

**CITY OF OAK CREEK**

Oak Creek, Wisconsin

**FINANCIAL STATEMENTS**

December 31, 2009

# CITY OF OAK CREEK

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December 31, 2009

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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, 2009, 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, 2009, 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, budgetary comparison information and the other postemployment benefits plan information as listed in the table of contents 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.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
July 13, 2010

## CITY OF OAK CREEK

### MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

December 31, 2009

The City of Oak Creek's (the City) management's 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 decreased by 0.5% in 2009 to \$188.7 million. Of this amount, \$159.8 million represents the City's investment in capital assets, net of related debt, while \$7.7 million was held for restricted purposes, and \$21.2 million was unrestricted.

At the end of 2009, the City's governmental activities reported total net assets of \$89.3 million, including unrestricted net assets of \$13.0 million.

The City's general fund balance increased by \$1.6 million. Expenditures of less than budgeted amounts and favorable results of revenues in excess of expenditures for 2009 resulted in an increase in the undesignated fund balance, rather than a planned reduction.

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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 presenting different views of the City:

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

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

## **Government-wide Statements**

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 including 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, principally supported by taxes and intergovernmental revenues, from business-type activities which 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 used by the City 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 providing services to other City programs.
- ***Fiduciary funds*** – are reported in the fiduciary fund statements, but excluded from the government-wide reporting because these assets cannot be used to finance operations. The City is the trustee, or fiduciary, for collection of all property taxes within the City for all taxing jurisdictions, including the Oak Creek-Franklin Joint School District, Milwaukee County, State of Wisconsin, Milwaukee Area Technical College, and Milwaukee Metropolitan Sewerage District.

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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 decreased by \$608,000 from fiscal year 2008 to 2009, a change of 0.3%; this decrease was comprised of a government-activities decrease of \$2.4 million plus a business-type activities increase of \$1.8 million. (See Table 1) The City's governmental activities and business-type activities have approximately 53% and 47%, respectively, of the combined assets.

Total net assets of the City's governmental activities decreased to \$89.3 million, a reduction of 2.5% from 2008. Net assets invested in capital assets, net of related debt, represent 81.0% of the total. Restricted net assets of \$4.0 million represent 4.5% of the total. Unrestricted net assets of \$13.0 million represent the remaining 14.5% of the total.

Total net assets of the City's business-type activities increased by 1.8% to \$99.5 million, including unrestricted net assets of \$8.2 million, representing 8.2% 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  
2009 and 2008 Net Assets (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Current and other assets	52.8	51.5	16.9	10.9	69.7	62.4
Capital assets	88.5	89.6	108.9	99.0	197.4	188.6
<b>Total assets</b>	<b>141.3</b>	<b>141.1</b>	<b>125.8</b>	<b>109.9</b>	<b>267.1</b>	<b>251.0</b>
Long-term debt outstanding	17.4	21.9	22.6	11.2	40.0	33.1
Other liabilities	34.6	27.5	3.7	1.0	38.3	28.5
<b>Total Liabilities</b>	<b>52.0</b>	<b>49.4</b>	<b>26.3</b>	<b>12.2</b>	<b>78.3</b>	<b>61.6</b>
Net assets:						
Invested in capital assets net of related debt	72.3	73.4	87.6	86.7	159.9	160.1
Restricted	4.0	4.0	3.7	1.9	7.7	5.9
Unrestricted	13.0	14.2	8.2	9.1	21.2	23.3
<b>Total net assets - end of year</b>	<b>89.3</b>	<b>91.6</b>	<b>99.5</b>	<b>97.7</b>	<b>188.8</b>	<b>189.3</b>
Net assets - beginning of year	91.6	95.5	97.7	95.9	189.3	191.4
<b>Change in net assets</b>	<b>-2.3</b>	<b>-3.9</b>	<b>1.8</b>	<b>1.8</b>	<b>-0.5</b>	<b>-2.1</b>
<b>Percent change in net assets</b>	<b>-2.5%</b>	<b>-4.1%</b>	<b>1.8%</b>	<b>1.9%</b>	<b>-0.3%</b>	<b>-1.1%</b>

**Change in combined net assets**

The City had combined total revenues of \$52.8 million in 2009 and combined total expenses of \$55.6 million. After transfers, governmental activities had a decrease in net assets of \$2.4 million, while business-type activities had an increase in net assets of \$1.8 million. Table 2 and the following narrative consider the operations of governmental and business-type activities separately.

Table 2  
City of Oak Creek, Wisconsin

**2009 and 2008 Changes in Net Assets** (in millions of dollars)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
Program Revenues						
Charges for service	4.0	4.5	11.7	11.1	15.7	15.6
Operating grants & contributions	2.4	2.4	-	-	2.4	2.4
Capital contributions	1.7	0.7	0.4	1.3	2.1	2.0
General Revenues						
Taxes	20.1	19.6	-	-	20.1	19.6
Intergovernmental	3.4	2.4	-	-	3.4	2.4
Other	2.0	1.9	0.1	0.3	2.1	2.2
<b>Total Revenues</b>	<b>33.6</b>	<b>31.5</b>	<b>12.2</b>	<b>12.7</b>	<b>45.8</b>	<b>44.2</b>
<b>Expenses:</b>						
General government	7.2	6.5	-	-	7.2	6.5
Public safety	19.1	19.3	-	-	19.1	19.3
Health and social services	0.8	0.7	-	-	0.8	0.7
Public works	8.4	8.7	-	-	8.4	8.7
Leisure activities	3.0	2.8	-	-	3.0	2.8
Conservation & development	0.2	0.1	-	-	0.2	0.1
Interest and fiscal charges	0.8	0.7	-	-	0.8	0.7
Water	-	-	5.9	6.3	5.9	6.3
Sewer	-	-	3.2	3.1	3.2	3.1
<b>Total Expenses</b>	<b>39.5</b>	<b>38.8</b>	<b>9.1</b>	<b>9.4</b>	<b>48.6</b>	<b>48.2</b>
<b>Excess/(Deficiency) before transfer &amp; contributions:</b>						
Transfers	-5.9	-7.3	3.1	3.3	-2.8	-4.0
Special item	1.3	1.2	-1.3	-1.2	-	-
Change in Net Assets	2.2	2.2	-	-0.4	2.2	1.8
<b>Change in Net Assets</b>	<b>-2.4</b>	<b>-3.9</b>	<b>1.8</b>	<b>1.7</b>	<b>-0.6</b>	<b>-2.2</b>
<b>Beginning Net Assets (Restated)</b>	<b>91.6</b>	<b>95.5</b>	<b>97.7</b>	<b>96.0</b>	<b>189.3</b>	<b>191.5</b>
<b>ENDING NET ASSETS</b>	<b>89.3</b>	<b>91.6</b>	<b>99.5</b>	<b>97.7</b>	<b>188.7</b>	<b>189.3</b>



**Governmental Activities**

The City of Oak Creek received a total of \$33.6 million in governmental activities revenues in 2009. As Table 2 indicates, the largest revenue source is the property tax, which accounts for \$20.1 million, or 59.8%, of governmental activities revenues. This is followed by public charges for service of \$4.0 million or 11.9%, followed by operating grants and contributions of \$2.4 million or 7.1% and intergovernmental revenue of \$3.4 million accounting for 10.1% of total revenues. Investment income, gain on sale of capital assets and miscellaneous revenues account for \$2.0 million, or 6.0% and the balance of approximately \$1.7 million or 5.1% was made up by capital contributions.

Total governmental activities expenses were \$39.5 million in 2009, which exceeded revenues by \$5.9 million. At \$19.1 million, public safety, including police, EMS, inspection and fire services, accounts for the largest share of City expenses at 48.4%. This is followed by public works with \$8.4 million, representing 21.3% and the general government group of activities with \$7.2 million or 18.2%. Leisure activities, at \$3.0 million, is next with 7.6%, health/social services at \$0.8 million, or 2.0%, and conversation and development with \$0.2 million, or 0.5%, complete the activities. Payment of interest and fiscal charges in the amount of \$0.8 million, accounts for 2.0% of total governmental activities expenses.

**Business-type Activities**

The City of Oak Creek received \$12.2 million in business-type activities revenue during 2009 from its water & sewer utilities. Charges for services are by far the largest revenue sources for these operations, representing \$11.7 million of non-capital contribution revenues. Capital grants and contributions received were \$0.4 million, with interest and miscellaneous income accounting for the balance of revenues of \$0.1 million.

Net assets of Oak Creek's water & sewer utilities increased by \$1.8 million in 2009, which represents a 1.9% 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 2009, the combined fund balances for the City's governmental funds was \$24.0 million. Of this total, \$5.9 million is reserved or designated for specific legal requirements and commitments. The balance of unreserved governmental fund balances is \$18.1 million. These funds are allocated across the following areas:

**Unreserved Fund Balances:**

General Fund	\$ 6.2
Special Revenue Funds	2.2
Capital Project Funds	<u>9.7</u>
Total	\$18.1

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

- Total fund balance as of December 31, 2009 was \$7.8 million, of which \$1.5 million was reserved. Included in the reserved amount are tax equivalent dollars to be paid by the utility in 2010, and minor amounts for delinquent personal property taxes, non-current receivables and inventories.
- Designated fund balance decreased from \$1.1 million to \$0.8 million, primarily because of a planned reduction allocated to offset the 2009 property tax levy.
- Undesignated fund balance increased by \$3.8 million to \$5.5 million; due primarily because the planned fund balance reduction for 2009 was less than budgeted. The undesignated fund balance is now approximately 24% of the general fund 2009 actual revenues and other financing sources; this exceeds the City's policy target range of 10-20% for the purposes of cash flow, stabilization, and emergency reserves.

**Paramedic Rescue Fund:** This special revenue fund is used to account for resources legally restricted to supporting the operations for the paramedic rescue program.

- Total fund balance as of December 31, 2009 decreased from \$0.4 million to \$0.2 million.
- Total revenues for 2009 were \$4.3 million, which included \$3.2 million from taxes and \$1.1 million from public charges for services.
- Total expenditures for the year were \$4.5 million.

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

- Total fund balance at the end of the year was \$10.5 million, a decrease of \$1.0 million from 2008.
- Revenue sources provided \$0.8 million.
- Expenditures in this fund totaled \$3.3 million in 2009. The largest expenses were for major paving projects and capital equipment purchases.

**Tax Incremental Fund (TIF) No. 8 Capital Projects Fund:** This capital projects fund is used to account for proceeds from long-term borrowing and other resources to be used for Tax Increment District No. 8.

- Total fund balance at the end of the year was a deficit \$0.1 million.
- Total revenues and expenditures for 2009 were \$7.0 million and \$7.1 million, respectively.
- The City bought property from MMSD for \$7.0 million and sold it for \$7.0 million, which represents the majority of the activity in this fund.

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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 2009. The City ended the year with favorable variances in both general fund revenues and expenditures. Revenues exceeded budget by \$.5 million, while expenditures were \$1.9 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 most categories. The Public Charges for Services category revenues were higher than expected, primarily because weed cutting revenues were \$25,500 higher than budgeted for. Investment income was up due to favorable rates of return in the City's investments with Dana Investment Advisors, Inc and M&I Institutional Trust Services.

Expenditures came in under budget in every department except for the City Clerk and Assessor.

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## CAPITAL ASSETS AND DEBT ADMINISTRATION

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### Capital Assets

In accordance with the implementation requirements of GASB 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 34.

As of December 31, 2009, the City reported a combined investment in capital assets of \$197.4 million. Of this amount, \$88.5 million, or 44.8%, 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 \$67.4 million.

In 2009, capital assets of governmental activities decreased by \$1.2 million. Capital assets of business type activities increased by \$9.5 million, with water transmission and distribution, sewer collection systems and construction-in-progress representing the majority of the increase.

Table 3  
City of Oak Creek, Wisconsin

**2009 and 2008 Capital Asset  
Net of Accumulated Depreciation** (in millions of dollars)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Land and improvements	21.1	21.1	0.4	0.4	21.5	21.5
Construction in progress	-	7.7	12.4	2.6	12.4	10.3
Buildings	17.9	10.6	-	-	17.9	10.6
Machinery and equipment	6.2	6.2	96.0	95.9	102.2	102.1
Infrastructure	43.3	43.9	-	-	43.3	43.9
<b>Total</b>	<b>88.5</b>	<b>89.5</b>	<b>108.8</b>	<b>98.9</b>	<b>197.3</b>	<b>188.4</b>

**Long-term Debt**

At year-end, the governmental activities had \$9.8 million in general obligation bonds and promissory notes and capital appreciation bonds, a decrease of \$1.1 million or (10.1%) from last year. The City also has \$7 million in note anticipation notes due; bring the total outstanding debt to \$16.8 million. At the end of 2009, the business-type activities had a total of \$24.1 million in outstanding revenue bonds and general obligation debt, an increase of \$11.4 million, or 89.8% from the prior year. This was due to the City borrowing \$12.5 million in new Revenue Bond Anticipation Notes in 2009.

The City's general obligation bonds are rated Aa3 by Moody's Investors Service. Revenue bonds of the water & sewer utilities are rated Aa3. State law limits the City to issuing general obligation bonds totaling no more than 5% of the City's equalized value. Based on the 2009 equalized value, this limit is \$165.0 million. The City currently has a combined total of \$17.2 million of general obligation notes and bonds outstanding, representing 10.4% of its legal debt capacity. Of the total amount outstanding, \$2.9 million, or 16.9%, is TIF-related debt and is expected to be repaid from TIF increments.

Table 4  
City of Oak Creek, Wisconsin

**2009 and 2008 Outstanding Debt** (in millions of dollars)

	Governmental		Business-type		Totals	
	2009	2008	2009	2008	2009	2008
General obligation debt	15.0	15.8	0.4	0.6	15.4	16.4
Capital appreciation bonds	1.8	2.1	-	-	1.8	2.1
Revenue debt	-	-	23.7	12.1	23.7	12.1
<b>Totals</b>	<b>16.8</b>	<b>17.9</b>	<b>24.1</b>	<b>12.7</b>	<b>40.9</b>	<b>30.6</b>

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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 slowed down the last quarter of 2008 and continues to lag into 2010, but the property tax base remains relatively stable, decreasing \$87 million from 2008 for a total equalized property value of \$3.3 billion, including \$44.5 million (1.32%) growth in net new construction value. Current building permit data indicates construction is beginning to increase in 2010. In June of 2010 Bucyrus International, a large equipment manufacturer, moved its corporate headquarters to Oak Creek, which will add \$9 to \$12 million in commercial value and bringing 200 new jobs to the City. Several other business prospects are looking to locate in Oak Creek, and Oak Creek will host the 2010 Greater Milwaukee Parade of Homes.

The Oak Creek City Council adopted the 2010 budget in November of 2009, which authorized general fund expenditures of \$23.1 million. The combined general fund and debt service property tax levy is \$14.1 million. There was no change in the mill rate for City services in 2010. The levy has remained essentially at the same level for several 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., P.O. Box 27, Oak Creek, Wisconsin, 53154.

## CITY OF OAK CREEK

### STATEMENT OF NET ASSETS

December 31, 2009

	Governmental Activities	Business- type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 25,172,019	\$ 10,033,326	\$ 35,205,345
Taxes receivable	21,432,882	-	21,432,882
Delinquent personal property taxes receivable	22,229	-	22,229
Accounts receivable	1,003,279	2,379,682	3,382,961
Special assessments receivable	1,929,697	-	1,929,697
Loans receivable	18,230	-	18,230
Leases receivable	-	149,757	149,757
Notes receivable	-	387,522	387,522
Other assets	-	5,134	5,134
Internal balances	420,000	(420,000)	-
Prepaid items and inventories	79,311	53,310	132,621
Restricted cash and investments	2,758,265	4,339,238	7,097,503
Capital Assets			
Land and land rights	19,985,944	413,786	20,399,730
Construction in progress	-	12,413,249	12,413,249
Other capital assets, net of depreciation	68,480,027	96,002,796	164,482,823
Total Assets	<u>141,301,883</u>	<u>125,757,800</u>	<u>267,059,683</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	2,290,342	2,347,286	4,637,628
Deposits	819,744	-	819,744
Unearned revenue	21,872,349	53,693	21,926,042
Noncurrent Liabilities			
Due within one year	9,689,373	1,265,292	10,954,665
Due in more than one year	17,356,750	22,626,293	39,983,043
Total Liabilities	<u>52,028,558</u>	<u>26,292,564</u>	<u>78,321,122</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	72,309,340	87,624,877	159,863,117
Restricted for debt service	777,990	3,478,143	4,256,133
Restricted for depreciation	-	200,465	200,465
Restricted for impact fees	2,740,591	-	2,740,591
Restricted for park escrow	468,123	-	468,123
Restricted for low income loans	7,773	-	7,773
Restricted for asset forfeitures	17,674	-	17,674
Unrestricted	<u>12,951,834</u>	<u>8,161,751</u>	<u>21,184,685</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 89,273,325</u>	<u>\$ 99,465,236</u>	<u>\$ 188,738,561</u>

See accompanying notes to financial statements.

**CITY OF OAK CREEK**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2009

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	\$ 7,241,075	\$ 1,036,573	\$ 161,550	\$ 2,053	\$ (6,040,899)	\$ -	\$ (6,040,899)
Public safety	19,150,401	1,867,311	493,714	-	(16,789,376)	-	(16,789,376)
Health and social services	787,897	86,183	-	-	(701,714)	-	(701,714)
Public works	8,403,511	892,776	1,672,626	1,563,120	(4,274,989)	-	(4,274,989)
Leisure activities	2,970,921	175,028	-	1,850	(2,794,043)	-	(2,794,043)
Conservation and development	178,701	-	45,453	105,922	(27,326)	-	(27,326)
Interest and fiscal charges	761,297	-	-	-	(761,297)	-	(761,297)
<b>Total Governmental Activities</b>	<b>39,493,803</b>	<b>4,057,871</b>	<b>2,373,343</b>	<b>1,672,945</b>	<b>(31,389,644)</b>	<b>-</b>	<b>(31,389,644)</b>
<b>Business-type Activities</b>							
Water utility	5,890,927	8,343,157	-	301,206	-	2,753,436	2,753,436
Sewer utility	3,251,401	3,376,807	-	72,607	-	198,013	198,013
<b>Total Business-type Activities</b>	<b>9,142,328</b>	<b>11,719,964</b>	<b>-</b>	<b>373,813</b>	<b>-</b>	<b>2,951,449</b>	<b>2,951,449</b>
<b>Totals</b>	<b>\$ 48,636,131</b>	<b>\$ 15,777,835</b>	<b>\$ 2,373,343</b>	<b>\$ 2,046,758</b>	<b>(31,389,644)</b>	<b>2,951,449</b>	<b>(28,438,195)</b>
<b>General Revenues</b>							
<b>Taxes</b>							
Property taxes, levied for general purposes					17,823,520	-	17,823,520
Property taxes, levied for debt service					984,080	-	984,080
Property taxes, levied for tax incremental districts					745,031	-	745,031
Other taxes					526,091	-	526,091
Intergovernmental revenues not restricted to specific programs					3,406,479	-	3,406,479
Investment income					914,244	127,217	1,041,461
Miscellaneous					814,669	(14,410)	800,259
Gain on sale of capital assets					252,803	-	252,803
Transfers					1,250,147	(1,250,147)	-
Special Item							
Power generating facility mitigation revenue					2,250,000	-	2,250,000
<b>Total General Revenues, Transfers and Special Item</b>					<b>28,967,064</b>	<b>(1,137,340)</b>	<b>27,829,724</b>
<b>Change in Net Assets</b>					<b>(2,422,580)</b>	<b>1,814,109</b>	<b>(608,471)</b>
NET ASSETS - Beginning of Year (Restated)					91,695,905	97,651,127	189,347,032
<b>NET ASSETS - END OF YEAR</b>					<b>\$ 89,273,325</b>	<b>\$ 99,465,236</b>	<b>\$ 188,738,561</b>

See accompanying notes to financial statements.

**CITY OF OAK CREEK**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2009

	General	Paramedic Rescue Fund	Capital Improvement Fund	TIF No. 8 Capital Projects Fund	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>						
Cash and investments	\$ 7,058,890	\$ 196,197	\$ 11,820,105	\$ -	\$ 3,810,921	\$ 22,886,113
Receivables						
Taxes	13,588,284	3,551,590	-	-	4,293,008	21,432,882
Delinquent personal property taxes	22,229	-	-	-	-	22,229
Accounts	529,797	135,874	-	-	317,062	982,733
Special assessments	-	-	-	-	1,929,697	1,929,697
Loans	-	-	-	-	18,230	18,230
Due from other funds	1,498,705	-	-	-	314,900	1,813,605
Inventories	79,311	-	-	-	-	79,311
Restricted cash and investments	-	-	-	-	2,758,265	2,758,265
<b>TOTAL ASSETS</b>	<b>\$ 22,777,216</b>	<b>\$ 3,883,661</b>	<b>\$ 11,820,105</b>	<b>\$ -</b>	<b>\$ 13,442,083</b>	<b>\$ 51,923,065</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 361,722	\$ 34,619	\$ 144,422	\$ 5,901	\$ 213,368	\$ 760,032
Accrued liabilities	923,591	118,806	-	-	43,794	1,086,191
Deposits	109,460	-	-	-	710,284	819,744
Due to other funds	370,090	-	-	97,532	885,161	1,352,783
Deferred revenues	13,228,835	3,558,675	1,200,000	-	3,910,154	21,897,664
Deferred revenues - special assessments	-	-	-	-	1,982,713	1,982,713
<b>Total Liabilities</b>	<b>14,993,698</b>	<b>3,712,100</b>	<b>1,344,422</b>	<b>103,433</b>	<b>7,745,474</b>	<b>27,899,127</b>
<b>Fund Balances</b>						
<b>Reserved</b>						
Delinquent personal property taxes	22,229	-	-	-	-	22,229
Inventories	79,311	-	-	-	-	79,311
Tax equivalent for subsequent year's budget	1,250,147	-	-	-	-	1,250,147
Non-current receivables	169,708	-	-	-	314,900	484,608
Encumbrances	-	-	325,512	-	-	325,512
Impact fees	-	-	-	-	2,740,591	2,740,591
Debt service requirements	-	-	-	-	979,134	979,134
<b>Unreserved reported in</b>						
General fund designated	775,930	-	-	-	-	775,930
General fund undesignated	5,486,193	-	-	-	-	5,486,193
Special revenue funds undesignated	-	171,561	-	-	2,026,095	2,197,656
Capital projects funds designated	-	-	10,150,171	-	-	10,150,171
Capital projects funds undesignated (deficit)	-	-	-	(103,433)	(364,111)	(467,544)
<b>Total Fund Balances</b>	<b>7,783,518</b>	<b>171,561</b>	<b>10,475,683</b>	<b>(103,433)</b>	<b>5,696,609</b>	<b>24,023,938</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 22,777,216</b>	<b>\$ 3,883,661</b>	<b>\$ 11,820,105</b>	<b>\$ -</b>	<b>\$ 13,442,083</b>	<b>\$ 51,923,065</b>

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## CITY OF OAK CREEK

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS For the Year Ended December 31, 2009

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Fund balance - total governmental funds	\$ 24,023,938
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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.

Land and land rights	19,985,944
Other capital assets, net of depreciation	68,480,027

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	1,982,713
Accounts receivable	7,085
Loans receivable	18,230

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.

	2,022,655
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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	(16,792,689)
Unfunded OPEB liability	(7,954,940)
Compensated absences	(2,298,494)
Accrued interest	<u>(201,144)</u>

#### **NET ASSETS OF GOVERNMENTAL ACTIVITIES**

	<u>\$ 89,273,325</u>
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**CITY OF OAK CREEK**

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2009

	General	Paramedic Rescue Fund	Capital Improvement Fund	TIF No. 8 Capital Projects Fund	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>						
Taxes	\$ 13,863,916	\$ 3,195,000	\$ 250,640	\$ -	\$ 2,785,840	\$ 20,095,396
Intergovernmental	5,021,958	48,900	324,002	-	552,214	5,947,074
Regulation and compliance	1,295,876	-	-	-	-	1,295,876
Public charges for services	396,002	1,083,448	-	-	717,997	2,197,447
Special assessments/developer contributions	-	-	233,390	-	717,638	951,028
Investment income	748,409	3,158	16,267	-	124,543	892,377
Miscellaneous	178,464	6	-	-	744,772	923,242
Interfund charges for services	251,807	-	-	-	-	251,807
<b>Total Revenues</b>	<b>21,756,432</b>	<b>4,330,512</b>	<b>824,299</b>	<b>-</b>	<b>5,643,004</b>	<b>32,554,247</b>
<b>EXPENDITURES</b>						
Current						
General government	5,469,916	-	-	-	353,943	5,823,859
Public safety	10,125,825	4,572,517	-	-	1,140,783	15,839,125
Health and social services	511,516	-	-	-	172,053	683,569
Public works	3,411,994	-	-	-	1,811,273	5,223,267
Leisure activities	1,877,771	-	-	-	144,651	2,022,422
Conservation and development	-	-	-	103,433	63,096	166,529
Capital Outlay	-	-	3,290,507	7,000,000	92,942	10,383,449
Debt Service	-	-	-	-	-	-
Principal retirement	-	-	-	-	1,220,000	1,220,000
Interest and fiscal charges	-	-	-	-	677,138	677,138
<b>Total Expenditures</b>	<b>21,397,022</b>	<b>4,572,517</b>	<b>3,290,507</b>	<b>7,103,433</b>	<b>5,675,879</b>	<b>42,039,358</b>
Excess (deficiency) of revenues over expenditures	359,410	(242,005)	(2,466,208)	(7,103,433)	(32,875)	(9,485,111)
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of property	19,413	-	-	7,000,000	-	7,019,413
Transfers in	1,250,147	-	1,712,363	-	342,402	3,304,912
Transfers out	-	-	(262,402)	-	(1,792,363)	(2,054,765)
<b>Total Other Financing Sources (Uses)</b>	<b>1,269,560</b>	<b>-</b>	<b>1,449,961</b>	<b>7,000,000</b>	<b>(1,449,961)</b>	<b>8,269,560</b>
<b>SPECIAL ITEM</b>						
Power generating facility mitigation revenue	-	-	-	-	2,250,000	2,250,000
<b>Net Change in Fund Balance</b>	<b>1,628,970</b>	<b>(242,005)</b>	<b>(1,016,247)</b>	<b>(103,433)</b>	<b>767,164</b>	<b>1,034,449</b>
FUND BALANCES - Beginning of Year	6,154,548	413,566	11,491,930	-	4,929,445	22,989,489
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b>\$ 7,783,518</b>	<b>\$ 171,561</b>	<b>\$ 10,475,683</b>	<b>\$ (103,433)</b>	<b>\$ 5,696,609</b>	<b>\$ 24,023,938</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, 2009

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Net change in fund balances - total governmental funds	\$ 1,034,449
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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	10,383,449
Some items capitalized were not reported as capital outlay	29,251
Some amounts reported as capital outlay were not capitalized	(1,905,767)
Depreciation is reported in the government-wide statements	(2,366,655)
Net book value of disposed assets	(7,251,203)

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	566,932
Accounts receivable	(3,700)
Loans	(3,703)

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	12,259
Principal repaid	1,220,000
Capital appreciation bond increase	(99,856)

Part of net revenue of activities in the internal service fund is reported with governmental activities	(456,816)
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Other postemployment benefits	(3,503,685)
Compensated absences	(93,474)
Accrued interest on debt	15,939

<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (2,422,580)</u></b>
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See accompanying notes to financial statements.

## CITY OF OAK CREEK

### STATEMENT OF NET ASSETS PROPRIETARY FUNDS Thursday, December 31, 2009

	Business-type Activities - Enterprise Funds			Governmental
	Water	Sewer	Totals	Activities -
	Utility	Utility		Internal
				Service Fund
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and investments	\$ 6,120,711	\$ 3,912,615	\$ 10,033,326	\$ 2,285,906
Customer accounts receivable	1,559,420	708,505	2,267,925	-
Other accounts receivable	111,115	642	111,757	20,546
Due from other funds	401,521	194,352	595,873	30,183
Lease receivable	16,339	-	16,339	-
Note receivable	31,888	-	31,888	-
Unamortized debt issue costs	134	-	134	-
Inventories	53,310	-	53,310	-
Restricted assets				
Revenue bond construction account	2,467,902	-	2,467,902	-
Revenue bond redemption account	127,671	-	127,671	-
Total Current Assets	<u>10,890,011</u>	<u>4,816,114</u>	<u>15,706,125</u>	<u>2,336,635</u>
<b>Noncurrent Assets</b>				
<b>Restricted Assets</b>				
Revenue bond reserve account	1,543,200	-	1,543,200	-
Revenue bond depreciation account	200,465	-	200,465	-
Total Restricted Assets	<u>1,743,665</u>	<u>-</u>	<u>1,743,665</u>	<u>-</u>
<b>Capital Assets</b>				
Land and land rights	118,444	295,342	413,786	-
Construction in progress	12,413,249	-	12,413,249	-
Utility plant in service	84,667,438	43,670,853	128,338,291	-
Accumulated depreciation	<u>(23,439,878)</u>	<u>(8,895,617)</u>	<u>(32,335,495)</u>	<u>-</u>
Total Capital Assets	<u>73,759,253</u>	<u>35,070,578</u>	<u>108,829,831</u>	<u>-</u>
<b>Other Assets</b>				
Property held for future use	5,000	-	5,000	-
Lease receivable	133,418	-	133,418	-
Note receivable	355,634	-	355,634	-
Due from other funds - special assessments	169,762	102,541	272,303	-
Total Other Assets	<u>663,814</u>	<u>102,541</u>	<u>766,355</u>	<u>-</u>
Total Assets	<u>87,056,743</u>	<u>39,989,233</u>	<u>127,045,976</u>	<u>2,336,635</u>

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 538,322	\$ 500,179	\$ 1,038,501	\$ 242,976
Accrued payroll	217,343	33,774	251,117	-
Accrued interest payable	375,000	16,041	391,041	-
Due to other funds	1,314,739	44,441	1,359,180	-
Unearned revenue	53,693	-	53,693	-
Compensated absences	61,925	-	61,925	-
Pollution remediation obligation	2,841	-	2,841	-
Deferred interest income	3,156	-	3,156	-
General obligation debt	-	196,105	196,105	-
Liabilities Payable From Restricted Assets				
Accrued interest	40,171	-	40,171	-
Revenue bond construction payable	620,459	-	620,459	-
Current portion of revenue bonds	1,050,000	-	1,050,000	-
Less: Unamortized loss on advance refunding of revenue bonds	(42,738)	-	(42,738)	-
Total Current Liabilities	<u>4,234,911</u>	<u>790,540</u>	<u>5,025,451</u>	<u>242,976</u>
Noncurrent Liabilities				
Accrued compensated absences	103,225	-	103,225	-
Net other postemployment benefits obligation	42,756	10,689	53,445	-
General obligation debt	-	206,302	206,302	-
Revenue bonds	10,105,000	-	10,105,000	-
Revenue bonds anticipation notes payable	12,500,000	-	12,500,000	-
Less: Unamortized loss on advance refunding of revenue bonds	(341,679)	-	(341,679)	-
Total Noncurrent Liabilities	<u>22,409,302</u>	<u>216,991</u>	<u>22,626,293</u>	<u>-</u>
Total Liabilities	<u>26,644,213</u>	<u>1,007,531</u>	<u>27,651,744</u>	<u>242,976</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	52,956,706	34,668,171	87,624,877	-
Restricted				
Debt service	3,478,143	-	3,478,143	-
Depreciation	200,465	-	200,465	-
Unrestricted	<u>3,777,216</u>	<u>4,313,531</u>	<u>8,090,747</u>	<u>2,093,659</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 60,412,530</u>	<u>\$ 38,981,702</u>	<u>99,394,232</u>	<u>\$ 2,093,659</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>71,004</u>	
Net Assets of Business-type Activities			<u>\$ 99,465,236</u>	

See accompanying notes to financial statements.

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**CITY OF OAK CREEK**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS

For the Year Ended December 31, 2009

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>	Activities -
	<u>Utility</u>	<u>Utility</u>		Internal
				Service Fund
<b>OPERATING REVENUES</b>				
Charges for services and sales	\$ 8,166,576	\$ 3,146,550	\$ 11,313,126	\$ -
Other operating revenues	<u>181,900</u>	<u>2,257</u>	<u>184,157</u>	<u>5,179,101</u>
Total Operating Revenues	<u>8,348,476</u>	<u>3,148,807</u>	<u>11,497,283</u>	<u>5,179,101</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	3,569,885	2,625,131	6,195,016	5,673,449
Depreciation	1,635,013	561,732	2,196,745	-
Taxes	<u>101,973</u>	<u>42,524</u>	<u>144,497</u>	<u>-</u>
Total Operating Expenses	<u>5,306,871</u>	<u>3,229,387</u>	<u>8,536,258</u>	<u>5,673,449</u>
Operating Income (Loss)	<u>3,041,605</u>	<u>(80,580)</u>	<u>2,961,025</u>	<u>(494,348)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	104,030	23,187	127,217	25,569
Grant revenue	99,747	-	99,747	-
Income from merchandising and jobbing	(5,319)	-	(5,319)	-
Rental income	-	228,000	228,000	-
Interest expense	(540,230)	(22,014)	(562,244)	-
Amortization expense	(43,826)	-	(43,826)	-
Non-utility operations	<u>(2,447)</u>	<u>-</u>	<u>(2,447)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(388,045)</u>	<u>229,173</u>	<u>(158,872)</u>	<u>25,569</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>2,653,560</u>	<u>148,593</u>	<u>2,802,153</u>	<u>(468,779)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>201,459</u>	<u>72,607</u>	<u>274,066</u>	<u>-</u>
<b>TRANSFERS OUT</b>	<u>(1,228,711)</u>	<u>(21,436)</u>	<u>(1,250,147)</u>	<u>-</u>
<b>Change in Net Assets</b>	<u>1,626,308</u>	<u>199,764</u>	<u>1,826,072</u>	<u>(468,779)</u>
NET ASSETS - Beginning of Year (Restated)	<u>58,786,222</u>	<u>38,781,938</u>		<u>2,562,438</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 60,412,530</u>	<u>\$ 38,981,702</u>		<u>\$ 2,093,659</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(11,963)</u>	
Change in Net Assets of Business-Type Activities			<u>\$ 1,814,109</u>	

See accompanying notes to financial statements.

**CITY OF OAK CREEK**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2009

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 8,113,902	\$ 3,077,128	\$ 11,191,030	\$ 5,165,492
Received from rents of water property	152,487	-	152,487	-
Received from nonoperating activities	2,968	-	2,968	-
Received from miscellaneous sources	34,559	2,218	36,777	-
Paid to Milwaukee Metro Sewerage District for sewer user charges	-	(1,859,012)	(1,859,012)	-
Paid to suppliers for goods and services	(1,844,434)	(455,669)	(2,300,103)	(5,671,109)
Paid to employees for services	(1,415,528)	(394,869)	(1,810,397)	-
Net Cash Flows From Operating Activities	<u>5,043,954</u>	<u>369,796</u>	<u>5,413,750</u>	<u>(505,617)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Paid to city for tax equivalent	(1,132,845)	(19,487)	(1,152,332)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from equipment lease	23,415	-	23,415	-
Proceeds from promissory note	38,199	-	38,199	-
Paid for issuance of promissory note	(200,000)	-	(200,000)	-
Proceeds from property rental	-	360,325	360,325	-
Investment income	118,421	23,750	142,171	25,569
Net Cash Flows From Investing Activities	<u>(19,965)</u>	<u>384,075</u>	<u>364,110</u>	<u>25,569</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(11,017,739)	(62,771)	(11,080,510)	-
Proceeds received for acquisition and construction of capital assets	6,895	17,149	24,044	-
Special assessment proceeds	80,664	91,738	172,402	-
Proceeds from sale of transportation equipment	3,885	615	4,500	-
Proceeds from issuance of debt	12,500,000	-	12,500,000	-
Debt retired	(975,000)	(186,767)	(1,161,767)	-
Interest paid	(522,831)	(29,459)	(552,290)	-
Net Cash Flows From Capital and Related Financing Activities	<u>75,874</u>	<u>(169,495)</u>	<u>(93,621)</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>3,967,018</b>	<b>564,889</b>	<b>4,531,907</b>	<b>(480,048)</b>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>6,492,931</u>	<u>3,347,726</u>	<u>9,840,657</u>	<u>2,765,954</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 10,459,949</b>	<b>\$ 3,912,615</b>	<b>\$ 14,372,564</b>	<b>\$ 2,285,906</b>



	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME TO</b>				
<b>NET CASH FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 3,041,605	\$ (80,580)	\$ 2,961,025	\$ (494,348)
Nonoperating revenues (expenses)	(7,766)	-	(7,766)	-
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities				
Noncash items included in income				
Depreciation	1,635,013	561,732	2,196,745	-
Depreciation charged to other accounts	82,204	(51,826)	30,378	-
Loss on sale of transportation equipment	(2,450)	-	(2,450)	-
Changes in assets and liabilities				
Customer accounts receivable	(11,661)	(36,093)	(47,754)	-
Other accounts receivable	6,819	979	7,798	(7,802)
Inventories	5,152	-	5,152	-
Prepaid items	-	-	-	66,815
Accounts payable and accrued liabilities	249,305	12,288	261,593	(64,475)
Accrued expenses	113,654	4,268	117,922	-
Due to other funds	(28,504)	(45,231)	(73,735)	(5,807)
Net other post employment benefits obligation	17,034	4,259	21,293	-
Pollution remediation obligation	(61,597)	-	(61,597)	-
Unearned revenue	5,146	-	5,146	-
<b>NET CASH FLOWS FROM</b>				
<b>OPERATING ACTIVITIES</b>	<b>\$ 5,043,954</b>	<b>\$ 369,796</b>	<b>\$ 5,413,750</b>	<b>\$ (505,617)</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE</b>				
<b>STATEMENT OF NET ASSETS - PROPRIETARY FUNDS</b>				
Cash and investments	\$ 6,120,711	\$ 3,912,615	\$ 10,033,326	\$ 2,285,906
Restricted cash and investments - current	2,595,573	-	2,595,573	-
Restricted cash and investments - noncurrent	1,743,665	-	1,743,665	-
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 10,459,949</b>	<b>\$ 3,912,615</b>	<b>\$ 14,372,564</b>	<b>\$ 2,285,906</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Interest income earned on noncash equivalents	\$ 12,038	\$ 7,959	\$ 19,997	\$ -
Cost of capital assets installed and/or financed by developers	\$ 36,959	\$ 68,361	\$ 105,320	\$ -
Cost of capital assets financed by assessment of benefits to property owners	\$ 164,500	\$ 4,247	\$ 168,747	\$ -
Cost of capital assets financed by grant revenue	\$ 99,747	\$ -	\$ 99,747	\$ -
Interest capitalized on construction projects	\$ 354,203	\$ -	\$ 354,203	\$ -

See accompanying notes to financial statements.

# CITY OF OAK CREEK

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUND December 31, 2009

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 37,191,413
Property taxes receivable	<u>15,286,449</u>
<b>TOTAL ASSETS</b>	<u>\$ 52,477,862</u>
<b>LIABILITIES</b>	
Due to other taxing units	<u>\$ 52,477,862</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 52,477,862</u>

See accompanying notes to financial statements.

# CITY OF OAK CREEK

## INDEX TO NOTES TO FINANCIAL STATEMENTS December 31, 2009

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# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

This report includes all of the funds of the City of Oak Creek. The reporting entity for the city consists of 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.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

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

---

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

##### ***Government-Wide Financial Statements (cont.)***

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

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

Financial statements of the 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.

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.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

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

---

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

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

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

The city reports the following major governmental funds:

- General Fund – accounts for the city’s primary operating activities. It is used to account for 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.
- Tax Incremental Fund (TIF) No. 8 Capital Projects Fund – accounts for proceeds from long-term borrowing and other resources to be used for Tax Increment District No. 8

The city reports the following major enterprise funds:

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

The city reports the following non-major governmental 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

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

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

---

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

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

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

- DPW Debt Service Fund
- Debt Amortization 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
- TIF No. 7 Capital Projects Fund

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

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

---

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

---

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

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

The government-wide statement of net 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 unearned 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.

##### ***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.



# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

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

---

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

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

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.

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.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

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

---

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

##### ***All Financial Statements***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets 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.

#### **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, 2009

---

### 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, 2009

---

### 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, 2009, 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, 2009

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### 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 – 2009 tax roll:

Lien date and levy date	December 2009
Tax bills mailed	December 2009
Payment in full, or	January 31, 2010
First installment due (50%)	January 31, 2010
Second installment due (25%)	March 31, 2010
Third installment due (25%)	May 31, 2010
Personal property taxes in full	January 31, 2010
Tax sale – 2009 delinquent real estate taxes	October 2012

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, 2009

---

### 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. The city is no longer disbursing these funds.

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.

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, 2009

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### 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.)**

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.

##### **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 effective interest method.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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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.)*

##### *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, 2009 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, 2009

### **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 12-31-09</u>
AAA Sales & Engineering	11/17/98	\$ 6,375,000	11/1/21	\$ 1,719,233
F & M Management Company	5/1/96	3,000,000	5/1/25	1,035,000
Neo-Brake Systems, Inc./Ballew LLC Project	5/1/99	1,230,000	5/1/19	411,276
Crown Prince Inc.	12/2/03	2,235,000	1/1/24	1,138,263
Wisconsin Electric Power Company	12/1/04	67,000,000	8/1/16	67,000,000
Total				<u>\$ 71,303,772</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. The liability for claims and judgments is only reported in government funds if it has matured. 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, 2009

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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 debt 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.”

The net assets section includes an adjustment for capital assets owned by the business-type activities column, but financial by the debt of the governmental activities column. The amount is a reduction of “invested in capital assets, net of related debt,” and an increase in “unrestricted” net assets, shown only in the total column.

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. Reserved fund balance is that portion of fund balance that is not available for the subsequent year’s budget due to legal restrictions or resources which are not available for current spending. 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, 2009

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

#### **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>
Activity & Donation Fund	\$ 172,000	\$ 396,154	\$ 224,154
WE Energies Fund	1,032,515	1,388,732	356,217
Low Income Loan Fund	4,200	4,357	157
Park Escrow Fund	-	50	50
Impact Fee Fund	-	2,509	2,509
Asset Forfeiture Fund	-	23,985	23,985
TIF No. 6 Debt Service Fund	139,775	142,875	3,100
TIF No. 7 Capital Projects Fund	50,000	67,529	17,529

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, 2009

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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, 2009, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
TIF No. 8 Capital Project Fund	\$ 103,433	Excess of expenditures over revenues
TIF No. 7 Capital Project Fund	396,845	Excess of expenditures over revenues
Solid Waste Fund	4,851	Excess of expenditures over revenues

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

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

As part of Wisconsin's Act 28 (2009), 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 3% for the 2009 levy collected in 2010 and 3% for the 2010 levy collected in 2011. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to expire after the 2010 levy.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

### NOTE III – DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

The city maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net 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	\$ 21,167,967	\$ 21,567,829	Custodial credit risk
U.S. instrumentalities	9,533,843	9,533,843	Credit risk, custodial credit risk, interest rate risk, concentration of credit risk
Asset backed securities	718,346	718,346	Credit risk, custodial credit risk, interest rate risk
Corporate bonds	1,237,708	1,237,708	Credit risk, custodial credit risk, interest rate risk
Local Government Investment Pool CLASS	46,764,398	46,775,571	Credit risk, interest rate risk
Petty cash	66,048	66,048	Credit risk, interest rate risk
	5,951		N/A
Total Cash and Investments	\$ 79,494,261	\$ 79,899,345	
Reconciliation to financial statements			
Per statement of net assets			
Cash and investments	\$ 35,205,345		
Restricted cash and investments	7,097,503		
Per statement of net assets – fiduciary funds			
Agency	37,191,413		
Total Cash and Investments	\$ 79,494,261		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited amounts 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.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

#### **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, 2009, \$13,945,593 of the city's total bank balances of \$21,567,829 were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging financial institution	<u>\$ 13,945,593</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, 2009 the city's investments were rated as follows:

Investment Type	Standard & Poor's	Fitch Ratings	Moody's
Federal Home Loan Bank	AAA	AAA	AAA
Federal National Mortgage Association	AAA	AAA	AAA
Federal Home Loan Mortgage Corp.	AAA	AAA	AAA
Asset backed securities	AAA	n/a	AAA
Corporate bonds	A – AAA	A – AAA	A2 - AAA
CLASS	AAAm	n/a	n/a

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

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

Local Government Investment Pool

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

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

At December 31, 2009, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal National Mortgage Association	U.S. Security	7.64%
Federal Home Loan Mortgage Corporation	U.S. Security	4.69%

#### **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, 2009, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In years)		
		Less than 1 year	1 - 10	> 10 years
US agencies	\$ 9,533,843	\$ 1,467,488	\$ 1,726,852	\$ 6,339,503
Asset backed securities	718,346	-	718,346	-
Corporate bonds	1,237,708	180,466	1,057,242	-
External investment pools	46,841,619	46,841,619	-	-
Totals	\$ 58,331,516	\$ 48,489,573	\$ 3,502,440	\$ 6,339,503

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

### 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:

	General	Paramedic Rescue Fund	Nonmajor Governmental Funds	Totals
Total net receivables	<u>\$ 14,140,310</u>	<u>\$ 3,687,464</u>	<u>\$ 6,557,997</u>	<u>\$ 24,386,771</u>
Amounts not expected to be collected within one year	<u>\$ 22,229</u>	<u>\$ -</u>	<u>\$ 1,947,927</u>	<u>\$ 1,970,156</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:

	Unavailable	Unearned	Totals
Property taxes and special charges receivable for subsequent year	\$ -	\$ 20,660,241	\$ 20,660,241
Developer agreement	-	1,200,000	1,200,000
Accounts receivable not collected	7,085	12,108	19,193
Special assessments not yet due	1,982,713	-	1,982,713
Loan receivables	<u>18,230</u>	<u>-</u>	<u>18,230</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 2,008,028</u>	<u>\$ 21,872,349</u>	<u>\$ 23,880,377</u>



# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

### 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.
- Construction – Used to report unspent debt proceeds

##### **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, 2009:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Totals</u>
Redemption account	\$ -	\$ 127,671	\$ 127,671
Reserve account	-	1,543,200	1,543,200
Depreciation account	-	200,465	200,465
Revenue bond construction account	-	2,467,902	2,467,902
Impact fee account	2,740,591	-	2,740,591
Asset forfeiture account	17,674	-	17,674
	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 2,758,265</u>	<u>\$ 4,339,238</u>	<u>\$ 7,097,503</u>

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

#### D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 19,985,944	\$ 7,000,000	\$ 7,000,000	\$ 19,985,944
Construction in progress	7,759,834		7,759,834	-
Total Capital Assets				
Not Being Depreciated	27,745,778	7,000,000	14,759,834	19,985,944
Capital assets being depreciated				
Land improvements	1,663,530	-	-	1,663,530
Buildings	14,368,052	7,759,834	-	22,127,886
Machinery and equipment	16,158,571	954,813	1,004,615	16,108,769
Bridges	286,370	-	-	286,370
Roads	34,563,651	552,120	201,942	34,913,829
Sidewalks	3,454,033	-	-	3,454,033
Street lighting	3,706,982	-	-	3,706,982
Storm sewers	21,312,665	-	-	21,312,665
Total Capital Assets				
Being Depreciated	95,513,854	9,266,767	1,206,557	103,574,064
Less: Accumulated depreciation for				
Land improvements	(509,257)	(72,784)	-	(582,041)
Buildings	(3,787,205)	(257,227)	-	(4,244,432)
Machinery and equipment	(9,981,519)	(778,249)	843,722	(9,916,046)
Bridges	(5,728)	-	-	(5,728)
Roads	(7,528,120)	(467,759)	111,632	(7,884,247)
Sidewalks	(1,846,689)	(60,494)	-	(1,907,183)
Street lighting	(2,225,222)	(119,570)	-	(2,344,792)
Storm sewers	(7,798,996)	(410,572)	-	(8,209,568)
Total Accumulated Depreciation	(33,682,736)	(2,366,655)	955,354	(35,094,037)
Net Capital Assets				
Being Depreciated	61,831,118	6,900,112	251,203	68,480,027
Total Governmental Activities				
Assets, Net of				
Accumulated Depreciation	\$ 89,576,896	\$ 13,900,112	\$15,011,037	\$ 88,465,971

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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

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

Depreciation expense was charged to functions as follows:

**Governmental Activities**

General government	\$ 79,965
Public safety	644,021
Public works, which includes the depreciation of roads, sidewalks and storm sewers	1,452,510
Health and social services	180,134
Leisure activities	<u>10,025</u>
 Total Governmental Activities Depreciation Expense	 <u>\$ 2,366,655</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 118,444	\$ -	\$ -	\$ 118,444
Construction in progress	<u>2,607,805</u>	<u>11,858,784</u>	<u>2,053,340</u>	<u>12,413,249</u>
Total Capital Assets Not Being Depreciated	<u>2,726,249</u>	<u>11,858,784</u>	<u>2,053,340</u>	<u>12,531,693</u>
Capital assets being depreciated				
Source of supply	6,255,267	-	-	6,255,267
Pumping	4,566,903	-	19,794	4,547,109
Treatment	11,757,618	76,912	243	11,834,287
Transmission and distribution	55,033,670	1,995,688	7,219	57,022,139
General	<u>4,946,972</u>	<u>111,459</u>	<u>49,795</u>	<u>5,008,636</u>
Total Capital Assets Being Depreciated	<u>82,560,430</u>	<u>2,184,059</u>	<u>77,051</u>	<u>84,667,438</u>
Total Capital Assets	<u>85,286,679</u>	<u>14,042,843</u>	<u>2,130,391</u>	<u>97,199,131</u>
Less: Accumulated depreciation for				
Source of supply	(1,420,041)	(107,391)	-	(1,527,432)
Pumping	(2,462,665)	(169,866)	19,794	(2,612,737)
Treatment	(5,042,722)	(400,905)	243	(5,443,384)
Transmission and distribution	(10,601,769)	(832,465)	7,219	(11,427,015)
General	<u>(2,271,079)</u>	<u>(210,476)</u>	<u>52,245</u>	<u>(2,429,310)</u>
Total Accumulated Depreciation	<u>(21,798,276)</u>	<u>(1,721,103)</u>	<u>79,501</u>	<u>(23,439,878)</u>
Net Water Plant	<u>\$ 63,488,403</u>	<u>\$ 12,321,740</u>	<u>\$ 2,050,890</u>	<u>\$ 73,759,253</u>

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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

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

	Restated Beginning Balance	Additions	Deletions	Ending Balance
<b>Sewer</b>				
Capital assets not being depreciated				
Land and land rights	\$ 295,342	\$ -	\$ -	\$ 295,342
Construction in progress	-	44,247	44,247	-
Total Capital Assets Not Being Depreciated	<u>295,342</u>	<u>44,247</u>	<u>44,247</u>	<u>295,342</u>
Capital assets being depreciated				
Collection system	42,773,367	109,517	-	42,882,884
Collection system pumping	330,496	1,184	2,305	329,375
General	455,416	8,662	5,484	458,594
Total Capital Assets Being Depreciated	<u>43,559,279</u>	<u>119,363</u>	<u>7,789</u>	<u>43,670,853</u>
Total Capital Assets	<u>43,854,621</u>	<u>163,610</u>	<u>52,036</u>	<u>43,966,195</u>
Less: Accumulated depreciation for				
Collection system	(7,896,262)	(461,437)	-	(8,357,699)
Collection system pumping	(268,500)	(15,911)	2,305	(282,106)
General	(228,123)	(33,173)	5,484	(255,812)
Total Accumulated Depreciation	<u>(8,392,885)</u>	<u>(510,521)</u>	<u>7,789</u>	<u>(8,895,617)</u>
Net Sewer Plant	<u>\$ 35,461,736</u>	<u>\$ (346,911)</u>	<u>\$ 44,247</u>	<u>\$ 35,070,578</u>
Business-type Capital Assets, Net of Depreciation	<u>\$ 98,950,139</u>	<u>\$ 11,974,829</u>	<u>\$ 2,095,137</u>	<u>\$ 108,829,831</u>

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Water	\$ 1,635,013
Sewer	<u>561,732</u>
Total Business-type Activities Depreciation Expense	<u>\$ 2,196,745</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, 2009

### 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	Water utility	\$ 1,284,556	\$ -
General fund	Sewer utility	44,441	-
General fund	TIF # 7 Capital projects fund	72,176	-
General fund	TIF # 8 Capital projects fund	97,532	-
Sewer utility	Developer improvement fund	2,979	-
Economic development fund	TIF #7 Capital projects fund	314,900	-
Health insurance fund	Water utility	30,183	-
Water utility	General fund	216,054	-
Sewer utility	General fund	154,036	-
Sewer utility	Storm Water fund	1,450	-
Sewer utility	Special assessment fund	138,428	102,541
Water utility	Special assessment fund	<u>355,229</u>	169,762
Total – Fund Financial Statements		2,711,964	
Less: Internal service fund allocation		(71,004)	
Fund eliminations		(484,608)	
Government-wide eliminations		<u>(1,736,352)</u>	
Total Internal Balances – Government-Wide Statement of Net Assets		<u>\$ 420,000</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.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General fund	Water utility	\$ 1,228,711	Tax equivalent
General fund	Sewer utility	21,436	Tax equivalent
DPW debt service fund	Capital improvements Fund	253,750	Finance payment of DPW debt service
Storm water fund	Capital improvements fund	8,652	Reimbursement of completed capital projects
Economic development fund	Impact fee escrow fund	20,000	Finance economic development expenditures
Police debt service fund	Impact fee escrow fund	60,000	Finance payment of police debt service
Capital improvements fund	Impact fee escrow fund	312,363	Finance of capital improvement projects
Capital improvements fund	Storm Water fund	100,000	Finance of capital improvement projects
Capital improvements fund	WE energies fund	1,000,000	Finance of capital improvement projects
Capital improvements fund	Special assessment fund	300,000	Finance of capital improvement projects
Subtotal – Fund Financial Statements		3,304,912	
Less: Fund eliminations		<u>(2,054,765)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 1,250,147</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, 2009

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

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2009 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	\$ 8,805,000	\$ -	\$ 855,000	\$ 7,950,000	\$ 910,000
Capital appreciation bonds	2,107,833	99,856	365,000	1,842,689	360,000
Note anticipation notes	7,000,000	-	-	7,000,000	7,000,000
Sub-Totals	17,912,833	99,856	1,220,000	16,792,689	8,270,000
Other Liabilities					
Vested compensated absences	2,205,020	1,321,712	1,228,238	2,298,494	1,419,373
Other postemployment benefits	4,451,255	6,485,118	2,981,433	7,954,940	-
Capital lease payable	12,259	-	12,259	-	-
Total Other Liabilities	6,668,534	7,806,830	4,221,930	10,253,434	1,419,373
Total Governmental Activities Long-Term Liabilities	\$ 24,581,367	\$ 7,906,686	\$ 5,441,930	\$ 27,046,123	\$ 9,689,373
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable:					
General obligation debt					
General obligation debt	\$ 589,174	\$ -	\$ 186,767	\$ 402,407	\$ 196,105
Revenue bonds	12,130,000	-	975,000	11,155,000	1,050,000
Revenue bonds anticipation notes	-	12,500,000	-	12,500,000	-
Less: unamortized loss on refunding	(427,155)	-	(42,738)	(384,417)	(42,738)
Sub-totals	12,292,019	12,500,000	1,119,029	23,672,990	1,203,367
Other Liabilities					
Other postemployment benefits	32,152	204,281	182,988	53,445	-
Vested compensated absences	38,218	188,857	61,925	165,150	61,925
Total Business-type Activities Long-Term Liabilities	\$ 12,362,389	\$12,893,138	\$ 1,363,942	\$ 23,891,585	\$ 1,265,292

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

##### *General Obligation Debt and Note Anticipation Notes*

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, 2009, was \$164,676,685. Total general obligation debt outstanding at year end was \$10,195,096.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-09
<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	\$ 175,000
2002 bonds	3/15/02	3/01/17	3.00-5.625%	10,900,000	6,875,000
2006 bonds	10/15/06	10/01/16	4.00-4.50%	1,200,000	900,000
Sub-Total					7,950,000
2008 NAN's	5/15/08	5/1/10	3.625%	7,000,000	7,000,000
2002 capital appreciation bonds	12/02/02	9/01/15	3.40-4.84%	2,184,987	1,842,689
Total Governmental Activities – Notes and Bonds					\$ 16,792,689

Debt service requirements to maturity for general obligation notes, bonds, and NAN's are as follows:

<u>Years</u>	Governmental Activities Notes and Bonds	
	Principal	Interest
2010	\$ 7,910,000	\$ 510,598
2011	940,000	341,874
2012	900,000	300,266
2013	950,000	257,438
2014	1,025,000	208,469
2015-2017	3,225,000	272,672
Totals	\$ 14,950,000	\$ 1,891,317



**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**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 capital appreciation bonds are as follows:

<u>Years</u>	<u>Governmental Activities Capital Appreciation Bonds</u>
2010	\$ 360,000
2011	360,000
2012	360,000
2013	360,000
2014	360,000
2015	360,000
	<u>2,160,000</u>
Less interest portion	<u>(317,311)</u>
Principal Portion	<u>\$ 1,842,689</u>

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-09</u>
<b>Business-type Activities</b>					
<b>General Obligation Debt</b>					
Sewer Utility State Trust Fund Loan	9/06/01	12/01/11	5.00%	\$ 1,500,000	\$ 402,407
Total Business-type Activities General Obligation Debt					<u>\$ 402,407</u>

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>
2010	\$ 196,105	\$ 20,120
2011	206,302	10,315
Totals	<u>\$ 402,407</u>	<u>\$ 30,435</u>

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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

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

**Revenue Debt**

The City has pledged future water and sewer revenues, net of specified operating expenses, to repay \$11,155,000 million in revenue bonds issued in previous years. Proceeds from the bonds provided financing for capital improvements. The bonds are payable solely from revenues and are payable through December 1, 2020. The total principal and interest remaining to be paid on the bonds is \$13,880,094. Principal and interest paid for the current year and total customer net revenues were \$1,497,831 and \$4,852,629, respectively. Future principal and interest payments are expected to require 25.96% of net revenues.

Revenue debt payable at December 31, 2009 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 12-31-09</u>
Water utility revenue bonds	8/15/00	12/01/20	4.45-5.50%	8,165,000	\$ 400,000
Water utility refunding revenue bonds	11/1/05	12/01/20	3.38-5.00%	12,130,000	<u>10,755,000</u>
Total Business-type Activities Revenue Debt					<u>\$ 11,155,000</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>
2010	\$ 1,050,000	\$ 482,050
2011	1,100,000	437,200
2012	1,150,000	393,200
2013	1,175,000	347,200
2014	1,225,000	300,200
2015 – 2019	4,850,000	734,994
2020	<u>605,000</u>	<u>30,250</u>
Totals	<u>\$ 11,155,000</u>	<u>\$ 2,725,094</u>

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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

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

***Business-type Activities Revenue Bond Anticipation Notes***

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-09</u>
Water utility revenue bonds anticipation notes	4/1/09	4/1/11	4.00%	12,500,000	\$ 12,500,000
Total Business-type Activities Revenue Bond Anticipation Notes					<u>\$ 12,500,000</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>
2010	\$ -	\$ 750,000
2011	<u>12,500,000</u>	<u>250,000</u>
Totals	<u>\$ 12,500,000</u>	<u>\$ 1,000,000</u>

The proceeds from the anticipated, future issuance of revenue bonds and all revenues that are junior and subordinate to the revenue bonds are pledged as security of the revenue bond anticipation notes until the notes are defeased. No principal and interest was paid in 2009.

***Other Debt Information***

Estimated payments for capital leases, vested compensated absences and other post employment benefits are not included in the debt service requirement schedules. The compensated absences and other post employment benefits liabilities 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, 2009, \$715,000 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, 2009, \$5,251,000 of revenue bonds outstanding are considered defeased.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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#### G. LEASE DISCLOSURES

##### *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

The city has entered into an operating lease with T-Mobile Central LLC (TM) for a 125 foot monopole constructed by TM on city property at 240 East Puetz Road. The term of the lease is 5 years commencing April 30, 2007. The lease shall be automatically renewed for four additional five year terms unless TM notifies Oak Creek of its intention not to renew. Future annual lease payments are as follows:

First term (years 1-5)	\$	23,900
First renewal term (years 6-10)		28,680
Second renewal term (years 11-15)		34,416
Third renewal term (years 16-20)		41,299
Fourth renewal term (years 21-25)		49,559

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

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

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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

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

***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 at 8.5% interest 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>
2010	\$ 12,672	\$ 8,997	\$ 21,669
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	18,955	747	19,702
Totals	<u>\$ 121,090</u>	<u>\$ 38,481</u>	<u>\$ 159,571</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>
2010	\$ 3,667
2011	4,000
2012	4,000
2013	4,000
2014	4,000
2015	4,000
2016	4,000
2017	1,000
Totals	<u>\$ 28,667</u>

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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

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

***Lessor – Operating 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>
2010	\$ 17,346	\$ 14,191	\$ 31,537
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>\$ 201,287</u>	<u>\$ 71,078</u>	<u>\$ 272,365</u>

The water and sewer utility has entered into operating leases with Verizon Wireless (VW), Sprint Spectrum L.P. (SSLP), AT&T Wireless (AT&T), Cricket Communications (CC), and T-Mobile USA (TM) for space on utility reservoirs to be used for cellular antennas. These leases terminate on November 30, 2010, March 20, 2012, March 1, 2010, January 24, 2013, February 26, 2016 and January 24, 2018 for VW, SSLP, AT&T, CC and TM, respectively. Minimum future lease rentals are as follows:

2010	\$ 129,267
2011	97,185
2012	81,507
2013	66,647
2014	58,615
2015	59,735
2016	35,313
2017	30,600
2018	1,928

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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

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

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

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 \$2,000,010, a net book value of \$1,695,474 as of December 31, 2009 and a depreciation accrual of \$40,000 during the year 2009. One hundred percent 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:

2010	\$ 229,850
2011	193,000

**H. NET ASSETS/FUND BALANCES**

Net assets reported on the government wide statement of net assets at December 31, 2009 includes the following:

***Governmental Activities***

Invested in capital assets, net of related debt	
Land	\$ 19,985,944
Other capital assets, net of accumulated depreciation	68,480,027
Less: Related long-term debt outstanding (excluding non-capital debt)	<u>(16,156,631)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>72,309,340</u>
Restricted	
Debt service	777,990
Impact fee escrow	2,740,591
Park escrow	468,123
Loan income loans	7,773
Asset forfeiture	<u>17,674</u>
Total Restricted	<u>4,012,151</u>
Unrestricted	<u>12,951,834</u>
Total Governmental Activities Net Assets	<u>\$ 89,273,325</u>

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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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, 2009 include the following:

##### **Reserved Fund Balance**

###### Major Funds

###### General Fund

Delinquent personal property taxes	\$ 22,229
Inventories	79,311
Non-current receivables	169,708
Tax equivalent for subsequent year's budget	<u>1,250,147</u>
Total	<u>\$ 1,521,395</u>

###### Capital Improvements Program Fund

Reserved for encumbrances	<u>\$ 325,512</u>
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###### Non-Major Fund Reserved Fund Balance

###### Special Revenue Funds

Reserved for impact fees	\$ 2,740,591
Reserved for non-current receivables	314,900

###### Debt Service Funds

Reserved for debt amortization fund debt service	510,551
Reserved for TID No. 4 debt service	40,633
Reserved for TID No. 5 debt service	163,425
Reserved for TID No. 6 debt service	262,389
Reserved for police station debt service	<u>2,136</u>

Total Non-Major Fund Reserved Fund Balance	<u>\$ 4,034,625</u>
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# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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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 (Deficit)

##### Major Funds

General Fund – Contingencies	\$ 105,000
General Fund – Subsequent year's budget	<u>650,930</u>

Total General Fund – Designated	<u>\$ 775,930</u>
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General Fund – Undesignated	<u>\$ 5,486,193</u>
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Paramedic Rescue Fund – Undesignated	<u>\$ 171,561</u>
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Capital Improvements Fund – Designated	<u>\$ 10,150,171</u>
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TIF No. 8 Capital Projects Fund – Undesignated (Deficit)	<u>\$ (103,433)</u>
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##### Non-Major Funds

##### Special Revenue Funds

Solid waste fund (deficit)	\$ (4,851)
Donation and Activity fund	128,087
WE energies fund	587,418
Low Income Loan fund	7,773
Park Escrow fund	468,123
Special Assessment fund	669,680
Economic Development fund	103,952
Asset forfeiture fund	17,674
Stormwater fund	<u>48,239</u>

Total	<u>\$ 2,026,095</u>
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##### Capital Projects Funds

Developer agreement	\$ 32,734
TIF No. 7 Capital projects fund (deficit)	<u>(396,845)</u>

Total (Deficit)	<u>\$ (364,111)</u>
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**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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

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

***Business-type Activities***

Invested in capital assets, net of related debt	
Land and land rights	\$ 413,786
Construction in progress	12,413,249
Other capital assets, net of accumulated depreciation	96,002,796
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(21,204,954)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>87,624,877</u>
Restricted	
Debt service	1,630,700
Construction	1,847,443
Depreciation	<u>200,465</u>
Total Restricted	<u>3,678,608</u>
Unrestricted	<u>8,161,751</u>
Total Business-type Activities Net Assets	<u>\$ 99,465,236</u>

**I. RESTATEMENT OF NET ASSETS**

Net assets have been restated due to a prior year's capital asset abandonment. Sewer force main, in the amount of \$368,708, should have been recorded as a capital asset abandonment in 1996, when the related lift stations were also abandoned. The restatement corrects the financial statements to reflect the appropriate beginning balances for Capital Assets and Net Assets Invested in Capital Assets, Net or Related Debt for the Sewer Utility enterprise fund and the Business-type activities in the Statement of Activities as follows:

Sewer Utility Net Assets – December 31, 2008 (as previously reported)	\$ 39,150,646
Correction of previously reported net assets	<u>(368,708)</u>
Sewer Utility Net Assets – January 1, 2009 (as restated)	<u>\$ 38,781,938</u>
Business-type Activities Net Assets – December 31, 2008 (as previously stated)	\$ 98,019,835
Correction of previously reported net assets	<u>(368,708)</u>
Business-type Activities Net Assets – January 1, 2009 (as restated)	<u>\$ 97,651,127</u>

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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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 5.0% of their salary (3.0% for Executives and Elected Officials, 5% for Protective Occupations with Social Security, and 3.2% 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.

The payroll for city employees covered by the system for the year ended December 31, 2009 was \$17,268,187; the employer's total payroll was \$17,509,449. The total required contribution for the year ended December 31, 2009 was \$2,550,344 or 14.6% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ended December 31, 2008 and 2007 were \$2,437,471 and \$2,330,821, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) 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, 2009, was \$-0-.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

#### **B. RISK MANAGEMENT**

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

#### **Self Insurance**

For health claims, the uninsured risk of loss is \$90,000 deductible per individual and \$5,481,587 in the aggregate for a policy year. Claims in excess of those amounts are covered by specific reinsurance up to \$1,920,000 lifetime maximum reimbursement 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.

All funds in the city participate in the health and dental insurance internal service fund. Amounts payable to the health insurance fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. \$2,093,659 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 probably that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not yet reported. The City does not allocated overhead costs or other nonincremental costs to the claims liability.

#### **Claims Liability**

	Prior Year	Current Year
Unpaid claims – Beginning of Year	\$ 384,362	\$ 307,451
Current year claims and changes in estimates	4,039,272	4,393,374
Claim payments	(4,116,183)	(4,458,546)
Unpaid Claims – End of Year	\$ 307,451	\$ 242,279

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

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

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

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

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

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

Financial statements of WMIC and CVMIC are available from: Cities and Village Mutual Insurance Company, 1250 South Sunnyslope Road, Suite 105, Brookfield, WI 53005.

The city pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the city's retained liability. The city's retained liability is limited to \$37,500 per occurrence and an annual aggregate limit of \$150,000.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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#### **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.

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 administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides health insurance contributions for eligible retirees and their spouses through the city's group health insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses receive lifetime healthcare insurance at established contribution rates. The Retiree Health Plan does not issue a publicly available financial report.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the city and the unions. The City made health insurance contributions of 95% on behalf of all active employees and 0-40% on behalf of retirees for 2009.

The city's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the city's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the city's net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution	\$ 6,714,701
Interest on net OPEB obligation	268,683
Adjustment to annual required contribution	<u>(293,985 )</u>
Annual OPEB cost	6,689,399
Contributions made	<u>(3,164,417 )</u>
Increase in net OPEB obligation (Liability)	3,524,982
Net OPEB Obligation (Liability) – Beginning of Year	<u>4,483,403</u>
Net OPEB Obligation (Liability) – End of Year	<u>\$ 8,008,385</u>

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

#### *D. OTHER POSTEMPLOYMENT BENEFITS (cont.)*

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the one preceding year were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	\$ 6,689,399	47.3%	\$ 8,008,385
12/31/2008	6,714,701	33.2%	4,483,403

The funded status of the plan as of December 31, 2008, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 65,760,686
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 65,760,686
Funded ratio (actuarial value of plan assets/AAL)	0 %
Covered payroll (active plan members)	\$ 17,268,187
UAAL as percentage of covered payroll	380.8%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

#### **D. OTHER POSTEMPLOYMENT BENEFITS (cont.)**

In the December 31, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a five percent investment rate of return and an annual healthcare cost trend rate of 6 percent initially, increasing to 7.5 percent in years 2 through 4, and reduced by decrements to an ultimate rate of 4.5 percent after ten years. Both rates include a 3.2 percent inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was 30 years.

#### **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 2009, the city received \$2,250,000.

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Application of these standards may restate portions of these financial statements.

#### **G. SUBSEQUENT EVENTS**

The City of Oak Creek issued \$7,000,000 of General Obligation Bonds dated April 1, 2010. The proceeds of these notes refinanced the 2008 Note Anticipation Notes. The notes have a 3.96% interest rate and will mature on October 1, 2030.

The Oak Creek Water Utility was approved for a grant from the State of Wisconsin, under the American Recovery and Reinvestment Act Assistance Program, in the amount of \$879,848 on January 13, 2010. The grant revenues are to be used in conjunction with bond proceeds for the cost of design and construction of the booster pump station at the Utility's Puetz Road reservoir.



**REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF OAK CREEK

### REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND For the Year Ended December 31, 2009

	Original and Final Budget	Actual	Variance with Final Budget
<b>TAXES</b>			
General property taxes	\$ 13,352,880	\$ 13,352,932	\$ 52
Motel room tax	400,000	400,000	-
Mobile home taxes	75,000	74,810	(190)
Other taxes	3,000	36,174	33,174
TOTALS	<u>13,830,880</u>	<u>13,863,916</u>	<u>33,036</u>
<b>INTERGOVERNMENTAL REVENUES</b>			
Shared taxes from state	3,068,425	3,068,825	400
Fire insurance tax from state	87,000	90,692	3,692
State transportation aids	1,543,196	1,543,546	350
State computer aids	146,780	146,780	-
Other state aids	-	5,950	5,950
Health department block grant	30,000	-	(30,000)
Police grants	100,000	110,270	10,270
Development CDBG grants	27,500	48,200	20,700
County aids	-	3,911	3,911
FEMA grants	-	3,784	3,784
TOTALS	<u>5,002,901</u>	<u>5,021,958</u>	<u>19,057</u>
<b>REGULATION AND COMPLIANCE</b>			
Licenses			
Liquor and beer	27,750	28,600	850
Publishing fees	600	690	90
Operators	7,000	10,810	3,810
Amusement devices	6,500	5,725	(775)
Amusement operators	2,700	2,700	-
Electrical	4,000	3,990	(10)
Miscellaneous - business	6,200	9,540	3,340
Miscellaneous - non-business	100	87	(13)
DATCP	9,000	9,823	823
FSRL	22,500	31,814	9,314
Landfill	500	975	475
Permits			
Building	245,000	201,697	(43,303)
Electrical	75,000	73,636	(1,364)
Plumbing	75,000	44,943	(30,057)
Street opening	15,000	13,067	(1,933)
Erosion control	10,000	7,368	(2,632)
Sundry	400	500	100
Cable TV	330,000	362,296	32,296
AT&T video service	10,000	36,738	26,738
Court fines	400,000	450,877	50,877
TOTALS	<u>1,247,250</u>	<u>1,295,876</u>	<u>48,626</u>
<b>PUBLIC CHARGES FOR SERVICES</b>			
General Government			
Property status letter fees	2,500	5,390	2,890
Photo copies sold	1,500	2,650	1,150
Postage reimbursement	100	48	(52)
Zoning/housing appeal fees	500	700	200
Rezoning petitions and filing fees	1,000	1,550	550
Right of way vacation fees	-	53	53
Special use request fees	5,000	8,400	3,400
Filing fee - certified survey maps	6,000	8,360	2,360
Plan commission agenda fees	10,000	7,550	(2,450)

**CITY OF OAK CREEK**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND (cont.)  
 For the Year Ended December 31, 2009

	Original and Final Budget	Actual	Variance with Final Budget
<b>PUBLIC CHARGES FOR SERVICES (cont.)</b>			
General Government (cont.)			
Subdivision plat fees	\$ 500	\$ -	\$ (500)
Maps sold	50	89	39
Public Safety			
State DWI seizures	-	(550)	(550)
Police patrol service fees	1,000	8,245	7,245
Miscellaneous fees	3,000	1,815	(1,185)
Copies of police and fire reports	2,000	2,367	367
False alarm penalties	7,000	4,350	(2,650)
Health and Sanitation			
Health Department			
Clinic fees	35,000	41,467	6,467
Pet license fees/Humane Society	12,000	16,520	4,520
Public Works			
Weed cutting	23,000	48,582	25,582
Sale of culvert pipe	8,000	12,516	4,516
Culvert installation	6,000	2,328	(3,672)
Library			
Other income	25,000	21,315	(3,685)
Photocopies	5,000	4,460	(540)
Recreation	150,000	149,252	(748)
Sanitarian			
Pre-inspection	1,000	4,432	3,432
Regular service fee	38,400	40,283	1,883
Miscellaneous charges for services	2,500	3,830	1,330
<b>TOTALS</b>	<u>346,050</u>	<u>396,002</u>	<u>49,952</u>
<b>INVESTMENT INCOME</b>			
Investment Income			
Investments	500,000	657,573	157,573
Taxes	55,000	90,814	35,814
Invoices	-	22	22
<b>TOTALS</b>	<u>555,000</u>	<u>748,409</u>	<u>193,409</u>
<b>MISCELLANEOUS INCOME</b>			
Land rentals	250	100	(150)
T-Mobile lease	23,900	23,900	-
AT&T American tower lease	24,000	24,000	-
Insurance incentives	-	74,151	74,151
Insurance recoveries	-	44,277	44,277
Miscellaneous revenues	2,000	12,036	10,036
<b>TOTALS</b>	<u>50,150</u>	<u>178,464</u>	<u>128,314</u>
<b>INTERFUND CHARGES FOR SERVICES</b>			
Engineering and administration charged to capital projects	185,000	143,336	(41,664)
Highway equipment service fee	20,000	67,571	47,571
Administrative services charged to enterprise funds	40,900	40,900	-
<b>TOTALS</b>	<u>245,900</u>	<u>251,807</u>	<u>5,907</u>
<b>TOTAL REVENUES</b>	<u>21,278,131</u>	<u>21,756,432</u>	<u>478,301</u>

**CITY OF OAK CREEK**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND (cont.)  
 For the Year Ended December 31, 2009

	Original and Final Budget	Actual	Variance with Final Budget
<b>GENERAL GOVERNMENT</b>			
General government	\$ 3,206,405	\$ 2,508,804	\$ 697,601
Building maintenance	607,010	538,229	68,781
City administrator	235,840	235,657	183
Data processing	601,670	592,231	9,439
City clerk	249,405	256,084	(6,679)
Treasurer	207,210	201,370	5,840
Finance	339,125	317,609	21,516
Assessor	205,435	220,857	(15,422)
Attorney and legal	304,685	288,643	16,042
Community development	323,845	310,432	13,413
<b>TOTALS</b>	<u>6,280,630</u>	<u>5,469,916</u>	<u>810,714</u>
<b>PUBLIC SAFETY</b>			
Police department	8,442,455	8,136,335	306,120
Emergency operations	33,755	16,351	17,404
Fire department	1,365,430	1,348,558	16,872
Inspection	716,965	624,581	92,384
<b>TOTALS</b>	<u>10,558,605</u>	<u>10,125,825</u>	<u>432,780</u>
<b>HEALTH AND SOCIAL SERVICES</b>			
Health department	641,465	511,516	129,949
<b>TOTALS</b>	<u>641,465</u>	<u>511,516</u>	<u>129,949</u>
<b>PUBLIC WORKS</b>			
Engineering	1,070,515	941,042	129,473
Streets	2,739,110	2,470,952	268,158
<b>TOTALS</b>	<u>3,809,625</u>	<u>3,411,994</u>	<u>397,631</u>
<b>LEISURE ACTIVITIES</b>			
Recreation	1,192,290	1,119,929	72,361
Library	819,535	757,842	61,693
<b>TOTALS</b>	<u>2,011,825</u>	<u>1,877,771</u>	<u>134,054</u>
<b>TOTAL EXPENDITURES</b>	<u>23,302,150</u>	<u>21,397,022</u>	<u>1,905,128</u>

**CITY OF OAK CREEK**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND (cont.)  
 For the Year Ended December 31, 2009

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of city equipment	\$ 6,000	\$ 19,413	\$ 13,413
Transfer in - tax equivalent	<u>1,111,239</u>	<u>1,250,147</u>	<u>138,908</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,117,239</u>	<u>1,269,560</u>	<u>152,321</u>
Net Change in Fund Balance	(906,780)	1,628,970	2,535,750
FUND BALANCE - Beginning of Year	<u>6,154,548</u>	<u>6,154,548</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,247,768</u>	<u>\$ 7,783,518</u>	<u>\$ 2,535,750</u>

## CITY OF OAK CREEK

### REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE PARAMEDIC RESCUE FUND For the Year Ended December 31, 2009

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Taxes	\$ 3,195,000	\$ 3,195,000	\$ -
Intergovernmental	-	48,900	48,900
Public charges for services	1,150,000	1,083,448	(66,552)
Investment income	25,000	3,158	(21,842)
Miscellaneous	-	6	6
Total Revenues	<u>4,370,000</u>	<u>4,330,512</u>	<u>(39,488)</u>
<b>EXPENDITURES</b>			
Public Safety	<u>4,650,970</u>	<u>4,572,517</u>	<u>78,453</u>
Total Expenditures	<u>4,650,970</u>	<u>4,572,517</u>	<u>78,453</u>
Excess (deficiency) of revenues over expenditures	(280,970)	(242,005)	38,965
FUND BALANCE - Beginning of year	<u>413,566</u>	<u>413,566</u>	<u>-</u>
FUND BALANCE - ENDING OF YEAR	<u>\$ 132,596</u>	<u>\$ 171,561</u>	<u>\$ 38,965</u>

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

**CITY OF OAK CREEK**

OTHER POST EMPLOYMENT BENEFITS PLAN - HEALTH CARE

SCHEDULE OF FUNDED STATUS

For the Year Ended December 31, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected unit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	\$ -	\$ 65,760,686	\$ 65,760,686	0%	\$ 17,268,187	380.8%
12/31/08	-	65,760,686	65,760,686	0%	16,221,363	405.4%

Note: The City is required to present the above information for the three most recent actuaries studies. The above referenced study was performed as of December 31, 2008 and this is the only study that has been completed.

# CITY OF OAK CREEK

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2009

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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.

### ***FUNDING PROGRESS DATA***

The data presented in the Schedule of Funded Status was taken from the report issued by the actuary.



**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, 2009

	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	\$ 70,795	\$ 78,181	\$501,206	\$ 12,130	\$ 468,123	\$ 815,268	\$ 106,040	\$ 710,284	\$ -	\$ -	\$ 58,072
Taxes receivable	1,235,185	-	-	-	-	401,084	-	-	-	-	605,072
Accounts receivable	10	72,703	220,324	-	-	-	-	-	-	-	-
Special assessments receivable	-	-	-	-	-	1,929,697	-	-	-	-	-
Loans receivable	-	-	-	18,230	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	314,900	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-	-	2,740,591	17,674	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,305,990</b>	<b>\$ 150,884</b>	<b>\$721,530</b>	<b>\$ 30,360</b>	<b>\$ 468,123</b>	<b>\$ 3,146,049</b>	<b>\$ 420,940</b>	<b>\$ 710,284</b>	<b>\$ 2,740,591</b>	<b>\$ 17,674</b>	<b>\$ 663,144</b>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>Liabilities</b>											
Accounts payable	\$ 70,570	\$ 22,797	\$100,994	\$ 4,357	\$ -	\$ -	\$ 1,487	\$ -	\$ -	\$ -	\$ 3,394
Accrued liabilities	5,086	-	33,118	-	-	-	601	-	-	-	4,989
Deposits	-	-	-	-	-	-	-	710,284	-	-	-
Due to other funds	-	-	-	-	-	493,656	-	-	-	-	1,450
Deferred revenues	1,235,185	-	-	18,230	-	-	-	-	-	-	605,072
Deferred revenues - special assessments	-	-	-	-	-	1,982,713	-	-	-	-	-
<b>Total Liabilities</b>	<b>1,310,841</b>	<b>22,797</b>	<b>134,112</b>	<b>22,587</b>	<b>-</b>	<b>2,476,369</b>	<b>2,088</b>	<b>710,284</b>	<b>-</b>	<b>-</b>	<b>614,905</b>
<b>Fund Balances</b>											
Reserved	-	-	-	-	-	-	314,900	-	2,740,591	-	-
Unreserved											
Undesignated (deficit)	(4,851)	128,087	587,418	7,773	468,123	669,680	103,952	-	-	17,674	48,239
<b>Total Fund Balances</b>	<b>(4,851)</b>	<b>128,087</b>	<b>587,418</b>	<b>7,773</b>	<b>468,123</b>	<b>669,680</b>	<b>418,852</b>	<b>-</b>	<b>2,740,591</b>	<b>17,674</b>	<b>48,239</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,305,990</b>	<b>\$ 150,884</b>	<b>\$721,530</b>	<b>\$ 30,360</b>	<b>\$ 468,123</b>	<b>\$ 3,146,049</b>	<b>\$ 420,940</b>	<b>\$ 710,284</b>	<b>\$ 2,740,591</b>	<b>\$ 17,674</b>	<b>\$ 663,144</b>

**CITY OF OAK CREEK**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (cont.)**  
**December 31, 2009**

	Debt Service Funds					Capital Projects Funds		Total Nonmajor Governmental Funds
	Debt Amortization 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 Agreement Fund	TIF No. 7 Capital Projects Fund	
<b>ASSETS</b>								
Cash and investments	\$ 510,551	\$ 40,633	\$ 163,425	\$ 262,389	\$ 2,136	\$ 11,688	\$ -	3,810,921
Taxes receivable	-	335,138	109,484	228,293	873,500	-	505,252	4,293,008
Accounts receivable	-	-	-	-	-	24,025	-	317,062
Special assessments receivable	-	-	-	-	-	-	-	1,929,697
Loans receivable	-	-	-	-	-	-	-	18,230
Due from other funds	-	-	-	-	-	-	-	314,900
Restricted cash and investments	-	-	-	-	-	-	-	2,758,265
<b>TOTAL ASSETS</b>	<b>\$ 510,551</b>	<b>\$ 375,771</b>	<b>\$ 272,909</b>	<b>\$ 490,682</b>	<b>\$ 875,636</b>	<b>\$ 35,713</b>	<b>\$ 505,252</b>	<b>\$ 13,442,083</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,769	\$ 213,368
Accrued liabilities	-	-	-	-	-	-	-	43,794
Deposits	-	-	-	-	-	-	-	710,284
Due to other funds	-	-	-	-	-	2,979	387,076	885,161
Deferred revenues	-	335,138	109,484	228,293	873,500	-	505,252	3,910,154
Deferred revenues - special assessments	-	-	-	-	-	-	-	1,982,713
<b>Total Liabilities</b>	<b>-</b>	<b>335,138</b>	<b>109,484</b>	<b>228,293</b>	<b>873,500</b>	<b>2,979</b>	<b>902,097</b>	<b>7,745,474</b>
<b>Fund Balances</b>								
Reserved	510,551	40,633	163,425	262,389	2,136	-	-	4,034,625
Unreserved	-	-	-	-	-	32,734	(396,845)	1,661,984
Undesignated (deficit)	-	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>510,551</b>	<b>40,633</b>	<b>163,425</b>	<b>262,389</b>	<b>2,136</b>	<b>32,734</b>	<b>(396,845)</b>	<b>5,696,609</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 510,551</b>	<b>\$ 375,771</b>	<b>\$ 272,909</b>	<b>\$ 490,682</b>	<b>\$ 875,636</b>	<b>\$ 35,713</b>	<b>\$ 505,252</b>	<b>\$ 13,442,083</b>

**CITY OF OAK CREEK**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2009

	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	\$ 1,025,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,729	\$ -	\$ -	\$ -
Intergovernmental	125,296	239,942	-	-	-	-	-	-	-	-
Public charges for service	8,585	-	-	-	1,850	-	-	105,922	-	601,640
Special assessments / developer contributions	-	-	-	-	-	672,185	-	-	-	-
Investment income	1,429	-	1,574	4,357	2,242	94,047	1,927	14,595	107	-
Miscellaneous	34,172	155,726	405,984	-	-	-	-	-	35,514	26
<b>Total Revenues</b>	<b>1,194,482</b>	<b>395,668</b>	<b>407,558</b>	<b>4,357</b>	<b>4,092</b>	<b>766,232</b>	<b>33,656</b>	<b>120,517</b>	<b>35,621</b>	<b>601,666</b>
<b>EXPENDITURES</b>										
Current										
General Government	-	-	353,943	-	-	-	-	-	-	-
Public Safety	-	81,204	1,034,789	-	-	-	-	805	23,985	-
Public works	1,269,293	-	-	-	-	-	-	-	-	541,980
Health and human services	-	172,053	-	-	-	-	-	-	-	-
Leisure activities	-	142,897	-	-	50	-	-	1,704	-	-
Conservation and development	-	-	-	4,357	-	-	58,739	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Debt Service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,269,293</b>	<b>396,154</b>	<b>1,388,732</b>	<b>4,357</b>	<b>50</b>	<b>-</b>	<b>58,739</b>	<b>2,509</b>	<b>23,985</b>	<b>541,980</b>
Excess (deficiency) of revenues over expenditures	(74,811)	(486)	(981,174)	-	4,042	766,232	(25,083)	118,008	11,636	59,686
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	-	-	-	-	-	-	20,000	-	-	8,652
Transfers out	-	-	(1,000,000)	-	-	(300,000)	-	(392,363)	-	(100,000)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(1,000,000)</b>	<b>-</b>	<b>-</b>	<b>(300,000)</b>	<b>20,000</b>	<b>(392,363)</b>	<b>-</b>	<b>(91,348)</b>
Net change in fund balances	(74,811)	(486)	(1,981,174)	-	4,042	466,232	(5,083)	(274,355)	11,636	(31,662)
<b>SPECIAL ITEM</b>										
Power generating facility mitigation revenue	-	-	2,250,000	-	-	-	-	-	-	-
<b>FUND BALANCES (DEFICIT) - Beginning of Year</b>	<b>69,960</b>	<b>128,573</b>	<b>318,592</b>	<b>7,773</b>	<b>464,081</b>	<b>203,448</b>	<b>423,935</b>	<b>3,014,946</b>	<b>6,038</b>	<b>79,901</b>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b>\$ (4,851)</b>	<b>\$ 128,087</b>	<b>\$ 587,418</b>	<b>\$ 7,773</b>	<b>\$ 468,123</b>	<b>\$ 669,680</b>	<b>\$ 418,852</b>	<b>\$ 2,740,591</b>	<b>\$ 17,674</b>	<b>\$ 48,239</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, 2009

	Debt Service Funds						Capital Projects Funds		Total Nonmajor Governmental Funds
	DPW Debt Service Fund	Debt Amortization 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	TIF No. 7 Capital Projects Fund	
<b>REVENUES</b>									
Taxes	\$ -	\$ -	\$ 402,685	\$ 114,644	\$ 227,702	\$ 984,080	\$ -	\$ -	\$ 2,785,840
Intergovernmental	-	169,291	2,053	3,658	811	-	-	11,163	552,214
Public charges for service	-	-	-	-	-	-	-	-	717,997
Special assessments / developer contributions	-	-	-	-	-	-	45,453	-	717,638
Investment income	-	1,704	606	715	1,230	-	-	10	124,543
Miscellaneous	-	-	-	-	-	-	-	113,350	744,772
<b>Total Revenues</b>	<b>-</b>	<b>170,995</b>	<b>405,344</b>	<b>119,017</b>	<b>229,743</b>	<b>984,080</b>	<b>45,453</b>	<b>124,523</b>	<b>5,643,004</b>
<b>EXPENDITURES</b>									
Current									
General Government	-	-	-	-	-	-	-	-	353,943
Public Safety	-	-	-	-	-	-	-	-	1,140,783
Public works	-	-	-	-	-	-	-	-	1,811,273
Health and human services	-	-	-	-	-	-	-	-	172,053
Leisure activities	-	-	-	-	-	-	-	-	144,651
Conservation and development	-	-	-	-	-	-	-	-	63,096
Capital Outlay	-	-	-	-	-	-	25,413	67,529	92,942
Debt Service									
Principal	-	-	365,000	80,000	100,000	675,000	-	-	1,220,000
Interest	253,750	-	-	10,300	42,875	370,213	-	-	677,138
<b>Total Expenditures</b>	<b>253,750</b>	<b>-</b>	<b>365,000</b>	<b>90,300</b>	<b>142,875</b>	<b>1,045,213</b>	<b>25,413</b>	<b>67,529</b>	<b>5,675,879</b>
Excess (deficiency) of revenues over expenditures	(253,750)	170,995	40,344	28,717	86,868	(61,133)	20,040	56,994	(32,875)
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	253,750	-	-	-	-	60,000	-	-	342,402
Transfers out	-	-	-	-	-	-	-	-	(1,792,363)
<b>Total Other Financing Sources (Uses)</b>	<b>253,750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>(1,449,961)</b>
Net change in fund balances	-	170,995	40,344	28,717	86,868	(1,133)	20,040	56,994	(1,482,836)
<b>SPECIAL ITEM</b>									
Power generating facility mitigation revenue	-	-	-	-	-	-	-	-	2,250,000
<b>FUND BALANCES (DEFICIT) - Beginning of Year</b>	<b>-</b>	<b>339,556</b>	<b>289</b>	<b>134,708</b>	<b>175,521</b>	<b>3,269</b>	<b>12,694</b>	<b>(453,839)</b>	<b>4,929,445</b>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b>\$ -</b>	<b>\$ 510,551</b>	<b>\$ 40,633</b>	<b>\$ 163,425</b>	<b>\$ 262,389</b>	<b>\$ 2,136</b>	<b>\$ 32,734</b>	<b>\$ (396,845)</b>	<b>\$ 5,696,609</b>