	-	21,205	-
Current portion of revenue bonds	550,000	-	550,000	-
Total Current Liabilities	<u>3,699,473</u>	<u>780,028</u>	<u>4,479,501</u>	<u>645,180</u>
Noncurrent Liabilities				
Net other postemployment benefits obligation	2,055,000	513,749	2,568,749	-
Due to other funds - Advance	1,980,754	-	1,980,754	-
Net pension liability	396,406	99,102	495,508	-
Pollution remediation obligation	2,295,600	-	2,295,600	-
Revenue bonds, net of unamortized premiums	14,541,210	-	14,541,210	-
Total Noncurrent Liabilities	<u>21,268,970</u>	<u>612,851</u>	<u>21,881,821</u>	<u>-</u>
Total Liabilities	<u>24,968,443</u>	<u>1,392,879</u>	<u>26,361,322</u>	<u>645,180</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	132,875	33,217	166,092	-
Deferred inflows related to pension	578,156	144,541	722,697	-
Total Deferred Inflows	<u>711,031</u>	<u>177,758</u>	<u>888,789</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>25,679,474</u>	<u>1,570,637</u>	<u>27,250,111</u>	<u>645,180</u>
NET POSITION				
Net investment in capital assets	62,179,713	33,540,001	95,719,714	-
Restricted				
Debt service	809,794	-	809,794	-
Unrestricted	<u>14,544,635</u>	<u>10,720,898</u>	<u>25,265,533</u>	<u>702,310</u>
TOTAL NET POSITION	<u>\$ 77,534,142</u>	<u>\$ 44,260,899</u>	121,795,041	<u>\$ 702,310</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			37,090	
Net Position of Business-type Activities			<u>\$ 121,832,131</u>	

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, 2019

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>	<u>Activities - Internal Service Fund</u>
OPERATING REVENUES				
Charges for services and sales	\$ 10,606,045	\$ 4,311,241	\$ 14,917,286	\$ -
Other operating revenues	408,387	38,059	446,446	6,728,656
Total Operating Revenues	<u>11,014,432</u>	<u>4,349,300</u>	<u>15,363,732</u>	<u>6,728,656</u>
OPERATING EXPENSES				
Operation and maintenance	6,159,958	3,674,618	9,834,576	6,843,253
Depreciation/amortization	2,569,640	554,528	3,124,168	-
Taxes	125,584	44,579	170,163	-
Total Operating Expenses	<u>8,855,182</u>	<u>4,273,725</u>	<u>13,128,907</u>	<u>6,843,253</u>
Operating Income (Loss)	<u>2,159,250</u>	<u>75,575</u>	<u>2,234,825</u>	<u>(114,597)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	502,509	238,369	740,878	16,907
Income (loss) from merchandising and jobbing	(2,445)	-	(2,445)	-
Interest expense	(548,346)	-	(548,346)	-
Amortization of bond premiums	(5,010)	-	(5,010)	-
Gain on sale of capital assets	18,580	-	18,580	-
Total Nonoperating Revenues (Expenses)	<u>(34,712)</u>	<u>238,369</u>	<u>203,657</u>	<u>16,907</u>
Income (Loss) Before Contributions and Transfers	2,124,538	313,944	2,438,482	(97,690)
CAPITAL CONTRIBUTIONS	1,434,590	289,664	1,724,254	-
TRANSFERS IN	-	-	-	800,000
TRANSFERS OUT	<u>(1,730,567)</u>	<u>-</u>	<u>(1,730,567)</u>	<u>-</u>
Change in Net Position	1,828,561	603,608	2,432,169	702,310
NET POSITION - Beginning of Year	<u>75,705,581</u>	<u>43,657,291</u>		<u>-</u>
NET POSITION - END OF YEAR	<u>\$ 77,534,142</u>	<u>\$ 44,260,899</u>		<u>\$ 702,310</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(1,143)</u>	
Change in Net Position of Business-Type Activities			<u>\$ 2,431,026</u>	

See accompanying notes to financial statements.

CITY OF OAK CREEK

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 10,661,486	\$ 4,350,979	\$ 15,012,465	\$ 6,386,427
Received from rents of water property	319,914	-	319,914	-
Received for nonoperating activities	(32,905)	-	(32,905)	-
Received from miscellaneous sources	102,141	4,587	106,728	-
Paid to Milwaukee Metro Sewerage District for sewer user charges	-	(2,813,307)	(2,813,307)	-
Paid to Primary Government for tax equivalent	(1,661,921)	-	(1,661,921)	-
Paid to suppliers for goods and services	(2,121,451)	(395,451)	(2,516,902)	(9,404,546)
Paid to employees for services	(1,693,932)	(418,920)	(2,112,852)	-
Net Cash Flows From Operating Activities	<u>5,573,332</u>	<u>727,888</u>	<u>6,301,220</u>	<u>(3,018,119)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal received from Water Utility - advance	-	117,465	117,465	-
Transfers in	-	-	-	800,000
Net Cash Flows From Noncapital Financing Activities	<u>-</u>	<u>117,465</u>	<u>117,465</u>	<u>800,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments purchased	(1,396,514)	(1,106,537)	(2,503,051)	-
Proceeds from sale of investments	3,782,284	931,010	4,713,294	-
Interest received from Water Utility - advance	-	58,062	58,062	-
Investment income	339,296	114,276	453,572	16,907
Net Cash Flows From Investing Activities	<u>2,725,066</u>	<u>(3,189)</u>	<u>2,721,877</u>	<u>16,907</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(3,213,032)	(513,296)	(3,726,328)	-
Proceeds received for acquisition and construction of capital assets	473,257	55,726	528,983	-
Special assessment proceeds	64,949	9,347	74,296	-
Cost of removal	(16,138)	(50,507)	(66,645)	-
Connection fees received	-	7,520	7,520	-
Principal payment to Sewer Utility - advance	(117,465)	-	(117,465)	-
Debt retired	(1,492,919)	-	(1,492,919)	-
Interest paid to Sewer Utility - advance	(58,062)	-	(58,062)	-
Interest paid	(495,160)	-	(495,160)	-
Net Cash Flows From Capital and Related Financing Activities	<u>(4,854,570)</u>	<u>(491,210)</u>	<u>(5,345,780)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	3,443,828	350,954	3,794,782	(2,201,212)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>14,306,247</u>	<u>6,183,445</u>	<u>17,726,022</u>	<u>3,045,546</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 17,750,075	\$ 6,534,399	\$ 24,284,474	\$ 844,334

See accompanying notes to financial statements.

	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)	\$ 428,683	\$ 75,575	\$ 504,258	\$ (114,597)
Nonoperating revenues (expenses)	(2,445)	-	(2,445)	-
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities				
Noncash items included in income				
Uncollectible accounts written off	13,845	14,715	28,560	
Amortization	3,199	-	3,199	
Depreciation	2,566,441	554,528	3,120,969	-
Depreciation charged to other accounts	73,660	(46,886)	26,774	-
Gain on sale of transportation equipment	(1,298)	-	(1,298)	-
Changes in assets and liabilities and deferred outflows and inflows				
Customer accounts receivable	(36,334)	(17,946)	(54,280)	-
Other accounts receivable	43,063	(35)	43,028	(52,744)
Due from other funds	-	82,259	82,259	(289,485)
Inventories	(7,174)	-	(7,174)	-
Prepaid items	-	-	-	-
Special assessment receivable	-	-	-	-
Pension	160,339	40,085	200,424	-
Construction in Progress	1,347,829		1,347,829	
Accounts payable and accrued liabilities	3,791	47,593	51,384	(2,561,293)
Accrued expenses	23,049	586	23,635	-
Pollution remediation obligation	681,093	-	681,093	-
Due to other funds	369,714	-	369,714	-
Net other post employment benefits obligation	(90,683)	(22,586)	(113,269)	-
Unearned revenue	(3,440)	-	(3,440)	-
	<u>\$ 5,573,332</u>	<u>\$ 727,888</u>	<u>\$ 6,301,220</u>	<u>\$ (3,018,119)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES				
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments	\$ 20,293,725	\$ 8,784,187	\$ 29,077,912	\$ 844,334
Restricted cash and investments - current	67,038	-	67,038	-
Restricted cash and investments - noncurrent	763,961	-	763,961	-
Less: Investments not considered to be cash and cash equivalents	<u>(3,374,649)</u>	<u>(2,249,788)</u>	<u>(5,624,437)</u>	<u>-</u>
	<u>\$ 17,750,075</u>	<u>\$ 6,534,399</u>	<u>\$ 24,284,474</u>	<u>\$ 844,334</u>
CASH AND CASH EQUIVALENTS - END OF YEAR				
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Interest income earned on noncash equivalents	\$ 81,018	\$ 34,018	\$ 115,036	\$ -
Market value adjustment on investments	\$ 84,400	\$ 33,312	\$ 117,712	\$ -
Cost of capital assets installed and/or financed by developers	\$ 989,618	\$ 280,715	\$ 1,270,333	\$ -
Cost of capital assets financed by assessment of benefits to property owners	\$ -	\$ 1,429	\$ 1,429	\$ -

See accompanying notes to financial statements.

CITY OF OAK CREEK

STATEMENT OF FIDUCIARY NET POSTION
FIDUCIARY FUND

As of December 31, 2019

	<u>Custodial Fund</u>
	Tax
	Collection
	<u>Fund</u>
ASSETS	
Cash and investments	\$ 44,425,515
Property taxes receivable	<u>13,257,813</u>
TOTAL ASSETS	<u>57,683,328</u>
LIABILITIES	
Due to other taxing units	<u>57,683,328</u>
NET POSITION	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF OAK CREEK

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

For the Year Ended December 31, 2019

	<u>Custodial Fund</u>
	Tax
	Collection
	<u>Fund</u>
ADDITIONS	
Tax collections	\$ 46,799,341
DEDUCTIONS	
Payments to overlying districts	<u>46,799,341</u>
Change in Fiduciary Net Position	-
NET POSITION - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.

Component units are reported using one of two methods, discrete presentation, blended, or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In January 2017, the GASB issued statement No. 84 – *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented as of January 1, 2019.

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

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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Government-Wide Financial Statements (cont.)

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.

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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

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 Service - 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 Projects - Capital Improvement 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.

Capital Projects - 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.

Capital Projects - 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
Park Escrow Fund

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

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

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

In addition, the City reports the following fund type:

Custodial Fund – used to account for and report assets controlled by the City and the assets are for the benefit of individuals, private organizations, and/or other governmental units.

Subsequent Year's Tax Roll Fund

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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.

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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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.

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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.)

- 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.

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

Custodial Credit Risk

Funds placed in any one depository institution that exceeds the amount of deposit insurance provided by an agency of the United States including demand deposits, time deposits, and certificates of deposit must be 100% collateralized as to principal and accrued interest with securities that are obligations of the U.S. Government or its agencies and instrumentalities that are fully guaranteed by the U.S. Government or its agencies/instrumentalities. Securities held as collateral shall be delivered for safekeeping to a custodial bank selected by the City of Oak Creek. Securities held as collateral at the custodial bank will be marked to market at least monthly with a minimum value of 102% of deposit, with a monthly statement sent to the City Treasurer detailing all holdings. The Depository must enter into a security agreement with the City of Oak Creek.

When investing in repurchase agreements, the City shall require that collateral be pledged by the depository in an amount equal to or greater than the amount of the repurchase agreement the City has with such depository. The collateral shall be direct obligations of the United States or of its agencies/instrumentalities, if the payment of principal and interest is guaranteed by the federal government, or a commission, board or other instrumentality of the federal government.

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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

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, 2019, 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 fiduciary net position.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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 – 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due (50%)	January 31, 2020
Second installment due (25%)	March 31, 2020
Third installment due (25%)	May 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale – 2019 delinquent real estate taxes	October 2022

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, 2019

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, 2019

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, 2019

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, 2019 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, 2019

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 12-31-19
Marquette13 LLC and Tower13 LLC	12/29/17	\$ 6,300,000	12/1/37	<u>\$ 5,934,444</u>

9. Pollution Remediation Obligations

As of December 31, 2019, 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, 2019, the obligation was \$2,295,600 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, 2019

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	\$ 63,688,805	\$ 95,719,714	\$ (2,057,071)	\$ 157,351,448
Unrestricted (deficit)	(22,979,855)	25,302,623	2,057,071	4,379,839

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, 2019

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 \$25,262,729 and the state shared revenue in the previous year was \$5,915,042 for a total of \$29,620,340. At year end, amounts available for working capital and included in unassigned general fund balance totaled \$5,031,800, or 17%.

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, 2019

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, 2019

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 Park Escrow Special Revenue Fund nor the TIF No. 14, 15 and 16 Capital Projects Funds as of December 31, 2019.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

B. EXCESS EXPENDITURES OVER APPROPRIATION

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Major Funds			
Paramedic Fund	\$ 5,125,700	\$ 5,285,697	\$ 159,997
TIF #8	965,806	1,075,519	109,713
TIF #11	2,018,445	2,622,345	603,900
General Debt Service Fund	3,167,347	3,192,347	25,000
Special Revenue Funds			
Activity & Donation Fund	40,611	442,216	401,605
WE Energies Fund	2,218,403	2,266,545	48,142
Asset Forfeiture Fund	15,000	75,874	60,874
Tourism Commission Fund	473,163	541,368	68,205
Capital Projects Funds			
TIF #7	470,685	543,392	72,707
TIF #10	291,212	296,810	5,598
TIF #13	102,500	216,065	113,565

The city controls expenditures at the fund 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, 2019

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, 2019, 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	927,646	Excess of expenditures over revenues
Capital Project Funds		
TIF No. 8 Capital Projects Fund	1,164,639	Excess of expenditures over revenues
TIF No. 14 Capital Projects Fund	20,085	Excess of expenditures over revenues
TIF No. 15 Capital Projects Fund	17,337	Excess of expenditures over revenues
TIF No. 16 Capital Projects Fund	432,695	Excess of expenditures over revenues

The debt service fund deficit will be recovered through future tax levies.

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, 2019

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	\$ 13,527,747	\$ 13,559,952	Custodial credit
U.S. Treasuries	5,306,411	5,306,411	Custodial credit, interest rate, Highly sensitive to interest rate changes
U.S. Agencies	127,151	127,151	Credit, custodial credit, interest rate, highly sensitive to interest rate changes, concentration of credit
Municipal Bonds	591,657	591,657	Custodial credit, interest rate, concentration of credit, highly sensitive to interest rate changes
Asset backed securities	7,825,859	7,825,859	Credit, custodial credit, interest rate, concentration of credit
Corporate bonds	4,714,919	4,714,919	Credit, custodial credit, interest rate, concentration of credit
Local Government Investment Pool	67,440,466	67,440,466	Credit
American Deposit Management	4,350,795	4,350,795	Credit
Petty cash	6,417	-	N/A
Total Cash and Investments	\$ 103,891,422	\$ 103,917,210	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 54,211,057		
Restricted cash and investments	5,254,850		
Per statement of fiduciary net position –			
Fiduciary Fund	44,425,515		
Total Cash and Investments	\$ 103,891,422		

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019 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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019, 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, 2019, 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	\$ 5,306,411	\$ 460,855	\$ 4,770,622	\$ 74,934
U.S. Agencies	127,151	-	127,151	-
Asset backed securities	7,825,859	513,101	2,473,406	4,839,352
Corporate bonds	4,714,919	1,427,284	3,287,635	-
Totals	<u>\$ 17,974,340</u>	<u>\$ 2,401,240</u>	<u>\$ 10,658,814</u>	<u>\$ 4,914,286</u>

Fair Market Value

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, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

Fair Market Value (cont.)

The City's investments are categorized are as follows:

Investment Type	December 31, 2019			
	Level 1	Level 2	Level 3	Total
U.S. treasuries	\$ -	\$ 5,306,411	\$ -	\$ 5,306,411
U.S. Agencies	-	127,151	-	127,151
Asset backed securities	-	7,825,859	-	7,825,859
Corporate bonds	-	4,714,919	-	4,714,919
Total	<u>\$ -</u>	<u>\$17,974,340</u>	<u>\$ -</u>	<u>\$ 17,974,340</u>

Investments Highly Sensitive to Interest Rate Changes Risk

At December 31, 2019, the City held \$5,306,411 and \$127,151 in 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, 2022.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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	\$15,410,500	\$ 4,483
Special Revenue -		
Emergency Medical Services Fund	3,881,922	-
Debt Service Fund	850,000	-
Capital Project - Capital Improvement Fund	10,140	-
Capital Projects Fund - TIF No. 8	1,772,470	-
Capital Projects Fund - TIF No. 11	3,227,880	-
Nonmajor Governmental Funds	6,890,973	230,779
Total	\$32,043,885	\$ 235,262

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	\$ 30,044,235	\$ -
Accounts receivable not collected	-	90,078
Special assessments not yet due	-	189,510
Loans receivable not collected	-	6,503
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 30,044,235	\$ 286,091
Unearned revenue included in liabilities	\$ -	
Unearned revenue included in deferred inflows	30,044,235	
Total Unearned Revenue for Governmental Funds	\$ 30,044,235	

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.

Following is a list of restricted assets at December 31, 2019:

	Governmental Activities	Business- type Activities	Total
Redemption account	\$ -	\$ 67,038	\$ 67,038
Reserve account	-	763,961	763,961
Impact fee account	4,369,866	-	4,369,866
Asset forfeiture account	53,985	-	53,985
 Total	 \$ 4,423,851	 \$ 830,999	 \$ 5,254,850

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 24,958,961	\$ 64,270	\$ 166,989	\$ 24,856,242
Construction in progress	13,711	-	-	13,711
Total Capital Assets Not Being Depreciated	24,972,672	64,270	166,989	24,869,953
Capital assets being depreciated/amortized				
Land improvements	6,355,365	-	-	6,355,365
Buildings	46,540,339	-	-	46,540,339
Intangible Asset – Easements	5,400	-	-	5,400
Machinery and equipment	22,111,933	798,099	555,371	22,354,662
Bridges	286,370	-	-	286,370
Roads	80,969,910	330,014	966,284	80,333,640
Sidewalks	4,667,166	24,472	-	4,667,166
Street lighting	7,216,569	96,864	-	7,216,569
Storm sewers	25,850,694	213,031	-	25,850,694
Total Capital Assets Being Depreciated/amortized	194,003,746	1,462,480	1,521,655	193,944,571
Less: Accumulated depreciation/amortization for				
Land improvements	(1,326,831)	(223,250)	-	(1,550,081)
Buildings	(9,495,317)	(1,223,769)	-	(10,719,086)
Intangible Asset – Easements	(5,400)	-	-	(5,400)
Machinery and equipment	(14,707,625)	(1,276,573)	490,442	(15,493,756)
Bridges	(34,368)	-	-	(34,368)
Roads	(13,152,105)	(642,477)	368,834	(13,425,748)
Sidewalks	(2,451,623)	(73,104)	-	(2,524,727)
Street lighting	(4,023,540)	(244,502)	-	(4,268,042)
Storm sewers	(12,218,893)	(486,987)	-	(12,705,880)
Total Accumulated Depreciation/ Amortization	(57,415,702)	(4,170,662)	859,276	(60,727,089)
Net Capital Assets Being Depreciated/Amortized	136,588,044	(2,708,182)	662,379	133,217,483
Total Governmental Activities Assets, Net of Accumulated Depreciation/amortization	\$ 161,560,716	\$ (2,643,912)	\$ 829,368	\$ 158,087,436

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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	\$ 964,098
Public safety	869,716
Health and social services	550
Public works	1,872,472
Leisure activities	<u>463,826</u>

Total Governmental Activities Depreciation / Amortization Expense \$ 4,170,662

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 242,750	\$ -	\$ -	\$ 242,750
Construction in progress	<u>2,194,879</u>	<u>2,150,076</u>	<u>4,217,497</u>	<u>127,458</u>
Total Capital Assets Not Being Depreciated	<u>2,437,629</u>	<u>2,150,076</u>	<u>4,217,497</u>	<u>370,208</u>
Capital assets being depreciated/amortized				
Source of supply	7,056,575	-	-	7,056,575
Pumping	8,861,215	146,744	9,452	8,998,507
Treatment	25,116,804	198,957	61,801	25,253,960
Transmission and distribution	70,797,512	3,807,535	201,533	74,403,514
Intangible	-	69,544	-	69,544
General	<u>4,825,492</u>	<u>124,879</u>	<u>101,129</u>	<u>4,849,242</u>
Total Capital Assets Being Depreciated/Amortized	<u>116,657,598</u>	<u>4,347,659</u>	<u>373,915</u>	<u>120,631,341</u>
Total Capital Assets	<u>119,095,227</u>	<u>6,497,735</u>	<u>4,591,412</u>	<u>121,244,299</u>
Less: Accumulated depreciation for				
Source of supply	(2,498,711)	(121,346)	-	(2,620,057)
Pumping	(4,857,662)	(361,214)	9,452	(5,209,424)
Treatment	(11,905,110)	(789,420)	61,801	(12,632,729)
Transmission and distribution	(18,384,103)	(1,203,243)	201,532	(19,385,814)
Intangible	-	(3,199)	-	(3,199)
General	<u>(3,149,194)</u>	<u>(128,862)</u>	<u>101,129</u>	<u>(3,176,927)</u>
Total Accumulated Depreciation	<u>(40,794,780)</u>	<u>(2,607,284)</u>	<u>373,914</u>	<u>(43,028,150)</u>
Net Water Plant	<u>\$ 78,300,447</u>	<u>\$ 3,890,449</u>	<u>\$ 4,217,497</u>	<u>\$ 77,973,399</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 13,145	\$ -	\$ -	\$ 13,145
Construction in progress	7,945	762,894	660,560	110,279
Total Capital Assets Not Being Depreciated	21,090	762,894	660,560	123,424
Capital assets being depreciated/amortized				
Intangibles	-	16,175	-	16,175
Collection system	44,475,926	575,472	6,591	45,044,807
Collection system pumping	242,170	-	-	242,170
General	606,785	-	2,531	604,254
Total Capital Assets Being Depreciated	45,324,881	591,647	9,122	45,907,406
Total Capital Assets	45,345,971	1,354,541	669,682	46,030,830
Less: Accumulated depreciation for				
Collection system	(11,338,808)	(414,726)	6,591	(11,746,940)
Collection system pumping	(241,810)	(360)	-	(242,170)
General	(429,575)	(42,052)	2,531	(469,096)
Total Accumulated Depreciation	(12,010,193)	(457,135)	9,122	(12,458,206)
Net Sewer Plant	\$ 33,335,778	\$ 812,317	\$ 575,471	\$ 33,572,624
Business-type Capital Assets, Net of Depreciation	\$ 111,636,225	\$ 6,379,791	\$ 6,623,157	\$ 111,392,859

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 2,569,640
Sewer	554,528
Total Business-type Activities Depreciation/Amortization Expense	\$ 3,124,168

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, 2019

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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General fund	Water utility	\$ 1,730,567	\$ -
	Debt service fund -		
General fund	Debt service fund	927,646	927,646
	Capital projects fund -		
General fund	Capital projects fund – TIF #14	20,085	20,085
	Capital projects fund –		
General fund	Capital projects fund – TIF #15	17,337	17,337
	Capital projects fund –		
General fund	Capital projects fund – TIF #16	270,660	270,660
	Capital projects fund –		
General fund	Capital projects fund – TIF #8	1,165,235	1,165,235
Special revenue fund – Economic development fund	Capital projects fund – TIF #7		
	Capital projects fund	314,900	314,900
General fund	Water utility	91,016	91,016
	Special revenue fund		
Sewer utility	Storm water fund	2,317	2,317
	Capital projects fund – Capital		
Sewer utility	Improvement fund	9,289	9,289
Sewer utility	Water utility	104,294	104,294
	Special revenue fund – Special		
Sewer utility	Assessment fund	171,469	171,469
Sewer utility	Water utility	<u>1,621</u>	<u>1,621</u>
Total – Fund Financial Statements		4,826,436	
Less: Fund eliminations		<u>(3,204,818)</u>	
Total Internal Balances – Government-Wide Statement of Net Position		<u>\$ 1,621,618</u>	

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

The following is a schedule of interfund transfers:

Fund Transferred From	Fund Transferred To	Amount	Principal Purpose
Water utility	General fund	\$ 1,730,567	Tax equivalent
	Special revenue fund -		
General fund	Donation and activity fund	36,927	Library supplies
Special revenue fund -	Capital projects fund -		
WE Energies	Capital improvement fund	1,000,601	Finance of capital projects
Special revenue fund -	Special revenue fund -		
WE Energies	Consolidate dispatch services fund	57,233	Consolidated dispatch transfer
Special revenue fund –	Capital projects fund -		
Storm water	Capital improvement fund	200,000	Finance of capital projects
Debt service funds -	Capital projects fund -		
Debt amortization fund	Capital improvement fund	665,437	Street rehab
Debt service funds -	Debt service funds -		
Debt amortization fund	Debt Service	25,000	Finance debt amortization
Debt service funds -	Debt service funds -		
Debt amortization fund	Debt service	2,501,910	Finance debt service 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		
Tourism fund	Capital projects fund -	10,511	Finance of capital projects
General Fund	Capital improvement fund	7,454	Reimburse Capital Projects
Special revenue fund –	General fund		
Tourism fund		18,336	Finance of capital projects
Special revenue fund –	Capital projects fund -		
Impact fee fund	Capital improvement fund	372,087	Finance of capital projects
General Fund	Internal Service Fund		Finance health
Debt Service Funds -	Health Insurance Fund	800,000	Insurance needs
Capital projects fund	Debt service fund		
	General fund	301,782	Finance debt service
Capital projects fund	Capital improvement fund		
	General fund	503,000	Finance capital projects
Capital projects fund -	Debt service fund -		
TID # 7 Capital projects fund	Debt service fund	50,000	Finance debt service requirements
Subtotal – Fund financials		8,680,845	
Less fund eliminations		<u>(6,950,278)</u>	
Total Government-Wide		<u>\$ 1,730,567</u>	
Statement of Activities			

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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>
2020	\$ 117,865	\$ 39,454
2021	193,265	37,238
2022	218,923	33,605
2023	219,667	29,489
2024	220,414	25,359
2025 – 2028	<u>1,128,485</u>	<u>52,794</u>
Totals	<u>\$ 2,098,619</u>	<u>217,939</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, 2019

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019 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	\$ 98,490,000	\$ 7,805,000	\$ 8,450,000	\$ 97,845,000	\$ 12,130,000
Add: Unamortized debt premium	1,861,093	300,755	181,984	1,979,864	-
Sub-Total	100,351,093	8,105,755	8,631,984	99,824,864	12,130,000
Other Liabilities					
Vested compensated absences	1,402,741	862,977	824,473	1,441,245	538,222
Net Pension liability	-	-	5,335,815	5,335,815	-
Net OPEB liability – Life	888,240	-	120,012	768,228	-
Total OPEB liability – Health	35,126,792	-	2,161,304	32,965,488	-
Total Other Liabilities	37,417,773	862,977	8,441,604	40,510,776	538,222
Total Governmental Activities Long-Term Liabilities	\$ 137,768,866	\$ 8,968,732	\$ 17,073,588	\$ 140,335,640	\$ 12,668,222
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
Revenue bonds	\$ 17,265,966	\$ -	\$ 1,492,919	\$ 15,773,047	\$ 1,231,837
Add: Unamortized debt premium	10,440	-	7,943	2,497	-
Sub-Total	17,276,406	-	1,500,862	15,775,544	1,231,837
Other Liabilities					
Net pension liability	-	-	495,508	495,508	-
Net OPEB liability – Life	151,631	-	20,462	131,169	-
Total OPEB liability – Health	2,636,584	-	199,005	2,437,579	-
Pollution remediation obligation	1,614,507	683,139	2,046	2,295,600	-
Total Business-type Activities Long-Term Liabilities	\$ 21,679,128	\$ 683,139	\$ 2,217,883	\$ 21,135,400	\$ 1,231,837

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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, 2019 was \$191,550,190. Total general obligation debt outstanding at year end was \$97,845,000.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-19</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	\$ 4,600,000
2013 refunding bonds	4/2/13	4/01/32	2.00-3.75%	5,825,000	4,475,000
2013A notes	4/2/13	4/01/23	1.00-2.75%	3,000,000	1,275,000
2013E notes	12/30/13	12/01/22	1.00-4.00%	10,000,000	7,350,000
2014B refunding bonds	12/16/14	5/01/32	2.00-3.375%	2,725,000	2,100,000
2015A refunding bonds	1/20/15	6/01/34	2.00-4.00%	19,650,000	16,800,000
2016C refunding bonds	10/18/16	10/01/32	2.00-4.00%	17,125,000	16,175,000
2016D refunding bonds	10/18/16	10/01/32	2.00-3.150%	5,925,000	5,500,000
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 vonds	4/3/18	4/1/32	3.57-4.00%	8,900,000	8,800,000
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	4,890,000
2018D refunding bonds	11/27/18	10/1/32	3.95-4.25%	5,100,000	5,100,000
2019A refunding bonds	6/27/19	6/1/20	2.89%	2,850,000	2,850,000
2019B refunding bonds	8/1/19	10/1/24	2.10-2.25%	1,030,000	1,030,000
2019C GO refunding bonds	8/1/19	10/1/36	3.00-4.00%	3,925,000	<u>3,925,000</u>
Total Governmental Activities – General Obligation Debt					<u>\$97,845,000</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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:

		Governmental Activities	
		General Obligation Notes and Bonds	
		Principal	Interest
2020	\$	12,130,000	\$ 3,262,373
2021		5,230,000	2,945,385
2022		5,855,000	2,767,904
2023		11,615,000	2,567,660
2024		5,835,000	2,158,926
2025-2029		32,105,000	7,344,487
2030-2034		23,810,000	1,867,202
2035-2036		1,265,000	59,438
		<u>\$ 97,845,000</u>	<u>\$ 22,973,374</u>

Years	Business-type Activities		Business-type Activities	
	Revenue Debt		Revenue Debt - Direct Placement	
	Principal	Interest	Principal	Interest
2020	\$ 550,000	\$ 254,456	\$ 681,837	\$ 205,141
2021	350,000	237,956	696,046	190,782
2022	350,000	223,956	710,554	176,121
2023	375,000	208,906	725,368	161,152
2024	400,000	192,500	740,493	145,868
2025-2029	2,250,000	650,000	3,940,720	488,574
2030-2034	1,200,000	91,250	2,803,029	111,997
Totals	<u>\$ 5,475,000</u>	<u>\$ 1,859,024</u>	<u>\$ 10,298,047</u>	<u>\$ 1,479,635</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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 \$15,773,047 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 \$19,111,706. Principal and interest paid for the current year and total customer net revenues were \$1,988,079 and \$5,249,979, respectively. Future principal and interest payments are expected to require 24% of net revenues.

Revenue debt payable at December 31, 2019 consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-19
Water utility revenue bonds	1/13/10	5/1/29	2.668%	\$ 791,863	\$ 465,681
Water utility revenue bonds	3/15/11	12/1/31	2.25-5.00%	6,500,000	5,200,000
Water utility revenue bonds	11/23/11	5/1/31	2.20%	5,889,583	3,835,750
Water utility revenue bonds	5/22/13	5/1/33	1.925%	2,594,795	1,917,360
Water utility revenue bonds	5/28/14	5/1/34	1.925%	1,968,020	4,079,256
Water utility revenue bonds	11/17/15	1/1/20	2.00%	3,850,000	275,000
Total Business-type Activities Revenue Debt					<u>\$ 15,773,047</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt		Business-type Activities Revenue Debt - Direct Placement	
	Principal	Interest	Principal	Interest
2020	\$ 550,000	\$ 254,456	\$ 681,837	\$ 205,141
2021	350,000	237,956	696,046	190,782
2022	350,000	223,956	710,554	176,121
2023	375,000	208,906	725,368	161,152
2024	400,000	192,500	740,493	145,868
2025-2029	2,250,000	650,000	3,940,720	488,574
2030-2034	1,200,000	91,250	2,803,029	111,997
Totals	<u>\$ 5,475,000</u>	<u>\$ 1,859,024</u>	<u>\$ 10,298,047</u>	<u>\$ 1,479,635</u>

Other Debt Information

Estimated payments for vested compensated absences, pension liability, and other postemployment benefits are not included in the debt service requirement schedules. The vested compensated absences, pension liability 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, 2019

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

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:

2020	\$ 275,133
2021	139,285
2022	110,788
2023	72,529
2024	73,726
2025 – 2028	251,321

Current Refundings

On February 5, 2019, the City issued \$4,955,000 in Taxable Refunding Bonds TIF #12, with an interest rate of 2.890% and combined with other City funds, were used to current refund \$5,100,000 of Note Anticipation Notes dated August 30, 2016 with an interest rate of 2.0% on the maturity date of the notes.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019 includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 24,856,242
Construction in progress	13,711
Other capital assets, net of accumulated depreciation	133,217,483
Less: Related long-term debt and premium outstanding (excluding non-capital debt)	(97,767,793)
Add: Unspent proceeds of capital-related debt included above	<u>3,369,163</u>
Total Net Investment in Capital Assets	<u>63,688,805</u>
Restricted	
TID activity	3,027,457
Storm Water	232,051
Donation and activity	1,968,984
Asset forfeiture	54,470
WE Energies	166,570
Special assessments	2,311,482
Economic development	884,726
Tourism commission	241,150
Developer agreements	62,540
Park escrow	14,768
Low income loans	<u>7,825</u>
Total Restricted	<u>13,341,890</u>
Unrestricted (deficit)	<u>(22,678,073)</u>
Total Governmental Activities Net Position	<u>\$ 54,352,622</u>

Governmental fund balances reported on the fund financial statements at December 31, 2019 include the following:

Nonspendable Fund Balance

Major Funds

General Fund

Inventories	\$ 237,337
Delinquent personal property taxes	4,483
Non-current receivables from other funds	<u>2,400,964</u>
Total General Fund	<u>2,642,784</u>
Total Nonspendable Fund Balance	<u>\$ 2,642,784</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Restricted Fund Balance

Major Funds

Debt Service - Debt Amortization Fund	\$ 25,295
Capital Projects - TIF No. 11 Capital Projects	4,335,893
Total Major Funds	<u>4,361,188</u>

Non-Major Funds

Special Revenue Funds

Donation and Activity	1,968,984
WE Energies Fund	166,570
Low Income Loan	7,825
Special Assessments	2,311,482
Impact Fee Escrow	4,369,866
Asset Forfeiture	54,470
Storm Water	232,051
Economic Development	884,726
Park Escrow	14,768
Tourism Commission	241,150

Debt Service Funds

TIF No. 6 Debt Service	186,980
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Capital Projects Funds

Developer Agreement	62,540
TIF No. 7 Capital Projects	1,492
TIF No. 10 Capital Projects	789,728
TIF No. 12 Capital Projects	623,475
TIF No. 13 Capital Projects	459,049
Total Non-Major Funds	<u>12,375,160</u>

Total Restricted Fund Balance \$ 16,736,348

Committed Fund Balance

Major Funds

Emergency Medical Services	<u>\$ 862,246</u>
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Non-Major Funds

Special Revenue Funds

Solid Waste	113,813
Consolidated Dispatch Services	85,975
Total Non-Major Funds	<u>199,788</u>

Total Committed Fund Balance \$ 1,062,034

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

\$ 1,730,567

Capital Improvement Fund

3,002,508

Total Assigned Fund Balance

\$ 4,733,075

Unassigned Fund Balance (Deficit)

Major Funds

General Fund

\$ 5,031,800

Debt Service Fund (deficit)

(927,646)

TIF No. 8 Capital Projects (deficit)

(1,164,639)

Total Major Funds

2,939,515

Non-Major Funds

Special Revenue Fund

Future Improvement Fund (deficit)

(2,500)

Capital Projects Funds

TIF No. 14 Capital Projects (deficit)

(20,085)

TIF No. 15 Capital Projects (deficit)

(17,337)

TIF No. 16 Capital Projects (deficit)

(432,695)

Total Non-Major Funds

(472,617)

Total Unassigned Fund Balance (Deficit)

\$ 2,466,898

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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
Intangible Assets, net of amortization	82,520
Construction in progress	237,737
Other capital assets, net of accumulated depreciation	110,969,871
Less: Payables and accruals for capital assets	(62,640)
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds, net of unamortized loss on debt refunding)	(15,763,669)
Total Net Investment in Capital Assets	<u>95,719,714</u>
Restricted	
Debt service	<u>809,794</u>
Total Restricted Fund Balance	<u>809,794</u>
Unrestricted	<u>25,302,623</u>
Total Business-type Activities Net Position	<u>\$ 121,832,131</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, if hired on or before 12/31/2016) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

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

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

The WRS also provides death and disability benefits for employees.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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
2009	(2.1)%	(42.0)%
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

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

During the reporting period, the WRS recognized \$1,732,273 in contributions from the city.

Contribution rates for the plan year reported:

	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

At December 31, 2019, the city reported a liability of \$5,831,323 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the city's proportion was 0.16390773%, which was an increase of 0.00486628% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the city recognized pension expense of \$3,863,512.

At December 31, 2019, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between projected and actual experiences	\$ 4,541,718	\$ 8,028,123
Changes of actuarial assumptions	982,948	-
Net differences between projected and actual investment earnings on pension plan investment.	8,516,248	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	60,069	26,410
Employer contributions subsequent to the measurement date	1,850,459	-
Total	\$ 15,951,442	\$ 8,054,533

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$1,850,459 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Inflow of Resources and Deferred Inflows of Resources (net)
2020	\$ 2,209,075
2021	559,870
2022	948,808
2023	2,328,697

Actuarial assumptions. The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Asset	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate. Includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7

Variable Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return
US Equities	70%	7.6%	5.0%
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

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 7.00% 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 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan 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, 2019

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)	\$ 23,174,289	\$ 5,831,323	\$ (7,064,517)

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, 2019, the City reported a payable to the pension plan of \$248,421 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, 2019, no amounts were designated for that reserve.

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Claims Liability

	Prior Year	Current Year
Unpaid claims – Beginning of Year	\$ 385,392	\$ 3,198,020
Current year claims and changes in estimates	8,223,211	5,430,157
Claim payments	(5,410,583)	(7,982,997)
Unpaid Claims – End of Year	\$ 3,198,020	\$ 645,180

**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, 2019

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, 2019. 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, 2019 were \$333,621.

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, 2019 were \$224,107.

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, 2019 were \$270,206.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019 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 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 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, 2019 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, 2019 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, 2019

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, 2019 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, 2019 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, 2019 were \$0.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019 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, 2019 were \$0.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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 provisions 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 Council. 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, 2019

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 hired 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, 2019 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 \$35,403,067 was measured as of December 31, 2018 and was determined by an actuarial valuation as of January 1, 2018.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2018 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 Trust 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, 2018 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, 2018	\$ 37,763,376
Charges for the year:	
Service cost	717,788
Interest	1,288,751
Changes in assumptions or other inputs	(2,314,550)
Benefit payments	(2,052,298)
Net changes	(2,360,308)
Balance at December 31, 2019	\$ 35,403,067

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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 (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current discount rate:

	1% Decrease (3.00%)	Discount Rate (4.00 %)	1% increase (5.00%)
Total OPEB liability	<u>\$ 38,999,638</u>	<u>\$ 35,403,067</u>	<u>\$ 32,282,554</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 (5.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (5.0% decreasing to 4.0%)	Current Trend Rate (6.0% decreasing to 5.0%)	1% increase (7.0% decreasing to 6.0%)
Total OPEB liability	<u>\$ 31,634,950</u>	<u>\$ 35,403,067</u>	<u>\$ 39,827,173</u>

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

For the year ended December 31, 2019 the City recognized OPEB expense of \$1,817,828. At December 31, 2019 the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 807,733	\$ 1,902,708
Employer contributions – subsequent to the measurement date	<u>3,164,234</u>	<u>-</u>
Total	<u>\$ 3,971,967</u>	<u>\$ 1,902,708</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

\$3,164,234 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, 2020. Amounts reported as deferred outflows of resource related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	Deferred Outflow of Resources and Deferred Inflows of Resources (net)
2020	(188,711)
2021	(188,711)
2022	(188,711)
2023	(273,502)
2024	(255,340)

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 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, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Contribution rates for the plan year reports as of December 31, 2019 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

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:

<u>Life Insurance Employee Contribution Rates for the Plan Year</u>	
<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 \$6,715 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, 2019, the city reported a liability of \$899,397 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The 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, 2018, the city's proportion was 0.34855800%, which was an increase of 0.00292300% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the city recognized OPEB expense of \$95,523.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

At December 31, 2019 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	\$ -	\$ 45,626
Net differences between projected and actual earnings on OPEB plan investments	21,494	-
Changes in assumptions	85,816	194,954
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,045	-
Employer contributions subsequent to the measurement date	7,463	-
Total	\$ 143,818	\$ 240,580

\$7,463 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, 2020. 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)
2020	\$ (12,573)
2021	(12,573)
2022	(12,573)
2023	(15,592)
2024	(18,702)
Thereafter	(32,212)

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Actuarial assumptions. The net OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	January 1, 2018
Measurement Date of Net OPEB Liability	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	4.10%
Long-Term Expected Rate of Return:	5.0%
Discount Rate:	4.22%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates. The Total OPEB Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

Long-term expected return on plan assets. The long-term expected rate of return 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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
US Government Bonds	Barclays Government	1%	1.44%
US Credit Bonds	Barclays Credit	40	2.69
US Long Credit Bonds	Barclays Long Credit	4	3.01
US Mortgages	Barclays MBS	54	2.25
US Municipal Bonds	Bloomberg Barclays	1	1.68
Inflation			2.30
Long Term Expected Rate of Return			5.00

Single discount rate. A single discount rate of 4.22% 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 4.22 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 (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
City's proportionate share of the net OPEB liability	<u>\$ 1,279,452</u>	<u>\$ 899,397</u>	<u>\$ 606,271</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>.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

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 2019, the city received \$2,250,000.

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

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

- > Statement No. 87, *Leases*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 91, *Conduit Debt Obligation*
- > Statement No. 92, *Omnibus*
- > Statement No. 93, *Replacement of Interbank Offered Rates*
- > Statement No. 94, *Public-Private and Public-Public Relationships and Availability Payment Arrangements*

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

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

G. SUBSEQUENT EVENTS

In January of 2020, the City issued \$4.075 million in General Obligation Refunding Bonds and \$1.135 million in Taxable General Obligation Refunding Bonds, which will be used to refund previously issued debt.

In February of 2020, the City issued \$5.075 million in General Obligation Refunding Bonds (Series 2020 C), which will be used to fund development in TID #11.

OC

In February of 2020, the City issued \$2.920 million in General Obligation Refunding Bonds (Series 2020 D), which will be used to fund development in TID #16 and TID #12.

In February of 2020, the City issued \$835,000 in General Obligation Refunding Bonds (Series 2020 E), which will be used to fund development in TID #11.

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to areas impacting the City. As of the audit opinion date, the City's evaluation of the effects of these events is ongoing; however, based on current information we believe this situation will impact investment valuations and decreased investment income, increase in delinquencies or uncollectible accounts receivable, loss of revenues in transit fares, parking fares, municipal fines, and construction permits. The City has also experienced increased costs related election operations, information technology equipment, community communications, pensions, OPEBs, insurance, labor (sick time or overtime), etc. The extent of the impact of COVID-19 on the City's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OAK CREEK

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND For the Year Ended December 31, 2019

REVENUES	Original and Final Budget	Actual	Variance with Final Budget
TAXES			
General property taxes	\$ 13,880,948	\$ 13,873,630	\$ (7,318)
Motel room tax	457,000	456,999	(1)
Mobile home taxes	68,000	59,164	(8,836)
Other taxes	24,300	201,256	176,956
TOTALS	<u>14,430,248</u>	<u>14,591,049</u>	<u>160,801</u>
INTERGOVERNMENTAL REVENUES			
Shared taxes from state	2,981,291	2,974,438	(6,853)
State transportation aids	2,824,221	2,822,925	(1,296)
State computer aids	133,593	133,593	-
Other state aids	6,000	24,985	18,985
Health department block grant	4,500	10,803	6,303
Police grants	207,999	212,873	4,874
TOTALS	<u>6,157,604</u>	<u>6,179,617</u>	<u>22,013</u>
REGULATION AND COMPLIANCE			
Licenses			
Liquor and beer	61,200	60,384	(816)
Publishing fees	900	890	(10)
Operators	28,000	26,825	(1,175)
Amusement devices	9,500	7,215	(2,285)
Amusement operators	1,200	1,200	-
Miscellaneous - business	11,000	9,148	(1,852)
Miscellaneous - non-business	75	28	(47)
DATCP	88,850	97,611	8,761
Late sanitarian license renewal	500	720	220
Sanitarian plan review	3,000	550	(2,450)
Landfill	500	-	(500)
Permits			
Building	427,000	1,550,824	1,123,824
Electrical	90,000	166,207	76,207
Plumbing	75,000	104,810	29,810
Street opening	7,500	15,315	7,815
Erosion control	12,500	19,821	7,321
Temp food	2,000	1,895	(105)
Sundry	500	745	245
Landscape, Lighting & Sign Review	3,500	9,850	6,350
Cable TV	300,000	299,144	(856)
AT&T video service	160,000	167,990	7,990
Court fines	425,000	440,911	15,911
TOTALS	<u>1,707,725</u>	<u>2,982,083</u>	<u>1,274,358</u>
PUBLIC CHARGES FOR SERVICES			
General Government			
Property status letter fees	7,500	9,910	2,410
Administrative fees	28,000	33,170	5,170
Photo copies sold	1,500	903	(597)
Zoning/housing appeal fees	800	500	(300)
Rezoning petitions and filing fees	2,500	4,650	2,150
Text amendment fees	500	1,000	500
Right of way vacation fees	575	-	(575)
Special use request fees	12,000	19,925	7,925
Filing fee - certified survey maps	7,000	5,025	(1,975)
Plan commission agenda fees	12,500	31,500	19,000

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, 2019

	Original and Final Budget	Actual	Variance with Final Budget
PUBLIC CHARGES FOR SERVICES (cont.)			
General Government (cont.)			
Map amendments	\$ 1,200	\$ 2,000	\$ 800
Subdivision plat fees	1,000	875	(125)
Maps sold	25	41	16
Public Safety			
State DWI seizures	2,000	-	(2,000)
Police patrol service fees	5,000	3,639	(1,361)
Miscellaneous fees	2,000	2,561	561
Copies of police and fire reports	3,000	1,716	(1,284)
False alarm penalties	5,500	3,900	(1,600)
Health and Sanitation			
Health Department			
Clinic fees	8,000	5,601	(2,399)
Pet license fees/Humane Society	12,500	15,221	2,721
Public Works			
Weed cutting	8,000	7,729	(271)
Sale of culvert pipe	10,000	12,752	2,752
Culvert installation	1,200	5,895	4,695
Library			
Other income	20,000	16,996	(3,004)
Photocopies	7,000	9,027	2,027
Recreation	140,000	118,883	(21,117)
Sanitarian			
Pre-inspection	15	15	-
Regular service fee	7,000	6,100	(900)
Miscellaneous charges for services	1,100	4,657	3,557
TOTALS	<u>307,415</u>	<u>324,191</u>	<u>16,776</u>
INVESTMENT INCOME			
Investments	155,000	647,846	492,846
Taxes	70,000	68,071	(1,929)
TOTALS	<u>225,000</u>	<u>715,917</u>	<u>490,917</u>
MISCELLANEOUS INCOME			
AT&T American tower lease	31,740	31,740	-
South Suburban Chamber Lease	12,000	13,000	1,000
Insurance incentives	25,000	33,954	8,954
Insurance recoveries	9,800	6,120	(3,680)
P-card rebates	15,000	11,899	(3,101)
Miscellaneous revenues	10,000	2,062	(7,938)
TOTALS	<u>103,540</u>	<u>98,775</u>	<u>(4,765)</u>
INTERFUND CHARGES FOR SERVICES			
Engineering and administration charged to capital projects	-	5	5
Engineering and administration charged to TID projects	235,000	235,000	-
Highway equipment service fee	43,000	42,527	(473)
Administrative services charged to enterprise funds	45,000	56,209	11,209
Miscellaneous charges for services	19,000	26,363	7,363
TOTALS	<u>342,000</u>	<u>360,104</u>	<u>18,104</u>
TOTAL REVENUES	<u>\$ 23,273,532</u>	<u>\$ 25,251,736</u>	<u>\$ 1,978,204</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, 2019

EXPENDITURES	Original and <u>Final Budget</u>	<u>Actual</u>	Variance with <u>Final Budget</u>
GENERAL GOVERNMENT			
General government	\$ 3,683,093	\$ 3,229,416	\$ 453,677
Building maintenance	701,252	665,067	36,185
City administrator	281,157	279,567	1,590
Data processing	988,916	961,673	27,243
City clerk	214,220	209,737	4,483
Treasurer	203,603	201,565	2,038
Finance	386,626	352,540	34,086
Assessor	205,365	220,334	(14,969)
Attorney and legal	251,007	180,853	70,154
Community development	302,541	282,465	20,076
TOTALS	<u>7,217,780</u>	<u>6,583,217</u>	<u>634,563</u>
PUBLIC SAFETY			
Police department	8,673,131	8,469,869	203,262
Emergency operations	18,642	11,435	7,207
Fire department	2,019,387	2,027,400	(8,013)
Inspection	561,914	534,177	27,737
Other	99,626	98,838	788
TOTALS	<u>11,372,700</u>	<u>11,141,719</u>	<u>230,981</u>
HEALTH AND SOCIAL SERVICES			
Health department	488,265	365,789	122,476
TOTALS	<u>488,265</u>	<u>365,789</u>	<u>122,476</u>
PUBLIC WORKS			
Engineering	765,812	660,615	105,197
Streets	3,752,451	3,563,031	189,420
TOTALS	<u>4,518,263</u>	<u>4,223,646</u>	<u>294,617</u>
LEISURE ACTIVITIES			
Conservation and recreation	602,906	602,775	131
Library	961,678	966,001	(4,323)
Parks	555,898	544,228	11,670
TOTALS	<u>2,120,482</u>	<u>2,113,004</u>	<u>7,478</u>
TOTAL EXPENDITURES	<u>25,717,490</u>	<u>24,427,375</u>	<u>1,290,115</u>
OTHER FINANCING SOURCES (USES)			
Sale of property	20,000	10,993	(9,007)
Transfer in	14,000	18,336	4,336
Transfer in - tax equivalent	1,663,327	1,730,567	67,240
Transfer out	-	(1,612,239)	(1,612,239)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,697,327</u>	<u>147,657</u>	<u>(1,549,670)</u>
Net Change in Fund Balance	<u>\$ (746,631)</u>	972,018	<u>\$ 1,718,649</u>
FUND BALANCE - Beginning of Year		<u>8,433,133</u>	
FUND BALANCE - END OF YEAR		<u>\$ 9,405,151</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, 2019

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 3,626,053	\$ 3,626,053	\$ -
Intergovernmental	119,147	174,092	54,945
Public charges for services	1,379,000	1,462,332	83,332
Investment income	1,500	25,285	23,785
Misc Revenue	-	1,432	1,432
Total Revenues	<u>5,125,700</u>	<u>5,289,194</u>	<u>163,494</u>
EXPENDITURES			
Current			
Public Safety	<u>5,125,700</u>	<u>5,285,697</u>	<u>(159,997)</u>
Total Expenditures	<u>5,125,700</u>	<u>5,285,697</u>	<u>(159,997)</u>
Net Change in Fund Balance	<u>\$ -</u>	3,497	<u>\$ 3,497</u>
FUND BALANCE - Beginning of year		<u>858,749</u>	
FUND BALANCE - ENDING OF YEAR		<u>\$ 862,246</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, 2019

	2018	2019
Total OPEB Liability		
Service cost	\$ 649,113	\$ 717,788
Interest	1,366,954	1,288,751
Changes in assumptions or other inputs	1,253,995	(2,314,550)
Benefit payments	(2,022,000)	(2,052,298)
Net change in total OPEB Liability	1,248,062	(2,360,309)
Total OPEB Liability - beginning	36,515,314	37,763,376
Total OPEB Liability - ending	\$ 37,763,376	\$ 35,403,067
 Covered-employee payroll	 \$ 19,862,279	 \$ 20,287,297
 Total OPEB liability as a percentage of covered-employee payroll	 190.13%	 174.51%

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, 2019

Plan Fiscal Year Ending	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/17	0.34563500%	\$ 1,039,871	\$ 14,534,940	7.15%	44.81%
12/31/18	0.34855800%	899,397	18,848,000	4.77%	48.69%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - LOCAL RETIREE LIFE INSURANCE FUND For the Year Ended December 31, 2019

City Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 7,611	\$ 7,611	\$ -	\$ 15,601,884	0.05%
12/31/19	7,463	7,463	\$ -	17,915,500	0.04%

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, 2019

WRS Fiscal <u>Year Ending</u>	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
12/31/18	0.16307730%	5,831,323	19,887,692	29.32%	96.45%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2019

City Fiscal <u>Year Ending</u>	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 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%
12/31/19	1,850,459	1,850,459	-	20,287,297	9.12%

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, 2019

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

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

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. There were no changes in assumptions.

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

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Net OPEB Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

S U P P L E M E N T A R Y I N F O R M A T I O N

CITY OF OAK CREEK

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2019

	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	Park Escrow Fund
ASSETS													
Cash and investments	\$ 227,548	\$ 1,922,176	\$ 200,262	\$ 7,825	\$ 2,339,975	\$ 572,166	\$ 340,678	\$ -	\$ 485	\$ 273,398	\$ 92,321	\$ 254,430	\$ 14,768
Restricted cash and investments	-	-	-	-	-	-	-	4,369,866	53,985	-	-	-	-
Taxes receivable	1,390,836	-	-	-	101,707	-	-	-	-	1,044,288	1,451,795	-	-
Accounts receivable	-	66,306	-	-	-	-	-	-	-	-	-	-	-
Special assessments receivable	-	-	-	-	240,779	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	6,503	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	314,900	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 1,618,384	\$ 1,988,482	\$ 200,262	\$ 14,328	\$ 2,682,461	\$ 887,066	\$ 340,678	\$ 4,369,866	\$ 54,470	\$ 1,317,686	\$ 1,544,116	\$ 254,430	\$ 14,768
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)													
Liabilities													
Accounts payable	\$ 110,202	\$ 19,498	\$ 6,340	\$ -	\$ -	\$ 325	\$ -	\$ -	\$ -	\$ 19,157	\$ -	\$ 10,523	\$ -
Accrued liabilities	3,533	-	27,352	-	-	2,015	-	-	-	19,874	51,680	2,757	-
Deposits	-	-	-	-	-	-	343,178	-	-	-	-	-	-
Due to other funds	-	-	-	-	171,469	-	-	-	-	2,317	-	-	-
Total Liabilities	113,735	19,498	33,692	-	171,469	2,340	343,178	-	-	41,348	51,680	13,280	-
Deferred Inflows of Resources													
Unearned revenues	1,390,836	-	-	-	-	-	-	-	-	1,044,287	1,406,461	-	-
Unavailable revenues	-	-	-	6,503	199,510	-	-	-	-	-	-	-	-
Total Deferred inflows of Resources	1,390,836	-	-	6,503	199,510	-	-	-	-	1,044,287	1,406,461	-	-
Fund Balances (Deficit)													
Restricted	-	1,968,984	166,570	7,825	2,311,482	884,726	-	4,369,866	54,470	232,051	-	241,150	14,768
Committed	113,813	-	-	-	-	-	-	-	-	-	85,975	-	-
Unassigned (Deficit)	-	-	-	-	-	-	(2,500)	-	-	-	-	-	-
Total Fund Balances (Deficit)	113,813	1,968,984	166,570	7,825	2,311,482	884,726	(2,500)	4,369,866	54,470	232,051	85,975	241,150	14,768
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 1,618,384	\$ 1,988,482	\$ 200,262	\$ 14,328	\$ 2,682,461	\$ 887,066	\$ 340,678	\$ 4,369,866	\$ 54,470	\$ 1,317,686	\$ 1,544,116	\$ 254,430	\$ 14,768

CITY OF OAK CREEK

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (cont.)
As of December 31, 2019

	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	\$ -	\$ 186,981	\$ 27,253	\$ 293,769	\$ 789,727	\$ 626,610	\$ 467,605	\$ -	\$ -	\$ 15,882	\$ 8,653,859
Restricted cash and investments	-	-	-	-	-	-	-	-	-	-	4,423,851
Taxes receivable	-	337,135	-	621,710	395,715	954,763	7,562	-	23,192	223,393	6,552,096
Accounts receivable	-	-	35,287	-	-	-	-	-	-	-	101,593
Special assessments receivable	-	-	-	-	-	-	-	-	-	-	240,779
Loans receivable	-	-	-	-	-	-	-	-	-	-	6,503
Due from other funds	-	-	-	-	-	-	-	-	-	-	314,900
TOTAL ASSETS	\$ -	\$ 524,116	\$ 62,540	\$ 915,479	\$ 1,185,442	\$ 1,581,373	\$ 475,167	\$ -	\$ 23,192	\$ 239,275	\$ 20,293,581
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)											
Liabilities											
Accounts payable	\$ -	\$ -	\$ -	\$ 16	\$ -	\$ 3,133	\$ 8,557	\$ -	\$ -	\$ 177,917	\$ 355,668
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	107,211
Deposits	-	-	-	-	-	-	-	-	-	-	343,178
Due to other funds	-	-	-	314,900	-	-	-	20,085	17,337	270,660	796,768
Total Liabilities	-	-	-	314,916	-	3,133	8,557	20,085	17,337	448,577	1,602,825
Deferred Inflows of Resources											
Unearned revenues	-	337,134	-	599,071	395,714	954,763	7,561	-	23,192	223,393	6,382,412
Unavailable revenues	-	-	-	-	-	-	-	-	-	-	206,013
Total Deferred inflows of Resources	-	337,134	-	599,071	395,714	954,763	7,561	-	23,192	223,393	6,588,425
Fund Balances (Deficit)											
Restricted	-	186,982	62,540	1,492	789,728	623,477	459,049	-	-	-	12,375,160
Committed	-	-	-	-	-	-	-	-	-	-	199,788
Unassigned (Deficit)	-	-	-	-	-	-	-	(20,085)	(17,337)	(432,695)	(472,617)
Total Fund Balances (Deficit)	-	186,982	62,540	1,492	789,728	623,477	459,049	(20,085)	(17,337)	(432,695)	12,102,331
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ -	\$ 524,116	\$ 62,540	\$ 915,479	\$ 1,185,442	\$ 1,581,373	\$ 475,167	\$ -	\$ 23,192	\$ 239,275	\$ 20,293,581

CITY OF OAK CREEK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	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	Park Escrow Fund
REVENUES													
Taxes	\$ 1,266,837	\$ -	\$ -	\$ -	\$ -	\$ 85,724	\$ -	\$ -	\$ -	\$ -	\$ 1,312,570	\$ 412,782	\$ -
Intergovernmental	94,233	160,935	412	-	-	-	-	-	-	-	254,372	-	-
Public charges for service	5,750	-	-	-	-	-	-	2,039,725	-	985,069	-	-	-
Special assessments / developer contributions	-	-	-	-	144,307	-	-	-	-	-	-	-	-
Investment income	5,302	14,258	7,536	-	35,004	3,941	-	102,501	77	5,191	3,559	791	-
Miscellaneous	36,808	406,642	2,250,000	-	-	-	-	-	27,592	-	-	52,480	14,768
Total Revenues	<u>1,408,930</u>	<u>581,835</u>	<u>2,257,948</u>	<u>-</u>	<u>179,311</u>	<u>89,665</u>	<u>-</u>	<u>2,142,226</u>	<u>27,669</u>	<u>990,260</u>	<u>1,570,501</u>	<u>466,053</u>	<u>14,768</u>
EXPENDITURES													
Current													
General Government	-	103,963	378	-	-	-	-	-	-	-	-	500,513	-
Public safety	-	46,816	1,208,333	-	-	-	-	-	75,874	-	-	-	-
Public works	1,399,202	-	-	-	-	-	-	-	-	668,101	-	-	-
Health and social services	-	125,601	-	-	-	-	-	-	-	-	1,633,088	-	-
Leisure activities	-	165,835	-	-	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	83,442	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	6,045	-	-	-	-	-	12,009	-
Debt Service													
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>1,399,202</u>	<u>442,215</u>	<u>1,208,711</u>	<u>-</u>	<u>-</u>	<u>89,487</u>	<u>-</u>	<u>-</u>	<u>75,874</u>	<u>668,101</u>	<u>1,633,088</u>	<u>512,522</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>9,728</u>	<u>139,620</u>	<u>1,049,237</u>	<u>-</u>	<u>179,311</u>	<u>178</u>	<u>-</u>	<u>2,142,226</u>	<u>(48,205)</u>	<u>322,159</u>	<u>(62,587)</u>	<u>(46,469)</u>	<u>14,768</u>
OTHER FINANCING SOURCES (USES)													
Debt Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium on Debt issue	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	36,927	-	-	-	-	-	-	-	-	57,233	-	-
Transfers out	-	-	(1,057,834)	-	-	-	-	(372,087)	-	(200,000)	-	(28,847)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>36,927</u>	<u>(1,057,834)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(372,087)</u>	<u>-</u>	<u>(200,000)</u>	<u>57,233</u>	<u>(28,847)</u>	<u>-</u>
Net change in fund balances	9,728	176,547	(8,597)	-	179,311	178	-	1,770,139	(48,205)	122,159	(5,354)	(75,316)	14,768
FUND BALANCES (DEFICIT) - Beginning 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	-
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 113,813</u>	<u>\$ 1,968,984</u>	<u>\$ 166,570</u>	<u>\$ 7,825</u>	<u>\$ 2,311,482</u>	<u>\$ 884,726</u>	<u>\$ (2,500)</u>	<u>\$ 4,369,866</u>	<u>\$ 54,470</u>	<u>\$ 232,051</u>	<u>\$ 85,975</u>	<u>\$ 241,150</u>	<u>\$ 14,768</u>

CITY OF OAK CREEK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Cont.)
For the Year Ended December 31, 2019

	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	\$ -	\$ 352,661	\$ -	\$ 429,553	\$ 369,063	\$ 422,095	\$ 1,491	\$ -	\$ -	\$ -	\$ 4,652,776
Intergovernmental	-	1,061	-	17,764	18,906	-	-	-	-	-	547,683
Public charges for service	-	-	-	-	-	-	-	-	-	-	3,030,544
Special assessments / developer contributions	-	-	7,617	-	-	-	-	-	-	-	151,924
Investment income	-	4,149	200	4,977	7,082	17,281	1,359	-	-	9,698	222,906
Miscellaneous	-	-	-	-	-	10,001	5,455	-	-	-	2,803,746
Total Revenues	-	357,871	7,817	452,294	395,051	449,377	8,305	-	-	9,698	11,409,579
EXPENDITURES											
Current											
General Government	-	-	-	-	-	-	-	-	-	-	604,854
Public Safety	-	-	-	-	-	-	-	-	-	-	1,331,023
Public works	-	-	-	-	-	-	-	-	-	-	2,067,303
Health and social services	-	-	-	-	-	-	-	-	-	-	1,758,689
Leisure activities	-	-	-	-	-	-	-	-	-	-	165,835
Conservation and development	-	25,000	-	50,000	295,206	292,076	214,461	-	-	2,850,169	3,810,354
Capital Outlay	-	-	26,506	441,788	-	39,052	-	2,434	-	398,406	926,240
Debt Service											
Principal	-	-	-	-	-	5,100,000	-	-	-	-	5,100,000
Interest	-	1,604	-	1,604	1,604	200,280	1,604	150	150	150	207,146
Total Expenditures	-	26,604	26,506	493,392	296,810	5,631,408	216,065	2,584	150	3,248,725	15,971,444
Excess (deficiency) of revenues over expenditures	-	331,267	(18,689)	(41,098)	98,241	(5,182,031)	(207,760)	(2,584)	(150)	(3,239,027)	(4,561,865)
OTHER FINANCING SOURCES (USES)											
Debt Issuance	-	-	-	-	-	4,955,000	-	-	-	2,850,000	7,805,000
Premium on Debt issue	-	-	-	-	-	300,755	-	-	-	-	300,755
Transfers in	-	-	-	-	-	-	400,000	-	-	-	494,160
Transfers out	-	(400,000)	-	(50,000)	-	-	-	-	-	-	(2,108,768)
Total Other Financing Sources (Uses)	-	(400,000)	-	(50,000)	-	5,255,755	400,000	-	-	2,850,000	6,491,147
Net change in fund balances	-	(68,733)	(18,689)	(91,098)	98,241	73,724	192,240	(2,584)	(150)	(389,027)	1,929,282
FUND BALANCES (DEFICIT) - Beginning of Year	-	255,715	81,229	92,590	691,487	549,753	266,809	(17,501)	(17,187)	(43,668)	10,173,049
FUND BALANCES (DEFICIT) - END OF YEAR	\$ -	\$ 186,982	\$ 62,540	\$ 1,492	\$ 789,728	\$ 623,477	\$ 459,049	\$ (20,085)	\$ (17,337)	\$ (432,695)	\$ 12,102,331