

OFFICIAL STATEMENT

NEW ISSUE (BOOK ENTRY ONLY)

INVESTMENT RATING "Aa2"  
MOODY'S INVESTORS SERVICE, INC.

*In the opinion of Quarles & Brady LLP, Bond Counsel, under existing law interest on the Notes is included in gross income for federal income tax purposes. See "LEGAL MATTERS - Taxability of Interest" herein. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.*

**CITY OF OAK CREEK  
MILWAUKEE COUNTY, WISCONSIN  
\$4,900,000 Taxable General Obligation Promissory Notes, Series 2017A**

Dated: July 6, 2017

Due: April 1, 2020

The Taxable General Obligation Promissory Notes, Series 2017A (the "Notes") are being issued pursuant to Section 67.12(12) of the Wisconsin Statutes. The Notes will be general obligations of the City of Oak Creek, Milwaukee County, Wisconsin (the "City") for which its full faith, credit and resources are pledged. The Notes are being issued for public purposes, including paying the cost of tax incremental projects (the "Project"). (See "THE NOTES – Purpose" herein.)

The Notes will mature April 1, as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> <sup>1</sup>
2020	\$4,900,000	3.000%	1.800%	671137 WM5

The Notes will be issued as fully registered obligations without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Notes. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Notes purchased. Associated Trust Company, National Association, Green Bay, Wisconsin, will act as fiscal agent and registrar for the Notes.

Principal of the Notes, payable at maturity, and interest, payable each April 1 and October 1, commencing April 1, 2018, will be paid to DTC, which will in turn remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the Notes as described herein.

At the option of the City, the Notes are subject to redemption prior to maturity in whole or in part, and if in part, by lot, on April 1, 2019 or on any date thereafter at par plus accrued interest to the date of redemption.

*The Notes are offered when, as and if issued, subject to the receipt of the approving opinion of Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel. Quarles & Brady LLP will also serve as Disclosure Counsel for the Notes. The Notes will be available for delivery on or about July 6, 2017, through the facilities of DTC in New York, New York.*

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THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS **NOT** A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

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June 20, 2017

**Hutchinson, Shockey, Erley & Co.**

<sup>1</sup> See "CUSIP INFORMATION" herein.

Unless otherwise indicated, information contained in this Official Statement is based upon material provided by the City and available at the date of publication of the Official Statement. Certain information contained herein has been obtained from sources other than records of the City, and is believed to be reliable, but is not guaranteed as to accuracy or completeness.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than as contained in this Official Statement in connection with the offering of the Notes and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the operations of the City since the date of this Official Statement.

The Notes have not been registered pursuant to the Securities Act of 1933, in reliance upon exemptions contained in such Act.

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**CITY OF OAK CREEK  
MILWAUKEE COUNTY, WISCONSIN**

Daniel Bukiewicz, Mayor <sup>(1)</sup>  
(Term Expires April, 2018)

**COMMON COUNCIL**

<u>Name</u>	<u>Aldermanic District</u>	<u>Term Expires</u>
Steven Kurkowski	First	April, 2019
Gregory Loreck	Second	April, 2018
Richard Duchniak	Third	April, 2019
Michael E. Toman	Fourth	April, 2018
Kenneth Gehl (President)	Fifth	April, 2019
Chris Guzikowski	Sixth	April, 2018

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**CITY ADMINISTRATION**

Andrew J. Vickers..... City Administrator  
Bridget M. Souffrant ..... Finance Director/Comptroller  
Catherine A. Roeske ..... City Clerk\*  
Barbara A. Guckenberger ..... City Treasurer\*  
Melissa Karls ..... City Attorney

\* Elected positions. Current terms expire April, 2018.

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**BOND COUNSEL AND DISCLOSURE COUNSEL**

Quarles & Brady LLP  
Milwaukee, Wisconsin

**UNDERWRITER**

Hutchinson, Shockey, Erley & Co.  
Milwaukee, Wisconsin  
Chicago, Illinois

**REGISTRAR AND FISCAL AGENT**

Associated Trust Company, National Association  
Green Bay, Wisconsin

<sup>(1)</sup> Daniel Bukiewicz was appointed as Mayor in March 2017 following the resignation of former Mayor Stephen Scaffidi. Mr. Bukiewicz will serve out the remainder of the term until April 2018.

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## SUMMARY

*This is not a summary of the entire Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Notes to potential investors is made only by means of the entire Official Statement and all such documents.*

<b>Issuer</b>	City of Oak Creek, Milwaukee County, Wisconsin		
<b>Issue</b>	\$4,900,000 Taxable General Obligation Promissory Notes, Series 2017A		
<b>Dated Date</b>	July 6, 2017		
<b>Principal Due</b>	April 1, 2020		
<b>Interest Payment Date</b>	Commencing April 1, 2018 and on each October 1 and April 1 thereafter. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.		
<b>Redemption Provision</b>	At the option of the City, the Notes shall be subject to redemption prior to maturity in whole or in part, and if in part, by lot on April 1, 2019 or on any date thereafter at par plus accrued interest to the date of redemption. (See "THE NOTES – Redemption Provisions" herein.)		
<b>Purpose</b>	The Notes are being issued for public purposes, including paying the cost of tax incremental projects (the "Project").		
<b>Security</b>	The City pledges its full faith, credit and resources and there will be levied on all the taxable property in the City a direct, annual, irrevocable tax in an amount and at times sufficient to pay the principal of and interest on the Notes.		
<b>Authority</b>	The Notes are being issued pursuant to Section 67.12(12) of the Wisconsin Statutes and a resolution adopted by the Common Council on June 20, 2017.		
<b>Tax Status</b>	Interest on the Notes is included in gross income for federal income tax purposes. (See "LEGAL MATTERS – Taxability of Interest" herein.)		
<b>Credit Rating</b>	The Notes have been rated "Aa2" by Moody's Investors Service, Inc.		
<b>Underwriter</b>	Hutchinson, Shockey, Erley & Co.		
<b>Registrar and Fiscal Agent</b>	Associated Trust Company, National Association, Green Bay, Wisconsin.		
<b>Record Date</b>	The 15 <sup>th</sup> day of the month next preceding an interest payment date.		
<b>Delivery Date and Place</b>	On or about July 6, 2017 through the facilities of DTC in New York, New York.		
<b>Denominations</b>	The Notes will be issued in denominations of \$5,000 each and integral multiples thereof.		
<b>Bond Years</b>	13,406.94	<b>Average Life</b>	2.736 years
<b>Continuing Disclosure</b>	The Official Statement will be available from the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access ("EMMA") System. The City will covenant to provide annual reports, as required, and timely notice of certain events as set forth in the Continuing Disclosure Certificate. See Appendix C herein.		

**OFFICIAL STATEMENT**  
**CITY OF OAK CREEK**  
**MILWAUKEE COUNTY, WISCONSIN**  
**\$4,900,000 Taxable General Obligation Promissory Notes, Series 2017A**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information in connection with the issuance of \$4,900,000 Taxable General Obligation Promissory Notes, Series 2017A of the City of Oak Creek, Wisconsin (the "City").

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The information contained in this Official Statement is based upon material provided by the City or obtained from other sources and is believed to be reliable, but is not guaranteed as to accuracy or completeness.

All references to material included in this Official Statement not purporting to be quoted in full are only summaries of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is made to such instruments, documents and other materials for the complete provisions thereof, copies of which will be furnished upon request.

Information, including the City's prior years' financial statements, is available upon request and upon payment to the City of a charge for any copying, mailing and handling if required, from Catherine Roeske, City Clerk, City of Oak Creek, 8040 S. 6th Street, Oak Creek, Wisconsin, 53154, telephone (414) 766-7000, [croeske@oakcreekwi.org](mailto:croeske@oakcreekwi.org); or from Hutchinson, Shockey, Erley & Co. (the "Underwriter") at (414) 298-9898.

**THE NOTES**

**Purpose**

The Notes are being issued for public purposes, including paying the cost of tax incremental projects (the "Project"). The City also expects to issue a \$2,750,000 Taxable General Obligation Promissory Note to be purchased in a private placement (the "Privately Placed Note") concurrently with the Notes for the purpose of paying a portion of the Project.

**Authority for Issuance**

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, and a Resolution Authorizing the Issuance and Sale of \$4,900,000 Taxable General Obligation Promissory Notes, Series 2017A (the "Resolution") adopted by the Common Council on June 20, 2017.

**Description**

The Notes are dated July 6, 2017 and will bear interest from their dated date to their maturity date. Principal of the Notes will be payable at maturity on April 1, 2020. Interest will be payable each April 1 and October 1, commencing April 1, 2018.

**Sources and Applications of Funds**

<u>Sources of Funds</u>	
Par Amount of Notes	\$ 4,900,000
Reoffering Premium	<u>99,960</u>
TOTAL	<u>\$ 4,999,960</u>
 <u>Applications of Funds</u>	
Deposit to Project Fund	\$ 4,902,208
Costs of Issuance (including Underwriter's Discount)	<u>97,752</u>
TOTAL	<u>\$ 4,999,960</u>

## Sources of Payment for the Notes

The City is authorized and required by law to levy on all property taxable by the City such *ad valorem* taxes, without limitation as to rate or amount, as may be necessary to pay the Notes and the interest thereon.

## Security for the Notes

As security for the Notes, the City pledges its full faith, credit and resources and there will be levied on all of the taxable property in the City a direct, annual irrevocable tax in an amount and at times sufficient to pay the principal of and interest on the Notes. The tax will be levied under the Resolution for collection in each of the years 2018 through 2020 or monies to pay debt service will otherwise be appropriated.

The Resolution provides that the tax will be, from year to year, carried onto the tax rolls of the City and collected as other taxes are collected and that the City shall not repeal such levy or obstruct the collection of the tax. Provision is made for reducing the amount of tax carried onto the tax rolls by the amount of any surplus money in the debt service account for the Notes.

## Redemption Provisions

At the option of the City, the Notes shall be subject to redemption prior to maturity on April 1, 2019 or on any date thereafter. Said Notes shall be redeemable as a whole or in part, and if in part, by lot, at the principal amount thereof, plus accrued interest to the date of redemption. If less than all of the Notes are to be redeemed, selection of the Notes to be so redeemed shall be by lot conducted by DTC in accordance with its rules and practices. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

### Notice of Redemption

Notice of redemption shall be given by facsimile transmission, certified or registered mail, overnight express delivery, electronic transmission, or in any other manner required by DTC, to DTC, or its nominee as the registered owner of the Notes. Such notice shall be sent not less than 30 days nor more than 60 days prior to the date fixed for redemption. Except as set forth in any undertaking by the City to provide continuing disclosure, the City will not be responsible for mailing notices of redemption to anyone other than DTC or its nominee.

## THE RESOLUTION

The Resolution was adopted by the Common Council pursuant to the procedures prescribed by State Statutes. Reference is made to the Resolution for a complete recital of its terms.

The Resolution authorizes the issuance of and the sale of the Notes to the Underwriter. The Resolution establishes the form and terms of the Notes, including the dating, maturity schedule, interest payment date and redemption provisions, as shown in this Official Statement, and approves the interest rate to be borne by the Notes. Pursuant to the Resolution, the City pledges its full faith, credit and resources and there will be levied on all of the taxable property in the City a direct, annual irrevocable tax in an amount and at times sufficient to pay the principal of and interest on the Notes. The Resolution establishes, separate and distinct from all other funds of the City, a debt service fund with respect to payment of principal and interest on the Notes.

## BOOK-ENTRY-ONLY SYSTEM

*The following information has been furnished by The Depository Trust Company for use in this Official Statement. Neither the Issuer nor the Underwriter takes any responsibility for the accuracy or completeness of such information or as to the absence of material adverse changes in such information subsequent to the date of this Official Statement.*

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (*"Direct Participants"*) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S.

securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

4. To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Notes purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Notes by causing the Direct Participant to transfer the Participant's interest in the Notes, on DTC's records, to Agent. The requirement for physical delivery of Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Notes to Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the City or Registrar. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.



11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

### **Registrar and Fiscal Agent**

Associated Trust Company, National Association, Green Bay, Wisconsin will act as the registrar and fiscal agent for the Notes.

### **CUSIP Information**

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## **THE CITY**

### **Introduction**

The City encompasses an area of 28 square miles in Milwaukee County (the "County") in southeastern Wisconsin. The City is adjacent to the City of Milwaukee and 85 miles north of Chicago.

The City's 2016 population estimate is 35,206. The City has 261 full-time and approximately 97 part-time employees.

#### Transportation

The City is located on Interstate Highway 94, U.S. Highway 41, and State Highways, 32, 38 and 100. The City is also served by passenger and freight railroads and General Mitchell International Airport in the City of Milwaukee.

### **Common Council**

The legislative body of the City is the Common Council, which consists of six alderpersons elected by district for overlapping two-year terms. The Mayor is elected separately for a three-year term, which current term will expire in April 2018.

### **Administrative Organization**

The policies of the City are set by the six-member Council and the Mayor. The Mayor only votes in the case of a tie or when he wishes to exercise his veto power.

The City Administrator has the responsibility of administering the day-to-day operations of the City and executing the policy decisions of the Council.

The City Administrator is also responsible for the financial operations of the City and has responsibility for the formulation and enforcement of the budget for all departments.

**Services**

The City provides a full range of municipal services including police and fire protection, parks, public works operations, building inspection and zoning control, water and sewer utilities, and general administrative services.

Public Safety

The City's police department has 58 police officers, 20 full-time and 10 part-time employees. The fire department has 51 firefighters of which 37 are paramedics. All firefighters are required to be EMTs. In addition, the department has one full-time employee and one part-time employee.

The City's municipal court has two full-time employees and one part-time employee. The judge is a part-time elected position.

**Employee Relations and Collective Bargaining**

The following three bargaining units represent the respective number of City employees:

<u>Union/Association</u>	<u>Contract Expires</u>	<u>Number of Members</u>
Oak Creek Professional Police Officers' Association	12/31/17	43
International Association of Firefighters, Local 1848 AFL-CIO	12/31/17	42
Labor Association of Wisconsin (LAW)	9/01/17	44

The City characterizes relations between the City and the bargaining units as good.

All eligible City personnel are covered by the Municipal Employment Relations Act (MERA) of the Wisconsin Statutes. Pursuant to that law, employees have limited rights to organize and collectively bargain with the municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety or transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

**Demographic Information**

Population

The population trends for the City, County and State are shown in the table below. The City's 2010 Census population is 34,451.

	Estimated <u>2016</u>	Estimated <u>2015</u>	Estimated <u>2014</u>	Estimated <u>2013</u>	Estimated <u>2012</u>
City of Oak Creek	35,206	34,791	34,707	34,695	34,530
Milwaukee County	948,930	949,795	949,741	950,410	948,322
State of Wisconsin	5,775,120	5,753,324	5,732,981	5,717,110	5,703,525

Source: Wisconsin Department of Administration, Demographic Services Center

### Median Age

The median ages for the City, County and State as of the 2010 U.S. Census are as follows:

	<u>Years</u>
City of Oak Creek	37.4
Milwaukee County	33.6
State of Wisconsin	38.5

Source: U.S. Census Bureau, 2010 Census

### Income

Wisconsin Adjusted Gross Income per return data for the City, County and State are presented in the following table:

<u>Year</u>	<u>City of Oak Creek</u>	<u>Milwaukee County</u>	<u>State of Wisconsin</u>
2015	\$ 57,034	\$ 48,533	\$ 54,227
2014	54,880	45,980	52,050
2013	54,870	45,620	50,670
2012	53,580	44,460	49,900
2011	52,780	42,830	47,640

Source: Wisconsin Department of Revenue, Division of Research and Policy

## **Economic Information**

### Building Permit Activity

Building activity in the City is indicated by the number and value of new construction building permits issued, as set forth in the following table:

<u>Year</u>	<u>Total New Construction Building Permits</u>		<u>Total Residential<sup>1</sup> Building Permits</u>	
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>
2017 <sup>2</sup>	16	\$ 5,288,220	9	\$ 2,309,020
2016	65	148,178,567	31	8,636,875
2015	57	240,162,746 <sup>3</sup>	28	7,691,665
2014	39	72,048,221 <sup>3</sup>	21	5,141,453
2013	27	5,809,735	23	5,649,234
2012	40	10,418,725	34	6,767,555
2011	58	15,176,978	50	10,102,378

<sup>1</sup> Total Building Permits for Single Family and Two-Family Residences.

<sup>2</sup> Through April 30, 2017.

<sup>3</sup> Includes building permits for the Drexel Town Square development, the Oak View Business Park and apartment complexes.

Source: City of Oak Creek

### Employment

The Workforce and Labor Market Information System has estimated the percentage of unemployment to be as follows:

	<u>May 2017</u>	<u>2016 Average</u>	<u>2015 Average</u>	<u>2014 Average</u>	<u>2013 Average</u>	<u>2012 Average</u>
City of Oak Creek	2.7%	3.7%	4.1%	4.8%	6.3%	6.5%
Milwaukee County	3.5	5.1	5.8	6.9	8.4	8.6
State of Wisconsin	2.8	4.1	4.6	5.4	6.7	7.0

Source: Wisconsin Department of Workforce Development

### Average Annual Employment

The table below presents average annual employment by selected categories within Milwaukee County for the last five available years.

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>ALL INDUSTRIES</b>	484,505	481,625	467,273	465,419	459,677
Construction	10,785	10,464	9,920	9,266	8,889
Education & Health Services	138,894	135,930	132,254	129,552	125,546
Financial Activities	29,626	30,730	31,384	32,056	32,855
Information	8,639	8,913	*	*	*
Leisure & Hospitality	50,191	49,233	47,569	47,093	46,040
Manufacturing	52,153	52,404	52,042	52,891	53,646
Natural Resources & Mining	87	92	75	73	96
Other Services	16,343	16,715	17,187	17,758	18,986
Professional & Business Services	78,238	77,816	77,736	77,626	74,539
Public Administration	20,611	20,090	20,484	21,009	21,446
Trade, Transportation, Utilities	78,938	79,234	78,622	78,095	77,634
Unclassified	0	4	*	*	*

\* Data suppressed.

Source: Wisconsin Department of Workforce Development

### Major Employers

The following table lists major employers in the City of Oak Creek by number of employees (full and part-time):

<u>Employer</u>	<u>Product/Business</u>	<u>Approximate Employment</u>
Milwaukee Area Technical College	Education	1,276 <sup>1</sup>
UPS	Parcel delivery and distribution center	1,210 <sup>2</sup>
Oak Creek-Franklin School District	Education	683 <sup>2</sup>
WE Energies	Electrical power generation	505 <sup>2</sup>
PPG Industries, Inc.	Coating and resin products	475
Nordco, Inc.	Roadway work equipment	420
Reinhart FoodService, LLC	Wholesale food distributor	417
Joseph Campione Inc.	Food products	400
The City	Municipal government	358
Grunau Co., Inc.	Fire protection equipment	350

<sup>1</sup> Includes all area campuses. Breakdown by individual campuses is not available.

<sup>2</sup> As of May 2016

Source: Manufacturer's News, Inc., official statements retrieved from EMMA and independent employer inquiries, May 2017.

### **Tax Levies and Collections**

Wisconsin cities, villages and towns are charged with the responsibility of assessing taxable property and collecting taxes, and making distribution to counties, school districts and other public bodies. Property of manufacturing establishments and utilities is assessed by the State Department of Revenue. All assessments are made as of January 1.

Real estate and personal property taxes are levied in December by the Common Council in conjunction with the adoption of the annual budget for the ensuing fiscal year beginning January 1. Levies are based on assessed property values certified on January 1 of the prior year and become a lien on the property at the beginning of the fiscal year. Real estate taxes are payable in full by January 31, or in three installments on January 31, March 31, and May 31. Personal property taxes must be paid in full by January 31. The City Treasurer is responsible for collection of taxes for all taxing purposes on properties within the City through May. On January 20 and February 20 and on the 20<sup>th</sup> of each month following a month in which an installment payment is due, settlements are made with all taxing entities. On or before August 20, the County pays the City in full for all outstanding real estate taxes due, and assumes responsibility for remaining balances. The City retains responsibility for collection of personal property taxes.

City tax levies (within the Milwaukee Metropolitan Sewerage District) for the current year and the past four calendar years are as follows:

<u>Year of Levy/Collection</u>	<u>City Tax Levies</u>	<u>Annual City Levy Rate per \$1,000 of Assessed Value</u>
2016/17	\$ 19,878,080	\$ 6.60
2015/16	19,566,773	6.64
2014/15	19,329,408	6.76
2013/14	19,201,557	6.41
2012/13	19,087,115	6.46

The City experiences no real estate tax delinquencies since Milwaukee County is required by State Statute to settle in full with underlying taxing districts no later than August 20 of each year.

Source: City

#### Mill Rates

The following are the mill rates per \$1,000 of assessed value for the City for the current year and the last four collection years.

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City	\$ 6.60	\$ 6.64	\$ 6.76	\$ 6.41	\$ 6.46
State	0.17	0.17	0.17	0.16	0.16
County	6.28	6.22	6.21	5.90	5.90
Milwaukee Metro. Sewerage District	1.75	1.72	1.73	1.63	1.57
Milwaukee Area Tech. College Dist.	1.26	1.24	1.28	2.03	2.03
Oak Creek-Franklin School District	8.93	9.67	9.17	8.87	9.06
(Less: State & County Credits)	<u>(2.74)</u>	<u>(2.74)</u>	<u>(2.54)</u>	<u>(2.41)</u>	<u>(2.49)</u>
Net Tax Rate	\$ 22.25	\$22.92	\$ 22.78	\$ 22.59	\$ 22.69
Ratio of Assessed to Equalized Value	99.90%	101.24%	99.10%	104.95%	104.05%

Source: City

#### **Largest Taxpayers for Fiscal Year 2016**

The table below shows the City's ten largest taxpayers for 2016.

<u>Name</u>	<u>Type of Property</u>	<u>2016 Equalized Valuation</u>	<u>Net Taxes to be Paid in 2017</u>	<u>Percent of City's Total Equalized Value</u>
Springbrook Development LLC, A WI LLC	Apartments	\$ 49,327,570	\$1,095,907	1.59%
Occidental Development LP	Apartments	44,836,100	996,374	1.44
Arbors at Centennial Park LLC	Apartments	25,725,620	571,317	0.83
Legacy/Timber Ridge, LLC	Apartments	24,081,180	535,064	0.77
Aldi Inc.	Grocery warehouse; distribution center	22,519,410	500,410	0.72
NDC LLC	Tri-City Bank	20,292,590	450,620	0.65
Woodman's Food Market, Inc.	Grocery store	20,251,510	450,064	0.65
Meijer	Apartments	17,072,240	379,342	0.55
PPG Industries Inc. A PA Corp.	Manufacturing	16,394,311	364,329	0.53
Country Oaks II Ltd Partnership, A WI LP	Apartments	<u>16,148,570</u>	<u>358,270</u>	<u>0.52</u>
	TOTAL	\$256,649,101	\$5,701,697	8.26%

Source: City

## Equalized Valuation

The City has experienced a 6.01% change in equalized value (TID In) over the past five years. The trend of equalized values is outlined in the table below.

	Equalized Value TID In	% Change	Equalized Value TID Out	% Change
2016	\$ 3,108,897,900	3.49	\$ 3,014,976,300	3.68
2015	3,003,919,300	1.76	2,908,050,200	1.04
2014	2,952,097,300	1.03	2,878,046,700	0.67
2013	2,921,983,900	(0.37)	2,859,016,300	0.69
2012	2,932,766,600	(5.06)	2,839,455,600	(7.08)

Source: State of Wisconsin, Department of Revenue

The equalized value by class of property for 2016 is as follows:

Real Estate:	
Residential	\$ 1,901,775,100
Commercial	922,575,300
Manufacturing	160,878,900
Agriculture	357,400
Undeveloped	385,700
Ag Forest	81,000
Other	7,332,100
Total Real Estate	2,993,385,500
Total Personal Property	115,512,400
Total	<u>\$ 3,108,897,900</u>

Source: State of Wisconsin, Department of Revenue

The percentage mix of equalized value by class of property for the past five years was as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Real Estate					
Residential	61.17%	61.35%	61.40%	60.46%	59.77%
Commercial	29.68	30.12	30.20	30.05	31.45
Manufacturing	5.17	4.66	4.66	4.92	5.19
Agriculture	0.01	0.01	0.01	0.01	0.01
Undeveloped	0.01	0.02	0.01	0.01	0.01
Ag Forest	-	-	0.01	0.01	0.01
Other	0.24	0.23	0.25	0.26	0.27
Personal Property	<u>3.72</u>	<u>3.62</u>	<u>3.45</u>	<u>4.27</u>	<u>3.28</u>
	100.00%	100.00%	100.00%	100.00%	100.00%

Source: State of Wisconsin, Department of Revenue

The City has Tax Incremental Districts ("TIDs") created under Wisconsin Statutes Section 66.1105. TID valuations totaling \$93,921,600 have been excluded from the City's tax base for 2016.

TID # <sup>1</sup>	TID Creation Date	Base Value	2016 Current Value	Increment
006	2001	\$ 1,377,200	\$ 19,365,700	\$17,988,500
007	2007	165,053,100	173,950,800	8,897,700
008	2009	23,056,600	47,553,200	24,496,600
010	2010	19,223,700	33,539,500	14,315,800
011	2012	12,862,100	41,085,100	28,223,000
			Total	<u>\$93,921,600</u>

<sup>1</sup> TID No. 12 was created by resolution of the Common Council adopted July 19, 2016 and approved by the Joint Review Board on July 20, 2016.

Source: State of Wisconsin, Department of Revenue

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## CITY DEBT STRUCTURE

### Total Outstanding General Obligation Debt Summary (As of July 6, 2017)

<u>Type of Obligation</u>	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Final Maturity Dates</u>	<u>Current Amount Outstanding</u>
G.O. Refunding Bonds	4/01/2010	7,000,000	4/01/2030	\$ 5,225,000
G.O. Refunding Bonds	4/02/2013	5,825,000	4/01/2032	4,975,000
Taxable G.O. Promissory Notes	4/02/2013	3,000,000	4/01/2023	1,875,000
G.O. Promissory Notes	12/30/2013	10,000,000	12/01/2023	8,675,000
G.O. Refunding Bonds, Series 2014B	12/16/2014	2,725,000	5/01/2032	2,350,000
G.O. Refunding Bonds, Series 2015A	1/20/2015	19,650,000	6/01/2034	18,275,000
Taxable G.O. Promissory Notes, Series 2015B	5/19/2015	8,900,000	5/01/2018	8,900,000
Taxable G.O. Promissory Notes, Series 2015C	9/29/2015	10,500,000	9/01/2018	10,500,000
Taxable G.O. Promissory Notes, Series 2016A	7/06/2016	5,750,000	12/01/2018	5,750,000
G.O. Promissory Notes, Series 2016B	8/30/2016	5,100,000	10/01/2019	5,100,000
G.O. Refunding Bonds, Series 2016C	10/18/2016	17,125,000	10/01/2032	17,125,000
Taxable G.O. Refunding Bonds, Series 2016D	10/18/2016	5,925,000	10/01/2032	5,925,000
Taxable G.O. Promissory Notes, Series 2017A	7/06/2017	4,900,000	4/01/2020	4,900,000 <sup>1</sup>
Taxable G.O. Promissory Note	7/06/2017	2,750,000	3/01/2018	2,750,000 <sup>2</sup>
				<u>\$102,325,000</u>
				Less: Remaining 2017 Principal Payments
				<u>(625,000)</u>
				<u><u>\$101,700,000</u></u>

<sup>1</sup> New Issue.

<sup>2</sup> Privately Placed Note expected to be issued concurrently with the Notes.

### General Obligation Debt Service Schedules

	\$7,000,000 G.O.		\$5,825,000 G.O.		\$3,000,000 Taxable G.O.	
	<u>Ref Bonds - 4/01/10<sup>1</sup></u>		<u>Ref Bonds - 4/02/13<sup>1</sup></u>		<u>Prom. Notes - 4/02/13</u>	
	Principal	Interest	Principal	Interest	Principal	Interest
	<u>04/01</u>		<u>04/01</u>		<u>04/01</u>	
2017		\$ 106,453		\$ 91,625		\$ 21,781
2018	\$ 300,000	208,031	\$ 250,000	178,250	\$ 300,000	40,562
2019	325,000	196,656	250,000	168,250	300,000	34,563
2020	325,000	183,656	275,000	159,125	300,000	28,375
2021	350,000	170,156	275,000	149,500	325,000	21,328
2022	350,000	156,157	300,000	138,000	325,000	13,203
2023	375,000	141,656	300,000	126,000	325,000	4,469
2024	400,000	126,156	325,000	113,500	-	-
2025	400,000	110,156	325,000	100,500	-	-
2026	425,000	93,657	350,000	87,000	-	-
2027	450,000	75,594	350,000 <sup>(2)</sup>	74,094	-	-
2028	475,000	55,641	375,000 <sup>(2)</sup>	61,859	-	-
2029	500,000	34,312	375,000 <sup>(2)</sup>	49,203	-	-
2030	550,000	11,688	400,000 <sup>(2)</sup>	35,875	-	-
2031	-	-	400,000 <sup>(2)</sup>	21,875	-	-
2032	-	-	425,000 <sup>(2)</sup>	7,438	-	-
	<u>\$5,225,000</u>	<u>\$1,669,969</u>	<u>\$4,975,000</u>	<u>\$1,562,094</u>	<u>\$1,875,000</u>	<u>\$164,281</u>
Less Remaining 2017 Payments	<u>0</u>	<u>106,453</u>	<u>0</u>	<u>91,625</u>	<u>0</u>	<u>21,781</u>
	<u>\$5,225,000</u>	<u>\$1,563,516</u>	<u>\$4,975,000</u>	<u>\$1,470,469</u>	<u>\$1,875,000</u>	<u>\$142,500</u>

<sup>1</sup> Supported with State utility aid due to location of Wisconsin Energy power plant in Oak Creek.

<sup>2</sup> Mandatory redemption amounts.



General Obligation Debt Service Schedules continued

	\$10,000,000 G.O. Prom. Notes - 12/30/13 <sup>1</sup>		\$2,725,000 G.O. Ref Bonds, Ser 2014B-12/16/14 <sup>2</sup>		\$19,650,000 G.O. Ref Bonds, Ser 2015A -1/20/15 <sup>1</sup>	
	Principal		Principal		Principal	
	12/01	Interest	05/01	Interest	06/01	Interest
2017	\$ 425,000	\$ 147,500		\$ 38,609		\$ 316,781
2018	450,000	286,500	\$ 125,000	75,344	\$ 725,000	626,312
2019	450,000	277,500	125,000	70,969	750,000	611,563
2020	475,000	259,500	125,000	65,968	750,000	596,562
2021	475,000	240,500	150,000	60,469	800,000	581,063
2022	500,000	221,500	150,000	55,219	825,000	556,562
2023	5,900,000	206,500	150,000	50,719	850,000	523,063
2024			150,000	46,219	950,000	487,062
2025			150,000 <sup>(3)</sup>	41,718	975,000	448,563
2026			150,000 <sup>(3)</sup>	37,219	1,025,000	408,562
2027			175,000 <sup>(3)</sup>	32,234	1,050,000	372,313
2028			175,000 <sup>(3)</sup>	26,766	1,075,000	329,687
2029			175,000 <sup>(3)</sup>	21,187	1,125,000	280,313
2030			175,000 <sup>(3)</sup>	15,500	1,125,000	235,312
2031			175,000 <sup>(3)</sup>	9,703	1,550,000	181,812
2032			200,000 <sup>(3)</sup>	3,375	1,550,000	126,594
2033					1,575,000 <sup>(3)</sup>	76,781
2034					1,575,000 <sup>(3)</sup>	25,594
	<u>\$8,675,000</u>	<u>\$1,639,500</u>	<u>\$2,350,000</u>	<u>\$651,218</u>	<u>\$18,275,000</u>	<u>\$6,784,499</u>
Less Remaining						
2017 Payments	<u>425,000</u>	<u>147,500</u>	<u>0</u>	<u>38,609</u>	<u>0</u>	<u>316,781</u>
	<u>\$8,250,000</u>	<u>\$1,492,000</u>	<u>\$2,350,000</u>	<u>\$612,609</u>	<u>\$18,275,000</u>	<u>\$6,467,718</u>

<sup>1</sup> Supported with State utility aid due to location of Wisconsin Energy power plant in Oak Creek.

<sup>2</sup> Supported with tax increment revenues from Tax Incremental District No. 7.

<sup>3</sup> Mandatory redemption amounts.

	\$8,900,000 Tax G. O. Prom. Notes, Ser 2015B - 5/19/15 <sup>1</sup>		\$10,500,000 Tax G. O. Prom. Notes, Ser 2015C - 9/29/15 <sup>2</sup>		\$5,750,000 Tax. G.O. Prom. Notes, Ser 2016A - 7/06/16 <sup>1</sup>	
	Principal		Principal		Principal	
	05/01	Interest	09/01	Interest	12/01	Interest
2017		\$100,125		\$111,562		\$ 61,094
2018	<u>\$8,900,000</u>	<u>100,125</u>	<u>\$10,500,000</u>	<u>223,125</u>	<u>\$5,750,000</u>	<u>122,188</u>
	<u>\$8,900,000</u>	<u>\$200,250</u>	<u>\$10,500,000</u>	<u>\$334,687</u>	<u>\$5,750,000</u>	<u>\$183,282</u>
Less Remaining						
2017 Payments	<u>-</u>	<u>100,125</u>	<u>-</u>	<u>111,562</u>	<u>-</u>	<u>61,094</u>
	<u>\$8,900,000</u>	<u>\$100,125</u>	<u>\$10,500,000</u>	<u>\$223,125</u>	<u>\$5,750,000</u>	<u>\$122,188</u>

<sup>1</sup> Refinancing of this issue is expected to be supported with tax increment revenues from Tax Incremental District No. 11.

<sup>2</sup> Refinancing of this issue is expected to be supported with tax increment revenues from Tax Incremental District No. 8.

	<u>\$5,100,000 G.O. Prom. Notes, Ser 2016B - 8/30/16<sup>1</sup></u>		<u>\$17,125,000 G.O. Ref Bonds, Ser 2016C - 10/18/16<sup>2</sup></u>		<u>\$5,925,000 Taxable G.O. Ref Bonds, Ser 2016D - 10/18/16<sup>2</sup></u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	<u>10/01</u>		<u>10/01</u>		<u>10/01</u>	
2017		\$51,000	\$ 100,000	\$ 251,125	\$ 100,000	\$ 83,994
2018		102,000	225,000	500,250	150,000	165,988
2019	\$5,100,000	102,000	625,000	495,750	175,000	162,988
2020			725,000	483,250	200,000	159,487
2021			750,000	461,500	250,000	155,488
2022			825,000	439,000	275,000	147,987
2023			975,000	414,250	325,000	139,738
2024			1,075,000	385,000	375,000	129,987
2025			1,125,000	352,750	400,000	118,738
2026			1,175,000	319,000	450,000	106,737
2027			1,225,000	283,750	475,000	93,238
2028			1,500,000	247,000	500,000	81,125
2029			1,600,000	202,000	525,000	67,625
2030			1,700,000	138,000	550,000	52,662
2031			1,700,000	70,000	575,000	36,437
2032			1,800,000	36,000	600,000	18,900
	<u>\$5,100,000</u>	<u>\$255,000</u>	<u>\$17,125,000</u>	<u>\$5,078,625</u>	<u>\$5,925,000</u>	<u>\$1,721,119</u>
Less Remaining 2017 Payments	<u>-</u>	<u>51,000</u>	<u>100,000</u>	<u>251,125</u>	<u>100,000</u>	<u>83,994</u>
	<u>\$5,100,000</u>	<u>\$204,000</u>	<u>\$17,025,000</u>	<u>\$4,827,500</u>	<u>\$5,825,000</u>	<u>\$1,637,125</u>

<sup>1</sup> Refinancing of this issue is expected to be supported with tax increment revenues from TID No. 12.

<sup>2</sup> Supported with tax increment revenues from Tax Incremental District No. 11.

	<u>\$4,900,000 Tax G. O. Prom Notes, Ser 2017A - 7/06/17<sup>1</sup></u>		<u>\$2,750,000 Tax G. O. Prom Note - 7/06/17<sup>2</sup></u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	<u>04/01</u>		<u>03/01</u>	
2017				\$55,382
2018		\$181,708	\$2,750,000	34,375
2019		147,000		
2020	<u>\$4,900,000</u>	<u>73,500</u>	<u>-</u>	<u>-</u>
	<u>\$4,900,000</u>	<u>\$402,208</u>	<u>\$2,750,000</u>	<u>\$89,757</u>
Less Remaining 2017 Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>55,382</u>
	<u>\$4,900,000</u>	<u>\$402,208</u>	<u>\$2,750,000</u>	<u>\$34,375</u>

<sup>1</sup> New Issue. The general obligation bonds or notes expected to be issued to refund this issue are expected to be supported with tax increment revenues from Tax Incremental District No. 11.

<sup>2</sup> Expected to be issued in a private placement concurrently with the Notes. The general obligation bonds or notes expected to be issued to refund this issue are expected to be supported with tax increment revenues from Tax Incremental District No. 11.

Total General Obligation Debt

	<u>Total Principal<sup>1</sup></u>	<u>Total Interest<sup>1</sup></u>	<u>Total Debt Service<sup>1</sup></u>	<u>Less: Offsetting Revenues<sup>2</sup></u>	<u>Net Debt Service</u>
2017	\$ 625,000	\$ 1,437,031	\$ 2,062,031	\$ 2,040,250	\$ 21,781
2018	30,425,000	2,844,758	33,269,758	32,929,196	340,562
2019	8,100,000	2,267,239	10,367,239	10,032,676	334,563
2020	8,075,000	2,009,423	10,084,423	9,756,048	328,375
2021	3,375,000	1,840,004	5,215,004	4,868,676	346,328
2022	3,550,000	1,727,628	5,277,628	4,939,425	338,203
2023	9,200,000	1,606,395	10,806,395	10,476,926	329,469
2024	3,275,000	1,287,924	4,562,924	4,562,924	-
2025	3,375,000	1,172,425	4,547,425	4,547,425	-
2026	3,575,000	1,052,175	4,627,175	4,627,175	-
2027	3,725,000	931,223	4,656,223	4,656,223	-
2028	4,100,000	802,078	4,902,078	4,902,078	-
2029	4,300,000	654,640	4,954,640	4,954,640	-
2030	4,500,000	489,037	4,989,037	4,989,037	-
2031	4,400,000	319,827	4,719,827	4,719,827	-
2032	4,575,000	192,307	4,767,307	4,767,307	-
2033	1,575,000	76,781	1,651,781	1,651,781	-
2034	<u>1,575,000</u>	<u>25,594</u>	<u>1,600,594</u>	<u>1,600,594</u>	<u>-</u>
	\$102,325,000	\$20,736,489	\$123,061,489	\$121,022,208	\$2,039,281
Less Remaining 2017 Payments	<u>625,000</u>	<u>1,437,031</u>	<u>2,062,031</u>	<u>2,040,250</u>	<u>21,781</u>
	\$101,700,000	\$19,299,458	\$120,999,458	\$118,981,958	\$2,017,500

<sup>1</sup> Includes the Notes and the Privately Placed Note expected to be issued concurrently with the Notes.

<sup>2</sup> Offsetting revenues include Tax Incremental District revenues and State utility aid. The actual amount of these offsetting revenues is not guaranteed. Under State law, the City is required to levy an amount sufficient to meet the debt service on its outstanding general obligation debt, but such levy may be abated by the use of such offsetting revenues, if and to the extent available.

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## Total Outstanding Revenue Debt Summary (As of July 6, 2017)

### Waterworks System Revenue Debt<sup>1</sup>

<u>Type of Obligation</u>	<u>Date of Issue</u>	<u>Original Amount Issued</u>	<u>Final Maturity Dates</u>	<u>Current Amount Outstanding</u>
Waterworks System Revenue Bonds, Series 2010	1/13/10	\$ 879,848	05/01/29	\$ 544,988
Waterworks System Refunding Revenue Bonds	3/15/11	6,500,000	12/01/31	5,900,000
Waterworks System Revenue Bonds, Series 2011	11/23/11	5,889,583	05/01/31	4,383,200
Waterworks System Revenue Bonds, Series 2013	5/08/13	2,598,203	05/01/33	2,151,835
Waterworks System Revenue Bonds, Series 2014	5/28/14	5,471,070	05/01/34	4,540,235
Waterworks System Refunding Revenue Bonds, Series 2015	11/17/15	3,850,000	12/01/20	<u>2,525,000</u>
Outstanding Waterworks System Revenue Debt				\$20,045,258

<sup>1</sup> The Waterworks System Revenue Bonds, Series 2010, dated January 13, 2010, the Waterworks System Revenue Bonds, Series 2011, dated November 23, 2011, the Waterworks System Revenue Bonds, Series 2013, dated May 8, 2013, and the Waterworks System Revenue Bonds, Series 2014, dated May 28, 2014 (collectively, the "SDWLs") are issued under the Safe Drinking Water Loan Program administered by the State of Wisconsin. The SDWLs are junior and subordinate to the Waterworks System Refunding Revenue Bonds, dated March 15, 2011 and Waterworks System Revenue Bonds, Series 2015, dated November 17, 2015 with respect to the pledge of the revenues of the Waterworks System.

### Revenue Bond Debt Service Schedules

	\$879,848 Waterworks Sys Rev Bonds Ser 2010 (SDWL) - 1/13/10		\$6,500,000 Waterworks Sys Ref Rev Bonds - 03/15/11		\$5,889,583 Waterworks Sys Rev Bonds Ser 2011 (SDWL) - 11/23/11	
	<u>Principal</u>		<u>Principal</u>		<u>Principal</u>	
	<u>05/01</u>	<u>Interest</u>	<u>12/01</u>	<u>Interest</u>	<u>05/01</u>	<u>Interest</u>
2017		\$ 7,270	\$ 200,000	\$ 137,353		\$ 48,215
2018	\$ 39,131	14,018	250,000	267,706	\$ 270,746	93,452
2019	40,175	12,960	250,000	258,957	276,703	87,430
2020	41,247	11,874	275,000	248,956	282,790	81,276
2021	42,347	10,759	350,000	237,956	289,012	74,986
2022	43,477	9,614	350,000	223,956	295,370	68,558
2023	44,637	8,439	375,000	208,907	301,868	61,988
2024	45,828	7,232	400,000	192,500	308,509	55,274
2025	47,051	5,992	400,000	172,500	315,296	48,412
2026	48,306	4,720	425,000	152,500	322,233	41,399
2027	49,595	3,415	450,000	131,250	329,322	34,232
2028	50,918	2,074	475,000	108,750	336,567	26,907
2029	52,276	698	500,000	85,000	343,972	19,421
2030			575,000	60,000	351,539	11,771
2031			<u>625,000</u>	<u>31,250</u>	<u>359,273</u>	<u>3,952</u>
	<u>\$ 544,988</u>	<u>\$ 99,065</u>	<u>\$ 5,900,000</u>	<u>\$ 2,517,541</u>	<u>\$ 4,383,200</u>	<u>\$ 757,273</u>

Revenue Bond Debt Service Schedules continued

	\$2,598,203		\$5,471,070		\$3,850,000	
	Waterworks Sys Rev Bonds Ser 2013 (SDWL) - 5/08/13		Waterworks Sys Rev Bonds Ser 2014 (SDWL) - 5/28/14		Waterworks Sys Ref Rev Bonds, Ser 2015 - 11/17/15	
	<u>Principal</u> <u>05/01</u>	<u>Interest</u>	<u>Principal</u> <u>05/01</u>	<u>Interest</u>	<u>Principal</u> <u>12/01</u>	<u>Interest</u>
2017		\$ 20,711		\$ 43,700	\$1,125,000	\$ 25,250
2018	\$ 116,120	40,305	\$ 228,292	85,202	550,000	28,000
2019	118,355	38,049	232,687	80,765	575,000	17,000
2020	120,634	35,748	237,166	76,243	275,000	5,500
2021	122,956	33,403	241,731	71,634		
2022	125,323	31,014	246,385	66,935		
2023	127,735	28,578	251,128	62,147		
2024	130,194	26,096	255,962	57,266		
2025	132,700	23,566	260,889	52,291		
2026	135,255	20,986	265,911	47,221		
2027	137,859	18,357	271,030	42,053		
2028	140,512	15,679	276,247	36,785		
2029	143,217	12,948	281,565	31,416		
2030	145,974	10,164	286,985	25,944		
2031	148,785	7,326	292,509	20,367		
2032	151,648	4,435	298,140	14,682		
2033	154,568	1,487	303,879	8,887		
2034			<u>309,729</u>	<u>2,981</u>		
	<u>\$2,151,835</u>	<u>\$368,852</u>	<u>\$4,540,235</u>	<u>\$826,519</u>	<u>\$2,525,000</u>	<u>\$ 75,750</u>

Total Waterworks System Debt Service and Coverage

	Total	Total	Total	Totals Less SDWL	Coverage Without <sup>1</sup> SDWL Based on \$4,893,168
	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>SDWL</u>	
2017	\$ 1,325,000	\$ 282,499	\$ 1,607,499	\$1,487,603	3.29
2018	1,454,289	528,683	1,982,972	1,095,706	4.47
2019	1,492,920	495,161	1,988,081	1,100,957	4.44
2020	1,231,837	459,597	1,691,434	804,456	6.08
2021	1,046,046	428,738	1,474,784	587,956	8.32
2022	1,060,555	400,077	1,460,632	573,956	8.53
2023	1,100,368	370,059	1,470,427	583,907	8.38
2024	1,140,493	338,368	1,478,861	592,500	8.26
2025	1,155,936	302,761	1,458,697	572,500	8.55
2026	1,196,705	266,826	1,463,531	577,500	8.47
2027	1,237,806	229,307	1,467,113	581,250	8.42
2028	1,279,244	190,195	1,469,439	583,750	8.38
2029	1,321,030	149,483	1,470,513	585,000	8.36
2030	1,359,498	107,879	1,467,377	635,000	7.71
2031	1,425,567	62,895	1,488,462	656,250	7.46
2032	449,788	19,117	468,905	-	-
2033	458,447	10,374	468,821	-	-
2034	<u>309,729</u>	<u>2,981</u>	<u>312,710</u>	-	-
	<u>\$20,045,258</u>	<u>\$4,645,000</u>	<u>\$24,690,258</u>	<u>\$11,018,291</u>	

<sup>1</sup> Coverage based on audited 2015 net revenues of \$4,893,168 on total debt service less SDWLs.

## Debt Ratios

Outstanding general obligation, direct debt as a percentage of equalized value and on a per capita basis as of July 6, 2017, and for the previous five years as of December 31 as follows:

<u>Ratios of General Obligation Debt to Equalized Valuation and Population</u>					
<u>Year</u>	<u>Outstanding General Obligation Debt</u>	<u>Equalized Valuation</u>	<u>Percent of Equalized Value</u>	<u>Population</u> <sup>(1)</sup>	<u>Per Capita</u>
2017	\$101,700,000 <sup>(2)</sup>	\$3,108,897,900	3.27%	35,206	\$2,888.71
2016	97,330,000 <sup>(3)</sup>	3,108,897,900	3.13	35,206	2,764.59
2015	90,105,000	3,003,919,300	3.00	34,791	2,589.89
2014	89,423,656	2,952,097,300	3.03	34,707	2,576.53
2013	68,676,679	2,921,983,900	2.35	34,695	1,979.44
2012	23,315,203	2,932,766,600	0.79	34,530	675.22

<sup>1</sup> Estimated by the Wisconsin Department of Administration.

<sup>2</sup> Unaudited, includes the Notes and the Privately Placed Note; less 2017 payments.

<sup>3</sup> Unaudited.

## Indirect Debt

The indirect general obligation debt of the City as of May 15, 2017 is listed below.

<u>Governmental Unit</u>	<u>Outstanding Debt as of May 15, 2017 (Less: 2017 Payments)</u>	<u>Percent of Debt Within City</u>	<u>Amount of Debt Within City</u>
Oak Creek-Franklin School District	\$ 91,190,000	80.69%	\$ 73,581,211
Milwaukee County	582,855,901	5.16	30,075,364
Milwaukee Metropolitan Sewerage District <sup>1</sup>	791,723,591	5.26	41,644,661
Milwaukee Area Technical College <sup>2</sup>	80,405,000	4.15	3,336,808
			<u>\$ 148,638,044</u>

<sup>1</sup> Does not include the Milwaukee Metropolitan Sewerage District's \$80,000,000 general obligation bonds expected to be issued on June 12, 2017. An additional \$29.4 million of Clean Water Fund Loans is expected to be disbursed in the second half of 2017.

<sup>2</sup> The Milwaukee Area Technical College District is anticipating the issuance of \$39.0 million within the next twelve months. The amount is subject to change.

Source: Information obtained from publicly available documents on EMMA (defined herein).

Total Indirect GO Debt	\$ 148,638,044
Indirect GO Debt Per Capita	\$ 4,222
Indirect GO Debt as a % of Equalized Value	4.78%
Total Direct GO Debt	\$ 101,700,000
Total Direct GO Debt Per Capita	\$ 2,889
Total Direct GO Debt as a % of Equalized Value	3.27%
Total Direct and Indirect GO Debt	\$ 250,338,044
Total Direct and Indirect GO Debt Per Capita	\$ 7,111
Total Direct and Indirect GO Debt as a % of Equalized Value	8.05%

## Short-Term Debt

The City has no outstanding short-term debt.

## Legal Debt Limit

The City has the power to incur indebtedness for City purposes specified by statute (Article 11 Section 3 of the Wisconsin Constitution and Chapter 67, Wisconsin Statutes) in an aggregate amount, not exceeding five percent of the equalized value of taxable property in the City, as last determined by the State of Wisconsin Department of Revenue. In general, such indebtedness may be in the form of bonds and promissory notes for various public purposes.

The City's unused borrowing capacity is as follows:

Equalized Value of Taxable Property in the City for 2016	\$ 3,108,897,900
G.O. Debt Outstanding as of July 6, 2017 <sup>1</sup>	\$ 102,325,000
Legal Debt Capacity (5% of Equalized Value)	\$ 155,444,895
Unused Margin of Indebtedness	\$ 53,119,895
Percent of Unused Margin of Indebtedness	34.17%

<sup>1</sup> Includes the Notes and the Privately Placed Note.

## No Default on City Indebtedness

The City has no record of default on any prior debt repayment obligations.

## Future Financings

Other than the Privately Placed Note expected to be issued concurrently with the Notes, the City presently does not anticipate issuing any additional general obligation debt within the next 12 months for new money purposes. The City anticipates issuing approximately \$2,900,000 general obligation refunding bonds in August, 2017 to refinance the Privately Placed Note at or prior to its maturity.

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## FINANCIAL INFORMATION

### Annual Budgets

Annual budgets are prepared by department heads and forwarded to the Mayor, Common Council and Finance Committee, who develop a preliminary budget for submission to the Common Council. In late November of each year the Common Council, after conducting public hearings on the budget proposals at which time any resident or taxpayer of the City has an opportunity to be heard, adopts a final budget for the succeeding year and levies taxes for proposed budget purposes. The amounts of taxes so levied, the amounts of the various appropriations and the purposes for such appropriations stated in the final budget (after any alterations made pursuant to the public hearing) may not be changed unless authorized by a vote of two-thirds of the entire membership of the Common Council. Notice of any changes made in the foregoing manner must be published within 10 days thereafter. Failure to give such notice precludes any changes in the budget.

Summaries of the adopted 2016 General Fund Budget and 2017 General Fund Budget follow:

#### General Fund Budgets

	2016 Adopted <u>Budget</u>	2017 Adopted <u>Budget</u>	Percent to 2017 <u>Total</u>
<b>REVENUES</b>			
Taxes	\$ 12,825,700	\$ 12,941,185	54.7%
Other Taxes	2,167,233	2,281,347	9.6%
Intergovernmental Revenues	5,231,471	5,597,784	23.7%
Licenses and Permits	732,205	729,805	3.1%
Fines and Forfeitures	129,646	131,500	0.6%
Charges for Services	641,475	621,575	2.6%
Public Health and Safety	22,600	22,600	0.1%
Commercial Revenues	1,444,100	1,335,900	5.7%
Other Financing Sources	<u>91,644</u>	<u>-</u>	<u>0.0%</u>
TOTAL REVENUES	<u>\$23,286,074</u>	<u>\$23,661,696</u>	<u>100.0%</u>
<b>EXPENDITURES</b>			
General Government	\$ 6,763,562	\$ 6,611,797	28.1%
Public Safety	11,063,141	11,255,273	47.8%
Health	634,995	633,503	2.7%
Public Works	3,691,441	3,885,380	16.5%
Leisure Services	<u>1,124,060</u>	<u>1,157,889</u>	<u>4.9%</u>
TOTAL EXPENDITURES	<u>\$23,277,199</u>	<u>\$23,543,842</u>	<u>100.0%</u>

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Source: City



## Summary of Operations

Revenues, Expenditures and Changes in Fund Balances  
General Fund  
For the Years Ended December 31

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>REVENUES</b>			
Taxes	\$ 13,130,408	\$ 14,119,926	\$ 13,913,177
Intergovernmental	5,225,738	5,015,928	4,920,159
Regulation and compliance	1,860,679	1,672,935	1,334,630
Public charges for services	291,398	261,212	298,194
Investment income	177,895	263,362	142,597
Miscellaneous	293,782	195,896	174,228
Interfund charges for services	<u>241,085</u>	<u>297,307</u>	<u>312,007</u>
Total Revenues	21,220,985	21,826,566	21,094,992
 <b>EXPENDITURES</b>			
General government	5,995,906	5,806,073	5,904,285
Public safety	10,046,212	10,833,134	10,835,935
Health and social services	500,080	489,718	559,035
Public works	3,598,761	3,927,478	3,584,056
Leisure activities	<u>1,862,986</u>	<u>1,893,214</u>	<u>1,917,602</u>
Total Expenditures	22,003,945	22,949,617	22,800,913
 Excess (deficiency) of revenues over expenditures	(782,960)	(1,123,051)	(1,705,921)
 <b>OTHER FINANCING SOURCES (USES)</b>			
Sale of property	13,767	42,170	64,690
Transfers in	1,827,248	1,596,033	1,683,672
Transfers out	<u>(945,411)</u>	<u>(515,152)</u>	<u>(100,787)</u>
Total Other Financing Sources (Uses)	895,604	1,123,051	1,647,575
 Net Change in Fund Balance	112,644	-	(58,346)
 FUND BALANCES – Beginning of Year	<u>7,483,401</u>	<u>7,483,401</u>	<u>7,541,747</u>
 FUND BALANCES – END OF YEAR	<u>\$ 7,596,045</u>	<u>\$ 7,483,401</u>	<u>\$ 7,483,401</u>
 <u>Fund Balances</u>			
Nonspendable	\$ 1,525,608	\$ 745,992	\$ 1,381,913
Assigned	1,719,547	1,596,033	1,683,672
Unassigned	<u>4,350,890</u>	<u>5,141,376</u>	<u>4,417,816</u>
Total Fund Balances	\$ 7,596,045	\$ 7,483,401	\$ 7,483,401

Source: The City's audited financial statements

Revenues, Expenditures and Changes in Fund Balances  
All Governmental Fund Types  
For the Years Ended December 31,

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>REVENUES</b>			
Taxes	\$ 22,084,190	\$ 21,557,815	\$ 22,227,254
Intergovernmental	10,756,771	9,205,958	9,790,491
Regulation and compliance	1,860,679	1,672,935	1,334,630
Public charges for services	3,261,318	2,634,163	2,291,213
Special assessments/developer contributions	211,006	231,201	299,053
Investment income	302,748	673,359	263,461
Miscellaneous	2,836,050	4,096,807	2,778,263
Interfund charges for services	<u>241,085</u>	<u>297,307</u>	<u>312,007</u>
Total Revenues	41,553,847	40,369,545	39,296,372
<b>EXPENDITURES</b>			
Current			
General government	6,008,397	5,806,073	5,904,285
Public safety	15,598,457	16,979,844	17,110,473
Health and social services	591,180	584,116	647,846
Public works	7,277,800	7,099,972	5,621,187
Leisure activities	2,140,252	2,148,643	2,058,647
Conservation and development	6,670,518	682,940	1,246,210
Capital Outlay	41,311,106	31,441,599	9,807,154
Debt Service			
Principal retirement	38,385,000	2,510,000	7,585,000
Interest and fiscal charges	<u>2,600,604</u>	<u>1,688,313</u>	<u>586,995</u>
Total Expenditures	120,583,314	68,941,500	50,567,797
Excess (deficiency) of revenues over expenditures	(79,029,467)	(28,571,955)	(11,271,425)
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term debt issued	19,400,000	20,500,000	47,075,000
Refunding debt issued	19,650,000	2,725,000	5,825,000
Premium on debt	888,000	134,000	586,285
Sale of property	13,767	42,170	64,690
Transfers in	10,731,472	17,800,906	7,076,558
Transfers out	<u>(9,011,925)</u>	<u>(16,204,873)</u>	<u>(5,392,886)</u>
Total Other Financing Sources (Uses)	41,671,314	24,997,203	55,234,647
Net Change in Fund Balance	(37,358,153)	(3,574,752)	43,963,222
FUND BALANCES – Beginning of Year	<u>63,588,219</u>	<u>67,162,971</u>	<u>23,199,749</u>
FUND BALANCES – END OF YEAR	<u>\$ 26,230,066</u>	<u>\$ 63,588,219</u>	<u>\$ 67,162,971</u>
<b>Fund Balances</b>			
Nonspendable	\$ 1,525,608	\$ 746,120	\$ 1,381,981
Restricted	16,194,131	32,663,067	49,503,728
Committed	3,080,486	2,358,597	2,240,603
Assigned	2,625,538	23,196,638	10,809,390
Unassigned	<u>2,804,303</u>	<u>4,623,797</u>	<u>3,227,269</u>
Total Fund Balances	\$ 26,230,066	\$ 63,588,219	\$ 67,162,971

Source: The City's audited financial statements

## Financial Information

A copy of the City's audited financial statements for the fiscal year ended December 31, 2015, including the accompanying independent auditor's report, is included as Appendix A to this Official Statement. Potential purchasers should read such financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by Baker Tilly Virchow Krause, LLP, Milwaukee, Wisconsin (the "Auditor"), to the extent and for the periods indicated thereon. The City has not requested the Auditor to perform any additional examination, assessment or evaluation with respect to such financial statements since the date thereof, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Notes, the City represents that there has been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

## Pension Plan

All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City may not pay the employees' required contribution. The total retirement plan contributions (including both the City's and the employees' contributions) for the fiscal years ended December 31, 2014 and December 31, 2013 were \$2,922,051 and \$3,272,607, respectively. During the fiscal year ended December 31, 2015 ("Fiscal Year 2015"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$1,522,714.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for Fiscal Year 2015.

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2014, the total pension liability of the WRS was calculated as \$89.7 billion and the fiduciary net position of the WRS was calculated as \$92.2 billion, resulting in a net pension asset of \$2.5 billion. As of December 31, 2015, the total pension liability of the WRS was calculated as \$90.1 billion and the fiduciary net position was calculated as \$88.5 billion, resulting in a net pension liability of \$1.6 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2015, the City reported an asset of \$3,941,582 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2014 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.16047% of the aggregate WRS net pension asset as of December 31, 2014. The City will report a liability for its proportion of the net pension liability of WRS as of December 31, 2015 in the City's audited financial statements for the year ended December 31, 2016.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note IV-A of the City's Financial Statements for the Year Ended December 31, 2015.

## Other Post-Employment Benefits

The City provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) through a single-employer defined benefit plan to employees who have terminated their employment with

the City and have satisfied specified eligibility standards. Membership in the plan consisted of 172 retirees receiving benefits and 251 active plan members as of January 1, 2016, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every two years and prepared in accordance with Statement No. 45 of the Governmental Accounting Standards Board regarding retiree health and life insurance benefits, and related standards. An actuarial study was last completed for the City by Milliman, Inc. in March 2017 with an actuarial valuation date of January 1, 2016 (the "Actuarial Report").

The City is required to expense the estimated yearly cost of providing post-retirement benefits and such annual accrual expense is referred to as the "annual required contribution." As shown in the City's audited financial statements for Fiscal Year 2015, the annual required contribution for Fiscal Year 2015 was \$3,844,431. For Fiscal Year 2015, the contributions to the plan totaled \$1,971,000, which was 51.3% of the annual required contribution. The City's current funding practice is to make annual contributions to the plan in the amounts at least equal to the amount of benefits to be paid on a "pay-as-you-go" basis.

As shown in the Actuarial Report, as of January 1, 2016, the actuarial accrued liability for benefits was \$44,983,388 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$44,983,388 and a funded ratio of actuarial value of assets to actuarial accrued liability of 0%.

See Note IV-D of the City's Audited Financial Statements for the Year Ended December 31, 2015 included in Appendix A for more detailed information.

## **LEGAL MATTERS**

### **Pending Litigation**

The City certifies that there is no pending litigation or threatened litigation, which would restrain or enjoin the issuance, sale, execution or delivery of the Notes or in any way contest or affect the validity of the Notes or of any proceedings of the City taken with respect to the issuance and sale of the Notes.

### **Levy Limits**

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments

permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

With respect to general obligation debt service, the following provisions are made:

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Notes were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Notes.

## **Legal Matters**

Certain legal matters incident to the authorization and issuance of the Notes are subject to the approval of Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, whose approving legal opinion will be available at the time of the delivery of the Notes. The proposed form of such opinion is attached hereto as Appendix B "Proposed Form of Legal Opinion for the Notes."

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Notes. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Notes and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Notes for any investor.

## **Taxability of Interest**

Interest on the Notes is included in gross income for present federal income tax purposes.

Interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

## **Bond Premium**

To the extent that the initial offering price of the Notes ("Premium Notes") is more than the principal amount payable at maturity, the Premium Notes will be considered to have "bond premium" equal to the difference between the issue price and the stated redemption price at maturity.

Any Premium Note purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. Owners of Premium Notes, the interest on which is subject to tax, may make an election to amortize the bond premium and to offset the taxable interest income with the amortizable bond premium for the year. Any amortizable bond premium that reduces the amount of interest income also reduces the owner's adjusted tax basis in the Note by a corresponding amount. The adjusted tax basis in a Premium Note will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Premium Note. If the election is made, it is effective for all Notes acquired during that year and all future years unless the taxpayer receives permission from the IRS to revoke the election. Owners of Premium Notes should consult with their tax advisors regarding the calculation and treatment of bond premium for federal income tax purposes, as well as the manner of making the election.

Owners of the Premium Notes who do not purchase such Premium Notes in the initial offering at the issue price should consult with their tax advisors regarding the tax consequences of owning the Premium Notes.

Owners of Premium Notes should consult with their tax advisors regarding the state and local tax consequences of owning such Premium Notes.

## **MUNICIPAL BANKRUPTCY**

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Notes are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Notes could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Notes, and there could ultimately be no assurance that holders of the Notes would be paid in full or in part on the Notes. Further, under such circumstances, there could be no assurance that the Notes would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Notes could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Notes.

Moreover, if the City were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Notes would not occur.

## **MISCELLANEOUS**

### **Rating**

The Notes have been rated "Aa2" by Moody's Investors Service, Inc. ("Moody's").

Concurrently, Moody's maintains its 'Aa2' rating on the City's previously issued long-term general obligation debt.

The rating, when issued, reflects only the view of Moody's, and an explanation of the significance of such rating may be obtained therefrom. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will remain in effect for any given period of time or that it will not be revised, either upward or downward, or withdrawn entirely, by Moody's if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Notes, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Undertaking described under the heading "Continuing Disclosure" neither the City nor the Underwriter undertake responsibility to bring to the attention of the owners of the Notes any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

### **Continuing Disclosure**

*Undertaking to Provide Continuing Disclosure.* In order to assist an Underwriter which will reoffer the Notes in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the "Rule"), the City shall covenant pursuant to the Resolution adopted by the Common Council to enter into an undertaking (the "Undertaking") for the benefit of holders including beneficial holders of the Notes to provide certain financial information and operating data relating to the City annually to the Municipal Securities Rulemaking Board (the "MSRB"), and to provide notices of the occurrence of certain events enumerated in the Rule

electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the Notes are delivered. Such Certificate will be in substantially the form attached hereto as Appendix C. A failure by the City to comply with the Undertaking will not constitute an event of default on the Notes (although holders will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

In the past five years there have been numerous rating changes reported by Moody's Investors Service, S&P Global Ratings and Fitch Ratings affecting municipal bond insurance companies, some of which had insured bonds previously issued by the City. Material event notices of these bond insurer rating changes were not filed by the City, but there was widespread knowledge of these changes in the municipal bond market. Except to the extent the preceding is deemed to be material, in the previous five years the City has not failed to comply in all material respects with any previous undertakings under the Rule. The City has reviewed its continuing disclosure compliance responsibilities to help ensure compliance in the future.

The City will file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system. Investors will be able to access continuing disclosure information filed with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org).

### **Underwriting**

Pursuant to the Note Purchase Agreement with the City, the Underwriter has agreed to purchase all of the Notes, if any of the Notes are purchased, upon the satisfaction of certain conditions set forth in the Note Purchase Agreement. The Note Purchase Agreement provides for the Notes to be purchased at a price of \$4,902,208.33 plus accrued interest, if any, to the date of delivery. The Underwriter intends to reoffer the Notes to the public at the initial public offering price or yield as shown on the front cover of this Official Statement to produce a reoffering price of \$4,999,960.00. The Underwriter's compensation in connection with this issue is the difference between the reoffering price of the Notes and the purchase price mentioned above from which the Underwriter will pay issuance expenses. The Notes may be offered to certain dealers at prices lower than such public offering price or yield and such public offering price or yield may be changed from time to time by the Underwriter. The Underwriter reserves the right to join with dealers and other underwriters in offering the Notes to the public.

### **CERTIFICATE CONCERNING OFFICIAL STATEMENT**

Concurrently with the delivery of the Notes, the Mayor and City Clerk will deliver to the purchaser of the Notes, a certificate stating that, to the best of their knowledge, this Official Statement did not as of its date and as of the sale date and does not, as of the date of delivery of the Notes, contain an untrue statement of a material fact or omit to state a material fact required to be included therein for the purpose for which this Official Statement is to be used or necessary to make the statements therein, in the light of the circumstances under which they were made not misleading.

### **CITY OF OAK CREEK**

By /s/ Catherine A. Roeske  
City Clerk

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**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS  
OF THE  
CITY OF OAK CREEK  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**CITY OF OAK CREEK**

Oak Creek, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2015

# CITY OF OAK CREEK

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# 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, 2015, and the related notes to the financial statements, which collectively comprise the City of Oak Creek's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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, 2015 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.

### ***Emphasis of Matter***

As discussed in Note I, the City of Oak Creek adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oak Creek's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

*Baker Tilly Virchow Krause, LLP*

Milwaukee, Wisconsin  
July 29, 2016



**CITY OF OAK CREEK**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

December 31, 2015

(Unaudited)

As management of the City of Oak Creek, we offer readers of the City of Oak Creek's financial statements this narrative overview and analysis of the financial activities of the City of Oak Creek for the fiscal year ended December 31, 2015. This analysis is designed to provide an overview of the City's financial activity, identify changes in the City's financial position, identify significant deviations from the approved budget, and identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements following this section.

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**FINANCIAL HIGHLIGHTS**

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When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. You can think of this relationship between revenues and expenses as the City's operating results and the net position, as measured in the Statement of Net Position, as one way to measure the City's financial health, or financial position. Over time, increases and decreases in the City's net position, as measured in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. However, the City's goal is to provide services that improve the quality of life for our residents, not to generate profits as companies do. For this reason, you will need to consider many other non-financial factors, such as the condition of our roads and infrastructure, in assessing the overall health of our City.

Combined governmental and business-type activities net position increased by 6.2% in 2015, to \$185.1 million. This increase included a restatement of net position in the amount of \$8.0 million for the implementation of GASB Statement No. 68 and GASB Statement No. 71. Of this amount, \$170.4 million represents the City's net investment in capital assets, \$6.2 million in unrestricted net position as a deficit, while \$20.9 million was held for restricted purposes relating to debt service, TIF activities, impact fees, park escrow and pension.

At the end of 2015, the City's governmental activities reported total net position of \$73.7 million, and total net position of \$111.5 million in the Business type activities.

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

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This discussion and analysis is intended to serve as an introduction to the City of Oak Creek's basic financial statements. The City of Oak Creek's basic financial statements are comprised of four components:

1. *Management's discussion and analysis*
2. *Basic financial statements*
  - Government-wide Financial Statements
  - Fund Financial Statements
  - Notes to the Financial Statements
3. Required supplementary information
4. Combining statements for non-major governmental funds



The basic financial statements include two kinds of statements presenting different views of the City:

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

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

### **Government-wide Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City of Oak Creek's finances, in a manner similar to a private-sector business and are presented in two statements, the Statement of Net Position and the Statement of Activities, which can be found on pages 1 - 2 of this report.

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Oak Creek include general government, public safety, health and human services, public works, leisure activities (recreation and library), and conservation and development. The business-type activities of the City of Oak Creek include the water and sewer utility. Fiduciary activities, such as tax collection, are not included in the government-wide statements since these assets are not available to fund City programs.

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

The second government-wide statement is the Statement of Activities, which reports how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

### **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.

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

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The following table summarizes the City's statements of net position from both the prior and current year. An analysis of major components of this statement and comparison between the years is found following the table. 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 \$10.8 million from fiscal year 2014 to 2015, a change of 6.2%; this increase was comprised of a government-activities decrease of \$1.7 million, a business-type activities increase of \$4.5 million, plus a restatement of beginning net position of \$8.0 million. (See Table 1) The City's governmental activities and business-type activities are approximately 40% and 60%, respectively, of the combined net position.

Total net position of the City's governmental activities increased to \$73.7 million, an increase of 8.2% from its 2014 net position before the restatement. The City's net investment in capital assets represents 106.8% of the total. The governmental activities (City) makes the capital expenses for infrastructure throughout the City and the business activities record the infrastructure as an asset. Restricted net position of \$19.4 million represents 26.3% of the total. Unrestricted net position deficit of \$24.4 million represents (-33.1%) of the total.

Total net position of the City's business-type activities increased by 5.0% to \$111.5 million, including unrestricted net position of \$16.1 million, representing 14.5% 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  
**2015 and 2014 Net Position** (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	62.0	96.1	21.3	22.2	83.3	118.3
Capital assets	157.5	120.2	113.6	108.4	271.1	228.6
<b>Total assets</b>	<b>219.5</b>	<b>216.3</b>	<b>134.9</b>	<b>130.6</b>	<b>354.4</b>	<b>346.9</b>
Deferred charge on refunding	0.0	0.0	0.1	0.2	0.1	0.2
Deferred amount related to pensions	3.7	0.0	0.4	0.0	4.1	0.0
<b>Total deferred outflows of resources</b>	<b>3.7</b>	<b>0.0</b>	<b>0.5</b>	<b>0.2</b>	<b>4.2</b>	<b>0.2</b>
Long-term debt outstanding	119.8	117.2	22.5	22.9	142.3	140.1
Other liabilities	7.1	9.2	1.4	1.7	8.5	10.9
<b>Total liabilities</b>	<b>126.9</b>	<b>126.4</b>	<b>23.9</b>	<b>24.6</b>	<b>150.8</b>	<b>151.0</b>
Unearned revenue	22.7	21.8	0.0	0.0	22.7	21.8
<b>Total deferred inflows of resources</b>	<b>22.7</b>	<b>21.8</b>	<b>0.0</b>	<b>0.0</b>	<b>22.7</b>	<b>21.8</b>
Net position:						
Net investment in capital assets	78.7	52.8	93.8	86.7	170.4	139.5
Restricted	19.4	32.1	1.5	1.6	20.9	33.7
Unrestricted	-24.4	-16.8	16.1	17.9	-6.2	1.1
<b>Total net position - end of year</b>	<b>73.7</b>	<b>68.1</b>	<b>111.4</b>	<b>106.2</b>	<b>185.1</b>	<b>174.3</b>
Net position - beginning of year	75.4	69.5	106.9	104.4	182.3	173.9
<b>Change in net position</b>	<b>-1.7</b>	<b>-1.4</b>	<b>4.5</b>	<b>1.8</b>	<b>2.8</b>	<b>0.4</b>
<b>Percent change in net position</b>	<b>-2.3%</b>	<b>-2.0%</b>	<b>4.2%</b>	<b>1.7%</b>	<b>1.5%</b>	<b>0.2%</b>

**Change in combined net position.**

The City had combined total revenues of \$60.4 million in 2015 and combined total expenses of \$57.6 million. After transfers, governmental activities had a decrease in net position of \$1.7 million, while business-type activities had an increase in net position of \$4.5 million. Table 2 and the following narrative consider the operations of governmental and business-type activities separately. As noted, the City implemented GASB Statements Nos. 68 and 71 effective January 1, 2015. Therefore the City has restated beginning net position related to the implementation. The City's 2014 comparative data as presented in this Management's Discussion and Analysis has not been restated.



Table 2  
City of Oak Creek, Wisconsin

**2015 and 2014 Changes in Net Position** (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program Revenues						
Charges for service	4.7	4.6	14.3	13.7	19.0	18.3
Operating grants & contributions	2.4	2.2	-	-	2.4	2.2
Capital contributions	4.5	1.5	2.4	0.1	6.9	1.6
General Revenues						
Taxes	22.1	21.6	-	-	22.1	21.6
Intergovernmental	6.6	6.4	-	-	6.6	6.4
Other	3.3	4.3	0.1	0.3	3.4	4.6
<b>Total Revenues</b>	<b>43.6</b>	<b>40.6</b>	<b>16.8</b>	<b>14.1</b>	<b>60.4</b>	<b>54.7</b>
<b>Expenses:</b>						
General government	3.9	6.5	-	-	3.9	6.5
Public safety	15.9	16.8	-	-	15.9	16.8
Health and social services	1.1	0.6	-	-	1.1	0.6
Public works	10.1	9.9	-	-	10.1	9.9
Leisure activities	0.6	2.1	-	-	0.6	2.1
Conservation & development	10.9	5.8	-	-	10.9	5.8
Interest and fiscal charges	2.5	1.9	-	-	2.5	1.9
Water	-	-	9.1	7.2	9.1	7.2
Sewer	-	-	3.5	3.5	3.5	3.5
<b>Total Expenses</b>	<b>45.0</b>	<b>43.6</b>	<b>12.6</b>	<b>10.7</b>	<b>57.6</b>	<b>54.3</b>
Excess/(Deficiency) before transfers:	-1.4	-3.0	4.2	3.4	2.8	0.4
Transfers	-0.3	1.6	0.3	-1.6	-	-
Change in Net Position	-1.7	-1.4	4.5	1.8	2.8	0.4
Beginning Net Position	75.4	69.5	106.9	104.4	182.3	173.9
<b>ENDING NET POSITION</b>	<b>73.7</b>	<b>68.1</b>	<b>111.4</b>	<b>106.2</b>	<b>185.1</b>	<b>174.3</b>

### Governmental Activities

The City of Oak Creek received a total of \$43.6 million in governmental activities revenues in 2015, up \$3.0 million when compared to 2014 revenues. As Table 2 indicates, the largest revenue source is the property tax, which accounts for \$22.1 million, or 50.7% of all governmental revenues, down from 53.1% in 2014. Property tax revenue in 2015 was virtually flat when compared to 2014 levels. Increase in tax revenue was due to net new construction of 1.21% resulting in increased values and \$127,851 of new taxes outside 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 \$6.6 million (15.1%), followed by public charges for service of \$4.7 million (10.8%), and capital contribution for \$4.5 million (10.3%). Investment income and miscellaneous revenues account for \$3.3 million (7.6%), and operating grants and contributions account for \$2.4 million (5.5%).

Total governmental activities expenses were \$45.0 million in 2015, which exceeded revenues by \$1.4 million. At \$15.9 million, public safety, including police, EMS, inspection and fire services, accounts for the largest share of City expenses at 35.3%. This is followed by conservation and development with \$10.9 or 24.2%, and public works with \$10.1 million, representing 22.5%. General government group, at \$3.9 million, is next with 8.7%, health/social services with \$1.1 million (2.4%), and leisure activities at \$0.6 million (1.3%) complete the activities. Payments of interest and fiscal charges in the amount of \$2.5 million, accounts for 5.6% of total governmental activities expenses.

### Business-type Activities

The City of Oak Creek received \$16.8 million in business-type activities revenue during 2015 from its water and sewer utilities. Charges for services are by far the largest revenue sources for these operations, representing \$14.3 million of non-capital contribution revenues. Capital grants and contributions received were \$2.4 million in 2015, with interest and miscellaneous income accounting for the balance of revenues of \$0.1 million.

Net position of the City of Oak Creek's water and sewer utilities increased by \$4.5 million in 2015, which represents a 4.2% increase over the prior year's net position.

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## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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### Governmental Funds

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. In particular, the level of unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The basic governmental fund financial statements can be found on pages 3 - 6 of this report.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues,



Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains twenty five individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, EMS Fund, Debt Service Fund, Debt Amortization Fund, Capital Improvement Fund, TIF 8 and TIF 11, all of which are considered to be major funds. Data from the other eighteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* at the end of this report.

At the end of 2015, the combined fund balances for the City's governmental funds was \$26.2 million. Of this total, \$1.5 million is nonspendable, \$16.2 million is restricted, \$3.1 million is committed and \$2.6 is assigned. The balance of unassigned governmental fund balances is \$2.8 million. These funds are allocated across the following areas:

<b>Unassigned Fund Balances (deficit):</b>	
General Fund	\$ 4.4
TIF No. 8 Capital Project Fund	(1.0)
TIF No. 4 Debt Service Fund	(0.3)
Consolidated Dispatch Services Fund	(0.2)
Developer Agreement Fund	(0.1)
Total	<u>\$ 2.8</u>

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

- Total fund balance as of December 31, 2015 was \$7.6 million, of which \$1.7 million was assigned. Included in the assigned amount are tax equivalent dollars to be paid by the utility in 2016, and \$1.5 million is nonspendable which includes minor amounts for delinquent personal property taxes, non-current receivables and inventories.
- Unassigned fund balance decreased from 2014 to \$4.4 million. The unassigned fund balance is now approximately 19% of the general fund 2015 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, 2015 increased from a deficit balance of \$0.2 million to a fund balance \$0.1 million.
- Total revenues for 2015 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 \$4.5 million.

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

- Total fund balance at the end of the year was \$0.9 million, a decrease of \$20.7 million from 2014 due to the spending of bond proceeds from the prior year.
- Revenue sources provided \$0.5 million.



- Expenditures in this fund totaled \$28.3 million in 2015. The largest expenses included the City Hall/Library and Fire Station project costs and capital equipment purchases.

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

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The general fund budget is adopted at the department level of expenditure.

The City ended the year with a favorable variance in general fund revenues and favorable variance in expenditures. Revenues and other financing sources were above budget projections by approximately \$82,000, while expenditures and other financing uses were under budget by \$31,000. The expenditure outcome relates mainly to vacancies across the Police, Fire, Health, and IT departments.

On the revenue side, conservative budgeting kept all categories quite close to budget. Year over year revenues were mostly stagnant, but the City continued to see increased construction activity resulting in \$290,149 in excess of the budgeted permit revenue. 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 are anticipated to remain at near all-time lows.

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

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**Capital Assets**

As of December 31, 2015, the City reported a combined investment in capital assets of \$271.1 million. Of this amount, \$157.5 million, or 58.1%, 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 \$90.4 million.

In 2015, capital assets of governmental activities increased by \$37.3 million. Capital assets of business type activities increased by \$5.2 million, with water pumping assets representing the majority of the increase.

Table 3  
City of Oak Creek, Wisconsin

**2015 and 2014 Capital Asset  
Net of Accumulated Depreciation (in millions of dollars)**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land and improvements	25.5	24.2	0.3	0.1	25.8	24.3
Construction in progress	28.5	24.2	1.3	3.2	29.8	27.4
Buildings	38.5	15.8	-	-	38.5	15.8
Machinery and equipment	8.0	6.2	112.0	105.1	120.0	111.3
Infrastructure	57.0	49.8	-	-	57.0	49.8
<b>Total</b>	<b>157.5</b>	<b>120.2</b>	<b>113.6</b>	<b>108.4</b>	<b>271.1</b>	<b>228.6</b>

### Long-term Debt

At year-end, the governmental activities had \$90.1 million in general obligation bonds and promissory notes, an increase of \$0.7 million from last year. This was due to public improvements and infrastructure in the Civic Center, Drexel Town Square, and Oak View Business Park. At the end of 2015, the business-type activities had a total of \$19.7 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 2015 equalized value, this limit is \$150.2 million. The City currently has a combined total of \$90.1 million of general obligation notes and bonds outstanding, representing 60.0% of its legal debt capacity.

Table 4  
City of Oak Creek, Wisconsin

#### 2015 and 2014 Outstanding Debt (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
	General obligation debt	90.1	89.1	-	-	90.1
Capital appreciation bonds	-	0.3	-	-	-	0.3
Revenue debt	-	-	19.7	21.9	19.7	21.9
<b>Totals</b>	<b>90.1</b>	<b>89.4</b>	<b>19.7</b>	<b>21.9</b>	<b>109.8</b>	<b>111.3</b>

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

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The City of Oak Creek is located in southeastern Milwaukee County, and is one of only two municipalities in Milwaukee County with numerous tracts of vacant land. This location and land availability has contributed to the City's rapid growth and strong economic position. The local economy has picked up over the last few years with growth expected to continue in 2016 at Drexel Town Square, Oak View Business Park, and Lake Vista as well as other locations throughout the City. While the City has experienced growth within the TIF districts, the development is spurring activity outside of the districts as well. The City has had an increase in multi-family development accordingly.

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

	Estimated 2015	Estimated 2014	Estimated 2013	Estimated 2012	Census 2010
City of Oak Creek	34,791	34,707	34,695	34,530	34,495
Milwaukee County	949,795	949,741	950,410	948,322	948,369
State of Wisconsin	5,753,324	5,732,981	5,717,100	5,694,236	5,694,236

Total New Construction Building Permits			Total Residential Building Permits	
Year	Number	Value	Number	Value
2015	57	\$240,162,746	28	\$7,691,665





**OAKCREEK**  
— WISCONSIN —

The Oak Creek City Council adopted the 2016 budget in November of 2015, which authorized general fund expenditures of \$23.3 million, a .1% increase from 2015. The combined general fund and debt service property tax levy is \$13.7 million, an increase of \$227,000 from 2015 due to new construction. The mill rate for City services decreased by \$.12 in 2015, due entirely to the slight increase in property values. The total tax levy has remained essentially at the same level since 2005, with any increase limited to the amount generated by new growth to the tax base.

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### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, please contact the City of Oak Creek, 8040 S 6<sup>th</sup> Street, Oak Creek, Wisconsin, 53154.

## BASIC FINANCIAL STATEMENTS

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**CITY OF OAK CREEK**

**STATEMENT OF NET POSITION**  
As of December 31, 2015

	Governmental Activities	Business- type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 27,338,856	\$ 18,184,641	\$ 45,523,497
Taxes receivable	23,294,743	-	23,294,743
Delinquent personal property taxes receivable	17,111	-	17,111
Accounts receivable	3,542,893	2,874,672	6,417,565
Special assessments receivable	875,106	-	875,106
Loans receivable	6,503	-	6,503
Interest receivable	4,286	-	4,286
Other assets	-	5,000	5,000
Internal balances	1,344,393	(1,344,393)	-
Prepaid items and inventories	72,278	69,458	141,736
<b>Restricted Assets</b>			
Cash and investments	1,977,384	1,165,497	3,142,881
Net pension asset	3,562,588	378,994	3,941,582
<b>Capital Assets</b>			
Land and land rights	24,842,570	268,469	25,111,039
Construction in progress	28,546,451	1,267,742	29,814,193
Other capital assets, net of depreciation	104,087,408	112,025,911	216,113,319
Total Assets	<u>219,512,570</u>	<u>134,895,991</u>	<u>354,408,561</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	104,386	104,386
Deferred amount related to pensions	3,717,189	392,672	4,109,861
Total Deferred Outflows of Resources	<u>3,717,189</u>	<u>497,058</u>	<u>4,214,247</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	6,607,665	1,343,997	7,951,662
Deposits	478,427	-	478,427
Unearned revenue	27,600	31,932	59,532
<b>Noncurrent Liabilities</b>			
Due within one year	27,178,466	1,983,156	29,161,622
Due in more than one year	92,609,527	20,550,343	113,159,870
Total Liabilities	<u>126,901,685</u>	<u>23,909,428</u>	<u>150,811,113</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	22,662,023	-	22,662,023
Total Deferred Inflows of Resources	<u>22,662,023</u>	<u>-</u>	<u>22,662,023</u>
<b>NET POSITION</b>			
Net investment in capital assets	78,690,819	93,832,198	170,430,452
Restricted for debt service	6,673,932	1,135,377	7,809,309
Restricted for TID activity	5,770,537	-	5,770,537
Restricted for impact fees	2,352,102	-	2,352,102
Restricted for park escrow	250,879	-	250,879
Restricted for pensions	3,562,588	378,994	3,941,582
Restricted for other purposes	752,328	-	752,328
Unrestricted (deficit)	<u>(24,387,134)</u>	<u>16,137,052</u>	<u>(6,157,517)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 73,666,051</u>	<u>\$ 111,483,621</u>	<u>\$ 185,149,672</u>

See accompanying notes to financial statements.

**CITY OF OAK CREEK**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2015

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
<b>Governmental Activities</b>							
General government	\$ 3,864,394	\$ 1,303,623	\$ 29,744	\$ 4,663	\$ (2,526,364)	\$ -	\$ (2,526,364)
Public safety	15,909,379	2,247,311	279,473	717,513	(12,665,082)	-	(12,665,082)
Health and social services	1,106,044	15,066	63,268	-	(1,027,710)	-	(1,027,710)
Public works	10,082,521	977,995	2,006,885	1,354,016	(5,743,625)	-	(5,743,625)
Leisure activities	643,953	140,868	-	33,221	(469,864)	-	(469,864)
Conservation and development	10,928,912	1,769	-	2,436,708	(8,490,435)	-	(8,490,435)
Interest and fiscal charges	2,461,187	-	-	-	(2,461,187)	-	(2,461,187)
<b>Total Governmental Activities</b>	<b>44,996,390</b>	<b>4,686,632</b>	<b>2,379,370</b>	<b>4,546,121</b>	<b>(33,384,267)</b>	<b>-</b>	<b>(33,384,267)</b>
<b>Business-type Activities</b>							
Water utility	9,063,393	10,712,064	-	2,390,231	-	4,038,902	4,038,902
Sewer utility	3,549,026	3,639,755	-	-	-	90,729	90,729
<b>Total Business-type Activities</b>	<b>12,612,419</b>	<b>14,351,819</b>	<b>-</b>	<b>2,390,231</b>	<b>-</b>	<b>4,129,631</b>	<b>4,129,631</b>
<b>Totals</b>	<b>\$ 57,608,809</b>	<b>\$ 19,038,451</b>	<b>\$ 2,379,370</b>	<b>\$ 6,936,352</b>	<b>(33,384,267)</b>	<b>4,129,631</b>	<b>(29,254,636)</b>
<b>General Revenues</b>							
<b>Taxes</b>							
Property taxes, levied for general purposes					18,479,408	-	18,479,408
Property taxes, levied for debt service					1,914,254	-	1,914,254
Property taxes, levied for tax incremental districts					706,639	-	706,639
Other taxes					983,889	-	983,889
Intergovernmental revenues not restricted to specific programs					6,599,526	-	6,599,526
Investment income					505,517	90,252	595,769
Miscellaneous					2,775,278	785	2,776,063
<b>Transfers</b>					(283,090)	283,090	-
<b>Total General Revenues and Transfers</b>					<b>31,681,421</b>	<b>374,127</b>	<b>32,055,548</b>
<b>Change in Net Position</b>					(1,702,846)	4,503,758	2,800,912
NET POSITION - Beginning of Year (As Restated)					75,368,897	106,979,863	182,348,760
<b>NET POSITION - END OF YEAR</b>					<b>\$ 73,666,051</b>	<b>\$ 111,483,621</b>	<b>\$ 185,149,672</b>

See accompanying notes to financial statements.

CITY OF OAK CREEK

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2015

	General	Emergency Medical Services Fund	Debt Service Fund	Debt Amortization Fund	Capital Improvement Fund	TIF No. 8 Capital Projects Fund	TIF No. 11 Capital Projects Fund	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>									
Cash and investments	\$ 4,025,295	\$ 43,080	\$ 1,163,086	\$ 4,482,185	\$ 3,504,972	\$ -	\$ 3,304,585	\$ 8,759,602	\$ 25,282,805
Receivables									
Taxes	13,248,850	3,589,590	850,000	-	-	247,376	584,852	4,794,074	23,294,742
Delinquent personal property taxes	17,111	-	-	-	-	-	-	-	17,111
Accounts	525,935	187,612	-	-	353,368	869,731	1,112,424	578,353	3,427,423
Interest receivable	4,286	-	-	-	-	-	-	-	4,286
Special assessments	-	-	-	-	-	-	-	875,106	875,106
Loans	-	-	-	-	-	-	-	6,503	6,503
Due from other funds	4,450,547	-	-	-	-	-	-	314,900	4,765,447
Inventories	72,278	-	-	-	-	-	-	-	72,278
Restricted cash and investments	-	-	-	-	-	-	-	1,977,384	1,977,384
<b>TOTAL ASSETS</b>	<b>\$ 22,344,302</b>	<b>\$ 3,820,282</b>	<b>\$ 2,013,086</b>	<b>\$ 4,482,185</b>	<b>\$ 3,858,340</b>	<b>\$ 917,107</b>	<b>\$ 4,981,861</b>	<b>\$ 17,305,922</b>	<b>\$ 59,723,085</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>									
<b>Liabilities</b>									
Accounts payable	\$ 493,026	\$ 22,806	\$ -	\$ -	\$ 2,392,145	\$ -	\$ 4,342	\$ 904,286	\$ 3,816,605
Accrued liabilities	860,087	95,648	-	-	544,422	-	-	67,354	1,567,511
Deposits	88,460	-	-	-	-	-	-	389,967	478,427
Due to other funds	457,230	-	-	-	15,782	1,556,853	4,956	1,386,233	3,421,054
Unearned revenues	27,600	-	-	-	-	-	-	-	27,600
<b>Total Liabilities</b>	<b>1,926,403</b>	<b>118,454</b>	<b>-</b>	<b>-</b>	<b>2,952,349</b>	<b>1,556,853</b>	<b>9,298</b>	<b>2,747,840</b>	<b>9,311,197</b>
<b>Deferred Inflows of Resources</b>									
Unearned revenues	12,821,854	3,589,590	850,000	-	-	247,376	564,852	4,588,351	22,662,023
Unavailable revenues	-	7,085	-	-	-	159,871	615,243	737,600	1,519,799
<b>Total Deferred inflows of Resources</b>	<b>12,821,854</b>	<b>3,596,675</b>	<b>850,000</b>	<b>-</b>	<b>-</b>	<b>407,247</b>	<b>1,180,095</b>	<b>5,325,951</b>	<b>24,181,822</b>
<b>Fund Balances</b>									
Nonspendable	1,525,608	-	-	-	-	-	-	-	1,525,608
Restricted	-	-	1,163,086	4,482,185	-	-	3,792,468	6,756,392	16,194,131
Committed	-	105,153	-	-	-	-	-	2,975,333	3,080,486
Assigned	1,719,547	-	-	-	905,991	-	-	-	2,625,538
Unassigned (deficit)	4,350,890	-	-	-	-	(1,046,993)	-	(499,594)	2,804,303
<b>Total Fund Balances</b>	<b>7,596,045</b>	<b>105,153</b>	<b>1,163,086</b>	<b>4,482,185</b>	<b>905,991</b>	<b>(1,046,993)</b>	<b>3,792,468</b>	<b>9,232,131</b>	<b>26,230,066</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 22,344,302</b>	<b>\$ 3,820,282</b>	<b>\$ 2,013,086</b>	<b>\$ 4,482,185</b>	<b>\$ 3,858,340</b>	<b>\$ 917,107</b>	<b>\$ 4,981,861</b>	<b>\$ 17,305,922</b>	<b>\$ 59,723,085</b>

## CITY OF OAK CREEK

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION For the Year Ended December 31, 2015

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Fund balance - total governmental funds	\$ 26,230,066
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	24,842,570
Construction in progress	28,546,451
Other capital assets, net of depreciation	104,087,408
Some receivables that are not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	
Special assessments	731,097
Accounts receivable	782,199
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.	
	1,342,326
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	
	3,562,588
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	
	3,717,189
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	(90,105,000)
Unamortized debt premium	(1,189,113)
Unfunded OPEB liability	(27,153,997)
Compensated absences	(1,339,883)
Accrued interest	<u>(394,353)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 73,666,051</u></b>

CITY OF OAK CREEK

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2015

	General	Emergency Medical Services Fund	Debt Service Fund	Debt Amortization Fund	Capital Improvement Fund	TIF No. 8 Capital Projects Fund	TIF No. 11 Capital Projects Fund	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>									
Taxes	\$ 13,130,408	\$ 3,551,590	\$ 850,000	\$ -	\$ -	\$ 164,289	\$ 21,076	\$ 4,366,827	\$ 22,084,190
Intergovernmental	5,225,738	134,419	-	3,151,578	473,953	804,814	497,183	469,086	10,756,771
Regulation and compliance	1,860,679	-	-	-	-	-	-	-	1,860,679
Public charges for services	291,398	1,075,850	-	-	-	-	-	1,894,070	3,261,318
Special assessments/developer contributions	-	-	-	-	-	-	-	211,006	211,006
Investment income	177,895	903	27,617	5,445	-	1,762	20,403	68,723	302,748
Miscellaneous	293,782	1,643	-	-	69,028	-	-	2,471,597	2,836,050
Interfund charges for services	241,085	-	-	-	-	-	-	-	241,085
<b>Total Revenues</b>	<b>21,220,985</b>	<b>4,764,405</b>	<b>877,617</b>	<b>3,157,023</b>	<b>542,981</b>	<b>970,865</b>	<b>538,662</b>	<b>9,481,309</b>	<b>41,553,847</b>
<b>EXPENDITURES</b>									
Current									
General government	5,995,906	-	-	-	-	-	-	12,491	6,008,397
Public safety	10,046,212	4,461,774	-	-	-	-	-	1,090,471	15,598,457
Health and social services	500,080	-	-	-	-	-	-	91,100	591,180
Public works	3,598,761	-	-	-	-	-	277,333	3,401,706	7,277,800
Leisure activities	1,862,986	-	-	-	-	-	-	277,266	2,140,252
Conservation and development	-	-	-	-	-	705,042	5,300,000	665,476	6,670,518
Capital Outlay	-	-	-	-	28,335,015	2,206,572	9,897,428	872,091	41,311,106
Debt Service	-	-	27,350,000	-	-	10,525,000	-	510,000	38,385,000
Principal retirement	-	-	1,830,982	-	-	174,661	564,893	30,068	2,600,504
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>22,003,945</b>	<b>4,461,774</b>	<b>29,180,982</b>	<b>-</b>	<b>28,335,015</b>	<b>13,611,275</b>	<b>16,039,654</b>	<b>6,950,669</b>	<b>120,583,314</b>
Excess (deficiency) of revenues over expenditures	(782,960)	302,631	(28,303,365)	3,157,023	(27,792,034)	(12,640,410)	(15,500,992)	2,530,640	(79,029,467)
<b>OTHER FINANCING SOURCES (USES)</b>									
Long-term debt issued	-	-	-	-	-	10,500,000	8,900,000	-	19,400,000
Refunding debt issued	-	-	19,650,000	-	-	-	-	-	19,650,000
Premium on debt	-	-	850,000	-	-	25,000	13,000	-	888,000
Sale of property	13,767	-	-	-	-	-	-	-	13,767
Transfers in	1,827,248	-	1,105,703	40,000	7,161,069	-	-	597,452	10,731,472
Transfers out	(945,411)	-	(4,091,060)	(1,990,428)	(63,649)	-	-	(1,921,377)	(9,011,925)
<b>Total Other Financing Sources (Uses)</b>	<b>895,604</b>	<b>-</b>	<b>17,514,643</b>	<b>(1,950,428)</b>	<b>7,097,420</b>	<b>10,525,000</b>	<b>8,913,000</b>	<b>(1,323,925)</b>	<b>41,671,314</b>
<b>Net Change in Fund Balance</b>	<b>112,644</b>	<b>302,631</b>	<b>(10,788,722)</b>	<b>1,206,595</b>	<b>(20,694,614)</b>	<b>(2,115,410)</b>	<b>(6,587,992)</b>	<b>1,206,715</b>	<b>(37,358,153)</b>
<b>FUND BALANCES (Deficit) - Beginning of Year</b>	<b>7,483,401</b>	<b>(197,478)</b>	<b>11,951,808</b>	<b>3,275,590</b>	<b>21,600,605</b>	<b>1,068,417</b>	<b>10,380,460</b>	<b>8,025,416</b>	<b>63,588,219</b>
<b>FUND BALANCES (Deficit) - END OF YEAR</b>	<b>\$ 7,596,045</b>	<b>\$ 105,153</b>	<b>\$ 1,163,086</b>	<b>\$ 4,482,185</b>	<b>\$ 905,991</b>	<b>\$ (1,046,993)</b>	<b>\$ 3,792,468</b>	<b>\$ 9,232,131</b>	<b>\$ 26,230,066</b>



## 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, 2015

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Net change in fund balances - total governmental funds	\$ (37,358,153)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	41,311,106
Some amounts reported as capital outlay were not capitalized	(1,157,591)
Depreciation is reported in the government-wide statements	(3,380,546)
Net book value of disposed assets	(196,887)
Capital contributions are reported in the government-wide statements	717,513

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	(152,449)
Accounts receivable	775,114

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	38,385,000
Debt proceeds	(39,050,000)
Capital appreciation bond increase	(16,344)

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	(888,000)
Amortization of debt premium on debt issued	200,948

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

119,635

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	(1,303,045)
Compensated absences	139,161
Accrued interest on debt	155,761
Net pension asset	(2,344,957)
Deferred outflows related to pensions	<u>2,340,888</u>

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (1,702,846)</u></b>
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See accompanying notes to financial statements.

**CITY OF OAK CREEK**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 As of December 31, 2015

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and investments	\$ 11,222,174	\$ 6,962,467	\$ 18,184,641	\$ 2,056,046
Customer accounts receivable	2,019,270	780,744	2,800,014	-
Other accounts receivable	32,888	4,082	36,970	128,365
Due from other funds	552,079	258,475	810,554	-
Inventories	62,140	-	62,140	-
Prepaid items	3,709	833	4,542	-
Restricted assets				
Revenue bond redemption account	150,704	-	150,704	-
<b>Total Current Assets</b>	<u>14,042,964</u>	<u>8,006,601</u>	<u>22,049,565</u>	<u>2,184,411</u>
<b>Noncurrent Assets</b>				
Restricted Assets				
Revenue bond reserve account	1,014,793	-	1,014,793	-
Net pension asset	303,195	75,799	378,994	-
<b>Total Restricted Assets</b>	<u>1,317,988</u>	<u>75,799</u>	<u>1,393,787</u>	<u>-</u>
Capital Assets				
Land and land rights	255,324	13,145	268,469	-
Construction in progress	1,264,409	3,333	1,267,742	-
Utility plant in service	112,795,450	43,944,969	156,740,419	-
Accumulated depreciation	(33,954,686)	(10,759,822)	(44,714,508)	-
<b>Total Capital Assets</b>	<u>80,360,497</u>	<u>33,201,625</u>	<u>113,562,122</u>	<u>-</u>
Other Assets				
Property held for future use	5,000	-	5,000	-
Prepaid items	1,943	833	2,776	-
Due from other funds - special assessments	225,413	74,916	300,329	-
Due from other funds - advance	-	2,375,076	2,375,076	-
<b>Total Other Assets</b>	<u>232,356</u>	<u>2,450,825</u>	<u>2,683,181</u>	<u>-</u>
<b>Total Assets</b>	<u>95,953,805</u>	<u>43,734,850</u>	<u>139,688,655</u>	<u>2,184,411</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	104,386	-	104,386	-
Deferred outflows related to pension	314,138	78,534	392,672	-
<b>Total Deferred Outflows</b>	<u>418,524</u>	<u>78,534</u>	<u>497,058</u>	<u>-</u>
<b>Total Assets and Deferred Outflows     of Resources</b>	<u>96,372,329</u>	<u>43,813,384</u>	<u>140,185,713</u>	<u>2,184,411</u>

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 567,830	\$ 580,045	\$ 1,147,875	\$ 804,397
Accrued payroll	82,978	4,619	87,597	-
Accrued interest payable	34,694	-	34,694	-
Due to other funds	2,311,830	143,446	2,455,276	-
Unearned revenue	31,932	-	31,932	-
Compensated absences	43,711	-	43,711	-
Revenue bonds payable	533,156	-	533,156	-
Liabilities Payable From Restricted Assets	-	-	-	-
Accrued interest	30,120	-	30,120	-
Current portion of revenue bonds	1,450,000	-	1,450,000	-
Total Current Liabilities	<u>5,086,251</u>	<u>728,110</u>	<u>5,814,361</u>	<u>804,397</u>
Noncurrent Liabilities				
Net other postemployment benefits obligation	793,607	198,402	992,009	-
Due to other funds - Advance	2,375,076	-	2,375,076	-
Unamortized premiums on debt	47,926	-	47,926	-
Pollution remediation obligation	1,707,180	-	1,707,180	-
Revenue bonds	17,803,228	-	17,803,228	-
Total Noncurrent Liabilities	<u>22,727,017</u>	<u>198,402</u>	<u>22,925,419</u>	<u>-</u>
Total Liabilities	<u>27,813,268</u>	<u>926,512</u>	<u>28,739,780</u>	<u>804,397</u>
<b>NET POSITION</b>				
Net investment in capital assets	60,630,573	33,201,625	93,832,198	-
Restricted				
Debt service	1,135,377	-	1,135,377	-
Pension	303,195	75,799	378,994	-
Unrestricted	<u>6,489,916</u>	<u>9,609,448</u>	<u>16,099,364</u>	<u>1,380,014</u>
<b>TOTAL NET POSITION</b>	<u>\$ 68,559,061</u>	<u>\$ 42,886,872</u>	111,445,933	<u>\$ 1,380,014</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			37,688	
Net Position of Business-type Activities			<u>\$ 111,483,621</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, 2015

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>	Activities -
	<u>Utility</u>	<u>Utility</u>		Internal
				Service Fund
<b>OPERATING REVENUES</b>				
Charges for services and sales	\$ 10,324,763	\$ 3,591,266	\$ 13,916,029	\$ -
Other operating revenues	<u>387,301</u>	<u>48,489</u>	<u>435,790</u>	<u>6,170,543</u>
Total Operating Revenues	<u>10,712,064</u>	<u>3,639,755</u>	<u>14,351,819</u>	<u>6,170,543</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	5,759,964	2,979,879	8,739,843	6,053,941
Depreciation	2,421,798	525,741	2,947,539	-
Taxes	<u>118,940</u>	<u>43,406</u>	<u>162,346</u>	<u>-</u>
Total Operating Expenses	<u>8,300,702</u>	<u>3,549,026</u>	<u>11,849,728</u>	<u>6,053,941</u>
Operating Income (Loss)	<u>2,411,362</u>	<u>90,729</u>	<u>2,502,091</u>	<u>116,602</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	60,008	30,244	90,252	3,818
Loss from merchandising and jobbing	(8,419)	-	(8,419)	-
Interest expense	(730,453)	-	(730,453)	-
Amortization expense	<u>(23,819)</u>	<u>-</u>	<u>(23,819)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(702,683)</u>	<u>30,244</u>	<u>(672,439)</u>	<u>3,818</u>
Income (Loss) Before Contributions and Transfers	1,708,679	120,973	1,829,652	120,420
<b>CAPITAL CONTRIBUTIONS</b>	2,390,231	2,002,637	4,392,868	-
<b>TRANSFERS OUT</b>	<u>(1,719,547)</u>	<u>-</u>	<u>(1,719,547)</u>	<u>-</u>
Change in Net Position	2,379,363	2,123,610	4,502,973	120,420
NET POSITION - Beginning of Year (As Restated)	<u>66,179,698</u>	<u>40,763,262</u>		<u>1,259,594</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 68,559,061</u>	<u>\$ 42,886,872</u>		<u>\$ 1,380,014</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>785</u>	
Change in Net Position of Business-Type Activities			<u>\$ 4,503,758</u>	

See accompanying notes to financial statements.

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**CITY OF OAK CREEK**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 10,409,967	\$ 3,625,241	\$ 14,035,208	\$ 6,077,676
Received from rents of water property	201,738	-	201,738	-
Payment for nonoperating activities	999	-	999	-
Received from miscellaneous sources	39,496	2,806	42,302	-
Paid to Milwaukee Metro Sewerage District for sewer user charges	-	(2,217,661)	(2,217,661)	-
Paid to suppliers for goods and services	(1,799,776)	(243,637)	(2,043,413)	(5,818,584)
Paid to employees for services	(1,584,454)	(423,564)	(2,008,018)	-
Net Cash Flows From Operating Activities	<u>7,267,970</u>	<u>743,185</u>	<u>8,011,155</u>	<u>259,092</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Paid to city for tax equivalent	(1,596,033)	-	(1,596,033)	-
Principal received from Water Utility - advance	-	41,641	41,641	-
Net Cash Flows From Noncapital Financing Activities	<u>(1,596,033)</u>	<u>41,641</u>	<u>(1,554,392)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investments purchased	(4,895,543)	(1,351,347)	(6,246,890)	-
Proceeds from sale of investments	4,945,543	1,301,347	6,246,890	-
Interest received from Water Utility - advance	-	8,359	8,359	-
Investment income	16,734	11,476	28,210	3,818
Net Cash Flows From Investing Activities	<u>66,734</u>	<u>(30,165)</u>	<u>36,569</u>	<u>3,818</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(4,466,710)	(46,400)	(4,513,110)	-
Proceeds received for acquisition and construction of capital assets	57,437	46,544	103,981	-
Proceeds from sale of capital assets	525	225	750	-
Special assessment proceeds	21,278	11,230	32,508	-
Cost of removal	(15,502)	(3,877)	(19,379)	-
Proceeds from issuance of debt	3,850,000	-	3,850,000	-
Proceeds from premiums on debt issued	89,619	-	89,619	-
Paid to escrow for advance refunding of debt	(4,180,000)	-	(4,180,000)	-
Debt issuance costs paid	(84,521)	-	(84,521)	-
Principal payment to Sewer Utility - advance	(41,641)	-	(41,641)	-
Debt retired	(1,799,458)	-	(1,799,458)	-
Interest paid to Sewer Utility - advance	(8,359)	-	(8,359)	-
Interest paid	(747,336)	-	(747,336)	-
Net Cash Flows From Capital and Related Financing Activities	<u>(7,324,668)</u>	<u>7,722</u>	<u>(7,316,946)</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1,585,997)</b>	<b>762,383</b>	<b>(823,614)</b>	<b>262,910</b>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>7,877,199</u>	<u>4,511,938</u>	<u>12,389,137</u>	<u>1,793,136</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 6,291,202</b>	<b>\$ 5,274,321</b>	<b>\$ 11,565,523</b>	<b>\$ 2,056,046</b>

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 2,411,362	\$ 90,729	\$ 2,502,091	\$ 116,602
Nonoperating revenues (expenses)	(8,419)	-	(8,419)	-
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities				
Noncash items included in income				
Depreciation	2,421,798	525,741	2,947,539	-
Depreciation charged to other accounts	75,521	(42,611)	32,910	-
Loss on sale of transportation equipment	(5,250)	-	(5,250)	-
Changes in assets and liabilities				
Customer accounts receivable	13,377	(7,218)	6,159	-
Other accounts receivable	(9,624)	25,691	16,067	(122,539)
Due from other funds	-	130,079	130,079	29,672
Inventories	3,084	-	3,084	-
Prepaid items	7,242	832	8,074	5,613
Pension	2,560	641	3,201	-
Accounts payable and accrued liabilities	145,026	8,099	153,125	229,744
Accrued expenses	26,057	1,807	27,864	-
Pollution remediation obligation	1,707,180	-	1,707,180	-
Due to other funds	518,595	-	518,595	-
Net other post employment benefits obligation	37,581	9,395	46,976	-
Unearned revenue	(78,120)	-	(78,120)	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 7,267,970</b>	<b>\$ 743,185</b>	<b>\$ 8,011,155</b>	<b>\$ 259,092</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>				
Cash and investments	\$ 11,222,174	\$ 6,962,467	\$ 18,184,641	\$ 2,056,046
Restricted cash and investments - current	150,704	-	150,704	-
Restricted cash and investments - noncurrent	1,014,793	-	1,014,793	-
Less: Investments not considered to be cash and cash equivalents	(6,096,469)	(1,688,146)	(7,784,615)	-
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 6,291,202</b>	<b>\$ 5,274,321</b>	<b>\$ 11,565,523</b>	<b>\$ 2,056,046</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Interest income earned on noncash equivalents	\$ 48,461	\$ 12,971		\$ -
Market value adjustment on investments	\$ (6,510)	\$ (1,869)		\$ -
Gain on capital asset retirements	\$ 5,250	\$ -		\$ -
Cost of capital assets installed and/or financed by developers	\$ 2,011,841	\$ 1,997,099		\$ -
Cost of capital assets financed by assessment of benefits to property owners	\$ 378,390	\$ 5,537		\$ -
Interest capitalized on construction projects	\$ 94,237	\$ -		\$ -

See accompanying notes to financial statements.

**CITY OF OAK CREEK**

**STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUND**  
As of December 31, 2015

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 39,036,437
Property taxes receivable	<u>13,643,208</u>
<b>TOTAL ASSETS</b>	<u>\$ 52,679,645</u>
<b>LIABILITIES</b>	
Due to other taxing units	<u>\$ 52,679,645</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 52,679,645</u>



# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

In June 2012, the GASB issued statement No. 68- *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

#### ***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.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

---

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

---

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

##### ***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.

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.
- 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.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

---

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

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

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

TIF No. 11 Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

The city reports the following major enterprise funds:

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

The city reports the following non-major governmental 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

TIF No. 4 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, 2015

---

### 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  
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, 2015

---

### 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, 2015

---

### 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, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY**

##### **1. Deposits and Investments**

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company 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, 2015

---

### 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, 2015

---

### 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, 2015, 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, 2015

---

### 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 – 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due (50%)	January 31, 2016
Second installment due (25%)	March 31, 2016
Third installment due (25%)	May 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale – 2015 delinquent real estate taxes	October 2018

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, 2015

---

### 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 \$94,237 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, 2015

---

### 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, 2015

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

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**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, 2015 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, 2015

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

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

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

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

Name	Date	Original Principal Amount	Maturity	Principal Amount Outstanding at 12-31-15
Crown Prince Inc.	12/2/03	\$ 2,235,000	1/1/24	\$ 582,921
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	2,063,306
Total				<u>\$ 69,646,227</u>

**9. Pollution Remediation Obligations**

As of December 31, 2015, the city was obligated to address the future pollution cleanup activities at its water treatment plant site due to federal and state laws and regulations. The city's obligation originated in the year 2015 to address the pollution remediation because the government unit has been determined to be the responsible party which compels the city to participate in remediation. Examples of expected future remediation activity costs include legal services, site investigation and required post-remediation monitoring costs. The amount reported as a pollution remediation obligation represents the current value of the expected cash flows to be paid for these activities. Any expected recoveries would be treated separately as a receivable when such reimbursements become measurable. As of December 31, 2015, the obligation was \$1,707,180 with no related receivable. The city will recognize these liabilities and related expenses as an operating expense in the water utility financial statements only when such costs become measurable. Because of this, the liability is subject to change as the city becomes aware of new information which may affect its estimate. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

**10. Deferred Inflows of Resources**

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

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**11. Equity Classifications**

**Government-Wide Statements**

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

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

The net position section includes an adjustment for capital assets owned by the business-type activities column but financed by debt of the governmental activities column. The amount is a reduction of “net investment in capital assets,” and an increase in “unrestricted” net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net Investment in capital assets	\$ 78,690,819	\$ 93,832,198	\$ (2,092,565)	\$ 170,430,452
Unrestricted (deficit)	(24,387,134)	16,137,052	2,092,565	(6,157,517)

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

**Fund Statements**

Governmental fund balances are displayed as follows:

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

## CITY OF OAK CREEK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

**11. Equity Classifications (cont.)**

**Fund Statements (cont.)**

- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the city. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Council that originally created the commitment.
- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City Council has, by resolution, adopted a financial policy authorizing the City Administrator or Finance Director to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

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

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

The city has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 15% to 25% of total general fund annual revenues plus the amount of state shared revenue during the previous year. In the previous year, general fund annual revenues were \$21,826,566 and the state shared revenue was \$6,195,953, for a total of \$28,022,519. At year end, amounts available for working capital and included in unassigned general fund balance totaled \$4,350,890, or 15.52%.



## CITY OF OAK CREEK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

#### **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			
Solid Waste Fund	\$ 1,291,362	\$ 1,304,109	\$ 12,747
Donation & Activity Fund	241,000	396,014	155,014
Impact Fee Fund	-	3,946	3,946
Debt Service Funds			
Debt Service Fund	7,275,306	29,180,982	21,905,676
TIF No. 4 Debt Service Fund	361,000	585,332	224,332
Capital Projects Funds			
Capital Improvement Fund	5,468,420	28,335,015	22,866,595
Developer Improvement Fund	2,000	36,172	34,172
TIF No. 8 Capital Project Fund	4,171,181	13,611,275	9,440,094
TIF No. 9 Capital Project Fund	150	591,730	591,580
Internal Service Fund			
Health Insurance Fund	5,921,408	6,053,941	132,533

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, 2015

**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, 2015, the following individual funds held a deficit balance:

Fund	Amount	Reason
Special Revenue Funds		
Consolidated Dispatch Services Fund	\$ 199,411	Excess of expenditures over revenues
Debt Service Fund		
TIF No. 4 Debt Service Fund	268,795	Excess of expenditures over revenues
Capital Project Fund		
TIF No. 8 Capital Projects Fund	1,046,933	Excess of expenditures over revenues
Developer Agreements Fund	31,388	Excess of expenditures over revenues

The Consolidated Dispatch Services Fund deficit is anticipated to be funded with future taxes levied and future charges for services. TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. 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 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

### 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	\$ 21,895,584	\$ 21,124,551	Custodial credit risk
U.S. treasuries	5,584,504	5,585,582	Custodial credit risk, interest rate risk
U.S. agencies	224,479	224,479	Credit risk, custodial credit risk, interest rate risk, concentration of credit risk
Municipal bonds	1,208,330	1,210,979	Credit risk, custodial credit risk, interest rate risk, concentration of credit risk
Asset backed securities	10,252,992	10,249,510	Credit risk, custodial credit risk, interest rate risk, concentration of credit risk
Corporate bonds	4,781,642	4,781,396	Credit risk, custodial credit risk, interest rate risk, concentration of credit risk
Local Government Investment Pool	43,750,089	43,750,089	Credit risk
Petty cash	5,195	-	N/A
<b>Total Cash and Investments</b>	<b><u>\$ 87,702,815</u></b>	<b><u>\$ 86,926,586</u></b>	
Reconciliation to financial statements			
Per statement of net position			
Cash and investments	\$ 45,523,497		
Restricted cash and investments	3,142,881		
Per statement of net position – fiduciary funds			
Agency	39,036,437		
<b>Total Cash and Investments</b>	<b><u>\$ 87,702,815</u></b>		

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, 2015

### 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, 2015 the city's investments were rated as follows:

<u>Investment Type</u>	<u>Standard &amp; Poor's</u>	<u>Fitch Ratings</u>	<u>Moody's</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, 2015

### 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, 2015, 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, 2015, 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	\$ 5,584,504	\$ -	\$ 4,331,378	\$ 1,253,126
U.S. agencies	224,479	-	224,479	-
Municipal bonds	1,208,330	690,354	517,976	-
Asset backed securities	10,252,992	300,181	3,847,269	6,105,542
Corporate bonds	4,781,642	671,522	4,110,120	-
<b>Totals</b>	<b>\$ 22,051,947</b>	<b>\$ 1,662,057</b>	<b>\$ 13,031,222</b>	<b>\$ 7,358,668</b>

## CITY OF OAK CREEK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

#### 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	\$ 13,796,182	\$ 17,111
Emergency Medical Services Fund	3,777,202	-
Debt Service Fund	850,000	-
Capital Improvement Fund	353,368	-
TIF No. 8 Capital Projects Fund	917,107	-
TIF No. 11 Capital Projects Fund	1,677,276	-
Nonmajor Governmental Funds	6,254,036	881,609
<b>Total</b>	<b>\$ 27,625,171</b>	<b>\$ 898,720</b>

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 \$187,612 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	\$ 22,662,023	\$ -
Accounts receivable not collected	27,600	782,199
Special assessments not yet due	-	731,097
Loan receivables	-	6,503
<b>Total Unearned/Unavailable Revenue for Governmental Funds</b>	<b>\$ 22,689,623</b>	<b>\$ 1,519,799</b>
Unearned revenue included in liabilities	\$ 27,600	
Unearned revenue included in deferred inflows	22,662,023	
<b>Total Unearned Revenue for Governmental Funds</b>	<b>\$ 22,689,623</b>	

## CITY OF OAK CREEK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

#### 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.

##### **Net Pension Asset**

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee health benefits.

##### **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, 2015:

	Governmental Activities	Business- type Activities	Total
Redemption account	\$ -	\$ 150,704	\$ 150,704
Reserve account	-	1,014,793	1,014,793
Impact fee account	1,921,328	-	1,921,328
Net pension asset	3,562,588	378,994	3,941,582
Asset forfeiture account	56,056	-	56,056
Total	\$ 5,539,972	\$ 1,544,491	\$ 7,084,463

## CITY OF OAK CREEK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 23,509,754	\$ 717,513	\$ 12,465	\$ 24,842,570
Construction in progress	<u>24,170,606</u>	<u>14,189,096</u>	<u>9,813,251</u>	<u>28,546,451</u>
Total Capital Assets Not Being Depreciated	<u>47,680,360</u>	<u>15,534,377</u>	<u>9,825,716</u>	<u>53,389,021</u>
Capital assets being depreciated				
Land improvements	1,663,530	-	-	1,663,530
Buildings	22,127,886	23,585,785	1,460,838	44,252,833
Intangible Asset – Easements	5,400	-	-	5,400
Machinery and equipment	18,239,248	3,044,180	1,126,347	20,157,081
Bridges	286,370	-	-	286,370
Roads	44,051,984	3,028,316	20,883	47,059,417
Sidewalks	3,454,033	935,096	-	4,389,129
Street lighting	4,318,886	2,508,613	-	6,827,499
Storm sewers	<u>23,088,362</u>	<u>2,047,909</u>	-	<u>25,136,271</u>
Total Capital Assets Being Depreciated	<u>117,235,699</u>	<u>35,149,899</u>	<u>2,608,068</u>	<u>149,777,530</u>
Less: Accumulated depreciation for				
Land improvements	(915,732)	(67,056)	-	(982,788)
Buildings	(6,362,264)	(790,321)	1,350,751	(5,801,835)
Intangible Asset – Easements	(5,400)	-	-	(5,400)
Machinery and equipment	(12,064,337)	(1,175,844)	1,067,925	(12,172,256)
Bridges	(25,776)	(2,864)	-	(28,640)
Roads	(9,872,088)	(610,251)	4,970	(10,477,369)
Sidewalks	(2,164,336)	(69,215)	-	(2,233,551)
Street lighting	(3,002,409)	(210,446)	-	(3,212,854)
Storm sewers	<u>(10,320,880)</u>	<u>(454,548)</u>	-	<u>(10,775,428)</u>
Total Accumulated Depreciation	<u>(44,733,222)</u>	<u>(3,380,546)</u>	<u>2,423,646</u>	<u>(45,690,122)</u>
Net Capital Assets Being Depreciated	<u>72,502,477</u>	<u>31,769,353</u>	<u>182,423</u>	<u>104,087,408</u>
Total Governmental Activities Assets, Net of Accumulated Depreciation	<u>\$ 120,182,837</u>	<u>\$ 47,303,730</u>	<u>\$ 10,010,138</u>	<u>\$ 157,476,429</u>



## CITY OF OAK CREEK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Depreciation expense was charged to functions as follows:

#### Governmental Activities

General government	\$ 352,804
Public safety	869,057
Health and social services	550
Public works	1,795,915
Leisure activities	<u>362,220</u>
 Total Governmental Activities Depreciation Expense	 <u>\$ 3,380,546</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	\$ 117,669	\$ 137,655	\$ -	\$ 255,324
Construction in progress	<u>3,196,300</u>	<u>5,948,082</u>	<u>7,879,973</u>	<u>1,264,409</u>
Total Capital Assets Not Being Depreciated	<u>3,313,969</u>	<u>6,085,737</u>	<u>7,879,973</u>	<u>1,519,733</u>
Capital assets being depreciated				
Source of supply	6,200,674	1,005,743	-	7,206,417
Pumping	9,012,416	19,481	38,205	8,993,692
Treatment	25,021,414	-	-	25,021,414
Transmission and distribution	60,470,191	7,820,080	1,504,297	66,785,974
General	<u>4,791,310</u>	<u>43,343</u>	<u>46,700</u>	<u>4,787,953</u>
Total Capital Assets Being Depreciated	<u>105,496,005</u>	<u>8,888,647</u>	<u>1,589,202</u>	<u>112,795,450</u>
Total Capital Assets	<u>108,809,974</u>	<u>14,974,384</u>	<u>9,469,175</u>	<u>114,315,183</u>
Less: Accumulated depreciation for				
Source of supply	(1,992,274)	(183,018)	-	(2,175,292)
Pumping	(3,706,542)	(364,325)	38,205	(4,032,662)
Treatment	(8,875,526)	(813,542)	-	(9,689,068)
Transmission and distribution	(14,808,322)	(1,043,426)	564,933	(15,286,815)
General	<u>(2,673,138)</u>	<u>(144,411)</u>	<u>46,700</u>	<u>(2,770,849)</u>
Total Accumulated Depreciation	<u>(32,055,802)</u>	<u>(2,548,722)</u>	<u>649,838</u>	<u>(33,954,686)</u>
Net Water Plant	<u>\$ 76,754,172</u>	<u>\$ 12,425,662</u>	<u>\$ 8,819,337</u>	<u>\$ 80,360,497</u>

## CITY OF OAK CREEK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Sewer</b>				
Capital assets not being depreciated				
Land and land rights	\$ 13,145	\$ -	\$ -	\$ 13,145
Construction in progress	349	2,011,655	2,008,671	3,333
Total Capital Assets Not Being Depreciated	13,494	2,011,655	2,008,671	16,478
Capital assets being depreciated				
Collection system	41,160,577	2,008,671	71,363	43,097,885
Collection system pumping	243,040	-	870	242,170
General	616,114	-	11,200	604,914
Total Capital Assets Being Depreciated	42,019,731	2,008,671	83,433	43,944,969
Total Capital Assets	42,033,225	4,020,326	2,092,104	43,961,447
Less: Accumulated depreciation for				
Collection system	(9,870,771)	(434,065)	71,363	(10,233,473)
Collection system pumping	(234,609)	(2,038)	870	(235,777)
General	(258,396)	(43,376)	11,200	(290,572)
Total Accumulated Depreciation	(10,363,776)	(479,479)	83,433	(10,759,822)
Net Sewer Plant	\$ 31,669,449	\$ 3,540,847	\$ 2,008,671	\$ 33,201,625
Business-type Capital Assets, Net of Depreciation	\$ 108,423,621	\$ 15,966,509	\$ 10,828,008	\$ 113,562,122

Depreciation expense was charged to functions as follows:

#### Business-type Activities

Water	\$ 2,421,798
Sewer	525,741
Total Business-type Activities Depreciation Expense	\$ 2,947,539

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, 2015

#### 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	\$ 2,269,610	\$ -
General fund	Sewer utility	143,446	-
General fund	TIF #4 debt service fund	268,795	-
General fund	TIF #8 capital projects fund	1,552,730	1,392,859
General fund	Developer agreement fund	43,360	43,360
General fund	Consolidated dispatch services	172,606	-
Economic development fund	TIF #7 capital projects fund	314,900	314,900
Water utility	General fund	281,175	-
Water utility	Developer agreement fund	9,474	-
Water utility	TIF #11 capital projects fund	4,956	-
Water utility	TIF #8 capital projects fund	4,123	-
Water utility	Capital improvement fund	286	-
Sewer utility	Capital improvement fund	15,495	-
Sewer utility	General fund	176,056	-
Sewer utility	Storm water fund	1,906	-
Sewer utility	Special assessment fund	97,714	74,916
Water utility	Special assessment fund	477,478	225,413
Sewer utility	Water utility	42,220	-
Total – Fund Financial Statements		5,876,330	
Less: Fund eliminations		(2,394,611)	
Government-wide eliminations		(2,137,326)	
Total Internal Balances – Government-Wide Statement of Net Position		\$ 1,344,393	

The principal purpose of these interfunds includes the tax equivalent payment from the utilities to general fund and special assessment collections by the special assessment fund for the utilities. Remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Water utility	\$ 1,719,547	Tax equivalent
General fund	Solid waste fund	44,052	Finance of equipment
General fund	Capital improvements fund	63,649	Finance of capital projects
Capital improvements fund	General fund	347,959	Finance of capital projects
Capital improvements fund	Debt service fund	4,091,060	Finance of capital projects
Capital improvements fund	Storm water fund	100,000	Finance of capital projects
Debt amortization fund	TIF No. 4 debt service fund	40,000	Finance debt service requirements
Debt service fund	Debt amortization fund	990,428	Finance debt service requirements
Debt service fund	Impact fee escrow fund	115,275	Finance debt service requirements
Capital improvements fund	Impact fee escrow fund	280,067	Finance of capital projects
Capital improvements fund	WE energies fund	1,000,000	Finance of capital projects
Capital improvements fund	Special assessment fund	100,000	Finance of capital projects
Capital improvements fund	Debt amortization fund	1,000,000	Finance of capital projects
Capital improvements fund	Park escrow	241,983	Finance of capital projects
TIF No. 9 capital projects fund	General fund	379,826	Finance of capital projects
Donation & activity fund	General fund	217,626	Library donations
Subtotal – Fund financial statements		10,731,472	
Less: Fund eliminations		(9,011,925)	
Less: Capital assets contributed to Enterprise Funds		<u>(2,002,637)</u>	
Total – Government-Wide Statement of Activities		<u>\$ (283,090)</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## CITY OF OAK CREEK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

#### 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. Effective December 31, 2015, the Commission approved .44% as the interest rate on this advance.

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

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 41,783	\$ 10,634
2017	41,925	10,450
2018	117,067	10,266
2019	117,465	9,751
2020	117,865	9,234
2021 – 2025	1,123,432	34,382
2026 – 2028	<u>857,322</u>	<u>7,390</u>
Totals	<u>\$ 2,416,859</u>	<u>\$ 92,107</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, 2015

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

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable:					
General obligation debt:					
Notes and bonds	\$ 89,080,000	\$ 39,050,000	\$ 38,025,000	\$ 90,105,000	\$ 26,675,000
Capital appreciation bonds	343,656	16,344	360,000	-	-
Sub-Totals	89,423,656	39,066,344	38,385,000	90,105,000	26,675,000
Add: Unamortized debt premium	502,061	888,000	200,948	1,189,113	-
Sub-Total	89,925,717	39,954,344	38,585,948	91,294,113	-
Other Liabilities					
Vested compensated absences	1,479,044	1,339,883	1,479,044	1,339,883	503,466
Other postemployment benefits	25,850,952	3,077,045	1,774,000	27,153,997	-
Total Other Liabilities	27,329,996	4,416,928	3,253,044	28,493,880	503,466
Total Governmental Activities Long-Term Liabilities	\$ 117,255,713	\$ 44,371,272	\$ 41,838,992	\$ 119,787,993	\$ 27,178,466
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable:					
Revenue bonds	\$ 21,877,573	\$ 3,850,000	\$ 5,979,458	\$ 19,748,115	\$ 1,944,887
Add: Unamortized debt premium	39,100	89,619	42,524	86,195	38,269
Sub-Total	21,916,673	3,939,619	6,021,982	19,834,310	1,983,156
Other Liabilities					
Other postemployment benefits	945,033	243,976	197,000	992,009	-
Pollution remediation obligation	-	1,826,472	119,292	1,707,180	-
Total Business-type Activities Long-Term Liabilities	\$ 22,861,706	\$ 6,101,067	\$ 6,338,274	\$ 22,533,499	\$ 1,983,156

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

**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, 2015 was \$150,195,965. Total general obligation debt outstanding at year end was \$90,105,000.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-15
<b>Governmental Activities</b>					
<b>General Obligation Debt</b>					
G.O. notes and bonds					
2006 bonds	10/15/06	10/01/16	4.00-4.50%	\$ 1,200,000	\$ 150,000
2010 bonds	4/01/10	4/01/30	1.50-4.375%	7,000,000	5,800,000
2012 bonds	2/01/12	3/01/17	1.00-1.75%	4,530,000	1,905,000
2013 refunding bonds	4/2/13	4/01/32	2.00-3.75%	5,825,000	5,475,000
2013A notes	4/2/13	4/01/23	1.00-2.75%	3,000,000	2,475,000
2013C notes	11/19/13	11/01/16	2.00%	5,925,000	5,925,000
2013D notes	11/19/13	11/01/16	2.00%	17,625,000	17,625,000
2013E notes	12/30/13	12/01/22	1.00-4.00%	10,000,000	9,100,000
2014B refunding bonds	12/16/14	5/01/32	2.00-3.375%	2,725,000	2,600,000
2015A refunding bonds	1/20/15	6/01/34	2.00-4.00%	19,650,000	19,650,000
2015B notes	5/19/15	5/1/18	2.250%	8,900,000	8,900,000
2015C notes	9/29/15	9/1/18	2.125%	10,500,000	10,500,000
Total Governmental Activities – Notes and Bonds					<u>\$ 90,105,000</u>

**CITY OF OAK CREEK**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2015

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

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**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>	<u>Governmental Activities</u>	
	<u>Notes and Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 26,675,000	\$ 2,305,296
2017	3,080,000	1,896,356
2018	21,550,000	1,738,250
2019	2,200,000	1,471,062
2020	2,250,000	1,299,687
2021-2025	16,400,000	4,889,936
2026-2030	10,500,000	2,338,016
2031-2034	7,450,000	453,172
Totals	<u>\$ 90,105,000</u>	<u>\$ 16,391,775</u>



**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

**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 \$19,748,115 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 \$24,715,747. Principal and interest paid for the current year and total customer net revenues were \$2,546,794 and \$4,893,168, respectively. Future principal and interest payments are expected to require 27% of net revenues.

Revenue debt payable at December 31, 2015 consists of the following:

**Business-type Activities Revenue Debt**

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-15
Water utility revenue bonds	1/13/10	5/1/29	2.668%	\$ 791,863	\$ 620,224
Water utility revenue bonds	3/15/11	12/1/31	2.25-5.00%	6,500,000	6,025,000
Water utility revenue bonds	11/23/11	5/1/31	2.20%	5,889,583	4,907,333
Water utility revenue bonds	5/22/13	5/1/2033	1.925%	2,594,795	2,377,538
Water utility revenue bonds	5/28/14	5/1/34	1.925%	1,968,020	1,968,020
Water utility revenue bonds	11/17/15	1/1/20	2.00%	3,850,000	3,850,000
Total Business-type Activities Revenue Debt					<u>\$ 19,748,115</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>
2016	\$ 1,944,887	\$ 561,354
2017	1,830,402	517,482
2018	1,316,143	477,126
2019	1,352,114	446,287
2020	1,088,320	413,460
2021 – 2025	4,743,298	1,652,248
2026 – 2030	5,558,152	832,698
2031 – 2034	1,914,799	66,977
Totals	<u>\$ 19,748,115</u>	<u>\$ 4,967,632</u>

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

##### ***Other Debt Information***

Estimated payments 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 Refundings***

During 2015, the city used proceeds of general obligation refunding bonds issued in 2014 to current refund the \$4.6 million of outstanding 2012 general obligation promissory notes with an average interest rate of 2.00% on the maturity date of the notes.

On January 20, 2015, the city issued \$19.65 million of general obligation refunding bonds with an average interest rate of 3.20% to refund \$20.5 million of outstanding 2014 general obligation promissory notes with an average interest rate of 2.00% on the maturity date of the notes.

On September 29, 2015, the city issued \$10.5 million of general obligation promissory notes with an interest rate of 2.125% to refund \$10.525 million of outstanding 2013 general obligation promissory notes with an interest rate of 1.65% on the maturity date of the notes.

On November 17, 2015, the city issued \$3.85 million in revenue bonds with an average interest rate of 2.00% to refund \$4.18 million of outstanding revenue bonds with an average interest rate of 4.88%. The net proceeds were used to prepay the old revenue bonds. Outstanding debt service requirements on the refunded bonds prior to the current refunding were \$4,695,575 from 2016 through 2020. The cash flow requirements on the 2015 refunding bonds are \$4,030,994 from 2016 through 2020. The current refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$620,829.

#### **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

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### G. LEASE DISCLOSURE (cont.)

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

The water and sewer utility has entered into operating leases with Verizon Wireless (VW), Sprint Spectrum L.P. (SSLP), Cingular Wireless (CW), Cricket Communications (CR) and Crown Castle (CC) for space on Utility reservoirs to be used for cellular antennas. These leases terminate on November 30, 2020 (VW), March 20, 2017 (SSLP), March 1, 2020 (CW), December 31, 2015 (CR), February 26, 2016 (CC), January 24, 2018 (CC) and January 31, 2028 (CW). Minimum future lease rentals are as follows:

2016	\$ 236,104
2017	219,694
2018	194,431
2019	202,128
2020	152,659
2021-2025	293,004
2026-2028	144,796

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Net position reported on the government wide statement of net position at December 31, 2015 includes the following:

##### **Governmental Activities**

Net Investment in Capital Assets	
Land	\$ 24,842,570
Other capital assets, net of accumulated depreciation	132,633,859
Less: Related long-term debt and premium outstanding (excluding non-capital debt)	(89,172,648)
Add: Unspent proceeds of capital-related debt included above	<u>10,387,038</u>
Total Net Investment in Capital Assets	<u>78,690,819</u>
Restricted	
Debt service	6,673,932
TID activity	5,770,537
Impact fee escrow	2,352,102
Park escrow	250,879
Pensions	3,562,588
Storm Water	197,540
Donation and activity	488,528
Asset forfeiture	56,616
Low income loans	<u>9,644</u>
Total Restricted	<u>19,362,366</u>
Unrestricted	<u>(24,387,134)</u>
Total Governmental Activities Net Position	<u>\$ 73,666,051</u>

Governmental fund balances reported on the fund financial statements at December 31, 2015 include the following:

##### **Nonspendable Fund Balance**

Major Funds	
General Fund	
Inventories	\$ 72,278
Delinquent personal property taxes	17,111
Non-current receivables from other funds	<u>1,436,219</u>
Total General Fund	<u>1,525,608</u>
Total Nonspendable Fund Balance	<u>\$ 1,525,608</u>

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### H. NET POSITION/FUND BALANCES (cont.)

##### Governmental Activities (cont.)

##### Restricted Fund Balance

###### Major Funds

Debt Service	\$ 1,163,086
Debt Amortization	4,482,185
TIF No. 11 Capital Projects	<u>3,792,468</u>
Total Major Funds	<u>9,437,739</u>

###### Non-Major Funds

Special Revenue Funds	
Donation and Activity	488,528
Low Income Loan	9,644
Park Escrow	250,879
Impact Fee Escrow	2,352,102
Asset Forfeiture	56,616
Storm Water	197,540
Debt Service Funds	
TIF No. 6 Debt Service	1,423,014
Capital Projects Funds	
TIF No. 7 Capital Projects	1,476,347
TIF No. 10 Capital Projects	<u>501,722</u>
Total Non-Major Funds	<u>6,756,392</u>

**Total Restricted Fund Balance** \$ 16,194,131

##### Committed Fund Balance

###### Major Funds

Emergency Medical Services	<u>\$ 105,153</u>
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###### Non-Major Funds

Special Revenue Funds	
Solid Waste	146,516
WE Energies Fund	221,121
Special Assessment	1,703,337
Economic Development	<u>904,359</u>
Total Non-Major Funds	<u>2,975,333</u>

**Total Committed Fund Balance** \$ 3,080,486

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### H. NET POSITION/FUND BALANCES (cont.)

##### Governmental Activities (cont.)

##### Assigned Fund Balance

###### Major Funds

###### General Fund

Tax equivalent for subsequent year

\$ 1,719,547

Total General Fund

1,719,547

Capital Improvement Fund

905,991

**Total Assigned Fund Balance**

**\$ 2,625,538**

##### Unassigned Fund Balance

###### Major Funds

###### General Fund

\$ 4,350,890

TIF No. 8 Capital Projects (deficit)

(1,046,993)

Total Major Funds

3,303,897

###### Non-Major Funds

###### Special Revenue Funds

Consolidated Dispatch Services (deficit)

(199,411)

###### Debt Service Funds

TIF No. 4 Debt Service (deficit)

(268,795)

###### Capital Projects Funds

Developer Agreement (deficit)

(31,388)

Total Non-major Funds

(499,594)

**Total Unassigned Fund Balance**

**\$ 2,804,303**

## CITY OF OAK CREEK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

#### 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	\$ 268,469
Construction in progress	1,267,742
Other capital assets, net of accumulated depreciation	112,025,911
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	(19,729,924)
Total Net Investment in Capital Assets	<u>93,832,198</u>
Restricted	
Debt service	1,135,377
Pensions	378,994
Total Restricted Fund Balance	<u>1,514,371</u>
Unrestricted	<u>16,137,052</u>
Total Business-type Activities Net Position	<u>\$ 111,483,621</u>

#### I. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 68-*Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows if any, to be reported in the financial statements. The details of this restatement are as follows:

	Governmental Activities	Business-type Activities	Water Utility	Sewer Utility
Net Position - December 31, 2014 (as reported)	\$ 68,085,051	\$ 106,204,996	\$ 65,559,805	\$ 40,608,288
Add: Net pension asset	5,907,545	628,454	502,763	125,691
Add: Deferred outflows related to pensions	<u>1,376,301</u>	<u>146,413</u>	<u>117,130</u>	<u>29,283</u>
Net position - December 31, 2014 (as restated)	<u>\$ 75,368,897</u>	<u>\$ 106,979,863</u>	<u>\$ 66,179,698</u>	<u>\$ 40,763,262</u>

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE IV – OTHER INFORMATION

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#### A. EMPLOYEES' RETIREMENT SYSTEM

##### **Summary of Significant Accounting Policies**

**Pension.** For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### **General Information About the Pension Plan**

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

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

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



**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

**NOTE IV – OTHER INFORMATION** (continued)

**A. EMPLOYEES' RETIREMENT SYSTEM** (continued)

**Post-Retirement adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$1,522,714 in contributions from the city.

Contribution rates as of December 31, 2015 are:

	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

## CITY OF OAK CREEK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

#### NOTE IV – OTHER INFORMATION (continued)

##### A. EMPLOYEES' RETIREMENT SYSTEM (continued)

#### ***Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2015, the city reported an asset of \$3,941,582 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The city's proportion of the net pension asset was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the city's proportion was 0.16047000%, which was a decrease of 0.00531319% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the city recognized pension expense of \$1,529,894.

At December 31, 2015, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources
Differences between expected and actual experience	\$ 571,407
Changes in assumptions	-
Net differences between projected and actual earnings on pension plan investments	1,908,704
Changes in proportion and differences between employer contributions and proportionate share of contributions	133,778
Employer contributions subsequent to the measurement date	1,495,972
<b>Total</b>	<b>\$ 4,109,861</b>

\$1,495,972 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflow of Resources
2016	\$ 637,950
2017	637,950
2018	637,950
2019	637,950
2020	62,089
Thereafter	-

## CITY OF OAK CREEK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

#### NOTE IV – OTHER INFORMATION (continued)

##### A. EMPLOYEES' RETIREMENT SYSTEM (continued)

**Actuarial assumptions.** The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

\*No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

**Long-term expected Return on Plan Assets.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7%	23%
Fixed Income	1.7%	36%
Inflation Sensitive Assets	2.3%	20%
Real Estate	4.2%	7%
Private Equity/Debt	6.9%	7%
Multi-Asset	3.9%	6%
Cash	0.9%	-20%

**CITY OF OAK CREEK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

**NOTE IV – OTHER INFORMATION** (continued)

**A. EMPLOYEES' RETIREMENT SYSTEM** (continued)

**Single Discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the city's proportionate share of the net pension asset to changes in the discount rate.** The following presents the city's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the city's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<b>1% Decrease to Discount Rate (6.20%)</b>	<b>Current Discount Rate (7.20%)</b>	<b>1% Increase To Discount Rate (8.20%)</b>
City of Oak Creek's proportionate share of the net pension asset (liability)	(\$ 11,119,882)	\$ 3,941,582	\$ 15,836,518

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE IV – OTHER INFORMATION

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#### ***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 \$3,868,661 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. \$1,380,014 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 non-incremental costs to the claims liability.

#### ***Claims Liability***

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims – Beginning of Year	\$ 443,204	\$ 566,145
Current year claims and changes in estimates	4,385,777	4,790,276
Claim payments	<u>(4,262,836)</u>	<u>(4,566,113)</u>
Unpaid Claims – End of Year	<u>\$ 566,145</u>	<u>\$ 790,308</u>

# CITY OF OAK CREEK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

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

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

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

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

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

Financial statements of WMIC and CVMIC are available from 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, 2015. 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, 2015

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

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#### 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	\$ 3,844,431
Interest on net OPEB obligation	803,880
Adjustment to annual required contribution	<u>(1,327,290)</u>
Annual OPEB cost	3,321,021
Contributions made	<u>(1,971,000)</u>
Increase in net OPEB obligation (Liability)	1,350,021
Net OPEB Obligation (Liability) – Beginning of Year	<u>26,795,985</u>
Net OPEB Obligation (Liability) – End of Year	<u>\$ 28,146,006</u>

## CITY OF OAK CREEK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

#### 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 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$ 3,321,021	59.3%	\$ 28,146,006
12/31/2014	3,270,236	54.6%	26,795,985
12/31/2013	4,172,525	45.0%	25,310,749

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, 2015

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

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#### **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, 2015, 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 2015, 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. 72, *Fair Value Measurement and Application*
- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- Statement No. 77, *Tax Abatement Disclosures*
- Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*

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

## CITY OF OAK CREEK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

In June 2016, the City issued \$5.75 million of General Obligation Promissory Notes. The proceeds of these bonds will be used for future projects with TIF No. 11.

In July 2016, the Joint Review Board approved the creation of Tax Incremental Financing District No. 12.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF OAK CREEK**

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance with Final Budget
<b>TAXES</b>			
General property taxes	\$ 12,599,175	\$ 12,593,049	\$ (6,126)
Motel room tax	457,000	457,000	-
Mobile home taxes	77,400	66,327	(11,073)
Other taxes	50,800	14,032	(36,768)
<b>TOTALS</b>	<u>13,184,375</u>	<u>13,130,408</u>	<u>(53,967)</u>
<b>INTERGOVERNMENTAL REVENUES</b>			
Shared taxes from state	3,036,700	3,038,280	1,580
State transportation aids	1,916,225	1,912,517	(3,708)
State computer aids	101,535	135,298	33,763
Other state aids	4,100	5,724	1,624
Health department block grant	4,500	1,791	(2,709)
Police grants	131,092	132,128	1,036
County aids	57,234	-	(57,234)
<b>TOTALS</b>	<u>5,251,386</u>	<u>5,225,738</u>	<u>(25,648)</u>
<b>REGULATION AND COMPLIANCE</b>			
Licenses			
Liquor and beer	34,125	56,281	22,156
Publishing fees	830	840	10
Operators	18,500	28,420	9,920
Amusement devices	10,500	7,785	(2,715)
Amusement operators	1,200	1,050	(150)
Electrical	4,100	50	(4,050)
Miscellaneous - business	10,000	11,390	1,390
Miscellaneous - non-business	75	32	(43)
DATCP	16,700	19,000	2,300
FSRL	45,400	43,911	(1,489)
Landfill	500	900	400
Permits			
Building	390,000	521,360	131,360
Electrical	80,000	170,373	90,373
Plumbing	65,000	114,200	49,200
Street opening	10,000	3,209	(6,791)
Erosion control	10,000	11,762	1,762
Fire inspections	2,600	4,037	1,437
Sundry	1,000	405	(595)
Cable TV	295,000	272,802	(22,198)
AT&T video service	160,000	201,792	41,792
Court fines	415,000	391,080	(23,920)
<b>TOTALS</b>	<u>1,570,530</u>	<u>1,860,679</u>	<u>290,149</u>
<b>PUBLIC CHARGES FOR SERVICES</b>			
General Government			
Property status letter fees	6,500	6,810	310
Administrative fees	17,000	35,955	18,955
Photo copies sold	1,500	1,370	(130)
Zoning/housing appeal fees	800	750	(50)
Rezoning petitions and filing fees	775	3,100	2,325
Text amendment fees	500	500	-
Right of way vacation fees	575	-	(575)
Special use request fees	9,500	12,075	2,575
Filing fee - certified survey maps	5,000	8,425	3,425
Plan commission agenda fees	8,500	11,185	2,685

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, 2015

	Original and Final Budget	Actual	Variance with Final Budget
<b>PUBLIC CHARGES FOR SERVICES (cont.)</b>			
General Government (cont.)			
Map amendments	\$ 1,200	\$ 775	\$ (425)
Subdivision plat fees	500	875	375
Public Safety			
State DWI seizures	2,400	1,904	(496)
Police patrol service fees	4,500	2,747	(1,753)
Miscellaneous fees	2,000	2,740	740
Copies of police and fire reports	3,000	3,434	434
False alarm penalties	5,700	4,350	(1,350)
Health and Sanitation			
Health Department			
Clinic fees	8,000	12,623	4,623
Pet license fees/Humane Society	16,000	10,315	(5,685)
Public Works			
Weed cutting	13,700	17,753	4,053
Sale of culvert pipe	10,000	7,947	(2,053)
Culvert installation	1,000	-	(1,000)
Library			
Other income	17,400	15,045	(2,355)
Photocopies	5,500	5,272	(228)
Recreation	115,000	119,912	4,912
Sanitarian			
Pre-inspection	-	10	10
Regular service fee	4,000	2,443	(1,557)
Miscellaneous charges for services	3,100	3,083	(17)
<b>TOTALS</b>	<u>263,650</u>	<u>291,398</u>	<u>27,748</u>
<b>INVESTMENT INCOME</b>			
Investment Income			
Investments	279,149	109,287	(169,862)
Taxes	75,000	68,608	(6,392)
<b>TOTALS</b>	<u>354,149</u>	<u>177,895</u>	<u>(176,254)</u>
<b>MISCELLANEOUS INCOME</b>			
Land rentals	100	-	(100)
AT&T American tower lease	27,600	27,600	-
Insurance incentives	71,900	228,714	156,814
Insurance recoveries	22,300	18,464	(3,836)
P-card rebates	12,000	8,329	(3,671)
Miscellaneous revenues	10,000	10,675	675
<b>TOTALS</b>	<u>143,900</u>	<u>293,782</u>	<u>149,882</u>
<b>INTERFUND CHARGES FOR SERVICES</b>			
Engineering and administration charged to capital projects	121,200	-	(121,200)
Engineering and administration charged to TID projects	200,000	200,000	-
Highway equipment service fee	5,000	1,085	(3,915)
Administrative services charged to enterprise funds	45,000	40,000	(5,000)
<b>TOTALS</b>	<u>371,200</u>	<u>241,085</u>	<u>(130,115)</u>
<b>TOTAL REVENUES</b>	<u>\$ 21,139,190</u>	<u>\$ 21,220,985</u>	<u>\$ 81,795</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, 2015

	Original and Final Budget	Actual	Variance with Final Budget
<b>GENERAL GOVERNMENT</b>			
General government	\$ 2,764,810	\$ 2,506,390	\$ 258,420
Building maintenance	584,421	482,158	102,263
City administrator	922,499	911,871	10,628
Data processing	805,208	789,659	15,549
City clerk	202,565	205,149	(2,584)
Treasurer	199,041	192,557	6,484
Finance	295,514	292,380	3,134
Assessor	197,430	181,331	16,099
Attorney and legal	242,606	189,526	53,080
Community development	272,595	244,885	27,710
<b>TOTALS</b>	<u>6,486,689</u>	<u>5,995,906</u>	<u>490,783</u>
<b>PUBLIC SAFETY</b>			
Police department	7,813,685	7,349,392	464,293
Emergency operations	30,950	8,241	22,709
Fire department	1,834,835	2,071,518	(236,683)
Inspection	530,208	516,783	13,425
Other	95,310	100,278	(4,968)
<b>TOTALS</b>	<u>10,304,988</u>	<u>10,046,212</u>	<u>258,776</u>
<b>HEALTH AND SOCIAL SERVICES</b>			
Health department	603,828	500,080	103,748
<b>TOTALS</b>	<u>603,828</u>	<u>500,080</u>	<u>103,748</u>
<b>PUBLIC WORKS</b>			
Engineering	759,153	684,984	74,169
Streets	2,968,302	2,913,777	54,525
<b>TOTALS</b>	<u>3,727,455</u>	<u>3,598,761</u>	<u>128,694</u>
<b>LEISURE ACTIVITIES</b>			
Conservation and recreation	573,249	588,695	(15,446)
Library	853,350	786,238	67,112
Parks	498,326	488,053	10,273
<b>TOTALS</b>	<u>1,924,925</u>	<u>1,862,986</u>	<u>61,939</u>
<b>TOTAL EXPENDITURES</b>	<u>23,047,885</u>	<u>22,003,945</u>	<u>1,043,940</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of city equipment	20,000	13,767	(6,233)
Transfer in	205,023	107,701	(97,322)
Transfer in - tax equivalent	1,683,672	1,719,547	35,875
Transfer out	-	(945,411)	(945,411)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,908,695</u>	<u>895,604</u>	<u>(1,013,091)</u>
Net Change in Fund Balance	-	112,644	112,644
FUND BALANCE - Beginning of Year	7,483,401	7,483,401	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 7,483,401</u>	<u>\$ 7,596,045</u>	<u>\$ 112,644</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, 2015

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 3,551,590	\$ 3,551,590	\$ -
Intergovernmental	141,308	134,419	(6,889)
Public charges for services	1,065,000	1,075,850	10,850
Investment income	-	903	903
Miscellaneous	100	1,643	1,543
Total Revenues	<u>4,757,998</u>	<u>4,764,405</u>	<u>6,407</u>
<b>EXPENDITURES</b>			
Public Safety	<u>4,659,243</u>	<u>4,461,774</u>	197,469
Total Expenditures	<u>4,659,243</u>	<u>4,461,774</u>	197,469
Net Change in Fund Balance	98,755	302,631	203,876
FUND BALANCE (Deficit) - Beginning of year	<u>(197,478)</u>	<u>(197,478)</u>	-
FUND BALANCE (Deficit) - ENDING OF YEAR	<u>\$ (98,723)</u>	<u>\$ 105,153</u>	<u>\$ 203,876</u>

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

**CITY OF OAK CREEK**

**SCHEDULE OF FUNDED STATUS  
OTHER POST EMPLOYMENT BENEFITS PLAN - HEALTH CARE  
December 31, 2015**

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%



**CITY OF OAK CREEK**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET -  
WISCONSIN RETIREMENT SYSTEM  
December 31, 2015

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<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Asset</u>	<u>Proportionate Share of the Net Pension Asset</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Asset</u>
12/31/15	0.16047000%	\$ 3,941,582	\$ 17,775,702	22.17%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2015

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<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 1,495,972	\$ (1,495,972)	\$ -	\$ 18,256,231	8.19%

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, 2015

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#### ***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.

#### ***WISCONSIN RETIREMENT SYSTEM***

The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The city is required to present the last ten fiscal years data; however the standards allow the city to present as many years as are available until ten fiscal years are presented.

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

*Changes in assumptions.* There were no changes in the assumptions.

SUPPLEMENTARY INFORMATION

CITY OF OAK CREEK

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2015

	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
<b>ASSETS</b>												
Cash and investments	\$ 332,381	\$ 501,693	\$ 243,763	\$ 9,644	\$ 242,429	\$ 1,928,797	\$ 607,260	\$ 389,967	\$ -	\$ 560	\$ 215,349	\$ -
Taxes receivable	1,292,438	-	-	-	-	205,723	-	-	-	-	734,171	1,009,045
Accounts receivable	-	183	-	-	8,450	-	-	-	430,774	-	-	117,500
Special assessments receivable	-	-	-	-	-	875,106	-	-	-	-	-	-
Loans receivable	-	-	-	6,503	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	314,900	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-	-	-	1,921,328	56,056	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,624,819</b>	<b>\$ 501,876</b>	<b>\$ 243,763</b>	<b>\$ 16,147</b>	<b>\$ 250,879</b>	<b>\$ 3,009,626</b>	<b>\$ 922,160</b>	<b>\$ 389,967</b>	<b>\$ 2,352,102</b>	<b>\$ 56,616</b>	<b>\$ 949,520</b>	<b>\$ 1,126,545</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>												
<b>Liabilities</b>												
Accounts payable	\$ 185,300	\$ 13,348	\$ 4,666	\$ -	\$ -	\$ -	\$ 16,079	\$ -	\$ -	\$ -	\$ 2,477	\$ 110,640
Accrued liabilities	565	-	17,976	-	-	-	1,722	-	-	-	13,426	33,665
Deposits	-	-	-	-	-	-	-	389,967	-	-	-	-
Due to other funds	-	-	-	-	-	575,192	-	-	-	-	1,806	172,606
<b>Total Liabilities</b>	<b>185,865</b>	<b>13,348</b>	<b>22,642</b>	<b>-</b>	<b>-</b>	<b>575,192</b>	<b>17,801</b>	<b>389,967</b>	<b>-</b>	<b>-</b>	<b>17,809</b>	<b>316,911</b>
<b>Deferred Inflows of Resources</b>												
Unearned revenues	1,292,438	-	-	-	-	-	-	-	-	-	734,171	1,009,045
Unavailable revenues	-	-	-	6,503	-	731,097	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>1,292,438</b>	<b>-</b>	<b>-</b>	<b>6,503</b>	<b>-</b>	<b>731,097</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>734,171</b>	<b>1,009,045</b>
<b>Fund Balances (Deficit)</b>												
Restricted	-	488,528	-	9,644	250,879	-	-	-	2,352,102	56,616	197,540	-
Committed	146,516	-	221,121	-	-	1,703,337	904,359	-	-	-	-	-
Unassigned (Deficit)	-	-	-	-	-	-	-	-	-	-	-	(199,411)
<b>Total Fund Balances (Deficit)</b>	<b>146,516</b>	<b>488,528</b>	<b>221,121</b>	<b>9,644</b>	<b>250,879</b>	<b>1,703,337</b>	<b>904,359</b>	<b>-</b>	<b>2,352,102</b>	<b>56,616</b>	<b>197,540</b>	<b>(199,411)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 1,624,819</b>	<b>\$ 501,876</b>	<b>\$ 243,763</b>	<b>\$ 16,147</b>	<b>\$ 250,879</b>	<b>\$ 3,009,626</b>	<b>\$ 922,160</b>	<b>\$ 389,967</b>	<b>\$ 2,352,102</b>	<b>\$ 56,616</b>	<b>\$ 949,520</b>	<b>\$ 1,126,545</b>

**CITY OF OAK CREEK**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (cont.)  
As of December 31, 2015

	Debt Service Funds		Capital Projects Funds				Total Nonmajor Governmental Funds
	TIF No. 4 Debt Service Fund	TIF No. 6 Debt Service Fund	Developer Agreement Fund	TIF No. 7 Capital Projects Fund	TIF No. 9 Capital Projects Fund	TIF No. 10 Capital Projects Fund	
<b>ASSETS</b>							
Cash and investments	\$ -	\$ 1,423,014	\$ -	\$ 1,791,247	\$ 571,776	\$ 501,722	\$ 8,759,602
Taxes receivable	561,417	436,362	-	170,058	-	384,860	4,794,074
Accounts receivable	-	-	21,446	-	-	-	578,353
Special assessments receivable	-	-	-	-	-	-	875,106
Loans receivable	-	-	-	-	-	-	6,503
Due from other funds	-	-	-	-	-	-	314,900
Restricted cash and investments	-	-	-	-	-	-	1,977,384
<b>TOTAL ASSETS</b>	<b>\$ 561,417</b>	<b>\$ 1,859,376</b>	<b>\$ 21,446</b>	<b>\$ 1,961,305</b>	<b>\$ 571,776</b>	<b>\$ 886,582</b>	<b>\$ 17,305,922</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 571,776	\$ -	\$ 904,286
Accrued liabilities	-	-	-	-	-	-	67,354
Deposits	-	-	-	-	-	-	389,967
Due to other funds	268,795	-	52,834	314,900	-	-	1,386,233
<b>Total Liabilities</b>	<b>268,795</b>	<b>-</b>	<b>52,834</b>	<b>314,900</b>	<b>571,776</b>	<b>-</b>	<b>2,747,840</b>
<b>Deferred Inflows of Resources</b>							
Unearned revenues	561,417	436,362	-	170,058	-	384,860	4,588,351
Unavailable revenues	-	-	-	-	-	-	737,600
<b>Total Deferred inflows of Resources</b>	<b>561,417</b>	<b>436,362</b>	<b>-</b>	<b>170,058</b>	<b>-</b>	<b>384,860</b>	<b>5,325,951</b>
<b>Fund Balances (Deficit)</b>							
Restricted	-	1,423,014	-	1,476,347	-	501,722	6,756,392
Committed	-	-	-	-	-	-	2,975,333
Unassigned (Deficit)	(268,795)	-	(31,388)	-	-	-	(499,594)
<b>Total Fund Balances (Deficit)</b>	<b>(268,795)</b>	<b>1,423,014</b>	<b>(31,388)</b>	<b>1,476,347</b>	<b>-</b>	<b>501,722</b>	<b>9,232,131</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 561,417</b>	<b>\$ 1,859,376</b>	<b>\$ 21,446</b>	<b>\$ 1,961,305</b>	<b>\$ 571,776</b>	<b>\$ 886,582</b>	<b>\$ 17,305,922</b>

CITY OF OAK CREEK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2015

	Special Revenue Funds											Consolidated Dispatch Services Fund
	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	
<b>REVENUES</b>												
Taxes	\$ 1,212,185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450,856	\$ -	\$ -	\$ -	\$ -	\$ 1,118,458
Intergovernmental	94,368	74,402	-	-	-	-	-	-	-	-	-	247,735
Public charges for service	4,077	-	-	-	33,221	-	-	1,116,663	-	740,109	-	-
Special assessments / developer contributions	-	-	-	-	-	206,006	-	-	-	-	-	-
Investment income	1,124	-	1,210	1,838	-	60,047	436	-	66	816	1,642	-
Miscellaneous	29,224	162,940	2,250,000	-	-	-	-	-	29,433	-	-	-
<b>Total Revenues</b>	<b>1,340,978</b>	<b>237,342</b>	<b>2,251,210</b>	<b>1,838</b>	<b>33,221</b>	<b>266,053</b>	<b>451,092</b>	<b>1,116,663</b>	<b>29,499</b>	<b>740,925</b>	<b>1,367,835</b>	
<b>EXPENDITURES</b>												
Current												
General Government	-	-	12,491	-	-	-	-	-	-	-	-	-
Public safety	-	35,741	1,042,682	-	-	-	-	1,136	10,912	-	-	-
Public works	1,304,109	-	-	-	-	-	-	-	-	627,291	1,470,306	-
Health and human services	-	91,100	-	-	-	-	-	-	-	-	-	-
Leisure activities	-	269,173	-	-	5,283	-	-	2,810	-	-	-	-
Conservation and development	-	-	-	-	-	173,012	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	16,325	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,304,109</b>	<b>396,014</b>	<b>1,055,173</b>	<b>-</b>	<b>5,283</b>	<b>189,337</b>	<b>-</b>	<b>3,946</b>	<b>10,912</b>	<b>627,291</b>	<b>1,470,306</b>	
Excess (deficiency) of revenues over expenditures	36,869	(158,672)	1,196,037	1,838	27,938	266,053	261,755	1,112,717	18,587	113,634	(102,471)	
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	-	217,626	-	-	-	-	-	-	-	-	-	-
Transfers out	(44,052)	-	(1,000,000)	-	(241,983)	(100,000)	-	(395,342)	-	(100,000)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(44,052)</b>	<b>217,626</b>	<b>(1,000,000)</b>	<b>-</b>	<b>(241,983)</b>	<b>(100,000)</b>	<b>-</b>	<b>(395,342)</b>	<b>-</b>	<b>(100,000)</b>	<b>-</b>	
Net change in fund balances	(7,183)	58,954	196,037	1,838	(214,045)	166,053	261,755	717,375	18,587	13,634	(102,471)	
<b>FUND BALANCES (DEFICIT) - Beginning of Year</b>	<b>153,699</b>	<b>429,574</b>	<b>25,084</b>	<b>7,806</b>	<b>464,924</b>	<b>1,537,284</b>	<b>642,604</b>	<b>1,634,727</b>	<b>38,029</b>	<b>183,906</b>	<b>(96,940)</b>	
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b>\$ 146,516</b>	<b>\$ 488,528</b>	<b>\$ 221,121</b>	<b>\$ 9,644</b>	<b>\$ 250,879</b>	<b>\$ 1,703,337</b>	<b>\$ 904,359</b>	<b>\$ 2,352,102</b>	<b>\$ 56,616</b>	<b>\$ 197,540</b>	<b>\$ (199,411)</b>	

**CITY OF OAK CREEK**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (Cont.)  
For the Year Ended December 31, 2015

	Debt Service Funds		Capital Projects Funds				Total Nonmajor Governmental Funds
	TIF No. 4 Debt Service Fund	TIF No. 6 Debt Service Fund	Developer Agreements Fund	TIF No. 7 Capital Projects Fund	TIF No. 9 Capital Projects Fund	TIF No. 10 Capital Projects Fund	
<b>REVENUES</b>							
Taxes	\$ 574,757	\$ 489,497	\$ -	\$ 65,148	\$ 30,345	\$ 425,781	\$ 4,366,827
Intergovernmental	4,663	5,575	-	23,731	717	17,895	469,086
Public charges for service	-	-	-	-	-	-	1,894,070
Special assessments / developer contributions	-	-	5,000	-	-	-	211,006
Investment income	62	193	-	75	287	927	68,723
Miscellaneous	-	-	-	-	-	-	2,471,597
<b>Total Revenues</b>	<b>579,482</b>	<b>495,265</b>	<b>5,000</b>	<b>88,954</b>	<b>31,349</b>	<b>444,603</b>	<b>9,481,309</b>
<b>EXPENDITURES</b>							
<b>Current</b>							
General Government	-	-	-	-	-	-	12,491
Public Safety	-	-	-	-	-	-	1,090,471
Public works	-	-	-	-	-	-	3,401,706
Health and human services	-	-	-	-	-	-	91,100
Leisure activities	-	-	-	-	-	-	277,266
Conservation and development	225,182	-	-	-	15,000	252,282	665,476
Capital Outlay	-	-	36,172	254,765	564,829	-	872,091
<b>Debt Service</b>							
Principal	360,000	150,000	-	-	-	-	510,000
Interest	150	13,650	-	4,218	11,900	150	30,068
<b>Total Expenditures</b>	<b>585,332</b>	<b>163,650</b>	<b>36,172</b>	<b>258,983</b>	<b>591,729</b>	<b>252,432</b>	<b>6,950,669</b>
Excess (deficiency) of revenues over expenditures	(5,850)	331,615	(31,172)	(170,029)	(560,380)	192,171	2,530,640
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	379,826	-	597,452
Transfers out	(40,000)	-	-	-	-	-	(1,921,377)
<b>Total Other Financing Sources (Uses)</b>	<b>(40,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>379,826</b>	<b>-</b>	<b>(1,323,925)</b>
Net change in fund balances	(45,850)	331,615	(31,172)	(170,029)	(180,554)	192,171	1,206,715
<b>FUND BALANCES (DEFICIT) - Beginning of Year</b>	<b>(222,945)</b>	<b>1,091,399</b>	<b>(216)</b>	<b>1,646,376</b>	<b>180,654</b>	<b>309,551</b>	<b>8,025,416</b>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b>\$ (268,795)</b>	<b>\$ 1,423,014</b>	<b>\$ (31,388)</b>	<b>\$ 1,476,347</b>	<b>\$ -</b>	<b>\$ 501,722</b>	<b>\$ 9,232,131</b>

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**APPENDIX B**  
**PROPOSED FORM OF LEGAL OPINION**  
**FOR THE NOTES**

Quarles & Brady LLP  
411 East Wisconsin Avenue  
Milwaukee, WI 53202

July 6, 2017

Re: City of Oak Creek, Wisconsin ("Issuer")  
\$4,900,000 Taxable General Obligation Promissory Notes, Series 2017A,  
dated July 6, 2017 ("Notes")

We have acted as bond counsel to the Issuer in connection with the issuance of the Notes. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Notes are numbered from R-1 and upward; bear interest at the rate of 3.00% per annum; and mature on April 1, 2020. Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2018.

The Notes are subject to redemption prior to maturity, at the option of the Issuer, on April 1, 2019 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

We further certify that we have examined a sample of the Notes and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Notes have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.
2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Notes, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.
3. The interest on the Notes is included for federal income tax purposes in the gross income of the owners of the Notes.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Notes. Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth herein.

The rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

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**APPENDIX C**

**PROPOSED FORM OF  
CONTINUING DISCLOSURE CERTIFICATE  
FOR THE NOTES**

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Oak Creek, Milwaukee County, Wisconsin (the "Issuer") in connection with the issuance of \$4,900,000 Taxable General Obligation Promissory Notes, Series 2017A, dated July 6, 2017 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on June 20, 2017 (the "Resolution") and delivered to Hutchinson, Shockey, Erley & Co. (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at [www.emma.msrb.org](http://www.emma.msrb.org) in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Official Statement dated June 20, 2017 delivered in connection with the Securities, which is available from the MSRB.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Common Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the City of Oak Creek, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Clerk of the Issuer who can be contacted at 8040 S. 6th Street, Oak Creek, Wisconsin 53154, phone (414) 766-7000, fax (414) 766-7976.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

### Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 270 days after the end of the Fiscal Year, commencing with the year ended December 31, 2016, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. CITY DEBT STRUCTURE - Total Outstanding General Obligation Debt Summary
2. CITY DEBT STRUCTURE - Total Outstanding Revenue Debt Summary
3. CITY DEBT STRUCTURE - Debt Ratios (including Equalized Value)

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;



13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 6th day of July, 2017.

(SEAL)

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Daniel Bukiewicz  
Mayor

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Catherine A. Roeske  
City Clerk