

CITY OF OAK CREEK

Oak Creek, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2011

CITY OF OAK CREEK

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oak Creek, Wisconsin, as of and for the year ended December 31, 2011, 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 previously 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, 2011, 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.

As described in Note I, the City of Oak Creek adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective January 1, 2011.

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

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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
July 11, 2012

CITY OF OAK CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) December 31, 2011

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.

FINANCIAL HIGHLIGHTS

Combined governmental and business-type activities net assets decreased by 4.0% in 2011 to \$175.6 million. Of this amount, \$162.3 million represents the City's investment in capital assets, net of related debt, while \$6.5 million was held for restricted purposes, and \$6.8 million was unrestricted.

At the end of 2011, the City's governmental activities reported total net assets of \$75.1 million, including unrestricted net assets of -\$3.1 million.

The City's general fund balance increased by \$20,365. Expenditures of less than budgeted amounts for 2011 resulted in a flat undesignated fund balance, rather than a planned reduction which had been included in the 2011 budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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 \$7.4 million from fiscal year 2010 to 2011, a change of 4.0%; this decrease was comprised of a government-activities decrease of \$7.6 million plus a business-type activities increase of \$0.2 million. (See Table 1) The City's governmental activities and business-type activities have approximately 43% and 57%, respectively, of the combined assets.

Total net assets of the City's governmental activities decreased to \$75.1 million, a reduction of 9.2% from 2010. Net assets invested in capital assets, net of related debt, represent 97.5% of the total. Restricted net assets of \$5.0 million represent 7% of the total. Unrestricted net assets of -\$3.1 million represent -4.5% of the total.

Total net assets of the City's business-type activities increased by 0.2% to \$100.5 million, including unrestricted net assets of \$9.9 million, representing 9.8% 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
2010 and 2011 Net Assets (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2010	2011	2010	2011	2010	2011
Current and other assets	52.0	49.6	14.6	14.0	66.6	63.6
Capital assets	87.5	87.1	110.7	110.9	198.2	198.0
Total assets	139.5	136.7	125.3	124.9	264.8	261.6
Long-term debt outstanding	29.1	33.9	9.9	21.1	39.0	55.0
Other liabilities	27.7	27.6	15.1	3.4	42.8	31.0
Total Liabilities	56.8	61.5	25.0	24.5	81.8	86.0
Net assets:						
Invested in capital assets net of related debt	72.5	73.2	87.4	89.1	159.9	162.3
Restricted	4.3	5.0	1.8	1.5	6.1	6.5
Unrestricted	5.9	-3.1	11.1	9.9	17.0	6.8
Total net assets - end of year	82.7	75.1	100.3	100.5	183.0	175.6
Net assets - beginning of year	89.3	82.7	99.5	100.3	188.8	183.0
Change in net assets	-6.6	-7.6	0.8	0.2	-5.8	-7.4
Percent change in net assets	-7.4%	-9.2%	0.8%	0.2%	-3.1%	-4.0%

Change in combined net assets.

The City had combined total revenues of \$48.9 million in 2011 and combined total expenses of \$56.0 million. After transfers, governmental activities had a decrease in net assets of \$7.7 million, while business-type activities had an increase in net assets of \$0.2 million. Table 2 and the following narrative consider the operations of governmental and business-type activities separately.

Table 2
City of Oak Creek, Wisconsin

2010 and 2011 Changes in Net Assets (in millions of dollars)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2010	2011	2010	2011	2010	2011
Revenues:						
Program Revenues						
Charges for service	4.0	4.7	11.5	12.1	15.5	16.8
Operating grants & contributions	2.5	2.2	-	-	2.5	2.2
Capital contributions	1.0	0.5	0.9	0.0	1.9	0.5
General Revenues						
Taxes	20.8	20.9	-	-	20.8	20.9
Intergovernmental	3.4	4.9	-	-	3.4	4.9
Other	3.6	3.5	0.1	0.1	3.7	3.6
Total Revenues	35.3	36.7	12.5	12.2	47.7	48.9
Expenses:						
General government	7.2	7.4	-	-	7.2	7.4
Public safety	22.1	22.7	-	-	22.1	22.7
Health and social services	1.0	0.8	-	-	1.0	0.8
Public works	9.4	9.8	-	-	9.4	9.8
Leisure activities	2.7	2.7	-	-	2.7	2.7
Conservation & development	0.3	1.7	-	-	0.3	1.7
Interest and fiscal charges	0.6	0.9	-	-	0.6	0.9
Water	-	-	6.7	7.1	6.7	6.7
Sewer	-	-	3.5	3.4	3.5	3.4
Total Expenses	43.2	45.9	10.2	10.5	53.4	56.0
Excess/(Deficiency) before transfers:	-8.0	-9.2	2.3	1.7	-5.7	-7.1
Transfers	1.5	1.5	-1.5	-1.5	-	-
Change in Net Assets	-6.5	-7.7	0.8	0.2	-5.7	-7.4
Beginning Net Assets	89.2	82.7	99.5	100.3	188.7	183.0
ENDING NET ASSETS	82.7	75.1	100.3	100.5	183.0	175.6

Governmental Activities

The City of Oak Creek received a total of \$36.7 million in governmental activities revenues in 2011, up \$1.4 million when compared to 2010 revenues. As Table 2 indicates, the largest revenue source is the property tax, which accounts for \$20.9 million, or 56.9% of all governmental revenues, down from 58.9% in 2010. Property tax revenue in 2011 was virtually flat when compared to 2010 levels. Any increase in tax revenue was due to increased values and revenues within the city's tax incremental districts. As of this writing, the Legislature of the State of Wisconsin has imposed a permanent levy freeze, with the exception of new growth.

The next largest category of revenues is intergovernmental revenue with \$4.9 million (13.4%), followed by public charges for service of \$4.7 million (12.8%), and investment income, gain on sale of capital assets and miscellaneous revenues account for \$3.5 million (9.5%). Operating grants and contributions of \$2.2 million (6.1%) and the balance of approximately \$0.5 million (1.3%) was made up by capital contributions.

Total governmental activities expenses were \$45.9 million in 2011, which exceeded revenues by \$11.5 million. At \$22.7 million, public safety, including police, EMS, inspection and fire services, accounts for the largest share of City expenses at 49.5%. This is followed by public works with \$9.8 million, representing 21.1% and the general government group of activities with \$7.4 million or 16.1%. Leisure activities, at \$2.7 million, is next with 5.9%, conservation and development with \$1.7 million (3.7%), health/social services at \$0.8 million (1.7%) complete the activities. Payment of interest and fiscal charges in the amount of \$0.9 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 2011 from its water & sewer utilities. Charges for services are by far the largest revenue sources for these operations, representing \$12.0 million of non-capital contribution revenues. Capital grants and contributions received were zero in 2011, 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 \$0.2 million in 2011, which represents a 0.2% increase over the prior year's net assets.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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 2010, the combined fund balances for the City's governmental funds was \$23.5 million. Of this total, \$0.8 million is non-spendable, \$5.6 million is restricted, \$2.4 million is committed and \$11.7 is assigned. The balance of unreserved governmental fund balances is \$2.7 million. These funds are allocated across the following areas:

Unreserved Fund Balances (deficit):	
General Fund	\$ 3.8
Special Revenue Funds	(0.2)
Debt Service Funds	(0.5)
Capital Project Funds	<u>(0.8)</u>
Total	\$ 2.7

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

- Total fund balance as of December 31, 2011 was \$8.2 million, of which \$3.6 million was assigned. Included in the assigned amount are tax equivalent dollars to be paid by the utility in 2012, and minor amounts for delinquent personal property taxes, non-current receivables and inventories.
- Non-spendable fund balance remained unchanged from 2010 at \$0.8 million.
- Undesignated fund balance fell by \$1.9 million to \$3.7 million; due primarily to funds being moved into the Assigned category of fund balance. The undesignated fund balance is now approximately 17.3% of the general fund 2011 actual revenues and other financing sources; this is within 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, 2011 decreased from \$0.07 million to -\$146,600.
- Total revenues for 2011 were \$4.7 million, which included \$3.5 million from taxes and \$1.0 million from public charges for services.
- Total expenditures for the year were \$4.9 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 \$9.7 million, equal to the balance at December 31, 2010.
- Revenue sources provided \$0.4 million.
- Expenditures in this fund totaled \$4.1 million in. The largest expenses remained major paving projects, Lakeview and Delphi pre-TID costs, and capital equipment purchases.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund budget is adopted at the department level of expenditure. No budget amendments were made in 2011.

The City ended the year with favorable variance in both general fund expenditures. Revenues and other sources missed budget projections by -\$0.3 million, while expenditures were below budget by \$0.7 million. The expenditure outcome relates mainly to unfilled positions which occurred throughout the year, namely the Head Librarian, Fire Chief, public health nurse, and an unfilled positions in Engineering and Building Inspection, along with lower than anticipated motor fuel and utility costs.

On the revenue side, conservative budgeting kept all categories quite close to budget. Year over year revenues were mostly stagnant. Permitting showed some signs of picking up speed, and the City saw an increase in the PILOT payment from the Water and Sewer Utility due to a recent plant expansion. The short-term revenue outlook is not positive, with approved legislation that limits taxation to growth alone and short-term interest rates remaining near all-time lows.

CAPITAL ASSETS AND DEBT ADMINISTRATION

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, 2011, the City reported a combined investment in capital assets of \$197.9 million. Of this amount, \$87.1 million, or 44.0%, 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 \$76.2 million.

In 2011, capital assets of governmental activities decreased by \$0.5 million. Capital assets of business type activities increased by \$0.2 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

**2010 and 2011 Capital Asset
Net of Accumulated Depreciation** (in millions of dollars)

	Governmental		Business-type		Totals	
	Activities		Activities			
	2010	2011	2010	2011	2010	2011
Land and improvements	21.5	22.0	0.4	0.4	21.9	22.4
Construction in progress	-	-	0.2	2.9	0.2	2.9
Buildings	17.5	17.1	-	-	17.5	17.1
Machinery and equipment	5.3	5.0	110.1	107.6	115.4	112.6
Infrastructure	43.3	43.0	-	-	43.3	43.0
Total	87.6	87.1	110.7	110.9	198.3	197.9

Long-term Debt

At year-end, the governmental activities had \$14.2 million in general obligation bonds and promissory notes and capital appreciation bonds, a decrease of \$1.4 million (-9.0%) from last year. This was due to the regular payment of debt. At the end of 2011, the business-type activities had a total of \$22.0 million in outstanding revenue bonds and general obligation debt.

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 2011 equalized value, this limit is \$154.4 million. The City currently has a combined total of \$12.9 million of general obligation notes and bonds outstanding, representing 8.3% of its legal debt capacity.

The City is planning to refinance \$4.6 million of debt related to its police station in 2012, resulting in an interest savings of \$500,000 over the remaining life of the issue. The City is also planning to issue \$6.0 million in debt for the widening of Drexel Avenue, as well as \$4.5 million to aid in the construction of a new I-94 interchange at Drexel Avenue. Both of these improvements are expected to have a positive impact on the development of the Drexel Town Square at the former 85 acre Delphi site.

Table 4
City of Oak Creek, Wisconsin

2010 and 2011 Outstanding Debt (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
General obligation debt	14.0	12.9	0.2	0.0	14.2	12.9
Capital appreciation bonds	1.6	1.3	-	-	1.6	1.3
Revenue debt	-	-	<u>23.5</u>	<u>22.0</u>	<u>23.5</u>	<u>22.0</u>
Totals	<u>15.6</u>	<u>14.2</u>	<u>23.7</u>	<u>22.0</u>	<u>39.3</u>	<u>36.2</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Oak Creek is located in southeastern Milwaukee County, and is one of only two 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 2011, but the property tax base remains relatively stable, decreasing \$0.3 million from 2010 for a total equalized property value of \$3.08 billion.

Current building permit data indicates construction continues to increase in 2012. Several business have located in Oak Creek, including Crothall Laundry Services which added over 100 jobs, and the City expanded TID #10 to include the construction of a new hotel and park and fly facility at the corner of Howell and College Avenues at the entrance to the City. Due to the developer having some difficulty lining up financing, construction is anticipated to begin in the fall of 2012. The City, in partnership with WisPark, LLC, has acquired the vacant 85-acre former Delphi site. Plans are underway for the development of Drexel Town Square, including a new city hall and library facility. The City also has reached agreement to acquire of 30 acres along the City's lakefront, which will lead to redevelopment and expansion of the tax base and diversification of the City's revenue stream.

The Oak Creek City Council adopted the 2012 budget in November of 2011, which authorized general fund expenditures of \$24.0 million, a 1.9% increase from 2011. The combined general fund and debt service property tax levy is \$14.0 million, flat from 2011. The mill rate for City services increased by \$.52 in 2012, due entirely to the decrease in property values. The total tax levy has remained essentially at the same level since 2009, with any increase limited to the amount generated by new growth to the tax base.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, please contact the City of Oak Creek, 8640 S. Howell Ave., P.O. Box 27, Oak Creek, Wisconsin, 53154.

CITY OF OAK CREEK

STATEMENT OF NET ASSETS As of December 31, 2011

	Governmental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments	\$ 20,568,454	\$ 10,469,689	\$ 31,038,143
Taxes receivable	21,267,677	-	21,267,677
Delinquent personal property taxes receivable	12,950	-	12,950
Accounts receivable	1,069,810	2,457,495	3,527,305
Special assessments receivable	1,366,638	-	1,366,638
Loans receivable	11,388	-	11,388
Leases receivable	-	116,054	116,054
Notes receivable	2,000,000	321,612	2,321,612
Other assets	45,370	15,356	60,726
Internal balances	1,011,924	(1,011,924)	-
Prepaid items and inventories	144,313	66,762	211,075
Restricted cash and investments	2,155,141	1,606,937	3,762,078
Capital Assets			
Land and land rights	21,103,154	413,786	21,516,940
Construction in progress	-	2,879,333	2,879,333
Other capital assets, net of depreciation	65,972,425	107,632,428	173,604,853
Total Assets	<u>136,729,244</u>	<u>124,967,528</u>	<u>261,696,772</u>
LIABILITIES			
Accounts payable and accrued liabilities	2,461,440	1,762,685	4,224,125
Deposits	859,677	-	859,677
Unearned revenue	21,317,457	68,062	21,385,519
Noncurrent Liabilities			
Due within one year	2,983,878	1,538,426	4,522,304
Due in more than one year	33,953,457	21,096,381	55,049,838
Total Liabilities	<u>61,575,909</u>	<u>24,465,554</u>	<u>86,041,463</u>
NET ASSETS			
Invested in capital assets, net of related debt	73,227,967	89,080,943	162,253,610
Restricted for debt service	2,059,466	1,549,984	3,609,450
Restricted for impact fees	2,135,045	-	2,135,045
Restricted for park escrow	475,823	-	475,823
Restricted for other purposes	383,469	-	383,469
Unrestricted (deficit)	<u>(3,128,435)</u>	<u>9,871,047</u>	<u>6,797,912</u>
TOTAL NET ASSETS	<u>\$ 75,153,335</u>	<u>\$ 100,501,974</u>	<u>\$ 175,655,309</u>

See accompanying notes to financial statements.

CITY OF OAK CREEK

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

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
Governmental Activities							
General government	\$ 7,399,324	\$ 1,793,143	\$ 8,557	\$ 13,669	\$ (5,583,955)	\$ -	\$ (5,583,955)
Public safety	22,674,112	1,796,784	308,917	-	(20,568,411)	-	(20,568,411)
Health and social services	775,672	29,219	73,015	-	(673,438)	-	(673,438)
Public works	9,811,016	915,947	1,832,572	144,528	(6,917,969)	-	(6,917,969)
Leisure activities	2,700,205	179,426	-	4,050	(2,516,729)	-	(2,516,729)
Conservation and development	1,675,194	-	17,753	315,856	(1,341,585)	-	(1,341,585)
Interest and fiscal charges	877,754	-	-	-	(877,754)	-	(877,754)
Total Governmental Activities	45,913,277	4,714,519	2,240,814	478,103	(38,479,841)	-	(38,479,841)
Business-type Activities							
Water utility	7,094,775	8,325,802	-	-	-	1,231,027	1,231,027
Sewer utility	3,486,705	3,851,941	-	-	-	365,236	365,236
Total Business-type Activities	10,581,480	12,177,743	-	-	-	1,596,263	1,596,263
Totals	\$ 56,494,757	\$ 16,892,262	\$ 2,240,814	\$ 478,103	(38,479,841)	1,596,263	(36,883,578)
General Revenues							
Taxes							
Property taxes, levied for general purposes					17,950,137	-	17,950,137
Property taxes, levied for debt service					873,500	-	873,500
Property taxes, levied for tax incremental districts					1,390,451	-	1,390,451
Other taxes					701,693	-	701,693
Intergovernmental revenues not restricted to specific programs					4,920,456	-	4,920,456
Investment income					477,809	141,997	619,806
Miscellaneous					2,729,464	(23,470)	2,705,994
Gain on sale of capital assets					291,646	-	291,646
Transfers					1,544,425	(1,544,425)	-
Total General Revenues, Transfers and Special Item					30,879,581	(1,425,898)	29,453,683
Change in Net Assets					(7,600,260)	170,365	(7,429,895)
NET ASSETS - Beginning of Year					82,753,595	100,331,609	183,085,204
NET ASSETS - END OF YEAR					\$ 75,153,335	\$ 100,501,974	\$ 175,655,309

See accompanying notes to financial statements.

CITY OF OAK CREEK

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2011

	General	Emergency Medical Services Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and investments	\$ 6,270,378	\$ -	\$ 9,161,878	\$ 4,576,513	\$ 20,008,769
Receivables					
Taxes	13,644,687	3,551,590	-	4,071,400	21,267,677
Delinquent personal property taxes	12,950	-	-	-	12,950
Accounts	664,882	114,531	736	157,691	937,840
Notes receivable	-	-	-	2,000,000	2,000,000
Interest receivable	-	-	-	45,370	45,370
Special assessments	-	-	-	1,366,638	1,366,638
Loans	-	-	-	11,388	11,388
Prepaid items	-	-	-	235	235
Due from other funds	2,354,727	-	-	314,900	2,669,627
Inventories	144,078	-	-	-	144,078
Restricted cash and investments	-	-	-	2,155,141	2,155,141
TOTAL ASSETS	\$ 23,091,702	\$ 3,666,121	\$ 9,162,614	\$ 14,699,276	\$ 50,619,713
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 331,775	\$ 34,666	\$ 185,769	\$ 152,644	\$ 704,854
Accrued liabilities	817,096	109,729	18,568	67,107	1,012,500
Deposits	103,960	-	-	755,717	859,677
Due to other funds	427,698	109,511	-	1,132,797	1,670,006
Deferred revenues	13,167,595	3,558,675	800,000	3,809,660	21,335,930
Deferred revenues - special assessments	-	-	-	1,524,800	1,524,800
Total Liabilities	<u>14,848,124</u>	<u>3,812,581</u>	<u>1,004,337</u>	<u>7,442,725</u>	<u>27,107,767</u>
Fund Balances					
Nonspendable	874,620	-	-	235	874,855
Restricted	-	-	-	5,656,745	5,656,745
Committed	-	-	-	2,457,833	2,457,833
Assigned	3,613,410	-	8,158,277	-	11,771,687
Unassigned (deficit)	<u>3,755,548</u>	<u>(146,460)</u>	<u>-</u>	<u>(858,262)</u>	<u>2,750,826</u>
Total Fund Balances	<u>8,243,578</u>	<u>(146,460)</u>	<u>8,158,277</u>	<u>7,256,551</u>	<u>23,511,946</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 23,091,702	\$ 3,666,121	\$ 9,162,614	\$ 14,699,276	\$ 50,619,713

CITY OF OAK CREEK

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS For the Year Ended December 31, 2011

Fund balance - total governmental funds	\$ 23,511,946
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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	21,103,154
Other capital assets, net of depreciation	65,972,425

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	1,524,800
Accounts receivable	7,085
Loans receivable	11,388

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.

	145,775
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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	(14,259,360)
Unfunded OPEB liability	(20,294,177)
Compensated absences	(2,383,798)
Accrued interest	<u>(185,903)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES

	<u>\$ 75,153,335</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, 2011

	General	Emergency Medical Services Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	\$ 13,722,331	\$ 3,551,590	\$ -	\$ 3,641,860	\$ 20,915,781
Intergovernmental	5,079,854	127,545	142,318	1,939,786	7,289,503
Regulation and compliance	1,333,355	-	-	-	1,333,355
Public charges for services	396,754	1,073,029	-	1,068,842	2,538,625
Special assessments/developer contributions	-	-	270,983	276,068	547,051
Investment income	347,349	-	2,128	127,650	477,127
Miscellaneous	241,112	-	-	2,500,053	2,741,165
Interfund charges for services	178,734	-	-	-	178,734
Total Revenues	<u>21,299,489</u>	<u>4,752,164</u>	<u>415,429</u>	<u>9,554,259</u>	<u>36,021,341</u>
EXPENDITURES					
Current					
General government	5,456,471	-	-	225	5,456,696
Public safety	11,158,464	4,971,400	-	1,220,697	17,350,561
Health and social services	544,591	-	-	71,647	616,238
Public works	3,615,000	-	-	2,024,572	5,639,572
Leisure activities	2,069,687	-	-	162,900	2,232,587
Conservation and development	-	-	-	225,000	225,000
Capital Outlay	-	-	4,096,089	740,393	4,836,482
Debt Service					
Principal retirement	-	-	-	1,425,000	1,425,000
Interest and fiscal charges	-	-	-	759,180	759,180
Total Expenditures	<u>22,844,213</u>	<u>4,971,400</u>	<u>4,096,089</u>	<u>6,629,614</u>	<u>38,541,316</u>
Excess (deficiency) of revenues over expenditures	<u>(1,544,724)</u>	<u>(219,236)</u>	<u>(3,680,660)</u>	<u>2,924,645</u>	<u>(2,519,975)</u>
OTHER FINANCING SOURCES (USES)					
Sale of property	20,664	-	-	-	20,664
Transfers in	1,544,425	-	2,126,932	683,279	4,354,636
Transfers out	-	-	-	(2,810,211)	(2,810,211)
Total Other Financing Sources (Uses)	<u>1,565,089</u>	<u>-</u>	<u>2,126,932</u>	<u>(2,126,932)</u>	<u>1,565,089</u>
Net Change in Fund Balance	20,365	(219,236)	(1,553,728)	797,713	(954,886)
FUND BALANCES - Beginning of Year	<u>8,223,213</u>	<u>72,776</u>	<u>9,712,005</u>	<u>6,458,838</u>	<u>24,466,832</u>
FUND BALANCES - END OF YEAR	<u>\$ 8,243,578</u>	<u>\$ (146,460)</u>	<u>\$ 8,158,277</u>	<u>\$ 7,256,551</u>	<u>\$ 23,511,946</u>

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, 2011

Net change in fund balances - total governmental funds	\$	(954,886)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		4,836,482
Some items capitalized were not reported as capital outlay		172,891
Some amounts reported as capital outlay were not capitalized		(2,928,868)
Depreciation is reported in the government-wide statements		(2,479,721)
Net book value of disposed assets		(100,295)

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		(246,104)
Loans		(3,874)

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.

Principal repaid		1,425,000
Capital appreciation bond increase		(74,375)

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

(953,488)

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		(6,303,470)
Compensated absences		54,646
Accrued interest on debt		(44,198)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>(7,600,260)</u>
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CITY OF OAK CREEK

STATEMENT OF NET ASSETS PROPRIETARY FUNDS As of December 31, 2011

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
ASSETS				
Current Assets				
Cash and investments	\$ 5,877,697	\$ 4,591,992	\$ 10,469,689	\$ 559,685
Customer accounts receivable	1,620,874	780,754	2,401,628	-
Other accounts receivable	30,649	22,663	53,312	131,970
Due from other funds	262,782	203,215	465,997	37,222
Accrued interest	2,555	-	2,555	-
Lease receivable	21,953	-	21,953	-
Note receivable	43,162	-	43,162	-
Unamortized debt issue costs	918	-	918	-
Inventories	66,762	-	66,762	-
Restricted assets				
Revenue bond redemption account	161,120	-	161,120	-
Total Current Assets	<u>8,088,472</u>	<u>5,598,624</u>	<u>13,687,096</u>	<u>728,877</u>
Noncurrent Assets				
Restricted Assets				
Revenue bond reserve account	1,445,817	-	1,445,817	-
Total Restricted Assets	<u>1,445,817</u>	<u>-</u>	<u>1,445,817</u>	<u>-</u>
Capital Assets				
Land and land rights	118,444	295,342	413,786	-
Construction in progress	2,728,537	150,796	2,879,333	-
Utility plant in service	100,380,763	43,900,327	144,281,090	-
Accumulated depreciation	(26,821,191)	(9,827,471)	(36,648,662)	-
Total Capital Assets	<u>76,406,553</u>	<u>34,518,994</u>	<u>110,925,547</u>	<u>-</u>
Other Assets				
Property held for future use	5,000	-	5,000	-
Lease receivable	94,101	-	94,101	-
Note receivable	278,450	-	278,450	-
Due from other funds - special assessments	82,326	76,796	159,122	-
Unamortized bond discount and expense	9,438	-	9,438	-
Total Other Assets	<u>469,315</u>	<u>76,796</u>	<u>546,111</u>	<u>-</u>
Total Assets	<u>86,410,157</u>	<u>40,194,414</u>	<u>126,604,571</u>	<u>728,877</u>

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 892,304	\$ 520,190	\$ 1,412,494	\$ 558,184
Accrued payroll	233,796	37,110	270,906	-
Accrued interest payable	22,332	-	22,332	-
Due to other funds	1,611,382	50,579	1,661,961	-
Unearned revenue	68,062	-	68,062	-
Compensated absences	60,146	-	60,146	-
Revenue bonds payable	271,018	-	271,018	-
Liabilities Payable From Restricted Assets				
Accrued interest	56,953	-	56,953	-
Current portion of revenue bonds	1,250,000	-	1,250,000	-
Less: Unamortized loss on advance refunding of revenue bonds	<u>(42,738)</u>	<u>-</u>	<u>(42,738)</u>	<u>-</u>
Total Current Liabilities	<u>4,423,255</u>	<u>607,879</u>	<u>5,031,134</u>	<u>558,184</u>
Noncurrent Liabilities				
Accrued compensated absences	118,432	-	118,432	-
Net other postemployment benefits obligation	481,015	120,254	601,269	-
Revenue bonds	20,632,884	-	20,632,884	-
Less: Unamortized loss on advance refunding of revenue bonds	<u>(256,204)</u>	<u>-</u>	<u>(256,204)</u>	<u>-</u>
Total Noncurrent Liabilities	<u>20,976,127</u>	<u>120,254</u>	<u>21,096,381</u>	<u>-</u>
Total Liabilities	<u>25,399,382</u>	<u>728,133</u>	<u>26,127,515</u>	<u>558,184</u>
NET ASSETS				
Invested in capital assets, net of related debt	54,561,949	34,518,994	89,080,943	-
Restricted				
Debt service	1,549,984	-	1,549,984	-
Unrestricted	<u>4,898,842</u>	<u>4,947,287</u>	<u>9,846,129</u>	<u>170,693</u>
TOTAL NET ASSETS	<u>\$ 61,010,775</u>	<u>\$ 39,466,281</u>	100,477,056	<u>\$ 170,693</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>24,918</u>	
Net Assets of Business-type Activities			<u>\$ 100,501,974</u>	

See accompanying notes to financial statements.

CITY OF OAK CREEK

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

For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
OPERATING REVENUES				
Charges for services and sales	\$ 8,125,877	\$ 3,585,270	\$ 11,711,147	\$ -
Other operating revenues	<u>203,845</u>	<u>2,671</u>	<u>206,516</u>	<u>7,145,556</u>
Total Operating Revenues	<u>8,329,722</u>	<u>3,587,941</u>	<u>11,917,663</u>	<u>7,145,556</u>
OPERATING EXPENSES				
Operation and maintenance	3,804,244	2,855,298	6,659,542	8,125,374
Depreciation	2,212,947	583,805	2,796,752	-
Taxes	<u>109,999</u>	<u>45,511</u>	<u>155,510</u>	<u>-</u>
Total Operating Expenses	<u>6,127,190</u>	<u>3,484,614</u>	<u>9,611,804</u>	<u>8,125,374</u>
Operating Income (Loss)	<u>2,202,532</u>	<u>103,327</u>	<u>2,305,859</u>	<u>(979,818)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	108,110	33,887	141,997	4,554
Income from merchandising and jobbing	(3,920)	-	(3,920)	-
Rental income	-	264,000	264,000	-
Interest expense	(924,704)	(2,091)	(926,795)	-
Amortization expense	(42,881)	-	(42,881)	-
Non-utility operations	<u>(1,694)</u>	<u>-</u>	<u>(1,694)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(865,089)</u>	<u>295,796</u>	<u>(569,293)</u>	<u>4,554</u>
Income (Loss) Before Transfers	1,337,443	399,123	1,736,566	(975,264)
TRANSFERS OUT	<u>(1,518,425)</u>	<u>(26,000)</u>	<u>(1,544,425)</u>	<u>-</u>
Change in Net Assets	(180,982)	373,123	192,141	(975,264)
NET ASSETS - Beginning of Year	<u>61,191,757</u>	<u>39,093,158</u>		<u>1,145,957</u>
NET ASSETS - END OF YEAR	<u>\$ 61,010,775</u>	<u>\$ 39,466,281</u>		<u>\$ 170,693</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(21,776)</u>	
Change in Net Assets of Business-Type Activities			<u>\$ 170,365</u>	

See accompanying notes to financial statements.

CITY OF OAK CREEK

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 8,051,019	\$ 3,542,670	\$ 11,593,689	\$ 7,273,424
Received from rents of water property	178,783	-	178,783	-
Payment for nonoperating activities	(5,531)	-	(5,531)	-
Received from Federal Emergency Management Agency	5,897	-	5,897	-
Received from miscellaneous sources	37,119	2,633	39,752	-
Paid to Milwaukee Metro Sewerage District for sewer user charges	-	(1,995,239)	(1,995,239)	-
Paid to suppliers for goods and services	(1,793,524)	(488,495)	(2,282,019)	(8,040,983)
Paid to employees for services	(1,521,507)	(422,392)	(1,943,899)	-
Net Cash Flows From Operating Activities	<u>4,952,256</u>	<u>639,177</u>	<u>5,591,433</u>	<u>(767,559)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to city for tax equivalent	<u>(1,460,182)</u>	<u>(25,798)</u>	<u>(1,485,980)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from equipment lease	17,363	-	17,363	-
Proceeds from promissory note	34,022	-	34,022	-
Proceeds from property rental	-	242,000	242,000	-
Investment income	57,036	11,732	68,768	4,554
Net Cash Flows From Investing Activities	<u>108,421</u>	<u>253,732</u>	<u>362,153</u>	<u>4,554</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(2,566,326)	(159,351)	(2,725,677)	-
Proceeds received for acquisition and construction of capital assets	105,993	-	105,993	-
Special assessment proceeds	75,847	13,443	89,290	-
Proceeds from salvage on capital assets	19,340	-	19,340	-
Cost of removal	(25,837)	-	(25,837)	-
Proceeds from issuance of debt	18,389,583	-	18,389,583	-
Debt issuance costs paid	(10,500)	-	(10,500)	-
Debt retired	(19,632,544)	(206,302)	(19,838,846)	-
Interest paid	(1,010,418)	(10,315)	(1,020,733)	-
Net Cash Flows From Capital and Related Financing Activities	<u>(4,654,862)</u>	<u>(362,525)</u>	<u>(5,017,387)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,054,367)</u>	<u>504,586</u>	<u>(549,781)</u>	<u>(763,005)</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>4,994,397</u>	<u>2,552,325</u>	<u>7,546,722</u>	<u>1,322,690</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,940,030</u>	<u>\$ 3,056,911</u>	<u>\$ 6,996,941</u>	<u>\$ 559,685</u>

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 2,202,532	\$ 103,327	\$ 2,305,859	\$ (979,818)
Nonoperating revenues (expenses)	(5,614)	-	(5,614)	-
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities				
Noncash items included in income				
Depreciation	2,212,947	583,805	2,796,752	-
Depreciation charged to other accounts	78,249	(48,174)	30,075	-
Gain on sale of transportation equipment	(8,563)	-	(8,563)	-
Changes in assets and liabilities				
Customer accounts receivable	(85,075)	(34,667)	(119,742)	-
Other accounts receivable	(12,326)	(38)	(12,364)	133,164
Inventories	(2,201)	-	(2,201)	-
Accounts payable and accrued liabilities	291,149	(4,870)	286,279	84,391
Accrued expenses	499	(1,024)	(525)	-
Due to other funds	47,641	(14,422)	33,219	(5,296)
Net other post employment benefits obligation	220,961	55,240	276,201	-
Unearned revenue	12,057	-	12,057	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 4,952,256	\$ 639,177	\$ 5,591,433	\$ (767,559)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS				
Cash and investments	\$ 5,877,697	\$ 4,591,992	\$ 10,469,689	\$ 559,685
Restricted cash and investments - current	161,120	-	161,120	-
Restricted cash and investments - noncurrent	1,445,817	-	1,445,817	-
Less: Investments not considered to be cash and cash equivalents	(3,544,604)	(1,535,081)	(5,079,685)	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,940,030	\$ 3,056,911	\$ 6,996,941	\$ 559,685
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Interest income earned on noncash equivalents	\$ 34,353	\$ 14,878		\$ -
Market value adjustment on investments	\$ 18,791	\$ 8,138		\$ -
Gain on capital asset retirements	\$ 8,563	\$ -		\$ -

CITY OF OAK CREEK

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
As of December 31, 2011**

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 32,431,083
Property taxes receivable	<u>19,918,176</u>
TOTAL ASSETS	<u>\$ 52,349,259</u>
LIABILITIES	
Due to other taxing units	<u>\$ 52,349,259</u>
TOTAL LIABILITIES	<u>\$ 52,349,259</u>

See accompanying notes to financial statements.

CITY OF OAK CREEK

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CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. 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

In February 2009, the GASB issued statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

The city made the decision to implement the standard effective January 1, 2011.

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 As of and for the Year Ended December 31, 2011

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.

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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Fund Financial Statements (cont.)

The city reports the following major governmental funds:

- General Fund – accounts for the city's primary operating activities. It is used to account for and report all financial resources except those required to be accounted for in another fund.
- Emergency Medical Services Fund – Special Revenue Fund – used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the paramedic rescue program.
- Capital Improvement Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the capital improvement program.

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

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Fund Financial Statements (cont.)

Debt Service Funds – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for 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
- TIF No. 9 Debt Service Fund
- TIF No. 10 Debt Service Fund
- Police Station Debt Service Fund

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

- Developer Agreement Fund
- TIF No. 7 Capital Projects Fund
- TIF No. 8 Capital Projects Fund

In addition, the city reports the following fund types:

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

- Health Insurance Fund

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

- Tax Collection Fund

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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 guidance 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 As of and for the Year Ended December 31, 2011

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 guidance 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 As of and for the Year Ended December 31, 2011

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, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace 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 As of and for the Year Ended December 31, 2011

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.

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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

1. Deposits and Investments (cont.)

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, 2011, 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 is 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.

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 – 2011 tax roll:

Lien date and levy date	December 2011
Tax bills mailed	December 2011
Payment in full, or	January 31, 2012
First installment due (50%)	January 31, 2012
Second installment due (25%)	March 31, 2012
Third installment due (25%)	May 31, 2012
Personal property taxes in full	January 31, 2012
Tax sale – 2011 delinquent real estate taxes	October 2014

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

2. Receivables (cont.)

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

The city has received grant funds for CDBG housing loan programs to qualified individuals. The city records a loan receivable when the loan has been made and funds have been disbursed. The city is no longer disbursing these funds.

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 restricted 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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

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.

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
Intangibles	2-15	Years

Fund Financial Statements

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

6. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue using the effective interest method.

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, 2011 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
As of and for the Year Ended December 31, 2011

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:

Name	Date	Original Principal Amount	Maturity	Principal Amount Outstanding at 12-31-11
AAA Sales & Engineering	11/17/98	\$ 6,375,000	11/1/21	\$ 870,191
F & M Management Company	5/1/96	3,000,000	5/1/25	925,000
Crown Prince Inc.	12/2/03	2,235,000	1/1/24	871,353
Wisconsin Electric Power Company	12/1/04	67,000,000	8/1/16	67,000,000
AAA Sales & Engineering	12/21/2010	6,000,000	9/30/18	5,714,280
Total				<u>\$ 75,380,824</u>

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in government funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

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.
- 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."

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

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

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

10. Equity Classifications (cont.)

Government–Wide Statements (cont.)

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.

	Governmental Activities	Business-type Activities	Adjustment	Total
Invested in capital assets, net of related debt	\$ 73,227,967	\$ 89,080,943	\$ (55,300)	\$ 162,253,610
Unrestricted	(3,128,435)	9,871,047	55,300	6,797,912

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. In accordance with Governmental Accounting Standards Board Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, the City of Oak Creek classifies governmental fund balance as follows:

- a. **Nonspendable** – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** – Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution or motion) of the city. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Council that originally created the commitment.
- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The city has adopted a financial policy authorizing the City Administrator and the Finance Director to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

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

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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 APPROPRIATION

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Special Revenue Funds			
Emergency Medical Services Fund	\$ 4,932,995	\$ 4,971,400	\$ 38,405
Donation & Activity Fund	199,000	283,383	84,383
Low Income Loan Fund	4,100	4,375	275
Economic Development Fund	138,300	148,875	10,575
Impact Fee Escrow Fund	963,689	1,069,432	105,743
Asset Forfeiture Fund	10,050	24,830	14,780
Debt Service Funds			
TIF No. 4 Debt Service Fund	360,500	368,231	7,731
TIF No. 5 Debt Service Fund	92,443	92,606	163
TIF No. 6 Debt Service Fund	135,115	167,106	31,991
TIF No. 9 Debt Service Fund	-	10,024	10,024
TIF No. 10 Debt Service Fund	-	71,750	71,750
Capital Projects Funds			
Capital Improvements Fund	4,062,189	4,096,089	33,900
TIF No. 7 Capital Projects Fund	500,000	695,331	195,331

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

C. DEFICIT BALANCES

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

As of December 31, 2011, the following individual funds held a deficit balance:

Fund	Amount	Reason
Special Revenue Fund		
Emergency Medical Services Fund	\$ 146,460	Excess of expenditures over revenues
Debt Service Funds		
TIF No. 4 Debt Service Fund	7,062	Excess of expenditures over revenues
TIF No. 10 Debt Service Fund	87,411	Excess of expenditures over revenues
Capital Projects Funds		
TIF No. 7 Capital Projects Fund	241,467	Excess of expenditures over revenues
TIF No. 8 Capital Projects Fund	105,283	Excess of expenditures over revenues

The Emergency Medical Services Fund deficit is anticipated to be funded with future taxes levied and future charges for services. 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 32 (2011), legislation was passed that limits the city's future tax levies. Generally, the city is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the city's equalized value due to new construction, or zero percent for the 2011 levy collected in 2012 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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	\$ 18,799,290	\$ 18,752,279	Custodial credit risk
U.S. securities	5,968,467	5,896,738	Credit risk, custodial credit risk, interest rate risk, concentration of credit risk
Municipal bonds	689,557	689,557	Credit risk, custodial credit risk, interest rate risk, concentration of credit risk
Asset backed securities	8,532,798	8,532,798	Credit risk, custodial credit risk, interest rate risk
Corporate bonds	6,289,164	6,327,724	Credit risk, custodial credit risk, interest rate risk, concentration of credit risk
Local Government Investment Pool	26,947,902	26,947,902	Credit risk, interest rate risk
Petty cash	4,126	-	N/A
Total Cash and Investments	<u>\$ 67,231,304</u>	<u>\$ 67,146,998</u>	
Reconciliation to financial statements			
Per statement of net assets			
Cash and investments	\$ 31,038,143		
Restricted cash and investments	3,762,078		
Per statement of net assets – fiduciary funds			
Agency	32,431,083		
Total Cash and Investments	<u>\$ 67,231,304</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest bearing transaction 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 As of and for the Year Ended December 31, 2011

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, 2011, \$4,940,629 of the city's total bank balances of \$18,752,279 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging financial institution	<u>\$ 4,940,629</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, 2011 the city's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poor's</u>	<u>Fitch Ratings</u>	<u>Moody's</u>
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	A+ – AA	AA- – AA	AA2
Corporate bonds	A – AAA	A – AA+	A2 – AAA

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

Local Government Investment Pool

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

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

At December 31, 2011, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal National Mortgage Association	U.S. Security	7.63%
Federal Home Loan Mortgage Corp	U.S. Security	5.57%

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, 2011, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In years)		
		Less than 1 year	1 - 10	> 10 years
U.S. securities	\$ 5,968,466	\$ 2,656,531	\$ 3,311,935	\$ -
Municipal bonds	689,557	423,883	265,674	-
Asset backed securities	8,532,798	675,180	2,351,497	5,506,121
Corporate bonds	6,289,164	973,199	5,315,965	-
External investment pools	26,947,902	26,947,902	-	-
Totals	<u>\$ 48,427,887</u>	<u>\$ 31,676,695</u>	<u>\$ 11,245,071</u>	<u>\$ 5,506,121</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

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

B. RECEIVABLES

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

	<u>General</u>	<u>Paramedic Rescue Fund</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Total net receivables	<u>\$ 14,322,519</u>	<u>\$ 3,666,121</u>	<u>\$ 736</u>	<u>\$ 7,652,487</u>	<u>\$ 25,641,863</u>
Amounts not expected to be collected within one year	<u>\$ 12,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,423,396</u>	<u>\$ 3,436,346</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. Accounts receivable in the Emergency Medical Services Fund have been adjusted by \$165,000 for an allowance for uncollectible accounts.

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes and special charges receivable for subsequent year	\$ -	\$ 20,494,836	\$ 20,494,836
Developer agreement	-	800,000	800,000
Accounts receivable not collected	7,085	22,621	29,706
Special assessments not yet due	1,524,800	-	1,524,800
Loan receivables	<u>11,388</u>	<u>-</u>	<u>11,388</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,543,273</u>	<u>\$ 21,317,457</u>	<u>\$ 22,860,730</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long Term Debt Accounts

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

Impact Fee Account

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

Asset Forfeiture Account

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

Following is a list of restricted assets at December 31, 2011:

	Governmental Activities	Business- Type Activities	Total
Redemption account	\$ -	\$ 161,120	\$ 161,120
Reserve account	-	1,445,817	1,445,817
Impact fee account	2,135,045	-	2,135,045
Asset forfeiture account	20,096	-	20,096
 Total	 <u>\$ 2,155,141</u>	 <u>\$ 1,606,937</u>	 <u>\$ 3,762,078</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 20,538,244	\$ 564,910	\$ -	\$ 21,103,154
Total Capital Assets Not Being Depreciated	<u>20,538,244</u>	<u>564,910</u>	<u>-</u>	<u>21,103,154</u>
Capital assets being depreciated				
Land improvements	1,663,530	-	-	1,663,530
Buildings	22,127,886	-	-	22,127,886
Intangible Asset – Easements	-	5,400	-	5,400
Machinery and equipment	16,185,586	642,836	214,296	16,614,126
Bridges	286,370	-	-	286,370
Roads	35,500,040	710,437	213,227	35,997,250
Sidewalks	3,454,033	-	-	3,454,033
Street lighting	3,706,982	122,271	-	3,829,253
Storm sewers	21,551,777	34,651	-	21,586,428
Total Capital Assets Being Depreciated	<u>104,476,204</u>	<u>1,515,595</u>	<u>427,523</u>	<u>105,564,276</u>
Less: Accumulated depreciation for				
Land improvements	(644,501)	(66,865)	-	(711,366)
Buildings	(4,653,473)	(433,926)	-	(5,087,399)
Intangible Asset – Easements	-	(2,700)	-	(2,700)
Machinery and equipment	(10,930,190)	(909,518)	196,056	(11,643,652)
Bridges	(5,728)	(11,456)	-	(17,184)
Roads	(8,160,632)	(466,463)	131,172	(8,495,923)
Sidewalks	(1,963,157)	(55,736)	-	(2,018,893)
Street lighting	(2,464,363)	(122,627)	-	(2,586,990)
Storm sewers	(8,617,314)	(410,430)	-	(9,027,744)
Total Accumulated Depreciation	<u>(37,439,358)</u>	<u>(2,479,721)</u>	<u>327,228</u>	<u>(39,591,851)</u>
Net Capital Assets Being Depreciated	<u>67,036,846</u>	<u>(964,126)</u>	<u>100,295</u>	<u>65,972,425</u>
Total Governmental Activities Assets, Net of Accumulated Depreciation	<u>\$ 87,575,090</u>	<u>\$ (399,216)</u>	<u>\$ 100,295</u>	<u>\$ 87,075,579</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 44,834
Public safety	715,860
Public works, which includes the depreciation of roads, sidewalks and storm sewers	1,539,368
Health and social services	178,454
Leisure activities	<u>1,205</u>
 Total Governmental Activities Depreciation Expense	 <u><u>\$ 2,479,721</u></u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 118,444	\$ -	\$ -	\$ 118,444
Construction in progress	<u>202,765</u>	<u>2,525,959</u>	<u>187</u>	<u>2,728,537</u>
Total Capital Assets Not Being Depreciated	<u>321,209</u>	<u>2,525,959</u>	<u>187</u>	<u>2,846,981</u>
Capital assets being depreciated				
Source of supply	6,255,267	-	54,593	6,200,674
Pumping	6,187,881	-	2,397	6,185,484
Treatment	25,125,040	-	7,709	25,117,331
Transmission and distribution	57,798,405	307,672	212,621	57,893,456
General	<u>5,020,399</u>	<u>70,031</u>	<u>106,612</u>	<u>4,983,818</u>
Total Capital Assets Being Depreciated	<u>100,386,992</u>	<u>377,703</u>	<u>383,932</u>	<u>100,380,763</u>
Total Capital Assets	<u>100,708,201</u>	<u>2,903,662</u>	<u>384,119</u>	<u>103,227,744</u>
Less: Accumulated depreciation for				
Source of supply	(1,636,559)	(108,357)	75,406	(1,669,510)
Pumping	(2,821,065)	(238,607)	4,243	(3,055,429)
Treatment	(5,781,542)	(816,753)	10,887	(6,587,408)
Transmission and distribution	(12,158,399)	(971,376)	212,621	(12,917,154)
General	<u>(2,531,422)</u>	<u>(175,443)</u>	<u>115,175</u>	<u>(2,591,690)</u>
Total Accumulated Depreciation	<u>(24,928,987)</u>	<u>(2,310,536)</u>	<u>418,332</u>	<u>(26,821,191)</u>
Net Water Plant	<u><u>\$ 75,779,214</u></u>	<u><u>\$ 593,126</u></u>	<u><u>\$ (34,213)</u></u>	<u><u>\$ 76,406,553</u></u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Sewer				
Capital assets not being depreciated				
Land and land rights	\$ 295,342	\$ -	\$ -	\$ 295,342
Construction in progress	-	151,093	297	150,796
Total Capital Assets Not Being Depreciated	295,342	151,093	297	446,138
Capital assets being depreciated				
Collection system	43,167,729	8,150	8,279	43,167,600
Collection system pumping	329,375	1,217	69,993	260,599
General	474,741	-	2,613	472,128
Total Capital Assets Being Depreciated	43,971,845	9,367	80,885	43,900,327
Total Capital Assets	44,267,187	160,460	81,182	44,436,465
Less: Accumulated depreciation for				
Collection system	(8,821,882)	(469,612)	8,279	(9,283,215)
Collection system pumping	(297,967)	(13,712)	69,993	(241,686)
General	(252,876)	(52,307)	2,613	(302,570)
Total Accumulated Depreciation	(9,372,725)	(535,631)	80,885	(9,827,471)
Net Sewer Plant	\$ 34,894,462	\$ (375,171)	\$ 297	\$ 34,518,994
Business-type Capital Assets, Net of Depreciation	\$ 110,673,676	\$ 217,955	\$ (33,916)	\$ 110,925,547

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 2,212,947
Sewer	583,805
 Total Business-type Activities Depreciation Expense	 \$ 2,796,752

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

E. INTERFUND RECEIVABLES/PAYABLES 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	\$ 1,574,160	\$ -
General fund	Sewer utility	50,580	-
General fund	Emergency medical services fund	109,511	-
General fund	Debt amortization fund	417,039	-
General fund	TIF # 4 Debt service fund	4,941	-
General fund	Developer agreement fund	7,454	-
General fund	TIF # 10 Debt service fund	85,759	-
General fund	TIF # 8 Capital projects fund	105,283	-
Economic development fund	TIF #7 Capital projects fund	314,900	314,900
Health insurance fund	Water utility	37,222	-
Water utility	General fund	244,619	-
Sewer utility	General fund	183,079	-
Sewer utility	Special assessment fund	95,334	76,796
Sewer utility	Storm Water fund	1,598	-
Water utility	Special assessment fund	<u>100,490</u>	<u>82,327</u>
Total – Fund Financial Statements		3,331,969	
Less: Internal service fund allocation		(24,918)	
Fund eliminations		(1,044,887)	
Government-wide eliminations		<u>(1,250,240)</u>	
Total Internal Balances – Government-Wide Statement of Net Assets		<u>\$ 1,011,924</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 As of and for the Year Ended December 31, 2011

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

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

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General fund	Water utility	\$ 1,518,425	Tax equivalent
General fund	Sewer utility	26,000	Tax equivalent
DPW debt service fund	Debt amortization fund	501,344	Finance payment of DPW debt service
Police debt service fund	Debt amortization fund	106,935	Finance payment of police debt service
Police debt service fund	Impact fee escrow fund	75,000	Finance payment of police debt service
Capital improvements fund	Impact fee escrow fund	989,432	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	137,500	Finance of capital improvement projects
Subtotal – Fund financial statements		4,354,636	
Less: Fund eliminations		<u>(2,810,211)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 1,544,425</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 As of and for the Year Ended December 31, 2011

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt:					
Notes and bonds	\$ 14,040,000	\$ -	\$ 1,065,000	\$ 12,975,000	\$ 1,150,000
Capital appreciation bonds	<u>1,569,985</u>	<u>74,375</u>	<u>360,000</u>	<u>1,284,360</u>	<u>360,000</u>
Sub-Totals	<u>15,609,985</u>	<u>74,375</u>	<u>1,425,000</u>	<u>14,259,360</u>	<u>1,510,000</u>
Other Liabilities					
Vested compensated absences	2,438,444	1,457,408	1,512,054	2,383,798	1,473,878
Other postemployment benefits	<u>13,990,707</u>	<u>7,948,470</u>	<u>1,645,000</u>	<u>20,294,177</u>	<u>-</u>
Total Other Liabilities	<u>16,429,151</u>	<u>9,405,878</u>	<u>3,157,054</u>	<u>22,677,975</u>	<u>1,473,878</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 32,039,136</u>	<u>\$ 9,480,253</u>	<u>\$ 4,582,054</u>	<u>\$ 36,937,335</u>	<u>\$ 2,983,878</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt					
Revenue bonds	\$ 206,302	\$ -	\$ 206,302	\$ -	\$ -
Revenue bonds anticipation notes	10,896,863	12,389,583	1,132,544	22,153,902	1,521,018
Less: unamortized loss on refunding	<u>(341,679)</u>	<u>-</u>	<u>(42,737)</u>	<u>(298,942)</u>	<u>(42,738)</u>
Sub-totals	<u>23,261,486</u>	<u>18,389,583</u>	<u>19,796,109</u>	<u>21,854,960</u>	<u>1,478,280</u>
Other Liabilities					
Other postemployment benefits	325,068	466,201	190,000	601,269	-
Vested compensated absences	<u>172,839</u>	<u>65,885</u>	<u>60,146</u>	<u>178,578</u>	<u>60,146</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 23,759,393</u>	<u>\$ 18,921,669</u>	<u>\$ 20,046,255</u>	<u>\$ 22,634,807</u>	<u>\$ 1,538,426</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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, 2011 was \$154,447,610. Total general obligation debt outstanding at year end was \$14,259,360.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-11
Governmental Activities					
General Obligation Debt					
G.O. notes and bonds					
2002 bonds	3/15/02	3/01/17	3.00-5.625%	\$ 10,900,000	\$ 5,400,000
2006 bonds	10/15/06	10/01/16	4.00-4.50%	1,200,000	700,000
2010 bonds	4/01/10	4/01/30	1.50-4.375%	7,000,000	6,875,000
Sub-Total					<u>12,975,000</u>
2002 Capital appreciation bonds	12/02/02	9/01/15	3.40-4.84%	2,184,987	<u>1,284,360</u>
Total Governmental Activities – Notes and Bonds					<u>\$ 14,259,360</u>

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

Years	Governmental Activities Notes and Bonds	
	Principal	Interest
2012	\$ 1,150,000	\$ 547,391
2013	1,225,000	499,626
2014	1,300,000	445,329
2015	1,350,000	383,548
2016	1,400,000	317,172
2017-2021	2,625,000	1,011,233
2022-2026	1,950,000	627,780
2027-2030	<u>1,975,000</u>	<u>177,235</u>
Totals	<u>\$ 12,975,000</u>	<u>\$ 4,009,314</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

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>
2012	\$ 360,000
2013	360,000
2014	360,000
2015	360,000
	<u>1,440,000</u>
Less: Interest portion	<u>(155,640)</u>
Principal Portion	<u>\$ 1,284,360</u>

Revenue Debt

The city has pledged future water and sewer revenues, net of specified operating expenses, to repay \$22,153,902 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 \$29,616,267. Principal and interest paid for the current year and total customer net revenues were \$1,796,962 and \$4,523,589, respectively. Future principal and interest payments are expected to require 33% of net revenues.

Revenue debt payable at December 31, 2011 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 12-31-11</u>
Water utility refunding revenue bonds	11/1/05	12/01/20	3.38-5.00%	\$ 12,130,000	\$ 9,005,000
Water utility revenue bonds	1/13/10	5/1/29	2.668%	791,863	759,319
Water utility revenue bonds	3/15/11	12/1/31	2.25-5.00%	6,500,000	6,500,000
Water utility revenue bonds	11/23/11	5/1/31	2.20%	5,889,583	<u>5,889,583</u>
Total Business-type Activities Revenue Debt					<u>\$ 22,153,902</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

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

F. LONG-TERM OBLIGATIONS (cont.)

Business-type Activities Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,521,018	\$ 822,290
2013	1,577,137	775,769
2014	1,633,395	719,628
2015	1,689,794	659,344
2016	1,746,339	596,694
2017 – 2021	5,765,183	2,107,928
2022 – 2026	3,722,575	1,261,991
2027 – 2031	4,498,461	518,721
Totals	\$ 22,153,902	\$ 7,462,365

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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

G. LEASE DISCLOSURES

Lessor – Operating Leases – Governmental Activities

The city has entered into an operating lease with 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
As of and for the Year Ended December 31, 2011

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>Total</u>
2012	\$ 17,620	\$ 7,319	\$ 24,939
2013	17,765	5,875	23,640
2014	19,336	4,304	23,640
2015	21,046	2,594	23,640
2016	18,954	747	19,701
Total	<u>\$ 94,721</u>	<u>\$ 20,839</u>	<u>\$ 115,560</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>
2012	\$ 4,333
2013	4,000
2014	4,000
2015	4,000
2016	4,000
2017	<u>1,000</u>
Totals	<u>\$ 21,333</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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>Total</u>
2012	\$ 23,887	\$ 12,282	\$ 36,169
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
Total	<u>\$ 165,280</u>	<u>\$ 42,909</u>	<u>\$ 208,189</u>

The water utility entered into a 10-year agreement with Black Bear Bottling Group, LLC for equipment to be used in their bottling operations. The lease is dated February 19, 2009 with payments to be received in the amount of \$2,220 per month at 6% interest beginning on March 1, 2009 and terminating on February 1, 2019. Future payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 19,275	\$ 8,808	\$ 28,083
2013	18,937	7,708	26,645
2014	20,105	6,540	26,645
2015	21,344	5,300	26,644
2016	22,661	3,984	26,645
2017	24,059	2,586	26,645
2018	25,543	1,102	26,645
2019	4,408	33	4,441
Total	<u>\$ 156,332</u>	<u>\$ 36,061</u>	<u>\$ 192,393</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

G. LEASE DISCLOSURES (cont.)

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

The water and sewer utility has entered into operating leases with Verizon Wireless (VW), Sprint Spectrum L.P. (SSLP), Cingular Wireless (CW), 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, 2015, March 20, 2012, March 1, 2015, 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:

2012	\$	152,997
2013		140,174
2014		134,270
2015		111,759
2016		35,313
2017		30,600
2018		1,928

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 \$2,220,010, a net book value of \$1,788,873 as of December 31, 2011 and a depreciation accrual of \$44,400 during the year 2011. One hundred percent of the space in this building is leased by Black Bear. The original lease commenced on November 1, 2001 and was terminated on March 31, 2010. An amendment to the original lease commenced on March 31, 2010 and will terminate on March 31, 2020. A second amendment to the lease is dated October 21, 2010 and will terminate on March 31, 2020. Minimum future lease rentals are as follows:

2012	\$	264,000
2013		264,000
2014		264,000
2015		264,000
2016		264,000
2017		264,000
2018		264,000
2019		264,000
2020		66,000

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

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

H. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at December 31, 2011 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land	\$ 21,103,154
Other capital assets, net of accumulated depreciation	65,972,425
Less: Related long-term debt outstanding (excluding non-capital debt)	<u>(13,847,612)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>73,227,967</u>
Restricted	
Debt service	2,059,466
Impact fee escrow	2,135,045
Park escrow	475,823
Storm Water	182,065
Donation and activity	152,769
Developer agreement	20,766
Asset forfeiture	20,096
Low income loans	<u>7,773</u>
Total Restricted	<u>5,053,803</u>
Unrestricted	<u>(3,128,435)</u>
Total Governmental Activities Net Assets	<u>\$ 75,153,335</u>

Governmental fund balances reported on the fund financial statements at December 31, 2011 include the following:

Nonspendable Fund Balance

Major Funds	
General Fund	
Inventories	\$ 144,078
Delinquent personal property taxes	12,950
Non-current receivables	<u>717,592</u>
Total General Fund	<u>874,620</u>
Nonmajor Funds	
Economic Development Fund	
Prepaid items	<u>235</u>
Total Economic Development Fund	<u>235</u>
Total Nonspendable Fund Balance	<u>\$ 874,855</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Restricted Fund Balance

Non-Major Funds

Special Revenue Funds

Donation and Activity	\$ 152,769
Low Income Loan	7,773
Park Escrow	475,823
Impact Fee Escrow	2,135,045
Asset Forfeiture	20,096
Storm Water	182,065

Debt Service Funds

DPW Debt Service	500
Debt Amortization	2,000,000
TID No. 5 Debt Service	209,618
TID No. 6 Debt Service	412,343
TID No. 9 Debt Service	37,770
Police Station Debt Service	2,177

Capital Projects Funds

Developer Agreement	<u>20,766</u>
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Total Restricted Fund Balance \$ 5,656,745

Committed Fund Balance

Non-Major Funds

Special Revenue Funds

Solid Waste	\$ 34,931
WE Energies	837,462
Special Assessment	1,076,537
Economic Development	<u>508,903</u>

Total Committed Fund Balance \$ 2,457,833

Assigned Fund Balance

Major Funds

General Fund

Subsequent year's budget appropriations	\$ 1,169,985
Tax equivalent for subsequent year	1,544,425
Accumulated sick time payout	<u>899,000</u>
Total General Fund	<u>3,613,410</u>

Capital Improvement Fund 8,158,277

Total Assigned Fund Balance \$ 11,771,687

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

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

H. NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Unassigned Fund Balance

Major Funds	
General Fund	\$ 3,755,548
Emergency Medical Services Fund (deficit)	(146,460)
Total Major Funds	<u>3,609,088</u>
Non-Major Funds	
Debt Service Funds	
Debt Amortization (deficit)	(417,039)
TID No. 4 Debt Service (deficit)	(7,062)
TID No. 10 Debt Service (deficit)	(87,411)
Capital Projects Funds	
TID No. 7 Capital Projects (deficit)	(241,467)
TID No. 8 Capital Projects (deficit)	(105,283)
Total Non-major Funds	<u>(858,262)</u>
Total Unassigned Fund Balance	<u>\$ 2,750,826</u>

Business-type Activities

Invested in capital assets, net of related debt	
Land and land rights	\$ 413,786
Construction in progress	2,879,333
Other capital assets, net of accumulated depreciation	107,632,428
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(21,844,604)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>89,080,943</u>
Restricted	
Debt service	<u>1,549,984</u>
Unrestricted	<u>9,871,047</u>
Total Business-type Activities Net Assets	<u>\$ 100,501,974</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV – OTHER INFORMATION

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 (1,200 hours for employees hired on or after July 1, 2011) are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan through June 28, 2011. Beginning June 29, 2011, and thereafter, covered employees in the General category are required by statute to contribute 5.8% of their salary (6.65% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security). Employers generally make these contributions to the plan on behalf of employees through June 28, 2011. Thereafter, employees are required to fund their contribution, subject to terms of employment contracts and which employee group they are a member of. 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, 2011 was \$17,891,155; the employer's total payroll was \$17,943,555. The total required contribution for the year ended December 31, 2011 was \$2,933,197 or 16.4% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending December 31, 2010 and 2009 were \$2,710,708 and \$2,550,344, 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, or beginning participation on or after July 1, 2011, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and between April 24, 1998 and June 30, 2011 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, 2011, was \$-0-.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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 \$100,000 deductible per individual and \$6,021,617 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. \$170,693 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	\$ 242,279	\$ 466,780
Current year claims and changes in estimates	5,079,151	5,833,017
Claim payments	(4,854,650)	(5,750,605)
Unpaid Claims – End of Year	\$ 466,780	\$ 549,192

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV – OTHER INFORMATION (cont.)

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: the WMIC / CVMIC administrative office at 9898 West Bluemound Road, Wauwatosa, WI 53226.

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 \$50,000 per occurrence and an annual aggregate limit of \$175,000.

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.

The water utility had approximately \$526,000 of outstanding contractual commitments as of December 31, 2011.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV – OTHER INFORMATION (cont.)

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 2011.

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	\$ 8,638,082
Interest on net OPEB obligation	572,631
Adjustment to annual required contribution	<u>(796,042)</u>
Annual OPEB cost	8,414,671
Contributions made	<u>(1,835,000)</u>
Increase in net OPEB obligation (Liability)	6,579,671
Net OPEB Obligation (Liability) – Beginning of Year	<u>14,315,775</u>
Net OPEB Obligation (Liability) – End of Year	<u><u>\$ 20,895,446</u></u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2011	\$ 8,414,671	21.8%	\$ 20,895,446
12/31/2010	8,096,390	22.1%	14,315,775
12/31/2009	6,689,399	47.3%	8,008,385

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The funded status of the plan as of December 31, 2010, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$	89,231,880
Actuarial value of plan assets		-
Unfunded Actuarial Accrued Liability (UAAL)	\$	89,231,880
Funded ratio (actuarial value of plan assets/AAL)		0 %
Covered payroll (active plan members)	\$	17,217,938
UAAL as percentage of covered payroll		518.2%

The projection of future benefit for an ongoing plan involves 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.

In the December 31, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a four percent investment rate of return and an annual healthcare cost trend rate of 9.30 percent initially and reduced by decrements to an ultimate rate of 4.70 percent after seventy-two years. Both rates include assumptions for annual rates of medical inflation. 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, 2011, was 30 years.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV – OTHER INFORMATION (cont.)

E. POWER GENERATING FACILITY MITIGATION REVENUE

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

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

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

In 2011, 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. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. Application of these standards may restate portions of these financial statements.

G. SUBSEQUENT EVENTS

In February 2012, the City issued \$4.53 million of General Obligation Refunding Bonds. The proceeds of these bonds will be used to refund the remaining balance on the General Obligation Refunding Bond, dated March 15, 2002.

In May 2012, the City issued \$6.0 million of General Obligation Promissory Notes. The proceeds of these notes will be used to finance the construction of Drexel Avenue project.

In May 2012, the City issued \$4.6 million of General Obligation Promissory Notes. The proceeds of these notes will be used to finance the construction of Drexel Avenue Interchange project.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OAK CREEK

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance with Final Budget
TAXES			
General property taxes	\$ 13,159,145	\$ 13,189,506	\$ 30,361
Motel room tax	400,000	400,000	-
Mobile home taxes	75,000	78,475	3,475
Other taxes	7,000	54,350	47,350
TOTALS	<u>13,641,145</u>	<u>13,722,331</u>	<u>81,186</u>
INTERGOVERNMENTAL REVENUES			
Shared taxes from state	3,054,480	3,053,987	(493)
State transportation aids	1,650,000	1,645,239	(4,761)
State computer aids	150,000	136,921	(13,079)
Other state aids	-	4,784	4,784
Health department block grant	30,000	1,464	(28,536)
Police grants	111,580	126,451	14,871
Development CDBG grants	25,000	8,903	(16,097)
FEMA grants	-	102,105	102,105
TOTALS	<u>5,021,060</u>	<u>5,079,854</u>	<u>58,794</u>
REGULATION AND COMPLIANCE			
Licenses			
Liquor and beer	32,250	42,658	10,408
Publishing fees	700	750	50
Operators	16,500	14,500	(2,000)
Amusement devices	6,000	11,010	5,010
Amusement operators	2,750	1,350	(1,400)
Electrical	4,500	3,790	(710)
Miscellaneous - business	6,500	10,323	3,823
Miscellaneous - non-business	100	56	(44)
DATCP	19,300	12,999	(6,301)
FSRL	36,200	47,162	10,962
Landfill	1,025	1,125	100
Permits			
Building	230,000	237,435	7,435
Electrical	86,000	57,304	(28,696)
Plumbing	75,000	45,300	(29,700)
Street opening	15,000	12,236	(2,764)
Erosion control	8,000	5,883	(2,117)
Sundry	300	615	315
Cable TV	352,000	364,435	12,435
AT&T video service	66,500	90,566	24,066
Court fines	445,000	373,858	(71,142)
TOTALS	<u>1,403,625</u>	<u>1,333,355</u>	<u>(70,270)</u>
PUBLIC CHARGES FOR SERVICES			
General Government			
Property status letter fees	3,000	3,170	170
Photo copies sold	1,500	2,325	825
Postage reimbursement	200	16	(184)
Zoning/housing appeal fees	500	1,450	950
Rezoning petitions and filing fees	1,000	775	(225)
Right of way vacation fees	-	575	575
Special use request fees	5,000	6,575	1,575
Filing fee - certified survey maps	4,500	5,250	750
Plan commission agenda fees	1,000	6,750	5,750

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

CITY OF OAK CREEK

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND (cont.)
 For the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance with Final Budget
PUBLIC CHARGES FOR SERVICES (cont.)			
General Government (cont.)			
Subdivision plat fees	\$ 500	\$ -	\$ (500)
Maps sold	300	6	(294)
Public Safety			
State DWI seizures	1,600	2,405	805
Police patrol service fees	1,400	12,261	10,861
Miscellaneous fees	3,600	1,650	(1,950)
Copies of police and fire reports	2,200	3,156	956
False alarm penalties	5,000	5,750	750
Health and Sanitation			
Health Department			
Clinic fees	40,000	20,907	(19,093)
Pet license fees/Humane Society	11,000	13,307	2,307
Public Works			
Weed cutting	7,500	10,716	3,216
Sale of culvert pipe	7,500	9,842	2,342
Culvert installation	5,000	3,542	(1,458)
Library			
Other income	25,500	19,623	(5,877)
Photocopies	5,400	4,739	(661)
Recreation	155,000	155,064	64
Sanitarian			
Pre-inspection	2,500	3,347	847
Regular service fee	-	4,995	4,995
Miscellaneous charges for services	2,100	98,558	96,458
TOTALS	<u>292,800</u>	<u>396,754</u>	<u>103,954</u>
INVESTMENT INCOME			
Investment Income			
Investments	575,000	215,259	(359,741)
Taxes	75,000	132,090	57,090
TOTALS	<u>650,000</u>	<u>347,349</u>	<u>(302,651)</u>
MISCELLANEOUS INCOME			
Land rentals	250	100	(150)
T-Mobile lease	23,900	23,900	-
AT&T American tower lease	24,000	24,000	-
Verizon lease	25,500	25,537	37
Insurance incentives	50,000	101,918	51,918
Insurance recoveries	-	52,818	52,818
P-card rebates	-	4,369	4,369
Miscellaneous revenues	2,500	8,470	5,970
TOTALS	<u>126,150</u>	<u>241,112</u>	<u>114,962</u>
INTERFUND CHARGES FOR SERVICES			
Engineering and administration charged to capital projects	179,000	59,106	(119,894)
Engineering and administration charged to TID projects	15,000	74,413	
Highway equipment service fee	20,000	215	(19,785)
Administrative services charged to enterprise funds	45,000	45,000	-
Expenditure Offset	125,000	-	(125,000)
TOTALS	<u>384,000</u>	<u>178,734</u>	<u>(264,679)</u>
TOTAL REVENUES	<u>21,518,780</u>	<u>21,299,489</u>	<u>(278,704)</u>

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

CITY OF OAK CREEK

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND (cont.)
 For the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT			
General government	\$ 2,655,550	\$ 2,434,754	\$ 220,796
Building maintenance	623,825	551,736	72,089
City administrator	251,935	246,227	5,708
Data processing	705,560	705,995	(435)
City clerk	260,415	246,220	14,195
Treasurer	226,135	215,550	10,585
Finance	333,675	320,074	13,601
Assessor	245,720	219,342	26,378
Attorney and legal	292,970	212,945	80,025
Community development	307,600	303,628	3,972
TOTALS	<u>5,903,385</u>	<u>5,456,471</u>	<u>446,914</u>
PUBLIC SAFETY			
Police department	8,876,060	8,839,592	36,468
Emergency operations	33,700	10,178	23,522
Fire department	1,354,690	1,446,288	(91,598)
Inspection	663,755	655,034	8,721
Other	179,905	207,372	(27,467)
TOTALS	<u>11,108,110</u>	<u>11,158,464</u>	<u>(50,354)</u>
HEALTH AND SOCIAL SERVICES			
Health department	668,960	544,591	124,369
TOTALS	<u>668,960</u>	<u>544,591</u>	<u>124,369</u>
PUBLIC WORKS			
Engineering	868,330	753,478	114,852
Streets	2,890,080	2,861,522	28,558
TOTALS	<u>3,758,410</u>	<u>3,615,000</u>	<u>143,410</u>
LEISURE ACTIVITIES			
Recreation	1,275,175	1,264,626	10,549
Library	863,720	805,061	58,659
TOTALS	<u>2,138,895</u>	<u>2,069,687</u>	<u>69,208</u>
TOTAL EXPENDITURES	<u>23,577,760</u>	<u>22,844,213</u>	<u>733,547</u>
OTHER FINANCING SOURCES (USES)			
Sale of city equipment	8,100	20,664	12,564
Transfer in - tax equivalent	1,275,000	1,544,425	269,425
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,283,100</u>	<u>1,565,089</u>	<u>281,989</u>
Net Change in Fund Balance	(775,880)	20,365	736,832
FUND BALANCE - Beginning of Year	<u>8,223,213</u>	<u>8,223,213</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 7,447,333</u>	<u>\$ 8,243,578</u>	<u>\$ 736,832</u>

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

CITY OF OAK CREEK

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 EMERGENCY MEDICAL SERVICES FUND
 For the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 3,551,590	\$ 3,551,590	\$ -
Intergovernmental	140,400	127,545	(12,855)
Public charges for services	1,185,000	1,073,029	(111,971)
Investment income	5,000	-	(5,000)
Total Revenues	<u>4,881,990</u>	<u>4,752,164</u>	<u>(129,826)</u>
EXPENDITURES			
Public Safety	4,932,995	4,971,400	(38,405)
Total Expenditures	<u>4,932,995</u>	<u>4,971,400</u>	<u>(38,405)</u>
Excess (deficiency) of revenues over expenditures	(51,005)	(219,236)	(168,231)
FUND BALANCE - Beginning of year	<u>72,776</u>	<u>72,776</u>	<u>-</u>
FUND BALANCE (Deficit) - ENDING OF YEAR	<u>\$ 21,771</u>	<u>\$ (146,460)</u>	<u>\$ (168,231)</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, 2011

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)	
12/31/10	\$	-	\$ 89,231,880	\$ 89,231,880	0%	\$ 17,217,938	518.2%
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 studies were performed as of December 31, 2010 and December 31, 2008, and are the only studies that have been completed.

CITY OF OAK CREEK

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2011

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.

SUPPLEMENTARY INFORMATION

CITY OF OAK CREEK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2011

	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	Future Improvement Fund	Impact Fee Escrow Fund	Asset Forfeiture Fund	Storm Water Fund
ASSETS											
Cash and investments	\$ 144,426	\$ 97,123	\$ 890,424	\$ 12,147	\$ 475,823	\$ 1,111,037	\$ 140,543	\$ 755,717	\$ -	\$ -	\$ 209,454
Taxes receivable	1,362,185	-	-	-	-	319,486	-	-	-	-	702,003
Accounts receivable	276	58,967	-	-	-	-	70,228	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-	235	-	-	-	-
Special assessments receivable	-	-	-	-	-	1,366,638	-	-	-	-	-
Loans receivable	-	-	-	11,388	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	314,900	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-	-	-	2,135,045	20,096	-
TOTAL ASSETS	<u>\$ 1,506,887</u>	<u>\$ 156,090</u>	<u>\$ 890,424</u>	<u>\$ 23,535</u>	<u>\$ 475,823</u>	<u>\$ 2,797,161</u>	<u>\$ 525,906</u>	<u>\$ 755,717</u>	<u>\$ 2,135,045</u>	<u>\$ 20,096</u>	<u>\$ 911,457</u>
LIABILITIES AND FUND BALANCES											
Liabilities											
Accounts payable	\$ 92,478	\$ 2,333	\$ 28,691	\$ 4,374	\$ -	\$ -	\$ 15,779	\$ -	\$ -	\$ -	\$ 1,237
Accrued liabilities	17,293	-	24,271	-	-	-	989	-	-	-	24,554
Deposits	-	-	-	-	-	-	-	755,717	-	-	-
Due to other funds	-	-	-	-	-	195,824	-	-	-	-	1,598
Deferred revenues	1,362,185	988	-	11,388	-	-	-	-	-	-	702,003
Deferred revenues - special assessments	-	-	-	-	-	1,524,800	-	-	-	-	-
Total Liabilities	<u>1,471,956</u>	<u>3,321</u>	<u>52,962</u>	<u>15,762</u>	<u>-</u>	<u>1,720,624</u>	<u>16,768</u>	<u>755,717</u>	<u>-</u>	<u>-</u>	<u>729,392</u>
Fund Balances (Deficit)											
Nonspendable	-	-	-	-	-	-	235	-	-	-	-
Restricted	-	152,769	-	7,773	475,823	-	-	-	2,135,045	20,096	182,065
Committed	34,931	-	837,462	-	-	1,076,537	508,903	-	-	-	-
Unassigned (Deficit)	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balances (Deficit)	<u>34,931</u>	<u>152,769</u>	<u>837,462</u>	<u>7,773</u>	<u>475,823</u>	<u>1,076,537</u>	<u>509,138</u>	<u>-</u>	<u>2,135,045</u>	<u>20,096</u>	<u>182,065</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,506,887</u>	<u>\$ 156,090</u>	<u>\$ 890,424</u>	<u>\$ 23,535</u>	<u>\$ 475,823</u>	<u>\$ 2,797,161</u>	<u>\$ 525,906</u>	<u>\$ 755,717</u>	<u>\$ 2,135,045</u>	<u>\$ 20,096</u>	<u>\$ 911,457</u>

CITY OF OAK CREEK
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (cont.)
 As of December 31, 2011

	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	TIF No. 9 Debt Service Fund	TIF No. 10 Debt Service Fund	Police Station Debt Service Fund	Developer Agreement Fund	TIF No. 7 Capital Projects Fund	TIF No. 8 Capital Projects Fund	
ASSETS												
Cash and investments	\$ 500	\$ -	\$ -	\$ 209,618	\$ 416,321	\$ 37,770	\$ -	\$ 2,177	\$ -	\$ 73,433	\$ -	\$ 4,576,513
Taxes receivable	-	-	331,565	113,882	254,219	22,015	7,919	850,000	-	51,247	56,879	4,071,400
Accounts receivable	-	-	-	-	-	-	-	-	28,220	-	-	157,691
Notes receivable	-	2,000,000	-	-	-	-	-	-	-	-	-	2,000,000
Interest receivable	-	45,370	-	-	-	-	-	-	-	-	-	45,370
Prepaid Expenses	-	-	-	-	-	-	-	-	-	-	-	235
Special assessments receivable	-	-	-	-	-	-	-	-	-	-	-	1,366,638
Loans receivable	-	-	-	-	-	-	-	-	-	-	-	11,388
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	314,900
Restricted cash and investments	-	-	-	-	-	-	-	-	-	-	-	2,155,141
TOTAL ASSETS	\$ 500	\$ 2,045,370	\$ 331,565	\$ 323,500	\$ 670,540	\$ 59,785	\$ 7,919	\$ 852,177	\$ 28,220	\$ 124,680	\$ 56,879	\$ 14,699,276
LIABILITIES AND FUND BALANCES												
Liabilities												
Accounts payable	\$ -	\$ -	\$ 2,122	\$ -	\$ 3,978	\$ -	\$ 1,652	\$ -	\$ -	\$ -	\$ -	\$ 152,644
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	-	67,107
Deposits	-	-	-	-	-	-	-	-	-	-	-	755,717
Due to other funds	-	417,039	4,940	-	-	-	85,759	-	7,454	314,900	105,283	1,132,797
Deferred revenues	-	45,370	331,565	113,882	254,219	22,015	7,919	850,000	-	51,247	56,879	3,809,660
Deferred revenues - special assessments	-	-	-	-	-	-	-	-	-	-	-	1,524,800
Total Liabilities	-	462,409	338,627	113,882	258,197	22,015	95,330	850,000	7,454	366,147	162,162	7,442,725
Fund Balances (Deficit)												
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	235
Restricted	500	2,000,000	-	209,618	412,343	37,770	-	2,177	20,766	-	-	5,656,745
Committed	-	-	-	-	-	-	-	-	-	-	-	2,457,833
Unassigned (Deficit)	-	(417,039)	(7,062)	-	-	-	(87,411)	-	-	(241,467)	(105,283)	(858,262)
Total Fund Balances (Deficit)	500	1,582,961	(7,062)	209,618	412,343	37,770	(87,411)	2,177	20,766	(241,467)	(105,283)	7,256,551
TOTAL LIABILITIES AND FUND BALANCES												
FUND BALANCES	\$ 500	\$ 2,045,370	\$ 331,565	\$ 323,500	\$ 670,540	\$ 59,785	\$ 7,919	\$ 852,177	\$ 28,220	\$ 124,680	\$ 56,879	\$ 14,699,276

CITY OF OAK CREEK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	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
REVENUES										
Taxes	\$ 1,235,185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,724	\$ -	\$ -	\$ -
Intergovernmental	85,229	126,125	-	-	-	-	-	-	-	-
Public charges for service	50,760	-	-	-	4,050	-	-	315,855	-	698,177
Special assessments / developer contributions	-	-	-	-	-	248,315	-	-	-	-
Investment income	225	-	890	4,375	665	117,368	154	2,985	38	236
Miscellaneous	39,435	180,053	2,250,000	-	-	-	14,523	-	16,042	-
Total Revenues	<u>1,410,834</u>	<u>306,178</u>	<u>2,250,890</u>	<u>4,375</u>	<u>4,715</u>	<u>365,683</u>	<u>157,401</u>	<u>318,840</u>	<u>16,080</u>	<u>698,413</u>
EXPENDITURES										
Current										
General Government	-	-	225	-	-	-	-	-	-	-
Public Safety	-	53,836	1,142,031	-	-	-	-	-	24,830	-
Public works	1,423,163	-	-	-	-	-	-	-	-	601,409
Health and human services	-	71,647	-	-	-	-	-	-	-	-
Leisure activities	-	157,900	-	-	-	-	-	5,000	-	-
Conservation and development	-	-	-	4,375	-	-	148,875	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Debt Service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>1,423,163</u>	<u>283,383</u>	<u>1,142,256</u>	<u>4,375</u>	<u>-</u>	<u>-</u>	<u>148,875</u>	<u>5,000</u>	<u>24,830</u>	<u>601,409</u>
Excess (deficiency) of revenues over expenditures	<u>(12,329)</u>	<u>22,795</u>	<u>1,108,634</u>	<u>-</u>	<u>4,715</u>	<u>365,683</u>	<u>8,526</u>	<u>313,840</u>	<u>(8,750)</u>	<u>97,004</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(1,000,000)	-	-	(137,500)	-	(1,064,432)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>(137,500)</u>	<u>-</u>	<u>(1,064,432)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(12,329)	22,795	108,634	-	4,715	228,183	8,526	(750,592)	(8,750)	97,004
FUND BALANCES (DEFICIT) - Beginning of Year	<u>47,260</u>	<u>129,974</u>	<u>728,828</u>	<u>7,773</u>	<u>471,108</u>	<u>848,354</u>	<u>500,612</u>	<u>2,885,637</u>	<u>28,846</u>	<u>85,061</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 34,931</u>	<u>\$ 152,769</u>	<u>\$ 837,462</u>	<u>\$ 7,773</u>	<u>\$ 475,823</u>	<u>\$ 1,076,537</u>	<u>\$ 509,138</u>	<u>\$ 2,135,045</u>	<u>\$ 20,096</u>	<u>\$ 182,065</u>

CITY OF OAK CREEK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Cont.)
For the Year Ended December 31, 2011

	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	TIF No. 9 Debt Service Fund	TIF No. 10 Debt Service Fund	Police Station Debt Service Fund	Developer Agreements Fund	TIF No. 7 Capital Projects Fund		TIF No. 8 Capital Projects Fund
REVENUES												
Taxes	\$ -	\$ -	\$ 339,388	\$ 115,832	\$ 225,678	\$ 45,061	\$ -	\$ 873,500	\$ -	\$ 616,330	\$ 48,162	\$ 3,641,860
Intergovernmental	-	1,690,610	3,669	2,297	756	2,703	-	-	-	24,256	4,141	1,939,786
Public charges for service	-	-	-	-	-	-	-	-	-	-	-	1,068,842
Special assessments / developer contributions	-	-	5,000	-	-	-	5,000	-	17,753	-	-	276,068
Investment income	-	110	61	154	199	30	-	-	-	160	-	127,650
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	2,500,053
Total Revenues	-	1,690,720	348,118	118,283	226,633	47,794	5,000	873,500	17,753	640,746	52,303	9,554,259
EXPENDITURES												
Current												
General Government	-	-	-	-	-	-	-	-	-	-	-	225
Public Safety	-	-	-	-	-	-	-	-	-	-	-	1,220,697
Public works	-	-	-	-	-	-	-	-	-	-	-	2,024,572
Health and human services	-	-	-	-	-	-	-	-	-	-	-	71,647
Leisure activities	-	-	-	-	-	-	-	-	-	-	-	162,900
Conservation and development	-	-	-	-	-	-	71,750	-	-	-	-	225,000
Capital Outlay	-	-	-	-	-	10,024	-	-	32,133	695,331	2,905	740,393
Debt Service												
Principal	125,000	-	360,000	90,000	100,000	-	-	750,000	-	-	-	1,425,000
Interest	375,844	-	8,231	2,605	67,106	-	-	305,394	-	-	-	759,180
Total Expenditures	500,844	-	368,231	92,605	167,106	10,024	71,750	1,055,394	32,133	695,331	2,905	6,629,614
Excess (deficiency) of revenues over expenditures	(500,844)	1,690,720	(20,113)	25,678	59,527	37,770	(66,750)	(181,894)	(14,380)	(54,585)	49,398	2,924,645
OTHER FINANCING SOURCES (USES)												
Transfers in	501,344	-	-	-	-	-	-	181,935	-	-	-	683,279
Transfers out	-	(608,279)	-	-	-	-	-	-	-	-	-	(2,810,211)
Total Other Financing Sources (Uses)	501,344	(608,279)	-	-	-	-	-	181,935	-	-	-	(2,126,932)
Net change in fund balances	500	1,082,441	(20,113)	25,678	59,527	37,770	(66,750)	41	(14,380)	(54,585)	49,398	797,713
FUND BALANCES (DEFICIT) - Beginning of Year	-	500,520	13,051	183,940	352,816	-	(20,661)	2,136	35,146	(186,882)	(154,681)	6,458,838
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 500	\$ 1,582,961	\$ (7,062)	\$ 209,618	\$ 412,343	\$ 37,770	\$ (87,411)	\$ 2,177	\$ 20,766	\$ (241,467)	\$ (105,283)	\$ 7,256,551