

CITY OF OAK CREEK

Oak Creek, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2014

CITY OF OAK CREEK

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oak Creek, Wisconsin, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Oak Creek's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the City Council
City of Oak Creek

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oak Creek, Wisconsin, as of December 31, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the 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, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oak Creek's basic financial statements. The 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of the City of Oak Creek's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Oak Creek's internal control over financial reporting and compliance.

Baker Tilly Vinchow Krause, LLP

Milwaukee, Wisconsin
July 27, 2015

CITY OF OAK CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) December 31, 2014

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 position increased by less than 1% in 2014, to \$174.3 million. Of this amount, \$139.5 million represents the City's net investment in capital assets, while \$33.7 million was held for restricted purposes, and \$1.1 million was unrestricted.

At the end of 2014, the City's governmental activities reported total net position of \$68.1 million, including a deficit balance in unrestricted net position of \$16.8 million.

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

The second government-wide statement is the Statement of Activities, which reports how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the City's distinct activities or functions on revenues 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*. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The City has three kinds of funds:

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

Net position. The City's combined net position increased by \$341,862 from fiscal year 2013 to 2014, a change of less than 1%; this increase was comprised of a government-activities decrease of \$1.4 million plus a business-type activities increase of \$1.8 million. (See Table 1) The City's governmental activities and business-type activities have approximately 39% and 61%, respectively, of the combined assets.

Total net position of the City's governmental activities decreased to \$68.1 million, a reduction of 2.1% from 2013. The City's net investment in capital assets represents 77.6% of the total. Restricted net position of \$32.1 million represents 47.2% of the total. Unrestricted net position deficit of \$16.8 million represents -24.8% of the total.

Total net position of the City's business-type activities increased by 1.7% to \$106.2 million, including unrestricted net position of \$17.9 million, representing 16.9% of the total. All government and business type activities are self-supporting entities; net position of one entity is not permanently used by other entities.

Table 1
City of Oak Creek, Wisconsin
2014 and 2013 Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	96.1	94.4	22.2	20.9	118.3	115.3
Capital assets	120.2	96.2	108.4	107.2	228.6	203.4
Total assets	216.3	190.6	130.6	128.1	346.9	318.7
Deferred charge on refunding	0.0	0.0	0.2	0.2	0.2	0.2
Total deferred outflows of resources	0.0	0.0	0.2	0.2	0.2	0.2
Long-term debt outstanding	117.2	95.9	22.9	22.6	140.1	118.5
Other liabilities	9.2	3.6	1.7	1.3	10.9	4.9
Total liabilities	126.4	99.5	24.6	23.9	151.0	123.4
Unearned revenue	21.8	21.6	0.0	0.0	21.8	21.6
Total deferred inflows of resources	21.8	21.6	0.0	0.0	21.8	21.6
Net position:						
Net investment in capital assets	52.8	71.2	86.7	85.7	139.5	156.9
Restricted	32.1	8.1	1.6	1.5	33.7	9.6
Unrestricted	-16.8	-9.8	17.9	17.2	1.1	7.4
Total net position - end of year	68.1	69.5	106.2	104.4	174.3	173.9
Net position - beginning of year	69.5	72.9	104.4	103.1	173.9	176.0
Change in net position	-1.4	-3.4	1.8	1.3	0.4	-2.1
Percent change in net position	-2.0%	-4.7%	1.7%	1.3%	0.2%	-1.2%

Change in combined net position.

The City had combined total revenues of \$54.7 million in 2014 and combined total expenses of \$54.4 million. After transfers, governmental activities had a decrease in net position of \$1.4 million, while business-type activities had an increase in net position of \$1.8 million. Table 2 and the following narrative consider the operations of governmental and business-type activities separately.

Table 2
City of Oak Creek, Wisconsin

2014 and 2013 Changes in Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues						
Charges for service	4.6	4.4	13.7	13.6	18.3	18.0
Operating grants & contributions	2.2	2.2	-	-	2.2	2.2
Capital contributions	1.5	1.8	0.1	0.3	1.6	2.1
General Revenues						
Taxes	21.6	22.2	-	-	21.6	22.2
Intergovernmental	6.4	6.3	-	-	6.4	6.3
Other	4.3	3.2	0.3	0.1	4.6	3.3
Total Revenues	40.6	40.1	14.1	14.0	54.7	54.1
Expenses:						
General government	6.5	6.9	-	-	6.5	6.9
Public safety	16.8	19.0	-	-	16.8	19.0
Health and social services	0.6	0.4	-	-	0.6	0.4
Public works	9.9	10.3	-	-	9.9	10.3
Leisure activities	2.1	2.2	-	-	2.1	2.2
Conservation & development	5.8	5.6	-	-	5.8	5.6
Interest and fiscal charges	1.9	0.8	-	-	1.9	0.8
Water	-	-	7.2	7.4	7.2	7.4
Sewer	-	-	3.5	3.6	3.5	3.6
Total Expenses	43.6	45.2	10.7	11.0	54.3	56.2
Excess/(Deficiency) before transfers:	-3.0	-5.1	3.4	3.0	0.4	-2.1
Transfers	1.6	1.7	-1.6	-1.7	-	-
Change in Net Position	-1.4	-3.4	1.8	1.3	0.4	-2.1
Beginning Net Position	69.5	72.9	104.4	103.1	173.9	176.0
ENDING NET POSITION	68.1	69.5	106.2	104.4	174.3	173.9

Governmental Activities

The City of Oak Creek received a total of \$40.6 million in governmental activities revenues in 2014, up \$0.5 million when compared to 2013 revenues. As Table 2 indicates, the largest revenue source is the property tax, which accounts for \$21.6 million, or 53.1% of all governmental revenues, down from 55.4% in 2013. Property tax revenue in 2014 was virtually flat when compared to 2013 levels. Any increase in tax revenue was due to increased values and revenues within the city's tax incremental districts. As of this writing, the Legislature of the State of Wisconsin has imposed a permanent levy freeze, with the exception of new growth.

The next largest category of revenues is intergovernmental revenue with \$6.4 million (15.7%), followed by public charges for service of \$4.6 million (11.4%), and investment income and miscellaneous revenues account for \$4.3 million (10.6%). Operating grants and contributions of \$2.2 million (5.4%) and the balance of approximately \$1.5 million (3.7%) was made up by capital contributions.

Total governmental activities expenses were \$43.6 million in 2014, which exceeded revenues by \$1.4 million. At \$16.8 million, public safety, including police, EMS, inspection and fire services, accounts for the largest share of City expenses at 38.5%. This is followed by public works with \$9.9 million, representing 22.8% and the general government group of activities with \$6.5 million or 14.9%. Conservation and development, at \$5.8 million, is next with 13.3%, Leisure activities with \$2.1 million (4.8%), health/social services at \$0.6 million (1.4%) complete the activities. Payment of interest and fiscal charges in the amount of \$1.9 million, accounts for 4.3% of total governmental activities expenses.

Business-type Activities

The City of Oak Creek received \$14.1 million in business-type activities revenue during 2014 from its water & sewer utilities. Charges for services are by far the largest revenue sources for these operations, representing \$13.7 million of non-capital contribution revenues. Capital grants and contributions received were \$0.1 million in 2014, with interest and miscellaneous income accounting for the balance of revenues of \$0.3 million.

Net position of the City of Oak Creek's water & sewer utilities increased by \$1.8 million in 2014, which represents a 1.7% increase over the prior year's net position.

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 unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of 2014, the combined fund balances for the City's governmental funds was \$63.6 million. Of this total, \$0.7 million is nonspendable, \$32.7 million is restricted, \$2.4 million is committed and \$23.2 is assigned. The balance of unassigned governmental fund balances is \$4.6 million. These funds are allocated across the following areas:

Unassigned Fund Balances (deficit):	
General Fund	\$ 5.1
Special Revenue Funds	(0.3)
Debt Service Funds	(0.2)
Total	<u>\$ 4.6</u>

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

- Total fund balance as of December 31, 2014 was \$7.5 million, of which \$1.6 million was assigned. Included in the assigned amount are tax equivalent dollars to be paid by the utility in 2014, and minor amounts for delinquent personal property taxes, non-current receivables and inventories.
- Unassigned fund balance increased from 2013 to \$5.1 million. The unassigned fund balance is now approximately 22% of the general fund 2014 actual revenues and other financing sources; this is within the City's policy target range of 15-25% for the purposes of cash flow, stabilization, and emergency reserves.

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

- Total fund balance as of December 31, 2014 increased from a deficit balance of \$0.63 million to a deficit balance \$0.2.
- Total revenues for 2014 were \$4.8 million, which included \$3.6 million from taxes and \$1.1 million from public charges for services.
- Total expenditures for the year were \$4.8 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 \$21.6 million, an increase of \$12.5 million from 2013.
- Revenue sources provided \$21.3 million; \$20.5 million from new long-term debt that was issued.
- Expenditures in this fund totaled \$12.7 million in 2014. The largest expenses included the City Hall/Library and Fire Station project costs and capital equipment purchases.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund budget is adopted at the department level of expenditure. There was one budget amendment made in 2014, related to adjustment for dispatch services.

The City ended the year with an unfavorable variance in general fund revenues, but favorable variance in expenditures. Revenues and other sources were below budget projections by approximately \$43,000, while expenditures were under budget by \$1.2 million. The expenditure outcome relates mainly to retirements and unfilled positions which occurred throughout the year in the Building Maintenance, Assessor, Police, Health and Engineering departments.

On the revenue side, conservative budgeting kept all categories quite close to budget. Year over year revenues were mostly stagnant, but the City saw increased construction activity sooner than expected resulting in \$219,000 in excess of the budgeted permit revenue. The City also saw higher insurance incentives as it works to mitigate risk and reduce our claims resulting in a partial return of premium. The short-term revenue outlook is stable with the exception of planned growth in the next two years. The state approved legislation will continue to limit taxation to growth alone and short-term interest rates will remain near all-time lows.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2014, the City reported a combined investment in capital assets of \$228.6 million. Of this amount, \$120.1 million, or 52.6%, 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 \$87.2 million.

In 2014, capital assets of governmental activities increased by \$0.3 million. Capital assets of business type activities decreased by \$0.6 million, with water pumping assets representing the majority of the decrease.

Table 3
City of Oak Creek, Wisconsin

**2014 and 2013 Capital Asset
Net of Accumulated Depreciation** (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land and improvements	24.2	23.0	0.1	0.1	24.3	23.1
Construction in progress	24.2	-	3.2	0.1	27.4	0.1
Buildings	15.8	16.2	-	-	15.8	16.2
Machinery and equipment	6.2	5.2	105.1	107.6	111.3	112.8
Infrastructure	49.8	51.8	-	-	49.8	51.8
Total	120.2	96.2	108.4	107.8	228.6	204.0

Long-term Debt

At year-end, the governmental activities had \$89.4 million in general obligation bonds and promissory notes and capital appreciation bonds, an increase of \$20.7 million from last year. This was due to public improvements and infrastructure at the Drexel Town Square, Oak View Business Park and Lake Vista development projects. At the end of 2014, the business-type activities had a total of \$21.9 million in outstanding revenue bonds and general obligation debt.

The City's general obligation bonds are rated Aa2 by Moody's Investors Service, which has also rated the City's short term notes with a MIG1 rating. Revenue bonds of the water & sewer utilities are rated Aa2. State law limits the City to issuing general obligation bonds totaling no more than 5% of the City's equalized value. Based on the 2014 equalized value, this limit is \$147.6 million. The City currently has a combined total of \$89.4 million of general obligation notes and bonds outstanding, representing 60.6% of its legal debt capacity.

Table 4
City of Oak Creek, Wisconsin

2014 and 2013 Outstanding Debt (in millions of dollars)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General obligation debt	89.1	68.0	-	-	89.1	68.0
Capital appreciation bonds	0.3	0.7	-	-	0.3	0.7
Revenue debt	-	-	21.9	21.7	21.9	21.7
Totals	<u>89.4</u>	<u>68.7</u>	<u>21.9</u>	<u>21.7</u>	<u>111.3</u>	<u>90.4</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Oak Creek is located in southeastern Milwaukee County, and is one of only two municipalities in Milwaukee County with numerous tracts of vacant land. This location and land availability has contributed to the City's rapid growth and strong economic position. The local economy has picked up over the last few years with growth expected in 2014 at Drexel Town Square and Oak View Business Park as well as other locations throughout the City. The majority of this growth is currently within TIF districts.

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

	Estimated 2014	Estimated 2013	Estimated 2012	Census 2010	Census 2010
City of Oak Creek	34,707	34,695	34,530	34,495	34,451
Milwaukee County	949,741	950,410	948,322	948,369	947,735
State of Wisconsin	5,732,981	5,717,100	5,694,236	5,694,236	5,686,986

Total New Construction Building Permits			Total Residential Building Permits	
Year	Number	Value	Number	Value
2014	35	\$68,141,819	18	\$4,236,453

The Oak Creek City Council adopted the 2014 budget in November of 2013, which authorized general fund expenditures of \$24.3 million, a 1.99% increase from 2013. The combined general fund and debt service property tax levy is \$14.4 million, an increase of \$114,000 from 2013 due to new construction. The mill rate for City services decreased by \$.04 in 2014, due entirely to the slight increase in property values. The total tax levy has remained essentially at the same level since 2009, with any increase limited to the amount generated by new growth to the tax base.

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 POSITION As of December 31, 2014

	Governmental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments	\$ 68,622,778	\$ 18,513,918	\$ 87,136,696
Taxes receivable	22,459,564	-	22,459,564
Delinquent personal property taxes receivable	13,492	-	13,492
Accounts receivable	1,518,356	2,859,408	4,377,764
Special assessments receivable	904,844	-	904,844
Loans receivable	6,503	-	6,503
Interest receivable	11,254	-	11,254
Other assets	-	5,000	5,000
Internal balances	830,048	(830,048)	-
Prepaid items and inventories	123,532	80,616	204,148
Restricted cash and investments	1,672,756	1,606,781	3,279,537
Capital Assets			
Land and land rights	23,509,754	130,814	23,640,568
Construction in progress	24,170,606	3,196,649	27,367,255
Other capital assets, net of depreciation	72,502,477	105,096,158	177,598,635
Total Assets	<u>216,345,964</u>	<u>130,659,296</u>	<u>347,005,260</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	170,729	170,729
Total Deferred Outflows of Resources	<u>-</u>	<u>170,729</u>	<u>170,729</u>
LIABILITIES			
Accounts payable and accrued liabilities	8,603,539	1,614,930	10,218,469
Deposits	537,165	-	537,165
Unearned revenue	29,100	110,052	139,152
Noncurrent Liabilities			
Due within one year	39,097,538	1,837,799	40,935,337
Due in more than one year	78,158,175	21,062,248	99,220,423
Total Liabilities	<u>126,425,517</u>	<u>24,625,029</u>	<u>151,050,546</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	21,835,396	-	21,835,396
Total Deferred Inflows of Resources	<u>21,835,396</u>	<u>-</u>	<u>21,835,396</u>
NET POSITION			
Net investment in capital assets	52,839,114	86,677,677	139,516,791
Restricted for debt service	15,768,680	1,562,484	17,331,164
Restricted for TID activity	13,585,358	-	13,585,358
Restricted for impact fees	1,634,727	-	1,634,727
Restricted for park escrow	464,924	-	464,924
Restricted for other purposes	659,261	-	659,261
Unrestricted (deficit)	<u>(16,867,013)</u>	<u>17,964,835</u>	<u>1,097,822</u>
TOTAL NET POSITION	<u>\$ 68,085,051</u>	<u>\$ 106,204,996</u>	<u>\$ 174,290,047</u>

See accompanying notes to financial statements.

CITY OF OAK CREEK

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental Activities							
General government	\$ 6,504,328	\$ 1,353,110	\$ -	\$ 58,407	\$ (5,092,811)	\$ -	\$ (5,092,811)
Public safety	16,789,947	2,052,281	302,093	-	(14,435,573)	-	(14,435,573)
Health and social services	598,408	23,094	95,018	-	(480,296)	-	(480,296)
Public works	9,928,122	1,063,382	1,814,056	590,493	(6,460,191)	-	(6,460,191)
Leisure activities	2,103,156	144,258	-	4,100	(1,954,798)	-	(1,954,798)
Conservation and development	5,807,179	2,375	-	833,915	(4,970,889)	-	(4,970,889)
Interest and fiscal charges	1,873,569	-	-	-	(1,873,569)	-	(1,873,569)
Total Governmental Activities	43,604,709	4,638,500	2,211,167	1,486,915	(35,268,127)	-	(35,268,127)
Business-type Activities							
Water utility	7,259,767	10,243,193	-	144,382	-	3,127,808	3,127,808
Sewer utility	3,486,285	3,486,102	-	-	-	(183)	(183)
Total Business-type Activities	10,746,052	13,729,295	-	144,382	-	3,127,625	3,127,625
Totals	\$ 54,350,761	\$ 18,367,795	\$ 2,211,167	\$ 1,631,297	(35,268,127)	3,127,625	(32,140,502)
General Revenues							
Taxes							
Property taxes, levied for general purposes					18,340,128	-	18,340,128
Property taxes, levied for debt service					850,000	-	850,000
Property taxes, levied for tax incremental districts					1,572,339	-	1,572,339
Other taxes					795,348	-	795,348
Intergovernmental revenues not restricted to specific programs					6,373,218	-	6,373,218
Investment income					884,867	98,139	983,006
Miscellaneous					3,420,114	148,211	3,568,325
Transfers					1,596,033	(1,596,033)	-
Total General Revenues and Transfers					33,832,047	(1,349,683)	32,482,364
Change in Net Position					(1,436,080)	1,777,942	341,862
NET POSITION - Beginning of Year					69,521,131	104,427,054	173,948,185
NET POSITION - END OF YEAR					\$ 68,085,051	\$ 106,204,996	\$ 174,290,047

See accompanying notes to financial statements.

CITY OF OAK CREEK

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2014

	General	Emergency Medical Services Fund	DPW Debt Service Fund	Debt Amortization Fund	Capital Improvement Fund	TIF No. 8 Capital Projects Fund	TIF No. 11 Capital Projects Fund	Nonmajor Governmental Funds	Totals
ASSETS									
Cash and investments	\$ 6,061,947	\$ -	\$ 11,951,808	\$ 3,172,456	\$ 25,294,933	\$ 2,311,874	\$ 10,826,543	\$ 7,210,081	\$ 66,829,642
Receivables									
Taxes	13,019,534	3,551,590	850,000	-	746	164,289	21,076	4,852,329	22,459,564
Delinquent personal property taxes	13,492	-	-	-	-	-	-	-	13,492
Accounts	270,842	236,910	-	103,134	-	150,839	578,430	172,379	1,512,534
Interest receivable	11,254	-	-	-	-	-	-	-	11,254
Special assessments	-	-	-	-	-	-	-	904,844	904,844
Loans	-	-	-	-	-	-	-	6,503	6,503
Prepaid items	8,914	353	-	-	-	-	-	128	9,395
Due from other funds	2,234,933	-	-	-	-	-	-	314,900	2,549,833
Inventories	108,524	-	-	-	-	-	-	-	108,524
Restricted cash and investments	-	-	-	-	-	-	-	1,672,756	1,672,756
TOTAL ASSETS	\$ 21,729,440	\$ 3,788,853	\$ 12,801,808	\$ 3,275,590	\$ 25,295,679	\$ 2,627,002	\$ 11,426,049	\$ 15,133,920	\$ 96,078,341
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities									
Accounts payable	\$ 397,722	\$ 22,497	\$ -	\$ -	\$ 2,740,081	\$ 1,339,038	\$ 1,020,541	\$ 196,235	\$ 5,716,114
Accrued liabilities	685,590	121,435	-	-	927,174	-	-	28,460	1,762,659
Deposits	88,960	-	-	-	-	-	-	448,205	537,165
Due to other funds	451,338	283,724	-	-	27,819	55,258	3,972	890,443	1,712,554
Unearned revenues	29,100	-	-	-	-	-	-	-	29,100
Total Liabilities	1,652,710	427,656	-	-	3,695,074	1,394,296	1,024,513	1,563,343	9,757,592
Deferred Inflows of Resources									
Unearned revenues	12,593,329	3,551,590	850,000	-	-	164,289	21,076	4,655,112	21,835,396
Unavailable revenues	-	7,085	-	-	-	-	-	890,049	897,134
Total Deferred inflows of Resources	12,593,329	3,558,675	850,000	-	-	164,289	21,076	5,545,161	22,732,530
Fund Balances									
Nonspendable	745,992	-	-	-	-	-	-	128	746,120
Restricted	-	-	11,951,808	3,275,590	-	1,068,417	10,380,460	5,986,792	32,663,067
Committed	-	-	-	-	-	-	-	2,358,597	2,358,597
Assigned	1,596,033	-	-	-	21,600,605	-	-	-	23,196,638
Unassigned (deficit)	5,141,376	(197,478)	-	-	-	-	-	(320,101)	4,623,797
Total Fund Balances	7,483,401	(197,478)	11,951,808	3,275,590	21,600,605	1,068,417	10,380,460	8,025,416	63,588,219
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 21,729,440	\$ 3,788,853	\$ 12,801,808	\$ 3,275,590	\$ 25,295,679	\$ 2,627,002	\$ 11,426,049	\$ 15,133,920	\$ 96,078,341

CITY OF OAK CREEK

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION For the Year Ended December 31, 2014

Fund balance - total governmental funds	\$ 63,588,219
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	
Land and land rights	23,509,754
Construction in progress	24,170,606
Other capital assets, net of depreciation	72,502,477
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	883,546
Accounts receivable	7,085
Loans receivable	6,503
Internal service funds are used by management to charge costs of insurance coverage to individual funds. The assets and liabilities of the internal service fund are included in government activities in the statement of net position.	
	1,222,691
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	(89,423,656)
Unamortized debt premium	(502,061)
Unfunded OPEB liability	(25,850,952)
Compensated absences	(1,479,044)
Accrued interest	<u>(550,117)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 68,085,051</u>

CITY OF OAK CREEK

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	General	Emergency Medical Services Fund	DPW Debt Service Fund	Debt Amortization Fund	Capital Improvement Fund	TIF No. 8 Capital Projects Fund	TIF No. 11 Capital Projects Fund	Nonmajor Governmental Funds	Totals
REVENUES									
Taxes	\$ 14,119,928	\$ 3,551,590	\$ -	\$ -	\$ -	\$ 68,462	\$ 25,537	\$ 3,792,300	\$ 21,557,815
Intergovernmental	5,015,928	140,808	-	3,156,397	613,354	6,839	-	272,632	9,205,958
Regulation and compliance	1,672,935	-	-	-	-	-	-	-	1,672,935
Public charges for services	261,212	1,104,001	-	-	-	-	-	1,268,950	2,634,163
Special assessments/developer contributions	-	-	-	-	-	-	-	231,201	231,201
Investment income	263,362	275	27,435	259,933	10,977	5,551	21,803	84,023	673,359
Miscellaneous	195,896	-	-	686,105	-	150,839	578,430	2,485,537	4,096,807
Interfund charges for services	297,307	-	-	-	-	-	-	-	297,307
Total Revenues	<u>21,826,566</u>	<u>4,796,674</u>	<u>27,435</u>	<u>4,102,435</u>	<u>624,331</u>	<u>231,691</u>	<u>625,770</u>	<u>8,134,643</u>	<u>40,369,545</u>
EXPENDITURES									
Current									
General government	5,806,073	-	-	-	-	-	-	-	5,806,073
Public safety	10,833,134	4,762,499	-	-	-	-	-	1,384,211	16,979,844
Health and social services	489,718	-	-	-	-	-	-	94,398	584,116
Public works	3,927,478	-	-	-	-	-	1,218,725	1,953,769	7,099,972
Leisure activities	1,893,214	-	-	-	-	-	-	255,429	2,148,643
Conservation and development	-	-	-	-	-	37,134	-	645,806	682,940
Capital Outlay	-	-	-	-	12,698,450	7,706,054	10,719,035	318,060	31,441,599
Debt Service									
Principal retirement	-	-	1,125,000	-	-	-	-	1,385,000	2,510,000
Interest and fiscal charges	-	-	911,970	-	-	164,530	447,600	164,213	1,688,313
Total Expenditures	<u>22,949,617</u>	<u>4,762,499</u>	<u>2,036,970</u>	<u>-</u>	<u>12,698,450</u>	<u>7,907,718</u>	<u>12,385,360</u>	<u>6,200,886</u>	<u>68,941,500</u>
Excess (deficiency) of revenues over expenditures	<u>(1,123,051)</u>	<u>34,175</u>	<u>(2,009,535)</u>	<u>4,102,435</u>	<u>(12,074,119)</u>	<u>(7,676,027)</u>	<u>(11,759,590)</u>	<u>1,933,757</u>	<u>(28,571,955)</u>
OTHER FINANCING SOURCES (USES)									
Long-term debt issued	-	-	-	-	20,500,000	-	-	-	20,500,000
Refunding debt issued	-	-	2,725,000	-	-	-	-	-	2,725,000
Premium on debt	-	-	-	-	134,000	-	-	-	134,000
Sale of property	42,170	-	-	-	-	-	-	-	42,170
Transfers in	1,596,033	397,142	11,381,284	-	4,250,314	-	-	176,133	17,800,906
Transfers out	(515,152)	-	(30,108)	(3,440,533)	(335,308)	-	-	(11,883,772)	(16,204,873)
Total Other Financing Sources (Uses)	<u>1,123,051</u>	<u>397,142</u>	<u>14,076,176</u>	<u>(3,440,533)</u>	<u>24,549,006</u>	<u>-</u>	<u>-</u>	<u>(11,707,639)</u>	<u>24,997,203</u>
Net Change in Fund Balance	<u>-</u>	<u>431,317</u>	<u>12,066,641</u>	<u>661,902</u>	<u>12,474,887</u>	<u>(7,676,027)</u>	<u>(11,759,590)</u>	<u>(9,773,882)</u>	<u>(3,574,752)</u>
FUND BALANCES (Deficit) - Beginning of Year	<u>7,483,401</u>	<u>(628,795)</u>	<u>(114,833)</u>	<u>2,613,688</u>	<u>9,125,718</u>	<u>8,744,444</u>	<u>22,140,050</u>	<u>17,799,298</u>	<u>67,162,971</u>
FUND BALANCES (Deficit) - END OF YEAR	<u>\$ 7,483,401</u>	<u>\$ (197,478)</u>	<u>\$ 11,951,808</u>	<u>\$ 3,275,590</u>	<u>\$ 21,600,605</u>	<u>\$ 1,068,417</u>	<u>\$ 10,380,460</u>	<u>\$ 8,025,416</u>	<u>\$ 63,588,219</u>

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, 2014

Net change in fund balances - total governmental funds \$ (3,574,752)

Amounts reported for governmental activities in the statement of activities
are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	31,441,599
Some amounts reported as capital outlay were not capitalized	(5,167,727)
Depreciation is reported in the government-wide statements	(2,628,885)
Net book value of disposed assets	(173,075)
Capital contributions are reported in the government-wide statements	537,624

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

Special assessments	(153,669)
Grants	(225,830)
Notes	(582,971)

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

Principal repaid	2,510,000
Debt proceeds	(23,225,000)
Capital appreciation bond increase	(31,777)

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

Premium on issued debt	(134,000)
Amortization of debt premium on debt issued	211,005

Part of net revenue of activities in the internal service fund is reported with governmental
activities 590,795

Some expenses in the statement of activities do not require the use of
current financial resources and, therefore, are not reported as expenditures
in the governmental funds.

Other postemployment benefits	(1,409,900)
Compensated absences	733,959
Accrued interest on debt	(153,476)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (1,436,080)

See accompanying notes to financial statements.

CITY OF OAK CREEK

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2014

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
ASSETS				
Current Assets				
Cash and investments	\$ 12,374,936	\$ 6,138,982	\$ 18,513,918	\$ 1,793,136
Customer accounts receivable	2,032,647	773,526	2,806,173	-
Other accounts receivable	23,462	29,773	53,235	5,826
Due from other funds	363,760	263,836	627,596	29,672
Inventories	65,224	-	65,224	-
Prepaid items	7,242	833	8,075	5,613
Restricted assets				
Revenue bond redemption account	160,964	-	160,964	-
Total Current Assets	<u>15,028,235</u>	<u>7,206,950</u>	<u>22,235,185</u>	<u>1,834,247</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	117,669	13,145	130,814	-
Construction in progress	3,196,300	349	3,196,649	-
Utility plant in service	105,496,005	42,019,731	147,515,736	-
Accumulated depreciation	(32,055,802)	(10,363,776)	(42,419,578)	-
Total Capital Assets	<u>76,754,172</u>	<u>31,669,449</u>	<u>108,423,621</u>	<u>-</u>
Other Assets				
Property held for future use	5,000	-	5,000	-
Prepaid items	5,652	1,665	7,317	-
Due from other funds - special assessments	110,837	86,145	196,982	-
Due from other funds - advance	-	2,416,859	2,416,859	-
Total Other Assets	<u>121,489</u>	<u>2,504,669</u>	<u>2,626,158</u>	<u>-</u>
Total Assets	<u>93,349,713</u>	<u>41,381,068</u>	<u>134,730,781</u>	<u>1,834,247</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	170,729	-	170,729	-
Total Assets and Deferred Outflows of Resources	<u>93,520,442</u>	<u>41,381,068</u>	<u>134,901,510</u>	<u>1,834,247</u>

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>	<u>Activities - Internal Service Fund</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 897,593	\$ 572,660	\$ 1,470,253	\$ 574,653
Accrued payroll	61,875	2,369	64,244	-
Accrued interest payable	36,136	-	36,136	-
Due to other funds	1,682,785	8,744	1,691,529	-
Unearned revenue	110,052	-	110,052	-
Compensated absences	38,341	-	38,341	-
Revenue bonds payable	399,458	-	399,458	-
Liabilities Payable From Restricted Assets				
Accrued interest	44,297	-	44,297	-
Current portion of revenue bonds	1,400,000	-	1,400,000	-
Total Current Liabilities	<u>4,670,537</u>	<u>583,773</u>	<u>5,254,310</u>	<u>574,653</u>
Noncurrent Liabilities				
Net other postemployment benefits obligation	756,026	189,007	945,033	-
Due to other funds - Advance	2,416,859	-	2,416,859	-
Unamortized premiums on debt	39,100	-	39,100	-
Revenue bonds	20,078,115	-	20,078,115	-
Total Noncurrent Liabilities	<u>23,290,100</u>	<u>189,007</u>	<u>23,479,107</u>	<u>-</u>
Total Liabilities	<u>27,960,637</u>	<u>772,780</u>	<u>28,733,417</u>	<u>574,653</u>
NET POSITION				
Net investment in capital assets	55,008,228	31,669,449	86,677,677	-
Restricted				
Debt service	1,562,484	-	1,562,484	-
Unrestricted	<u>8,989,093</u>	<u>8,938,839</u>	<u>17,927,932</u>	<u>1,259,594</u>
TOTAL NET POSITION	<u>\$ 65,559,805</u>	<u>\$ 40,608,288</u>	106,168,093	<u>\$ 1,259,594</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>36,903</u>	
Net Position of Business-type Activities			<u>\$ 106,204,996</u>	

See accompanying notes to financial statements.

CITY OF OAK CREEK

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

For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
OPERATING REVENUES				
Charges for services and sales	\$ 9,856,171	\$ 3,435,950	\$ 13,292,121	\$ -
Other operating revenues	<u>387,022</u>	<u>50,152</u>	<u>437,174</u>	<u>6,334,843</u>
Total Operating Revenues	<u>10,243,193</u>	<u>3,486,102</u>	<u>13,729,295</u>	<u>6,334,843</u>
OPERATING EXPENSES				
Operation and maintenance	4,005,733	2,894,764	6,900,497	5,743,495
Depreciation	2,352,525	548,716	2,901,241	-
Taxes	<u>124,510</u>	<u>42,805</u>	<u>167,315</u>	<u>-</u>
Total Operating Expenses	<u>6,482,768</u>	<u>3,486,285</u>	<u>9,969,053</u>	<u>5,743,495</u>
Operating Income (Loss)	<u>3,760,425</u>	<u>(183)</u>	<u>3,760,242</u>	<u>591,348</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	66,754	31,385	98,139	2,876
Loss from merchandising and jobbing	(1,832)	-	(1,832)	-
Interest expense	(747,975)	-	(747,975)	-
Amortization expense	(27,192)	-	(27,192)	-
Insurance proceeds	144,782	-	144,782	-
Gain on sale of capital assets	<u>13,128</u>	<u>-</u>	<u>13,128</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(552,335)</u>	<u>31,385</u>	<u>(520,950)</u>	<u>2,876</u>
Income (Loss) Before Contributions and Transfers	3,208,090	31,202	3,239,292	594,224
CAPITAL CONTRIBUTIONS	131,254	-	131,254	-
TRANSFERS OUT	<u>(1,596,033)</u>	<u>-</u>	<u>(1,596,033)</u>	<u>-</u>
Change in Net Position	1,743,311	31,202	1,774,513	594,224
NET POSITION - Beginning of Year	<u>63,816,494</u>	<u>40,577,086</u>		<u>665,370</u>
NET POSITION - END OF YEAR	<u>\$ 65,559,805</u>	<u>\$ 40,608,288</u>		<u>\$ 1,259,594</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>3,429</u>	
Change in Net Position of Business-Type Activities			<u>\$ 1,777,942</u>	

See accompanying notes to financial statements.

CITY OF OAK CREEK

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 9,896,987	\$ 3,491,527	\$ 13,388,514	\$ 6,349,559
Received from rents of water property	296,689	-	296,689	-
Payment for nonoperating activities	(13,681)	-	(13,681)	-
Received from miscellaneous sources	194,003	3,674	197,677	-
Paid to Milwaukee Metro Sewerage District for sewer user charges	-	(2,116,635)	(2,116,635)	-
Paid to suppliers for goods and services	(2,425,308)	(495,436)	(2,920,744)	(5,627,646)
Paid to employees for services	(1,768,306)	(434,296)	(2,202,602)	-
Net Cash Flows From Operating Activities	<u>6,180,384</u>	<u>448,834</u>	<u>6,629,218</u>	<u>721,913</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to city for tax equivalent	(1,683,672)	-	(1,683,672)	-
Principal received from Water Utility - advance	-	41,500	41,500	-
Net Cash Flows From Noncapital Financing Activities	<u>(1,683,672)</u>	<u>41,500</u>	<u>(1,642,172)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments purchased	-	(50,000)	(50,000)	-
Proceeds from sale of investments	50,000	-	50,000	-
Interest received from Water Utility - advance	-	8,500	8,500	-
Investment income	13,977	10,605	24,582	2,876
Net Cash Flows From Investing Activities	<u>63,977</u>	<u>(30,895)</u>	<u>33,082</u>	<u>2,876</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(3,558,673)	(89,730)	(3,648,403)	-
Proceeds received for acquisition and construction of capital assets	67,027	-	67,027	-
Advance from Sewer Utility for acquisition and construction of capital assets	-	48,439	48,439	-
Proceeds from sale of capital assets	15,030	-	15,030	-
Special assessment proceeds	21,935	30,418	52,353	-
Cost of removal	(6,905)	-	(6,905)	-
Connection fees received	5,405	-	5,405	-
Proceeds from issuance of debt	1,968,020	-	1,968,020	-
Debt issuance costs paid	(10,500)	-	(10,500)	-
Principal payment to Sewer Utility - advance	(41,500)	-	(41,500)	-
Debt retired	(1,740,988)	-	(1,740,988)	-
Interest paid to Sewer Utility - advance	(8,500)	-	(8,500)	-
Interest paid	(776,825)	-	(776,825)	-
Net Cash Flows From Capital and Related Financing Activities	<u>(4,066,474)</u>	<u>(10,873)</u>	<u>(4,077,347)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	494,215	448,566	942,781	724,789
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>7,382,984</u>	<u>4,063,372</u>	<u>11,446,356</u>	<u>1,068,347</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,877,199	\$ 4,511,938	\$ 12,389,137	\$ 1,793,136

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 3,760,425	\$ (183)	\$ 3,760,242	\$ 591,348
Nonoperating revenues (expenses)	142,950	-	142,950	-
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities				
Noncash items included in income				
Depreciation	2,352,525	548,716	2,901,241	-
Depreciation charged to other accounts	74,072	(42,967)	31,105	-
Loss on sale of transportation equipment	(10,400)	-	(10,400)	-
Changes in assets and liabilities				
Customer accounts receivable	(44,740)	(5,581)	(50,321)	-
Other accounts receivable	(7,556)	(29,105)	(36,661)	10,996
Due from other funds	(82,802)	(20,986)	(103,788)	-
Inventories	(15,988)	-	(15,988)	-
Prepaid items	(529)	(2,498)	(3,027)	(5,613)
Special assessment receivable	(11,000)	-	(11,000)	-
Accounts payable and accrued liabilities	21,263	13,321	34,584	121,462
Accrued expenses	(88,071)	(26,951)	(115,022)	-
Due to other funds	-	-	-	3,720
Net other post employment benefits obligation	60,268	15,068	75,336	-
Unearned revenue	29,967	-	29,967	-
	<u>\$ 6,180,384</u>	<u>\$ 448,834</u>	<u>\$ 6,629,218</u>	<u>\$ 721,913</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES				
	<u>\$ 6,180,384</u>	<u>\$ 448,834</u>	<u>\$ 6,629,218</u>	<u>\$ 721,913</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments	\$ 12,374,936	\$ 6,138,982	\$ 18,513,918	\$ 1,793,136
Restricted cash and investments - current	160,964	-	160,964	-
Restricted cash and investments - noncurrent	1,445,817	-	1,445,817	-
Less: Investments not considered to be cash and cash equivalents	<u>(6,104,518)</u>	<u>(1,627,044)</u>	<u>(7,731,562)</u>	<u>-</u>
	<u>\$ 7,877,199</u>	<u>\$ 4,511,938</u>	<u>\$ 12,389,137</u>	<u>\$ 1,793,136</u>
CASH AND CASH EQUIVALENTS - END OF YEAR				
	<u>\$ 7,877,199</u>	<u>\$ 4,511,938</u>	<u>\$ 12,389,137</u>	<u>\$ 1,793,136</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Interest income earned on noncash equivalents	\$ 45,362	\$ 11,670		\$ -
Market value adjustment on investments	\$ 7,959	\$ 1,875		\$ -
Gain on capital asset retirements	\$ 23,528	\$ -		\$ -
Cost of capital assets installed and/or financed by developers	\$ 124,549	\$ -		\$ -
Cost of capital assets financed by assessment of benefits to property owners	\$ 1,300	\$ -		\$ -
Interest capitalized on construction projects	\$ 48,263	\$ -		\$ -

CITY OF OAK CREEK

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2014

	Agency Fund
ASSETS	
Cash and investments	\$ 37,634,951
Property taxes receivable	<u>12,364,074</u>
TOTAL ASSETS	<u>\$ 49,999,025</u>
LIABILITIES	
Due to other taxing units	<u>\$ 49,999,025</u>
TOTAL LIABILITIES	<u>\$ 49,999,025</u>

See accompanying notes to financial statements.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

Fund Financial Statements (cont.)

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

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

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

The city reports the following major governmental funds:

- General Fund – accounts for the city’s primary operating activities. It is used to account for and report all financial resources except those required to be accounted for in another fund.
- Emergency Medical Services Fund – Special Revenue Fund – used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the paramedic rescue program.
- DPW Debt Service Fund – 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 for debt related public works projects.
- Debt Amortization Fund – 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.
- Capital Improvement Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the capital improvement program.
- TIF No. 8 Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.
- TIF No. 11 Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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 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
- Consolidated Dispatch Services Fund

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

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

Fund Financial Statements (cont.)

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

Developer Agreement Fund
Lakefront Development Capital Projects Fund
TIF No. 7 Capital Projects Fund
TIF No. 9 Capital Projects Fund
TIF No. 10 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

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

Government-Wide Financial Statements

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

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

Fund Financial Statements

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

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

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

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

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

Proprietary 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 proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

1. Deposits and Investments

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

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

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

1. Deposits and Investments (cont.)

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

Custodial Credit Risk

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

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 BMO Investment Account shall not be subject to the bid process.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

1. Deposits and Investments (cont.)

Interest Rate Risk (cont.)

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

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

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2014, the fair value of the city's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III.A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the city, taxes are collected for and remitted to the 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 statement of assets and liabilities – agency fund.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

2. Receivables (cont.)

Property tax calendar – 2014 tax roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due (50%)	January 31, 2015
Second installment due (25%)	March 31, 2015
Third installment due (25%)	May 31, 2015
Personal property taxes in full	January 31, 2015
Tax sale – 2014 delinquent real estate taxes	October 2017

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

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

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

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

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government –Wide Statements

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated 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. Interest of \$48,263 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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

5. Capital Assets (cont.)

Government –Wide Statements (cont.)

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

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

Fund Financial Statements

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

6. Deferred Outflows of Resources

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

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

7. Compensated Absences

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

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

Payments for paid time off will be made at rates in effect when the benefits are used. The liabilities at December 31, 2014 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

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

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

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

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

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

<u>Name</u>	<u>Date</u>	<u>Original Principal Amount</u>	<u>Maturity</u>	<u>Principal Amount Outstanding at 12-31-14</u>
Crown Prince Inc.	12/2/03	\$ 2,235,000	1/1/24	\$ 655,029
Wisconsin Electric Power Company	12/1/04	67,000,000	8/1/16	67,000,000
Suzy's Cheesecakes	2/21/14	2,200,000	2/1/44	<u>2,081,084</u>
Total				<u>\$ 69,736,113</u>

9. Deferred Inflows of Resources

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

10. Equity Classifications

Government–Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted – Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the city. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Council that originally created the commitment.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

- 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.

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

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

The city has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 15% to 25% of total general fund annual revenues plus the amount of state shared revenue during the previous year. In the previous year, general fund annual revenues were \$21,094,992 and the state shared revenue was \$6,130,319, for a total of \$27,225,311. At year end, amounts available for working capital and included in unassigned general fund balance totaled \$5,141,376, or 18.9%.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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	\$ 4,650,611	\$ 4,762,499	\$ 111,888
Donation & Activity Fund	241,000	381,673	140,673
Park Escrow Fund	-	30,780	30,780
Asset Forfeiture Fund	15,000	60,648	45,648
Consolidated Dispatch Services Fund	-	96,940	96,940
Debt Service Funds			
DPW Debt Service Fund	1,276,065	2,036,970	760,905
TIF No. 6 Debt Service Fund	170,240	320,235	149,995
Capital Projects Funds			
Capital Improvement Fund	5,394,134	12,698,450	7,304,316
TIF No. 9 Capital Project Fund	-	2,597	2,597
Internal Service Fund			
Health Insurance Fund	5,161,500	5,743,495	581,995

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, 2014

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

B. DEFICIT BALANCES

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

As of December 31, 2014, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Special Revenue Funds		
Emergency Medical Services Fund	\$ 197,478	Excess of expenditures over revenues
Consolidated Dispatch Services Fund	96,940	Excess of expenditures over revenues
Debt Service Fund		
TIF No. 4 Debt Service Fund	222,945	Excess of expenditures over revenues
Capital Project Fund		
Developer Agreements Fund	216	Excess of expenditures over revenues

The Emergency Medical Services Fund and Consolidated Dispatch Services Fund deficits are 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. The Developer Agreements Fund deficit is anticipated to be funded with future developer receipts.

C. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the city's future tax levies. Generally the city is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the city's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The city is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2014 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

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

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 52,741,343	\$ 52,871,848	Custodial credit risk
U.S. treasuries	5,103,473	5,103,473	Custodial credit risk, interest rate risk
U.S. agencies	669,686	669,686	Credit risk, Custodial credit risk, interest rate risk, concentration of credit risk
Municipal bonds	1,811,708	1,809,059	Credit risk, custodial credit risk, interest rate risk, concentration of credit risk
Asset backed securities	10,385,158	10,383,761	Credit risk, custodial credit risk, interest rate risk, concentration of credit risk
Corporate bonds	5,234,974	5,221,424	Credit risk, custodial credit risk, interest rate risk, concentration of credit risk
Local Government Investment Pool	52,100,697	52,100,697	Credit risk
Petty cash	4,145	-	N/A
Total Cash and Investments	<u>\$ 128,051,184</u>	<u>\$ 128,159,948</u>	
Reconciliation to financial statements			
Per statement of net position			
Cash and investments	\$ 87,136,696		
Restricted cash and investments	3,279,537		
Per statement of net position – fiduciary funds			
Agency	37,634,951		
Total Cash and Investments	<u>\$ 128,051,184</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) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

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

Custodial Credit Risk

Deposits

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

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

Investments

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

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. As of December 31, 2014 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	AA	AAA	AAA
Federal National Mortgage Association	AA	AAA	AAA
Federal Home Loan Mortgage Corp.	AA	AAA	AAA
Asset backed securities	A+ – AA	AA- – AA	AA2
Corporate bonds	A – AA	A – AA	BAA – 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, 2014

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, 2014, the investment portfolio did not contain any single issuer in excess of 5% of total investments.

Interest Rate Risk

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

As of December 31, 2014, the city's investments were as follows:

Investment Type	Fair Value	Maturity (In years)		
		Less than 1 year	1 - 10	> 10 years
U.S. treasuries	\$ 5,103,473	\$ 1,292,845	\$ 2,271,120	\$ 1,539,508
U.S. agencies	669,686	126,799	542,887	-
Municipal bonds	1,811,708	486,623	1,325,085	-
Asset backed securities	10,385,158	162,651	4,813,108	5,409,399
Corporate bonds	5,234,974	997,993	4,236,981	-
Totals	\$ 23,204,999	\$ 3,066,911	\$ 13,189,181	\$ 6,948,907

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

B. RECEIVABLES

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

	Total Net Receivables	Amounts Not Expected To be Collected Within one year
General Fund	\$ 13,315,122	\$ 13,492
Emergency Medical Services Fund	3,788,500	-
DPW Debt Service Fund	850,000	-
Debt Amortization Fund	103,134	-
Capital Improvement Fund	746	-
TIF No. 11 Capital Projects Fund	599,506	-
Nonmajor Governmental Funds	6,251,183	911,347
Total	\$ 24,908,191	\$ 924,839

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 \$236,000 for an allowance for uncollectible accounts.

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

	Unearned	Unavailable
Property taxes and special charges receivable for subsequent year	\$ 21,835,396	\$ -
Accounts receivable not collected	29,100	7,085
Special assessments not yet due	-	883,546
Loan receivables	-	6,503
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 21,864,496	\$ 897,134
Unearned revenue included in liabilities	\$ 29,100	
Unearned revenue included in deferred inflows	21,835,396	
Total Unearned Revenue for Governmental Funds	\$ 21,864,496	

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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, 2014:

	Governmental Activities	Business- type Activities	Total
Redemption account	\$ -	\$ 160,964	\$ 160,964
Reserve account	-	1,445,817	1,445,817
Impact fee account	1,634,727	-	1,634,727
Asset forfeiture account	<u>38,029</u>	<u>-</u>	<u>38,029</u>
Total	<u>\$ 1,672,756</u>	<u>\$ 1,606,781</u>	<u>\$ 3,279,537</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 22,972,130	\$ 537,624	\$ -	\$ 23,509,754
Construction in progress	<u>-</u>	<u>24,170,606</u>	<u>-</u>	<u>24,170,606</u>
Total Capital Assets Not Being Depreciated	<u>22,972,130</u>	<u>24,708,230</u>	<u>-</u>	<u>47,680,360</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	17,171,817	2,075,447	1,008,016	18,239,248
Bridges	286,370	-	-	286,370
Roads	44,028,150	27,819	3,985	44,051,984
Sidewalks	3,454,033	-	-	3,454,033
Street lighting	4,318,886	-	-	4,318,886
Storm sewers	<u>23,088,362</u>	<u>-</u>	<u>-</u>	<u>23,088,362</u>
Total Capital Assets Being Depreciated	<u>116,144,434</u>	<u>2,103,266</u>	<u>1,012,001</u>	<u>117,235,699</u>
Less: Accumulated depreciation for				
Land improvements	(848,676)	(67,056)	-	(915,732)
Buildings	(5,946,237)	(416,027)	-	(6,362,264)
Intangible Asset – Easements	(5,400)	-	-	(5,400)
Machinery and equipment	(11,957,870)	(942,604)	836,137	(12,064,337)
Bridges	(22,912)	(2,864)	-	(25,776)
Roads	(9,305,270)	(569,607)	2,789	(9,872,088)
Sidewalks	(2,117,719)	(46,617)	-	(2,164,336)
Street lighting	(2,854,678)	(147,731)	-	(3,002,409)
Storm sewers	<u>(9,884,501)</u>	<u>(436,379)</u>	<u>-</u>	<u>(10,320,880)</u>
Total Accumulated Depreciation	<u>(42,943,263)</u>	<u>(2,628,885)</u>	<u>838,926</u>	<u>(44,733,222)</u>
Net Capital Assets Being Depreciated	<u>73,201,171</u>	<u>(525,619)</u>	<u>173,075</u>	<u>72,502,477</u>
Total Governmental Activities Assets, Net of Accumulated Depreciation	<u>\$ 96,173,301</u>	<u>24,182,611</u>	<u>\$ 173,075</u>	<u>\$ 120,182,837</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 30,101
Public safety	740,302
Health and social services	1,755
Public works	1,625,167
Leisure activities	<u>231,560</u>
 Total Governmental Activities Depreciation Expense	 <u><u>\$ 2,628,885</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	\$ -	\$ 775	\$ 117,669
Construction in progress	<u>351,371</u>	<u>4,249,654</u>	<u>1,404,725</u>	<u>3,196,300</u>
Total Capital Assets Not Being Depreciated	<u>469,815</u>	<u>4,249,654</u>	<u>1,405,500</u>	<u>3,313,969</u>
Capital assets being depreciated				
Source of supply	6,200,674	-	-	6,200,674
Pumping	9,095,684	21,787	105,055	9,012,416
Treatment	25,021,414	-	-	25,021,414
Transmission and distribution	59,385,161	1,260,258	175,228	60,470,191
General	<u>4,778,045</u>	<u>60,638</u>	<u>47,373</u>	<u>4,791,310</u>
Total Capital Assets Being Depreciated	<u>104,480,978</u>	<u>1,342,683</u>	<u>327,656</u>	<u>105,496,005</u>
 Total Capital Assets	 <u>104,950,793</u>	 <u>5,592,337</u>	 <u>1,733,156</u>	 <u>108,809,974</u>
Less: Accumulated depreciation for				
Source of supply	(1,884,686)	(107,588)	-	(1,992,274)
Pumping	(3,445,600)	(365,997)	105,055	(3,706,542)
Treatment	(8,061,984)	(813,542)	-	(8,875,526)
Transmission and distribution	(13,994,031)	(989,519)	175,228	(14,808,322)
General	<u>(2,577,465)</u>	<u>(143,046)</u>	<u>47,373</u>	<u>(2,673,138)</u>
Total Accumulated Depreciation	<u>(29,963,766)</u>	<u>(2,419,692)</u>	<u>327,656</u>	<u>(32,055,802)</u>
 Net Water Plant	 <u><u>\$ 74,987,027</u></u>	 <u><u>\$ 3,172,645</u></u>	 <u><u>\$ 1,405,500</u></u>	 <u><u>\$ 76,754,172</u></u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land and land rights	\$ 13,145	\$ -	\$ -	\$ 13,145
Construction in progress	6,369	-	6,020	349
Total Capital Assets Not Being Depreciated	<u>19,514</u>	<u>-</u>	<u>6,020</u>	<u>13,494</u>
Capital assets being depreciated				
Collection system	41,163,787	-	3,210	41,160,577
Collection system pumping	243,040	-	-	243,040
General	633,030	1,543	2,299	616,114
Total Capital Assets Being Depreciated	<u>42,023,697</u>	<u>1,543</u>	<u>5,509</u>	<u>42,019,731</u>
Total Capital Assets	<u>42,043,211</u>	<u>1,543</u>	<u>11,529</u>	<u>42,033,225</u>
Less: Accumulated depreciation for				
Collection system	(9,445,677)	(428,304)	3,210	(9,870,771)
Collection system pumping	(232,544)	(2,065)	-	(234,609)
General	(185,315)	(75,380)	2,299	(258,396)
Total Accumulated Depreciation	<u>(9,863,536)</u>	<u>(505,749)</u>	<u>5,509</u>	<u>(10,363,776)</u>
Net Sewer Plant	<u>\$ 32,179,045</u>	<u>\$ (504,206)</u>	<u>\$ 6,020</u>	<u>\$ 31,669,449</u>
Business-type Capital Assets, Net of Depreciation	<u>\$ 107,166,702</u>	<u>\$ 2,668,439</u>	<u>\$ 1,411,520</u>	<u>\$ 108,423,621</u>

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 2,352,525
Sewer	<u>548,716</u>
Total Business-type Activities Depreciation Expense	<u>\$ 2,901,241</u>

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

E. INTERFUND RECEIVABLES/PAYABLES, TRANSFERS, AND ADVANCES

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General fund	Water utility	\$ 1,611,127	\$ -
General fund	Sewer utility	8,744	-
General fund	Emergency medical services fund	283,724	283,724
General fund	TIF #4 debt service fund	222,945	222,945
General fund	Developer agreement fund	11,453	11,453
General fund	Consolidated dispatch services	96,940	96,940
Economic development fund	TIF #7 capital projects fund	314,900	314,900
Health insurance fund	Water utility	29,672	-
Water utility	General fund	279,814	-
Water utility	Capital improvement fund	27,819	-
Water utility	Developer agreement fund	9,842	-
Water utility	TIF #11 capital projects fund	3,972	-
Water utility	TIF #8 capital projects fund	24,793	-
Sewer utility	TIF #8 capital projects fund	30,466	-
Sewer utility	General fund	171,524	-
Sewer utility	Storm water fund	1,815	-
Sewer utility	Special assessment fund	104,191	86,145
Water utility	Special assessment fund	128,357	99,997
Sewer utility	Water utility	<u>41,985</u>	-
Total – Fund Financial Statements		3,404,083	
Less: Internal service fund allocation		(36,903)	
Fund eliminations		(971,947)	
Government-wide eliminations		<u>(1,565,185)</u>	
Total Internal Balances – Government-Wide Statement of Net Position		<u>\$ 830,048</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 position, 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, 2014

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

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

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General fund	Water utility	\$ 1,596,033	Tax equivalent
Capital improvements fund	General fund	26,985	Finance of capital improvement projects
Capital improvements fund	Storm water fund	500,000	Finance of capital improvement projects
DPW debt service fund	Debt amortization fund	935,428	Finance debt service requirements
DPW debt service fund	Impact fee escrow fund	35,500	Finance debt service requirements
DPW debt service fund	Capital improvements fund	335,308	Finance debt service requirements
DPW debt service fund	Lakefront development capital projects fund	10,075,048	Finance debt service requirements
Police debt service fund	DPW debt service fund	30,108	Finance payment of police debt service
Police debt service fund	Debt amortization fund	55,000	Finance payment of police debt service
Capital improvements fund	Impact fee escrow fund	48,224	Finance of capital improvement projects
Capital improvements fund	WE energies fund	1,050,000	Finance of capital improvement projects
Capital improvements fund	Special assessment fund	175,000	Finance of capital improvement projects
Capital improvements fund	Debt amortization fund	2,450,105	Finance of capital improvement projects
Emergency medical services fund	General fund	397,142	Finance fund deficit
Activity & donation fund	General fund	<u>91,025</u>	Library donations
Subtotal – Fund financial statements		17,800,906	
Less: Fund eliminations		<u>(16,204,873)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 1,596,033</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.

For the statement of activities, interfund transfers within 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, 2014

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

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

Advances

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

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

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 41,641	\$ 8,359
2016	41,783	8,217
2017	41,925	8,075
2018	117,067	7,933
2019	117,465	7,535
2020 – 2024	970,134	29,866
2025 – 2028	<u>1,128,485</u>	<u>9,548</u>
Totals	<u>\$ 2,458,500</u>	<u>\$ 79,533</u>

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt:					
Notes and bonds	\$ 68,005,000	\$ 23,225,000	\$ 2,150,000	\$ 89,080,000	\$ 38,025,000
Capital appreciation bonds	671,879	31,777	360,000	343,656	360,000
Sub-Totals	68,676,879	23,256,777	2,510,000	89,423,656	38,385,000
Add: Unamortized debt premium	579,066	134,000	211,005	502,061	-
Sub-Total	69,255,945	23,390,777	2,721,005	89,925,717	-
Other Liabilities					
Vested compensated absences	2,213,003	1,479,044	2,213,003	1,479,044	712,538
Other postemployment benefits	24,441,052	3,027,900	1,618,000	25,850,952	-
Total Other Liabilities	26,654,055	4,506,944	3,831,003	27,329,996	-
Total Governmental Activities Long-Term Liabilities	\$ 95,910,000	\$ 27,897,721	\$ 6,552,008	\$ 117,255,713	\$ 39,097,538
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
Revenue bonds	\$ 21,650,541	\$ 1,968,020	\$ 1,740,988	\$ 21,877,573	\$ 1,799,458
Add: Unamortized debt premium	54,646	-	15,546	39,100	-
Sub-Total	21,705,187	1,968,020	1,756,534	21,916,673	1,799,458
Other Liabilities					
Other postemployment benefits	869,697	242,336	167,000	945,033	-
Vested compensated absences	-	253,737	215,396	38,341	38,341
Total Business-type Activities Long-Term Liabilities	\$ 22,574,884	\$ 2,464,093	\$ 2,138,930	\$ 22,900,047	\$ 1,837,799

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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, 2014 was \$147,604,865. Total general obligation debt outstanding at year end was \$89,423,656.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-14</u>
Governmental Activities					
General Obligation Debt					
G.O. notes and bonds					
2006 bonds	10/15/06	10/01/16	4.00-4.50%	\$ 1,200,000	\$ 300,000
2010 bonds	4/01/10	4/01/30	1.50-4.375%	7,000,000	6,075,000
2012 bonds	2/01/12	3/01/17	1.00-1.75%	4,530,000	2,830,000
2012B notes	5/01/12	5/01/15	2.00%	4,600,000	4,600,000
2013 refunding bonds	4/2/13	4/01/32	2.00-3.75%	5,825,000	5,700,000
2013A notes	4/2/13	4/01/23	1.00-2.75%	3,000,000	2,750,000
2013B notes	10/15/13	10/1/15	1.65%	10,525,000	10,525,000
2013C notes	11/19/13	11/1/16	2.00%	5,925,000	5,925,000
2013D notes	11/19/13	11/1/16	2.00%	17,625,000	17,625,000
2013E notes	12/30/13	12/1/22	1.00-4.00%	10,000,000	9,525,000
2014A notes	6/3/14	4/1/15	2.00%	20,500,000	20,500,000
2014B refunding bonds	12/16/14	5/1/32	2.00-3.375%	2,725,000	<u>2,725,000</u>
Sub-Total					89,080,000
2002 Capital appreciation bonds	12/02/02	9/01/15	3.40-4.84%	2,184,987	<u>343,656</u>
Total Governmental Activities – Notes and Bonds					<u>\$ 89,423,656</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

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

<u>Years</u>	Governmental Activities	
	Notes and Bonds	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 38,025,000	\$ 1,949,231
2016	26,025,000	1,356,275
2017	2,355,000	832,168
2018	1,425,000	788,687
2019	1,425,000	747,937
2020-2024	12,625,000	2,744,374
2025-2029	4,850,000	901,140
2030-2032	2,325,000	105,454
Totals	<u>\$ 89,080,000</u>	<u>\$ 9,425,266</u>

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

<u>Years</u>	Governmental Activities Capital Appreciation Bonds
2015	\$ 360,000
Less: Interest portion	<u>(16,344)</u>
Principal Portion	<u>\$ 343,656</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt

The city has pledged future water and sewer revenues, net of specified operating expenses, to repay \$21,877,573 in revenue bonds. Proceeds from the bonds provided financing for capital improvements. The bonds are payable solely from revenues and are payable through May 1, 2034. The total principal and interest remaining to be paid on the bonds is \$27,923,837. Principal and interest paid for the current year and total customer net revenues were \$2,517,813 and \$6,337,614, respectively. Future principal and interest payments are expected to require 22% of net revenues.

Revenue debt payable at December 31, 2014 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 12-31-13</u>
Water utility refunding revenue bonds	11/1/05	12/01/20	3.38-5.00%	\$ 12,130,000	\$ 5,455,000
Water utility revenue bonds	5/22/13	5/1/2033	1.925%	2,594,795	2,487,202
Water utility revenue bonds	1/13/10	5/1/29	2.668%	791,863	656,383
Water utility revenue bonds	3/15/11	12/1/31	2.25-5.00%	6,500,000	6,150,000
Water utility revenue bonds	11/23/11	5/1/31	2.20%	5,889,583	5,160,968
Water utility revenue bonds	5/28/14	5/1/34	1.925%	1,968,020	1,968,020
Total Business-type Activities Revenue Debt					<u>\$ 21,877,573</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,799,458	\$ 744,051
2016	1,944,887	678,435
2017	1,830,402	609,732
2018	1,316,143	535,626
2019	1,352,114	488,287
2020 – 2024	5,163,553	1,819,339
2025 – 2029	5,370,382	1,011,638
2030 – 2034	3,100,634	159,156
Totals	<u>\$ 21,877,573</u>	<u>\$ 6,046,264</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

F. LONG-TERM OBLIGATIONS (cont.)

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.

Current Refunding

On December 16, 2014, the city issued \$2.725 Million in general obligation bonds with an average interest rate of 3.24%. On January 7, 2015, the City will use these funds to current refund a portion of their Series 2012B \$4.6 Million general obligation promissory note with an average interest rate of 2.00%.

G. LEASE DISCLOSURES

Lessor – Operating Leases – Governmental Activities

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

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

Lessor – Operating Leases – Business-type Activities

The water and sewer utility has entered into operating leases with Verizon Wireless (VW), Sprint Spectrum L.P. (SSLP), Cingular Wireless (CW) (2 leases), 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, 2017, March 1, 2015, May 14, 2018, February 26, 2016, January 24, 2018, and January 31, 2028 for VW, SSLP, AT&T, CM, CC, TM and CM, respectively. Minimum future lease rentals are as follows:

2015	\$ 225,810
2016	134,060
2017	110,582
2018	58,884
2019	48,096
2020-2024	279,051
2025-2028	209,250

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2014 includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 23,509,754
Other capital assets, net of accumulated depreciation	96,673,083
Less: Related long-term debt and premium outstanding (excluding non-capital debt)	(89,784,929)
Add: Unspent proceeds of capital-related debt included above	22,441,206
Total Net Investment in Capital Assets	<u>52,839,114</u>
Restricted	
Debt service	15,768,680
TID activity	13,585,358
Impact fee escrow	1,634,727
Park escrow	464,924
Storm Water	183,852
Donation and activity	429,574
Asset forfeiture	38,029
Low income loans	7,806
Total Restricted	<u>32,112,950</u>
Unrestricted	<u>(16,867,013)</u>
Total Governmental Activities Net Position	<u>\$ 68,085,051</u>

Governmental fund balances reported on the fund financial statements at December 31, 2014 include the following:

Nonspendable Fund Balance

Major Funds	
General Fund	
Prepaid items	\$ 8,914
Inventories	108,524
Delinquent personal property taxes	13,492
Non-current receivables from other funds	615,062
Total General Fund	<u>745,992</u>
Non-Major Funds	
WE Energies Fund	64
Economic Development Fund	10
Storm Water Fund	54
Total Non-Major Funds	<u>128</u>
Total Nonspendable Fund Balance	<u>\$ 746,120</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Restricted Fund Balance

Major Funds

DPW Debt Service	\$ 11,951,808
Debt Amortization	3,275,590
TIF No. 8 Capital Projects	1,068,417
TIF No. 11 Capital Projects	<u>10,380,460</u>
Total Major Funds	<u>26,676,275</u>

Non-Major Funds

Special Revenue Funds

Donation and Activity	\$ 429,574
Low Income Loan	7,806
Park Escrow	464,924
Impact Fee Escrow	1,634,727
Asset Forfeiture	38,029
Storm Water	183,852

Debt Service Funds

TIF No. 6 Debt Service	1,091,399
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Capital Projects Funds

TIF No. 7 Capital Projects	1,646,376
TIF No. 9 Capital Projects	180,554
TIF No. 10 Capital Projects	<u>309,551</u>
Total Non-Major Funds	<u>5,986,792</u>

Total Restricted Fund Balance \$ 32,663,067

Committed Fund Balance

Non-Major Funds

Special Revenue Funds

Solid Waste	\$ 153,699
WE Energies Fund	25,020
Special Assessment	1,537,284
Economic Development	<u>642,594</u>

Total Committed Fund Balance \$ 2,358,597

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Assigned Fund Balance	
Major Funds	
General Fund	
Tax equivalent for subsequent year	\$ 1,596,033
Total General Fund	<u>1,596,033</u>
Capital Improvement Fund	<u>21,600,605</u>
Total Assigned Fund Balance	<u>\$ 23,196,638</u>
Unassigned Fund Balance	
Major Funds	
General Fund	\$ 5,141,376
Emergency Medical Services Fund (deficit)	<u>(197,478)</u>
Total Major Funds	<u>4,943,898</u>
Non-Major Funds	
Special Revenue Funds	
Consolidated Dispatch Services (deficit)	(96,940)
Debt Service Funds	
TIF No. 4 Debt Service (deficit)	(222,945)
Capital Projects Funds	
Developer Agreement (deficit)	<u>(216)</u>
Total Non-major Funds	<u>(320,101)</u>
Total Unassigned Fund Balance	<u>\$ 4,623,797</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land and land rights	\$ 130,814
Construction in progress	3,196,649
Other capital assets, net of accumulated depreciation	105,096,158
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(21,745,944)</u>
Total Net Investment in Capital Assets	<u>86,677,677</u>
Restricted	
Debt service	<u>1,562,484</u>
Unrestricted	<u>17,964,835</u>
Total Business-type Activities Net Position	<u>\$ 106,204,996</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible city employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, and Executives and Elected Officials. Required contributions for protective employees are the same as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for December 31, 2013 are:

	<u>Employee</u>	<u>Employer</u>
General	7.00%	7.00%
Executives and Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for city employees covered by the system for the year ended December 31, 2014 was \$17,803,461; the employer's total payroll was \$17,945,597. The total required contribution for the year ended December 31, 2014 was \$2,922,051 or 16.41% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ended December 31, 2013 and 2012 were \$3,272,607 and \$2,857,282, 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. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The WRS 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. As of December 31, 2014 there was no pension related debt for the city.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV – OTHER INFORMATION

B. RISK MANAGEMENT

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

Self Insurance

For health claims, the uninsured risk of loss is \$100,000 deductible per individual and \$4,923,188 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. \$1,259,594 was designated for that reserve at year end, and is included in unrestricted net position 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

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims – Beginning of Year	\$ 476,099	\$ 443,204
Current year claims and changes in estimates	4,381,469	4,385,777
Claim payments	<u>(4,414,364)</u>	<u>(4,262,836)</u>
Unpaid Claims – End of Year	<u>\$ 443,204</u>	<u>\$ 566,145</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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.

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 \$200,000.

C. COMMITMENTS AND CONTINGENCIES

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

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

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

The city has active construction projects as of December 31, 2014. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

In 2011, the city issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$900,000, and is payable to the developer solely from tax increments collected from a specific portion of the development in TIF No. 7.

Payments are scheduled through the year 2020, and carry an interest rate of 7%. The obligation does not constitute a charge upon any funds of the city. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the city. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was approximately \$600,000.

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 2014.

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	\$ 3,764,635
Interest on net OPEB obligation	759,322
Adjustment to annual required contribution	<u>(1,253,721)</u>
Annual OPEB cost	3,270,236
Contributions made	<u>(1,785,000)</u>
Increase in net OPEB obligation (Liability)	1,485,236
Net OPEB Obligation (Liability) – Beginning of Year	<u>25,310,749</u>
Net OPEB Obligation (Liability) – End of Year	<u><u>\$ 26,795,985</u></u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	\$ 3,270,236	54.6%	\$ 26,795,985
12/31/2013	4,172,525	45.0%	25,310,749
12/31/2012	4,094,778	48.2%	23,016,224

The funded status of the plan as of January 1, 2014, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 51,018,862
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 51,018,862
Funded ratio (actuarial value of plan assets/AAL)	0 %
Covered payroll (active plan members)	\$ 17,803,461
UAAL as percentage of covered payroll	286.6%

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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

In the January 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 3.00 percent investment rate of return and an annual healthcare cost trend rate of 5.50 percent initially and reduced by decrements to an ultimate rate of 4.40 percent after sixty-five 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, 2014, was 30 years.

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 2014, the city received \$2,250,000.

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

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

- Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*
- Statement No. 71, *Pension – Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68.*
- Statement No. 72, *Fair Value Measurement and Application*
- Statement No. 73, *Accounting and Financial reporting for Pensions and Related Assets That Are Not Within the Scoped of GASB Statement 68, and Amendment to Certain Provisions of GASB Statements 67 and 68*
- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*

G. SUBSEQUENT EVENTS

In January 2015, the City issued \$19.65 million of General Obligation Refunding Bonds. The proceeds of these bonds will be used to refund the 2014 General Obligation Promissory Notes.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OAK CREEK

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
TAXES				
General property taxes	\$ 13,589,782	\$ 13,589,782	\$ 13,567,468	\$ (22,314)
Motel room tax	400,000	400,000	400,000	-
Mobile home taxes	77,400	77,400	67,987	(9,413)
Other taxes	50,800	50,800	84,471	33,671
TOTALS	<u>14,117,982</u>	<u>14,117,982</u>	<u>14,119,926</u>	<u>1,944</u>
INTERGOVERNMENTAL REVENUES				
Shared taxes from state	3,050,611	3,050,611	3,055,470	4,859
State transportation aids	1,719,691	1,719,691	1,719,691	-
State computer aids	108,804	108,804	101,535	(7,269)
Other state aids	5,000	5,000	29	(4,971)
Health department block grant	10,000	10,000	-	(10,000)
Police grants	125,000	125,000	139,203	14,203
Dispatch Services	200,000	-	-	-
TOTALS	<u>5,219,106</u>	<u>5,019,106</u>	<u>5,015,928</u>	<u>(3,178)</u>
REGULATION AND COMPLIANCE				
Licenses				
Liquor and beer	35,305	35,305	33,926	(1,379)
Publishing fees	800	800	770	(30)
Operators	15,000	15,000	22,115	7,115
Amusement devices	10,500	10,500	8,505	(1,995)
Amusement operators	2,000	2,000	900	(1,100)
Electrical	4,100	4,100	-	(4,100)
Miscellaneous - business	9,000	9,000	9,058	58
Miscellaneous - non-business	75	75	60	(15)
DATCP	16,000	16,000	16,049	49
FSRL	44,000	44,000	45,638	1,638
Landfill	900	900	2,100	1,200
Permits				
Building	278,336	278,336	497,439	219,103
Electrical	80,000	80,000	69,190	(10,810)
Plumbing	65,000	65,000	68,936	3,936
Street opening	12,800	12,800	14,264	1,464
Erosion control	10,000	10,000	10,945	945
Sundry	2,700	2,700	265	(2,435)
Cable TV	364,514	364,514	287,544	(76,970)
AT&T video service	109,311	109,311	179,066	69,755
Court fines	415,000	415,000	406,165	(8,835)
TOTALS	<u>1,475,341</u>	<u>1,475,341</u>	<u>1,672,935</u>	<u>197,594</u>
PUBLIC CHARGES FOR SERVICES				
General Government				
Property status letter fees	4,200	4,200	8,330	4,130
Photo copies sold	2,100	2,100	998	(1,102)
Zoning/housing appeal fees	800	800	500	(300)
Rezoning petitions and filing fees	1,200	1,200	1,550	350
Right of way vacation fees	100	100	575	475
Special use request fees	8,400	8,400	5,025	(3,375)
Filing fee - certified survey maps	4,400	4,400	7,400	3,000
Plan commission agenda fees	7,700	7,700	14,750	7,050

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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
PUBLIC CHARGES FOR SERVICES (cont.)				
General Government (cont.)				
Subdivision plat fees	\$ 500	\$ 500	\$ 475	\$ (25)
Maps sold	1,200	1,200	-	(1,200)
Public Safety				
State DWI seizures	2,400	2,400	-	(2,400)
Police patrol service fees	4,500	4,500	2,210	(2,290)
Miscellaneous fees	2,000	2,000	2,500	500
Copies of police and fire reports	3,000	3,000	3,931	931
False alarm penalties	5,700	5,700	3,650	(2,050)
Health and Sanitation				
Health Department				
Clinic fees	10,000	10,000	18,474	8,474
Pet license fees/Humane Society	14,000	14,000	13,361	(639)
Public Works				
Weed cutting	26,900	26,900	10,371	(16,529)
Sale of culvert pipe	10,000	10,000	9,402	(598)
Culvert installation	2,900	2,900	1,190	(1,710)
Library				
Other income	19,300	19,300	16,100	(3,200)
Photocopies	4,700	4,700	6,379	1,679
Recreation	82,715	82,715	120,836	38,121
Sanitarian				
Pre-inspection	-	-	5	5
Regular service fee	3,000	3,000	4,621	1,621
Miscellaneous charges for services	5,600	5,600	8,579	2,979
TOTALS	<u>227,315</u>	<u>227,315</u>	<u>261,212</u>	<u>33,897</u>
INVESTMENT INCOME				
Investment Income				
Investments	400,000	400,000	196,025	(203,975)
Taxes	97,600	97,600	67,337	(30,263)
TOTALS	<u>497,600</u>	<u>497,600</u>	<u>263,362</u>	<u>(234,238)</u>
MISCELLANEOUS INCOME				
Land rentals	200	200	-	(200)
AT&T American tower lease	28,800	28,800	27,600	(1,200)
Insurance incentives	71,900	71,900	110,999	39,099
Insurance recoveries	20,400	20,400	46,585	26,185
P-card rebates	12,000	12,000	10,233	(1,767)
Miscellaneous revenues	7,500	7,500	479	(7,021)
TOTALS	<u>140,800</u>	<u>140,800</u>	<u>195,896</u>	<u>55,096</u>
INTERFUND CHARGES FOR SERVICES				
Engineering and administration charged to capital projects	121,200	121,200	65,248	(55,952)
Engineering and administration charged to TID projects	200,000	200,000	200,000	-
Highway equipment service fee	25,500	25,500	1,059	(24,441)
Administrative services charged to enterprise funds	45,000	45,000	31,000	(14,000)
TOTALS	<u>391,700</u>	<u>391,700</u>	<u>297,307</u>	<u>(94,393)</u>
TOTAL REVENUES	<u>22,069,844</u>	<u>\$ 21,869,844</u>	<u>\$ 21,826,566</u>	<u>\$ (43,278)</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, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT				
General government	\$ 2,848,307	\$ 2,848,307	\$ 2,613,655	\$ 234,652
Building maintenance	588,787	588,787	505,437	83,350
City administrator	356,967	356,967	321,884	35,083
Data processing	743,346	743,346	735,692	7,654
City clerk	281,045	281,045	281,826	(781)
Treasurer	238,521	238,521	226,206	12,315
Finance	344,581	344,581	335,010	9,571
Assessor	305,013	305,013	256,592	48,421
Attorney and legal	244,990	244,990	219,019	25,971
Community development	327,558	327,558	310,752	16,806
TOTALS	<u>6,279,115</u>	<u>6,279,115</u>	<u>5,806,073</u>	<u>473,042</u>
PUBLIC SAFETY				
Police department	8,983,286	8,783,286	8,440,345	342,941
Emergency operations	31,200	31,200	10,215	20,985
Fire department	1,657,590	1,657,590	1,661,847	(4,257)
Inspection	629,280	629,280	568,678	60,602
Other	166,195	166,195	152,049	14,146
TOTALS	<u>11,467,551</u>	<u>11,267,551</u>	<u>10,833,134</u>	<u>434,417</u>
HEALTH AND SOCIAL SERVICES				
Health department	627,384	627,384	489,718	137,666
TOTALS	<u>627,384</u>	<u>627,384</u>	<u>489,718</u>	<u>137,666</u>
PUBLIC WORKS				
Engineering	830,383	830,383	734,120	96,263
Streets	3,130,793	3,130,793	3,193,358	(62,565)
TOTALS	<u>3,961,176</u>	<u>3,961,176</u>	<u>3,927,478</u>	<u>33,698</u>
LEISURE ACTIVITIES				
Conservation and recreation	658,239	658,239	637,403	20,836
Library	890,030	890,030	799,005	91,025
Parks	496,701	496,701	456,806	39,895
TOTALS	<u>2,044,970</u>	<u>2,044,970</u>	<u>1,893,214</u>	<u>151,756</u>
TOTAL EXPENDITURES	<u>24,380,196</u>	<u>24,180,196</u>	<u>22,949,617</u>	<u>1,230,579</u>
OTHER FINANCING SOURCES (USES)				
Sale of city equipment	15,800	15,800	42,170	26,370
Transfer in	613,770	613,770	-	(613,770)
Transfer in - tax equivalent	1,680,782	1,680,782	1,596,033	(84,749)
Transfer out	-	-	(515,152)	(515,152)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,310,352</u>	<u>2,310,352</u>	<u>1,123,051</u>	<u>(1,187,301)</u>
Net Change in Fund Balance	-	-	-	-
FUND BALANCE - Beginning of Year	7,483,401	7,483,401	7,483,401	-
FUND BALANCE - END OF YEAR	<u>\$ 7,483,401</u>	<u>\$ 7,483,401</u>	<u>\$ 7,483,401</u>	<u>\$ -</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, 2014

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 3,551,590	\$ 3,551,590	\$ -
Intergovernmental	98,000	140,808	42,808
Public charges for services	1,065,000	1,104,001	39,001
Investment income	-	275	275
Miscellaneous	100	-	(100)
Total Revenues	<u>4,714,690</u>	<u>4,796,674</u>	<u>81,984</u>
EXPENDITURES			
Public Safety	<u>4,650,611</u>	<u>4,762,499</u>	<u>(111,888)</u>
Total Expenditures	<u>4,650,611</u>	<u>4,762,499</u>	<u>(111,888)</u>
Excess (deficiency) of revenues over expenditures	64,079	34,175	(29,904)
OTHER FINANCING (USES)			
Transfers in	<u>-</u>	<u>397,142</u>	<u>397,142</u>
Net Change in Fund Balance	64,079	431,317	367,238
FUND BALANCE (Deficit) - Beginning of year	<u>(628,795)</u>	<u>(628,795)</u>	<u>-</u>
FUND BALANCE (Deficit) - ENDING OF YEAR	<u>\$ (564,716)</u>	<u>\$ (197,478)</u>	<u>\$ 367,238</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

December 31, 2014

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)	
1/1/14	\$	-	\$ 51,018,862	\$ 51,018,862	0%	\$ 17,803,461	286.6%
1/1/12		-	57,307,289	57,307,289	0%	17,194,475	333.3%
12/31/10		-	89,231,880	89,231,880	0%	17,217,938	518.2%

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

CITY OF OAK CREEK

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2014

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.

FUNDING PROGRESS DATA

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

The significant changes in assumptions between the most current report issued by the actuary and the previous report includes a reduction in the interest discount rate from 3.25% to 3.00% and a reduction in the estimate used for expected monthly medical costs and premiums per retiree.

SUPPLEMENTARY INFORMATION

CITY OF OAK CREEK

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2014**

	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	Consolidated Dispatch Services Fund
ASSETS												
Cash and investments	\$ 264,600	\$ 443,726	\$ 44,896	\$ 10,329	\$ 455,911	\$ 1,551,317	\$ 229,414	\$ 448,205	\$ -	\$ -	\$ 200,072	\$ -
Taxes receivable	1,212,185	-	-	-	-	197,217	-	-	-	-	738,942	1,118,458
Accounts receivable	163	2,383	92	-	10,260	-	138,402	-	-	-	-	-
Prepaid Expenses	-	-	64	-	-	-	10	-	-	-	54	-
Special assessments receivable	-	-	-	-	-	904,844	-	-	-	-	-	-
Loans receivable	-	-	-	6,503	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	314,900	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-	-	-	1,634,727	38,029	-	-
TOTAL ASSETS	\$ 1,476,948	\$ 446,109	\$ 45,052	\$ 16,832	\$ 466,171	\$ 2,653,378	\$ 682,726	\$ 448,205	\$ 1,634,727	\$ 38,029	\$ 939,068	\$ 1,118,458
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES												
Liabilities												
Accounts payable	\$ 110,350	\$ 16,535	\$ 5,059	\$ 2,523	\$ 1,247	\$ -	\$ 38,623	\$ -	\$ -	\$ -	\$ 3,067	\$ -
Accrued liabilities	714	-	14,909	-	-	-	1,499	-	-	-	11,338	-
Deposits	-	-	-	-	-	-	-	448,205	-	-	-	-
Due to other funds	-	-	-	-	-	232,548	-	-	-	-	1,815	96,940
Total Liabilities	111,064	16,535	19,968	2,523	1,247	232,548	40,122	448,205	-	-	16,220	96,940
Deferred Inflows of Resources												
Unearned revenues	1,212,185	-	-	-	-	-	-	-	-	-	738,942	1,118,458
Unavailable revenues	-	-	-	6,503	-	883,546	-	-	-	-	-	-
Total Deferred Inflows of Resources	1,212,185	-	-	6,503	-	883,546	-	-	-	-	738,942	1,118,458
Fund Balances (Deficit)												
Nonspendable	-	-	64	-	-	-	10	-	-	-	54	-
Restricted	-	429,574	-	7,806	464,924	-	-	-	1,634,727	38,029	183,852	-
Committed	153,699	-	25,020	-	-	1,537,284	642,594	-	-	-	-	-
Unassigned (Deficit)	-	-	-	-	-	-	-	-	-	-	-	(96,940)
Total Fund Balances (Deficit)	153,699	429,574	25,084	7,806	464,924	1,537,284	642,604	-	1,634,727	38,029	183,906	(96,940)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,476,948	\$ 446,109	\$ 45,052	\$ 16,832	\$ 466,171	\$ 2,653,378	\$ 682,726	\$ 448,205	\$ 1,634,727	\$ 38,029	\$ 939,068	\$ 1,118,458

CITY OF OAK CREEK

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (cont.)
As of December 31, 2014

	Debt Service Funds					Capital Projects Funds				Total Nonmajor Governmental Funds
	TIF No. 4 Debt Service Fund	TIF No. 5 Debt Service Fund	TIF No. 6 Debt Service Fund	Police Station Debt Service Fund	Developer Agreement Fund	Lakefront Development Capital Projects Fund	TIF No. 7 Capital Projects Fund	TIF No. 9 Capital Projects Fund	TIF No. 10 Capital Projects Fund	
ASSETS										
Cash and investments	\$ -	\$ -	\$ 1,091,399	\$ -	\$ -	\$ -	\$ 1,979,142	\$ 181,519	\$ 309,551	\$ 7,210,081
Taxes receivable	574,756	-	489,497	-	-	-	65,148	30,345	425,781	4,852,329
Accounts receivable	-	-	-	-	21,079	-	-	-	-	172,379
Prepaid Expenses	-	-	-	-	-	-	-	-	-	128
Special assessments receivable	-	-	-	-	-	-	-	-	-	904,844
Loans receivable	-	-	-	-	-	-	-	-	-	6,503
Due from other funds	-	-	-	-	-	-	-	-	-	314,900
Restricted cash and investments	-	-	-	-	-	-	-	-	-	1,672,756
TOTAL ASSETS	\$ 574,756	\$ -	\$ 1,580,896	\$ -	\$ 21,079	\$ -	\$ 2,044,290	\$ 211,864	\$ 735,332	\$ 15,133,920
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,866	\$ 965	\$ -	\$ 196,235
Accrued liabilities	-	-	-	-	-	-	-	-	-	28,460
Deposits	-	-	-	-	-	-	-	-	-	448,205
Due to other funds	222,945	-	-	-	21,295	-	314,900	-	-	890,443
Total Liabilities	222,945	-	-	-	21,295	-	332,766	965	-	1,563,343
Deferred inflows of Resources										
Unearned revenues	574,756	-	489,497	-	-	-	65,148	30,345	425,781	4,655,112
Unavailable revenues	-	-	-	-	-	-	-	-	-	890,049
Total Deferred inflows of Resources	574,756	-	489,497	-	-	-	65,148	30,345	425,781	5,545,161
Fund Balances (Deficit)										
Nonspendable	-	-	-	-	-	-	-	-	-	128
Restricted	-	-	1,091,399	-	-	-	1,646,376	180,554	309,551	5,986,792
Committed	-	-	-	-	-	-	-	-	-	2,358,597
Unassigned (Deficit)	(222,945)	-	-	-	(216)	-	-	-	-	(320,101)
Total Fund Balances (Deficit)	(222,945)	-	1,091,399	-	(216)	-	1,646,376	180,554	309,551	8,025,416
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 574,756	\$ -	\$ 1,580,896	\$ -	\$ 21,079	\$ -	\$ 2,044,290	\$ 211,864	\$ 735,332	\$ 15,133,920

CITY OF OAK CREEK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	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	Consolidated Dispatch Services Fund
REVENUES												
Taxes	\$ 1,212,185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 251,775	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	94,365	117,099	-	-	10,260	-	-	-	-	-	-	-
Public charges for service	7,245	-	-	-	4,100	-	-	-	504,545	-	753,060	-
Special assessments / developer contributions	-	-	-	-	-	176,155	-	-	-	-	-	-
Investment income	1,078	-	1,084	2,556	701	70,441	322	-	2,170	34	1,259	-
Miscellaneous	31,174	143,935	2,250,000	-	-	-	-	-	-	51,175	-	-
Total Revenues	1,346,047	261,034	2,251,084	2,556	15,061	246,596	252,097	-	506,715	51,209	754,319	-
EXPENDITURES												
Current												
Public safety	-	62,626	1,163,997	-	-	-	-	-	-	60,648	-	96,940
Public works	1,388,864	-	-	-	-	-	-	-	-	-	564,905	-
Health and human services	-	94,398	-	-	-	-	-	-	-	-	-	-
Leisure activities	-	224,649	-	-	30,780	-	-	-	-	-	-	-
Conservation and development	-	-	-	2,523	-	-	187,901	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service												
Principal	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	1,388,864	381,673	1,163,997	2,523	30,780	-	187,901	-	-	60,648	564,905	96,940
Excess (deficiency) of revenues over expenditures	(42,817)	(120,639)	1,087,087	33	(15,719)	246,596	64,196	-	506,715	(9,439)	189,414	(96,940)
OTHER FINANCING SOURCES (USES)												
Transfers in	-	91,025	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(1,050,000)	-	-	(175,000)	-	-	(83,724)	-	(500,000)	-
Total Other Financing Sources (Uses)	-	91,025	(1,050,000)	-	-	(175,000)	-	-	(83,724)	-	(500,000)	-
Net change in fund balances	(42,817)	(29,614)	37,087	33	(15,719)	71,596	64,196	-	422,991	(9,439)	(310,586)	(96,940)
FUND BALANCES (DEFICIT) - Beginning of Year	196,516	459,188	(12,003)	7,773	480,643	1,465,688	578,408	-	1,211,736	47,468	494,492	-
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 153,699	\$ 429,574	\$ 25,084	\$ 7,806	\$ 464,924	\$ 1,537,284	\$ 642,604	\$ -	\$ 1,634,727	\$ 38,029	\$ 183,906	\$ (96,940)

CITY OF OAK CREEK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Cont.)
For the Year Ended December 31, 2014**

	Debt Service Funds				Capital Projects Funds						Total Nonmajor Governmental Funds
	TIF No. 4	TIF No. 5	TIF No. 6	Police Station	Developer	Lakefront	TIF No. 7	TIF No. 9	TIF No. 10		
	Debt Service Fund	Debt Service Fund	Debt Service Fund	Debt Service Fund	Agreements Fund	Development Capital Projects Fund	Capital Projects Fund	Capital Projects Fund	Capital Projects Fund		
REVENUES											
Taxes	\$ 505,134	\$ -	\$ 451,308	\$ 850,000	\$ -	\$ -	\$ 69,261	\$ 25,410	\$ 427,227	\$ 3,792,300	
Intergovernmental	3,361	-	8,083	-	-	-	25,982	1,089	12,393	272,632	
Public charges for service	-	-	-	-	-	-	-	-	-	1,268,950	
Special assessments / developer contributions	55,046	-	-	-	-	-	-	-	-	231,201	
Investment income	40	6	125	-	-	-	3,265	262	680	84,023	
Miscellaneous	-	-	-	-	-	-	4,253	5,000	-	2,485,537	
Total Revenues	563,581	6	459,516	850,000	-	-	102,761	31,761	440,300	8,134,643	
EXPENDITURES											
Current											
Public Safety	-	-	-	-	-	-	-	-	-	1,384,211	
Public works	-	-	-	-	-	-	-	-	-	1,953,769	
Health and human services	-	-	-	-	-	-	-	-	-	94,398	
Leisure activities	-	-	-	-	-	-	-	-	-	255,429	
Conservation and development	-	26	150,210	-	-	-	-	2,298	302,848	645,806	
Capital Outlay	-	-	-	-	18,537	-	299,374	149	-	318,060	
Debt Service											
Principal	360,000	-	150,000	875,000	-	-	-	-	-	1,385,000	
Interest	150	-	20,025	51,588	-	-	92,150	150	150	164,213	
Total Expenditures	360,150	26	320,235	926,588	18,537	-	391,524	2,597	302,998	6,200,886	
Excess (deficiency) of revenues over expenditures	203,431	(20)	139,281	(76,588)	(18,537)	-	(288,763)	29,164	137,302	1,933,757	
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	-	85,108	-	-	-	-	-	176,133	
Transfers out	-	-	-	-	-	(10,075,048)	-	-	-	(11,883,772)	
Total Other Financing Sources (Uses)	-	-	-	85,108	-	(10,075,048)	-	-	-	(11,707,639)	
Net change in fund balances	203,431	(20)	139,281	8,520	(18,537)	(10,075,048)	(288,763)	29,164	137,302	(9,773,882)	
FUND BALANCES (DEFICIT) - Beginning of Year	(426,376)	20	952,118	(8,520)	18,321	10,075,048	1,935,139	151,390	172,249	17,799,298	
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (222,945)	\$ -	\$ 1,091,399	\$ -	\$ (216)	\$ -	\$ 1,646,376	\$ 180,554	\$ 309,551	\$ 8,025,416	