

**CITY OF OAK CREEK**  
Oak Creek, Wisconsin

**FINANCIAL STATEMENTS**

December 31, 2006

# CITY OF OAK CREEK

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## INDEPENDENT AUDITORS' REPORT

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

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, 2006, which collectively comprise the city's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Oak Creek's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budget comparison information on pages iii through x and 56 through 61 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the City Council  
City of Oak Creek

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 combining financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Virchow, Krause & Company, LLP*

Madison, Wisconsin  
June 22, 2007

# CITY OF OAK CREEK

## MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2006

The City of Oak Creek's (the City) discussion and analysis is designed to:

- (1) Assist the reader in focusing on significant financial issues
- (2) Provide an overview of the City's financial activity
- (3) Identify changes in the City's financial position
- (4) Identify material deviations from the approved budget
- (5) 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.

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### FINANCIAL HIGHLIGHTS

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Combined governmental and business-type activities net assets increased by 7.3% in 2006 to reach \$184.5 million. Of this amount, \$151.2 million represents the City's investment in capital assets, net of related debt, while \$5.7 million was held for restricted purposes, and \$27.6 million was unrestricted.

At the end of 2006, the City's governmental activities reported total net assets of \$91.6 million, including unrestricted net assets of \$18.9 million.

The City's general fund unreserved and undesignated fund balance decreased by \$1.8 million, which included a transfer of \$0.9 million to the designated category, during 2006 to \$2.6 million. Expenditures of less than budgeted amounts and favorable results of revenues in excess of expenditures for 2006 resulted in a lower-than-planned reduction in the undesignated fund balance amount.

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### OVERVIEW OF THE FINANCIAL STATEMENTS

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This annual financial report consists of four sections:

- *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 that present different views of the City:

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

*Fund financial statements* that 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 that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, this financial report includes a section with combining statements that provide 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**

Government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies.

The first of these government-wide statements is the Statement of Net Assets. This is the citywide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the current 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 provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, health/social services, public works, and leisure. Business type activities include the City's water and sewer utilities. Fiduciary activities, such as tax collection, are not included in the government-wide statements since these assets are not available to fund City programs.

### **Fund Financial Statements**

The fund financial statements provide detailed information about the City's significant *funds*. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

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 that provide 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.

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**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

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The City implemented the financial reporting model used in this report beginning with the fiscal year ended December 31, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole.

**Net assets.** The City's combined net assets increased by \$12.6 million from fiscal year 2005 to 2006, an increase of 7.3%; this increase was comprised of a government-activities increase of \$6.4 million plus a business-type activities increase of \$6.2 million. (See Table 1) The City's governmental activities and business-type activities each represent approximately 50% of the combined assets,

Total net assets of the City's governmental activities increased to \$91.6 million, an increase of 7.5% over 2005. Net assets invested in capital assets, net of related debt, represent 74.7% of the total. Restricted net assets of \$4.3 million represent 4.7% of the total. Unrestricted net assets of \$18.9 million represent the remaining 20.6 % of the total.

Total net assets of the City's business-type activities increased by 6.2% to \$92.9 million, including unrestricted net assets of \$8.8 million, representing 9.5% of the total. All government and business type activities are self-supporting entities; net assets of one entity are not permanently used by other entities.

**Table 1**  
**City of Oak Creek, Wisconsin**  
**2006 and 2005 Net Assets (in millions of dollars)**

	Governmental Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Current and other assets	48.2	47.8	12.1	12.0	60.4	59.8
Capital assets	80.6	76.0	97.2	92.3	177.8	168.3
<b>Total assets</b>	<b>128.8</b>	<b>123.8</b>	<b>109.4</b>	<b>104.3</b>	<b>238.2</b>	<b>228.1</b>
Long-term debt outstanding	14.9	17.0	15.2	16.3	30.2	33.3
Other liabilities	22.3	21.6	1.3	1.3	23.5	22.9
<b>Total liabilities</b>	<b>37.2</b>	<b>38.6</b>	<b>16.5</b>	<b>17.6</b>	<b>53.7</b>	<b>56.2</b>
<b>Net assets:</b>						
Invested in capital assets net of related debt	68.4	62.2	82.8	76.9	151.2	139.1
Restricted	4.3	6.1	1.4	1.2	5.7	7.3
Unrestricted	18.9	16.9	8.8	8.6	27.6	25.5
<b>Total net assets – end of year</b>	<b>91.6</b>	<b>85.2</b>	<b>92.9</b>	<b>86.7</b>	<b>184.5</b>	<b>171.9</b>
Net assets – beginning of year	85.2	81.3	86.7	81.9	171.9	163.2
<b>Change in net assets</b>	<b>6.4</b>	<b>3.8</b>	<b>6.2</b>	<b>4.8</b>	<b>12.6</b>	<b>8.6</b>
<b>Percent change in net assets</b>	<b>7.5%</b>	<b>4.7%</b>	<b>7.1%</b>	<b>5.9%</b>	<b>7.3%</b>	<b>5.3%</b>

*Note: Figures may not total due to rounding.*

**Change in combined net assets.** The City had combined total revenues of \$40.8 million in 2006 and combined total expenses of \$39.7 million. After transfers, government activities had an increase in net assets of \$6.4 million, while business activities had an increase in net assets of \$6.2 million. Table 2 and the following narrative consider the operations of governmental and business-type activities separately.

**Table 2**  
**City of Oak Creek, Wisconsin**  
**2006 and 2005 Changes in Net Assets (in millions)**

	Government Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
<b>Revenues:</b>						
Program Revenues						
Charges for service	3.9	3.8	10.1	9.8	14.0	13.6
Operating grants and contributions.	2.4	2.3	-	-	2.4	2.3
Capital contributions	4.6	4.4	4.7	3.3	9.3	7.7
General Revenues						
Taxes	19.1	18.3	-	-	19.1	18.3
Intergovernmental	2.7	2.8	-	-	2.7	2.8
Other	2.2	1.4	0.5	0.6	2.6	2.0
<b>Total Revenues</b>	<b>34.8</b>	<b>33.0</b>	<b>15.3</b>	<b>13.7</b>	<b>50.1</b>	<b>46.7</b>
<b>Expenses:</b>						
General government	6.4	5.3	-	-	6.4	5.3
Public safety	14.9	14.4	-	-	14.9	14.5
Health and social services	0.5	0.4	-	-	0.5	0.4
Public works	7.0	7.0	-	-	7.0	7.0
Leisure activities	2.0	2.2	-	-	2.0	2.2
Conservation and development	0.1	0.2	-	-	0.1	0.2
Interest and fiscal charges	0.7	0.7	-	-	0.7	0.7
Water	-	-	5.5	5.4	5.5	5.4
Sewer	-	-	2.6	2.4	2.6	2.4
<b>Total Expenses</b>	<b>31.6</b>	<b>30.2</b>	<b>8.1</b>	<b>7.8</b>	<b>39.7</b>	<b>38.1</b>
Excess (deficiency) before transfers and special item	3.2	2.8	7.2	5.9	10.4	8.6
Transfers	1.0	1.0	(1.0)	(1.0)	-	-
Special item	2.2	-	-	-	2.2	-
Change in Net Assets	6.4	3.8	6.2	4.8	12.6	8.6
Beginning Net Assets	85.2	81.4	86.7	81.9	171.9	163.3
<b>ENDING NET ASSETS</b>	<b>91.6</b>	<b>85.2</b>	<b>92.9</b>	<b>86.7</b>	<b>184.5</b>	<b>171.9</b>

*Note: Figures may not total due to rounding.*



**Governmental Activities**

The City of Oak Creek received a total of \$34.8 million in governmental activities revenues in 2006. As Table 2 indicates, the largest revenue source is the property tax, which accounts for \$19.1 million, or 54.9%, of governmental activities revenues. This is followed by operating grants and contributions of \$4.6 million, or 13.2%. Capital grants and contributions were \$4.6 million, or 13.2%. Public charges for service followed at \$3.9 million, or 11.2%, with intergovernmental aid at \$2.7 million, or 7.8%. Miscellaneous revenues account for the remaining \$2.2 million, or 6.3%.

Total governmental activities expenses were \$31.6 million in 2006, which is lower than revenues by \$3.2 million. At \$14.9 million, public safety, including police, EMS, inspection and fire services, accounts for the largest share of City expenses at 47.2%. This is followed by public works with \$7.0 million, representing 22.2%, and the general government group of activities with \$6.4 million, or 20.3%. Leisure activities, at \$2.0 million, is next with 6.3%, while health/social services at \$0.5 million, or 1.6%, and conservation and development at \$0.1 million, or 0.2%, complete the activities. Payment of interest and fiscal charges in the amount of \$0.7 million, accounts for 2.2% of total governmental activities expenses.

**Business-type Activities**

The City of Oak Creek received \$15.3 million in business-type activity revenue during 2006 from its water & sewer utilities. Charges for services are by far the largest revenue sources for these operations, representing 64.6% of non-capital contribution revenues. Capital grants and contributions were \$4.7 million, or 30.7%. Interest income accounts for the balance of revenues of 4.7%.

Net assets of Oak Creek's water & sewer utilities increased by \$6.2 million in 2006, which represents a 7.1% increase over the prior year's net assets.

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**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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**Governmental Funds**

The focus of the City's governmental funds is to provide information regarding near-term inflows, outflows, and spendable resources. Such information can be useful in addressing the City's financing requirements. In particular, the level of unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of 2006, the combined fund balances for the City's governmental funds was \$22.7 million. Of this total, \$1.9 million is reserved for specific legal requirements and commitments. The balance of unreserved government fund balances is \$20.8 million. These funds are allocated across the following areas:

**Unreserved Government Activities Fund Balances:**

General Fund	\$ 6.1
Special Revenue Funds	5.3
Capital Project Funds	<u>9.4</u>
Total	\$20.8

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

- Total fund balance as of December 31, 2006 was \$7.2 million, of which \$1.2 million was reserved. Included in the reserved amount are tax equivalent dollars to be paid by the utility in 2006, and minor amounts for delinquent personal property taxes and inventories.
- Designated fund balance increased from \$2.6 million to \$3.5 million, primarily because of a planned reduction of \$3.3 million, allocated to offset the 2006 property tax levy.
- Undesignated fund balance decreased by \$1.8 million to \$2.6 million; the amount of this reduction is 24.0% below the planned budgeted reduction of \$2.4 million, which was allocated to offset the 2006 tax levy. The undesignated fund balance is now approximately 14.1% of general fund 2006 actual revenues; this is within the City's policy target range of 10-20% for the purposes of cash flow, stabilization, and emergency reserves.

**Special Revenue Funds:** The special revenue funds serve to account for specialized areas of government operations, which include activities such as paramedic emergency services, solid waste collection, storm water management, and administering escrow and donation accounts.

- Total fund balance for all special revenue funds as of December 31, 2006, increased from \$4.6 million to \$5.3 million.
- Total revenues for 2006 were \$9.2 million, which included \$4.1 million from taxes, \$2.3 million from WE Energies mitigation payments, and \$1.7 million from public charges for services.
- Total expenditures for the year were \$7.1 million.
- Total transfers out for 2006 were \$1.9 million.

**Debt Service Funds:** The general debt service fund is primarily used to account for general obligation debt that is supported by property tax revenues.

- At the end of 2006, there was a total fund balance of \$0.7 million, a decrease of \$2.0 million over 2005. Debt for TIF districts 2 and 3 was paid or defeased in 2006. The remaining TIF districts, (4, 5, and 6), had a combined positive reserved fund balance of \$0.2 million at year-end. The Police Station Debt Service fund, representing the only non-TIF related debt, had an ending fund balance of \$0.2 million. The Debt Amortization fund had a balance of \$0.3 million.
- Total revenues for these funds for 2006 were \$1.7 million, primarily from tax collections.
- Total expenditures were \$4.1 million for the year, for regular principal and interest payments, and for refinancing of the TIF district 6 bond anticipation notes.

**Capital Improvements Fund:** The general capital improvements 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 \$9.5 million.
- Revenue sources provided \$4.1 million, with the majority of funds, \$3.2 million, coming from the property tax levy.
- Expenditures in this fund totaled \$4.1 million in 2006. The largest expenses were for major paving projects and capital equipment purchases.
- Net transfers in were \$1.7 million.

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## GENERAL FUND BUDGETARY HIGHLIGHTS

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The general fund budget is adopted at the department level of expenditure. No budget amendments were made in 2006. The City ended the year with favorable variances in both general fund revenues and expenditures. Revenues exceeded budget by \$0.7 million, while expenditures were close to \$1.0 million below budget. These outcomes reflect the City's conservative approach to budgeting as well as positive revenue earnings due to the City's continuing growth.

On the revenue side, conservative budgeting kept all categories quite close to budget, with a positive result in all categories except taxes. The Regulation and Compliance category revenues were higher than expected, primarily because the local construction market remains relatively steady and because cable TV revenues saw an increase of over 25%. A substantial investment income increase was seen, due to improving rates of return offered throughout the country during 2006, and continued diligent collection efforts resulted in an increase in tax delinquency receipts.

Expenditure results were also favorable. Expenditures exceeded department budgets by minor amounts in the administrator's office and clerk's office categories; an over-budget amount in the assessor's office was primarily due to a change in the yearly billing structure for the contract assessment firm. Unfilled vacancies resulted in personnel savings across several departments.

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## CAPITAL ASSETS AND DEBT ADMINISTRATION

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### Capital Assets

In accordance with the implementation requirements of GASB No. 34, the City has recorded estimated historical costs and depreciation for all of its capital assets. In 2006, the City completed the retroactive reporting of street lighting and storm water related infrastructure as required by GASB No. 34.

As of December 31, 2006, the City reported a combined investment in capital assets of \$177.8 million. Of this amount, \$80.6 million, or 45.3%, 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 \$56.1 million.

In 2006, capital assets of governmental activities increased by \$8.3 million with land acquisition and a donation of parkland and purchase of equipment representing \$5.0 million. Capital assets of business type activities increased by \$10.9 million, with water transmission and distribution, sewer collection systems and construction-in-progress representing \$7.4 million of the increase.

**Long-term Debt**

At year-end, the governmental activities had \$13.0 million in general obligation bonds and promissory notes and capital appreciation bonds, a decrease of \$2.2 million or (14.3%) from last year. At the end of 2006, the business-type activities had a total of \$15.7 million in outstanding revenue bonds and general obligation debt. That amount is a decrease of \$1.1 million, or (6.5%) from the prior year.

The City's general obligation bonds are rated Aa3 by Moody's Investors Service. Revenue bonds of the water & sewer utilities are rated A1.

State law limits the City to issuing general obligation bonds totaling no more than 5% of the City's equalized value. Based on 2006 equalized value of \$3.0 billion, this limit is \$152.3 million. The City currently has a combined total of \$13.9 million of general obligation notes and bonds outstanding, representing 9.0% of its legal debt capacity. Of the total amount outstanding, \$4.2 million, or 30.2%, is TIF-related debt and is expected to be repaid from TIF increments.

**Table 3  
City of Oak Creek  
2006 and 2005 Outstanding Debt  
(in millions)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General obligation debt	10.4	11.2	0.9	1.1	11.3	12.3
Bond anticipation notes	-	1.5	-	-	-	1.5
Capital appreciation bonds	2.6	2.5	-	-	2.6	2.5
Revenue debt	-	-	<u>14.8</u>	<u>15.7</u>	<u>14.8</u>	<u>15.7</u>
Totals	<u>13.0</u>	<u>15.2</u>	<u>15.7</u>	<u>16.8</u>	<u>28.7</u>	<u>32.0</u>

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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The City of Oak Creek is located in southeastern Milwaukee County, and is one of only two county municipalities 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 remains relatively strong. The property tax base also remains very healthy, posting a growth of \$496.0 million in equalized property value for 2006, including \$100.9 million or a 4.0% growth in net new construction value. Current building permit data indicate that construction is continuing at a good pace so far in 2007, as it has for the past several years.

The Oak Creek City Council adopted the 2007 budget in December of 2006, which authorized general fund expenditures of \$21.4 million. The combined general fund and debt service property tax levy is \$18.2 million, an increase of 4.0 % over the prior year. The mill rate for City services increased \$.05 per \$1,000 of assessed valuation, primarily due to a lower assessment ratio. The City will revalue all property for 2007. The levy has remained essentially at the same level for the past six years, with the increase limited to only the amount generated by new growth.

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## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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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, 8640 S. Howell Ave., Oak Creek, WI. 53154.

**CITY OF OAK CREEK**  
**STATEMENT OF NET ASSETS**  
December 31, 2006

	Governmental Activities	Business- type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 23,387,879	\$ 7,326,254	\$ 30,714,133
Taxes receivable	19,572,021	-	19,572,021
Delinquent personal property taxes receivable	93,821	-	93,821
Accounts receivable	478,524	2,159,899	2,638,423
Special assessments receivable	1,089,602	-	1,089,602
Loans receivable	34,674	-	34,674
Leases receivable	-	199,348	199,348
Notes receivable	-	252,332	252,332
Other assets	-	14,581	14,581
Internal balances	101,918	(101,918)	-
Prepaid items and inventories	125,892	61,089	186,981
Restricted cash and investments	3,336,883	2,230,875	5,567,758
Capital Assets			
Land and land rights	19,311,786	631,591	19,943,377
Construction in progress	1,281,736	2,195,729	3,477,465
Other capital assets, net of depreciation	<u>59,997,376</u>	<u>94,405,657</u>	<u>154,403,033</u>
Total Assets	<u>128,812,112</u>	<u>109,375,437</u>	<u>238,187,549</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	2,191,278	1,220,745	3,412,023
Deposits	985,813	-	985,813
Unearned revenue	19,080,708	32,060	19,112,768
Noncurrent Liabilities			
Due within one year	2,209,532	1,208,387	3,417,919
Due in more than one year	<u>12,739,952</u>	<u>13,998,916</u>	<u>26,738,868</u>
Total Liabilities	<u>37,207,283</u>	<u>16,460,108</u>	<u>53,667,391</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	68,409,721	82,764,991	151,174,712
Restricted for debt service	523,425	1,122,662	1,646,087
Restricted for depreciation	-	353,528	353,528
Restricted for impact fees	3,302,769	-	3,302,769
Restricted for park escrow	450,765	-	450,765
Restricted for low income loans	7,773	-	7,773
Restricted for asset forfeitures	6,670	-	6,670
Unrestricted	<u>18,903,706</u>	<u>8,674,148</u>	<u>27,577,854</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 91,604,829</u>	<u>\$ 92,915,329</u>	<u>\$ 184,520,158</u>

See accompanying notes to financial statements.

**CITY OF OAK CREEK**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
<b>Governmental Activities</b>							
General government	\$ 6,433,160	\$ 712,009	\$ 53,039	\$ -	\$ (5,668,112)	\$ -	\$ (5,668,112)
Public safety	14,904,944	1,956,612	270,143	-	(12,678,189)	-	(12,678,189)
Health and social services	529,171	37,175	43,957	-	(448,039)	-	(448,039)
Public works	7,047,894	972,060	1,625,509	1,815,836	(2,634,489)	-	(2,634,489)
Leisure activities	2,038,546	184,987	-	2,505,900	652,341	-	652,341
Conservation and development	9,667	-	385,616	254,179	630,128	-	630,128
Interest and fiscal charges	680,977	-	-	-	(680,977)	-	(680,977)
<b>Total Governmental Activities</b>	<b>31,644,359</b>	<b>3,862,843</b>	<b>2,378,264</b>	<b>4,575,915</b>	<b>(20,827,337)</b>	<b>-</b>	<b>(20,827,337)</b>
<b>Business-type Activities</b>							
Water utility	5,513,466	7,276,395	-	2,311,490	-	4,074,419	4,074,419
Sewer utility	2,611,177	2,805,189	-	2,381,186	-	2,575,198	2,575,198
<b>Total Business-type Activities</b>	<b>8,124,643</b>	<b>10,081,584</b>	<b>-</b>	<b>4,692,676</b>	<b>-</b>	<b>6,649,617</b>	<b>6,649,617</b>
<b>Totals</b>	<b>\$ 39,769,002</b>	<b>\$ 13,944,427</b>	<b>\$ 2,378,264</b>	<b>\$ 9,268,591</b>	<b>(20,827,337)</b>	<b>6,649,617</b>	<b>(14,177,720)</b>
<b>General Revenues</b>							
<b>Taxes</b>							
Property taxes, levied for general purposes					16,815,737	-	16,815,737
Property taxes, levied for debt service					500,000	-	500,000
Property taxes, levied for tax incremental districts					939,511	-	939,511
Other taxes					860,682	-	860,682
Intergovernmental revenues not restricted to specific programs					2,709,745	-	2,709,745
Investment income					1,847,152	510,675	2,357,827
Miscellaneous					330,507	21,437	351,944
<b>Transfers</b>					1,009,079	(1,009,079)	-
<b>Total General Revenues and Transfers</b>					<b>25,012,413</b>	<b>(476,967)</b>	<b>24,535,446</b>
<b>Change in Net Assets</b>					4,185,076	6,172,650	10,357,726
<b>Special Item</b>							
Power generating facility mitigation revenue					2,250,000	-	2,250,000
<b>NET ASSETS - Beginning</b>					<b>85,169,753</b>	<b>86,742,679</b>	<b>171,912,432</b>
<b>NET ASSETS - ENDING</b>					<b>\$ 91,604,829</b>	<b>\$ 92,915,329</b>	<b>\$ 184,520,158</b>

See accompanying notes to financial statements.

**CITY OF OAK CREEK**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2006

	General	Paramedic Rescue Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>					
Cash and investments	\$ 6,663,408	\$ 324,986	\$ 9,835,858	\$ 3,649,829	\$ 20,474,081
Receivables					
Taxes	9,966,345	3,195,000	3,476,700	2,933,976	19,572,021
Delinquent personal property taxes	93,821	-	-	-	93,821
Accounts	286,706	112,359	-	70,513	469,578
Special assessments	-	-	-	1,089,602	1,089,602
Loans	-	-	-	34,674	34,674
Due from other funds	1,165,175	-	4,281	10,261	1,179,717
Inventories	66,656	-	-	-	66,656
Restricted cash and investments	-	-	-	3,336,883	3,336,883
<b>TOTAL ASSETS</b>	<b>\$ 18,242,111</b>	<b>\$ 3,632,345</b>	<b>\$ 13,316,839</b>	<b>\$ 11,125,738</b>	<b>\$ 46,317,033</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 293,687	\$ 20,941	\$ 370,103	\$ 216,903	\$ 901,634
Accrued liabilities	609,164	103,600	-	33,038	745,802
Deposits	112,960	-	-	872,853	985,813
Due to other funds	266,915	-	-	712,768	979,683
Deferred revenues	9,731,289	3,195,000	3,476,700	2,712,393	19,115,382
Deferred revenues - special assessments	-	-	-	885,013	885,013
<b>Total Liabilities</b>	<b>11,014,015</b>	<b>3,319,541</b>	<b>3,846,803</b>	<b>5,432,968</b>	<b>23,613,327</b>
<b>Fund Balances</b>					
<b>Reserved</b>					
Delinquent personal property taxes	93,821	-	-	-	93,821
Inventories	66,656	-	-	-	66,656
Tax equivalent for subsequent year's budget	1,009,079	-	-	-	1,009,079
Encumbrances	-	-	82,489	-	82,489
Debt service requirements	-	-	-	724,063	724,063
<b>Unreserved reported in</b>					
General fund designated	3,458,686	-	-	-	3,458,686
General fund undesignated	2,599,854	-	-	-	2,599,854
Special revenue funds undesignated	-	312,804	-	4,999,072	5,311,876
Capital projects funds undesignated (deficit)	-	-	9,387,547	(30,365)	9,357,182
<b>Total Fund Balances</b>	<b>7,228,096</b>	<b>312,804</b>	<b>9,470,036</b>	<b>5,692,770</b>	<b>22,703,706</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 18,242,111</b>	<b>\$ 3,632,345</b>	<b>\$ 13,316,839</b>	<b>\$ 11,125,738</b>	<b>\$ 46,317,033</b>

**CITY OF OAK CREEK**

**RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
For the Year Ended December 31, 2006**

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Fund balance - total governmental funds	\$ 22,703,706
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See note III.D.	80,590,898
Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	
Special assessments	885,013
Loans receivable	34,674
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 assets.	2,540,662
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	(13,033,131)
Compensated absences	(1,876,302)
Accrued interest	(200,640)
Leases payable	<u>(40,051)</u>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 91,604,829</u></b>



## CITY OF OAK CREEK

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For the Year Ended December 31, 2006

	General	Paramedic Rescue Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>					
Taxes	\$ 9,975,220	\$ 3,195,000	\$ 3,276,700	\$ 2,344,511	\$ 18,791,431
Intergovernmental	4,490,222	-	243,135	212,170	4,945,527
Regulation and compliance	1,479,829	-	-	-	1,479,829
Public charges for services	351,834	891,239	-	849,421	2,092,494
Special assessments/developer contributions	-	-	145,411	713,590	859,001
Investment income	666,875	54,666	453,294	484,351	1,659,186
Miscellaneous	78,803	-	-	242,028	320,831
Interfund charges for services	356,592	-	-	-	356,592
<b>Total Revenues</b>	<b>17,399,375</b>	<b>4,140,905</b>	<b>4,118,540</b>	<b>4,846,071</b>	<b>30,504,891</b>
<b>EXPENDITURES</b>					
Current					
General government	4,844,403	-	-	-	4,844,403
Public safety	9,215,431	4,056,688	-	1,222,747	14,494,866
Health and social services	445,528	-	-	-	445,528
Public works	3,149,787	-	-	1,544,235	4,694,022
Leisure activities	1,658,174	-	-	156,968	1,815,142
Conservation and development	-	-	-	71,513	71,513
Capital Outlay	-	-	4,101,252	430,341	4,531,593
Debt Service					
Principal retirement	-	-	13,066	2,540,000	2,553,066
Interest and fiscal charges	-	-	1,934	577,532	579,466
<b>Total Expenditures</b>	<b>19,313,323</b>	<b>4,056,688</b>	<b>4,116,252</b>	<b>6,543,336</b>	<b>34,029,599</b>
Excess (deficiency) of revenues over expenditures	(1,913,948)	84,217	2,288	(1,697,265)	(3,524,708)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of property	13,010	-	-	173,739	186,749
General obligation debt issued	-	-	-	1,200,000	1,200,000
Transfers in	1,345,802	-	1,678,326	537,650	3,561,778
Transfers out	(336,723)	-	(15,502)	(2,200,474)	(2,552,699)
Payment to refunding bond escrow agent	-	-	-	(967,732)	(967,732)
Distribution of excess tax increments	-	-	-	(752,580)	(752,580)
<b>Total Other Financing Sources (Uses)</b>	<b>1,022,089</b>	<b>-</b>	<b>1,662,824</b>	<b>(2,009,397)</b>	<b>675,516</b>
<b>Net Change in Fund Balance</b>	<b>(891,859)</b>	<b>84,217</b>	<b>1,665,112</b>	<b>(3,706,662)</b>	<b>(2,849,192)</b>
<b>SPECIAL ITEM</b>					
Power generating facility mitigation revenue	-	-	-	2,250,000	2,250,000
<b>FUND BALANCES - Beginning of Year</b>	<b>8,119,955</b>	<b>228,587</b>	<b>7,804,924</b>	<b>7,149,432</b>	<b>23,302,898</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 7,228,096</b>	<b>\$ 312,804</b>	<b>\$ 9,470,036</b>	<b>\$ 5,692,770</b>	<b>\$ 22,703,706</b>

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, 2006

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Net change in fund balances - total governmental funds	\$ (2,849,192)
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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 assets 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	4,531,593
Some items capitalized were not reported as capital outlay	29,673
Some amounts reported as capital outlay were not capitalized	(722,556)
Depreciation is reported in the government-wide statements	(3,272,533)
Net book value of disposed assets	(195,944)
Capital contributions are reported in the government-wide statements	4,179,391

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

Special assessments	(255,576)
Loans	(19,204)

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

Capital lease payments	13,066
Principal repaid	3,500,000
Debt proceeds	(1,200,000)
Capital appreciation bond increase	(117,512)

Part of net revenue of activities in the internal service fund is reported with governmental activities	671,379
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(131,235)
Accrued interest on debt	23,726

<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 4,185,076</u></b>
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See accompanying notes to financial statements.

**CITY OF OAK CREEK**

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 December 31, 2006

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and investments	\$ 4,646,384	\$ 2,679,870	\$ 7,326,254	\$ 2,913,798
Customer accounts receivable	1,352,647	558,969	1,911,616	-
Other accounts receivable	70,619	167,476	238,095	8,946
Due from other funds	-	155,322	155,322	-
Accrued interest	10,188	-	10,188	-
Lease receivable	15,868	-	15,868	-
Note receivable	16,033	-	16,033	-
Unamortized debt issue costs	2,583	1,350	3,933	-
Inventories	61,089	-	61,089	-
Prepaid items	-	-	-	59,236
Restricted assets				
Revenue bond redemption account	127,189	15,920	143,109	-
<b>Total Current Assets</b>	<b>6,302,600</b>	<b>3,578,907</b>	<b>9,881,507</b>	<b>2,981,980</b>
<b>Noncurrent Assets</b>				
<b>Restricted Assets</b>				
Revenue bond reserve account	1,543,200	191,038	1,734,238	-
Revenue bond depreciation account	241,482	112,046	353,528	-
<b>Total Restricted Assets</b>	<b>1,784,682</b>	<b>303,084</b>	<b>2,087,766</b>	<b>-</b>
<b>Capital Assets</b>				
Land and land rights	118,444	513,147	631,591	-
Construction in progress	1,587,037	608,692	2,195,729	-
Utility plant in service	78,844,429	41,703,633	120,548,062	-
Accumulated depreciation	(18,640,664)	(7,501,741)	(26,142,405)	-
<b>Total Capital Assets</b>	<b>61,909,246</b>	<b>35,323,731</b>	<b>97,232,977</b>	<b>-</b>
<b>Other Assets</b>				
Property held for future use	5,000	-	5,000	-
Lease receivable	183,480	-	183,480	-
Note receivable	236,299	-	236,299	-
Due from other funds - special assessments	239,161	125,708	364,869	-
Unamortized bond discount and expense	2,865	2,783	5,648	-
<b>Total Other Assets</b>	<b>666,805</b>	<b>128,491</b>	<b>795,296</b>	<b>-</b>
<b>Total Assets</b>	<b>70,663,333</b>	<b>39,334,213</b>	<b>109,997,546</b>	<b>2,981,980</b>

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 427,451	\$ 434,512	\$ 861,963	\$ 343,202
Accrued payroll	236,195	31,735	267,930	-
Accrued interest payable	-	37,326	37,326	-
Due to other funds	720,225	-	720,225	-
Unearned revenue	32,060	-	32,060	-
Compensated absences	6,717	-	6,717	-
General obligation debt	-	169,408	169,408	-
Liabilities Payable From Restricted Assets				
Accrued interest	50,106	3,420	53,526	-
Current portion of revenue bonds	925,000	150,000	1,075,000	-
Less: Unamortized loss on advance refunding of revenue bonds	<u>(42,738)</u>	<u>-</u>	<u>(42,738)</u>	<u>-</u>
Total Current Liabilities	<u>2,355,016</u>	<u>826,401</u>	<u>3,181,417</u>	<u>343,202</u>
Noncurrent Liabilities				
Accrued compensated absences	21,860	-	21,860	-
General obligation debt	-	766,948	766,948	-
Revenue bonds	13,055,000	625,000	13,680,000	-
Less: Unamortized loss on advance refunding of revenue bonds	<u>(469,892)</u>	<u>-</u>	<u>(469,892)</u>	<u>-</u>
Total Noncurrent Liabilities	<u>12,606,968</u>	<u>1,391,948</u>	<u>14,468,808</u>	<u>-</u>
Total Liabilities	<u>14,961,984</u>	<u>2,218,349</u>	<u>17,650,225</u>	<u>343,202</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	49,086,874	33,678,117	82,764,991	-
Restricted				-
Debt service	980,733	141,929	1,122,662	
Depreciation	241,482	112,046	353,528	
Unrestricted	<u>5,392,260</u>	<u>3,183,772</u>	<u>8,576,032</u>	<u>2,638,778</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 55,701,349</u>	<u>\$ 37,115,864</u>	<u>92,817,213</u>	<u>\$ 2,638,778</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>98,116</u>	
Net Assets of Business-type Activities			<u>\$ 92,915,329</u>	

See accompanying notes to financial statements.

**CITY OF OAK CREEK**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2006

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>	Activities - Internal Service Fund
<b>OPERATING REVENUES</b>	<u>\$ 7,268,427</u>	<u>\$ 2,582,089</u>	<u>\$ 9,850,516</u>	<u>\$ 4,826,213</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	3,153,067	1,950,301	5,103,368	4,350,078
Depreciation	1,580,634	527,577	2,108,211	-
Taxes	<u>95,809</u>	<u>36,517</u>	<u>132,326</u>	<u>-</u>
Total Operating Expenses	<u>4,829,510</u>	<u>2,514,395</u>	<u>7,343,905</u>	<u>4,350,078</u>
Operating Income	<u>2,438,917</u>	<u>67,694</u>	<u>2,506,611</u>	<u>476,135</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	366,066	144,609	510,675	207,169
Income from merchandising and jobbing	7,968	-	7,968	-
Rental income	-	223,100	223,100	-
Interest expense	(637,426)	(95,220)	(732,646)	-
Amortization expense	(46,530)	(1,562)	(48,092)	-
Miscellaneous revenue	<u>9,512</u>	<u>-</u>	<u>9,512</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(300,410)</u>	<u>270,927</u>	<u>(29,483)</u>	<u>207,169</u>
<b>Income Before Contributions     and Transfers</b>	2,138,507	338,621	2,477,128	683,304
Capital contributions	2,311,490	2,381,186	4,692,676	-
Transfers out	<u>(992,974)</u>	<u>(16,105)</u>	<u>(1,009,079)</u>	<u>-</u>
<b>Change in Net Assets</b>	3,457,023	2,703,702	6,160,725	683,304
NET ASSETS - Beginning of Year	<u>52,244,326</u>	<u>34,412,162</u>		<u>1,955,474</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 55,701,349</u>	<u>\$ 37,115,864</u>		<u>\$ 2,638,778</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>11,925</u>	
Change in Net Assets of Business-Type Activities			<u>\$ 6,172,650</u>	

See accompanying notes to financial statements.

**CITY OF OAK CREEK**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2006

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 7,134,164	\$ 2,562,425	\$ 9,696,589	\$ 4,883,156
Received from rents of water property	81,821	-	81,821	-
Received from nonoperating activities	22,803	-	22,803	-
Received from miscellaneous sources	29,229	203	29,432	-
Paid to Milwaukee Metro Sewerage District for sewer user charges	-	(1,273,573)	(1,273,573)	-
Paid to suppliers for goods and services	(1,825,498)	(415,838)	(2,241,336)	(4,339,061)
Paid to employees for services	(1,273,537)	(322,198)	(1,595,735)	-
Net Cash Flows From Operating Activities	<u>4,168,982</u>	<u>551,019</u>	<u>4,720,001</u>	<u>544,095</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Paid to city for tax equivalent	<u>(1,014,901)</u>	<u>(14,641)</u>	<u>(1,029,542)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of investments	1,250,000	250,000	1,500,000	-
Proceeds from equipment lease	13,747	-	13,747	-
Proceeds from promissory note	13,619	-	13,619	-
Proceeds from property rental	-	166,675	166,675	-
Investment income	<u>355,985</u>	<u>149,876</u>	<u>505,861</u>	<u>207,169</u>
Net Cash Flows From Investing Activities	<u>1,633,351</u>	<u>566,551</u>	<u>2,199,902</u>	<u>207,169</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(1,790,004)	(574,124)	(2,364,128)	-
Special assessment proceeds	154,245	68,304	222,549	-
Connection fees received	-	8,319	8,319	-
Debt retired	(825,000)	(286,341)	(1,111,341)	-
Interest paid	<u>(683,372)</u>	<u>(102,171)</u>	<u>(785,543)</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(3,144,131)</u>	<u>(886,013)</u>	<u>(4,030,144)</u>	<u>-</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,643,301</b>	<b>216,916</b>	<b>1,860,217</b>	<b>751,264</b>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,838,863</u>	<u>2,781,958</u>	<u>6,620,821</u>	<u>2,162,534</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 5,482,164</b>	<b>\$ 2,998,874</b>	<b>\$ 8,481,038</b>	<b>\$ 2,913,798</b>

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>	<u>Activities - Internal Service Funds</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating income	\$ 2,438,917	\$ 67,694	\$ 2,506,611	\$ 476,135
Nonoperating income	17,480	-	17,480	-
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities				
Noncash items included in income				
Depreciation	1,580,634	527,577	2,108,211	-
Depreciation charged to other accounts	86,818	(47,758)	39,060	-
Changes in assets and liabilities				
Customer accounts receivable	(25,287)	(14,256)	(39,543)	-
Other accounts receivable	8,637	-	8,637	56,943
Due from other funds	-	(4,879)	(4,879)	-
Inventories	1,129	-	1,129	-
Prepaid items	-	-	-	(8,126)
Accounts payable and accrued liabilities	7,682	23,229	30,911	19,143
Accrued expenses	38,452	(588)	37,864	-
Due to other funds	14,932	-	14,932	-
Unearned revenue	(412)	-	(412)	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 4,168,982</b>	<b>\$ 551,019</b>	<b>\$ 4,720,001</b>	<b>\$ 544,095</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS</b>				
Cash and investments	\$ 4,646,384	\$ 2,679,870	\$ 7,326,254	\$ 2,913,798
Restricted cash and investments - current	127,189	15,920	143,109	-
Restricted cash and investments - noncurrent	1,784,682	303,084	2,087,766	-
Less: Non-cash equivalents	(1,076,091)	-	(1,076,091)	-
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 5,482,164</b>	<b>\$ 2,998,874</b>	<b>\$ 8,481,038</b>	<b>\$ 2,913,798</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Interest income earned on noncash equivalents	\$ 134,688	\$ 23,203	\$ 157,891	\$ -
Market value adjustment on investments	\$ 20,900	\$ 1,250	\$ 22,150	\$ -
Cost of capital assets installed and/or financed by the City and developers	\$ 2,230,919	\$ 2,349,763	\$ 4,580,682	\$ -
Cost of capital assets financed by assessment of benefits to property owners	\$ 80,571	\$ 23,104	\$ 103,675	\$ -

See accompanying notes to financial statements.

**CITY OF OAK CREEK**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
December 31, 2006

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	Agency Fund
<b>ASSETS</b>	
Cash and investments	\$ 28,700,923
Property taxes receivable	<u>13,874,500</u>
<b>TOTAL ASSETS</b>	<u>\$ 42,575,423</u>
<b>LIABILITIES</b>	
Due to other taxing units	<u>\$ 42,575,423</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 42,575,423</u>

See accompanying notes to financial statements.



# CITY OF OAK CREEK

## INDEX TO NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the City of Oak Creek, Wisconsin conform to generally accepted accounting principles as applicable to governmental units.

#### **A. REPORTING ENTITY**

This report includes all of the funds of the City of Oak Creek. The reporting entity for the city consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) 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 or incomplete. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and 1) it is able to impose its will on that organization or 2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: 1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; 2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; 3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. This report does not contain any component units.

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

##### ***Government-Wide Financial Statements***

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

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

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

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

---

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

##### ***Fund Financial Statements***

Financial statements of the reporting entity 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, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

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.

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, liabilities, 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.

The city reports the following major governmental funds:

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

Paramedic Rescue Fund – Accounts for resources legally restricted to supporting expenditures for the paramedic rescue program.

Capital Improvement Fund – accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects.

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

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

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

---

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

##### ***Fund Financial Statements (cont.)***

The city reports the following non-major governmental and enterprise funds:

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

- Solid Waste Fund
- Donation and Activity Fund
- WE Energies Fund
- Low Income Loan Fund
- Park Escrow Fund
- Special Assessment Fund
- Economic Development Fund
- Developer Agreement Future Improvements Fund
- Impact Fee Escrow Fund
- Asset Forfeiture Fund
- Storm Water Fund

Debt Service Funds – used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

- Debt Amortization Fund
- TIF No. 2 Debt Service Fund
- TIF No. 3 Debt Service Fund
- TIF No. 4 Debt Service Fund
- TIF No. 5 Debt Service Fund
- TIF No. 6 Debt Service Fund
- Police Station Debt Service Fund

Capital Projects Funds – used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

- Developer Agreement Fund

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

---

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

##### ***Fund Financial Statements (cont.)***

In addition, the city reports the following fund types:

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

Health Insurance Fund

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

Tax Collection Fund

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

##### ***Government-Wide Financial Statements***

The government-wide statement of net assets 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 revenue. 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.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

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

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

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

---

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

##### ***Fund Financial Statements***

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

Property taxes are recorded in the year levied as receivables and deferred revenues. 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 deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

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 deferred 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.

The city reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the city has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the city has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

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

---

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

##### ***Fund Financial Statements*** (cont.)

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting and do not have a measurement focus.

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. 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 utility funds 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 and liabilities 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.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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#### ***D. ASSETS, LIABILITIES, AND NET ASSETS 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:

1. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
2. 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, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. 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***

In order to safeguard investments and deposits, the City shall require, at a minimum, that each approved public depository, submit to the City its annual financial statements. The Finance Committee shall annually evaluate such statements as to the financial soundness of the depository by May 1st of each year.



# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

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

---

#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

##### **1. Deposits and Investments (cont.)**

##### **Custodial Credit Risk (cont.)**

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

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

##### **Credit Risk**

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

##### **Concentration of Credit Risk**

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

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

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

---

#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

##### **1. Deposits and Investments (cont.)**

###### **Interest Rate Risk**

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

Bids shall be required of all investments that are in excess of \$100,000 or have a maturity date of 30 days or longer. A minimum of three bids from the city's public depository list shall be acquired for time deposits.

Purchase obligations of the US Treasury and deposits into the Local Government Investment Pool and the M&I 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 quoted market prices. 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, 2006, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

The CLASS investment (Cooperative Liquid Assets Securities System) is an investment pool established by an intergovernmental agreement dated March 1, 1996. CLASS is available for investment by Wisconsin governmental entities except school districts. CLASS operates consistent with the provisions of a 2a-7 like pool, and invests only in investments legally permissible under Wisconsin law, with a weighted average maturity not exceeding 120 days. The value of pool shares is the same as the fair value position in the pool.

See Note III.A. for further information.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

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

---

#### *D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)*

##### **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 state and county governments 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 agency fund statement of fiduciary net assets.

Property tax calendar – 2006 tax roll:

Lien date and levy date	December 2006
Tax bills mailed	December 2006
Payment in full, or	January 31, 2007
First installment due (50%)	January 31, 2007
Second installment due (25%)	March 31, 2007
Third installment due (25%)	May 31, 2007
Personal property taxes in full	January 31, 2007
Tax sale – 2006 delinquent real estate taxes	October 2009

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 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 assets. 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 reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

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

---

#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

##### **2. Receivables (cont.)**

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.

It is the city's policy to record deferred 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 designated fund balance in the fund financial statements.

##### **3. Inventories and Prepaid Items**

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. They are not for resale.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

##### **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 assets.

##### **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 fair value at the date of donation.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

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

---

#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

##### **5. Capital Assets (cont.)**

###### **Government –Wide Statements (cont.)**

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but not required until January 1, 2007, when GASB 34 requires the city to retroactively report all major general infrastructure assets acquired since January 1, 1980. For the year ended December 31, 2006, the city has retroactively reported its roads, sidewalks, storm sewers and street lighting major infrastructure networks acquired by its governmental fund types.

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. No interest was 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.

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 assets. 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

###### **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.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

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

---

#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

##### **6. Other Assets**

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue using the proportionate to stated interest method. This method results in amortization of decreasing amounts as bonds or notes are retired serially.

##### **7. Compensated Absences**

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay 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 vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2006 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 deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

**D. ASSETS, LIABILITIES, AND NET ASSETS 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:

<u>Name</u>	<u>Date</u>	<u>Original Principal Amount</u>	<u>Maturity</u>	<u>Principal Amount Outstanding at 12-31-06</u>
AAA Sales & Engineering	11/17/98	\$ 6,375,000	11/1/21	\$ 3,963,747
F & M Management Company	5/1/96	3,000,000	5/1/25	1,200,000
McAdams Graphics, Inc.	12/21/95	5,600,000	12/1/07	950,000
Neo-Brake Systems, Inc./Ballew LLC Project	5/1/99	1,230,000	5/1/19	561,288
Crown Prince Inc.	12/2/03	2,235,000	1/1/24	1,694,355
Wisconsin Electric Power Company	12/1/04	67,000,000	8/1/16	67,000,000
Total				<u>\$ 75,369,390</u>

**9. Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

##### **10. Equity Classifications**

###### **Government–Wide Statements**

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.
- b. Restricted net assets – Consists of net assets 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 assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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 equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled “designated”. The balance of unreserved fund balance is labeled “undesignated”, which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.



# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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### NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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#### A. 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.

#### B. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
WE Energies Fund	\$ 2,254,437	\$ 2,307,157	\$ 52,720
Low Income Loan Fund	20,000	20,213	213
Special Assessment Fund	505,000	510,425	5,425
Tax Incremental Fund No. 2	163,950	976,941	812,991
Tax Incremental Fund No. 3	117,135	1,506,705	1,389,570
Tax Incremental Fund No. 4	9,000	11,626	2,626
Tax Incremental Fund No. 5	90,473	92,625	2,152
Tax Incremental Fund No. 6	1,536,000	1,538,057	2,057
Police Station Debt Service Fund	1,048,575	1,048,613	38

The large excess for both the Tax Incremental Fund No. 3 and Tax Incremental Fund No. 4 are due to the early closing of these funds and distribution of excess tax increments to the overlying districts.

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

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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#### **C. DEFICIT BALANCES**

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

As of December 31, 2006, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
WE Energies Fund	\$ 39,939	Excess of expenditures over revenues
Developer Agreements Capital Projects Fund	30,365	Excess of expenditures over revenues

Fund deficits are anticipated to be funded with future contributions, general tax revenues, or long-term borrowing.

#### **D. LIMITATIONS ON THE CITY'S TAX LEVY**

As part of Wisconsin's Act 25 (2005), new legislation was passed that limits the City of Oak Creek'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 2%. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit begins with the 2005 levy collected in 2006 and is set to expire after the 2006 levy.

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

**A. DEPOSITS AND INVESTMENTS**

The city maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the statement of net assets 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	\$ 18,391,973	\$ 18,172,943	Custodial credit risk
U.S. instrumentalities	11,045,596	11,045,596	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
Local Government Investment Pool CLASS	35,479,191	35,479,191	Credit risk, interest rate risk
Petty cash	60,904	60,904	Credit risk, interest rate risk
	5,150	-	N/A
<b>Total Cash and Investments</b>	<b><u>\$ 64,982,814</u></b>	<b><u>\$ 64,758,634</u></b>	
Reconciliation to financial statements			
Per statement of net assets			
Cash and investments	\$ 30,714,133		
Restricted cash and investments	5,567,758		
Per statement of net assets – fiduciary funds			
Agency	<u>28,700,923</u>		
<b>Total Cash and Investments</b>	<b><u>\$ 64,982,814</u></b>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$100,000 for interest bearing accounts and \$100,000 for noninterest bearing accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

Investments in the Local Government Investment Pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC and State of Wisconsin Guarantee Fund insurance.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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#### A. DEPOSITS AND INVESTMENTS (cont.)

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 M&I 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.

As of December 31, 2006, \$287,039 of the city's total bank balances of \$18,172,943 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 287,039</u>
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##### **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, 2006 the city's investments were rated as follows:

<u>Investment Type</u>	<u>Standard &amp; Poor's</u>	<u>Fitch Ratings</u>	<u>Moody's Investor Services</u>
Federal Home Loan Bank	Aaa	Aaa	AAA
Federal National Mortgage Association	Aaa	Aaa	AAA
Federal Home Loan Mortgage Corp.	Aaa	Aaa	AAA

The city also held investments in the following external pools which are not rated:

Local Government Investment Pool  
CLASS

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

**A. DEPOSITS AND INVESTMENTS (cont.)**

**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, 2006, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal National Mortgage Association	U.S. Security	5.43%
Federal Home Loan Bank	U.S. Security	3.74%
Federal Home Loan Mortgage Corporation	U.S. Security	3.46%

**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, 2006, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In years)		
		Less than 1 year	1 - 10	> 10 years
US agencies	\$ 11,045,596	\$ 3,617,507	\$ 1,477,291	\$ 5,950,798
External investment pools	35,540,095	35,540,095	-	-
<b>Totals</b>	<b>\$ 46,585,691</b>	<b>\$ 39,157,602</b>	<b>\$ 1,477,291</b>	<b>\$ 5,950,798</b>

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

**B. RECEIVABLES**

Receivables as of year end for the government's individual major funds and nonmajor funds in the aggregate are as follows:

	<u>General</u>	<u>Paramedic Rescue Fund</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Total net receivables	<u>\$ 10,346,872</u>	<u>\$ 3,307,359</u>	<u>\$ 3,476,700</u>	<u>\$ 4,128,765</u>	<u>\$ 21,259,696</u>
Amounts not expected to be collected within one year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,124,276</u>	<u>\$ 1,124,276</u>

Revenues of the city are reported net of uncollectible amounts. General accounts receivable have been adjusted for all known uncollectible accounts. No allowance is necessary at year-end.

Governmental funds report *deferred 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 *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes and special charges receivable for subsequent year	\$ -	\$ 19,080,708	\$ 19,080,708
Special assessments not yet due	885,013	-	885,013
Loan receivables	<u>34,674</u>	<u>-</u>	<u>34,674</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 919,687</u>	<u>\$ 19,080,708</u>	<u>\$ 20,000,395</u>

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

**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.
- Depreciation – Used to report resources set aside to fund plant renewals and replacement or 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, 2006:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Totals</u>
Redemption account	\$ -	\$ 143,109	\$ 143,109
Reserve account	-	1,734,238	1,734,238
Depreciation account	-	353,528	353,528
Impact fee account	3,330,213	-	3,330,213
Asset forfeiture account	<u>6,670</u>	<u>-</u>	<u>6,670</u>
 Totals	 <u>\$ 3,336,883</u>	 <u>\$ 2,230,875</u>	 <u>\$ 5,567,758</u>

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

#### D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 16,429,772	\$ 2,977,438	\$ (95,424)	\$ 19,311,786
Construction in progress	1,103,671	464,435	(286,370)	1,281,736
Total Capital Assets				
Not Being Depreciated	17,533,443	3,441,873	(381,794)	20,593,522
Capital assets being depreciated				
Land improvements	1,663,530	-	-	1,663,530
Buildings	14,265,634	102,418	-	14,368,052
Machinery and equipment	13,171,695	1,980,766	(516,375)	14,636,086
Bridges	-	286,370	-	286,370
Roads	29,697,559	1,361,197	(68,880)	30,989,876
Sidewalks	3,251,647	171,581	-	3,423,228
Street lighting	3,310,252	253,102	-	3,563,354
Storm sewers	20,309,450	707,164	-	21,016,614
Total Capital Assets				
Being Depreciated	85,669,767	4,862,598	(585,255)	89,947,110
Less: Accumulated depreciation for				
Land improvements	(324,360)	(47,745)	-	(372,105)
Buildings	(2,765,177)	(479,895)	-	(3,245,072)
Machinery and equipment	(7,702,418)	(1,533,370)	466,544	(8,769,244)
Bridges	-	(2,864)	-	(2,864)
Roads	(6,404,093)	(523,391)	18,191	(6,909,293)
Sidewalks	(1,569,415)	(146,351)	-	(1,715,766)
Street lighting	(1,848,655)	(124,998)	-	(1,973,653)
Storm sewers	(6,547,818)	(413,919)	-	(6,961,737)
Total Accumulated Depreciation	(27,161,936)	(3,272,533)	484,735	(29,949,734)
Net Capital Assets				
Being Depreciated	58,507,831	1,590,065	(100,520)	59,997,376
Total Governmental Activities				
Assets, Net of				
Accumulated Depreciation	\$ 76,041,274	\$ 5,031,938	\$ (482,314)	\$ 80,590,898



# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

#### D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

#### Governmental Activities

General government	\$ 76,852
Public safety	1,175,708
Public works, which includes the depreciation of roads, sidewalks and storm sewers	1,743,768
Health and social services	83,078
Leisure activities	<u>193,127</u>

Total Governmental Activities Depreciation Expense \$ 3,272,533

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 118,444	\$ -	\$ -	\$ 118,444
Construction in progress	<u>3,385,033</u>	<u>1,916,446</u>	<u>(3,714,442)</u>	<u>1,587,037</u>
Total Capital Assets Not Being Depreciated	<u>3,503,477</u>	<u>1,916,446</u>	<u>(3,714,442)</u>	<u>1,705,481</u>
Capital assets being depreciated				
Source of supply	6,754,081	-	-	6,754,081
Pumping	3,729,023	848,146	(31,169)	4,546,000
Treatment	11,819,519	15,757	(90,098)	11,745,178
Transmission and distribution	47,768,484	4,977,542	(67,092)	52,678,934
General	<u>3,073,129</u>	<u>63,605</u>	<u>(16,498)</u>	<u>3,120,236</u>
Total Capital Assets Being Depreciated	<u>73,144,236</u>	<u>5,905,050</u>	<u>(204,857)</u>	<u>78,844,429</u>
Total Capital Assets	<u>76,647,713</u>	<u>7,821,496</u>	<u>(3,919,299)</u>	<u>80,549,910</u>
Less: Accumulated depreciation for				
Source of supply	(1,119,867)	(122,056)	-	(1,241,923)
Pumping	(2,081,636)	(152,456)	98,911	(2,135,181)
Treatment	(3,932,423)	(401,027)	90,098	(4,243,352)
Transmission and distribution	(8,285,108)	(840,780)	67,092	(9,058,796)
General	<u>(1,744,565)</u>	<u>(233,345)</u>	<u>16,498</u>	<u>(1,961,412)</u>
Total Accumulated Depreciation	<u>(17,163,599)</u>	<u>(1,749,664)</u>	<u>272,599</u>	<u>(18,640,664)</u>
Net Water Plant	<u>\$ 59,484,114</u>	<u>\$ 6,071,832</u>	<u>\$ (3,646,700)</u>	<u>\$ 61,909,246</u>

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

**D. CAPITAL ASSETS (cont.)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Sewer</b>				
Capital assets not being depreciated				
Land and land rights	\$ 513,147	\$ -	\$ -	\$ 513,147
Construction in progress	<u>143,395</u>	<u>647,925</u>	<u>(182,628)</u>	<u>608,692</u>
Total Capital Assets Not Being Depreciated	<u>656,542</u>	<u>647,925</u>	<u>(182,628)</u>	<u>1,121,839</u>
Capital assets being depreciated				
Collection system	39,041,691	2,461,613	(588,439)	40,914,865
Collection system pumping	346,671	5,400	(23,487)	328,584
General	<u>471,586</u>	<u>-</u>	<u>(11,402)</u>	<u>460,184</u>
Total Capital Assets Being Depreciated	<u>39,859,948</u>	<u>2,467,013</u>	<u>(623,328)</u>	<u>41,703,633</u>
Total Capital Assets	<u>40,516,490</u>	<u>3,114,938</u>	<u>(805,956)</u>	<u>42,825,472</u>
Less: Accumulated depreciation for				
Collection system	(7,268,823)	(430,577)	648,177	(7,051,223)
Collection system pumping	(244,073)	(16,113)	23,487	(236,699)
General	<u>(192,092)</u>	<u>(33,128)</u>	<u>11,401</u>	<u>(213,819)</u>
Total Accumulated Depreciation	<u>(7,704,988)</u>	<u>(479,818)</u>	<u>683,065</u>	<u>(7,501,741)</u>
Net Sewer Plant	<u>\$ 32,811,502</u>	<u>\$ 2,635,120</u>	<u>\$ (122,891)</u>	<u>\$ 35,323,731</u>
Business-type Capital Assets, Net of Depreciation	<u>\$ 92,295,616</u>	<u>\$ 8,706,952</u>	<u>\$ (3,769,591)</u>	<u>\$ 97,232,977</u>

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Water	\$ 1,580,634
Sewer	<u>527,577</u>
Total Business-type Activities Depreciation Expense	<u>\$ 2,108,211</u>

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 December 31, 2006

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

#### *E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS*

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	Developer agreement fund	\$ 110,559	\$ -
General fund	Water utility	1,054,616	-
Developer improvement fund	Water utility	10,261	-
Capital improvements fund	Water utility	4,281	-
Sewer utility	General fund	155,322	-
Sewer utility	Special assessment fund	239,161	79,008
Water utility	Special assessment fund	<u>125,708</u>	<u>125,708</u>
Total – Fund Financial Statements		1,699,908	
Less: Internal service fund allocation		(98,116)	
Fund eliminations		(110,559)	
Government-wide eliminations		<u>(1,389,315)</u>	
Total Internal Balances – Government-Wide Statement of Net Assets		<u>\$ 101,918</u>	

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.

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Water utility	\$ 992,974	Tax equivalent
General fund	Sewer utility	16,105	Tax equivalent
General fund	Tax incremental fund No. 2	203,153	Distribution of excess increments
General fund	Tax incremental fund No. 3	133,570	Distribution of excess increments
Economic development fund	General fund	136,723	Finance economic development expenditures
Economic development fund	Impact fee escrow fund	75,000	Finance economic development expenditures
Tax incremental fund No. 2	Special assessments fund	10,425	Collection of special assessment receivables

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Police debt service fund	General fund	\$ 200,000	Debt service obligation
Police debt service fund	Impact fee escrow fund	100,000	Debt service obligation
Capital improvements fund	WE energies fund	1,135,000	To fund financing of capital improvements
Capital improvements fund	Impact fee escrow fund	31,844	To fund financing of capital improvements
Capital improvements fund	Special assessment fund	500,000	To fund financing of capital improvements
Capital improvements fund	Park escrow fund	11,482	To fund financing of capital improvements
Park escrow fund	Capital improvements fund	6,958	To return excess funds for closed project
Storm sewer fund	Capital improvements fund	8,544	To fund financing of capital improvements
		<hr/>	
Subtotal – Fund Financial Statements		3,561,778	
Less: Fund eliminations		<u>(2,552,699)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 1,009,079</u>	

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.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable:					
General obligation debt:					
Notes and bonds	\$ 11,235,000	\$ 1,200,000	\$ 2,000,000	\$ 10,435,000	\$ 800,000
Capital appreciation bonds	2,480,619	117,512	-	2,598,131	293,073
Bond anticipation notes	1,500,000	-	1,500,000	-	-
Sub-Totals	15,215,619	1,317,512	3,500,000	13,033,131	1,093,073
Other Liabilities					
Vested compensated absences	1,745,067	1,074,737	943,502	1,876,302	1,102,846
Capital lease payable	53,117	-	13,066	40,051	13,613
Total Other Liabilities	1,798,184	1,074,737	956,568	1,916,353	1,116,459
Total Governmental Activities Long-Term Liabilities	\$ 17,013,803	\$ 2,392,249	\$ 4,456,568	\$ 14,949,484	\$ 2,209,532
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable:					
General obligation debt	\$ 1,097,697	\$ -	\$ 161,341	\$ 936,356	\$ 169,408
Revenue bonds	15,705,000	-	950,000	14,755,000	1,075,000
Less: unamortized loss on refunding	(555,368)	-	(42,738)	(512,630)	(42,738)
Sub-totals	16,247,329	-	1,068,603	15,178,726	1,201,670
Other Liabilities					
Vested compensated absences	24,244	10,858	6,525	28,577	6,717
Total Business-type Activities Long-Term Liabilities	\$ 16,271,573	\$ 10,858	\$ 1,075,128	\$ 15,207,303	\$ 1,208,387

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

**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, 2006, was \$152,321,590. Total general obligation debt outstanding at year end was \$13,969,487.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-06</u>
<b>Governmental Activities</b>					
<b>General Obligation Debt</b>					
G.O. notes and bonds					
2001 TIF notes	4/15/01	4/01/11	4.10-4.65%	\$ 680,000	\$ 410,000
2002 bonds	3/15/02	3/01/17	3.00-5.625%	10,900,000	8,825,000
2006 bonds	10/15/06	10/01/16	4.00-4.50%	1,200,000	<u>1,200,000</u>
Sub-Total					10,435,000
2002 TIF capital appreciation bonds	12/02/02	9/01/15	3.40-4.84%	2,184,987	<u>2,598,131</u>
Total Governmental Activities – General Obligation Debt					<u><u>\$ 13,033,131</u></u>

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

**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 note and bonds are as follows:

<u>Years</u>	Governmental Activities General Obligation Notes and Bonds	
	<u>Principal</u>	<u>Interest</u>
	2007	\$ 800,000
2008	830,000	458,763
2009	855,000	422,662
2010	910,000	383,723
2011	940,000	341,874
2012-2016	5,075,000	1,010,017
2017	1,025,000	28,828
Totals	<u>\$ 10,435,000</u>	<u>\$ 3,143,339</u>

Debt service requirements to maturity for general obligation capital appreciation bonds are as follows:

<u>Years</u>	Governmental Activities Capital Appreciation Bonds
2007	\$ 365,000
2008	360,000
2009	365,000
2010	360,000
2011	360,000
2012-2015	1,440,000
	3,250,000
Less interest portion	(651,869)
Principal Portion	<u>\$ 2,598,131</u>

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-06</u>
<b>Business-type Activities General Obligation Debt</b>					
Sewer Utility State Trust Fund Loan	9/06/01	12/01/11	5.00%	\$ 1,500,000	\$ 936,356
Total Business-type Activities General Obligation Debt					<u>\$ 936,356</u>

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

**F. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 169,408	\$ 46,818
2008	177,773	38,452
2009	186,767	29,459
2010	196,105	20,120
2011	206,303	10,315
Totals	<u>\$ 936,356</u>	<u>\$ 145,164</u>

**Revenue Debt**

Business-type activities revenue bonds are payable only from revenues derived from the operation of the water and sewer utility. Substantially all utility property is subject to mortgage liens until the bonds are paid.

Revenue debt payable at December 31, 2006 consists of the following:

**Business-type Activities Revenue Debt**

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-06</u>
Sewer utility revenue bonds	9/01/96	12/01/11	4.25-5.45%	\$ 1,465,000	\$ 775,000
Water utility revenue bonds	10/15/97	12/01/17	4.10-5.30	7,790,000	375,000
Water utility revenue bonds	8/15/00	12/01/20	4.45-5.50	8,165,000	1,475,000
Water utility refunding revenue bonds	11/1/05	12/01/20	3.38-5.00	12,130,000	12,130,000
Total Business-type Activities Revenue Debt					<u>\$ 14,755,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 1,075,000	\$ 642,306
2008	1,075,000	593,407
2009	1,125,000	548,419
2010	1,200,000	499,688
2011	1,275,000	446,738
2012 – 2016	6,150,000	1,487,344
2017 – 2020	2,855,000	318,500
Totals	<u>\$ 14,755,000</u>	<u>\$ 4,536,402</u>



# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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#### *F. LONG-TERM OBLIGATIONS (cont.)*

##### *Other Debt Information*

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The city believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

##### *Prior-Year Defeasance of Debt*

In prior years, the city defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the city's financial statements. At December 31, 2006, \$960,000 of bonds outstanding are considered defeased. These bonds are callable on April 1, 2010.

Also, the city refunded revenue bonds in prior years and at December 31, 2006, \$10,040,000 of bonds outstanding are considered defeased.

##### *Advance Refunding*

On May 1, 2006, the city paid \$967,732 from cash reserves to advance refund \$960,000 of outstanding general obligation bonds with an average interest rate of 4.5 percent. These monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old general obligation notes. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from these financial statements.

The cash flow requirements on the refunded bonds prior to the advance refunding were \$1,215,223 from 2007 through 2015. The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$3,763.

The income statement loss on the advance refunding was \$7,732.

##### *Current Refunding*

On October 15, 2006, the city issued \$1,200,000 in general obligation refunding bonds with an average interest rate of 4.25% and paid \$300,000 from cash reserves to current refund \$1,500,000 of outstanding bond anticipation notes with an average interest rate of 2.4%.

The cash flow requirements on the refunded bonds prior to the current refundings was \$1,500,000 for 2006. The cash flow requirements on the general obligation refunding bonds are \$1,508,084 from 2006 through 2016.

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

**G. LEASE DISCLOSURES**

***Lessor – Capital Leases – Business-type Activities***

The water utility entered into a 15-year capital lease with Black Bear Bottling Group, LLC for equipment to be used in its bottling operations. The lease is dated April 26, 2001 with payments to be received in the amount of \$1,970 per month beginning on November 1, 2001 and terminating on October 31, 2016. Minimum future lease payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$ 11,534	\$ 14,076	\$ 25,610
2008	11,629	12,011	23,640
2009	12,657	10,983	23,640
2010	13,777	9,863	23,640
2011	14,995	8,645	23,640
2012	16,321	7,319	23,640
2013	17,765	5,875	23,640
2014	19,336	4,304	23,640
2015	21,046	2,594	23,640
2016	<u>18,954</u>	<u>747</u>	<u>19,701</u>
Totals	<u>\$ 158,014</u>	<u>\$ 76,417</u>	<u>\$ 234,431</u>

The water utility entered into a 15-year capital lease with Black Bear Bottling Group, LLC for label equipment to be used in their bottling operation. The lease is dated July 30, 2002 with payments to be received in the amount of \$333 per month at 0% interest beginning on April 1, 2002 and terminating on March 1, 2017. Minimum future lease payments are as follows:

<u>Year</u>	<u>Payments</u>
2007	\$ 4,333
2008	4,000
2009	4,000
2010	4,000
2011	4,000
2012	4,000
2013	4,000
2014	4,000
2015	4,000
2016	4,000
2017	<u>1,000</u>
Totals	<u>\$ 41,333</u>

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

**G. LEASE DISCLOSURES (cont.)**

***Lessor – Capital Leases – Business-type Activities (cont.)***

The water utility entered into a 15-year agreement with Black Bear Bottling Group, LLC for equipment to be used in their bottling operations. The lease is dated October 30, 2002 with payments to be received in the amount of \$2,867 per month at 8% interest beginning on January 1, 2003 and terminating on December 1, 2017. Future payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$ 16,033	\$ 21,237	\$ 37,270
2008	16,081	18,323	34,404
2009	17,416	16,988	34,404
2010	18,861	15,543	34,404
2011	20,426	13,978	34,404
2012	22,122	12,282	34,404
2013	23,958	10,446	34,404
2014	25,946	8,458	34,404
2015	28,100	6,304	34,404
2016	30,432	3,972	34,404
2017	32,957	1,447	34,404
Totals	<u>\$ 252,332</u>	<u>\$ 128,978</u>	<u>\$ 381,310</u>

***Lessor – Operating Leases – Governmental Activities***

The city has entered into an operating lease with Verizon Wireless (VW) for a 125 foot monopole constructed by VW on city property at 240 East Puetz Road. The term of the lease is 10 years commencing October 21, 2001. The lease shall be automatically renewed for three additional five year terms unless VW notifies Oak Creek of its intention not to renew. In consideration of VW's installation and sale to Oak Creek of the monopole, VW shall occupy the site rent free during the first term of the agreement. Future annual lease payments are as follows:

First term (years 1-10)	\$	-
First renewal term (years 11-15)		25,537
Second renewal term (years 16-20)		30,645
Third renewal term (years 21-25)		36,774

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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#### G. LEASE DISCLOSURES (cont.)

##### ***Lessor – Operating Leases – Business-type Activities***

The water and sewer utility has entered into operating leases with Verizon Wireless (VW), Sprint Spectrum L.P. (SSLP), AT&T Wireless (AT&T), and T-Mobile USA (TM) for space on utility reservoirs to be used for cellular antennas. These leases terminate on November 30, 2005, March 20, 2007, March 1, 2010 and February 26, 2016 for VW, SSLP, AT&T and TM, respectively. Minimum future lease rentals are as follows:

2007	\$	87,558
2008		90,562
2009		92,740
2010		77,178
2011		46,185
2012		30,507
2013		26,937
2014		28,015
2015		29,135
2016		4,713

The water and sewer utility entered into a 10-year operating lease with Black Bear Bottling Group, LLC for office and warehouse space in a utility-owned building to be used for its bottling operations. This building had an original cost of \$2,500,012, a net book value of \$2,375,593 as of December 31, 2003 and a depreciation accrual of \$50,000 during the year 2003. One hundred% of the space in this building is leased by Black Bear. The lease commenced on November 1, 2001 and will terminate on October 31, 2011. Minimum future lease rentals are as follows:

2007	\$	224,400
2008		226,200
2009		228,000
2010		229,850
2011		193,000

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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#### **H. NET ASSETS/FUND BALANCES**

Net assets reported on the government wide statement of net assets at December 31, 2006 includes the following:

#### **Governmental Activities**

Invested in capital assets, net of related debt	
Land	\$ 19,311,786
Construction in progress	1,281,736
Other capital assets, net of accumulated depreciation	59,997,376
Less: Related long-term debt outstanding (excluding non-capital debt)	<u>(12,181,177)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>68,409,721</u>
Restricted	
Debt service	523,425
Impact fee escrow	3,302,769
Park escrow	450,765
Loan income loans	7,773
Asset forfeiture	<u>6,670</u>
Total Restricted	<u>4,291,402</u>
Unrestricted	<u>18,903,706</u>
Total Governmental Activities Net Assets	<u>\$ 91,604,829</u>

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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

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#### *H. NET ASSETS/FUND BALANCES* (cont.)

##### *Governmental Activities* (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2006 include the following:

<b>Reserved Fund Balance</b>	
Major Funds	
General Fund	
Delinquent personal property taxes	\$ 93,821
Inventories	66,656
Tax equivalent for subsequent year's budget	<u>1,009,079</u>
Total	<u>\$ 1,169,556</u>
Capital Improvements Program Fund	
Reserved for encumbrances	<u>\$ 82,489</u>
Non-Major Fund Reserved Fund Balance	
Debt Service Funds	
Reserved for debt amortization fund debt service	\$ 316,599
Reserved for TID No. 4 debt service	25,329
Reserved for TID No. 5 debt service	98,699
Reserved for TID No. 6 debt service	41,743
Reserved for police station debt service	<u>241,693</u>
Total Non-Major Fund Reserved Fund Balance	<u>\$ 724,063</u>

**CITY OF OAK CREEK**

**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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

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**H. NET ASSETS/FUND BALANCES (cont.)**

**Governmental Activities (cont.)**

<b>Unreserved Fund Balance</b>	
Major Funds	
General Fund – Contingencies	\$ 200,000
General Fund – Subsequent year's budget	<u>3,258,686</u>
Total General Fund – Designated	<u>\$ 3,458,686</u>
General Fund – Undesignated	<u>\$ 2,599,854</u>
Paramedic Rescue Fund	<u>\$ 312,804</u>
Capital Improvements Fund – projects	<u>\$ 9,387,547</u>
Non-Major Funds	
Special Revenue Funds	
Solid waste fund	\$ 98,911
Donation and Activity fund	115,806
WE energies fund (deficit)	(39,939)
Low Income Loan fund	7,773
Park Escrow fund	450,765
Special Assessment fund	276,338
Economic Development fund	369,292
Impact Fee Escrow fund	3,302,769
Asset forfeiture fund	6,670
Stormwater fund	<u>410,687</u>
Total	<u>\$ 4,999,072</u>

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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

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**H. NET ASSETS/FUND BALANCES (cont.)**

**Governmental Activities (cont.)**

**Unreserved Fund Balance (cont.)**

Non-Major Funds (cont.)

Capital Projects Fund

Developer agreement (deficit) \$ (30,365)

**Business-type Activities**

Invested in capital assets, net of related debt

Land and land rights \$ 631,591

Construction in progress 2,195,729

Other capital assets, net of accumulated depreciation 94,405,657

Less: related long-term debt outstanding (excluding unspent capital  
related debt proceeds) (14,467,986)

Total Invested in Capital Assets 82,764,991

Restricted

Debt service 1,122,662

Depreciation 353,528

Total Restricted 1,476,190

Unrestricted 8,674,148

Total Business-type Activities Net Assets \$ 92,915,329

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**NOTE IV – OTHER INFORMATION**

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**A. EMPLOYEES' RETIREMENT SYSTEM**

All eligible city employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.9% of their salary (2.9% for Executives and Elected Officials, 5.0% for Protective Occupations with Social Security, and 3.3% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.



## CITY OF OAK CREEK

### NOTES TO FINANCIAL STATEMENTS December 31, 2006

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#### **NOTE IV – OTHER INFORMATION (cont.)**

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##### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

The payroll for city employees covered by the system for the year ended December 31, 2006 was \$14,728,036; the employer's total payroll was \$15,154,975. The total required contribution for the year ended December 31, 2006 was \$2,177,733 or 14.8% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ended December 31, 2005 and 2004 were \$2,025,650 and \$1,822,039, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 53 for protective occupation employees) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. 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 employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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 are immediately vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

The pension related debt for the city as of December 31, 2006, was \$-0-.

##### **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.

##### **Self Insurance**

For health claims, the uninsured risk of loss is \$75,000 deductible per individual and \$3,735,882 in the aggregate for a policy year. Claims in excess of those amounts are covered by specific reinsurance and aggregate reinsurance up to a \$1,000,000 lifetime maximum per individual. 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.

**CITY OF OAK CREEK**

**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2006

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**NOTE IV – OTHER INFORMATION (cont.)**

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**B. RISK MANAGEMENT (cont.)**

**Self Insurance (cont.)**

All funds of 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. \$1,955,473 was designated for that reserve at year end, and is included in unrestricted net assets of the internal service fund.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The City does not allocate overhead costs or other nonincremental costs to the claims liability (or describe what type of costs are included).

**Claims Liability**

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims – Beginning of Year	\$ 314,126	\$ 324,059
Current year claims and changes in estimates	3,488,001	3,149,540
Claim payments	<u>(3,478,068)</u>	<u>(3,130,397)</u>
Unpaid Claims – End of Year	<u>\$ 324,059</u>	<u>\$ 343,202</u>

**C. COMMITMENTS AND CONTINGENCIES**

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.

On October 6, 2006, the City of Franklin and the City of Franklin Water and Sewer Utility (Franklin) have filed a notice of claim with the City of Oak Creek and the Oak Creek Water and Sewer Utility (Oak Creek) in the amount of \$325,547, including interest. This notice of claim arose from a prior dispute between Franklin and Oak Creek regarding the transfer of the retail water district that Oak Creek had in the City of Franklin. Franklin is claiming that the transfer did not take place in a timely manner and that it is entitled to lost revenue as a result of the delay in the transfer. Oak Creek and Franklin are attempting to negotiate a settlement; however, if settlement discussions do not result in an agreement, Oak Creek management believes that it is reasonably possible that Franklin will file a legal complaint on this matter in court. If so, management plans to vigorously contest the suit to minimize any loss to Oak Creek. The outcome is difficult to predict and cannot be reasonably determined.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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### NOTE IV – OTHER INFORMATION (cont.)

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#### **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.

#### **D. OTHER POSTEMPLOYMENT BENEFITS**

The city provides postemployment health insurance benefits for all eligible employees. The benefits are based on contractual agreements with employee groups and employee benefit policies. The cost of those premiums is recognized as an expenditure as the premiums are paid. Funding for those costs is provided out of the current operating budget of the general fund. The contributions are financed on a pay as you go basis. Total expenditures for such premiums during the year were \$1,314,280. The number of participants currently eligible to receive benefits is 139, not including dependents. The estimated balance payable over the lives of the covered retirees is \$30,082,000. This estimate is based on current premium rates and currently retired employees and does not incorporate any future estimated rate increases. The estimated balance payable includes only retired employees and their dependents. The estimate does not include future estimated post-retirement benefits for current employees.

#### **E. SPECIAL ITEM**

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 2006, the city received \$2,250,000.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF OAK CREEK**

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>TAXES</b>				
General property taxes	\$ 9,585,298	\$ 9,585,298	\$ 9,439,037	\$ (146,261)
Motel room tax	380,000	380,000	438,843	58,843
Mobile home taxes	100,000	100,000	81,798	(18,202)
Other taxes	3,000	3,000	15,542	12,542
<b>TOTALS</b>	<u>10,068,298</u>	<u>10,068,298</u>	<u>9,975,220</u>	<u>(93,078)</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
Shared taxes from state	2,464,129	2,464,129	2,462,879	(1,250)
Fire insurance tax from state	87,000	87,000	86,970	(30)
State transportation aids	1,515,597	1,515,597	1,515,308	(289)
State computer aids	-	-	155,825	155,825
Other state aids	-	-	9,554	9,554
Health department block grant	30,000	30,000	43,957	13,957
Police grants	159,840	159,840	162,690	2,850
Development CDBG grants	27,500	27,500	53,039	25,539
<b>TOTALS</b>	<u>4,284,066</u>	<u>4,284,066</u>	<u>4,490,222</u>	<u>206,156</u>
<b>REGULATION AND COMPLIANCE</b>				
Licenses				
Liquor and beer	26,025	26,025	27,543	1,518
Publishing fees	500	500	650	150
Operators	6,000	6,000	7,365	1,365
Amusement devices	4,725	4,725	5,800	1,075
Amusement operators	1,800	1,800	3,600	1,800
Electrical	4,500	4,500	4,890	390
Miscellaneous - business	5,500	5,500	28,000	22,500
Miscellaneous - non-business	100	100	140	40
Permits				
Landfill	500	500	1,200	700
Building	340,000	340,000	413,952	73,952
Electrical	100,000	100,000	114,749	14,749
Plumbing	100,000	100,000	112,828	12,828
Street opening	20,000	20,000	21,838	1,838
Erosion control	17,500	17,500	16,638	(862)
Sundry	200	200	445	245
Cable TV	250,000	250,000	316,338	66,338
Court fines	430,000	430,000	403,853	(26,147)
<b>TOTALS</b>	<u>1,307,350</u>	<u>1,307,350</u>	<u>1,479,829</u>	<u>172,479</u>
<b>PUBLIC CHARGES FOR SERVICES</b>				
General Government				
Property status letter fees	4,500	4,500	4,310	(190)
Photo copies sold	2,500	2,500	2,251	(249)
Postage reimbursement	300	300	198	(102)
Zoning/housing appeal fees	300	300	500	200
Rezoning petitions and filing fees	7,200	7,200	3,875	(3,325)
Right of way vacation fees	-	-	575	575
Special use request fees	7,000	7,000	8,125	1,125
Filing fee - certified survey maps	10,000	10,000	15,275	5,275
Plan commission agenda fees	10,000	10,000	16,900	6,900
Subdivision plat fees	2,700	2,700	3,350	650

**CITY OF OAK CREEK**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND (cont.)  
 For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>PUBLIC CHARGES FOR SERVICES (cont.)</b>				
General Government (cont.)				
Map amendments	\$ 3,100	\$ 3,100	\$ 500	\$ (2,600)
Maps sold	300	300	713	413
Public Safety				
State DWI seizures	-	-	1,579	1,579
Police patrol service fees	-	-	2,360	2,360
Miscellaneous fees	3,000	3,000	5,680	2,680
County constable fees	-	-	1,195	1,195
Copies of police and fire reports	2,000	2,000	2,265	265
False alarm penalties	5,000	5,000	13,450	8,450
Health and Sanitation				
Health Department				
School district	21,600	21,600	10,901	(10,699)
Clinic fees	17,000	17,000	26,274	9,274
Pet license fees/Humane Society	8,900	8,900	13,026	4,126
Public Works				
Weed cutting	20,000	20,000	20,302	302
Sale of culvert pipe	7,000	7,000	7,442	442
Culvert installation	11,000	11,000	3,549	(7,451)
Street excavation repairs	-	-	-	-
Library				
Other income	25,000	25,000	26,022	1,022
Photocopies	6,000	6,000	5,006	(994)
Recreation	136,000	136,000	153,959	17,959
Miscellaneous charges for services	2,500	2,500	2,252	(248)
<b>TOTALS</b>	<u>312,900</u>	<u>312,900</u>	<u>351,834</u>	<u>38,934</u>
<b>INVESTMENT INCOME</b>				
Investment Income				
Investments	400,000	400,000	586,719	186,719
Taxes	60,000	60,000	77,630	17,630
Invoices	-	-	2,526	2,526
<b>TOTALS</b>	<u>460,000</u>	<u>460,000</u>	<u>666,875</u>	<u>206,875</u>
<b>MISCELLANEOUS INCOME</b>				
Land rentals	500	500	250	(250)
Insurance incentives	-	-	63,059	63,059
Insurance recoveries	-	-	14,199	14,199
Miscellaneous revenues	2,000	2,000	1,295	(705)
<b>TOTALS</b>	<u>2,500</u>	<u>2,500</u>	<u>78,803</u>	<u>76,303</u>
<b>INTERFUND CHARGES FOR SERVICES</b>				
Engineering and administration charged to capital projects	250,000	250,000	254,732	4,732
Highway equipment service fee	2,500	2,500	65,360	62,860
Administrative services charged to enterprise funds	36,500	36,500	36,500	-
<b>TOTALS</b>	<u>289,000</u>	<u>289,000</u>	<u>356,592</u>	<u>67,592</u>
<b>TOTAL REVENUES</b>	<u>16,724,114</u>	<u>16,724,114</u>	<u>17,399,375</u>	<u>675,261</u>

**CITY OF OAK CREEK**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND (cont.)  
 For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>GENERAL GOVERNMENT</b>				
General government	\$ 2,593,370	\$ 2,593,370	\$ 2,388,261	\$ 205,109
Building maintenance	526,035	526,035	493,927	32,108
City administrator	223,100	223,100	227,093	(3,993)
Data processing	467,045	467,045	453,604	13,441
City clerk	468,715	468,715	471,392	(2,677)
Treasurer	168,900	168,900	160,419	8,481
Assessor	182,485	182,485	193,630	(11,145)
Attorney and legal	232,010	232,010	222,937	9,073
Community development	234,995	234,995	233,140	1,855
TOTALS	<u>5,096,655</u>	<u>5,096,655</u>	<u>4,844,403</u>	<u>252,252</u>
<b>PUBLIC SAFETY</b>				
Police department	7,648,717	7,648,717	7,405,276	243,441
Emergency operations	18,760	18,760	8,292	10,468
Fire department	1,236,428	1,236,428	1,190,330	46,098
Inspection	645,640	645,640	611,533	34,107
TOTALS	<u>9,549,545</u>	<u>9,549,545</u>	<u>9,215,431</u>	<u>334,114</u>
<b>HEALTH AND SOCIAL SERVICES</b>				
Health department	512,675	512,675	445,528	67,147
TOTALS	<u>512,675</u>	<u>512,675</u>	<u>445,528</u>	<u>67,147</u>
<b>PUBLIC WORKS</b>				
Engineering	1,060,795	1,060,795	981,058	79,737
Streets	2,353,480	2,353,480	2,168,729	184,751
TOTALS	<u>3,414,275</u>	<u>3,414,275</u>	<u>3,149,787</u>	<u>264,488</u>
<b>LEISURE ACTIVITIES</b>				
Recreation	1,036,230	1,036,230	1,001,927	34,303
Library	676,370	676,370	656,247	20,123
TOTALS	<u>1,712,600</u>	<u>1,712,600</u>	<u>1,658,174</u>	<u>54,426</u>
<b>TOTAL EXPENDITURES</b>	<u>20,285,750</u>	<u>20,285,750</u>	<u>19,313,323</u>	<u>972,427</u>

**CITY OF OAK CREEK**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND (cont.)  
 For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of city equipment	\$ -	\$ -	\$ 4,011	\$ 4,011
Sale of police equipment	15,000	15,000	8,999	(6,001)
Transfer in	-	-	336,723	336,723
Transfer in - tax equivalent	1,130,000	1,130,000	1,009,079	(120,921)
Transfer out	-	-	(336,723)	(336,723)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,145,000</u>	<u>1,145,000</u>	<u>1,022,089</u>	<u>(122,911)</u>
Net Change in Fund Balance	(2,416,636)	(2,416,636)	(891,859)	1,524,777
FUND BALANCE - Beginning of Year	<u>8,119,955</u>	<u>8,119,955</u>	<u>8,119,955</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,703,319</u>	<u>\$ 5,703,319</u>	<u>\$ 7,228,096</u>	<u>\$ 1,524,777</u>



## CITY OF OAK CREEK

### REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE PARAMEDIC RESCUE FUND For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 3,195,000	\$ 3,195,000	\$ 3,195,000	\$ -
Intergovernmental	84,240	84,240	-	(84,240)
Public charges for services	725,000	725,000	891,239	166,239
Investment income	10,000	10,000	54,666	44,666
Total Revenues	<u>4,014,240</u>	<u>4,014,240</u>	<u>4,140,905</u>	<u>126,665</u>
<b>EXPENDITURES</b>				
Public Safety	<u>4,217,105</u>	<u>4,217,105</u>	<u>4,056,688</u>	<u>160,417</u>
Total Expenditures	<u>4,217,105</u>	<u>4,217,105</u>	<u>4,056,688</u>	<u>160,417</u>
Net Change in Fund Balance	(202,865)	(202,865)	84,217	287,082
FUND BALANCE - Beginning	<u>228,587</u>	<u>228,587</u>	<u>228,587</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 25,722</u>	<u>\$ 25,722</u>	<u>\$ 312,804</u>	<u>\$ 287,082</u>

See accompanying notes to required supplementary information.

# CITY OF OAK CREEK

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2006

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### *BUDGETARY INFORMATION*

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

**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  
December 31, 2006

	Special Revenue Funds										
	Solid Waste Fund	Donation and Activity Fund	WE Energies Fund	Low Income Loan Fund	Park Escrow Fund	Special Assessment Fund	Economic Development Fund	Developer Agreement Future Improvements Fund	Impact Fee Escrow Fund	Asset Forfeiture Fund	Storm Water Fund
<b>ASSETS</b>											
Cash and investments	\$ 157,469	\$ 117,934	\$ 81,620	\$ 27,985	\$ 450,765	\$ 417,701	\$ 371,234	\$ 872,853	\$ -	\$ -	\$ 422,205
Taxes receivable	905,000	-	-	-	-	256,257	-	-	-	-	601,661
Accounts receivable	111	469	-	-	-	-	-	-	-	-	-
Special assessments receivable	-	-	-	-	-	1,089,602	-	-	-	-	-
Loans receivable	-	-	-	34,674	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-	-	-	3,330,213	6,670	-
<b>TOTAL ASSETS</b>	<b>\$ 1,062,580</b>	<b>\$ 118,403</b>	<b>\$ 81,620</b>	<b>\$ 62,659</b>	<b>\$ 450,765</b>	<b>\$ 1,763,560</b>	<b>\$ 371,234</b>	<b>\$ 872,853</b>	<b>\$ 3,330,213</b>	<b>\$ 6,670</b>	<b>\$ 1,023,866</b>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>Liabilities</b>											
Accounts payable	\$ 48,229	\$ 2,597	\$ 110,957	\$ 20,212	\$ -	\$ -	\$ 927	\$ -	\$ 27,444	\$ -	\$ 537
Accrued liabilities	10,440	-	10,602	-	-	-	1,015	-	-	-	10,981
Deposits	-	-	-	-	-	-	-	872,853	-	-	-
Due to other funds	-	-	-	-	-	602,209	-	-	-	-	-
Deferred revenues	905,000	-	-	34,674	-	-	-	-	-	-	601,661
Deferred revenues - special assessments	-	-	-	-	-	885,013	-	-	-	-	-
<b>Total Liabilities</b>	<b>963,669</b>	<b>2,597</b>	<b>121,559</b>	<b>54,886</b>	<b>-</b>	<b>1,487,222</b>	<b>1,942</b>	<b>872,853</b>	<b>27,444</b>	<b>-</b>	<b>613,179</b>
<b>Fund Balances</b>											
Reserved	-	-	-	-	-	-	-	-	-	-	-
Unreserved											
Undesignated (deficit)	98,911	115,806	(39,939)	7,773	450,765	276,338	369,292	-	3,302,769	6,670	410,687
<b>Total Fund Balances</b>	<b>98,911</b>	<b>115,806</b>	<b>(39,939)</b>	<b>7,773</b>	<b>450,765</b>	<b>276,338</b>	<b>369,292</b>	<b>-</b>	<b>3,302,769</b>	<b>6,670</b>	<b>410,687</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,062,580</b>	<b>\$ 118,403</b>	<b>\$ 81,620</b>	<b>\$ 62,659</b>	<b>\$ 450,765</b>	<b>\$ 1,763,560</b>	<b>\$ 371,234</b>	<b>\$ 872,853</b>	<b>\$ 3,330,213</b>	<b>\$ 6,670</b>	<b>\$ 1,023,866</b>

**CITY OF OAK CREEK**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (cont.)  
December 31, 2006

	Debt Service Funds						Capital	Total	
	Debt Amortization Fund	TIF No. 2 Debt Service Fund	TIF No. 3 Debt Service Fund	TIF No. 4 Debt Service Fund	TIF No. 5 Debt Service Fund	TIF No. 6 Debt Service Fund	Police Station Debt Service Fund		Projects Fund
<b>ASSETS</b>									
Cash and investments	\$ 316,599	\$ 3,000	\$ 3,000	\$ 25,329	\$ 98,699	\$ 41,743	\$ 241,693	\$ -	\$ 3,649,829
Taxes receivable	-	-	-	184,967	99,696	196,395	690,000	-	2,933,976
Accounts receivable	-	-	-	-	-	-	-	69,933	70,513
Special assessments receivable	-	-	-	-	-	-	-	-	1,089,602
Loans receivable	-	-	-	-	-	-	-	-	34,674
Due from other funds	-	-	-	-	-	-	-	10,261	10,261
Restricted cash and investments	-	-	-	-	-	-	-	-	3,336,883
<b>TOTAL ASSETS</b>	<u>\$ 316,599</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 210,296</u>	<u>\$ 198,395</u>	<u>\$ 238,138</u>	<u>\$ 931,693</u>	<u>\$ 80,194</u>	<u>\$ 11,125,738</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities</b>									
Accounts payable	\$ -	\$ 3,000	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216,903
Accrued liabilities	-	-	-	-	-	-	-	-	33,038
Deposits	-	-	-	-	-	-	-	-	872,853
Due to other funds	-	-	-	-	-	-	-	110,559	712,768
Deferred revenues	-	-	-	184,967	99,696	196,395	690,000	-	2,712,393
Deferred revenues - special assessments	-	-	-	-	-	-	-	-	885,013
<b>Total Liabilities</b>	<u>-</u>	<u>3,000</u>	<u>3,000</u>	<u>184,967</u>	<u>99,696</u>	<u>196,395</u>	<u>690,000</u>	<u>110,559</u>	<u>5,432,968</u>
<b>Fund Balances</b>									
Reserved	316,599	-	-	25,329	98,699	41,743	241,693	-	724,063
Unreserved									
Undesignated (deficit)	-	-	-	-	-	-	-	(30,365)	4,968,707
<b>Total Fund Balances</b>	<u>316,599</u>	<u>-</u>	<u>-</u>	<u>25,329</u>	<u>98,699</u>	<u>41,743</u>	<u>241,693</u>	<u>(30,365)</u>	<u>5,692,770</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 316,599</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 210,296</u>	<u>\$ 198,395</u>	<u>\$ 238,138</u>	<u>\$ 931,693</u>	<u>\$ 80,194</u>	<u>\$ 11,125,738</u>

**CITY OF OAK CREEK**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2006

	Special Revenue Funds									
	Solid Waste Fund	Donation and Activity Fund	WE Energies Fund	Low Income Loan Fund	Park Escrow Fund	Special Assessment Fund	Economic Development Fund	Impact Fee Escrow Fund	Asset Forfeiture Fund	Storm Water Fund
<b>REVENUES</b>										
Taxes	\$ 905,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	110,201	17,019	-	-	6,084	-	-	-	-	-
Public charges for service	7,742	-	-	-	5,900	-	-	254,179	-	581,600
Special assessments / developer contributions	-	-	-	-	-	324,499	-	-	-	-
Investment income	23,309	-	11,218	20,213	21,110	103,508	6,539	158,973	176	19,771
Fees collected	-	-	-	-	-	-	-	-	-	-
Miscellaneous	38,367	176,469	6,000	-	-	-	-	-	2,101	-
<b>Total Revenues</b>	<b>1,084,619</b>	<b>193,488</b>	<b>17,218</b>	<b>20,213</b>	<b>33,094</b>	<b>428,007</b>	<b>6,539</b>	<b>413,152</b>	<b>2,277</b>	<b>601,371</b>
<b>EXPENDITURES</b>										
Current										
Public Safety	-	42,940	1,172,157	-	-	-	-	-	7,650	-
Public works	1,072,133	-	-	-	-	-	-	-	-	472,102
Leisure activities	-	111,463	-	-	-	-	-	45,505	-	-
Conservation and development	-	-	-	20,213	-	-	51,300	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Debt Service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,072,133</b>	<b>154,403</b>	<b>1,172,157</b>	<b>20,213</b>	<b>-</b>	<b>-</b>	<b>51,300</b>	<b>45,505</b>	<b>7,650</b>	<b>472,102</b>
Excess (deficiency) of revenues over expenditures	12,486	39,085	(1,154,939)	-	33,094	428,007	(44,761)	367,647	(5,373)	129,269
<b>OTHER FINANCING SOURCES (USES)</b>										
Sale of property	-	-	-	-	-	-	173,739	-	-	-
General obligation debt issued	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	6,958	-	211,723	-	-	8,544
Transfers out	-	-	(1,135,000)	-	(11,482)	(510,425)	-	(206,844)	-	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	-
Distribution of excess tax increments	-	-	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(1,135,000)</b>	<b>-</b>	<b>(4,524)</b>	<b>(510,425)</b>	<b>385,462</b>	<b>(206,844)</b>	<b>-</b>	<b>8,544</b>
Net change in fund balances	12,486	39,085	(2,289,939)	-	28,570	(82,418)	340,701	160,803	(5,373)	137,813
<b>SPECIAL ITEM</b>										
Power generating facility mitigation revenue	-	-	2,250,000	-	-	-	-	-	-	-
<b>FUND BALANCES (DEFICIT) - Beginning of Year</b>	<b>86,425</b>	<b>76,721</b>	<b>-</b>	<b>7,773</b>	<b>422,195</b>	<b>358,756</b>	<b>28,591</b>	<b>3,141,966</b>	<b>12,043</b>	<b>272,874</b>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b>\$ 98,911</b>	<b>\$ 115,806</b>	<b>\$ (39,939)</b>	<b>\$ 7,773</b>	<b>\$ 450,765</b>	<b>\$ 276,338</b>	<b>\$ 369,292</b>	<b>\$ 3,302,769</b>	<b>\$ 6,670</b>	<b>\$ 410,687</b>

**CITY OF OAK CREEK**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (Cont.)  
For the Year Ended December 31, 2006

	Debt Service Funds						Capital Projects Fund	Total	
	Debt Amortization Fund	TIF No. 2 Debt Service Fund	TIF No. 3 Debt Service Fund	TIF No. 4 Debt Service Fund	TIF No. 5 Debt Service Fund	TIF No. 6 Debt Service Fund	Police Station Debt Service Fund	Developer Agreements Fund	Nonmajor Governmental Funds
<b>REVENUES</b>									
Taxes	\$ -	\$ 228,282	\$ 375,707	\$ 84,014	\$ 84,237	\$ 167,271	\$ 500,000	\$ -	\$ 2,344,511
Intergovernmental	-	5,136	73,389	-	20	321	-	-	212,170
Public charges for service	-	-	-	-	-	-	-	-	849,421
Special assessments / developer contributions	-	3,475	-	-	-	-	-	385,616	713,590
Investment income	24,210	37,136	27,637	1,252	5,058	15,292	8,359	590	484,351
Fees collected	-	-	19,091	-	-	-	-	-	19,091
Miscellaneous	-	-	-	-	-	-	-	-	222,937
Total Revenues	<u>24,210</u>	<u>274,029</u>	<u>495,824</u>	<u>85,266</u>	<u>89,315</u>	<u>182,884</u>	<u>508,359</u>	<u>386,206</u>	<u>4,846,071</u>
<b>EXPENDITURES</b>									
Current									
Public Safety	-	-	-	-	-	-	-	-	1,222,747
Public works	-	-	-	-	-	-	-	-	1,544,235
Leisure activities	-	-	-	-	-	-	-	-	156,968
Conservation and development	-	-	-	-	-	-	-	-	71,513
Capital Outlay	-	-	-	-	-	-	-	430,341	430,341
Debt Service									
Principal	-	300,000	70,000	-	70,000	1,500,000	600,000	-	2,540,000
Interest	-	19,738	36,873	11,626	22,625	38,057	448,613	-	577,532
Total Expenditures	<u>-</u>	<u>319,738</u>	<u>106,873</u>	<u>11,626</u>	<u>92,625</u>	<u>1,538,057</u>	<u>1,048,613</u>	<u>430,341</u>	<u>6,543,336</u>
Excess (deficiency) of revenues over expenditures	<u>24,210</u>	<u>(45,709)</u>	<u>388,951</u>	<u>73,640</u>	<u>(3,310)</u>	<u>(1,355,173)</u>	<u>(540,254)</u>	<u>(44,135)</u>	<u>(1,697,265)</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Sale of property	-	-	-	-	-	-	-	-	173,739
General obligation debt issued	-	-	-	-	-	1,200,000	-	-	1,200,000
Transfers in	-	10,425	-	-	-	-	300,000	-	537,650
Transfers out	-	(203,153)	(133,570)	-	-	-	-	-	(2,200,474)
Payment to refunding bond escrow agent	-	-	(967,732)	-	-	-	-	-	(967,732)
Distribution of excess tax increments	-	(454,050)	(298,530)	-	-	-	-	-	(752,580)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(646,778)</u>	<u>(1,399,832)</u>	<u>-</u>	<u>-</u>	<u>1,200,000</u>	<u>300,000</u>	<u>-</u>	<u>(2,009,397)</u>
Net change in fund balances	24,210	(692,487)	(1,010,881)	73,640	(3,310)	(155,173)	(240,254)	(44,135)	(3,706,662)
<b>SPECIAL ITEM</b>									
Power generating facility mitigation revenue	-	-	-	-	-	-	-	-	2,250,000
FUND BALANCES (DEFICIT) - Beginning of Year	292,389	692,487	1,010,881	(48,311)	102,009	196,916	481,947	13,770	7,149,432
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 316,599</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,329</u>	<u>\$ 98,699</u>	<u>\$ 41,743</u>	<u>\$ 241,693</u>	<u>\$ (30,365)</u>	<u>\$ 5,692,770</u>