

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 Bonds is included in gross income for federal income tax purposes. See "LEGAL MATTERS - Taxability of Interest" herein. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

**CITY OF OAK CREEK
MILWAUKEE COUNTY, WISCONSIN
\$5,100,000 Taxable General Obligation Refunding Bonds, Series 2018D**

Dated: November 27, 2018

Due: October 1, as shown below

The Taxable General Obligation Refunding Bonds, Series 2018D (the "Bonds") are being issued pursuant to Chapter 67 of the Wisconsin Statutes. The Bonds 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 Bonds are being issued for the public purpose of refunding certain outstanding obligations of the City, to wit: the Taxable General Obligation Promissory Notes, Series 2016A, dated July 6, 2016 (the "2016A Notes") and paying related costs of financing. (See "THE BONDS – Purpose" herein.)

MATURITY SCHEDULE

The Bonds will mature October 1, as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> <u>671137⁽¹⁾</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> <u>671137⁽¹⁾</u>
2021	\$220,000	4.000%	3.300%	YM3	2026	\$385,000	4.000%	3.700%	YS0
2022	250,000	4.000	3.400	YN1	2027	425,000	4.000	3.750	YT8
2023	280,000	4.000	3.450	YP6	2028	465,000	4.250	3.850	YU5
2024	310,000	4.000	3.550	YQ4	2029	520,000	3.950	3.950	YV3
2025	345,000	4.250	3.650	YR2	2030	575,000	4.000	4.000	YW1

\$1,325,000 4.125% Term Bond Due October 1, 2032 Yield 4.125% CUSIP 671137 YY7

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

Principal of the Bonds, payable annually each October 1, commencing October 1, 2021 through 2030, and continuing as term bonds maturing on October 1, 2032 (the "Term Bonds"), and interest, payable each April 1 and October 1, commencing April 1, 2019, 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 Bonds as described herein.

The Bonds maturing on October 1, 2029 and thereafter shall be subject to redemption prior to maturity, at the option of the City, on October 1, 2028 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the City and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption. In addition, the Term Bonds are subject to annual mandatory redemption by lot as set forth in "THE BONDS - Redemption Provisions" herein.

The Bonds 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 Bonds. The Bonds will be available for delivery on or about November 27, 2018, through the facilities of DTC in New York, New York.

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.

October 16, 2018

Hutchinson, Shockey, Erley & Co.

¹ 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 Bonds 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 Bonds 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 Bonds 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
(Term Expires April, 2021)

COMMON COUNCIL

<u>Name</u>	<u>Aldermanic District</u>	<u>Term Expires</u>
Steven Kurkowski	First	April, 2019
Gregory Loreck	Second	April, 2020
Richard Duchniak	Third	April, 2019
Michael E. Toman	Fourth	April, 2020
Kenneth Gehl (President)	Fifth	April, 2019
Chris Guzikowski	Sixth	April, 2020

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, 2021.

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

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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 Bonds to potential investors is made only by means of the entire Official Statement and all such documents.

Issuer	City of Oak Creek, Milwaukee County, Wisconsin
Issue	\$5,100,000 Taxable General Obligation Refunding Bonds, Series 2018D
Dated Date	November 27, 2018
Principal Due	Annually each October 1, commencing October 1, 2021 through 2030, and continuing as Term Bonds maturing on October 1, 2032 (the "Term Bonds").
Interest Payment Date	Commencing April 1, 2019 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.
Redemption Provision	The Bonds maturing on October 1, 2029 and thereafter shall be subject to redemption prior to maturity, at the option of the City, on October 1, 2028 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the City and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption. In addition, the Term Bonds are subject to annual mandatory redemption by lot as set forth in "THE BONDS – Redemption Provisions" herein.
Purpose	The Bonds are being issued for the public purpose of refunding certain outstanding obligations of the City, to wit: the Taxable General Obligation Promissory Notes, Series 2016A, dated July 6, 2016 and paying related costs of financing.
Security	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 Bonds.
Authority	The Bonds are being issued pursuant to Chapter 67 of the Wisconsin Statutes and a resolution adopted by the Common Council on October 16, 2018.
Tax Status	Interest on the Bonds is included in gross income for federal income tax purposes. (See "LEGAL MATTERS – Taxability of Interest" herein.)
Credit Rating	The Bonds have been rated "Aa2" by Moody's Investors Service, Inc.
Underwriter	Hutchinson, Shockey, Erley & Co.
Registrar and Fiscal Agent	Associated Trust Company, National Association, Green Bay, Wisconsin.
Record Date	The 15 th day of the month next preceding an interest payment date.
Delivery Date and Place	On or about November 27, 2018 through the facilities of DTC in New York, New York.
Denominations	The Bonds will be issued in denominations of \$5,000 each and integral multiples thereof.
Bond Years	48,636.67 Average Life 9.537 years
Continuing Disclosure	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 \$5,100,000 Taxable General Obligation Refunding Bonds, Series 2018D

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 \$5,100,000 Taxable General Obligation Refunding Bonds, Series 2018D (the "Bonds") 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; or from Hutchinson, Shockey, Erley & Co. (the "Underwriter") at (414) 298-9898.

THE BONDS

Purpose

The Bonds are being issued for the public purpose of refunding certain outstanding obligations of the City, to wit: the Taxable General Obligation Promissory Notes, Series 2016A, dated July 6, 2016 (the "2016A Notes") and paying related costs of financing.

Authority for Issuance

The Bonds are being issued pursuant to Chapter 67, Wisconsin Statutes, and a Resolution Authorizing the Issuance and Sale of \$5,100,000 Taxable General Obligation Refunding Bonds, Series 2018D (the "Resolution") adopted by the Common Council on October 16, 2018.

Description

The Bonds are dated November 27, 2018 and will bear interest from their dated date to their respective maturities. Principal of the Bonds will be payable annually each October 1, commencing October 1, 2021 through 2030, and continuing as term bonds maturing on October 1, 2032 (the "Term Bonds"). Interest will be payable each April 1 and October 1, commencing April 1, 2019.

Sources and Applications of Funds

Sources of Funds

Par Amount of Bonds	\$ 5,100,000
Unspent Proceeds of 2016A Notes	682,302
Reoffering Premium	<u>66,809</u>
TOTAL	<u>\$ 5,849,111</u>

Applications of Funds

Deposit to Borrowed Money Fund (for current refunding of the 2016A Notes)	\$ 5,750,000
Costs of Issuance (including Underwriter's Discount)	<u>99,111</u>
TOTAL	<u>\$ 5,849,111</u>

Obligations to be Refunded

\$5,750,000 Taxable General Obligation Promissory Notes, Series 2016A (the "2016A Notes")
Dated: July 6, 2016
Due: December 1, 2018
Callable: December 1, 2017 or on any date thereafter

<u>Year</u>	<u>Amount Outstanding</u>	<u>Amount to be Refunded</u> ⁽¹⁾	<u>CUSIP No.</u>
2018	\$5,750,000	\$5,100,000	671137VB0

⁽¹⁾ Proceeds of the Bonds will be used, along with unspent proceeds of the 2016A Notes, to pay the principal of and interest on the 2016A Notes due at maturity on December 1, 2018.

Sources of Payment for the Bonds

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 Bonds and the interest thereon.

Security for the Bonds

As security for the Bonds, 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 Bonds. The tax will be levied under the Resolution for collection in each of the years 2019 through 2032 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 Bonds.

Redemption Provisions

Optional Redemption. The Bonds maturing on October 1, 2029 and thereafter shall be subject to redemption prior to maturity, at the option of the City, on October 1, 2028 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the City and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, selection of the Bonds to be so redeemed shall be by lot conducted by DTC in accordance with its rules and practices. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Mandatory Redemption. The Bonds due on October 1, 2032 (the "Term Bonds") shall be subject to mandatory redemption prior to maturity by lot on October 1 of each of the years and in the amounts set forth below at the price of par plus accrued interest to the date of redemption.

\$1,325,000 Term Bonds due October 1, 2032

<u>Year</u>	<u>Amount</u>
2031	\$ 630,000
2032 (maturity)	695,000

The Term Bonds to be so redeemed in each such year shall be selected by lot from among the Term Bonds of that maturity then outstanding. Upon the optional redemption of any of the Term Bonds, the principal amount of such Term Bonds so redeemed shall be credited against the mandatory redemption payments shown above for such Term Bonds in such manner as the City shall direct.

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 Bonds. 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 Bonds to the Underwriter. The Resolution establishes the form and terms of the Bonds, including the dating, maturity schedule, interest payment dates and redemption provisions, as shown in this Official Statement, and approves the interest rates to be borne by the Bonds. 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 Bonds. 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 Bonds.

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 Bonds. The Bonds 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 Bond certificate will be issued for each maturity of the Bonds, 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.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("*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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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 Bonds 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 Bonds 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds 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 Bonds purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Bonds 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, Bond 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 Bonds.

CUSIP Information

CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright(c) 2018 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for services provided by CGS. CUSIP® numbers are provided for convenience of reference only. None of the City, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

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 preliminary 2018 population estimate is 35,739. The City has 300 full-time and approximately 91 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 2021.

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 60 police officers, 24 full-time and 9 part-time employees. The fire department has 53 firefighters of which 38 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	12/31/20	45
International Association of Firefighters, Local 1848 AFL-CIO	12/31/20	43
Labor Association of Wisconsin (LAW)	12/31/18	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>2018</u>	Estimated <u>2017</u>	Estimated <u>2016</u>	Estimated <u>2015</u>	Estimated <u>2014</u>
City of Oak Creek	35,739	35,560	35,206	34,791	34,707
Milwaukee County	950,381	945,416	948,930	949,795	949,741
State of Wisconsin	5,816,231	5,783,278	5,775,120	5,753,324	5,732,981

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>
2016	\$ 58,196	\$ 49,692	\$ 55,267
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

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 ¹ Building Permits</u>	
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>
2018 ²	34	\$ 63,700,680	13	\$ 3,519,200
2017	62	134,014,052	31	8,645,252
2016	65	148,178,567	31	8,636,875
2015	57	240,162,746 ³	28	7,691,665
2014	39	72,048,221 ³	21	5,141,453
2013	27	5,809,735	23	5,649,234

¹ Total Building Permits for Single Family and Two-Family Residences.

² Through September 17, 2018.

³ 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:

	August <u>2018</u>	2017 <u>Average</u>	2016 <u>Average</u>	2015 <u>Average</u>	2014 <u>Average</u>	2013 <u>Average</u>
City of Oak Creek	3.2%	3.0%	3.6%	4.1%	4.8%	6.3%
Milwaukee County	4.1	4.0	5.0	5.7	6.9	8.4
State of Wisconsin	3.1	3.3	4.0	4.5	5.4	6.7

Source: Wisconsin Department of Workforce Development

Average Annual Employment

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

	<u>2018*</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
TOTAL	483,780	484,363	484,505	481,625	467,273
Construction	10,061	10,747	10,785	10,464	9,920
Education & Health Services	142,212	139,421	138,894	135,930	132,254
Financial Activities	29,119	29,074	29,626	30,730	31,384
Information	8,044	8,226	8,639	8,913	**
Leisure & Hospitality	50,399	51,144	50,191	49,233	47,569
Manufacturing	50,618	51,594	52,153	52,404	52,042
Natural Resources & Mining	57	84	87	92	75
Other Services	15,894	16,550	16,343	16,715	17,187
Professional & Business Services	79,508	78,469	78,238	77,816	77,736
Public Administration	19,360	20,175	20,611	20,090	20,484
Trade, Transportation, Utilities	78,508	78,879	78,938	79,234	78,622
Unclassified	-	-	-	4	**

* Through March 31, 2018.

** Suppressed data.

Source: Wisconsin Department of Workforce Development

Major Employers

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

<u>Employer</u>	<u>Product/Business</u>	<u>Approximate Employment</u>
Milwaukee Area Technical College	Education	1,336 ¹
UPS	Parcel delivery and distribution center	1,210 ²
Oak Creek-Franklin School District	Education	707
WE Energies	Electrical power generation	505 ²
PPG Industries, Inc.	Coating and resin products	475
Reinhart FoodService, LLC	Wholesale food distributor	417
Nordco, Inc.	Roadway work equipment	400
Joseph Campione Inc.	Food products	400
The City	Municipal government	391
Grunau Co., Inc.	Fire protection and mechanical systems services	350

¹ Includes all area campuses. Breakdown by individual campuses is not available.

² As of May 2016.

Source: Manufacturer's News, Inc., official statements retrieved from EMMA and independent employer inquiries, May 2018.

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 20th 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>
2017/18	\$ 20,261,131	\$ 6.41
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

The City experiences no real estate tax delinquencies since the 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City	\$ 6.41	\$ 6.60	\$ 6.64	\$ 6.76	\$ 6.41
State ⁽¹⁾	0.00	0.17	0.17	0.17	0.16
County	6.30	6.28	6.22	6.21	5.90
Milwaukee Metro. Sewerage District	1.73	1.75	1.72	1.73	1.63
Milwaukee Area Tech. College Dist.	1.26	1.26	1.24	1.28	2.03
Oak Creek-Franklin School District	8.70	8.93	9.67	9.17	8.87
(Less: State & County Credits)	<u>(2.83)</u>	<u>(2.74)</u>	<u>(2.74)</u>	<u>(2.54)</u>	<u>(2.41)</u>
Net Tax Rate	\$ 21.57	\$ 22.25	\$ 22.92	\$ 22.78	\$ 22.59
Ratio of Assessed to Equalized Value	99.44%	99.90%	101.24%	99.10%	104.95%

⁽¹⁾ State property taxes were eliminated in the State's 2017-19 budget act.

Source: City

Largest Taxpayers for Fiscal Year 2017

The table below shows the City's ten largest taxpayers for 2017. 2018 information is not yet available.

Name	Type of Property	2017 Equalized Valuation	Net Taxes to be Paid in 2018	Percent of City's Total Equalized Value
Springbrook Circle Apartments ⁽¹⁾	Apartments	\$ 53,240,430	\$1,142,085	1.60%
Occidental Development LP	Apartments	48,284,050	1,035,756	1.46
Arbors at Centennial Park LLC	Apartments	35,444,030	760,321	1.07
Legacy/Timber Ridge, LLC	Apartments	25,097,430	538,373	0.76
Aldi Inc.	Grocery warehouse; distribution center	23,164,510	497,132	0.70
Meijer Stores	Retail/Grocery store	22,887,290	490,964	0.69
NDC LLC	Tri-City Bank	20,649,790	442,962	0.62
Woodman's Food Market, Inc ⁽¹⁾	Grocery store	20,336,810	436,251	0.61
Barrett Visionary Development LLC	Apartments	18,467,600	396,155	0.56
Country Oaks II Ltd Partnership, A WI LP	Apartments	<u>17,405,090</u>	<u>373,366</u>	<u>0.52</u>
	TOTAL	\$284,977,030	\$6,113,365	8.59%

⁽¹⁾ Assessment under appeal by taxpayer.

Source: City

Equalized Valuation

The City has experienced a 18.31% 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
2018	\$ 3,492,653,000	5.25	\$ 3,284,231,300	3.43
2017	3,318,333,100	6.74	3,175,445,200	5.32
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

Source: State of Wisconsin, Department of Revenue

The equalized value (TID In) by class of property for 2018 is as follows:

Real Estate:	
Residential	\$ 2,095,274,100
Commercial	1,138,744,100
Manufacturing	165,223,700
Agricultural	360,800
Undeveloped	422,500
Ag Forest	81,000
Other	<u>8,312,200</u>
Total Real Estate	\$ 3,408,418,400
Total Personal Property	<u>84,234,600</u>
Total	<u>\$ 3,492,653,000</u>

Source: State of Wisconsin, Department of Revenue

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Real Estate					
Residential	60.00%	61.27%	61.17%	61.35%	61.40%
Commercial	32.60	29.83	29.68	30.12	30.20
Manufacturing	4.73	4.81	5.17	4.66	4.66
Agriculture	0.01	0.01	0.01	0.01	0.01
Undeveloped	0.01	0.01	0.01	0.02	0.01
Ag Forest	-	-	-	-	0.01
Other	0.24	0.23	0.24	0.23	0.25
Personal Property	<u>2.41</u>	<u>3.83</u>	<u>3.72</u>	<u>3.62</u>	<u>3.45</u>
	100.00%	100.00%	100.00%	100.00%	100.00%

Source: State of Wisconsin, Department of Revenue

Tax Incremental Districts

The City has Tax Incremental Districts ("TIDs") created under Wisconsin Statutes Section 66.1105. TID valuations totaling \$208,421,700 have been excluded from the City's tax base for 2018.

TID #	TID Creation Date	Base Value	2018	
			Current Value	Increment
006	2001	\$ 1,377,200	\$ 16,752,900	\$ 15,375,700
007	2007	165,053,100	182,849,300	17,796,200
008	2009	23,056,600	65,834,800	42,778,200
010	2010	19,223,700	35,363,900	16,140,200
011	2012	12,861,900 ⁽¹⁾	110,475,700	97,613,800
012	2016	10,700	18,662,400	18,651,700
013	2017	4,703,500	4,769,400	65,900
			Total	<u>\$208,421,700</u>

⁽¹⁾ The base value was recertified to correct a system error that erroneously changed the base value in 2016.

Source: State of Wisconsin, Department of Revenue

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CITY DEBT STRUCTURE

Total Outstanding General Obligation Debt Summary (As of November 27, 2018)

<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	4/1/2010	\$ 7,000,000	4/01/2030	\$ 4,925,000
G.O. Refunding Bonds	4/2/2013	5,825,000	4/01/2032	4,725,000
Taxable G.O. Promissory Notes	4/2/2013	3,000,000	4/01/2023	1,575,000
G.O. Promissory Notes	12/30/2013	10,000,000	12/01/2023	8,250,000
G.O. Refunding Bonds, Series 2014B	12/16/2014	2,725,000	5/01/2032	2,225,000
G.O. Refunding Bonds, Series 2015A	1/20/2015	19,650,000	6/01/2034	17,550,000
Taxable G.O. Promissory Notes, Series 2016A	7/6/2016	5,750,000	12/01/2018	5,750,000 ¹
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	16,800,000
Taxable G.O. Refunding Bonds, Series 2016D	10/18/2016	5,925,000	10/01/2032	5,675,000
Taxable G.O. Promissory Notes, Series 2017A	7/6/2017	4,900,000	4/01/2020	4,900,000
Taxable G.O. Refunding Bonds, Series 2017B	8/1/2017	2,900,000	3/01/2037	2,900,000
Taxable G.O. Refunding Bonds, Series 2018A	4/3/2018	8,900,000	4/01/2032	8,900,000
G.O. Refunding Bonds, Series 2018B	8/30/2018	5,175,000	4/01/2027	5,175,000
Taxable G.O. Refunding Bonds, Series 2018C	8/30/2018	5,140,000	4/01/2027	5,140,000
Taxable G.O. Refunding Bonds, Series 2018D	11/27/18	5,100,000	10/01/2032	<u>5,100,000²</u>
Outstanding General Obligation Debt				\$104,690,000
Less: Remaining 2018 Principal Payments				(450,000)
Less: Refunding of 2016A Notes				<u>(5,750,000)</u>
Net Outstanding General Obligation Debt				<u>\$ 98,490,000</u>

¹ Will be paid with proceeds of the Bonds and City funds on hand.

² New Issue.

General Obligation Debt Service Schedules (as of November 27, 2018)

	\$7,000,000 G.O. <u>Ref Bonds - 4/01/10¹</u>		\$5,825,000 G.O. <u>Ref Bonds - 4/02/13¹</u>		\$3,000,000 Taxable G.O. <u>Prom. Notes - 4/02/13</u>	
	Principal	Interest	Principal	Interest	Principal	Interest
	<u>04/01</u>	<u>Interest</u>	<u>04/01</u>	<u>Interest</u>	<u>04/01</u>	<u>Interest</u>
2018						
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 ⁽²⁾	74,094	-	-
2028	475,000	55,641	375,000 ⁽²⁾	61,859	-	-
2029	500,000	34,312	375,000 ⁽²⁾	49,203	-	-
2030	550,000	11,688	400,000 ⁽²⁾	35,875	-	-
2031	-	-	400,000 ⁽²⁾	21,875	-	-
2032	-	-	425,000 ⁽²⁾	7,438	-	-
	<u>\$4,925,000</u>	<u>\$1,355,485</u>	<u>\$4,725,000</u>	<u>\$1,292,219</u>	<u>\$1,575,000</u>	<u>\$101,938</u>
Less Remaining 2018 Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$4,925,000</u>	<u>\$1,355,485</u>	<u>\$4,725,000</u>	<u>\$1,292,219</u>	<u>\$1,575,000</u>	<u>\$101,938</u>

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

² Mandatory redemption amounts.

General Obligation Debt Service Schedules continued

	\$10,000,000 G.O. Prom. Notes - 12/30/13 ¹		\$2,725,000 G.O. Ref Bonds, Ser 2014B-12/16/14 ²		\$19,650,000 G.O. Ref Bonds, Ser 2015A -1/20/15 ¹	
	Principal		Principal		Principal	
	12/01	Interest	05/01	Interest	06/01	Interest
2018	\$ 450,000	\$ 143,250				\$ 309,531
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 ⁽³⁾	41,718	975,000	448,563
2026			150,000 ⁽³⁾	37,219	1,025,000	408,562
2027			175,000 ⁽³⁾	32,234	1,050,000	372,313
2028			175,000 ⁽³⁾	26,766	1,075,000	329,687
2029			175,000 ⁽³⁾	21,187	1,125,000	280,313
2030			175,000 ⁽³⁾	15,500	1,125,000	235,312
2031			175,000 ⁽³⁾	9,703	1,550,000	181,812
2032			200,000 ⁽³⁾	3,375	1,550,000	126,594
2033					1,575,000 ⁽³⁾	76,781
2034					1,575,000 ⁽³⁾	25,594
	<u>\$8,250,000</u>	<u>\$1,348,750</u>	<u>\$2,225,000</u>	<u>\$537,265</u>	<u>\$17,550,000</u>	<u>\$6,150,937</u>
Less Remaining						
2018 Payments	<u>450,000</u>	<u>143,250</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>309,531</u>
	<u>\$7,800,000</u>	<u>\$1,205,500</u>	<u>\$2,225,000</u>	<u>\$537,265</u>	<u>\$17,550,000</u>	<u>\$5,841,406</u>

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

² Supported with tax increment revenues from Tax Incremental District No. 7.

³ Mandatory redemption amounts.

	\$5,100,000 G.O. Prom. Notes, Ser 2016B - 8/30/16 ¹		\$17,125,000 G.O. Ref Bonds, Ser 2016C - 10/18/16 ²		\$5,925,000 Taxable G.O. Ref Bonds, Ser 2016D - 10/18/16 ²	
	Principal		Principal		Principal	
	10/01	Interest	10/01	Interest	10/01	Interest
2018						
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 ⁽³⁾	70,000	575,000	36,437
2032			1,800,000 ⁽³⁾	36,000	600,000	18,900
	<u>\$5,100,000</u>	<u>\$102,000</u>	<u>\$16,800,000</u>	<u>\$4,327,250</u>	<u>\$5,675,000</u>	<u>\$1,471,137</u>
Less Remaining						
2018 Payments	<u>-</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$5,100,000</u>	<u>\$102,000</u>	<u>\$16,800,000</u>	<u>\$4,327,250</u>	<u>\$5,675,000</u>	<u>\$1,471,137</u>

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

² Supported with tax increment revenues from Tax Incremental District No. 11.

³ Mandatory redemption amounts.

General Obligation Debt Service Schedules continued

	<u>\$4,900,000 Tax G. O. Prom Notes, Ser 2017A - 7/06/17</u>		<u>\$2,900,000 Tax G.O. Refunding Bonds, Ser 2017B - 8/01/17¹</u>		<u>\$8,900,000 Tax G.O. Refunding Bonds, Ser 2018A - 4/03/18¹</u>	
	<u>Principal 04/01</u>	<u>Interest</u>	<u>Principal 03/01</u>	<u>Interest</u>	<u>Principal 04/01</u>	<u>Interest</u>
2018						
2019		\$ 147,000		\$ 109,708	\$ 100,000	\$ 514,719
2020	\$4,900,000	73,500		109,707	300,000	335,760
2021				109,708	400,000	321,760
2022			\$ 165,000	106,407	500,000	303,760
2023			170,000	99,708	550,000	282,760
2024			175,000	92,807	600,000	259,760
2025			175,000	85,807	650,000	234,760
2026			180,000	78,707	700,000	207,760
2027			185,000	71,408	750,000	178,760
2028			190,000 ⁽²⁾	64,382	800,000	147,760
2029			195,000 ⁽²⁾	57,645	850,000	116,588
2030			200,000 ⁽²⁾	50,732	850,000	85,817
2031			205,000 ⁽²⁾	43,645	900,000	53,255
2032			215,000 ⁽²⁾	36,296	950,000	18,145
2033			155,000 ⁽²⁾	29,549		
2034			160,000 ⁽²⁾	23,485		
2035			165,000 ⁽²⁾	17,229		
2036			170,000 ⁽²⁾	10,780		
2037			195,000 ⁽²⁾	3,754		
	<u>\$4,900,000</u>	<u>\$220,500</u>	<u>\$2,900,000</u>	<u>\$1,201,464</u>	<u>\$8,900,000</u>	<u>\$3,061,364</u>
Less Remaining 2018 Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$4,900,000</u>	<u>\$220,500</u>	<u>\$2,900,000</u>	<u>\$1,201,464</u>	<u>\$8,900,000</u>	<u>\$3,061,364</u>

¹ Supported with tax increment revenues from Tax Incremental District No. 11.

² Mandatory redemption amounts.

	<u>\$5,175,000 G.O. Refunding Bonds, Series 2018B - 8/30/18¹</u>		<u>\$5,140,000 Tax G.O. Refunding Bonds, Series 2018C - 8/30/18¹</u>		<u>\$5,100,000 Tax G.O. Refunding Bonds, Series 2018D - 11/27/18²</u>	
	<u>Principal 04/01</u>	<u>Interest</u>	<u>Principal 04/01</u>	<u>Interest</u>	<u>Principal 10/01</u>	<u>Interest</u>
2018						
2019		\$ 175,135	\$ 250,000	\$ 207,879		\$ 175,156
2020	\$ 500,000	156,250	200,000	184,350		207,421
2021	500,000	146,250	500,000	173,225	\$ 220,000	207,421
2022	650,000	133,125	500,000	156,350	250,000	198,622
2023	550,000	118,125	620,000	135,200	280,000	188,621
2024	575,000	99,750	650,000	109,800	310,000	177,421
2025	775,000	76,625	700,000	82,800	345,000	165,021
2026	800,000	49,000	825,000	52,300	385,000	150,359
2027	825,000	16,500	895,000	17,900	425,000	134,959
2028					465,000	117,959
2029					520,000	98,196
2030					575,000	77,656
2031					630,000 ⁽³⁾	54,656
2032					695,000 ⁽³⁾	28,669
	<u>\$5,175,000</u>	<u>\$ 970,760</u>	<u>\$5,140,000</u>	<u>\$1,119,804</u>	<u>\$5,100,000</u>	<u>\$1,982,137</u>
Less Remaining 2018 Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$5,175,000</u>	<u>\$ 970,760</u>	<u>\$5,140,000</u>	<u>\$1,119,804</u>	<u>\$5,100,000</u>	<u>\$1,982,137</u>

¹ Supported with tax increment revenues from Tax Incremental District No. 8.

² New Issue. Expected to be supported with tax increment revenues from Tax Incremental District No. 11.

³ Mandatory redemption amounts.

Total General Obligation Debt

	Total Principal ¹	Total Interest ¹	Total Debt Service ¹	Less: Offsetting Revenues ²	Net Debt Service
2018	\$ 450,000	\$ 452,781	\$ 902,781	\$ 902,781	-
2019	8,450,000	3,449,836	11,899,836	11,390,117	\$ 509,719
2020	9,075,000	3,002,911	12,077,911	11,542,115	535,796
2021	4,995,000	2,798,368	7,793,368	7,019,619	773,749
2022	5,615,000	2,625,892	8,240,892	7,454,067	786,825
2023	11,370,000	2,430,809	13,800,809	13,002,719	798,090
2024	5,585,000	2,027,462	7,612,462	7,125,041	487,421
2025	6,020,000	1,817,438	7,837,438	7,327,417	510,021
2026	6,465,000	1,590,301	8,055,301	7,519,942	535,359
2027	6,805,000	1,350,750	8,155,750	7,595,791	559,959
2028	5,555,000	1,132,179	6,687,179	6,104,220	582,959
2029	5,865,000	927,069	6,792,069	6,173,873	618,196
2030	6,125,000	703,242	6,828,242	6,175,586	652,656
2031	6,135,000	471,383	6,606,383	5,921,727	684,656
2032	6,435,000	275,417	6,710,417	5,986,748	723,669
2033	1,730,000	106,330	1,836,330	1,836,330	-
2034	1,735,000	49,079	1,784,079	1,784,079	-
2035	165,000	17,229	182,229	182,229	-
2036	170,000	10,780	180,780	180,780	-
2037	195,000	3,754	198,754	198,754	-
	<u>\$ 98,940,000</u>	<u>\$25,243,010</u>	<u>\$124,183,010</u>	<u>\$115,423,935</u>	<u>\$ 8,759,075</u>
Less Remaining 2018 Payments	<u>450,000</u>	<u>452,781</u>	<u>902,781</u>	<u>902,781</u>	<u>0</u>
	\$ 98,490,000	\$24,790,229	\$123,280,229	\$114,521,154	\$ 8,759,075

¹ Includes the Bonds and excludes the 2016A Notes being refunded.

² 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.

Total Outstanding Revenue Debt Summary (As of November 27, 2018)

Waterworks System Revenue Debt¹

<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	01/13/10	\$ 879,848	05/01/29	\$ 505,857
Waterworks System Refunding Revenue Bonds	03/15/11	6,500,000	12/01/31	5,700,000
Waterworks System Revenue Bonds, Series 2011	11/23/11	5,889,583	05/01/31	4,112,454
Waterworks System Revenue Bonds, Series 2013	05/08/13	2,598,203	05/01/33	2,035,715
Waterworks System Revenue Bonds, Series 2014	05/28/14	5,471,070	05/01/34	4,311,943
Waterworks System Refunding Revenue Bonds, Series 2015	11/17/15	3,850,000	12/01/20	<u>1,400,000</u>
Outstanding Waterworks System Revenue Debt				\$18,065,969

¹ 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 Refunding 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		\$6,500,000		\$5,889,583	
	Waterworks Sys Rev Bonds Ser 2010 (SDWL) - 1/13/10		Waterworks Sys Ref Rev Bonds - 03/15/11		Waterworks Sys Rev Bonds Ser 2011 (SDWL) - 11/23/11	
	Principal 05/01	Interest	Principal 12/01	Interest	Principal 05/01	Interest
2018			\$ 250,000	\$ 133,853		
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>
	\$ 505,857	\$ 77,777	\$ 5,700,000	\$ 2,246,335	\$ 4,112,454	\$ 615,606

	\$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	
	Principal 05/01	Interest	Principal 05/01	Interest	Principal 12/01	Interest
2018					\$550,000	\$14,000
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>		
	\$2,035,715	\$307,836	\$4,311,943	\$697,617	\$1,400,000	\$ 36,500

Total Waterworks System Debt Service and Coverage

	Total <u>Principal</u>	Total <u>Interest</u>	Total <u>Debt Service</u>	Totals Less <u>SDWL</u>	Coverage Without ¹ SDWL Based on \$6,744,209
2018	\$ 800,000	\$ 147,853	\$ 947,853	\$ 947,853	6.16
2019	1,492,920	495,161	1,988,081	1,100,957	6.13
2020	1,231,837	459,597	1,691,434	804,456	8.38
2021	1,046,046	428,738	1,474,784	587,956	11.47
2022	1,060,555	400,077	1,460,632	573,956	11.75
2023	1,100,368	370,059	1,470,427	583,907	11.55
2024	1,140,493	338,368	1,478,861	592,500	11.38
2025	1,155,936	302,761	1,458,697	572,500	11.78
2026	1,196,705	266,826	1,463,531	577,500	11.68
2027	1,237,806	229,307	1,467,113	581,250	11.60
2028	1,279,244	190,195	1,469,439	583,750	11.55
2029	1,321,030	149,483	1,470,513	585,000	11.53
2030	1,359,498	107,879	1,467,377	635,000	10.62
2031	1,425,567	62,895	1,488,462	656,250	10.28
2032	449,788	19,117	468,905	-	-
2033	458,447	10,374	468,821	-	-
2034	309,729	2,981	312,710	-	-
	<u>\$18,065,969</u>	<u>\$3,981,671</u>	<u>\$22,047,640</u>	<u>\$9,382,835</u>	

¹ Coverage based on audited 2017 net revenues of \$6,744,209 on total debt service less SDWLs. The coverage shown for 2018 reflects a total debt service amount of \$1,095,706, before deduction of any 2018 payments.

Debt Ratios

Outstanding general obligation, direct debt as a percentage of equalized value and on a per capita basis as of November 27, 2018, and for the previous five years as of December 31 as follows:

Ratios of General Obligation Debt to
Equalized Valuation and Population

<u>Year</u>	<u>Outstanding General Obligation Debt</u>	<u>Equalized Valuation</u>	<u>Percent of Equalized Value</u>	<u>Population</u> ⁽¹⁾	<u>Per Capita</u>
2018	\$ 98,490,000 ⁽²⁾	\$3,492,653,000	2.82%	35,739	\$2,755.81
2017	101,850,000	3,318,333,100	3.07	35,560	2,864.17
2016	97,330,000	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

¹ Estimated by the Wisconsin Department of Administration.

² Unaudited, includes the Bonds; less refunding of 2016A Notes and 2018 Payments.

Indirect Debt

The indirect general obligation debt of the City as of October 1, 2018 is listed below.

<u>Governmental Unit</u>	<u>Outstanding Debt as of October 1, 2018 (Less: 2018 Payments)</u>	<u>Percent of Debt Within City</u>	<u>Amount of Debt Within City</u>
Oak Creek-Franklin School District	\$ 100,685,000	81.84%	\$ 82,400,604
Milwaukee County ¹	542,772,211	5.40	29,309,699
Milwaukee Metropolitan Sewerage District	806,420,156	5.51	44,433,751
Milwaukee Area Technical College ²	99,045,000	4.33	4,288,649
			<u>\$ 160,432,703</u>

¹ Milwaukee County expects to issue general obligation bonds totaling \$58,275,000 on October 11, 2018 and approximately \$26,895,000 on November 15, 2018, and such amounts are not included in the table above.

² The Milwaukee Area Technical College District is anticipating the issuance of \$39 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	\$ 160,432,703
Indirect GO Debt Per Capita	\$ 4,489.01
Indirect GO Debt as a % of Equalized Value	4.59%
Total Direct GO Debt	\$ 98,490,000
Total Direct GO Debt Per Capita	\$ 2,755.81
Total Direct GO Debt as a % of Equalized Value	2.82%
Total Direct and Indirect GO Debt	\$ 258,922,703
Total Direct and Indirect GO Debt Per Capita	\$ 7,244.82
Total Direct and Indirect GO Debt as a % of Equalized Value	7.41%

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 2018	\$ 3,492,653,000
G.O. Debt Outstanding as of November 27, 2018:	
Total Outstanding General Obligation Debt ⁽¹⁾	\$ 104,690,000
Less: Refunded 2016A Notes	\$ 5,750,000
Net General Obligation Debt Outstanding	\$ 98,940,000
Legal Debt Capacity (5% of Equalized Value)	\$ 174,632,650
Unused Margin of Indebtedness	\$ 75,692,650
Percent of Unused Margin of Indebtedness	43.34%

¹ Includes the Bonds.

No Default on City Indebtedness

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

Future Financings

The City presently does not anticipate issuing any general obligation debt within the next 12 months.

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 2017 and 2018 General Fund Budgets follow:

General Fund Budgets

	2017 Adopted Budget	2018 Adopted Budget	Percent to 2018 Total
REVENUES			
Taxes	\$ 12,941,185	\$ 13,116,162	53.9%
Other Taxes	2,281,347	2,258,941	9.3
Intergovernmental Revenues	5,597,784	5,922,458	24.4
Licenses and Permits	729,805	787,875	3.2
Other Intergovernmental	131,500	134,347	0.6
Charges for Services	621,575	637,100	2.6
Public Health and Safety	22,600	26,115	0.1
Commercial Revenues	910,900	836,900	3.5
Fines, Forfeitures & Penalties	425,000	425,000	1.8
Expenditure Offset	-	140,210	0.6
TOTAL REVENUES	\$23,661,696	\$24,285,108	100.0%
EXPENDITURES			
General Government	\$ 6,611,797	\$ 6,319,332	26.0%
Public Safety	11,255,273	11,778,296	48.5
Health	633,503	476,725	2.0
Public Works	3,885,380	4,523,071	18.6
Leisure Services	1,157,889	1,187,684	4.9
TOTAL EXPENDITURES	\$23,543,842	\$24,285,108	100.0%

Source: City

Summary of Operations

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
REVENUES:			
Taxes	\$ 13,632,350	\$ 13,427,303	\$ 13,130,408
Intergovernmental	5,714,573	5,415,480	5,225,738
Regulation and compliance	2,054,626	1,859,557	1,860,679
Public Charges for Services	334,464	304,371	291,398
Investment Income	183,922	122,770	177,895
Miscellaneous	188,264	205,324	293,782
Interfund charges for services	329,401	244,025	241,085
Total Revenues	<u>22,437,600</u>	<u>21,578,830</u>	<u>21,220,985</u>
EXPENDITURES:			
Current			
General Government	6,431,888	6,517,355	5,995,906
Public Safety	10,386,204	10,191,351	10,046,212
Health and Social Services	501,377	470,962	500,080
Public Works	3,493,477	3,449,221	3,598,761
Leisure Activities	1,878,051	1,840,592	1,862,986
Total Expenditures	<u>22,690,997</u>	<u>22,469,481</u>	<u>22,003,945</u>
Excess of Revenues Over (Under) Expenditures	(253,397)	(890,651)	(782,960)
OTHER FINANCING SOURCES (USES)			
Sale of property	27,686	10,882	13,767
Transfers in	1,663,609	1,707,741	1,827,248
Transfers out	(923,956)	(725,829)	(945,411)
Total Other Financing Sources (Uses)	<u>767,339</u>	<u>992,794</u>	<u>895,604</u>
Net Change in Fund Balances	513,942	102,143	112,644
FUND BALANCE – Beginning of Year	<u>7,698,188</u>	<u>7,596,045</u>	<u>7,483,401</u>
FUND BALANCE – END OF YEAR	<u>\$ 8,212,130</u>	<u>\$ 7,698,188</u>	<u>\$ 7,596,045</u>
<u>Fund Balances</u>			
Nonspendable	\$ 1,753,084	\$ 429,425	\$ 1,525,608
Assigned	1,663,609	1,707,741	1,719,547
Unassigned (deficit)	4,795,437	5,561,022	4,350,890
Total Fund Balances	<u>\$ 8,212,130</u>	<u>\$ 7,698,188</u>	<u>\$ 7,596,045</u>

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>2017</u>	<u>2016</u>	<u>2015</u>
REVENUES:			
Taxes	\$ 23,297,921	\$ 23,060,291	\$ 22,084,190
Intergovernmental	11,187,019	9,626,994	10,756,771
Regulation and compliance	2,054,626	1,859,557	1,860,679
Public Charges for Services	3,344,523	3,602,617	3,261,318
Investment Income	363,374	280,373	302,748
Special assessments/developer contributions	319,822	283,206	211,006
Miscellaneous	6,115,557	4,506,185	2,836,050
Interfund charges for services	<u>329,401</u>	<u>244,025</u>	<u>241,085</u>
Total Revenues	47,012,243	43,463,248	41,553,847
EXPENDITURES:			
Current			
General Government	6,793,263	6,609,345	6,008,397
Public Safety	16,486,457	16,304,370	15,598,457
Health and Social Services	2,054,695	1,885,145	591,180
Public Works	5,527,401	5,611,430	7,277,800
Leisure Activities	2,030,673	2,376,939	2,140,252
Conservation and Development	5,116,165	7,806,453	6,670,518
Capital Outlay	15,855,628	9,735,393	41,311,106
Debt Service			
Principal retirement	6,030,000	26,675,000	38,385,000
Interest and fiscal charges	<u>2,794,210</u>	<u>2,471,272</u>	<u>2,600,604</u>
Total Expenditures	62,688,492	79,475,347	120,583,314
Excess of Revenues Over (Under) Expenditures	(15,676,249)	(36,012,099)	(79,029,467)
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	7,650,000	10,850,000	19,400,000
Refunding debt issued	2,900,000	23,050,000	19,650,000
Premium on debt	2,208	500,000	888,000
Sale of property	63,009	285,278	13,767
Transfers in	19,047,665	9,720,632	10,731,472
Transfers out	<u>(17,384,056)</u>	<u>(8,012,891)</u>	<u>(9,011,925)</u>
Total Other Financing Sources (Uses)	12,278,826	36,393,019	41,671,314
Net Change in Fund Balances	(3,397,423)	380,920	(37,358,153)
FUND BALANCE – Beginning of Year	<u>26,610,986</u>	<u>26,230,066</u>	<u>63,588,219</u>
FUND BALANCE – END OF YEAR	<u>\$ 23,213,563</u>	<u>\$ 26,610,986</u>	<u>\$ 26,230,066</u>
Fund Balances			
Nonspendable	\$ 1,753,084	\$ 429,425	\$ 1,525,608
Restricted	14,193,406	18,726,449	16,194,131
Committed	3,729,199	3,527,651	3,080,486
Assigned	1,663,609	1,707,741	2,625,538
Unassigned (deficit)	<u>1,874,265</u>	<u>2,219,720</u>	<u>2,804,303</u>
Total Fund Balances	\$ 23,213,563	\$ 26,610,986	\$ 26,230,066

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, 2017, 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 Bonds, 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 generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2015 ("Fiscal Year 2015"), December 31, 2016 ("Fiscal Year 2016"), and the fiscal year ended December 31, 2017 ("Fiscal Year 2017"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$1,522,714, \$1,484,844 and \$1,511,210, respectively.

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, 2016, the total pension liability of the WRS was calculated as \$93.4 billion and the fiduciary net position was calculated as \$92.6 billion, resulting in a net pension liability of \$0.8 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 2017, the City reported a liability of \$1,284,369 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2016 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 0.15582489% of the aggregate WRS net pension liability as of 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, 2017.

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 2017, the annual required contribution for Fiscal Year 2017 was \$3,246,019. For Fiscal Year 2017, the contributions to the plan totaled \$2,022,000, which was 62.3% 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, 2017 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 Bonds or in any way contest or affect the validity of the Bonds or of any proceedings of the City taken with respect to the issuance and sale of the Bonds.

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

Legal Matters

Certain legal matters incident to the authorization and issuance of the Bonds 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 Bonds. The proposed form of such opinion is attached hereto as Appendix B "Proposed Form of Legal Opinion for the Bonds."

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Bonds. 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 Bonds 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 Bonds for any investor.

Taxability of Interest

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

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

Bond Premium

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

Any Premium Bond 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 Bonds, 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 Bond by a corresponding amount. The adjusted tax basis in a Premium Bond 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 Bond. If the election is made, it is effective for all Bonds acquired during that year and all future years unless the taxpayer receives permission from the IRS to revoke the election. Owners of Premium Bonds 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 Bonds who do not purchase such Premium Bonds in the initial offering at the issue price should consult with their tax advisors regarding the tax consequences of owning the Premium Bonds.

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

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 Bonds 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 Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds 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 Bonds.

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 Bonds would not occur.

MISCELLANEOUS

Rating

The Bonds 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 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 Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, 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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds (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 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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 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.

Underwriting

Pursuant to the bond purchase agreement with the City, the Underwriter has agreed to purchase all of the Bonds, if any of the Bonds are purchased, upon the satisfaction of certain conditions set forth in the bond purchase agreement. The bond purchase agreement provides for the Bonds to be purchased at a price of \$5,103,059.10 plus accrued interest, if any, to the date of delivery. The Underwriter intends to reoffer the Bonds to the public at the initial public offering prices or yields as shown on the front cover of this Official Statement to produce a reoffering price of \$5,166,809.10. The Underwriter's compensation in connection with this issue is the difference between the reoffering price of the Bonds and the purchase price mentioned above from which the Underwriter will pay certain issuance expenses. The Bonds may be offered to certain dealers at prices lower than such public offering prices or yields and such public offering prices or yields 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 Bonds to the public.

CERTIFICATE CONCERNING OFFICIAL STATEMENT

Concurrently with the delivery of the Bonds, the Mayor and City Clerk will deliver to the purchaser of the Bonds, 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 Bonds, 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

APPENDIX A

**AUDITED FINANCIAL STATEMENTS
OF THE
CITY OF OAK CREEK
FOR THE YEAR ENDED DECEMBER 31, 2017**

CITY OF OAK CREEK

Oak Creek, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

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, 2017, and the related notes to the financial statements, which collectively comprise the City of Oak Creek's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the City Council
City of Oak Creek

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oak Creek, Wisconsin, as of December 31, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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.

To the City Council
City of Oak Creek

Other Reporting Required by *Government Auditing Standards*

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

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
July 27, 2018



CITY OF OAK CREEK

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

As of and For the Year Ended December 31, 2017

As management of the City of Oak Creek (the City), 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, 2017. This discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, identify material 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.

FINANCIAL HIGHLIGHTS

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 0.6% in 2017, to \$176.8 million. Of this amount, \$157.9 million represents the City's net investment in capital assets, while \$8.9 million was held for restricted purposes, and a balance of \$10.0 million was unrestricted.

At the end of 2017, the City's governmental activities reported total net position of \$60.4 million, including a deficit balance in unrestricted net position of \$15.5 million and the City's business-type activities reported total net position of \$116.4 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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:

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



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

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

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

Government-wide Statements

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.

Fund Financial Statements

The fund financial statements provide detailed information about the City's significant *funds*. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.



The City has three kinds of funds:

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

Net position. The City's combined net position increased by \$960,467 from fiscal year 2016 to 2017, a change of 0.6%; this increase was comprised of a government-activities decrease of \$1.5 million, and a business-type activities increase of \$2.5 million. The City's governmental activities and business-type activities have approximately 34% and 66%, respectively, of the combined net position.

Total net position of the City's governmental activities decreased to \$60.4 million, a decrease of 2.5% from 2016 net position. The City's net investment in capital assets represents 112.5% of the total. Restricted net position of \$7.9 million represents 13.1% of the total. Unrestricted net position deficit of \$15.5 million represents (-25.7%) of the total.

Total net position of the City's business-type activities increased by 2.3% to \$116.4 million, including unrestricted net position of \$23.4 million, representing 20.2% 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
 2017 and 2016 Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	55.8	56.1	27.7	23.0	83.5	79.1
Capital assets	163.5	155.3	110.8	111.7	274.3	267.0
Total assets	219.3	211.4	138.5	134.7	357.8	346.1
Deferred charge on refunding	0.0	0.0	0.1	0.1	0.1	0.1
Deferred amount related to pensions	9.1	13.0	0.9	1.3	10.0	14.3
Total deferred outflows of resources	9.1	13.0	1.0	1.4	10.1	14.4
Long-term debt outstanding	134.1	130.2	21.6	20.7	155.7	150.9
Other liabilities	5.8	4.4	1.1	1.1	6.9	5.5
Total liabilities	139.9	134.6	22.7	21.8	162.6	156.4
Unearned revenue	24.4	22.9	0.0	0.0	24.4	22.9
Deferred amount related to pensions	3.7	4.9	0.4	0.5	4.1	0.0
Total deferred inflows of resources	28.1	22.9	0.4	0.0	28.5	22.9
Net position:						
Net investment in capital assets	68.0	65.5	92.0	93.9	157.9	159.4
Restricted	7.9	18.2	1.0	1.0	8.9	19.2
Unrestricted	-15.5	-21.7	23.4	18.9	10.0	-2.8
Total net position - end of year	60.4	62.0	116.4	113.8	176.8	175.8
Net position - beginning of year	62.0	73.7	113.8	111.4	175.8	185.1
Change in net position	-1.6	-11.7	2.6	2.4	1.0	-9.3
Percent change in net position	-2.6%	-15.9%	2.3%	2.2%	0.6%	-5.0%

Change in combined net position.

The City had combined total revenues of \$63.6 million in 2017 and combined total expenses of \$62.6 million. After transfers, governmental activities had a decrease in net position of \$1.6 million, while business-type activities had an increase in net position of \$2.6 million. Table 2 and the following narrative consider the operations of governmental and business-type activities separately.



Table 2
City of Oak Creek, Wisconsin

2017 and 2016 Changes in Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues						
Charges for service	5.4	4.9	14.8	14.8	20.2	19.7
Operating grants & contributions	3.0	2.5	-	-	3.0	2.5
Capital contributions	5.1	1.8	0.7	0.9	5.8	2.7
General Revenues						
Taxes	23.3	23.1	-	-	23.3	23.1
Intergovernmental	6.7	6.7	-	-	6.7	6.7
Other	4.4	5.1	0.2	0.2	4.6	5.3
Total Revenues	47.9	44.1	15.7	15.9	63.6	60.0
Expenses:						
General government	8.7	9.5	-	-	8.7	9.5
Public safety	18.8	17.9	-	-	18.8	17.9
Health and social services	2.1	1.9	-	-	2.1	1.9
Public works	10.2	13.3	-	-	10.2	13.3
Leisure activities	2.2	3.2	-	-	2.2	3.2
Conservation & development	6.2	9.1	-	-	6.2	9.1
Interest and fiscal charges	2.9	2.6	-	-	2.9	2.6
Water	-	-	7.2	8.0	7.2	8.0
Sewer	-	-	4.3	3.8	4.3	3.8
Total Expenses	51.1	57.5	11.5	11.8	62.6	69.3
Excess/(Deficiency) before transfers:	-3.2	-13.4	4.2	4.1	1.0	-9.3
Transfers	1.6	1.7	-1.6	-1.7	-	-
Change in Net Position	-1.6	-11.7	2.6	2.4	1.0	-9.3
Beginning Net Position	62.0	73.7	113.8	111.4	175.8	185.1
ENDING NET POSITION	60.4	62.0	116.4	113.8	176.8	175.8

Governmental Activities

The City of Oak Creek received a total of \$47.9 million in governmental activities revenues in 2017, up \$3.8 million when compared to 2016 revenues. As Table 2 indicates, the largest revenue source is the property tax, which accounts for \$23.3 million, or 48.7% of all governmental revenues. Property tax revenue in 2017 was virtually flat when compared to 2016 levels. Any increase in tax revenue was due to increased values and revenues within the city's tax incremental districts. As of this writing, the Legislature of the State of Wisconsin has imposed a permanent levy freeze, with the exception of new growth.



The next largest category of revenues is intergovernmental revenue with \$6.7 million (14.1%), followed by public charges for service of \$5.4 million (11.2%), and capital contributions of \$5.1 million (10.6%). Investment income and miscellaneous revenue for \$4.4 million (9.1%) and operating grants and contributions account for \$3.0 million (6.3%).

Total governmental activities expenses were \$51.1 million in 2017, which exceeded revenues by \$3.2 million. At \$18.8 million, Public Safety, including Police, EMS, Inspection and Fire services, accounts for the largest share of City expenses at 36.8%. This is followed by Public Works with \$10.2 million or 19.9%, and General Government with \$8.7 million, representing 16.9%. Conservation and Development group, at \$6.2 million, is next with 12.1%, Leisure activities at \$2.2 million 4.4%, and Health/social services with \$2.1 million (4.1%) complete the activities. Payment of interest and fiscal charges in the amount of \$2.9 million, accounts for 5.8% of total governmental activities expenses.

Business-type Activities

The City of Oak Creek received \$15.7 million in business-type activities revenue during 2017 from its water and sewer utilities. Charges for services are by far the largest revenue sources for these operations, representing \$14.8 million of non-capital contribution revenues. Capital grants and contributions received were \$712,378 in 2017, with interest and miscellaneous income accounting for the balance of revenues of \$226,740.

Net position of the City of Oak Creek's water and sewer utilities increased by \$2.6 million in 2017, which represents a 2.2% increase over the prior year's net position.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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 seven 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 twenty 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 2017, the combined fund balances for the City's governmental funds was \$23.2 million. Of this total, \$1.7 million is nonspendable, \$14.2 million is restricted, \$3.7 million is committed and \$1.7 is assigned. The balance of unassigned governmental fund balances is \$1.88 million. These funds are allocated across the following areas:

Unassigned Fund Balances (deficit):	
General Fund	\$ 4.795
TIF No. 8 Capital Project Fund	\$(1.242)
Capital Improvement Fund	\$(1.631)
TIF No. 4 Debt Service Fund	\$(0.001)
Developer Agreement Fund	\$(0.015)
TIF No. 13 Capital Project Fund	\$(0.030)
Total	<u>\$ 1.876</u>

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

- Total fund balance as of December 31, 2017 was \$8.2 million, of which \$1.7 million was assigned. Included in the assigned amount are tax equivalent dollars to be paid by the utility in 2018, and \$1.7 million is nonspendable which includes minor amounts for delinquent personal property taxes, non-current receivables and inventories.
- Unassigned fund balance decreased from 2016 to \$4.8 million. The unassigned fund balance is now approximately 17.9% of the general fund 2016 actual revenues and 2016 state shared revenues; 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, 2017 increased to \$349,530.
- Total revenues for 2017 were \$4.9 million, which included \$3.6 million from taxes, \$1.1 million from public charges for services, and \$154,941 of intergovernmental revenue.
- Total expenditures for the year were \$4.9 million.

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

- Total fund balance at the end of the year was a deficit \$1.6 million, a decrease of \$62,455 from 2016.
- Revenue sources provided \$2.1 million consisting of \$1 million in grants and sale of equipment and \$1.1 million from a land sale.
- Expenditures in this fund totaled \$10.7 million in 2017. The largest expenses included significant repairs to multiple City bridges, Ryan Road extension, Lake Vista Park, terrace and access to the lake, a new fire engine, a new street sweeper, and the bi-annual road replacement program.



GENERAL FUND BUDGETARY HIGHLIGHTS

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 were above budget projections by approximately \$515,451, while expenditures were under budget by \$852,846. The expenditure outcome relates mainly to retirements and vacant positions, which occurred throughout the year in the Police, Health and Engineering departments.

On the revenue side, conservative budgeting kept all categories quite close to budget. Year over year revenues were mostly stagnant, but the City continued to see increased construction activity resulting in \$242,000 in excess of the budgeted permit revenue. The City also saw higher insurance incentives as it continues to mitigate risk and reduce our claims resulting in a partial return of premium. The short-term revenue outlook is stable with the exception of planned growth in the next few years. The state approved legislation will continue to limit taxation to growth alone and short-term interest rates will remain near all-time lows.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2017, the City reported a net combined investment in capital assets of \$157.9 million. Of this amount, \$68.0 million, or 43.1%, 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 \$102.9 million.

In 2017, capital assets of governmental activities increased by \$8.2 million. Capital assets of business type activities decreased by \$1.0 million.

Table 3
City of Oak Creek, Wisconsin

**2017 and 2016 Capital Asset
Net of Accumulated Depreciation** (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land and improvements	25.8	26.0	0.2	0.2	26.0	26.2
Construction in progress	9.7	0.3	1.4	1.1	11.1	1.4
Buildings	36.3	37.3	-	-	36.3	37.3
Machinery and equipment	8.2	8.2	109.1	110.4	117.3	118.6
Infrastructure	83.5	83.5	-	-	83.5	83.5
Total	163.5	155.3	110.7	111.7	274.2	267.0



Long-term Debt

At year-end, the governmental activities had \$101.8 million in general obligation bonds and promissory notes, an increase of \$4.52 million from last year. This was due to developer incentives in TIF 11. At the end of 2017, the business-type activities had a total of \$18.7 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 2017 equalized value, this limit is \$165.9 million. The City currently has a combined total of \$101.8 million of general obligation notes and bonds outstanding, representing 61.4% of its legal debt capacity.

Table 4
City of Oak Creek, Wisconsin

2017 and 2016 Outstanding Debt (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
	General obligation debt	101.8	97.3	-	-	101.8
Revenue debt	-	-	18.7	17.8	18.7	17.8
Totals	101.8	97.3	18.7	17.8	120.5	115.1

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Oak Creek is located in southeastern Milwaukee County, and is one of only two municipalities in Milwaukee County with numerous tracts of vacant land. This location and land availability has contributed to the City's rapid growth and strong economic position. The local economy has picked up over the last few years with growth expected to continue in 2018 at Drexel Town Square and Oak View Business Park as well as other locations throughout the City. The majority of this growth is currently within TIF districts.

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

	Estimated 2017	Estimated 2016	Estimated 2015	Estimated 2014	Census 2010
City of Oak Creek	35,560	35,206	34,791	34,707	34,495
Milwaukee County	945,416	948,930	949,795	949,741	948,369
State of Wisconsin	5,783,278	5,775,120	5,753,324	5,732,981	5,694,236

Total New Construction Building Permits			Total Residential Building Permits	
Year	Number	Value	Number	Value
2017	62	\$134,014,052	31	\$8,645,252



OAKCREEK
— WISCONSIN —

The Oak Creek City Council adopted the 2018 budget in November of 2017, which authorized general fund expenditures of \$24.2 million, a 3.15% increase from 2017. The tax levy for the City of Oak Creek is \$20.261 million, an increase of \$383,000 from 2017 due to new construction. The mill rate for City services decreased by \$.19 in 2017, due to the increase in property values. The total tax levy has remained essentially at the same level since 2009, with any increase limited to the amount generated by new growth to the tax base and closure of TIF districts.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

CITY OF OAK CREEK

STATEMENT OF NET POSITION

As of December 31, 2017

	Governmental Activities	Business- type Activities	Totals
ASSETS			
Unrestricted cash and investments	\$ 24,201,592	\$ 24,715,258	\$ 48,916,850
Taxes receivable	25,053,044	-	25,053,044
Delinquent personal property taxes receivable	12,569	-	12,569
Accounts receivable, net	2,316,627	2,933,744	5,250,371
Special assessments receivable	505,255	-	505,255
Loans receivable	6,503	-	6,503
Other assets	-	5,000	5,000
Internal balances	953,791	(953,791)	-
Inventories	64,661	80,735	145,396
Restricted Assets			
Cash and investments	2,658,840	942,263	3,601,103
Capital Assets			
Land and land rights	24,963,323	255,895	25,219,218
Construction in progress	9,696,714	1,386,938	11,083,652
Other capital assets, net of depreciation / amortization	<u>128,854,717</u>	<u>109,100,543</u>	<u>237,955,260</u>
Total Assets	<u>219,287,636</u>	<u>138,466,585</u>	<u>357,754,221</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	37,780	37,780
Deferred amount related to pensions	9,123,112	946,272	10,069,384
Total Deferred Outflows of Resources	<u>9,123,112</u>	<u>984,052</u>	<u>10,107,164</u>
LIABILITIES			
Accounts payable and accrued liabilities	5,433,364	1,142,448	6,575,812
Deposits	307,821	-	307,821
Unearned revenue	240	23,288	23,528
Noncurrent Liabilities			
Due within one year	28,287,145	1,467,699	29,754,844
Due in more than one year	<u>105,828,370</u>	<u>20,095,648</u>	<u>125,924,018</u>
Total Liabilities	<u>139,856,940</u>	<u>22,729,083</u>	<u>162,586,023</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	24,455,883	-	24,455,883
Deferred amount related to pensions	3,656,258	382,972	4,039,230
Total Deferred Inflows of Resources	<u>28,112,141</u>	<u>382,972</u>	<u>28,495,113</u>
NET POSITION			
Net investment in capital assets	68,004,547	91,977,717	157,901,549
Restricted for debt service	1,446,185	917,621	2,363,806
Restricted for TID activity	1,821,391	-	1,821,391
Restricted for impact fees	2,592,260	-	2,592,260
Restricted for other purposes	2,084,107	-	2,084,107
Unrestricted (deficit)	<u>(15,506,823)</u>	<u>23,443,244</u>	<u>10,017,136</u>
TOTAL NET POSITION	<u>\$ 60,441,667</u>	<u>\$ 116,338,582</u>	<u>\$ 176,780,249</u>

See accompanying notes to financial statements.

CITY OF OAK CREEK

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental Activities							
General government	\$ 8,655,933	\$ 1,622,830	\$ 1,500	\$ -	\$ (7,031,603)	\$ -	\$ (7,031,603)
Public safety	18,787,074	2,422,943	355,789	27,463	(15,980,879)	-	(15,980,879)
Health and social services	2,119,602	26,367	82,342	-	(2,010,893)	-	(2,010,893)
Public works	10,160,834	1,171,834	2,542,239	2,196,898	(4,249,863)	-	(4,249,863)
Leisure activities	2,232,466	155,600	-	14,200	(2,062,666)	-	(2,062,666)
Conservation and development	6,172,961	-	-	2,857,493	(3,315,468)	-	(3,315,468)
Interest and fiscal charges	2,938,337	-	-	-	(2,938,337)	-	(2,938,337)
Total Governmental Activities	51,067,207	5,399,574	2,981,870	5,096,054	(37,589,709)	-	(37,589,709)
Business-type Activities							
Water utility	7,270,093	10,826,732	-	434,408	-	3,991,047	3,991,047
Sewer utility	4,303,622	3,979,155	-	277,970	-	(46,497)	(46,497)
Total Business-type Activities	11,573,715	14,805,887	-	712,378	-	3,944,550	3,944,550
Totals	\$ 62,640,922	\$ 20,205,461	\$ 2,981,870	\$ 5,808,432	(37,589,709)	3,944,550	(33,645,159)
General Revenues							
Taxes							
Property taxes, levied for general purposes					19,192,741	-	19,192,741
Property taxes, levied for debt service					1,274,750	-	1,274,750
Property taxes, levied for tax incremental districts					1,794,174	-	1,794,174
Other taxes					1,036,256	-	1,036,256
Intergovernmental revenues not restricted to specific programs					6,744,612	-	6,744,612
Investment income					473,992	222,002	695,994
Miscellaneous					3,862,361	4,738	3,867,099
Transfers					1,663,609	(1,663,609)	-
Total General Revenues and Transfers					36,042,495	(1,436,869)	34,605,626
Change in Net Position					(1,547,214)	2,507,681	960,467
NET POSITION - Beginning of Year					61,988,881	113,830,901	175,819,782
NET POSITION - END OF YEAR					\$ 60,441,667	\$ 116,338,582	\$ 176,780,249

See accompanying notes to financial statements.

CITY OF OAK CREEK

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2017

	Special Revenue Fund		Debt Service Funds		Capital Projects Fund			Nonmajor Governmental Funds	Totals
	General Fund	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		
ASSETS									
Unrestricted cash and investments	\$ 6,043,982	\$ 345,586	\$ 323,025	\$ 1,506,146	\$ -	\$ -	\$ 4,253,726	\$ 9,310,753	\$ 21,783,216
Restricted cash and investments	-	-	-	-	-	-	-	2,658,840	2,658,840
Receivables									
Taxes	13,553,226	3,788,857	850,000	-	-	627,854	1,582,352	4,650,855	25,053,044
Delinquent personal property taxes	12,569	-	-	-	-	-	-	-	12,569
Accounts, net	469,165	180,548	-	-	106,415	595	1,223,807	287,820	2,289,170
Special assessments	-	-	-	-	-	-	-	505,255	505,255
Loans	-	-	-	-	-	-	-	6,503	6,503
Due from other funds	3,362,459	-	-	-	-	-	-	314,900	3,677,359
Inventories	84,661	-	-	-	-	-	-	-	84,661
TOTAL ASSETS	\$ 23,506,082	\$ 4,314,991	\$ 1,173,025	\$ 1,506,146	\$ 106,415	\$ 628,549	\$ 7,059,885	\$ 17,734,526	\$ 56,029,619
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)									
Liabilities									
Accounts payable	\$ 424,668	\$ 24,477	\$ -	\$ -	\$ 1,155,258	\$ -	\$ 729,731	\$ 449,746	\$ 2,783,880
Accrued liabilities	1,180,428	145,042	-	-	170,139	-	-	87,562	1,583,171
Deposits	117,073	-	-	-	-	-	-	190,748	307,821
Due to other funds	445,381	-	-	-	412,827	1,243,149	-	726,027	2,827,384
Unearned revenues	240	-	-	-	-	-	-	-	240
Total Liabilities	2,177,790	169,519	-	-	1,738,224	1,243,149	729,731	1,454,083	7,512,496
Deferred inflows of Resources									
Unearned revenues	13,116,162	3,788,857	650,000	-	-	627,854	1,582,352	4,490,558	24,455,883
Unavailable revenues	-	7,085	-	-	-	-	303,540	537,052	847,877
Total Deferred inflows of Resources	13,116,162	3,795,942	650,000	-	-	627,854	1,885,892	5,027,610	25,303,560
Fund Balances (Deficit)									
Nonspendable	1,753,084	-	-	-	-	-	-	-	1,753,084
Restricted	-	-	323,025	1,506,146	-	-	4,444,262	7,919,973	14,193,406
Committed	-	349,530	-	-	-	-	-	3,379,669	3,729,199
Assigned	1,663,809	-	-	-	-	-	-	-	1,663,809
Unassigned (Deficit)	4,795,437	-	-	-	(1,631,809)	(1,242,554)	-	(46,606)	1,874,265
Total Fund Balances	8,212,130	349,530	323,025	1,506,146	(1,631,809)	(1,242,554)	4,444,262	11,262,833	23,213,563
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 23,506,082	\$ 4,314,991	\$ 1,173,025	\$ 1,506,146	\$ 106,415	\$ 628,549	\$ 7,059,885	\$ 17,734,526	\$ 56,029,619

CITY OF OAK CREEK

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION For the Year Ended December 31, 2017

Fund balance - total governmental funds	\$ 23,213,563
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	24,963,323
Construction in progress	9,696,714
Other capital assets, net of depreciation	128,854,717
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	376,422
Accounts	464,752
Loans	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.	2,171,520
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(1,164,294)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	9,123,112
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(3,656,258)
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	(101,850,000)
Unamortized debt premium	(1,333,199)
Other postemployment benefits	(28,375,067)
Vested compensated absences	(1,392,955)
Accrued interest	<u>(657,186)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>60,441,667</u>

CITY OF OAK CREEK
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	Special Revenue Fund		Debt Service Funds		Capital Projects Fund			Nonmajor Governmental Funds	Totals
	General Fund	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		
REVENUES									
Taxes	\$ 13,632,350	\$ 3,602,939	\$ 850,000	\$ -	\$ -	\$ 578,814	\$ 688,863	\$ 3,968,955	\$ 23,297,921
Intergovernmental	6,714,573	154,941	-	3,148,295	760,875	11,898	822,187	574,472	11,187,019
Regulation and compliance	2,054,626	-	-	-	-	-	-	-	2,054,626
Public charges for services	334,464	1,125,373	-	-	-	-	-	1,884,686	3,344,523
Special assessments/developer contributions	-	-	-	-	-	-	-	319,822	319,822
Investment income	183,922	2,810	32,512	13,627	6,220	-	42,054	82,329	383,374
Miscellaneous	188,254	-	-	-	1,315,098	21,623	774,037	3,816,535	6,115,557
Interfund charges for services	329,401	-	-	-	-	-	-	-	329,401
Total Revenues	22,437,600	4,886,063	882,512	3,161,822	2,082,191	812,135	2,306,121	10,644,799	47,012,243
EXPENDITURES									
Current									
General government	6,431,888	-	-	-	-	-	-	381,375	6,793,263
Public safety	10,388,204	4,859,595	-	-	-	-	-	1,240,858	16,488,457
Health and social services	501,377	-	-	-	-	-	-	1,653,318	2,054,695
Public works	3,493,477	-	-	-	-	-	4,685	2,029,239	5,527,401
Leisure activities	1,878,051	-	-	-	-	-	-	152,822	2,030,873
Conservation and development	-	-	-	-	-	369	4,585,134	530,682	5,116,185
Capital Outlay	-	-	-	-	10,720,181	235,516	2,015,525	2,884,408	15,855,628
Debt Service	-	-	3,080,000	-	-	-	-	-	6,030,000
Principal retirement	-	-	1,472,980	-	-	225,391	974,720	121,119	2,794,210
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total Expenditures	22,690,997	4,859,595	4,552,980	-	10,720,181	461,276	10,530,064	8,873,399	62,686,492
Excess (deficiency) of revenues over expenditures	(253,397)	26,468	(3,670,468)	3,161,822	(6,637,990)	150,859	(8,224,943)	1,771,400	(15,676,249)
OTHER FINANCING SOURCES (USES)									
Long-term debt issued	-	-	-	-	-	-	7,850,000	-	7,850,000
Refunding debt issued	-	-	-	-	-	-	2,900,000	-	2,900,000
Premium on debt	-	-	-	-	-	-	2,208	-	2,208
Sale of property	27,688	-	-	-	35,323	-	-	-	63,009
Transfers in	1,663,609	-	6,705,469	-	8,540,212	-	-	2,138,376	19,047,665
Transfers out	(923,958)	-	(2,624,492)	(7,000,000)	-	-	-	(6,835,808)	(17,384,056)
Total Other Financing Sources (Uses)	767,339	-	4,080,977	(7,000,000)	8,575,535	-	10,562,208	(4,697,233)	12,278,828
Net Change in Fund Balance	513,942	26,468	410,509	(3,838,178)	(82,455)	150,859	2,327,285	(2,925,833)	(3,397,423)
FUND BALANCES (Deficit) - Beginning of Year	7,698,188	323,082	(87,484)	5,344,324	(1,589,354)	(1,393,413)	2,116,997	14,178,606	25,610,986
FUND BALANCES (Deficit) - END OF YEAR	\$ 8,212,130	\$ 349,550	\$ 323,025	\$ 1,506,146	\$ (1,631,809)	\$ (1,242,554)	\$ 4,444,282	\$ 11,252,833	\$ 23,213,563

See accompanying notes to financial statements.

CITY OF OAK CREEK

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$ (3,397,423)
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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	15,855,628
Some items capitalized were not reported as capital outlay	243,529
Some amounts reported as capital outlay were not capitalized	(2,898,009)
Depreciation is reported in the government-wide statements	(5,038,214)
Net book value of disposed assets	(35,867)
Some items previously shown as construction in progress were expensed	95,691

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	(185,156)
Accounts	50,979

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	6,030,000
Debt proceeds	(10,550,000)

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	(2,208)
Amortization of debt premium on debt issued	105,640

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

461,722

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	(608,453)
Vest compensated absences	(25,067)
Accrued interest on debt	(144,127)
Net pension liability	1,156,996
Deferred outflows related to pensions	(3,891,732)
Deferred inflows related to pensions	<u>1,228,857</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (1,547,214)</u>
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See accompanying notes to financial statements.

CITY OF OAK CREEK

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of December 31, 2017**

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
ASSETS				
Current Assets				
Cash and investments	\$ 16,941,953	\$ 7,773,305	\$ 24,715,258	\$ 2,418,372
Customer accounts receivable	2,040,912	864,965	2,905,877	-
Other accounts receivable	26,732	1,135	27,867	38,325
Due from other funds	378,415	352,758	731,173	159,352
Inventories	80,735	-	80,735	-
Restricted assets				
Revenue bond redemption account	91,309	-	91,309	-
Total Current Assets	<u>19,560,056</u>	<u>8,992,163</u>	<u>28,552,219</u>	<u>2,616,049</u>
Noncurrent Assets				
Restricted Assets				
Revenue bond reserve account	850,954	-	850,954	-
Capital Assets				
Land and land rights	242,750	13,145	255,895	-
Construction in progress	1,375,093	11,845	1,386,938	-
Utility plant in service	114,652,374	44,602,507	159,254,881	-
Accumulated depreciation	(38,405,731)	(11,748,607)	(50,154,338)	-
Total Capital Assets	<u>77,864,486</u>	<u>32,878,890</u>	<u>110,743,376</u>	<u>-</u>
Other Assets				
Property held for future use	5,000	-	5,000	-
Due from other funds - special assessments	188,989	45,381	234,370	-
Due from other funds - advance	-	2,216,084	2,216,084	-
Total Other Assets	<u>193,989</u>	<u>2,261,465</u>	<u>2,455,454</u>	<u>-</u>
Total Assets	<u>98,469,485</u>	<u>44,132,518</u>	<u>142,602,003</u>	<u>2,616,049</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	37,780	-	37,780	-
Deferred outflows related to pension	757,013	189,259	946,272	-
Total Deferred Outflows of Resources	<u>794,793</u>	<u>189,259</u>	<u>984,052</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>99,264,278</u>	<u>44,321,777</u>	<u>143,586,055</u>	<u>2,616,049</u>

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 301,730	\$ 646,339	\$ 948,069	\$ 399,720
Accrued payroll	79,328	6,734	86,062	-
Accrued interest payable	39,966	-	39,966	-
Due to other funds	1,809,721	37,355	1,847,076	-
Due to other funds - Advance	117,067	-	117,067	-
Unearned revenue	23,288	-	23,288	-
Compensated absences	43,709	-	43,709	-
Revenue bonds payable	667,699	-	667,699	-
Liabilities Payable From Restricted Assets				
Accrued interest	24,642	-	24,642	-
Current portion of revenue bonds	800,000	-	800,000	-
Total Current Liabilities	<u>3,907,150</u>	<u>690,428</u>	<u>4,597,578</u>	<u>399,720</u>
Noncurrent Liabilities				
Net other postemployment benefits obligation	887,970	221,993	1,109,963	-
Due to other funds - Advance	2,216,084	-	2,216,084	-
Net pension liability	96,060	24,015	120,075	-
Pollution remediation obligation	1,589,204	-	1,589,204	-
Revenue bonds, net of unamortized premiums	17,276,406	-	17,276,406	-
Total Noncurrent Liabilities	<u>22,065,724</u>	<u>246,008</u>	<u>22,311,732</u>	<u>-</u>
Total Liabilities	<u>25,972,874</u>	<u>936,436</u>	<u>26,909,310</u>	<u>399,720</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	<u>306,377</u>	<u>76,595</u>	<u>382,972</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>26,279,251</u>	<u>1,013,031</u>	<u>27,292,282</u>	<u>399,720</u>
NET POSITION				
Net investment in capital assets	59,105,099	32,872,618	91,977,717	-
Restricted				
Debt service	917,621	-	917,621	-
Unrestricted	<u>12,962,307</u>	<u>10,436,128</u>	<u>23,398,435</u>	<u>2,216,329</u>
TOTAL NET POSITION	<u>\$ 72,985,027</u>	<u>\$ 43,308,746</u>	<u>116,293,773</u>	<u>\$ 2,216,329</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>44,809</u>	
Net Position of Business-type Activities			<u>\$ 116,338,582</u>	

See accompanying notes to financial statements.

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CITY OF OAK CREEK

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

For the Year Ended December 31, 2017

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>	
OPERATING REVENUES				
Charges for services and sales	\$ 10,302,602	\$ 3,926,957	\$ 14,229,559	\$ -
Other operating revenues	524,130	52,198	576,328	6,355,257
Total Operating Revenues	<u>10,826,732</u>	<u>3,979,155</u>	<u>14,805,887</u>	<u>6,355,257</u>
OPERATING EXPENSES				
Operation and maintenance	4,109,730	3,716,310	7,826,040	5,893,773
Depreciation	2,497,439	541,553	3,038,992	-
Taxes	118,944	45,759	164,703	-
Total Operating Expenses	<u>6,726,113</u>	<u>4,303,622</u>	<u>11,029,735</u>	<u>5,893,773</u>
Operating Income (Loss)	<u>4,100,619</u>	<u>(324,467)</u>	<u>3,776,152</u>	<u>461,484</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	146,151	75,851	222,002	4,976
Income from merchandising and jobbing	4,553	-	4,553	-
Interest expense	(543,340)	-	(543,340)	-
Loss on capital asset retirements	(260,288)	-	(260,288)	-
Amortization of bond premiums	(5,193)	-	(5,193)	-
Total Nonoperating Revenues (Expenses)	<u>(658,117)</u>	<u>75,851</u>	<u>(582,266)</u>	<u>4,976</u>
Income (Loss) Before Contributions and Transfers	3,442,502	(248,616)	3,193,886	466,460
CAPITAL CONTRIBUTIONS	694,696	277,970	972,666	-
TRANSFERS OUT	<u>(1,663,609)</u>	<u>-</u>	<u>(1,663,609)</u>	<u>-</u>
Change in Net Position	2,473,589	29,354	2,502,943	466,460
NET POSITION - Beginning of Year	<u>70,511,438</u>	<u>43,279,392</u>		<u>1,749,869</u>
NET POSITION - END OF YEAR	<u>\$ 72,985,027</u>	<u>\$ 43,308,746</u>		<u>\$ 2,216,329</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>4,738</u>	
Change in Net Position of Business-Type Activities			<u>\$ 2,507,681</u>	

See accompanying notes to financial statements.

CITY OF OAK CREEK

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 10,423,967	\$ 3,989,644	\$ 14,413,611	\$ 6,286,134
Received from rents of water property	288,929	-	288,929	-
Received for nonoperating activities	1,056	-	1,056	-
Received from miscellaneous sources	155,981	5,454	161,435	-
Paid to Milwaukee Metro Sewerage District for sewer user charges	-	(2,457,408)	(2,457,408)	-
Paid to suppliers for goods and services	(2,474,385)	(890,928)	(3,365,313)	(5,892,975)
Paid to employees for services	(1,609,807)	(433,867)	(2,043,674)	-
Net Cash Flows From Operating Activities	<u>6,785,741</u>	<u>212,895</u>	<u>6,998,636</u>	<u>393,159</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to city for tax equivalent	(1,707,741)	-	(1,707,741)	-
Principal received from Water Utility - advance	-	41,925	41,925	-
Net Cash Flows From Noncapital Financing Activities	<u>(1,707,741)</u>	<u>41,925</u>	<u>(1,665,816)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments purchased	(3,873,133)	(1,215,461)	(5,088,594)	-
Proceeds from sale of Investments	3,931,684	1,156,910	5,088,594	-
Interest received from Water Utility - advance	-	16,625	16,625	-
Investment income	97,172	45,579	142,751	4,976
Net Cash Flows From Investing Activities	<u>155,723</u>	<u>3,653</u>	<u>159,376</u>	<u>4,976</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(921,129)	(221,618)	(1,142,747)	-
Proceeds received for acquisition and construction of capital assets	31,931	19,451	51,382	-
Special assessment proceeds	84,192	18,248	102,440	-
Proceeds from issuance of debt	2,882,968	-	2,882,968	-
Cost of removal	(298,095)	-	(298,095)	-
Connection fees received	1,081	2,162	3,243	-
Principal payment to Sewer Utility - advance	(41,925)	-	(41,925)	-
Debt retired	(1,965,940)	-	(1,965,940)	-
Interest paid to Sewer Utility - advance	(16,625)	-	(16,625)	-
Interest paid	(556,720)	-	(556,720)	-
Net Cash Flows From Capital and Related Financing Activities	<u>(800,262)</u>	<u>(181,757)</u>	<u>(982,019)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,433,461	76,716	4,510,177	398,135
CASH AND CASH EQUIVALENTS - Beginning of Year	7,350,222	5,865,623	13,215,845	2,020,237
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 11,783,683	\$ 5,942,339	\$ 17,726,022	\$ 2,418,372

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 4,100,619	\$ (324,467)	\$ 3,776,152	\$ 461,484
Nonoperating revenues (expenses)	4,553	-	4,553	-
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities				
Noncash items included in income				
Depreciation	2,497,439	541,553	3,038,992	-
Depreciation charged to other accounts	76,576	(44,834)	31,742	-
Gain on sale of transportation equipment	(5,500)	-	(5,500)	-
Changes in assets and liabilities and deferred outflows and inflows				
Customer accounts receivable	32,910	2,647	35,557	-
Other accounts receivable	(2,161)	(552)	(2,713)	90,229
Due from other funds	(20,359)	87,570	67,211	(159,352)
Inventories	(2,801)	-	(2,801)	-
Prepaid items	1,943	833	2,776	-
Pension	132,746	33,184	165,930	-
Accounts payable and accrued liabilities	45,806	22,819	68,625	798
Accrued expenses	4,402	301	4,703	-
Pollution remediation obligation	(1,081)	-	(1,081)	-
Due to other funds	(113,475)	(116,668)	(230,143)	-
Net other post employment benefits obligation	42,034	10,509	52,543	-
Unearned revenue	(7,910)	-	(7,910)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 6,785,741	\$ 212,895	\$ 6,998,636	\$ 393,159
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and Investments	\$ 16,941,953	\$ 7,773,305	\$ 24,715,258	\$ 2,418,372
Restricted cash and Investments - current	91,309	-	91,309	-
Restricted cash and investments - noncurrent	850,954	-	850,954	-
Less: Investments not considered to be cash and cash equivalents	(6,100,533)	(1,830,966)	(7,931,499)	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 11,783,683	\$ 5,942,339	\$ 17,726,022	\$ 2,418,372
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Interest income earned on noncash equivalents	\$ 71,774	\$ 19,874	\$ 91,648	\$ -
Market value adjustment on investments	\$ (20,511)	\$ (5,680)	\$ (26,191)	\$ -
Cost of capital assets installed and/or financed by developers	\$ 670,125	\$ 261,028	\$ 931,153	\$ -
Cost of capital assets financed by assessment of benefits to property owners	\$ 23,491	\$ 14,780	\$ 38,271	\$ -
Gain on sale of capital assets	\$ 5,500	\$ -	\$ 5,500	\$ -
Loss on capital asset retirements	\$ 260,288	\$ -	\$ 260,288	\$ -
Interest capitalized on construction projects	\$ 35,289	\$ -	\$ 35,289	\$ -

See accompanying notes to financial statements.

CITY OF OAK CREEK

**STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2017**

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 36,857,408
Property taxes receivable	<u>16,153,023</u>
TOTAL ASSETS	<u>\$ 53,010,431</u>
LIABILITIES	
Due to other taxing units	<u>\$ 53,010,431</u>

See accompanying notes to financial statements.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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 expenditures/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 expenditures 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 expenditures 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, 2017

NOTE I – 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
Tourism Commission Fund

Debt Service Funds – used to account for and report financial resources that are restricted, committed, or assigned to expenditures 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, 2017

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 expenditures 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. 10 Capital Projects Fund
TIF No. 12 Capital Projects Fund
TIF No. 13 Capital Projects Fund

In addition, the city reports the following fund types:

Internal service fund 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 fund 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, 2017

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 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, 2017

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, 2017

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 or complete Form ADV Part 2A, Part 2B and the IARD/CRD/SEC number that pertains to the public depository.

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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.)

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.

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 methods and inputs as outlined in Note III.A. 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, 2017, 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, 2017

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 – 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due (50%)	January 31, 2018
Second installment due (25%)	March 31, 2018
Third installment due (25%)	May 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale – 2017 delinquent real estate taxes	October 2020

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. This activity is accounted for in the Low Income Loan Fund.

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, 2017

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

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.

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 acquisition 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 \$35,289 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, 2017

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 proprietary fund financial statements.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

7. Compensated Absences

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

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

Payments for paid time off will be made at rates in effect when the benefits are used. The liabilities at December 31, 2017 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 straight-line 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, 2017

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 12-31-17
Suzy's Cheesecakes	02/21/14	\$ 2,200,000	02/1/44	\$ 1,978,861
Marquette13 LLC and Tower13 LLC	12/29/17	6,300,000	12/1/37	6,300,000
				<u>\$ 8,278,861</u>

9. Pollution Remediation Obligations

As of December 31, 2017, 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 2016 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, 2017, the obligation was \$1,589,204 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, 2017

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	\$ 68,004,547	\$ 91,977,717	\$ (2,080,715)	\$ 157,901,549
Unrestricted (deficit)	(15,506,823)	23,443,244	2,080,715	10,017,136

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, 2017

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 (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 \$21,578,830 and the state shared revenue was \$5,266,417, for a total of \$26,845,247. At year end, amounts available for working capital and included in unassigned general fund balance totaled \$4,795,437, or 17.86%.

12. Pension

For purposes of measuring the net pension liability (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.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the following funds in accordance with Wisconsin Statute 65.90.

- General Fund
- Special Revenue Funds
 - Emergency Medical Services Fund
 - Solid Waste Funds
 - Donation and Activity Fund
 - WE Energies Fund
 - Low Income Loan Fund
 - Park Escrow Fund
 - Special Assessment Fund
 - Economic Improvement Fund
 - Impact Fee Escrow Fund
 - Asset Forfeiture Fund
 - Storm Water Fund
 - Tourism Commission Fund
- Debt Service Funds
 - Debt Service Fund
 - Debt Amortization Fund
 - TIF No. 4 Debt Service Fund
 - TIF No. 6 Debt Service Fund
- Capital Projects Fund
 - Capital Improvement Fund
 - TIF No. 7 Capital Projects Fund
 - TIF No. 8 Capital Projects Fund
 - TIF No. 10 Capital Projects Fund
 - TIF No. 11 Capital Projects Fund
 - TIF No. 12 Capital Projects Fund

A budget has not been formally adopted for the TIF No. 13 Capital Projects Fund as of December 31, 2017.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

B. EXCESS EXPENDITURES OVER APPROPRIATION

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Special Revenue Funds			
Emergency Medical Services Fund	\$ 4,826,296	\$ 4,859,595	\$ 33,299
Solid Waste Fund	1,346,892	1,356,630	9,738
We Energies Fund	1,105,793	1,193,442	87,649
Storm Sewer Fund	656,595	672,609	16,014
Impact Fee Escrow Fund	-	6,016	6,016
Donation and Activity Fund	-	329,856	329,856
Consolidated Dispatch Services Fund	1,458,355	1,479,556	21,201
Debt Service Funds			
TIF No. 6 Debt Service Fund	25,150	27,540	2,390
Capital Projects Funds			
Capital Improvement Fund	4,943,047	10,720,181	5,777,134
Developer Improvement Fund	-	59,506	59,506
TIF No. 7 Capital Project Fund	362,621	377,073	14,452
TIF No. 11 Capital Project Fund	9,411,175	10,530,064	1,118,889
TIF No. 12 Capital Project Fund	2,160,933	2,584,945	424,012

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, 2017

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

C. DEFICIT BALANCES

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

As of December 31, 2017, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Debt Service Fund		
TIF No. 4 Debt Service Fund	\$ 373	Excess of expenditures over revenues
Capital Project Fund		
Capital Improvement Fund	1,631,809	Excess of expenditures over revenues
TIF No. 8 Capital Projects Fund	1,242,554	Excess of expenditures over revenues
Developer Agreements Fund	15,968	Excess of expenditures over revenues
TIF No. 13 Capital Projects Fund	30,468	Excess of expenditures over revenues

The Capital Improvement Fund deficit is anticipated to be funded with future borrowings. 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.

D. 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, 2017

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	\$ 18,857,062	\$ 17,922,608	Custodial credit
Certificates of deposit - negotiable	2,892,170	2,892,170	Credit, interest rate, concentration of credit, highly sensitive to interest rate changes
Certificates of deposit – non-negotiable	125,060	125,060	Custodial credit
U.S. treasuries	8,824,157	8,824,157	Custodial credit, interest rate, Highly sensitive to interest rate changes
U.S. agencies	997,108	997,108	Credit, custodial credit, interest rate, highly sensitive to interest rate changes, concentration of credit
Asset backed securities	6,559,960	6,559,960	Credit, custodial credit, interest rate, concentration of credit
Corporate bonds	5,005,118	5,005,118	Credit, custodial credit, interest rate, concentration of credit
Local Government Investment Pool	46,108,596	46,108,596	Credit
Petty cash	6,130	-	N/A
Total Cash and Investments	<u>\$ 89,375,361</u>	<u>\$ 88,434,777</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 48,916,850		
Restricted cash and investments	3,601,103		
Per statement of assets and liabilities –			
Agency Fund	36,857,408		
Total Cash and Investments	<u>\$ 89,375,361</u>		

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

A. DEPOSITS AND INVESTMENTS (cont.)

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.

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, 2017 the city's investments were rated as follows:

Investment Type	Standard & Poor's	Fitch Ratings	Moody's
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

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

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

Local Government Investment Pool
Certificates of deposit – negotiable

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, 2017, 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, 2017, 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	\$ 8,824,157	\$ 4,193,997	\$ 4,630,160	\$ -
U.S. agencies	997,108	-	997,108	-
Asset backed securities	6,559,960	214,609	1,794,713	4,550,638
Certificates of deposit - negotiable	2,892,170	2,842,244	49,926	-
Corporate bonds	5,005,118	1,417,093	3,588,025	-
Totals	\$ 24,278,513	\$ 8,667,943	\$ 11,059,932	\$ 4,550,638

The city categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The valuation method for recurring fair value measurements of investments is the quoted market prices approach.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk (cont.)

The City's investments are categorized are as follows:

	December 31, 2017			
Investment Type	Level 1	Level 2	Level 3	Total
U.S. treasuries	\$ -	\$ 8,824,157	\$ -	\$ 8,824,157
U.S. agencies	-	997,108	-	997,108
Asset backed securities	-	6,559,960	-	6,559,960
Certificate of deposit - negotiable	-	2,892,170	-	2,892,170
Corporate bonds	-	5,005,118	-	5,005,118
Total	\$ -	\$ 24,278,513	\$ -	\$ 24,278,513

Investments Highly Sensitive to Interest Rate Changes Risk

At December 31, 2017, the City held \$2,892,170, \$8,824,157, and \$997,108 in negotiable certificates of deposits, U.S. treasuries, and U.S. agencies, respectively. With all fixed income securities, as interest rates rise, the values will fall. The longer the time to maturity, the more sensitive the values will be to a change in interest rates. The longest time to maturity on any holdings is 3 years, maturing October 31, 2021.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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	\$ 14,034,980	\$ 12,569	
Emergency Medical Services Fund	3,969,405	-	
Debt Service Fund	850,000	-	
Capital Improvement Fund	106,415	-	
TIF No. 8 Capital Projects Fund	628,549	-	
TIF No. 11 Capital Projects Fund	2,806,159	-	
Nonmajor Governmental Funds	5,450,033	351,662	
Total	\$ 27,845,541	\$ 364,231	

Revenues of the city are reported net of uncollectible amounts. Accounts receivable in the Emergency Medical Services Fund have been adjusted by \$202,611 for an allowance for uncollectible accounts. No other allowance is necessary at year-end.

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:

	<u>Unearned</u>	<u>Unavailable</u>	
Property taxes and special charges receivable for subsequent year	\$ 24,455,883	\$ -	
Accounts receivable not collected	240	464,752	
Special assessments not yet due	-	376,422	
Loans receivable not collected	-	6,503	
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 24,456,123	\$ 847,677	
Unearned revenue included in liabilities	\$ 240		
Unearned revenue included in deferred inflows	24,455,883		
Total Unearned Revenue for Governmental Funds	\$ 24,456,123		

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long Term Debt Accounts

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

Impact Fee Account

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

Asset Forfeiture Account

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

Following is a list of restricted assets at December 31, 2017:

	Governmental Activities	Business- type Activities	Total
Redemption account	\$ -	\$ 91,309	\$ 91,309
Reserve account	-	850,954	850,954
Impact fee account	2,592,260	-	2,592,260
Asset forfeiture account	66,580	-	66,580
Total	\$ 2,658,840	\$ 942,263	\$ 3,601,103

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 24,963,323	\$ -	\$ -	\$ 24,963,323
Construction in progress	360,593	9,696,714	360,593	9,696,714
Total Capital Assets Not Being Depreciated	<u>25,323,916</u>	<u>9,696,714</u>	<u>360,593</u>	<u>34,660,037</u>
Capital assets being depreciated				
Land improvements	2,079,302	-	91,289	1,988,013
Buildings	44,252,833	279,838	-	44,532,671
Intangible Asset – Easements	5,400	-	-	5,400
Machinery and equipment	20,718,356	1,579,423	992,550	21,305,229
Bridges	286,370	-	-	286,370
Roads	74,596,728	1,711,198	257,270	76,050,656
Sidewalks	4,531,996	38,186	-	4,570,182
Street lighting	7,018,715	107,280	-	7,125,995
Storm sewers	25,489,908	244,793	-	25,734,701
Total Capital Assets Being Depreciated	<u>178,979,608</u>	<u>3,960,718</u>	<u>1,341,109</u>	<u>181,599,217</u>
Less: Accumulated depreciation for				
Land improvements	(1,052,958)	(134,460)	84,304	(1,103,114)
Buildings	(6,983,616)	(1,195,142)	(88,068)	(8,266,826)
Intangible Asset – Easements	(5,400)	-	-	(5,400)
Machinery and equipment	(12,527,987)	(1,706,247)	1,155,471	(13,078,763)
Bridges	(31,504)	(2,864)	-	(34,368)
Roads	(11,363,192)	(1,174,778)	153,535	(12,384,435)
Sidewalks	(2,304,571)	(71,482)	-	(2,376,053)
Street lighting	(3,490,133)	(270,986)	-	(3,761,119)
Storm sewers	(11,252,167)	(482,255)	-	(11,734,422)
Total Accumulated Depreciation	<u>(49,011,528)</u>	<u>(5,038,214)</u>	<u>1,305,242</u>	<u>(52,744,500)</u>
Net Capital Assets Being Depreciated	<u>129,968,080</u>	<u>(1,077,496)</u>	<u>35,867</u>	<u>128,854,717</u>
Total Governmental Activities Assets, Net of Accumulated Depreciation	<u>\$ 155,291,996</u>	<u>\$ 8,619,218</u>	<u>\$ 396,460</u>	<u>\$ 163,514,754</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 978,286
Public safety	1,164,388
Health and social services	1,100
Public works	2,606,998
Leisure activities	<u>287,442</u>
Total Governmental Activities Depreciation Expense	<u>\$ 5,038,214</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	\$ 255,324	\$ -	\$ 12,574	\$ 242,750
Construction in progress	<u>1,067,872</u>	<u>1,412,283</u>	<u>1,105,062</u>	<u>1,375,093</u>
Total Capital Assets Not Being Depreciated	<u>1,323,196</u>	<u>1,412,283</u>	<u>1,117,636</u>	<u>1,617,843</u>
Capital assets being depreciated				
Source of supply	7,206,417	-	149,842	7,056,575
Pumping	8,993,692	-	120,581	8,873,111
Treatment	24,947,029	-	-	24,947,029
Transmission and distribution	67,802,597	1,229,973	121,077	68,911,493
General	<u>4,877,528</u>	<u>28,887</u>	<u>42,249</u>	<u>4,864,166</u>
Total Capital Assets Being Depreciated	<u>113,827,263</u>	<u>1,258,860</u>	<u>433,749</u>	<u>114,652,374</u>
Total Capital Assets	<u>115,150,459</u>	<u>2,671,143</u>	<u>1,551,385</u>	<u>116,270,217</u>
Less: Accumulated depreciation for				
Source of supply	(2,300,983)	(226,224)	149,842	(2,377,365)
Pumping	(4,396,575)	(247,815)	120,581	(4,523,809)
Treatment	(10,294,637)	(811,087)	-	(11,105,724)
Transmission and distribution	(16,357,467)	(1,102,379)	121,077	(17,338,769)
General	<u>(2,966,184)</u>	<u>(136,129)</u>	<u>42,249</u>	<u>(3,060,064)</u>
Total Accumulated Depreciation	<u>(36,315,846)</u>	<u>(2,523,634)</u>	<u>433,749</u>	<u>(38,405,731)</u>
Net Water Plant	<u>\$ 78,834,613</u>	<u>\$ 147,509</u>	<u>\$ 1,117,636</u>	<u>\$ 77,864,486</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Sewer				
Capital assets not being depreciated				
Land and land rights	\$ 13,145	\$ -	\$ -	\$ 13,145
Construction in progress	13,050	449,147	450,352	11,845
Total Capital Assets Not Being Depreciated	26,195	449,147	450,352	24,990
Capital assets being depreciated				
Collection system	43,316,728	448,013	15,774	43,748,967
Collection system pumping	242,170	-	-	242,170
General	618,217	2,339	9,186	611,370
Total Capital Assets Being Depreciated	44,177,115	450,352	24,960	44,602,507
Total Capital Assets	44,203,310	899,499	475,312	44,627,497
Less: Accumulated depreciation for				
Collection system	(10,682,158)	(452,344)	15,774	(11,118,728)
Collection system pumping	(237,788)	(2,011)	-	(239,799)
General	(356,902)	(42,364)	9,186	(390,080)
Total Accumulated Depreciation	(11,276,848)	(496,719)	24,960	(11,748,607)
Net Sewer Plant	\$ 32,926,462	\$ 402,780	\$ 450,352	\$ 32,878,890
Business-type Capital Assets, Net of Depreciation	\$ 111,761,075	\$ 550,289	\$ 1,567,988	\$ 110,743,376

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 2,497,439
Sewer	541,553
 Total Business-type Activities Depreciation Expense	 \$ 3,038,992

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, 2017

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

E. INTERFUND RECEIVABLES/PAYABLES, TRANSFERS, AND ADVANCES

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General fund	Water utility	\$ 1,681,121	\$ -
General fund	Sewer utility	5,484	-
General fund	Capital projects fund – TIF #8 capital projects fund	1,243,149	1,243,149
General fund	Special revenue fund - Consolidated dispatch services	34,828	34,828
General fund	Capital projects fund – Capital improvement fund	366,857	366,857
General fund	Capital projects fund – TIF #13 capital projects fund	29,454	29,454
General fund	Capital projects fund – Developer agreement fund	1,194	1,194
General fund	Debt service fund – TIF #4 debt service fund	372	372
Special revenue fund – Economic development fund	Capital projects fund – TIF #7 capital projects fund	314,900	314,900
Water utility	General fund	265,978	-
Water utility	Capital projects fund – Capital improvement fund	22,237	-
Sewer utility	General fund	178,698	-
Sewer utility	Storm water fund	2,101	-
Sewer utility	Capital projects fund – Capital improvement fund	23,733	-
Water utility	Special revenue fund – Special assessment fund	279,189	188,989
Sewer utility	Special revenue fund – Special assessment fund	75,139	45,381
Sewer utility	Water utility	118,467	117,067
Internal service fund – Health Insurance	Water utility	127,482	-
Internal service fund – Health Insurance	Sewer utility	31,870	-
	Total – Fund Financial Statements	4,802,253	
	Less: Fund eliminations	(2,109,221)	
	Government-wide eliminations	(1,739,241)	
	Total Internal Balances – Government-Wide Statement of Net Position	\$ 953,791	

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

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.

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General fund	Water utility	\$ 1,663,609	Tax equivalent
Special revenue fund – Donation and activity fund	General fund	109,165	Performance pay funding
Debt service fund	Debt service fund – Debt amortization fund	6,346,563	Finance debt service requirements
Debt service fund	Special revenue fund – Impact fee escrow fund	358,906	Finance debt service requirements
Capital projects fund – Capital improvements fund	General fund	789,669	Finance of capital projects
Capital projects fund – Capital improvements fund	Special revenue fund – Impact fee escrow fund	371,725	Finance of capital projects
Capital projects fund – Capital improvements fund	Special revenue fund – WE energies fund	1,000,000	Finance of capital projects
Capital projects fund – Capital improvements fund	Special revenue fund – Special assessment fund	130,423	Finance of capital projects
Capital projects fund – Capital improvements fund	Debt service fund	2,624,492	Finance of capital projects
Capital projects fund – Capital improvements fund	Debt service fund – Debt amortization fund	653,437	Finance of capital projects
Capital projects fund – Capital improvements fund	Special revenue fund – Park escrow	242,168	Finance of capital projects
Capital projects fund – Capital improvements fund	Special revenue fund – Storm water fund	325,000	Finance of capital projects
Capital projects fund – Capital improvements fund	Capital projects fund – TIF #13 capital projects fund	1,816,308	Finance of capital projects
Capital projects fund – Capital improvements fund	Special revenue fund – Economic development fund	80,000	Finance of capital projects
Capital projects fund – Capital improvements fund	Capital projects fund – TIF #10 capital projects fund	44,195	Finance of capital projects
Capital projects fund – Capital improvements fund	Capital projects fund – TIF #12 capital projects fund	462,795	Finance of capital projects

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

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

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Special revenue fund – Tourism Commission fund	Special revenue fund – Economic development fund	\$ 187,780	Budgeting purposes
Capital projects fund – TIF #13 capital projects fund	Capital projects fund – TIF #6 debt service fund	1,816,308	Donor / Donee
Special revenue fund – Consolidated dispatch services fund	General fund	<u>25,122</u>	Budgeting purposes
Subtotal – Fund financial statements		19,047,665	
Less: Fund eliminations		<u>(17,384,056)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 1,663,609</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.

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, 2017, the Commission approved 1.46% 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>
2018	\$ 117,067	\$ 34,064
2019	117,465	32,355
2020	117,865	30,640
2021	193,265	28,919
2022	218,923	26,097
2023– 2027	1,306,424	79,767
2028	<u>262,142</u>	<u>3,827</u>
Totals	<u>\$ 2,333,151</u>	<u>235,669</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, 2017

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt:					
Notes and bonds	\$ 97,330,000	\$ 10,550,000	\$ 6,030,000	\$ 101,850,000	\$ 27,675,000
Add: Unamortized debt premium	1,436,631	2,208	105,640	1,333,199	92,973
Sub-Total	<u>98,766,631</u>	<u>10,552,208</u>	<u>6,135,640</u>	<u>103,183,199</u>	<u>27,767,973</u>
Other Liabilities					
Vested compensated absences	1,367,888	823,145	798,078	1,392,955	519,172
Other postemployment benefits	27,766,614	2,447,453	1,839,000	28,375,067	-
Net pension liability	2,321,290	-	1,156,996	1,164,294	-
Total Other Liabilities	<u>31,455,792</u>	<u>3,270,598</u>	<u>3,794,074</u>	<u>30,932,316</u>	<u>519,172</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 130,222,423</u>	<u>\$ 13,822,806</u>	<u>\$ 9,929,714</u>	<u>\$ 134,115,515</u>	<u>\$ 28,287,145</u>
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
Revenue bonds	\$ 17,803,227	\$ 2,882,968	\$ 1,965,940	\$ 18,720,255	\$ 1,454,289
Add: Unamortized debt premium	47,926	-	24,076	23,850	13,410
Sub-Total	<u>17,851,153</u>	<u>2,882,968</u>	<u>1,990,016</u>	<u>18,744,105</u>	<u>1,467,699</u>
Other Liabilities					
Other postemployment benefits	1,057,420	235,543	183,000	1,109,963	-
Net pension liability	242,200	-	122,125	120,075	-
Pollution remediation obligation	1,590,285	10,000	11,081	1,589,204	-
Total Business-type Activities Long-Term Liabilities	<u>\$ 20,741,058</u>	<u>\$ 3,128,511</u>	<u>\$ 2,306,222</u>	<u>\$ 21,563,347</u>	<u>\$ 1,467,699</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All governmental general obligation notes and bonds payable are backed by the full faith and credit of the city. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed five percent of the equalized value of taxable property within the city's jurisdiction. The debt limit as of December 31, 2017 was \$165,916,655. Total general obligation debt outstanding at year end was \$101,850,000.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-17</u>
Governmental Activities					
General Obligation Debt					
G.O. notes and bonds					
2010 bonds	4/01/10	4/01/30	1.50-4.375%	\$ 7,000,000	\$ 5,225,000
2013 refunding bonds	4/2/13	4/01/32	2.00-3.75%	5,825,000	4,975,000
2013A notes	4/2/13	4/01/23	1.00-2.75%	3,000,000	1,875,000
2013E notes	12/30/13	12/01/22	1.00-4.00%	10,000,000	8,250,000
2014B refunding bonds	12/16/14	5/01/32	2.00-3.375%	2,725,000	2,350,000
2015A refunding bonds	1/20/15	6/01/34	2.00-4.00%	19,650,000	18,275,000
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
2016A notes	7/06/16	12/01/18	2.125%	5,750,000	5,750,000
2016B notes	8/30/16	10/01/19	2.000%	5,100,000	5,100,000
2016C refunding bonds	10/18/16	10/01/32	2.00-4.00%	17,125,000	17,025,000
2016D refunding bonds	10/18/16	10/01/32	2.00-3.150%	5,925,000	5,825,000
2017A notes	7/6/17	10/1/20	3.00%	4,900,000	4,900,000
2017B refunding bonds	8/1/17	3/1/37	3.85-4.00%	2,900,000	2,900,000
Total Governmental Activities – General Obligation Debt					<u>\$101,850,000</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

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

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 27,675,000	\$ 2,929,233
2019	8,100,000	2,376,945
2020	8,075,000	2,125,632
2021	3,375,000	1,949,710
2022	3,715,000	1,834,035
2023 – 2027	24,035,000	6,478,577
2028 – 2032	22,880,000	2,710,591
2033 – 2037	3,995,000	187,172
Totals	<u>\$ 101,850,000</u>	<u>\$ 20,591,895</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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 \$18,720,255 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 \$23,082,758. Principal and interest paid for the current year and total customer net revenues were \$2,522,660 and \$6,748,480, respectively. Future principal and interest payments are expected to require 20% of net revenues.

Revenue debt payable at December 31, 2017 consists of the following:

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-17</u>
Water utility revenue bonds	1/13/10	5/1/29	2.668%	\$ 791,863	\$ 544,987
Water utility revenue bonds	3/15/11	12/1/31	2.25-5.00%	6,500,000	5,700,000
Water utility revenue bonds	11/23/11	5/1/31	2.20%	5,889,583	4,383,199
Water utility revenue bonds	5/22/13	5/1/33	1.925%	2,594,795	2,151,835
Water utility revenue bonds	5/28/14	5/1/34	1.925%	1,968,020	4,540,234
Water utility revenue bonds	11/17/15	1/1/20	2.00%	3,850,000	1,400,000
Total Business-type Activities Revenue Debt					\$ 18,720,255

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,454,289	\$ 528,684
2019	1,492,920	495,160
2020	1,231,836	459,597
2021	1,046,046	428,738
2022	1,060,554	400,077
2023 – 2027	5,831,307	1,507,322
2028 – 2032	5,835,127	529,569
2033 – 2034	768,176	13,356
Totals	\$ 18,720,255	\$ 4,362,503

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

Estimated payments for vested compensated absences, pension liabilities, and other postemployment benefits are not included in the debt service requirement schedules. The vested compensated absences and other postemployment benefits liabilities attributable to governmental activities will be liquidated primarily by the general fund.

Current Refundings

On August 1, 2017, the city issued \$2.9 million of general obligation refunding bonds with an interest rate of 4.00% to refund \$2.75 million of outstanding 2017 general obligation promissory notes with an interest rate of 5.00% on the maturity date of the notes.

G. LEASE DISCLOSURES

Lessor – Operating Leases – Governmental Activities

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

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

Lessor – Operating Leases – Business-type Activities

The water and sewer utility have entered into operating leases with Verizon Wireless (VW), Sprint Spectrum L.P. (SSLP), Cingular Wireless (CW) 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, 2022 (SSLP), March 1, 2020 (CW), February 26, 2021 (CC), January 24, 2018 (CC), January 24, 2018 (CC) and January 31, 2028 (CW). Minimum future lease rentals are as follows:

2018	\$	269,694
2019		278,938
2020		230,428
2021		96,404
2022		67,374
2023-2027		345,536
2028		6,442

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2017 includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 24,963,323
Other capital assets, net of accumulated depreciation	138,551,431
Less: Related long-term debt and premium outstanding (excluding non-capital debt)	(101,102,484)
Add: Unspent proceeds of capital-related debt included above	<u>5,592,277</u>
Total Net Investment in Capital Assets	<u>68,004,547</u>
Restricted	
Debt service	1,446,185
TID activity	1,821,391
Impact fee escrow	2,592,260
Storm Water	130,449
Donation and activity	1,846,486
Asset forfeiture	67,061
Consolidated dispatch services	32,286
Low income loans	<u>7,825</u>
Total Restricted	<u>7,943,943</u>
Unrestricted (deficit)	<u>(15,506,823)</u>
Total Governmental Activities Net Position	<u>\$ 60,441,667</u>

Governmental fund balances reported on the fund financial statements at December 31, 2017 include the following:

Nonspendable Fund Balance

Major Funds	
General Fund	
Inventories	\$ 64,661
Delinquent personal property taxes	12,569
Non-current receivables from other funds	<u>1,675,854</u>
Total General Fund	<u>1,753,084</u>
Total Nonspendable Fund Balance	<u>\$ 1,753,084</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Restricted Fund Balance

Major Funds

Debt Amortization	\$ 1,506,146
TIF No. 11 Capital Projects	4,444,262
Debt Service Fund	323,025
Total Major Funds	6,273,433

Non-Major Funds

Special Revenue Funds

Donation and Activity	1,846,486
Low Income Loan	7,825
Impact Fee Escrow	2,592,260
Asset Forfeiture	67,061
Storm Water	130,449
Consolidated Dispatch Services	32,286

Debt Service Funds

TIF No. 6 Debt Service	274,200
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Capital Projects Funds

TIF No. 7 Capital Projects	284,319
TIF No. 10 Capital Projects	631,166
TIF No. 12 Capital Projects	2,053,921
Total Non-Major Funds	7,919,973

Total Restricted Fund Balance \$ 14,193,406

Committed Fund Balance

Major Funds

Emergency Medical Services	\$ 349,530
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Non-Major Funds

Special Revenue Funds

Solid Waste	101,218
WE Energies Fund	102,916
Special Assessment	1,998,825
Economic Development	922,917
Tourism Commission	253,793
Total Non-Major Funds	3,379,669

Total Committed Fund Balance \$ 3,729,199

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Assigned Fund Balance

Major Funds

General Fund

Tax equivalent for subsequent year

\$ 1,663,609

Total Assigned Fund Balance

\$ 1,663,609

Unassigned Fund Balance (Deficit)

Major Funds

General Fund

\$ 4,795,437

Capital Improvement Fund (deficit)

(1,631,809)

TIF No. 8 Capital Projects (deficit)

(1,242,554)

Total Major Funds

1,921,074

Non-Major Funds

Debt Service Funds

TIF No. 4 Debt Service (deficit)

(373)

Capital Projects Funds

Developer Agreement (deficit)

(15,968)

TIF No. 13 Capital Projects (deficit)

(30,468)

Total Non-Major Funds

(46,809)

Total Unassigned Fund Balance (Deficit)

\$ 1,874,265

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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	\$ 255,895
Construction in progress	1,386,938
Other capital assets, net of accumulated depreciation	109,100,543
Less: Payables and accruals for capital assets	(59,334)
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds, net of unamortized loss on debt refunding)	(18,706,325)
Total Net Investment in Capital Assets	<u>91,977,717</u>
Restricted	
Debt service	<u>917,621</u>
Total Restricted Fund Balance	<u>917,621</u>
Unrestricted	<u>23,443,244</u>
Total Business-type Activities Net Position	<u>\$ 116,338,582</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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:

Year	Core Fund Adjustment	Variable Fund Adjustment
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
2015	2.9	2
2016	0.5	(5)

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 and Executives and Elected Officials. Starting January 1, 2016, the Executives & Elected Officials category merged into the General Employee category. 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 \$1,511,210 in contributions from the city.

Contribution rates as of December 31, 2017 are:

	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the city reported a liability of \$1,284,369 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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 liability was based on the city's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the city's proportion was 0.15582489%, which was a decrease of 0.00193020% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the city recognized pension expense of \$3,335,553.

At December 31, 2017, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 489,729	\$ 4,039,230
Changes in assumptions	1,342,857	-
Net differences between projected and actual earnings on pension plan investments	6,393,182	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	179,872	-
Employer contributions subsequent to the measurement date	1,663,744	-
Total	\$ 10,069,384	\$ 4,039,230

\$1,663,744 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, 2018. 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 December 31:	Deferred Outflow of Resources	Deferred Inflow of Resources
2018	\$ 3,052,656	\$ 1,289,582
2019	3,052,655	1,289,582
2020	2,492,711	1,289,582
2021	(195,403)	170,484
2022	3,021	-

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability	December 31, 2016
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 2015 using experience from 2002 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 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:

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Rate of Return %	Long-Term Real Rate of Return
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Variable Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Rate of Return %	Long-Term Real Rate of Return
US Equities	70%	70%	7.6%	4.7%
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Assets Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

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 3.78%. 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 liability (asset) to changes in the discount rate. The following presents the city's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the city's proportionate share of the net pension liability (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:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
City of Oak Creek's proportionate share of the net pension liability (asset)	\$ 16,896,699	\$ 1,284,369	\$ (10,737,832)

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://etf.wi.gov/publications/cafr.htm>.

At December 31, 2017, the City reported a payable to the pension plan of \$249,031 which represents contractually required contributions outstanding as of the end of the year.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION

B. RISK MANAGEMENT

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

Self Insurance

For health claims, the uninsured risk of loss is \$100,000 deductible per individual and \$4,219,902 in the aggregate for a policy year. Claims in excess of those amounts are covered by specific reinsurance with an unlimited lifetime maximum reimbursement. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

All funds in the city participate in the health and dental insurance internal service fund. Amounts payable to the health insurance fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. \$2,216,329 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	\$ 790,308	\$ 387,112
Current year claims and changes in estimates	4,018,908	4,392,939
Claim payments	<u>(4,422,104)</u>	<u>(4,394,659)</u>
Unpaid Claims – End of Year	<u>\$ 387,112</u>	<u>\$ 385,392</u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

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

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

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

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

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

Financial statements of WMIC and CVMIC are available from the WMIC / CVMIC administrative office.

The city pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the city's retained liability. The city's retained liability is limited to \$75,000 per occurrence and an annual aggregate limit of \$250,000.

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, 2017. 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, 2017

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Tax Incremental Financing

The City of Oak Creek through its Tax Incremental Financing Districts (TID) 7 has entered into a tax abatement agreement with developers in the form of a tax incremental financing incentive payment to stimulate economic development. The abatements are authorized through the TID project plan and development agreements. The developers guaranteed a property taxable value of \$10,200,000. The developers also pay property taxes as they become due, and after constructing the building as stated in the development agreements, are entitled to a future incentive payment that directly correlate to the taxes paid. The incentives are calculated based on the increment derived specifically from the parcels as stated in the developer agreement. The developer receives payments back of 75% taxes paid, up to \$900,000 or as much as can be received by October 1, 2020. Aggregate incentive payments for the year ended December 31, 2017 were \$105,465.

The City of Oak Creek through its Tax Incremental Financing District 8 has entered into a tax abatement agreement with developers in the form of a tax incremental financing incentive payment to stimulate economic development. The abatements are authorized through the TID project plan and development agreement. The developer received \$650,000 upon confirmation of job creation and City being awarded a grant. The developer pays property taxes as they become due, and after constructing the building as stated in the development agreement, is entitled to a future incentive payment that directly correlate to the taxes paid. The incentives are calculated based on the increment derived specifically from the parcels as stated in the developer agreement. The developer receives payments back of 75% taxes paid for 8 years (2023). Aggregate incentive payments for the year ended December 31, 2017 were \$235,516.

The City of Oak Creek through its Tax Incremental Financing Districts (TID) 10 has entered into a tax abatement agreement with developers in the form of a tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TID project plan and development agreements. The developers guaranteed a 15 year lease of space and job retainment. The developers are entitled to a future incentive payments that directly correlate to the taxes paid. The incentives are calculated based on the increment derived specifically from the parcels as stated in the developer agreement. The developer receives payments back of 75% taxes paid, up to \$1,800,000 or as much as can be received by October 1, 2023. Aggregate incentive payments for the year ended December 31, 2017 were \$231,464.

The City of Oak Creek through its Tax Incremental Financing District 11 has entered into a tax abatement agreement with developers in the form of a tax incremental financing incentive payment to stimulate economic development. The abatements are authorized through the TID project plan and development agreement. The developer received \$5,300,000 upon ownership of said property and entering into construction contracts and the construction process and agreed to meet a minimum assessed value varying each year from 2016-2032 and thereafter. In the event that the minimum assessed value is not met, the developer has a minimum valuation shortfall obligation payable for that year, in an amount equal to the difference between the real estate taxes that would have been due and payable had such real estate taxes been determined using the minimum assessed values, and the actual real estate taxes. Aggregate incentive payments for the year ended December 31, 2017 were \$0, (\$5,300,000 was paid in 2015).

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Tax Incremental Financing (cont.)

The City of Oak Creek through its Tax Incremental Financing District 11 has entered into a tax abatement agreements with developers in the form of a tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TID project plans and development agreement. The developers received \$2,750,000 loan upon ownership of said property which will be paid back to the City beginning in 2021 (annually for 20 years). Additionally, the developer will receive a \$4,500,000 grant from the City for project costs once the construction process has begun and construction contracts are executed. The developer has agreed to meet a minimum assessed value of \$26,200,000 effective 2020 with a moderate increase each year the TID is open ending with a minimum assessed value of \$35,800,900 in 2032. Additionally in 2024 the developer will add another \$9 million in minimum assessed value for phase 3 of the development. In the event that the minimum assessed value is not met, the developer has a minimum valuation shortfall obligation payable for that year, in an amount equal to the difference between the real estate taxes that would have been due and payable had such real estate taxes been determined using the minimum assessed values, and the actual real estate taxes. Aggregate incentive payments for the year ended December 31, 2017 were \$2,750,000.

The City of Oak Creek through its Tax Incremental Financing District 11 has entered into a tax abatement agreement with developers in the form of a tax incremental financing incentive payment to stimulate economic development. The abatements are authorized through the TID project plan and development agreement. The developer received \$2,500,000 upon beginning construction of a parking garage with 425 parking stalls. Once building permits are pulled for additional square footage of the medical facility (targeting 130,000 square foot) the developer will be paid \$65.80 per square foot up to an additional \$2,500,000. The City will in good faith effort work with the WEDC for a \$1,000,000 grant for the developer based on jobs, 425 parking stalls, and a 130,000 square foot facility. The developer agreed to meet a minimum assessed value varying each year from 2017-2032. In the event that the minimum assessed value is not met, the developer has a minimum valuation shortfall obligation payable for that year, in an amount equal to the difference between the real estate taxes that would have been due and payable had such real estate taxes been determined using the minimum assessed values, and the actual real estate taxes. Aggregate incentive payments for the year ended December 31, 2017 were \$1,835,134.

The City of Oak Creek through its Tax Incremental Financing District 11 has entered into a tax abatement agreement with developers in the form of a tax incremental financing incentive payment to stimulate economic development. The abatements are authorized through the TID project plan and development agreement. The developer received \$1,450,000 upon ownership of said property and entering into construction contracts and the construction process and a hotel franchise agreement and the construction process and agreed to meet a minimum assessed value varying each year from 2015-2032. In the event that the minimum assessed value is not met, the developer has a minimum valuation shortfall obligation payable for that year, in an amount equal to the difference between the real estate taxes that would have been due and payable had such real estate taxes been determined using the minimum assessed values, and the actual real estate taxes. Aggregate incentive payments for the year ended December 31, 2017 were \$0.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Tax Incremental Financing (cont.)

The City of Oak Creek through its Tax Incremental Financing District 11 has entered into a tax abatement agreement with developers in the form of a tax incremental financing incentive payment to stimulate economic development. The abatements are authorized through the TID project plan and development agreement. The developer received \$1,680,051 upon ownership of said property and entering into construction contracts and the construction process and agreed to meet a minimum assessed value varying each year from 2015-2032. In the event that the minimum assessed value is not met, the developer has a minimum valuation shortfall obligation payable for that year, in an amount equal to the difference between the real estate taxes that would have been due and payable had such real estate taxes been determined using the minimum assessed values, and the actual real estate taxes. Aggregate incentive payments for the year ended December 31, 2017 were \$0.

The City of Oak Creek through its Tax Incremental Financing District 11 has entered into a tax abatement agreement with developers in the form of a tax incremental financing incentive payment to stimulate economic development. The abatements are authorized through the TID project plan and development agreement. The developer received \$1,319,949 upon ownership of said property and entering into construction contracts and the construction process and agreed to meet a minimum assessed value varying each year from 2015-2032. In the event that the minimum assessed value is not met, the developer has a minimum valuation shortfall obligation payable for that year, in an amount equal to the difference between the real estate taxes that would have been due and payable had such real estate taxes been determined using the minimum assessed values, and the actual real estate taxes. Aggregate incentive payments for the year ended December 31, 2017 were \$0.

The City of Oak Creek through its Tax Incremental Financing District 11 has entered into a tax abatement agreements with developers in the form of a tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TID project plans and development agreement. The developers will receive not to exceed \$900,000 upon ownership, build out of project and having reached the minimum assessed value: \$5 million in 2019 and \$8 million in 2020 and for the remaining life of the project. In the event that the minimum assessed value is not met, the developer has a minimum valuation shortfall obligation payable for that year, in an amount equal to the difference between the real estate taxes that would have been due and payable had such real estate taxes been determined using the minimum assessed values, and the actual real estate taxes. Aggregate incentive payments for the year ended December 31, 2017 were \$0.

The City of Oak Creek through its Tax Incremental Financing District 12 has entered into a tax abatement agreement with developers in the form of a tax incremental financing incentive payment to stimulate economic development. The abatements are authorized through the TID project plan and development agreement. The developers agree to invest roughly \$50,000,000 in economic development building a 300,000 square foot retail facility. The City and developer agree to City Financing not to exceed \$5,225,000 for infrastructure leading up to the developer's property. In each year, beginning 2017 and ending the last year of the district 2036, the City will receive a check from the developer for taxes on the property. The developer will receive the tax amount back less the annual bond payment for infrastructure, and less \$25,000 for administrative costs each year up to \$13,000,000. Aggregate incentive payments for the year ended December 31, 2017 were \$0, as the project has not yet started.

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS

The city administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides health insurance contributions for eligible retirees and their spouses through the city's group health insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses receive lifetime healthcare insurance at established contribution rates. General employees hired after January 1, 2015 are not eligible to receive post employment benefits. Police officers hired after January 1, 2015, are not eligible to receive post employment benefits. Instead, the city shall pay into a Voluntary Employee Beneficiary Association (VEBA) plan for the benefit of the employee, which can be used to pay for retiree health insurance premiums. Firefighters hired after January 1, 2016, are not eligible to receive post employment benefits. Instead, the city shall pay into section 457 plan for the benefit of the employee, which can be used to pay for retiree health insurance premiums. 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'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	\$ 3,246,019
Interest on net OPEB obligation	864,722
Adjustment to annual required contribution	<u>(1,427,745)</u>
Annual OPEB cost	2,682,996
Contributions made	<u>(2,022,000)</u>
Increase in net OPEB obligation	660,996
Net OPEB Obligation – Beginning of Year	<u>28,824,034</u>
Net OPEB Obligation – End of Year	<u><u>\$ 29,485,030</u></u>

CITY OF OAK CREEK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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 2017 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2017	\$ 2,682,996	74.5%	\$ 29,485,030
12/31/2016	2,656,028	74.5%	28,824,034
12/31/2015	3,321,021	59.3%	28,146,006

The funded status of the plan as of January 1, 2016, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 44,983,388
Actuarial value of plan assets	<u> </u>
Unfunded Actuarial Accrued Liability (UAAL)	\$ <u>44,983,388</u>
Funded ratio (actuarial value of plan assets/AAL)	0 %
Covered payroll (active plan members)	\$ 18,253,570
UAAL as percentage of covered payroll	246.4%

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, 2017

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

In the January 1, 2016 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 6.20 percent initially and reduced by decrements to an ultimate rate of 4 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, 2017, 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 2017, 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. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

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, 2017

NOTE IV – OTHER INFORMATION (cont.)

G. SUBSEQUENT EVENTS

In April 2018, the City issued \$8.9 million of Taxable General Obligation Refunding Bonds, which was used to refund previously issued debt.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OAK CREEK

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2017

REVENUES	Original and		Variance with
	Final Budget	Actual	Final Budget
TAXES			
General property taxes	\$ 12,943,185	\$ 13,101,353	\$ 158,168
Motel room tax	457,000	457,000	-
Mobile home taxes	68,000	63,431	(4,569)
Other taxes	34,800	10,566	(24,234)
TOTALS	<u>13,502,985</u>	<u>13,632,350</u>	<u>129,365</u>
INTERGOVERNMENTAL REVENUES			
Shared taxes from state	3,043,748	3,036,408	(7,340)
State transportation aids	2,409,899	2,409,899	-
State computer aids	138,602	128,547	(10,055)
Other state aids	6,035	5,821	(214)
Health department block grant	4,500	-	(4,500)
Police grants	131,500	133,898	2,398
TOTALS	<u>5,734,284</u>	<u>5,714,573</u>	<u>(19,711)</u>
REGULATION AND COMPLIANCE			
Licenses			
Liquor and beer	52,000	58,534	6,534
Publishing fees	830	980	150
Operators	25,000	30,597	5,597
Amusement devices	9,500	8,010	(1,490)
Amusement operators	1,200	1,200	-
Miscellaneous - business	10,000	7,330	(2,670)
Miscellaneous - non-business	75	66	(9)
DATCP	72,000	88,657	16,657
Late sanitarian license renewal	200	565	365
Sanitarian plan review	-	3,717	3,717
Landfill	500	-	(500)
Permits			
Building	371,000	681,813	310,813
Electrical	90,000	146,431	56,431
Plumbing	75,000	112,640	37,640
Street opening	8,000	16,444	8,444
Erosion control	10,000	27,659	17,659
Fire inspections	4,000	6,151	2,151
Temp food	-	2,165	2,165
Sundry	500	1,845	1,345
Cable TV	285,000	339,183	54,183
AT&T video service	190,000	152,990	(37,010)
Court fines	425,000	367,649	(57,351)
TOTALS	<u>1,629,805</u>	<u>2,054,626</u>	<u>424,821</u>
PUBLIC CHARGES FOR SERVICES			
General Government			
Property status letter fees	7,000	9,060	2,060
Administrative fees	23,000	28,581	5,581
Photo copies sold	1,500	742	(758)
Zoning/housing appeal fees	800	1,000	200
Rezoning petitions and filing fees	1,500	6,975	5,475
Text amendment fees	500	500	-
Right of way vacation fees	575	575	-
Special use request fees	9,500	17,725	8,225
Filing fee - certified survey maps	6,000	8,450	2,450
Plan commission agenda fees	10,000	12,650	2,650

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, 2017

	Original and Final Budget	Actual	Variance with Final Budget
PUBLIC CHARGES FOR SERVICES (cont.)			
General Government (cont.)			
Map amendments	\$ 1,200	\$ 2,325	\$ 1,125
Subdivision plat fees	500	950	450
Maps sold	-	42	42
Public Safety			
State DWI seizures	2,000	1,749	(251)
Police patrol service fees	4,500	5,904	1,404
Miscellaneous fees	2,500	3,850	1,350
Copies of police and fire reports	3,000	3,856	856
False alarm penalties	5,000	6,019	1,019
Health and Sanitation			
Health Department			
Clinic fees	8,000	15,709	7,709
Pet license fees/Humane Society	13,000	12,071	(929)
Public Works			
Weed cutting	11,000	10,870	(130)
Sale of culvert pipe	10,000	12,554	2,554
Culvert installation	1,000	2,310	1,310
Library			
Other income	18,500	19,051	551
Photocopies	7,000	7,992	992
Recreation	140,000	126,956	(13,044)
Sanitarian			
Pre-inspection	-	5	5
Regular service fee	5,000	6,376	1,376
Miscellaneous charges for services	3,100	9,617	6,517
TOTALS	<u>295,675</u>	<u>334,464</u>	<u>38,789</u>
INVESTMENT INCOME			
Investment Income			
Investments	200,000	130,701	(69,299)
Taxes	75,000	53,221	(21,779)
TOTALS	<u>275,000</u>	<u>183,922</u>	<u>(91,078)</u>
MISCELLANEOUS INCOME			
AT&T American tower lease	27,600	55,200	27,600
South Suburban Chamber Lease	-	8,000	8,000
Insurance incentives	75,000	108,782	33,782
Insurance recoveries	11,300	4,376	(6,924)
P-card rebates	12,000	11,529	(471)
Miscellaneous revenues	10,000	377	(9,623)
TOTALS	<u>135,900</u>	<u>188,264</u>	<u>52,364</u>
INTERFUND CHARGES FOR SERVICES			
Engineering and administration charged to capital projects	65,000	603	(64,397)
Engineering and administration charged to TID projects	200,000	225,000	25,000
Highway equipment service fee	38,500	40,990	2,490
Administrative services charged to enterprise funds	45,000	40,000	(5,000)
Miscellaneous charges for services	-	22,808	22,808
TOTALS	<u>348,500</u>	<u>329,401</u>	<u>(19,099)</u>
TOTAL REVENUES	<u>\$ 21,922,149</u>	<u>\$ 22,437,600</u>	<u>\$ 515,451</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, 2017**

EXPENDITURES	Original and Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT			
General government	\$ 2,629,859	\$ 2,650,859	\$ (21,000)
Building maintenance	650,262	588,105	62,157
City administrator	963,393	937,454	25,939
Data processing	893,779	906,167	(12,388)
City clerk	204,872	205,618	(746)
Treasurer	198,836	188,568	10,268
Finance	346,979	331,584	15,395
Assessor	199,780	202,792	(3,012)
Attorney and legal	242,988	162,119	80,869
Community development	281,049	258,622	22,427
TOTALS	<u>6,611,797</u>	<u>6,431,888</u>	<u>179,909</u>
PUBLIC SAFETY			
Police department	7,962,793	7,805,735	157,058
Emergency operations	23,450	6,160	17,290
Fire department	1,881,914	1,969,234	(87,320)
Inspection	539,590	510,520	29,070
Other	96,683	94,555	2,128
TOTALS	<u>10,504,430</u>	<u>10,386,204</u>	<u>118,226</u>
HEALTH AND SOCIAL SERVICES			
Health department	633,503	501,377	132,126
TOTALS	<u>633,503</u>	<u>501,377</u>	<u>132,126</u>
PUBLIC WORKS			
Engineering	750,843	647,383	103,460
Streets	3,086,191	2,846,094	240,097
TOTALS	<u>3,837,034</u>	<u>3,493,477</u>	<u>343,557</u>
LEISURE ACTIVITIES			
Conservation and recreation	590,014	565,008	25,006
Library	857,950	830,657	27,293
Parks	509,115	482,386	26,729
TOTALS	<u>1,957,079</u>	<u>1,878,051</u>	<u>79,028</u>
TOTAL EXPENDITURES	<u>23,543,843</u>	<u>22,690,997</u>	<u>852,846</u>
OTHER FINANCING SOURCES (USES)			
Sale of property	20,000	27,686	7,686
Transfer in - tax equivalent	1,719,547	1,663,609	(55,938)
Transfer out	-	(923,956)	(923,956)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,739,547</u>	<u>767,339</u>	<u>(972,208)</u>
Net Change in Fund Balance	<u>\$ 117,853</u>	<u>513,942</u>	<u>\$ 396,089</u>
FUND BALANCE - Beginning of Year		<u>7,698,188</u>	
FUND BALANCE - END OF YEAR		<u>\$ 8,212,130</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 - SPECIAL REVENUE FUND
 For the Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 3,602,939	\$ 3,602,939	\$ -
Intergovernmental	107,919	154,941	47,022
Public charges for services	1,115,438	1,125,373	9,935
Investment income	-	2,810	2,810
Total Revenues	<u>4,826,296</u>	<u>4,886,063</u>	<u>59,767</u>
EXPENDITURES			
Public Safety	<u>4,826,296</u>	<u>4,859,595</u>	<u>(33,299)</u>
Total Expenditures	<u>4,826,296</u>	<u>4,859,595</u>	<u>(33,299)</u>
Net Change in Fund Balance	<u>\$ -</u>	26,468	<u>\$ 26,468</u>
FUND BALANCE - Beginning of year		<u>323,062</u>	
FUND BALANCE - ENDING OF YEAR		<u>\$ 349,530</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, 2017

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)
1/1/16	\$ -	\$ 44,983,388	\$ 44,983,388	0%	\$ 18,253,570	246.4%
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%

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

CITY OF OAK CREEK

**CITY'S SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
WISCONSIN RETIREMENT SYSTEM**

December 31, 2017

<u>WRS Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/14	0.16047000%	\$ (3,941,582)	\$ 17,775,702	22.17%	102.74%
12/31/15	0.15775509%	\$ 2,563,490	\$ 18,256,231	14.04%	98.20%
12/31/16	0.15582489%	\$ 1,284,369	\$ 18,758,850	6.85%	99.12%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM

For the Year Ended December 31, 2017

<u>City 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%
12/31/16	\$ 1,495,955	\$ 1,495,955	\$ -	\$ 18,758,850	7.97%
12/31/17	\$ 1,663,744	\$ 1,663,744	\$ -	\$ 19,136,951	8.69%

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, 2017

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.

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, 2017

	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	Tourism Commission Fund
ASSETS													
Cash and investments	\$ 300,366	\$ 1,857,772	\$ 133,735	\$ 7,825	\$ -	\$ 2,053,072	\$ 821,342	\$ 190,748	\$ -	\$ 481	\$ 153,800	\$ -	\$ 259,511
Restricted cash and investments	-	-	-	-	-	-	-	-	2,592,260	66,580	-	-	-
Taxes receivable	1,236,780	-	-	-	-	160,097	-	-	-	-	897,407	1,269,332	-
Accounts receivable	-	2,458	364	-	-	-	-	-	-	-	-	263,719	-
Special assessments receivable	-	-	-	-	-	505,255	-	-	-	-	-	-	-
Loans receivable	-	-	-	6,503	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	314,900	-	-	-	-	-	-
TOTAL ASSETS	\$ 1,537,146	\$ 1,860,230	\$ 134,099	\$ 14,328	\$ -	\$ 2,718,424	\$ 936,242	\$ 190,748	\$ 2,592,260	\$ 67,061	\$ 1,051,207	\$ 1,533,051	\$ 259,511
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES													
Liabilities													
Accounts payable	\$ 195,983	\$ 13,744	\$ 9,152	\$ -	\$ -	\$ -	\$ 10,948	\$ -	\$ -	\$ -	\$ 6,330	\$ 350	\$ 2,777
Accrued liabilities	3,165	-	22,031	-	-	-	2,377	-	-	-	14,920	42,128	2,941
Deposits	-	-	-	-	-	-	-	190,748	-	-	-	-	-
Due to other funds	-	-	-	-	-	343,177	-	-	-	-	2,101	34,828	-
Total Liabilities	199,148	13,744	31,183	-	-	343,177	13,325	190,748	-	-	23,351	77,306	5,718
Deferred Inflows of Resources													
Unearned revenues	1,236,780	-	-	-	-	-	-	-	-	-	897,407	1,269,332	-
Unavailable revenues	-	-	-	6,503	-	376,422	-	-	-	-	-	154,127	-
Total Deferred inflows of Resources	1,236,780	-	-	6,503	-	376,422	-	-	-	-	897,407	1,423,459	-
Fund Balances (Deficit)													
Restricted	-	1,846,486	-	7,825	-	-	-	-	2,592,260	67,061	130,449	32,286	-
Committed	101,218	-	102,916	-	-	1,998,825	922,917	-	-	-	-	-	253,793
Unassigned (Deficit)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balances (Deficit)	101,218	1,846,486	102,916	7,825	-	1,998,825	922,917	-	2,592,260	67,061	130,449	32,286	253,793
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,537,146	\$ 1,860,230	\$ 134,099	\$ 14,328	\$ -	\$ 2,718,424	\$ 936,242	\$ 190,748	\$ 2,592,260	\$ 67,061	\$ 1,051,207	\$ 1,533,051	\$ 259,511

CITY OF OAK CREEK

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (cont.)
As of December 31, 2017

	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. 10 Capital Projects Fund	TIF No. 12 Capital Projects Fund	TIF No. 13 Capital Projects Fund	
ASSETS								
Cash and investments	\$ -	\$ 274,200	\$ -	\$ 599,249	\$ 631,166	\$ 2,227,486	\$ -	\$ 9,310,753
Restricted cash and investments	-	-	-	-	-	-	-	2,658,840
Taxes receivable	-	403,164	-	358,030	325,845	-	-	4,650,655
Accounts receivable	-	-	21,079	-	-	-	-	287,620
Special assessments receivable	-	-	-	-	-	-	-	505,255
Loans receivable	-	-	-	-	-	-	-	6,503
Due from other funds	-	-	-	-	-	-	-	314,900
TOTAL ASSETS	\$ -	\$ 677,364	\$ 21,079	\$ 957,279	\$ 957,011	\$ 2,227,486	\$ -	\$ 17,734,526
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	\$ -	\$ 35,853	\$ 30	\$ -	\$ 173,565	\$ 1,014	\$ 449,746
Accrued liabilities	-	-	-	-	-	-	-	87,562
Deposits	-	-	-	-	-	-	-	190,748
Due to other funds	373	-	1,194	314,900	-	-	29,454	726,027
Total Liabilities	373	-	37,047	314,930	-	173,565	30,468	1,454,083
Deferred inflows of Resources								
Unearned revenues	-	403,164	-	358,030	325,845	-	-	4,480,558
Unavailable revenues	-	-	-	-	-	-	-	537,052
Total Deferred inflows of Resources	-	403,164	-	358,030	325,845	-	-	5,027,610
Fund Balances (Deficit)								
Restricted	-	274,200	-	284,319	631,166	2,053,921	-	7,919,973
Committed	-	-	-	-	-	-	-	3,379,669
Unassigned (Deficit)	(373)	-	(15,968)	-	-	-	(30,468)	(46,809)
Total Fund Balances (Deficit)	(373)	274,200	(15,968)	284,319	631,166	2,053,921	(30,468)	11,252,833
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ -	\$ 677,364	\$ 21,079	\$ 957,279	\$ 957,011	\$ 2,227,486	\$ -	\$ 17,734,526

CITY OF OAK CREEK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	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	Tourism Commission Fund
REVENUES													
Taxes	\$ 1,213,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 186,880	\$ -	\$ -	\$ -	\$ -	\$ 1,270,902	\$ 322,872
Intergovernmental	94,053	90,028	-	-	-	-	-	-	-	-	-	354,088	-
Public charges for service	4,860	-	-	-	14,200	-	-	-	1,022,528	-	843,098	-	-
Special assessments / developer contributions	-	-	-	-	-	216,626	-	-	-	-	-	-	-
Investment income	1,459	-	2,028	-	23	42,541	1,396	-	301	76	1,722	636	268
Miscellaneous	42,800	1,382,014	2,250,000	-	-	-	-	-	-	32,656	-	92,116	16,947
Total Revenues	1,356,226	1,472,042	2,252,028	-	14,223	259,167	188,276	-	1,022,629	32,734	844,820	1,717,740	340,087
EXPENDITURES													
Current													
General Government	-	72,264	-	-	-	-	-	-	-	-	-	-	289,111
Public safety	-	34,220	1,193,442	-	-	-	-	-	3,004	9,992	-	-	-
Public works	1,356,630	-	-	-	-	-	-	-	-	-	672,609	-	-
Health and social services	-	73,762	-	-	-	-	-	-	-	-	-	1,479,556	-
Leisure activities	-	149,610	-	-	-	-	-	-	3,012	-	-	-	-
Conservation and development	-	-	-	1,828	-	-	167,902	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	3,196	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	1,356,630	329,856	1,193,442	1,828	-	-	171,098	-	6,016	9,992	672,609	1,479,556	289,111
Excess (deficiency) of revenues over expenditures	(404)	1,142,186	1,058,586	(1,828)	14,223	259,167	17,178	-	1,016,613	22,742	172,211	238,184	50,976
OTHER FINANCING SOURCES (USES)													
Transfers in	-	109,165	-	-	-	-	-	-	-	-	-	25,122	187,780
Transfers out	-	-	(1,000,000)	-	(242,168)	(130,423)	(267,780)	-	(730,631)	-	(325,000)	-	-
Total Other Financing Sources (Uses)	-	109,165	(1,000,000)	-	(242,168)	(130,423)	(267,780)	-	(730,631)	-	(325,000)	25,122	187,780
Net change in fund balances	(404)	1,251,351	58,586	(1,828)	(227,945)	128,744	(250,602)	-	286,182	22,742	(152,789)	263,306	238,756
FUND BALANCES (DEFICIT) - Beginning of Year	101,622	595,135	44,330	9,653	227,945	1,870,081	1,173,519	-	2,306,078	44,319	283,238	(231,020)	15,037
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 101,218	\$ 1,846,486	\$ 102,916	\$ 7,825	\$ -	\$ 1,998,825	\$ 922,917	\$ -	\$ 2,592,260	\$ 67,061	\$ 130,449	\$ 32,286	\$ 253,793

CITY OF OAK CREEK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Cont.)
For the Year Ended December 31, 2017

	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. 10 Capital Projects Fund	TIF No. 12 Capital Projects Fund	TIF No. 13 Capital Projects Fund	
REVENUES								
Taxes	\$ -	\$ 424,750	\$ -	\$ 210,238	\$ 338,259	\$ -	\$ -	\$ 3,966,955
Intergovernmental	-	1,021	-	17,093	18,191	-	-	574,472
Public charges for service	-	-	-	-	-	-	-	1,884,686
Special assessments / developer contributions	-	-	103,196	-	-	-	-	319,822
Investment income	-	4,387	-	2,136	1,818	23,538	-	82,329
Miscellaneous	-	-	-	-	-	-	-	3,816,535
Total Revenues	-	430,158	103,196	229,467	358,268	23,538	-	10,644,799
EXPENDITURES								
Current								
General Government	-	-	-	-	-	-	-	361,375
Public Safety	-	-	-	-	-	-	-	1,240,658
Public works	-	-	-	-	-	-	-	2,029,239
Health and social services	-	-	-	-	-	-	-	1,553,318
Leisure activities	-	-	-	-	-	-	-	152,622
Conservation and development	-	25,000	-	-	281,464	25,000	29,468	530,662
Capital Outlay	-	-	59,506	374,808	-	2,446,896	-	2,884,406
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	-	2,540	-	2,265	2,265	113,049	1,000	121,119
Total Expenditures	-	27,540	59,506	377,073	283,729	2,584,945	30,468	8,873,399
Excess (deficiency) of revenues over expenditures	-	402,618	43,690	(147,606)	74,539	(2,561,407)	(30,468)	1,771,400
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	1,816,308	2,138,375
Transfers out	-	(1,816,308)	-	-	(44,195)	(462,795)	(1,816,308)	(6,835,608)
Total Other Financing Sources (Uses)	-	(1,816,308)	-	-	(44,195)	(462,795)	-	(4,697,233)
Net change in fund balances	-	(1,413,690)	43,690	(147,606)	30,344	(3,024,202)	(30,468)	(2,925,833)
FUND BALANCES (DEFICIT) - Beginning of Year	(373)	1,687,890	(59,658)	431,925	600,822	5,078,123	-	14,176,666
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (373)	\$ 274,200	\$ (15,968)	\$ 284,319	\$ 631,166	\$ 2,053,921	\$ (30,468)	\$ 11,252,833

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APPENDIX B
PROPOSED FORM OF LEGAL OPINION
FOR THE BONDS

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

November 27, 2018

Re: City of Oak Creek, Wisconsin ("Issuer")
\$5,100,000 Taxable General Obligation Refunding Bonds, Series 2018D,
dated November 27, 2018 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. 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 Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on October 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	\$ 220,000	4.00 %
2022	250,000	4.00
2023	280,000	4.00
2024	310,000	4.00
2025	345,000	4.25
2026	385,000	4.00
2027	425,000	4.00
2028	465,000	4.25
2029	520,000	3.95
2030	575,000	4.00
2032	1,325,000	4.125

Interest is payable semi-annually on April 1 and October 1 of each year commencing on April 1, 2019.

The Bonds maturing on October 1, 2029 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on October 1, 2028 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

The Bonds maturing in the year 2032 are subject to mandatory redemption by lot as provided in the resolution authorizing the Bonds, at the redemption price of par plus accrued interest to the date of redemption and without premium.

We further certify that we have examined a sample of the Bonds 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 Bonds 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 Bonds, 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 Bonds 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 Bonds.
3. The interest on the Bonds is included for federal income tax purposes in the gross income of the owners of the Bonds.

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

The rights of the owners of the Bonds 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 BONDS**

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 \$5,100,000 Taxable General Obligation Refunding Bonds, Series 2018D, dated November 27, 2018 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on October 16, 2018 (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 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 October 16, 2018 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, Milwaukee County, 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 ending December 31, 2018, 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 27th day of November, 2018.

(SEAL)

Daniel Bukiewicz
Mayor

Catherine A. Roeske
City Clerk